



STAGES IN THE ECONOMIC GLOBALIZATION OF TOURISM

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Abstract: There is more to the globalization of tourism than cross-border flows of customers and purchasing power. This paper distinguishes four stages and different manifestations of the globalization of the tourism industry, and shows that it, like many other business systems, is undergoing an irrevocable globalizing process. Outsourcing, transnational ownership structures and investments, cross-border marketing collaborations, the purchase and sale of knowhow, and the free movement of labor are developments not confined to manufacturing alone, but are also highly relevant for the modernization of tourism. It and media logics are converging, and the scene is global. New policies that proactively include the potentials of its globalization are called for. **Keywords:** globalization, stages, policy prospects. © 2007 Elsevier Ltd. All rights reserved.

Résumé: Étapes dans la mondialisation économique du tourisme. La mondialisation ne consiste pas tout simplement des flux transfrontaliers des clients et du pouvoir d'achat. Cet article distingue quatre étapes et différentes manifestations de la mondialisation de l'industrie du tourisme et montre que celle-ci, comme beaucoup d'autres systèmes commerciaux, subit un processus irrévocable de mondialisation. L'externalisation, les investissements et structures de propriété transnationaux, des collaborations transfrontalières de marketing, l'achat et la vente du savoir-faire et le mouvement libre de la main-d'œuvre sont des développements qui ne sont pas limités à la fabrication mais s'appliquent aussi au tourisme. Le tourisme et la logique médiatique convergent, et la scène est globale. De nouvelles politiques qui comprennent les potentiels de la mondialisation sont nécessaires. **Mots-clés:** mondialisation, étapes, perspectives de politiques. © 2007 Elsevier Ltd. All rights reserved.

INTRODUCTION

Globalization, as one of today's most controversial issues, can be defined as the increasing integration of economies, societies, and civilizations. It includes, and goes beyond, the more simple internationalization defined as relations among and within nations. Globalization is a restructuring process that works across units and affects all aspects of human life: from capital flows, through political collaboration, to the flow of ideas. It also includes environmental pollution, criminal behavior,

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disease, and, ultimately, terror. Travel and tourism are among the many causes and results of globalization processes.

There is a huge body of literature on internationalization from the point of view of the individual enterprise (Pugh and Plath 2003). Johanson and Vahlne (1977) carried out a pioneering study of incremental stages of internationalization of the firm. In the first stage, a purely national firm sporadically enters export markets. This is often followed by more systematic marketing efforts through agents in neighboring countries. The next step is own sales representation in major markets, and, as knowledge accumulates, investments in production and/or distribution facilities abroad. The internationalization process continues until increasing costs outweigh the growth potential. Following up on Johansson and Vahlne, later contributions emphasize the need to understand both the behavioral mechanisms of the single enterprise and the driving forces that make whole industries of the economy—for better or worse—undertake an increasingly intensified and multifaceted global orientation (Jones 2005; Wolf 2004).

Given the current climate of increasing international acquisitions and mergers, the assumption of a uniform and logically progressing internationalization with a clear national face is thus coming under frequent attack (Luo 1999). According to Hedlund (1993), after a first ethnocentric (or missionary) phase, the internationalizing firm will enter a process of polycentrism, with a looser and more pragmatic coupling of activities without a clear center; the national identity will fade and become less important. Starting a firm is usually a purely national activity, and international relations are established only when it has grown to a certain size. However, this assumption is also under revision. Some new enterprises are simply “born global” (Chetty and Campbell-Hunt 2004; Knight 2000), seeing markets and supplies in a wider perspective, without national restrictions, from the very beginning. The emerging hyper-global enterprises challenge economic theories that assume the unchanged persistence of a nation state. This can be considered of major importance in connection with the globalization of tourism (Cornelissen 2005).

Conceptualizations of the ongoing globalization of firms are dominated by stage models (Hedlund 1993; Johanson and Vahlne 1977). However, in spite of their intuitive use as guidelines for strategy and practical action, these models have also been strongly criticized. Cannon and Willis (1983) found that, rather than moving from one stage to the next, firms chose to move in and out of markets, depending on specific conditions. Others could ignore particular stages, and leap directly to more advanced formats, or back to an “inward” strategy (Björkman and Kock 1997). Danmarks Erhvervsråd (2005) investigated a large number of Danish firms and found support both for the idea of “born globals” (enterprises that adopt such a concept from the very start) and for the idea of “reborn globals” (those that reengineer operations entirely over a short period of time to the conditions of a larger market). While the present article is also based on a stage model, the aim here is to apply this theoretical framework both to single enterprises and to national tourism systems, those comprising tourism and

related industries and institutional and political structures. Thus, the article attempts to apply the stage paradigm in a broader context.

While globalization in tourism has attracted some research interest, most studies have tended to focus on international hotel chains and airlines (Dunning and McQueen 1982a, 1982b; Johnson and Vanetti 2005; Rodriquez 2002; Williams, 1995). It is, however, remarkable how little the literature has discussed the broader manifestations of globalization in tourism, and how limited interest has been in applying theory to the field (Bianchi 2002; Cornelissen 2005; Fayed and Fletcher 2002; Knowles, Diamantis, and El-Mourhabi 2001; Smeral 1998; Wahab and Cooper 2001). Even though the positive and negative impacts of globalization are on the agenda at all policy levels, there is a widespread assumption that tourism is an exception, an industry where global mechanisms and consequences do not come fully into play. This is what two agents in the Danish tourism industry have to say:

Tourism cannot be outsourced. Therefore, in an era with growing globalization, tourism is a particularly interesting industry. It is really incomprehensible that politicians have not opened their eyes for the benefits in the form of income and employment, and acted accordingly with an effort to promote tourism to and in Denmark (Jørgen Hansen, manager of the regional tourism development agency for North Jutland, January 2005).

It is a matter of fact that jobs created by tourism are guaranteed to stay in the country. . . . Tourism also creates opportunities for categories of people in the labor market who cannot easily get jobs in high-tech industries (Ulrik Bülow, managing director of VisitDenmark, January 2005).

Both statements appeared in the press after shock lay-offs in major manufacturing firms. At the time, there were calls for an increased emphasis on the service industries and for increased public financing of tourism marketing campaigns. The tourism industry and its associations thus simply wanted more of the conventional type of action on the international scene, assuming that it was somehow immune to the more complex influences of globalization.

The shortcomings in the literature demonstrate a clear need to conceptualize globalization in tourism further and to carry out theoretical and empirical studies of its causes, direction, extent, and consequences. Tourism is a “hyper-globalizer” (Held, McGrew, Goldblatt, and Perraton 2000), and there is a need to address this in research as well as in practice. Such efforts may eventually guide the development of appropriate policies and inspire the modernization of business strategies. However, any further discussion in these fields is beyond the scope of this contribution.

MODERNIZATION THROUGH GLOBALIZATION

As mentioned above, according to economic theory, globalization can be seen as a gradually evolving process. Stage models can be used to illustrate the scale and scope of involvement in international

transactions. In this article, a descriptive model of the globalization of the tourism industry is constructed, the aim of which is to comprehend the increasing complexity of dynamic interactions across borders. The model is then adapted and developed further with inspiration from McKinsey's (2003) 5-step model. The level of analysis is the tourism community and its actors: enterprises, destinations, the state, and more. Accordingly, the globalization process is seen as the result of both business decisions of single enterprises and political decisionmaking.

The model, Table 1, consists of four stages. Stage one embraces the attempts of the national tourism system to reach out to new markets. Stage two describes the integration and incorporation of its business across borders. Stage three addresses the fragmentation and flexible

Table 1. Stages in the Globalization of Tourism

Features	Low Globalization Profile			High Globalization Profile
Stage title	1. Missionaries in the markets	2. Integrating across borders	3. Fragmentation of the value chain	4. Transcending into new value chains
Logic	Access to profitable new markets for existing products	Utilization of market access and brand profiles in foreign markets	Creating profitability in services and getting access to specified material and immaterial resources	Adding value by integrating economic logics in other sectors
Manifestations in the tourism sector	A. Tourism board representation and operations in the markets B. International marketing collaboration by regional/national tourism enterprises C. Market expansion of larger tourism corporations	D. Transnational integration through business investments and mergers E. Import and export of business concepts through franchising and licensing	F. Splitting the value chain, outsourcing G. Flexible human resourcing and enhancing of the international labor markets	H. Development, production and marketing of knowledge I. Sales of market positions and brand extension and spin-off J. Tourism in the global media production

Source: Developed from McKinsey (2003).

relocation in space of production processes. Finally, in stage four, the industry identity will be challenged, and new market types and business concepts will appear that go beyond previous definitions of tourism. Although the model suggests a logical progression toward the last more complex phase, in practice they overlap.

The basic assumption of the model is that, by embracing globalization in stages, individual firms, destinations, and countries may be able to control costs, gain market shares, and enjoy access to competencies and other important resources. By joining still more complex international networks, tourism agents can address institutional and investment pressures at home, also at several levels (Knowles et al., 2001). Globalization is further enhanced by developments in information and communications technologies and transportation opportunities. In principle, actors in the tourism system will experience a gradual, albeit inevitable, need to take account of the next phases and to adapt to the subsequent opportunities and competitive forces. Another assumption is that the evolutionary process takes time. Along the way, specific organizations may become obsolete, and established routines and modes of operation will lose effect. New patterns will emerge, possibly after painful transformations. However, this process will not evolve in parallel in all countries and all continents. On the national scene, some segments of the economy will be more advanced in the globalization process than others, thus contributing to the complexity. The pace of globalization may be affected negatively by, for example, increased energy prices.

Stage One: Missionaries in the Markets

The main aim of tourism missionaries in external markets is to attract customers to the enterprise, destination, or country where the tourism product will be sold and consumed. This phase is similar to the “sales subsidiaries” step in Johanson and Vahlne (1977). Promotion in international markets is undertaken jointly by tourism associations and other collaborative bodies, or by these enterprises individually. Over the decades, tourism promotion has developed in comparable ways in most Northern European countries, and the organization of sales efforts tends to be embodied in stable institutional structures (Statens Offentliga Utredningar 2004). Evidence from many countries shows that organizations such as tourism boards tend to resist radical changes for as long as possible and coexist for long periods of time with new types of organizations and businesses (Smeral 1998; Statens Offentliga Utredningar 2004). There are three traditional forms of positioning and promotion of regional/national tourism products in the international arena.

Tourism Board Representation in the Markets. Placing agents and offices in foreign markets is one of the most commonly used globalization strategies, and has been employed by almost all business sectors as an engine for growth. In particular, it has been crucial to exporting

large product volumes to markets with a need and willingness to pay. Those most frequently selected for expansion are closest in terms of geography and culture. Tucker and Hall (2004) mention that, to some extent, the choice of markets also reflects colonial relationships. The strategy is based on a number of assumptions. First, a presence in the markets helps bridge cultural and language barriers. There is a two-way need for “translation”: the market has to be informed about the products through consistent marketing efforts, and producers in the home market have to be informed about the nature of demand; and in this sense, market offices function as qualified observation posts (Johanson and Vahlne 1977).

Over the past few decades, most countries have established publicly financed tourism promotion offices in the main or upcoming markets (Middleton 1988; Yusal and Fesenmaier 1993). The Danish Tourist Board, for example, is represented in nine countries. These offices are active in public relations, participation in fairs and exhibitions, and the distribution of brochures and other marketing material to wholesalers and directly to potential tourists. The industry is dominated by small and medium-sized enterprises, with limited ability to carry out systematic and simultaneous marketing in several countries. Such efforts of tourism boards is thus one way to reduce the costs connected with spatial and cultural distance, and, in addition, also results in significant economies of scale. The rationale for tax-financed marketing is that country/region branding goes beyond the financial interests of the single enterprise.

In more recent years, some business sectors outside tourism have dramatically revised their representation strategies (Freytag 2003; Lindholm and Stokholm 2003), leading to the almost daily closure of a number of market offices. Though this is partly due to the dismantling of cultural and language barriers, the main reason is a need to save costs. Customers' information search behavior has changed as result of the Internet and cheaper communication, which together have reduced the need for advanced representation in the market. In consequence, firms and organizations are building new types of alliances that ensure a more flexible and cost-effective collection and dissemination of information. The national boards are gradually adapting, as shown in Statens Offentliga Utredningar (2004). In coming years, therefore, there are likely to be major reorganizations here too, including revisions of the presence of collaborative structures in the markets. Representation in foreign markets may become irrelevant in later stages of tourism globalization.

Marketing Collaboration. Marketing collaboration among many actors—including public subsidizing agents—aims at creating advantages of scale in promotional activities. The tourism market is characterized by a large number of small firms, which typically only supply part of its complex product, characterized by a large number of individual purchasing decisions. Given such a structure, joint marketing is an advantage for both enterprises and customers, since it tends to reduce complexity

for both. Over the years, joint marketing campaigns have been a very important part of promotion (Middleton 1988). Some campaigns are destination-based, and often organized by regional associations, whose marketing efforts are sometimes partly publicly financed. Tourism enterprises allocate some of their marketing budget to the coordinating agency and in return receive advertising space or other types of promotion according to their contribution. The scale of public co-financing is sufficiently large to ensure that the enterprises find it attractive.

Public subsidies to some categories of campaigns notwithstanding, there are numerous privately organized marketing collaborations. Research in the field indicates that joint marketing is growing (Morrison, Lynch, and Johns 2004). Hotel chains, such as the Best Western Hotels, which operate from a transborder base, are one example of high-powered cooperative efforts with a strong coordinating unit. The permanence of the structures allows the organization to develop loyalty programs, quality systems, management training, and joint purchasing that further knit the units together and enhance the economic advantages of co-operation (Tepeci 1999).

Marketing groups have become popular because they appeal to identical customer needs and interests. Golf clubs, for example, group together in order to encourage golfers to take tours and experience other golf courses (within the controllable and mutually benefiting framework of the group). The European Union has launched efforts to unite and interconnect tourism supply across borders in special interest trails. Of course, this is supposed to have positive economic benefits for the enterprises, but it is also meant to develop European coherence and a feeling of common roots, culture, and history (European Commission 1999). The global nature of some categories of tourism is thus two-tiered, politically and economically.

A precondition for the success of joint marketing initiatives is cost savings, as in connection with the printing and distribution of promotional material. However, paper-based modes of communication are increasingly being challenged by the Internet, as growing numbers of consumers surf the net to book their holiday (Marcussen 2003; Wynne, Berthon, Pitt, Ewing, and Napoli 2001) rather than going to a travel agency or acquiring brochures. With good links and a strategic position *vis-à-vis* search machines, even very small suppliers can attract potential customers the world over at low cost. The expected development in mobile communication will boost marketing and sales to many young and experienced tourists, for whom purchase decisions are more spontaneous than the industry has been used to. The arguments for collaboration in marketing are thus becoming less compelling, and are likely to remain so until new forms of attractive information and communications technologies-based structures appear. The ease of advertising on the Internet also implies that private individuals can offer their small-scale facilities in a large spot market. It has now become much more common to see summerhouses, motorboats, horses, and more for rent from own homepages or on various platforms. As new categories of mediating services are added, the traditional industry will meet increased international competition from unconventional sources.

Market Expansion of Larger Tourism Enterprises. Larger businesses will naturally find it more advantageous to create and develop their own market positions rather than participating, and potentially drowning, in a collective effort. High volumes and market concentration are further arguments for going it alone. For example, the Danish firm *Dansommer*, which rents summerhouses, has been successfully represented in main towns and cities in northern Germany, giving it an impressive market share in this particular region. Over the years, airlines have also benefited from sales offices in the capitals of most countries, as tour operators have skimmed the market in neighboring regions (Cavlec 2000). For example, guests from southern Sweden are conveniently flown out of Copenhagen airport, with Danish as well as Swedish operators as intermediaries.

For the same reasons, the large tourism enterprises are busily revising both the servicing of their markets and their presence in them. Perceived conditions for the original international strategy are changing. Modern and well-informed customers feel less need for face-to-face service before making purchase decisions, and much can be handled by telephone and electronically. One consequence of this is that activities are withdrawn back to the country of origin, thereby potentially consolidating employment in the domestic tourism industry. However, this is only part of the story. While the telephone services of most airlines appear to be national, without customers' knowledge calls are transferred to the first available employee, no matter where in the world he or she is located. Recently, Scandinavian Airlines moved its ticket handling to India, and other airlines are in the process of outsourcing flight maintenance. These examples show that operations in a value chain are subdivided. Airlines feel the need to keep only the most necessary jobs in high-wage countries. Common sense dictates that jobs requiring high qualifications remain in Western welfare states, but even this assumption is being contested (Davies, Moutinho, and Hutcheson 2005).

The subcontracting of selected marketing tasks to local business contractors is a classic approach to international market expansion, and is still much used, despite the growing trend of firms' own representation in foreign markets (Buckley and Casson 1998). In tourism, a continual development of contractual forms is taking place, and a new division of labor emerging. For example, the MICE (meetings, incentives, conferences, events) field is undergoing a professionalization and specialization, and new categories of agents are offering promotional services to enterprises—across borders (Swarbooke and Horner 2001). The nature of the competencies, capacities, and, not least, interlinkages of the culturally indigenous agents can become a major success parameter for an enterprise based in another country.

Stage Two: Integration Across the Borders

Investing abroad is a topic treated extensively in the globalization literature (Buckley and Casson 1998). In tourism, the reproduction and foreign expansion of successful business concepts recognized by many

customers are a major driving force for globalization. The transfer of capital and concepts is prominent in the industry, and the pros and cons of cultural and economic hegemony are much debated, particularly when exported to developing countries (Britton 1991). Here two methods of integrating across borders will be elaborated, first business integration through investments, mergers, and acquisitions abroad, and second, the global trade of business concepts through, for example, franchising and licensing arrangements.

Transnational Integration Through Business Ownership. Foreign investment has long occupied a prominent position in the economic literature (Hymer and Cohen 1979). Unsurprisingly, the development of ownership across borders is a significant driving force of globalization processes. There are several motives for making foreign investments. First, if growth opportunities at home are scarce, expansion may continue elsewhere, where markets are still relatively undeveloped. Second, investing abroad can mean access to new markets for the products of the home country. Third, foreign investment has traditionally been used to gain control over raw materials or other physical assets. Fourth, and most ambitiously, the investment can aim at achieving market dominance in specific fields, but including all steps of the value chain in a larger number of countries.

Tourism businesses have invested abroad for decades (Johnson and Vanetti 2005). During the charter holiday boom period in the 60s and 70s, tour operators invested heavily in hotel capacity, thereby building up their own resources and freeing themselves from dependence on local (less capable) actors. While outward investments from northern Europe have sometimes been quite significant, foreign investment in tourism facilities there have not been particularly impressive and are concentrated in hotels in metropolitan areas, discouraged by low earnings and high costs, particularly in high-wage countries such as Denmark (PKF and Danmarks Turistråd 1998). While this means that ownership is kept in local hands, it also implies that the enterprises concerned may miss out on market access and knowhow that is often a side effect of business integration.

Tour operators and travel agencies have intensive experience of mergers and acquisitions (Cavlec 2000). National pioneers in the field have been swallowed up by the bigger European actors, possibly with positive impacts on quality, variety, and price, but also with reduced employment in some countries and growth in others. As regards attractions, Euro Disney is an example of business expansion that has inspired others, such as Danish Legoland, which established a theme park outside London (Richards and Richards 1998). Legoland is an example of a genuine effort to enhance both the market for toys and the market for entertainment, just as Disney combines media products and amusement. One of the effects of ubiquitous integration in multinational corporations is a reduction in variety and local flavor of the tourism product worldwide. However, small-scale micro-investment flows are also taking place.

The free movement of capital, labor, and social benefits across European borders gives small-capital owners an increased incentive to set up business in other countries. For example, early retirees from the north have established small lifestyle-based bed-and-breakfasts in southern France. These investments will most likely be from north to south, and not in the opposite direction (Hall and Williams 2002).

Import and Export of Business Concepts. Control of markets can be achieved by direct investments in and ownership of physical facilities, as already noted. However, resource-based theories emphasize knowledge as a key asset of globalization, and increasingly so. Knowledge is not cost-free, and is a tradable commodity in its own right (Penrose 1958). Franchising and licensing are examples of specific manifestations.

Many tourism services are well suited to franchising and licensing arrangements (Quinn and Doherty 2000). The prevalence of trademarks is important for the image and general recognition of the products. Operation and delivery can be standardized and conceptualized, and the dependent units can often be operated in any local setting with a relative minimum of prior experience and education. Head office is responsible for the provision of raw materials and supports the local units with marketing, financial advice, personnel management systems, and more.

The concepts must be considered as transnational sales objects. Franchising and licensing thus have a potential for rapid expansion in larger markets (Hoffman and Preble 2004; Yakhlef and Maubourguet 2004). It is through these organizational constructs that the transfer of transnational payments and knowledge takes place. Sometimes, both immaterial substances and physical products are transferred, since purchasing is tightly controlled. This can give a boost to national economies. For example, Danish poultry slaughterhouses, chosen for their high sanitary and veterinary standards, supply McDonald's restaurants throughout most of Europe. Nonetheless, large and primarily North American concepts dominate Europe and the rest of the world. In spite of successes in some areas, the European food industry has failed to generate franchised or licensed catering spin-offs to any great degree. There is no doubt that many franchise concepts appeal to many categories of tourists and fit in well with their preferences, enabling them to travel away from home without having to change their purchasing behavior (Scarpato and Daniele 2003). But since the driving forces originate almost exclusively from North America (Altinay and Roper 2005), the main managerial and development functions are not localized in Europe. Franchising or licensing is usually an all-or-nothing concept, with no half solutions or scope for adaptation. Notwithstanding, some arrangements can involve the transfer of parts of business concepts with significant local adaptation. A beneficial side-effect of many franchise and licensing arrangements is a dissemination of technology that in these types of organizations may take place more rapidly than under other circumstances.

Stage Three: Fragmentation of the Value Chain

Recent years have seen a greater emphasis on the creation of profitability through an expanded fragmentation and optimization of the whole value chain (Arndt and Kierzkowski 2001). While much of the sourcing is purely local or national, the accessibility of world markets is increasingly affecting the composition of local tourism product and the production process. In this service with a high degree of labor input, the sourcing of human resources and immaterial inputs are of major importance. In northern Europe, one of the main driving forces for the fragmentation of the value chain is the substitution of costly labor inputs.

Outsourcing. Many of the raw materials or semimanufactured ingredients in tourism services have their origin in other countries. The wine in the restaurant is French; the towels in the hotel room have been manufactured in India. While some researchers have expressed concern over the leakages (Dwyer and Forsyth 1997), according to theories of foreign trade, the exchange of goods and services across borders contributes positively to product quality and diversity, and helps keep prices down and profits up. From this point of view, outsourcing cannot simply be regarded as a threat to domestic tourism employment, since outsourcing firms are unlikely to be as competitive without this intensive import and product exchange (Lamminmaki 2005). However, current patterns of purchasing and outsourcing in tourism are developing rapidly, a process most often claimed to result from the high cost of human labor. For example, many restaurants increase their purchases of semimanufactured items, which only need to be heated before being served. Food manufacturers in France, Belgium, and the Netherlands have developed a high level of expertise in catering, and supply broad segments of the restaurant sector in Europe (Hjalager 1999). While tourism boards and agents would like to see the development of closely integrated regional food ways, the reality is that very few restaurants get their supplies directly from local stables, fields, barns, and fishing fleets.

Differences in labor costs are not the only motivation for sourcing from other countries. Variations in the tax and VAT systems across Europe create an extra dimension in the sourcing decision game. The Danish tax authorities frequently uncover illegal international sourcing related to tourism. This primarily concerns wine, beer, and other drinks imported into the country through unofficial channels. While this results in cheaper liquor prices, possibly with the savings being passed on to tourists, the traffic is of course problematic for other reasons (Hjalager 2006).

Merchandizing is becoming increasingly important for the survival and continual development of museums and attractions (Bryman 2004), although, while often claimed to be authentic, the Viking daggers and reproductions of van Goghs, and the like, are produced outside the countries where the originals first appeared. For many

museums, books, postcards, posters, and such, make up the bulk of sales, but local authenticity is limited to the authorship or planning activity, while production is outsourced. One might think that publicly owned cultural institutions are “patriotic” in their sourcing, which is not the case. Managers of museums, theaters, etc., constantly search the international market for “footloose” performances and exhibitions. They also offer their own popular contributions on the global “wholesale” market (Wang 2003). Precious heritage is no longer maintained solely by local craftspeople and conservators; in recent years museums in Western Europe have increasingly drawn on the expertise of Eastern European conservators, who can also offer significant advantages in terms of price and quality.

The design of hotels and restaurants can be a task for specialized enterprises, some of which sell their designs as “turnkey” solutions. IT (information technology) solutions for administrative and booking purposes and entertainment are often also standardized, which the need for transnational data exchange intensifies (Buhalis 2003). An international division of labor and specialization is taking place; for example, Danish manufacturers have had some success in developing and making equipment for discotheques and nightclubs. This continual division of labor between the tourism industry and its suppliers may represent considerable turbulence in economic composition, but the advantages or disadvantages for national economies are not necessarily observable in the tourism statistics.

Human Resourcing. There is a good deal of focus in the international business literature on expatriates and related issues about management, control, and knowledge transfers to subsidiaries in other countries (Bartlett and Ghoshal 1989). There is also a significant focus on international careers, the general impression being that working in other cultural settings will benefit employability and look impressive on one’s curriculum vitae (Jayawardena 2000). In more recent years, expatriation for longer periods of time has become less common (Davies 2002). Not only is it costly and difficult, but improved transportation and communications make it less necessary. This does not imply that segments of the workforce are not increasingly operating internationally, however. As Sklair (2001) claims, the “transnational capitalist class” is emerging as a parallel process to globalization—integrated, but also governed by the specific forces of careers, capital accumulation, and consumerism, albeit less predictably than previously.

Large hotel chains, airlines, and tour operators have commonly offered ambitious and committed employees international career opportunities (European Institute of Education and Social Policy 1991). Some high-profile companies in tourism operate with successive management contracts, for example in connection with the opening and implementation of new resorts. Switzerland produces an internationally oriented management elite from its well-known private hotel schools. Other countries do not have similar institutions and reputation in this field. Divisions of labor in the provision of human resources

tend to emerge across countries. For example, seamanship traditions in Denmark have led to a demand for Danish officers from the international cruise fleet (Hjalager and Jeansson 2002). This industry is a major employer of a migrating laborforce, where a strict ethnic stratification is in operation (Wood 2000). With international personnel flows prevalent, most of the labor market does not have any high degree of formalization. On average, tourism labor markets are dominated by short employment contracts (Hjalager 2006; Lucas 1995). One important reason for this is seasonality, which causes variations in the need for the labor. However, the rapidly developing short-term labor market also has an intrinsic international dimension. Students on world tours represent a workforce that tends to accept nonstandard working conditions and contracting. Most countries have flows of youth labor in both directions, with some more popular than others. In Europe, the traffic is supported by the European Commission's labor exchange offices.

Illegal work thrives in the industry, not least because many functions do not require any particular knowledge of languages and culture. Authorities find that the supply of labor, as in hotel and catering, increasingly takes place through a systematic clandestine exchange. In particular, through family and other networks, many proprietors with an ethnic background supply the labor market from countries with lower wage levels (Hjalager 2006; Razaei 2004).

It is worth noting in this context that the voluntary labor market, as for archaeological excavations or marine research, is fast becoming an international phenomenon. Participating in social projects or in rescue missions during a holiday mixes work and the tourism experience. In addition, courses for foreign students are turning into a booming business for universities and other educational institutions, which in some cases is of major regional importance. The melting together of travel experiences, education, and (voluntary) labor and humanitarian alliances across the world (Prahald 2005) provides entirely new prospects for the industry, and the international dimensions are potentially very different from purely recreational tourism. New categories of tourists no longer respond to traditional marketing efforts, which means that the institutions and organizations that cater for emerging markets will have to reinterpret the notion of both tourism and work.

Stage Four: Transcending into New Value Chains

Many organizations and researchers are involved in the attempt to define and distinguish tourism logically in traditional economic and statistical categories (OECD 1995). While difficult, the attempt is understandable, since there is significant political focus on the ability to document economic importance and growth rates. The ongoing globalization processes tend to compromise the industry's courageous attempts to legitimate such claims. Tourism is increasingly transcending into other—and highly international—value chains, and vice versa. Various manifestations of this radical fragmentation and global reorganization of activities are tourism-related. As will be shown, the division

between tourism on the one hand, and knowledge industries, marketing businesses, and media on the other, is blurring.

Tourism in the Knowledge Economy. The main aim of the industry is to provide services and facilities for tourists. But its operations and creative developments also create a spin-off of knowledge, which may be further cultivated, commodified, and offered for sale as consulting and expert services. The sophistication of a national, home-bred tourism may be important for the quality of consulting services offered abroad: Spanish consultants and experts seem to be strong in accommodation development, Germans are at the forefront of sustainable tourism, and the British in heritage management and development. One example of the intermingling of value chains is the Roskilde rock festival (Denmark), where an environmental management model was introduced which eventually became an export object to other festivals around the world. However, the actual exporter was not the festival organization itself, but the consulting engineers who had helped in the development process. The transcending mode of development has continued, with the festival becoming involved in a major initiative called “Musicon Valley”. The parallel with Silicon Valley is not a coincidence, the intention being to establish a cluster of music-related services, production facilities, and educational systems which can create real competitive advantages across a number of business sectors. Musicon Valley is planned to be a learning environment and a place for the expression of an intelligent demand (Caves 2000) that will benefit from international sales from both festival tourism and other businesses.

National and international foreign aid organizations, the UN system, and numerous nongovernmental organizations are facilitating the exploitation of knowledge resources in a global context (Wearing, McDonald, and Ponting 2005). Organizations such as the World Tourism Organization and more trade-based and commercial transnational associations also contribute to the establishment of a knowledge pool that transcends national borders.

Sales of Market Positions and Brand Extension. Many trademarks and brands have a high credibility among customers. With these crucial to sales and profitability, owners put great effort and large investments into establishing and maintaining their brands. Once established, the intrinsic value of the brand name can be capitalized on (Aaker 1991), and other, less recognized products may benefit from being connected with the “parent brand”. For instance, Disney lets its name and figures integrate in the marketing of hotels, restaurants, and more (Richards and Richards 1998). However, a brand’s value can also be extended to less well-known products and firms outside the parent firm. Capitalizing on these and market positions is an increasing—and very international—activity. Of course, it is important that the parent firm

and user of the brand market position are compatible in terms of quality, image, customer category, and the like, and that mutual trust can be established between the partners. For example, a spa resort has entered into an exclusive agreement with providers of beauty products and fashion items. McDonalds' and Disney have close alliances. Events of many kinds, such as sponsor contracts, create close relations with high-profile trademarks if there is a perceptual fit.

Since tourism flows are international, it is important that the brands are recognized at this level. Increasingly, efforts are focusing on the joint marketing of products and tourism, thereby attempting to reap the benefits in both areas (Mitchell and Orwig 2002). For example, Scottish whisky distilleries combine the tourism experience with their own marketing. Plant tours and visitor centers have a greater effect than commercials, since the tourists relate the product to a positive experience. Combining brand equity management with tourism is a mode of operation which has yet to be fully exploited. The way that its products have traditionally been marketed is likely to be modified and developed considerably in the future, with less emphasis on the hitherto implicit regional/destination connection.

Tourism in the Global Media Melting Pot. It is common knowledge in the industry that a few minutes on prime-time television or features in newspapers can result in massive marketing savings. Contact (especially paid) with journalists is thus increasingly being used by many tourism enterprises, since the media are very suitable for the types of unbiased mental image promotion that the industry needs to influence customers' purchase (Goessons 2000).

However, the media business is undergoing rapid structural change, one of the main trends being an increasing globalization in a diagonal process: Media are merging across borders, and media conglomerates diversifying into TV, films, publishing, the Internet, marketing, and so on. In this process, content becomes a shared international resource, and space concepts dissolve (Beeton 2005; Holmes 2002). In the near future, content linked up to the GPS (Global Positions Systems) will push developments further and put news and commercial information on tourists' mobile telephones. Tourism enterprises that need the media for exposure will find that access to it is harder, but they will get a far more widespread effect if they succeed. As discussed by Crouch, Jackson, and Thompson (2005), media and tourism represent converging cultures. Smaller enterprises will not have the resources to approach and manipulate global media providers (Smeral 1998). Government and regional marketing bodies will also find it a major challenge to move information beyond national borders.

There are significant ongoing counter-developments to the trend described above. Technological developments and the globalization of the media are creating new modes of information-sharing among tourists on popular weblogs, thus empowering the tourists at the expense of the business (Hjalager 2001). Interest groups, which use websites to

distribute news, member services, travel information, and more, are booming. For example, in Europe alone, there are 20 million amateur ornithologists. This interest has no particular national attachment but is a motor for bringing the media and tourism together.

CONCLUSION

This study has attempted to systematize the modes of internationalization and globalization in tourism, demonstrating that it is becoming more global in ways which tourism enterprises and organizations, as well as political actors, are not always likely to recognize. The article suggests a stage model for the evolution of globalization in tourism. The underlying logic is the advance from simple forms to more complex ones. Globalization is progressing in scale and scope, but the practical outcomes are unevenly distributed across enterprises, countries, and regions. Accordingly, a stage model such as the one discussed here should be seen more as a tool for reflection and development than a clear-cut forecast of future developments.

Globalization has still not been discussed to any great extent in tourism research, and the literature tends to focus on selected manifestations only. Therefore, there is a real need for further investigation and improved empirical documentation. In particular, there is a lack of a genuine and more detailed insight into the changed composition of value chains, which are relocating economic assets, employment, and earnings in the industry across national and regional borders, as described in stage three of the model. There is also a need to look into the ways small enterprises and selected tourism subsectors grasp opportunities across all stages. Eventually, globalization manifests itself in different ways in different parts of the world, an issue that has not been treated in this article, which has a predominantly northern European focus.

When analyzing communities of enterprises or the industry as such, rather than single enterprises, a stage model is appropriate. At this level, and allowing for substantial overlaps and underlying leaps back and forth, there seems to be support for an incremental development from stage one to four. Potentially, the model can guide tourism policymaking by helping actors discard outdated modes of operation in time, and review and renew their policies according to the real global potential. If applied to the level of national and destination policies, there is in most countries in northern Europe a scope for far more advanced globalization formats than simple market representation and promotion. A better understanding of globalization potentials and a hedging of the threats require increased innovation and the structural development of commercial tourism industries, and also that government bodies enter into new types of alliances. Models of boundary-crossing systems in other industries, such as pharmaceuticals or music and entertainment, may also apply to tourism.

Basically, globalization in tourism is not a new issue, and the industry has been undergoing an internationalization process for decades.

However, it is suggested that new trends in stage four tend somewhat to change the nature of tourism operations. For example, there is no doubt that the quality of employment and earnings is better in connection with the stage-four-transcending economy, including the media, consulting, development, and so on, than in the traditional low-skills, low-earnings delivery of services. The paradox, of course, is that this employment is almost solely reserved for the well-educated laborforce, and that there are fewer jobs available.

The belief among some government and local tourism bodies that employment will be unaffected by the mechanisms of globalization are, at best, naïve. Some segments of the industry will be able to benefit, while it is likely that others will face considerable hardship and increased competition. There is a particular need to address the political implications of globalization in much greater detail and to develop new policy models accordingly. ■

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