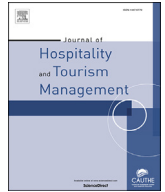




Contents lists available at ScienceDirect

Journal of Hospitality and Tourism Management

journal homepage: <http://www.journals.elsevier.com/journal-of-hospitality-and-tourism-management>

Consumer protection legislation: A neglected determinant of destination competitiveness?

Verity A. Greenwood ^{a, 1}, Larry Dwyer ^{b, c, *}^a Department of Accounting & Corporate Governance, Faculty of Business & Economics, Macquarie University, Sydney 2109, Australia^b School of Marketing, Australian School of Business, University of New South Wales, NSW 2052, Australia^c School of Tourism and Hospitality, University of Johannesburg, South Africa

ARTICLE INFO

Article history:

Received 18 November 2014

Received in revised form

19 February 2015

Accepted 20 April 2015

Available online 22 May 2015

Keywords:

Destination competitiveness

Consumer protection

Consumer law

ABSTRACT

Consumer protection measures enhance destination competitiveness, helping to minimise tourist dissatisfaction through more transparent and efficient market operations, while creating and maintaining customer loyalty, and consumer confidence. However, the impact of consumer protection on destination competitiveness is limited by certain complexities that erode consumer confidence within tourism contexts. The paper identifies several additional complexities that can erode destination competitiveness. Various examples are offered of the exercise of consumer protection laws in tourism contexts. Issues for further research into the links between consumer protection legislation and destination competitiveness are discussed.

© 2015 The Authors.

1. Introduction

Competition between suppliers responding to signals of well-informed and confident consumers, can variously lead to lower costs, improved product quality, greater innovation, higher productivity, as well as a more dynamic and efficient economy that promotes consumer well-being (OECD, 2014). In reality, such ideal outcomes are often precluded by information asymmetries as between businesses and poorly informed consumers who send weak and confused signals to the market. This limits the benefits that consumers receive from transactions, reducing the gains from competition more generally. Information asymmetries are commonly addressed through the establishment of consumer protection mechanisms.

The specific consumer protection mechanism addressed in this paper is consumer protection legislation. Consumer protection laws are a form of government regulation, which aim to protect the rights of consumers as well as fair trade competition and the free flow of truthful information in the marketplace. Consumer protection laws are designed to prevent businesses that engage in

fraud or specified unfair practices from gaining an advantage over competitors; they may also provide additional protection for the disadvantaged.

Consistent with The United Nations World Tourism Organization recent affirmation of the essential need for an effective, consistent, fair and reasonable consumer protection framework for tourism (UNWTO, 2013, consumer laws have been developed in many countries). The proposal to develop a global legal framework for the protection of tourists is based on the guiding principle on stakeholders' responsibilities, contained in UNWTO's Global Code of Ethics for Tourism (UNWTO, 2001). While the moral weight of the Code may be significant, as a voluntary, non-binding instrument with no legal implications, governments are at liberty to decide whether to incorporate its provisions into national legislation.

The paper first argues that consumer protection is an important determinant of destination competitiveness, albeit one that is not always explicitly identified by researchers in this area. It then discusses some features of tourism that limit the effectiveness of consumer protection legislation within its domain. The paper next identifies some additional complexities that erode consumer confidence within the tourism context and which can erode destination competitiveness. Various examples are offered of the exercise of consumer protection laws in tourism contexts. The paper concludes with a discussion of how consumer protection legislation can create confident consumers, a necessary condition for sustainable destination competitiveness.

* Corresponding author. School of Marketing, Australian School of Business, University of New South Wales, NSW 2052, Australia. Tel.: +61 439648892.

E-mail addresses: verity.greenwood@mq.edu.au (V.A. Greenwood), ldwyer@unsw.edu.au (L. Dwyer).

¹ Tel.: +61 2 98507283.

2. Consumer protection as an important determinant of destination competitiveness

Models of destination competitiveness comprise a substantial number of diverse factors purporting to bestow competitive advantages on tourism destinations (Dwyer & Kim, 2003; Ritchie & Crouch, 2003; World Economic Forum, 2013). While the major models that have been advanced have different structures and emphasise different features of destination competitiveness, not surprisingly, they identify many of the same determinants. In particular, the role that tourists as consumers play in destination competitiveness is linked with several commonly accepted determinants of destination competitiveness. These determinants include destination management, service quality, fair and equitable legal system, ethical business behaviour, safety and security, destination image, including sense of place. These factors are discussed below. While seemingly distinct, it is argued that each is relevant to consumer protection, indicating the broad ranging importance of this concept to the competitive advantage of destinations.

2.1. Destination management

In the established models (Dwyer & Kim, 2003; Ritchie & Crouch, 2003) an (oft neglected) task of destination management is to improve consumer wellbeing by fostering effective competition and enabling the confident participation of consumers in markets in which both consumers and suppliers can trade fairly and with mutual trust. This in turn requires effective and efficient mechanisms that protect consumers from unconscionable or deceptive conduct, and from unsafe or defective goods and services with remedies for redress (Haupt, 2003). Consumer protection mechanisms that reduce the risks of financial loss associated with tourist purchases of goods and services, as well as promotion of visitor safety and security generally, may be expected to enhance destination competitiveness (PWC, 2010).

2.2. Service quality

Quality of service is a prominent factor in most destination competitiveness models (Dwyer & Kim, 2003). Researchers stress the relevance to destination competitiveness of the concept of the integrity of visitor experiences (Go & Govers, 2000). This concept conveys the idea that the quality of the experience actually provided should be appropriate to the situation and the price charged. In consumer settings, both the focal (service) and the contextual (environmental) dimensions of a product play a significant role in determining quality. Whatever the specific context, consumer protection mechanisms can underpin assurances of service quality.

2.3. Fair and equitable legal system

Transparency in policy making, enshrined in legislation and legal precedent, is an important component of a fair and equitable legal system, another indicator of destination competitiveness (Enright & Newton, 2005). If there is a perception by society that the legal system is unfair then it will be rejected or misused. The legal system is not foolproof, but as society evolves in concert with changing values, technology and access so does the law, albeit slowly in some countries.

2.4. Ethical business behaviour

Business operations that rest upon a foundation of shared interests and mutually agreed upon rules of conduct enhance

destination competitiveness (Porter & Kramer, 2011). Protection to consumers is an outcome of ethical business behaviour wherein tourists can thence reasonably expect to receive fair treatment and value for money when making purchases. Ethical business firms are characterised by their emphasis on: driving positive social change as an organizational objective; creating mutually beneficial relationships with stakeholders; creating a culture of trust, authenticity, caring, transparency, integrity, learning and empowerment (Haigh and Hoffman, 2012). Enterprises that place such higher purposes at the very core of their business model tend to inspire trust from all of their major stakeholders setting in place important preconditions for achieving and maintaining destination competitiveness.

2.5. Safety and security

Issues of security and safety are now firmly established as key elements of destination competitiveness (Hassan, 2000). In Heath's model, safety and security comprises a foundation of destination competitiveness and is regarded as a 'fundamental non-negotiable' (Heath, 2003). While 'safety and security' is often assumed to be safety from terrorism or natural disasters (World Economic Forum, 2013), the concept equally applies to the reliability of products and services purchased by tourists as well as the financial and physical safety afforded by consumer protection mechanisms. These latter types of safety and security issues have tended to be ignored in the destination competitiveness literature.

2.6. Destination image

Destinations with strong, positive images are more likely to be considered and chosen in the travel decision process (Echtner & Ritchie, 2003). Destination image is particularly associated with customer loyalty. Consumer protection mechanisms can help to forge greater loyalty of visitors both to individual operators and to the destination as a whole. Further, given that destination branding reflects the social and cultural characteristics of a destination, perceptions of bribery, fraudulent business practices, dishonest law enforcement or other forms of corruption, all of which can be reduced through consumer protection mechanisms, can damage the social and cultural image of the destination and, in turn, its competitiveness.

Regardless of the headings under which consumer protection is classified in the different frameworks of destination competitiveness, it is clear that the concept does not 'stand-alone' but is relevant to a diverse set of factors that underpin destination competitiveness. However, many models do not explicitly identify consumer protection as a determinant of destination competitiveness. Perhaps this is because consumer protection is neither a 'push' nor a 'pull' factor as discussed by tourism researchers (Kozak, 2002). In itself, the level of protection afforded to tourists as consumers is unlikely to motivate a tourist to travel to a destination that lacks other attributes required by the potential visitor. Consumer protection seems to be more closely related to 'hygiene' factors as emphasised in Herzberg's Motivation-Hygiene theory (Herzberg, 1964). According to Herzberg, hygiene factors are not motivating; they serve only to prevent dissatisfaction. In a tourism context, hygiene factors would meet the visitor's need to avoid any unpleasantness but would not in themselves be strong 'satisfiers'. From this perspective, consumer protection mechanisms act to prevent dissatisfaction by tourists, rather than create satisfaction. Nonetheless, hygiene factors can create a favourable environment for visitor motivation, based on the quantity and quality of the resources present in the destination. This role is important in enhancing destination competitiveness, both to add

Download English Version:

<https://daneshyari.com/en/article/1011460>

Download Persian Version:

<https://daneshyari.com/article/1011460>

[Daneshyari.com](https://daneshyari.com)