Research Paper

Identifying drivers of destination attractiveness in a competitive environment: A comparison of approaches

Josip Mikulić [a,*], Damir Krešić [b], Darko Prebežac [a], Katarina Miličević [b], Maja Šerić [c]

[a] Department of Tourism, Faculty of Economics and Business-Zagreb, J.F. Kennedy Square 6, 10000 Zagreb, Croatia
[b] Institute for Tourism, Vrhovec 5, 10000 Zagreb, Croatia
[c] Department of Marketing, Faculty of Economics, University of Valencia, Av. dels Tarongers s/n, 46022 Valencia, Spain

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ABSTRACT

This study applies a demand-side analysis framework to assess drivers of destination attractiveness in consideration of competitor destinations. The framework, consisting of a relevance–determinance analysis (RDA) and a competitive-performance analysis (CPA), is further benchmarked against competing variants of importance–performance analysis (IPA). As this study reveals, the RDA+CPA framework significantly outperforms the IPA approaches with regard to the level of detail and validity of recommended managerial action. In particular, this study reveals that the original IPA framework of recommendations is not compatible for use with attributes that are characterized by large discrepancies between relevance (stated importance) and determinance (derived importance). If only one of these importance dimensions is available, then researchers/analysts must carefully consider the meaningfulness of implications for each attribute that is subject to analysis. In general, when applying IPA, researchers and analysts should be aware that what is generally considered important by customers/tourists might not necessarily also be important in driving their actual consumption experience. Finally, as this study also shows, IPA runs the risk of providing misleading implications regarding competitive advantages and disadvantages if the competitor dimension is actually not included in the analysis.

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1. Introduction

Destination attractiveness is widely accepted as one of the main determinants of destination competitiveness (Cracolici & Nijkamp, 2009; Gunn, 1979, 1988; Kim, Guo, & Agrusa, 2005; Krešić & Prebežac, 2011; Leask, 2010; Lew, 1987; Mihalič, 2000; Omerzel Gomezelj & Mihalič, 2008; Pikkemaat, 2004; Ritchie & Crouch, 2003; Um, Chon, & Ro, 2006; Vengesayi, 2003, 2008; Yoon & Uysal, 2005). Ritchie and Crouch (2003, p.110) well illustrate this view arguing that '…when all the complexities of destination choice are stripped away, it is essentially the core resources and attractions that underline the basic desire to travel to a given destination'. Furthermore, as Dwyer, Robert, Livaić, Deborah, and Chulwon (2004, p.91) highlight, '…to achieve competitive advantage for its tourism industry, any destination must ensure that its overall attractiveness, and the tourist experience, must be superior to that of many alternative destinations'. Put differently, destination attractiveness, as perceived by tourists, is a central determinant of destination competitiveness and success. Moreover, to succeed in the marketplace, destinations should strategically assess and manage their attractiveness, thereby also considering attractiveness-levels of major competitors.

Seeking to explore key determinants of both attractiveness and competitiveness, researchers frequently use the importance–performance analysis (IPA). This analytical tool, originally introduced by Martilla and James (1977), has gained particular popularity among tourism researchers who have applied it, in its original or modified form, to 'tourist destinations' (e.g. Enright & Newton, 2004; Go & Zhang, 1997; Huan, Beaman, & Shelby, 2002; Hudson & Shephard, 1998; Joppe, Martin, & Waalen, 2001; Krešić, Mikulić, & Miličević, 2012; O'Leary & Deegan, 2005; Taplin, 2012a; Tonge & Moore, 2007; Ziegler, Dearden, & Rollins, 2012; Coghlan, 2012), 'tourism and hospitality services' (e.g. Breiter & Milman, 2006; Chen, 2014a', 2014b; Chu & Choi, 2000; Deng, 2007; Duke & Persia, 1996; Zhang & Chow, 2004), 'relationship marketing' (e.g. Murdy & Pike, 2012), and 'policymaking in the tourism domain' (Dwyer, Knežević Cvelbar, Edwards, & Mihalič, 2012; Mihalič, 2013). Moreover, some of the most significant conceptual and review papers on IPA have been published in prominent tourism journals

* Corresponding author.
E-mail addresses: Josip.Mikulic@efzg.hr (J. Mikulić),
Damir.Kresic@iztzg.hr (D. Krešić), Darko.Prebezac@efzg.hr (D. Prebežac),
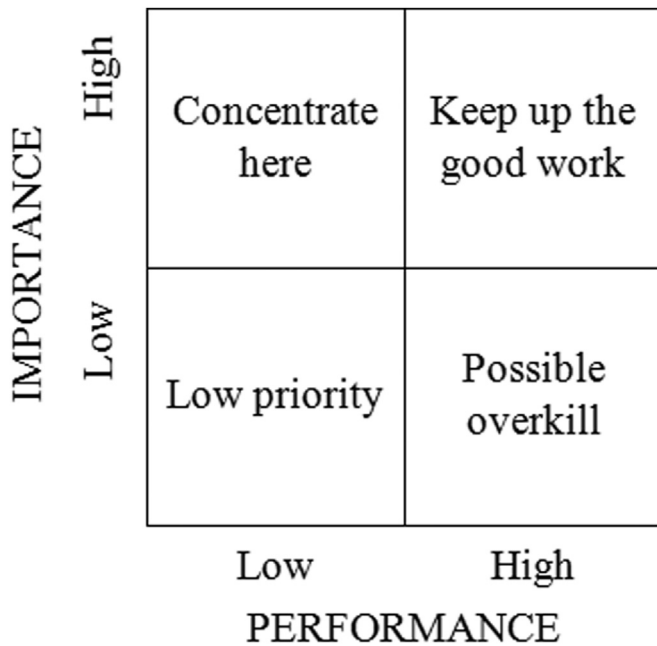Katarina.Milicevic@iztzg.hr (K. Miličević), maja.seric@uv.es (M. Šerić).

Fig. 1. Importance–performance analysis.

(e.g. Oh, 2001; Taplin, 2012b).

The basic idea of IPA is rather simple and intuitive. The rationale is to compare the importance and the performance of focal attributes of for example a product, service or destination. These two attribute dimensions are then being plotted into a matrix which is divided into four quadrants. According to the original methodology, each quadrant has distinct implications for the attributes it comprises (Fig. 1).

During the past three decades, researchers have, however, identified numerous methodological flaws and limitations of the original IPA methodology. Various modifications and extensions have thus been proposed to enhance its reliability. Among the most important issues being discussed in methodological IPA studies are the setting of quadrant thresholds (e.g. Bacon, 2003) and alternative approaches to dividing the matrix into actionable areas (e.g. Abalo, Varela, & Manzano, 2007; Abalo, Varela, & Rial, 2006). While there are many studies dealing with technical issues such as these, relatively few focus on fundamental conceptual issues (e.g. Oh, 2001), or discuss the validity of derived managerial implications at a more general level (e.g. Mikulić & Prebežac, 2011b). In particular, there are two issues that require more attention in future IPA studies.

On the one hand, it is not uncommon that studies apply the IPA framework for assessing competitiveness (e.g. Go & Zhang, 1997), or for identifying competitive advantages (e.g. Chu & Choi, 2000), but without actually considering the competitor dimension in respective research designs. A relatively well–performing destination attribute (i.e. one located in the first quadrant of the IPA matrix), which could undoubtedly be defined as a strength of a destination, is easily interpreted as a competitive advantage. Having such a strength does not, however, means that the destination is outperforming its competitors with regard to that attribute; nor does having a weakness mean that competitors are outperforming the destination. Such a naïve interpretation of IPA results could severely mislead managerial decision-making. Moreover, it is also rather obvious that the availability of information about 'competitive performance' could significantly enhance the quality of decision-making. In fact, if application of IPA is aimed at increasing competitiveness, considering competitors is a necessity for IPA-based implications to be valid at all. With only few exceptions (Chen, 2014a; Taplin, 2012a), however, contemporary IPA studies tend tend to completely neglect the competitor dimension.

On the other hand, however, contemporary studies still seem to neglect the fact that importance is a multidimensional construct (Van Ittersum, Pennings, Wansink, & van Trijp, 2007). What is particularly important for the application of IPA, the different importance dimensions provide quite different managerial implications. Accordingly, the interpretation of IPA results should also be adapted according to which dimension has been assessed. Critical reflections on the importance construct in IPA studies are, however, very rare. Most frequently, studies simply use the data that are at hand, without caring about the implications of each individual type of measure having on the interpretation of results. This is despite the fact that, almost half a century ago, scholars were already arguing that different measures assess different facets of the importance construct, with all of them having substantial managerial value, as long as they are properly interpreted (Myers & Alpert, 1968, 1977).

In order to solve major problems of IPA that are associated with these conceptual issues, Mikulić and Prebežac (2012) have recently proposed an extension of the traditional IPA framework consisting of two complementary analyses: a competitive-performance analysis (CPA) and a relevance–determinance analysis (RDA). While CPA considers attribute-performance levels of both the focal study subject and its competitors in assessing attribute-performance, RDA considers the multidimensionality of the importance construct in assessing attribute-importance. Since the CPA+RDA framework has thus far only been used in an airline services setting in the original study by Mikulić and Prebežac (2012), the aim of the present study is to test the framework's performance in the context of assessing destination attractiveness and competitiveness. In particular, this study aims to compare implications based on results from the CPA+RDA framework with those derived from traditional IPA variants. Emerging differences will be discussed with a view to the reliability and validity of the alternative approaches. Guidance for future IPA applications will be provided.

The remainder of the article is structured as follows. Section 2 overviews and discusses the RDA with a particular focus on the multidimensional nature of attribute-importance. Section 3 overviews and discusses CPA with a particular focus on the competitor dimension in formulating improvement strategies. Section 4 presents the study setting and describes the research methodology. The main results are presented and discussed in Section 5. Finally, the paper concludes with a summary of findings, implications and limitations.

2. Using relevance–determinance analysis to assess "attribute-importance"

In their original IPA study from 1977, Martilla and James used a four-point direct rating scale to assess the importance of attributes as perceived by customers (i.e. 4-extremely important, 3-important, 2-slightly important, and 1-not important). In the literature, this type of importance is referred to as 'stated importance' or 'explicit importance'. While earlier IPA studies have dominantly adopted a stated-importance approach, later studies have started to use 'derived-importance' measures (e.g. Danaher & Mattsson, 1994; Deng, 2007). The rationale behind derived measures, which are also referred to as measures of 'implicit importance', is to relate performance at the attribute-level of a product, service or destination to a measure of global performance, such as, for example, overall customer satisfaction (e.g. Grønholdt & Martensen, 2005; Matzler, Bailom, Hinterhuber, Renzl, & Pichler, 2004). Accordingly, by running a correlation or regression analysis, one can obtain an indication of an attribute's contribution to the global