Co-creation has recently received considerable attention in the marketing literature, in which the locus of value creation and value extraction is seen as the result of the interaction process between companies and consumers (Payne, Storback and Frow, 2008; Prahalad and Ramaswamy, 2004; Vargo and Lusch, 2004, 2007, 2008). Up until then, the traditional concept was that value creation took place within a company and the product was the end of the consumer experience. In the service-dominant (S-D) logic, as opposed to the good-dominant (G-D) logic, co-creation experiences are regarded as the basis for value creation. It is precisely in tourism that experiences play an essential role; active involvement of the tourist will lead to a deeper experience, and as such, in the context of the S-D logic, to a higher value.

Given the fragmented nature of the tourism industry, local destination organizations (DMOs) have been chosen in this study to represent destinations in general, much the same as Wang and others did (Wang, 2008:151), with a focus on collaborative destination marketing as the representative of supplier processes in tourism.

From a theoretical point of view, the purpose of this article is to develop a conceptual framework for understanding the construct of co-creation in tourism research. Subsequently, based on a practical point of view, a set of instruments will have to be developed to help DMOs manage the co-creation process, in order to improve their competitiveness. Trying to address these challenges at a pragmatic level would be useful for academics, practitioners and policy makers.

Tourism Experiences and Co-creation

Today's consumers have quite a different attitude towards consumption than previous generations. In addition, tourists and consumers in general are not only better educated and wealthier, but also have access to more information than ever before. Tourists are looking for unique activities, tailored experiences, special interest focus, experiences in a lifestyle destination setting, living culture, creative spaces and creative
spectacles (Gross and Brown, 2006). The need for authentic experiences, not contaminated by being fake or impure, is also growing increasingly (Gilmore and Pine, 2007; Yeoman et al., 2007). Tourism destinations in particular can offer visitors experiences that they do not normally find in their everyday lives. Oh et al. (2007:119) posit that “The benefit chain of causality view of tourism motivations tends to position tourist experience as a construct that transforms destination settings and activities into ultimate benefits and value that tourists obtain by visiting the destination.”

In research on tourism behaviour, experiences do play a significant role (Gross and Brown, 2006; Morgan and Watson, 2007; Oh et al., 2007). “Tourism has been at the forefront of staging experiences” and “Tourism’s central productive activity is the creation of the touristic experience” (Sternberg, 1997 in Oh et al., 2007:119). According to the authors mentioned, tourists are in fact and by definition looking for experiences.

Pine and Gilmore (1999, 2002a, 2002b, in Oh et al., 2007) distinguish four types of experiences: the aesthetic experience, the entertainment experience, the escapist experience and the educational experience. Experiences determine the value of destinations and DMOs are increasingly using this in positioning their destinations in the market. “The demand is growing for travel that engages the senses, stimulates the mind, includes unique activities, and connects in personal ways with travellers on an emotional, psychological, spiritual or intellectual level” (Arsenault and Gale, 2004 in Canadian Tourism Commission Research Report 7:21).

So far, little attention has been devoted to the possibilities and forms of co-creation in tourism research and particularly the possible influence of these possibilities and forms on the tourist experience. Canadian research (Arsenault and Gale, 2004), for instance, shows that contacts with the local community, such as cooking, visiting farms, and being welcomed into the homes of locals, are particularly appreciated. This also holds true for all sorts of experimental, practical and interactive activities. Tourists do not just want to be spectators. They want to participate, roll up their sleeves. Not only view the gardens, but also do some gardening. They want to take a peek behind the scenes, not only go to a concert, but also meet the musicians afterwards. Learning experiences, such as photography workshops, going to a wine university, learning to understand the ecosystem of an area of natural beauty, are also growing in popularity. Furthermore, the sharing of experiences, the social dynamics connected with travel, getting to know new people, reinforcing old friendships and making new ones, and spending time with relatives, are also considered important (Arsenault and Gale, 2004).

Interaction between and with consumers and providers is the foundation for co-creation (Prahalad and Ramaswamy, 2004). Co-creation involves active customer involvement in the production of a good or service, enhancing the final value of this good or service because the customer can tailor it as he or she desires (Lusch et al., 2007). Prahalad and Ramaswamy (2004) speak of “co-creation experience”, with value creation as the result. For businesses, the days of autonomously designing products or developing production processes, tapping new distribution channels or engaging in other marketing activities without involving consumers, seem to have disappeared (Cova and Salle, 2008; Dahlsten, 2004; Kristensson et al., 2008; Prahalad and Ramaswamy, 2004; Ramaswamy, 2008). The publications mentioned demonstrate that co-creation not only leads to an increase in value creation, but may also contribute significantly to product innovation. Tourism research has yet to fully explore all the possibilities offered by co-creation for innovative developments in tourism destinations and the attendant increase in competitive strength.
The Enterprise Logic of the Tourism Industry

The traditional views of marketing and competition still are provider-based, goods-centred and transaction-oriented (Li and Petrick, 2008). This also counts for the tourism industry. “The relationship between tourist and the tourism supply system is viewed as simply one of buyers versus sellers” (Li and Petrick, 2008: 240). Much of the tourism industry is based on a more traditional business organization structure and many companies are used to offering standardized products like package travel. These products are ideally suited to mass consumption and as a result they overlook the experience needs of the individual tourism consumer. According to Li and Petrick (2008) the tourism industry works like a huge assembly line with three operational components: “the channelers of tourists (i.e. travel agencies, travel clubs), the transporters of tourists (i.e. airlines, bus lines), and the receivers of tourists (i.e. hotels, resorts, restaurants, and attractions)” (Li and Petrick, 2008: 240).

According to Zuboff and Maxmin (2002), the commercial logic of enterprises is based on human behaviour and consumption patterns of the past decades and many businesses are unaware of the drastic change that has occurred in consumer behaviour (Zuboff and Maxmin, 2002). In this respect there seem to be no differences with the production and consumption of tourist services.

Against this background it is not surprising that the tourism industry is experiencing sweeping changes due to the shift in tourism behaviour. Moreover, rapid technological advancements have far-reaching impacts on the travel industry. The advent of the Internet, and more recently ‘mobile travel technology’, has changed the character of the production and marketing chain as well as that of the distribution model. Consequently, the complexity of the tourism industry has increased too (van As, 2009). The organized tourism industry used to focus on a combination of packages of mass and conventional tourism (Stamboulis and Skayannis, 2003). By now, the tourism market has seen numerous new entrants. But the industry is also very competitive and forced to adapt to the demand requirements of tourists.

Tour operators, travel agencies, along with tourism destinations undergo significant transformations in at least three of the following levels: a change in the taste of tourists, increased competition between destinations and change in the supply of local providers (Stamboulis and Skayannis, 2003: 36, 37).

The rapid developments that the tourism industry is going through, necessitates a fundamental reconsideration of the current enterprise logic.

Destination Management Organization’s Response to the Experience Economy

To bridge the gap between the new tourist and the more traditional marketing-oriented DMO, the new marketing thoughts should provide a different conceptualization of the whole tourism consumption experience (Li and Petrick, 2008). According to Li and Petrick (2008), co-creation between tourists and providers should be the answer. Co-creation involves tourists’ active involvement and interaction with their supplier in every aspect, from product design to product consumption (Payne et al., 2008).

DMOs all over the world are confronted with major changes in the tourism industry and a rapidly changing tourism consumer, against the background of far-reaching social, political and economic developments (Gretzel et al, 2008). In addition to natural disasters and terrorist attacks, the tourism industry is also faced with sweeping climate
changes and the consequences of this for tourism and tourism regions in particular (Ehmer & Heymann, 2008). Many DMOs face significant dilemmas: stakeholders with different interests, major changes in external environmental factors, tight financial budgets and last but not least DMOs face "a red ocean of bloody competition" (Kim and Mauborgne, 2005).

According to Buhalis (2002), "tourism destinations are one of the most difficult entities to market and to manage, due to the size and complexity of the stakeholders involved in the planning and development process, the nature of economic, environmental and socio-cultural diversities and the nature of the political system and public policies adapted".

DMOs are often still a traditional marketing organization. "Marketing was in most instances regarded as primarily attending trade shows, advertising in selected media, and developing key marketing tools (mainly videos, brochures and maps)” (Heath, 2003:12).

DMOs are generally public organizations, responsible for the image of the destination, charged with the coordination of public and private interests, the provision of tourism information, and trying to play a leading role in (new) tourism developments. In this process, they are challenged by insufficient financial resources, the breakneck advance of Internet technology, major conflicts of interest between the various stakeholders, and an ever fiercer competition with other destinations (Gretzel et al., 2008). In pursuing their policy, DMOs engage in destination marketing.

Destination marketing has evolved into a specialization of the general marketing theory, in which a tourism destination is considered a product with a specific set of attributes (Lichrou et al., 2008: 29). The increasingly professional and commercial outlook has made destination marketing develop into a professional industry, organized and specialized to a high degree, in which marketing mix, branding and market segmentation are important areas of attention (Gotham, 2002).

Gretzel et al (2006) formulate a number of challenges for DMOs in order to "adopt 'coopetition' strategies that allow for various degrees of collaboration and competition in different areas and at different levels” (Gretzel et al, 2006:116). For instance, DMOs will have to keep themselves updated on technological changes and incorporate these, where possible, into their operations. In this process, they will have to pay special attention to improving interaction with tourism consumers and managing tourists' expectations. To be able to do so, DMOs will have to evolve from marketing-oriented organizations into management-oriented organizations.

**The New Tourist and DMOs**

Recent tourism market research increasingly focuses on the experience of tourists and the cultural context of a destination. Lichrou et al. (2008) assert that a destination must not only be regarded as a physical space. Places have intangible, cultural, historical and dynamic aspects too. They are experienced by tourists in a dynamic context of social interaction with a common cultural meaning and with a collective memory (Stokowski, 2002 in Lichrou et al., 2008).

A survey of international visitors in London demonstrated that they are very much interested in participating in the everyday lives of the local residents (Maitland, 2008:19). It turned out that the tourists derived great enjoyment from strolling the city,
while discovering all sorts of things, such as interesting architecture, but also everyday consumptive activities, such as pubs, restaurants, shops and means of transport, because that is what they experience as real life in a city like London. Therefore, they are much less interested in the primary tourist attractions like Westminster, Tower Bridge and Buckingham Palace (Maitland, 2008:18).

Yet traditional marketing is less concerned with the cultural context and the tourist’s experience of the destination. According to traditional marketing principles, the instruments that are used in the marketing of consumer goods are equally suited to tourism destinations. A prominent exponent of this view is Kotler (Kotler et al., 1993). Lichrou et al. (2008) believe that it is not about the product as a result, but about understanding the intangible, a process of experience, the dreams and fantasies of consumers, the meeting of people, interaction between hosts and visitors and other tourists. It concerns a dynamic context in which destinations are simultaneously produced and consumed. Tourists have an image of a tourism destination even though they have never been there. That is why Lichrou et al. (2008) have the opinion that destinations should be seen, metaphorically, as narratives rather than products. This view leaves room for the concept of interaction, co-creation, and for the notion of the tourist as participant instead of spectator.

The Internet as an Active Component of Co-Creation

The development of the Internet, initially as a source of information, and now also in the area of user generated content (UGC) and countless new peer-to-peer applications, has strongly influenced the structure of the tourism sector over the past 10 years, unlike any other sector (Schmallegger and Carson, 2008). And these technological developments certainly have not stopped. The development of what is referred to as the second generation of the Internet, web 2.0, may be regarded as “disruptive technology”, such as the discovery of the art of printing or the invention of the telephone. “The new web is no longer only about surfing, reading, listening or watching. It's more and more about peering, sharing, socializing, collaborating, and most of all, creating within loosely connected communities” (Tapscott and Williams, 2007: 31). The Internet does not only create more transparency, and consequently more choices, but it has also considerably expanded the possibilities for active participation in the production process, for consumers in general and for tourists in particular.

The Internet increasingly supports the degree of interaction between tourism businesses and consumers. The Internet not only enables consumers to identify and locate tourism products, but also to compare prices, exchange information and experiences with suppliers and with each other, but especially also to individualize their choices and buy customized tourism products and services. The power of consumers is growing as a result of the access to an ever wider range of suppliers and, moreover, there is the influence of virtual consumer communities, as consumers increasingly better trust their peers, rather than marketing messages (Buhalis and Law, 2008: 612). “The Internet can be considered a virtual galaxy with entities representing various kinds of tourism information, among countless other domains” (Xiang, 2009). Although research in this field is still scarce, Wober's study (2006) in (Xiang, 2009) shows, however, that many tourism web sites of DMOs score low when it comes to the amount of traffic generated through search engines. This mainly has to do with the key words and descriptions that are used by DMOs. According to Pan and Fesenmaier (2006) the words used by consumers to search the Internet are substantially different from the words that are used on the web sites studied, which leads them to conclude that it is
sometimes very difficult for Internet users to have a satisfying online search experience.

The emergence of the “blogosphere” (various types of weblogs, also called blogs) in tourism is a remarkable phenomenon. A distinction is made between communication from consumers to consumers (C2C), businesses to businesses (B2B), businesses to consumers (B2C), and from DMOs to consumers (G2C) (Schmalleger and Carson, 2008: 101). This tourism “blogosphere” is of major significance to the tourism supply side and especially to tourism destination marketing (Carson, 2008; Schmalleger and Carson, 2008; Wenger, 2008).

According to Schmalleger and Carson (2008:101), travel weblogs are written by consumers for a variety of reasons. A weblog may be a personal diary or a way to stay in touch with friends and relatives at home, a need for self-expression or social interaction, but also to share positive and negative travel experiences with others.

Blogging is considered a modern high-tech variant of word-of-mouth communication. The use of the blog as a mode of marketing communications has also begun to receive attention, though little is understood about this new and flexible technology (Mack, Blose and Pan, 2008:134). Their study of the perceived credibility of blogs as sources of information demonstrate that, while bloggers find traditional “offline” word-of-mouth communication the most credible by far, they also consider the information in blogs as more credible than the more traditional media news sources (Mack et al., 2008:142; Wenger, 2008:171). This trend also subscribes to the value of travel blogs as an important tool for the exchange of information between tourists, but also for the learning process of businesses and DMOs.

Litvin et al. (2008) regard “online word-of-mouth” as an important source of strategic information that can be used in the development of a number of business strategies. As examples they mention information on the experience of tourists and the enhancement of visitor satisfaction through product improvement, monitoring the image and reputation of the organization, and adjusting competitive strategies (Litvin et al., 2008). Carson (2008) also believes that the analysis of travel blogs is a promising method to identify the image of a destination, but also a source of inspiration for product development. Until now DMOs mostly conduct quantitative marketing research to uncover tourists' opinions about the destination (Castro, 2007; Chi and Qu, 2008).

The importance of blogs in terms of information, communication, product development, distribution and research is evident. However, there is a great need for the development of knowledge, particularly in the fields of qualitative research methodologies, blog site selection and possible uses.

Tourism Destinations’ Competitiveness and Co-Creation

Ritchie and Crouch describe destination competitiveness as follows: “[W]hat makes a destination truly competitive is its ability to increase tourism expenditure, to increasingly attract visitors while providing them with satisfying, memorable experiences, and to do so in profitable way, while enhancing the well-being of residents and preserving the natural capital of the destination for future generations” (Ritchie and Crouch, 2003:2).

The extent to which a tourism destination is capable of continued competition with other destinations is closely related to, as shown by the above-mentioned definition, the way in which this destination responds to the (changing) behaviour of the tourism
consumer. From a destination perspective, the new model for a destination could be: “A place where people visit for an extended period of time, where they engage in multiple activities, where there are activities for possibly a range of target customer groups and where people want to return, not just repeat the experience, but in the anticipation of new things to see and do” (Voss, 2003:12).

DMOs will have to become aware that more and more tourism consumers also want to actively co-construct or co-innovate through personalized interaction. Authors like Prahalad and Ramaswamy (2003, 2004, 2008) call it co-creation; others call it co-production (Rowley et al., 2007), but the term prosuming is also used (Tapscott and Williams, 2007). It is not only a way to blur the gap between consumers and enterprises, but also an important source of innovation. Co-creation is often seen as an interactive process between consumers and enterprises which directly effects the innovation of both products and services.

At London Business School, a continuing research programme based on case studies provides a remarkable insight into innovation in experimental services (Voss and Zomerdijk 2007). This research found that innovation takes place at the encounters; the touch points between the customer and the organization, but also that “experimental innovations are typically customer- rather than technology driven.”

Ramaswamy (2008:9) indicates the capability of an organization “by continuously interacting with its customers through engagement platforms, especially those centred on customer experiences” as strategic capital for innovation. Several attempts have been made in the marketing literature to develop a conceptual framework for co-creation by mapping of customer, supplier and encounter processes (Payne, Storback and Frow, 2008). The encounters involve the interactions and transactions between customers and enterprises and the possibility to identify co-creation and innovation opportunities.

In the new views of the so called Service-Dominant logic in marketing the customer is always a co-creator of value and this is a key foundational proposition of this logic (Lusch and Vargo, 2008:7). S-D logic suggests that the value starts with the supplier understanding customer value creating process and learning how to support customers’ co-creation activities. Until today, little or no attention has been paid to this proposition or S-D logic in the tourism literature (Li and Petric, 2008).

Following the S-D logic as described in (Payne et al., 2008:86) we may assume that also tourists are willing to engage in dialogue and interaction with the travel industry during product design, production, delivery and consumption. Figure 1 illustrates the processes of co-creation in tourism relationship experience. The arrows in the middle represent different encounters between the tourist and the tourism industry. In the supplier process the more industry learns about the tourist, the more opportunities become available for the tourism supplier to further improve the design of the relationship experience and enhance co-creation with the tourism consumer. Also the tourist is engaged in a learning process and this is based on his experience of the tourism supply and is a culmination of thinking (cognition), feeling (emotion) and doing (behaviour).

The tourism industry has to realize that one should not only focus on more extended information on all kind of product features but also more concentrate how to facilitate the co-creation of experiences of tourists. This means seeking to more dialog with tourism customers and not so much attention seeking in marketing communication.
Payne et al. (2008: 85,86,87) distinguish 3 types of co-creation opportunities as strategic options for creating value. First for DMOs this contains the opportunities provided by technological breakthroughs as Web 2.0 (interactive tourism websites, travel weblogs) and Web 3.0 also called the semantic web (third generation mobile services). Second, there are opportunities provided by changes in enterprise logics. It is not longer conception, selling and servicing but listening, customizing and co-creating. Third, opportunities provided by changes in tourism behaviour, preferences, experiences and lifestyles. Co-creation is outside-in thinking and means to understand the value creating process of the tourist and providing support to that process.

One of the challenges of a DMO is using, to speak with Ramaswamy (2008: 9) “global network resources and thematic communities to continuously identify and act upon new innovation and value creation opportunities “for strengthen the competitiveness of the tourism destination.”

**Figure 1:**

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<th>Demand processes</th>
<th>Learning process in tourism consumption</th>
<th>Additional interaction sources</th>
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<td>Interaction with local population</td>
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<td>Co-creation &amp; tourism relationship Experience</td>
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<td>Interaction between tourism customers and employees</td>
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<td>Co-creation opportunities</td>
<td>Interaction with Public and Private Stakeholders of the DMO</td>
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**Challenges for DMOs and Further Research**

The main findings of this study are that tourism organizations and businesses will have to learn, one way or another, to communicate with tourism consumers in an entirely different and dynamic fashion. Tourism industry is facing major challenges and experiencing swift changes. The competitive ability of tourism businesses, organizations and destinations is radically influenced by the Internet (Buhalis and Law, 2008). According to Buhalis and Law (2008:617), the Internet is altering barriers to market entry, changing the cost structure of businesses – especially through decreased variable costs, revolutionizing distribution channels, facilitating price transparency, enhancing production efficiency, and reinforcing negotiating positions. They argue that all tourism players need to rethink their business models and take drastic actions in re-
developing their value chains. Competitors are becoming partners and co-opetition and co-destiny are becoming increasingly important (Prahalad and Krishnan, 2008; Li and Petric, 2008). This means that DMOs will have to cooperate interactively with other partners in the destination through a process of exchanging ideas and expertise and linking together financial and human resources (Wang, 2008). 

Tourism suppliers will have to develop a strategy that is aimed at using technological advances, at creating a far-reaching form of interaction with consumers, but they will also have to consider new forms of cooperation with other players in the market. In the short term, this will lead to business models being altered, but in the long term to a new enterprise logic (Zuboff and Maxmin, 2002).

Especially in tourism, relatively little is known about how tourists can engage in the co-creation of value and the opportunities this offers to innovation strategies. Tourism research should investigate how DMOs are willing to develop an interactive relationship with tourism consumers in order to use co-creation as a tool to enhanced destination competitiveness. But that also holds true for interactive collaborative relationships with and between public and private stakeholders in the area. Prahalad and Krishnan’s (2008:11) proposition that not a single tourism organization or business is big enough in scope and size to satisfy the experiences of one consumer at a time, also applies to DMOs.

Future research should concentrate on developing a conceptual model for co-creation by integrating all the collaborative and interactive relationships, centred around the unique, personalized experience of one tourism consumer. Existing and new (to be created) cognition-supporting, emotion-supporting and action-supporting encounters make up the platform via which co-creation possibilities can be developed. This may ultimately lead to an increase in value creation as well as an increase in a DMO’s competitive strength.

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Improve competitive advantage of tourism destinations. The main points of action for the development of strategies for improving the competitive position of a destination coincide with the determinants of competitiveness. The competitive position of a destination results from the performances of that destination with respect to a number of factors. Macro-economic factors, supply factors, transport factors, demand factors, tourism policy. Branding is a central element in the strategic positioning of tourism products. For destinations branding takes the form of a corporate identity (see SPAIN). Destination competitiveness is linked to the ability of a destination to deliver goods and services that perform better than other destinations on aspects of the tourism experience that are important to tourists. Destination competitiveness is a general concept that encompasses price differentials coupled with exchange rate movements, productivity levels of various components of the tourist industry and qualitative factors affecting the attractiveness or otherwise of a destination. The competitiveness of an industry is a critical determinant of how well it performs in world markets. All stakeh