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Introduction to Strategy

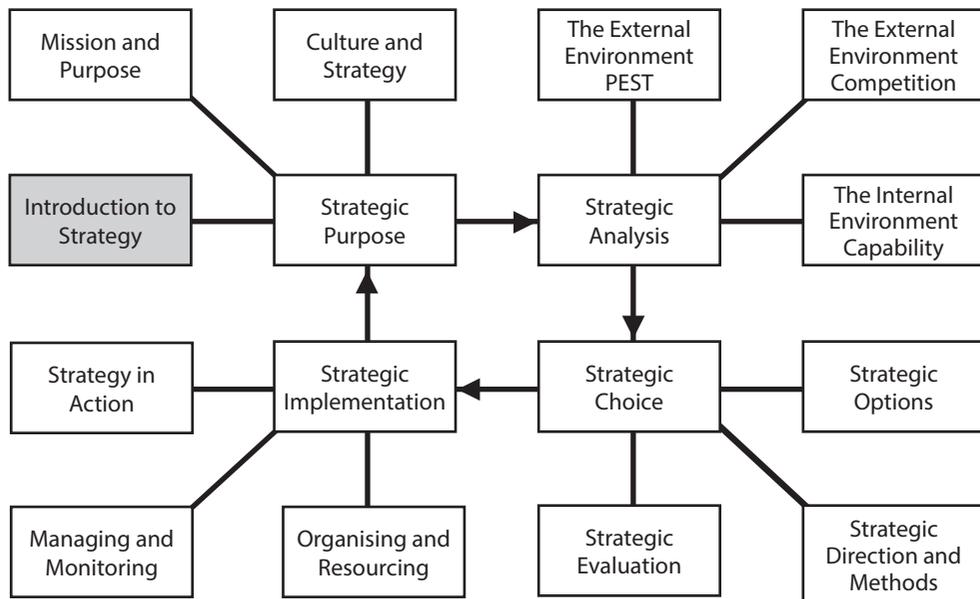


Figure 1.1

Learning outcomes

After studying this chapter and related materials you should be able to understand:

- The meaning of strategy
- The process of strategy
- The importance of strategy
- The contexts and uses of strategy in tourism
- Competing approaches to strategy

and critically evaluate, explain and apply the above concepts.

Introduction

Figure 1.1 shows both the structure of this book and of this chapter. The main body of this chapter starts with the case study of the strategies that have been developed for tourism in New Zealand. It uses this case study to answer some of the basic questions about strategy. We start with its definition, that strategy is 'the planning of a desirable future and the design of a suitable programme for achieving it.' Next the process of strategy is examined. Here the steps that need to be taken to design and implement a successful strategy – mission, strategic analysis, strategic choice and strategic implementation – are set out. The chapter then discusses why it is important to have a strategy as a guiding and overarching plan of action, since this will help an organisation to achieve its aims and avoid mission-drift. It is then noted that the use of strategy is not confined to business organisations and the other contexts for strategy, including governments, destinations, and not-for-profit entities, are also examined. Finally a brief review is offered of different approaches to strategy where it is revealed to be a contested practice subject to uncertainty, complexity and fallibility.

Case Study 1: The Tourism Strategy for New Zealand

Tourism is a significant sector for the economy of New Zealand. At the time of writing, it makes a direct contribution of approximately 3.7% to New Zealand's gross domestic product. It also provides 172,100 full time equivalent jobs. Additionally it is an important export sector accounting for some 16% of New Zealand's overall export earnings. So it is important that a strategic approach is taken to developing the country's tourism product.

Plate 1: 100% Pure New Zealand. Picture courtesy of Tourism New Zealand



The first New Zealand Tourism Strategy was launched in 2001 and this was superseded by the *New Zealand Tourism Strategy 2015 (NZTS 2015)* which was launched in 2007. The need for an updated strategy was underlined by important changes that had occurred between 2001 and 2007 in the domestic and global environments for New Zealand tourism. The 2015 strategy noted three key changes in the global environment as:

- ◆ Concerns about the impact of travel on climate change
- ◆ Greater use of IT by consumers – particularly the Internet and online bookings
- ◆ Higher fuel prices.

NZTS 2015 was guided by a mission statement:

“In 2015, tourism is valued as the leading contributor to a sustainable New Zealand economy”.

It was underpinned by two key values of *arekaitiakitanga* (guardianship) and *manaakitanga* (hospitality) which are found in Maori culture. Its four key aims were:

- 1 New Zealand delivers a world-class visitor experience
- 2 New Zealand’s tourism sector is prosperous and attracts ongoing investment
- 3 The tourism sector takes a leading role in protecting and enhancing the environment
- 4 The tourism sector and communities work together for mutual benefit.

In 2014, *Tourism 2025* was launched as a new growth framework for New Zealand’s tourism industry. It noted that the 2015 strategy hadn’t been entirely successful. This was because there was no clear ownership of the implementation plan and the strategy lacked a focus on economic growth. Further, since changes in the political cycle were sometimes disruptive, it was now felt that ownership of a long term tourism strategy would sit better with the private sector. It is interesting to note that this shift to tourism industry ownership seems to have led to a downgrading of the previous emphasis on guardianship and protection of the environment. This raises interesting questions of who should own national tourism strategies and who should be the beneficiaries.

Tourism 2025 has a mission of “growing value together (*whakatipu uara ngatahihas*)” and an aspirational goal of \$41 billion total tourism revenue in 2025 (with a focus on revenue, rather than visitor numbers). It plans to achieve this by improving the competitiveness of New Zealand tourism. There are five key themes that underpin the goal:

- 1 Grow sustainable air connectivity
- 2 Target for value
- 3 Drive value through outstanding visitor experience
- 4 Productivity for profit
- 5 Prioritise insight to drive and track progress.

The last of these themes gives an indication of the importance of collecting data to inform the sector about the changing environment and to provide feedback information on how successful the strategy has been. Specifically a scorecard will be published annually by the Tourism Industry Association New Zealand to measure the industry's performance.

The meaning of strategy

Strategy:

The planning of a desirable future and the design of a suitable programme for achieving it

According to Ghemawat (2010, p. 2), the word 'strategy' is Greek in origin (*strategos*) and this term was used to designate a military commander-in-chief. The context of war therefore offers an initial understanding of strategy as a master plan for achieving victory. However strategy is now a key focus of business schools and used widely in the tourism sector. For example, Harrington & Ottenbacher (2011) offer an analysis of its representation and focus in hospitality research.

From the case on New Zealand's tourism strategies a number of key features about strategies emerge. For example it can be seen that at the heart of a strategy is an overall aim or end – in the case of *Tourism 2025* of growing value together. A strategy also contains the means to its end. For *Tourism 2025* these are identified in five themes encompassing sustainable air connectivity, targeting value, driving value through outstanding visitor experience, productivity for profit and prioritising insight to drive and track progress. A strategy also uses medium to long term planning horizons, setting its sights on a time in the future, which in the case of *Tourism 2025* is the year 2025.

The following examples illustrate a range of definitions by key writers in the study of strategy. Quinn defines strategy as:

the pattern or plan that integrates an organisation's major goals, policies and action sequences into a cohesive whole. (Mintzberg et al., 2003, p. 10).

According to Johnson *et al.* (2014, p. 3):

Strategy is the long-term direction of an organisation

The long term nature of strategy is demonstrated by the fact that *Tourism 2025* was launched in 2014 – a planning horizon of 11 years. Mintzberg identified the five Ps for strategy noting:

"five definitions of strategy ... - as plan, ploy, pattern, position and perspective."
(Mintzberg *et al.*, 1998, p. 13).

To some extent *Tourism 2025* can be seen as a ploy as it states that as more and more countries enter the race for the global tourism dollar, New Zealand tourism will only succeed if it improves international competitiveness.

An article that researched the views of a range of strategy researchers and senior practitioners came up with the following broad agreement on the term:

The field of strategic management deals with the major intended and emergent initiatives taken by general managers on behalf of owners, involving utilization