

Book Reviews

Corporate Rivalry and Market Power

Andreas Papatheodorou (Ed.)

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This is a specialised book primarily aimed at tourism policymakers at national and local level. The book covers an in-depth analysis of reasons for and consequences of competitive behaviour and strategy formulation in various tourism settings from an oligopolistic viewpoint. Tourism oligopoly is when few firms compete against each other to serve mainly mass leisure and business tourism markets. Even if you are not that interested in economics you may still find some of the chapters in the book an interesting read. This book might also be useful as an additional source for modules in strategic tourism management or tourism environmental analysis.

The book starts with an overview of the main principles and issues in analysing competition and corporate rivalry in three main areas: transport for tourism, the accommodation sector and travel distribution. Zheng Lei, Gang Li and Haiyan Song set the theoretical foundations of the book in Chapters 2 and 3. Chapter 2 has the 'structure, conduct and performance' paradigm as its basis. Chapter 3 is an exhaustive mathematical/statistical read as various quantitative techniques concerning competitive issues in tourism are discussed. In Chapter 4 John F. O'Connell studies the evolution of the competitive airline industry. He explores the emergence of low-cost carriers as a competitive threat to the market dominance of traditional airlines. A very interesting chronological analysis is provided on six events or waves, which represent the different strategies that emerged from deregulation and subsequent competitive implications for the global airline industry. These waves were: hub-and-spoke operations; alliance formation; implementation of frequent flyer programmes; the emergence of low-cost airlines; the formation of equity partnerships through acquisitions; and finally, deregulation to create 'open skies'. It is advisable to read Porter's classical book on corporate strategy (1980) as it would lead to a better understanding of why these waves took place.

Anne Graham discusses airport competition in Chapter 5. She focuses on competition between and within airports, provision of airport services and competing terminals. Airport competition is a complex matter and in the US certain drivers exist which created opportunities for increased competition. She highlights different types of competition, examines the need for economic regulation and concludes with a discussion on one of the most significant obstacles to competition, namely, the scarcity of landing and take-off slots. Chapter 6 synthesises competition issues in the hospitality and tour operations industry. Dimitris Koutoulas examines the relations between tour operators and resort hotels and the latter's competitive environment. He discusses the issue of distributing

hotel capacity in a market controlled by tour operators. A short case study on Touristik Union International (TUI) provides some insight on how TUI became the leading European holiday travel provider. The role of resort hotels that act as suppliers to tour operators is also examined. Dimitri Ioannides and Evangelina Petridou Daughtrey dig deeper into the travel distribution system in Chapter 7. They explore the travel agent retail sector in the US as a case study. Specific emphasis is placed on the recent changes that have taken place in this industry resulting from enhanced industrial concentration. Insight is also offered on how new information technologies have directly and indirectly affected travel agencies. The authors conclude with thoughts concerning the future of travel agencies, most notably niche market segmentation and the implementation of dynamic packaging - single-priced travel package involving various components such as air travel, hotel accommodation, and car rentals all sourced from different suppliers.

The case is made in Chapter 8 that information and communication technologies have a significant impact on tourism competition. Dimitrios Buhalis subsequently focuses primarily on the role of the Internet and e-commerce. The impact of Information Communication Technologies (ICTs) and in particular the Internet is explored. Various types of systems that produce, distribute and deliver tourism products are used to demonstrate different levels of competition and how technology is impacting on these levels. Stephen Wanhill deals with competition issues in visitor attractions in Chapter 9. He provides a useful classification of the visitor attraction product into core and augmented imagescape, tangible features, and support services. Reference is also made to competitive economic theory. It is argued that a truly successful visitor attraction portrays four realms of a visitor experience, namely, entertainment, education (these two can be combined and referred to as 'edutainment'), aesthetics and escapism.

Gunnar Niels and Reinder van Dijk focus on holiday parks in Chapter 10. They explain the economic principles of the so-called SSNIP test and the critical loss test, developed by the US Department of Justice and Federal Trade Commission in 1992 and accepted by the European Commission in 1997. Chapter 11 summarises the book and some concluding remarks are provided.

Neels van Heerden

University of Pretoria, South Africa

Reference

Porter, M. (1980) *Competitive Strategy. Techniques for Analyzing Industries and Competitors* (New York: Free Press) (or consult: <http://www.quickmba.com/strategy/porter.shtml>; or: http://www.valuebasedmanagement.net/methods_porter_five_forces.html).