

A GEOGRAPHICAL RETHEORIZATION OF THE TOURISM VALUE CHAIN

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With 1 figure and 1 table

Summary: Based on a sympathetic critique of the current research on the tourism value chain, this paper finds certain ambiguities in the understanding of the theoretical context of the value chain literature, and there is inadequate attention towards the role of geography. This paper reveals how the ambiguities are created and why geography is important. In order to reduce the ambiguities of the tourism value chain, the spatiality of tourism value chain is theorized concerning spatial stickiness and experiential value of tourism resources. This paper thus argues that the tourism value chain is subject to a carrier-driven pattern of governance rather than producer or buyer-driven. This endeavour helps us better understand the general mechanism of value creation and distribution in the tourism industry rather than taking it for granted that it is the same as in the manufacturing industries.

Zusammenfassung: Ausgehend von einer wohlwollenden Kritik an aktuellen Arbeiten zur touristischen Wertschöpfungskette stellt dieser Beitrag fest, dass es gewisse Unklarheiten im Verständnis des theoretischen Kontextes der Wertschöpfungskettenliteratur gibt und dass geographische Gesichtspunkte nicht hinreichend berücksichtigt werden. Es wird diskutiert, wo die Ursachen dieser Unklarheiten liegen und warum eine geographische Perspektive wichtig ist. Um die Mehrdeutigkeiten der touristischen Wertschöpfungskette zu verringern, wird die Räumlichkeit der touristischen Wertschöpfungsketten im Kontext räumlicher Anhaftung und dem Erfahrungswert touristischer Ressourcen theoretisiert. Es wird argumentiert, dass die touristische Wertschöpfungskette eher einem Carrier gesteuerten als einem durch Produzenten oder Käufer gesteuerten Governance-Muster unterliegt. Dies kann helfen, den allgemeinen Mechanismus der Wertschöpfung und -verteilung in der Tourismusindustrie besser zu verstehen, statt ihn als selbstverständlich vorauszusetzen, wie beispielsweise in der verarbeitenden Industrie.

Keywords: Tourism value chain, tourism geography, carrier-driven, value chain governance

1 Introduction

A value chain is a set of activities and relationships connecting many parts that combine into an end-product with customer value (GEREFFI et al 1994). The conceptual origins of the value chain can be traced back to the 1980s in the form of commodity chains. Commodity chains refer to the chains linked by all steps of commodity production (PORTER 1985). The general form of a value chain includes research and development, raw material extraction purchase, production-manufacturing, marketing, transportation and after-sale service (GEREFFI et al. 1994; GEREFFI 1999). In the modern global economy, unlike previous eras, most business transactions are now connected through a complex supply chain, often on different continents and with different corporation networks. After 30 years of theoretical and empirical studies, the value chain concept has been highly recognized by multiple disciplines, including economics, management science, geography and sociology, and widely applied by business entrepreneurs and policymakers (GEREFFI 2013; SCHMITZ

2004). More recently, it has become one of the leading frameworks affecting decision-making in public policies and corporate strategies, especially in developing countries and regions, gaining prominence in diverse industries from garment production in manufacturing to tourism in service industries (DALLAS et al. 2019; CHRISTIAN 2017).

The engagement between tourism studies and the value chain theory is not novel with origins dating back to the 1990s. Nevertheless, the partial-industry¹⁾ and cross-industries nature of tourism activities pose significant challenges for tourism scholars to offer a coherent and concise explanation of the tourism value chain (TVC) and is of concern. Furthermore, current TVC studies have tended to ignore the spatial nature of tourism as a highly geographicalized activity. Some tourism scholars have even developed certain ambiguities towards the the-

¹⁾The concept of partial industries was proposed by Leiper et al. (2008), referring to the situation that tourism industries like restaurant and hotels are not only serving tourists but also serving many non-tour customers.

oretical strand of TVC, such as SONG et al (2013)'s comprehensive review. Therefore, this paper departs from such ambiguity to delineate the cause for such ambiguities. It further argues that to understand TVC, it is necessary to appreciate the spatial nature of tourism. As an attempt to rectify the aforementioned problems, this paper theorizes the spatiality of tourism activities and argues for a *carrier-driven pattern* of value chain governance, rather than buyer or producer-driven as in the classical value chain theories. The paper is structured as follows. The next section offers a sympathetic critique of TVC research and points out the issues. The third section traces the theoretical thread of the global value chain (GVC) studies and theorizes on the spatiality of the tourism value chain. Finally, it discusses contributions and future research agendas.

2 The ambiguities of value chain research in tourism

Value chain studies began in the mid-1980s when PORTER (1985) suggested a microanalytical framework for corporate strategizing by analyzing value chains, the connecting parts of business networks. After roughly a decade, another strand of literature appeared in the name of global value chains which was reconceptualized from global commodity chain studies and probably inspired by PORTER's value chain concept. However, global value chains as a concept were birthed from WALLERSTEIN'S (1974) World System theory rather than PORTER'S competitiveness theory (GEREFFI 1999; GEREFFI & KORZENIEWICZ 1994). Therefore, two sub-strands of value chain literature appearing seemingly similar but actually fundamentally divergent have emerged. Porterian value chain studies, commonly considered as the pioneer, tend to focus on competitiveness as the key explanatory variable, focusing on how to foster competitiveness in value chains through various managerial efforts within a firm or enterprise. This approach has merits as it increases the odds of the organization surviving in the current global industrial environment by managing the enterprise's business networks. Such networks are very often related to supply chains in Porterian value chain studies.

Unlike Porter's competitiveness approach, the GVC studies are more built upon transaction cost theories that explain how various industries are globally restructured, reorganized, and break the global economy's north-south dichotomy. The analytical foci of GVC include typology of value chains (buyer-

producer-driven), pattern of governance (e.g., modular or cooperative), inter-firm power asymmetry (global lead firms and local suppliers), and industrial upgrading. In this vein, GARY GEREFFI is the leading prolific scholar who has elaborated on the GVC theory and popularized it in academia and the public, in general (FERNANDEZ-STARK & GEREFFI 2019). The popularization of GVC also directly catalyzed the birth of global production network studies within economic geography, which has thus become one of the most influential schools in the discipline.

Mainstream studies of either PORTER'S value chain or the GVC are mostly focused on studying the manufacturing industries, ranging from rural to manufacturing industries. But these studies left significant gaps in the service sectors, even while service-based economies become increasingly influential in the world (GRONROOS 1978). Since the 2010s, the leading GVC scholar, GARY GEREFFI, and his co-authors have attempted to improve the theoretization of the global tourism value chain to become more inclusive. However, in terms of the GVC of the tourism industry, there has only been one short descriptive report so far (CHRISTIAN & MWAURA 2013, CHRISTIAN et al. 2011).

After that, some GVC scholars made progress in this area, such as the studies of TEJADA et al. (2013) in Costa Rica, Vietnam and Jordan, and the work of CHRISTIAN (2017), which showed how power asymmetry in the value chain leads to the unsatisfactory outcomes of the Tour Operator Initiative and Travelife Certification Program. However, these works tended to describe the progress of industrial development and upgrading and neglected to elaborate or theorize the general features of the tourism value chain such as typology, governance pattern, power relations or mechanisms.

Although leading GVC scholars have tended to neglect the tourism industries, tourism-oriented scholars have made various attempts to do so. Clancy (1998) was probably the pioneer to introduce the value chain concept in terms of the GVC approach into tourism studies. His first attempt was on theorizing the typology of commodity chains in the hotel and airline industries. Later on, he revealed the restructuring of the sex tourism industry in Cuba (CLANCY 2002). There were some limitations in these studies as they focused on mapping out the basic value creation process and did not consider either the analytical framework or key variables for tourism value chain research. About ten years later, ROMERO & TEJADA (2011) advanced the studies by mapping out the production chain

of the tourism industry and concluded that the existing GVC framework was insufficient to situate a tourism study; however, they did not offer a corresponding solution.

As PORTER did not delve into value chain studies, the theoretical framework of the competitiveness approach of value chains remained unclear. Other scholars who have adopted Porter's model tend to use value chains as a metaphor rather than a theoretical tool to invoke various issues in tourism studies. For instance, WEIERMAIR (2006) used a TVC approach to articulate the potential of innovation for each step of the tourism economic activities in the sequence of purchasing, consuming and post-trip servicing. YLIMAZ & BITTICI (2006) proposed a value chain model for tourism performance measurement, which was virtually a management-based model of a tourism company's business process. ZHANG et al. (2009) conducted a systematic review of tourism supply chain management studies, thereby providing a theoretical framework for analyzing business value creation activities. All the discussed issues and variables were probably about management from Porter's approach rather than production from the GVC approach. More recently, HJALAGER & KONU (2011) applied the TVC approach to identify various value creation activities in rural well-being tourism based on their previous studies. They provided an innovative insight through differentiating the destination and supply chain logic of value chain studies. The latter belonged to PORTER's approach whereas the former was closer to the GVC approach, although the authors did not cite any GVC influence in their papers.

SONG et al. (2013) provided the first comprehensive review of TVC studies that brought PORTER's approach and the GVC approach together, and the authors concluded that TVC studies are still at a very early stage. However, the study did shed light on the difficulties of conducting TVC research, including three aspects: (1) tourism attractions (not bucket and spade tour products or leisure products) are immobile and hardly replicated; (2) tourism products cannot be evaluated before consumption, thus generating opportunism and cheating tendencies; (3) tourism resources often suffer the tragedy of being common goods prone to overexploitation. These difficulties are reasonable, but SONG et al. (2013) did not elaborate on how to solve these problems and failed to acknowledge the fundamental difference between the two approaches. Instead, the authors presented a new analytical framework based on integrating incompatible variables.

This paper acknowledges the contribution of SONG et al. (2013) but offers criticism on the confusing nature of the proposed framework given that it is built upon incompatible approaches: the structure–conduct–performance (SCP) paradigm and the GVC theory. These two approaches are different strands of literature: one theorizes on how firms react with different market strategies towards macro-economic structure, while the other explains how firms organize their production via meso intra-firm relationships. SONG et al. (2013: 7) directly combined variables from these two approaches within one framework without adequate explanation. Moreover, when theorizing typology of inter-firm governance, the authors relied on HUMPHREY & SCHMITZ's (2002) framework and overlooked the fact that this framework has been replaced by GEREFFI et al. (2005) with a five-fold typology.

Considering the above, this paper argues that current scholars have misread the theoretical thread of value chain studies to a certain degree. The 'value' of conducting TVC research has to be built upon an adequate understanding of the literature. If we want to clarify intra-firm business dynamics, applying PORTER's value chain approach that focuses on supply chain management, product competitiveness, or strategic management is relevant. If we are interested in unpacking the inter- and extra-firm dynamics of tourism value chains, particularly related to place and regional outcomes, GEREFFI's value chain approach offers more relevance and offers better insights in terms of explaining why certain firms and key actors can take a major share of the value while others cannot. Although some scholars have aligned with PORTER, such as WEIERMAIR (2006)'s insightful value-chain study from the intra-firm perspective, this paper departs from GEREFFI's approach, which is more relevant to geographical studies to solve two problems: how to retheorize TVC based on the GVC literature; how to place the role of geography in TVC studies.

3 Re-bridging the GVC approach to TVC research from a geographical perspective

TVC research has a major issue in which the current GVC's theoretical framework is not compatible with the realities of tourism. GVC is primarily based on manufacturing industries where technological leadership determines value distribution, namely parameter optimization in production (HUMPHREY

& SCHMITZ 2002). However, such tendencies are absent in TVC. CLANCY (1998) and ROMERO & TEJADA (2011) were aware of this problem but did not resolve it in their studies. Our study summarizes five inter-related strands of literature for articulating the correct theoretical thread of the value chain studies, as illustrated in Table 1.

3.1 Theoretical thread of the global value chain studies

Theoretical branches concerning value chain analysis include structure–conduct–performance paradigm, the resource-based view of firms, commodity chain, PORTER's value chain, global value chain and global production network, of which the origination, core analysis and progress are summed up in Table 1. Based on this summary, this paper argues that it would be ambiguous and irrelevant to theorize tourism value chain back to the SCP paradigm. As one of the predecessors of value chain re-

search, the SCP paradigm was firstly developed by CHAMBERLIN (1933) and ROBINSON (1933) and subsequently theorized by JBAIN (1959, also cf. FACCARELLO & KURZ 2016). The SCP paradigm postulates that the market environment (monopoly, oligopoly, or perfect competition) has a direct, short-term impact on the market structure. The market structure also directly influences the firm's economic conduct (production, product development, marketing, innovation, or coalition), affecting its market performance (price, volume, quality, efficiency, and profitability). While the SCP paradigm is widely accepted, studies on the resource-based business viewpoint have criticized the SCP paradigm for being static and limiting itself to a price signaling and competitive equilibrium (MCWILLIAMS & SMART 1995).

Scholars studying firms' resource-based perspective proposed two intra-firm factors to overcome this limitation. The first factor is the resources occupied by the firm itself. The more irreplaceable resources a firm has, the more competitive the firm is. Another factor is entrepreneurial skills. If the entrepreneur is

Table 1: Main related strands of value chain research

Key branches of value chain	Disciplines	Analytical foci	Progress
Structure–conduct–performance paradigm & Resource-based view of firm	<ul style="list-style-type: none"> • Foundations of value chain research • Derived from industrial economics and evolutionary economics 	<ul style="list-style-type: none"> • Market structures, business strategies and superior resources 	<ul style="list-style-type: none"> • Becoming a crucial component of mainstream economics, some contents are absorbed by value chain research
Porter's value chain account	<ul style="list-style-type: none"> • Derived from business and strategic management 	<ul style="list-style-type: none"> • Comparative advantages • Competitiveness 	<ul style="list-style-type: none"> • Reinforcing diamond model of competitiveness, Industrial cluster, not the core of value chain research
Commodity chain	<ul style="list-style-type: none"> • Similar and earlier than value chain studies 	<ul style="list-style-type: none"> • Spatial organization of production and transaction 	<ul style="list-style-type: none"> • Merged with global value chain
Global value chain	<ul style="list-style-type: none"> • Founded by Gary Gereffi • Derived from economic sociology 	<ul style="list-style-type: none"> • Transaction costs, power relation • Value chain governance • Industrial upgrading 	<ul style="list-style-type: none"> • Mainstream of value chain studies; Reinforcing pattern of governance

Note: Summarized based on BAIN 1959, DALLAS 2019, FERNANDEZ-STARK & GEREFFI 2019, GEREFFI et al 2005, LESLIE & REIMER 1999, PORTER 1985, 2008, SCHMITZ 2004, SONG et al 2013.

more capable of seeking business opportunities from asymmetric market information, the enterprise he/she leads will be more competitive (BARNEY 1986). Both SCP paradigm and resource-based view of firms were adopted by MICHAEL PORTER. He combined the external determinants proposed by the SCP paradigm and internal variables of resource-based view of firms in his theories of competitiveness; and finally developed the well-known diamond model of strategies (PORTER 1985, 1991). PORTER noticed that the competence of a company has transferred from productivity to the ability to coordinate and control its suppliers and customers in the era of globalization. Hence, he conceptualized the value chain concept as an alternative perspective to examine corporate competitiveness. Although PORTER was the founder of the value chain concept, he did not systematically theorize the value chain. His interest was still in the strategies of firms according to five types of forces and sequentially expanded his theory from a firm-level analysis into regional/cluster and national levels (PORTER 1990, 2003, 2008).

The founders of global value chain studies are GARY GEREFFI and JOHN HUMPHREY, who advanced the value chain concept into a systematic theory. Departing from the studies of commodity chain and the world system theory, these scholars extended the concept of global commodity chains into global value chains and advanced it into an analytical framework (GEREFFI & KORZENIEWICZ 1994; LESLIE & REIMER 1999; GEREFFI 1999). The GVC scholars made three significant steps in advancing this strand of literature. The first remarkable work came from GEREFFI (1999), who introduced two fundamental types of value chains: producer-driven and buyer-driven value chain based on international trade in the contemporary global economy; the second came from HUMPHREY & SCHMITZ (2002). They further advanced the GVC studies by theorizing four types of value chain relations: market, network, quasi-hierarchical and hierarchical. SONG et al. (2013) adopted HUMPHREY & SCHMITZ (2002)'s typology for their framework. However, this four-fold typology of governance was derived from empirical observation and therefore lacked theoretical reasoning. Therefore, GEREFFI et al. (2005) took a third step to re-theorize the value chain governance model based on three variables: transaction complexity, ability to codify transaction, and capabilities in the supply-base. These three variables are based on transaction-cost theory and are considered as key determinants of inter-firm labor division in the contemporary global economy. In doing so, GEREFFI

et al. (2005) developed five types of governance patterns: *hierarchy*, *captive*, *relational*, *modular* and *market* in which inter-firm power asymmetry decreases sequentially. Through this theorization, the GVC approach became a theory which defines the topology, explanatory variables and general mechanism of value chains. It is this strand of literature that enables subsequent TVC studies such as CLANCY (1998), ROMERO & TEJADA (2011) and CHRISTIAN et al. (2011), rather than PORTER's value chain studies. However, all prominent GVC scholars have not paid enough attention to tourism value chain theory so far.

The above review implies that the classical SCP paradigm is not the core of value chain studies, nor are PORTER's or GEREFFI's approaches. There is no reason for tourism scholars to overlook the GVC literature and trace back to the SCP paradigm when theorizing building blocks of the tourism value chain. Indeed, the pressing issue of translating the manufacturing-based global value chain framework into the tourism context remains. Both Clancy (1998) and Song et al. (2013) did not develop a solution to this issue.

3.2 Spatiality of the tourism activities

The analytical barrier of conducting a TVC analysis comes from the distinctive spatiality of tourism products in comparison with manufacturing products. Contemporary research has specified various industrial features of tourism products, including the two key factors, namely the *immobile nature of attractions* and the *experiential value* (CLANCY 1998; SONG & LI 2008; SONG et al. 2013, ZHANG et al. 2009). This paper prefers to term the former nature as *spatial stickiness* because although the attractions may be interchangeable, moving them over space is also costly. While recognizing the two main differences, this paper argues that the *spatiality* of tourism activities changes the logic of inter-firm organization in terms of patterns of governance and power configuration compared to manufacturing industries, resulting in a hybrid form of TVC.

First of all, ontologically, the spatial stickiness of tourism resources causes exceptionally high transportation costs of a tourism value chain which is hardly mitigated by the scale economy. As a result, all tourists have to proceed to the attractions for the touristic experience, rather than staying at home and waiting for the delivery like manufacturing products. The cost of transferring a human being is paid by consumers (tourists) themselves,

which takes up a significant portion of the travel budget, although this transport cost may be combined into a product package and shared with other tour-group members. The travel cost can only be ignored for a very short-distance tour. Meanwhile, tourism resources generally belong to their home localities. This nature makes all tourism products highly sticky to a specific locality. Natural resources are generally state-owned resources before marketization, while cultural resources are highly related to a particular community, such as a tribe, village, town, city or even a kingdom which all have a specific location and cannot be easily reproduced in other places. Hence most of the tourism resources are controlled, managed or governed by public agencies or collective economies which are embedded in national/provincial/local political economic institutions (ERKUŞ-ÖZTÜRK & TERHORST 2010). Such ownership complexity tends to be localized and exert an influential power in determining value sharing from tourism exploration, operation to management. As a result, either transnational corporations or huge travel agencies cannot manipulate tourism value chains as they do in manufacturing industries. Their technological advantages and market power are not ultimately determinants. Instead, they have to negotiate and coordinate with tourism resources owners. The more scarce the resource, the larger the owners' power in the value chain. One scenario should be emphasized is the fact that hospitality facilities in modern times are often developed into an attraction such as star-rated hotels, resorts or wild luxury homestays. They increasingly become a mini combo of tourism activities with the tour, gastronomy, leisure, entertainment, shopping, and other tour functions besides hospitality. Although they are different from traditional tourism resources, the value configuration is similar to resource-based attractions because they are immobile after construction and are interchangeable. But tourists still have to proceed to a hotel for consumption. Resource owners will take the major share. The managers have limited power in controlling the value unless they own the properties. This logic is applied to theme parks as well.

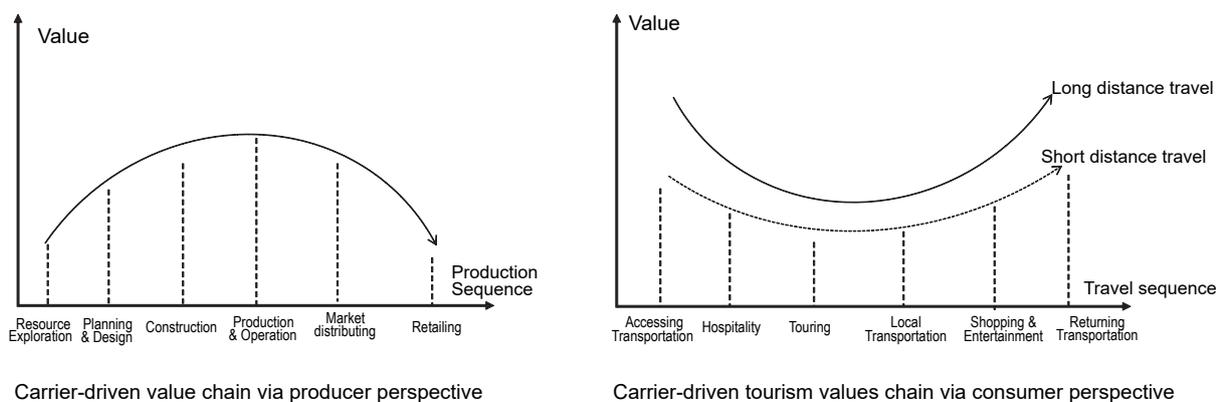
Second, epistemologically, the tourism products have vague product definitions due to the experiential nature of tourism value. Unlike manufacturing products with standardized procedures and functions before volume production, a tourism product is combined with multiple activities and is only defined when consumed by tourists. Each trip is closely related to various natural and

cultural attractions in a particular place, with tourists deciding on the spot how many attractions they want to visit. Once the tourists feel happy or figure out there are more actual attractions than perceived, they may increase consumption and alter their trips. The criteria of such experiential value are hardly calculatable nor replicated as it is highly emotional and territorialized. Therefore, the core competitiveness of product type is not driven by production cost but the uniqueness of the products (attractions). The key attractiveness for tourists is not about speed or cost, but being more beautiful, engaging, and exciting, which is highly associated with heterogeneous geographical landscapes, either natural or humanistic.

3.3 The carrier-driven governance pattern of TVC

All the above features of industrial specificity conclude to a common point that the value distribution in the tourism industry has to be retheorized. The kernel of the global value chain approach is to identify the governance pattern (power configuration) of a value chain that explains the organization and value distribution of the chain. Following this logic, the central question of tourism value chain is then about how the power of value distribution is developed and arranged in the tourism economies. Due to the nature of partial industrialization, the value chain of tourism industries shall be analyzed as a whole rather than being split piecemeal into different components such as the hotel, airline or travel agent industries. Otherwise, we will never have a comprehensive framework to understand this activity.

Based on the above definition, this paper argues that the governance pattern of the tourism value chain would not be a producer-driven or buyer-driven chain. Instead, it is a *carrier-driven* value chain: whoever controls the *mobility* of tourism resources (ownership) and the tourists (transportation and hospitality), rather than technology and capital, would have more considerable power in the value chain governance. Although the tourism market provides a niche product range for every taste and budget, such as economic homestay or five-star-rated hotels, the total trip expenditure is still highly determined by the distance to travel and the duration of the trip. This governance pattern contains two scenarios: the producers of tourism products and consumers of tourism products, as shown in Figure 1.



Carrier-driven value chain via producer perspective

Carrier-driven tourism values chain via consumer perspective

Fig. 1: The value distribution curves of a tourism value chain

As the left of Figure 1 indicates, through a producer perspective, the tourism value chain will be geographically grounded at a specific place and the value distribution follows a para-curve whereby the carriers of the resources own a major share. The carriers can be private property owners or public governors in various forms of local authorities. Although tourism attractions in different places would have some similarities, some of them are hardly replicable such as the Forbidden City in China or the Buckingham Palace in the UK. Even if they can be replicated, like theme parks, the replication costs would be exorbitant and lack localization features. The more unique an attraction is to a specific location, the stronger the monopolistic power of the resource owner has in setting rules within the value chain, such as setting the rent price of the resources.

The technologies of exploring, planning/designing and construction of a raw resource into an attraction is necessary but not indispensable. On the one hand, the technological entry barrier is not high; on the other hand, it is a one-off deal and cannot be replicated everywhere. Therefore, the construction and operation segments are the costliest part as a result of heavy investments in terms of buying equipment, building facilities, renting properties, hiring labor and managing the workforce.

Market distribution and retailing in the tourism value chain are less powerful when compared to manufacturing as tourism producers do not have to incur manufacturing and storage costs. Besides, a tourism product is only 'produced' when it is consumed. The tourism agencies are highly alternative activities, taking less risk and responsibilities. They do not need to store commodities and set up brick and mortar shops in the central business districts. Only a few well-branded travel agents, primarily online merchants which control over the main market-

ing channels, can reap a significant amount of the value, such as Tripadvisor, Booking.com or Agoda. They are profitable through collecting millions of tourism products from all over the world. But these agencies are not major shareholders in a single value chain. For instance, two of the largest travel agencies in China, Ctrip and Qunar, only take 1 to 1.5 US\$ for each room sale or scenic spot ticket sale. By controlling the online platforms and mainstream social media, they would have certain power in negotiating with resource owners.

As the right of Figure 1 indicates, from a consumer perspective, the tourism value chain will be geographically organized along with the trip and the value distribution follows a 'smile' curve due to the nature of experiential economies. This is because the pricing logic is not pre-determined by demand-supply equilibrium and production efficiency, but is determined by transportation costs leveraged by distance and accessibility between the tourists and the attractions. The farther the tourist travels, the steeper the smile curve will be. Transportation operators and accommodators represent the carriers.

While information and communication technologies have substantially reduced the search cost of a trip, the travel cost of a tourist is relatively stable. The carriers bear significant costs, risks and responsibilities because they have to transfer a live human comfortably and safely across space. Unlike cargo, tourists cannot be tightly packed or stored at a meager cost. Moreover, they have to eat and rest every day. Hence, whoever is in charge of carrying them will have greater power in value chain pricing. This is why we spend most of our money on traveling and accommodation, while the actual consumption for touring activities such as tickets accounts for a minor share in a trip. Although the rise of budget airlines reduces transportation costs substantially, this saving

is at the cost of comfort and decency. Hence, only selected tourists will opt for budget airlines as affordability is not the highlight of a tour but joviality.

Previous studies have provided direct or indirect evidence toward the existence of the para-curve and the smile curve in tourism economies (WU et al 2010, KOZAK 2001, MARCUSSEN 2011, BRIDA 2020, AGARWAL 1999). The case of Longmen Grottoes illustrates the existence of the para-curve. In the redevelopment project of the world cultural heritage Longmen Grottoes (China) in 2000, the planning and designing part only accounted for 0.5 million US\$, while the construction project cost around 5 million US\$. But the local authorities who own the operation did not suffer from the financial burden of redevelopment because its annual visitor volume was 2 million with a ticket price about 10 US\$²⁾.

As a tourist, we can also easily interpret the smile curve through personal experiences. For instance, the ticket price of a standard 5A scenic spot in China would be between 100-200 Chinese *yuan*. However, the room rate of a nearby budget hotel of these scenic spots can easily exceed this price. The current transportation cost in China every 100 km distance will cost about 100 yuan by bus or by air flight. A one-day trip ticket price of Chimelong theme park, one of the top theme parks in China, was less than 300 Chinese *yuan*. However, Chimelong's hotel rates are around 1000 Chinese *yuan*, while transportation costs for non-local tourists to Chimelong can easily exceed 300 Chinese *yuan*. KOZAK'S (2001) research on Turkey's tourism inbound market also found that almost 50% of the tourism expenditures were spent on hospitality and food which are the carriers. While shopping accounted for 25%, the expenditures for touring attractions merely took less than 2%. WU et al. (2011) studied the tourism expenditures in Hong Kong from 1984 to 2006 and found that for tourists from US, UK and Australia, hospitality expenses ranked top at about 46%-52% of the total expenditures; shopping took round 22%; followed by F&B expenditure about 13%-17%; the rest 9%-19% expenditures were for touring. Such value distribution follows the smile curve shown by Figure 1.

To summarize, the above elaboration shows that the para-curve and smile curve can efficiently present and explain value distribution in a tourism value chain. The key rests in the power of resource or tourists carriers. In a nutshell, the spatiality of tourism activities shapes a different power config-

uration among stakeholders and leads to a carrier-driven governance pattern that previous studies did not cover. Such a scenario has to be segregated into a supplier and a consumer perspective, because the distribution curves along the value creating process are totally different.

4 Conclusions

This paper conducts a sympathetic critique towards the contemporary literature of TVC and points out the confusing parts of the extant literature. There are two conclusions reached. First, the ambiguities of the contemporary studies of TVC resulted from the mis-combination of two incompatible approaches, namely PORTER'S competitiveness approach and GEREFFI'S transaction-cost approach. They have similar conceptual metaphors but inherently different meanings and theoretical logics. However, current studies did not recognize this incompatibility. By identifying the ambiguities, it can be argued that the different nature of tourism economic activities cannot be overlooked. We shall build up a new 'bottle' for hosting TVC theory rather than using the old one built in the manufacturing industry. Furthermore, TVC theory should be re-built upon the GEREFFI'S value chain approach based on transaction-cost-based theory and more recent studies (DALLAS et al. 2019; NEILSON et al. 2014), rather than the SCP paradigm, the resource-based view of firms, and PORTER'S competitive theories.

Second, geography strongly impacts the power configuration of the tourism value chain due to the spatial stickiness and experiential value of tourism economies. But the incumbent TVC studies have overlooked this feature. By taking one step further, this paper argues that the tourism value chain is under a carrier-driven pattern of governance in the sense that whoever carry the resources and the tourists would have the more considerable power in determining value sharing.

This paper reduces the ambiguity of the TVC literature and re-bridges the gap between the GVC and the TVC studies. It leads us to better appreciate the distinctive role of the spatiality of tourism activities and elaborate on how this feature reshapes the power relations within the value chain. Innovatively, this paper uses the two-fold perspective to resolve the complex industrial specificity of tourism that previous studies have not reconciled. By appreciating the spatiality of value creation in tourism, we can understand better why tourism activities exist in such a fragment-

²⁾ Information is from fieldwork conducted in Longmen in August 2015 and 2018.

ed way and why value is distributed as two-fold patterns crossing over different places and actors.

This paper has an unresolved issue that the power dynamics within the carrier-driven governance is still a black box. To this point, FORD et al. (2012) is a good reference as it reveals how power asymmetry is developed and reshaped via resource exchange within a tourism distribution network. We need more case studies to trace the causal mechanism and evolution of power dynamics within a tourism value chain crossing different places over times. Such complex work cannot be completed by mere statistical measuring or quantitative modeling that sometimes over-optimistically identifies a causal mechanism without considering reality.

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