

Promoting Value-added Tourism in Sri Lanka using Michael Porter's Value Chain Model

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Introduction

Tourism has been identified as one of the booming industries in Sri Lanka. In fact, a revenue of U.S.\$ 585m is projected to be earned through tourism in 2011. The study focuses on adding value to the tourism industry whenever it is possible. Michael Porter's value chain analysis (1985) has been used as the key model in identifying the value triggers. While the research reveals many positive aspects of the tourism industry as a whole, there are main weaknesses such as the inappropriate behavior of the locals at the presence of tourists that tarnishes the image of the country. For a tourism-based economy to sustain itself in local communities, the residents must be willing partners in the process. Their attitudes toward tourism and perceptions of its impact on community life must be continually assessed (Allen et al., 1988). Value addition in this industry should be viewed as a collective effort. The extent of vertical integration of the value chain is very significant for a number of the international tour operators (Kreag, 2001). Tourism businesses depend extensively on each other as well as on other businesses, government and residents of the local community (Stynes, 1999). All the human resources, services and the products that tourists consume should be reviewed to ensure that they are willing to pay extra for the satisfaction that they receive. These linkages, however, only benefit the local economy if local products and services contribute significantly to the value added (Granzin & Jesupatham, 1999). On the other hand, it is the responsibility of the country to ensure that the revenue thus generated retains in the country. The long-term sustainability of tourism rests on the ability of community leaders and tourism professionals to maximize its benefits and minimize its costs. The achievement of maximum value addition in tourism by stimulating the synergies between the public sector agencies and ministries that impact on tourism is compounded

by the fact that the role of the private sector will also have to be taken into consideration.

Methodology

A questionnaire was designed in order to collect data at the Bandaranaike International Airport from tourists departing Sri Lanka. The questionnaire has been divided into separate parts that have been identified as areas where value addition could be applied. They are basic information, information on the tour, preference for Sri Lankan products, spending information and satisfaction information. Open-ended, closed ended and scaled respond questions have been used in the questionnaire. Questions addressing preference were rated using scaled responses. The scaling ranged from 1 to 5 with 1 been highly preferred and 5 been least preferred. Upon identification of weaknesses captured through the pilot survey, the questionnaire was revised to ensure its completeness and integrity. The population size of the survey has been estimated to be 269,230 for the 20 weeks that the survey was carried out. However due to practical issues of not been able to cover the total population, only 583 questionnaires were collected through the survey. Out of the total, only 550 questionnaires were used in the

analyzing process due to lack of completeness. Three days per week (Thursday, Friday and Saturday) were identified as peak days where majority of the tourists depart Sri Lanka and questionnaires were dispersed among them on these days. Most of the questionnaires were filled in the sterile and pier areas of the airport. These areas were identified to be most effective in collecting data since tourists after checking in arrive to these places and are in a relax mode during this particular time. Since the study is regarding value addition and most of the responses are qualitative, it was decided that Michael Porter's value chain model (1985) would be used in the analysis. The model is usually used to analyze manufacturing organizations but there are instances where the model has been used in service sector (Elloumi F., 2004). Therefore, provided the relevancy to the context and its ability to provide an effective systematic basis for analysis, the model has been used in the research study. All the goods and services consumed by a given tourist during his stay in Sri Lanka have been identified as the product in this research. So the product is a collection of goods and services and is more biased toward services.

Results and discussion

The research has revealed many aspects if properly planned out may bring in a competitive advantage to the country with respect to the tourism industry. A considerable amount of tourists visit Sri Lanka for Ayurvedic medicine purposes. These market segments have been identified as booming markets and a high level of satisfaction could be provided to tourists in low cost. A lot of tourists are willing to try local food and mingle with the local culture. Majority of them also agreed that they would recommend Sri Lanka as a tourist destination. While they appreciated the beautiful beaches and the hospitability of the locals, many weaknesses in the behavior of the locals at the presence of foreigners, frustrating price discrepancies among locals and foreigners in visiting tourist attractions, cleanliness of the beach and the lack of better roads and other such infrastructure have been identified as main concerns.

Tourists could be provided with quality local food and beverages. It has been observed that many tourists had no objection in consuming local food products. Since these products could be obtained at a cheaper value the profit margin could be enhanced. Also in the case of accommodation and in souvenirs, tourists could be provided with local souvenirs and cheaper accommodation. For example, living with a local family will delight the tourist and at the same time the cost for the industry is low while the revenue is much higher comparatively, thus enhancing the margins. Prices charged for historical places and safaris need to be reviewed to ensure that such pricing will not result in customer dissatisfaction. For example, special price reductions could be given to charity project teams and international students who visit Sri Lanka.

Technology development will also bring in opportunities of value addition. Internet and websites could be used as a main mode of communicating and informing potential tourists. It has been identified that a high percentage of tourists got information about Sri Lanka through the internet. It is important that these sites are updated frequently to provide them with comprehensive and useful data in planning their stay. The costs incurred in e-marketing are less than other marketing methods that can be used. Therefore the correct use of technology will bring in value to the industry.

In this study, human resource management has been identified as the most important factor affecting the value chain. Not just the employees of hotels, tourist guides, vendors selling commodities but the general public as a whole has a huge impact on the overall experience of a tourist's stay. For example, the public should be educated as how uncomfortable and unsafe tourists feel when they stare at them in awkward ways or when they verbally harass them. A long term plan needs to be implemented to educate people as to how they need to co-operate with tourists and the importance of preserving their personal space. Additionally, steps should be taken to ensure that scam artists and touts do not bother tourists by forcing them to buy things they do not want to buy. It has been reported that locals always try to exploit tourists when travelling in taxis, selling souvenirs etc by charging unusually high prices. Also, the quality of the tourist guides needs to be improved in terms of both language fluency and knowledge expertise on historical places.

There is a strong preference for private vehicles, taxis and trains comparatively. Lot of tourists has shown their interest in travelling in three wheelers. The least preferred method is travelling in buses. Concerns have been expressed regarding traffic, honking, and undisciplined drivers and bad conditions of some roads.

Conclusions

Overall, majority of the tourists are satisfied with their stay in Sri Lanka. They show high levels of appreciation for our culture, heritage and other artifacts. More than 95% of them would recommend Sri Lanka as a tourist destination. Also, around 25% of them have visited Sri Lanka before. All these indicate good prospects for the Sri Lankan tourism industry.

As long term plans, the government and other authorities can come up with systems to educate the public on the importance of tourism and how their actions may affect tourist experience. For instance, such information could be incorporated in the curriculums of schools. This will ensure that the public will participate in an active and a positive way in creating value in the chain. Also, plans for developing transportation system and construction of well equipped hotels may bring in additional value to the industry in the long term.

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