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Exploring a developing tourism industry: A resource-based view approach

ABSTRACT

This exploratory study examines dimensions related to tourism development in the case of Uruguay. Internal and external analyses were conducted to identify key resources to maximise opportunities and minimise threats to the country's tourism development. The study, which adopts the resource-based view of the firm, is based on the perspectives of key tourism stakeholders. Unstructured, face-to-face interviews were conducted with eight key informants, three representing government institutions, three private, and two public-private. The interviews revealed opportunities in various fronts, primarily consolidating and expanding international markets, and developing additional offerings, including convention/event and heritage tourism to minimise the effects of seasonality. Strong dependence on neighbouring markets, marginal airline connectivity and knowledge of Uruguay internationally were main perceived barriers to further development. The value of employing the resource-based framework in guiding understanding of the themes under investigation was confirmed. Implications emerging from the findings are discussed, and future research directions suggested.

Keywords: Tourism development, tourism stakeholders, resources, resource-based view of the firm, Uruguay

Introduction

In recent years, various investigations have discussed Uruguay's tourism industry from different angles. One study (Renfrew, 2009) delves into socio-economic impacts, acknowledging the repositioning and increased recognition of tourism within the country. Typically, existing academic studies present economic assessments, for instance, investigating repeat visits (Brida, Pereyra, & Scuderi, 2014), segmentation and expenditure among cruise ship travellers (Brida, Bukstein, and Tealde, 2015), determinants of spending among tourists travelling to Uruguay by other means (Abruzzo, Brida, & Scuderi, 2014), the potential of neighbouring tourist markets (Altmark, Mordecki, Santiñaque, & Risso, 2013), and the impact of tourism on Uruguay's economy (Brida, Lanzilotta, Lionetti, & Risso, 2010).

A common pattern of most of above these studies is the use of existing government databases and quantitative analyses. In contrast, empirical research seeking to understand the potential and the challenges of tourism development from the perspective of tourism stakeholders, including the institutional (government agencies, chambers of commerce) or the business side has been very limited. Gathering the views of these groups could be very useful, in understanding, informing, and illuminating aspects of Uruguay's tourism potential and existing barriers, thus, complementing research employing quantitative approaches.

This exploratory study adds to the existing body of knowledge of Uruguay's tourism industry, contributing to the extant literature by first taking an empirical and qualitative approach to examine the views of several key tourism stakeholders. Resulting information from the research could be valuable for tourism and government stakeholders, including managers, travel and development agencies, both regionally, or in other parts of the world where tourism is still under development. For example, participants' perceived opportunities and challenges, as well as existing resources to respond to both scenarios could provide practical insights, and encourage new and alternative ways of thinking and operating. In addition, the study incorporates the resource-based view of the firm (e.g., Barney, 1991) as a

tool to guide understanding of the themes under investigation. The resource-based view framework has also been adopted in tourism and hospitality research (e.g., Denicolai, Cioccarelli, & Zucchella, 2010; Espino-Rodríguez and Padrón-Robaina, 2005; Haugland, Ness, Grønseth, & Aarstad, 2011). This framework will be discussed in the following sections, and its refinement in the context of the study will be proposed. The firm or organisation as prescribed in the resource-based framework will be illustrated by Uruguay's tourism industry and two of its main actors, government (e.g., Ministry of Tourism) and private industry side (chambers of commerce, businesses).

Literature Review

The resource-based view of the firm (RBVF)

Various conceptually-based studies have contributed to the development of the RBVF (e.g., Barney, 1986a, Peteraf, 1993, Wernerfelt, 1984); in particular, the seminal work of Barney (1991) will be highlighted in this section. In the initial stages of developing the theory, Barney (1991) proposed the consideration of the strengths, weaknesses, opportunities and threats (SWOT) framework, which he separated into two analyses. Under the internal analysis, which represents a resource based model, strengths and weaknesses are its key dimensions. The external analysis, on the other hand, depicts environmental models of competitive advantage, and suggests the potential impact of opportunities and threats (Barney, 1991).

The SWOT framework is essentially a strategic tool, which assists in the decision making and planning processes at various levels within a business, institution, or organisation (Ryke, van Eeden, Koen, & Bain, 2015). Indeed, this framework has been widely implemented to assess strategies and determine the best way forward in a particular business setting (Sevкли et al., 2012). Importantly, the SWOT analysis underlines that firms can gain sustained competitive advantage through the implementation of strategies that maximise internal strengths, responding to opportunities in firms' environment, "while neutralizing external threats and avoiding internal weaknesses" (Barney, 1991, p. 99).

In line with Barney (1991), and based on the extant tourism literature and tourism-related reports, this study proposes a summarised SWOT framework in the context of Uruguay's tourism industry, identifying areas potentially affecting present and future tourism development (Table 1). As part of both the internal and external analyses, policies and government involvement could be decisive, particularly concerning infrastructure development, trade openness, supporting innovation, and fomenting the establishment of alternative industries and diversification. Despite the various strengths and opportunities, there are obvious threats, such as the significant dependence on visitors from neighbouring countries that historically have experienced socio-economic turmoil.

Table 1 Here

In highlighting Daft's (1983) contribution, Barney (1991) posits that such firm resources as organisational processes, knowledge, capabilities, and all assets, can enable a firm to devise and apply strategies conducive to more effectiveness and efficiency. For a firm, products and resources are related; for instance, many products require a combination of resources, while many resources can be employed in different products (Wernerfelt, 1984). In the case of Uruguay's tourism industry, resources could be illustrated through ways in which institutions and the tourism industry seek to maximise assets, including existing and new infrastructure, organisational processes, and capabilities to maintain its tourism base, and incrementally

grow other tourist markets. Achieving competitive advantage, or sustained competitive advantage are clear objectives of this maximisation process.

Competitive advantage concerns the implementation of value creating strategies that are not simultaneously implemented by any potential or current competitor (Barney, 1991). Sustained competitive advantage suggests a similar strategy and outcome for a firm, and in addition prescribes that potential or current competitors are unable to replicate the benefits of the firm's strategy (Barney, 1991). Further, the RBVF underlines that firm capabilities and resources that are costly-to-copy and valuable "provide the key sources of sustained competitive advantage" (Hart, 1995, p. 986). In the field of tourism, various studies (Camisón and Forés, 2015; Camisón et al., 2015) emphasise the significance of coordination and capabilities, including marketing, innovation, human, and quality capabilities as sources of competitiveness for tourism firms.

Two elements, heterogeneity and immobility, form the foundation of the RBVF. In an industry, heterogeneity may reveal "the presence of superior productive factors which are in limited supply" (Peteraf, 1993, p. 180), and may be insufficient to address existing demand. For barriers to mobility or entry in an industry or group to exist, a firm benefiting from these barriers must employ different strategies compared to other firms attempting to access such protected areas of competition (Barney, 1991). Given that implementing strategies also requires investment of resources, the inability among firms seeking to enter a group or industry to employ the same strategies illustrates the absence of "the same strategically relevant resources" (Barney, 1991, p. 105). Therefore, barriers to mobility or entry only exist when, contrary to its competitors, a firm is heterogeneous with regard to strategically important resources it controls (Barney, 1991).

Immobility is also a key requirement for a firm seeking to gain sustained competitive advantage. When resources are perfectly immobile, "they cannot be traded" (Peteraf, 1993, p. 183). In contrast, if they are mobile, any resources that allow firms to employ strategies protected by mobility or entry barriers can easily be obtained by other firms seeking entry in a particular group or industry (Barney, 1991). Moreover, once the resources are acquired by competing firms, these can equally employ similar strategies; consequently, such strategies are not considered sources of sustained competitive advantage (Barney, 1991).

Barney (1991) also proposes a theoretical model to guide understanding of sources of competitive advantage based on the premise that resources may be immobile and heterogeneous. Furthermore, to have sustained competitive advantage potential, Barney (1991) explains that firm resources must be characterised by the following attributes:

Valuable: When resources facilitate the implementation of strategies that lead to improving a firm's effectiveness or efficiency, such resources are considered valuable and can be a source of competitive or sustained competitive advantage (Barney, 1991). New or more recent developments taking place in Uruguay's tourism industry, for instance, a new conventions centre under development in Punta del Este at the time of the study, and the steady increase of cruise ship tourism (Brida, Fasone, Scuderi, & Zapata-Aguirre, 2014), together with existing seasonal tourism (beach tourism), and related infrastructure can be considered valuable. The application of strategies could help develop these complementary tourism 'niches', maximising the potential of sustained competitive advantage over other, near-by tourist destinations that may currently not possess such characteristics and resources. These notions are aligned with Peters, Siller, and Matzler (2011), who acknowledge that the

resource-based view is most associated with niche market products, and that authenticity plays a key role in the establishment of unique services or products.

Rare: Certain strategies may demand a specific mix of organisational, human, or physical capital (Barney, 1991). These bundles of resources should be rare, or firm specific (Hart, 1995); otherwise, many other firms will be able to consider and implement them, and no sustained competitive advantage will be achieved (Barney, 1991). Rare resources can be interpreted in various ways. For example, in the field of marketing, Barney, Wright and Ketchen (2001) posit that rare resources could be associated with customer needs. Regarding Uruguay's tourism industry, arguably the country presents a different tourism experience as compared to other countries in the region. Moreover, its physical capital, illustrated in its small size, its extensive coastline, its proximity to major cities from neighbouring countries, or its distinctive seasons, while not rare, provide elements of uniqueness that could be exploited through promotional/marketing strategies and contribute to sustained competitive advantage.

Imperfectly imitable: As Barney (1991) indicates, rare and valuable resources represent the foundation of sustained competitive advantage only if other firms that do not already have these resources cannot acquire them. Barney (1991), for instance, identifies unique historical conditions, in that firms' ability to obtain and exploit certain resources depends on their place in space or time. Moreover, firms' path through history, including the historical period in which firms were founded renders such resources imperfectly imitable (Barney, 1991). Regarding this aspect, Uruguay's internationally renowned resort of Punta del Este has become an iconic destination for many of the region's wealthier travellers.

Another sub-set of imperfectly imitable resources, causal ambiguity, is demonstrated when links between firm resources and associated sustained competitive advantage are poorly or not understood by potential competitors (Barney, 1991). Casual ambiguity, also referred to as tacit resources (Hart, 1995), is people intensive and skill based (Hart, 1995). A final element of imperfect imitability, socially complex resources, may not be understood or perfectly imitated by competitors, and are sources of sustained competitive advantage. In citing the work of Barney (1986b) and Klein and Lefler (1981), Barney (1991) provides the illustrations of firms' culture, or their reputation among customers.

(Non)Substitutable: The notion that "no strategically equivalent valuable resources that are themselves either not rare or imitable" (Barney, 1991, p. 111) must exist for firm resources to be considered sources of sustained competitive advantage. In a tourism context, even when this industry is very competitive, many destinations maintain their destination status, by encouraging repeat visits, or developing new offerings for travellers (Kozak & Martin, 2012; Oreja Rodríguez, Parra-López, & Yanes-Estévez, 2008). Compared to many other destinations, the numbers of travellers to Uruguay are much more modest. However, its location between two large tourist markets, and the efforts to maintain such enviable position and status through infrastructure development, particularly in the beach resort of Punta del Este, suggest a certain level of non-substitutability as compared to other regional tourist destinations.

Based on the discussion of the above attributes, Barney (1991) proposes a second framework, depicting firm resource heterogeneity and immobility as a point of departure, followed by the four main attributes discussed above, with the resulting outcome being sustained competitive advantage.

The context of the research

Uruguay, one of South America's smallest countries, lies between Argentina and Brazil, and has a population of only 3.42 million people (World Bank, 2016a). As previously indicated, Uruguay is home to one of South America's best regarded beach resorts, Punta del Este (Brida, Scuderi, & Seijas, 2014a). In 2015, this destination, together with Montevideo, the capital, accounted for 50.5% of international tourists' visits (Ministry of Tourism, 2016). Other predominant destinations are the geo-thermal pools in the department of Paysandú, near the border with Argentina, with 424,592 visitors, the World Heritage city of Colonia (256,634), and the coastal regions/towns of Piriápolis (128,902), Costa de Oro (126,026), and Rocha (146,585).

Several indicators illustrate the importance of tourism for Uruguay's economy. For instance, in the 1990s, tourism became the most important currency earner (Renfrew, 2009). Latest government figures (Ministry of Tourism, 2016) indicate that, in 2015, 2.62 million international travellers visited Uruguay, with an overall expenditure of US\$1.61 billion, or over US\$500 per person per trip on average. Argentine visitors represent the largest tourist market, with 1.7 million, followed by the Brazilian, with nearly 430,000; the domestic tourist group totals 388,577 visitors (Ministry of Tourism, 2016). In 2015, 110,151 jobs or 6% of total employment in Uruguay, were related to the tourism industry, with 58.6% being in accommodation and restaurant/bar operations (Ministry of Tourism, 2016). Further, in 2014, tourism contributed as much as 7% to Uruguay's gross domestic product (Ministry of Tourism, 2016).

Methods

This exploratory study examines the perceptions of various tourism stakeholders regarding the strengths, weaknesses, potential opportunities and threats for Uruguay's tourism industry. In addition, the study investigates the importance of the industry's resources in maximising opportunities while minimising threats. Specifically, the following research questions (RQs) will be investigated:

RQ1: How do participants perceive the current state of the country's tourism?

For instance, what are the key strengths they identify?

What are the main weaknesses affecting the tourism industry?

RQ2: How do they perceive the future of the country's tourism industry?

For instance, what are the main perceived opportunities/threats?

RQ3: How important are existing resources to:

Maximise opportunities? Minimise threats?

To guide understanding of these significant dimensions, the RBVF is employed. Given the characteristics of the research, where the participation of key tourism stakeholders from both government and industry was essential, a case study methodology was perceived as more appropriate. A case study is a research strategy that "attempts to examine... a contemporary phenomenon in its real-life context" (Yin, 1981, p. 59). Case study research can be interpretative, unstructured, and it can use qualitative or quantitative methods (Cavaye, 1996) or evidence, including verbal reports, fieldwork, observations, and archival records, or a combination thereof (Yin, 1981). The chosen methodology was planned to be complemented by the collection of qualitative data, a form of inquiry which includes quotes from individuals about their knowledge or experience, and can be based on open-ended, in-depth interviews, written communications, and direct observations (Patton, 2015). The decision to choose such

methodologies was also justified by the challenges in identifying a sufficient number of potential key informants prior to travelling to Uruguay, particularly given that the researcher's location from this country was several thousand kilometres apart.

A review of the pertinent tourism development literature that identifies challenges and opportunities in various forms of tourism, and in different world regions (e.g., Boyd, 2002; Cerviño & Cubillo, 2005; Strizzi & Meis, 2001; Timothy & Nyaupane, 2009) provided the foundation for the design of RQ1 and RQ2. Essentially, these questions were concerned with areas related to the SWOT analysis. One additional objective of the study was to identify participants' perceived importance of resources to maximise opportunities in tourism development, while at the same time minimising threats (RQ3). To this end, various studies highlighting both the resource-based view framework, and tourism resources (e.g., Denicolai, et al., 2010; Haugland et al., 2011; Rodríguez-Díaz & Espino-Rodríguez, 2007) were considered.

Initially, three potential participants, one working at private, one at public (Ministry of Tourism), and one at public-private level (Colonia's Tourism Association) were identified. These individuals were contacted in August of 2014, informed of the objectives of the study, and invited to take part in the study. Face-to-face interviews with these individuals were arranged for the second week of December of 2014, when the researcher planned to arrive in Uruguay. The interviews, conducted in Spanish by the researcher, who is bilingual, lasted approximately 60 minutes each, were complemented by written information (booklets, yearbooks) and electronic links provided by the participants, directing to information about the local tourism industry.

Importantly, at the end of these interviews, the participants made recommendations of other individuals in Uruguay that could further complement the data collection. These additionally suggested key informants were all very experienced and knowledgeable individuals the three participants had known for various years. For example, participants provided the contacts of the chairperson of Uruguay's Chamber of Tourism, the director of Colonia's tourism association, the director of tourism for the department of Montevideo (city council), the director for tourism and culture of Fray Bentos (local Ministry of Tourism branch), and the director of Uruguay's Hotel and Restaurant Association. The referral of these significant contacts follows the principles of a snowballing sampling or chain referral method, when people know and refer to other individuals who share similar characteristics that may be of research value (Biernacki & Waldorf, 1981).

The additional five interviews were conducted between December 8, 2014, and January 6, 2015; some of the interviews required travel to different cities (Table 2). These travels also provided opportunities for taking notes and conducting useful observations of the state of tourism development. The five interviews lasted on average 45 minutes and, as the others, were digitally recorded with participants' agreement. Figure 1 illustrates a map of Uruguay and the four different locations where the different interviews were carried out. The data were transcribed by both the researcher and a research assistant; the transcriptions were then compared for consistency and accuracy, and translated into English by the researcher. Content analysis, a research method consisting of subjective interpretation of content of text data through a systematic process of identifying and coding patterns or themes (Hsieh & Shannon, 2005, p. 1278) was used.

Figure 1 Here

The participation of eight key informants represents a modest number of interviewees. However, these individuals' significant role in both government institutions and in the private sector, and resulting expertise and knowledge provide a very valuable foundation to the research. Thus, while the study is limited in terms of numbers of participants, the contributions of very knowledgeable and experienced participants are regarded as a strength of the study. In the following sections, the abbreviations shown in Table 2 will be used to refer to participants and their verbatim comments (e.g., Private-public1, Public1, Private1).

Demographic characteristics of participants

All participants, whether at government, private, or both institutional and private industry level, held key positions and have in some cases decades of involvement in tourism administration or management. For example, Private2, the owner of various hotels in both Montevideo and other departments/provinces, was at the time of the interview chairman of Uruguay's Hotel and Restaurant Association, and vice-chairman of the Chamber of Tourism. Further, Private3, owner of a travel agency, had lived several decades in Australia, where he had completed a tourism degree and worked in Australia's tourism industry for over a decade.

Table 2 Here

Results

Perceptions of Uruguay's tourism – Internal analysis and resources

The content analysis employed to examine RQ1 identified various emerging themes related to strengths and weaknesses as they apply to Uruguay's tourism industry. Table 3 conceptualises the perceived strengths and weaknesses, for example, associating strengths with those resources identified, and with the attributes of the RBVF (Barney, 1991).

Participants' perceptions were in agreement in various areas. Fundamentally, the historical tradition of Argentine tourism, which dated as far back as nearly a century, was perceived as a key strength of the local industry. Moreover, the importance of strategies was recognised, particularly in encouraging return visits based on consistency of offerings and appropriate infrastructure (Private-public2, Public1, Private2), particularly accommodation, roads, shops, health care centres, and high standards in hospitality service and product (Private-public1, Public2, Private1, 2). In addition, several promotional strategies were contributing to a steady rise of Brazilian tourist numbers (Public2): *"We investigated the potential of the Brazilian market, and executed specific actions. We obtained good results because the number of Brazilian tourists almost doubled, and keeps rising... The typical Brazilian tourist was not used to travel outside Brazil... However, given the improving economic environment, the opportunities to travel abroad are now real..."*

Clearly, the geographic proximity and cultural similarities between Uruguay and its neighbours have facilitated the significant yearly influx of visits, especially Argentine tourists vacationing in the summer season. At the same time, the above-mentioned resources Uruguay and its tourism industry possess have contributed to the continuation, even perpetuation, of this crucial tourism market of nearly two million visitors a year. Additional strategies have been developed between government and the tourism industry to continue attracting higher-income groups of tourists from Argentina, particularly to the popular beach resort of Punta del Este (Public2). The number and variety of amenities and leisure operations, including golf clubs, marinas, a casino, hotels, restaurants, bars, and clubs that were developed over the years and decades clearly target tourist groups with strong purchasing power.

The significance of the Argentine tourist segment was perceived as part of internal and external analyses. Indeed, this market represented strengths, in that its significance required the design and execution of strategies to maintain and strengthen it, and weakness illustrated in Uruguay's over-dependence on this segment. In addition, the already established image and tradition of vacationing in Uruguay among Argentine visitors suggested future opportunities. However, the often unpredictable nature of the Argentine government's policies, and the country's economic uncertainty underlined clear threats, especially in such destinations historically receiving a large influx of Argentine visitors as Colonia, Punta del Este, Montevideo or Paysandú's geo-thermal pools (Private-public1, 2, Public3). This finding is partly in line with earlier research conducted in the Balearic Islands, where the islands' strong dependence on foreign tourist revenues is also recognised a key challenge for the local economy (Garín-Muñoz & Montero-Martín, 2007).

Table 3 Here

Most participants (e.g., Private-public1, 2, Public1, 2, Private2, 3) suggested that, throughout the last decades, Argentina's governments, particularly the last government prior to October 2015, had enacted policies to discourage international travel, seeking to boost expenditures domestically, with significant impacts for Uruguay's economy. The continuous crises had also prompted the enactment and execution of policies and initiatives from both government agencies (Ministry of Tourism) and private entities to find alternative tourist segments. Indeed, at the time of the study, numerous hotels and the first convention centre were under construction to also cater for the growing Brazilian market, and to raise the country's profile and attract a more international audience. With over 40 years in the hotel and tourism industry, Private3 underlined that Montevideo's first 5-star hotel was built as recently as in 1995, followed by one in Punta del Este, and another in the city of Colonia, a city which gained World Heritage status in 1995 (Private-public1). These events, coupled with promotional strategies to boost the cruise ship industry (Private-public1, Public1, Public2, Private1), or more diversity of available activities (rural, nature-based, heritage, wine tourism) had also increased Uruguay's appeal among high-end tourists.

However, despite some improvements, all participants argued that airline connectivity continued to be a fundamental weaknesses affecting Uruguay's tourism industry. Several authors highlight the significance of this element for a country's positioning of its tourism industry (e.g., Iñiguez, Plumez & Latorre Martinez, 2014), as well as in terms of global integration (Otiso et al., 2011). To illustrate such importance in Uruguay's case, Private-public1 stated: *"In the last few years, Uruguay had lost part of its airline connectivity with Europe. Luckily, more recently we have partly regained it... and this year (end of 2014) we have received several international media and travel agent delegations from Spain, United Kingdom, and Russia... the Russian tourist market is now growing."*

Arguably, and as other studies report (Baum & Szivas, 2008; Stiglitz, 2002; Timur & Getz, 2009) the tourism industry can to a great extent benefit from government's policies and other forms of support to encourage foreign direct investment. Regarding this element, several participants (Private-public1, Private-public2, Public1, Private1) explained that, despite the radical ideological shifts in the governing parties, Uruguayan governments had maintained a moderate stance toward entrepreneurial activities, even providing incentives (low or no taxes) to attract foreign investment (Public2, Private3). However, in some cases such policies had also contributed to the increase of informal accommodation facilities, posing a risk to existing

businesses. Private3, for instance, lamented the rapid growth of self-catered apart-hotels that allegedly belonged to numerous shareholders, with no distinctive or identifiable management, which rendered auditing or fair competition very difficult. While the government sought to incentivise hotel construction with a clause to operate a hotel for at least 10 years, such clause appeared to encourage investment with a long-term vision to sell properties individually (Private3). As a result, the 10-year wait could be completed with obscure, unethical business practices, where price dumping was a serious risk. According to Private3, this problem, added to the decrease in Argentine tourist visits in 2014 had dented his businesses' revenues by 30%.

The future of Uruguay's tourism – External analysis and resources

Further examination of the data gathered employing content analysis revealed a number of perceived opportunities and threats; these perceptions are summarised in Table 4. Additionally, the identified opportunities were associated with the resources and the attributes proposed by Barney (1991). Moreover, the views of various respondents, particularly those operating in Colonia, Montevideo and Punta del Este (Private-public1, 2, Public1, 2, Private1, 2, 3) concerning the strategic significance of the two major tourist markets from Argentina and Brazil aligned with the notion of valuable and rare resources (Barney, 1991). Indeed, the critical mass, and the historical tradition of Argentine tourists, and the growing significance of the Brazilian tourist group were perceived as the future pillars of Uruguay's tourism industry.

While it was assumed that the ties with the Argentine tourist market had been strengthened over generations, the Brazilian market, with a burgeoning middle class, was considered to be a 'sleeping giant', offering significant opportunities. To date, however, these opportunities had only been marginally maximised (Private-public1, 2, Public1, 2, 3, Private2).

Table 4 Here

The potential World Heritage status award to Fray Bentos's Anglo factory was also perceived as a key development to create additional attractions in different geographic points of the country (Public3). Being hours away from the main tourist attractions and cities, all participants perceived the implications of this award as a first step to lessen the impact of seasonality and heavy focus on summer tourism. Additionally, the geo-thermal pools, also in the interior of the country, and currently the third destination among international visitors (Private-public1, Private-public2, Public1, Public2) was considered a key resource that needed to be more fully exploited.

Furthermore, the various developing cottage industries (rural, wine tourism), coupled with infrastructure developments in Punta del Este (e.g., convention centre), and with government-initiated promotional strategies, were believed to be crucial in creating a more diverse image of Uruguay (Private3): *"I think the industry has evolved in this regard. Before it was only Montevideo and Punta del Este. Today, there is Colonia, the geo-thermal pools, other departments [provinces], such as Salto, Paysandú, or Rivera, with its border city connecting to Brazil."* Indeed, according to various respondents, in recent years, tourism between the two countries in Rivera had significantly increased.

All participants agreed that transforming Uruguay into an all-year destination within the foreseeable future would be extremely difficult. However, the above developments, including the opportunity to organise conventions, could contribute to extending, or creating new short

tourism cycles before or after the summer season. In addition, the small size of the country and the limited infrastructure, including hotel beds, were considered to be barriers preventing a large influx of tourists. Given these limitations, participants emphasised that, pursuing a more distinct, niche-market tourism was a fundamental strategy tourism stakeholder groups should be focusing on. To this end, diversification strategies emphasising the value of activities and offerings could not only add value to tourists' experiences, but also contribute to lessening the impacts of seasonality.

Another aspect that several participants mentioned (e.g., Private-public1, Public3, Private1) was the cultural attractiveness, flora and fauna of various regions located in the country side, that, together, could facilitate the further development of rural tourism. Also, the art deco in many of Montevideo's buildings not only represented a key feature of the capital, but also one of the highest concentrations in the world (Public1). These findings align with Cuccia and Rizzo (2011), who highlight the significance of strengthening a region's cultural attractiveness. Yet another key element, Uruguayan gastronomy, increasingly showcased in international food networks, for instance, by Anthony Bourdain's 'No reservations' series, was perceived as an ideal complement to the tourist experience. In particular, iconic foods strongly related to Uruguay's agricultural production, such as the 'Chivito' a type of Club Sandwich created in Punta del Este, or the traditional 'parrillada' (barbecue) were mentioned (e.g., (Private-public1, Private3).

While overall most of these perceived opportunities were thought to facilitate an increase of more diverse and high-quality tourist groups, various participants (Private-public1, Private1) also acknowledged opportunities within Uruguay. As a country with a proportionally large aging population, nearly 15% are aged 65 or above (World Bank, 2016b) senior citizen tourism was perceived as a key future industry that merited more attention and development. The importance of the domestic tourist market has been emphasised in tourism research, namely, for its contribution and 'cushioning effect' when other, historically significant international tourist markets are affected by recession (e.g., Baidal, Sánchez, & Rebollo, 2013).

Despite improvements in recent years, limited airline connectivity once again emerged as a significant threat to Uruguay's future tourism development (Table 4). Even flights to major Brazilian cities were mainly available through various lengthy and time-consuming stopovers (Private2): *"There is no air transportation policy in Uruguay considering the importance of airline connectivity. If we had one, we should be exploiting such [neighbouring Brazilian] routes as Porto Alegre or Belo Horizonte; [these are] large cities with other satellite cities around. If there is no such policy of air connectivity, it is very difficult for a country to go out and attract new markets."* To emphasise this point, Private-public1 and Private-public2 mentioned that Brazilian tourists were increasingly travelling to Colonia, traditionally an Argentine destination. This phenomenon led the local tourism authorities to participate at tourism fairs throughout Brazil at various times during the year to promote Colonia and try boosting visitor numbers.

As illustrated (Table 4) the challenge of lessening the seasonality of Uruguay's tourism was noted (Private-public1, Public1, Public2, Private1). Not maximising this opportunity could also perpetuate Uruguay's image in the eyes of international travellers as almost exclusively a summer destination. The over-dependence on the Argentine tourist group, magnified by Argentina's economic downturns and government travel and currency restrictions during crises, and the modest growth of domestic tourism could also have future implications for

Uruguay's tourism industry and economy. Other perceived threats included limited interest from government leaders in supporting tourism (Private2, Private3), and still modest levels of collaboration, for instance, between the tourism and other burgeoning cottage industries (Private-public2).

Discussion

Figure 2 presents a refinement of the RBVF in the context of the studied developing tourism industry, identifying associations between the findings and the theory, in particular, the elements of heterogeneity, immobility, and the four attributes proposed by Barney (1991). Uruguay's historic background, with recognised cultural ties with both of its very large neighbours, is a significant non-strategic resource that both government and industry stakeholders are exploiting. Despite numerous serious economic crises, the Argentine tourist market still represents a vital source of revenues and investment. Further, government policies that over the decades have achieved a certain degree of economic stability and growth, and encouraged foreign direct investment, together with strategies by both public and private tourism industries, are designed to consolidate, or even boost the lucrative Argentine tourist segment.

The nearly two million yearly visitors, and the growing Brazilian market, arguably also as a result of promotional strategies and positive experiences by previous groups of visitors, are strongly associated with heterogeneity, which fundamentally underlines the application of different strategies as compared to potential competitors (Barney, 1991). Given its limited size and infrastructure, or climate year-round, Uruguay cannot compete with other major regional tourist destinations (e.g., Rio de Janeiro, Northern Brazil). However, its tourism industry could carve a niche based on very unique characteristics (cultural, heritage, nature, rural, cruise ship, wine tourism) and resources (strategies) that, together, could represent sources of sustainable competitive advantage. As Public1 mentioned: *“One can be sightseeing in the Old City, and in only 20 minutes sitting and enjoying a glass of wine in a winery located in a rural area of Montevideo. Very few capitals around the world can offer such variation.”*

Providing a tourist-friendly environment, both through policies (government) or industry-based strategies, such as safety/security, further promotion and infrastructure (public/private industries), are complementary efforts emphasising heterogeneity. In addition, the geographic location of Uruguay was a perceived advantageous strategic aspect, which for nearly a century the country's government and tourism industry have exploited to their advantage. To some extent, this strength relates to competitive advantage, especially as other countries or potential competing destinations in the region do not possess such well-established markets. Importantly, these developments are further supported by the burgeoning middle-class groups (i.e. Brazil), who nowadays seek variety, and increasingly venture into international tourist destinations (Private-public1, Private-public2, Public1, Public2).

Figure 2 Here

Similarly, the element of heterogeneity implies that the resources the local tourism industry developed over time are protected by immobility, and are very difficult to be transferred. Indeed, for other regional emerging tourism markets to obtain such resources, various other dimensions are indispensable, including the historic, cultural, and traditional elements of well-known tourist destinations such as Punta del Este, or the long-standing cultural ties with Argentina. These ties that have been nurtured and further strengthened over time, including

by Uruguay's tourism industry, also have associations with the four attributes of the RBVF (Barney, 1991).

In fact, maintaining traditional and lucrative tourist segments or developing new ones, as well as associated activities demanding a mix of resources (Barney, 1991) to lessen the impact of seasonality are related to both valuable, and particularly rare resources. Moreover, the element of rareness as firm specific (Hart, 1995) emerges in the findings, and is identified in the implementation of strategies (maintain product/service standards, promotion, infrastructure) to address tourists needs, with implications for competitive/sustained competitive advantage.

The attribute 'imperfectly imitable' is illustrated in earlier strategies executed, for instance, in the city of Colonia and more so in Punta del Este. With its World Heritage status, or with new hotels and investments, these cities have enhanced Uruguay's image as a tourist destination, particularly among its Argentine neighbours. This 'path through history' (Barney, 1991) has undoubtedly provided a solid foundation to the country's tourism industry, strengthening its position over many decades. Current promotional and diversification strategies to attract other markets or minimise the impacts of seasonality further strengthen these initiatives. The aspect of socially complex resources (Barney, 1991) is also apparent, in that reputation among visitors of both the tourism industry (infrastructure, overall experience), and the country for its perceived safety and stability, while understood by potential regional competitors, may not be imitated, or successfully adopted within a short-medium term.

Clearly, its small size, economy, limited domestic consumer market, and existing significant geographic distance from other major tourist markets limit the development of Uruguay's tourism industry and economy. Despite these constraints, strategies undertaken by a) government, in promoting investments and b) the industry, in maintaining or improving the country as a tourist destination, cannot be exactly replicated by other potential regional competitors. Thus, in Uruguay's case, these resources could be categorised as non-substitutable.

Overall, the combination of various aspects that are not mutually exclusive, such as policies that encourage sustainable tourism development, resource allocation, developing tourism-related alternatives, minimising seasonality, and increasing connectivity could have important impacts (Figure 2). For instance, extending the tourist season by offering more leisure alternatives could lead to visitation from various tourist segments, to more demand for services, and potentially to job creation, thus, further strengthening the already strong significance of tourism in Uruguay (e.g., Renfrew, 2009).

Conclusions

In recent years, various authors have researched aspects related to Uruguay's tourism industry, including its development (e.g., Altmark et al., 2013; Renfrew, 2009). Largely, authors have focused on evaluating economic impacts of tourism on Uruguay's economy using government data sets (e.g., Brida et al., 2015). While these studies are very useful in identifying patterns, and potential future opportunities, research taking an empirical approach to investigate Uruguay's tourism stakeholders, including members of government and industry, has been limited. The views and thoughts of these stakeholders could also provide valuable practical insights, complementing the predominantly existing quantitative information. This study makes a contribution in this regard, examining the perceptions of

eight key informants involved in tourism at government and industry level, considering the RBVF (Barney, 1991; Peteraf, 1993) as its theoretical framework.

The internal analysis revealed several key strengths, some of which are related to strategies applied to maintain or boost the lucrative Argentine tourist market, while seeking to develop the Brazilian and other, more distant, markets through increased promotional activities. However, over-dependence on the Argentine market and limited airline connectivity were major perceived weaknesses, and among the main future threats. In contrast, increasing diversification (convention/event, heritage, rural, nature-based, wine tourism), and promotional activities emerged as key elements to attract alternative tourist segments, and lessen the current impact of seasonality. In the main, the findings are aligned with core aspects of the RBVF. For example, heterogeneity and immobility were identified in the current strategies to increase the impact of Brazilian and other international tourist segments. Similarly, several associations were identified with the four attributes prescribed by Barney (1991). In particular, existing strategies to maintain or improve tourism infrastructure, minimise seasonality, and position Uruguay's tourism industry internationally were clearly related to valuable, rare, imperfectly imitable, and non-substitutable resources.

Implications

From a practical point of view, the findings have very important implications. For instance, regarding the supply side of Uruguay's tourism industry, the plans and strategies to minimise seasonality could have significant socio-economic impacts, in job creation, in increased revenues from visits, and in the further development of infrastructure for the local population, and to accommodate new visitor groups. In contrast, external issues, such as limited airline connectivity or over-dependence on primarily one tourist market, require a new set of strategies to facilitate travel, and to spread the risk through promotion, and dissemination of knowledge of Uruguay as a destination internationally.

Regarding the demand side, strategies to minimise seasonality or increase the number of activities and offerings (e.g., conventions, rural, wine, nature based tourism), both during the summer season, and particularly between seasons, could be appealing to international visitors considering alternative, even off-the-beaten-path, destinations. The potential for new arrivals would demand repositioning, updating and restructuring of the tourism offer, whereby the involvement of both public and private entities would be crucial. In contrast, and given the numerous destinations competing for tourist dollars, not addressing the identified weaknesses and threats, or not further considering alternative strategies to lessen the impact of seasonality could potentially have negative impacts for Uruguay's tourism industry, both in terms of image, and foregone revenues.

From a strategic and theoretical perspective, the employed internal and external analyses (Tables 3, 4) supported by associations with the four attributes pertaining to the RBVF (Barney, 1991) present ways of mapping strategic processes that could be useful in developing tourist destinations. Moreover, these analyses supported by the tenets of the RBVF, and its refinement (Figure 2) could be considered and operationalised in destinations where industry stakeholders (government entities, industry representatives, private enterprises) are vying to strengthen the tourism industry. Similarly, the framework presented (Figure 2), which provides an illustration of relationships between resources and strategies, as well as potential impacts of implementing strategies based on these resources, could serve as a point of departure in tourism developmental processes.

Limitations and Future Research

The study has various limitations, with the first being the low number of participants, especially those representing the private sector group. Second, the data collection process, which spanned nearly five weeks, only allowed for gathering perceptions at one specific point in time. Interviews conducted at different times of the year may have identified new or additional aspects, for instance, related to the internal/external analysis. Third, and similarly, more interviews with tourism stakeholders at other Uruguayan tourist destinations, including in Punta del Este, or Rivera, close to the Brazilian border, could have further enhanced the data collection.

However, given that the study's participants are key tourism informants, both from a public (government) or industry side, the study overall provides valuable practical information that could be considered by public and private tourism stakeholders. Moreover, these findings could be particularly useful to guide efforts and strategies to improve the tourism industry and maximise opportunities for sustainable growth. The resulting information could also be beneficial to researchers investigating tourism development in Uruguay, other countries or regions.

Future research could address some of recognised limitations, for instance, seeking more participation in other, currently developing Uruguayan tourist destinations. Studies could also gather data from the demand side, learning the perceptions of travel agents, or from tourists travelling to Uruguay, both from established markets (Argentina) as well as from currently developing markets (Brazil, United States, Europe). These findings could further enhance knowledge of ways in which Uruguay's tourism industry could respond to threats, including ways to improve product/service offerings to attract new lucrative tourist markets while maintaining established ones. The use of internal and external analyses, together with the adoption of the RBVF, could also be considered to guide future research, as well as refine and develop theory in the context of tourism development in emerging tourist destinations.

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