Identifying Destinations at risk: Developing the concepts of Market Indifference and Destination Dependence / Market Irrelevance

Abstract

This paper examines the concept of destinations at risk as a result of markets' interest or lack thereof in a place. Two types of risk are identified*: 'market indifference'*, where markets as a whole show little interest in a destination, and; *'destination dependence/market irrelevance'*, where destinations are overly reliant on markets that in the larger scheme of outbound travel show little interest in the destination. The study analysed 162 destination countries and territories using UNWTO data. Almost 80 destinations are affected potentially by one of these conditions. Most destinations at risk are either small island countries, micro states or countries with an under-developed tourism sector. Interestingly, no differences were found in the contribution tourism makes to GDP between destinations at risk and other destinations.

Keywords*: tourism flows; destination dependence; market irrelevance; market indifference.*

Introduction

Traditionally, healthy destinations were believed to be those that appealed to a large number of markets in order to spread the risk of one-non performing market adversely affecting arrivals (Dupeyras and MacCallum 2013, Rodolfo, Domingo and Agner 2010). A policy document written for the Organization for Economic Cooperation and Development, for example, notes "countries with a wide range of source markets and a focus on growth markets would receive higher scores [in destination well-being] than countries with a narrow market dependency focus" (Dupeyras and MacCallum 2013: 17). Appealing to a large number of markets has also been used as a metric to measure destination competitiveness (Aguas, Vega and Reis 2010; Croes 2010, Dupeyras and MacCallum 2013; Dwyer and Kim 2003; Enright and Newton 2004; ETC 2014, Hingten et al. 2015, Perles-Ribes, Ramón-Rodríguez and Sevilla-Jiménez 2014). Conversely, destinations that rely on one or a small number of markets are often considered to be at risk (De Keyser and Van Hove 1994, Seaton

1996, Sirse and Mihalic 1999) especially in these days of volatile global market conditions (Jalilian and Reyes 2014, WEF 2017).

But, this aphorism may not be entirely valid, for a review of UN World Tourism Organisation (UNWTO) arrival figures documented in this paper, indicates that most destinations rely on a small number of core markets to generate the vast majority of their arrivals. Indeed, as will be argued, the need to draw visitors from a large number of markets, with each market generating a small arrival share, may indicate weakness and not strength, while reliance on a small number of markets is not *ipso facto* an indicator of an unhealthy destination, providing certain conditions are met. Instead, destination health, as viewed from the perspectives of the number of markets destinations attract can best be assessed through a more systematic and holistic examination of the relationship between the importance a destination places on a market as a source of visitors and the concomitant importance the market place on the destination as a venue for outbound travel.

The paper posits destinations may be at risk if one of two relationship scenarios exist. They may suffer from *'market indifference'* where markets as a whole show little concentrated interest in visiting; or *'destination dependence/market irrelevance'* where the destination is overly-dependent on a source market and yet that market regards the destination as being largely irrelevant within the broader context of its overall outbound travel flows. In a worst case scenario, a destination can be considered to be extremely at risk if it suffers from both 'market indifference' and 'destination dependence/market irrelevance.' Both concepts are developed and tested through an analysis of UNWTO data for 162 destinations. Countries or territories are the unit of analysis for both destinations and markets.

Destinations at Risk

The following section expands on the concepts of 'market indifference' and 'destination dependence/market irrelevance'.

Market Indifference – In search of the 'optimal' number of core markets

Market indifference occurs when source markets, collectively, show little interest in visiting a destination. Most destinations rely on a small number of markets to generate the vast majority of visitors, with fully half of the 162 destination countries/territories monitored by the UNWTO receiving at least 50% of arrivals from one or two source markets, and three quarters from four or fewer markets. Moreover, more than half the destinations analyzed attracted at least 70% of their total arrivals from five or fewer markets while 80% relied on 10 or fewer markets to generate this level of arrivals.

The reasons for reliance on a small number of markets are manifold, but the decaying effect of distance on demand is, arguably, most critical. Tourists are rational consumers and if their needs can be met close to home, then they have no reason to incur the extra costs, effort and cultural uncertainty of travelling to faraway places. McKercher, Chan and Lam's (2008) study of global tourist movements revealed that 56% of international tourism flows are between source markets and destinations that share a land border, while 80% of all tourism activity occurs to nations within 1,000 km of a source economy. A more recent study using a larger data set and more current data (McKercher and Mak under review) confirms this pattern, showing that land neighbors received 53% of all departures, while more than three-quarters of arrivals are recorded in destination countries that lie with 2,000 km of source market gateway cities. Other factors such as the lingering impact of colonial ties (McKercher and L'Espoir DaCosta 2007) as well as deep ethnic, religious and cultural ties (Dwyer & Kim 2003) also influence persistence of such patterns. These patterns vary little over time (Lee, Denizci-Guillet, Law & Leung 2012), with observed minor differences attributed to changes in the general economic conditions (Croes, Ridderstaat and Rivera 2018; Wong et al. 2016). Indeed, Lorde, Li and Airey (2015) attribute such stability to habit persistence, as much as loyalty.

Chen and his colleagues (Chen and Chen 2012, Jang and Chen 2008, Chen, Jang and Peng 2011) developed and tested a model to identify the optimal number of markets destinations need to pursue to achieve different objectives. Their model was based on the application of the financial portfolio approach theory. Portfolio theory suggests that investors seek the most

efficient returns by either minimizing the risk for a given level of expected return or maximizing the expected return for a given level of instability (Chen and Chen 2012). They tested the model using different risk/reward scenarios for the United States (Chen and Chen 2012), Japan (Chen, Jang and Peng 2011) and Taiwan (Jang and Chen 2008). These studies revealed the optimal number of target markets ranged from a low of one or two for high risk/high return scenarios through to between two and five for a medium return/medium risk scenario and up to six for a lowest risk/best reward scenario.

Table 1 summarizes these and other studies that also sought to identify optimal market numbers. The methods used varied from simple counts needed to generate a large majority of visitors through to more sophisticated scenario models identified above. However, the results are quite consistent. On average, somewhere between three and six source markets seems to be the ideal number depending on the location of the destination in question. Proximity to land neighbors with a large, affluent population may reduce this number, while isolation, as in the case of Australia, or being situated in an emerging economic zone, as in the case of Asian destinations, may result in a higher figure.

Insert Table 1 about here

Pike and Mason (2011) suggest the need to attract a large number of markets to reach arrivals' thresholds is a signal of market failure, whereby the destination has not achieved top of mind status in its core markets. Dupeyras and MacCallum (2013) complement this view by indicating it is an indicator of the failure to create a clear brand position. King (2017) offers a worst case scenario where the place is seen as a me-too brand which may reflect uncertainty on what experience is on offer, leading to a lack of interest. Another school of thought suggests the reluctance of core markets to visit is a function of an increase perceived risk, leading to a decline in repeat arrivals that will have to be replaced by targeting new markets that may not be familiar with the destination (Çetinsöz and Ege 2013, Chew and Jahari 2014, Kozak and Rimmington 1999). Either scenario presents major challenges for Destination Marketing Organizations. They have have limited resources and for pragmatic reasons must focus their activities on selected core markets that provide the best returns, while investing less other markets (Mazanec, Wöber and Zins 2010). Market failure may require a complete and costly rethink of the marketing strategy including rebranding and repositioning. Resolving loss of consumer confidence may be an even more challenging task for it may

involve convincing existing markets to return, while enticing new markets that might be nervous about a destination to visit.

Destination Dependence / Market Irrelevance

Destination dependence/market irrelevance occurs when destinations rely on a small number of markets that show little interest in the destination. Dependence may also be a sign of a destination at risk (Sirse and Mihalic 1999). Concerns about destination dependence are pervasive in much of the tourism literature (Weaver 2017), especially in small island destinations (Croes 2010, Hingten, Kline, Fernandes and McGehee 2015, Hoti et al. 2005, Podhorodecka 2017), in eastern European countries such as Slovenia (Sirse and Mihalic 1999, Gomezelj and Mihalic 2008) and Croatia (Hendija 1999) in the aftermath of the collapse of the Soviet Union, among Latin American destinations including Mexico (ILO nd) and Cuba (Hingten, Kline, Fernandes and Gard McGehee 2015), and in some Asian (Rodolfo et al. 2010), and African (UNECA 2013) destinations.

Again, the causes are manifest (Croes 2010, Dwyer and Kim 2003, Hoti et al. 2005), but they can generally be attributed to peripherality and the associated higher travel time and cost commitments that limit demand (Chaperon and Bramwell 2013). Shanaman (2015) indicates this issue is especially prescient for destinations that are reliant on long haul markets. As an example, Hingten et al. (2015) cite Cuba's reliance on the Canadian and European markets as a potential sign of weakness should either or both regions face financial difficulties. Ivars-i-Baidal, Rodrigues-Sanchez and Vera-Robollo (2013), write about Benidorm, Spain observed how a combination of economic recession and unfavourable exchange rates led to a 30% decline in the dominant British market in two years. The UNWTO (2003) noted further the downturn in international tourism in the early 2000s was caused by the combination of economic and political uncertainty in the aftermath of the 911 terrorist attacks that made people to travel for shorter periods of time and staying closer to home.

However, as noted earlier, reliance on one or a small number of markets is not axiomatically a sign of a destination at risk, especially if the origin and destination share a land border or if each is a substantive origin-destination in its own right (Águas, Veiga and Reis 2010).

Instead, we argue that the relative relationship between origin and destination is a better indicator. This relationship can be quantified by calculating the ratio between inbound share to a destination from a source and the outbound share from that market that visits. Ritchie and Crouch (2003) argue, ideally, both market and destination must be comparable, in order achieve optimal efficiency, even though they did not specify a quantitative relationship. While arrival share is a well-documented indicator used in many competitiveness studies (Croes 2011, Dupeyras and MacCallum 2013, ETC 2014, Hingten et al. 2015, Perles-Ribes, Ramón-Rodríguez and Sevilla-Jiménez 2014), departure share is rarely if ever considered.

Yet, adding a departure share component provides a much more robust indicator of where the destination ranks in the collective minds of the market. The China-Mongolia pair is used as an example to indicate how the use of both arrival and departure share can provide deeper insights. In 2016, Mongolia attracted roughly 186,000 tourists from China. This figure accounts for about 39.5% of all arrivals, and yet, represented only about 0.14% of departures from China, yielding a destination dependence/market irrelevance score of 286.88. This score indicates that Mongolia is proportionately far more reliant on the China market, while Chinese tourists as a whole have little interest in visiting here.

'Destination dependence/market irrelevance' occurs when this relationship is out of balance. Of course, like most things in tourism, few absolutes apply, for the ratio is a function of both the denominator as indicated by the size of the outbound market and numerator as reflected by the capacity of the destination's tourism sector. As a result the interpretation of any destination dependence/market irrelevance ratio must be made with caution to avoid Type 1 errors. A high score should be expected when residents of a populous outbound market visit a small destination with limited bed capacity, while scores for the same source market visiting a large and well developed destination should be lower. One would, therefore, expect, a higher score for Americans travelling to a small Caribbean island, than travel by Americans to Canada, for example.

The ratio score may be indicative of a potential problem, especially if like is compared to like. A relationship that reveals roughly equivalent arrival departure shares is an indicator of balance. One where the arrival share is less than departure share may indicate future growth opportunities. If, on the other hand, the arrival share is much higher than the respective

departure share, then it may signify over reliance on a market that may care little about the destination.

Destinations that record a high ‘destination dependency/market irrelevance’ score are potentially at risk if conditions change in the source market that result in a reduction or change in outbound tourism flows, for even a small decline in arrivals to destinations with high ‘destination dependency/market irrelevance’ can be devastating. As an example, between 2008 and 2009, UNWTO figures indicate outbound travel from the United States fell by about 2.5% as a result of the Global Financial Crisis, but arrivals to the Barbados fell by three times as much, or by about eight percent. This situation was observed also in the aftermath of the 911 terrorist attacks, the outbreak of SARS and associated economic uncertainty in the early 2000s (UNWTO 2003) as well as in other places in aftermath of the 2008 global financial crisis (Papatheodorou, Rosselló and Xiao 2010, Song and Lin 2010). In a similar manner, adverse fluctuations in exchange rates in key source markets has also had an effect on departures (de Vita 2014). People still travel in both scenarios, but they travel less frequently, for shorter periods of time and tend to stay closer to home (UNWTO 2003).

Method

Arrival and departure data were derived from official UNWTO statistics for 2016, the most current year available. If 2016 data were not available, data from the most recent year back to no earlier than 2012 were used. Destinations were included where detailed country/territory specific arrival data were available. While the UNWTO documents tourism activity in 222 economies, reliable arrival data were available for only 162 territories, countries or economies (Please note that not all places monitored by the UNWTO are independent countries. Some, like Hong Kong and Macau are Special Administrative Regions of China that were allowed to retain membership in the World Trade Organization and remain as separate customs territories with control over who can and cannot enter. For ease of discussion, the terms ‘economy’, ‘market’ or ‘destination’ will be used to avoid confusion). They represent the sample for this study and accounted for 1.26 billion arrivals or almost all recorded for the year. As indicated in Table 2, destinations are located in all geographic regions. Further, the coverage is comprehensive, including destinations that attracted few

visitors (i.e. Kiribati with 5,700 arrivals and Niue with 7,100), through to the top four receiving countries of Spain, France, the USA and China that each attracted over 75 million arrivals. The sample also includes micro states with limited accommodation capacity (such as San Marino, Liechtenstein and Timor-Leste) through to highly developed European and North American destinations with large capacities.

Insert Table 2 about here

A database was created that listed total arrivals to each destination, arrivals from each of up to the top five source markets per destination and the number of markets required to reach 50% and 70% of arrivals respectively. In some cases, fewer than five source markets are reported in official statistics. For example, 87% of all arrivals to Andorra originate in either Spain or France, and so it does not bother recording arrivals from elsewhere. Likewise, almost 84% of all arrivals to Bermuda come from the United States, Canada and the United Kingdom. A total of 142 source markets, representing 798 origin-destination pairs were identified in this exercise. Departure data from source markets was then documented, where those data were available. This information was gleaned primarily from UNWTO data, using 'tourist' departures (overnight departures) where available or all departures (day and overnight) where overnight data were not reported. A search of national tourism organization statistical databases was undertaken to identify outbound travel where no data were reported to UNWTO. Reliable departure information was identified from 94 source markets that represented 92% of origin-destination pairs. No data were available for 48 source markets, primarily among African or small island nations. These missing cases represented only 8 percent of all origin-destination pairs. Arrival shares were reported as they appeared in the UNWTO reports.

Departure shares were calculated in one of the two ways to control for the distortionary impact travel to land neighbors may have on outbound figures. 'All departures' were used for island source markets (such as Australia and Japan) and also for calculating scores for destinations that shared a land border or that were within 500 km of the source market's gateway. In all other cases, a modified outbound volume figure was calculated by deducting travel to land neighbors from the total outbound figure. The use of this modified figure provides a more reliable indicator of the share of medium to long-haul travel attributed to a source market. For example, using the US as an example, the calculation of a modified

outbound score by subtracting departures to Canada and Mexico reduces the volume of American outbound from 73.5 million to 33.4 million person-trips. An even more drastic reduction was noted in the case of France where excluding travel to land neighbors reduced the outbound travel volume from 29.6 million to 5.8 million departures. by dividing the arrivals to a specific destination by all departures from that source market. The ratio between arrival and departure shares was then calculated by dividing the arrival share by the respective market's relevant departure share.

These data were augmented by additional information gained primarily from UNWTO sources, such as mode of transport used to reach the destination, trip purpose, annual occupancy rates, the number of beds available and mean length of stay. The contribution tourism made to the destination's GDP was retrieved from various World Travel and Tourism Council (WTTC) reports and again supplemented by official national data in cases not covered by the WTTC. Finally, destination competitiveness scores and ranks derived from the *Travel and Tourism Competitiveness Report* (WEF 2017) were included. This report provides information on only 110 of the 162 destinations included in the study and therefore must be treated cautiously.

Findings

Table 3 documents the frequency that individual source markets appear as a top five market globally, as well as by destination region. The United States of America appears as a top five market in more than half of all destinations analyzed, followed by the United Kingdom, Germany, France and China which appear in one-quarter or more of cases. In total, these five markets were identified 290 times and alone account for 36% of the almost 800 top five total origin-destination pairs. When other markets that appeared in at least 10% of cases are included (Canada through to Australia), these 10 source markets account for 50.2% of all top five source market appearances. The US is an especially vital market for the Americas and Oceania, appearing among 85% of destinations, while Germany and the UK are dominant European markets appearing in almost 80% and 60% of destinations respectively. China is a dominant Asian market while Australia is one of the most influential source markets for the Oceania region. Brazil and Argentina are important regional sources of tourists in Central and

South America, while Korea, South Africa and New Zealand are key markets within their respective regions.

Insert Table 3 abut here

This finding illustrates how most destinations are competing for a share of the same market, which can be problematic if a perception exists that the product is largely undifferentiated. This situation has been observed by both Daye (2010) in the Caribbean and Berno and Douglas (1998) in the South Pacific, where the generic 'Caribbean' and 'Polynesian' brands are more ubiquitous than national brands, especially among lesser known destinations that offer generic sun, sand and sea holidays. This blending of images and associations makes it difficult for destinations to stand out.

Market Indifference

The literature suggests the optimal number of markets for a destination averages somewhere between three and six, depending on the nature of the destination and its location. An analysis of arrivals' share for the 162 destinations studied here reveals that the mean number of markets required to achieve 50% of arrivals is 3.2, with a standard deviation of 2.1, while the mean number of markets required to reach 70% of arrivals is 6.4, with a standard deviation of 4.8. These results correspond closely to the 'optimal' number of markets identified in Table 1, and as such, it can be argued the number of markets required to achieve a 50% and 70% arrival threshold is a reasonable proxy for the optimal number of markets. Aguas et al. (2010) suggest one standard deviation from the mean as a sign of vulnerability. This threshold will be applied in this study, again to avoid Type 1 errors.

Table 4 identifies the mean number of markets and the standard deviation for 50% and 70% of arrivals in five regions: the Americas, Europe, Asia, Oceania and Africa. Applying the one standard deviation threshold at a regional level reveals 34 destinations could be suffering from a degree of market indifference, with fully 20 failing to meet the norms for both the 50% and 70% thresholds.

Insert Table 4 about here

Destinations registering potentially high market indifference scores could be found in all regions, with emerging Eastern European and to a lesser degree Latin American destinations appearing frequently, along with emerging African and Pacific Island destinations. Some anomalies appear on this list that may reflect conditions other than market indifference. For example, Australia is an anomalous case in the Oceania region. It is the largest, most populous and most popular destination in this region, attracting some 8.2 million of the 14.1 million visitors (or almost 60% of all arrivals) to Oceania. It is also the largest single source market for the region that alone serves to lower the mean number of markets regional markets need to reach the threshold. Likewise, Germany may also represent another anomalous case, due primarily to the fact it shares land borders with nine countries and is within 500 km of another seven countries. The United Kingdom may also fall into this category. All three can be excluded from further analysis.

Market indifferent destinations share three common features. The first is their heavy reliance on air travel as a means of access, with statistically significant differences noted in the share of visitors that arrive by air between these and non-market indifferent destinations ($t = 3.457$, $p = .001$). On average close to three quarters of arrivals (74.1%) to these destinations came by air, compared to just over half (51.2%) to other destinations. Destinations that appeared in both volume categories recorded an even higher 80% share of arrivals by air.

Additionally, those places that registered the largest number of markets to reach the 70% threshold have undergone extended periods of political turmoil. Such destinations include Egypt, Turkey, Thailand, Nepal, the Maldives, Brazil, and Colombia. Egypt, for example, has seen a 50% decline in arrivals since 2012. Russia, Germany and the UK, its three largest markets in 2012, now rank 24th, first and seventh, respectively. A similar situation has been observed in the case of Turkey, where arrivals from Western European and Russian markets have fallen by more than seven million, while almost four million since 2012, while smaller source markets have shown an increase in visitation.

Third, market volatility, leading to drastic declines in departures from key outbound markets is also a trigger. In particular, the collapse of the Ruble and the resulting decline in the outbound Russia market, has had significant consequences on Asian, Middle Eastern and

Eastern European destinations. They have been unable to attract new markets or draw more visitors from existing markets to replace the Russian market.

Destination dependence / Market irrelevance

'Destination dependence/market irrelevance' occurs where a destination is overly reliant on a source market, and yet that source market sees it as being largely irrelevant within the context of total outbound travel. The destination dependence/market irrelevance score was calculated by dividing inbound share by outbound share. This study applied two arbitrary conditions when analyzing results to avoid type one errors. First, only markets that generated 20% or more of arrivals were included to ensure only major markets were analyzed. Second, a conservative approach was adopted when analyzing the destination dependence/market irrelevance score. Here, a ratio score of at least 20 was used as the threshold to identify places at risk. While both criteria are arbitrary, the first ensures major markets are considered, while the second allows for differences in scale of the source and destination to be controlled for, to some extent.

Table 5 lists 49 destinations with 57 destination-market pairs where evidence of destination dependence/market irrelevance exists. The first two columns identify the destination and its chief characteristic. The third and fourth columns show the source market, with its rank in terms of arrivals in parentheses and the share of inbound arrivals attributed to that market. The fifth column shows the share of outbound tourism from the market. Outbound shares based on all departures are highlighted in the table with the superscript [(1)]. In all other cases, a modified outbound volume figure was calculated by deducting travel to land neighbors from the total outbound figure. The sixth column shows the dependence/irrelevance ratio calculated by dividing inbound share by outbound share. The last column shows the relationship between the source market and the destination.

Insert Table 5 about here

Small island destinations represent two-thirds of cases where a destination dependence / market irrelevance situation may be evident. They along with small, enclave microstates in Europe and Asia, a number of Central and South American nations and some former Soviet Republics complete this set. The most extreme cases are found in the undeveloped Pacific Island destinations of Kiribati, American Samoa and Micronesia, where the ratio exceeds 1,000. The US is the primary market for 20 of these destinations, including 15 Caribbean destinations. Current or former colonial relationships are also evident in at least 15 cases, especially involving outbound from France and the UK, and to a lesser extent from Australia and New Zealand to former protectorates or colonies in the South Pacific. It is also noteworthy that 15 of the 20 Caribbean destinations examined scored high destination dependence/market irrelevance ratios. The only exceptions are Cuba, the Dominican Republic, Guadeloupe, Jamaica and Martinique.

Comparing market indifferent, destination dependent/market irrelevant and not at risk destinations

Table 6 compares key features across three types of destinations identified in this paper: those where market indifference is evident; those demonstrating a high degree of destination dependence/market irrelevance, and those that demonstrated neither condition. Based on this analysis, almost half of the 162 destinations examined in this study can be considered to be potentially at risk, either due to market indifference or an over-reliance on a market that, in the bigger scheme of things, sees them as being largely irrelevant. Moreover, five destinations, Micronesia, Kiribati, the Maldives, Mali and the Solomon Islands showed signed of both market indifference and destination dependence/market irrelevance.

Destinations that showed a degree of market indifference were typically found in less developed regions of the world, such as Africa, Central and South America and in parts of Eastern Europe. As a group, they generated the smallest mean number of arrivals. Those places that showed a high level of destination dependence/market irrelevance tended to be smaller island economies that were overly reliant on the US market, or former British and French colonies that still relied heavily on these source markets. Conversely the 87 destinations that were seemingly not at risk were disproportionately located in developed western or Asian economies. As a cohort, these economies generated an average of between

two and almost three times as many arrivals as members of the other two groups. Yet, no significant differences were observed in the total share of GDP (direct, indirect and induced) attributed to tourism.

Insert Table 6 about here

Travel patterns did vary significantly by group, though. A large minority of tourists travelling to countries that are seemingly not at risk arrived by land, while almost two-thirds of arrivals to members of the other groups arrived by air. Notably, as well, almost one-quarter of arrivals to destination dependent/market irrelevant destinations came by ship, indicated their reliance on the cruise sector. Cruises may generate many visitors, but the jury is still out as to the extent of economic benefits. Differences were noted in trip purpose and length of stay with market indifferent destinations attracting a higher share of pleasure tourists. The mean length of stay for destination dependence/market irrelevance destinations was about one week, while it was only about half that for places not at risk.

Other differences were noted in their competitiveness. The most striking feature is that almost 80% of the 'destination dependent/market irrelevant' destinations were not included in the *Travel and Tourism Competitiveness Report 2017* (WEF 2017) suggesting many may be seen as being unimportant tourism places. While about one-third of market indifferent and seemingly not at risk destinations were not included in the report, fully 39 destination dependent/market irrelevant destinations were omitted. Omissions included 13 Caribbean and 13 Pacific island destinations. Comparison of competitiveness measures between groups, therefore, must be seen as indicative and not definitive, as a result of the large number of omissions. Unsurprisingly, robust destinations were seen to be more competitive (lower rank and higher score) than members of other cohorts, while the destination dependence/market irrelevance group was least competitive. Market indifferent destinations scored poorly on the business environment and labor market conditions. However, no differences were noted in either price competitiveness or tourism services infrastructure.

Conclusion

This paper sought to identify potential destinations at risk through an examination of the relationship between inbound and outbound share. Two concepts were developed: market indifference and destination dependence/market irrelevance. The first, market indifference occurs when markets, collectively, show little interest in a destination and instead, the destination has to draw from a large number of markets to achieve certain thresholds of arrivals. This paper adopted a threshold of the number of markets needed to reach 50% or 70% of arrivals being more than one standard deviation above the regional average to be considered at risk. The second, destination dependence/market irrelevance occurs when destinations are overly reliant a market and yet the market as a whole shows little interest in it. This paper adopted criteria that source markets had to produce at least 20% of arrivals and that the ration must exceed 20 for a destination to be considered at risk. A total of 162 destinations were analyzed using data derived primarily from UNWTO sources, with the country or territory as the unit of analysis.

The study findings challenge the long held assumptions that appealing to a diverse array of markets is a signal of strength while reliance of a small number of markets is a de facto indicator of weakness or potential risk. Instead, the vast majority of destinations rely on a small number of markets to generate most of their visitors. The study seems to add credence on a global basis to the work conducted by Chen and his colleagues (Chen and Chen 2012, Jang and Chen 2008, Chen, Jang and Peng 2011) that the optimal number of markets for most destinations ranges from one to six. This figure may be slightly higher depending on the location of the destination and some other conditions. The study revealed that those destinations that had to rely on a substantially larger number of markets to achieve either a 50% or 70% arrivals threshold were potentially at risk, as they lack a clear market position, have seen a dramatic decline in outbound from core markets or have undergone a prolonged period of political instability.

The axiom that destinations that rely on a small number of markets may be at risk was supported to some extent. But, share figure alone can be a misleading indicator. Instead, the paper argued the relationship between arrival and departure share is much more reliable for it shows how important a source market sees a destination. Small island destinations and/or current or former colonies are most at risk of being exposed to a destination dependent/market irrelevant situation.

All tolled, almost half of the world's destination countries/territories were identified as potentially being at risk from one of the two conditions explored in this study. Moreover, the causes seem to be systemic, for destinations at risk were no more or less reliant on tourism as a contributor to their GDP, no more or less price competitive and demonstrated no differences in service infrastructure than those not at risk. But, as a group, they were identified as being less competitive than other places and tended to have smaller tourism sectors, were more isolated, relied more heavily on pleasure markets, and on longer stay visits.

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Table 1

Optimal and/or Practical Number of Tourism Markets

Destination	**Number of Markets**	**Source**
Australia	Up to 15	Valadkhani & O'Mahony (2018)
Croatia	4 to 7	Ivanovoc et al 2018
Czech Republic	5	Malachovský & Kirov (2015)
Europe	3 to 5 per country	ETC (2014)
Japan	4	Andonian et al 2016
Japan	1, 5 or 6 depending on scenario	Chen et al (2011)
Macao	4	Loi (2004)
Malaysia	12	Tang & Tan (2013) Lean & Smyth (2008)
Philippines	3 to 5	Rodolfo et al (2010)
Portugal	3 to 5	Águas et al (2000)
Slovakia	5	Malachovský & Králová (2015)
Southern Europe	3 per country	ETC (2014)
Southern Europe	2, 4 or 9 depending on scenario	Águas et al (2010)
Taiwan	1 to 4 depending on scenario	Jang & Chen (2008)
Turkey	Up to 10	Ozcan & Erdogan (2017)
USA	2 to 4 depending on scenario	Chen & Chen (2012)

Table 2

Destination Region

Region	Count
Africa	18
Atlantic / Mediterranean island	3
Australia / New Zealand	2
Canada / USA	2
Caribbean island	21
Central America	8
Asia	18
Eastern Europe	15
Former Soviet Republic	10
Indian Ocean island	6
Middle East	7
Pacific island	18
South America	12
Western Europe	22

Table 3

Most Popular Source Markets

(Among top 5 source markets)

Destination region Source market	Americas (n = 43)	Europe (n = 46)	Asia (n = 33)	Oceania (n = 16)	Africa (n = 24)	All
United States of America	36 (83.7%)	15 (32.7%)	15 (45.5%)	14 (87.5%)	9 (37.5%)	89 (54.9%)
United Kingdom	17 (39.5%)	27 (58.7%)	6 (18.2%)	5 (31.3%)	8 (33.3%)	63 (38.9%)
Germany	5 (11.6%)	35 (76.1%)	3 (9.1%)	1 (6.3%)	8 (33.3%)	52 (32.1%)
France	14 (32.5%)	16 (34.7%)	5 (15.2%)	2 (12.5%)	10 (41.7%)	47 (29.0%)
China	2 (4.6%)	2 (4.3%)	23 (70.0%)	8 (50.0%)	4 (16.7%)	39 (24.1%)
Canada	24 (55.8%)	1 (2.1%)	2 (6.1%)	1 (6.3%)	0	28 (17.3%)
Italy	5 (11.6%)	15 (32.7%)	1 (3.0%)	0	2 (8.3%)	23 (14.2%)
Japan	1 (2.3%)	0	12 (36.4%)	10 (62.5%)	0	23 (14.2%)
Russian Federation	0	13 (28.2%)	8 (24.2%)	1 (6.3%)	1 (4.1%)	23 (14.2%)
Australia	0	0	5 (15.2%)	13 (81.3%)	1 (4.1%)	19 (11.7%)
Other important regional markets						
Brazil	14 (32.5%)					16 (9.9%)
Korea, Republic of			13 (39.4%)	2 (12.5%)		16 (9.9%)
New Zealand				12 (75.0%)		13 (8.0%)
Netherlands		8 (17.4%)				12 (7.4%)
Argentina	10 (23.2%)					10 (6.2%)
Poland		9 (20.0%)				10 (6.2%)
South Africa		1 (2.1%)			9 (37.5%)	10 (6.2%)
Turkey			5 (15.2%)			10 (6.2%)

Table 4

Indicators of Market Indifference

50% Arrival threshold	70% Arrival threshold
Americas (mean 2.1 markets, SD = 1.5)	**Americas (mean 4.6 markets, SD = 3.9)**
Moderate market indifference (4 or 5 markets)	*Moderate market indifference (9 to 12 markets)*
Argentina (4 markets) Brazil (4) Cuba (5) Ecuador (4) Nicaragua (4) Panama (4) Venezuela (4)	Bolivia (9) Brazil (9) Dominican Republic (10) Ecuador (9) Panama (10)
Large market indifference (6 or more markets)	*Large market indifference (13 or more markets*)
Colombia (8)	Colombia (19) Cuba (13)
Europe (mean 4.4 markets, SD = 2.1)	**Europe (mean 9.2 markets, SD = 5.4)**
Moderate market indifference (7 or 8 markets)	*Moderate market indifference (15 to 19 markets)*
Bosnia and Herzegovina (7) Czech Republic (7) Germany (8) Finland (7) Romania (7) United Kingdom (7)	Bosnia and Herzegovina (15) Germany (15) Serbia (15)
Large market indifference (9 or more markets)	*Large market indifference (more than 19 markets)*
Serbia (9) Turkey (11)	Turkey (35)
Asia (mean 2.8 markets, SD = 1.7)	**Asia (mean 5.7 markets, SD = 3.6)**
Moderate market indifference (5 to 7 markets)	*Moderate market indifference (10 to 12 markets)*
Lebanon (7) Maldives (5) Nepal (6)	Indonesia (10) Lebanon (12) Maldives (12)

Singapore (5) Sri Lanka (5) Thailand (6)	Nepal (11) Thailand (12)
Oceania (mean 2.1, SD = .9) *Moderate market indifference (3 markets)* Kiribati (3) Micronesia (3) Solomon Islands (3) *Large market indifference (4 or more markets)* Australia (5)	**Oceania (mean 4.2 markets, SD = 2.2)** *Moderate market indifference (7 or 8 markets)* Kiribati (7) *Large market indifference (9 or more markets)* Australia (10)
Africa (mean 3.4 markets, SD = 2.2) *Moderate market indifference (6 or 7 markets)* Burkina Faso (7) Mali (7) Nigeria (6) Seychelles (6) Sierra Leone (6) *Large market indifference (8 or more markets)* Egypt (8) Tanzania (8)	**Africa (mean 6.7 markets, SD = 4.4)** *Moderate market indifference (12 to 16 markets)* Burkina Faso (14) Mali (14) Sierra Leone (12) Tanzania (16) *Large market indifference (> 16 markets)*) Egypt (17)

Table 5

Ratio of Arrival share vs. Departure Share

Destination	**Type of destination**	**Market (and rank)**	**Inbound share**	**Outbound share** [(1)]	**Ratio inbound / outbound share**	**Relationship**
American Samoa	Small island	USA (2)	21.70	0.01	16649.2	Former or current colony
Anguilla	Small island	USA (1)	63.74	0.15	421.3	USA to Caribbean
Antigua and Barbuda	Small island	UK (2)	28.87	0.13	222.2	Former or current colony
Antigua and Barbuda	Small island	USA (1)	41.00	0.32	126.0	USA to Caribbean
Armenia	Central Asia	Russian Federation (1)	63.49	2.53 [(1)]	25.1	Near neighbor
Aruba and Curacao	Small island	USA (1)	44.36	2.05	21.6	USA to Caribbean
Bahamas	Small island	USA (1)	78.22	3.47	22.5	USA to Caribbean
Barbados	Small island	UK (1)	33.82	0.36	93.2	Former or current colony
Barbados	Small island	USA (2)	23.44	0.44	52.8	USA to Caribbean
Belarus	Former Soviet republic	Russian Federation (1)	78.77	0.54 [(1)]	145.8	Land neighbor
Belize	Central / South America	USA (1)	55.75	0.64	86.5	USA to Central America
Bermuda	Small island	USA (1)	64.41	0.47	136.8	USA to Caribbean
British Virgin Islands	Small island	USA (1)	59.64	0.65	91.2	USA to Caribbean
Brunei	Small nation	Malaysia (1)	24.85	0.05 [(1)]	50.7	Land neighbour
Cabo Verde	Small island	UK (1)	22.04	0.22	98.5	UK to Atlantic island
Cayman Islands	Small island	USA (1)	77.98	0.90	86.6	USA to Caribbean
Comoros	Small island	France (1)	47.59	0.22	216.0	Former or current colony
Dominica	Small island	USA (1)	24.80	0.06	426.1	USA to Caribbean
El Salvador	Central / South America	USA (2)	31.55	1.36	23.3	USA to Central America

French Guiana	Central / South America	France (1)	65.94	2.18	30.2	Former or current colony
French Polynesia	Small island	USA (1)	34.21	0.19	173.8	USA to Pacific island
French Polynesia	Small island	France (2)	20.31	0.67	30.2	Former or current colony
Grenada	Small island	USA (1)	33.13	0.13	247.2	USA to Caribbean
Haiti	Small island	USA (1)	75.80	1.06	71.7	USA to Caribbean
Honduras	Central / South America	USA (1)	31.35	0.83	37.9	USA to Central America
Iceland	Atlantic	Germany (1)	23.49	0.80	29.2	Germany to Atlantic island
Kiribati	Small island	USA (1)	21.57	0.004	28259.7	USA to Pacific island
Liechtenstein	Small nation	Germany (2)	24.19	0.02	853.1 (1)	Near neighbor
Liechtenstein	Small nation	Switzerland (1)	27.95	0.12	226.6 (1)	Land neighbor
Maldives	Small island	China (1)	25.22	0.63	40.0	China to Indian Ocean island
Mali	Africa	France (1)	27.54	0.82	33.5	Former or current colony
Malta	Small island	UK (2)	28.48	.095	30.0	Former or current colony
Micronesia	Small island	USA (1)	23.16	0.02	1129.8	USA to Pacific island
Moldova	Small nation	Romania (1)	24.64	0.19 (1)	132.9	Land neighbor
Monaco	Small nation	France (1)	22.46	0.28 (1)	79.3	Land neighbor
Mongolia	Asia	China (1)	39.45	0.14 (1)	286.9	Land neighbor (1)
Myanmar	Asia	China (1)	52.9	1.14 (1)	22.7	land neighbor
New Caledonia	Small island	France (1)	31.75	0.63	50.0	Former or current colony
Niue	Small island	New Zealand (1)	78.27	0.21 (1)	368.9	Former or current colony (protectorate)
Northern Marianas Islands	Small island	China (1)	43.37	0.44	97.0	China to Pacific island
Northern Marianas Islands	Small island	Korea (2)	39.35	0.93 (1)	42.2	Korea to Pacific island
Pakistan	Asia	UK (1)	31.68	0.52	61.0	Former or current colony

Palau	Small island	China (1)	46.95	0.13	372.9	China to Pacific island
Palau	Small island	Japan (2)	21.12	0.17 (1)	124.0	Japan to Pacific island
Papua New Guinea	Asia	Australia (1)	44.57	0.89 (1)	50.2	Former or current colony
Saint Lucia	Small island	USA (1)	43.89	0.46	95.9	USA to Caribbean
Saint Maarten	Small island	USA (1)	50.49	.80	63.2	USA to Caribbean
Saint Vincent and the Grenadines	Small island	UK (2)	21.20	.03	749.1	Former or current colony
Saint Vincent and the Grenadines	Small island	USA (1)	29.01	.07	423.5	USA to Caribbean
Solomon Islands	Small island	Australia (1)	41.13	0.09 (1)	428.0	Australia to Pacific island
Suriname	Central / South America	Netherlands (1)	39.94	0.88	45.3	Former or current colony
Timor-Leste	Small island	Indonesia (1)	27.17	0.22 (1)	122.3	Land neighbor
Tonga	Small island	Australia (2)	20.18	0.12 (1)	168.0	Australia to Pacific island
Tonga	Small island	New Zealand (1)	43.72	0.99 (1)	44.2	Former or current colony (protectorate)
Trinidad and Tobago	Small island	USA (1)	42.58	0.52	81.4	USA to Caribbean
Turks and Caicos	Small island	USA (1)	80.65	1.10	73.5	USA to Caribbean
Vanuatu	Small island	Australia (1)	52.32	0.50 (1)	104.4	Australia to Pacific island

(1) Based on all departures from source market. All other outbound share figures based on modified departures that exclude travel to land neighbors

Table 6

Comparison Among Destinations that Showed 'Market Indifference', 'Destination Dependence/Market Irrelevance' and Neither Condition

	Market Indifference (n = 31)	Destination Dependence / Market Irrelevance (n = 49)	Seemingly Not at Risk (n = 87)	All	Test Scores
Count	31 (19.1%)	49 (30.2%)	87 (53.7 %)	162 (included double counts)	
All arrivals (mean in millions)	4.7	5.2	12.9	7.6	F = 9.702, p <.001
Number of markets needed to reach 50% of arrivals (mean)	5.6	2.1	2.7	3.1	F = 35.957, p <.001
Number of markets needed to reach 70% of arrivals (mean)	10.3	3.0	5.1	5.5	F = 17.960, p <.001
Competitiveness	n = 23 (11 missing, or 32.3%)	n = 11 (39 missing or 78.0%)	n = 58 (26 missing or 30.9%)		
Overall competitiveness rank (mean)	67.3	73.7	47.3	55.5	F = 4.421, p = .015
Overall competitiveness score (mean)	3.8	3.7	4.2	3.9	F = 4.794, p = .011
Business environment (mean)	4.2	4.6	4.8	4.6	F = 7.301, p = .001
HR & labour market (mean)	4.4	4.7	4.9	4.8	F = 8.746, p <.001
Price competitiveness (mean)	5.0	4.5	4.7	4.7	F = 2.233, p = .211
Tourism services infrastructure (mean)	4.1	4.3	4.7	4.5	F = 3.000, p = .055
Other indicators					
Tourism as a % of GDP (mean)	6.7 (n = 27)	11.1 (n = 33)	8.9 (n = 67)	9.0 (n = 127)	F = 0.876, p = .423
Ave length of stay (nts)	4.7 (n = 18)	6.7 (n = 19)	3.4 (n = 45)	4.5 (n = 82)	F = 5.490, p = .006
Trip purpose for leisure (% mean)	70.0 (n = 24)	59.1 (n = 33)	54.2 (n = 58)	58.9 (n = 115)	F = 3.525, p = .033
% arriving by air (mean)	68.5 (n = 25)	64.0 (n = 33)	52.2 (n = 57)	59.2 (n = 115)	F = 2.693, p = .073

% arriving by water (mean)	5.5 (n = 25)	22.9 (n = 33)	5.4 (n = 57)	10.5 (n = 115)	F = 12.415, p <.001
% arriving by land (mean)	26.0 (n = 25)	13.0 (n = 33)	43.3 (n = 57)	30.3 (n = 115)	F = 9.049, p <.001