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Life Cycle Models for Pacific Island Destinations

DEXTER J. L. CHOY

Recent studies on the growth of tourist destinations have been based upon extending the concept of the product life cycle to portray the development of a destination. This study suggests that a general destination life cycle model as proposed by Butler does not apply to most Pacific island destinations. At best, the life cycle model can be used after the fact as a diagnostic tool, but it still can be misleading in the case of Pacific island destinations given the large variation in growth patterns.

The concept of a resort or destination life cycle has been in the tourism literature for over 30 years. In one of the earliest writings on modern tourism, Likorish and Kershaw (1958) described how the growth of seaside resorts in Britain was affected when wealthy visitors were replaced by middle-income and eventually lower-income visitors. Another study on the location of tourist destinations in Europe proposed a development cycle in which a destination is initially discovered by painters and artists, becomes fashionable, and eventually is visited by only tourists on package tours (Christaller 1963). Nine years later, Plog (1972) presented his now well known theory on the rise and fall of destinations, which related the popularity of tourist destinations to the personality types of travelers. Stansfield (1978) later analyzed the case of Atlantic City in the context of changes in a resort's life cycle.

A specific pattern of growth for a destination, however, was not identified until Butler (1980) proposed that the change in visitor arrivals to a tourist destination follows the S-shaped curve of the product life cycle. He described six stages through which a destination evolves from exploration to involvement, development, consolidation, stagnation, and decline/rejuvenation. He contended that most tourist destinations evolve in this pattern and cited Mexico as an example. A study by Oglethorpe (1984) also suggests that the pattern applies to Malta's tourism, and a study by Wilkinson (1987) concluded that the destination life cycle model applies to Antigua, Aruba, St. Lucia, and the United States Virgin Islands in the Caribbean.

On the other hand, a study on Lancaster County, Pennsylvania, suggests that a destination can have different stages and growth patterns than those proposed by Butler (Hovinen 1982). In contrast to Wilkinson's analysis, an in-depth case study focusing on the Caribbean island of Antigua proposed a modified resort cycle model within the context of Third World "plantation" economies (Weaver 1988). In a subsequent study, Weaver (1990) speculates that a range of sub-models derived from Butler's model probably best describes the evolution of tourism in Caribbean islands.

Empirical studies on actual product life cycles have established that there are other growth patterns that are common to many products (Kotler 1988). Three alternative

product life cycles, i.e., growth-decline-maturity, primary cycle-recycle, and scalloped growth, are shown in Figure 1. Within the context of the hospitality industry, Hart, Casserly, and Lawless (1984) discussed situations in which the product life cycle model did not apply and showed eight empirically tested life cycle curves which vary substantially from the general S-shaped curve.

In the tourism field, different possible life cycle curves are recognized for destinations, but the S-shaped curve is still considered to be the dominant pattern. However, up to now insufficient empirical evidence has existed to determine which shape of the life cycle is in fact the most applicable.

The purpose of this study is to determine the extent to which the pattern of growth proposed by the destination life cycle model applies to Pacific island destinations, and to examine its usefulness for identifying appropriate strategies for tourism development in the region. The analysis focuses on Pacific island destinations for which there are data covering 15 to 20 years of growth in visitor arrivals. Data on total visitor arrivals are used to maintain comparability, but this should not significantly affect the analysis since trends in visitor arrivals to Pacific island destinations have been due primarily to growth in tourist arrivals. The primary sources of statistical data used in this study are the annual research reports of the Hawaii Visitors Bureau and the Pacific Asia Travel Association. Additional information was gained through field visits to 11 of the destinations.

PACIFIC ISLAND DESTINATIONS

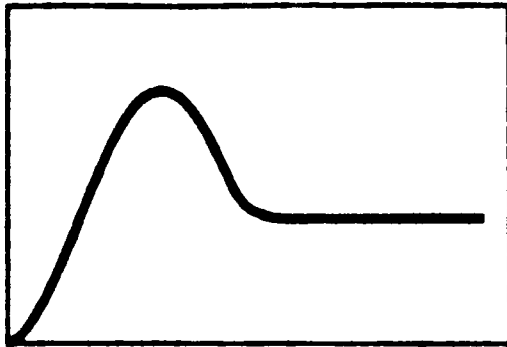
The most well known Pacific island destination is Hawaii, which received 6.1 million visitors in 1988. Hawaii's visitor volume was 10 times that of the second most popular Pacific island destination. In view of its extensive development, Hawaii is often treated separately in analyzing Pacific destinations. Its pattern of growth nevertheless provides an example of large scale tourism within the context of Pacific islands. The number of visitor accommodations statewide is 68,200, with 32,700 located in Waikiki alone. In terms of key markets, visitors from the U.S. mainland still account for the majority — 57% — of all visitors, while Japanese visitors comprise 20% of the total.

In terms of name recognition, Tahiti, i.e., French Polynesia, is probably the second most popular destination. Guam with 576,200 visitors in 1988 has the second largest volume of visitors (Table 1), followed by the Northern

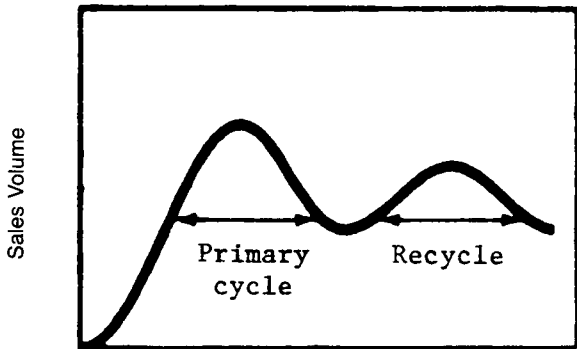
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**FIGURE 1
ALTERNATIVE PRODUCT LIFE CYCLES**

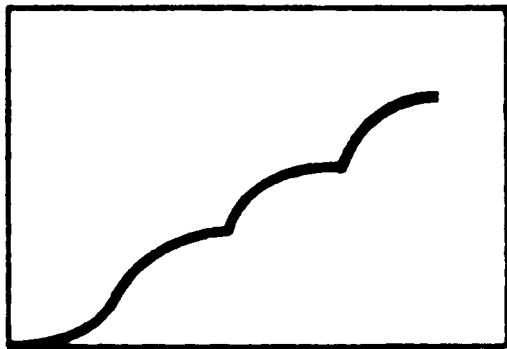
Growth-Decline-Maturity



Primary Cycle-Recycle



Scalloped Growth



Time

Source: Philip Kotler (1988), *Marketing Management: Analysis, Planning, Implementation and Control*, 6e, p. 351. Reprinted with permission of Prentice Hall, Englewood, Cliffs, NJ.

Marianas with 245,500 visitors. Within the Northern Marianas, the island of Saipan has been developed as the

**TABLE 1
PACIFIC ISLAND DESTINATIONS**

Destination	Visitor Arrivals in 1988	Percent of Total Arrivals
Hawaii	6,142,400	81.3%
Guam	576,200	7.6
Northern Marianas	245,500	3.2
Fiji	208,200	2.8
French Polynesia	135,400	2.0
New Caledonia	60,500	0.8
Western Samoa	46,300	0.6
Papua New Guinea	39,800	0.5
Cook Islands	30,100	0.4
American Samoa	25,500	0.3
Tonga	17,700	0.2
Vanuatu	17,500	0.2
Solomon Islands	10,700	0.1
Total	7,555,800	100.0%

Source: 1988 research reports of the Hawaii Visitors Bureau and Pacific Asia Travel Association.

main tourist destination area with very few tourists traveling to the outer islands.

Guam and the Northern Marianas have grown as destinations owing to similar factors. Both destinations are located a little over three hours flying time from Japan and have been developed primarily by Japanese investors. Approximately 86% of the visitors to Guam are from Japan, and 78% of the visitors to the Northern Marianas are Japanese. Historical ties also play a significant role since Japan was granted formal control over Saipan and other Micronesian islands in 1920 by the Allied Powers as part of the Versailles peace settlement (Peattie 1988). Guam was annexed by the United States in 1898 but was occupied by the Japanese during the Second World War.

The fourth most popular destination is Fiji, followed by French Polynesia. Major sources of visitors to Fiji include Australia, which accounts for 36% of all visitors; the United States, accounting for 20%; and New Zealand, supplying 10%. In regard to French Polynesia, U.S. visitors comprise 46% of total visitors, and French visitors 13%. Although the western part of Fiji is in Melanesia and eastern part in Polynesia, its image as a tourist destination is depicted more in terms of a Polynesian destination, as in the case of Tahiti and Hawaii.

The remaining eight destinations have considerably lower volumes of visitors than the top five destinations. Each receives fewer than 100,000 visitors per year. Together, they account for only 3.3% of total arrivals to Pacific island destinations. Even if Hawaii is excluded from the analysis, the eight destinations would still only account for 18% of total arrivals.

DESTINATION GROWTH PATTERNS

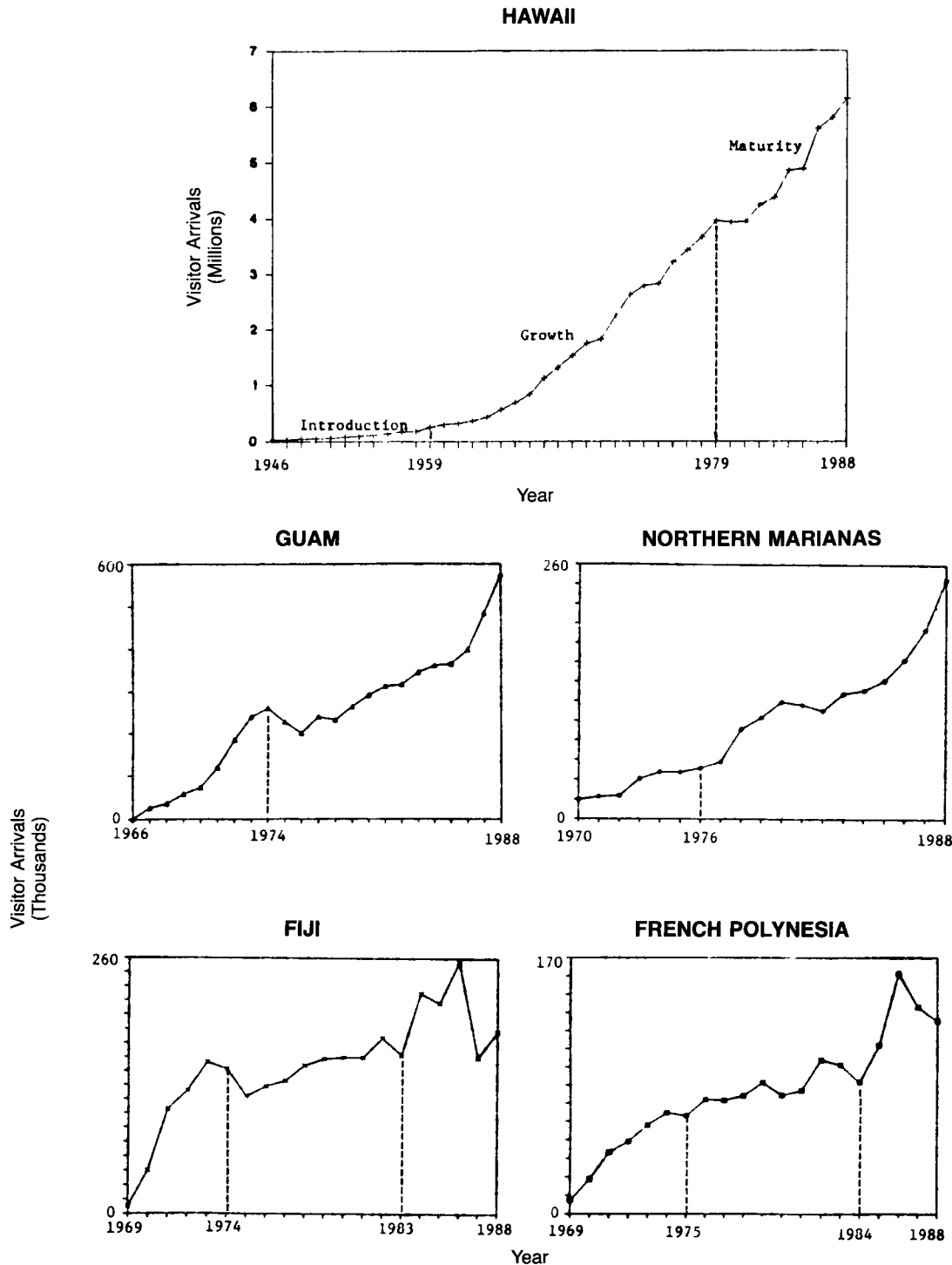
Precedents to modern tourism in Hawaii date back to the late 1800s, when regular steamship service from the U.S. mainland was established and the first international-standard hotel was built (Chong 1963). By 1941 Hawaii already was receiving 31,800 visitors, which is more than the number of visitors received, respectively, in 1988 by the Cook Islands, American Samoa, Tonga, Vanuatu, and the Solomon Islands. One can see from Figure 2 that Hawaii's visitor arrivals after the war continued to grow over the next 40

years with very few interruptions.

Hawaii's tourism entered its rapid growth stage in 1959. The introduction of jet service and granting of statehood increased access to Hawaii and people's awareness of the new state. The growth in visitors averaged 21% per year from 1959 to 1969 and continued at an average rate of 10% per year from 1970 to 1979. The annual increase in visitors

since 1979, however, has averaged only 5%, reflecting a mature stage of growth. In terms of the volume of visitors, the rapid growth stage for Hawaii's tourism began with 243,200 visitors in 1959 and reached 3,960,500 visitors in 1979. The growth pattern for Hawaii in general can be characterized by the S-shaped curve of the destination or product life cycle models.

**FIGURE 2
GROWTH PATTERNS FOR THE TOP FIVE DESTINATIONS**



In regard to Guam and the Northern Marianas, Guam's growth pattern has been relatively consistent except for 1975 and 1976 as a result of the world oil crisis' negative effects upon Japanese travel. Prior to 1976, the Northern Marianas was part of the Trust Territories and travel to Saipan was restricted primarily to business travel. The growth in visitors since 1976 has been consistent as in the case of Guam. The growth patterns for both destinations seem to follow the early growth stages depicted by the life cycle model, with accelerated growth occurring from 1985 onward.

When the growth in visitors for Fiji and French Polynesia is analyzed, a different pattern emerges. Both Fiji and French Polynesia experienced more fluctuations and larger variations in growth than Hawaii, Guam or the Northern Marianas. Initial declines or reduced growth in visitors due to the oil crisis of 1973-74 were experienced by almost all destinations; however, Fiji and French Polynesia entered long periods of stagnation, from 1974-1983 for Fiji and 1975-1984 for French Polynesia. In 1987, political turmoil in Fiji resulted in a 26% decline in visitors. Visitor arrivals to French Polynesia have declined two successive years since 1986 owing to high prices, reductions in airline flights, and termination of a major cruise ship operating between the outer islands and the island of Tahiti. Since 1987, Fiji's visitor arrivals seem to be recovering but French Polynesia has yet to resolve its problems.

The growth patterns for the eight destinations with low volumes of visitors appear even more erratic than those for Fiji and French Polynesia. Visitor arrivals to Western Samoa, Papua New Guinea, American Samoa, and Vanuatu (Figure 3) seem especially volatile, and current levels are lower than their previous peaks in visitor volume. The growth in visitors for New Caledonia, the Cook Islands, Tonga, and the Solomon Islands also appear disjointed with declines and/or several years of no growth in arrivals. The alternative product life cycles shown in Figure 1 indicate that New Caledonia may be in a growth-decline-maturity cycle. The Cook Islands, Tonga, and the Solomon Islands appear to be in scalloped growth cycles, and Papua New Guinea in a primary cycle-recycle pattern. The remaining three destinations seem to be in a combination pattern of recycles and growth-decline-maturity.

APPLICABILITY OF THE DESTINATION LIFE CYCLE

One can see from the above analysis that only a few Pacific island destinations, i.e., Hawaii, Guam, and the Northern Marianas, have been successful in attracting a large volume of visitors. The market forces underlying their success, however, are unlikely to be replicated by the other Pacific islands which are located much farther away from major travel generating countries. In addition, the growth patterns for Pacific island destinations are so varied that no single pattern appears dominant.

Although Butler's model is intuitively appealing, it lacks empirical support as a general model in regard to Pacific island destinations. Some conceptual issues also need to be addressed. The underlying rationale for the product life cycle is the theory of the diffusion of innovations and consumer adoption (Kotler 1988). Different marketing strategies are associated with each stage of the life cycle of a given product, which remains relatively unchanged through the cycle. Strategies to extend a product's life cycle and prevent the decline stage relate to creating and promoting new uses for

the product and/or finding new users (Levitt 1965). If a product is changed substantially, then a new life cycle would apply.

The destination life cycle, on the other hand, describes an evolutionary process in which the destination (the product) changes. As the number of visitors to a destination continues to increase, the destination changes in response to the growth in visitors (Butler 1980). The same is not true for the product life cycle where increases in sales volume can be associated with an unchanged product. In terms of the product life cycle model, Hawaii's growth pattern represents the intersection of different product life cycles corresponding to significant changes in Hawaii as a travel product as opposed to a single life cycle. There is no rationale, however, to expect a priori that the intersection of the different product life cycles can be characterized by the S-shaped curve.

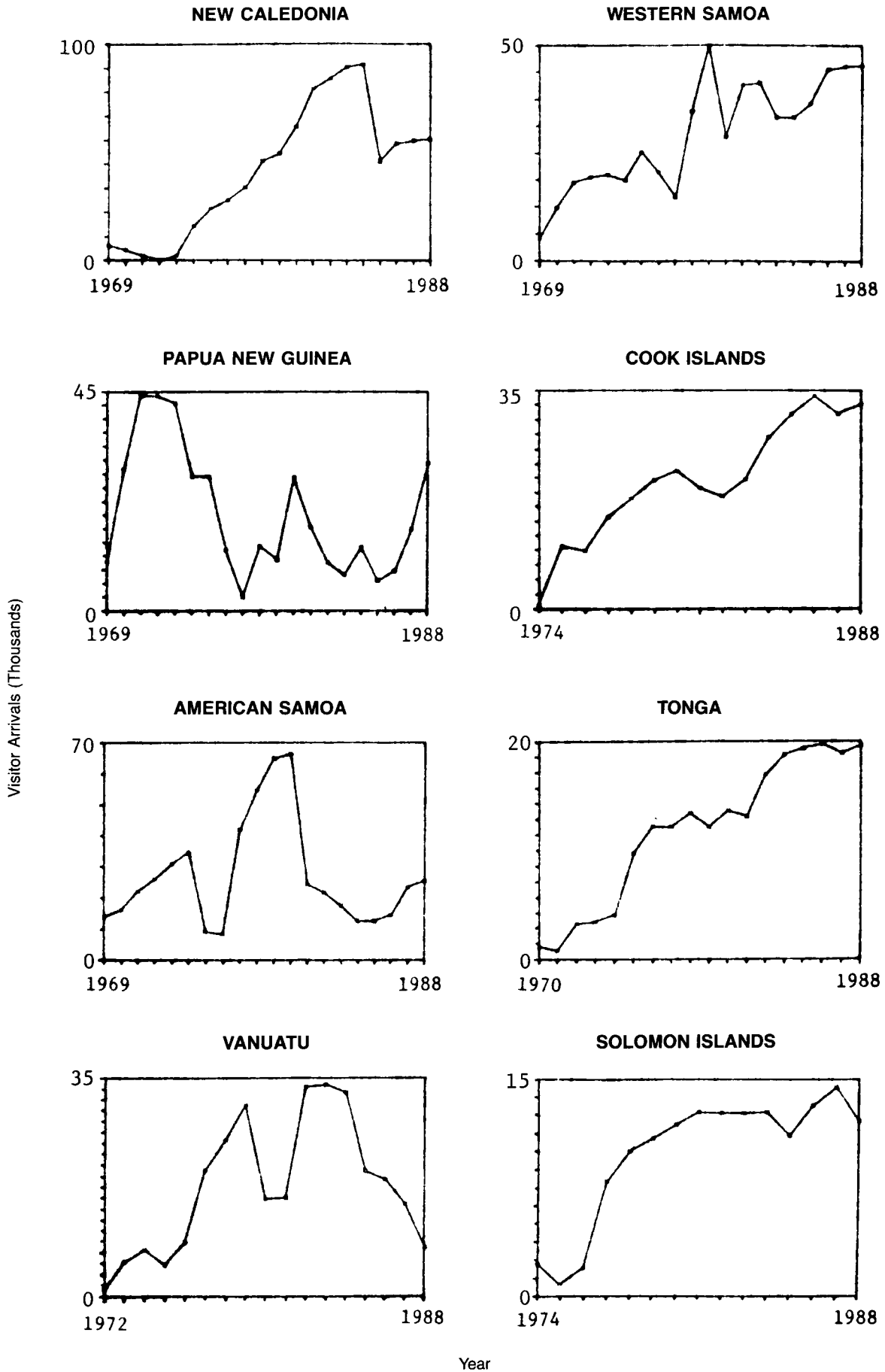
The type of changes in a destination as a travel product should also be distinguished, since they can have different implications. One type of change is expansion and modernization of facilities in response to increased visitor arrivals. This change would represent primarily a supply response (Haywood 1986) and characterizes Butler's involvement and development stages. Continued increases in visitor arrivals can be achieved through sequential entry into different markets (Haywood 1986) similar to the strategy suggested by product life cycle theory (Kotler 1988). Growth in visitors to Hawaii, for example, can be attributed initially to visitors from the U.S. mainland. Canadian visitors were a growth market up until 1978, and Japanese visitors are now the fastest growing market. The shift from higher to lower socioeconomic groups is also a common pattern arising from sequential entry into different market segments, which Hawaii has experienced especially in visitors from the U.S. mainland.

A second type of change in a destination is the introduction of different facilities which change the nature of the destination as a travel product. The introduction of gambling to Atlantic City, for example, essentially changed it into a new travel product with a new life cycle curve, independent of its previous history as a popular seaside resort. On the other hand, the repositioning of Miami in the European market as a gateway to Latin America involved finding new uses for the same facilities as a rejuvenation/life-extension strategy of its existing life cycle.

Butler's description of the stages of a destination does not clearly distinguish the types of "product" changes, but this distinction is necessary to determine whether a new life cycle curve is applicable or the changes relate to the extension of an existing life cycle. The observed growth pattern for a major tourist destination may reflect all three types of changes — expansion as a supply response, introduction of different facilities which changes the destination as a travel product, and repositioning of the same facilities.

At the other extreme, the growth patterns for the destinations that have not reached 100,000 visitors per year are least likely to follow the stages proposed by Butler. The time period covered may be a limiting factor since the life cycle of a destination is not necessarily encompassed within a 15- to 20-year period. None of the life cycle models provides guidance on the timing and sequencing of the stages. A destination conceivably could revert to an earlier stage, which may be the case for some of the low volume destinations. One could argue that Butler's model applies only to popular tourist destinations, but then it could be applied only after the fact and could not be considered a general model.

**FIGURE 3
GROWTH PATTERNS FOR LOW VOLUME DESTINATIONS**



In regard to the types of visitors, the shift from higher to lower socioeconomic groups, or “explorers” to “mass” tourists, has not been a general pattern. The Cook Islands, for example, developed budget and modestly priced facilities targeted at New Zealand tourists, who prefer the New Zealand type of motel accommodations which have cooking facilities. In addition, the first international-standard hotel in the Cook Islands was built to accommodate tourists on package tours, which would be expected at the later stages instead of earlier stages of a destination’s life cycle. Guam and the Northern Marianas developed as honeymoon destinations for Japanese couples who could not afford to travel to more expensive, long-haul destinations such as Hawaii. Butler (1980) suggests that the initial stages of exploration and involvement may not be as important for an “instant” resort such as Cancun, Mexico. This conclusion can only be made after a destination is successful.

The experiences of Pacific island destinations have varied considerably in terms of the types of visitors upon which the respective growth patterns have been established. The analysis in this study suggests that the factors which determine the shape of a specific life cycle are often unique to that particular situation. Hawaii’s growth pattern, for example, is linked to the U.S. mainland, which in 1959 accounted for 81% of the visitors and still accounts for the majority of all visitors to Hawaii. Similarly, the patterns for Guam and the Northern Marianas are linked to Japan as the primary source of visitors and hotel investment. These linkages are for the most part due to physical proximity and strong historical or political ties.

The capacity of each Pacific island destination to accommodate visitors also will influence the shape of a destination’s life cycle. Shortages in facilities and resources obviously would limit the number of visitors, but this can be overcome in the long run assuming that the destination has not reached its maximum capacity and existing socioeconomic forces support increased growth. On the other hand, many of the smaller Pacific islands have finite limits to growth and do not have the physical capacity to develop a critical mass of facilities and activities to attract as well as accommodate the mass tourism market. Sustained growth in visitors under the latter conditions would be difficult to maintain since larger segments of the travel market could not be attracted to generate continuous increases in visitors.

USEFULNESS OF THE LIFE CYCLE MODEL

A suggested use of the destination life cycle model is for planning and identifying alternative strategies for the development and marketing of a tourist destination. The lack of success for a destination often has been attributed to the lack of planning. The irregular growth patterns for the low-volume Pacific island destinations, however, have not necessarily been due to the lack of planning or infrastructure. In 1965, American Samoa was one of the first destinations in the South Pacific to build an airport which could handle jet aircraft and a hotel of international standards, but it still ranks as one of the least-visited destinations. Separate tourism master plans for the development of the Cook Islands and French Polynesia were completed by 1970. In contrast to this, the Northern Marianas and, to a large extent, Guam have developed without a tourism master plan. A comprehensive tourism plan for Hawaii was not completed until the 1970s.

The disruptions in growth for some of the islands have been due to political instability, strikes, and other factors beyond the control of the local travel industry. Nevertheless, a key problem for many of the low-volume destinations has been the lack of perceived value. Most of these islands offer similar and, in many cases, lower quality experiences compared to the top destinations in the Pacific. They may also be perceived to be very similar to island destinations such as those in the Caribbean and other off-shore islands, which are closer to major travel markets. As a consequence, they are not competitive in terms of their products and/or prices and tourists prefer to visit the top destinations.

Overall, the predictive capability of the life cycle model is very limited in the context of Pacific island destinations. At best it could be used as a diagnostic tool after the fact, but the variations in growth patterns defy any attempts to generalize across all of the destinations. Even in the case of the Caribbean, Wilkinson concluded that “accurate market and product information needed for long-term planning does not exist” (1987).

The analysis of this study thus suggests that the destination life cycle model as proposed by Butler is not applicable to all destinations and, in fact, can be misleading in the case of Pacific island destinations. Rather than using Butler’s model to describe the evolution of a tourist destination, it is better to treat each destination individually as a unique entity and not be preconditioned in conceptualizing alternative future growth patterns. Pacific island destinations, moreover, may require different approaches to destination planning and development than those which have been applied to other regions of the world.

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