Post-Fordism and flexibility: the travel industry polyglot

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Theorists argue that leisure and travel-related activities have become increasingly commodified, reflecting the broader evolution of a postmodern culture of consumption. This paper argues that these developments have produced a travel industry complex characterized by a polyglot of varying production processes, each placing a premium on flexible forms of accumulation. Focusing on certain key sectors of the travel industry, the paper examines how, partly because of new information technologies, each element of the travel industry polyglot appears to have been affected by flexible-based production strategies such as the externalization of ancillary services, the development of interfirm strategic alliances, and sophisticated product differentiation through brand segmentation. The paper ends with a call for in-depth empirical investigations to help develop a superior understanding of how flexible production techniques affect the various components comprising the travel industry. © 1997 Elsevier Science Ltd

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Introduction

Recently, academics have paid attention to changing patterns of tourism as an embodiment of broader societal changes and the shift toward postmodernism. Featherstone believes leisure-related activities have become increasingly commodified reflecting a global 'culture of consumption'. In the leisure and travel industry, a focal point has been the growing emphasis on the creation and marketing of tourist experiences through place commodification. Prototypes of these landscapes include: amusement and theme parks, casinos, spectacle events such as the Olympics, and festival marketplaces like Boston's Faneuil Hall, London's Covent Gardens, and Baltimore's Inner Harbor.

According to Britton, places are marketed as desirable products for tourists not necessarily as ends in themselves, but because visits to them, and the seeking of anticipated signs and symbols, are a vehicle for experiences which are to be collected, consumed, and compared (p. 465).

Consequently, the travel industry is responsible for not only marketing and selling the means to an end (an airplane seat or hotel room) but the end itself, the travel experience or what Urry calls 'the tourist gaze.'

Some post-modern theorists argue that the commodification of experience as an intangible element of capitalistic accumulation has brought the emergence of 'symbolic or cultural capital'. In reference to the tourist gaze, cultural capital broadly involves the consumption and collection of touristic experiences to demonstrate social tastes, lifestyle choices, and socioeconomic status. Under the logic of this postmodern culture of consumption, the constant search for novelty and alternative experiences is emphasized, as the consumer becomes more discerning and sophisticated. Consequently, in the travel industry, a premium has been increasingly placed on providing the postmodern citizen or Feiffer's 'posttourist' with a never ending range of novel travel experiences.

These developments reflect contradictions because they complement but also subvert the individuation of leisure (with the corresponding differentiating of lifestyles and experiences) by personalizing and differentiating travel and leisure.
products through niche marketing, design variations, and advertising which 'camouflage' the industrialized and mass produced nature of such products.1

This paper argues that the tension between individual identity and the larger-scale capitalistic mechanisms delivering the tourist gaze to the consumer have produced a unique, complex, and inchoate polyglot of travel-related production processes, which has placed a premium on more flexible forms of accumulation. Some tourism researchers,2-7 have integrated the flexible production literature into explanations of changing patterns of travel and tourism but the flexible production thesis has been almost entirely discussed in relationship to the manufacturing industry8-10 and the producer services.11-21 A closer examination of specific product supply arrangements in the travel industry can help shed new light on ways in which innovative flexible production technologies and management-related techniques have shaped and created novel post-modern tourist landscapes. This paper highlights how the travel industry resolves the paradox of providing individually-tailored experiences within the context of the larger capitalistic machine that acts to commodify the same experience.

The paper is far from comprehensive. Instead, it restricts attention to one theme: the shift from mass-packaged tourism to more flexible travel arrangements reflects broader changes towards so-called 'post-Fordist' and 'post-modern' consumption and the effects of this shift are felt at all levels of the travel and tourism industry. It is impractical to cover all the points of a broader agenda for flexibility and the travel industry polyglot, and so the thorny issue of the manner in which consumption can shape production has been avoided as has the convoluted point of whether a tourism production chain that coherently shapes tourist experiences really exists. Nor are all sectors of the vast travel industry complex examined. Instead, the focus is on those parts that seem most susceptible to post-Fordist, flexible production approaches (e.g. airlines, hotels, travel agents and tour operators). The paper also does not thoroughly explore the experiential aspects of tourism, but focuses on the ways the flexible production framework in some sectors of the travel industry has helped redefine the tourist gaze. Thus, this paper is a productionist reading of the theoretical and management literature as it relates to the travel industry polyglot.

The paper now turns to a more detailed discussion of Fordist and flexible-based production techniques and examines the applicability of these ideas to the travel industry polyglot thesis.

Flexible production

Many observers12-22 maintain that since the early 1970s capitalist society and, particularly, industrial structure have undergone paradigmatic shifts in production philosophies. These theorized changes in industrial production are formally labeled the shift from Fordism to post-Fordism or flexible accumulation (Table 1).

Deriving its name from Henry Ford's automated assembly line, Fordism describes the dominant industrial production form for much of this century (Table 2). Fordism focuses on the mass production of standardized goods which are, in turn, assembled in large stocks. The emphasis is on economies of scale, translating into major fixed capital investments and industrial concentration through vertical and, to a lesser degree, horizontal integration.10 The principle labor characteristic under Fordism is that each worker performs a single, highly specialized function along the assembly line.

Since the 1970s, many have argued that the Fordist mode of production has been in 'crisis' (p. 669) Table 3). In particular, information technologies and robotics have enabled firms to shift from the rigidity of the Fordist-based assembly line toward flexible production techniques and flexible labor markets. Flexibility distinguishes post-Fordist production systems from earlier Fordist practices25 because, under this new system, the focus has switched to economies of scope (or network-based economies) and high levels of product differentiation through small batch production of various specialized commodities targeting a multitude of market niches.26 Rather than relying on large stocks of homogeneous (just-in-case) goods, post-Fordist industries have the flexibility to significantly alter the delivery of goods and services in response to varying consumer demand, through 'just-in-time' (JITs) inventories (Table 3).

Note that while many of the changes in production have been precipitated by changes in consumption, a full examination of changing consumer tastes is beyond the scope of this paper which focuses on the major travel-related suppliers and the changing methods of production. In the travel industry, these changes in consumer demand have become increasingly complex and varied. They include: diminished leisure time and purchasing power, fewer children in families, delayed families, psychographic changes, and an increased demand for more flexible and specialized packages among others.27

A hallmark of flexible production is vertical disintegration, meaning a central 'enterprise controls the final product and the key technology' (p. 858),28 while non-strategic functions are sub-contracted to other firms. The externalization of certain production functions gives firms the advantage of various cost savings plus external economies of scale.29 Instead of directly producing its own goods, for example, the Benetton clothing company functions as a central marketing enterprise, controlling a network of independent small specialist producers.28
Similarly, the US-based Nike company subcontracts its entire athletic shoe production process out to overseas independent firms. An analogous situation exists in parts of the travel industry (Table 3). Responding to an increasingly sophisticated clientele, many hotel holding companies have created niche brands, each catering to one market segment, while diverging from the direct ownership of actual properties through the increasingly ubiquitous more flexible management contract or franchise agreement. The availability of CRS (computer reservation systems) technologies has also created opportunities for the creation of small and medium-sized firm networks in the travel industry. Concurrently sub-contracting has become increasingly common, as evidenced by outside contractors obtaining maintenance agreements with major airlines or hotels externalizing their laundry services.

Beyond production techniques, flexibility in post-Fordism extends to labor practices. Firms commonly practice ‘numerical flexibility’, whereby they adjust the aggregate quantity of labor in response to fluctuations in demand for individual products. This means many companies’ labor structure has become increasingly bifurcated, with a few highly skilled, well paid, permanently employed core workers enjoying high job security surrounded by a larger group of occasional, low wage, unskilled laborers. Moreover, many post-Fordist companies practice ‘functional flexibility’, where firms use the same worker for a variety of tasks, indicating a firm’s capacity to constantly match its labor force’s skills to changing production circumstances. Several travel and tourism labor markets have long experienced both numerical and functional flexibility. Thus, these can hardly be considered innovative practices in the industry. For example, because of seasonality, many sectors of the travel industry have traditionally depended on temporary or part-time, unskilled or semi-skilled workers. These peripheral employees flank a core of year-round, functionally flexible workers responsible for a variety of tasks, especially in small independently-owned lodging establishments in traditional resorts with marked seasonality. Such trends indicate that parts of the travel and tourism-supply system have long been flexible in terms of production and labor practices.

Table 1  Glossary of key terms

| Pre-Fordism | Also known as the craft or artisanal stage of industrial production (circa before 1920). The main characteristic of pre-Fordism is small-scale production of goods targeting reduced markets through non-institutionalized, independently-run ‘cottage’ industries. Production is labor intensive and uses minimal technology. |
| Fordism | The dominant mode of industrial production in western societies, (circa 1920s–1970s). The main characteristic of fordism is the rigidity associated with mass production of standardized goods along an assembly line. Production is resource driven and is characterized by a high degree of job specialization (see Table 2). |
| Post-Fordism | Also known as flexible accumulation, this mode of industrial production relies increasingly on flexible production techniques and flexible labor processes (circa post-1970s). Production is demand driven and relies on technology (e.g. robotics) (see Table 3). |
| Numerical flexibility | The ability of firms to change levels of labor input according to varying output levels. |
| Functional flexibility | The ability of workers to move between an operation’s different functional tasks because of changes in the nature of the work load. |
| Horizontal integration | Expansion of a firm’s market share within its existing product line (e.g. in the travel industry: airline network expansion through acquisition of other air carriers). |
| Vertical integration | Expansion of a firm through a particular industry’s various product lines (e.g. in the travel industry: airlines acquiring hotel chains or tour operators controlling retail travel outlets). |
| Vertical disintegration | Control by main enterprise of only the final product while peripheral activities are sub-contracted to other firms. |
| Outsourcing/ subcontracting | The process of distancing non-strategic functions (e.g. peripheral labor tasks) to other firms (e.g. in the travel industry: Hotels subcontract laundry operations or specialized kitchen activities). |
| Product differentiation | The marketing strategy of adding new products whether this involves minor design changes or radically new products. This results in an expansion in the breadth of product variants available at a particular time. (e.g. in the travel industry: a number of hotel based holding companies have a wide variety of hotel chains, each emphasizing a particular market niche appeal). |
| Strategic network alliances | Co-operative business arrangements between competing firms to solidify market positions and extend the provision of seamless customer service to a broader market area. |
| Economies of scale | Productivity increases arising from increasing the scale of operation. In general the attainment of lower costs of production at large levels of output. |
| Economies of scope | Also known as network economies. Maximizing market dominance and efficiencies through network-based externalities to achieve a sustainable competitive advantage (e.g. airline hub networks). |
### Table 2  From fordism to flexible specialization — theorized transformation in manufacturing and tourism

<table>
<thead>
<tr>
<th><strong>Fordist Production in Manufacturing (1920s–1970s)</strong></th>
<th><strong>‘Fordist’ Production in Tourism (1950s–1990s)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Production Process</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Economies of scale</strong></td>
<td>Economies of scale</td>
</tr>
<tr>
<td>Mass production of homogeneous goods</td>
<td>Mass, standardized and rigidly packaged holidays</td>
</tr>
<tr>
<td>Dedicated (assembly line), inflexible machinery</td>
<td>Packaged tours, charter flights</td>
</tr>
<tr>
<td>Uniformity and standardization</td>
<td>Narrow range of standardized travel products</td>
</tr>
<tr>
<td>Large buffer (just-in-case) stocks and inventory</td>
<td>Holding holidays ‘just-in-case’</td>
</tr>
<tr>
<td>Production is resource driven</td>
<td>Tour industry determines quality and type of product</td>
</tr>
<tr>
<td>Industrial concentration (vertical and to a lesser degree horizontal integration)</td>
<td>Industrial concentration (horizontal and to lesser extent vertical integration)</td>
</tr>
<tr>
<td><strong>Labor Practices</strong></td>
<td></td>
</tr>
<tr>
<td>Functional and numerical inflexibility — single task performance by specialized worker</td>
<td>Low labor (functional) flexibility</td>
</tr>
<tr>
<td>Little on the job training</td>
<td>High labor turnover, labor is seasonal, low wages</td>
</tr>
<tr>
<td><strong>The Consumption Process</strong></td>
<td></td>
</tr>
<tr>
<td>Mass consumption</td>
<td>Mass tourists</td>
</tr>
<tr>
<td>Customers are inexperienced, motivated by price</td>
<td>Tourists are psychocentrics (inexperienced, predictable), sun-lust, motivated by price</td>
</tr>
</tbody>
</table>

### Table 3  Post-Fordist Production in Manufacturing (post 1970s)

<table>
<thead>
<tr>
<th><strong>Post-Fordist Production in Manufacturing (post 1970s)</strong></th>
<th><strong>‘Post-Fordism’/’flexibility’ in Tourism (1990s–future)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Production Process</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Economies of scope</strong></td>
<td>Economies of scale and scope</td>
</tr>
<tr>
<td>Small batch production of a variety of customized product types</td>
<td>Emergence of specialized operators, tailor-made holidays</td>
</tr>
<tr>
<td>Market niching</td>
<td>Market niching</td>
</tr>
<tr>
<td>Information technologies and robotics</td>
<td>System of information technologies (SIT) (CRS technology, teleconferencing, videotext, videobrochures, satellite printers, etc.), front and back office automation, Internet, World Wide Web.</td>
</tr>
<tr>
<td>No stocks, just-in-time inventories</td>
<td>Custom designed, flexible holidays</td>
</tr>
<tr>
<td>Production is demand driven</td>
<td>Tourists determine product type</td>
</tr>
<tr>
<td>Vertical disintegration, subcontracting of non-strategic functions</td>
<td>Horizontal integration, subcontracting (e.g., the hotel industry externalizes laundry operations or specialized kitchen activities)</td>
</tr>
<tr>
<td>Inter-firm strategic alliances</td>
<td>Adoption of regionally-based integrated computer information systems and strategic network alliances in the airline industry</td>
</tr>
<tr>
<td><strong>Labor Practices</strong></td>
<td></td>
</tr>
<tr>
<td>Functional and numerical flexibility</td>
<td>Functionally flexible (skilled) year round employees flanked by peripheral numerically flexible unskilled workers</td>
</tr>
<tr>
<td>Employment security for core workers, no security for temporary workers</td>
<td></td>
</tr>
<tr>
<td><strong>The Consumption Process</strong></td>
<td></td>
</tr>
<tr>
<td>Individualized consumption</td>
<td>Independent tourists</td>
</tr>
<tr>
<td>Very experienced consumers</td>
<td>Experienced, independent, flexible (sun-plus) travelers</td>
</tr>
<tr>
<td>Greater volatility of consumer preferences</td>
<td>Fewer repeat visits</td>
</tr>
<tr>
<td>Increased preference for non-mass forms of production and consumption</td>
<td>Demand for ‘green tourism’ or other alternative forms (e.g. ecotourism)</td>
</tr>
</tbody>
</table>

Source: Coffey and Bailly, 1992; Harvey, 1989; Poon, 1993; Urry, 1995.
A key question is to which sectors of the travel and tourism economy can the theorized shift from Fordism to flexible production be most easily applied? Also, given the travel industry’s service orientation, is it appropriate to think of the production of mass market-oriented tour packages as analogous to the Fordist practice of punching out automobiles along an assembly line? Perhaps most critically, given that vertical disintegration and the externalization of non-strategic activities appears to be a central hallmark of a flexible production system, what analogies, if any, exist in the production of travel-related services? Finally, can a clear chronological transition in production innovation be articulated or is the amorphous travel industry a polyglot of varying production processes and management strategies that defies categorization?

The travel industry polyglot

Though the theorized transition from Fordism to post-Fordism refers primarily to manufacturing, some authors have discussed its relevance to producer services. However, most of the flexible production literature continues to underplay the role of consumer services, especially the travel-related economic sectors.

Some travel and tourism researchers believe the Fordist/post-Fordist transition has some application to the travel and tourism industry. For example, Urry argues that in response to the alleged advent of post-modern culture, tourism has itself become a post-modern phenomenon. According to Urry, if the British seaside resort was the quintessential form of tourism in industrial society [then] with more recent changes in the direction of a post-industrial society, there has been the emergence of what has been journalistic characterized as ‘post-tourism’ (p. 35–36).

Thus, Urry believes the old ‘Fordist’ seaside holiday camps of the 1930s, 1940s, and 1950s have transformed into post-Fordist places of ‘freedom’ (p. 14) emphasizing individuality over any perceived notion of mass markets.

Moreover, a considerable body of literature focuses on how the process of de-industrialization reconfigures cities from places of production to consumption. Often, the very sites representing the cities’ productionist or mercantile past (e.g. industrial plants, warehouses, market places) have themselves become objects of the tourist gaze. Yet, Mullins cautions that much of the discussion concerning the post-modern city is based on imprecise interpretations. He recommends that to comprehend the post-modern city, the transition from Fordist to post-Fordist production and consumption must first be understood.

In contrast to this more theoretical work, Poon examines the ‘real world’ strategic imperatives facing the travel industry in particular. Poon argues that the transition from Fordism to flexible production in manufacturing is mirrored by equivalent shifts in travel and tourism and that major technological innovations (particularly the advent of CRSSs), accompanied by new trends in consumer behavior, allow rigid mass-oriented, standardized package tourism to be replaced by more flexible travel forms emphasizing individuality and autonomy.

While these contentions are intriguing, they demonstrate weak links with the broader concepts articulated in the flexible production literature. Importantly, they fail to establish how the travel industry as a production system extends the flexibility framework. A particularly problematic aspect of most such analyses (e.g. Poon’s) is their longitudinal perspective, assuming a clear chronological break between Fordist and post-Fordist tourism activities.

As with manufacturing and producer services, it is important to realize that the emergence of flexible production processes in some parts of the travel industry did not suddenly emerge with the appearance of terms like post-Fordism in the literature.

Rather, such processes have existed to varying degrees for centuries within both manufacturing and service production activities [including tourism]; however, these processes have become increasingly present during the past decade (p. 866).

In a sector as amorphous as the travel industry with so many permeable boundaries and so many diverse linkage arrangements to exploit, a polyglot of co-existing multiple incarnations has evolved, displaying varying traits of flexibility.

True, some elements of the travel industry demonstrate the markedly post-Fordist characteristics of enhanced flexibility, particularly based on information technologies, plus externalization of services (e.g. certain new entrant airlines and specialist tour operators). Still other components fit the mold of rigid standardized, mass-market Fordist production processes, though even these sectors frequently attempt to leverage flexibility through brand segmentation (e.g. large hotel chains).

Interestingly, a substantial part of the travel industry (particularly at the point of contact with the customer) is distinctly pre-Fordist or artisanal in its make-up (i.e. based on small or medium-scale, family run operations) (e.g. country inns and bed and breakfast establishments). This sector also displays high degrees of flexibility (especially in terms of labor practices). Moreover, CRSSs and other information technologies (e.g. access to the Internet and the World Wide Web) offer the opportunity for these pre-Fordist establishments to create small firm networks and, thus, become increasingly flexible. The emphasis on flexibility (albeit to varying degrees) in many parts of the travel industry polyglot partly reflects an attempt to reconcile what
amounts to an impersonal and large-scale capitalistic production process with broader postmodern trends that encourage the individuation of leisure.¹

The paper now turns to a more explicit and detailed discussion of the travel industry polyglot and the differing levels of flexibility inherent to pre-Fordist, Fordist, and post-Fordist production methods.

**Pre-Fordist travel industry**

The ‘Pre-Fordist,’ ‘craft,’ or ‘artisanal’ travel industry (p. 10)⁴ describes the sector’s substantial non-institutionalized element that existed long before the Fordist revolution of the 1960s. The pre-Fordist travel industry generally includes lodging and eating establishments, plus businesses such as nightclubs and souvenir stores, most of which are small to medium scale, family-owned and operated. It also applies to a substantial part of the travel agency business, which continues to be dominated by a large number of independently-run small ‘mom-and-pop’ businesses.⁴¹

**Labor characteristics**

While the travel industry’s pre-Fordist sector tends to be small-sized and independently owned, it is also pervasive in terms of employment generation. For example, in Greece and France, most travel-related enterprises (i.e. hotels and restaurants) are family owned, employing fewer than ten persons.⁴² In Britain, where the average hotel has 25 rooms, the majority of hotel rooms continue to be provided in family-run businesses like guest houses or bed and breakfast establishments.⁴³ Despite a slight proportional increase in the share of rooms controlled by major hotel chains and marketing consortia, 70% remain in the hands of independent entrepreneurs.⁷ In the pre-Fordist travel industry, the small independently owned establishments are frequently characterized by weak management skills, rely heavily on family labor and low levels of capital investment, and are economically marginal.⁶ Not surprisingly, therefore, ownership turnover is high. In Britain, approximately 25% of small tourist accommodation businesses have a survival span of two years.⁹

In a pre-Fordist context, the travel industry often is a side-business for people otherwise formally engaged in economic sectors like agriculture (e.g. renting out rooms on the farm). Ironically, the small size and informal nature of the majority of pre-Fordist-based tourism establishments mean labor flexibility (particularly functional flexibility) is common. As Urry acknowledges,

> the flexible use of labour, is something that has characterized many tourist-related services for some decades (p. 78)⁷

It is not unusual for the owner of the small establishment with a limited workforce to work long hours and double up as receptionist, chef, and/or waiter, not to mention ‘assisting with washing up, when and where the need arises’ (p. 192).⁴⁴ Because of seasonality, plus occasional demand peaks (e.g. public holidays), numerical flexibility is also exercised regularly in artisanal tourism establishments. During busy seasons the proprietor may hire casual workers, such as family members (e.g. children on summer vacation) and/or friends. Most likely, these occasional workers are the least functionally flexible and are normally hired to fulfill a single low-skill task.

**The role of information technology**

In pre-Fordist travel establishments, levels of technology are minimal or non-existent. While many lodging or eating establishments are gradually revolutionizing their kitchen technology (e.g. through dishwashers and microwaves), a large proportion of artisanal travel establishments do not use any information technologies. In a recent survey of cottage-letting industries in the UK, 40.5% of respondents claimed they did not use personal computers.⁴³ Given the increased affordability of personal computers in recent years, this lack of interest in information technologies can be attributed largely to inexperience. Moreover, many owners of artisanal tourism establishments may fear that computers will eliminate the ‘personal touch’ between themselves and consumers.⁴⁵ Indeed, the unique service-oriented features of many parts of the travel industry may mean certain segments of the industry are particularly resistant to certain technological innovations.

A major problem for small travel enterprises is their inability to gain easy access to CRS technologies or global distribution systems (GDS). Milne and Nowosielski noted that in South Pacific microstates the costs of joining computer reservation systems and the skilled labour required to operate them may place them out of the hands of smaller, locally owned concerns (p. 7)⁴⁴

This phenomenon is not unique to less developed countries. For instance, CRSs do not list 90% of Montreal’s small accommodation establishments.⁴⁵ Likewise, a pilot survey of special interest tour operating firms (niche specialists) in the United States, identified only 16% of responding companies with links to CRSs.⁹ Nevertheless, technological innovations which may yet enable enhanced flexibility for the pre-Fordist component of the travel business include the Internet and World Wide Web (WWW). As the costs of computerization and going ‘on line’ continue to descend, small niche market specialists

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¹The survey of specialist tour operators was mailed out to 250 US-based firms during the summer and fall of 1995. In all, 83 companies (33.2%) responded.
(tour organizers and lodging establishments among others) gain the opportunity to market their products directly to consumers, possibly eliminating the services of traditional travel intermediaries and, more importantly, reducing the control of CRSs. Already, in the United States many small travel-related companies, including a significant number of specialist tour operators have set up their own WWW pages.

Fordist travel industry

Although the ensembles of pre-Fordist travel-related establishments are highly visible, the industry's fortunes are largely dictated by a few powerful travel companies (e.g. airlines, transnational hotels, and tour operators). Since the 1960s, these firms, all based in the principal tourist origins of the industrialized world, have emphasized globalization strategies, reflecting characteristics which have become increasingly common in both the manufacturing plus the producer and consumer service sectors.\(^{10,11,16,47}\) Referring to the globalization of services, Daniels believes the main reason for their expansion across national borders has been the search for new markets in order to sustain growth and profit expectations because deregulation, accelerating technological innovation and the rapid emergence of new competitors have undermined long-standing market boundaries.\(^{p. 43}\)\(^{10}\)

Reflecting these trends, major hotel companies have been especially keen to expand their operations internationally,\(^{11}\) while airlines (e.g. British Airways) have also adopted globalization tactics, albeit to a lesser extent.\(^{11}\)

Linked to these globalization strategies, major travel related corporations pursue market share and increased market concentration, resulting in a highly oligopolistic industrial structure that can easily manipulate origin-destination flows on a grand scale.\(^{11}\) A dominant trait of these large-scale travel-related corporations is their ability to leverage significant economies of scale through the high sales volume of affordable, standardized products, especially tour packages. Given the emphasis on the mass production of travel products, and the analogies which can be drawn from the production assembly line in manufacturing, these elements of the industry are labeled Fordist.

Economies of scale

Economies of scale in the travel industry refers to the process whereby direct costs continue to decrease proportionately with volume because suppliers can give high discounts for larger bookings.\(^{49}\) Transnational hotel chains, for instance, have major marketing and management advantages over their smaller competitors. These chains are better able to fund staff training and enjoy far more efficient production methods.\(^{50}\) Similarly, major tour operators (e.g. Thomson and Kuoni) rely on volume bookings by mass tourists because of significant cost advantages in packaging the various travel components into single products. Such benefits look unassailable in the next decade... because... the gap between the full cost of independent travel paying published tariffs, compared with inclusive tour prices, is likely to widen rather than narrow.\(^{p. 192}\)\(^{51}\)

Industrial concentration and globalization

Behind the Fordist and frequently oligopolistic structure of the airline, tour operating, and hotel industry has been the process of horizontal (and to a lesser extent vertical) integration. A select few transnational hotel companies now dominate the hospitality industry, especially through franchise and contract management agreements.\(^{52}\) By 1994, Hospitality Franchise Systems (HFS) had acquired the rights to chains like Ramada Inn, Howard Johnson, and Days Inn and overtaken Holiday Inn Worldwide to become the world's largest lodging company.\(^{52}\) HFS currently controls close to 400000 hotel rooms in 3873 properties worldwide. Moreover, the top four US based chains (HFS, Holiday Inn Worldwide, Best Western International, and Choice Hotels International) control more than 11500 properties (approximately 1.25 million rooms) worldwide.

Similarly, the major tour operators located in Western Europe and North America exhibit a highly consolidated market structure. In the late 1980s, out of approximately 670 British travel wholesale companies, just two* controlled more than 53% of the market. By 1989, 77.5% of inclusive tour holidays were sold by the leading five operators.\(^{53}\) Correspondingly, the airline industry has become increasingly oligopolistic since it was deregulated in the United States in 1978. By 1993, the largest US carrier (United Airlines) controlled more than 20% of the domestic market. At the same time, the top 5 airlines' market share exceeded 80%.\(^{54}\) A similar trend has occurred in European countries, where following moves towards privatization and liberalization, a handful of mega-carriers (e.g. British Airways) have emerged.\(^{51}\)

While increased market concentration through horizontal integration is a trait of the travel industry's Fordist component, vertical integration (a hallmark of Fordist production in manufacturing) has never been widespread. True, select examples of vertical integration exist, particularly in Europe where major tour operating firms operate their own charter airlines and/or travel agencies.\(^{55}\) Similarly,

*The two largest tour operators in the UK were Thomson and the International Leisure Group.
the Canadian Government recently allowed the
Greyhound Canada bus company to launch a
cost air service. A more common form of
'stable integration, however, involves the
association of travel-related companies with essen-
tially non-travel-based corporations. For example,
Bass PLC, the British brewery, controls Holiday Inn
Worldwide, while HFS, Inc. now accounts for 25% of
the United States' residential real estate
department market having purchased Century 21,
ERA, and Caldwell Banker in the mid-1990s, and
more recently Avis car rentals. Other examples of
vertical integration in the travel industry include the presence of hotel companies in
the gaming industry, plus the agreements enabling the
customers of credit card or long distance telephone
companies to accrue frequent flyer miles for airline
travel.

Nevertheless, more traditional forms of vertical
integration in the travel industry has proven
problematic. For example, the Allegis umbrella
company collapsed in the mid-1980s after United
Airlines sold Hertz car rentals, Hilton International,
and Westin, two years after first purchasing these
companies. A significant reason behind the limited
success of vertical integration in the travel industry is
that

the fortunes of airlines, hotels, and tour operators
tend to rise together, depending on the overall health
of the economy (p. 169)

Unlike many joint business ventures where one
component of the relationship bolsters the other
during a crisis, an airline hurt by an economic
downturn cannot be supported by its subsidiary
hotel chain or tour operator since they would also
suffer business losses. Furthermore, the overall
complexity of the amorphous travel industry means
most firms have recognized the need to focus on
their core business. For example, the Manor Care
hotel franchise plans to spin off the Choice Hotels
International units from its other substantial inter-
est in the health care industry because of the lack
of synergies between the various business units.

Product differentiation and brand segmentation

Despite the rigidity associated with the mass produc-
tion of standardized Fordist travel, trends in some
key travel-related sectors of the economy reflect the
adoption of competitive strategies aimed at lever-
aging enhanced flexibility. Some of the most visible
evidence of enhanced flexibility in already estab-
lished Fordist travel industry forms exists in the
hotel industry where several major chains have
developed sophisticated product differentiation and
brand segmentation strategies, targeting specific
market niches. Brand segmentation strategies are
the Fordist hotel companies' response to the
plurality of today's marketplace [where] each of
today's consumer groups has a specific image of the
services they want and the prices they are willing to
pay (p. 39).

Today's contemporary hotels, designed to please
almost every taste and income level, are rich in
variety as in location, and quite a departure from an
era marked by sameness and complacency, when
downtown hotels, highway motels and resorts virtually
monopolized the lodging industry (p. 102).

The Marriot chain, for example, has shifted from
its long-held position at the higher end of the
market, by targeting the mid-priced market through
its Courtyard, Residence Inn, and Fairfield Inn
hotels. Similarly, Holiday Inn's Express Hotels
cater to budget travelers while the Crowne Plaza
Hotels are geared towards the upper end of the
market. However, many of these strategies still
involve holding companies emphasizing large-scale
industrial organization and an essentially Fordist
modus-operandi. In reality, brand segmentation and
the development of multiple chains within the same
holding company reflects the hotel industry's
attempt to camouflage the mass production of its
services in order to better cater to the specific
personal needs and the overall trend towards the
individualization of travel.

Information technologies

CRSs and GDSs are commonly hosted by large-
scale Fordist-based transnational companies (e.g.
hotel chains, airlines, and car rental agencies). These
technologies are best designed to serve the
requirements of business travelers with fixed itiner-
aries since the latter normally demand scheduled
services and standardized hotel rooms. Moreover,
hotel chains and major airlines have their own
computerized systems with direct links to the
principal CRSs. This means the best represented
tours on a travel agent's CRS monitor are most
likely those offered as standardized packages (e.g.
cruises or fixed itinerary coach excursions). By
contrast, budget travelers seeking least-cost travel
alternatives through smaller more flexible produc-
tion firms (e.g. charter flights and specialty opera-
tors) are unlikely to find much information through
a CRS.

Nevertheless, the use of information technologies
in the travel industry allows major Fordist-based
tour operating companies enhanced flexibility in
organizing and producing travel services. These
suppliers practice wider market segmentation by
providing an array of tailor-made products at prices
competitive with those of organized mass tours.
Rather than catering only to traditional niches
divided along socioeconomic or demographic lines,
suppliers economically offer service packages to
cluster segments. Other information technology
applications enhancing flexibility within Fordist
tourism include the adoption of information
technologies in dealing with resource-consuming tasks.\textsuperscript{23} Major lodging companies have, over the last two decades, embraced automated accounting and front office systems plus CRSs. In order to reduce operating costs, hotel chains seek to reduce labor-intensive functions and have turned to automated check-in/check-out. In the United States, most major downtown hotels now enable their guests to examine their bill and check-out through their room's interactive television set.\textsuperscript{24}

\section*{‘Post-Fordist’ travel industry}

Because parts of the travel industry continue to be dominated by a polyglot of pre-Fordist and Fordist elements partially displaying flexible production tendencies, it is inappropriate to discuss a clean break from the standardized Fordist industry of the 1960s and 1970s towards a totally new post-Fordist travel industry form. While information technology innovations plus factors like enhanced industrial concentration and airline deregulation have certainly enabled enhanced flexibility in the travel industry, by order of magnitude, such trends surely pale in comparison to those associated with the post-war invention of wide-bodied jets and the related advent of mass tourism.

Nevertheless, one of the hallmarks of post-Fordist production systems in the manufacturing sector is vertical disintegration or the externalization of peripheral services through sub-contracting.\textsuperscript{28} Such trends have resulted in the proliferation of inter-firm, inter-establishment structures where a network of small and medium-sized specialist enterprises supports the activities of the core business. One wonders whether these radical changes in other sectors of the economy have relevance in the travel industry?

\section*{Outsourcing}

Since the externalization of non-strategic services through outsourcing occurs in certain segments of the travel industry, it appears to fit, at least partially, the mold of post-Fordist practices as they apply to manufacturing. Outsourcing of ancillary activities provides numerous advantages, including the generation of external economies.\textsuperscript{29} Companies accrue considerable savings by buying cheaper services (e.g. aircraft maintenance or aircraft leasing) from outside specialist firms, because the latter can generate scale economies. It is not cost effective for a tourism-related firm to keep a permanent, highly skilled staff to deal with specialized services, given the demand for many of these functions can be both irregular and unpredictable. Moreover, the labor reduction achieved through outsourcing results in considerable savings when it comes to employee benefit packages.

Lodging establishments now outsource various specialist services. For example, the hotel industry contracts out ancillary activities such as car parking, laundry operations or specialized kitchen activities (e.g. pastry making).\textsuperscript{34} In most instances, only peripheral activities are outsourced. It is unlikely, for instance, for a hotel to hire outside agency cleaners as opposed to their own.

Airlines rely heavily on contract caterers. The worldwide in-flight catering market grossed $9 billion in 1993 led by LSG Lufthansa Service/ SKYCHEFS which served 310,000 meals daily to over 200 carriers at 72 different locations. LSG, which employed over 18,000 workers, earned $1.34 billion, representing a 15\% market share. Indeed, the top four airline caterers worldwide controlled half the market.\textsuperscript{62}

Moreover, in order to save considerable costs, certain US-based carriers (particularly new entrants) have turned to part-time, independent customer service representatives (ICSRs).\textsuperscript{63} These representatives work out of their own homes rather than a traditional call center facility, offering overflow and backup reservation services when needed. ICSRs allow airlines the flexibility to reduce the inefficiencies encountered with the use of regular, full time employees because of daily or seasonal peaks. These "virtual" call centers place a premium on flexibility and the externalization of peripheral services.

Similarly, to reduce costs and enhance profitability, many airlines use third-party contractors for maintenance and repair. Prior to US airline deregulation in 1978, the outsourcing of aircraft maintenance barely existed but is expected to cost $30 billion by 2005.\textsuperscript{64} Until May 1996, ValuJet used six or more outside private contract maintenance facilities — most of which were not airline operators. Following the crash of one of its aircraft, the Federal Aviation Administration (FAA) expressed concern about the quality of work performed by these outside contractors. In response, the low-cost airline has attempted to entice Air Canada or the AMR Corporation (American Airlines) to take over its heavy maintenance tasks.

Along with maintenance operations, airlines increasingly outsource information systems (e.g. the recent re-organization of American Airlines' Sabre CRS as an independent subsidiary with a view towards a partial or total spin-off later).\textsuperscript{65} Airlines also outsource asset ownership such as the purchase of new aircraft. For example, in 1995 46\% of the aircraft flown by the world's airlines were leased to carriers by companies like the GPA group.

Contracting out services has become so common in the airline industry that many carriers have been turned into 'virtual airlines' whose business focus is to carry passengers and freight. For example, British Airways (BA) is now examining the possibility of outsourcing additional functions such as baggage
handling, cargo, or ramp vehicle maintenance and has considered making its lucrative maintenance division into a separate company. It appears that BA's information technology department and its catering services may also eventually be outsourced.

Outsourcing is being viewed by many airlines not only as a logical method of reducing costs, but of eliminating expensive spare parts inventories and releasing carriers to focus on their core competencies—transporting passengers and freight (p. 35)\textsuperscript{60}

or, in other words, focusing on the business and leisure travel function of the airline industry.

Strategic network alliances

If outsourcing is a clear manifestation of post-Fordist production tendencies, then by default another related outcome is the proliferation of inter-establishment networks based on these various sub-contracted arrangements—the so-called strategically-based network alliance. Some travel-related sectors of the economy realize the formation of strategic network alliances allows an effective pooling of resources, improved marketing coverage, and technology sharing. Already, a number of regionally-based integrated computer information reservation management systems have been developed in Europe and North America.\textsuperscript{32} These systems provide information (and sometimes reservations) for the components making up a region's entire travel and tourism product. Importantly, they enable small- and medium-sized tourism enterprises to amass collective bargaining leverage when dealing with CRS operators and other powerful industry players.

Many hurdles (e.g. limited understanding of technology and reluctance to cooperate with other industry players) have, thus far, prohibited the wide scale adoption of network alliances between small or medium-scale, pre-Fordist tourist enterprises. However, the airline industry appears to have been more successful in establishing cooperative strategic alliances between major carriers (e.g. KLM and Northwest) and between large and small feeder-based or commuter carriers. For example, there has been a proliferation of code-sharing agreements or joint marketing ventures between major carriers like Lufthansa and smaller regional-feeder airlines like Air Mauritius (Table 4). The national carrier of Cyprus has already indicated its intention to form alliances with a major European Airline should the island become a member of the European Union.\textsuperscript{67} In 1996, there were 389 alliances among 171 airlines, up from 280 alliances among 136 airlines in 1994.\textsuperscript{66}

Table 4 Examples of code-sharing alliances between US and foreign airlines

<table>
<thead>
<tr>
<th>US Airline</th>
<th>Foreign Airline Partner</th>
<th>Year Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Airlines</td>
<td>Canadian Airlines</td>
<td>1995</td>
</tr>
<tr>
<td>Gulf Air</td>
<td></td>
<td>1994</td>
</tr>
<tr>
<td>Qantas</td>
<td></td>
<td>1990</td>
</tr>
<tr>
<td>South African Airways</td>
<td></td>
<td>1992</td>
</tr>
<tr>
<td>Continental Airlines</td>
<td>Alitalia</td>
<td>1994</td>
</tr>
<tr>
<td>Air Canada</td>
<td></td>
<td>1995</td>
</tr>
<tr>
<td>Scandinavian Airlines Systems</td>
<td></td>
<td>1991</td>
</tr>
<tr>
<td>Delta Airlines</td>
<td>Aeroflot</td>
<td>1991</td>
</tr>
<tr>
<td>Aeromexico</td>
<td></td>
<td>1994</td>
</tr>
<tr>
<td>Austrian Airlines</td>
<td></td>
<td>1994</td>
</tr>
<tr>
<td>Malev</td>
<td></td>
<td>1991</td>
</tr>
<tr>
<td>Sabena</td>
<td></td>
<td>1993</td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
<td>1992</td>
</tr>
<tr>
<td>Virgin Atlantic</td>
<td></td>
<td>1995</td>
</tr>
<tr>
<td>Northwest Airlines</td>
<td>KLM</td>
<td>1991</td>
</tr>
<tr>
<td>United Airlines</td>
<td>Lufthansa</td>
<td>1994</td>
</tr>
<tr>
<td>US Air</td>
<td>Alitalia</td>
<td>1991</td>
</tr>
<tr>
<td>All Nipon Airways</td>
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<tr>
<td>British Airways</td>
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<td>1993</td>
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<tr>
<td>Qantas</td>
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<td>1994</td>
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</tbody>
</table>


Notes: The list is not comprehensive.

Conclusions

The travel industry displays a complex and inchoate polyglot of production forms, many attempting, albeit at varying degrees, to achieve enhanced flexibility. Thus, neatly bracketing the amorphous travel industry into purely pre-Fordist, Fordist, or post-Fordist elements, drawing direct analogies from the manufacturing-based paradigm, is impossible. Similarly, it is not viable to identify clear chronological transitions from one form of the travel industry to another given the amorphous nature of the industry and its related suppliers.

Nevertheless, the evidence presented indicates the flexible production framework can and should be extended to account for the production of consumer-related services like travel. Much like manufacturing or producer services, the travel sector has been significantly affected by technological innovation, particularly the adoption of new information technologies. Importantly, parts of the travel industry exhibit tendencies normally associated with flexible production in manufacturing like the externalization of ancillary activities, the development of interfirm strategic network alliances, and product differentiation through brand segmentation.

If the shift to post-Fordist consumption and flexible specialization is itself part of a broader post-
modern phenomenon, it seems that parts of the travel industry polyglot have embraced the post-modern ethos. Part of the rationale for these structural changes involves allowing the consumer a measure of autonomy in shaping his or her own travel experience (Rojek’s individuation of leisure and Featherstone’s culture of consumption). However, part of the rationale is less theoretically exotic and more pragmatic — travel businesses seek to maintain a competitive advantage in the marketplace by cutting the cost of doing business (e.g. outsourcing of peripheral businesses).

Disentangling these respective motivations must be left to future scholars wishing to embark on more detailed investigations of corporate strategies of a specific travel industry supplier, particularly as they relate to adopting flexible production management innovations. A useful starting point may be to examine the competitive strategies of the airline industry and tour operators largely because both sectors have the ability to exert enormous influence over inter-industry transactions and the geography of origin-destination flows.

On the one hand, airlines can mold travel distribution channels not only through the selection of specific air routes to particular resort destinations but also through sophisticated CRSs like the American Airlines Sabre system. Most airline-based CRSs are heavily used by travel agents, and through travel agent commissions, the airline industry can manipulate the type of advice given by the agents. On the other hand, tour operators occupy an important strategic position by virtue of their ability to leverage and negotiate packaged deals of enormous volume between all the principal suppliers. Importantly, both sectors of the travel industry are busily preparing for the highly flexible, post-Fordist world of the future by developing, among other things, specialist tour operator subsidiaries and niche markets, and heavily outsourced ‘virtual’ airlines.

A key problematic is whether these paradigmatic shifts in production reflect broader shifts in consumer tastes or simply the fashion of practices like outsourcing, strategic alliance networks, or brand differentiation strategies existing in other economic spheres. For example, Urry argues that post-Fordist consumption is consumption rather than production dominant because travel and tourism services have to be produced and consumed at the same location. While there is a level of ‘spatial fixity’ in the provision of tourist services in the sense that the production of these ‘services cannot be entirely carried out backstage, away from the gaze of tourists’ (p. 40), it is unclear whether this is an appropriate rationale for arguing that the production-based relationships in the travel industry are significantly culturally defined. Resolving this ‘chicken or egg’ paradox may require intelligible answers to the following questions: what parts of the travel industry polyglot are most susceptible to the externalization of particular consumer service-related functions and why? What will be the impact of technological changes like ticketless travel on the decision by hotels or airlines to externalize peripheral activities? Does the composition of the labor force in any given travel-related sector of the economy have a direct bearing on externalization strategies? What, if any, is the influence of firm size or spatial contingencies on the decision to externalize specific types of travel-related activities? How pervasive is the establishment of inter-firm based networks and strategic alliances in the travel industry and which economic sectors and resort locations are best suited to this form of industrial structure? What are the implications of flexible production innovations for governments and institutions in tourist destinations? Specifically, can these destinations, especially in less developed countries, use technology and flexible management bearing strategies to improve their competitiveness in the global marketplace?

Effectively answering these and other research questions can help develop an understanding of how tourist resort cycles are connected to broader changes in post-Fordist and post-modern consumption and allow us to better determine if ‘tourist resorts typically display all the features of flexible-production agglomerations’ (p. 265). Finally, it is important to recognize that many parts of the travel industry have a long history of practicing flexible labor practices and many types of processes that have been considered in this paper did not just suddenly appear when the term ‘flexible production’ entered the current literature. Still, to better understand management strategies in the travel sector, it is time to better appreciate both the polyglot of flexible production techniques currently practiced in the industry and how this relates to the broader context vis-à-vis the broader literature on flexible production management practices.

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