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Research in Hospitality Management

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Aims and Scope

Research in Hospitality Management (RHM) is a peer-reviewed journal publishing articles that make an original contribution to the understanding of hospitality and to the theory and practice of international hospitality management.

The journal focusses on three main areas: (1) "Hospitality (Management) Studies" includes articles related to the study of and the study for hospitality. The study of hospitality refers to studies about the essence and ethics of hospitality from a social sciences perspective, while the study for hospitality refers to a more disciplinary approach according to the quintessential managerial areas of Finance, Human Resources, Operations, Marketing & Sales, and Technology; (2) "Hospitality Management Education" is devoted to articles about curriculum content and delivery methods for training and educating hospitality managers. Considering the size and scope of the hospitality industry, and the number of staff and students involved, studies on efficient, effective, and innovative ways of developing hospitality competencies are considered indispensable; (3) "Student Research Projects" allows excellent student work to be published. Student work can relate to excellent BA dissertations or MA theses.

RHM also accommodates short communications, working papers, book reviews, and discussion papers

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AIHR Annual Conference 2017



Innovation in hospitality

Tuesday 11 & Wednesday 12 April 2017
Stenden Hotel, Leeuwarden, The Netherlands

Stenden Hotel Management School and the Academy of International Hospitality Research (AIHR) invite you to their 2017 conference — a quality, small, boutique-style conference with a two-day programme covering a diversity of topics around the theme “Innovation in Hospitality”. The event will combine quality, contemporary, innovative content and Frisian hospitableness, Leeuwarden-Fryslân being the Cultural Capital of Europe 2018.

The programme offers an interesting mix of innovation projects, academic presentations, industry professionals’ talks and advanced student research in the broad context of the hospitality industry, including events, leisure, recreation, city and regional hospitality. Stenden Hotel Management School hosts the Innovation in Hospitality, AIHR Conference in close cooperation with CELTH.

Both days will present industry projects and research delivered by AIHR and the European Tourism Future Institute (ETFI) together with their partners in the Dutch National Centre of Expertise in Leisure, Tourism & Hospitality CELTH: University of Applied Sciences Zeeland (HZ) and NHTV Breda.

The two-day conference creates excellent networking opportunities. We welcome research or professional papers to be presented at the conference. Selected papers will be published in the Open Access journal *Research in Hospitality Management*. We will update you in the coming months and hope to see you there.

For more information and submission of papers to be presented please contact:

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EDITORIAL

This issue of *Research in Hospitality Management* presents a wide range of real-world research, acknowledging the journal's strategic perspective of providing contributions that stimulate debate in both academia and industry. It is encouraging to see that student research now has an established space in *RHM*. On the other hand, the guest paper on *Real-world lessons from the hospitality expert* exemplifies the "voice of practice".

The first paper, **Lashley and Nutsch's** "A tale of three cities: Insight into the impacts of holiday rentals in France", reports on the impact of vacation rentals on three destinations in France – Paris, Côte d'Azur and the Haute-Savoie. The vacation rental market in France involves a staggering 9.4 million guests with an annual value of €4 359 million. One of the findings indicates that, in contrast to most public commentary, the actual number of registered complaints from neighbours in Paris is low. Interestingly, hotel company executives do not generally see the vacation rentals sector as a major threat.

Lu and Kandampully's paper, "What drives customers to use access-based sharing options in the hospitality industry?", explains why access-based sharing businesses have gained popularity in the hospitality industry. The recent shift of customers' willingness to share accommodation with a host (such as in Airbnb) as opposed to using a private hotel room has many implications for the traditional lodging sector. This study provides numerous research directions and practical guidelines for scholars and practitioners in the hospitality industry. "Wasted millions: Revenue management in Dutch culinary restaurants", by **Rowson, Van Poppel and Gehrels**, looks at the financial aspects of a different segment in the service industry: culinary restaurants. Revenue management is still rarely applied to restaurant businesses. The study concludes that Dutch culinary restaurants do not consciously practice revenue management. If culinary restaurants were to take on the approach, they could achieve the 2–5% revenue improvement that is typically associated with the application of revenue management, and overall revenues could be increased by eight million Euros annually.

In one of the two contributions about hospitality in tourism and travel, **Cavagnaro, Staffieri and Huisman's** "Fun, animal welfare or community development? Understanding young tourists' preferences for a wildlife tourism package" explores the impact of young travellers' value orientations on their choice for a wildlife tourism package. Results suggest that altruistic and biospheric value orientations have a strong influence on the choice for a specific tour. Overall, the majority of respondents opt for one of the packages that include sustainability components. It can be concluded that young tourists are open to a sustainable tourism offer in general and wildlife tourism in particular. **Pendell and Andilolo's** paper, "Indigenous identity – Global grasp: The Road Not Taken Tours" takes a different perspective on travel and tourism by looking at the Association of Southeast Asian Nations (ASEAN) countries, which benefit from a growing tourism market but also suffer from detrimental effects, such as a large influx of tourists, the oversupply or duplication of tourism businesses, and the deterioration of local cultures. Sustaining local cultural identity led to The Road Not Taken Tours (RNTT) pilot project in Lombok, Indonesia, which offers new opportunities for tourism destinations. The paper explains the type of tour while elucidating the marketing issues connected to RNTT.

Another more technical exploration of revenue management can be found in "Hotel rate parity in the focus: Is there a need for change in the relationship between hotels in Berlin and their wholesale partners?" by **Rashek and Mihailescu**. The authors show that recent developments in revenue management at hotels in Berlin have brought a lot of challenges in upholding rate parity, particularly in the wholesale segment. The research revealed that systematic problems in communication between hotels and wholesalers, the excessive control of third parties, the new pricing models and the flexibility of both parties are of great influence. Also quite detailed in terms of analysis on the human resources marketing side is the paper "Comparing hotels' employer brand effectiveness through social media and websites" by **Gehrels and Wiennen**. They explore hotel companies' employer branding (EB) presentation through social media and company websites. EB approaches can be used to attract potential employees in a more targeted manner. The impact of on-line tools for companies to present themselves as a good employer brand is now crucial. The study reports that all brands have the possibility to improve their employer brand online profiles, and all of them need to give specific attention to the consistent use of the channels.

In **Bosma's** guest paper, "Real-world lessons from the hospitality expert" the author shares insights from his consultancy in hospitality and service management. Bosma presents a vision about what hospitality is, how it works successfully and why people find it so important to be treated in a hospitable way. "Why do companies and

their employees need to be hospitable?” is one of the questions that are answered. The powerful combination of hospitality, service and quality visualised in the Model of Attention is illustrated with practical examples. From quite a different perspective, “Achieving preferred customer status in the Dutch plastics recycling industry” by **Groenveld and Eringa** offers insight into aspects and processes in a very different industry. They explain how a preferred customer status can be achieved and how benefits can be acquired once the status has been reached. Results show in this specific business (plastics recycling industry) that during the customer attractiveness phase, a customer needs to convince the supplier that they are dealing with a trustworthy partner. The whole study is summarised in a reverse marketing model, which it would be worthwhile to further explore in the context of the hospitality industry.

“Employees’ perspectives of service quality in hotels” by **Al-Ababneh** postulates that although the importance of service quality has been recognised, few studies have addressed service quality from the perspective of employees. Therefore, this study measures the service quality of four and five-star hotels in Jordan from the employees’ perspective based on the SERVQUAL model. The study’s findings indicate that service quality of five-star hotels in Jordan was higher than that of four-star hotels.

Moving to the journal’s section on hospitality education, **Li’s** contribution, “Are social media applications a facilitator or barrier to learning for tourism and hospitality management students?”, is an eye-opener. The author reports an investigation on the role of social media (SM) in Chinese university students’ learning. The conclusion is that contemporary education should support an adaptive approach to facilitate students’ learning by welcoming normative SM social interactions in formal and informal contexts. Educators should be open to technology-in-practice by students and introduce innovative teaching and learning practice to convert the struggles of students positively to enhance learning.

Further into the educational context, **Hegarty**, in “Engaging in hospitality and culinary research that makes a difference: The shape of things to come”, offers the perspective that hospitality research matters by taking a fresh approach as to how we can contribute to shaping the future of best practices in both hospitality education and management. Hegarty postulates that engaging with problems worth investigating, and publishing about the results can further develop the domain of hospitality. He suggests the need to study both the social and the physical contexts within which particular hospitality activities take place to answer the fundamental and philosophical question “who is my neighbour?” A rather different take on hospitality education is offered in “Problem-based learning in the first or second language: Does it make a difference?” by **Humalda and Zwaal**. They report on the effectiveness of students using their first language in collaborative learning, as opposed to using their second language. Students, who have Dutch as their first language were looked at while performing their PBL activities in English. The findings show that students while using their second language mainly communicate factual statements, hardly ask questions, and seldom confirm each other’s contributions.

In the category “student research”, **Nadkarni and Heyes’** paper “Luxury consumption in tourism: The case of Dubai” provides a provoking discussion that casts a critical narrative over Dubai’s developments and its negative effects on the city’s luxury hotel segment. The paper questions the long-term sustainability of the city’s advancements and the researchers call for research that evaluates the line of discussion in more detail. **Budhiastra’s** paper, “An essay on Karma Karana: A notion on restructuring the Bali hospitality and service industry by re-establishing the concepts of Tri Hita Karana and Karmaphala”, asserts that the growth in tourism over the past decades has not been entirely of benefit for Bali. Most of the locals are still living below the poverty line and the problem of waste is also haunting the island at the moment. The big question is addressed – does the money that is generated from tourism really help the people and the island itself to grow? The author, from Bali, suggests that social entrepreneurship connecting to the authentic Balinese values and religious foundations can counter the problems.

Sjoerd Gehrels and Elena Cavagnaro

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A tale of three cities: Insight into the impacts of holiday rentals in France

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This paper reports on the impact of vacation rentals on three destinations in France – Paris, Côte d’Azur and the Haute-Savoie. The vacation rental market in France involves 9.4 million guests with an annual value of €4 359 million. Approximately 700 000 (1.5% of all households) properties are offered for short-term rent in France. Greater freedom offered by rented apartments is important, though the favourable costs when compared with hotel stays was also valued. In Paris, the rented accommodation spend by tourists is estimated to be as much as €217 140 000. Côte d’Azur in rented properties generates an average accommodation expenditure of €105 840 000, and in Haute-Savoie generated a direct accommodation spend of €29 148 000.

Keywords: vacation rentals, Paris, Côte d’Azur, Haute-Savoie

Introduction

Vacation rentals in France bring in new tourists, offer an increased choice of accommodation types, provide employment opportunities, and are a welcome source of revenue for individual property owners and communities alike. The growing number of residential properties rented out to tourists on a short-term basis, however, has caused increasing concerns amongst local authorities, the hotel industry, and neighbourhoods most impacted by visitor numbers. They claim that the repercussions on residential markets like in Paris are severe. Vacation rentals are said to distort competition because tourists pay more to rent these properties than full-time residential tenants. They also point to negative environmental impacts due to increased noise and traffic volumes. The sector is also accused of creating unfair competition because property owners are not subject to the same regulatory or taxation frameworks as the commercial accommodation sector such as hotels, etc. In response, cities and regions in France have considered regulating or restricting the ability of destinations to host short-term travellers. Frequently, a city or region’s land use ordinances have altogether prohibited residential properties from hosting paying tourists. In other cases, limits have been placed on the length of time a property can be let out for short-term rent.

This research aims to build a realistic estimate of the overall impact of the vacation rental industry in France. The research investigates traveller demands and demographics, the industry’s economic impact on the community, and the effects on housing stocks and affordable housing. The research specifically focuses on the impact of vacation rentals in three areas of France – Paris, the Côte d’Azur, and Haute-Savoie – in order to represent the country’s major types of tourism destinations: urban, seaside, and alpine.

This paper is a shortened version of a larger research project

undertaken for one of the vacation rental platform providers in France.

The contribution of travel and tourism

Calculating the economic value of travel and tourism in the economy has been the subject of a recommendation from the United Nations (United Nations, 2010). This suggests that the direct tourism spend underestimates the true value of tourism, both in terms of contribution to GDP and to employment. The World Travel and Tourism Council (2015) employs a method that takes into account both the indirect and the induced impact of tourism. Table 1 below presents a model showing that, in addition to the direct contribution of tourist spend, the indirect impacts need to be added so as to calculate the total contribution that tourism makes, both to GDP and employment. The ratio of tourist spend to contribution to GDP is 1 to 2.4. In other words every euro directly spent by tourists generates a €2.4 contribution to GDP. Similarly, every job directly serving tourists generates 2.4 jobs in the wider economy (WTTC, 2015).

Research approach

The key problem is that official tourism statistics do not display the demand for tourism rental accommodation. In part, this is a by-product of the recent proliferation of short-term rentals in the provision of tourism accommodation, with the result that existing data collection and reporting systems have not yet adapted to this change in consumer behaviour. This is a sector that will always be difficult to track, because the boundaries between properties used solely for domestic use and occasionally for commercial rental will always be somewhat fluid. As a consequence, this research interrogates a wide range of published sources so as to make informed estimates

Table 1: The contribution of travel and tourism to GDP and employment

Direct travel & tourism	Indirect travel & tourism	Induced contribution (Spending of direct and indirect T&T employees)	Total travel & tourism contribution
Commodities	T&T investment spending	Food and beverages	To GDP
Accommodation	Collective government T&T spend	Recreation	To employment
Transportation	T&T spending on purchases from suppliers	Clothing	
Entertainment		Housing	
Attractions		Household goods	
Industries			
Accommodation services			
Food and beverage services			
Retail trade			
Transportation services			
Culture, sport and recreational services			
Sources of spending			
Residents' T&T spend			
Business domestic travel spend			
Visitor exports			
Individual government T&T spend			

Source: Adapted from WTTC (2015)

of tourism rental activity and the contribution of this sector to the economy and to employment. The insights reported later are therefore, in many instances, based upon the interrogation of a variety of sources and calculated estimates, rather than hard data gathered from formal published sources.

The aim of the research was:

- To present a robust overview of the overall impact of the vacation rental industry in France.
- The objectives of the research were to:
- Identify traveller demands and demographics
- Estimate the effects on housing stocks
- Estimate the effects on affordable housing
- Quantify the economic impact on the community.

Research method

The research focused on the impact of vacation rentals in three areas of France – Paris, Cote d'Azur, and Haute-Savoie – in order to represent the country's major types of tourism destinations: urban, seaside, and alpine. The conducted research employed:

- (1) A **desk study** of existing research about the impacts of vacation rentals, including the collection of models for quantifying the economic contribution of tourist visits to national economies, as well as a review of existing regulatory responses to the sharing economy, with a particular focus on the short-term rental market.
- (2) A **data audit** to identify relevant sources of information about vacation rentals among public datasets and those compiled by other organisations such as trade bodies, advocacy groups, and academic institutions. It should be pointed out here that, to this day, official data collection on tourism in France has mostly neglected the increasing importance of the vacation rental sector. As a consequence, official data is poor and inconsistent, and there are large gaps in understanding.
- (3) A **key informant survey** was carried out between September and November 2015, using a structured questionnaire in

an electronic format and in-depth **follow-up telephone interviews**. These stakeholders, with their particular knowledge and understanding, were able to provide insight into the nature of issues and make recommendations for solutions. The findings from this are not reported in this paper because of target word-length limitations.

Tourism in France

France is the most visited destination in the world, attracting more than 80 million international visitors per year in 2012 (WTTC, 2014), with a predicted annual growth of 2.6% (Mintel, 2014a). Including domestic tourists, the volume of tourists was 138.9 million in 2013 and this was comprised of 54.2 million domestic tourists and 84.7 million international tourists (Mintel, 2014a). Table 2 highlights the numbers of tourists using commercial destinations. The figures do not account for visits by domestic tourists using non-commercial settings, such as accommodation provided by family and friends. Given these gaps, it is likely that official figures and the data quoted below underestimate the true value of tourism to the French economy and to employment. These figures include both leisure and business tourists. This is split approximately 80/20 leisure/business in total trips to France.

Income from tourism is calculated to have made a direct contribution of €81.4 billion to the French GDP in 2014 (Mintel, 2014a). The total contribution of travel and tourism, however, extends beyond immediate tourist expenditure to include

Table 2: France – Travel and tourism: market segmentation by volume (million tourists)

Segmentation	2010	2011	2012	2013
Total	128.3	135.2	135.4	138.9
International	77.5	81.4	83.0	84.7
Domestic	50.7	53.8	52.4	54.2

Source: Mintel (2014a)

income from investment, economic activity in the supply chain, as well as the impacts of induced income. This represents a total contribution of €191.4 bn in 2014 (9.6% of GDP) (WTTC, 2015). There is a current account surplus of €11.3 billion generated by tourism (WTTC, 2014). Leisure tourism, including both international and domestic, represents an 80.2% direct contribution to GDP, whilst business travel made a 19.8% direct contribution to GDP in 2014 (WWTC, 2015).

Paris

Greater Paris received 48.9 million visitors in 2014. Of these, 29.7 million were international visitors, making it the world's top tourist destination (Shapira & Lefebvre, 2015). Tourist spend amounted to €13.58 billion and it is the highest tourist earning city after London and New York, and yielded a tax revenue worth €41.2 million to the city (Shapira & Lefebvre, 2015). Using the estimates of total tourism value outlined earlier in Figure 1, the indirect effects of the supply chain contribution, together with the induced income, the total tourist economy is estimated to be worth over €32 billion to Paris' GDP.

Table 2 confirms Paris as a major attractor of international visitors, as two out of three tourists (involving an overnight stay) originate from outside of France. Just below 30 million international tourists visited Greater Paris in 2014.

The Greater Paris region has 1 966 hotels with a bed capacity of 114 450 bedrooms. Inner Paris has 1 588 hotels and 82 277 rooms. Parisian hotels have a combined income of €4.4 billion, of which 1-star and 2-star hotel income was €274 million; 3-star was €951 million; and 4-star and 5-star was €3 206 million. Occupancy levels for hotel accommodation were 77.3% for Greater Paris, and 79.3% for inner Paris (Shapira & Lefebvre, 2015). These occupancy rates are only second to London (81.1%) within European capital cities (HotStats, 2013).

Despite the advent of tourism rentals and the adverse effects of the recession on accommodation demand, the Paris hotel sector appears to be performing well. Table 3 reports on the performance of Paris and Greater Paris hotels, their average room rates, and the RevPAR.

The precise accommodation capacity for tourists is not available in official statistics because the lettings into private domestic accommodation are not published. Official regulation of accommodation for tourism lettings operates within Paris, but there is evidence that not all properties rented to tourists are officially licensed (Schechner & Verbergt, 2015).

Official estimates suggest that 30 000 apartments are available for rent (APUR, 2015), although in our interview with Christian Delom, he stated that this is closer to 50 000 properties. This is almost 2.5% of all Parisian dwellings and higher than the average of dwellings let in France mentioned above. However, there may be many more properties on offer than this because it is claimed that two thirds of these may be operating illegally (Fouquet, 2014). In a recent attempt to crack down on these unregulated lettings in Paris, one inspection team visited 2 000 apartments in the Marais district listed on various letting sites, and found 100 potential violations (Schechner & Verbergt, 2015). This suggests that of the properties listed, 5% may be operating without the appropriate approval. However, this study is only an indication, as there may be different levels of illicit vacation rentals in different parts of the city. The tourism impact on Parisian housing is further compounded by ownership of second homes. Of the 1.8 million dwellings in Paris, some 174 000 are estimated to be second homes (16%), though this rises to an estimated 40% in Paris's 6th, 7th and 8th arrondissements near the Champs Elysees, Latin Quarter, and the Eiffel Tower (Fouquet, 2014).

Bearing in mind the estimates of dwellings available for rent in Paris given above, Table 4 approximates the dwellings available for rent by ownership. Based on the official estimate of 30 000 properties through to a high estimate of 50 000 properties available, the table suggests the potential availability for short-term rentals via ownership patterns. Given the lack of precision in the data, it is advisable to see this as a range from the official estimate to the potential upper estimate. Whilst second homes clearly have an impact on housing stock for some permanent Parisian residents, the impact on affordable housing is more confused. The predominant location of second homes in "desirable" locations in the city may not immediately

Table 2: Tourist arrivals in Paris and Greater Paris in 2014

Origins of tourists	Greater Paris	Percentage of all tourists	Paris	Percentage of all tourists
France	19 233 199	39.27	11 659 928	32.36
International tourists	29 738 199	60.73	24 371 528	67.64
Total	48 971 318	100	36 031 465	100

Source: Shapira & Lefebvre (2015)

Table 3: Average rates and RevPar by class of hotels in Paris and Greater Paris hotels 2014

		Ultra budget	Budget	Midscale	Upscale	Average
Greater Paris	Average rate(€)	54.9	87.9	127.5	225.1	133.2
	Variation 2014/13%	+2.8	+3.8	+3.7	+2.2	+3.2
	RevPar €	43.1	69.1	99.6	180.9	105.2
	Variation 2014/13%	+2.6	+3.8	+4.0	+3.6	+3.7
Paris	Average rate(€)	n/a	98.7	144.7	262.9	177.0
	Variation 2014/13%	–	+3.9	+3.7	+2.5	+3.3
	RevPar €	n/a	82.5	120.8	214.3	146.2
	Variation 2014/13%	–	+3.4	+3.9	+4.0	3.8

Source: Shapira & Lefebvre (2015)

Table 4: Rental apartment in Paris by ownership estimates

Ownership pattern	Units (%)	Units 30 000	Units 40 000	Units 50 000
Second homes	50	15 000	20 000	25 000
Primary home	30	9 000	12 000	15 000
Primary & several properties	20	6 000	8 000	10 000

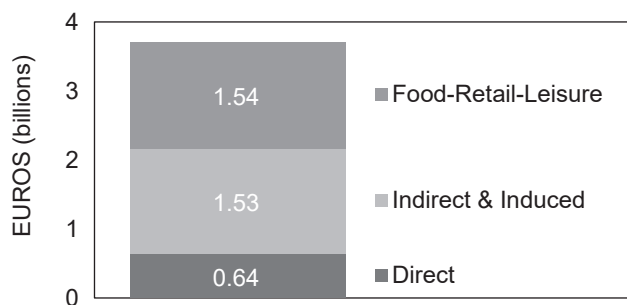
Source: Shapira & Lefebvre (2015)

impact on affordable housing because these are likely to be located in different areas of the city.

Although traditionally a short-stay destination with an average length of stay of 2.3 nights (Comité Régional du Tourisme Paris Île-de-France, 2014), figures suggest that vacation rental guests stay an average of 2.9 nights longer than guests in traditional tourism accommodation (Berger, 2015). This corresponds with official data suggesting an average of 5.2 nights per guest in vacation rentals (DEG, 2014), and could amount to 10.65 million nights.

The direct spend on accommodation at €60 per head per night (DGE, 2014) is likely to be €639 million. Taking into account the contribution made by the indirect and induced contribution, the total benefit to the Parisian economy is likely to range at around €1.53 billion arising solely from rental income. Furthermore, the direct average daily spend of €145 (DGE, 2014) is likely to be €1.54 billion. This may well then create a total annual contribution to the Parisian economy of €3.71 billion from short-term rental guests (Figure 1).

Airbnb claim to have created 1 100 jobs at their 2013 level of demand and, given the continued growth since that date, it is not unreasonable to estimate that direct employment generated by the vacation rented apartment sector is now near 2 000 jobs. Bearing in mind jobs created both in direct sectors and the contribution aspect, there might be a total employment of 4 800 jobs associated with the Parisian vacation rentals market.

**Figure 1:** Annual contribution (in billion Euros) of the vacation rental industry to the Parisian economy. Source: Mintel (2015a)**Table 6:** Occupancy and stay Côte d'Azur

2013	Occupancy rate	Arrivals (in thousands)	Overnight stays (in thousands)	Average length (nights)
Hotels	59	4 226	9 572	2.3
Tourism residences	62	712	3 547	5.0
Campsites	43	175	1 053	5.9

Source: CDA (2014)

Côte d'Azur

The French Riviera on the Mediterranean coast of France is the second major destination for tourists after Paris. It attracts 1% of all international tourists in the world. The Côte d'Azur extends over three territories: the French departments of the Alpes-Maritimes and the Var, and the Principality of Monaco. Twenty million tourists generate 130 million overnight stays (Côte d'Azur Observatoire du Tourisme, 2014). Though not the topic of this study because they do not involve overnight stays, the destination also attracts 1.2 million cruise ship passengers each year. This adds further to the total value of tourism to the local economy. Direct expenditure by tourists is estimated to be €5 billion, though when the indirect impacts are taken into account this is said to be worth €10 billion to the local economy. Direct employment is 75 000 jobs, and when indirect effects are taken into account this is said to be 150 000 jobs associated with total tourism-related employment (Côte d'Azur Observatoire du Tourisme, 2014).

The data presented in Table 5 shows that 713 hotels and tourism residences (53% of all establishments), account for 88 924 bed spaces, which is 75.3% of all tourism bed spaces on the Côte d'Azur.

The figures outlined in Table 6 confirm the tendency outlined for Paris, in that hotel stays account for more arrivals, but for a shorter stay. Hotel occupancy rates average 59% in Greater Paris, and are lower than in Paris, though average stay length is similar. Tourism residences involve fewer stays but for longer than hotels, and contribute to a proportionately higher share of total overnight stays.

Almost 170 000 secondary residences are located on the Côte d'Azur, 48 000 of which are owned by international residents – the largest proportion of foreign-owned second residences in France. Thirteen percent of trips involving overnight stays occur in the region's secondary residences, and this accounts for 24% of all overnight stays in the Côte d'Azur (CDA, 2014).

In the absence of hard data, it is necessary to make an informed estimate of the vacation rentals market. According to the Comité Régional du Tourisme Riviera Côte d'Azur,

Table 5: Capacity by type of accommodation

2014	Establishments	Beds
Ranked hotels	643	59 616
Tourism residences	70	29 308
Ranked campsites	29	23 301
Ranked holiday villages and family homes	11	3 397
Youth accommodation centres	13	1 094
Country house lodges	514	2 296
Total ranked accommodation excluding furnished rentals	1 343	118 012

Source: CDA (2014)

10% of the twenty million tourists on the Côte d'Azur already quoted stay at vacation rentals, with an average stay of 6–7 nights. This could amount to 13 million nights, generating an average accommodation expenditure of €60 per guest night, contributing €780 million annually to the local economy, growing to €1.87 billion when the multiplier effect (WTTC, 2015) is taken into account. When the average daily spend (€145 per visitor day) is considered, the direct spend from vocational rental guests is likely to be €1.89 billion per year, with a total contribution of €4.54 billion when the multiplier effect is included (Figure 2).

Haute-Savoie

Haute-Savoie is located in the region of Rhone-Alpes in Eastern France and borders both Switzerland and Italy. It has the highest range of elevations of any department in France and has Mont Blanc and the Aravis mountain ranges to the south and southeast. The French entrance to the Mont Blanc tunnel is located in Haute-Savoie. Its capital is Annecy. The population currently stands at 800 000. Haute-Savoie receives 12 000 new residents each year, and has doubled in size over the last 40 years.

Tourism activities and patterns reflect the terrain featuring many mountains and lakes. Tourism seasons are almost evenly split between winter and summer. Due to an array of winter sports activities, 56% of overnight stays are in the winter months. The first Winter Olympic Games were held in Chamonix in 1924. In the spring and summer, 44% of overnight stays involved mountaineering, hiking, spas, and lake-based activities. Whilst its location has made general trade through its mountain passes a major economic contribution to France, tourism is a significant activity.

The region hosts 601 hotels of varying star grading. There are 632 000 bed spaces in commercial properties. Tourist stays accounted for 34.7 million nights; 4 395 300 (12.67%) of these were in hotels. Given that there are limited statistics about tourism spend and the figures quoted above, direct spend is likely to exceed €2 billion and ultimately add in excess of €4.8 billion to the local economy. Direct employment involves 22 665 jobs, though when indirect employment and other contribution factors are added, this likely to be over 54 000 jobs. There are 80 541 secondary homes in the region and 21 670 properties are listed as being available for vacation rental (Conseil Départemental de Haute-Savoie, 2015).

A relatively low proportion of nights spent in hotels (12.67%), combined with a high proportion of secondary and holiday homes on the total tourism bed capacity (61%), support that estimation (Savoie Mont Blanc Tourisme, 2014). Given that official data are poor compared to other hospitality sectors, informed estimates are needed, although this may underestimate the actual number of nights spent in this accommodation type.

With average spend of €60 per day per head, this informed estimate of numbers of nights could amount to €208.2 million, growing to €499.68 million when the multiplier effect (WTTC, 2015) is taken into account. When the average daily spend (€145 per visitor day) is considered, the total annual contribution of the vacation rental industry to the economy in Haute-Savoie is likely to be €1.21 billion (Figure 3).

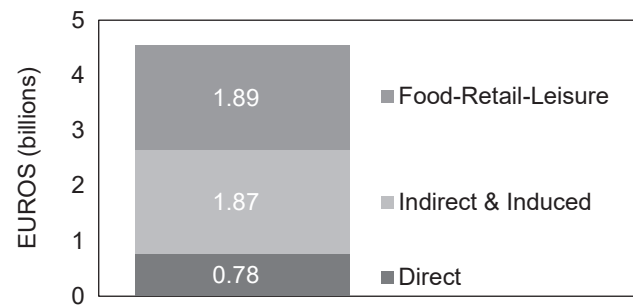


Figure 2: Annual contribution (in billion Euros) of the vacation rental industry to the economy on the Côte d'Azur. Source: CDA (2014)

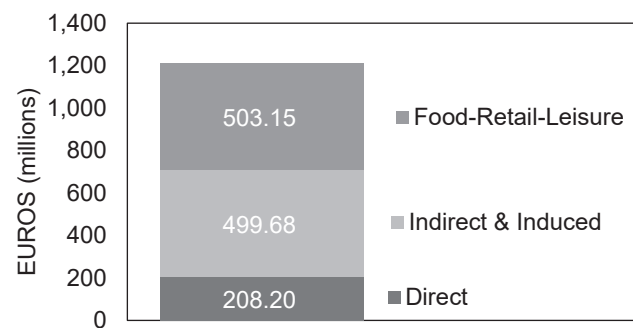


Figure 3: Annual contribution (in million Euros) of the vacation rental industry to the economy in Haute-Savoie. Source: Savoie Mont Blanc Tourisme (2014)

Conclusion

France is the most visited tourist destination in the world. Increasingly, tourists are using short-term rentals during their stay. As a consequence, there has been some concern that this is having a negative impact on local communities and on the competition for rental properties. In particular, the impact on budget accommodation has been the reason for increasing restriction of the vocational rentals market. This research has explored the impact of short vacation accommodations rentals used by tourists in France. It looks specifically at three destinations, Paris, Côte d'Azur, and Haute-Savoie.

The findings suggest that the impacts are not as simple as some would suggest. First, vacation rentals offer tourists an alternative accommodation source. This will, in part, be a product of the occasionality of the visit. On some occasions the same visitor might chose hotels, whilst on others a vacation rental. In addition, these tourists are making significant contributions to the GDP and the local employment. Our research found that in contrast to most public commentary, the actual number of registered complaints from neighbours in Paris is low. The views from major hotel company executives do not generally see the vacation rentals sector as a major threat.

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What drives customers to use access-based sharing options in the hospitality industry?

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Access-based sharing businesses have gained popularity in the hospitality industry. The recent shift of customers' willingness to share accommodation with a host as opposed to using a private hotel room has many implications for the traditional lodging sector. Sharing firms such as Airbnb effectively use an online platform to match a customer's multiple needs with individual service providers and are able to create a unique personalised accommodation experience. This study utilised an abductive research approach to examine the theory and business practice through an iterative process. Following a detailed review of the literature, this study proposes a conceptual model to illustrate the relationship between three participants within the sharing context, namely customers, the sharing firms and the service providers and their relationship with online platforms and social media. This study also provides numerous research directions and practical guidelines for scholars and practitioners in the hospitality industry.

Keywords: access-based sharing, trust, social media, Airbnb, peer-to-peer, online platform, customer relationship

Introduction

Traditionally, firms considered it important to create their own unique identity "image" in an effort to differentiate from other competing firms in the market. In the past, therefore, one of the most important criteria firms used to establish brand image was to standardize products and services that portrayed the firm's brand image. Parasuraman, Zeithaml, and Berry (1985), through their extended multi-stage research on service firms, indicated that reliability was at the heart of customers' perception of service. Thus consistency of service and standardisation of products were considered a requirement to gain customers' confidence and trust in the service firms (Morgan & Hunt, 1994) and, once acquired, the service firms were provided an opportunity to attract and maintain customer loyalty. Therefore, in an effort to gain brand image and customer loyalty, hospitality firms have focused on maintaining consistency through the standardised delivery of service. Hospitality firms that have multiple outlets use their channel partners or networks (franchise, subsidiaries and many other partnerships including online and offline outlets) to communicate consistency of the brand and its standards. Channel partners of the firm, for example, franchisees, merely act as an extension of the firm (Nordin, 2005) to expand services to various geographical locations. By design, these channel partners have very limited autonomy and hence do not have the opportunity to be flexible or to tailor deliverables to customers' individual needs.

Technological advances, such as global access to the Internet, have led to their widespread adoption, with subsequent changes in the life and perceptions of people and society (Romero & Molina, 2011). Dramatic changes in the market through the use of mobile communication and apps

have induced numerous changes in customers' personal and social habits. Firms are therefore exploring new ways by which they could transform themselves to operate within a computer-mediated environment (Yadav & Pavlou, 2014). Furthermore, there have been numerous changes in how customers behave and respond to their access to mobile technology. Customers have become more connected with each other than in the past and have become accustomed to the idea of sharing views and more importantly trusting in the opinions of other customers much more than depending on traditional company produced literature (Kandampully, Zhang, & Bilgihan, 2015). More importantly, sharing and collaborative consumption has become more widely acceptable than that of ownership (Botsman & Rogers, 2010). This new business phenomenon is referred to as a sharing economy (Belk, 2014), where society operates within the principles of trust as the bonding link between networks of social and economic resources (Matzler, Veider, & Kathan, 2015). There are a growing number of customers who are opting for alternatives to ownership, which is referred to as access-based consumption. In this context, customers opt to have access to products or services without the transfer of ownership (Bardhi & Eckhardt, 2012). It is recognised that consumer behaviour has an experiential component (Holbrook & Hirschman, 1982), therefore consumers are willing to pay for an experience as opposed to actual ownership. This new phenomenon provides new opportunities yet simultaneously poses challenges to many firms given the customer's preference for sharing as opposed to ownership. It is estimated that the access-based sharing economy is projected to reach \$335 billion by 2025 (Zhuo, 2015). Two of the well-recognised and leading firms in this category are Airbnb.com and Uber.com, representing a new way of doing business.

Emerging new business phenomenon

Unlike traditional hospitality firms, Airbnb provides a secure online platform. Through this online platform they facilitate partnering networks of multiple service providers (independent service providers/entrepreneurs) to match the needs of customers. This new opportunity provides customers with multiple choices, offering them a spectrum of selection options. Therefore, a growing number of consumers are able to choose from a large pool of diversified services offered by service providers at a more reasonable price and in turn are willing to share products and services. Moreover, firms and consumers have recognised that sharing is a more flexible, sustainable and profitable alternative to standardised services (Belk, 2007; Botsman & Rogers, 2010). Based in San Francisco, Airbnb was one of the first successful startups which established an online accommodation marketplace within the collaborative consumption systems (Matzler et al., 2015). There are a growing number of firms that have begun to operate within the access-based sharing business model, for example, peer-to-peer accommodation, car sharing, music and video streaming, peer-to-peer finance and online staffing, to name a few that will potentially generate many new opportunities in the market (PwC, n.d.).

Growth in the sharing economy has been accelerated by the Internet particularly with the emergence of social media and mobile technology that facilitates the connections between users interested in sharing their possessions (Lamberton & Rose, 2012). For example, Airbnb has been augmenting brand awareness through the "One Less Stranger" campaign on Twitter and Facebook (Samuely, 2015). By asking participants to upload their creative gestures of hospitality to a stranger, Airbnb utilises social media and has helped to bring people to a global community. Similarly, Uber, an online transportation network company, has enabled people to turn their vehicles into a source of income rather than a financial burden. Uber has successfully attracted numerous users by offering referral credits to influence users who share their unique code on social media and have followers sign up (Campaign, 2014). Social media serve as an online channel providing access for everyone to share and participate in various activities and have become a prominent method to communicate between brands and their target audience (Murdough, 2009). Initiated by brands through social media, social campaigns create additional touch points to facilitate communication between customers and a brand (Ashley & Tuten, 2015).

Although the role of unstandardised sharing options is deemed an important new business phenomenon, there is limited research on this topic to understand how an access-based sharing option will contribute to the hospitality industry and its management literature. To bridge this gap, this study aims to explore some of the factors that drive customers to use sharing options in the hospitality industry, and the subsequent opportunities and challenges to the hospitality industry. Following a review of the literature, we use a case study on Airbnb to examine and understand this new hospitality sector and how it has been successful in managing to satisfy both customers and multiple service providers.

This study adopted an abductive research approach (Dubois & Gadde, 2002) to match theory and reality through an iterative process of systematic combinations and inference (Dubois & Gadde, 2002). It is particularly useful for pursuing

theory development through refining existing theories rather than inventing entirely new ones (van Echtelt et al., 2008). Corresponding to this approach, this study first examined some of the important theoretical discussions developed by previous researchers on the sharing economy. Following this, a case study method (Yin, 2009) was adopted to illustrate how firms operate within a sharing context, using online platforms and networks of service providers.

Literature review

The sharing options

This study seeks to understand the growing phenomenon of peer-to-peer based activity, where giving or sharing access to goods and services is made possible through online platforms. While there is no transfer of ownership, these peer-to-peer exchanges utilise trust and reciprocity, which enhance the relationship between service provider and the recipient. As the most basic human economic behaviour, sharing has existed as a form of exchange in human societies for thousands of years (Hellwig et al., 2015). Viewing the phenomenon as a form of consumption, the sharing economy has received growing attention from business practitioners and academic researchers (Belk, 2014; Cusumano, 2014; Matzler et al., 2015). Rather than buying or owning resources, customers are opting to access assets and pay for the experience of their temporary use (Bardhi & Eckhardt, 2012). Customers are thus shifting from the traditional idea of ownership to sharing as an access-based consumption phenomena. Access-based consumption is discussed in the literature as "market-mediated transactions that provide customers with temporarily limited access to goods in return for an access fee, while the legal ownership remains with the service provider" (Schaefer, Lawson, & Kukar-Kinney, 2016, 571).

Although several terms have been used by researchers to theorise this phenomenon, the central idea of sharing remains consistent across research. For example, Belk (2007) posits that sharing involves the distribution of what we own to others for their use and in return receiving what they own for our use. Further, Belk (2014) defines collective consumption as peers coordinating the process of acquiring and distributing a resource for compensation. Bardhi and Eckhardt (2012) refer to access-based consumption as market-mediated transactions where no transfer of ownership occurs in the process. According to Möhlmann (2015, 194), "collaborative consumption takes place in organised systems or networks, in which participants conduct sharing activities in the form of renting, lending, trading, bartering, and swapping of goods, services, transportation solutions, space, or money". From the marketing perspective, Lamberton and Rose (2012) refer to commercial sharing programmes as marketer-controlled systems that enable consumers to enjoy products without owning them.

Collaborative consumption has extended to those areas that were not previously considered acceptable for collaboration by customers (Belk, 2014). Some of the key drivers facilitating the constitution of virtual communities and online networks include the universal availability of the Internet combined with the use of mobile technology and social media. Additionally, there has been a shift in consumers' perceptions, leading to a willingness to trust (Möhlmann, 2015). In the form of collaborative lifestyle or redistribution market, customer-to-customer sharing has

been facilitated by external providers through online platforms (Möhlmann, 2015). The rise and the universal use of social media have contributed to connecting peers with desire to share their possessions (Matzler et al., 2015). Companies like Airbnb have effectively managed their marketing campaigns to increase awareness of their brand through social media (Samuely, 2015). This new business model allows customers to have access to a wide variety of products and services that are offered beyond traditional standardised products and services. Customers associate this with a unique experience component and novelty, thus the sharing option differentiates itself from the traditional offer that is available in the market.

Standardised and non-standardised service

Standardised service is commonly used to help control processes, predict mistakes and minimise deviations from the standards in the hospitality industry (Jones, Nickson, & Taylor, 1994). Brands adopt their own service standards to establish competitive advantages and to differentiate from competing firms in the market (Min, Min, & Chung, 2002). In an effort to maintain consistency, service blueprints (Paules, 1991) are also used by some service managers and employees (Brunsson & Jacobsson, 1998). In addition, many hospitality firms use standards and standard operating procedures to enable managers to minimise the risk of inconsistencies involved in the production of products and services (Sandoff, 2005). Therefore, as a critical strategy, standardisation of service was considered an important function of the organisation (Sandoff, 2005).

Ritzer (1996) discussed the idea of “McDonaldisation” that emphasises predictability by enforcing greater control of fast-food chain restaurants. Representing a notable example of standardisation, McDonalds stands out for the universally recognised golden arches as well as their consistent limited menu items across all of its outlets around the world (Ritzer, 2011). The concept of standardised procedures is engaged to assist employees in performing their work in a predictable manner. The desired expectation is to gain customers’ positive response (Ritzer, 1996). Thus it is well recognised within practice and academic literature that the consistency and predictability brought about by standardised service will lead to higher customer evaluation (Ding & Keh, 2016). Westin Hotels, for example, promise their customers the Westin’s standard – the “heavenly bed”. Westin hotel chain’s standard promise to its customers revolves around the idea of a good night’s sleep (Withiam, 1999).

In contrast, service customisation involves certain levels of adaptation to meet every individual customer’s needs (Shostack, 1987). Due to the dynamic demographical change in the global market, hoteliers have recognised the growing importance in offering a unique and out-of-the-ordinary experience that is tailored to meet individual customer needs (Walls et al., 2011). Vargo and Lusch (2004) posit that service management should focus on the flexibility of service provision instead of making service to be “goods-like” through internal standardisation. Consistent with the economic argument, customised offerings provide a more accurate fit between customer preferences and product/service attributes, leading to greater perceived benefits to customers (Franke, Keinz, & Steger, 2009; Simonson, 2005). It is argued, therefore, that memorable, positive moments-of-truth can be created when

the service provider acknowledges and responds to individual customers’ specific needs (Sandoff, 2005). Furthermore, research suggests that service customisation that caters to customer preferences can increase customers’ willingness to pay more (Franke & Schreier, 2008), develop emotional bonds between customers and brands (Ariffin & Maghzi, 2012), and enhance customer satisfaction (Gagnon & Roh, 2008), leading to customer retention and loyalty (Coelho & Henseler, 2012).

Through redistribution markets, sharing options such as Airbnb offer a form of access that enables peer-to-peer matching; consequently, customers can choose from a variety of options based on their needs (Bardhi & Eckhardt, 2012). Car-sharing businesses provide access through club membership where multiple types of automobiles owned by the company can be shared (Botsman & Rogers, 2010). However, car-sharing such as Zipcar is not considered an access-based service because it doesn’t involve peer-to-peer exchange; instead it uses its inventory of cars that serve its customers/members. The more recent sharing business model options allow people with similar interests to band together through collaborative lifestyles in order to share spare time, tools and skills (Botsman & Rogers, 2010).

Sharing and trust

An emerging powerful mechanism valued by all in this connected world is trust. Trust has become a critical component of value, whether when customers get into cars with someone they have never met before, or in the case of when customers opt to sleep in the beds of complete strangers and lend assets to others they do not know (Stan, 2016). Scholars refer to trust as “a psychological state that exists when one party has confidence in an exchange partner’s reliability and integrity” (Kimpakorn & Tocquer, 2010, 380). Since services are first sold then experienced, cultivating and managing trust is essential to build and maintain the relationship with customers (Kinard & Capella, 2006). In the online marketplace, the four important roles of intermediate platforms are aggregating demand or supply, reducing the operational cost, matching transaction parties and providing trust (Bailey & Bakos, 1997).

Trust can be seen as the connecting link in the sharing businesses, which is built to strengthen the support provided through technology and social media. Akin to eBay buyers and sellers rating and commenting on each other after purchases, companies in sharing businesses allow both parties to build trust profiles through online ratings after the service transaction (Belk, 2014). Online accommodation marketplaces like Airbnb provide a platform where both hosts and guests can establish reputations based on other parties’ performance evaluations (Weber, 2014). The online intermediaries help to generate trust through a public feedback mechanism that shares information about transactions (Resnick et al., 2000). More importantly, the design of sharing options enables peer-to-peer communication that matches customers with service providers. Rather than a transaction based on the exchange of ownership, sharing options help to build and extend the relationship between customers and service providers after the service experience. In this context of sharing, the value of trust and relationship takes the centre stage, thus allowing a much stronger memory of experience than in the context of ownership. The establishment of trust through intermediaries facilitates the process of active selection or rejection of service

encounters, reducing the uncertainty caused by asymmetric information (Schor et al., 2015). Recorded performances (reviews) shared online simultaneously, therefore, provide the potential to enhance trust and induce higher volume and intensity of sharing activities as well as limit participation due to lack of trustworthiness (Richardson, 2015).

Conceptual model

Based on this review of the literature, we propose a model (Figure 1) which provides a visual illustration of the underlying mechanism that strengthens the relationship among the three participants namely: customer, sharing firm (the firm which provides the online platform offering access-based service) and the service provider. Beginning with the customer's side of Figure 1, the customer's trust in the sharing firm is primarily built on the number and the quality of reviews posted on the website and also those communicated via social media. The trustworthiness of the firm provides the individual service provider with the credibility that is essential and that appeals to the customer. In return, the sharing firm provides an opportunity for service providers (hosts) to offer non-standardised, customised and diversified service packages to customers. Hosts, as self-employed entrepreneurs, have the flexibility to innovate services so that they are functionally capable of offering services that match customers' unique needs and create the all-important relationship with customers. As a consequence, service delivery is personalised and helps to match customer's needs. In effect, service providers design their services to create and build a relationship with their customers, leading to superior customer experiences and the so-called positive moments-of-truth. The most important moment-of-truth is created during the customers' stay at the host's (service provider's) place; thus the host plays a major role in the customer's perception of service and the subsequent review of the experience.

The Internet, mobile technology, and social media play a critical role in bridging customers and service providers through a secured intermediary (online platform) managed by the sharing firm. The profile on social media platforms presents

the characteristics of the service provider to the public. The numerous comments and reviews written by customers on social media showcase the real experience of the customised accommodation services. This provides a clear message to prospective customers and the information they require to make an informed decision to match their personality with the service providers' in pursuit of personalised accommodation services. Technology and social media provide an opportunity for real-time communication between customers and service providers via multiple networks. Thus, the three core participants in these access-based, shared hospitality services are intricately connected to one another and support each other through the exchange of value, trust, relationship and reviews. These exchanges and connections between the three are made possible through online platforms and social media.

The case of Airbnb

The idea for Airbnb originated in 2007, when cofounders Brian Chesky and Joe Gebbia, two roommates who were finding it difficult to pay rent for their apartment, set up an air mattress in their living room and rented it out to guests for \$80 a night with the promise of a home-cooked breakfast in the morning. As a trusted community marketplace, Airbnb has created a new segment of choice for travellers who seek accommodation. Although not in direct competition, this new segment of sharing options will continue to outperform the traditional accommodation sector within the hospitality industry. For example, Hilton Corporation has expanded to 775 000 hotel rooms in 104 countries over a period of 96 years, whereas, Airbnb has connected to 2 million homes hosting travellers in 190 countries in less than a decade (Table 1).

The design of Airbnb is different from other accommodation service providers such as hotels in several ways. The idea of sharing as a business centres on designing trust and relationship as part of the business model. Airbnb enables hosts and guests to get to know each other through profiles, effective messaging systems and past reviews. The information accumulated on Airbnb's online platform helps both parties to establish their reputation, as well as publicising their personalities, thereby facilitating the process of finding the best match. Moreover, there are more than six hundred people working in Airbnb's customer service, trust, and safety departments who are devoted to ensuring the provision of trusted services. Airbnb has also designed a number of services that help to keep both guests and hosts safe, which enhances the trustworthiness of the firm. These features include a messaging system that keeps contact information private until a reservation is confirmed and a payment system that holds the funds until 24 hours after the guest's arrival. Reviews and ratings are also used to ensure that customers can read about real-life experiences. Lastly, Airbnb

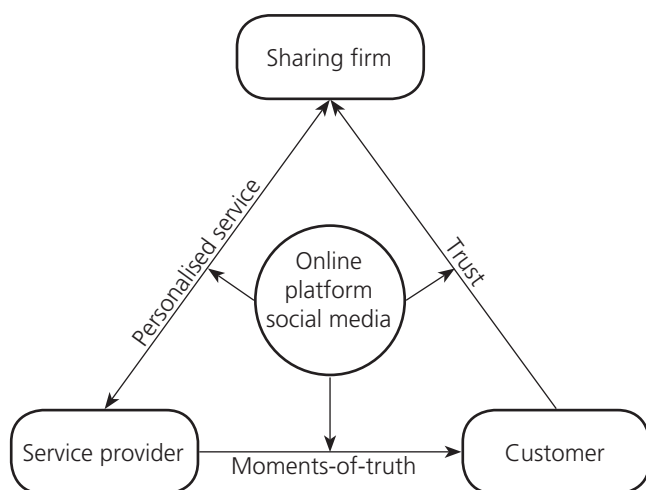


Figure 1: Conceptual model

Table 1: Comparison between Airbnb and Hilton

Company	Airbnb	Hilton
Year of foundation	2008	1919
Rooms	2 000 000	775 000
Countries	191	104

Sources: <https://www.airbnb.com/about/about-us/>;
<http://www.hiltonworldwide.com/about/>

requires all hosts to abide by their “Hospitality Standards”, which include expected levels of cleanliness, commitment, and communication. The flexibility, reliability and consistency of Airbnb’s service providers help them to build and maintain the relationship Airbnb enjoys with their guests and hosts.

While hotels have to consider employee salaries and overall property operation costs, Airbnb does not have these costs to pass on to their guests; instead they are able to share the benefits with hosts and guests. At Airbnb, customers are able to find accommodation at a comparatively lower cost than staying at a hotel. In the hotel industry, the hotel brands manage different franchised properties in different locations; however, they do not have the flexibility to offer different room types to match customer needs. Hotel firms recognise the important role of its frontline employees, as they play a critical role as part-time marketers to interact and engage with customers on behalf of the company. Airbnb, on the other hand, sets itself apart from the cookie-cutter hotel industry by unbundling the service packages, offering unique lodging facilities that appeal to various personalities and allowing them to be flexible to fit different customer needs.

Airbnb creates a unique opportunity to connect customers to service providers with a clear intention to ensure a positive customer experience. The diversity of hosts and their unique personal resources and personalised services allows Airbnb to provide comparably more diversified and customised accommodations. As true followers and owners of a sharing business, hosts integrate their own personalities, lifestyles and beliefs into their services, creating individualised customer experiences and engagement. The Airbnb website home page provides information about choices of accommodation, such as a houseboat, a studio loft, or even a castle – just to name a few. This feature enables guests to build a vacation around a unique lodging opportunity, and not settle for the same old bed and bathroom set-up. This notion of not settling for the “same-old” is perfect for Airbnb’s customer base of young professionals all over the world. In order to connect with this target market, Airbnb integrates social media into their online platform, allowing guests to get to know their hosts before booking. Airbnb has become successful in the management of their social media accounts as well as social media marketing. The company continues to stand out with their relatable and interactive website, as well as multiple social media campaigns. In late 2013, Airbnb released the first ever crowd-sourced Vine video, showcasing the importance of travel and adventure. Since making this social media history, Airbnb has continued to focus their social media efforts around storytelling. The web page devoted to “Airbnb Stories” is an area designed for hosts to showcase real moments through their moving stories.

The movement toward peer-to-peer property rental is becoming increasingly popular, causing new competition in other sectors. Although there are many websites that allow customers to find vacation rentals rather than using hotels, Airbnb continues to stand out as being at the forefront among the rest of the competitors like FlipKey, HomeAway and VRBO (Vacation Rentals By Owner).

Conclusion and future research directions

This study and the Airbnb case example illustrate the changing habits and perceptions of a large number of hospitality

customers who are willing to receive hospitality services as part of a new business model that incorporates sharing, peer-to-peer communication, and access-based consumption. This new and evolving sector of access-based hospitality poses a new set of questions for the future direction of the hospitality industry. It can be argued that access-based hospitality services such as Airbnb do not compete or pose a challenge to traditional accommodation services, but extend the concept of hospitality. This provides numerous opportunities for future research on the three groups of participants in access-based hospitality contexts: the independent service provider, the company and the customer. Future research may therefore explore:

- The difference between access-based and traditional hospitality services
- The motivation for customers to engage in access-based hospitality services
- The contribution of social media in promoting access-based hospitality services
- The influence of reviews and the subsequent trust in access-based hospitality services
- The use of apps to support online platforms of access-based hospitality services
- The value customers associate with access-based hospitality services
- The influence of age and gender in the use of access-based hospitality services
- The role of trust and its influence on the purchasing behaviour of access-based hospitality services
- The importance of flexibility and its influence on the choice behaviour of access-based hospitality customers.

Rather than being competitors of hotels, sharing options are more like their counterparts, enriching the variety and flexibility of hospitality services. While hotel chains offer a standardised level of service and price, sharing options provide the potential of matching a single customer’s personal needs. Utilising underutilised assets, sharing options offer peer-to-peer service to fill a gap in customised services.

As a result, this particular market segment of sharing business is designed for those who seek personalised services outside of the traditional lodging services. Embracing the changes brought about by sharing business, hoteliers should recognise their own advantage of standardisation. Business travellers may continue to consider standardised hotel services at the top of their choice in order to reduce uncertainties. To win a larger market share, hotel companies should consider partnering with multiple brands so that more diversified service categories can be offered to match various customer needs. For now, empowering service employees provides them with an opportunity to contribute their emotional intelligence to enhance value to the firm. Learning from sharing businesses, hoteliers should seek creative ways to utilise social media to generate customers’ emotional bonds with the business.

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Wasted millions: Revenue management in Dutch culinary restaurants

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The concept of revenue management is widely adopted in various industries including the hospitality industry. Yet, its application to the restaurant industry has been limited. Especially culinary restaurants appear to be a somewhat unexplored area of study, thus indicating a gap in the literature for restaurant revenue management. No previous research in the Netherlands has included culinary restaurants as a separate category in studies on restaurant revenue management. The research method is a case study approach leading to explanatory interviews, in addition to the experience of two of the authors themselves with over a total of 25 years of experience in the culinary restaurant business in the Netherlands. Eleven key stakeholders representing the Dutch hospitality and restaurant industry were interviewed. The interviews were then analysed and conclusions drawn. Dutch culinary restaurants do not consciously practice revenue management and thus do not have a strategy for it. This means that if culinary restaurants in the Netherlands could achieve the 2–5% revenue improvement that is typically associated with the application of revenue management, overall revenues could be increased by eight million Euros annually, almost all directly added to the bottom-line of these businesses.

Keywords: financial management, restaurant management, Dutch fine-dining restaurants, increased profits

Introduction

Restaurants have been operating throughout history. The dictionary defines a restaurant as “a place where people pay to sit and eat meals that are cooked and served on the premises” (Oxford Dictionaries, 2013). Restaurants operate in a complex business environment and suffer some of the highest failure rates amongst business start-ups (Camillo, Connolly, & Gon Kim, 2008; Enz & Canina, 2012). Consequently, it is essential that restaurants operate their businesses effectively. Two key elements for an effective operation depend on how a restaurant manages both the demand and the capacity of the restaurant (Cross, Higbie & Cross, 2008; Gehrels & Dumont; 2012; Kimes, 2004b). These elements mentioned include decisions on, for example, accepting reservations and assigning customers to specific tables (Kimes, 2004a). Many restaurants take these decisions based on intuition and personal observation. The mentioned examples, however, involve a set of decisions and techniques for which restaurants should have a strategy (Kimes, 2004b).

Research into these elements led to theories of (restaurant) revenue management. Kimes (1999) states that restaurant revenue management is about selling the right seat to the right customer at the right price for the right duration. This paper will examine how revenue management in Dutch culinary restaurants is currently managed. Historically, it was in France that the first so-called “culinary restaurant” was opened in 1765 (Surleront & Johnson, 2005). Today culinary restaurants are recognised as fine-dining restaurants, gourmet restaurants or gastronomic restaurants that operate at the upper segment of the restaurant market sector (Cross,

1997; Thompson, 2010; Guo, Xiao, & Li, 2012). This segment distinguishes itself by offering exclusive service, and quality food and beverages (Gehrels & Dumont, 2012). Culinary restaurants provide (sell) experiences and, according to Pine and Gilmore (1999), companies stage an experience whenever they engage customers, connecting with them in a personal, memorable way. Michelin describes the top level of culinary restaurants as “worth a special journey”. In a personal encounter between the author and the head-inspector of Michelin Benelux (Belgium, the Netherlands and Luxemburg), the inspector referred to perfectly prepared dishes as a “souvenir”. According to Johnson et al. (2005), Michelin-star rated restaurant chefs are tremendously successful as culinary artisans; however, the financial success of the Michelin-star rated restaurants is far more heterogeneous (Siguaw & Enz, 1999). Johnson et al. (2005) reported that only 8 of the 15 three-Michelin-star restaurants they investigated in terms of their financial performance turned out to be profitable. The ultimate goal of a sustainable business is making money and profit; therefore, applying restaurant revenue management to Dutch culinary restaurants could improve both revenues and profits (Gehrels & Dumont, 2012).

Revenue management

Revenue management stretches back over almost five decades (McGill & Van Ryzin, 1999; Lieberman, 2003) and has successfully been adapted to many industries, which include: airlines, rental-cars, convention-centres, movie theatres, golf-courses, stadiums and arenas, internet service providers, cruise-lines, continuing-care hospitals, hotels, and more recently

the restaurant industry (Muller, 1999; Anderson & Xie, 2010; Haensel & Koole, 2011). Revenue management originated in the airline industry following the airline deregulation in 1978. Market conditions at the time necessitated the need for a new approach towards managing the airlines' perishable product. Airline deregulation was a revolutionary concept that enabled the industry freedom in developing pricing and marketing strategies (Shoemaker, 2003; Smith, Leimkuhler, & Darrow, 1992). Revenue management was originally referred to as yield management or perishable-asset management (Kimes et al., 1998; Yeoman & Watson, 1999; Kimes, 2008b). There is no commonly agreed definition for revenue management and therefore definitions vary per industry and perspective (Cross, 1997; Yeoman & Watson, 1997; Kimes, 2001; Kimes & Wirtz, 2003). A commonly used definition (Cross, 1997) says that revenue management is the application of disciplined tactics that predict consumer behaviour at the micro market level and optimise product availability and price to maximise growth. Typically, revenue management is a practice that is used to increase companies' revenues (Cross, 1997; Kimes & Wirtz, 2003; Hwang & Yoon, 2009; Thompson, 2007). The literature confirms that this is achieved through effective management of three main areas: firstly, pricing strategy; secondly, inventory control; and thirdly, the control of availability (Thompson, 2007; Thompson & Kworntnik, 2008; Kimes, 2010a). In other words, revenue management is an important tool for matching supply and demand by segmenting customers into different market segments based on their willingness to pay for an experience, and allocating capacity to the different market segments in a manner that will maximise the company's revenues (Thompson, 2002; Thompson 2003a; Kimes & Wirtz, 2007).

Lieberman (2003) states that revenue management is fundamentally about making the right short-term trade-offs to increase long-term revenues and profits. This view is shared by Kimes and Wirtz (2003), who argue that short-term revenue growth could damage customer relationships. The essence of revenue management, however, is in many cases more revenue-focused rather than customer-focused (Kimes & Wirtz, 2003; Kimes & Thompson, 2004; Cross et al., 2008). Furthermore, Cross et al.'s study from 2008 indicates that a long-term perspective will be added to the discipline, leading towards a customer-centric approach, thus, focusing on demand management instead of purely revenue management (Cross et al., 2008; Heo & Lee, 2010). Different studies indicate that companies practicing revenue management report an increase in revenues of 2 to 5% (Hanks, Noland & Cross 1992; Smith et al., 1992; Kimes, 2004b) without any significant investments made, which in some cases resulted in a 50–100% increase in profits. For example, over \$100 million is generated annually at Marriott Hotels (Cross, 1997).

Revenue management in restaurants

Kimes (1998) found that restaurant businesses are similar enough to other service industry business that it should be possible to apply revenue management principles to restaurants. The potential lies in management's ability to market and manage every available moment of the restaurant as a unique product (Kimes, 1998). Although not specified under the name of revenue management, other different approaches have been put forward to increase revenues for

restaurants. Muller (1999), for instance, proposes that the restaurant industry could gain from the application of some "manufacturers'" management tools like calculating capacity use, modelling and simulation, and forecasting. Quain, Sansbury, and LeBruto (1999) address managerial factors that can increase restaurants' profitability, such as controlling seating, expanding capacity, and developing partnerships. A tool introduced earlier for restaurant profitability that is still powerful today is menu engineering (Parsa et al., 2005; Kimes, 2010b; Kimes & Kies, 2012). This was introduced as a tool for restaurants back in the 1980s. Menu engineering is a method of menu analysis and item pricing that considers both the profitability and popularity of competing menu items (Ninemeier, 2001). Restaurants operate in a complex business environment, with many different factors determining the failure or the success of operating a restaurant, and Parsa et al. (2005) provide an overview of which elements could determine this success or failure (Parsa, et al. 2005; Kimes & Kies, 2012). Some elements of failure include: poor communication with customers, lack of documented strategy (only informal or oral communication of mission and vision) and lack of operational performance evaluation systems (Kimes & Wirtz, 2002; Gehrels & Dumont, 2012). Some elements of success include: adapting desirable technologies, having a distinctive restaurant concept that has been well researched, and regular communication of these values and objectives to employees (Ansel & Dyer, 1999; Needles & Thompson, 2013). Successful restaurants are usually operated by an owner with passion, high energy levels and an authentic restaurant concept. Camillo et al. (2008) propose that the success of a restaurant hinges on five constructs with as many as fifty different variables (Camillo et al., 2008; Thompson, 2010; Kimes, 2008a). The mentioned constructs are: strategic choices, competitive factors, marketing, resources and capabilities, and owner-manager traits, often lifestyle-based. The restaurant industry presents a challenging, and complex business environment in which to be profitable (Camillo et al., 2008; Kimes & Kies, 2012).

Locking or pooling

Thompson (2010) suggests that the term restaurant revenue management focuses on revenue rather than on profitability. He presents a decision-based framework for restaurant profitability management that involves a broader way of looking at restaurant revenue management. Thompson (2010) views restaurant revenue management from the perspective of emergent themes; the two dominant themes are "capacity management" and "customer experience". Thompson (2002) first investigated the impact of "combinability" in restaurants that only accept "walk-in business" (i.e., no reservations are accepted). Combinability refers, for example, to the possibility of a restaurant to combine two four-top tables (two tables that both seat four people) in order to accommodate a party of eight. Thompson (2003a) introduced different steps to enhanced profitability using table-capacity optimisation. This process involves the simulation of alternative configurations in order to evaluate the different performances. Later, Thompson (2007) developed a tool (a web-based restaurant table mix optimiser – RTMO) to identify the best mix of tables for a restaurant, and reports that restaurants could increase their peak revenue by almost 15% by implementing a more

effective table mix and thus turning away fewer customers. Kimes and Robson (2004) asserted that the method developed by Thompson proves useful in determining an appropriate mix of tables for a restaurant, yet argue that the method is not able to suggest guidelines for positioning, configuration and styles of the recommended table mix.

Thompson and Kwortnik (2008) examined how assigning restaurant reservations to tables affects operational efficiencies; should a reservation be “locked” to a specific table at the time the reservation is made, or should the reservations be “pooled” and assigned to a table in real time? (Huang & Chang, 2011). The results confirmed the benefit of “pooling” restaurant reservations in comparison to locking reservations to specific tables, comparable to the situation in the airline industry (Huang & Chang, 2011). However, different seating arrangements deliver different experiences and satisfaction levels. Hwang and Yoon (2009) report that customers are willing to pay more for a better table location. Restaurants could charge different prices for different table locations like they do, for example, in theatres and airlines. Few restaurants have applied this location-connected seating tactic. Because this is not a common practice, customers might perceive price differentiation by table location as being unfair (Hwang & Yoon, 2009).

Information technology

Another important part of revenue management is the application of information technology. Kimes (2008c) states that the appropriate technology can help restaurants to increase revenues and profits. Information technology can support restaurants in many decisions and can assist in achieving higher revenues and increased guest satisfaction. Kimes (2009) also comments that restaurant customers appreciate the convenience of making reservations online, and provides suggestions for restaurant operators to manage online reservations. Amongst these suggestions is the consideration for restaurants to use third-party websites such as Opentable.com. Kimes (2012) further reports that there is no reason to believe that the current growth of online-reservations use will not continue, and therefore advises restaurants to develop a comprehensive distribution strategy that will help to maximise revenues through all distribution channels. However, there is some way to go before the use of distribution channels such as these are commonly used, although two companies similar to Opentable.com are rapidly growing (SeatMe.nl and Couverts.nl). Third-party websites offer packages that include reservations software modules. The danger here is that restaurants do not seem to be aware that they are literally giving away their data, perhaps not realising that their inventory will be “controlled” by a third party.

Furthermore, there is the application of social media for restaurants. Needles and Thompson (2013) report that although many restaurants are using social media, many owners lack well-defined social media strategies, both in terms of purpose as well as targets set. Social media is considered as a low-cost marketing tool, and Needles and Thompson advise restaurants to consider strategic social media marketing activities that are tailored to the restaurant’s market based upon the restaurant’s strategic goals. They further state that besides the revenue opportunities, active participation in social media can assist restaurants to manage their online reputation.

Research approach

The method for this study is that of a qualitative approach. As mentioned earlier culinary restaurants operate in a complex business environment. In addition, few quantitative data are available for culinary restaurants. Furthermore, restaurant revenue management is concerned with practices, interactions, philosophies and attitudes. According to Baarda, de Goede and Teunissen (2001), this is exploratory research. Robson (2002) considers exploratory study as a valuable means of finding out what is happening; to seek new insights; to ask questions; to generate ideas and hypotheses for future research and to “assess” phenomena in a new light. A case study research was organised including different pilot studies leading on to in-depth interviews. One of the author’s previous working places, a deluxe five-star hotel with four culinary restaurants, and his working experience played a key role during the case study. Data were gathered over a period of six years of research through document studies, non-participant observation and observation. The results from these experiences and studies formed the basis for the research of this paper. Data from structured interviews from eleven experts representing the restaurant and hospitality industry in the Netherlands were analysed. These experts were asked about their thoughts, experiences and perceptions. The resulting rich data were coded and analysed to identify themes, patterns and relationships.

Quality levels in Dutch culinary restaurants

Overall the importance and applicability of revenue management principles, as mentioned earlier, are confirmed by the respondents, albeit that these are presently not being applied consciously, but rather by “gut” feeling by independently owned culinary restaurants, as opposed to culinary restaurants operated by hotel chains, where these principles are being applied to a large extent as part of their business strategy. The non-practitioner interviewees highlighted the relatively conservative approach to new trends and technologies and noted that culinary restaurants by and large have been slow in adopting new technologies. Independent owners indicated that they lack sufficient scale, staff and funds to adjust to these developments on their own and would welcome a common approach by colleagues and the alliance of other restaurants. This dilemma is quite well illustrated by a very interesting observation by a respondent: *“It is unfortunate that revenue management is not practiced more extensively by culinary restaurants, because this would enable them to get more revenues out of their operation, which could again be invested into their business”*. All of the respondents recognised that culinary restaurants could still improve by applying the principles of restaurant revenue management in all relevant areas.

Sustaining the current quality levels reached in Dutch culinary restaurants

The interviewees derive their views from different perspectives; nevertheless, all in some manner stated that the most important factors to sustain quality are a combination of product, service and ambiance. Several interviewees mentioned that quality is

the complete "picture" of a customers' experience. Service (personalised) was specifically mentioned as an important factor, as different interviewees believed that the quality of food is already expected to be very good at culinary restaurants; customers should feel "at home". A next important success factor is professional and skilled employees who are able to present and translate the philosophy of the restaurant to customers. One interviewee stated that the most important part of quality is "sustainability". Several interviewees believed that culinary restaurants should have their own philosophy and the chef should have his own "signature". Culinary restaurants cannot easily be compared; they all have their own products and unique menus. Therefore, the overall view is that revenue management is not practiced in culinary restaurants in the Netherlands. In fact, some practitioners have never heard of the application of revenue management in restaurants. All respondents shared the opinion that culinary restaurants do not have a strategy for the application of revenue management, yet agreed that restaurants practice some revenue management tactics unconsciously.

Two respondents provided examples of culinary restaurants that managed to increase revenues with the application of a revenue management strategy. Social media was mentioned by several respondents as an important "new" tool that could lead to generating additional revenues. Most of the respondents thought that many culinary restaurants are mainly preoccupied with their "product and service". As one respondent put it, *"They seem to be less focused on the optimisation of revenues, the analysis of data, marketing and social media strategies. They seem to focus on the day-to-day business"*. Another interviewee stated: *"It seems the higher the restaurant segment, the less money they make"*.

Restaurant owners seem reluctant to involve their employees in determining the strategy for their restaurant. One restaurant owner stated: *"I make sure that the restaurant is full; the employees should then make sure that the restaurant stays full"*. The data suggest that when restaurants do practice revenue management, there is a reluctance to involve employees. One respondent said that he *"would involve the 'middle management' only"*. Only two respondents said that they would involve the whole team. The restaurateurs in the study had a tendency towards life-style business, where being their own boss and creating excellent dishes and service were the most important things to them, and so other business practices such as revenue management often came lower down in their list of priorities.

This means that the significant majority of the respondents do not have procedures in place for handling restaurant reservations; it seems that many restaurants manage their reservations on gut feel and experience of "what happened last week on the same night". Only a few restaurants have an automated reservation system, and in addition, few have the opportunity for direct online restaurant reservations. Two of the respondents had a reservation system that is able to provide seating suggestions. The practitioners are concerned with no-shows; nevertheless there were no clear procedures in place for cancellations and no-shows amongst the respondents. Some restaurants provide a "courtesy call system" to remind their customers; however, two respondents thought that *"this would be a lot of additional work"* and don't call and remind their customers. Guaranteeing restaurant reservations by

credit-card guarantees is applied in restaurants inside hotels, but mainly for group business. One interviewee, however, stated: *"Credit-card guarantees are difficult to manage; the culture inside the Netherlands is not like in, for example, the United States"*. Furthermore, another interviewee commented: *"Credit-card guarantees need a signature in order to be able to charge the credit-card; this requires a lot of deskwork"*. The respondents generally agree that double seatings are not accepted by customers in Dutch culinary restaurants. On the other hand, from anecdotal evidence, interesting developments are taking place in the application of double-seating settings by various popular restaurants. It may well be that customers of culinary restaurants will be more receptive to double-seating arrangements if the total dining experience is not affected.

In general, independent culinary restaurants do not make budgets and forecasts; one respondent stated that he *"[does not] believe in making budgets; a small business is managed differently and not like larger businesses"*. A significant majority of respondents mentioned that the most important indicators for measuring success are the total sales and the cash-flow of the restaurant. Clearly, these are issues that are important to the day-to-day management of their restaurant and important for its survival. With this in mind, one interviewee mentioned that *"a lack of cash could cause a business to go bankrupt despite a possible healthy balance-sheet"*. The study data suggest that employees are not usually involved in financial matters; one respondent stated that he likes to *"share [his] vision, the restaurant financial results and the expectations [he has] for the business, once a year with [his] employees"*.

Culinary restaurants inside hotels tend to follow the hotel procedures concerning both budgeting and forecasting, and involve the middle and senior management in the budget and forecasting procedures. One respondent from such a business mentioned that he has to *"measure, report and evaluate the guest satisfaction index of the restaurant"*. The study data show that, in general, payroll, food and beverage costs, average-check and total sales are measured. However, one respondent says that he does not like numbers and statistics and wonders what they say, or sometimes does not know what they mean. Clearly, the data show that independent culinary restaurants cannot be compared against culinary restaurants in hotels; one respondent stated: *"Restaurants in hotels do not pay rent: in addition, sales and marketing, accounting, engineering, everything is organised for them by the hotel"*.

The majority of respondents agreed that budgeting and forecasting are important for an effective operation. One respondent mentioned that *"you cannot manage a restaurant effectively on gut feeling"*. Another stated: *"You cannot live in the blind, you need information about your business to survive"* and added that whenever a forecast is accurate, the rest becomes easy. He further added that the lower the restaurant segment, the more important budgeting becomes. One interviewee suggested measuring revenue per square metre: *"Imagine having a restaurant of 300 square metres – how many seats are you going to create?"* Another respondent noted that many restaurants focus on their direct costs, and stated: *"An interesting discussion would be to look at rent and real estate, as these expenses have tremendously increased over the years"*.

The overall view of the study respondents was that revenue management is not practiced in many independent culinary

restaurants in the Netherlands. In fact, data show that some practitioners have never heard of the application of revenue management in restaurants. All respondents shared the opinion that independent culinary restaurants do not have strategies for the application of revenue management, yet agreed that restaurants practice some revenue management tactics unconsciously, for their businesses to survive in a competitive sector.

All respondents, stated that the most important factors to sustain quality in their restaurants are a combination of product, service and ambiance. Several interviewees mention that quality is the complete “picture” of a customers’ experience. Service (personalised) is specifically mentioned as an important factor as different interviewees believe that the quality of food is already expected to be very good at culinary restaurants; customers should feel “at home”. Also an important success factor is professional and skilled employees who are able to present and translate the philosophy of the restaurant to customers.

The data show that revenues in culinary restaurants are maximised in various manners; the following random examples were given by the interviewees: up-selling of cheese, after-dinner drinks, privately labelled products, exclusive waters, special coffees, “friandise” trolleys, dessert trolleys, special wine-arrangements, exclusive wines, special menus, extra dishes, and cook-books. Other possibilities for increasing revenues that were mentioned are: charging room-rental for private dining rooms (areas), hotel rooms, restaurant buy-outs for exclusive parties, and master classes. Mainly chefs can give demonstrations, participate in commercials or attend special events as a guest chef. In terms of product, the respondents generally agreed that most culinary restaurants prefer to sell extensive menus with limited options. Several of the respondents preferred to sell these menus in combination with extensive wine arrangements. Some interviewees, however, mentioned that serving wine arrangements is very labour intensive and that in some cases selling exclusive bottles of wines generates more revenue.

The lay-out of the restaurant (configuration) is not strategically managed in culinary restaurants; however, practitioners have a good understanding of their restaurant configuration, although it is managed on gut feeling and experience. One respondent stated that *“restaurants could put effort into supporting their experience with hard data”*. Another respondent stated that *“it is all about recording data; decisions should be based on statistics”*. The practitioners find the ambiance particularly important for culinary restaurants; the visual impression is very important. The majority of respondents mentioned that customers should experience a comfortable and pleasant atmosphere in a restaurant, and that much effort is put into providing quality and privacy for customers. A significant majority of respondents stated that it is important to determine the maximum capacity for a restaurant in order to sustain the quality level. One respondent said, *“Serving more customers does not always result in more revenue; but staffing levels need to be considered as well”*.

All the culinary restaurants in the sample practiced cost-based pricing. All practitioners explained that they generally work with a fixed cost-percentage. One respondent said, *“Restaurants could be more creative in setting their sales-prices. There are many possibilities, and these are*

underutilised in the Netherlands”. Another respondent remarked that *“sometimes you can sell more at a lower profit”* and continued, *“especially wine-sales should not be done with a percentage, but rather with a mark-up”*. As most culinary restaurants do not practice revenue management, staff are obviously not trained in the necessary skills. Nevertheless, the significant majority of respondents stated that they train their staff in up-selling. This on-the-job training is usually given by the sommelier or restaurant manager. One respondent stated that analytical skills are important: you need to be able to interpret data. He stated that *“people in the restaurant business are not trained in these skills”*. Another respondent recommended the implementation of a staff evaluation system where everything can be measured on different levels throughout the organisation. The majority of the restaurants in the sample organised a daily shift briefing, where items are discussed such as which guests are coming, who is expected, and potential wine and food sales for the day.

The future of (restaurant) revenue management

The significant majority of respondents believe that the future for revenue management mainly involves new technological developments. One respondent stated that *“the current systems will become more sophisticated”* and added that customers react positively towards “new” technology. Another respondent stated that *“the future will integrate the different technological systems; point of sales, reservations systems, kitchen-management systems”*. A significant number of respondents believed that online-bookings will soon be made by mobile-phone; one respondent stated that *“Internet will soon do its work, all restaurants will move to reservations by internet”*. Other respondents believed that social media will become an important part of business. Nevertheless, the significant majority of respondents remarked that culinary restaurants in the Netherlands are behind trends and are slow to adopt new technology. One respondent stated: *“Restaurateurs think that things are going all right”*.

One respondent stated that *“hard revenue management tactics are not directly the most obvious for culinary restaurants”*, but added that this doesn’t imply that there is no room for applying revenue management principles. A significant majority of respondents agreed that public relations and marketing are important; one respondent said, *“A good reputation indirectly provides the opportunity to raise prices”* and added that in that manner you are not just focusing on revenue. Another respondent was sceptical about the future of revenue management and stated that *“It is just not in the character of the industry”*, and further stated that culinary restaurants are all independent and lack economy of scale; in addition, no real changes have taken place over the last years in culinary restaurants. Another respondent commented that *“restaurants in the USA are managed on facts and number; in Europe, however, restaurants are managed on emotion”*.

A significant majority of respondents generally agreed that social media will become an important part of business. One respondent mentioned that they are very active on social media and that their chef has over 10 000 followers on Twitter. He referred to an event that was organised and communicated on Twitter which caused the restaurant to be sold out within 30 minutes. Another respondent stated that *“you need to manage*

social media in a way that people talk about their experience at your restaurant and become part of a community; others have to say that you are great". A fellow respondent mentioned that "independent restaurants usually do not have the manpower to manage new technologies such as social media", and another respondent mentioned that "social media is managed by the marketing department in the hotel". A small majority of the respondents thought that social media was basically a new form of customer relationship management, and many mentioned that they are currently renewing their websites. The key point made was that restaurants should have a good, functioning website so that customers can easily find their restaurant.

Conclusions

From the literature review carried out it is evident that restaurant revenue management is perceived as a set of management tools, multifaceted in nature, addressing aspects relating to strategy, tactics, people, and forecasting, that holds considerable potential for the restaurant industry to increase revenues by 2–5% at almost no additional investment or cost to the business. Potentially, this means that if all culinary restaurants in the Netherlands could achieve the 2–5% revenue improvement that is typically associated with the application of revenue management, overall revenues of these restaurants could increase, estimates from the research suggest by up to eight million Euros annually, almost all directly adding to the bottom line of these businesses.

Clearly, insights from the restaurant owners themselves reveal that in the Netherlands culinary restaurants are not applying restaurant revenue management tools, while, on the other hand, the data in this paper show that culinary restaurants owned by hotel chains are using revenue management tools extensively, and suggest that increases in revenue are noted because of this. The independent restaurant owners are focusing on the vital importance of "knowing the customer" as the basis for a sustainable operation of a culinary restaurant, and recognise that they should be alert to technological developments in relation to restaurant reservation booking, internet sites and customer use of booking online reservations.

The importance of the "personal touch" was highlighted by all independent restaurant owners in this study. By sharing with the authors their insights into their day-to-day operations, the respondents allowed the authors to gain a broad and deep understanding of the daily practice of professionals in Dutch culinary restaurants, as compared to the methods described in the theory on restaurant revenue management. Therefore, it can be concluded that Dutch culinary restaurants can improve the management and profitability of their business specifically by implementing restaurant revenue management techniques.

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Fun, animal welfare or community development? Understanding young tourists' preferences for a wildlife tourism package

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This paper explores the impact of young travellers' value orientations on their choice for a wildlife tourism package. On the basis of existing literature, four different packages were designed: one mirroring the traditional offer of wildlife tourism as a hedonic experience; one enhancing the animal welfare aspect and intended to appeal to biospheric values; one enhancing the cultural and community development aspect and intended to appeal to altruistic values; and one combining both cultural and animal welfare aspects. Data were gathered on location in South Africa – one of world's main wildlife tourism destinations.

Results suggest that the altruistic and biospheric value orientations have a strong influence on the choice for a wildlife package tour. Respondents with an above average altruistic value orientation opt for the tour that focuses on community development (third package) or that combines this aspect with animal welfare (fourth package); while respondents with an above average biospheric value orientation are attracted to the fourth package. Overall, the majority of respondents opt for one of the packages that include sustainability components. These outcomes combined with results from previous research bring us to the conclusion that young tourists are open to a sustainable tourism offer in general and wildlife tourism in particular.

Keywords: Youth tourism experience; values; wildlife tourism; sustainable tourism.

Introduction

In a world with limited resources and a growing demand for tourism, it is essential that tourism takes "full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities" (UNEP & UNWTO, 2005, 12). This is especially true for those forms of tourism, such as wildlife tourism, that enter into areas where endangered species find a last refuge. Confronted with a growing and global market demand for wildlife (Rodger & Moore, 2004), several organisations have taken steps to promote forms of wildlife tourism that are more respectful of the natural environment and wildlife, even though studies addressing tourists' choices for a more sustainable form of wildlife tourism are scarce. This is even truer for studies that focus on wildlife tourism and youth travellers.

Youth tourism is a very significant phenomenon: it is not only a booming market of increasing importance for many countries (Richards, 2008; UNWTO & WYSE Travel Confederation, 2008, 2011; Demeter & Brătucu, 2014), but it also constitutes an innovative force pioneering new approaches to tourism that may lead to new choices by the wider society (Fermani, Crocetti, & Carradori, 2011; Martinengo & Savoja, 1993, 1998)—this despite research on the youth tourism experience in general and in relation to sustainable (wildlife) tourism in particular being very limited (Richards, 2008; Cavagnaro & Staffieri, 2014).

Following a line of study developed by two of the authors of the present paper, the research reported upon here explores the impact of young travellers' value orientations on their

choice for a wildlife tourism package. In this research young tourists were asked on location to choose one out of four pre-designed packages: one mirroring the traditional offer of wildlife tourism as a hedonic experience; one enhancing the cultural and community development aspect and intended to appeal to altruistic values; one enhancing the animal welfare aspect and intended to appeal to biospheric values; and one combining both cultural and animal welfare aspects and thus offering a more fully sustainable tourism experience. Their answers were interpreted using the value profiles of the respondents to evaluate whether people with a different value orientation also opt for a different package.

The paper is structured as follows. A brief literature review highlights the main theories on which the research is based and how this work will contribute to their development. The research method section illustrates first how the four packages were designed and tested. It then presents the chosen method, a survey, and the location for the data collection. Next, results are presented and briefly discussed. Finally, a conclusion ties the whole paper together and provides some reflection on the importance of the results for the industry and for further research.

Literature review

This section highlights the main theories on which the study is based and how this work will contribute to their development. It is divided into three subsections: youth tourism; wildlife tourism; sustainability values.

Youth tourism experience

The UNWTO and WYSE Travel Confederation define youth tourism as independent trips for periods of less than one year taken by people aged 16–29 who are motivated, in part or in full, by a desire to experience other cultures, build life experience and/or benefit from formal and informal learning opportunities outside one's usual environment (UNWTO & WYSE Travel Confederation, 2008).

Experience is thus a central feature of youth tourism: as several authors noted, youngsters are hungry for experience and are willing to skimp on costs of services (accommodation, transport) in order to invest more in lifetime experiences (Richards & Wilson, 2003). Another distinguishing feature of young tourists is that they reject standard or homogenised products. They seek solutions, new ideas and experiences that generate emotions (Moisã, 2010). Thanks to the abundance of time and (often) the support of their financially rich but time-poor parents, youngsters undertake long trips, aimed mainly at increasing their knowledge of the world and learning about other cultures (UNWTO & WYSE, 2008, 2011; UNWTO, 2013). Still, little is known about the motivational, behavioural and experiential dimensions of young travellers. The experiential dimension has recently gained some attention: the emotional implications of travelling have led to a conceptualisation of youth tourism in terms of experience (Pearce & Lee, 2005). It has therefore been argued that the major difference between younger and older tourists lies in the type of experience each group is seeking and in the travel motivation of each group.

Literature on youth tourism experiences deals mostly with the educational aspect of experiences (McLellan, 2011; Stone & Petrick, 2013) and therefore explores a specific segment of young travellers: students (Morgan & Xu, 2009; Stinson & Richardson, 2006; Wright & Larsen, 2012). More attention has recently been given to benefits that all young travellers (including non-students) derive from their experiences and to their motivation to travel (Yousefi & Marzuki, 2012; Stone & Petrick, 2013; Cavagnaro & Staffieri, 2015). Also recently, it has been shown that segments can be individuated comprising young (Dutch) tourists open to sustainable tourism offers (Staffieri & Cavagnaro, 2015). Staffieri and Cavagnaro (2015) examined the influences of value orientations on young travellers' motivations and concluded that there are at least four target groups open to sustainable tourism offers. This conclusion, though, is only theoretical and therefore more research is needed to explore whether it also holds true when young travellers need to choose between different options. The present study takes a first step in this direction by focusing on wildlife packages.

Wildlife tourism

Wildlife tourism is defined as "tourism based on encounters with non-domesticated (non-human) animals" (Higginbottom, 2004, 2). Wildlife tourism has grown significantly over the last years (Higginbottom, 2004; Rodger et al. 2007; Tapper, 2006; Hughes, 2013). In 2014 the global market size of wildlife tourism was estimated at 12 million trips per year and its annual growth rate at around 10% (UNWTO, 2014). Rodger et al. (2007, 160) explain this increase by stating that "tourists have developed an increasing desire for interaction with the natural environment including wildlife populations".

The literature distinguishes among wildlife tourism in the natural habitat of the animals and in captivity (Higginbottom, 2004). Overall seven categories of wildlife tourism products (Reynolds & Braithwaite, 2001) have been distinguished. When focusing on tourism in the natural habitat, these can be reduced to three main forms, as summarised in Table 1.

Hughes (2013) confirms that both wildlife and wildlife watching tourism are often promoted not only as a means of protecting and preserving environmental resources but also as activities designed to raise awareness of and concern with environmental issues. Wildlife (watching) tourism therefore overlaps with other forms of sustainable tourism such as nature tourism (Higginbottom, 2004; Tapper, 2006) and ecotourism (Banerjee, 2012; Lemelin et al., 2008; Tapper, 2006). Ecotourism is an elusive concept. Some researchers define ecotourism as travelling to natural areas with the aim to enhance understanding and appreciation of the natural environment, while others also include a wish to be in contact with local people and enhance their wellbeing (Björk, 2000). This last aspect is central to community-based tourism, a form of tourism based on the participation of the local community (López-Guzmán et al., 2011) and geared towards generating sustainable income and employment for the local community (Salazar, 2012). Arguably, the difference among these options (and the interpretation of eco-tourism on which they are based) can be explained as a difference in the salience attributed to altruistic and biospheric values. Community-based tourism stresses altruistic values, such as striving for equality and social justice. Forms of eco-tourism focused on animal welfare stress biospheric values, such as protecting the environment and living in harmony with nature. Interestingly, sustainable tourism, as defined, for example, by UNEP and UNWTO (2005), requires an integration of both altruistic and biospheric values: it should namely create value both for the local community and the natural environment.

Considering the unresolved discussion around ecotourism, this study considers three different options for a "sustainable" wildlife tourism package: one more focused on animal welfare

Table 1: Forms of wildlife related tourism (Curtin, 2010; Reynolds & Braithwaite, 2001; UNWTO, 2014)

Wildlife tourism	Wildlife watching tourism	Safari
Nature-based tourism with a wildlife component	Specialist mammal watching	Most common form of wildlife watching tourism, referring to tourism that usually takes place in protected areas
Locations with good wildlife opportunities	Habitat specific tours	
Artificial attractions based on wildlife	Floral and butterfly tours	
Specialist animal watching	Thrill and adventure seeking activities	
Habitat specific tours	Safaris and cruises	
Thrill-offering tours	Conservation or research oriented trips	
Hunting / fishing tours	Opportunities for direct embodied experiences	

and nature; one more focused on community involvement and culture; and one combining these two. In terms of values, the first option stresses biospheric values and should therefore appeal to people scoring comparatively high on the biospheric value orientation; the second option stresses altruistic values and should therefore appeal to people scoring comparatively high on the altruistic value orientation; and the third one offers a combination of both value orientations and may equally appeal to people high on the biospheric and on the altruistic value orientation.

Although wildlife watching tourism and wildlife tourism are both associated with ecotourism, there is an important difference between them: wildlife watching tourism is non-consumptive (Cong et al., 2014; Tremblay, 2001; Duffus & Dearden, 1990; Hay & McConnell, 1981), whereas wildlife tourism may include consumptive activities such as hunting and fishing (Tapper, 2006). Considering that sustainable tourism has been defined as a form of tourism that has no negative and possibly a positive impact on the community and the natural environment of the destination (UNEP & UNWTO, 2005), it may be argued that wildlife watching tourism is closer to sustainable tourism than wildlife tourism.

Literature also distinguishes two types of wildlife tourists; those who have high knowledge levels, commitment or dedication, also called hard or deep eco-tourists, and those who have less knowledge, commitment or dedication, also called soft or shallow eco-tourists (Lemelin et al., 2008). Curtin (2010) adds that the small group size and environmental focus of serious wildlife tourists lowers their negative impact on the destination.

The focus of this study is on wildlife watching tourism because as a non-consumptive form of tourism it comes closer to sustainable tourism than wildlife tourism. The study does not focus on a special type of wildlife tourist, because its aim is to evaluate the choice for a sustainable package made by younger tourists in general and not a specific sub-group such as deep eco-tourists. It does, however, appreciate that tourists choosing for wildlife tours may share a higher interest and love of nature and animals than other type of tourists (Curtin, 2009). Finally, this study does take into account the respondents' value orientations and is therefore able to distinguish between tourists who are more sensitive to sustainability issues and tourists who are less sensitive.

Wildlife tourism and value orientations

Schwartz (1992, 21) defines values as "desirable transsituational goals varying in importance, which serve as a guiding principle in the life of a person or other social entity". Values are formed early in life and are considered to be rather stable antecedents of behaviour, including pro-environmental and pro-social behaviour (Stern, Dietz & Guagnano, 1995). Even though values are culturally shared, different individuals are likely to prioritise these values differently (Steg et al., 2014). So people differ in the importance that they assign to values, but they might also prioritise their own values differently in response to a certain offer or the way it is framed (Steg et al., 2014).

In his seminal studies dating from 1992 and 1994, Schwartz designed a theoretical model in which different value orientations are identified and plotted along two axes, one representing openness to change vs. conservatism,

and the other representing self-enhancement values vs. self-transcendence values. Later studies have proven that inside the self-transcended values a distinction can be made between pro-social (altruistic) values and pro-environmental (biospheric) values (Stern & Dietz, 1994; De Groot & Steg, 2008). Finally, it has been argued that alongside self-enhancement (egoistic values), hedonic values are also relevant to explain why people do or do not demonstrate a specific sustainable behaviour (Steg et al., 2012).

There are specific studies about wildlife value orientations (see e.g. Fulton et al., 1996; Jacobs et al., 2014). However, these studies do not take into consideration the four value orientations of environmental concern as described above. As it may be contended that these value orientations in general and the hedonic one in particular are strongly linked to a leisurely experience such as travelling (Kim et al., 2012), this study chooses to explore whether the four value orientations individuated by Steg et al. (2014) influence youth tourists' choice for a sustainable wildlife tourism package. The choice of this study is in line with research on the influence of value orientations on tourists' activities (Hedlund, 2012; Perkins & Brown, 2012). For example, Perkins and Brown (2012) found that while biospheric values strongly relate with a particular interest in ecotourism and tourism related pro-environmental attitudes, egoistic values are related with a greater interest in hedonistic tourism activities. These studies, though, do not specifically target youngsters.

Research method

The aim of this study is to explore whether the value orientations of young travellers influence the choice for a wildlife package tour. On the basis of existing research it is hypothesised that respondents with a hedonic or egoistic value orientation focus on pleasure when choosing a wildlife package, while respondents with an altruistic value orientation focus on community development. It is also hypothesised that respondents with a biospheric value orientation choose either the package with a focus on animal welfare or the package that combines animal welfare with community development (Perkins & Brown, 2012; Steg et al., 2012; Cavagnaro & Staffieri, 2015). Looking at demographics, the hypothesis is that females demonstrate higher pro-environmental and pro-social values (altruistic and biospheric value orientation) than men (Diamantopoulos et al., 2003), while older respondents show higher hedonic and egoistic value than younger respondents (Cavagnaro & Staffieri, 2014). Occupation and education are expected to have limited or no influence on the value orientation of young travellers.

In order to test these hypotheses wildlife tourism packages focusing on pleasure, community development, animal welfare, or a combination of the latter two sustainable features had to be designed. The researchers developed four wildlife packages based on literature on eco-tourism, community-based tourism, and sustainable tourism (Honey, 1999; Björk, 2000; López-Guzmán et al., 2011; Banjeree, 2012; Salazar, 2012; Cheia, 2013; Gascón, 2013). The main differences between the four packages are listed in Table 2.²

The packages were piloted by asking five young travellers to describe the differences between them. The pilot was successful: the respondents were clearly able to identify the

differences between the packages. Respondents individuated the first package as the less sustainable offer; described the difference between packages two and three in terms of planet focus and people focus respectively; and judged package four to be a synthesis of packages two and three. No major changes to the packages were therefore required.

The second step in the research was to develop and pilot a short survey. This survey contained the value orientation scale designed by De Groot and Steg (2008) and revised by Cavagnaro and Staffieri (2014); questions on the socio-demographic background of the respondents, including a question on prior wildlife tourism experiences; and a question asking respondents to choose between the four packages and motivate their choice (open question).

Data were collected in April and May 2015 in South Africa. South Africa has been a wildlife-watching destination since 1927, when Paul Kruger established the first game park (Lubbe, 2003). The Kruger Park very quickly acquired worldwide renown (Lubbe, 2003) and within one year a Tourist Department was set up to arrange itineraries and all-inclusive tours for tourists (Lubbe, 2003). In 1927 the Kruger National Park welcomed 650 guests in total (Ferreira and Harmse, 2014). In the following years the number of visitors to South Africa and the Kruger Park increased constantly, reaching 10 364 international tourists by 1934 (Lubbe, 2003). After the dramatic experiences of World War II and of the apartheid regime, tourism in South Africa increased sharply, reaching 4.5 million travellers in 1995; 6.7 million in 2004 and, also as a result of hosting the FIFA World Cup, 9.2 million in 2012 (World Bank, n.d.; Du Plessis & Maennig, 2011). As regards source markets, the United Kingdom is the greatest source of overseas arrivals, with 438 023 travellers in 2012, followed by the United States with 326 644, and Germany with 266 333 travellers (Forster, 2012; South African Government, 2013). However, the largest markets for inbound travel are neighbouring African countries (BMI, 2015). Besides the Western and African countries, Asia shows a remarkable growth as a source market (BMI, 2015; South African Government, n.d.). BMI (2015) states that South Africa remains famous as a safari holiday destination, as most of the safari areas are well developed. Snyder and Sulle (2011) argue that most tourists come to Africa for wildlife watching. Finally, it is interesting to note that South Africa's national tourism strategy involves promoting sustainable tourism.

Three locations were chosen in which to distribute the questionnaire: Johannesburg, because it is the starting point for wildlife tourists visiting the Kruger Park, and Cape Town and the Kruger National Park, because they are considered to be the most attractive locations for tourists in South Africa. It should be considered that although the country has many national parks, the Kruger National Park alone welcomed 1 450 481 visitors in 2012, accounting for nearly 18% of the international visitors (Ferreira & Harmse, 2014).

The distribution of the questionnaire varied slightly in the three locations. All questionnaires were distributed at places where people could sit to fill them out. In Johannesburg, questionnaires were handed out in a hostel and at the airport. For the sake of safety, questionnaires were not distributed elsewhere. In Johannesburg the researcher herself distributed all the questionnaires. They represent about 15% of the total. In Cape Town, the questionnaires were handed out in hostels and at tourist sites. Six hostels were asked to hand out the questionnaire to their guests who were either checking in or out. Five hostels were willing to help; one hostel refused. The questionnaires were also distributed at well-known sites, such as the top of the Table Mountain and the Robben Island Gateway, where people rested or queued. The last site for collecting the data was the Kruger National Park. Against expectations, this proved the most difficult site for reaching out to young travellers. Tourists could only be asked to fill out the questionnaires during a pause in their tour and due to the enormous size of the Park it was impossible to get a large number of young tourists in one place. Roughly 20% of all respondents were from this location. Most young tourists who were asked to fill out the forms were willing to do so. Most people who refused blamed their low command of the English language or a lack of time as they were on a guided tour. At this location, not all questionnaires were distributed by the researcher herself; therefore, only an estimate can be made of the non-respondents: 10%.

Comfrey and Lee (1992) consider 300 cases a good sample size. Due to the difficulties stated above, only 270 valid questionnaires were collected. Even though this study is of an explorative nature, the small sample size constitutes one of the limitations of this research.

The analysis of the data started by testing the internal consistency of the four value orientations, using Cronbach's alpha (Matkar, 2012). Results are presented in Table 3.

All Cronbach's alpha values, except for the hedonic value orientation, are above 0.7 or above 0.8, pointing to a good internal consistency (Field, 2009). The fragility of the hedonic scale had already been noticed by Cavagnaro and Staffieri (2014) who proposed to strengthen the scale by adding the values "an exciting life" and "a varied life". In the present study, adding these two values slightly increases the Cronbach's alpha for the hedonic value orientation from 0.539 to 0.656. Therefore, for the logistic models below the hedonic scale consisting of five values (gratification for oneself, a varied life, enjoying life, an exciting life, pleasure) was used.

The next step in analysing the data was to examine the motives for why respondents choose a specific wildlife tour package. Results of this analysis are presented in the next section. In the third and last step of the analysis, logistic regression was used to answer the hypotheses and determine whether:

Table 2: The four wildlife tour packages

Package	Focus
I	Fun; no regard for the wellbeing of people or animals
II	Wildlife watching; animal welfare; guides are certified and animals are not harassed
III	Less focus on wildlife watching, more focus on helping and learning about the local community
IV	A combination of tour II and III: it focuses on nature and culture by combining animal welfare and the wellbeing of the local community

Table 3: Value orientations and Cronbach's alpha

Value orientation	Values	Cronbach's alpha
Egoistic	Ambitious, influential, authority, wealth, social power	0.783
Hedonic	Gratification for oneself, enjoying life, pleasure	0.539
Altruistic	Helpful, social justice, a world at peace, equality	0.752
Biospheric	Preventing pollution, protecting the environment, unity with nature, respecting the earth	0.889

- The independent variables age, gender and education, under control of all covariates considered, have a significant influence on the dependent variables (value orientations).
- The independent variables value orientations, under control of all covariates considered (age, gender, education, residence), have a significant influence on the dependent variables (choice for wildlife package I, II, III or IV).

The goodness of fit of the logistic models was tested using the Hosmer-Lemeshow (HL) test, especially suitable in the case of small sample sizes. If the HL test statistic is not significant, the model fit is acceptable (Hosmer & Lemeshow, 2000). The HL test statistic confirms the goodness of fit for all of the logistic regression models carried out. The next section presents and discusses the main findings.

Main findings and discussion

This section describes the sample, the motives for a package choice and the results of the testing of the hypotheses. Only significant results are reported and commented upon.

Description of sample

A total of 270 valid questionnaires were received. Gender distribution was quite balanced, with 59.3% of the respondents being female. Respondents' ages varied from 18 to 29 years. The majority of respondents were 27–29 years old (37.4%), followed by the 18–23 age group (33.0%) and those 24–26 years old (29.6%).

The Western countries with the highest representation in the sample were Germany (19.6%), followed by the Netherlands (12.2%), the UK (12.2%), and the USA (10.7%). It was expected that Germany, the UK and the USA would top the list, as these countries are the greatest source of overseas arrivals (Forster, 2012). As the Netherlands is the third European country in terms of international arrivals in South Africa (South African Government, 2015), it is no wonder that many respondents came from this country. For further analysis,

four geographic areas were distinguished: Europe (61.1% of the sample), Africa (16.3%), North America (15.2%), and Other (7.4%).

The majority of respondents (74.0%) were employed, while slightly more than a quarter said they were students (25.6%). A very small minority said they were unemployed (0.4%). Among employed people, the majority said they had a job in the commercial sector (16.5%) and that they worked or volunteered (15%). Considering that the vast majority of respondents were employed, occupation has not been considered in the following analysis as a discriminating variable.

As regards education, there was an evident split between respondents with a master's, bachelor's or PhD (60.0%) and respondents with a high school or college degree (40.0%). This dichotomy between higher (or academic) and lower (non-academic) education has been used in the logistic models.

Considering value orientations, the majority of respondents' scored highest on the hedonic value orientation (48.1%), followed by the altruistic and biospheric value orientations (22.6 and 17.4%). This high hedonism score is justifiable considering that all respondents were engaged in a high hedonic activity. A small group of respondents demonstrated a combination of the hedonic and altruistic value orientations (3.7%), while very few respondents scored highest on the egoistic value orientation (3.0%).

Finally, Table 4 shows how many respondents opted for a specific package tour.

The least popular package tour was Tour I, the tour with a focus on pleasure. This seems unexpected, due to the high number of respondents with a hedonic value orientation. An attempt to explain this result is provided below.

Choice motives

Respondents were asked to specify the motives for their package, due to the high number of respondents with a hedonic value, 237 answered this question. This explains the difference between the number of overall respondents (see Table 4) and the numbers presented below. Table 5 shows the results of a content analysis of the respondents' responses.

Forty-four respondents chose Package I and answered the motivation question. Of these young tourists a vast majority (90.9%) said they had chosen it for its hedonic component. (As one of the respondents said, "It looks like fun"). Of the respondents who chose Package II and answered the motivation question (77), the majority stated that their choice was motivated by its focus on wildlife (44.2%), its eco-friendliness (22.1%) and attention to animal welfare (19.5%). Of the 57 respondents who motivated their choice for Package III, a majority pointed to its focus on the local community (49.1%) and on culture (33.3%). A minority (14.0%) motivated its choice for Package III by referring to its

Table 4: Frequencies of choice for a wildlife package tour

Package	Package's focus	Frequency	Percentage
II	Wildlife watching; animal welfare; guides are certified and animals will not be harassed	88	32.6
IV	A combination of tour II and III: it focuses on nature and culture by combining animal welfare and the wellbeing of the local community	68	25.2
III	Less focus on wildlife watching, more focus on helping and learning about the local community	62	23.0
I	Fun; no regard for the wellbeing of people or animals	52	19.3
Total		270	100

Table 5: Choice motives

Package	Choice motives (% of respondents)	Frequency
II	Wildlife focus (44.2%); eco-friendly (22.1%); animal-welfare (19.5%)	77
IV	Benefit for community and animal welfare (55.9%); responsible tourism (20.3%); fits my personal values (8.5%)	59
III	Local community (49.1%); culture (33.3%); fun (14%)	57
I	Fun (90.9%)	44

fun component. Finally, 59 respondents motivated their choice for Package IV by pointing to its benefit for the community and for animal welfare (55.9%), to its focus on responsible tourism (20.3%) and to personal values of the respondents (8.5%). Summing up: these results suggest that the reason for the respondents' choice for one of the packages matched the focus of each package. It can therefore be argued that not only were the four packages perceived as being different but also that the perceived differences are in line with the way the researchers designed the packages.

Influence of demographic variables on value orientations

In line with existing literature (Diamantopoulos et al., 2003), female respondents scored higher on the altruistic and biospheric value orientation than male respondents (respectively $\beta = 1.060$, $p < 0.001$ and $\beta = 0.463$, $p < 0.1$). No other significant influences of gender on value orientations were found.

Age only partially influenced the value orientation: progressing from the youngest age group (18–23 years of age) to the middle age group (24–26 years old) the probability of respondents opting for the egoistic value orientation decreased ($\beta = -0.561$, $p < 0.1$); while progressing from the youngest to the oldest age group (27–29 years) the probability of respondents demonstrating a hedonic value orientation increased ($\beta = 0.513$, $p < 0.1$). No other significant influences of age on value orientations were found.

Education demonstrated no influence on the four value orientations.

Tables 6 to 9 present the logistic models for these four value orientations.

Influence of value orientations on the package choice

The focus of Wildlife Tour Package I is on enjoyment. As has been shown above, this focus is also recognised by the respondents in the open question where they reported on motives for choosing one of the four packages. This notwithstanding, hedonic values do not significantly influence the choice for this package. This may be explained by pointing out that a tourism experience is virtually by definition a hedonic experience; therefore, in a tourism context, hedonic values do not by definition motivate individuals to choose the most hedonic among a collection of experiences that are all in some way pleasurable. Altruistic and biospheric value orientations, on the other hand and as expected, negatively influenced the choice for this package ($\beta = -0.925$, $p < 0.05$ and $\beta = -0.868$, $p < 0.05$). It may therefore be argued that people who value social justice, equality and environmental protection are clearly appalled by the lack of consideration for people and planet demonstrated in Package Tour I. This tentative interpretation

Table 6: Logistic model, Egoistic value orientation

	B	Sig.	Exp(B)
Gender (ref. male)			
Female	0.401	0.121	1.493
Age class (ref. 18–23)		0.232	
24–26	−0.561	0.088	0.571
27–29	−0.261	0.398	0.77
Country (ref. Europe)		0.312	
North America	−0.028	0.937	0.972
Africa	0.693	0.071	1.999
Other	−0.047	0.922	0.954
Education (ref. Non-academic)			
Academic	−0.119	0.662	0.888
Constant	−0.034	0.920	0.967

Table 7: Logistic model, Hedonic value orientation

	B	Sig.	Exp(B)
Gender (ref. male)			
Female	0.291	0.253	1.337
Age class (ref. 18–23)		0.207	
24–26	0.121	0.710	1.128
27–29	0.513	0.096	1.67
Country (ref. Europe)		0.856	
North America	0.055	0.877	1.057
Africa	0.314	0.398	1.369
Other	0.167	0.728	1.182
Education (ref. Non-academic)			
Academic	0.060	0.823	1.062
Constant	−0.508	0.132	0.602

Table 8: Logistic model, Altruistic value orientation

	B	Sig.	Exp(B)
Gender (ref. male)			
Female	1.060	0.000	2.886
Age class (ref. 18–23)		0.638	
24–26	0.304	0.361	1.356
27–29	0.088	0.780	1.092
Country (ref. Europe)		0.900	
North America	0.165	0.652	1.180
Africa	0.226	0.553	1.254
Other	0.230	0.643	1.259
Education (ref. Non-academic)			
Academic	−0.059	0.831	0.942
Constant	−0.815	0.019	0.443

Table 9: Logistic model, Biospheric value orientation

	B	Sig.	Exp(B)
Gender (ref. male)			
Female	0.463	0.069	1.589
Age class (ref. 18–23)		0.297	
24–26	−0.307	0.346	0.736
27–29	0.168	0.585	1.183
Country (ref. Europe)		0.981	
North America	−0.053	0.882	0.948
Africa	0.060	0.872	1.062
Other	0.163	0.736	1.177
Education (ref. Non-academic)			
Academic	0.027	0.921	1.027
Constant	−0.277	0.409	0.758

is strengthened by the fact that respondents from the middle age group (who, as demonstrated above, are less egoistic than their younger fellow travellers) are also less tempted to choose this package tour ($\beta = -0.824, p < 0.1$). Interestingly, more respondents from Africa opted for this package than their European counterparts ($\beta = 1.238, p < 0.01$). It may tentatively be argued that African tourists are less interested in the local culture (focus of Tour III and integrated in IV) because they come from a similar background. Literature also points to the sensitive relationship between people of African origin and animal protection – the focus of Tour II (Cavagnaro, Staffieri & Ngesa, 2015). Table 10 presents the logistic model for Package Tour I.

Wildlife Package II focuses on animal welfare. It is therefore not surprising and in line with expectations that biospheric values have a positive influence on the choice for this package ($\beta = 0.717, p < 0.01$). Altruistic values have a negative influence ($\beta = -0.903, p < 0.05$), a result we will return to later on. Interestingly, fewer respondents from Africa tended to choose this package as compared to Europeans ($\beta = -1.334, p < 0.01$). This result strengthens the suggestion above regarding the sensitivity, bordering on hostility, of African people towards what in their view may seem an exaggerated effort to protect animal welfare in countries where people suffer from severe poverty (Cavagnaro, Staffieri & Ngesa, 2015). Older respondents seemed less inclined than younger respondents to choose this package ($\beta = -0.689, p < 0.05$). Table 11 presents the logistic model for Package Tour II.

Wildlife Package Tour III focuses on community development. Considering the influence of the two transcendent value orientations, we observe a situation that is exactly the reverse of that observed for Package II: altruistic values have a positive influence ($\beta = 0.910, p < 0.01$) and biospheric values a negative influence ($\beta = -0.823, p < 0.05$). A clear split between these two value orientations when confronted with a people-orientated or a planet-orientated choice has already been observed in the literature (de Groot & Steg, 2008), though not yet in relation to a tourism offer. Interestingly, hedonic values

also have a positive influence on the choice of this package ($\beta = 1.235, p < 0.001$). This may be explained by the fact that that some respondents motivated their choice for this package by pointing to its fun component.

No influence of demographic variables was found on the choice for this package. Table 12 presents the logistic model for Package Tour III.

Finally, Package Tour IV – the package combining animal-friendly and community-tourism. In line with expectations, more respondents with a higher altruistic or biospheric value orientation chose this package than other respondents (respectively $\beta = 0.787, p < 0.05$ and $\beta = 0.674, p < 0.05$). Hedonic oriented respondents tend not to choose Package IV ($\beta = -0.828, p < 0.01$): possibly the insistence on both animal welfare and community benefits is considered less pleasurable than a focus on the community only, such as in Package III.

Table 11: Logistic model, Package II

	B	Sig.	Exp(B)
Gender (ref. male)			
Female	-0.221	0.461	0.802
Age class (ref. 18–23)		0.066	
24–26	0.031	0.930	1.032
27–29	-0.689	0.052	0.502
Country (ref. Europe)		0.060	
North America	-0.338	0.393	0.713
Africa	-1.334	0.009	0.263
Other	-0.502	0.380	0.605
Education (ref. Non-academic)			
Academic	0.740	0.019	2.096
Egoistic value (ref. Low level)			
High level	0.193	0.502	1.212
Hedonic value (ref. Low level)			
High level	-0.405	0.155	0.667
Altruistic value (ref. Low level)			
High level	-0.903	0.004	0.405
Biospheric value (ref. Low level)			
High level	0.717	0.018	2.048
Constant	-0.430	0.341	0.651

Table 10: Logistic model, Package I

	B	Sig.	Exp(B)
Gender (ref. male)			
Female	0.369	0.300	1.446
Age class (ref. 18–23)		0.064	
24–26	-0.824	0.096	0.439
27–29	0.287	0.475	1.332
Country (ref. Europe)		0.015	
North America	-0.215	0.695	0.807
Africa	1.238	0.006	3.450
Other	0.961	0.100	2.613
Education (ref. Non-academic)			
Academic	-0.345	0.342	0.708
Egoistic value (ref. Low level)			
High level	-0.259	0.453	0.771
Hedonic value (ref. Low level)			
High level	0.215	0.533	1.240
Altruistic value (ref. Low level)			
High level	-0.925	0.014	0.396
Biospheric value (ref. Low level)			
High level	-0.868	0.018	0.420
Constant	-0.923	0.075	0.397

Table 12: Logistic model, Package III

	B	Sig.	Exp(B)
Gender (ref. male)			
Female	0.187	0.582	1.206
Age class (ref. 18–23)		0.998	
24–26	0.026	0.951	1.026
27–29	0.015	0.970	1.015
Country (ref. Europe)		0.692	
North America	0.211	0.630	1.235
Africa	0.101	0.829	1.106
Other	-0.701	0.312	0.496
Education (ref. Non-academic)			
Academic	-0.012	0.973	0.988
Egoistic value (ref. Low level)			
High level	-0.069	0.830	0.933
Hedonic value (ref. Low level)			
High level	1.235	0.000	3.437
Altruistic value (ref. Low level)			
High level	0.910	0.007	2.485
Biospheric value (ref. Low level)			
High level	-0.823	0.014	0.439
Constant	-2.148	0.000	0.117

Here, too, no influence of demographic variables was found. Table 13 presents the logistic model for Package Tour IV.

Finally, it can be stated that results on the influence of demographic variables on the choice for a specific wildlife package tour are inconclusive. On the contrary, results suggest a strong influence of value orientations: an altruistic or biospheric value orientation clearly pushes young travellers towards a more responsible choice.

Conclusions and recommendations

The aim of this paper was to explore the impact of young travellers' value orientations on their choice for a wildlife tourism package. Results suggest that while the impact of demographic variables is weak, values do have a significant impact. Moreover results show that, as expected, pro-environmental and pro-social values push young travellers towards a more responsible choice. Hedonic values may also partly be applied: they seem conducive to a pro-social choice. This confirms and strengthens research by Staffieri and Cavagnaro (2015) in which target groups of young (Dutch) students had been found to be open to a sustainable tourism offer. From a professional perspective, this result encourages tour operators to consider values as a better basis than demographics to segment their customers.

Results also show that both young travellers with a higher altruistic or biospheric value orientation are inclined to choose a package that links animal-friendly and community tourism. But when confronted with the choice between an eco-orientated and a community-orientated package, their ways part: biospheric-orientated travellers choose the first package and altruistic-orientated choose the second package. It may be suggested that responsible tour operators, when designing wildlife packages, take this result into account and give preference to an integrated approach to eco-tourism and community tourism.

The present study is confined to wildlife tourism. More research is needed to explore whether values also influence

the choice of young travellers when other tourism experiences, such as city trips, are considered.

Notes

- ¹ A shorter, preliminary version of this paper was presented at the CHME 2016 Conference in Belfast. We wish to thank the CHME reviewers for their useful comments. They helped us to strengthen the paper.
- ² For the full description of the packages please write to the corresponding author.

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Table 13: Logistic model, Package IV

	B	Sig.	Exp(B)
Gender (ref. male)			
Female	−0.155	0.630	0.856
Age class (ref. 18–23)		0.343	
24–26	0.422	0.295	1.525
27–29	0.542	0.151	1.720
Country (ref. Europe)		0.884	
North America	0.315	0.446	1.370
Africa	0.053	0.907	1.054
Other	0.213	0.703	1.237
Education (ref. Non-academic)			
Academic	−0.499	0.116	0.607
Egoistic value (ref. Low level)			
High level	0.051	0.868	1.052
Hedonic value (ref. Low level)			
High level	−0.828	0.008	0.437
Altruistic value (ref. Low level)			
High level	0.787	0.017	2.198
Biospheric value (ref. Low level)			
High level	0.674	0.035	1.962
Constant	−1.574	0.001	0.207

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Indigenous identity – Global grasp: The Road Not Taken Tours

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The Association of Southeast Asian Nations (ASEAN) countries benefit from the growing tourism market but there are also detrimental effects, including a large influx of tourists, the oversupply or duplication of tourism businesses, and the deterioration of local cultures. The latter, sustaining local cultural identity, is the issue herein addressed with a distinctive tourism tactic. The Road Not Taken Tours (RNTT) pilot project in Lombok, Indonesia, offers new opportunities for tourism destinations and a potential model for tourism innovations in ASEAN partner countries. RNTT provides face-to-face exchanges between locals with meagre means and relatively affluent foreign tourists for short visits with simple activities. The pursuit preserves cultural identities locally and creates understandings and friendships globally. These unique excursions provide meaningful experiences transcending economic and cultural differences. A real-life experience in all its richness could be the best story of an exotic vacation where authentic experiences are esteemed. It is a lesson learned and social responsibility shared. It is the sustaining joy found in simple friendships. World peace is made in such ways. Furthermore, local underprivileged communities develop as local status changes from those who serve to those who lead. Additionally, local communities preserve cultural identity and develop from sustainable economic opportunities. This endeavour, RNTT, contrasts with existing cultural and social tourism excursions exemplified by a multitude of sightseeing centres, schools and villages that provide tourists with opportunities to experience indigenous cultures. These established enterprises, common in emerging economies catering to foreign guests, are tidy, but the experiences are essentially voyeuristic exhibits. RNTT's authentic approach offers new opportunities and solutions in tourism destinations, addressing the need to preserve local cultural identities together with long-term business strategies. The objective of this paper is to explain the driving force behind this idea developed in Lombok Indonesia, define the type of tour and elucidate the marketing issues. This paper will provide a brief literature review of sustainable social tourism, and describe the objectives, scope and marketing plan of RNTT.

Keywords: cultural identity, sustainable development, social tourism marketing, Indonesia

Introduction

Tourism is a growing market but business booms go bust. Successful tourism impacts communities positively and also brings problems related to the large influx of tourists, the oversupply or duplication of tourism businesses and the deterioration of local cultures. While all these issues deserve consideration, a unique solution for the preservation of cultural identity is described here. The Road Not Taken Tours (RNTT) offers new opportunities for local residents and tourists. RNTT presents authentic encounters by providing face-to-face exchanges with natives with meagre means and relatively affluent foreign tourists for short visits with simple activities. Locals become leaders whose cultural identity is sustained and supplemented by long-term business strategies. The pursuit preserves cultural identities locally and creates understandings and friendships globally. These unique excursions provide meaningful experiences transcending economic and cultural differences. The paradox is that when tourism is personal, everyday experiences are powerful. Providing tourists with unique and authentic opportunities in foreign or alien settings is an amenity not to be forgotten.

World travels reveal different cultures, social structures, and economic situations, yet tourism can be impersonal for

travellers and demeaning for local residents, especially in developing countries. Those personal encounters became stories told that have been assimilated and moulded in the persons' inner realm based on his/her perception of the world and cultural background (Denning, 2005). Stories communicate knowledge, inspiration and also provide a memory frame that gives life meaning. RNTT are everyday tourism events that preserve cultural identities, whether a game, or a simple meal, or coffee on the *berugak*. Through the simple acts of sharing everyday local activities with a stranger to the culture, lessons can be learned and social responsibility shared. Moreover, a joyful sentiment and valued experience are precursors for a repeat business.

Bali, Indonesia, is a world-renowned tourist destination, and just to the east is Lombok Island. Lombok has recently been designated one of the best places to visit in Indonesia and a tourism corridor has been established for development, bringing more benefits and its own set of problems. Radiant blue oceans, opulent resorts, restaurants, crafts centres and a plethora of tourism providers flank the narrow tourism corridor. And just off this beaten path, along roads not often taken by tourists, local people live in poverty, without opportunity. West Nusa Tenggara Province ranked 28 out of 34 provinces on poverty levels in 2015 (Hatuina, 2015). North Lombok Regency, for example, is where the infamous Three Gilis or islets can be

found, namely Gili Trawangan, Gili Meno and Gili Air, as well as the third highest active volcano in Indonesia, i.e. Mount Rinjani. Most tourists, domestic and foreign, that visit West Nusa Tenggara Province flock to the northern part of Lombok Island. It is estimated that 447 797 foreign tourists and 55 544 domestic tourists stayed in North Lombok Regency in 2014, bringing in 75% of the regency's internal revenue from tourism (BPS KLU, 2015). Nevertheless, North Lombok Regency is the poorest regency in West Nusa Tenggara Province, with 36% of its community living in poverty (BPS NTB, 2016), seemingly untouched by the profit of tourism (NTB Province, 2016).

Locals beat a path to tourism opportunities, leaving cultural identity behind. There is no value or esteem for indigenous culture by locals or tourists. Furthermore excursions into local communities are rare or voyeuristic in nature, with indigenous identities objectified or relegated to subservient social status. There are many problems with prosperity. Tourism can propel the deterioration of local culture and as such programmes that preserve cultural identity and provide direct economic benefits are needed now.

While conducting leadership research in Lombok, Indonesia, personal encounters with local, poor people revealed the scope and depth of the dilemmas facing local residents. From these circumstances emerged the concept and pilot project, RNTT, whose goals are to elevate the status of locals to leaders and preserve indigenous cultural identities through a sustainable tourism business. This is a solution addressing the need to preserve indigenous culture and simultaneously provide sustainable development.

This paper will provide a brief review of sustainable tourism, explain the driving force behind the RNTT idea developed in Lombok, Indonesia, and define the project's endeavour, scope and marketing strategies.

Discussion

Sustainable tourism

In the growing tourism market, themed tourism models are readily part of the leisure lexicon. Additionally, *sustainability*, *eco* and *green* tourism are increasingly considered. Examples of search categories range from alternative to zoological tours and feature special interests, activities and places. There are quests for beaches, outdoors adventures, cultural and historic interests and ecotourism. The range of options reflects the growing interests in unique experiences as well as socio-environmental responsibility and sustainability.

There is a plethora of resources available in the literature. Valuable reviews can be found in Battilana et al. (2012); Cheriakova (2013); Foster, Kim, and Christiansen (2009); Graci, and Dodds (2010); Hall, and Richards (2003); and Mowforth, and Munt (2008). Any literature review must include work by Yunus (2009, 2010; Yunus Center, n.d.), who pioneered the social business model. Because of the volume of relevant research, there are also a variety of definitions and instructional information available on sustainable tourism. The Global Sustainable Tourism Council (GSTC) has established criteria and a common language with the intent of establishing and managing standards for sustainable tourism. The GSTC has named four topics relative to responsibility tourism impacts: sustainable management; socioeconomic impacts; cultural impacts; and environmental impacts.

The long-term relevance of this is evident from the UNESCO teaching module designed to explore the characteristics and objectives of sustainable tourism through examples. This provides a way to introduce the topic to students, with four objectives: first, to appreciate the benefits and problems arising from various forms of tourism, especially in terms of social equity and the environment; second, to develop a critical awareness of the ways in which tourism can enhance the welfare of people and protect natural and cultural heritage; third, to promote a personal commitment to forms of tourism that maximise rather than detract from sustainable human development and environmental quality; fourth, to plan ways of teaching about sustainable tourism.

In summary, resources or resorts are not limitless. Consequently, sustainable management of tourism is a concurrent concept with development strategies. Ultimately, sustainability serves all stakeholders. Respecting resources and cultures, both tangible and conceptual, provides clean environments, satisfying experiences and most of all a kind of prosperity whose long-term business strategies creating responsible and successful futures. This is something we all embrace.

Driving force – Inspiration in Lombok, Indonesia

Research conducted in 2014 was the RNTT seed, planted in the rich green of Lombok Island, Indonesia. This grew into the concept of a sustainable tourism model and the RNTT pilot project. It was the very nature of this research that was both the inspiration and model for RNTT.

The initial research was a historical investigation of the leadership legacy from 1973–1976 in Lombok, Indonesia. Armed with a few anecdotes, some photos and hoping to get lucky, the Lombok research search began in 2014. While there was no direct evidence of a forty-year old leadership legacy, other realities were revealed.

Two research methods were employed: snowball sampling and wait-and-see. These research techniques allowed for a local perspective of people, places and food. Observing the local cattle market, wandering in old Ampenan, the Suranadi Hotel and the Port of Lembar discovered friendly helpful people without money or means. Invitations for coffee or a meal or just simple conversations were common.

The willingness of the locals to share their time, conversation and activity is a cultural value that are not generally possessed by other cultures. This shared experience triggered a sense of pleasure through simple gestures such as a smile. The grace and ease of the Lombok people was charming. Yet their circumstances were disarming. These face-to-face encounters were not only memorable, they were inspirational.

This, then, was the stimulus to create a tourism venture providing similar authentic experiences. Framed in a sustainable tourism business model, the concept was to develop local leadership and in doing so to preserve ingenious cultures. Additionally, by providing long-term business solutions, community development would also be served.

Road Not Taken Tours (RNTT)

RNTT pilot project

RNTT offers new opportunities for tourism destinations through authentic encounters. Essentially the endeavour seeks to create face-to-face exchanges with locals with

meagre means and relatively affluent foreign tourists for short visits with simple activities. A testament to the validity of this concept is the popularity of television programmes such as Anthony Bourdain's production, "Parts Unknown" (2013) where discovery in common places, but off the beaten path, are great stories. These kinds of experiences put people together, one-on-one. Unique and common at the same time, meaningful experiences transcend economic and cultural differences. The pursuit preserves cultural identities locally and creates understandings and friendships globally.

The pilot project RNTT will serve as a model that can be implemented and can be adapted globally. RNTT offers a simple, local and authentic experience with universal appeal and application. What is needed is a plan. The aim of the RNTT pilot project is to provide a plan and template to be replicated in other communities in Indonesia and throughout ASEAN countries.

The objectives of RNTT are to create new opportunities in tourism destinations; preserve local culture; develop local leadership; sustain cultural identity; community development; provide jobs; greening the community, including cleaning up the garbage and general upkeep; international exchanges and friendships; and ultimately world peace.

RNTT will accomplish these objectives by providing personal small-guided tours for two to six tourists from opulent beach resorts into poor communities, which skirt these resort developments. Tours will last about 2–3 hours and will have a variety of activities to choose from. For example, a tour will start with shopping in the local market and learning about indigenous food. Then there is a visit to the home of a local to prepare and eat a simple meal. Other tours will experience simple crafts with a snack and drink. Others will visit a preschool for games and treats. Creativity, seasonal considerations and leadership from the local people will provide inspiration for a myriad of these activity-based tours. RNTT will incorporate transportation, guides, and translators. But most of all, tours will include smiles with memories made and stories to be told.

This is a simple plan designed to attain a complex and crucial set of outcomes. When diametrically opposed people, the poor and the rich, come together, a spark will ignite a path to sustainable development.

RNTT scope

The scope of the RNTT pilot project consists of several levels: as a distinct local business; support and collaborate with existing tourism businesses; and as a model programme available to implement in other regions and ASEAN countries. Each of these will be discussed.

As local endeavour, RNTT aims to be a broad-based sustainable tourism business that integrates stakeholders: local residences; community leaders; and the local university. Local residents with modest means will host visits. Community leaders provide pivotal roles in training, coordinating and managing community improvements. It is important that local residents fully understand the concept and that an equitable sharing of business and hosting is implemented and maintained. The university will be a valuable resource in training and education for both local providers and in educational programmes for students. The benefits from single tours will grow into a sustainable community improvements as well as nurturing

cultural identities. Additional communities will be added to increase the impact in other tourist destinations.

RNTT will offer tours to existing tour operators. Rather than competing with an already saturated market, RNTT can collaborate, creating a win-win scenario for existing tourism business. This also increases the range of the services and options. The excursions are authentic alternatives in tourist vacations and, as such, having options near these markets allows for a wide range of destinations near to the beach resorts.

The RNTT pilot project implemented in Lombok, Indonesia, will serve as the template tourism business, which can be implemented in other ASEAN countries. Additionally, the model can be exported worldwide. The Starbucks of sustainable tourism, authentic, simple experiences are appreciated in all circumstances, and the value added to long-term development for communities and indigenous cultures is clear.

RNTT marketing strategies

Tourism is a significant business and according to ASEAN, the market will increase by 30% on average per year. The tourism market contributed 5% of ASEAN GDP and 3.5 % employment in 2011. More specifically, the number of both domestic and foreign tourists to West Nusa Tenggara Province continues to increase every year. Visitors have more than doubled from 619 370 in 2009 to more than 1.3 million in 2013 (Badan Pusat Statistik Provinsi NTB, 2016). Clearly there is a growing market.

The RNTT pilot project is essentially set up to help communities thus distinguish it from the profit-driven tour operators. Nevertheless to make it sustainable, a strategic plan of action is called for. In setting up the most appropriate marketing strategy for RNTT, we visited the theory of Kotler et al. (2016) on segmentation, targeting and positioning (STP). The purpose of applying STP as marketing strategy is to efficiently allocate resources and effectively target the customers. It is understood that STP is a customer-driven market strategy.

Segmentation

Segmentation is essentially grouping customers based on some criteria. Each group will have its own sets of stimuli and respond differently to a marketing action. An important consideration in tourism is why people travel and what benefits are gained. The established ideas of relaxation and adventure are commonplace. Hence, tourism searches readily provide options catering to adventure, unique locations or activities. Essentially what are sought are personal experiences in beautiful and unique locations. However, according to Hamblin (2014), making happy memories is about experiences and not things. Authentic experiences are the best story told after an exotic vacation.

The customers can be segmented based on geographic, demographic, psychographic and behavioural segmentation. Motivations and behaviour are indicative of certain potential groups of visitors of RNTT. A number of emerging trends in visitors' motivations and behaviour (ATSM, 2012) that can be identified as RNTT potential customers are experiential travel, tourism as experience and memory, and interest/activity-based tourism.

Many tourists may not be interested in experiencing the meagre side of life, authentic or not. However there is

significant interest in “roads less travelled” experiences, as evidenced in many television programmes such as Bourdain’s “Parts Unknown”, and other full-fledged tour providers such as “Insider Journeys.”

RNTT offers a unique approach to authentic tourism in significant ways: the tours are simple, lead by local residences, and last only two to three hours. The tours are designed to be simple, easy, flexible and safe. In this way the niche market is expanded to serendipitous adventure seekers.

Targeting

As mentioned above, the market segment identified as potential RNTT customers are those grouped with specific motivations and behaviour. The next step is to establish this particular segment as the target market. However, more information and research is necessary to determine this target market. Prior research has established a rapid growth of niche markets based on interest-based dimensions (ATMS, 2012). This growth provides visitors with a significant number of alternatives in tourism destinations to create those memorable experiences they seek.

A concentrated marketing strategy is preferable when targeting a niche market. To accurately aim at the potential target market, further research is needed to determine the origin, size, age, gender, status, educational background, and financial background, among others. Visitors’ points of entry have to be established as well, in order to obtain wider, clearer and more comprehensive data. The drawback of such comprehensive research is funding. Many start-up tour operators shy away from conducting the necessary market research, based on financial restraints. However, such research will eventually cut down on marketing efforts and thus the associated costs of marketing activities when the right market is targeted.

Positioning

RNTT has the objectives of creating new opportunities in tourism destinations; preserving local culture; developing local leadership; sustaining cultural identity; community development; providing jobs; greening the community including cleaning up the garbage and general upkeep; international exchanges and friendships; and ultimately world peace. RNTT is essentially a community-based activity that taps into the emotions and behaviour of customers seeking to create memorable experiences through real and authentic connections with the local community. These are the positions that RNTT wish to elicit in its customers’ minds when they think of RNTT. Positioning is important because it differentiates a service or product in the customer’s mind, which ultimately leads to purchase with the right target market.

The desired marketing strategy to promote RNTT effectively, in the absence of market research on the target market, is to first establish a web presence (www.the-road-not-taken-tours.org; www.the-road-not-taken-tours.com) for online reference, booking and purchases. Online links with government tourism websites, eco-tourism websites, and tourism applications will be established. Social media coverage is also essential. Endorsement by social media celebrities can be pursued through Instagram, YouTube, and others. Secondly, the tours will be promoted through more a conventional marketing activity, spreading leaflets at selected hotels, and tourism

destinations. Finally, cooperation will be sought with existing tour operators and hotels to offer RNTT as part of their holiday packages.

Conclusion

The market growth is clear, but the future is blurred. In the rush for economic development, consideration of indigenous cultures is disregarded. The RNTT project pursues and preserves cultural identities locally and creates understandings and friendships globally. These unique excursions provide meaningful experiences transcending economic and cultural differences. Furthermore, local underprivileged communities develop, and local status changes from those who serve to those who lead and in the process acquire cultural pride, preserve cultural identity by providing sustaining and long-term economic and community development.

RNTT is the quintessential personal experience. More profoundly, it is in these everyday moments of shared compassion and connection where happy memories reside. Everyday life becomes a rich institution of resources communicated across cultures.

In the context of exotic cultures, core aesthetics are shared in the RNTT experience. Expanding the influence to protecting cultural heritages, the endeavour also provides pride in economic opportunities for local residents. The RNTT intends to elevate the status of locals as leaders and to preserve culture with long-term sustainable economic benefits.

RNTT offers new opportunities for tourism destinations by presenting authentic encounters in face-to-face exchanges between locals with meagre means and relatively affluent foreign tourists for short visits with simple activities. A real life experience in all its richness could be the best story of an exotic vacation. It is a lesson learned and social responsibility shared. It is the sustaining joy found in simple friendships. World peace is made in such ways.

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Hotel rate parity in the focus: Is there a need for change in the relationship between hotels in Berlin and their wholesale partners?

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Recent developments in revenue management at hotels in Berlin have brought a lot of challenges in upholding rate parity, particularly in the wholesale segment. Little research has been done on this topic, especially with regard to the advantages and disadvantages of partners in such agreements. This study focuses on the control over rate parity and what changes have to be applied to mitigate the danger of termination of business relationships between hotels and their wholesale partners. The research, based on in-depth interviews with hotel and wholesale managers, revealed that there are systematic problems in communication between hotels and wholesalers. Other issues that need to be improved, as revealed by the research, include the excessive control of third parties, the new pricing models and the flexibility of both parties. Establishing real-time connectivity is the key factor recommended. Other recommendations are the implementation of a more flexible approach to hotel policy of 100% dynamic rates, and finding more market-specific solutions such as keeping rates static for certain target groups. The results also demonstrate that controlling the rate parity will not be solved by the wholesalers themselves. A common control system is advocated in which hotels have to take over an important role by using their worldwide network and technological resources.

Keywords: wholesale, revenue management, rate parity, channel control

Introduction

Rate parity, the maintenance of equal prices across all distribution channels, is one of the biggest challenges for a hotel revenue manager who wants to set up such channels. Many large hospitality enterprises worldwide have created controls and implemented policies for their properties in order to guarantee an optimal supply of their products. Major online travel agencies (OTAs) such as Expedia or Priceline are insisting that such measures be in place by creating clauses in their contracts with the hotels. The market of Berlin is a unique one, with rising occupancies and average daily rates (ADR). While having around 140 000 guest beds, the rates of hotels in Berlin are still way below the level of other major tourist cities like Paris, Amsterdam or even New York (Dobberke, 2015). The wholesale segment is often non-prolific in this aspect. Unbundled rooms being released to the market by wholesalers are not the original consideration of the hotel who sold them with high discounts. Actually these rooms are supposed to be bundled with flights, car rentals or other activities plus a fee for the service; if this is not given, the rate parity is in danger. Many hotels in Berlin try to assess the consequences of what losing the wholesale segment would mean for their financial success. One of the perceived consequences is that hotels would lose room nights in low demand seasons but could win in other segments during high demand periods, resulting in higher ADR and revenue per available room (RevPAR).

It is questionable whether the hotel distribution industry is

involved in a deep-rooted shift of powers or just a passing phenomenon of booking, organising and purchasing hotel room nights (Trend, 2011). The wholesale segment will not vanish, but the hotels would like to see a change in business, with for example a dynamic net rate clause in a wholesale contract. Furthermore, in times where hotel revenue managers have to deal with complex distribution networks, hotels have to consider wisely how the distribution mix has to be set up to gain as much success as possible (O'Connor & Frew, 2004). It needs to be investigated what kind of business the hotels should expect in the coming years, and what they have to initiate in order to ensure rate parity throughout all distribution channels, including the wholesale segment.

The question could be asked whether or not rate parity is indeed beneficial for hotels' performance. The main goal of hotels all over the world and their sales teams is to attract their customers towards direct bookings in order to decrease distribution costs. If the hotels fail to convince the customer that direct booking is beneficial, it is a failure of the marketing and distribution strategy. This often gives the wholesale and OTA industry added power, which facilitates the upholding of rate parity (Singh, 2015).

The Revenue Department of the hotel chain investigated has revealed that too much wholesale business lowers the RevPAR significantly, especially in high demand seasons. The ability to select different channels effectively, and how to work with them instead of eliminating the ones that seem unfortunate, is of crucial importance (Brewer, Christodoulidou, & Rothenberger, 2005).

Literature review

Tranter, Stuart-Hill and Parker (2009) defined wholesalers as companies that purchase individual tourism products at a discount and repackage them for the purpose of selling them to a customer on a retail basis. The wholesale partners can choose either to package the rooms with other ancillary products or sell the hotel room directly with a mark-up (Green & Lomanno, 2012). In the last few decades the business model of wholesalers has changed dramatically. Hence, it is worth drawing an extensive overview of this business model and its implications for the hotel industry.

The evolution of wholesale distribution in the contemporary hotel industry

The history of wholesalers began as early as the 19th century, with Thomas Cook organising his first excursions to exotic destinations around the globe (Smith, 2015). Long before the Internet emerged, wholesalers arose with their largely package-based business to exotic destinations all over the world (Green et al., 2012). Likewise, PhoCusWright (2012a) explained that in this period the mechanics of hotel reservations advanced and became more efficient. Global distribution systems (GDS) deriving from the airline industry became the intermediary between the supplying hotels and their affiliated distribution partners like wholesalers. Especially hotels focused on leisure business had no other chance than starting business relationships with wholesalers to sell their room inventories (Berné et al., 2012).

The travel agents have the added advantage in having extensive knowledge of the travel destinations, and having more resources and information than the customer. This changed in the early 1990s, with the appearance of the world-wide web (Trend, 2011). A number of experts anticipated the end of the wholesale business and hotels becoming more powerful again (Strangl et al., 2015). While the distribution market and the possibilities increased, the wholesale industry still relied on their expertise and the hotels used them as an opportunity to transfer distressed inventory (PhoCusWright, 2012a).

At the beginning of the 21st century, the shift of distribution gathered pace. Online travel agents entered the market and the term e-commerce was established (Webb, 2002). The problem of rate parity came to attention. Even though hoteliers who thought using the rack rate was the best way to ensure rate parity among the channels, they could not enforce direct distribution of their own products because of a lack of power (Christodoulidou, Brewer, Feinstein, & Bai, 2007).

Instead of developing their offered products, many wholesalers simply became e-wholesalers with the same static product, in times where dynamic packages, self-bundling by the customer, became more and more popular. This innovation threatened the wholesale industry, which back then was a combination of online and brick and mortar stores (Christodoulidou et al., 2007). Ivanov (2014) even predicted that the wholesalers and tour operators had to change their business models and had to become OTA, otherwise they would vanish. The emergence of OTA marginalised the wholesale industry from a major channel into a niche market, still having its share, especially of frequent independent travellers (FIT) and group business (Green et al., 2012).

This shift has already caused a change of the business model of wholesalers and their relationship with the suppliers. The old model of fixed room allotments at discounted rates with cut-off dates for not picked up rooms is past (Starkov, 2004). Benkendorff, Sheldon and Fesenmaier (2014) note that hotels have started to contract so-called blackout dates. With these, hotels can circumvent the wholesale business and are able to sell higher rates. Without blackout dates on high demand dates, hotels forfeit a lot of profit (Benkendorff et al., 2014). This seems quite straightforward, but it can also result in conflicts if communication is lacking. The wholesale business has therefore been forced to adopt a mix of strategies like last room availability or free sales on top of contracted allotments, which have greatly decreased recently (Tranter et al., 2009).

Overall, the wholesale industry seems to be shifting towards more dynamic packaging as a niche market. Their main competitors like Gulliver's Travel have proved their power against the OTA competition and shown themselves to be very adaptable (Trend, 2011). They have done this not only by offering a certain security to travellers in times of terrorism and economic crisis but also by offering the hotels the possibility of reaching even the furthest markets and additionally getting rid of their distressed inventory during low-demand periods (Trend, 2011). Green et al. (2012) observed that the wholesaler is likely to survive in the electronic age in his own niche market. Nevertheless, the supplying hotels are examining the effectiveness of the wholesale industry, especially the strategic benefits of distinguishing between high and low-demand periods. New competition is on the rise as well, for example with Google flights, which creates another hurdle for wholesalers in the battle of distribution (Volkman, 2015).

Value of the wholesale industry in the online distribution market

Companies offering a broad range of products are able to benefit from a complex distribution system in times of fast changing customer needs and spending patterns (Webb, 2002). Many hotels believe that their occupancy rates benefit from the wholesale business (Myung, Li & Bai, 2009). Indeed, by communicating effectively, both sides can benefit through reduced costs and increased profits (Herrmann, 2014). In addition, Brewer (2005) highlighted that hotel Revenue Managers should focus on careful selection of their distribution channels instead of ignoring or abolishing them.

The wholesale industry serves specific segments, namely the FIT business and leisure group business. These transient travellers, unmanaged individuals, are likely to spend more money in the hotel besides the accommodation, for example on food and beverages (Pearce & Taniguchi, 2008). Myung et al. (2009) even stated that wholesalers bring prior unfeasible revenues and occupancies. Generally, tour operators and wholesalers are operating in the packaged wholesale business; those who supply the FIT travellers seem to be successful nowadays, despite recessions or increasing competition (Trend, 2011).

The wholesale industry offers an astonishing array of sales and marketing services. Their global distribution network with local travel agencies increases the suppliers' market reach extensively (Myung et al., 2009). In addition, aggressive advertisement campaigns guarantee the visibility of the offered hotel products around the globe (Myung et al., 2009). This includes affiliate marketing, with objectives ranging from general promotion to leading the consumer to the company's

direct channels (Mariussen, Daniele & Bowie, 2010). This effect normally costs per click or per lead and is an effect of the wholesalers, without any additional expenditure. Moreover, inbound travellers who are not familiar enough with local cultures and procedures are serviced individually, with planning everything for each personal trip which is valued by customers now and probably also in the future (Green et al., 2012). The link between supplier and end customer with personal service and a broad distribution range is therefore another value of the wholesale industry.

The modern traveller looks for value and safety (Sedlacek, 2015). Hoteliers want to have a broad range of sources to sell their inventory of rooms (Myung et al., 2009). Tranter et al. (2009) show that hotels are eager to get rid of their unsold rooms. In prosperous economic times, hotel rates have the tendency to rise, which benefits all parties involved in the agreement. Instead of focusing only on room rates, the hotels should focus also on other factors that make customers want to come back (Singh, 2015).

Issues of the affiliation between hotels and wholesalers

While the wholesalers consider themselves as partners who help the suppliers fill their distressed inventory and who bring great marketing opportunities for a lot of markets, especially from far away, many hotels see them as competitors who try to control prices and who destroy brand loyalty (Rich, 2002). The key challenges identified here are customer ownership, rate parity and potential profit loss (Christodoulidou et al., 2007; Myung et al., 2009). Webb (2002), on the other hand, claimed that incongruent goals, different perceptions of reality and ineffective communication are the main causes of channel conflict.

Referring to communication challenges, Webb (2002) stated that conflict can be avoided only with good communication between supplier and channel partners. However, this is very complicated for Revenue Managers, due to the complex distribution system that has been brought about by OTA and meta-search sites, which created a way for innumerable distribution partners to be found online. Every channel has its own goals and interests, which may initiate conflict at any given time (Eliashberg & Michie, 1984). Webb (2002) in contrast claimed that conflict can also be helpful, because without conflict both parties would stagnate, there would be a lack of creativity and that conflict is therefore essential for motivation to grow and to discover new opportunities. Myung et al. (2009) showed that communication has a major impact on channel conflict and that hotels should try to build good relationships with their channel partners. Nonetheless, if you give a certain rate to one channel, it automatically creates potential conflicts with other channels (Myung et al., 2009).

Rate parity refers to the maintenance of equal prices on all channels of distribution, and is closely linked to the concept of best rate guarantee (Christodoulidou et al., 2007). Myung et al. (2009) brought to attention that e-wholesalers have been able to sell the allotments without a linked package directly to the customer at net rates. Moreover, Starkov (2004) noted that hotels have failed to restrict the online wholesale segment; the same contracts are made for online wholesale as before, without clauses prohibiting the wholesalers from selling the net rates unbundled. This made prices transparent, on the one hand, but on the other hand caused rate parity issues, with

both sides offering undiscounted rates (Pearce, 2008). Others have claimed that ineffective technology is the origin of the problem, which is not able to reflect in real time accurately (Christodoulidou et al., 2007). Out of that other problems evolve. Hotels lose control over their customers and are not able to guide them to their own low cost distribution channels (Myung et al., 2009). On the other hand, Brewer, Feinstein and Bai (2006) found that hotels that are able to maintain their channels properly can influence their customers not to have to look further than the direct booking channel. Nevertheless, maintaining control among all wholesalers remains the main issue, as it is possible for them to control their many partners, including OTA actually selling the same products but slightly differently described and priced (PhoCusWright, 2012b).

This issue again creates new conflicts, besides rate integrity. Firstly, the hotels sell contracted rooms to the wholesalers at a discounted rate, even if they are able to distribute higher rates elsewhere (Myung et al., 2009). Green et al. (2012) found that some hotels give discounts to get cash flow in an economic crisis and to stabilise their RevPAR through volumes in low-demand periods, but the result is a spiral to the bottom. However, hotels will go on with their fight against external distribution channels for the control of their prices and inventory (Carvell & Quan, 2008).

The second issue deriving from rate conflicts is even more important: the potential loss of customer loyalty. OTA and other channels provide reward programmes and suppliers are worried that loyalty will shift away from their properties (Christodoulidou et al., 2007). Mariussen et al. (2010) supported this, claiming that hotels fear fading brand recognition. Conversely, Green et al. (2012) found that the external distribution channels are already stagnating with the improvement of hotel brand websites. Possible identified solutions are customer relationship programmes that allow benefits only if a customer books directly with the hotel (Christodoulidou et al., 2007). Contrasting opinions claim that if hotels are not able to attract the guests visiting their website, it is their own liability because of an ineffective approach to online marketing and distribution (Singh, 2015). Moreover, the services and prices offered by affiliates are often more attractive to the customer than the offerings of the hotel itself, which should focus on easy accessibility, personalisation and relevance (PhoCusWright, 2012a, 2012b).

Finally, it is all about profit. Discounted rates directly reduce the hotels' profit margins (Myung et al., 2009). Pearce et al. (2008) even intensified the associated costs from commissions and net rates to time spent on sales trips, communication with wholesalers and maintenance of systems. Similarly, PhoCusWright (2012a) reported that internet distribution heavily influences profit margins and distribution costs. Notwithstanding, owning a direct channel is also not cost-free: advertising and time have to be spent to generate money from a company-owned channel (Pearce et al., 2008). This gives an advantage to bigger brands that own central reservation systems (CRS) and can cluster their marketing. In the end, hotels and especially Revenue Managers have to weigh up the benefits of expanded distribution networks against the loss of profit (PhoCusWright, 2012a). Online distribution has changed the hospitality market significantly and structural changes are needed on both sides, and both suppliers as well as distribution channels have to develop (Berné et al., 2015).

Project definition

This project aims to investigate the current state of affairs between tourism wholesalers and hotels in Berlin. The overall aim is to contribute to a mutually successful business relationship in the future, by clarifying the issues at stake, looking at potential misunderstandings in the relationship, and suggesting reasonable solutions. Out of these objectives the following arises:

Problem statement

Hotel rate parity is the focus: Is there a need for change in the contractual agreements between international hotels in Berlin and their wholesale partners?

Research questions

1. What are the benefits and drawbacks of the relationships between selected hotels in Berlin and their wholesale intermediaries?
2. How will the wholesale partners be able to ensure rate parity among their affiliated agents?
3. What needs to be changed in order to mitigate potential conflict and stop the imminent danger of an end of fair contracting between selected hotels in Berlin and their respective wholesalers?

Methodology

Verhoeven (2011) proposed that if the objective of the research is to investigate the perception and motives behind a certain subject, a qualitative approach is most useful. Since the objective of this research is to gain deeper insight in the perceptions of both parties in the wholesale distribution market with regard to needed change in the light of rate parity issues, mostly qualitative research has been applied.

Data and type of research

This empirical research is mainly based on exploratory research methods, namely through structured interviews. According to Verhoeven (2011), structured interviews are quantitative in nature but also tend to be open from time to time. Thus the three research questions are exploratory and answered by the qualitative interview data. The qualitative approach is consistent with other field projects on distribution channels (Myung et al., 2009; Schott, 2007). Furthermore, the first research question is more descriptive than the others and is answered additionally with quantitative data. Gaining insight from the knowledge of field experts, while taking a deeper look at key performance indicators (KPI) in a secondary analysis of the wholesale segment, gathered by desk research of the data warehouses of the hotels and the property management system (PMS) Opera as a quantitative aspect as well, illuminates the whole picture of the current situation, noting all the benefits and drawbacks for the hotels as well as for their wholesale partners.

Research sample

For the quantitative research, only data of the chosen properties were used for analysis, which equals non-probability sampling. The objective of the project was to use the results in the organisation, and experts of the field are the sample, therefore it was not possible to use a random sample (Verhoeven, 2011). The interviewees for the qualitative research were a Director

of Leisure Sales, a Revenue Manager, a General Manager and an Area Director of Revenue Management on the supplier side, and account managers and contractors of wholesalers and tour operators for the distribution channel party. Nine interviews were held, where the wholesale party prevailed slightly to ensure a fair share of opinions from both sides of the relationship. The sample size was adequate due to the fact that the population was drawn from a particular chain of hotels of Berlin and its wholesale partners. The biggest limitation in regard to the sample is that the account managers of the wholesale partners might be biased, due to the fact that they are business partners and may not be too critical in front of an associate of the other party.

Strategy, instrumentation and analysis

Interview questions were developed based on the findings of the literature review and in light of all three defined research questions. These questions were clustered into four topics: value, challenges, control and future outlook. A pilot interview was held with a Revenue Manager to guarantee that the questions were well ordered for a flowing conversation. It appeared that the hotels and wholesalers needed slightly adjusted questions and therefore two different sets of questions were created on the same basis. The participants were invited to the interviews either by telephone or in person. The contacts for the wholesale partners specifically for the two hotels were established with the help of a Director of Leisure Sales. After having completed the interviews, which with the wholesalers were all via telephone, and all in person with the hotel associates, it was confirmed that the information was treated as confidential. The length of the interviews ranged from 30 minutes to one-and-a-half hours.

Each set of answers gathered was then coded via allocation of subcategories deriving from the categories into which the questions already were divided – value, challenges, control and future outlook. Relationships were identified, contrasts highlighted and trends monitored and in the end combined and strengthened by the quantitative dataset and the given literature. The quantitative data were gathered by desk research and afterwards analysed and summarised to show developments in hotel occupancy, ADR and total revenue in the last years. The analysis via coding is in line with suggestions for qualitative data processing in the literature (Taylor-Powell & Renner, 2003). At the end, the reliability of the conclusions is discussed with professionals from the field. This procedure will ensure a consistent approach to this sensitive field of research. Due to the highly sensitive nature of the research, every precaution has been taken to make sure that the data obtained are not made public. We also provide study limitations and recommendations.

Results

To answer the research questions, interviews were held with management associates of the wholesale industry, including also the tour operator segment that contracts directly with the sample hotels. Furthermore, hotel managers from revenue management, leisure sales and from the executive and corporate levels were interviewed at the same time. In addition, the Data Warehouse of the hotels and the reservation system Opera were consulted to extract and analyse actual

production figures of the wholesale segment for supportive and argumentative reasons. First a comprehensive view of the given answers is shown and results are compared. Afterwards the actual figures are presented to validate the qualitative results.

The benefits and drawbacks of doing business with wholesalers

The first category dealt with is the reasons why hotels are still in business with the wholesale industry and what arguments might indicate that a termination of contracts would be more likely. Overall, both parties agreed on the major values and challenges within the business relationship between hotels and wholesalers on the Berlin market, as displayed in Table 1.

First, the worldwide visibility of the hotel product was mentioned most often and thus the connection to markets which are still relying on safe travel planning and areas that are still not tech savvy at the moment. One wholesale manager pointed to markets like South America or Asia. An associate of the hotels confirmed this by mentioning these markets while adding Russia and the Middle East. Furthermore, the preselection of hotels by the wholesaler was mentioned, especially from the tour operator perspective. With regard to this argument, the additional distribution partners from the wholesale network are mentioned as a value as well, but there is a lack of clarity about the number of valuable distribution partners. Figures ranged between 1 000 and 200 000 additional partners through the wholesale segment.

Moreover, both parties agreed on the great value in need periods and the consistent customer base the wholesale segment creates for hotels. One hotel associate from the corporate level views the value as way more critical. The incremental revenue gathered from wholesalers and the given displacement of room nights is not valuable, according to the associate.

Despite these facts, there was inconsistency in the answers regarding communication. Most of the wholesale and tour operator partners stated that communication by international hotel chains is nowadays one sided. This was confirmed by only one hotel associate, who considers the communication as a dictate of their corporate policy. All other hotel associates considered the communication as fair and balanced. The wholesalers, and especially the tour operators, claimed that their personal service is a clear value for the customer, which was not mentioned by the associates of either hotel, who stated on the other hand that direct booking with the hotel would create more personal service than any other channel.

More stated values included exclusive clients like airlines, convenience for guests, volume of business and the market knowledge of wholesale partners. These arguments were only given by individuals and not stated more than once.

Notwithstanding the overall unity of opinion about the value of wholesale business, the challenges of it are certainly viewed differently by hotel associates and the wholesale managers. Agreement could be monitored among both parties on the challenges with the static hotel policy, which insists on more and more dynamic contracting. Dependency on each other as business partners was considered as only given in low demand periods and rather not existent, due to the decrease in fixed room allotments and more and more closed sell dates in the free sale. However, both parties agreed that small mark-ups on the given net rates are the main cause of rate violations, which in the opinion of most of the interviewed managers unquestionably results in the travel agencies as being the main perpetrator of rate violations. Disagreement is clearly visible with regard to the dynamism of the other party. Both parties agree mutually that the other party is inflexible, which will be discussed later.

Overall, the room price is a big challenge and causes the most divergent opinions among the interviewed managers. In particular, whether or not the dynamic rate model can be applied by the wholesalers, the big discount wholesalers get from hotels, which is considered not big enough by the wholesale partners and the rate parity issues coming up more and more through this segment are causing a great discussion and will be discussed in the next section.

Controlling issues

Both hotels offer their guests a best rate guarantee on their direct booking channels, and give a high discount if they find reduced prices compared to the BAR on brand.com, which leads to internal investigations and fines.

All participants in the research agreed that all wholesale partners and tour operators know why the hotels are getting stricter year by year with these rate violations, mainly caused by business partners of the wholesalers. The best rate guarantee claims severely reduce the profits of hotels, as the wholesale rates are already strongly discounted. As a result the hotels do not abide by the agreed rates with the wholesale partners. Both parties agree that the rate violations are mainly caused within the wholesale segment (Table 2). A wholesale manager confirmed this during the interview claiming, "It is a very unstable market and the competition forces them to be aggressive in pricing. Otherwise they are not even able to

Table 1: Summary of answers given on value and challenges of the wholesale business

	Agreement between hotels and wholesalers	Disagreement between hotels and wholesalers
Value of wholesale	Worldwide visibility of hotels Connection to markets not tech savvy More distribution partners for hotels Safety for guests Great business for hotels in need periods	Number of distribution partners for hotel Fairness of communication Personal service for guests by wholesaler
Challenges with wholesale	Small mark-ups cause rate violations Hotels dropping prices another cause of rate violations Travel agencies are the root of rate violations Dependency is mutually given in need periods Static hotel policy hurts productivity Channel manager for wholesaler is missing	Pricing too low/high Who is responsible for rate parity creation? Dynamism of other party is criticised Contracts are not in favour of both parties Short-term promotions are not handled well

uphold positive cash flow.” Likewise, most of the interviewed managers claimed that the control systems of the wholesalers are insufficient or even entirely lacking. Some declared that they not have the capacity to control their distribution partners and have to wait until the hotels claim a violation.

The overall number of rate violations per year, according to the interviewees, is not dependent on the size of the company but on the competition it is facing. Wholesale managers agree that the system forces them and especially the tour operators to price aggressively. In some cases, the hotels are also to blame, according to managers from both parties, when they drop their prices in the short term to react on slow demand or by giving out different rates for FIT and wholesale at the same time. As a consequence, travel agencies are then forced to sell products with low mark-ups only on volume room to guarantee positive cash flow. Conversely, a few wholesale managers claimed that wholesale is still a package business, and that they are only contracting partners who package their offered rates and that only tour operators are able to create profit through packaging. On the question whether wholesale is still a package business, both parties gave different answers. Hotel managers said that it never was totally and that room only products are the most common bookings in the contemporary electronic distribution landscape, especially from business to business partner (B2B). Moreover, another hotel manager stated that the 21st century guest is smart enough to package for himself and searches for the best deal individually. On the other hand, wholesalers believe in the package itself. However, one tour operator even stated that his company does not sell packages at all because its target group only demand room only products.

Disagreement dominates the control of prices and affiliated distribution partners. Wholesale managers claimed that the OTA often gets short-term discounts, while their segment gets completely left out. Hotel managers on the contrary blame wholesalers for causing rate parity issues that lead to such actions. The number of violations per year varies per hotel but is mutually indicated as decreasing, and below ten per wholesaler per year, and hotel managers overall indicated that it was below 30 per hotel. The last point, given equal attention by a wholesale manager and a hotel manager, was the importance of wholesale business if a potential economic or terror crisis arises, regardless of any control controversies. This point will be discussed in the next paragraph as well.

The road to a common future

A glance at the results shows that the future outlook of the business relationship does not appear united. The dispute

points to the dynamism of both parties. The hotels aim to not settle any static rate agreements by 2017, according to a member of the leadership team of the international chain

The interviewed managers are convinced that not more than 30% of third parties like tour operators are able to handle dynamic rate structures, for several reasons. Classic catalogue business would not be possible anymore and would cost a lot of revenue according to one hotel manager. This is confirmed by a wholesale manager's statements that their partners are not tech savvy enough to connect in real time, while another wholesale manager also claimed that his own company was too static to cope with dynamic rates.

Nevertheless, all managers, except the corporate-level hotel associates, agree that the room night production in the wholesale segment in Berlin will witness an organic increase due to increasing demand and supply mutually. Furthermore, managers of both parties indicated that wholesale will always have its share in the distribution mix, especially overseas and in certain target markets. Especially the wholesale managers stated that in time of crisis the given customer base and the guaranteed safety offered by wholesale partners will gain value again and hotel companies will revise their contracts again to the more static agreements presently demanded by the majority of wholesale clients. This opinion is not shared by the hotels associates, who state especially at executive and corporate level that safety is not a value claimable by the wholesalers, because in times of crisis, the guest demanding safety would not travel at all. Furthermore, the managers of the hotels believe that the future lies in the free sale system with a mixture of dynamic and static rates.

According to all given answers, dynamic rates are only possible with a channel manager (see Table 3), which creates an equal position for all wholesalers in terms of inventory allocation and allows dynamic pricing to be established. This would ease up the communication and would increase flexibility through real-time connectivity. Another point of agreement between both parties is that OTA are the biggest threat for the wholesalers, and according to the hotel managers also the only possible substitute, besides the direct channels which will be promoted more in the future. Peers in the wholesale segment are also seen by both parties as a big competitor. Despite these facts, some wholesale managers believe that they are not competing directly with the OTA and there is no real substitute for a wholesaler, which gives them their right to exist in the future as well. The interviewees disagree on the future profit development per room night. If the rates become dynamic the profits will go down, according to two hotel associates, because the average rate will decrease.

Table 2: Summary of answers given on control

	Challenges	Facts/Scenario
Agreement between hotels and wholesalers	Online competition forces rate violations Violations are not controlled until hotels complain Dynamic rates cannot be handled by most of the partners	Wholesale still a package business Control systems are not established exhaustively Volume sale with low mark-up is used to survive by TO & TA
Disagreement between hotels and wholesalers	Hotels cause rate violations OTA gets discounts, wholesalers are forgotten Wholesalers cause rate parity issues	Pricing too low/high Who is responsible for rate parity creation? Dynamism of other party is criticised Contracts are not in favour of both parties Short-term promotions are not handled well

By contrast, other managers claimed that this would increase profits on both sides. All parties interviewed blamed each other for being not flexible enough. Hotel associates said that wholesalers are not dynamic enough to implement short-term promotions, rate changes and additional room allocations in need periods. Likewise, the wholesale managers blamed the hotels as being too static with their policies, not considering market and target-specific actions and as not being fast enough in communicating prices, identifying need periods and launching promotions in response to these. Moreover, other trends like opaque sites, more targeted static rates as market specific solutions have been named by managers from both parties. One Revenue Manager explained:

The control over third-party clients is the biggest challenge this relationship has to solve for a common future. Moreover, we need more market-specific solutions within the hotel chain instead of an overall policy. Some markets are more static than others.

The last question on the opportunity for future contracting was the possibility of contractual penalties as established internally at hotel chains and whether the wholesale segment would accept this. Mutually, all managers claimed that it would be absolutely impossible in the current situation.

However, the hotels' associates believe that if it is communicated in the long term it should be possible but it would cost even more flexibility. Wholesale managers emphasise the impossibility at the moment and rather demand a fair relationship with time for error tracking and compromises instead of static penalties. Another statement included a win-win situation, which would need a concession of the hotel chain in regards to allotments or static rates. The executive level manager of the hotels emphasised the impossibility by claiming that the costs overrule the benefit of such penalties, wholesalers would not even bother about the few penalties for detected claims. Overall the introduction of real-time connected channel managers, dynamic rates and the handling and control of rate violations are key factors mentioned by all interviewed managers, which have to be solved in order to create a mutually successful future.

Production figures

Regarding the production figures, it has to be noted that insignificant variances are to be found in the total figures of Opera and the Hotels Data Warehouse.

The figures of the Hotels Data Warehouse show that the value of wholesale business is shrinking. Overall 38.5% of wholesale room nights in 2015 at Hotel B can be considered as displacing more valuable business and therefore a loss of €258 800 of revenue. At Hotel A, the data reveals a similar pattern, 33.9% of the wholesale room nights are considered

as displacing which equals a displaced revenue of €578 734 in 2015. Less free sale and less allotments result in a 35.4% decrease of total revenue in the classic wholesale segment at Hotel B in 2015 (compared to 2014).

Similarly, a 13.3% decrease at Hotel A in the same time frame can be monitored in the Opera figures. Overall, room nights also dropped significantly in both properties (see Table 4) after a peak year in 2014.

In an effort to control the rate parity, the hotels decrease also the amount of tour operator room nights, which produced significantly in the past (Table 5), especially during the summer month. They are segmented equal as the wholesalers. A 53% decrease in RN by tour operators is monitored in 2015 compared to 2014 at hotel B. The hotel A similarly shows a decrease of 58% in the same time and segment, the total Revenue produced shows nearly 50% decrease in both hotels likewise. Everything supported by an increasing ADR in both properties, which increases the effectiveness of the production.

Another strategic decision by the hotels of 2015 is the connection of the wholesale segment to the dynamic BAR of each hotel instead of fixed rates contracted, which is an effort to control the rates as well as a next step into the future of the relationship.

Discussion

Benefits and drawbacks of the wholesale business for the hotels in Berlin

The relationship between the hotels and their wholesale partners needs to change in order to guarantee a mutually successful future for both parties. The results clearly identify the value of the wholesale business. The worldwide visibility and the big number of distribution partners are one of the reasons the business relationship is still maintained. This reinforces the literature which describes the astonishing sales and marketing effect through a global network (Myung et al., 2009). Moreover, the literature review revealed that personal service and the preselection of hotels and packages is valued by customers worldwide (Green et al., 2012). This was only confirmed by the wholesale managers. Hotel managers even denied this fact and claimed that the service on the direct channels of the hotels is more personal and more flexible. Moreover, the packaged business, which is claimed as convenient, is decreasing more and more, and room-only products are on the rise, as the figures show. Marriussen et al. (2010) described that one objective of affiliate marketing is leading customers to direct booking channels, but this was not mentioned by any party during the interviews and seems to be not relevant in the deliberations of hotels in Berlin.

The argument of safety in travelling through the wholesale industry was brought to attention during the research process

Table 3: Summary of answers given on future outlook

	Demand and supply	Solutions/Contracts
Agreement between hotels and wholesalers	Organic growth in RN production Crisis will bring back dependency on wholesalers Wholesalers will still have a target group, especially overseas Contractual penalties are not possible at the moment	Channel manager needed Direct connectivity is needed OTA are biggest competition of wholesalers Free sale with static and dynamic rates
Disagreement between hotels and wholesalers	Prices/profit will grow/stagnate Wholesalers' customers are able to handle dynamic rates Static rates are demanded and necessary	Hotels are too static Wholesalers are not dynamic enough Catalogues/allotments have a future

by the wholesale managers, which is in line with the literature as well, in which has been claimed that travellers are searching for safety especially in times of economic crisis (Sedlacek, 2015).

The decreasing dependency is caused by significant challenges, especially due to contractual violations and a lack of flexibility of the hotels and the wholesale industry. This fact was agreed on by all interviewed managers but the biggest challenges appear at the stage of contracting. Myung et al. (2009) described that hoteliers need a broad range of sources to sell their inventory, which is partly still the case, but not at any price. According to the results of the research, the bargaining power in the hotel market in Berlin is shifting towards the hotels, away from the customers. This contradicts the literature, in which it is stated that hotels are keen to get rid of their unsellable rooms when struggling to sell directly (Tranter et al., 2009). The hotels seemingly see themselves as in the driver's seat, able to dictate the price of their product and force the wholesale industry to accept their increased prices and dynamic rate programmes while eliminating room allotments, which, according to the wholesale and tour operator partners, are desperately needed. The wholesalers still see themselves as partners who help the suppliers to get rid of distressed inventory in need periods and therefore want to have allotments throughout the whole year, which is consistent with the literature reviewed (Rich, 2002). The research seeks to understand why the hotels insist on dynamism, while the research clearly identifies that only 10 to 20% of the third parties are able to handle these rates and sell them to the guest in the end. However, the corporate hotel policy appears not to allow flexible, market-specific approaches. All of these issues lead to the main focus of this research, the rate parity.

According to Brewer et al. (2005), it is of crucial importance to select the right channels effectively and know how to work with them instead of eliminating the channels that seem unfortunate. The results reveal that the hotel chain is trying to do so by applying the overall policy of 100% dynamic agreements with wholesalers by 2017 to avoid rate parity issues in the core. Nonetheless, the results show that this policy might cost more than anticipated and rather might eliminate the production of the wholesale segment instead of making the business more effective. Production figures show a clear decrease of room nights and revenue, while the displacement figures shrink less fast, which results in less profit in the end. Meanwhile, Berlin is still growing fast in supply, ADR and

occupancy, but still performing below metropolises like Paris or Amsterdam (Dobberke, 2015).

In the end, the values of worldwide visibility and the continuous selling of rooms through all seasons has to be held against the biggest issues facing the hotels, which are the high cost of distribution and the rate parity violations that are undermining the hotels' price integrity. The value of products like catalogues, which are still common, appear not to be considered by hotel executives, which might be a mistake. The research reveals that the drawbacks of the wholesalers are exceeding the benefits for hotels at the moment, for which more and more policies get in place, which decreases the overall business with wholesalers, which the data exposed.

Feasibility of rate parity and control

Central is the point of control. The high competition in the leisure market forces tour operators to use aggressive pricing. Clearly, this is not a new insight, but even the wholesale managers admit that there is no actual control system but that they are not the source of rate violations brings in a new perspective. The research revealed contradicting mind-sets in the industry about who is the root of the problem. Even the hotels themselves might be the perpetrators by dropping their prices or giving short-term discounts to OTA, which creates inequality in the market. Undoubtedly the hotel corporation does not believe in the package business as the main contribution by the wholesale industry, while the industry itself still believes in the old model. This confirms the literature, which states that the wholesalers, instead of developing their products, just went on with the same static product onto the electronic age without questioning the need for flexibility in times of dynamic packaging, as self-bundling by the customer gets more and more popular (Sedlacek, 2015).

Moreover, the literature shows that different perceptions of reality and incongruent goals cause channel conflicts (Webb, 2002), which appears to be confirmed by the results, at least in terms of control and the future of the business. The entire wholesale industry, especially the electronic part, accordingly became more and more unclear and confusing. Both parties seem to have let control slip away and now are trying to get it back and this over the price. The hotel chain especially does that with adjusted terms and conditions to the contracts, not allowing further B2B selling of discounted net rates, which most hotels failed to do in the past (Starkov, 2004). Moreover, not contracting any static rates in the future and the erosion

Table 4: Wholesale production 2013–2015

Year	Total revenue		Average ADR		Total room nights	
	Hotel A	Hotel B	Hotel A	Hotel B	Hotel A	Hotel B
2015	€926 982	€396 401	€155	€61	5 998	6 479
2014	€1 068 894	€613 287	€144	€57	7 422	10 666
2013	€745 755	€577 107	€126	€56	5 908	10 272

Table 5: Tour operator production 2013–2015

Year	Total revenue		Average ADR		Total room nights	
	Hotel A	Hotel B	Hotel A	Hotel B	Hotel A	Hotel B
2015	€160 905	€19 396	€183	€52	881	375
2014	€332 927	€36 651	€159	€46	2 100	800
2013	€240 646	€48 238	€149	€53	1 617	916

of allotments and the enabling of the free sale are recent developments. However, belief in the dynamic only approach is not given throughout the industry and it is more than questionable whether this will control the rate parity issues. It will just make the claims more dynamic, and this moreover will decrease the wholesale ADR even more as the research revealed, due to the fact that at the moment the static rates are satisfyingly paired with the ability to close out dates.

Overall, the wholesale partners will not be able to guarantee control rate parity among their affiliated agents and not even have an interest in it. The hotels are taking action already on their own and not in the favour of the wholesalers, who are not always the cause of the violation. Without a win-win situation there will be no market-wide solution to this issue. One little wholesaler alone does not have the resources for control. An industry-wide solution with best practises of all main competitors might be the only solution.

Needed change for a fair mutual future

All of this creates a lot of manual input to uphold dynamic changes. All parties suggest the installation of a channel manager equally set up and central for all wholesalers, which enables all parties to make real-time changes. This clearly reinforces prior research, which holds the inability for real-time reflection of rates liable as a key challenge (Christodoulidou et al., 2007). It would allow short-term room allocations, price changes and special deals. This might increase rate parity throughout the system and through that increase customer loyalty as well, which is identified as vital, both by this research and the literature (Christodoulidou et al., 2007; Myung et al., 2009).

Nevertheless, the research shows that the leisure market in Berlin in the next years will increase more gradually than in previous years, although positively. Even the critical hotel managers admitted that wholesale still has a future, if it becomes more oriented to certain target groups and markets. The classical catalogue business seems likely to vanish in the next decade, according to the opinions of both the managers of the wholesale industry and the hotels equally. Only a few still believe in this static business.

Moreover, the profitability of the wholesale business was frequently discussed. Reinforcing this discussion was not the aim of the research but was inevitable when analysing the relationship between the hotels in Berlin and their wholesale partners. PhoCusWright (2012a) reported that internet distribution influences profit margins and distribution costs significantly, with discounts up to 25% under the best available rate (BAR). Despite this fact, an increasing ADR is anticipated in the wholesale segment due to higher rates and lower volumes. But the rate violations are increasingly expensive for hotels, resulting from case to case in a massive loss per room night. Facing this and the usual discounts given to wholesalers, hotels in Berlin decreased the production of wholesalers in 2015 by several thousand room nights while increasing their rates, aiming to be more profitable. Moreover, the increased efforts in customer loyalty programmes and special discounts for members are attempts to shift the demand away from the wholesale segment, which was a solution proposed by the literature as well (Christdoulidou et al., 2007).

Without question, this development is not appreciated by the wholesale segment and its affiliates. The results show

that hotel chains themselves seem to be inflexible as well, while demanding dynamism. Short-term promotions when discovering need periods seem to be a particular problem and should be tackled mutually instead of dictating the rates. Moreover, fewer available rooms make it hard to sell packaged offers to potential guests and makes the industry ineffective. This is a new point of view, seemingly left out by the international hotel corporation. The increase in rates consequently shrinks the profit margins for the wholesalers, who therefore have to sell on volume instead. This development is further hindered with free sales which often get closed too early, as claimed by the managers of the wholesale industry. The observation of Green et al. (2012), that hotels give discounts for the purpose of cash flow in an economic crisis or in low-demand periods through increased volumes, is certainly strengthened by the results of this research. But the total focus on revenue by the hotels and the intention to close out wholesalers in high demand periods, apparently not thinking about the need in low-demand times can create a spiral to the bottom. The classic wholesale business model appears impossible to maintain, even if the internal penalties for rate violations were contracted to the wholesalers, which is unfeasible, according to the results. Dynamic rates are bound to come, and they will put a lot of pressure on the business relationship of the hotels and the wholesale industry, especially if static FIT rates completely vanish. Wholesale managers propose market-specific solutions, which is supported by single hotel managers as well. Both parties agree that the policy is too static and is not applicable to all markets. In Berlin it might perform flawlessly in the coming years, but other more dependent leisure markets like Leipzig, Hamburg or Cologne may suffer more.

All proposed solutions like channel managers, a mix of static and dynamic rates or free sales will not uphold the competition of the OTA like booking.com or Expedia. Main competitors like Gulliver's Travel have demonstrated their power against the OTA competition and proved themselves very adaptable (Trend, 2011) but if they lose their key business of packaging they will just be merged or become another OTA with high commissioned business, which will decrease hotel's profits as well. Moreover, even the mighty OTA cannot replace the consistent customer base in need periods as the wholesaler's produce. However, the OTA are still the biggest competitor of the wholesale segment as well as the direct competition within the segment. Needed change is mostly given in the control of the channels, and the hotels themselves have to be flexible and pay closer attention to their prices and distribution mix to avoid rate violations and foster integrity. Automatic systems seem to be the next step for the relationship between the hotels and the wholesale industry to avoid further conflict and create more flexibility in price and inventory allocation. Moreover, the hotels need to change their radical dynamic policy to guarantee a fair future for both partners.

Conclusion

The research revealed several key factors that need to be implemented in order to tackle the rate integrity challenge of hotels in Berlin and the wholesalers, while bringing in a new point of view, namely that of the wholesale industry. The control of third parties will only be made more effective

through more open communication between the hotels and their partners, a more dynamic rate set-up, as already proposed and executed by the investigated hotels, and a readiness for short-term changes and on-time promotions or deals of both parties to react to low-demand seasons. Furthermore, real time connectivity is one USP of the OTA versus the wholesalers. If the wholesalers and tour operators get connected to the hotels' CRS through a channel manager, which also has to be fostered by the big corporations, the issue of dynamic rates, short-term changes and promotions as demanded by wholesalers would not be a challenge anymore. Overall, both parties have a common goal, namely the selling of rooms for the highest possible price, as one manager put it.

This research confirmed topics like value and challenges of the business relationship and the issues of dynamic pricing. New perceptions on the price control challenge have been given, extending the given literature with the theory that the hotels are to a certain extent part of the problem, not only the wholesalers and their partners. Furthermore, the fact that most third parties are not yet able to handle dynamic rates is brought to attention and questions the effectiveness of the corporate hotel strategy. In order to maintain a successful future, as the problem statement pointed to, changes certainly have to be made in the contractual agreements between the hotels in Berlin and the wholesalers, and they have to be made mutually and should not be a dictation of terms and conditions from corporate level.

Limitations

This study was conducted by obtaining the conclusions of field experts on both sides, hotels in Berlin and their wholesale business partners, without considering the customer's point of view. How the customer views the whole process might add further value to the research, as in the end it is the guests that choose which channel's price suits them best.

Second, this study was carried out mainly using a qualitative approach and, on the wholesale side especially, the answers given reflect the opinions of market managers and contractors, who might be biased as business partners, but do not necessarily represent the opinion of the wholesale company as a whole. Finally, all the research was based on the Berlin market and from the perspective of upscale and luxury hotels. Hotels who position themselves differently may have other points of view on this topic.

Recommendations

Based on the discussion and conclusions of the research, clear recommendations can be made for both the hotels of Berlin and their wholesale partners.

The research revealed that wholesalers have to adapt to the dynamic rate system. They have to implement technology which allows them to be real-time connected to the CRS of the hotels. This implies the creation of a platform where the connection is centrally controlled and equal chances for all business partners are secured. Real-time connectivity will enable the possibility of automatically changing dynamic rates underneath the BAR of each hotel, the reallocation of rooms in all periods and a simplified loading of new promotions to all business partners, as is already done with the OTA.

Communication between the parties has to be improved. The study revealed that all parties experience the current situation as a one-sided relationship from the corporate level. The demand for dynamic rates is not given at the moment, but the necessity for it in order to decrease rate parity violations is known. The third parties are just not ready at the moment, and therefore static FIT rates are still desperately needed.

The hotel chains should contract the big wholesalers globally and dynamically. But each market should be able to contract more specified static FIT rates to ensure cash flow in need periods and the continuation of business relationships especially with tour operators with catalogue business. Catalogues appear to be more important than most managers of hotels realise.

Finally, a most important recommendation is the establishment of a common control system, created by field experts and the global wholesalers together. Not every wholesaler has the capacity to control its partners and therefore the hotels should be cooperative in this matter. Smaller wholesalers might be forced to price aggressive by the hotel itself and are then blamed for rate violation. A hotel has to create a fair situation together with the wholesalers in order to profit from them in the future. The need for this relationship is still given.

The study added the wholesalers' point of view to given literature on the field but lacks the customers' perspective. Research is needed to investigate guests' perceptions on dynamic prices and booking behaviour.

Finally, the study is based on local field experts' opinions and lacks verification of corporations' strategic decision makers, especially on the side of the wholesale industry. Qualitative research has to be applied above market level in order to create a full picture, with the company's strategic direction and not only the opinions of individuals.

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Comparing hotels' employer brand effectiveness through social media and websites

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This research explores hotel companies' employer branding (EB) through the internet. Many countries in the world will face a gap between the demand for talent in the hospitality and tourism industry and the available talent pool. Previous research found that, in an industry with high labour turnover and rather negative public image as an employer, EB approaches can be used to attract potential employees in a more targeted manner. The impact of on-line tools for companies to present themselves as a good employer brand is now crucial. For this study the online employer brand presence and effectiveness of 4-star and 5-star hotels are compared. Using content analysis, the presence of companies' employer brand and the appreciation for their employer brand message was assessed. The brands involved are: Hilton, Doubletree, Radisson Blu, Park Plaza, Marriott, Crowne Plaza, Novotel, Holiday Inn and NH. The online presence of each brand was evaluated through their corporate career website, brand Facebook page and brand LinkedIn page. Results show that all brands have the possibility to improve their employer brand online profiles, while for all of them specific attention needs to be given to the consistent use of the channels. From a maximum score of 115 for a perfect online employer brand profile, the highest score was 64 and the lowest 37.

Keywords: employer branding, employer brand message, Millennials, Facebook, LinkedIn, hospitality industry, talent

Introduction

Attracting and retaining team members in the hospitality industry has become critical for success, and a strong corporate/consumer brand reputation is no longer enough to attract and retain these team members. The hospitality industry has a large proportion of unskilled jobs, which makes it difficult to attract young, well educated people for operational jobs (Gehrels & De Looij, 2011). The labour market has become more competitive as a result of the influence of social media and brand exposure, together with increasing workforce turnover. Team members want to be valued more by employers (TDP, 2014). Employers must be ahead of the competitors, and employer branding can be instrumental in this. Employer branding is the "image of the organisation" as perceived by the team members, candidates and other stakeholders. It helps to differentiate a firm from its competitors as an employer (Malati & Seghal, 2013). Hotel corporations have started to recognise the importance of employer branding, and this employer branding research project has been implemented as a result. Many new hotels will be opening over the next years and companies will want to attract top talent, which makes it essential to present a strong employer brand. This research aims to investigate how an effective online employer branding competitor benchmark can be organised. For the purpose of discovering what an effective on-line employer branding profile looks like, a selection of hotel companies are compared.

Background

Employer branding can be defined as a combination of marketing and recruitment practices allowing customers,

employees and other stakeholders to recognise the desired organisational image (Wallace et al., 2013). In other words, the employer brand represents an organisation's image as perceived by actual and prospective employees. A company with an effective employer brand is more attractive among potential employees than those with lower employer brand perceptions (Gehrels, 2016). Employer branding helps organisations to present employees as "brand ambassadors" when employees share their recognition stories over external social networks and in doing so contribute to a positive employer image. Positive stories tend to enhance the organisation's potential employee candidate pool by being recognised as a great place to work (FERENCE, 2012). When an employer brand is implemented this has a number of advantages, because it:

- helps in recruiting and retaining top talents for the company, resulting in better service and productivity
- creates substantial credibility for the company
- decreases the difficulties and costs of recruiting
- increases the number of suitable candidates
- enhances the company's reputation
- energises the current employees to achieve the organisation's goals, and
- leads to a higher degree of company loyalty, improving employee retention (Johnson & Roberts, 2006).

Employer branding is used as a recruiting strategy to position a company attractively and make it a top-of-mind company for applicants (Randstad, 2014). CEB (2014b, 12) confirms this and describes employer branding as the "efforts undertaken by employers to manage labour market perceptions". The employer brand is influenced by the consumer brand and the corporate brand. Building a strong employer brand is important, while proactive employment brand management

will improve recruiting effectiveness (China HR Executive Board, 2008). Research done among companies worldwide by LinkedIn shows that the employer brand is valued as top priority by 62% of companies. As a result of this, companies are focusing more on creating employer branding strategies, whereby outbound channels like online professional networks and social media are used (LinkedIn, 2015). A consistent employer brand message is needed as part of the process to set up an employer brand (Gehrels & Altan, 2015).

The most effective tool for communicating a brand amongst Millennials is the use of social media (Kaur et al., 2015), and these serve as an inexpensive and easily accessible source for collecting background information on job applicants and current team members for a company (Clark & Roberts, 2010). The most effective employer branding tools are Facebook, Twitter, LinkedIn and companies' websites (LinkedIn, 2015).

LinkedIn is busy building a strategy to attract Millennials. Twitter is used for recruitment and to share company information, despite being more limited due to the fact only 140 characters can be used to share values and information. Facebook is generally perceived as more engaging because visuals and familiar language are used (Parker, 2015). Facebook is an important recruitment tool due to the 1.55 billion users, whereas LinkedIn has 369 million users (Statista, 2015a, 2015b). Job seekers still use organisations' own career websites as the main channel during job searches, with a frequent user percentage of 42%, while LinkedIn counts for 38% and Facebook and Twitter for 35% (CEB, 2014c).

Employer review sites can also affect an employer brand since job seekers get an inside look into a business. Sites like Glassdoor allow workers to write about working for a company, similarly to Careerbliss, LinkedIn, Vault and Indeed (Marks, 2014). Critical, but maybe not fully unbiased comments can be found on the impact of social media in recruiting. Hanigan (2014) sees online recruitment and LinkedIn in particular as ineffective because using head hunters would be more efficient. In Hanigan's view, head hunters supply companies with right-fit candidates whereas LinkedIn allows access to thousands of uninterested and unqualified potential candidates. CEB (2014c) confirms the importance of social media as a recruitment channel but asserts that it is crucial to promote the employer brand because applicants check at least three channels where a brand is promoted. This notion of job seekers checking many channels before applying signals that consistency in the message that a company conveys in different channels is very important in order to provide one clear employer brand message to a potential candidate. Millennials spend half of the time on learning about an organisation before they apply for a job, which is much more than other generations do (LinkedIn, 2015). A major 62% of Millennials visit social media sites to find more information about a company and its job vacancies. and they particularly value information such as pictures and posts about people in a company, employees participating in unique company festivities, meetings, and so on (White, 2015). Furthermore, applying for a job must be fast and easy (CEB, 2014e). Since almost all job seekers use online tools and the impact of these channels is enormous, companies must focus on their online tools to present themselves as a good employer brand. Benchmarking their online presence for the labour market through social media and websites is crucial for companies to define their relevance. Therefore this study

looks at the online profile of hotel companies in terms of communicating their employer brand message.

Method

A competitive, qualitative online content analysis was carried out. Online content analysis is a relevant research tool for this study because the rapidly increasing amount of information online can influence applicants' views on a company that they are searching for (Lai & To, 2015). Qualitative content analysis allows researchers to understand social reality and emphasises an integrated view of texts and their content (Zhang & Wildemuth, 2007). For this analysis of the online channels, summative content analysis was performed using keywords put into a coding diagram (Hsie & Shannon, 2005). With schematic diagrams a clear overview was created of how the selected hotel brands in Europe make use of the available social media channels and their own websites. First, all channels were checked one-by-one for each brand in order to see which channels they are using and how they make use of them. A coding diagram was then designed with the help of the employment website Scorecard and the Project Plan of CEB (2015a, 2015b). Besides that, the Blu Ivy Group's (2013) recommendations on how to benchmark an employer brand were used in order to define the correct keywords. The coding diagram (Appendix 1) has scores from 1 (very low) to 5 (very high) to score the relevant variables that assess the effectiveness of channels used when promoting a company's employer brand.

The brands that were analysed are Hilton, Doubletree, Radisson Blu, Park Plaza, Marriott, Crowne Plaza, Novotel, Holiday Inn and NH. The online presence of each brand was evaluated through their corporate career website, brand Facebook page and brand LinkedIn page. The data collection was set on 11 December 2015. Keywords based on the literature review were used in the exploration of the different channels.

Results

All brands accessed in this research have a corporate career page with a career section where vacancies of all their different brands can be found on separate brand pages. On LinkedIn, all brands except for one have a brand page, but none of these brand pages has a career page section. All brands, except for one have career pages on their corporate LinkedIn page. Facebook is used by all chains in this research and all of them present corporate brand pages and specific hotel pages. All hotels have a corporate Facebook page, while Hilton Worldwide, Marriott, IHG, and Accor are equipped with a corporate Facebook career page. Regionally specific brand Facebook pages can be found for NH, Holiday Inn, Novotel, Marriott, and Hilton. For both LinkedIn and Facebook, specific hotel pages can be found for all brands. Most hotel brands in the research have created a LinkedIn hotel page but do not use it actively. Scores were assigned to the hotel brands based on the online consistency between LinkedIn, Facebook and career pages. It turned out that the number of likes on the hotels' Facebook sites is significantly higher than the LinkedIn connections. Facebook likes range from 135 000 to 2.2 million, while the number of connections on LinkedIn range from 2 400 to 58 000. As an example, Figure 1 gives an overview of employer brand presentations in the different channels

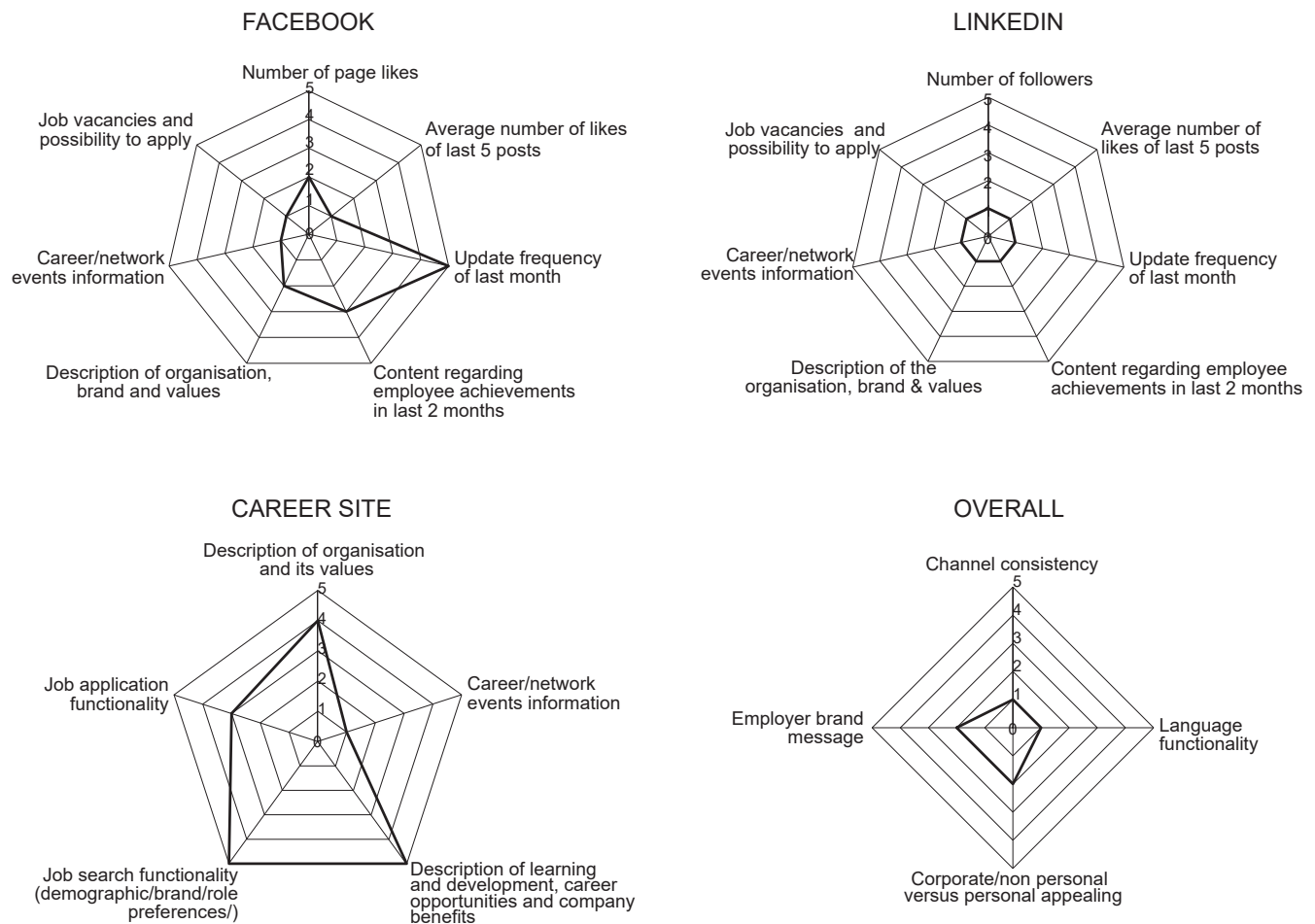


Figure 1: Employer brand presentations of company X

and their consistency for the hotel company that initiated this research project (anonymised and noted as company X).

On Facebook, company X scores high on the update frequency and on content regarding employees. The brand provided up to ten messages on employee achievements over the previous two months. The brand could improve its online profile by adding information on the brand and its values, job vacancies, and information about network events. The information section of Facebook shares interesting brand information. However, only the specific brand and legal information for Germany are described in this Facebook section. Furthermore, the brand scores low (2) on number of page likes and on average number of likes per post (1). Company X's LinkedIn page does not exist under its Hotels & Resorts presence, but only at Hotels Europe. Another confusing LinkedIn section can be found under Hotel X Limited, which presents incorrect information. The pages lack attention and provide no (correct) brand information at all, and therefore score 1 on all criteria. Only the LinkedIn page of the corporate Hotel X Group is actively used. Company X has a clear and informative career site. The job application functionality is easy to understand, and role, brand and demographic preferences can be chosen. Applying for a job is more difficult (2) and takes more than ten minutes, since an account needs to be created

first. A maximum score is achieved for the extensive description of learning and development, career opportunities and company benefits. Lastly, the description of the organisation and its values can only be improved by adding information about brand-specific values.

As can be seen in Figure 1 (an overview of the consistency of company X's online presence), the three channels, Facebook, LinkedIn and the career site are not consistent and are assessed with a channel consistency score of 1. Hotel X provides different information about the brand and corporate company on each channel, and makes use only of English as the language on all pages and therefore scores 1 for language functionality. A higher score could have been achieved if more languages were available. Facebook has the option to change the region and share information on the brand for that specific region, in the regional language. Company X's Facebook page has a personal and appealing feeling, with personal reactions to questions or comments. However, Facebook is the only appealing and personal channel, since LinkedIn shares no information and the career site has a corporate feel to it, hence this scores 2. The employer brand message also scores 2, as it can also be found only on the career site and currently focuses only on the corporate employer brand, not on the specific hotel brand within that.

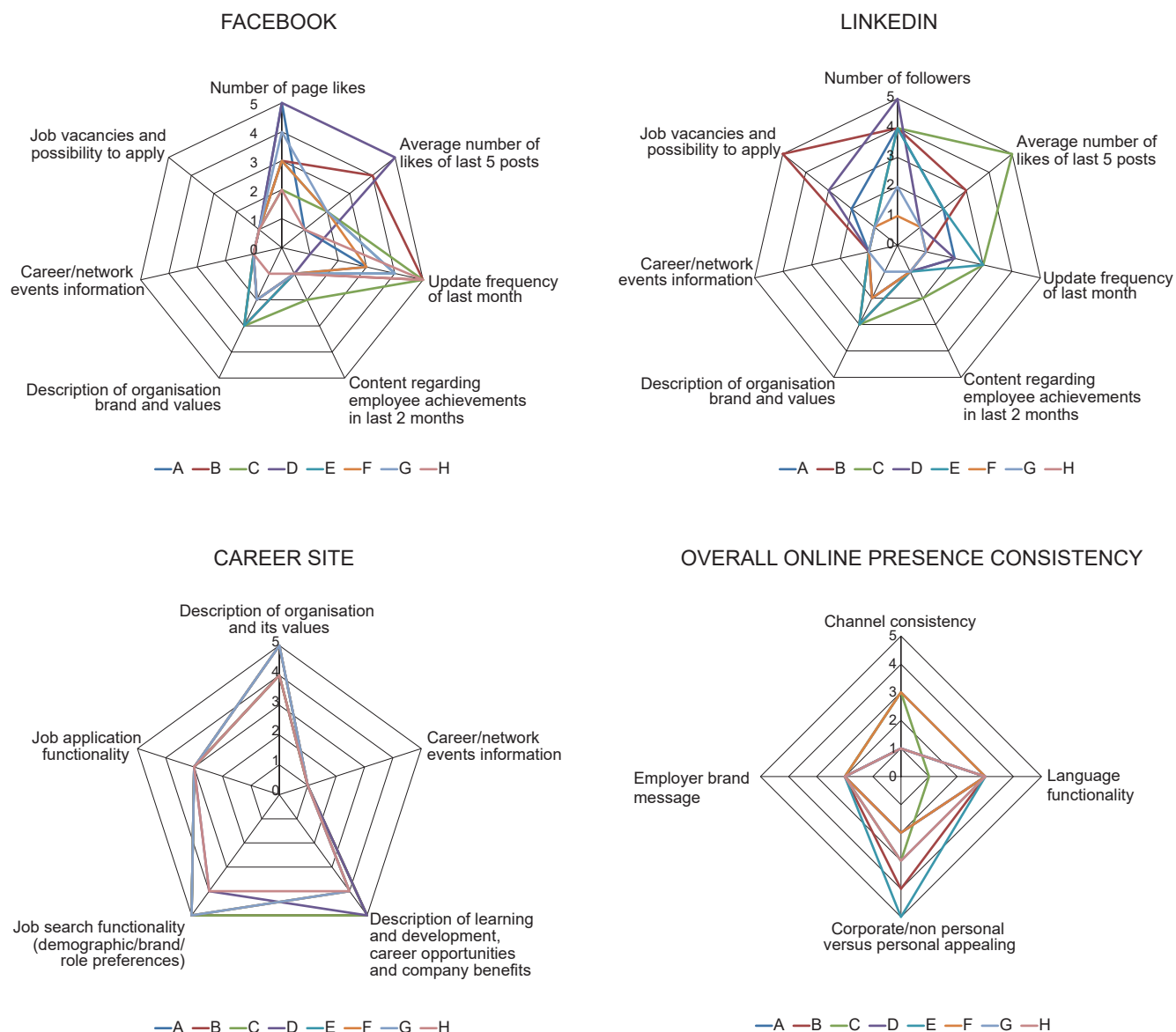


Figure 2: Employer brand presentation for all companies in the research

Figure 2 shows the employer brand presentation for the complete competitive set of hotel companies compared for this research. On Facebook, information regarding career and network events scores 1, and no information is provided on job vacancies and possibilities of applying for a job. A wide range can be seen in the number of page likes, and in the likes for the previous five posts. The number of page likes varies from 146 000 to 2.2 million, whereas the average likes per post vary from 2 to 742. None of the brands score well on content regarding employee achievements. One company scored the highest (3) but had only uploaded up to four posts regarding employee achievements in the past two months. Besides the limited content on employee achievements, brands provide limited information on the organisation, the brand and its values.

On LinkedIn, employer brands are not posted frequently. Two companies had posted up to ten messages in the previous month. Only one company had posted more than one message

regarding employee achievements in the previous two months on LinkedIn, and the rest of the brands shared no information on employee achievements at all. Job vacancies on LinkedIn were only shown on the pages of two companies, but most of the vacancies had expired already, leaving no possibility to apply for them anymore. Three companies had no likes on their last posts, since they did not even have a minimum of five posts, or their posts were about expired job vacancies. Another three companies provided a corporate and brand-specific description, while the rest of the brands only presented a corporate description or no description at all. Surprisingly, one (international) company had no brand LinkedIn page at all, which is the reason it is not included in the radar diagram (Figure 2, Overall online presence consistency).

Some companies, like DoubleTree and Hilton Hotels and Resorts, as well as Crowne Plaza and Holiday Inn, share a corporate career page, which is the reason their scores

are the same in the radar diagram. What stands out in this radar diagram is that all brands lack information on career/network events. One company did show a tab for career/network events on its career site, but disappointingly there were no events mentioned in this category. Regarding the job application functionality, all brands score a 3, which means it is possible to apply. Applying, however, takes at least ten minutes. For every brand an account needs to be created first before it is possible to apply, without letting the candidate know what to expect from the required personal login data they provide. Descriptions of learning and development and company benefits as well as the job search functionality, and descriptions of the organisation and its values score high for all brands. The only difference in the job search functionality score is that some brands have an extra possibility to search for brand-specific vacancies besides the role and demographic preferences.

Figure 2 shows relatively similar results for the online presence consistency of the channels of the competitive hotel company set researched here. Most companies have very similar results (1–3 out of 5), while only one company offers three appealing and personal channels and therefore scores 5 on corporate/non-personal versus personal appealing for its on-line presence. For most of the brands, only Facebook provides an appealing outlook. Overall, LinkedIn pages lack information and posts for most brands and can therefore not be defined as appealing or personal. The career sites of the corporate brands are not appealing or personal for most brands, with the exception of three quite global brands. The employer brand message is shared only on the career page by all companies in this research, while two have no brand-specific employer brand message. The rest of the brands do have an employer brand message for their different brands. None of the brands exceeds a language functionality score over 3, and on only one of the channels can the language be adapted to regional languages. A high score on language functionality could have been achieved if a page contained regional language options on all channels. Some brands provide an option on Facebook where the region can be chosen and the language is adapted to this region.

Total online employer profile scores

Although the results are kept anonymous on all the different elements of the companies' on-line presence in terms of employer branding, the overall results are presented connected to the specific companies that were researched. Figure 3 shows that NH Hotels has the weakest online profile score (37 out of 115), followed by Park Plaza with a score of 46, while Doubletree performs strongest (64 out of 115).

It is important to note that the overall scores of all the hotel companies in this research in terms of on-line employer profile are not optimal. The highest scoring company still has only 64 out of a potential maximum score of 115. All the companies perform below average on their online profiles and none of them share information related to recruitment and the employer brand on Facebook – no information is available on job vacancies and career/network events. The results show that all the companies have a presence on LinkedIn, but the number of posts there is limited. Some brands have no employer brand related information available on LinkedIn at all. Furthermore, LinkedIn pages have hardly any correct information and

information on job vacancies is not always available. The possibility of applying for a job is even rarer. Concerning the career sites, the corporate chains have a career site, which appeared to be the only channel where the employer brand message is shared. Most of the brands have an employer brand message specifically per brand available on the career site, although three companies still lack a specific employer brand message. Channel consistency, sharing the same information on Facebook, LinkedIn and the career page, is clearly still relatively low when looking at the figures presented here.

Conclusions on the channels used and online presence consistency

Since the employer brand message is shared through different online channels, it is important to score high on channel consistency (CEB, 2014c). Job candidates check at least three out of the 11 channels where the employer brand is communicated when they are investigating companies for potential employment. In this study, the results show that there is no consistency of online presence between Facebook, LinkedIn and career sites for any of the investigated brands. If companies' channels are not consistent, potential employees may back off because they lose trust. Millennials are attracted to social media and the information that is shared on social media is important to them. They value pictures, posts about people who work for the company, meetings, and so on (White, 2015). Furthermore, an appealing website is important. Millennials need to connect with colleagues and managers in order to become loyal, and engagement is the key for this generation, so an appealing feel to the online channels is really important (Rosethorn, 2012). The channels of the hotel companies in this research are not yet appealing enough, however, with only two companies scoring 4 and 5. Most channels score only 2.

Another interesting finding is that brands do not actively post about employee achievements on their Facebook and LinkedIn pages, scoring only 1 or 2 on content regarding employee achievements. The one brand that posts most actively on its Facebook channel was the only brand that scored 3. The lack of messages shared about employee achievements causes loss of interest for Millennials. Another conclusion that can be derived from the results is the incompleteness of the employer brand message communication. Organisations need to select a differentiated and attractive message before it is communicated (CEB, 2014a). All brands share an employer brand message on the corporate career site but a brand-specific message is communicated only for some brands. Because the brands currently communicate their employer brand message only on their (corporate) career site, it makes it difficult to attract talent. The employer brand message must be communicated for each specific brand because each brand is different to work for and the employer brand needs to be communicated consistently on all (online) channels. A clear and attractive employer brand message on all channels will convince and encourage talented people to apply for a job.

According to Bersin (2012), LinkedIn is an important channel for job seekers since it has the number one position in the world as a professional network. However, in practice, LinkedIn and Facebook are not used as effectively as they can be by the brands. None of the brands provides job vacancy

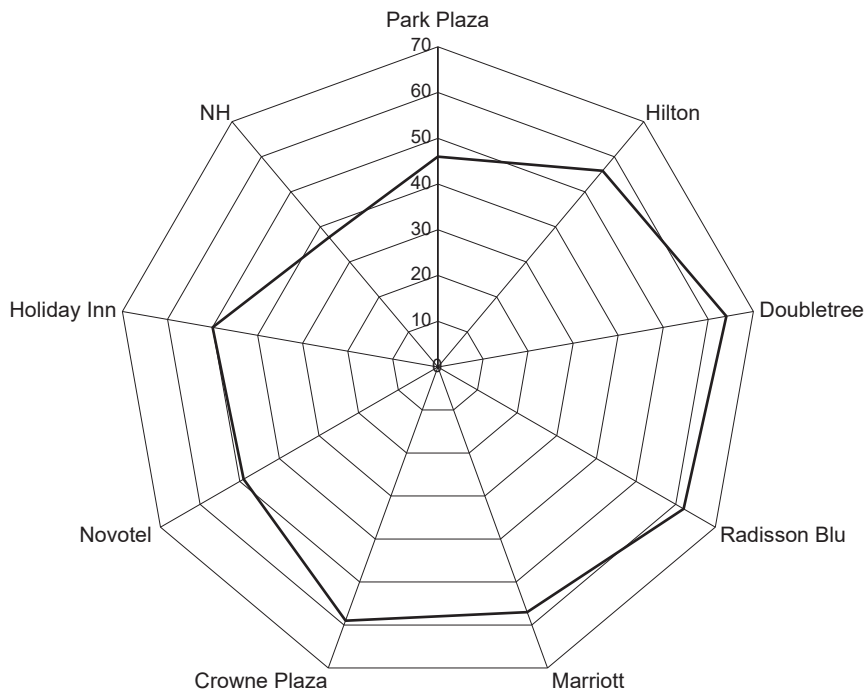


Figure 3: Total online employer profile scores

Table 1: Total on-line employer profile scores

Employer	Total brand score
Doubletree	64
Radisson Blu	62
Crowne Plaza	59
Marriott	57
Hilton	56
Holiday Inn	50
Novotel	49
Park Plaza	46
NH	37

information on Facebook, and on LinkedIn only one company features the possibility of applying for a job. Facebook has more influence regarding followers of the page than LinkedIn. Although LinkedIn is the number one professional networking site, most of the companies do not actually use LinkedIn as a recruitment tool, and Facebook is at least as important to use as recruitment channel. Facebook is used by many more people than LinkedIn, but neither of these channels shares an employer brand message or job vacancies. At the career sites, all brands show their learning and development, career opportunities and company benefits, which can be seen as a positive factor (CEB, 2014d) since Millennials value future career opportunities, growth and development.

It is especially important for companies in the hospitality industry to show their developments on all the available channels, since the hospitality industry has challenges in finding talent (Gehrels & de Looij, 2011). Unfortunately, developments, opportunities and benefits are shared only on the career sites. More on these topics should also be shared on Facebook and LinkedIn, since Millennials check more channels than only the career site. Additionally, Millennials are not really attracted by the application functionality of the career sites. The career sites of all brands are very time consuming, taking at least ten minutes to apply, as an account needs to be created first after the right vacancy is found. Brands are not really appealing with their application functionality, especially since the only recruitment channel for most brands is the time-consuming career site. Apart from that, none of the brands actively publish any conference, network or career events of the company on the channels. This is a missed opportunity since 86% of Millennials prefer to see information about events with career networking and job opportunities (Schawbel, 2015).

All brands use more or less the same pages on social networking sites and the career pages. Brand pages for Facebook and LinkedIn are used by all brands, except for one. None of the brands makes use of a career section on their LinkedIn brand page but only on the corporate page, or not even there. It is only the hotel chains that present career sites. None of the brands in this research stands out regarding their online employer profile. The total brand scores vary from 37 (NH Hotels) to 64 (Doubletree), while most brands scored around 60. Facebook and LinkedIn show variations in online profile quality between the different brands, even when the brands are in the same hotel chain. The social networking sites of the brands do not meet the requirements and interests of Millennials, and will make it difficult to attract talent. There is no online profile consistency for any of the brands. There is no brand that shares the same information on all three channels, and the channels are not really personal and appealing. Only Crowne Plaza has an appealing feel to all three channels and would therefore gain most trust from Millennials. All elements considered, the hotels in this research are not performing well in terms of the online profile as part of their employer brand message, and definitely need to improve.

Recommendations

All companies really need to improve their brand LinkedIn page. As emphasised by Bersin (2012), LinkedIn is an important channel for job seekers, and in order to be ahead of competitors, hotels should be up to date, interactive and informative on their LinkedIn pages. Job candidates check at least three channels of a potential employer for their employer brand (CEB, 2014c). Since none of the brands have a consistent online presence on the different channels, they

should make sure to share consistent brand and employer-specific information on their channels. Furthermore, since all brands share the employer brand message only on their career site, they can improve by sharing the employer brand message on all channels. The channels should therefore be updated consistently, after a clear brand-specific message is created. Schawbel (2015) mentioned the importance of publishing conference, network and career events in order to attract Millennials, but none of the brands promotes these events on their online channels. Time and effort should be invested in organising these events and communicating them effectively.

Millennials see social media as an important tool to gather information and to apply for a job (LinkedIn, 2015), while they spend less time on gathering company information and applying for a role (CEB, 2014). Facebook and LinkedIn provide no job application functionality at all, and it is time consuming to apply for a job on the career sites of all brands. Hotel companies should increase their career site job application functionality and make it easier and less time consuming. Besides that, the application function should be added to LinkedIn and Facebook in order to attract Millennials. Hotels can differentiate themselves from their competitors, but even more importantly from businesses in other industries, by emphasising the benefits of working for the company. Company benefits should be attractive and highly visible on all channels, since learning and development opportunities and other company benefits are currently only mentioned on the companies' career sites.

Further research

For further research it would be valuable to look at how the actual employee value propositions as mentioned by Duraturo (2011) differ between hotel companies, to see in which elements competitive advantages occur. Besides that, it would be interesting to continue finding out how the Millennial generation values companies' online presence as employer brands.

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Appendix 1: Coding diagram

Structure of coding diagram	1	2	3	4	5
Facebook analysis					
Number of page likes					
Average number of likes for last five posts					
Update frequency over last month					
Content of information in last two months regarding employee achievements					
Description of the organisation, the specific brand and its values					
Career/network events information					
Job vacancies available and possibility to apply for a job					
LinkedIn analysis					
Number of followers					
Average number of likes for last five posts					
Update frequency over last month					
Content of information in last two months regarding employee achievements					
Description of the organisation and its values					
Career/network events information					
Job vacancies available and possibility to apply for a job					
Career site analysis					
Description of the organisation and its values					
Career/network events information					
Description of learning and development, career opportunities and company benefits					
Job search functionality (Demographic/brand/role preferences/)					
Job application functionality					
Consistency of online presence (three channels)					
Channel consistency					
Language functionality					
Corporate/non-personal versus personal/appealing to feeling					
Employer brand message					

VIEWPOINT

Real-world lessons from the hospitality expert

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This article by Robert Bosma gives an insight in the world of hospitality in the real world and his vision about what hospitality is, how it works successfully and why people find it so important to be treated in a hospitable way. What do companies and their employees need to be hospitable? Read also about the essence of the powerful combination of hospitality, service and quality combined in the Model of Attention and his stories of several practical situations.

Keywords: attention, brand strategy, hospitableness, professional, quality, service

Introduction

“Real-world lessons from the hospitality expert” is a different type of contribution to the *Research in Hospitality Management* journal than the academic papers found elsewhere in this issue. The author has over 25 years of international experience in the fields of brand strategy, marketing and creative direction at advertising agencies and other businesses. In 2010 Robert started his companies Mind Your Brand and Mind Your Guest. He extracts the unique promise of brands and companies, and develops and helps to implement their unique manner of delivering hospitality, service and quality. In this process, companies become more successful in the relationship with their customers, who become more loyal. As a brand and hospitality strategist, Robert advises businesses, hospitals, restaurants and hotels in the Netherlands and abroad with his extensive vision of hospitality and by helping them to implement the “Model of Attention®” he has developed.

The connect effect

Robert believes in the success of “the connect effect” – the positive effect when companies and their employees are connected to the values of hospitality, service and quality, share this internally in their organisations, and give their utmost in performing services for their customers.

Why is offering hospitality so important? Why do some companies succeed better than others in offering hospitality?

From the day we were born and were lying in our cradles, we needed four basic things to survive: food, drink, hygiene and attention. Growing up in prosperous surroundings, we are aware that things like food, drink and things for daily hygiene can be bought. But what about attention?

Attention sensor

Attention is one of our basic needs. It is something abstract. It's like a sensor scanning for attention. Our personal “attention sensor” goes on at a very early stage of our existence and remains active for as long as we live. Everyone wants his or her own form of attention. At home, at school, going out with friends, at work – everyone wants to be seen and heard. Throughout our whole lives, our attention sensor is active. Attention is not for sale in a store, although there are places where people think they can pay for attention, for example in restaurants, hotels, airlines, wellness centres, and certain professions where they offer special kinds of attention.

People don't stand in front of a restaurant thinking, “Will they be hospitable?” No, they assume that they will be hospitable, because that is what most people expect from restaurants. When guests are not completely satisfied with the food in a restaurant, but the hospitable treatment they received was good, the restaurant might get the benefit of the doubt. On the other hand, when the culinary level in a restaurant is excellent but the guests have not been treated in a very hospitable way, they will certainly not come back again.

Giving attention by offering hospitality is not a trick to bind people, but is on the same level as giving someone food when they are hungry or giving them water when they are thirsty. The need for attention is a basic human need, a need that is gratified by getting or giving (feeding or being fed with) real attention. So, offering hospitality is not giving something extra. It's the ‘Vitamin H’ for mankind.

The Model of Attention®

The Model of Attention (Figure 1) is a structure of mathematical sets, divided into hospitality, service, and quality. The model shows the difference between these three subjects. Someone can be very hospitable, without giving any service or quality.

On the other hand, one can give quality and service without being hospitable.

The outcome of offering all three of these powerful components will be that people feel secure, and when people feel secure they want to stay connected to that feeling. The Model of Attention clarifies what people find most important in certain contexts. For guests in a restaurant, for example, getting the right attention in a hospitable manner is important, whereas hospital patients put quality first. The same goes for bank customers – they will go firstly for quality and service. Successful companies offer all three of these aspects of attention. They have a clear vision and mission in offering hospitality, service and quality. It really comes out of the heart of these companies to be meaningful for their employees and customers. Employees and customers will feel secure and want to stay connected with these companies. Even a glimpse of a logo can give them a secure feeling.

Hospitable: “The intrinsic motivation to make contact with others to make them feel welcome with exclusive attention.”

This means that during every contact moment, a customer, guest, passenger or patient must feel welcome, not only at the first meeting. When we consider the definition, let us begin with *intrinsic motivation to make contact*. This is actually the basis of giving attention. If someone is not motivated to connect with others, for whatever reason, they will have a tough task working as a hospitable professional. Hospitable professionals are intrinsically motivated every day and every moment to make connections with others. *To make them feel welcome*. In the context of hospitableness, the intrinsic motivation to make contact with others has a goal, namely to make customers, guests or passengers feel that they are welcome, during every moment of contact. Not only the guests themselves are welcome, but also their questions, comments,

complaints, etc. Offer *exclusive attention*. This is the “high school” of being hospitable. If you overact in giving attention, guests will not believe you. If you underperform, customers will feel that they are not taken seriously. Providing exclusive attention is a matter of finesse and craftsmanship. It is the use of the right body language, and the right words spoken in the right tone.

Service

Service can be defined as *hospitality put into action*. Someone can be hospitable only by using body language. Service is taking the extra step for others. You can give service without being hospitable. This applies in both personal and non-personal contact. For example: a bookmark you get together with a book ordered online. There is no hospitable written letter with it, just the book and the bookmark. The bookmark is part of the service. You did not ask for it, although it makes your order more complete. Or, your shoes have been repaired faster than was indicated, because you told the shoe repairman you needed them for a special occasion. The shoe repairman could stick to his deliver policy. But in this case he changed his repair schedule especially for the customer.

Quality

Quality can be divided into several aspects:

- Quality of the products or services
- Quality of the packaging of the products
- Quality of the knowledge of the people working in the company
- Quality of employees’ communication skills
- Quality of the presentation of the employees
- Quality of the presentation of the company
- Quality overall that the company represents.

The Model of Attention is surrounded by the “ring of security”, because that is what people feel, when they are treated in a hospitable way, with the right kind of service and are getting overall quality. The power of feeling secure is that people want to stay connected with people, brands and companies who act from the philosophy of the Model of Attention. When we look at the famous hierarchy of needs of Maslow, we see that in that model safety comes second. In first position are our biological needs for food, drink and hygiene. But living in prosperous surroundings, people know that they can buy most of their biological needs. What people find most important is security. In my opinion, security and feeling secure come first.

What make people feel secure?

- Family
- Home
- Friends
- People or things that comfort them
- People, brands and companies that are trustworthy
- People, brands and companies that practice what they preach
- Transparency
- Real people
- Real attention.

When people, brands and companies combine all this in their daily behaviour and communication, or better – translate it in

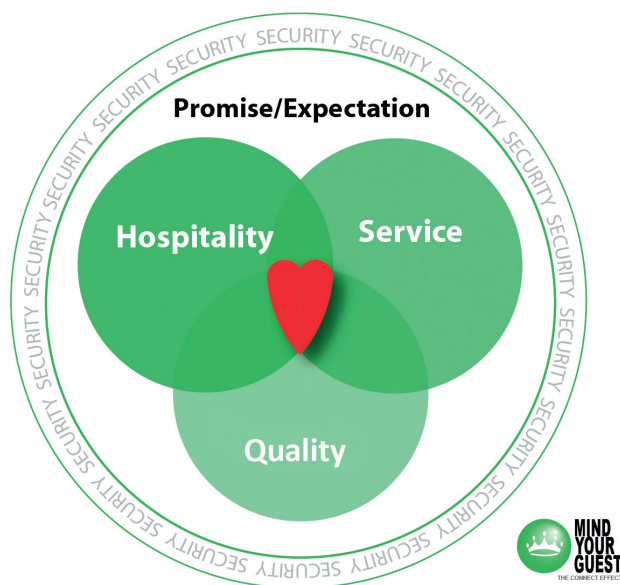


Figure 1: The Model of Attention with the ring of security around it (Bosma, 2016)

their own unique way of behaving and communicating, driven by a mission – they will be more successful in forming bonds with people and making customers, guests or passengers more loyal. Hospital patients will feel better also, because they feel more secure with the surrounding advice of the medical staff, instead of seeing them as aloof specialists in white uniforms. By implementing the Model of Attention, people feel secure and want to stay connected to that feeling. When, as a company or a brand, that kind of security is offered, people will want to stay connected to them. This is the magic of giving real attention.

“As the twig is bent the tree is inclined”

When we were little kids we had to learn a lot of things – walking, talking, eating with a knife and fork, riding a bicycle, reading, writing, and being polite, just to name a few things. But at what age in our lives did we learn about hospitality? As a child, we were faced with the subject of hospitality when we were in a restaurant with our parents or during a stay in a hotel. We heard our parents talk to each other about how they experienced the level of hospitality. At a later age, you might be faced with hospitality, for example, when working in a restaurant to support your studies, or work in an environment where hospitality is important.

Isn't it odd that we learn a lot of things in our younger lives, while we don't learn anything about hospitality?

Let's start practising hospitality to children at a very early stage in elementary school. Let them learn to make real contact with themselves and with others. Let them grow into strong personalities who make themselves and others feel welcome, starting with their classmates. When they get older, the way to be authentically hospitable is already in their systems. In every part of life, private and professional, offering authentic hospitality is a gift. It doesn't matter what kind of profession people take up. In every job they will have contact with other people. When they're able to make real contact with others, the goals they want to achieve in life will be reached much more easily. Besides having strong personalities, they will also become strong, hospitable communicators. And the world will be a better place.

Examples from practice

Computer says: “No”

There is nothing worse than when a restaurateur blames his computer for the lack of hospitality. Restaurant computer systems are getting smarter every day. They make it much easier for the restaurateur to control his business. But one of the things you can't put into a system are the guests, and that is what some restaurateurs forget. They forget also that real contact and genuine hospitality can't be programmed.

But what if demanding guests have requests that go against this smart system? What do you do as a restaurateur? Move along to the direction of the guest or hide behind the computer program? One of many examples: I ordered a breakfast at a restaurant. The breakfast was described in detail on the menu including the prize. I decided to take this breakfast, but without the yogurt with granola. “That is possible” the waiter replied a bit agitated, “but you have to pay for the full breakfast,

because the breakfast is put that way in our computer system and I cannot adjust it per guest.” This inhospitable explanation was enough for me. I had the incredible need to have breakfast elsewhere and I didn't want a discussion about that early in the morning. But this poor employee was caught by his system and it blocked him from performing in a hospitable way.

But just between you and me: we as professionals never let it happen that a computer system stands in our way in offering hospitality. Right?

The intelligence in hospitality is in you as a host, together with your levels of service and quality. You are the boss over the system and you don't take a yes or a no for granted. Especially not from a computer system.

Hospitality masterclass in Italy

From each entrepreneur, anywhere in the world, I learn a lot. Recently I was in Italy with my family. For many, Italy is the cradle of hospitality. During my visit to a historic town just below Perugia I got a masterclass in hospitality. A short story. My son wanted to look for new shoes. While we were looking in at the window of a menswear store, we were hospitably invited by the owner to take a look inside. Because there was more to see, he said. We were touched by the charm of this hospitable host. I watched the whole scene from a distance.

What was really happening? A commercial interaction? Smart selling techniques? What I experienced was 100% attention for the customer. My son was quite overwhelmed by all the attention. After some time, my son said to me he wanted to look further, because this was the first shop we had been into. With a hospitable smile the shop owner said to my son that it was a good idea, because he found it most important that my son should be really convinced about his purchase. The shop owner told me that he saw that my son felt a bit guilty after being extensively advised by him.

“But that's how we do it here. We give every customer 100% attention. Your son is the one who finally decides whether he does or does not buy anything from me. The only thing I can do is advise him very well. Not as a sales person but as a friend.”

This special masterclass was a gift. And for you as my friend, I give this masterclass story to you.

Online drama – House for sale

The name of the online mega store Bol.com stands for Bertelsmann Online, founded in 1999. The German company Bertelsmann is one of the largest publishers in the world and works like a well-oiled logistics machine. When Bertelsmann decided to sell more products than only books online, it was a logical step, based on their online know-how and experience on logistics. Now, Bol.com is one of the largest online stores in Europe. But now they know that their strength can also be their weakness, because when things go wrong in logistics, the process can go very wrong also in handling customer satisfaction. Read a true story about a Barbie doll house.

- Day 1: A customer at Bol.com ordered a drip tray to go under her washing machine. However, the delivery service PostNL delivered a huge Barbie doll house. Oops, mistake! Unfortunately, PostNL can't take the Barbie house back, according to the policy of Bol, because UPS is the party that collects Bol's stuff. Sending it back via the post office is not an option for the customer. The package is too big and too

heavy. A pick-up appointment with UPS is made by Bol.com.

- Day 2: The pick-up appointment with UPS was cancelled by email: "It is not possible to retrieve this article. We ask you to send the item back." The customer replies that sending back the Barbie house via mail is not an option. The large package is too heavy. Annoying, is also Bol's opinion. A new pick-up appointment was made.
- Day 3: At the appointed time no one appears. After several phone calls to Bol, the customer gets the telephone number of UPS. There they replied: "One of our drivers was in your street this morning, but now we see that there was a wrong house number on the voucher. We're very sorry." "For a new pick-up appointment you have to call Bol." In the meanwhile the customer goes online searching for fellow sufferers. And there were enough of them. On Facebook and special complaint forums the customer finds stories of fellow sufferers who have also received products from Bol they never ordered.
- Day 4: A phone call from Bol! "We've heard that the pick-up went wrong? What kind of Barbie house do you have now?" After hearing the customer's answer, : "A Barbie Dream House", the person from Bol only can make a new pickup appointment.
- Day 5: Again, the pick-up appointment was cancelled, this time because of technical reasons. Again the customer calls Bol. The lady on the other side of the line wants to make a new pick-up appointment, but the customer says that her holiday is over and that she has to go to work again, so nobody will be at home for the delivery service. Agitated, the customer proposes to sell the Barbie house online. But that is not possible, according the Bol policy, the lady answered, because the Barbie house is already in the pick-up system. The lady of Bol decides to give the case to the Bol head office.
- Day 6: The head office of Bol is fed up with the Barbie house issue. The customer can keep it for free. The money she paid for the drip tray will be refunded.
- Day 7: For the first time the customer opens the envelope of the packing slip that came with the Barbie house. On the receipt is the name of a gardening company with the order: Cordless Hedge Trimmer. So, who had ordered the Barbie house?
- Day 8: Out of curiosity the customer calls the gardening company. What had happened to them? The gardener had ordered a hedge trimmer at Bol and received a weed burner, he said. After he had returned the burner via mail, a few days later he received two hedge trimmers.

And there is still someone waiting for their Barbie Dream House.

Millions lost

The Dutch association of online stores says that 0.5 to 0.75% of packages ordered disappear, often through theft or incorrect delivery. In the Netherlands, online shopping market is worth around 15 billion euros annually. So 0.7% comes down to tens of millions euros worth of parcels that are getting lost each year.

And yet most of the deliveries at Bol go well. But it's also important that the customers who receive the wrong packages are serviced well. Giving away a Barbie house worth €424 because of a delivery mistake you can't solve is rather

unprofessional for such an experienced company. It also gives a negative image of the company in how they deal with their customers, money and goods. Not solving this kind of bad experience is a good way to lose a company's customers.

Especially in this kind of situation, a company can make fans of his customers by exceeding in hospitality, after-sales service and quality. Solving a problem gives a company the opportunity to show its best side.

Mistake or mistake?

I want to talk to you about mistakes, in particular, the interpretation of mistakes. Nowadays, the several types of mistakes are mixed up, even by professionals. This also often mixes up the cause and effect of situations during work.

There are two main types of mistake that can be made in an organisation:

- System mistakes: these are errors that are made by the system, the company or the management of the company.
- Behavioural mistakes: these are mistakes made by employees.

For example, a brand new restaurant employee was allowed to take an order for two guests. The guests asked for a glass of good white wine. The employee went to the bar and gave the guests the most expensive open white wine that was available. After serving it, the manager tapped her on her shoulder: "Did these guests specially ask for this expensive wine?" He asked. "No," the employee replied, "They asked for a glass of good white wine and concerning the price I thought this must be a good wine."

The manager responded: "Normally we serve our house wine, which is much cheaper, provided that guests don't ask for another specific wine."

To which the girl responded, "But you also want to make money, don't you?" The manager responded agitatedly: "Next time, just serve the house wine."

Question to you: What went wrong?

Cause: the employee was previously not properly instructed about serving wines – a system mistake of the company. Consequence: as a manager you cannot reject the behaviour of this employee. If she had been aware of the situation, than it would be a behavioural mistake.

Another example: A manager is annoyed because he thinks that the cleaning of the tables and the dirty cutlery is not properly done: "All the dirty cutlery and plates should be put in the appropriate grey bins. Not next to them."

The reaction of the staff: "But then the grey bins must be there."

Now for you it's easy to fill in what kind of mistake we are talking about in this situation, isn't it?

Service as commodity

Recently I was reading an interview with Roberto Payer, the managing director of the Waldorf Astoria Hotel in Amsterdam. Talking with Roberto is talking about hospitality, service and quality and how to stand out above the competition with his organisation. This flamboyant host hasn't lost his Italian roots. His vision of hospitality fits him like an Italian suit. Although he says it's getting better in the Netherlands, he notes the lack of hospitality, service, quality and expertise. According to him, many of the people who work in the Dutch hospitality industry lack passion for treating guests in a genuinely hospitable way.

He describes this passion as the optimal balance of giving guests attention without being obtrusive. Asked whether he regrets that many people who work in restaurants and hotels do not see their work as a real profession, Roberto replied, "Yes I regret that very much. Hospitality and service are not commodities in the Netherlands anymore. Also, because guests do not want to pay for it. I still find it a pity that the Netherlands has abolished the fifteen percent service charge."

My question as a hospitality professional is, is that such a pity? Where do hospitality, service and quality begin? In my opinion, it starts with the professionals in the hospitality business. I'm convinced that these professionals have to earn the "credit" from satisfied guests and customers first, and not be "fixed" by the financial extras paid afterwards. People working in restaurants and hotels are lucky, because when they do their best they will be tipped by the guests. But in a demanding job such as a steward, stewardess or purser in an airline company, for instance, or a nurse in a hospital, you won't be tipped at all.

Where I'm concerned, hospitality, service, quality and keeping track of expertise are prerequisites to be successful in the hospitality business.

Only then will they become interesting commodities.

What an experience!

Suppose, as a restaurateur, you want your guests to adapt to your way of service and guest approach, and that they also like that. In downtown Toronto there is a restaurant with the name: Signs. Upon entering this restaurant the name becomes clear. The person who welcomes you with a big hospitable smile leads you with hand gestures to your table. No word is exchanged, because all the staff members at this restaurant are deaf.

Next to all the dishes on the menu, there are pictures of hand gestures guests can make to order their food and drinks. For some guests communicating with hand gestures is not so easy. No problem, the extremely hospitable staff will gladly help you to convey your message. Of course there is great hilarity when guests make a hand gesture with quite another meaning than intended. The key of this story is that guests really get enthusiastic about the hospitable approach of the employees of Signs.

At Mind Your Guest we teach people from all kinds of companies how important body language is in approaching guests in a hospitable way.

Achieving preferred customer status in the Dutch plastics recycling industry

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The aim of this research is to gain insight into the aspects and processes in the Dutch plastic recycling industry which might lead to a preferred customer status and acquiring benefits once the status has been reached. The whole process of reaching preferred customer status goes through various phases in which customer attractiveness, supplier satisfaction, commitment and reinforcement play a role. The study used a qualitative approach. Semi-structured interviews were held with suppliers, customers and traders in the plastic recycling industry in the Netherlands. The results show that during the customer attractiveness phase, a customer needs to convince the supplier that they are dealing with a trustworthy partner. Relational dimensions are not a priority for the supplier but do play a role if operational aspects are seen as more or less equal, which is often likely to be the case in a competitive market. In contrast, traders do attach importance to the personal relationship with customers from the start. A supplier will confer a preferential status to customers who (according to their feelings) will deliver the highest levels of satisfaction. Alternatives seem to come into question mainly where someone is significantly dissatisfied with the existing customer or if a significantly better alternative arises. The whole study is summarised in a reverse marketing model.

Keywords: customer attractiveness, reinforcement, supplier satisfaction, commitment, preferred customer status, reverse marketing model

Introduction

The past few decades have shown an interesting development in the treatment of plastic waste (PlasticsEurope Market Research Group, 2015). As awareness of sustainability grew, plastic waste first became something that plastic producers needed to get rid of in a responsible way. But as raw resources for plastics became scarcer, in recent years there has been increasing pressure on the availability of certain commodities. Plastics, a product derived from oil, is one of the commodities for which demand has risen sharply over recent decades and which is expected to increase further in the future (Constantinesco & Heuvel, 2012; Dobbs, Oppenheim, & Thompson, 2011). As a result of this increasing pressure on availability and the price level of new (virgin) plastics, a new B2B market for recycled plastics has developed in recent decades. Recycled plastics are being used in increasing amounts; the plastic recycling sector makes use of discarded plastics from consumers and the plastics processing industry, which are re-processed into raw materials for the plastics processing industry. An increasing number of companies make use of recycled plastics in their production processes as an alternative to virgin plastics.

Figure 1 shows the treatment of post-consumer treatment of plastic waste in countries in relation to bans on plastic landfill. Countries with landfill bans clearly achieve higher recycling rates.

Plastic waste materials are not directly produced but are a byproduct of other processes. The available amounts can therefore not be adjusted to market requirements. Companies which use recycled plastics in their manufacturing processes

face a major challenge. How can customers of recycled plastics secure the delivery of recycled plastics now and in the future? This increased pressure on the availability of recycled plastics has led to the main question for this research project:

“How can customers in the Dutch plastic recycling industry achieve a preferred customer status and once achieved, what are the benefits of this status?”

Literature review

A good deal of the available literature on industrial and customer relations proceeds from the assumption that the market situation is such that the supply of products and services is greater than demand. In this market paradigm, the struggle is in favour of the customers. In the opposite market situation, customers fight for the goodwill of the suppliers because of the scarcity of commodities or other causes. Customers need to meet the needs of the supplier. However in a different context this could be referred to what is called by Leenders and Blenkorn “reverse marketing” (as cited in Hüttinger, Schiele & Veldman, 2012, 1194).

A company may try to bind itself to a supplier by adapting to the needs of the supplier better than its competition. In order to strengthen the relationship with the supplier, the needs of the supplier organisation must be met in order to positively influence their satisfaction. In the literature this is referred to as “supplier satisfaction” (Baxter, 2012; Benton & Maloni, 2005; Essig & Amann, 2009; Hald, 2012; Hüttinger, et al., 2012; Nollet, Rebollo & Popel, 2012; Nyaga, Whipple & Lynch, 2010; Schiele, Calvi & Gibbert, 2012; Schiele,

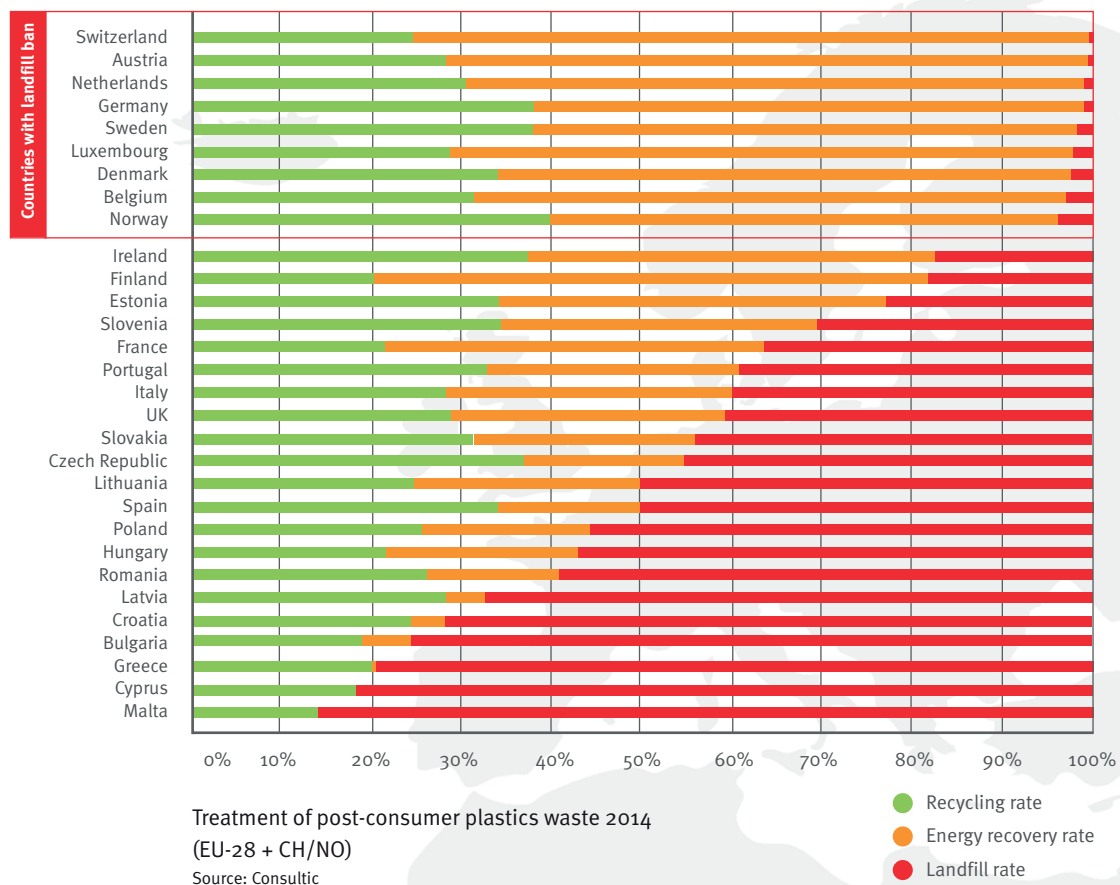


Figure 1: Countries with landfill bans achieve higher recycling rates. Source: PlasticsEurope Market Research Group (2015, p. 21)

Veldman & Hüttinger, 2010; Trent & Zacharia, 2012). Where a demand organisation understands how to distinguish itself from its competitors by better meeting the needs of the supplier than the competitors can, it may become possible to obtain preferential treatment from the supplier, referred to in literature as “preferred customer status” (Baxter, 2012; Ellis, Henke & Kull, 2012; Hüttinger, Schiele & Schröer, 2014; Moody, 1992; Nollet et al., 2012; Schiele, 2012; Schiele et al., 2012; Schiele et al., 2010; Schiele, Veldman & Hüttinger, 2011; Trent & Zacharia, 2012). A supplier can only be satisfied by the performance of their customer and give them preferred customer status after a customer is in the picture, so that positive expectations can be created with the potential supplier. This phase is described as “customer attractiveness” (Christiansen & Maltz, 2002; Ellegaard, 2012; Ellegaard, Johansen & Drejer, 2003; Hald, 2012; Hald et al., 2009; Harris, O’Mally & Patterson, 2003; Hüttinger et al., 2012; La Rocca, Caruanna & Snehota, 2012; Mortensen, 2012; Nollet et al., 2012; Ramsay & Wagner, 2009; Schiele et al., 2012; Schiele et al., 2010; Schiele et al., 2011). If preferred customer status is obtained (and retained) this can lead to long-term preferential treatment from the supplier through which a customer can improve its competitive position in its own sales market.

The research fields customer attractiveness and supplier satisfaction may be distinguished by a set of dimensions which are evaluated by suppliers. These dimensions might

differ, related to the company and industry they are in. It is possible, however, to make a global division between two sets of dimensions. Firstly, there are the business-related, fact-based (economic/technical) dimensions (Christiansen & Maltz, 2002; Essig & Amann, 2009; Ramsay & Wagner, 2009), which can be divided into operational (direct) functions and strategic (indirect) functions (Nollet et al., 2012). The first of these have an immediate impact on a supplier’s business; the latter will have impact in the future. Secondly, a group is formed by communication-related, interpersonal, human-based (relational) dimensions (Benton & Maloni, 2005; Christiansen & Maltz, 2002; Ellegaard, 2012; Ellegaard et al., 2003; Essig & Amann, 2009; Hald, 2012; Hald et al., 2009; Harris et al., 2003; Moody, 1992; Nyaga, et al., 2010; Ramsay & Wagner, 2009).

Customer attractiveness is the ex-ante situation where a customer has to attract the interest of a supplier in order to interact with that supplier (Hald, 2012; Hüttinger et al., 2012; La Rocca et al., 2012). The supplier will evaluate the expected attractiveness of the customer using the customer attractiveness dimensions. Supplier satisfaction is the ex-post situation in which transactions take place between customer and supplier, where a supplier evaluates these transactions using the supplier satisfaction dimensions. A supplier will have to make a choice as to which customer(s) he/she will give preferred customer status. The author of this article advocates not only drawing a clear line between customer

attractiveness and supplier satisfaction, but also between supplier satisfaction and preferred customer status. At the level of supplier satisfaction an overall evaluation is carried out using the supplier satisfaction dimensions. Experiences are, simultaneously, compared with expectations and the (possible) performance of alternative customers. The outcome of this evaluation is an overall conclusion about the level of satisfaction based on the comparison level and the comparison level of alternatives. High levels of satisfaction are linked to a preferred customer status, which leads to suppliers feeling inclined towards providing preferential treatment (Trent & Zacharia, 2012) and the benefits that the customer is striving for.

The discussion of the literature may be summed up in the form of a reverse marketing model (see Figure 2).

Method

The aim of this research is to gain insight into the aspects and processes in the Dutch plastic recycling industry which might lead to a preferred customer status and acquiring benefits once the status has been reached. This leads to the following problem statement:

Which aspects and processes in the Dutch plastic recycling industry play a role in achieving a preferred customer status and how do businesses benefit from this status?

Most of the literature on preferred customer status and reverse marketing is either conceptual, uses a case study approach with secondary data, or it uses a quantitative approach with survey research. Only a few studies use a quantitative approach where they interview the actual stakeholders to obtain in-depth knowledge of the motives that drive their behaviour. Examples of qualitative studies are Christiansen and Maltz (2002), Hald (2012), Harris et al. (2003), Hüttinger et al. (2014) and Pulles et. al. (2015). One of the authors of the present study works as a trader in the plastic recycling business. This gave him a unique entrance to suppliers, traders and buyers of plastic waste material. Both these factors, limited qualitative studies and proximity to the stakeholders made us decide on a qualitative approach as the appropriate method.

Semi-structured interviews were conducted in a well-planned sequence: First a table with information requirements was created based on the literature review, and complemented with the researcher's own experience as trader, both in his role of customer and supplier of raw materials.

Then a pilot interview was held to ascertain the information requirements. This was followed by a first round of six interviews, two with each stakeholder group. The interviews normally lasted between one and two hours and were audio-recorded. All interviewees gave permission to use the material for research. Immediately after each interview, these were transcribed and analysed. After the first round of interviews, detailed discussions took place between the two researchers, and the information requirements and interview questions were revisited.

Then a second round of six interviews took place, followed by an overall analysis of the results. Each interview was mapped separately on the basis of the information requirement template. After that the individual interviews were categorised

in terms of the business-related and relational dimensions. These dimensions form a theoretical construct that builds on the underlying aspects which emerged from the interviews.

Findings

The three research fields – customer attractiveness, supplier satisfaction and preferred customer status – each have a set of operational, strategic and/or relational dimensions, in accordance with the views of Essig and Amann (2009).

The dimensions are made up out of different, underlying aspects. The aspects emerged during the interviews held with traders, suppliers and customers. The definitions used for the various dimensions are, as far as possible, derived from the coding used by Ramsay and Wagner (2009).

Customer attractiveness dimensions

In the customer attractiveness phase the supplier determines whether a customer (or trader in the role of customer) may be considered as a potential buyer of plastic waste materials. In Table 1 the views of suppliers, customers and traders are given. Suppliers indicate what makes a purchaser attractive. Customers indicate, given their own views and experience, what makes a customer attractive for supplies.

Suppliers find the price that waste materials generate an important aspect (*Overall profit*) and they strive for a turnover which matches the market. A customer (or trader in the role of customer) must also be able to purchase various materials and quantities (*Demand stability*). Suppliers consider it important that a customer can meet their future payment obligations (risk reduction) and that they have met them in the past (*Financial probity*). Frequently information is gathered about this in advance (network, credit report).

In addition, the customer (or trader in the role of customer) needs to be prepared to adapt their logistic systems to those of the supplier (containers, silos, etc.), they have to take care of a swift and flexible response and a simple, straightforward communication style with the supplier. In order for the customer to be considered for purchasing materials, suppliers can also have additional conditions, such as certification with regard to transportation, collection, trading and processing of plastic waste materials (legal requirements).

Customer attractiveness is also determined by the reputation of the particular customer. Suppliers therefore gather references in various ways (*Reputation*). The company is often visited in order to gain a broad view of the company (personal meetings).

Suppliers (and traders in the role of supplier) indicate that no format is used in order to check whether a customer is interesting or not. They say that it would be possible to use a checklist, but they don't. In a number of cases, internal discussions take place whether transactions should be started with a potential customer. The "overall feeling" forms the most important basis on which to evaluate the customer in order to reach a decision, supported by some objective criteria.

Where objective criteria result in approximately the same appraisal being reached for a number of companies, personal preferences come into play, being described as the "click" and the "feeling", which often ultimately determine whether a transaction actually takes place (*Personal preferences*).

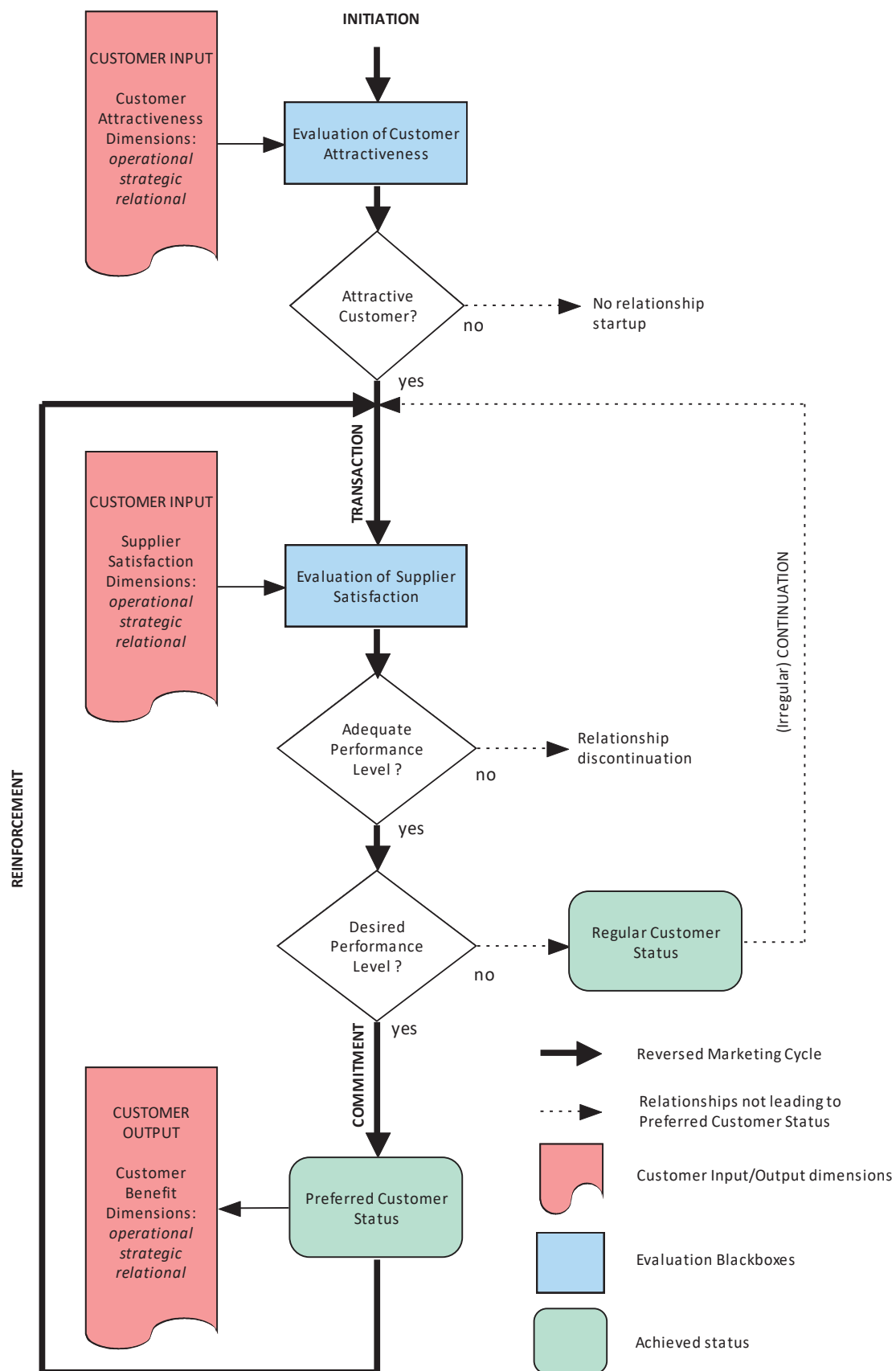


Figure 2: Reverse marketing model (detailed)

Table 1: Customer attractiveness dimensions

Dimension	Aspects	
	Supplier	Customer and trader in role as customer
Administrative performance (operational)		Quality of the administrative service provided
Demand stability (operational)	Collecting all materials (types and quantities)	Continuity Collecting all materials and all quantities
Financial probity (operational)	Paying on time, credit information	(Fast) payment, good payment conditions
Legal requirements (operational)	Handling & knowledge of hazardous substances/ plastic wastes	
Logistic performance (operational)	Fitting logistical systems to the supplier Fast, flexible response time Ease of communication	Good logistic performance; Adaptability to suppliers' logistics system
Overall profit (operational)	Price	Good, competitive price
Personal meetings (relational)	Visiting customer to get a broad scope of potential	Inviting supplier Showing equipment
Personal preferences (relational)	If objective criteria (prices, payment, logistic and administrative performance, etc.) are approx. the same: feeling and personal 'click'	Personal similarities Same company profile Initial personal chemistry
Reputation (operational)	References Company information (internet) Names of other suppliers History of the company Company certification	References Names of business partners Presentation of the company (internet etc.) History of the company
Risk reduction (operational)	Able to pay the invoice, credit information	
Sales volume (operational)		Ability to collect large quantities
Sustainability (operational)		Show what will happen with the materials
Trustworthiness (relational)		Acting upon agreements with regard to: price, payment, quantities, logistic & administrative performance; be a reliable business partner

Customers and traders in the role of customer consider it important that a good, fair market price is paid to the suppliers (or traders in the role of supplier) for the waste materials (overall profit) and that they take care of a (quick) payment within the agreed term (financial probity). A customer needs to be able to absorb large quantities and to purchase all materials (demand stability). A customer needs to adapt to the logistic and administrative systems of the supplier (expressed as "adapt like a chameleon" by one customer) and take care of an adequate implementation (Logistic and Administrative performance).

Their own reputation is of importance (reputation). In addition the supplier (or trader in the role of supplier) is invited to visit so that the customer can show them their company and the facilities (personal meeting). Customers also see it as important that they know what happens to the waste materials on account of the image and accountability of the supplier (sustainability).

Customers prefer there to be personal similarities ("chemistry" or "click") between themselves and a supplier (or trader in the role of supplier), but similarities in the type of company can help here as well (personal preferences). Both customers as well as traders in the role of customer realise that suppliers are looking for reliable purchasers of their waste materials (trustworthiness).

Supplier satisfaction dimensions

During the supplier satisfaction phase the supplier determines to which extent they are satisfied with the performance of the customer. In Table 2 the insights of the suppliers, customers

and traders are presented. Suppliers explain what makes them (very) happy in their relationship with the customers. Customers explain what, in their view, makes suppliers happy. In addition, the most important aspects named by suppliers in their decision to assign preferred customer status to a certain (group of) customers are shown in bold.

Suppliers expect a good, fair market price for the waste materials (*Overall profit*). Suppliers think that timely payment of the invoices (*Financial probity*) is an important aspect in the relationship with a customer (or trader in the role of customer). Suppliers do business with customers who buy all materials with all quality levels (*Demand stability*) and accept (small) quality deviations (*Risk acceptance*). The performance in logistic (*Logistic performance*) and administrative (*Administrative performance*) areas are seen as (very) important. Suppliers expect accurate performance in both areas, which meet the agreements reached. In addition to this, the ease of communication and fast response (*Communication*) of the organisation of the customers is mentioned.

A good interaction between staff members of the supplier and customers (or traders in the role of customer) are considered important in order to allow daily work activities to proceed in a supple fashion (*Good inter-organisational staff relationships*).

Changing over to another customer (or trader in the role of customer) is considered where there is a significant price difference between the current and alternative price. Price differences of up to 20% are mentioned in this context! However the existing customer will usually get a second chance to improve on their price. An existing business contact deserves

Table 2: Supplier satisfaction dimensions

Dimension	Aspects	
	Supplier	Customer and trader in role as customer
Administrative performance (operational)	Accurate, correct administrative procedures Acting upon agreements made Customer arranging weighing note If desired, customer sends credit invoice Administration by customer for accountability purposes	Adapting to administrative system of the supplier, providing administrative services to all levels of suppliers organisation Customer provides information to supplier (weighing of materials), possibly customer sends credit invoice
Communication (relational)	Convenience of communication, responding quickly	Maintaining contact (at right frequency) Ease of good, objective, communication problem-solving communication skills; if problems occur is also an indicator how relationship will develop
Contact stability (relational)	On time payment	Seems less attention is being paid to personal relationships at big companies, high turnover of (sales/purchasing) employees, in contrast to small companies Supplier knowing the customer's customer
Demand stability (operational)	Accept all materials and different qualities	Collect/buy all materials, not only the interesting ones Continuity, regular quantities/volume (in good and bad times)
Financial probity (operational)		On time, fast payment, payment in advance Also payment if there is a problem with a single delivery
Good inter-organisational staff relationships (relational)	Relationship is not considered to be of eminent importance but useful to smoothen operations and to gain market information	Good co-operation/collaboration, at the start of a relationship, meet each other more often
Logistic performance (operational)	Accurate, good logistics Flexibility Customer provides containers, timely exchange of containers (giving a signal), weighing the materials Acting upon agreements reached Striving for one business partner	Being flexible, providing instant required service Adapting to the logistic systems of the supplier Providing logistical services to all levels of supplier's organisation Arranging transport, delivering containers, silos or other devices, storage capacity Collecting materials quickly Stock at customers' premises, customers weigh the materials, organise exports
Long-term interactions (strategic)	Not switching if existing performance is OK and price difference is small (up to 20%) Continuity, if changing is necessary: change in phases Continuity, giving existing customer a second chance if a competitor has a better offer, preferring to stay with the existing customer	Continuity Long-term business relationship Commitment, loyal customers → Continuity more important than (maximising) sales price Customer doesn't run away at the sight of a competitor
Overall profit (operational)	Reasonable price, market price, maximise yield	Paying reasonable market price Profit margin, sales price Customer financing the stock by taking over the materials
Partnership (strategic)		Mutual logistical investments Investments in common developments. Partnership also raises exit barriers Mutual trade, being a customer and supplier Information sharing, misuse of information has serious consequences for the relationship "Real friends"
Personal motivation (relational)		Being interested in the person themselves Engaging personally. Having a "click", understanding each other well; this is intangible, meeting privately Personal touch, sincere and mutual interest; prices become secondary
Personal preferences (relational)	If doing business for years, someone deserves a second chance, having a bond with each other	If price, logistic/administrative service is more or less the same, personal relationship, personal characteristics are important → granting the business Keeping competitors at a distance by not only being a business partner, but also have a private interface Good personal relationship is helpful in problem solving, not getting too close Having something in common, same perceptions, same interests, same world view; big companies like doing business with businesses of the same size
Risk acceptance (operational)	Accept (small) quality issues	Not nagging about small quality issues of the material Accepting small risks related to material Accepting currency fluctuations
Sales volume (operational)		Capable of handling large volumes
Sustainability (operational)		Transparency, making clear to the supplier what happens to the materials
Trustworthiness (relational)		Being honest in doing business, acting fairly Acting upon agreement with regard to: price, payment, quantities, logistical & administrative performance

a second chance as a result of the connection between the two companies (*Personal preferences*). If the supplier decides on an alternative customer, the changeover should ideally be a phased one. Suppliers show a strong preference for continuity in their relationship with customers (*Long-term interactions*) where they are satisfied with the performance of that customer.

Suppliers do not seem to evaluate supplier satisfaction dimensions or only irregularly. Where evaluations do take place, no format or (official) registration system is used. Where there is an evaluation, it is stated there hardly any hard, objective facts are used in order to evaluate the extent that they are satisfied with the customer (or trader in the role of customer). Experiences, memory, incidents and general impression form the most important input for the evaluation. Suppliers say that the evaluation process takes place “in their head” using a large number of aspects and thereafter the “overall feeling” emerges based on the “total package”. This “overall feeling” may be discussed internally and leads to a certain level of contentment with a customer. Sometimes a number of objective criteria are used to support the feeling.

There is also usually no (regular) evaluation of the supplier satisfaction dimensions with the customer (or trader in the role of customer). Action is taken when there are problems, so regular contact is important in the initial stages. If evaluation does take place with the customer, this is done on the basis of “what you know, what you see and what you hear”, according to one supplier. Experiences and memory seem to be the most important sources for the input for evaluations. Where an evaluation does take place, one or more people attend from both parties. Evaluations are approached in a practical fashion, sometimes supported by some objective criteria. These are whether agreements have been reached and whether any changes need to be made.

Customers and traders in the role of customer show hardly any differences in views compared to the descriptions of the suppliers, in terms of *Overall profit*, *Financial probity*, *Demand stability*, *Risk acceptance*, *Logistic performance*, *Administrative performance* and *Communication*. Logistic service is seen to be positively impacted if customers own their own transport and storage facilities, where the geographical distance to the supplier is small and where a fast response is possible to the supplier's requests.

Customers and traders in their role as customer expect the destination of the plastic waste materials to be of importance to suppliers (*Sustainability*).

A good relationship between the staff members of the customer (or trader in the role of customer) and the supplier (or trader in the role of supplier) at various levels within the organisation is considered important (*Good inter-organisational staff relationships*). If insufficient attention is paid to the relationship with lower management levels and staff members at the supplier, this can lead to opposing forces in the supplier's organisation, according to the customer, which is a situation they wish to avoid. Customers think that staff members and lower management levels at the supplier wield considerable influence on decision making regarding whether to continue or cease the relationship with the customer. This leads to customers offering, for example, an easily shareable Christmas gift to the staff members and managers at the supplier. This is considered important because they don't want to pass over

individual staff members or managers. A non-shareable gift can lead to disappointment and frustration on the part of some staff members and managers, is the thinking behind this. A well meant present could, according to this way of thinking, actually lead to a worsening relationship with supplier staff instead of an improvement.

Customers and traders (in their customer role) regard good personal relationships with suppliers of (prime) importance. The personal relationship is built on various forms of personal similarities between the two parties (*Personal preferences*). As the ability to speak each others “language” increases, the chance of success also increases and a personal “click” or even friendship can emerge which goes further than a simple business relationship. In a more than business relationship, there is open communication, there are no double agendas, there is openness about prices and other trading information and any information exchanged is not used for personal gain. In addition in this situation they know each other in a more than superficial way and there is, in addition, to business contact, also often private contact. One of the interviewees spoke in this context of “Real friends and, actually, false friends”. “*Real friends*” live up to the profile explained above, while “*actually false friends*” seem to live up to the profile, but turn out not to. Other customers and traders keep more of a distance, even though they consider a personal relationship to be beneficial in order to keep competition at a distance, but they don't wish the relationship to gain a private character. They are of the opinion that a professional relationship should stay professional. According to customers and traders, the personal relationship is predominantly important where the objective criteria have already been met.

Customers and traders (in their role as customer) strive for long term relationships (*Long-term interaction*) with the supplier. Customers speak in this context of, amongst other things, continuity, commitment and loyalty. Customers experience relationships with suppliers as increasingly, (mainly in the large(r) organisations) less close (*Contact stability*). The “real friends” are to be found in the small(er) organisations, in contrast to the large(r) organisations which house the “actually false friends.”

Customers and traders derive personal motivation from their contact with business contacts (*Personal motivation*). Customers (or trader in the role of customer) are willing to invest in suppliers, mutual trade between the customer and the supplier is an option to strengthen the bond (*Partnership*). In such a situation it is usual to exchange (market) information. Misuse of this information for your own purposes is seen as a deadly sin in the recycling industry. This will have serious consequences for the business and personal relationships between customer and supplier. Finally, customers say that they want to do honest business with suppliers and that agreements which have been reached should be met (“say what you do and do what you say”, as stated by a customer). The trust which the supplier places in the customer is demonstrated by allowing invoicing for waste materials to be taken care of by the customer (credit invoicing) (*Trustworthiness*).

Important satisfaction dimensions

There appear to be a number of supplier satisfaction dimensions which have a greater influence on achieving a preferred customer status. These are shown in bold in Table 2.

Suppliers (or trader in the role of supplier) strive to achieve between a market average up to a maximum return on plastic waste materials. The bandwidth of “maximum turnover” is however (very) broad, up to 20% (*Overall profit*). A (swift) payment according to the agreed payment deadlines is a second criterion (*Financial probity*).

In addition, the supplier requires a (very) good service for logistic and administrative transaction handling. Some suppliers will accept a lower service level for logistic and administrative handling of the transactions by the customer if this can be compensated for by a (significantly) higher turnover of waste materials (*Logistical and Administrative performance/Overall profit*).

Suppliers prefer to deliver their waste materials to customers and traders who can take on all of the waste materials (*Demand stability*). Traders in the role of supplier are mainly interested in customers who can take on large(r) amounts on a regular basis (*Sales volume*). Suppliers and traders strive to do business with customers who accept (minor) deviations in the composition (*Risk acceptance*).

Customer benefit dimensions

Customers (or traders in the role of customer) make an effort to achieve preferred customer status and gain advantages from this status (Customer output). In Table 3 the customer benefit dimensions are explained according to the opinions of the customers.

Customers (or traders in their role as customer) strive for turnover, profit, cost covering, income and consider it

Table 3: Customer benefit dimensions

Dimension	Customers
Demand stability (operational)	Supply of constant, large volumes → prices become relatively unimportant Securing the availability of raw materials
Forecast reliability (strategic)	Receiving large quantities/volumes Scheduleability of trades, easier to plan than small irregular quantities
Long-term interaction (strategic)	Continuity, commitment, partnership, collaboration with supplier, strong relationship, loyalty, open communication; supplier warns if competitors tries to take over the materials
Overall profit (operational)	Providing turnover, (reasonable) profit, income Providing income, generating money to cover company costs Spending energy should be in balance with revenues
Partnership (strategic)	Future growth, mutual trade, investment and innovation New projects, innovation, expansion, sharing (market) information
Personal motivation (relational)	Pleasure, enjoyment, challenge
Reputation (relational)	High end, well-known suppliers used for own PR purposes, sustainability Reuse of commodities
Risk reduction (operational)	High quality plastic wastes
Windfalls (operational)	Doing/keeping in business leads to other unexpected business opportunities

important that the invested time is balanced by the generated revenues (*Overall profit*). By achieving a preferential position, the need for the raw materials required is ensured; they can assume a regular supply of greater volumes (*Demand stability*). In addition customers can often reckon on a better quality of materials (*Risk reduction*) and it provides better scheduling options for the own organisation (*Forecast reliability*).

Customers (and traders in their role as customer) strive for continuity and partnership and to achieve, amongst other things, commitment and loyalty from the suppliers which are important to their organisation (*Long-term interaction*). Commitment in the relationship between customer and supplier plays an important role. Various interviewees indicated what they mean by the term commitment. The most important of these elements are:

- Keeping (spoken/written/legal) agreements
- Trying to maintain the relationship even if something goes wrong between the parties
- Commitment can arise as a result of experiences between the parties
- It is built up (slowly) and reinforced over time.

Long-term interactions can lead to sharing of (market) information, mutual trading and possibly to the development of new projects (*Partnership*), according to customers (or traders in the role of customer). Unexpected opportunities (*Windfalls*) can also be the result of a close relationship. As one customer said, “the party with the materials is the party with the opportunities”.

Customers (or traders in the role of customer) also use important suppliers, who provide them with materials, for their own PR aims (*Reputation*). Finally customers consider it important that they can do business with the supplier in a pleasant way (*Personal motivation*).

Discussion

Operational and strategic dimensions

The relationship between customers and suppliers is primarily identifiable by transactions between the parties, where products, services and money are exchanged. There is a certain mutual dependence in such a relationship, which creates value for both parties (Hald, Cordón & Vollman, 2009; Nollet, Rebolledo & Popel, 2012). Ellegaard and Ritter (2007) speak in this context of value creation by direct (operational) and indirect (strategic) dimensions.

It seems that within the Dutch plastic recycling industry that customer attractiveness and supplier satisfaction are primarily determined by operational dimensions. The notion that operational parameters often have a great influence on supplier satisfaction is in agreement with the findings of Trent and Zacharia (2012, 13) and Benton and Maloni (2005, 17). Other research, such as that by Hüttinger, Schiele and Veldman (2012), Nollet, Rebolledo and Popel (2012) and Ramsay and Wagner (2009), has demonstrated that in other situations strategic dimensions weigh heavily when striving for a preferred customer status.

Apart from striving for continuity there is no strategic dimension mentioned by the suppliers in relation to their doing business with these customers, which is explained by the fact that selling plastic waste materials is not a strategic activity for suppliers. Schiele, Veldman and Hüttinger (2011) conclude that suppliers will not drive up prices to a maximum level,

but will rather strive for a long term relationship to prevent customers looking for alternatives. Even though this is in another context, this is in agreement with the findings in the plastic recycling industry in the Netherlands that suppliers aim primarily for continuity and not for price maximalisation. The aim of steady relationships appears to be formed by the wish to avoid operational risks. Avoiding or removing “logistic and administrative hassle and additional costs”, as expressed by Nollet, Rebolledo and Popel (2012, 1190), plays an important role for suppliers in the plastics recycling industry.

Evaluation of relationships

Suppliers in the Dutch plastic recycling industry say that they only look at the relational aspects where the operational aspects can be seen to be roughly equal. Suppliers don't seem to aim for personal relationships. These do, however, grow as a result of a certain attraction between the supplier and the customer. An important condition in order to arrive at strong interpersonal relationships seems to be similar personal preferences, as indicated by Harris et al. (2003, 17). Similar preferences appear to be based on what Berscheid & Walster (as cited by Ellegaard 2012, 1222) call “the similarity-attraction paradigm”, whereby people attract others with similar preferences to their own. Within the plastic recycling industry in the Netherlands this is seen in what the suppliers and customers refer to as “the personal click”, as it is colourfully explained by customers in the “*Personal preferences*” dimension.

The relationship between parties can go further than merely a business relationship, “social and work relationships are often closely entwined” (Harris, O'Malley, & Patterson, 2003, 28). This is illustrated in the plastic recycling industry in the Netherlands by the description of the so-called “real friends”.

The evaluation of customer attractiveness and supplier satisfaction dimensions in the Dutch plastic recycling industry leads to an “overall picture” or “overall feeling”. This picture or feeling appears to form the basis for decision making, where the personal preferences and personal motivation of the parties can play an important role, corresponding with the views of Ellegaard (2012) and Ellis, Henke and Kull (2012). According to Hald (2012, 1238) this picture is mainly formed by important, significant events and not by every day, regular interaction between the parties.

Personal contact and events form an important source of information and experiences if other more objective sources remain unused. Although suppliers in the plastic recycling industry in the Netherlands state that personal relationships with customers are of less importance, the mutual relationship has an important influence on the decision-making process. This is caused by the complexity of evaluation processes in general and by the way in which evaluations take place in the (Dutch) plastic recycling industry in particular.

La Rocca et al. (2012) state that measuring customer attractiveness is a complex matter because a large number of factors are involved, and, additionally, because relational factors are difficult to quantify. The same can be said of the supplier satisfaction dimensions. It seems almost impossible to arrive at an objective judgement in a rational fashion using the dimensions and underlying aspects, as a result of this complexity. Decision making appears to take place within two black boxes (one for the evaluation of the customer

attractiveness dimensions and one for the evaluation of the supplier satisfaction dimensions, (see Figure 2) using a set of operational, strategic and relational dimensions. Both evaluations seem to be reduced to a (fairly random) subset of these dimensions. Thibaut and Kelley (as cited by Ellegaard, 2012, 1221) state that the evaluation is reduced to “a single scale of goodness of outcome”.

Within the Dutch plastic recycling industry, the decision to not commence (customer attractiveness phase) or to cease transactions (supplier satisfaction phase) between suppliers and customers is explicit. Giving preferred customer status or a regular customer status (supplier satisfaction phase) is often not stated explicitly. This agrees with the findings of Trent and Zacharia (2012, 11).

Trust(worthiness)

Customers within the plastic recycling industry in the the Netherlands tend to emphasise mutual interests and present the advantages of their own organisation in order to arrive at transactions with suppliers. Nollet et al. (2012, 1189) term this process of emphatically describing one's own organisation in positive terms as “impression management”. The different customer attractiveness dimensions form the basis for this. Trust seems to be the key concept in the future-based, customer attractiveness phase where transactions between customers and suppliers are being initiated. Suppliers within the plastic recycling industry want to ensure that that they are going to do business with a partner who is trustworthy in every way. This trustworthiness is expressed by the customer attractiveness dimensions. The supplier needs to be convinced that the customer can live up to agreements if transactions take place between them, which is in accordance with the views of Harris et al. (as cited by Mortensen, 2012, 2015). Halinen (as cited by Mortensen, 2012, 2015) speaks of “general trust” when a relationship starts, where parties don't know each other (= customer attractiveness phase) and thereafter of “specific trust” at the moment where transactions have taken place between parties (= supplier satisfaction).

In the supplier satisfaction phase, trustworthiness retains its important role. “Trust is central to effective relationships and supplier satisfaction” (Trent & Zacharia, 2012, 15) and “specific trust is crucial to the further development of a business relationship” (Halinen, as cited by Mortensen, 2012, 1215). Hald (as cited by Ellis et al., 2012, 1261) states that it is important that a customer is consistent and predictable with regard to any promises made, which is expressed as “keeps its promises” and “will not let a supplier down”. Where a customer acts in this way they give off a clear signal of their intention to start a long-term relationship (Wagner, Coley & Lindemann as cited by Ellis et al., 2012, 262). In the plastic recycling industry, trust also seems to be based on keeping agreements about a group of mainly operational dimensions and their underlying aspects. Reliable behaviour and meeting agreements consistently leads to credibility and forms the core of trust (specific trust), which in turn is an important basis for the further development of the relationship. The “personal preferences” found during this research can lead to social and business, interpersonal, attraction between people, which can then lead to mutual trust. This is in agreement with the findings of Huston and Burgess (as cited by Ellegaard, 2012, 224) and Hald et al. (2009). In the research carried out by Trent and

Zacharia (2012, 17), it becomes clear that open, frequent communication between customer and supplier where information is shared has a positive influence on the amount of trust between parties. A link may be laid with the dimension “communication” which emerges from this research and where information exchange between customer and supplier is seen as important for the mutual relationship.

Commitment

From the research results from within the plastic recycling industry, it can be concluded that the parties involved strive for continuity of transactions whereby both individual values (relational dimensions) as value for the organisation (operational and strategic dimensions) are created. Customers, traders and suppliers within the plastic recycling industry in the Netherlands describe long term mutual relationships, where competitors have little or no chance to break in on the existing relationship, as commitment. Commitment appears, over the course of time, to be built up of positive experiences between parties, as transactions between supplier and customer take place. Commitment seems to be strongly influenced by experiences and hardly at all by expectations, which is in agreement with the findings of Mortensen (2012, 2016). Personal preferences also add to supplier commitment, which is in accordance with the findings of Nollet et al. (2012, 1190).

Nyaga et al. (2010) state that trust and commitment are strongly related to one another. A supplier's trust in a customer seems to add strongly to supplier satisfaction (Trent & Zacharia, 2012, 15). Dwyer et al. (as cited by Mortensen, 2012, 1208) indicate that trust adds to satisfaction and thereafter to commitment, after which a preferential position may be obtained from the supplier. This agrees with quantitative research carried out by Baxter (2012, 1255). Baxter concludes that (great) contentment leads to commitment, which in turn leads to preferential treatment by the supplier. Contentment does not therefore lead directly to a preferred customer status, but via commitment. Commitment, gained from the supplier, appears to be a pre-requisite in order to achieve preferred customer status.

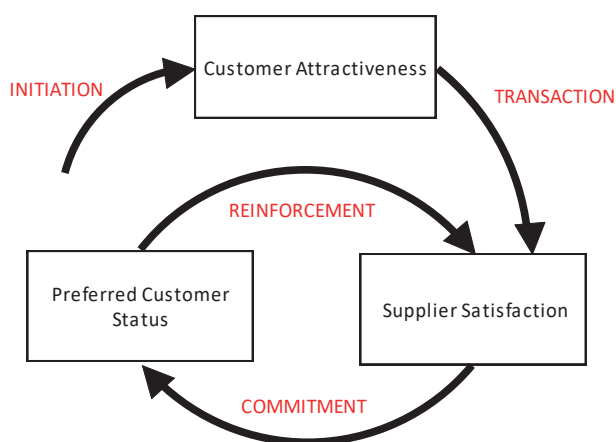


Figure 3: Reverse marketing model (abstract)

Reinforcement

A relationship can become mutually dependent, which can lead to increasing transactions between parties and thereby to intensification and reinforcement of the relationship (Schiele et al., 2012). This is expressed in this research as the dimension “partnership”. Where a supplier is (very) contented, the supplier will commit themselves to the customer at a certain point and grant them preferred customer status. This status can lead to a further increase in transactions and reinforcement in the relationship with the supplier and lead to even greater contentment.

Social and business contacts between parties also lead to a reinforcement of the relationship (Hüttinger et al., 2012). Individuals try to increase the frequency and intensity of a social relationship in the search for (more) satisfaction from the relationship (Ellegaard, 2012). The professional relationship takes its form by, amongst other things, (very) early information exchange and reliability in meeting agreements. Both aspects lead to a reinforcement of the mutual relationship, strong individual relationships lead to a reinforcement of the relationship between the supplier and customer organisations. These aspects are mainly discussed in the sections “relationships” and “trust”.

Commitment seems, based on the previous description, to be influenced on the one hand by the level of contentment of the supplier about the customer performance. On the other hand, Nyaga et al. (2010, 109) state that trust leads to commitment and that the commitment gained then has a positive effect on the satisfaction of the supplier. Once gained, supplier commitment therefore has a reinforcing effect.

An increasing amount of supplier satisfaction seems to lead to a reinforcement of the amount of commitment and leads to a preferred customer status. There appears to be a reinforcing effect at work here between supplier satisfaction and preferred customer status. A condition for the self-strengthening effect is that customers are able to retain their positive advantage over their competitors in the perception of the suppliers.

Figure 3 presents an abstracted version of the reverse marketing model in a spiral form. The spiral form presents the direct relationship between supplier satisfaction and preferred customer status. Ex-ante customer attractiveness (initial attraction) plays a role in initiating the relationship between supplier and customer. Customer attractiveness in the ex-post situation (specific attraction) is related to “the total (business) package” (Mortensen, 2012). “The total (business) package” can be seen as a bundle of dimensions which are experienced by the supplier during the supplier satisfaction phase. From this, we can conclude that the spiral form better represents the relationship between customer attractiveness, supplier satisfaction and preferred customer status.

Conclusions

In this research three fields of research – customer attractiveness, supplier satisfaction and preferred customer status – are studied in relation to the Dutch plastic recycling industry. In the customer attractiveness phase, a potential customer can demonstrate their reliability through meeting the operational customer attractiveness dimensions at the required level. Relational dimensions do not form a priority for suppliers, but do play a role if operational aspects are seen as

more or less at the same level, which will often be the case in a competitive market. Customers and traders attach importance to the personal relationship with customers from the start.

Suppliers strive for continuity in their relationship with customers in order to avoid operational risks. An alternative customer will find it difficult to break into an existing relationship about which the supplier is (very) contented. Only if a significantly higher price is offered for the waste materials and if the supplier trusts that an alternative customer can meet the operational dimensions, will they be willing to make the move. However the supplier will still tend to do this in phases in order to make it possible to return to the existing customer.

In the supplier satisfaction phase operational dimensions play the most important role as well. Suppliers find continuity more important than making maximum profit. A number of operational dimensions appear to be important to suppliers in order to attach a preferred customer status to a customer. This refers mainly to meeting agreements with regard to purchasing all volumes and qualities, meeting logistic and administrative performance and meeting payment deadlines. Suppliers strive to keep an existing relationship going. The operational dimensions, when met at an adequate level, appear to lead to trust on the part of the supplier. Trust leads to commitment and thereafter to a long-term relationship between the parties. Suppliers seem to strive for continuity in order to avoid operational risks, customers and traders because of securing the (strategic) benefits which they gain from the relationship.

Customers are of the opinion that it can be important for suppliers that there is a sustainable solution for the materials (sustainability). Suppliers don't mention this point when determining the attractiveness of the customer, but appear to mainly look at the legal requirements which apply to selling waste materials (legal requirements). This seems to stem from trying to prevent liability in cases if a customer weren't to treat the waste materials with sufficient care.

The evaluation of the customer attractiveness and supplier satisfaction dimensions in the plastic recycling industry lead to a "general picture" or "general feeling". This picture or feeling appears to be the basis for the decision making, where personal preferences and the personal motivation of the parties play an important role, according to the views of Ellegaard (2012) and Ellis, Henke and Kull (2012). According to Hald (2012, 1238) this picture is formed by important, radical events and not by daily, regular interaction between the parties.

Personal contacts and events are an important source of information and experiences if other, more objective, sources remain unused. Although suppliers in the plastic recycling industry in the Netherlands state that personal relationships with customers are of less importance, the mutual relationship does have an important influence on the decision making process. This is caused by the complexity of the evaluation process in general and in particular by the way in which evaluations within the Dutch plastic recycling industry take place.

The supplier will grant a preferential position to customers who (according to the supplier's feeling) offer the highest level of satisfaction. Alternatives seem mainly to be considered where a supplier is significantly dissatisfied with an existing customer or where a considerably better alternative presents itself.

Suggestions for the plastic recycling industry

Obtaining preferential treatment from suppliers is becoming increasingly important in many industries (Nollet et al., 2012). Obtaining commitment from important suppliers is important for various companies in the plastic recycling industry in order to meet the need for commodities and to be able to maintain a competitive position.

In order to achieve a preferred customer status a company will first need to become visible for a potential supplier (initial attractiveness). Customers should aim to establish contact with suppliers who are dissatisfied with their current customers. Where a supplier is (very) satisfied with their existing customers it is of little use paying a lot of time and energy to a potential supplier. In such cases a supplier will only consider changing the situation if they are offered a much higher price for the waste materials, which will generally endanger the customer's competitive position. Market information is considered crucial in order to be able to step in where existing customers fall by the wayside through bankruptcy or other circumstances. In these cases a customer can step in to fill in the gap. A customer will need to prove their reliability using the operational dimensions discussed in this research. The extent to which a customer is able to demonstrate the operational dimensions will determine their chances of obtaining the waste materials which they would like to purchase. Customers need to be willing to make logistic investments, even in a phase where there is not yet any commitment and where the level of satisfaction of the supplier is not yet clear.

The contentment of a supplier will be measured in the first instance against adequate operational aspects. Suppliers in the (Dutch) plastic recycling industry attach particular value to the aspects which are related to the dimensions overall profit, financial probity, demand stability, risk acceptance and logistic and administrative performance. Traders speak of sales volume instead of demand stability. Customers and traders also attach importance to the dimensions personal preferences and personal motivation.

Personal preferences only play a role for the supplier if the operational dimensions of various customers are seen to be more or less identical. A customer needs to meet operational preferences as well as the personal preferences of a supplier.

Suggestions for future research

The reverse marketing model designed in this study needs further research. On the basis of the reversed marketing model presented, hypotheses can be formulated which can be tested in a quantitative manner amongst the finite population of researchers who study subjects in the three research fields. The connections which are expressed and assumed and which are expressed in the reverse marketing model may then possibly be confirmed.

Ahead of any quantitative study, further (qualitative) research is needed. This is needed for the concepts used in the model as well as for formulating single definitions for these concepts. Hüttinger et al. (2014) provide a nice start for this type of research. Differentiation and definition of concepts appear to be important, for example, the already mentioned difference between "general trust" and "specific trust" (Halinen, as cited by Mortensen, 2012, 2015) which is intended to explain the difference between "trust" in the ex-ante customer attractiveness phase and the ex-post supplier

satisfaction phase. In the same way a distinction can be made between “initial attraction” (Nollet et al., 2012, 1188) and “specific attraction” to describe the “attractiveness” in the ex-ante and ex-post phases. The concepts trust, commitment and reinforcement and their mutual relationships also require additional qualitative (literature) research.

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Employees' perspectives of service quality in hotels

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Although the importance of service quality has been recognised, few studies have addressed service quality in hotels from the perspective of employees. Therefore, this study aims to measure the service quality of four and five-star hotels in Jordan from the employees' perspective based on the SERVQUAL model. The current study was carried out by measuring the data gathered according to a five-point Likert scale. A quantitative survey method was applied, and therefore the SERVQUAL instrument was used to measure service quality. Data obtained from a sample of 238 respondents drawn from ten four- and five-star hotels in Jordan were analysed with the SPSS software based on descriptive statistics. The study's findings indicated that service quality of five-star hotels in Jordan was higher than that of four-star hotels.

Keywords: service quality, SERVQUAL, work environment, competitive advantage, hotel industry.

Introduction

Competition among hotels to attract and retain customers is intense and customers may be less likely to return to a hotel if the property fails to meet its customers' expectations relative to service quality, regardless its of price-point (Min & Min, 1997; Rauch et al., 2015). In this competitive arena, service quality has become a critical success factor (Avcikurt, Giritlioglu, & Sahin 2011). Service quality in the hotel industry becomes one of the most important factors for gaining a sustainable competitive advantage and customers' confidence in the highly competitive marketplace (Markovic & Raspor, 2010; Naseem et al., 2011). Service quality is critically important in providing competitive advantage to a hotel, and therefore the greatest chance for hospitality organisations to have competitive differentiation is through service quality (Crawford, 2013). Service quality is thus considered as one of the most significant core concepts in the hospitality industry.

No hotel can survive in this competitive environment, unless it satisfies its customers with good quality service (Narangajavana & Hu, 2008). However, service quality is a core aspect of service management (Chen, 2008), and is substantial when it comes to define organisational success (Naseem, Ejaz, & Malik, 2011). A successful hotel delivers excellent quality service to customers, and service quality is considered the life of hotel (Min & Min, 1997). Service quality is a way to manage any hotel in order to satisfy its internal and external customers with good quality service, and to survive in the competitive environment (Gržinić, 2007; Narangajavana & Hu, 2008).

Service quality has many benefits, such as providing a competitive advantage to a business, establishing customer satisfaction and customer loyalty and contributing to its image (Grönroos, 1984; Ghobadian, Speller, & Jones, 1994; Bloemer, de Ruyter, & Peeters, 1998). However, Caruana and

Pitt (1997) noted that most studies in the related literature have focused on customers' perceptions and on the managers' duty to ensure the quality of the services delivered. Edvardsson, Thomasson, and Qvretveit (1994) observed that stakeholders' perceptions of service quality performance differ between employee, manager and customer. Employees may have a higher perception of the quality of services they deliver compared to customers' (Ekinici & Dawes, 2009; Kuşluyan et al., 2010). The differences in perception may be due to various reasons. Managers and employees generally do not like to mention deficiencies in the quality of services (Dedeoğlu & Demirer, 2015). In other words, they may tend not to degrade the work and services they have delivered (Grandey, 2000). The current study adds to the literature by creating a new point of view through considering employees' perceptions of service quality. A review of the literature reveals that most research investigating service quality in hotels has been conducted in upscale (4-star) and luxury (5-star) hotels.

Service quality

Service quality (SQ) is defined as "what the customer gets out and is willing to pay for" rather than "what the supplier puts in" (Drucker, 2007, 206). In some earlier studies, service quality was defined as the extent to which the service fulfils the needs or expectations of the customers (Lewis & Mitchell, 1990; Dotchin & Oakland, 1994), while Zeithaml & Bitner (1996) conceptualised service quality as the overall impression of customers as regards the weakness or excellence of the service. Therefore service quality has frequently been conceptualised as the perceived difference between the expected and the actual service performance (Bloemer et al., 1999; Kara et al., 2005).

To determine service quality elements, different studies have been conducted by researchers in the field. Sasser, Olsen, and Wyckoff (1978) specified that service quality is formed

from three dimensions: materials, physical facilities and staff. Grönroos (1984) divided service quality into two aspects: technical quality and functional quality. Rust and Oliver (1994), taking a similar approach to that of Grönroos (1984), stated that the elements of service quality consist of technical quality, functional quality and environment. Parasuraman, Zeithaml, and Berry (1985) stated that there are five elements of service quality. Those are the dimensions of tangibility, reliability, responsiveness, assurance and empathy.

Although there is disagreement among researchers about how to measure service quality, several instruments have been developed to do so, such as SERVQUAL, SERVPERF, INTSERVQUAL and INSQPLUS. Various measurement scales such as LODGSERV, HOLSERV and DINESERV have been developed for service quality evaluation purposes in the tourism industry. LODGSERV (Knutson et al., 1990) and HOLSERV (Wong Ooi Mei, Dean, & White, 1999) are used in the accommodation industry, while DINESERV (Stevens, Knutson, & Patton, 1995) is used in the restaurant services sector. INTQUAL (Caruana & Pitt, 1997) and INTERSERVQUAL (Frost & Kumar, 2001) are used in service quality perceptions of employees. CASERV (Wong & Fong, 2012) is used for casino customers. Due to the specificities of services in the hotel industry (i.e. impalpability, inseparability from provider and receiver of service, impossibility of storage), a specific concept called SERVQUAL (SERVicesQUALity Model) was created (Parasuraman et al., 1985). Parasuraman et al. (1985, 1988) introduced the SERVQUAL model to measure service quality. The SERVQUAL scale was developed in the marketing context and this was supported by the Marketing Science Institute (Parasuraman et al., 1985). In the original SERVQUAL instrument, Parasuraman et al. (1985, 47–48) define service quality through ten dimensions: reliability, tangibility, responsiveness, credibility, communication, competence, security, courtesy, understanding the customer, and access, but later Parasuraman et al. (1988, 23) reduced the dimensions to five because some dimensions were overlapping (credibility, communication, competence, security, courtesy, understanding customers and access), and they included reliability, tangibility, responsiveness, assurance, and empathy. These dimensions have specific service characteristics linked to the expectations of customers (Parasuraman et al., 1988). Although this model has been used as an instrument in various studies across industries, the SERVQUAL has received many criticisms from some scholars (e.g., Cronin & Taylor, 1992; Brown et al., 1993) and they are opposed to the use of SERVQUAL to measure service quality due to the differences in industry characteristics. However, other scholars have confirmed that the SERVQUAL instrument is applicable in the tourism industry (e.g., Fick & Ritchie, 1991; Yuan et al., 2005).

The SERVQUAL scale has become the most popular instrument for measuring service quality. The model has been applied in various service industries, including tourism and hospitality. The SERVQUAL model is based on five service quality dimensions (Parasuraman et al., 1988), namely:

1. Tangibility (physical facilities, equipment and personnel appearance): It consists of the pleasantness of the companies' physical facilities, equipment, personnel, and communication materials. Tangibility includes also the external appearance of the customer staff.

2. Reliability (ability to perform the promised service dependably and accurately): It means that the service company offers accurate and flawless service to customers' directly from the first time on and does that in the promised time.
3. Responsiveness (willingness to help customers and provide prompt service): It means the willingness of the employees in the service companies to help customers, answer their requests, tell customers when the service is provided, and provide prompt service.
4. Assurance (knowledge and courtesy of employees and their ability to gain trust and confidence): It means that the behaviour of the employees makes the customers trust the company and make them feel safe. In addition, employees have the ability to answer the customers' questions and are always polite.
5. Empathy (providing individualised attention to the customers): It means the employees' ability to understand customers' problems, acting towards their benefit and treating them as individuals. Empathy includes also that the opening times of the company are suitable.

The SERVQUAL model offers a suitable conceptual frame for the research and service quality measurement in the services sector. It is based on the customer's evaluation of service quality. The described concept is based on the gap between expectations and perceptions of the customers. Service quality represents a multidimensional construct. Each dimension of SERVQUAL has different features. The five dimensions are described by 22 items for assessing customer perceptions and expectations regarding the quality of service, and the respondents are required to assess on a scale from 1 to 7 what they expected of the service and how they perceived it, where 1 means fully disagreeing and 7 fully agreeing. The level of service quality is represented by the gap between perceived and expected service. As can be seen from previous studies, the SERVQUAL instrument has been the predominant method used to measure employees' perceptions of service quality. The present study can also be considered an attempt to use SERVQUAL for measuring service quality. The theoretical framework of study as shown in Figure 1 is to explore service quality in four and five-star hotels in Jordan.

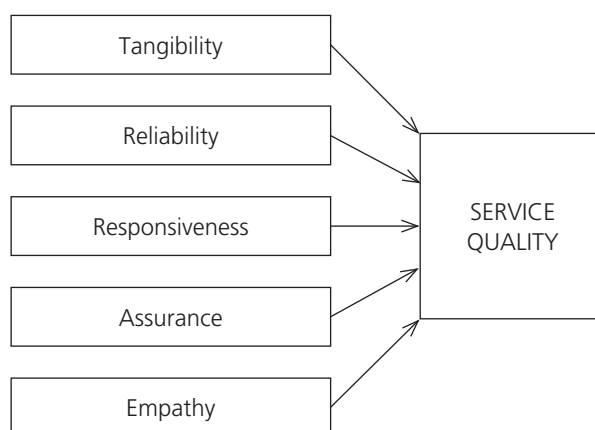


Figure 1: Theoretical framework

Methodology

This study was conducted by using a self-administered questionnaire to measure hotel employees' perceptions. The questionnaire was designed on the basis of a multi-dimension measurement to measure service quality from employees' perspectives, and consisted of two parts. The first part measured employees' perceptions of hotel attributes using a modified SERVQUAL model. The Likert measurement scale of the construct was converted from 7 to 5 interval types by assigning a constant statement for each interval. The constant statements were 1 – strongly disagree, 2 – disagree, 3 – neutral, 4 – agree and 5 – strongly agree. The second part was designed to capture respondents' demographic characteristics, which included gender, age, educational level, years of experience, level of employment and the department; and hotels' characteristics, which included hotel classification, hotel affiliation, and hotel management.

The service quality section used a modified SERVQUAL, as developed by Parasuraman et al. (1985) to measure service quality throughout five service quality dimensions, namely: tangibility, reliability, responsiveness, assurance, empathy. The original items were slightly modified to suit the hospitality setting. The service quality section contains 22 items in total.

The target population of the survey was employees in four and five-star hotels in Jordan during the summer of 2014. Questionnaires were distributed in 10 four and five-star hotels, after the hotel managers agreed to participate in the study. Human Resources (HR) managers were asked to administer the questionnaires to their employees, and to collect them after completion. In each hotel questionnaires were randomly distributed to the employees. Of 252 returned questionnaires, 14 were not included in the analysis because of incompleteness. Thus, data analysis is based on a sample of 238 valid questionnaires. The response rate was 63%. SPSS was used to analyse the data. Descriptive statistical analysis was used to describe respondents' demographic characteristics, hotels' characteristics and to evaluate service quality perceptions of employees. Furthermore, a reliability analysis was performed to test the reliability of the scale and inner consistency of extracted factors. For this purpose, Cronbach's alpha coefficients were calculated.

Results

The questionnaires were personally delivered to 400 employees working in four and five-star hotels, 238 of which were usable for analysis. The demographic characteristics of the respondents were as shown in Table 1.

The results of current study indicated that the studied sample was constituted by 82.3% males and 17.7% females, and 42% of the respondents were between 26 and 35 years old. Most (47.9%) of the respondents held bachelor's degrees, while 10.9% had master's degrees. Almost a third (28.6%) of the respondents had work experience ranging between 2 and 4 years, and 23.5% had 5 to 7 years of experience. Most of employees (46.2%) were supervisors, and 39.5% were staff; 40.3% of respondents were working in housekeeping, 31.1% in the food and beverages department, and 28.6% in the front office. The majority of participating hotels were international

chain and five-star hotels representing 51.3%, and 46.2% of the hotels were managed by management contract.

Cronbach alpha coefficients were calculated for each scale to test the reliability and the degree to which the items are tapping the same concept, as shown in Table 2. Results show the Cronbach's alpha for job SQ scale: Cronbach's alpha for the six-item scale of tangibility is 0.783, for the three-item scale of reliability it is 0.706, for the five-item scale of responsiveness it is 0.862, for the four-item scale of assurance it is 0.834, and for the four-item scale of empathy it is 0.775. It is noticeable that the Cronbach alpha values for the scales were between 0.706 and 0.862. That is well above the minimum value of

Table 1: Demographic profile of participants (N = 238)

Characteristic	Frequency	Percentage
Gender		
Male	196	82.3
Female	42	17.7
Age		
25 years or less	70	29.4
26–35	100	42.0
36–45	40	16.8
46–55	20	8.4
56 years or more	8	3.4
Education level		
Less than secondary education	38	16.0
Secondary school graduate	60	25.2
Bachelor's degree	114	47.9
Master's degree	26	10.9
Department		
Housekeeping	96	40.3
Food and beverages	74	31.1
Front office	68	28.6
Experience		
Less than one year	48	20.1
Between 2 and 4 years	68	28.6
Between 5 and 7 years	56	23.5
Between 8 and 10 years	37	15.6
More than 10 years	29	12.2
Job level		
Staff	94	39.5
Supervisor	110	46.2
Department Head/Manager	34	14.3
Hotel classification		
Five-Star Hotel	122	51.3
Four-Star Hotel	112	48.7
Hotel management		
Owner	54	22.7
Management contract	110	46.2
Franchising	74	31.1

Table 2: Internal consistency test of the instrument

Variable	Items	Cronbach's alpha
Factor 1: Tangibility	6	0.783
Factor 2: Reliability	3	0.706
Factor 3: Responsiveness	5	0.862
Factor 4: Assurance	4	0.834
Factor 5: Empathy	4	0.775
Overall service quality	22	0.882

0.60, which is considered acceptable as an indication of scale reliability (Hair et al. 2006). Thus, these values suggest good internal consistency of the factors. Finally, the Cronbach's alpha value for overall SQ is 0.882. This value represents a high consistency and reliability among statements in each variable.

The results of the descriptive statistical analysis of employees' perceptions in the hotel industry are shown in Table 3. The range of SQ perceptions items were from 1 (strongly disagree) to 5 (strongly agree). The results in Table 1 show that the mean score for overall service quality (3.782) with a standard deviation at (0.732), which means service quality is moderately implemented in hotels as reported by employees.

The mean scores for all dimensions of SQ ranged from 3.670 to 4.020, which indicates that SQ in five-star hotels is very good. Furthermore, the results reported that "Assurance" had the highest mean (4.020) that reflects employees' behaviour that makes customers trust the hotel and make them feel safe, the ability of employees to answer customers' questions, and that they are always polite. The lowest mean (3.670) was for "Tangibility" as shown in Table 3.

In order to investigate whether the work environment was different among hotels or not, it was necessary to conduct *t*-tests to investigate any significant differences among hotels based on their classification. The results of the *t*-test for differences in employee perceptions are presented in Table 4.

As shown in Table 4, the findings indicated that there are significant differences between five-star hotels and four-star hotels in term of service quality. Employees in five-star hotels showed higher level of perceptions toward service quality than those employees in four-star hotels. It means that five-star hotels (mean = 3.938) were significantly different and better than four-star hotels (mean = 3.312) in the quality of service.

Discussion and conclusion

The issue of quality is one of the major challenges encountered by organisations, especially hotels. Although there is a large amount of literature on service quality, there is still limited empirical evidence on employees' perceptions of SQ generally and specifically in Jordanian hotels. The quality of services is typically investigated in terms of the viewpoint of customers. Therefore, the present study set out to investigate SQ from the viewpoint of employees working at Jordanian four and

five-star hotels. The findings were that all the five and four-star hotels in Jordan have a moderate level of service quality, but the higher level was in five-star hotels.

This study concluded that SQ should be established as a long-term goal for hotels. Considering the importance of SQ, managers at hotels are recommended to support and internalise SQ as part of their organisational culture. Furthermore, there are some important managerial implications from this study which suggest that managers should be engaged more in implementing the concept of SQ. Some limitations exist throughout this study that must be identified. These limitations include lack of accessibility to all hotels departments, and the inability of the researcher to contact employees and explain to the importance of the questionnaire. Finally, further research is suggested to investigate the differences in the service quality perceptions of stakeholders in hotels.

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Table 3: Description service quality

Statistic variable	Mean	Std. deviation
Service Quality	3.782	0.732
Factor 1: Tangibility	3.670	0.743
Factor 2: Reliability	3.992	0.598
Factor 3: Responsiveness	3.954	0.621
Factor 4: Assurance	4.020	0.574
Factor 5: Empathy	3.724	0.713

Note: All items used a 5-point Likert scale with (1= strongly disagree and 5 = strongly agree)

Table 4: *T*-test for differences in service quality by hotel classification

Dimension	Hotel classification	N	Mean	Std. deviation	Mean difference	t	Sig. (2-tailed)
Service Quality	Five-star	122	3.938	0.672	0.626	4.84	0.000
	Four-star	116	3.312	0.548			

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Are social media applications a facilitator or barrier to learning for tourism and hospitality management students?

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This paper reports an exploratory investigation on the role of social media (SM) in Chinese university students' learning. Structuration theory was employed as the analytic framework to guide the discussion about the dynamics of the participants' behaviours and thoughts on their use of SM. The study reveals the struggles that the participants face, in that SM are perceived as convenient technology to connect to friends and family, to find information and share it with peers, to facilitate peer discussion, and to have some "leisure time". These positive perceptions are coupled with frustration and the "guilty" feeling of being distracted from formal university study. The study has implications for international education, particularly for institutions who are recipients of Chinese international students. The author argues that contemporary education should support an adaptive approach to facilitate students' learning by welcoming normative SM social interactions in formal and informal contexts. Educators should be open to technology-in-practice by students and introduce innovative teaching and learning practice that would convert the socio-cultural struggles of the students to positive drivers for their enhanced learning.

Keywords: social media, formal and informal learning, international education, structuration theory

Introduction

Information communication technologies (ICT) have been widely adopted in educational institutions to facilitate student learning in English-speaking institutions and schools. Between 2009 and 2014, UK schools spent more than £1 billion on digital technologies such as interactive whiteboards and tablets (Nesta, 2014). In the higher education sector, Blackboard has become the most used institutional virtual learning system, followed by Moodle (UCISA, 2014). There are variations between institutions globally. For instance, most educational institutions in China have not had the privilege of extensive technology utilisation in teaching. Only a small proportion of Chinese universities subscribe to English online databases, such as EBSCO, for university students and academics. A few Chinese universities, such as the Dongbei University of Finance and Economics, are exploring open access systems like Moodle for delivering teaching programmes.

Along with the discourse of use of technology in teaching and learning, mobile technologies are at the top of the items most demanded by educational practitioners in higher education for lecture capture and other teaching-related supportive functions (UCISA, 2014). Mobile learning is widely deemed as an imperative direction for education (Churchill, Lu & Chiu, 2014). Various projects have been pursued to take advantage of the newly developed mobile technologies in the discourses of ubiquitous learning, flexible learning, social constructive learning and connective learning. There is an overall agreement that educational technologies hold promise in facilitating students' learning, but it has been argued that the true educational values of mobile technologies and applications are not yet fully understood or utilised. In spite of

the prevalence of SM applications on mobile devices such as mobile phones, iPads and tablets, there is not much research on the use of SM to facilitate informal learning in university studies.

In parallel with the growing use of technology in teaching and learning, the internationalisation of education is becoming more and more common globally. Universities in the UK have clearly been key education providers for international students (OECD, 2014). In the academic year 2014/2015, over 436 000 international students were enrolled to study in UK universities, among which over 312 000 were non-EU students (UKCISA, 2016). A number of UK universities have also developed collaborative partnerships with institutions in other countries to deliver their degree programmes. Surrey International Institute-DUFE, established in Dalian, China, in 2006 and University of Nottingham Ningbo, near Shanghai, are such international conventions. Students on sino-foreign educational projects study in China but they are registered with the partner UK institutions. Given the growing phenomenon of internationalisation of education, there is a need to understand how students from different socio-cultural backgrounds learn and how that learning is shaped by ICT.

Much attention has been given to the adoption and application of ICTs in educational institutions to enhance students learning (Corrin, Lockyer & Bennett, 2010; UCISA, 2014) and to increase the competitiveness of institutions under the movement of corporatisation of education (King & Boyatt, 2015). In that, university education in the UK is commercialised as such institutions face the challenge of being self-sustained. Understanding of ICT mediated learning in countries, such as China, is under-researched (Ma & Au, 2014). The focus of the present study is placed

on individual learning, in particular how Chinese university students who were studying a UK degree in International Tourism Management in China used their mobile phones in their daily lives, tapping into their views on the role of mobile applications in learning. Chinese netizens tend to be active participants of SM websites, but how SM is influencing the users, in particular the new generation of university students, has been rarely touched upon. Thus, this inquiry provides a gateway to discover how SM is forging the learning of the young generation who are exposed and challenged by international perspectives and demands. The paper aims to initiate further debates on the role of SM in shaping the learning experiences of university students.

Theoretical framework

Research on learning design is dominated by the paradigm of dualism of structure whereby what is learned (e.g. learning content) and how to learn it (e.g. learning process) are often deemed to be interrelated components of the structure of learning and teaching whilst the context of learning is dealt with as a background to that learning. This paper has taken an alternative analytic approach to technology-facilitated learning, which employs Giddens' (1990) notion of duality of structure, to understand how university students' learning is shaped by the prevalence of SM usage. Following Giddens' modality framework, inherent factors of university students' technology-mediated learning are identified and discussed. In this, linguistic preferences and social-cultural beliefs are highlighted as key influential factors that drive the way that participants choose to engage, or not to engage, with SM, with other SM users, and with the content published on SM platforms. Their informed behaviour, attitudes and knowledge related to SM are a product of – as well as a means to further shape – their technology-mediated learning, which often blurs the boundary between the formal university curriculum and informal learning.

Giddens' structuration theory has been recognised as a vibrant analytic framework to unpack social conduct, such as management (Steward, 1989), human resource development (Veliquette, 2012), and education research (Viberg & Grönlund, 2015). The theory challenges the dualism of structure and argues that, in functionalism, structure and system are treated as separate entities and thus they tend to "dissolve into one another" (Giddens, 1979, p. 62). Giddens (1979) argues that patterns of social relationships only exist when the social system is organised and reproduced, and that structure resides within social practice, in this case SM-mediated learning. In other words, the theory argues that structure is a medium as well as an outcome of social conduct, thus pointing out the duality of structure. Modalities, which are collections of facilities, norms and interpretive schemes that link structure and system, are rules and resources that actors draw upon to produce a form of social conduct, which in turn also functions as a medium to reproduce that conduct. This is further explained in the following sections.

Facility: SM applications

SM are generally considered as types of ICT applications that enable peer-to-peer communication and the building of user generated contents (UGC) to be shared in the public domain.

Kaplan and Haenlein (2010, p. 61) define SM as "a group of internet-based applications that build on the ideological and technological functions of Web 2.0, which allows the creation and exchange of User Generated Content". Cao (2011) and Levinson (2011) regard SM as "new new media", differing from "new media", e.g. email and online message boards, because SM gives freedom to the individuals to freely share ideas, experiences and information. As a result, collaborative construction of knowledge (Sigala and Chalkiti, 2014) becomes possible across different platforms. In so doing, SM nurtures bottom-up interactive content creation, which challenges the conventional communication approach of top-down control.

UGC on SM sites can be textual, graphic, and verbal information. Facebook, Twitter, Youtube, LinkedIn and Wikipedia, among many others, are widely adopted in the West, but due to political and socio-cultural reasons, some of these sites, such as Facebook and Youtube, are not accessible in China. However, similar SM sites are well perceived by the Chinese netizens. Table 1 outlines some of the examples.

According to China Internet Network Information Centre (CNNIC, 2016), China witnessed 668 million Internet users and 594 million mobile Internet users as of the end of June 2015. The source claims that 92% of the Internet users use instant messaging applications such as QQ and WeChat, and that 71% of them have used Blog. Micro-bloggers account for 31% of total netizens in China, among which 70% use Sina Weibo (CNNIC, 2016). Tobin (2010) reported that 40% of Chinese SM users create content, compared with 21% of American users who do so. According to Chen, Ding and Yu (2012), netizens in China's 60 biggest cities spend 70% of their leisure time online and create over 50% of all Internet content. Thus, it can be said that Chinese netizens are active users of SM.

Norms: ICT for learning and teaching

Giddens (1979, 85) regards norm as "normative component of the rationalisation of action". The significant role of ICTs in learning and teaching has been firmly established in education practice and research. According to Dahlstrom (2012), over 60% of university students in sampled institutions in North America have smartphones and 40% of the university students use their smartphones for academic purposes, such as grade checking, course websites/online syllabi, and course/learning management systems. Likewise, a UK-based survey (Woodcock, Middleton & Nortcliffe, 2012) reported that 69% of sampled university students' own smartphones and that the students autonomously use smartphone technology to support their learning. Students in general consider that technologies can help with their academic study (Dahlstorm, 2012); however, students are largely unaware of the real potential of educational technology applications to support learning (Woodcock et

Table 1: Popular SM sites in China and the West

The type of SM	Chinese SM Sites	Western SM Sites
Blog	Sina Blog	Blogger
Instant messaging	QQ, WeChat	Messenger
Micro-blogging	Sina Weibo	Twitter
Social network	RenRen, Douban	Facebook
Video sharing	Youku	Youtube
Wikis	Baidu Baike	Wikipedia

al., 2012). A normative use of SM is to assist the marketing function of educational institutions through branding and engagement with prospective students (Bélanger, Bali & Longden, 2014). There is also an emerging trend of integrating mobile technologies, SM and learning design (Churchill et al., 2014). Some authors (Derks & Bakker, 2013) assert that SM has revolutionised the way in which people connect, communicate and develop relationships, which is supported by McFarland and Ployhart (2015), who argue for scholarly guidance to provide principles and best practices to capitalise on the possible educational applications of SM.

Internet users use SM to upload photos, post blogs, update their status, share files and so forth. In their study, Chiu, Lin and Silverman (2012) reported that 21% of the participants had minimal participation on social media in China while 14% of them express their opinions and build large personal followings. In between are those who are enthusiastic about maintaining friendships, accounting for 15%, users who re-post original materials (15%) and readers who do not participate but read posts (14%). Such normative practice echoes the operationalisation of norms by Viberg and Grönlund (2016) and Halperin and Backhouse (2007), who analysed the norms of technology-in-practice in terms of the types of norms (participation and contribution), status (formal or informal), and sanction (strong or weak). SM users can largely be deemed as being participatory and/or active contributors. However, Kietzmann et al. (2011) go further by identifying seven building blocks of SM, namely identity, conversations, sharing, presence, relationships, reputation and groups. McFarland and Ployhart (2015) back up the dynamic nature of social interactions on SM sites by arguing that SM represents an extreme form of context that is very different from the non-digital context and some other forms of digital communication media that is based on Web 1.0 technology. The authors suggest eight discreet ambient stimuli of SM that are likely to directly influence the nature of relationships among cognitive, affective and behavioural constructs and processes, which are physicality, accessibility, latency, interdependences, synchronicity, permanence, verifiability and anonymity. Indeed, the study by Langan et al. (2015, 13) has reminded us of the complexity of personal use of SM in classroom: "They [the students] know they should be 'paying attention' but they are easily distracted by technologies that they see as integral to their existence. They are angry and frustrated for being distracted and feel hostile when people other than themselves cause distraction."

Around 43% of the netizens in China have accessed network literature primarily in Chinese (CNNIC, 2016). Students in China often access the Internet via their own laptops and/or mobile devices such as tablets and smartphones (CNNIC, 2016). Thus, it may be said that ICTs play a significant role in learning that is likely to be outside the educational institution's boundaries. Given the degree of adoption of mobiles devices among university students, ubiquitous learning is seen as the inevitable trend in modern societies. Chen, Chang and Wang (2008) speak of use of mobile technologies to extend the use of pre-existing information systems and make learning materials accessible from anywhere and at any time. Churchill et al. (2014) state that mobile applications powered by social media can potentially enable new forms of learning platforms. In other words, mobile applications hold the promise of

ubiquitous social learning. However, this is open to debate. Problematic issues are the small screen sizes of mobile devices for reading pages of text, limited memories of the devices, short battery life and so forth (Woodcock et al., 2012). Traxler (2010) goes beyond the technical specifications of mobile technologies and questions the "true" value of mobile technologies in shaping learning. He argues that terms such as "spontaneous", "private", "portable", "situated", "informal", "bite-sized", "light-weight" and "context aware", which are associated with mobile learning, are often impressionistic.

In the theory of structuration, social interactions carry "double contingency", e.g. "the reactions of each party to a process of interaction depend upon the contingent responses of the other or others" (Giddens, 1979, 86). As such, the response of the other(s) is potentially a sanction upon the initial act and vice versa. The double contingency of interactions links to the normative institutionalisation of conduct as well as the actualisation of power. A good example of this is the leading SM sites such as Facebook and WeChat, which have increasing numbers of active users which legitimise these sites as leading SM applications, which in turn attracts more members. The digital technology industry in China continues to witness industry consolidation whereby small SM applications are being merged and/or acquired by larger players (Chiu et al., 2012). Thus it is logical to expect that the leading SM sites such as those outlined in Table 1 carry a strong sanction power in disseminating collective constructed knowledge and information. Indeed, Ledbetter and Finn (2016) speak of contesting relationships between professor and students who connect to SM to evaluate and expose the credibility of the professor as the subject expert in the classroom. Hence, SM not only provides a context for social interactions but also contributes to the base of rules and resources, forming a means to shape the reproduction of SM-mediated social interactions, which is what the duality of structure is all about.

Interpretive schemes: disciplines and ideologies

Interpretive schemes are "standardized elements of stocks of knowledge, applied by actors in the production of interaction" (Giddens, 1979, 83), which are different from norms at the analytical level. Viberg and Grönlund (2016) and Halperin and Backhouse (2007) regard the type of learning (formal and informal) as an operationalising component of normative technology-in-practice. The author tends to disagree with such operationalisation because their approach is essentially tied into the doctrines of human learning which are a foundation of education as a discipline. As Tribe (2006, 366) points out, discipline is "a cornerstone of truth creation since its rules have been established and perfected over a long period with a view to underwriting the reliability and validity of research". Educational research draws heavily upon learning theories. Whichever stream of learning theories a researcher advocates, it directly shapes her/his understanding of technology-mediated learning and the resultant conclusion of pedagogical design. For example, Dennen and Hao (2014) discuss pedagogies for mobile learning in higher education that account for mobile technology-supported collaborative learning, and one can quickly find the root of this in social constructive learning theories (Bandura, 1977; Vygotsky, 1978). Garcia et al. (2015) investigate how blog practice can facilitate collectivist learning. Similarly, Brown, Czerniewicz and Noakes (2016) look at social

interactions of students on SM sites and argue that in the SM sphere connected learning can take various forms, including peer-supported, interest-driven, academically oriented, production-centred, shared purpose and openly networked. Therefore, the author argues that the operationalisation of SM-mediated learning should be conceptualised as interpretive schemes, in that human learning as a discipline of knowing is a foundation for understanding SM-mediated social conduct.

One interpretive scheme of technology-mediated learning is rooted in diffusion theory (Rogers, 2003). The theory advocates that an innovation has five characteristics as perceived by individuals, namely relative advantage, compatibility, complexity, trainability and observability, and that these perceived features can help explain the different rates of adoption. It is thus not a surprise to witness abundant studies that examine students' perceptions of the usefulness of digital technologies and the perceived values of technology for learning (Henderson, Selwyn & Aston, 2015; Tarhini, Hone & Liu, 2015). Henderson et al. (2015) report various distinct digital "benefits" as perceived by university students, such as flexibilities of time and place, ease of organising and managing study tasks, the ability to replay and revisit teaching materials and learn in more visual forms. Tahini et al. (2015) discuss the impact of social, organisational and individual factors on the intended acceptance of educational technology. Similarly, Delialioğlu and Alioon (2015) reveal that availability, ease of use, collaboration and entertainment value are preferred features of m-learning applications. However, Crane, Benachour and Coulton (2011) raise the point of infrastructural and sociological boundaries to mobile learning, such as wireless connectivity and cost of downloading. Similarly, Dashtestani (2015) identifies barriers to the adoption of mobile devices for learning, such as reading from a small screen and the cost of having a smartphone and Internet connection. Nevertheless, the evaluations tend to focus on the technological aspects rather than the pedagogical benefits, such as increased engagement and skill enhancement (Welsh et al., 2015).

Overall, there is generally an assumption that the "appropriate" use of technologies would bring about enhanced learning. For example, Brill and Park (2008) argue that emerging technologies such as augmented reality, virtual reality and mobile technologies make ubiquitous learning and engaged learning possible. However, researchers struggle to find concrete evidence to prove this proposition (Beckman, Bennett, & Lockyer, 2014). Some authors have drawn upon these studies and concluded that despite the technological revolution, the nature of university teaching and learning remains unchanged (Henderson et al., 2015). For Langan et al. (2015) university teaching practice is lagging behind culturally. The authors point out that the traditional role of authority of teachers is increasingly challenged by Internet posting, surveillance technologies, neoliberalism and corporatisation of the higher education sector. This may mirror sociological boundaries that go beyond the technological aspects.

Methodology

A focus group was employed to collect data. Seven participants were invited to the data collection process. They were

undergraduate students, in their early 20s, on dual-degree programmes at a sino-foreign institution located in China. One of them, at the time of data collection, was studying BSc (Hons) Business Management while the others were studying BSc (Hons) International Tourism Management. The first two years of the curriculum fall under the responsibility of the Chinese university, which is credited towards the UK university's qualification at Year 1 or the UK Higher Education Qualifications Framework level 4. The last two years of study fall under the responsibility of the UK institution, which are credited towards the Chinese university's qualification at Years 3 and 4. Successful students are issued degrees from both institutions. All the participants have come through China's national annual public matriculation and undergone a one-year English programme at the institution.

The participants were first invited to fill in a form that consisted of the questions that would establish their use of social media. Some of the questions were:

- How many years have you been using social media applications?
- What do you use social media for?
- What is your view on using social media via a laptop/desktop as opposed to doing so via a smartphone?

This was followed by a focus group interview conducted in English and audio-recorded. The author first explained to the participants what was considered as learning in this study. Learning is regarded as knowing something new and/or different, and/or being able to do something differently. Further, learning can take place within or outside a classroom setting. The participants were then invited to share their experiences of using SM. The interview lasted one hour and 50 minutes, and the recording was transcribed. Textual data were manually analysed by using thematic analysis.

Findings and discussion

All the participants stated that they use SM applications from computers and their smartphones and that they use SM primarily for communication with other people, news and information search and leisure purposes. All of them are active users of WeChat and QQ, which mirrors the dominant usage of instant messaging applications in China (CNNIC, 2016). Two participants use a range of applications, such as Youku, RenRen, Weibo, Douban and Zhihu. Further, micro-blog (Sina Weibo) and social network sites (Douban and Zhihu) are the participants' favourite sites. The participants' accounts seem to suggest that they use SM to acquire UGC, which is contrary to Tobin's (2010) finding, who reported that 70% of Chinese netizens in big cities create content. However, one may argue that an action by a user such as labelling an article with "Like" or rating it is actually participatory in nature and is generating the type of contents that are sanctioned by the users. Such action is, from structuration theory's point of view, an outcome of the social interactions with SM and the users, as well as a means to shape the reproduction of social patterns. This is evident in this quote: "I read many articles from RenRen. I gave them a heart which means it is really good and I also send it to my friends if I feel it is really useful" (ZYJ). Her words mirror the norm of participation (e.g. "gave them a heart") and that of contribution in terms of expanding the reach of the articles through sending them to her friends. Her involvements

in SM support the normative technology-in-practice suggested by Viberg and Grönlund (2016) and Halperin and Backhouse (2007), which can be seen as participation, and contribution as the author also argues, in an informal manner with a certain level of sanction.

All the participants refer to SM sites as a useful and convenient “platform” for finding answers to their specific questions, such as “how to write a literature review”. Some of them use Douban to learn foreign languages, such as Korean and Japanese. Interestingly, all the participants connect to IELTS Brother, which is a WeChat account of a person who is well known among those who aim to gain required IELTS (International English Language Test System) scores to study in British universities. Student WX explains the benefits: “He will tell you some skills ... for example, he may say if the examiner asks you ‘do you like sports?’ and most Chinese students will have a lot of information that they want to say but they don’t know how to say it.” ... “He said, if you meet [sic] this kind of question, firstly you need to answer like ‘Yes, I do,’ or ‘No, I don’t’ and then tell the examiner that you like ‘general sports’ and then add your specific example ... to make it richer”. During the group interview, a participant was invited to play a section of such a lesson on her mobile phone. It was interesting that the lesson was conducted in Chinese. It seems that the participants perceive such SM sources as a kind of strategy for improving IELTS scores and that they believe it is useful to have this type of knowledge introduced in their mother tongue. Littlewood (1999) distinguishes proactive autonomy and reactive autonomy. Such social constructive learning on the SM site is proactive autonomous learning, whereas the involvement of the students in the study of Gutierrez-Santiuste and Gallego-Arrufat (2015) is reactive autonomous in that the professors set the learning agenda and the students are expected to work on that agenda independently. Some scholars (Ho & Crookall, 1995; Littlewood, 1999) argue that due to socio-cultural characteristics, Chinese students can find it challenging to take an autonomous learning approach. However, the participants’ experiences have unfolded a very different story – they are highly autonomous learners who have taken own learning beyond the formal setting of university programmes.

Likewise, the participants claim that they prefer using WeChat, rather than the discussion board on the university’s virtual learning environment, to exchange ideas. Student LYX explains: “Our thinking is in Chinese so when we communicate in Chinese we can think quickly, more clearly”. Participant CY adds: “It is very convenient and helpful in our discussion and sometimes we discuss the topic ... [that is] described [sic] very clearly so we can discuss it in our group.” She maintains: “If both of us [groups] have the same topic, we can discuss this together”. The participants believe that WeChat allows them to have peer-to-peer interactions whereby they “can talk again and again” (ZYJ). The student reveals: “This is a big problem because you are a teacher, and we are students. We can’t let you do something ... we can’t rely on the teachers speaking [sic] very slowly or very detailed”. Her words suggest a socio-culturally expected normative interaction between a teacher and a student in a Confucian society, which gives great emphasis to the authoritative senior role of teachers and respect for teachers. Such beliefs, which could be probably related to the notion of power distance (Hofstede, 2001),

have shaped the participants’ social interaction patterns with the lecturers and with fellow students. The participants have selected WeChat as their peer-to-peer communication platform to support and help each other. Such normative technology-in-practice may generate some clarification through virtual social constructive learning, as well as confusion due to inconsistent or even conflicting views. Participants from the same class state that in their group there are “professional students” who have asked the lecturer questions concerned with coursework and who share their understanding of the “answers” given: “They [‘professional students’] will ask [you] questions, like Kevin. We believe him a lot ... [When] we have three groups of people ... who have asked you the same question and get three different answers. So we have conflicts between our answers” [laughs] (CY).

Thus, the author questions: Can SM enhance learning?

There is a mixed view of trust. Participant ZYJ says: “I don’t know their identification ... I just think ‘the article is really good!’ and I choose to trust it”. The article she refers to is available on the RenRen site and is written in Chinese on how to write a literature review. There is also literature on the topic available on the University’s virtual learning environment (VLE) system, but she has chosen to follow the article on the SM site. She says: “It [the information on the VLE] was almost ‘killing’ me”. Her words suggest the difficulty and/or frustration in understanding the know-how that was provided by the University that she was doing her degree with. She explains: “I think the answer [to her decision of trusting the article] is probably based on my values”. Reflecting upon the participants’ accounts regarding their preference in discussing ideas related to their academic studies in Chinese on WeChat, ZYJ’s term of “values” suggests the fitness of knowledge with her framework of reference, e.g. the known values that have been built up through her upbringings, or habitus (Bourdieu, 1973), which are featured with Confucian values that guide the social interactions of Chinese people as discussed above. Therefore, habitus is influencing the normative practice with SM and with people on SM sites. However, to what extent is this way helping them adapt to the demands of their UK degree studies?

In ZYJ’s case, her literature review was given a “very low mark” in her own words. In her reflection upon that experience, she says: “I trusted a wrong article ... It’s written for Chinese people and the article [literature review] I wrote was for British people to read. The logics [of writing] are very different”. The outcome of her writing may have been a negative experience for her, but that experience and the opportunity to talk about that experience have helped her think about SM and the contents from SM sites critically in that she realises that her established socio-cultural values have shaped her decision to subscribe to one set of statements over another. The output of her informal SM-mediated learning was measured as “a fail” by the university “rules” of assessment; however, such a “failure” has triggered a critical reflective learning experience for her. Arguably, in this case, SM has played a positive role in her learning if learning is deemed as a process of development and improvement.

As mentioned above, the participants use SM for leisure purposes, such as playing online games, watching a highly rated movie, finding a recipe to follow during holidays. They feel that they are connected to SM “most of the day” (ZJ) or

"every day, every hour, every minute" (QJW). Participant WX says: "I never turn off my phone, never, only if I am on the plane". This finding reminds us of the overall trends of Chinese netizens' online behaviour, namely that 70% of Chinese netizens spend 70% of their leisure time online (Chen, Ding & Yin, 2012) and that netizens in China spend on average 25.6 hours per week online for leisure (CNNIC, 2016). It is clear in the participants' accounts that staying online has become an integral part of their lifestyles, which has also resulted in some struggles. For instance, student WX says: "I know I should concentrate on the work but it's very hard for me because I think the social media has a heavy influence on my daily life and my work." Some participants express similar views that they feel SM distracts them from their "normal studies": "It [SM] brings a disadvantage in the normal studies because I cannot concentrate on my studies especially for the review, for the exams or the writing of an essay". The participants express that they always want to reach out for their mobile phones to check what is happening in their virtual social networks. They feel "angry" and frustrated with their own behaviour, which reminds us of a similar story reported in Langan et al. (2015). The students in the present study have developed their own ways of "gaining back some control" such as putting the phone under the duvet cover or in a mobile phone pocket. Their words clearly denote that SM is distracting them from their formal learning. However, it is also evident that they are critical about their way of handling the demands of formal learning and their needs to be social and to relax. Such self-directed reflection and self-discipline of actions are no doubt personal developments that formal studies do not normally facilitate.

Conclusion

As emerged from the data, the interpretive schemes of social interactions with SM and with the users of SM are concerned with (1) perceived benefits, (2) socio-cultural compatibility in terms of normative social interactions, and (3) "time-sharing" between formal study and entertainment sought via SM. A conclusion may be drawn that SM certainly provides more opportunities for social constructive learning that brings along more collaboration and clarification as well as more conflicts and confusion, which hopefully would initiate a contingent process of "finding out" and reflective thinking. Further, SM may have caused distractions from "formal studies" for the participants but it has also allowed them to take leadership of their own personal development and to develop critical reflective thinking about themselves and about the views expressed by other people on SM. It is important that educators should recognise and welcome learning opportunities facilitated by SM. For example, one may encourage the students' use of their mobile phones to identify a blog that is relevant to the topic of lecture and allow open discussion on the content. In that discussion, critical reasoning may be demonstrated in the class. One challenge for educators would be to overcome the ideology of being the "knowledge authority". The challenge for students would be to overcome the ontological assumption that there is a fixed answer to a question. The challenge for both educators and students would be to negotiate mutually accepted normative SM-mediated interaction patterns that agree with personal needs, habitus and institutionalised values.

Furthermore, the research has discovered that the informal learning gained through SM engagement goes hand in hand with formal university learning. However, the contribution of informal learning towards formal learning is not always fully recognised and assessed, which in turn raises the issue of how to capture this "hidden" learning and thus facilitate it. The challenge at the university level would be to recognise, at the assessment policy level, the intertwining of informal and formal learning in societies that are now featured by SM interactions experienced by university students. The theoretical implication for educational research is that duality of structure, as an alternative underpinning analytic framework, may provide a fruitful pathway for the research field of design for learning.

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Engaging in hospitality and culinary research that makes a difference: The shape of things to come

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Engaging in hospitality research that matters now takes a fresh approach as to how we can contribute to shaping the future of best practices in both hospitality education and management, while engaging with problems worth investigating, and publishing the results. The domain of hospitality activities suggests the need to study both the social and the physical contexts within which particular hospitality activities take place. Current researches in the field of hospitality are relatively recent. In pre-industrial societies, hospitality occupied a much more central position in the value-system. In both contemporary and pre-industrial societies, as in earlier historical periods, hospitality included the fundamental moral imperative and duty to welcome neighbours, and begged the fundamental question “who is my neighbour”? The centrality of hospitality and culinary activities has been noted in a wide range of studies from Homeric Greece, to early Rome, to medieval Provence, the Maori, Indian tribes of USA and Canada, and finally to early modern England and Mediterranean societies. Whilst modern industrial economies no longer have the same apparently overt moral obligations to be hospitable, and much hospitality experience takes place in commercial settings in the context of world tourism, the study of the social and cultural domains provides a valuable set of insights with which to critically evaluate and inform the commercial provision of accommodation, food and beverages in a secure and safe environment.

Keywords: hospitality, sciences, profession, research, critical thinking

Introduction

This is not just an academic paper, it is a resource. Its value will be judged by the numbers of hospitality practitioners who acknowledge that research is at the heart of hospitality and culinary education and training and, having acknowledged this, will become engaged in hospitality and culinary research that makes a difference to their professional practice. Hospitality and culinary practitioners, and policymakers will need to agree that the key to improving hospitality and culinary education and practice is to ensure that highly skilled and effective hospitality and culinary teachers are placed in all classrooms, and competent practitioners placed in hotel and restaurant enterprises. Yet, there still lacks a practical set of standards and assessments that can guarantee that hospitality and culinary teachers, particularly new teachers, are well prepared and ready to teach the subject matter of this discipline.

The school of hospitality and culinary arts

The principal function of a hospitality and culinary arts school is to design, plan, prepare and deliver the programmes of learning in ways that foster and support student learning. It is also, an important point of entry for enquiry into the nature of hospitality and culinary professionalism, including public acknowledgement that what is taught and learnt is professional within a recognised “profession”.

What then are the implications for hospitality and culinary education and training, for industry, and for the community, of the development of a hospitality and culinary research base?

Gehrels (2015; see also Lashley, 2014; Hegarty, 2016) posed a number of core questions to be addressed by those engaging in hospitality research:

- What is the essence of hospitality and hospitableness?
- How can we effectively train/educate in hospitality for hospitableness?
- Where is the future of hospitality? How/where/why is hospitality developing?
- How can hospitality become sustainable?
- What is gastronomy?

This paper is for those who do not simply accept the status quo, and who seek to challenge and change it. It is for those who believe that change and progress are brought about through the commitment and effort of visionary individuals. I have likened hospitality management to a system, involving the process of transforming inputs – tangible and intangible – into outputs in line with the strategy, mission and goals of the enterprise.

If you are a hospitality (hotel or restaurant) manager who holds the view that innovation and change happen only in the “real world” and that academics in hospitality and culinary schools are living in “cloud cuckoo land”, you probably came to this paper by mistake. Likewise, if you are a hospitality and culinary educator who thinks you know it all, you should bin the paper now, because this is a paper for those engaging in research in hospitality and culinary matters; it is a paper for thinkers in the field. Also, it is a paper for hospitality and culinary managers who are interested in exploring, and thinking critically about what it is they actually do.

It is difficult to classify this paper in a clear, concise manner; of course it is aimed at both hospitality and culinary practitioners

interested in engaging with research and at culinary academics currently engaged in, or about to commence, research in hospitality, culinary arts and gastronomy. It is not intended to be a “how to” paper – there are many of such excellent papers and excellent books on research about, and I do not propose to tell you how to conduct your research or how you should foster innovation in your business. Neither do I claim to have an answer to one of the more important questions asked by industry practitioners and researchers alike, at this time, namely, how are we to engage in hospitality and culinary research that makes a difference?

Engaging with hospitality science

Is hospitality a science? The term science usually refers to a body of knowledge obtained by methods based on systematic observation, recording and verification. Like researchers in other scientific disciplines, hospitality researchers engage in organised, systematic study of social phenomena to enhance understanding. All scientists, whether studying mushrooms or murderers, attempt to collect precise information through methods of study that are as objective as possible. They rely on the careful recording of observations and accumulation and analysis of data.

Of course, there is a great difference between hospitality and physics and between psychology and astronomy. For this reason the sciences have been divided into the natural and the social sciences. Natural science is the study of the physical features and occurrences in nature and the ways in which they interact and change. Astronomy, biology, chemistry, geology and physics are all natural sciences. The social sciences study the various aspects of human society. The social sciences include anthropology, economics, history, psychology, sociology, political science, and hospitality. All these sciences contribute to understanding the principles and practices of hospitality.

These social science disciplines have a common focus on the social behaviour of people, yet each has a particular orientation. Anthropologists study human beings in their totality, ranging from human biological and social origins to present-day societies, including the origin of languages and their use today. Economists explore the ways in which people produce and exchange goods and services, along with money and other resources. Historians are concerned with the peoples and events of the past and their significance for us today. Political scientists study international relations, the workings of government, and the exercise of power and authority. Psychologists investigate personality and individual behaviour. Sociology emphasises the influences that society has on people’s attitudes and behaviours and the ways in which people shape the society they live in. Humans are social animals; therefore, sociologists scientifically examine our social relationships with others. Clearly, the host-guest relationships dominant in hospitality are worthy of considered examination in a new discipline which we may call “hospitalology”.

The science domain of hospitality activities suggests the need to study both the social and the physical contexts within which particular hospitality activities take place. Current researches in the field of hospitality are of relatively recent development (Molz & Gibson, 2007; Lashley, Morrison & Lynch, 2007; Lashley & Morrison, 2000). In pre-industrial societies, hospitality occupied a much more central position in the value-system

(O’Gorman, 2007). In both contemporary and pre-industrial societies, as in earlier historical periods, hospitality included the fundamental moral imperative and duty to welcome neighbours (Melwani, 2009; Meehan, 2009; Cole, 2007), and begged the fundamental question “who is my neighbour?”

Frequently, the responsibility to provide hospitality, to act with generosity as a host, and to protect visitors has long been more than a matter left merely to the preferences of individuals engaged in the activities of capitalism. Beliefs about hospitality, and obligations to others, are located in world view about the nature of human society, and the natural order of things from which the individual derives her roles and his identity. In other words, people’s emotions and self-interpretation like their actions are predefined for them by society, and so is their cognitive approach to the universe which surrounds them. This socially determined world-view is, at least in part, already given in the language used by society. Of course our language is not usually chosen by ourselves, but imposed upon us by the particular social group in charge of our initial socialisation. Society predefines for us the fundamental symbolic apparatus with which we grasp the world, order our experience and interpret our own existence. Thus, any failure to act appropriately is treated with social condemnation. The centrality of hospitality and culinary activities has been noted in a wide range of studies of Homeric Greece, early Rome, medieval Provence, the Maori, the Indian tribes of the USA and Canada, early modern England, and Mediterranean societies (Heal, 1990). Whilst modern industrial economies no longer have the same apparently overt moral obligations to be hospitable, and much hospitality experience takes place in commercial settings in the context of world tourism, the study of the social and cultural domains provides a valuable set of insights with which to critically evaluate and inform commercial provision of accommodation, food and beverages in a secure and safe environment.

Thus hospitality, both as an experience (i.e. eros-informed institution) and an industry (logos-informed institution), is a microcosm of the differentiation between these two that takes place in a wider societal context. Of course, viewed from the solely “industry” perspective, both hospitality and tourism, as a Fordist pattern, may be criticised as problematic. This is understandable. However, at a deeper level, the factors underlying the fact that the massification of tourism and hospitality frequently give rise to negative consequences is not the pattern itself (i.e., Fordism), but the realisation that hospitality and tourism production is informed more by instrumentalism and short-termism, which disregard the interests and long-term well-being of the host community, the local culture, the stranger/visitor and the environment. Therefore, in order to minimise these effects, hospitality and tourism development should entail not merely a change of pattern, but more importantly a change of philosophy, i.e., a shift from short-termism to long-termism, from instrumentalism to humanism, and from one-sided to all-encompassing policies (Wang, 2000). Furthermore, policy makers and planners should begin to display a humanistic concern not only for tourists, but also for hosts, and such concern should gain ascendancy over the “instrumental” purposes of hospitality and tourism, i.e., the profits earned by business organisations. According to Hall (1994), hospitality and tourism should be integrated within the host community, a situation in which both parties are winners.

This change of philosophy appears to have occurred in some academic circles. However, it should also be reflected in public policy-making and planning with respect to hospitality and tourism. In other words, “sustainability” should become the focus of the new direction for hospitality and tourism development.

Mastering the discipline of hospitality and culinary research is an iterative process: you get good at it by doing it, and get better at it by doing more of it. The key skill is to think critically, that is, firstly, not taking anything at face value, but probing into the exact meaning and determining the perspective (bias) of the writer. Thus, it can be seen that science is more than a body of knowledge as referred to earlier; it is, according to Carl Sagan (1996), “a way of thinking”. The scientific way of thinking is at once imaginative and disciplined. This is central to its success. The science of hospitality invites us to let the facts in, even when they do not conform to our preconceptions. It counsels us to carry alternative hypotheses in our heads, and see which fit the facts. It urges on us a delicate balance between no-holds-barred openness to new ideas, however heretical, and the most rigorous sceptical scrutiny of everything – new ideas and established wisdom. This kind of thinking is also an essential tool for a democracy in an age of change. One of the reasons for its success is that science has built-in error-correcting machinery at its very heart. Some may consider this an over-broad characterisation, but to me every time we exercise self-criticism, every time we test our ideas against the outside world, we are doing science. When we are self-indulgent, self-promoting and uncritical, when we confuse hopes and facts, we slide into pseudoscience and superstition (see Goldacre, 2009).

Every time a scientific paper presents a bit of data, it is accompanied by an error bar – a quiet but insistent reminder that no knowledge is complete or perfect. It is a calibration of how much we trust what we think we know. We humans may seek to have absolute certainty; we may aspire to it; we may pretend to have attained it. But the history of science teaches that the most we can hope for is continuous improvement in our understanding, learning from our mistakes, with the caveat that absolute certainty will always elude us. We will always be mired in error. The most each generation can hope for is to reduce the errors a little, and to add to the body of data to which errors apply.

One of the great commandments of science is, “Mistrust arguments from authority”. Too many such arguments have been proved wrong. “Authorities” must prove their contentions like everybody else. The apparent independence of science, its unwillingness to accept conventional wisdom, makes it dangerous to doctrines less self-critical or with pretensions to certitude.

Because research carries us toward an understanding of how the world is, rather than how we would wish it to be, its findings may not in all cases be immediately comprehensible or satisfying. It may take a little work to restructure our mindsets. Some science is very simple. When it gets complicated, that is usually because the world is complicated – or because we are complicated. When we shy away from it because it appears too difficult, we surrender the ability to take charge of our future. We become disenfranchised. Our self-confidence erodes. But when we pass beyond the barrier when the findings and methods of science get through to us, when we understand and put this knowledge to use, many feel deep satisfaction. This is true for everyone. I know personally from having science

explained to me and from my attempts to explain it to others, how gratifying it is when we “get it”, when obscure terms miraculously take on meaning, when we grasp what all the fuss is about, when deep wonders are revealed.

In its encounter with nature, science invariably elicits a sense of reverence and awe. The very act of understanding is a celebration of joining, merging, even on a modest scale, with the magnificence of the cosmos. And the cumulative worldwide build-up of knowledge over time converts science into something only a little short of a trans-national, trans-generational meta-mind. When we recognise our place in an immensity of light years and in the passage of the ages, when we grasp the intricacy, beauty and subtlety of life, then that soaring feeling, that sense of elation and humility combined, is surely spiritual. Science, especially hospitality science, is not only compatible with spirituality, it is a profound source of spirituality (see Bailey, 2007).

How can a highly evolved species such as ours, with its natural instinct for happiness and hope, stop doing some of the things we do and turn the tide to create a better future? Our world has evolved to a point where one animal, the human species, has the power to influence the evolution and destiny of the planet, for better or worse. Put simply, the future direction of life on earth is now in human hands. What happens from here depends on the choices we make personally and globally. At last we (humans) appear to begin to realise how science, religion and spirituality can work together to enlighten us about reality and creation – and where our life fits into it all. Our quest is to balance what science is telling us about the nature of physical reality, biological evolution and life in general with what religions and spirituality have been teaching throughout the centuries in their calls to eternity, “divine” experiences, and life beyond ourselves.

Research

Mastery of the hospitality and culinary research discipline includes having a focus, in the form of a research question, or an hypothesis that you seek to explore. This requires much reading, ordering, and organising your references, and information retrieval on your research topic by use of reference and technical libraries, as well as local and global web-based information networks; you will need competence in analysing and evaluating the information, research and development processes in culinary hospitality and tourism processes. And of course you will need to be able to write.

The key tasks of mastering hospitality research are as follows:

- Learn the language and professional terminology of research
- Perform reference and information retrieval on the topic of research methods
- Formulate methodological foundations of the research
- Understand the organisation of the research project
- Report (make a presentation) on the research topic to your audience.

Throughout this paper I refer frequently to “academic research”. My intention here is not to imply that research can be carried out only in the academy. Experience has taught me that much excellent research is carried out, outside the academy or university, by management consultants, individual practitioners, hospitality managers and by independent researchers.

Becoming critical

My aim here is to encourage you (the reader) to become critical, to critically review and question what you do, why you do it, and to present you with food for thought by encouraging you to share your experiences with your colleagues so that together we may all help shape the future of hospitality and culinary research.

Throughout the paper I refer to phrases like “hospitality management research”, “hospitality researchers”, “culinary researchers”, and I ask the question how we can become better at doing hospitality and culinary research to shape the future of hospitality and the culinary arts.

I was prompted to begin this journey by sharing with a number of colleagues who are professors in hospitality and tourism schools located in universities, and directors of hotel and catering schools who feel frustrated by the resistance to the academic development of hospitality and culinary research as a discipline in many institutes and universities. Further, in some areas, proposed developments in doctoral hospitality and culinary education is curtailed by law, by convention, or simply a lack of credibility in the subject.

It is useful to recall Gary Hamel’s realisation that “the future is coming faster than you think”, and that one may cling to traditional assumptions about hospitality (hotels and restaurants) at one’s peril.

Having made the transition from a salaried academic position to an unaffiliated researcher, I found the articulated frustrations of my colleagues, mentioned earlier, were magnified. Using the experience of my EdD days at the University of Sheffield, I started to engage with beginning researchers as a “critical friend”, until I was offered an appointment as Associate Lecturer tasked with supervising a Doctor in Business Administration student. One of the benefits of being unaffiliated and working on one’s own is being able to choose what one wants to do and how to do it, without having to worry about fitting into others’ perspectives of the situation or fitting into the culture and objectives of the organisation’s hierarchy that do not fit with one’s own. All this begs the question, how can we expect to influence anybody if nobody, especially hospitality and culinary educators and practitioners, reads what we write? For far too long hospitality has taken a back seat in promoting its own “professionalisation”. It has not provided the opportunities to engage in theorising and research. This is evidenced in a variety of ways: not fully engaging with curriculum development, or with research-based continuing professional education and professional self-evaluation projects. These are just some of the signs of the ways that the hospitality professional as researcher may become a reality in the not too distant future. The reasons why hospitality professionals are becoming researchers vary. Some become researchers because they are products of a period of increased intellectual and social ferment: they are committed to a view of themselves that is bound to reflect upon their professional practice, to justify it and transcend its limitations. Others have been drawn to research and evaluation roles as they have been required to publicly debate and justify innovative practices for which they have been responsible. Still others have more or less spontaneously arrived at the general idea of the practitioner-researcher simply as a reasonable aspiration for a hospitality professional.

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Problem-based learning in the first or second language: Does it make a difference?

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Problem-based learning (PBL) is the key didactic approach in the curriculum of the Stenden Hotel Management School. Real-world problems are used to activate prior knowledge and to trigger a learning process aimed at expanding and elaborating students' understanding and competences. Since the hotel school accommodates an international student population, the entire programme uses English as the medium for communication. For approximately 90% of our students, English is a second language. This paper reports on the effectiveness of using the mother tongue (language 1) in collaborative learning, as opposed to using the student's second language. We did so by asking a group of 12 students, who all have Dutch as their first language to perform all PBL activities in English as they usually do. At a later stage, the same group was asked to do a similar task in Dutch. PBL sessions were videotaped in our PBL lab, transcribed and analysed. Utterances of students were divided into the following categories: (1) statements, (2) constructive statements, (3) arguments, (4) questions, (5) confirmations, (6) negations, and (7) source utterances. The utterance analysis was limited to the first five steps in a seven-step approach. The findings in this small-scale pilot show – in line with earlier research – that students mainly communicate factual statements, hardly ask questions, and seldom confirm each other's contributions when using their second language. However, when the first language was used, scores were more positive. Further research should show whether or not this is a structural finding. It was a surprise to notice that the English session contained nine minutes of "reading from paper" out of 32 minutes of reporting. In the Dutch session "reading from paper/tablet/phone" was absent.

Keywords: problem-based learning, second language, collaborative learning, verbal interactions, utterance analysis, English-medium education

Introduction

This article claims that the mother tongue, also referred to as language 1, is a superior instrument in acquiring dialogical knowledge in problem-based learning and is therefore to be preferred from a pedagogical point of view. In the Netherlands we have an ongoing debate on the growing influence of the English language in higher education (Zwarts, 2006). In order to be able to support the above-mentioned claim we first examine the political, educational and legal aspects in the debate. Furthermore we go into internationalisation and difficulties related to English-medium teaching for both staff members and students. Finally a case study contrasting the use of language 1 and language 2 will build further evidence in defense of the claim.

The present language debate

A growing number of schools in the Netherlands offer English programmes and use English as their main medium of communication. This holds true for secondary education in general and even more for vocational education. The Council on Education (2011) reports that the same tendency can be seen in Denmark, Norway and Belgium. The decision to offer an English curriculum is usually made on a variety of arguments. Most arguments in favour of English as a

medium of communication relate to marketing strategies, internationalisation, the future career possibilities of students and recruitment of staff (Council on Education, 2011).

In the Netherlands the debate about the use of English as a medium in teaching and research dates back to the fifties and early sixties of the previous century (Coleman, 2006). As from 1990 onward to our present time, the growth of English-medium teaching has been impressive. Already in 2002 Maiworm and Wächter reported that the Netherlands and Finland had many English-medium courses. Recent research on request of the Dutch government shows that today many Master's programmes are offered in English, especially in agricultural, technical and economics courses (Council on Education, 2011).

From a legal point of view, higher education in the Netherlands has to foster and enhance the use of Dutch as a medium for communication in education and science. It should make a strong effort to preserve both language and culture. These requirements are stated explicitly in the law on higher education in the Netherlands (Law on Higher Education, 2016). Similar legislation can be found in Norway, Denmark and Belgium. The European Union follows a multi-language policy; ideally EU citizens should have high language skills in at least two languages next to their mother tongue (Coleman, 2006).

The choice for English

The learning process that higher education offers to students has become a commodity in a global market. Institutes for higher education are run as businesses with an emphasis on marketing (Coleman, 2006). The wish for further growth, for getting a larger segment in the “international market of learning” dominates the decision process. Institutes can only succeed by following internationalisation strategies and starting to use English as a medium for teaching and learning. The two simply go together.

Hospitality education at Stenden chose for English-medium teaching around 2000, with internationalisation as the strongest argument. As Smith (2004) stated, marketing grounds dominate the decision process, ignoring obvious difficulties that may arise when adopting English-medium teaching. Within the framework of this case study, the following problem areas are relevant:

- inadequate language skills among staff and students
- unwillingness of local staff to teach in English
- native speakers in English may have difficulties in adapting to non-native speaking students
- lack of critical mass of international students.

Critics of an English curriculum are afraid that both students and teaching staff may not have a sufficient command of the language, resulting in poor communication, misunderstandings and in general a more shallow learning process and superficial knowledge. The more refined and detailed aspects of a topic get lost in a culture of one-liners. Similar concerns can be found in the report of the Dutch Educational Council (2011). In his study, Klaasen (2001) stated that insufficient mastery of English by teaching staff leads to English-medium teaching that is less precise due to a lack of vocabulary. Furthermore, those lecturers tend to speak with more redundancy in order to get their message across, and speak much more slowly compared to their speech in the first language. Note that this research focuses on the quality of interaction within traditional teaching methods like lecturing.

When starting in PBL

Several studies (De Boer & Otting, 2010; Huang, 2005) have paid attention to the problems students have when making the transition from secondary to higher vocational education. These studies report problem areas for those who start in problem-based learning. Some of these problems relate to the use of English. Research by Huang (2005) in the UK showed that Chinese students were very often uncertain about the accuracy of their new knowledge. Several interviewees in her research stressed this. Consider the following quotes: *“After PBL sessions I was often unsure about what exactly I had learned in class”,* and a fellow student saying: *“My English was not very good. Sometimes I was not sure if I had properly understood the case”* (Huang, 2005). International students will face a culture shock when coming to the UK and the Netherlands. This adds to the educational challenges related to starting to study in a PBL curriculum. No longer using the first language is also a drawback. As a Chinese student said after half a year in the Netherlands: *“Nothing is the same anymore and I sometimes feel lost and far away from home. PBL in English is difficult. I cannot say what I know”*.

International students are not only far away from home in a literal sense, they also have to communicate in a second

language both in daily life and in their educational programme. Insufficient language skills create feelings of uncertainty in both daily life situations as well as in collaborative learning. Uncertainty about their own learning process may also relate to the students’ belief of knowledge being unchangeable, or being either true or false (Otting et al., 2009; Savory, 2006). Feelings of uncertainty may also relate to different views on authority and the shift from teacher-centred to student-centred education, which can be noticed by both Dutch and international students (Savory, 2006; Huang, 2005). Nevertheless uncertainty about your “level of English”, feeling handicapped because of poor active (speaking, writing) and passive (reading, listening) communication skills, might well be a major block in fully participating in problem-based learning. When this is the case, then it will be a factor that cannot be changed overnight.

Finding the right words to express your thoughts, and understanding the specific shades of meaning in the utterances of fellow students will be a constant challenge for those engaged in the process of building knowledge together. Dialogic knowledge is essentially the outcome of a social process (Barrett, 2011). While discussing a task, students express existing knowledge, share it, elaborate on it and eventually create new insights (Visschers-Pleijers et al., 2006). The process of acquiring dialogic knowledge presupposes a rich interaction and high language skills among participants. Furthermore it also presupposes a desire for more democratic relationships and shared control when it comes to the procedures to be followed (Barrett, 2011).

PBL in a second language

Little or no attention has been paid to the impact of using English as a second language in a problem-based learning setting. Yet it is without dispute that PBL heavily relies on the language skills of both students and tutors. Every PBL session is in itself a small language festival. Students interact with one another and together they build new knowledge. Collaborative learning presupposes a high command of the language both receptive and productive.

Savory (2006) gives an overview of how problem-based learning developed over the years and the way in which it shows similarities and differences with other experimental approaches to teaching. In his article he states that problem-based learning involves problem solving skills, general communication skills, critical thinking skills, argumentation skills and collaborative skills. All these skills relate directly to the language skills students have in the language they use – justifying attention for the role of language in collaborative learning. The following example of our own daily practice as a tutor illustrates and details the kind of difficulties we encounter.

Recently, in a PBL session with 12 students who were in their second year, the tutor asked the group whether the article that they had read was from a peer-reviewed journal. They did not understand the question, one student answering that he had not seen the news the previous day, taking the English “journal” for the Dutch “*journaal*” (news bulletin). Basic words like “peer” and “reviewed” had to be explained before we could go into the actual issue of the credibility of the source they had used. Our daily practice as tutors is crowded with these kinds of misunderstandings.

The example illustrates that students sometimes bluff their way into a topic, guessing for meaning while having a fundamental lack of vocabulary. Some do so with surprising ease, impressing fellow students who do not ask critical questions. The sense-making process that PBL is supposed to be then becomes non-sense when the group is not able to recognise and correct misinterpretations. In situations like this we need critical questions, but as Yew and Schmidt (2007) and also Aarnio et al. (2012) report, students seldom ask critical questions. Students involved in constructing new knowledge find it hard to evaluate the quality of their new findings. Evaluation of your own findings and the findings of fellow students is largely absent, since we see few critical questions or source statements.

The example also shows that tutors in their interventions easily use words or specific terminology that is unknown to students, thus creating misunderstandings. Specifically, native speakers tend to overestimate the passive understanding of students (Coleman, 2006). Simply asking whether the information was “checked by experts” before it was published might have prevented the misconception.

Concluding, we want to state that both students and staff have a challenge to find the right words that help us create a common understanding, and shared knowledge. The active and passive command of the language seems vital for those involved in the process of dialogical knowledge construction.

Additional evidence showing the importance of social interaction in PBL comes from language teachers. The interaction aspect of PBL is so strong that language teachers, teaching English as a foreign language often see problem-based learning as an ideal didactic approach for training language skills. In other words there is a strong link between the didactic approach of PBL and the language skills of participants. Therefore attention to the language aspect in relation to the quality of the learning process seems to be more than justified.

In this study we would like to gain insight into the quality of dialogic knowledge when using English (language 2) as opposed to using Dutch (language 1). We do so by analysing the verbal utterances of participants in PBL using the approach of Yew and Schmidt (2007). This will help us to see whether or not the choice for a specific language influences the learning process of dialogic knowledge construction. Outcomes are expected to be relevant for tutors, course designers and educational policy-makers.

Method

Participants

A group of 12 students was asked to first do the first five steps of a seven-step approach in English. The text of the explanation problem will be in English and is part of their regular programme in the second year module “Planning”. The group had been functioning in the same setting for four weeks and had PBL in English for 12 weeks. All group members had Dutch as their mother tongue and all followed medium level hospitality education (MHS), a programme offered in Dutch at different institutes in the Netherlands. MHS students have the legal right to continue their study at the Stenden Hospitality Management School. In contrast to international students they do not have to do a language test before entering. Internships for half a year in the hospitality industry were part of their prior education and allow them to start in the second year. At the

time of the study they had followed half a year of English-medium education. One student in this group had two years of PBL in English at the Stenden Tourism Management School. Considering her experience with PBL at Stenden University, group members tended to ask her for advice.

The group started in English with a PBL-problem on total quality and change management. In analysing and discussing the problem, a variety of approaches could be used. Both the starting up session and the reporting session were videotaped. We asked the same group to do another PBL problem using their mother tongue (Dutch). This second problem was about cultural differences and managing diversity. The group had the same tutor on both occasions and the problems were part of the regular programme. Both PBL problems offer the opportunity to study a variety of sources and are related to practical experiences of the group, thus making it possible to link new findings to existing knowledge.

The PBL sessions were video-recorded in the PBL laboratory offering ideal circumstances – hidden cameras in the ceiling. Our main goal was to see whether or not the use of English (language 2) or Dutch (language 1) made a difference in the quality of the learning process. We made recordings, and asked for permission to videotape the session – promising that recordings would only be used for research purposes. Students had no objections to the study and all signed a form of informed consent.

Instrument

We analysed students’ contributions by using the model of Yew and Schmidt (2007), following their definitions of terms as well. Table 1 gives an overview.

We make a distinction between three dimensions: a critical, a co-constructive and a process dimension.

The critical dimension of PBL can be related to two sets of utterances, questions, and utterances about sources. We distinguish critical questions, verification questions and clarification questions. Next to asking questions, we would like students to compare sources, to characterise and evaluate them. We label these utterances as “source statements” and add them to the model of Yew and Schmidt. All activities mentioned add up to a critical reflection on the quality of their prior and new knowledge acquired. When PBL is done on a high level, we expect these utterances to be frequently used. Aarnio et al. (2012) reported that students seldom bring out differences in conceptual thinking and have little depth in their argumentation when they do so. This is an area that needs improvement.

The co-constructive dimension contains all utterances that help to build up knowledge through social interaction. The following utterances fit into this category: statement, constructive statement, argument, counter argument, open question and explanation question. When we take the co-constructive and the critical dimension, together they build the task-oriented dimension (Bales, 1950).

Next to the task-oriented category we have contributions that are process-oriented (Bales, 1950) containing all utterances that focus on procedures, time, discussion rules, ways to report, giving turns, etc. Listening also belongs to process-oriented behaviour, together with encouraging others to give their views, reducing conflict (harmonising), paraphrasing what others said, and summarising.

Table 1: Kinds of utterances

Type of utterance	Defined as	Abbreviation
Statement	Provides factual info containing no indication of reasoning or analysis	S
Constructive statement	Here a concept is related to another concept	CS
Argument	Indicates reasoning and builds on logically to a previous utterance	A
Counter argument	Indicates reasoning and contradicts previous utterance	CA
Open question	Elicits new information and explanations	Q op
Critical question	Casts doubt or indicates the need to reevaluate a previous utterance	Q cr
Verification question	Shows the intent of checking one's own ideas or reasoning	Q ve
Explanation question	Question inviting others to give an explanation	Q ex
Confirmation	Agreement with previous utterance, with no indication of reasoning or analysis (usually Yes)	CON
Negation	Disagreement with previous utterance, with no indication of reasoning or analysis (usually No)	NEG
Source statement	Statements that refer to the quality of a source	S.Sta

Note: The categories Q ex and S.Sta were added to the original model of Yew & Schmidt.

Results

Table 2 shows the main results. When using their first language (Dutch), 54% of the utterances are statements containing factual information without any reasoning or analysis. This is a high percentage and in line with the findings of Yew and Schmidt (2007) who call this a worrying sign. When using English, their second or third language, this percentage is even higher: 69%. It looks as though the use of the second language results in an even stronger use of factual statements.

Relating concepts to each other – constructive statements – was higher in the Dutch session: 11% versus 2.5%.

Questions on procedure were higher in the Dutch session (11.3%) as compared to the English one (6.3%).

Discussion

Both sessions showed a very high percentage of factual statements. In combination with few critical questions this is a worrying sign and fully in line with earlier research (Yew & Schmidt, 2007; Aarnio et al., 2012).

When analysing PBL interaction between students, the question arises: "What is the appropriate unit of analysis?" Is it "sentence", which is a linguistic unit; is it "utterance", which is a much wider concept or should it be "behaviour"? The choice for a unit of analysis is important as it influences directly what you interpret and what you leave out.

Listening behaviour, for example, will not be scored when you take "sentence" or "utterance" as a starting point. Yet tutors will say from their own experience that "listening" is as

vital for the quality of interaction as is speaking. It influences the level of contributions and discussions. When only a few fellow students really pay attention, then why would you bother about your contribution, the quality of your arguments, or making your point in general? In an analysis using "utterance" as a starting point, vital elements like listening will simply not be scored. This holds true for our study as well, as we decided to follow the method of Yew and Schmidt (2007). In retrospect we regret that we could not pay attention to listening behaviour as it is so important in building up dialogic knowledge, and recommend it to be incorporated in further research.

Table 2 shows that this particular group generally performed better in their first language compared to the English-medium session. Looking at the video recordings, one can also notice a higher level of involvement of the students when using their mother tongue; they speak much faster, make jokes and seem to enjoy the process. The overall group dynamic is much livelier, and there seems to be a stronger will to get to results. To our surprise – since it was not our primary focus – we noticed that students in the English medium session tended to read a lot from paper (9 minutes out of 32 minutes of reporting) when presenting their findings, whereas reading was absent in the Dutch session. After having looked at the video recordings a number of times it was noticeable that reading makes the session stiffer, slower and less dynamic. The effect of reading instead of telling seems to be of utmost importance, because of losing flow in the session and also because reading shows that you have difficulty in both grasping as well as communicating the content: we see a more shallow learning process.

Three of our main findings, (1) reading from paper, (2) focus on factual information and (3) few critical questions, should ring alarm bells since they are indicators of a more shallow level of collaborative learning – to put it mildly. Scores of the first language session were more positive on all three aspects, showing that these students were able to have a higher variety of contributions, could do without reading out texts and were able to ask critical questions. The medium of communication as such seems to have an effect on the nature of collaborative learning. Our findings are striking, worrying, and they indicate that – when looking at the quality of the learning process – English-medium PBL may not be the best vehicle available for non-native speakers.

Further research may show whether or not our findings are incidental or more structural in nature.

Table 2: Frequency of utterances

Type of utterance	Language 1: Dutch	Language 2: English
Statement	54%	69%
Constructive statement	11%	2.5%
Argument	1.8%	10.1%
Counter argument	–	–
Procedure question	15%	7.6%
Open question	1%	–
Critical question	1.8%	1.3%
Verification question	1.8%	–
Explanation question	1.8%	–
Confirmation	11.8%	7%
Negation	–	–
Source statement	–	2.5%

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Luxury consumption in tourism: The case of Dubai

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Over the past 30 years, Dubai has quickly developed into what can no doubt be described as one of the pinnacle tourist and business destinations of the world. Fuelled by the vision and generosity of H.H. Sheikh Mohammad bin Rashid Al Maktoum, Dubai's renowned reputation for its vast supply and thus consumption of luxury products and services has continued to grow parallel to the city's expansion. Within the luxury hotel segment, Dubai can now be considered to be saturated with the supply of luxury hotels, which consequently is beginning to show negative financial effects (STR, 2016). It is possible to suggest that Dubai's over-exposure and the so called "mega-dream" are in fact denting Dubai's luxury reputation. This small discussion paper casts a critical narrative over Dubai's developments, its negative effects on the city's luxury hotel segment and questions the long-term sustainability of the city's advancements. Finally, a call for research is made, looking at a number of possible research opportunities recommended to explore and evaluate the line of discussion in more detail.

Keywords: destination brand, hotel pipeline, reputation, sustainability

Introduction

Dubai is one of the seven Emirates situated on the eastern coast of the United Arab Emirates and is a name which most people will likely recognise. With its golden beaches, all-year-round sunshine and a wave of international investment from Western and Eastern multi-national companies, some could hypothetically and geographically say that Dubai currently sits at the centre of the world map for business and leisure. It is hard to believe that 30 years ago, on the ground on which Dubai now stands, there lay nothing but open desert, with a handful of small fishing boats being the closest you would come to finding civilisation.

Today, however, there is a complete contrast. With oil having been struck in the deserts of Dubai in the 1960s, the previously small, sleepy fishing village has gone through tremendous developments into now becoming arguably one of the most luxurious and lavish tourist destinations in the world, attracting guests from all four corners of the globe. While some people may contemplate the somewhat "lucky" nature of a country striking oil "in the middle of nowhere" and the power of wealth which comes from such luck, it is fair to say, however, that Dubai's continuous growth in visitor attractiveness is far from coincidental but a long-term strategic plan made up of much thought and precise planning.

Dubai's rise to fame

With reports in 2007 speculating that Dubai's oil reserves would quickly run dry and predicted to be depleted by 2020 at the rate of extraction at the time (Oxford Business Group, 2007), a government-funded strategy against "putting all eggs in one basket" has seen Dubai complement its revenues

from the oil industry by hedging on the service sector as a key growth driver of its economy. In comparison to its other co-prosperous GCC peers, Dubai's economy is far more diversified, with the service sector contributing 38.3% to the GDP. Hospitality's share of the GDP as of 2015 stood at 5.6 %. (Emirates NBD Bank, 2016).

The increasing emphasis on tourism as an engine of Dubai's economic growth is a logical consequence of the iconic brand that Emirates Airlines has evolved into since its inception in 1985 with two leased aircraft, scaling up rapidly to an all wide-bodied fleet of 236 aircraft in service with over 250 on the order book as of June 2016 (Emirates, 2016). This transportation, some would say, is driving Dubai forward in attracting and delivering high numbers of visitors, year after year. From 14.2 million international visitors (DSC, 2016) in 2015, the Dubai Government's Department of Tourism and Commerce Marketing (DTCM, 2015) aims to take this figure to over 20 million by 2020 per its Tourism Vision for 2020 master plan, defying industry benchmark forecasts (STR, 2016) that peg the figure at a little over 16 million.

But questions which have circulated in academia about Dubai's successful bid to host the Expo 2020 have provided a stimulus to the non-oil economy as a whole, in particular to the tourism and hospitality industry, against the backdrop of rapid economic growth the Emirate has achieved in recent years (Nadkarni & Jauncey, 2014), making the illustrious target by 2020 achievable. The optimism for achieving the set target despite the economic and political headwinds in its extended geography is fuelled by scalable developments in the domains of logistics, infrastructure, connectivity and knowledge economy (LICK). Academics have historically used Dubai as a focal point for their case study research. While many are likely to be impressed by the growth in numbers, most notably

those businesses looking to capitalise on future investment dealings within the city, others have looked to question the sustainability of the city's growth patterns (Bagaeen, 2007).

For this paper, it is imperative to scrutinise and delineate the reasons driving such impressive visitor numbers, growth rates and related metrics. While a MasterCard study by Hendrick-Wong & Choong (2015, 5) study infers that Dubai has the highest overnight visitor arrival expenditure per city resident among 20 peer destinations, as illustrated in Figure 1, not all overnight visitors are hotel patrons. According to DTCM (2015, 8), a staggering 26% of overnight visitors fell into the staying with friends and relatives (SFR) category.

This seemingly high proportion is explained by the high percentage of expatriates among Dubai's resident population, and in ways, casts somewhat darker shadows over the vast efforts Dubai has made over the past decades to distance itself from other highly visited locations.

Dubai's strategic plan, as discussed earlier, has sought to differentiate itself from many of its global peers by a sustained focus on grandeur. A queer combination of large and luxurious in superlatives is what has now come to define Dubai's growth DNA. Dubai has prided itself in being the home to the world's tallest building (the Burj Khalifa), the largest artificial island (the Palm Islands), the tallest hotel (the JW Marriott Marquis), the world's most luxurious hotel (Jumeirah's Burj al Arab) and is on track to developing the world's largest airport (the Dubai

World Central). Scherle and Jonasson (2014, 153) describe these projects as being the "icon of decadence and luxury".

From a hospitality and tourism perspective, as stated by Jauncey and Nadkarni (2014, 382), Dubai's status as a "global beacon" for travel destinations is validated in part by the rapid growth in hotel capacity witnessed since it won the bid to host Expo 2020 in 2013. STR (2016) data on the supply of hotel properties and rooms since the Expo 2020 bid was won by Dubai are summarised in Table 1.

Figures 2a and 2b illustrate the year-on-year growth trend in Dubai's hotel supply, showing a significant uptick in capacity in the luxury segment following on Dubai's successful bid in 2013 for the Dubai Expo in 2020, with the rate in growth decelerating sharply in subsequent years as a consequence of the global economic climate in general and falling oil prices in particular.

In order to gain further insights on the basis of the three key metrics used in the hospitality industry (Queenan, Ferguson & Stratman, 2011), namely average daily rate (ADR), revenue per available room (RevPAR) and occupancy, luxury properties were retained, with the rest being filtered out from the STR data set for the population of Dubai hotel properties from 2013 to 2015. A visual exploration of the longitudinal trend of these metrics is presented in Figure 3.

The cumulative average values for 2016 H1 up to which STR data are available for Occupancy, ADR and RevPAR are 73%, \$351 and \$261 respectively. The longitudinal trends from 2013

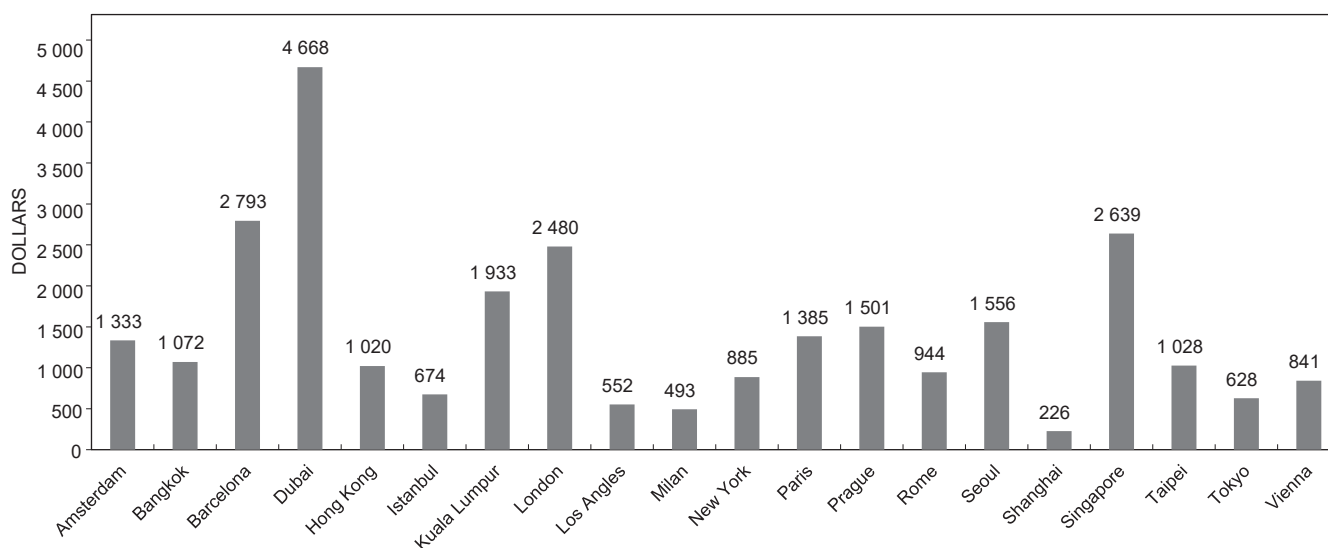


Figure 1: Visitor expenditure per city resident (Source: MasterCard, 2015)

Table 1: Hotel capacity timeline in Dubai (Source: STR, 2016)

Class	June 2013		June 2014		June 2015		June 2016	
	Properties	Rooms	Properties	Rooms	Properties	Rooms	Properties	Rooms
Luxury	51	15 148	58	18 038	64	19 621	67	20 325
Upper upscale	70	16 613	73	17 961	76	19 403	78	20 344
Upscale	87	15 397	93	16 814	94	17 138	99	18 902
Upper midscale	59	8 824	59	8 831	60	9 478	62	10 084
Midscale	56	8 569	58	8 971	57	8 866	60	9 897
Economy	28	3 904	30	4 172	30	4 172	31	4 374
Total	351	68 455	371	74 787	381	78 678	397	83 926

to 2015 show a declining slope in all three metrics. However, the extent of the decline in ADR (slope = -0.054) and RevPAR (slope = -0.061) is an order of magnitude higher than that for Occupancy (slope = -0.005), which seems to suggest a downward spiral of the revenue metrics in order to arrest the decline in occupancy. From a causation perspective, there are two drivers contributing to this phenomenon: (a) subdued oil prices and the extended macro-economic environment in Russia and the UK in particular, visitors from which constitute a perceptible proportion of luxury consumers, and (b) growing over-capacity in the luxury segment.

The corresponding occupancy figures for Dubai's hotel population ex-luxury in 2016 H1 is 77.7% which further indicates that the demand for the luxury segment tends to be more subdued than for the non-luxury segments taken cumulatively, despite growing capacity. A possible inference emanating from this analysis is that growing number of visitors are gawking and "gazing" at, rather than actually "consuming" (Thurlow & Jaworski, 2012; Urry, 2002) the luxury assets in Dubai.

It is therefore appropriate to surmise that these "icons" coupled with a series of year round events facilitated by the

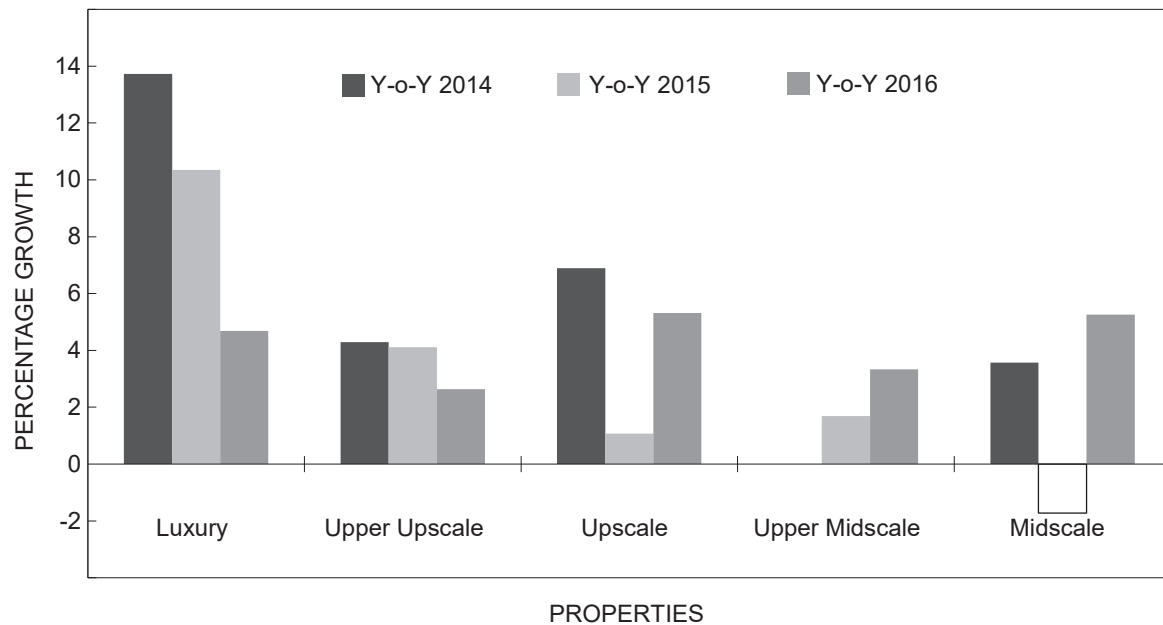


Figure 2a: Year-on-year growth in Dubai's hotel supply, properties

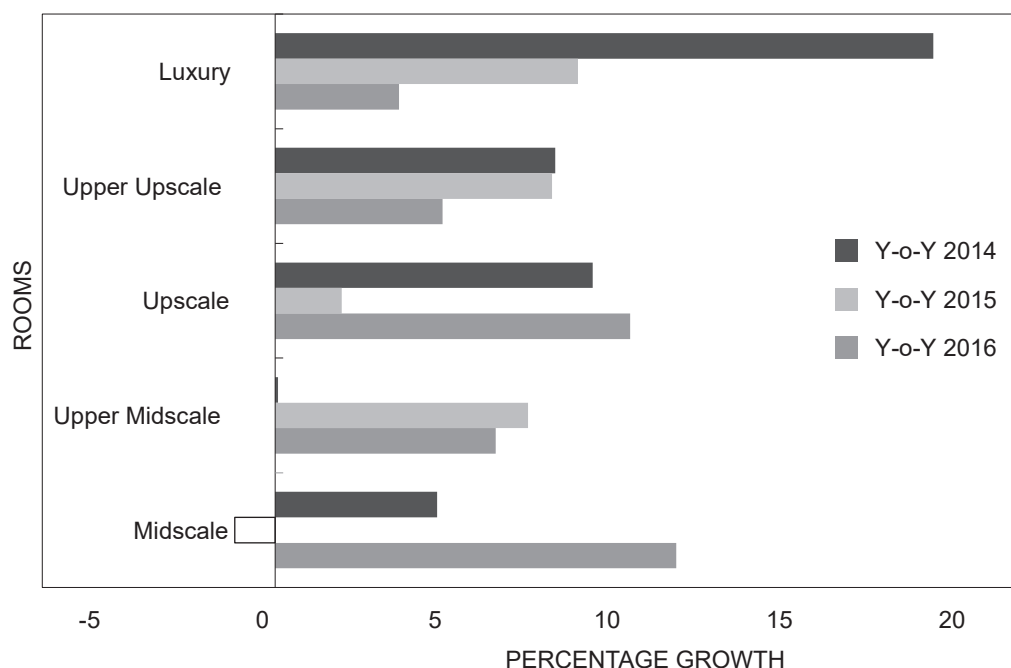


Figure 2b: Year-on-year growth in Dubai's hotel supply, rooms

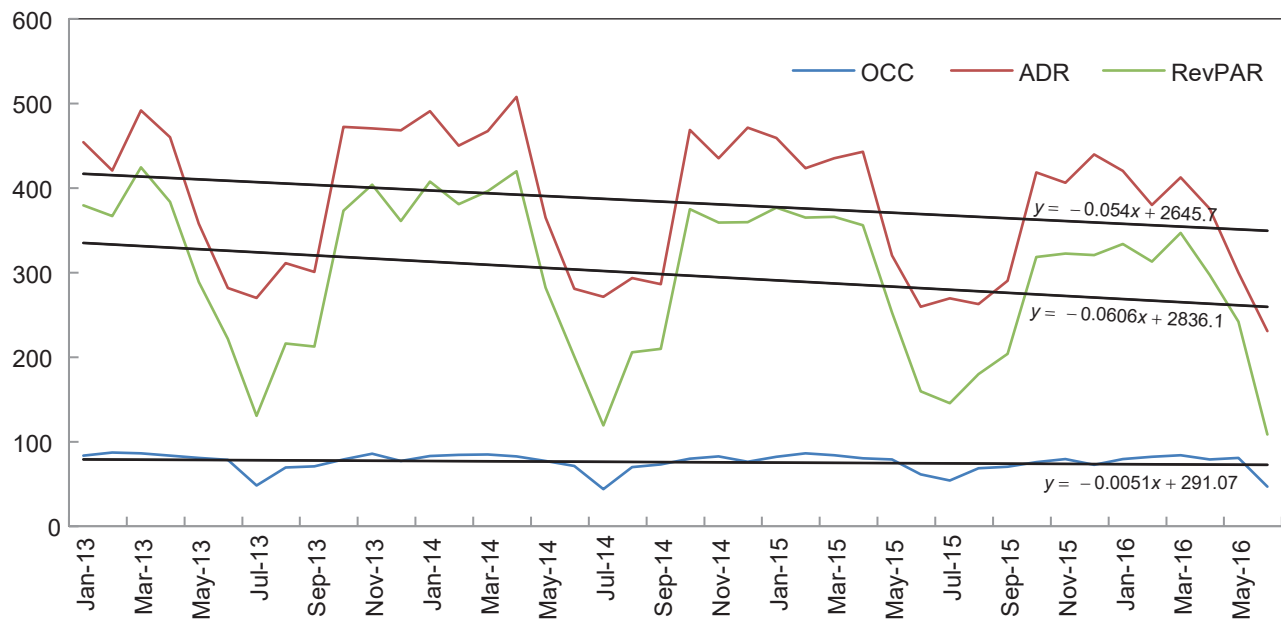


Figure 3: Trends: Key metrics for luxury hotels

Government such as the Dubai Shopping Festival, Dubai Summer Surprises and aptly designated with the homophone "Do buy" (Scherle and Jonasson, 2014, 154) have an impact on driving this growth in visitor numbers and spend. Whether the trend in the profile of the growing visitor numbers in terms of their purchasing power for "consuming luxury" is in line with the trend in the capacity addition of "luxury consumables" is moot.

2016 – Dubai's dilution of its luxury appeal

A look at the more sociological and philosophical nature of the luxury concept has raised interesting arguments about the positioning of Dubai's desire for continuous luxurious expansion on a grandeur scale, raising doubts on whether the desire to continuously grow is in fact diluting the destinations luxury appeal.

While the concept of luxury can be said to correlate to Saad's (2007) Costly Social Theory in that it can be perceived to be socially useful by assisting to showcase wealth, success or social status (Denzinger, 2005; Wang & Griskevicius, 2014). That said, it may be questioned whether the notion of greed and continuous growth is in fact a positive thing for continuation of a brand luxury categorisation.

While the concept of luxury may bear connotations to adjectives such as quality, sophistication and decadence, a more vital attribute is needed for luxury to maintain its strong relationship with inner desirement (Berry, 1994). The attribute in question is exclusivity.

According to Nwankwo, Hamelin and Khaled (2014, 738), it is "rarity and exclusivity [which] are the abiding characteristics that often define and make luxury more desirable". In recent years, however, it has been well documented that the challenge which many companies have is maintaining their exclusive appeal (Yeoman, 2011), trying

to resist the temptation of mass selling and mass exposure. As observed by Hennigs et al. (2015, 932), an organisation can be said to be in need of constructing "a balancing act between brand growth and brand over-exposure, with the main challenge being to reassure the true value of the luxury concept and maintain the perception of excellence, exclusivity and uniqueness".

Statistics and the narrative line of enquiry stated earlier in this paper bring into focus the long term sustainability of Dubai's exclusive and thus luxury appeal. Whether the Emirate's ongoing expansion plans coupled with the meticulous efforts to increase visitor arrivals in the run-up to the Expo 2020 event would put at risk Dubai's carefully cultivated image of an exclusive luxury destination is a question that merits further scrutiny.

While it may be perceived as logical for Dubai to grow its visitor numbers ahead of the Expo 2020, there are downside risks of "over-exposure" to the luxury aspect which embodies "brand Dubai". The strong growth witnessed in the luxury hotel segment is a case in point as increasing capacity begins to weigh in negatively on performance metrics such as occupancy and average daily rates. More importantly, such concentration of "luxury" in a confined geography risks diluting the rarity and exclusivity elements from the consumer experience. With the ease of consumption therefore, one could argue whether the so called desired effect (Berry, 1994) is as strong within individuals to consume than other instances where the ease of consumption is a lot more difficult. The intangible value which can be added when offering something which is hard to come by and which only a few are able to experience is likely to result in increased economic value through consumers' willingness to pay premium prices and encourages psychological responses which highly influences buying power (Tynan et al, 2010; Barone & Roy, 2010). The sheer mass, over-exposure and ease of accessing a luxury experience in Dubai therefore may well

see the decrease in consumers' willingness to pay premium prices, as is already starting to happen with the ADRs and RevPARs for the luxury hotels in Dubai (see Figure 4).

A review of literature reveals that consumers are now looking for a more authentic and traditional experience when it comes to luxury travel (Yeoman & McMahon-Beattie, 2006; Yeoman, 2011). The trajectory and timeline of Dubai's growth which has witnessed large scale construction of buildings, tourist attractions and transportation infrastructure thus stands the risk of making it a challenge to categorically recognise and distinguish the true authentic DNA of the emirate. Already a host to residents from over two hundred countries, the growing influx and investments from global and regional businesses is poised to further contribute to Dubai's cosmopolitanism as it is to the economy. Whether this comes at the price of reduced "authenticity" is moot.

Conclusions

While this discussion paper has sought to highlight the developments of a city which only a few decades ago was once just a small fishing village to what is now primarily positioned to be one of the major business and tourism hubs in the world, one cannot overlook the risk which the over capacity of luxury's supply can have on a destination's image.

While research about Dubai continues to stay focused on the developments of its hospitality industry, a deeper and more thorough evaluation examining Dubai's long-term economic sustainability surrounding its luxury hotel segments is needed. Such analyses will contribute to informed decision making by industry practitioners and policy makers on the merits of deploying luxury as a destination-wide growth driver. It is therefore conjectured that a research agenda focused on the economic, socio-cultural and environmental sustainability of the destination will assist stakeholders to analyse and forecast future growth opportunities. With major events and developments in the GCC region such as the FIFA World Cup in Doha scheduled for 2022, the potential for repositioning "a new Dubai" seems high vis-à-vis its GCC peer completion set.

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An essay on Karma Karana: A notion on restructuring the Bali hospitality and service industry by re-establishing the concepts of Tri Hita Karana and Karmaphala

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The island of Bali in Indonesia is well known for its tourism industry. Currently, the government of Indonesia has released a free-visa policy to many countries around the globe to increase the number of foreign arrivals and boost the tourism revenue. The programme has recorded a significant number of foreign arrivals and it means that there will be more demand on hospitality-related business in places where tourists are concentrated. However, Bali is not really happy with this growth. Most of the locals are still living below the poverty line. The problem of waste is also haunting the island at the moment. Does the money that is generated from tourism really help the people and the island itself to grow? What is the best solution to giving the locals a chance to get a slice of opportunity from the tourism industry? What is the best solution to help the island to preserve its nature and culture? A form of social entrepreneurship should be established in order to help these problems.

Keywords: social entrepreneurship, Indonesia, tourism, sustainability

Introduction

Bali is one of the most popular places in the world in regard to its tourism. Statistical data released by the Bali government tourism office shows that the number of foreign arrivals in April 2016 reached 1.4 million people – slightly higher compared to the previous year, which had only 1.2 million arrivals. As the number of foreign visitors increases, the island should relish the economic benefits that tourism offers. However, have the residents of Bali received the economic benefits promised? A population survey data released by the Indonesian statistical bureau shows that in 2015 around 2.7 million people are registered as residents in Bali. Around 218 790 residents in Bali still live in poverty, which means that around 10% of the people on the island are still living below the poverty line – around IDR 300 000 per month (€20). The average expenses per capita in 2015 of the region were around IDR 1 125 482 per month – equivalent to €70 (Badan Pusat Statistik Republik Indonesia, 2016).

Bali has a relatively low unemployment rate. The latest data show that the unemployment rate in Bali was only 1.9%, or around 40 000 people in 2014. The city of Denpasar has the highest rate of unemployment, with around 10 000 people in the area who do not have jobs (Badan Pusat Statistik Provinsi Bali, 2015). The Indonesian government under its ministry of manpower releases a statement each year of the minimum wage that every citizen should receive each month during employment. The amount is different for each province in Indonesia, and is counted using various measures such as cost of food, housing, health care, education and other basic needs. The latest data show that the minimum wage in the province is IDR 1 621 172 – equivalent to €108 (Dewan Pengupahan Nasional, 2016).

In the hospitality industry, the national average minimum wage was IDR 1 557 400 in 2015, which is slightly lower than

the minimum wage of the province (Badan Pusat Statistik, 2016). However, the number is generated on a national scale, which includes the other provinces in Indonesia. It is unclear what average nominal monthly wage is received by employees who work in the hospitality sector in Bali. Based on the data released by Badan Pusat Statistik Provinsi Bali (2014), the lowest human productivity index can be seen in the agriculture, industry and services sectors. The report only stated that the low productivity in agriculture and industry is caused by limited knowledge of manpower and the use of outdated technology. It does not give any detailed reasons for why the productivity in the services industry is also low. According to the latest data available from the Ministry of Tourism of the Republic of Indonesia, Bali generates around 78.3 trillion IDR (€5.13 billion) per annum from the tourism sector (Kementrian Pariwisata Republik Indonesia, 2016). This amount of money, however, should be a source for the Balinese community to improve their infrastructure, quality of life and technology to increase human productivity. Currently, there is no clear evidence of where the money goes.

The government of Indonesia at the moment is planning to build a reclamation area in Benoa Bay, not that far from I Gusti Ngurah Rai International Airport. According to Article 55 paragraph 5, Perpres No. 45, Year 2011, Benoa Bay is categorised as a conservation area – alongside with the water zones of Sanur, Serangan, Nusa Dua and Kuta. But in 2014, the policy was changed to Perpres No. 51, which changed the status of Benoa Bay to an area that could be converted into a commercial area. The background of this change was based on the rapid development of the hotel and commercial areas on the island, resulting in a scarcity of land and places. It was also supported by the belief that tourism will provide more capital to the country and society, which is still debated by many parties.

The changes created a big debate between government and the Balinese society. Some argued that the reclamation would bring economic growth to the area, citing that it would resolve the land problem that is currently limited on the island. However, others argued that it would create a new problem for Balinese society and culture. According to Perda (Local regulation) Bali No. 2, Year 2012, tourism development in Bali should reflect its culture and heritage. The island has the value of Balinese Hindu belief, using Tri Hita Karana as the foundation of life. If the government gives access to another type of tourism development, what will Bali's tourism image look like in the future?

Current conditions in Bali's tourism area

Many areas in Bali are currently in a bad condition. Problems such as trash, an unbalanced ecosystem, flooding and pollution, make the society think that the current tourism developments will only cause trouble for their future.

Balinese culture and Tri Hita Karana

Balinese society uses Tri Hita Karana as their basis of life. Tri Hita Karana (three causes of happiness) means that to reach happiness humans should have a balanced relationship with god, other humans (society) and also the environment. The concept of Tri Hita Karana is essentially the same as the idea of the triple bottom line that was introduced by Elkington (1994), which addresses economic prosperity, environmental quality and social justice. The only difference between those two concepts is located in the economic aspect, seeing that the concept of Tri Hita Karana was introduced long before the concept of the economy was developed by modern society. Many academics and researchers have adopted Elkington's concept of the triple bottom line and its use as a foundation to build a sustainable business. Cavagnaro and Curiel (2012), for example, introduced the three levels of sustainability, citing that a sustainable society must treat environmental, economic and social values equally. If this is combined with the concept of Tri Hita Karana, the element of care for the deity could have the same meaning as a sustainable society – having a balanced relationship with every aspect of the earth.

A recent publication was made by Pitana (2010) on the dynamic Balinese culture. The concept of Tri Hita Karana, which has been an essential belief of the society for many centuries, really helps the society to "filter" the external cultural elements before accepting it as part of a new cultural system. This is also supported by quotes from Udayana University (Unud) and Francillon (1975), who write that Balinese culture is really adaptive to change and is able to use it without losing the society's authentic culture. Besides Tri Hita Karana, there is also a concept named Tri Mandala (three spatial zones) – distinguishing the places for the deity, humans (society) and animals. This approach to building development has been part of Balinese society since ancient times. This concept could basically be developed further to create sustainable development that focuses on housing and real estate on the island. How could these concepts help Bali to rejuvenate its tourism industry, which has already deviated from its original concept? Could the anthropological studies that have been done about Bali's unique culture not be valid anymore due

to the recent development of mass tourism? McKercher et al. (2005) stated that tourism could be used as the main tool to increase awareness of local heritage and culture; in short, it could help the problems of conservation caused by the commercialisation of tourism. This statement, however, could also indicate that tourism should be more focused on creating added value for every stakeholder, not focusing only on profit and money.

Happiness is when what you think, what you say, and what you do are in harmony — Mahatma Gandhi

Karmaphala

The Balinese society believes that every action taken will result in the same action in the future. In other words, doing something good will make other people treat you in a good way. The concept of Karmaphala is basically influenced by Hindu belief. As explained by Gupta (2011), the Hindu law of *karma* means that a good deed results in a good fruit – a bad deed creates a bad result. Gupta also mentioned the belief that *karma* has an impact when humans are reincarnated (Hinduism believes in reincarnation). A good thing that a person did in a previous life will result in good fortune in the present life (Yamey & Greenwood, 2004).

The concept of Karmaphala can be linked to sustainable development. When a society treats the environment and another society badly, it will also have a bad impact on the actors.

In order to carry a positive action we must develop here a positive vision — Dalai Lama

What should be developed?

New product development (NPD) is seen as an important trend both in theory and practice (Shani et al., 2003). Ciappei and Simoni (2005) claimed that NPD is really indispensable for business to face competition in the market. NPD is also believed as being important to meet the customer's wants and needs on an actual basis (Kotler & Armstrong, 2004). In the hospitality industry, there is a strong connection between NPD and the success rate of a firm. Bowie and Buttle (2004) argue that NPD could open an opportunity for new markets. Customer needs and wants are changing and competitors are aware of that; thus a new product should be introduced to be competitive and successful (Kotler et al., 2002). The hospitality industry nowadays is heading towards globalisation; this has caused firms to standardise their products and services (Ritzer, 2007). Big firms expand their brands globally, which makes their presence bigger but also means they lose their authenticity. Since it is argued that the customer is seeking an authentic experience (Pine and Gilmore, 2007), this globalisation approach might quickly become outdated.

To be able under all circumstances to practice five things constitutes perfect virtue; these five things are gravity, generosity of soul, sincerity, earnestness and kindness — Confucius

The four chakra business model

In Sanskrit, the word chakra means wheel, as well as cycle and circle, and refers to the energy available in the human body. The term comes from ancient Indian religious beliefs such as Buddhism and Hinduism. In this context, though, the four chakras refer to the foundations of business that should be developed to achieve sustainability. As stated earlier, Balinese society uses Tri Hita Karana and Karmaphala as its guide to life. The term is applied to the new concept of a business chakra, allowing the spiritual aspect to be included in business. The other three aspects, natural, social and authentic are quite commonly seen in other types of business model (Figure 1).

Explanation

Spiritual: God provides this earth with various resources to be used for human development. Thus something should be given back to God (Tri Murthi).

Natural: Natural resources are limited and cannot be reproduced once destroyed or depleted.

Social: Humans are social beings and should be treated fairly, regardless of their status.

Authentic: Each person is different and has different needs, even though as humans we all have the same status.

What is Karma Karana?

Karma Karana is a start-up business idea that is based on consultancy, brand management and an IT system that focuses on sustainable hospitality business development. The following paragraph will explain in detail what is going to be available in the system.

Basic idea

Karma Karana will encourage all Balinese communities, together with *kepala desa* (head of the village), *banjar* (community), local government and also local universities to start their own enterprises that could have an added value towards Bali's tourism development. It is going to encourage all Balinese communities to make their own business (as



Figure 1: Four chakra business on product development

entrepreneurs) such as bed and breakfast, restaurants, tour operators, cafés and other types of service in the hospitality industry with Tri Hita Karana and Karmaphala as the basic vision.

Users will need to sign up with the system and pay monthly consultation, society and maintenance fees, based on their choice and size of business. Paying the consultation fee means that the user has unlimited access to academic resources that focus on the hospitality and service industries, as well as direct consultation with an expert of the business if further help is needed or when facing a complex problem. The academic resources here are basically made in partnership with local universities and will give their students and lecturers access to make a study for a thesis or dissertation related to the hospitality and tourism industries. Lecturers and students could have direct contact with the owner of a specific hospitality or service business registered in the system if they want to make a study or conduct research.

The society fee is money that is to be used to develop infrastructure or to be donated to any cultural or health organisation. The basic reason here is by citing the basic theory of Karmaphala: giving something good to receive a good return. However, there is no exact amount that each user needs to pay on this fee. The business will give flexibility to each user on what amount they want to pay for the society fee. The business wants to encourage users to apply Karmaphala in the business, but without putting pressure on them for money. The other fee, the maintenance fee, will cover expenses mainly focused on the business system, such as the web server, electricity and other technical issues.

Consultation and brand management

The creator of Karma Karana, together with another experienced partner, will be applying their skills and knowledge from previous work experience and education in the hospitality, service and tourism industry. A user who is registered in the system will have the right to a consultation if there is any help needed regarding their business in general. A user who does not have any experience in hospitality or service business could contact us to explain their ideas on what kind of business they want to create, and the management will give feedback on their idea in order to make them confident to start their own enterprise.

An extra paid-for service will be given if the user wants brand management. As explained in various academic papers, building a company with a good image needs proper branding, including design and logo, as well as product and service. If the user wishes to have a brand management service, they will need to pay a one-time fee which will include brand identity collateral, a product checklist, a pre-opening kit and an advertising guideline. The brand management service will be made based on user preference (tailored to need), which means that there is no standardisation of design and product, as well as trying to meet the basic requirements of the user's business. However, this service is limited only to users who want to open a lodging business or restaurant.

The mind is everything. What you think you become.
— Buddha

Integrated booking system

The system will integrate all businesses that are registered through the Karma Karana platform to ease the future customer booking process. Customers will be able to book all hotels, tours, deliveries, etc. in one process, and enquiries will be transferred to the respective party. The products to be sold in the platform will be limited to businesses that are registered on our system, thus encouraging customers to purchase local product and services. The booking system will be similar to the actual hotel booking platform that is already in the market. However, in this system the customer will have a choice and recommendations on what type of vacation they want to have (romantic, pleasure, weekend gateway), the type of accommodation they wish to have as well as the budget they wish to spend for the whole period. After they choose a particular accommodation, they will be given suggestions on what kind of tours, activities, restaurants or cultural performances they are interested in, which they could choose and book at the same time.

Responsibility of the stakeholders: Increase the national rank on journal publications

According to the latest data from SCImago Lab (2015), Indonesia is ranked 57th in the world in terms of academic journal publications. Compare to other ASEAN member countries, Indonesia is ranked below Singapore, Malaysia and Thailand in terms of the number of academic journal publications. As the current plan of the Republic of Indonesia's government is to increase the national economy through tourism, our business idea as proposed could be one gateway to solve the lack of academic publications. As mentioned in the previous section, one of the objectives of Karma Karana is connecting academic institution in Indonesia with business owners who are registered on the system. Students, researchers or lecturers who are registered at institutions that have a partnership with Karma Karana could have access to conduct their studies by having direct contact with the owner of the businesses. The result of these studies in the end could be published on the platform, which could be used by the owner or other people. This approach is related to the concept of Karmaphala – receiving what you give to others.

Increasing the national competitive index in the ASEAN Economic Community

According to the World Economic Forum's (2015) latest data on competitive index, Indonesia is ranked on the 34th position worldwide, below Malaysia, Singapore and Thailand in the ASEAN region. The report also gives details on the problematic factors in making a business in Indonesia, and highlights corruption, access to financing, inflation, inefficient government bureaucracy and inadequate supply of infrastructure. On 31 December 2015, Indonesia officially entered the ASEAN (Association of South East Asian Nations) Economic Community. The community has the following objectives to be accomplished by 2025 (ASEAN, 2015a):

- A highly integrated and cohesive economy
- A competitive, innovative, and dynamic ASEAN Economic Community
- Enhanced connectivity and sectoral cooperation
- A resilient, inclusive and people-oriented, people-centred ASEAN Economic Community
- A global ASEAN Economic Community.

What do these objectives mean to Indonesia in the ASEAN Economic Community? It is clearly mentioned in the second point that the region wants to be more competitive and dynamic. In the same report, it is highlighted that tourism will be included as the main focus to be reached for AEC 2025. What, then is Indonesia's position on tourism in the ASEAN Economic Community itself? As mentioned, there were a total of 105 million foreign arrivals in the region in 2015 – doubled from 2007, when there were only 62 million (ASEAN, 2015b). Of those 105 million, how many foreign arrivals did Indonesia receive? Based on a statement from the Indonesian Immigration authority, the number of foreign arrivals in Indonesia was only 5 million in total for 2015 (Direktorat Jendral Imigrasi, 2015). How does this number reflect Indonesia's position in the regional tourism industry?

Based on the latest data, Indonesia received 3.2 million foreign arrivals in April 2016 – an increase of 7.5% compared to 2015 (Badan Pusat Statistik, 2016). This could be affected by the current plan of the Indonesian government, which released a visa-free policy to 169 countries in the world exempting them from visa regulations for a 30-days stay in the country (Direktorat Jendral Imigrasi, 2016). This trend needs to be taken seriously in order to cope with increasing demand in the tourism sector. This platform will engage all of the users to develop entrepreneurship skills and assist them to become one of the business owners in the region. As mentioned before, corruption limits the willing on making a business, having governmental institution and local tourism agency to be a part of stakeholder could increase the level of trust to the officials. The platform is trying to be as transparent as possible in order to be trusted by the society, and hopefully could increase the entrepreneurial spirit of Balinese society and could increase the competitive index level of the nation in the future.

Increasing the economic and environmental development of the island

As mentioned in the introduction, the tourism industry in Bali generates 783 trillion IDR per annum, but it is not clear where all the money goes. The income levels are also considered low, especially in hospitality industry. By encouraging every Balinese to start their own enterprises, it could help the society enjoy the money generated by the tourism sector. By encouraging each business owner to do something based on karma, they could also donate or grant some money for public sector improvements such as health care, education, cultural activities or other public infrastructure; this is related to the definition of corporate social responsibility. According to the definition of CSR introduced by Carroll (1979), the business owner should take account of economic, legal, ethical and discretionary responsibilities. The business must make a profit and obey the law, and is expected to be ethical. The economy, on one hand, could increase because of the profit, but it does not lose the other human quality of development. The environment could also receive the positive impact of such economic development, noting that the natural resources that Bali has is the main reason why tourists want to visit. Having partnerships with academic institutions will generate more ideas on how a business should be developed without harming the ecology and environment.

Conclusion and limitations

The business idea as proposed aims to build a sustainable hospitality business product, which could hopefully resolve the social, economy and environment problems that have occurred in Bali in the past few decades. The business idea tries to combine the basic beliefs of traditional Balinese society with modern economic development. Building a system that could increase a spirit of entrepreneurship in the society is believed to be one tool that could help residents to enjoy the money from tourism development in a manner that is clear, transparent and fair. Having stakeholders such as government agencies and universities could help the island transform itself as a sustainable tourism destination in future. As mentioned by Melissen et al. (2014), the future of the hospitality business in the context of the environment will be based on four different perspectives, which include political and economic sustainability, as well as demographic and cultural and sustainability. It also worth mentioning that technology will have a greater role in business processes in the future. The business idea is already trying to develop a technological system that could help all stakeholders to receive money generated by the tourism industry of the region. It also applies the concept of a sustainable society as explained by Cavagnaro and Curiel (2012), which, besides making profit, takes into account people, the planet, and god as the main stakeholder.

However, it is not yet fully evident that this idea would solve the tourism pressure that Bali already endures nowadays. The debate on having a reclaimed area in Benoa Bay is still a source of turmoil in the Balinese society, setting economic development against the social, cultural and environmental aspects of the island. It is evident that tourism helps the country's economy, but it seems that the wrong action has been taken – exploiting the island for profit. It is also uncertain how and where the budget should be invested to build the system. This issue should be discussed further with third parties who already have knowledge of IT and financing. It is true that sustainable business does not only have making profit as its main goal, but business does need to make a profit as well to be called sustainable. A final point is that encouraging academic institutions and government officials to become involved in the project may not be considered easy, especially in Indonesia, where the government bureaucracy is quite complicated.

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