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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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EDITORIAL

This issue of *Research in Hospitality Management* follows from the Academy of International Hospitality Research conference held at Stenden University in Leeuwarden, the Netherlands. This conference was organised around one of the key strands of AIHR's research strategy, namely "Innovation in hospitality". It represents one of the three core themes of AIHR along with "hospitality studies" and "sustainability". The annual conference provides a platform for sharing AIRH's research, as well as bringing together national and international researchers in the field.

The "Innovation is hospitality" theme of research is formally headed by Professor Sjoerd Gehrels. The research theme tends towards research issues that are concerned with the study *for* hospitality. In other words, the focus is concerned with research principally related to the hospitality industry's management and practices. Research is aligned with the commercial sector and the preparation of research programmes that investigate management actions in hospitality organisations.

The first half-day of the AIHR conference was devoted to revenue management; a topic highly relevant to all hospitality businesses because services are perishable and unused capacity cannot be stockpiled to be used later. Each day represents a new challenge to ensure that sales fully utilise capacity. These constraints are of particular concerns to hotel managers where bed spaces are fixed and revenue lost on any one night cannot be recouped through sales on another day. Each day is unique. The core of revenue management explores pricing strategies to ensure maximum occupancy and income. **Geherels, Lashley and Cavagnaro** provide a report of the AIRH conference programme and presentations.

The paper by Ran **Zhang** presents insights into the study of team building among hotel workers at a four-star hotel in the Netherlands. The study explored 11 different team-building interventions by management. The results suggest that socialising away from the workplace was the most effective team-building activity. Formal management approaches are seen for what they are, and people bond better when they are in informal, off-work settings. An interesting paper, that has useful insights for team-building practices.

La Rose and Rowson's paper examines the benefits of customer loyalty programmes. Many hotel companies are now looking to introduce customer loyalty schemes as a way of working directly with guests, instead of via booking platforms. It is felt that these loyalty schemes are more beneficial and less costly than booking agencies. The research suggests that to be effective, the loyalty programme has to provide guest with benefits not available to non-programme guests.

Heyes and Lashley's paper examines the supposed relationship between luxury, price and exclusivity. The research examined the tangible and intangible benefits provided for guests in three luxury hotels in London's Mayfair district. While it is assumed that luxury, price and exclusivity work in tandem, this research demonstrates that the benefits of luxury in accommodation and service provision reaches an optimum point, while price and exclusivity are correlated and rise together. In other words, although the comparison of the benefits provided in the three hotels' luxury suites were very similar, prices ranged across £5 000, £15 000 and £22 000 per night. As prices increased, the level of luxury did not increase correspondingly, though the number of guests willing and able to pay the higher prices reduced, thereby increasing exclusivity in line with price.

Fast, de Boer and Rowson's research investigated the factors likely to lead to customer satisfaction in the MICE (meetings, incentives, conventions, events) sector. Customer satisfaction is an important consideration for all service providers, because satisfied customers are much more likely to return and actively recommend the provider to friends and colleagues. Meeting and convention users respond most positively to the intangible aspect of their service experience. Friendliness and politeness were ranked highly, but so were other intangibles, such as empathy, reliability, and responsiveness. Tangibles relating to facilities, equipment, and food quality also scored high on importance.

The cost of wine wasted as a result of serving by the glass was the subject of **Koldenhof and Vrenegoor's** paper – Wasted Wine. Restaurants offer their guests the option to buy wines by the glass. This is attractive to customers who do not want a whole bottle, or where different guests in the same party wish to drink different wines. The consequence of this wine-by-the-glass policy is that opened bottles of wine go to waste, adding unnecessary operating costs. There is a number of wine-preserving systems that could help preserve wines when opened. The paper suggests several options, but industry practice continues to tolerate the wastage.

Renfors' paper is based upon a presentation made at the AIHR conference. The work explores the possibility of tourism programmes encouraging a more regio-centric approach to tourism in the Baltic. Sanfors is based in Finland and suggests that along with colleagues from Estonia and Latvia programmes could be collectively developed. The curriculum and programme presented could be designed collaboratively and then presented to students, developing the skills specific to tourism in the three countries. The programme would be promoting tourism without borders in that it would consider the region as a whole, rather than a group of individual countries.

Innovation in tourism is the subject of **Genç and Genç's** paper. The paper introduces the innovation types outlined in the current literature. It discusses four impacts of innovations in tourism. These are increasing the existing capacity, the survival of tourism sector itself, overcoming possible negative effects, and opening up saturated markets. Each type of innovation is related to one impact, and they are explored by using real-world examples. In conclusion, the paper, presents a model to measure the impact of innovations on the quality of life (of both tourists and service providers) and revenues received by the stakeholders who participate in the tourism market by investing.

Luxury service in the context of luxury hotels is the subject of **Harkison's** paper. Luxury in the intangibles is an under-researched area. When compared to other hotel settings, luxury hotels provide guests with more employee time. In some cases, a personal valet or housekeeper generate more intense service, but the offer is essentially focusing on the guest experience, and front-line staff performance is crucial to generating these experiences.

The importance of economics in the hospitality management curriculum was the contention of **Haynes and Egan's** contribution to the AIHR conference and paper reproduced in this volume of *RHM*. Economics was a module found in most hospitality management programmes in the past, but the subject lost favour in the last couple of decades. The authors argue that in the contemporary age of "big data", economic literacy is an essential for managers making revenue management decisions. Economics should be returned to the core management programme aimed at the hotel sector in particular.

Given the service characteristics of the hospitality offered to guests, employee performance represents a key intangible element of the experience that customers receive. Even in branded and partially standardised hotel and restaurant brands every guest/host encounter is unique and staff have to be able to perform in the appropriate manner.

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REPORT

Academy of International Hospitality Research (AIHR) Conference, 11–12 April 2017: Innovation in Hospitality – an overview

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The third AIHR conference: dedicated to innovation in hospitality

The third AIHR conference involved 18 speakers making either keynote or paper presentations from twelve countries, mostly from Europe but also one from the USA. Over 80 delegates registered to attend and the programme stimulated some lively debates. Formal and informal feedback was very positive and most attendees reported that they gained a lot from the event.

The conference opened with a debate on revenue management. Revenue management embraces the selling of goods or services at the optimum (by definition, not the maximum) price. The optimum price is the best price that a guest is ready to pay at a certain moment in time, in this case the optimum price per room so as to maximise hotel revenue on any one day. Hotel accommodation is said to be highly perishable because it is time-specific. Rooms not sold today cannot be stockpiled until tomorrow. Hotel management is keenly focused on ensuring maximum occupancy at the best possible price; and revenue management has been an important tool to assist in this objective.

The first speaker, Professor Stanislav Ivanov from Varna University, posed questions about the durability of revenue management by stating that some assumptions of revenue management are probably already outdated and do not take into account new realities. One of the questionable assumptions is about the linearity of the demand curve because people are not the rational decision-makers of classic economic models. Not all hotel guests are equally price sensitive – those with expense accounts, or luxury seekers, for example, are unlikely to respond in the classic theory way when prices are reduced. The way companies consider their guest is not future proof because clients will also have at their disposal artificial intelligence and will use it to challenge the revenue management structures of the service provider. Artificial intelligence will, for example, compare hundreds and thousands of website for offers, will check on hotel rates 24/7 and be able to book and pay. And this thought brought Professor Ivanov to the last question: who will be the target of revenue management then, the human being or the artificial intelligence making the booking for the client?

Jean-Pierre van der Rest, Professor at the University of Leiden Law School, focused on the institutional response to the possible artificial intelligence threats to customer privacy and freedom of choice. The point being that behavioural pricing is discriminating because it uses personal characteristics to fix a price for a good or service. And that, moreover, it can negatively affect the trust people have in the company using these tactics. Finally, there are people who have not the capacity to understand when they may be cheated by a company. Legislators may intervene using, for example, the tool of mandatory disclosure, warning about pricing policies. In an experiment, Jean-Pierre checked the impact of different disclosure statements on the propensity for people to buy. Results show that disclosure statements do not have a negative impact, and in three out of four options, do not have a positive impact on the intention to buy. The more the message is in line with the perceived self-interest, the higher their intention to buy. This rebound effect makes disclosure not the best way for regulators to act and warn people.

Stan Josephi introduced revenue management as a game with different levels and of increasing complexity. Its complexity has to do with the shortage of skills, the short-term focus of owners, the Chinese walls between hotel departments, and in fact the sheer variety of customers' needs and wishes. His message is that to play this game properly, the whole organisation should be geared towards playing it, from strategy via processes and culture to people's mentality and intuition. The people touch, though, should not be emphasised as much as it is now. The focus should be on online reputation of the hotel and scientific analysis of reliable data, not only to optimise demand, but to generate it.

Benjamin Tam, revenue manager at NH hotels, tied down the whole discussion to practice. The message is that revenue management is becoming more flexible and dynamic so that a tailor-made offer can be made to the guest. The tools being used are making this possible by offering data almost in real time. Interestingly, NH is now negotiating with Booking, from which they still get the majority of guests, by offering the same discount they offer to NH loyalty programme members, but only on the condition that the client coming to Booking enrol for the loyalty programme. Clearly too at NH, revenue

management is becoming a strategic endeavour, aimed at achieving a high-quality, long-term revenue per available room. It is no more only an evaluation tool for front-office employees, as it seems still the case in text books that are used for educating students. Is education in hotel management ready to teach revenue management as it is now?

Then the conference proceeded to address the core of hospitality, hospitableness, with the launch of the latest book edited by Conrad Lashley – the *Routledge Handbook of Hospitality Study*. In presenting the book, Lashley pointed to the social and not only the commercial nature of hospitality. Lashley claims that the root of hospitality is sociocultural, about letting people feel welcome. The commercial hospitality industry builds on this. Therefore for commercial hospitality to thrive, its sociocultural background should not be forgotten nor reduced to formulas.

Andy Heyes claimed that luxury is a contested concept and that it cannot be described by considering only tangibles such as price, or square metres of the room and number of facilities. Location is surely also a notion to be considered (what is luxury in London may not be so in Dubai). Yet all thing considered, Heyes concluded by analysing a sample of luxury hotels in London. The difference is not in luxury, but in exclusivity, and this was largely shaped by the price paid by guests.

Natalie Haynes from Sheffield Hallam talked about the relevance of economic theory to hotel revenue management in the era of big data. In her analysis of academic literature and of interviews with revenue managers, Haynes noticed that the focus has shifted from supply (such as planned hotels) and demand to only demand. This is, in her view, an unhealthy development as obviously the amount of supply co-determines the demand. Economic literacy is not only needed to understand the basic principle of the interplay between supply and demand, but also to understand the complexity of revenue management and be able to make informed choices. Haynes pleaded finally for confronting our students not only with classic economics, but also with behavioural economics.

Soteris Kefalas, from Cyprus, brought the person behind the figures back on stage by focusing on quality service in the hospitality industry. Marco Benevolo, expert in future studies, talked us through a paper he recently wrote on brand proposition love mark from the perspective of local branding. Benevolo emphasised that design research is a tool to envision futures, and to question these visions contextually. Anne Kleefstra illustrated the design of her research on the impact of human research development on organisational performance in the hospitality industry.

The final keynote address by Professor Jay Kandampully, from the Ohio State University, addressed service innovation in the age of customer centricity. Kandampully united the people and the profit-oriented approach to quality by stating that they are all needed in today's competitive hospitality industry. This competitiveness is literally pushing the industry further, pushing the limits of the industry further. The point is that what counts is not the present situation, but the way value will be co-created by engagement and innovation in the future. Engagement is very different from loyalty. Loyalty is about customers returning to the business but engagement means promoting the company we feel engaged with. Innovation is the constant improvement in processes and operations. Kandampully asserts that service innovation starts

from an ability to find a solution to a client's problem via customer co-creation and engagement; T-shaped thinking (multidisciplinarily educated people); sustainability (long-term orientation); to end with society (sustaining the society where I operate). Though some of the examples shown have been taken in by reality, the model is strong. *AirBnB* is no more delivering on their promise to offer unique rooms by real people, and *Uber* has got public attention for exploiting its drivers; yet they are disruptive innovations based on co-creation and engagement, even though it is doubtful – with the knowledge we have now – that they positively contribute to society.

The second day started with unveiling a work of art by Isaac Monté, designed as a conversation piece to induce people to reflect about the negative consequences of throwing cigarette butts on the ground. The opening was made by Jan Atze Nicolai, Helderma of the municipality of Leeuwarden, and Sjoerd Bootsma, director of the festival, Welcome to the Village. The art work was built using threads spun by the cigarette filters gathered during the CELTH project, Sustainable Strategies for Events, executed under the leadership of Marisa de Brito (NH University) and Elena Cavagnaro (Stenden AIHR). In their keynote address, de Brito and Cavagnaro highlighted the main point of the project and showed how through behavioural intervention they could nudge event goers into more normative behaviour, such as not littering.

Jaana Ruoho from Finland continued the line on sustainability with a presentation on green empowerment, showcasing projects from her university, Satakunta University of Applied Sciences. Entrepreneurs in the Satakunta region have started to develop services based on the healing power of nature – green care services, such as forest yoga and forest gym. Green care is well established in Europe as a service integrated into the health and social well-being system. Yet, in Finland, alongside this approach, another one has emerged where green care is offered as a tourism product. The university has supported entrepreneurs to create new services around the concept of nature as a healing environment. This is because the entrepreneurs interested in green care often are very enthusiastic, but not so knowledgeable on, for example, pricing and accounting, and will need to cooperate to offer and market their services properly, and cooperation is also often a skill that they do not possess. The project is still in the start-up phase, yet several entrepreneurs have already been contacted and involved.

Margreet Godwin, from Glion University in Switzerland, introduced us to research exploring and critically evaluating the learning style of hospitality management students. Indeed, studying learning style is a contested subject for several reasons, including a lack of universal definition, the weaknesses of measurements, the difficulty to apply those measurement and the assumption that students have a single preferred style, while a lot of research shows that a person's learning style is influenced by peers, by the subject thought, the year of study and so on. Results show that hospitality students are not very different from others, they are not particularly high Activist learners, nor low on Reflective learning styles, as is often assumed. A focus group following the survey reflected very positively on the experience, and started reflecting on their and other's learning style publicly. Only a longitudinal study can show if the result obtained by this research was influenced or

not by the year of study. Glion hopes to be able to use learning styles to encourage the development of metacognitive skills.

Professor Inge Hutter, from the Erasmus University in Rotterdam, shared thoughts on the qualitative research cycle and opportunities of making this cycle more participatory. A participatory approach is characterised by doing research with people, and not on people. It aims to achieve scientific outcomes, but also to stimulate a social change. A regulative cycle has been used to design a project in Malawi where stakeholders were engaged in all stages of the research process. The aim of the project was to understand and, if possible, help lower maternal death. In listening to the people from the village, it became clear that there were situational factors, such as the situation of the roads, and personal factors, such as the choice of whether there is a risk to stay home instead of dying on the road. The community was also engaged to design a solution, an adapted bicycle, and operated it. As often happens, there were some unexpected outcomes, such as the perceived empowerment of women. A learning point for Hutter herself is that for a participatory approach, a researcher needs also to be a spokesperson, a companion and a coach.

Clement Ryan, from the school of hospitality management at the Dublin Institute of Technology, addressed the impact of internships on self-efficacy levels of studying. This is in the Irish context where education is free, including university, and dropout rates are very high. Albert Bandura first measured self-efficacy in the 1970s and 1980s. He believed that self-efficacy develops in a complex process that included the experience of success. From here came the interest to study internships. The General Self-Efficacy scale developed by Schwarzer and Jerusalem in 1995 was used in a pre-test, post-test design on bachelor hospitality students. Preliminary findings show that not all student self-efficacy levels increased during the process; female self-efficacy increased, while the self-efficacy of male students decreased. This is a pilot study and definitive conclusions cannot be drawn.

Sanna-Mari Renfors, from Finland Satakunta University, presented on internationalisation of the tourism business curriculum as an alternative to physical mobility to develop intercultural skills. The project at this moment is still in the exploration phase. Necessary skills for the international tourism industry have been identified and are going to be integrated into the curriculum.

All work and no play? What hotel employees prefer as team-building interventions

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This study investigated what hotel employees preferred as team-building activities among 11 types of interventions. Data were collected from 102 employees in a four-star hotel in the Netherlands. Results showed that socialising was the most preferred team-building intervention, whereas outdoor fun was the least preferred by employees. Through a series of Exploratory Factor Analyses, the newly developed scale was revised to include five main types of team-building interventions (i.e. socialising, interpersonal communication, work content, creative problem-solving, and outdoor fun). Theoretical and practical implications are discussed.

Keywords: team-building interventions, employee perceptions, hotel industry

Introduction

Team-building interventions are practised by many business organisations, including hospitality companies, in order to improve team morale, cohesion, and performance (Klein et al., 2009; Tews et al., 2013). Managers and practitioners conduct a wide array of team-building activities such as indoor or outdoor games, social events, athletic or sports activities, and business-related forums and discussions (Salas et al., 1999; Klein et al., 2009).

The literature on team-building interventions shows a hugely diverse range of activities being performed under the term “team building” (Miller, 2007; Klein et al., 2009). From gentle activities such as having drinks in a bar to extreme sports like go-karting in the mud, team building can take on countless forms. Although descriptive studies have substantially contributed to the understanding of what types of team-building interventions are generally practised by organisations, some issues still remain. One such issue is the lack of knowledge in terms of which types of team-building activities employees desire the most. Research shows that team building is being frequently performed (Salas et al., 1999), though it can embrace many forms of activity (Miller, 2007). Team building, when properly implemented, can have positive effects on the team (Klein et al., 2009). However, what is unclear is which types of team-building activities employees, instead of managers and team-building facilitators, actually prefer. This study aims at developing a clear typology of team-building interventions and identifying which types of team-building interventions are preferred by hospitality employees, as well as to what degree these preferences may differ across various demographic groups (i.e. age, gender, nationality).

By investigating the preferences for main categories of team-building interventions among staff at a four-star Dutch hotel, this study makes two unique contributions to the literature on team-building interventions and organisational

behaviour in hospitality. First, through reviewing the literature on team-building interventions, a team-building typology is developed and a scale to measure this typology is created for the use of future research. Second, instead of investigating what managers and team-building facilitators prefer to organise as team building, this study examines what employees desire and prefer. The value of this focus is self evident. If the management truly intends for team-building interventions to lead to positive effects such as increased morale and improved work performance, knowing what employees actually want as team building may very well be the crucial first step in achieving that goal.

Team building defined

As team-building interventions can encompass a wide range of activities, it is easy to forget or ignore what such interventions are defined to be. Team-building interventions, also sometimes referred to as team-development interventions, are high-interaction activities designed to enable work teams to achieve results better, meet team goals, and accomplish work tasks (Salas et al., 1999; Klein et al., 2009). Team building has four main components – goal setting, role analysis, -solving, and interpersonal relations (Klein et al., 2009; Robbins & Judge, 2014). Goal setting involves team members clarifying various work-related goals towards which they work and identifying ways to achieve them; role analysis involves team members discussing and analysing their own as well as others’ roles in the work team in order for discrepancies and disagreements in perceptions to be addressed and solved; problem-solving focuses on systematically identifying and discussing ways of solving task-related or process-related work issues; interpersonal relations involve interactive, group-based activities or interventions designed to build trust, encourage open communication, and increase team cohesion (Salas et al., 1999; Klein et al., 2009; Robbins & Judge, 2014).

Team building: a typology

In practice, it is rare that a single team-building event can incorporate all the four abovementioned components. Most team-building interventions would focus on one or two out of the four key components (Klein et al., 2009). In other words, it is common for a team-building intervention to only focus on interpersonal relations by letting team members share with each other personal information in order to increase trust and liking (e.g. Mitchell, 1986), or focus on two components such as combining problem-solving with goal-setting (e.g. Buller & Bell, 1986). It has also been reported that certain team-building interventions organised by businesses and organisations do not readily fall into any of the four main categories. For instance, when it comes to activities such as group-cooking, or a creativity workshop, or a chocolate-making workshop, it is rather unclear in which category these activities should belong. Consequently, there is the need to integrate the theoretical components of team building with the main categories of reported team-building interventions practised by organisations in order to create a team-building typology that includes a wide range of possible interventions.

In reviewing descriptive studies (e.g. Kriek, 2007) and commercially published books (e.g. Miller, 2007) on how to organise team building, I identify three main existing typologies which can be integrated to create a new one that encompasses most variants of team-building interventions. The scholarly literature presents team building as to include goal setting, role analysis, problem-solving, and interpersonal relations (Klein et al., 2009; Robbins & Judge, 2014). Descriptive empirical studies categorise team building into indoor fun, outdoor fun, socialising, assessments, and work issues (Kriek, 2007). Last but not least, commercially, team-building interventions may include creativity and problem-solving, trust cohesiveness and team work, motivation, and communication (Mackin, 2007; Miller, 2007).

Team building in hospitality

Team-building interventions are practised in the hospitality industry as in other, different industries and fields (Salas et al., 1999; Klein et al., 2009; Tews et al., 2013; Han et al., 2016). Tews et al. (2013) reported team-building interventions to include activities such as company-sponsored athletic teams and bowling nights, whereas Han et al. (2016) described socialising activities such as birthday celebrations and dining out together as examples of team-building activities. Studies show that these team-building activities could generate positive effects such as increased performance and decreased employee turnover (Tews et al., 2013; Han et al., 2016). However, little research exists with regard to what hospitality employees themselves desire in terms of performing specific team-building activities. Tews et al. (2013) found that high levels of manager support for fun activities in fact weakened the relationship between team-building-like activities and sales performance among hospitality staff. Employees may be more supportive of team building that is not directly associated with management practice. As such, it is important for scholars and researchers to understand what employees in this industry prefer and desire as team-building interventions.

Method

Participants and procedure

Data were collected from employees in a four-star hotel in the Netherlands. Participants from all major operational and administrative departments (Front Office, Housekeeping, Food and Beverage, Human Resources, Reservations) were each given a questionnaire to complete. During morning or evening briefing meetings, questionnaires were administered to employees in order to capture self-reports of personal preferences for various types of team-building activities. Participation in the study was voluntary and confidentiality was assured.

A total of 120 employees were approached to fill out the survey and 102 fully completed surveys were returned, giving a response rate of 85%. Of the employees, 65% were female. The average age was 22.5 years ($SD = 6.4$). In terms of nationality, 62% were Dutch, 25% were Chinese, 6% were German, and the rest were other nationalities. Demographic and basic organisational factors related to the respondents are shown in Table 1.

Data collection instrument

A scale was developed to be included in the survey to measure different types of team-building interventions. I utilised the team-building typologies presented in the literature review section to create this scale. Eleven types of team-building activities were incorporated: socialising, indoor fun, outdoor fun, addressing work issues, assessments, role analysis, goal setting, problem-solving, creativity, trust and cohesion, and communication. Each dimension was measured with three items. Employees' preferences were captured using a 7-point Likert scale.

Data analytic approach

In terms of identifying respondents' preferences for the different types of team-building interventions, descriptive statistical measures (mean and standard deviation) were used on the 11 types of activities. Comparative analyses (*t*-tests

Table 1: Sample profile

| | Number of respondents | % |
|-------------|-----------------------|-----|
| Age | | |
| 17–19 | 36 | 35 |
| 20–22 | 59 | 58 |
| 23–24 | 7 | 7 |
| Gender | | |
| Female | 64 | 63 |
| Male | 38 | 37 |
| Nationality | | |
| Dutch | 63 | 62 |
| Chinese | 26 | 25 |
| German | 6 | 6 |
| Other | 7 | 7 |
| Team size | | |
| 1–5 | 42 | 41 |
| 6–11 | 47 | 46 |
| 12–16 | 12 | 12 |
| 17–23 | 1 | 1 |
| Position | | |
| Operational | 64 | 63 |
| Supervisory | 38 | 37 |
| Total | 102 | 100 |

and ANOVAs) were also performed to reveal any potential differences in terms of employees' preferences across different demographic factors. Furthermore, in order to check the quality of the used scale and to further improve it, I performed additional analyses. Reliability was assessed with Cronbach's alpha and scale validity was evaluated via a series of exploratory factor analyses (EFAs). Principal component extraction with Promax rotations were performed on the scale. Factors were detected based on variances accounted for being greater than one (Eigenvalue > 1).

Results

The preferences for the 11 types of team-building activities are shown in Table 2. The team-building activity preference that was rated the highest was socialising ($M = 5.49$, $SD = 0.93$), whereas the lowest was assessments such as personality assessments and/or skill assessments ($M = 3.97$, $SD = 1.26$). Outdoor fun activities showed the highest standard deviation ($M = 4.13$, $SD = 1.51$), indicating employees' opinions and preferences for this type of activity varied the most greatly.

Further comparative analysis showed no gender differences in terms of employees' preferences for the 11 types of team-building activities. However, there were significant differences among employees of various nationalities. Analyses of Variance (ANOVA) showed that work issues ($F = 12.28$, $df = 2$, $p < 0.01$), assessment ($F = 10.18$, $df = 2$, $p < 0.01$), role analysis ($F = 14.43$, $df = 2$, $p < 0.01$), goal setting ($F = 5.61$, $df = 2$, $p < 0.05$), problem-solving ($F = 9.42$, $df = 2$, $p < 0.01$), creativity ($F = 8.71$, $df = 2$, $p < 0.01$), and trust and cohesion ($F = 5.70$, $df = 2$, $p < 0.05$) all exhibited statistically significant differences (see Table 3). In all seven types of team-building interventions, Chinese employees showed the highest levels of preferences (see Table 3).

I performed exploratory factor analyses (EFAs) on the 33 items representing the 11 types of team-building interventions in order to uncover underlying factor structures. I performed the EFA using principal component extraction with Promax rotations. The Kaiser-Meyer-Olkin test of sampling adequacy yielded a result of 0.81 and the Bartlett test of sphericity was significant ($\chi^2 = 1560.38$, $df = 300$, $p < 0.001$), indicating the sample was adequate and appropriate for the EFA. After removing cross-loadings and factors with only one item, the EFA revealed a five-factor structure (see Table 4). I reran all descriptive and comparative analyses on this revised scale.

Table 2: Descriptive statistics and reliability indices on original scale

| | Mean | SD | Cronbach's alpha |
|----------------------|------|------|------------------|
| Socialising | 5.49 | 0.93 | 0.67 |
| Goal setting | 4.68 | 1.28 | 0.89 |
| Communication | 4.65 | 1.16 | 0.82 |
| Trust & cohesiveness | 4.59 | 1.26 | 0.82 |
| Indoor fun | 4.40 | 1.15 | 0.55 |
| Work issues | 4.37 | 1.48 | 0.87 |
| Role analysis | 4.27 | 1.37 | 0.87 |
| Problem-solving | 4.26 | 1.12 | 0.76 |
| Creativity | 4.14 | 1.23 | 0.82 |
| Outdoor fun | 4.13 | 1.51 | 0.83 |
| Assessment | 3.97 | 1.26 | 0.79 |

Note: $N = 102$. Each factor was measured with three items

Table 3: Preferences for team-building interventions by nationality

| | Nationality | <i>M</i> | <i>SD</i> | <i>F</i> |
|----------------------|-------------|----------|-----------|----------|
| Socialising | Dutch | 5.38 | 1.02 | 1.40 |
| | German | 5.34 | 0.84 | |
| | Chinese | 5.73 | 0.71 | |
| Outdoor fun | Dutch | 4.06 | 1.43 | 1.70 |
| | German | 3.50 | 1.24 | |
| | Chinese | 4.55 | 1.57 | |
| Indoor fun | Dutch | 4.26 | 1.08 | 1.42 |
| | German | 4.17 | 1.50 | |
| | Chinese | 4.69 | 1.18 | |
| Work issues | Dutch | 3.85 | 1.42 | 12.28** |
| | German | 4.61 | 0.71 | |
| | Chinese | 5.37 | 1.16 | |
| Assessment | Dutch | 3.61 | 1.15 | 10.18** |
| | German | 3.33 | 0.87 | |
| | Chinese | 4.74 | 1.10 | |
| Role analysis | Dutch | 3.76 | 1.27 | 14.43** |
| | German | 4.00 | 1.10 | |
| | Chinese | 5.23 | 0.92 | |
| Goal setting | Dutch | 4.35 | 1.38 | 5.61* |
| | German | 4.56 | 0.45 | |
| | Chinese | 5.30 | 0.78 | |
| Problem-solving | Dutch | 3.99 | 1.09 | 9.42** |
| | German | 3.56 | 0.89 | |
| | Chinese | 4.92 | 0.75 | |
| Creativity | Dutch | 3.82 | 1.17 | 8.71** |
| | German | 3.73 | 0.65 | |
| | Chinese | 4.89 | 1.07 | |
| Trust & cohesiveness | Dutch | 4.62 | 1.15 | 5.70* |
| | German | 3.00 | 1.44 | |
| | Chinese | 4.85 | 1.33 | |
| Communication | Dutch | 4.47 | 1.21 | 1.46 |
| | German | 4.67 | 0.84 | |
| | Chinese | 4.93 | 1.12 | |

Note: N of Dutch = 63, N of German = 6, N of Chinese = 26; other nationalities excluded from this analysis

* $p < 0.05$; ** $p < 0.01$

Descriptive analysis (see Table 5) showed that socialising was again the highest rated team-building activity ($M = 5.49$, $SD = 0.93$), whereas outdoor fun was the least preferred category of team-building interventions ($M = 4.13$, $SD = 1.51$). Comparative analysis showed no gender differences in terms of preferences for the five types of team-building activities. However, there were significant differences among employees of various nationalities. Analyses of Variance (ANOVA) revealed that interpersonal communication ($F = 3.12$, $df = 2$, $p < 0.05$), work content-related improvement ($F = 14.29$, $df = 2$, $p < 0.01$), and creative problem-solving ($F = 9.68$, $df = 2$, $p < 0.01$) exhibited statistically significant differences (see Table 6).

Discussion

This study developed a typology for team-building interventions and a scale to measure the common types of team-building activities, investigated hotel employees' preferences for the various types of team-building interventions, and examined the extent to which these preferences varied across different nationalities. Based on published articles and literature, 11 types of team-building

Table 4: Exploratory factor analysis

| Items | Factor 1 ($\alpha = 0.92$) | Factor 2 ($\alpha = 0.84$) | Factor 3 ($\alpha = 0.86$) | Factor 4 ($\alpha = 0.83$) | Factor 5 ($\alpha = 0.67$) |
|--------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Workissues2 | 0.88 | | | | |
| Workissues3 | 0.85 | | | | |
| Roleanalysis3 | 0.85 | | | | |
| Assessment2 | 0.80 | | | | |
| Roleanalysis2 | 0.79 | | | | |
| Goalsetting1 | 0.78 | | | | |
| Goalsetting3 | 0.71 | | | | |
| Roleanalysis1 | 0.69 | | | | |
| Problemsolving1 | 0.55 | | | | |
| Communication1 | | 0.87 | | | |
| Trustcohesiveness2 | | 0.77 | | | |
| Trustcohesiveness1 | | 0.74 | | | |
| Trustcohesiveness3 | | 0.73 | | | |
| Communication3 | | 0.46 | | | |
| Creativity2 | | | 0.85 | | |
| Creativity1 | | | 0.80 | | |
| Problemsolving3 | | | 0.71 | | |
| Problemsolving2 | | | 0.71 | | |
| Creativity3 | | | 0.70 | | |
| Outdoorfun2 | | | | 0.92 | |
| Outdoorfun3 | | | | 0.90 | |
| Outdoorfun1 | | | | 0.71 | |
| Socializing2 | | | | | 0.80 |
| Socializing1 | | | | | 0.76 |
| Socializing3 | | | | | 0.71 |

Note: $KMO = 0.81$; $\chi^2 = 1\,560.38$; $df = 300$; $p < 0.001$

Extraction Method: Principal Component Analysis; Rotation Method: Promax with Kaiser Normalisation; Rotation converged in 6 iterations; Factor loadings below 0.40 compressed

Table 5: Descriptive statistics and reliability indices on revised scale

| | Mean | SD | Cronbach's alpha |
|-----------------------------------|------|------|------------------|
| Socialising | 5.49 | 0.93 | 0.67 |
| Interpersonal communication | 4.63 | 1.11 | 0.84 |
| Work content-related improvements | 4.34 | 1.17 | 0.92 |
| Creative problem-solving | 4.16 | 1.14 | 0.86 |
| Outdoor fun | 4.13 | 1.51 | 0.83 |

Note: $N = 102$

Table 6: Comparative analysis on revised scale

| | Nationality | <i>M</i> | <i>SD</i> | <i>F</i> |
|-----------------------------|-------------|----------|-----------|----------|
| Socialising activities | Dutch | 5.38 | 1.02 | 1.40 |
| | German | 5.34 | 0.84 | |
| | Chinese | 5.73 | 0.71 | |
| Interpersonal communication | Dutch | 4.57 | 1.06 | 3.12* |
| | German | 3.67 | 1.11 | |
| | Chinese | 4.90 | 1.19 | |
| Work content | Dutch | 3.91 | 1.13 | 14.29** |
| | German | 4.17 | 0.56 | |
| | Chinese | 5.18 | 0.76 | |
| Creative problem-solving | Dutch | 3.88 | 1.07 | 9.68** |
| | German | 3.57 | 0.72 | |
| | Chinese | 4.86 | 0.91 | |
| Outdoor fun | Dutch | 4.06 | 1.43 | 1.70 |
| | German | 3.50 | 1.24 | |
| | Chinese | 4.55 | 1.57 | |

Note: N of Dutch = 63, N of German = 6, N of Chinese = 26; other nationalities excluded from this analysis

* $p < 0.05$; ** $p < 0.01$

interventions were identified, which were further categorised into five main kinds – socialising, interpersonal communication, work content-related improvements, creative problem-solving, and outdoor fun. The most preferred type of team-building intervention was socialising. Nationality differences were found in interpersonal communication, work content-related improvement, and creative problem-solving in that Chinese staff members preferred high levels of these activities compared to their European counterparts.

Theoretical implications

The findings of this study make several contributions to research literature on team-building interventions and organisational behaviour in hospitality. First, this study has developed a typology of and a scale for the existing team-building interventions, encompassing 11 different types of team-building activities – socialising, indoor fun, outdoor fun, addressing work issues, assessments, role analysis, goal setting, problem-solving, creativity, trust and cohesion, and communication. This typology is based not only on academic literature (e.g. Klein et al., 2009; Robbins & Judge, 2014), but also on empirical literature (e.g. Tews et al., 2013; Han et al., 2016) and commercial publications (e.g. Mackin, 2007; Miller, 2007). The development of this typology and the corresponding scale enables further empirical research on how organisations conduct team-building interventions.

Second, the results of this study show that socialising appeared to be the most preferred team-building intervention by employees. This finding is in stark contrast to academic literature which generally defines and portrays team building to be work-related (e.g. Klein et al., 2009; Robbins &

Judge, 2014), and commercial literature which focuses on creativity, problem-solving, and communication exercises (e.g. Mackin, 2007; Miller, 2007). The surveyed hotel employees do not seem to share those views. Employees appear to associate team building primarily with socialising or social activities, as shown by the results of this study. These social types of activities are also shown to be the most preferred team-building interventions according to the perceptions of the survey employees.

Third, the outcomes of the EFAs show that goal setting, analysis of work issues, as well as role analysis were grouped into one category according to the empirical data provided by the hotel staff. This is also a deviation from the literature which categorises goal setting, role analysis, and problem-solving into distinct classifications (Salas et al., 1999; Klein et al., 2009; Robbins & Judge, 2014). Employees do not view them as such. They recognise them as one and the same kind of team-building intervention in terms of the way they perceive them and the way they prefer them. Klein et al. (2009) reported that many team-building interventions combined multiple components (e.g. Friedlander, 1967; Morrison & Sturges, 1980; Hughes et al., 1983; Buller & Bell, 1986; Eden, 1986; Bushe & Coetzer, 1995). In view of the findings of this study that employees do tend to cluster all work-related team-building interventions as one general group, it is not surprising that, in practice, work-related types of team-building interventions are commonly and frequently combined.

Finally, the finding of this study that employees' preferences for the different types of team-building interventions varied across nationalities suggests that cross-cultural research on team building is an interesting and potentially fruitful avenue for future research. The ANOVA outcomes show that Chinese employees exhibited higher preference levels for creative problem-solving, work content-related improvement, and interpersonal communication interventions compared to their German and Dutch counterparts. This finding is in line with prior research showing employees from more collectivistic cultures are more open towards team- or group-based events, activities, and interventions (Robbins & Judge, 2014).

Practical implications

The findings of this study have a number of practical implications for employees and managers in the hospitality industry as well as other business fields. First, managers and team-building organisers ought to recognise and take into consideration what employees themselves want or prefer as team-building interventions. Much attention has been paid to ensure that team building produces measurable effects such as increased employee motivation and enhanced work performance (Salas et al., 1999; Klein et al., 2009). To better ensure that team building is effective in eliciting such outcomes, one should organise and conduct team building in a manner that is consistent with the genuine desires and wishes of the staff. When the objectives and the intentions of the team-building organisers match the preferences and wishes of the employees, there would be a greater chance for the team-building interventions to be successful and to produce the outcomes desired by the organisation.

Second, our finding that outdoor fun exhibited the lowest mean and the greatest standard deviation ($M = 4.13$, $SD = 1.51$, see Table 2 and Table 5) indicates to managers

and team-building organisers that this specific type of team-building activity is in itself a rather dubious form of team-building intervention. Overall, it is the least preferred type of team-building activity, as shown by the lowest mean; and it elicited much variation in terms of perceptions and preferences among employees. Thus, managers and team-building organisers should be cautious implementing this rather controversial type of team-building activity.

Finally, socialising appears to be the most preferred type of team-building intervention according to the perceptions and opinions of employees themselves. In both the original scale containing 11 types of team-building activities and the EFA-revised scale containing five types of team-building interventions, this form of team building received the highest liking and exhibited the lowest standard deviation ($M = 5.49$, $SD = 0.93$, see Table 2 and Table 5). An obvious practical implication is that managers and team-building organisers may preferentially consider this form of team building for potential team events.

Potential limitations and future research

The findings of this study need to be considered in view of two potential limitations. First, the sample is small. Although the KMO test and the Cronbach's alpha values indicate satisfactory sampling adequacy and measurement reliability, the number of participants is still limited and the findings may not generalise widely to hotels of different sizes, types, or in other geographical locations. Future research may seek to replicate the findings of this study. In addition, I would recommend that any hotel or organisation that conducts regular team-building interventions should carefully research the preferences and wishes of their staff in terms of the type of team-building interventions to be implemented. Such an investigation, which is simply to administer, can provide clear information to the management and team-building organisers regarding which type of team-building interventions are the most fruitful to conduct.

Second, with the research design of this study being descriptive and quantitative, the findings do not reveal why employees preferred socialising (mostly indoor, as the phrasing of the items indicate) and disliked outdoor activities as team-building interventions. It is plausible that socialising sounded attractive to the respondents because it would suggest something informal and voluntary; as such, the real reason for employees to prefer socialising is not the act of socialising with colleagues, but rather, because it is not a mandatory and formal task. Therefore, there is the need to better understand why the hotel employees surveyed in this study exhibited the preferences as shown by the findings, which represents a fruitful and interesting future research avenue.

Conclusions

Relying on empirical (e.g. Kriek, 2007), commercial (e.g. Miller, 2007), and meta-analytic (e.g. Klein et al., 2009) literatures, I developed a team-building typology containing 11 categories (i.e. socialising, indoor fun, outdoor fun, addressing work issues, assessments, role analysis, goal setting, problem-solving, creativity, trust and cohesion, and communication). Data collected from 102 hotel employees showed that

socialising was the most preferred, and outdoor activities were the least preferred team-building interventions. Furthermore, through exploratory factor analyses, the scale measuring the 11 types of team-building interventions was refined to include five types of team-building activities – socialising, interpersonal communication, work content, creative problem-solving, and outdoor fun. The same pattern of preferences were shown by the newly refined scale. Finally, some differences were detected in terms of preferences for team-building interventions among employees of different nationalities. Employees from a more collectivistic culture showed stronger preferences for team-building activities compared to employees from more individualistic cultures.

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The benefit of guest loyalty programmes

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The aim of this research is to find out what kind of guest loyalty programme Apollo Hotels and Resorts should implement for their individual leisure guests in order to gain more loyal leisure guests. In the literature review of this research, the following aspects are discussed: a loyalty programme and its use; the sort of loyalty programmes; the effects of a loyalty programme; and the wishes and needs of a leisure guest. Surveys were divided among 46 leisure guests of Apollo Hotels and Resorts in order to collect data on consumer demand for a guest loyalty programme. The data shows that it is highly recommended for Apollo Hotels and Resorts to implement a leisure guest loyalty programme based on tiers, with the possibility to redeem the saved credits for discounts at Apollo Hotels and Resorts. Furthermore, the data shows it is important that members of the guest loyalty programme receive special services not available to non-members.

Keywords: guest loyalty programme, leisure guests, loyalty programme based on tiers, discounts, personal service

Introduction

This paper examines the impact of loyalty programmes and investigates how the use of loyalty programmes can establish relationships with the consumer, which in turn converts the consumers into loyal customers (Butscher, 2002). Apollo Hotels and Resorts is a Dutch hotel chain which consists of 13 hotels at different locations throughout Holland. The hotel has leisure and corporate guests. The corporate guests already benefit from a guest loyalty programme where the corporate bookers are able to save credits and redeem the credits for gifts at the online gift shop of Apollo Hotels and Resorts. The corporate booker saves one credit per €100 spent on an online booking. The loyalty programme being examined is not yet available for the hotel and resort leisure guests. Hence this research aims to suggest benefits that the company guest loyalty card can offer and provide that will increase repeat business from leisure guests.

Loyalty programmes

Put simply a loyalty programme is a rewards programme that is offered by a company to its customers aimed at those who frequently make purchases. The definition of customer loyalty is: "how likely customers are to return and their willingness to perform partnership activities for the organization" (Kotler et al. 1999, p. 351; Acatrinei & Puiu, 2012; Magatef & Tomalieh, 2015). According to Lemon and Wangenheim (2009), customers who are members of a loyalty programme receive credits, or other sorts of convertible currency, in exchange for the purchases the customers have made at the organisation. The credits or convertible currency can be redeemed at the organisation for products, discounts or other services.

Magatef and Tomalieh (2015) suggest that loyalty programmes are structured and targeted marketing plans

to reward customers, in order to stimulate the customer to become a loyal customer at the firm and increase customer retention. Furthermore, Magatef and Tomalieh (2015) argue that loyalty programmes are not only designed to increase the amount of returning customers, but to create an emotional connection between the customer and the brand.

Open and limited loyalty programmes

According to Butscher (2002), loyalty programmes can be divided into an open loyalty programme and a limited loyalty programme. A limited loyalty programme requires a certain procedure, terms, or even a membership fee to become a member. The opposite is an open loyalty programme, where everyone can become a member without any specific terms or procedures.

Furthermore, according to Shanshan, Wilco and Eric (2011), the frequent-guest programme, similar to that used by the airline industry as a loyalty programme, is the most commonly used form of loyalty programme within the hospitality industry. However, in contrast, Tanford (2013) states that the hospitality industry uses the reward and tier programme as a mechanism to increase customer loyalty within the industry.

Tanford (2013) supports this statement (see Table 1; Tanford, 2013). This shows the 13 well-known hotel brands who use a reward and tier loyalty programme.

Tanford (2013) agrees with Acatrinei and Puiu (2012) by saying that most of the loyalty programmes include a reward system on the basis of tiers. When the purchasing behaviour of a member increases, the member reaches a higher tier. Reaching a higher tier means that the privileges and benefits will become more valuable and attractive for the member, therefore the member will become motivated to increase the purchases. Acatrinei and Puiu (2012) suggests the reward

Table 1: Loyalty programme membership by brand and tier (examples)*

| Loyalty programmes | Members | Tier level | | | |
|--------------------------------|---------|------------|-----|-----|-----|
| | | 1 | 2 | 3 | 4 |
| Hilton H Honours | 469 | 226 | 143 | 71 | 29 |
| Marriott Rewards | 427 | 229 | 129 | 47 | 22 |
| Choice Privileges | 290 | 225 | 47 | 13 | 5 |
| Intercontinental Priority Club | 136 | 79 | 33 | 24 | n/a |
| Best Western Rewards | 206 | 159 | 40 | 5 | 2 |
| Wyndham Rewards | 174 | 135 | 39 | n/a | n/a |
| Starwood Preferred Guest | 218 | 177 | 30 | 11 | n/a |
| Carlson Gold Point Plus | 82 | 56 | 20 | 4 | 2 |
| Hyatt Gold Passport | 146 | 124 | 18 | 4 | n/a |
| Fairmount Presidents' Club | 26 | 17 | 6 | 3 | n/a |
| Omni Select | 17 | 11 | 3 | 3 | n/a |
| Accor Hotels A-Club | 21 | 14 | 1 | 3 | 3 |
| Loews You First | 9 | 5 | 1 | 2 | 1 |

*Abridged table of examples from 13 hotel groups (Tanford, 2013)

Note: Participants could select multiple programmes.

n/a denotes tiers that do not exist for that programme.

system on the basis of tiers is the standard for a loyalty programme in the hospitality industry. This is further supported by Magatef and Tomalieh (2015), who suggest that because the tiers are well thought out, the customer builds a feeling of status, belonging and identity in every tier, which leads to a member that is committed to the company brand. This is further confirmed by Drèze and Nunes (2009), who explain that when a loyalty programme is rewarded on the basis of tiers, the programme members experience a sense of status when comparing themselves to the members of another tier level.

According to Ariffin and Maghzi (2012), leisure guests are consumers who stay in hotels and resorts for leisure purposes, usually having certain levels of expectation about the recreation, entertainment and relaxation available at the holiday accommodation. The price, comfort and cleanliness of a hotel room is a major concern for leisure guests (Knutson, 1988; Victorino et al., 2005; Singh & Khan, 2012). Moreover, according to Ananth et al. (1992), a familiar name and a good reputation of a hotel brand is of high importance in the consumer choice. However, Magatef and Tomalieh (2015) also state that the security and safety of a hotel is often the highest priority for the leisure guests when choosing a hotel. Clearly, loyalty programmes have value in the hospitality industry as a tool to reward consumers in order to stimulate the consumers to become loyal customers of the hotel brand (McCall & Voorhees, 2010; Magatef & Tomalieh, 2015).

Research approach

In order to investigate the value of a guest loyalty programme for Apollo Hotels and Resorts, quantitative research as well as qualitative data collection has been conducted. In research terms, this is often referred to as descriptive research. According to Saunders et al. (2009), descriptive research is most commonly used before or during explanatory or exploratory research to present an accurate outline and specific information about persons, events or situations. This is the approach this research took to explore demand for a loyalty programme for leisure guests.

The surveys were divided among leisure guests at Apollo Hotels and Resorts. The data from the surveys provided information about what kind of guest loyalty programme they would prefer when the loyalty programme was introduced. The sales managers of Apollo Hotels and Resorts were asked to fill out the surveys to capture their views on a suitable guest loyalty programme. The aim was to compare and contrast the views of guests and managers.

The sample for this research was made up of 46 leisure guests and two sales managers at these resorts. The leisure guests can be categorised through different sorts of travel groups. For example, the leisure guest could be travelling alone or together with family or a travel group. The length of stay could be for one night, one week, or two weeks. Both of the managers interviewed were sales managers with the company. The data collected from the surveys and interviews provided insight into the best type of loyalty reward system to be implemented.

Findings

The data shows what kind of guest loyalty programme the leisure guests preferred or expected. Furthermore, two leisure sales managers of Apollo Hotels and Resorts completed the survey as part of an interview. This allows for some comparative analysis between what managers expected consumers to want, and what the consumers actually said they desired from a loyalty card.

Booking patterns

Consumers were asked how many times they booked Apollo Hotels and Resorts in the last year. The data shows that those surveyed had stayed at the Hotel and Resort at least 1–3 times (see Figure 1).

The data shows that the majority of respondents, except for one, had stayed 1–3 times. This means that 45 of the survey respondents booked between one and three times at Apollo Hotels and Resorts. In effect, this suggests that this group of leisure guests are already fairly loyal guests with the company. Furthermore, one respondent had booked more than three times, i.e. staying between 4 and 6 times, again suggesting loyal repeat business for the company. However,

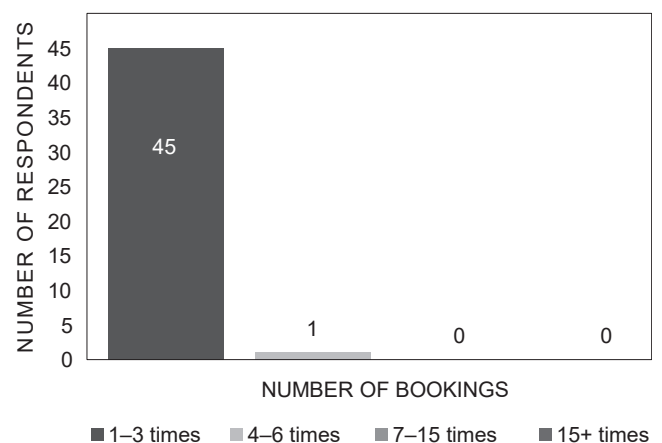


Figure 1: Bar chart of the hotel bookings

with hindsight, the researchers saw this question as a major limitation of the research, since it is not possible to see precisely how many bookings took place between one and three. Therefore although it appears that the guests with this booking profile look like loyal repeat business, there is a possibility that they all only booked once. Nevertheless regularity of booking was not the main focus of the research, the main point was what would leisure guests like to see included in a loyalty card scheme aimed at them.

How loyalty card system will work

Respondents were asked how they would like to save their loyalty points. Table 2 illustrates the responses.

Option 3, was the most selected saving option, where the credits must be saved automatically on a personal Apollo Hotels and Resorts account, 74% of the respondents selected saving option 3. Option 4, using an app, where the respondents are able to fill out the credits themselves, was the next highest option selected, with 30% of the respondents choosing this option.

One of Apollo's leisure sales managers also favoured option 3, saying that she "thinks that it is important that the saved credits are saved automatically on a personal Apollo Hotels and Resorts account". Furthermore, another of Apollo's leisure sales managers selected options 3 and 4. She added a comment:

I should create some kind of loyalty programme based on KLM's frequent flyer programme, a "frequent sleeper programme". Furthermore, I should not use a card for saving the credits. Nobody wants to have extra cards, everyone's wallet is already stuffed with other cards.

Apollo's leisure sales managers are quite in line with the respondents' responses to this question. Clearly, this question shows that most of the respondents prefer that Apollo Hotels and Resorts take the credit saving as their responsibility, saved either automatically or with the use of a smartphone app.

We then asked respondents how they would like to redeem their loyalty card points. Table 3 shows the responses.

Table 2: Table of saving options (N = 46)

| Saving options | Respondents who answered 'Yes' n (%) | Respondents who answered 'No' n (%) |
|--|--------------------------------------|-------------------------------------|
| 1. Save credits on a credit card; you will need to show the front office your credit card in order to receive points after each stay | 9 (20) | 37 (80) |
| 2. Maintain the points by yourself, by filling out the booking code after each visit in your online Apollo profile on the website of Apollo Hotels and Resorts | 4 (9) | 42 (91) |
| 3. The saved credits must be saved automatically on a personal Apollo Hotels and Resorts account | 34 (74) | 12 (26) |
| 4. Use an app (mobile application) to fill out the credits by yourself | 14 (30) | 32 (70) |

Table 3: Table of how to redeem the saved credits (N = 46)

| How to redeem the saved credits | Respondents who answered 'Yes' n (%) | Respondents who answered 'No' n (%) |
|---|--------------------------------------|-------------------------------------|
| 1. For discounts on the hotel rooms at Apollo Hotels and Resorts | 39 (85) | 7 (15) |
| 2. For discounts on the food and beverages at Apollo Hotels and Resorts | 21 (46) | 25 (54) |
| 3. For special offers and packages | 19 (41) | 27 (59) |
| 4. Choose a gift or gift card from the Apollo Hotels and Resorts web shop, including different kind of brands and shops | 13 (28) | 33 (72) |
| 5. Donate my points to a charity via Apollo Hotels and Resorts | 15 (33) | 31 (67) |

A significant majority of the respondents (85%) selected the first option to redeem the saved credits for discounts on the hotel rooms at Apollo Hotels and Resorts. Clearly, the responses show that most loyalty card holders would like to redeem their points on discounts at the hotel.

When respondents were asked what other benefits they would expect from a hotel loyalty card scheme, the responses were interesting in that 52% of those surveyed said that they would like to receive more service than non-members (see Table 4). This clearly reflects the feeling of belonging and of being more important than other guests. This feeling of belonging is an interesting phenomenon and this relates to exclusivity and *one-upmanship* in that it gives card members a feeling of power and exclusive service. Although beyond the remit of this research, it is an interesting area for future research in this area.

Moreover, following the same thinking, 50% of the respondents selected number 1, 'Personalised Service'. To some degree, this sits comfortably with "more service than non-members", the respondents' highest choice at 52%. Finally, supporting this idea of being more special if a loyalty card holder, 39% of the respondents selected option 4,

Table 4: Table of the expectations of a member (N = 46)

| Expectations of a member | Respondents who answered 'Yes' n (%) | Respondents who answered 'No' n (%) |
|--|--------------------------------------|-------------------------------------|
| 1. Personalised service (the front office will greet you by name and will know your preferences, such as your favourite drink, etc.) | 23 (50) | 23 (50) |
| 2. Personalised amenities (shampoo, shower gel, etc.) | 12 (26) | 34 (74) |
| 3. More service than non-members | 24 (52) | 22 (48) |
| 4. Receive more rewards the more loyal the member gets | 18 (39) | 28 (61) |

"receive more rewards the more loyal the member is". This reflects the literature and suggests that being a loyalty card holder is more than just about collecting points for discounts. The whole process seems to make loyalty card holders feel privileged and part of a special group. To further support this idea, the thinking is shared by one of the management respondents who said, "loyalty card holders should be recognised by the company, and given a more personalised service, to make them feel more special".

When asked about a tiered loyalty programme, 54% answered "yes" and 21 of the total (46%) answered "no". Both leisure sales managers answered "yes". One said, "the tier programme will stimulate people to choose Apollo Hotels and Resorts". The results of this survey question do not show an obvious yes, but it might result from the fact that the respondents are not yet familiar with the term "tier loyalty programme". The leisure sales managers also selected similar choices, which sat comfortably with the data for a tier loyalty programme divided into three types of members, with each tier having its own level of service and rewards. Every member starts as a Bronze member, then can become a Silver member, and eventually a Gold member, depending on the number of bookings a member makes. However, when asked about paying a contribution towards the loyalty card, the data shows that the respondents were clearly not willing to pay a contribution towards the loyalty card, with 96% of respondents saying "no" to this suggestion. Clearly there was no enthusiasm for making a small payment to become a loyalty card member.

Limitations of the research

In every research project it is necessary to draw the reader's attention to the limitations of the study. The main limitation of this research is that not all aspects of loyalty programmes could be addressed due to complexity and time limitations in writing this paper based upon a bachelor thesis during the student placement programme. Therefore, the data collected for this research focused on a proposed loyalty programme for the host company. This is applied research, and in no way does this research intend to be a generalisation for the hotel industry as a whole.

Interestingly, during the research project, indications of demand for a leisure guest loyalty programme identified the reflection of guests who supported the idea that loyalty card holders should be treated in some special way from other guests, hence suggesting an air of exclusivity for the loyalty card holder guests. This will be an interesting area to research in the future as some research suggests that those buying expensive hotel accommodation are often buying exclusivity rather than many tangible benefits. Although this was not the remit of this research, some evidence from the research suggests that there is possibly a demand for this kind of exclusivity and further research is needed to identify this.

Conclusion

The data shows that the respondents (leisure guests) would like a loyalty card system aimed at the leisure guests. This suggests that Apollo Hotels and Resorts is missing a potential opportunity to increase sales and encourage the numbers of

leisure guests to become repeat customers as the data suggests a loyalty card system would most likely produce more guest loyalty in the future. Furthermore, this research suggests that the loyalty card system for leisure guests should be based upon a tier system, rewarding guests at higher levels the more that they support the company as hotel guests. The data illustrates that members of the guest loyalty programme should have the possibility of saving credits on a digital platform and a personal Apollo account. The guest loyalty programme should offer a wide range of possibilities regarding redeeming the saved credits. For example, redeeming the saved credits for discounts on hotel rooms, discount on food and beverages or for gifts at an online gift shop. Furthermore, the data from this survey indicates that it is important to provide the members of the guest loyalty programme with extra, personal service from the moment the members check-in. This makes the members feel special and appreciated for their loyalty. Although this is a small piece of research conducted as a student undergraduate dissertation, it does raise many points (shown above) for the company to suggest that a guest loyalty programme would be beneficial for the company and increase sales and repeat business. This in turn should give a good return in cost of investment in a guest loyalty programme.

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Price, exclusivity and luxury: Exploring London's luxury hotels

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Luxury is commonly said to be in the eye of the beholder. It typically relies upon the comparison with the given norms, and reflects the consumption patterns of society's economic elite. Research into the luxury retail industries have grown in popularity over the past two to three decades, with little research being conducted into luxury hotels and variations between them. It is traditionally suggested that three features work with one another; as price increases, levels of exclusivity and luxury also increase. Luxury hotels are said to be built on the same premises. The quality of the tangible and intangible offer is greater than the norm. The aim of this investigation was to critically explore the relationships between the constructs of luxury, price and exclusivity within hotels. Three hotels in the city of London were selected to take part in this small-scale, multi-method investigation, with specific attention being dedicated to each of the three hotels' top suites. All hotels and rooms were defined as luxurious, and service levels were similar, yet each of the three hotels charged £5 000, £15 000 and £22 000 per night for their top suite. The three hotel suites used in this investigation suggested a negative correlation between the relationship of price and luxury, and a positive relationship between price and exclusivity. These findings suggest that a hotel room that is more expensive does not necessarily mean it is correspondingly more luxurious. Further research is recommended to examine the proposition of the concept called conspicuous pricing (similar to that of prestige pricing) used as a method chosen by hotels within the pricing strategies, as well the possibility of conducting similar research within different geographical locations to compare and contrast the three constructs (luxury, price and exclusivity) under different cultural environments.

Key word: luxury hotels, price, exclusivity, conspicuous consumption

Introduction

While the concept of luxury is continually changing, two characteristics are associated with luxury – exclusivity and price. For something to be luxurious it must have an element of exclusivity to it (Frank, 1999; Yeoman & McMahon-Beattie, 2006) creating a sense of desire in the consumer (Berry, 1994). Exclusivity is said to be about limited availability and access to supply (Chandon et al., 2015), enforcing rarity justifying luxury's price. As a result, society perceives luxury to be expensive (Dubois & Paternault, 1995; Kapferer & Bastien, 2012). While high price alone can indicate exclusivity, separating those who can afford something from those who cannot (McKinsey and co., 1990), others argue whether luxury industries are cataloguing their products around high price to capitalise on greater revenues and profits.

One industry notorious for promoting high prices is that of luxury hotels. The city of London in particular is a pinnacle representative of the worldwide industry's expanding development. Modern luxury hotels are designed and constructed to represent contemporary innovation, while the more traditional luxury hotels have seen major refurbishments to meet with changing consumer trends (Slattery, 2012). The London luxury hotel industry has and continues to grow, yet Slattery (2012) insists prices for rooms per night still remain high, with large variations between hotels noted by analysts.

The elusive definition of luxury

The luxury concept suggests that luxury is complex. No one universal definition is possible, as luxury is defined differently by different individuals even within the same culture (Berry, 1994; Choi, 2003; Weidmann et al., 2007; Weidmann et al., 2009). Nevertheless, the phenomenon has been heavily researched in both industrial and academic research, with more recent studies aiming to produce a more theoretical understanding of the phenomenon (Cristini et al., 2016).

Stereotypical definitions suggest high quality, decadence, and somewhat excessive comfort (Frank, 1999; Thomas, 2007; Bellaiche et al., 2010; Hoffmann & Coste-Manière, 2012). Hansen and Wanke (2011, p. 789) explain that "the idea of luxury products and services are exceptions to the everyday normality's of life" bringing into context a person's real-life cultural experiences, needs and social backgrounds (Hoffmann & Coste-Manière, 2012). However, characteristics associated with luxury depend upon a person's social status and economic leverage, and consumption patterns that are exclusive to a high-status few.

The turn of the millennium saw a shift in consumerism towards the "Experience Economy" (Pine & Gilmore, 1999) and what could be described as the "new" luxury period. This also witnessed a shift in resources towards a ruling elite and an increase in luxury consumption aimed at this elite (Hoffmann & Coste-Manière, 2012), but also involving an increase in middle-class expenditure (Yeoman & McMahon-Beattie,

2006). The emergence of the so-called “masstige” luxury strategy now looks to target middle-market consumers with reasonable and affordable prices to increase sales across the world (Truong et al., 2009). With economic growth and social democracy growing, particularly within the middle markets of social classes, it is believed that luxury is now available for all and not only the social elite (Kapferer & Bastien, 2012). A notion that is questionable, because exclusivity and expanding access are contradictory. Luxury for mass markets reflects more marketing hype than an objective assessment of reality.

The binding relationships

Two key components are present in studies in luxury research – price and exclusivity. It is assumed that price is the distinguishing factor believed to represent the beginning of luxury, reflecting quality and decadence. Kapferer and Laurent (2016, p. 333) suggest “price is central in the perception of luxury”, with expensiveness argued to be the first characteristic consumers look for when defining luxury (Groth & McDaniel, 1993; Dubois & Paternault, 1995). Secondly, Chandon et al. (2015) argue that exclusivity has a binding relationship with limited accessibility. The product or service is hard to obtain so supplies are limited to a few consumers. Rarity is used as a justification for a high price. Price enhances exclusivity to separate those who can afford from those who cannot (McKinsey and co., 1990), ultimately differentiating the rich from the poor. Purchasers of high-priced goods and services enhance their perceived status compared to the rest of society (Veblen, 1899; Wang & Griskevicius, 2014).

Figure 1 was devised as a visual representation of the interpretations made through reviewing the literature. The relationship between luxury, price and exclusivity can be said to be amalgamated, as it is assumed that all three constructs work together – thus possibly creating the optimal luxury experience. Nevertheless, while price is perceived to represent the luxuriousness of a product/service (Kapferer & Bastien, 2012) and assist in creating a sense of exclusivity (McKinsey and co., 1990), questions are asked where the boundaries stop and the intersections begin to separate. If understood correctly, where does high price stop becoming luxury and become more in line with exclusivity?

Early observations assumed this triumvirate relationship. Both social and academic observations link price to both luxury and exclusivity – as price increases, so does the levels of luxury and

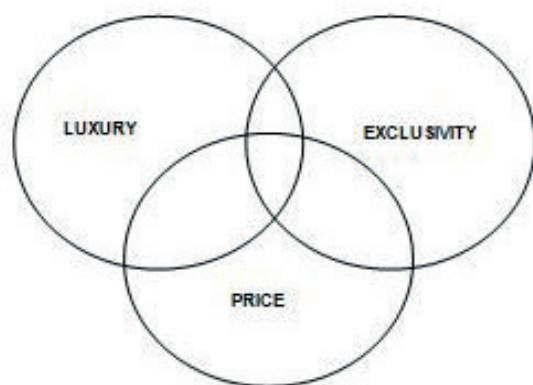


Figure 1: The binding relationships between luxury, exclusivity and price

exclusivity (Figure 2). It is assumed that as luxury increases, price and exclusivity also increase. Similarly, as price increases, luxury and exclusivity increase, and as exclusivity increases so do price and luxury. In other words, luxury, price and exclusivity work in a homogeneous relationship. As one rises, so the others rise also. This relationship has, however, yet to be investigated or explored in greater depth. The question remains, at what point does price cross the boundary by making something more luxuriousness or more exclusive?

Scattered foundations of luxury hotels

There have been numerous studies on luxury goods and services, but little has been undertaken on the luxury hotel market. Early findings suggest that defining a hotel as luxurious is linked heavily to the literature associated with luxury and exclusivity.

According to Melissen, van der Rest, Josephi and Blomme (2015), no international standardised definition of a luxury hotel currently exists, leaving the categorisation of luxury open to individual preference and interpretation. Slattery and Games (2010) raise further concerns at the international classification systems across different locations, with the 5-star hotel classification supposedly said to reflect the luxury category, yet all with differing standards from one location to the next. It has been suggested that standard criteria by which to define a luxury hotel are difficult as interpretations are likely to differ according to the consumer's culture and background (Mattila, 1999).

Nevertheless, one standard expectant variable consumers consider to be associated with luxury hotels is through price, with a range of external variables associated with a hotel's room price. Research conducted by Hung, Shang and Wang (2010) highlight how there are a range of determinants which assist a luxury hotel in setting its room prices, including the number of rooms, the age of the hotel, market conditions, location and the staff-to-guest ratio. However, questions are posed about how “valuable” these variables truly are and whether more complex matters are being associated with pricing structures.

One such variable associated with justifying prices charged by a luxury hotel is seen to come down to the quantity of the tangibles within the hotel and, specifically, within a hotel room. Heo and Hyun (2015) provide evidence to suggest that a hotel room with more tangible products within the designated

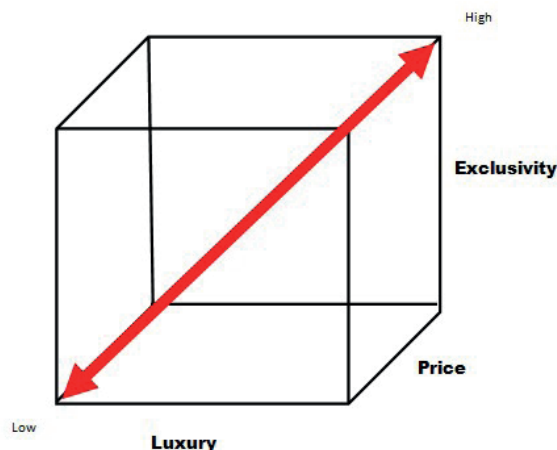


Figure 2: Literature interpretations suggest that as price increases levels of luxury and exclusivity should follow suit

space is seen to be an enforcer and therefore a justifier for the hotel to charge higher prices to cover expenses, while also weakening the risk of denting the guest's willingness to pay. Other costs which are likely to be included within the higher prices in luxury hotels are also seen to be that of service charge – most notably that of labour – with the guest-to-staff ratio exceedingly higher in luxury hotels compared to budget properties. While prices may be regarded as high and revenue generated within luxury hotels likely to far exceed that of a budget counterpart, it is suggested that the price does not necessarily mean a luxury hotel is more profitable than a budget hotel, especially considering the higher daily expenses which are needed to operate the luxury hotel.

While the economic downturn over recent decades may have made it hard for hotels to maintain consistent average daily rates (ADRs) and revenue per available rooms (RevPARs) and with the temptation from hoteliers to increase occupancy by decreasing room rates, the attractiveness of placing a luxury hotel in a third-party discounting site, for example, can be seen to have negative effects. Yang, Zhang and Mattila (2016) highlight how elite consumers who occupy the hotel are less likely to return to the establishment if there is knowledge that the hotel plans to implement discount sites. Such is the emphasis of price within the luxury phenomenon that arguments by Chan and Wong (2006) suggest that prices set by a luxury hotel are pivotal in maintaining the hotel's status, with a price which is deemed too low possibly resulting in a deterioration of the hotel's positioning as well as a loss to its exclusivity. Such research links heavily with the findings and opinions of Twitchell (2002) in that companies will be seen to use high-pricing strategies, and even the term "luxury" itself, to increase marketing initiatives as well as attract elite members of society. It could be suggested that the charging of a high price for a hotel room in this case could be seen to make a room more marketable for a particular type of customer, or to emphasise position within the market.

The sociological divide within luxury hotels has been evident for centuries. Slattery (2012, p. 41) demonstrates how luxury hotels were not only offering higher levels of quality, "but also in terms of the prices they charged and the customers they attracted". Slattery's use of words in regard to "customers they attracted" suggests a somewhat niche target market for the hotel, most likely members of the upper-classes of society. According to Bojanic (1996, p. 18), "the consumers that would find the most value at luxury hotels would be those that use many of amenities [and supporting facilities] or those who have a high level of income and are not as sensitive to the high prices". Bojanic's interpretations raise interesting suspicions behind the calibre of clientele who are likely to stay at a luxury hotel and whether a luxury hotel is a microcosmic representation of a social structure. Slattery (2012) and Sherman (2007) both hint at the added exclusivity that was seen within luxury hotels, with members of the same demographic backgrounds likely to be seen within the walls of the same establishment. Conspicuous consumption was, and still is, important to luxury hotel guests as they look to raise their status within society to a higher level.

Higher prices suggest an increase in consumer expectations. Walls, Okumus, Wang and Kwun (2011) highlight how the consumer experience within a luxury hotel constitutes both the physical environment and the human-interaction dimensions.

Walls et al.'s (2011) findings further support those of Bojanic (1996) in that there is a strong positive correlation and investment from luxury hotels in placing emphasis on the staff and quality of the surrounding environment. Mattila (1999), Sherman (2007) and Slattery (2012) emphasise that luxury hotels are built on pillars representing quality in the tangible products as well as in the services which are on offer to guests far surpassing those of an ordinary hotel. It is this perception of quality being more than the norm that is the pillar of pricing strategies within a luxury hotel. Based upon the assumption that "you get what you pay for", the more you pay, the more you get!

Gap in the literature

Within a luxury hotel context, it is evident the foundations of scarcity and thus prices charged are still at the forefront of consumer and industry expectations (Chan & Wong, 2006). The marketability of the term "luxury" (Twitchell, 2002) and thus the term "luxury hotel" could be suggested to have enhanced guest expectations to consume greater levels of products and services compared to the given norm, thus making the experience exclusive in its own right. The increase of price against what could be described as the "normal" hotels is argued to be a reflection of the increase in the quality, comfort and quantity of the tangible products and intangible services – creating the exclusivity and, in essence, the luxury that the guest experiences (Heo & Hyun, 2015). The relationships between luxury, price and exclusivity (as shown in Figures 1 and 2) are assumed to work simultaneously with one another, as one variable increases, the other two follow in tandem.

Little evidence is presented categorically proving whether the price charged for a hotel room is a representation for the levels of luxury a guest is likely to experience, or whether it is a mechanism to further enhance exclusivity. There is a need to explore the three constructs of luxury, price and exclusive in order to better understand the relationships and the effects of each construct on one another within a hotel context. There is a need to study the effect prices play on the tangible and intangible products/services that guests purchase. The early proposition being put forward correlates to the assumption that as price increases for a hotel room, levels of luxury and exclusivity should also follow suit. This research is therefore needed to test and to explore this proposition's validity.

Research approach

In the literature, there are high levels of research on luxury and exclusivity within a retail framework, though very little within a luxury hotel context. For this reason, it was decided that the best design for this research was to be based around an exploratory research design. As Robson (2002, p. 59) suggests, an exploratory study aids "in assessing phenomena in a new light", which can then aid in identifying possible problems to be investigated in more depth in the future. It is this new light which is needed to move forward into a more scientific understanding of luxury within the luxury hotel industry.

While the design was decided upon to look at exploring the social phenomenon of luxury, a familiar partner to the exploratory design method is that of an interpretivist research philosophy. As is suggested by Saunders et al. (2009, p. 116), "interpretivism advocates that it is necessary for the researcher

to understand differences" within a real-world social context, particularly between people. This study explores a small sample of London's luxury hotels before moving forward into further research.

With the chosen philosophy of interpretivism, it was decided that the best strategic approach to this investigation would see the researchers investigate under multiple case studies. This decision was predominantly influenced by two variables. The first, after reflecting on concerns highlighted by Yin (2009, p. 15), is that a single case study provides a very "small basis for scientific generalization which is rarely based on a single experiment and are usually based on a multiple set of experiments which have replicated the same phenomenon under different conditions". The phenomenon in this case is seen to be between the three constructs of luxury, price and exclusivity, all of which are present in different conditions of the chosen samples. The second was because of the interpretation made within the initial review of the studied literature. Luxury's meaning was interpreted to differ depending on different contexts – thus to say luxury in one location may well differ in another.

The sample area for this exploratory investigation looked into three luxury hotels within the metropolitan area of London, UK. Hotels H5, H15 and H22 were charging £5 000, £15 000 and £25 000 per night respectively for their top suites. As Robson (2002, p. 59) suggests, an exploratory study aids "in seeking new insight, to ask questions and to assess phenomena in a new light". While Robson suggests there are times when exploratory researchers are unsure about what they are looking for, exploratory research aids in identifying possible problems that can be investigated in more depth in the future (Robson, 2002). It is this new light which is needed to move forward into a more scientific understanding of luxury within the luxury hotel industry.

The location was chosen for two main reasons. The first because it was seen that the more recent research within the luxury fields has been conducted in areas spanning Asia, America and mainland Europe (Barone & Roy, 2010; Kastanakis & Balabanis, 2014; Zaharia & Zaharia, 2015; Kapferer & Laurent, 2016) with very little specifically focused on the UK. The second reason is due to the reputation of London for luxury consumption and social demographical associations to elite members of society within this specific area of the city. All three hotels were located in the heart of Mayfair and Knightsbridge, both districts that are renowned for their reputation of luxury consumption, via luxury retail stores.

A total of 80 hotels were classified under the luxury category within the Greater London area (STR Global, 2015a). In 2015, these 80 luxury hotels supplied a total of 4 474 649 room-nights with actual numbers sold totalling 3 458 045 rooms, equating to a 77.7% occupancy rate. Average daily rates for each room grossed US\$471.39 (GB£357.11) with RevPAR totalling US\$366.22 (GB£279.55). Altogether, receipts from all rooms sold within the 80 luxury hotels equated to US\$1 760 006 311 (GB£1 343 516 267.94) (STR Global, 2015b).

Due to the large number of hotels within the Mayfair/Knightsbridge area, a benchmark rate of £5 000 per night was chosen as a means of filtering the London luxury hotel sample. Of the hotels reaching the required level, four hotels were chosen purposively to use in the investigation (Paler-Calmorin

& Calmorin, 2007) to represent the total group due to their differences in prices. Out of the four hotels chosen, three were willing to participate in the investigation. From the three hotels willing to participate, the vast fluctuations in prices raised questions behind the levels of luxury provided by each of the hotels and helped to provide evidence of the contrasts between all hotels within the Mayfair/Knightsbridge area. The three chosen hotels were then placed into the theoretical model (Figure 3).

Mixed-method approach

A mixed-method approach, combining both quantitative and qualitative methods, was chosen to collect the relevant data.

Content analysis

The first stage of the primary data collection involved an observatory content analysis of the three selected hotel suites. Using photographic evidence from the suites' designated website pages, the researcher looked to compare a range of different variables including colour schemes, notable interior decorations and choice of wording to market each room.

This stage was deemed to be an important part of the primary investigation, as it allowed for visual representations to be examined first. As highlighted earlier, luxury's effects are very much seen to be visually based (Thomas, 2007; Kapferer & Bastien, 2012). The idea of using the pictures within the main body of this analysis, rather than placed in supporting appendices, was to demonstrate the importance of the visual sense in the overall "marketability" and "classification" of luxury from the hotel's point of view. Therefore, comparing the visual representations would hopefully help to extract further evidence to support or refute the preliminary hypothesis based on visual interpretations.

Systematic analysis

The second stage of this exploratory investigation was to conduct a systematic analysis of the known tangible and intangible elements of services that guests will receive upon purchasing each of the three hotel suites.

A systematic analysis process was chosen to provide a more scientific approach towards the investigation by being able to physically identify similarities and differences between the three hotel suites. Data was gathered using a desk-based approach,

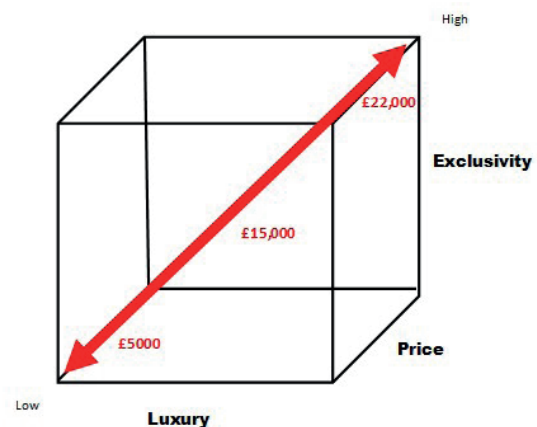


Figure 3: Sample hotels within the theoretical framework

i.e. analysing each suite using their designated pages from the official hotel websites. The researcher looked to gather data and then compare the known tangible and intangible service/variables between the three hotel room suites – e.g. room size, number of bedrooms, etc., in order to identify and thus justify whether an increase in price justifies a higher level of luxury. This method was also ideal to critically analyse the validity of participants in the interview process as it allowed for physical evidence to support or refute respondent's answers.

In-depth semi-structured interviews

The final stage of this exploratory investigation was to conduct in-depth, face-to-face, semi-structured interviews with each of the three hotels' general managers (HMs). Hotel general managers were specifically picked for the interview process as it is expected that they have a say in the prices charged for the selected hotel rooms.

Interviews were conducted due to their nature of openly extracting "elicit views and opinions from participants" (Cresswell, 2009, p. 181), something which was considered necessary in this exploratory investigation to better understand the relationships between the three constructs of luxury, price and exclusivity. The format of semi-structured questioning allowed for a very naturalistic feel to the overall interview and was similar to a professionally focused conversation. It was hoped that this resulted in a more open and accurate response to each question (Robson, 2007).

Findings

The researcher initially examined the advertising messages used by each hotel to promote and market each suite. All three hotel websites describe their hotel as unique in their chosen sector. H5 currently markets the hotel as "London's finest boutique hotel...with rich furnishings and sumptuous finishes". Similarly, H15 describes the hotel as "one of London's most distinguished hotels" which is seen to "exude an exciting mix of elegance and luxury" to its guests. While H22 could be suggested to go one step further in optimising its stance within London's luxury hotel market, suggesting that the hotel is "the ultimate London address...offering state-of-the-art 21st century luxury". These descriptions link to the work of Frank (1999), Thomas (2007), Bellaiche et al., (2010), and Hoffmann and Coste-Manière (2012), suggesting that all three hotels are likely to be of high quality and reflect elegance and sophistication. From a marketing aspect, it could be suggested that all three hotels look to make a claim for their unique position within London's luxury hotel market, exaggerating on the positive use of terminology used to describe each hotel. Without actually saying "no plebs here", the language employed stresses exclusivity.

Further descriptives used to describe the hotels also depict a sense of exclusivity. Phrases such as "London's finest boutique hotel" (H5), "one of London's most distinguished hotels" (H15) and "the ultimate London address" (H22) can all suggest that a stay at either of the three hotels is one of privilege that very few have the opportunity in experiencing (Kapferer & Bastien, 2012; Chandon et al., 2015). Interestingly, however, the language chosen by the three hotels can be seen to be somewhat interchangeable in that a similar message is portrayed. There is no clear evidence which specifically

articulates that H22 is better than H5, despite the price difference being four and half times greater.

As well as the descriptions of the hotels themselves, particular attention was paid to the wording chosen to describe each suite. H5 looks to describe the room as "one of the most luxurious suites in London" with "state-of-the-art technology" used throughout the room to portray a modern, innovative and contemporary feel. H15 describes their hotel room along similar lines, announcing that their suite is "a prestigious and luxurious three-bedroom suite" and is argued to be "one of London's most exclusive settings for private entertainment". Particular attention was drawn to the levels of description of the rooms themselves, which were much more detailed than that of H5, with an emphasis on the detail of the interior furnishings. The description talks about the "original 18th century paintings" which are seen to remain "true to the hotel's Victorian heritage", and the room is said to be "decorated in a fresh contemporary style".

Lastly, H22 places a large amount of emphasis on the quality of the tangible interior furniture which occupies the "two floor unique space". Offering "refined elegance which reigns supreme", the "mirror-panelled walls and leather-lined shelves" could be argued to optimise a much deeper level of luxury compared to H5 and H15. Nevertheless, none of the descriptions can be said to clearly reflect a hierarchy of facilities or service that justifies the price variations across the three hotel suites.

A thorough analysis of each room's website page highlighted how the specific price of each room was *not* stated on either of the three hotel websites. All three hotels stated that all enquiries were to be made directly to the hotel reception via telephone or via a specialised email address which directly related to bookings for the hotel room.

Excluding the room rate from the hotels' websites reinforces the secrecy and exclusivity of the properties on offer. The general public cannot find out about the room rate and this leads to a more private and secretive service being presented to the eventual consumers of the room. Questions are therefore asked whether this is a strategic decision by the hotels to portray and offer a more exclusive experience to the hotel rooms' guests as it is something which is noticeably only done for these rooms. Perhaps it is a reflection of the notion, "if you have to ask how much it is, you cannot afford to stay here".

Tangibles

Through contrasting images of each hotel room, it was interpreted that all three suites and the facilities presented showed the rooms to be somewhat similar, with no clear or definitive differences being seen among the three rooms, despite the large fluctuations in prices. All three could be compared to what can be described as a large expensive home/apartment rather than the stereotypical hotel room which many may associate with expense to purchase the room.

Visual stimuli

The following pictures suggest that it is difficult to single out the most expensive from the least expensive of these suites. Neither H15 or H22 gave any definitive or distinctively obvious differentiations compared to H5, despite there being a substantial price difference, making it considerably difficult for the researcher to illustrate which room was more or less

luxurious/expensive than the other based on visual stimuli alone. An interesting suggestion, however, is the differences in styles which all three hotel rooms have chosen. H5 and H22 both portray a more contemporary, open and colourful aura, while H15 represented what could be seen as a more traditional approach to its layout and furnishings.

Breakdown of products and services

Further attention was then placed on the so-called physical advertised products and services that a guest will receive upon purchasing each of the three hotel rooms. Table 1 showcases a detailed systematic analysis of those products and services which can be purchased, with all data used gathered from the hotel websites. The use of this method was important to contrast and compare all three hotel rooms using a variety of different variables.

The comparison of the rooms' sizes revealed that despite guests paying three to four times more than the price for H15 and H22 compared to H5, evidence shows that a guest is not necessarily receiving three to four more times for their money when it comes to size or space of a room, as well as the supporting facilities and services. Such a problem is notable when variables such as the number of bedrooms and bathrooms are compared, with a guest only receiving double the number of bedrooms and bathrooms in H22 compared to H5, despite over four times the price difference. Similar discussions relate to maximum occupancy of each room, with again, even with a three to four times higher price compared

to H5, the occupancy levels of both H15 and H22 are only double (7–8) that of H5.

Such findings can be and were translated into a systematic table where it was possible to analyse the differences in prices depending on selected variables. Notable variables which were analysed are shown in Table 2.

While the interpretation of literature was visually depicted within the theoretical frameworks (Figure 2 and 3), the suggestion raised was the supposition that both luxury and exclusivity would increase parallel to the increase in price. Calculations in Table 2 show that this assumption is in fact negative according to this sample, with the most evident calculation to provide evidence for this conclusion seen in the calculation a guest would pay per metre squared. H15 can be seen to be more expensive per metre squared, compared to (as expected) H5, but (not as expected) compared to H22.

While all three other calculations (price per capita, price per bedroom and price per bathroom) were seen to favour the supposition of Figure 2, they can, however, be seen to not

Table 2: Systematic analysis of price per fixed variable

| Price per night | H5 £5 000 | H15 £15 000 | H22 £22 000 |
|----------------------|----------------------|----------------------|----------------------|
| Metres squared | £23.69m ² | £61.98m ² | £47.31m ² |
| Per individual guest | £1 250 | £2 143 | £2 750 |
| Per bedroom | £2 500 | £3 000 | £5 500 |
| Per bathroom | £2 500 | £3 000 | £5 500 |

Table 1: Analysis of products and services

| Variable | H5 | H15 | H22 |
|--------------------------------------|---|---|--|
| 1. Price per night (GB£) | 5 000 | 15 000 | 22 000 |
| 2. Size of bedroom (m ²) | 211 | 242 | 465 |
| 3. Number of bedrooms | 2 | 3 | 4 |
| 4. Number of bathrooms | 2 | 3 | 4 |
| 5. Maximum occupancy | 4 | 7 | 8 |
| 6. Location in hotel | Top floor | First floor | Top floor |
| 7. In-room facilities | 1. Kitchen 2. Dining room (8 pax) 3. Terrace (40m ²) 4. Living room 5. Open bar | 1. Kitchen 2. Dining room (10 pax) 3. Terrace (70m ²) 4. Living room 5. Open bar 6. Reception area (40 pax) 7. Steam room | 1. Kitchen 2. Dining room (10 pax) 3. Terrace (63m ²) 4. Living room 5. Cocktail bar 6. Private wine cellar 7. Private spa suite 8. Private study |
| 8. Added internal facilities | 1. Tablet-controlled operating systems | 1. Under-floor heating | n/a |
| 9. In-room amenities upon arrival | n/a | 1. Flowers 2. Champagne 3. Chocolates (restocked daily) 4. Fruit juices and spirits (restocked daily) | 1. Flowers 2. Champagne |
| 10. Personalised gifts | n/a | 1. Pillow and duvet menu 2. Inscribed robes 3. Inscribed slippers 4. Inscribed stationaries | n/a |
| 11. Additional services | 1. Rolls Royce chauffeur 2. International newspapers | Twice daily housekeeping | 1. Chauffeur-driven car 2. In-suite check in 3. Luggage (un)packing 4. Daily morning coffee wake-up 5. Shoe shining 6. Personal shopper (24hr notice, ~3.2 km radius) |

represent the true fluctuations in price, with H15's calculations not equating to three times that of H5, and H22's calculations not equating to four times that of H5.

Further analysis found that all three rooms can be seen to offer very similar facilities, including kitchen, dining rooms, terraces, living rooms and a bar of some calibre, with minute differences in regard to their sizes and the number of occupants who can occupy them.

The location of each of the rooms in their individual hotels was an area of interest. H5 and H22 are both located on the top floors of their hotels, while H15 is located on the first floor. Thoughts are raised about the reasons of these locations and whether they are indeed seen to be a strategic decision to offer and promote a more luxurious and exclusive environment. The benefit of a top-floor room, for example, can be alleged to add external cost effective value, with the surrounding scenery being viewed from the rooms' windows and terraces, while a more private and peaceful atmosphere (exclusivity) may be greater by being further away from the hotel's daily proceedings, which happen closer to the ground floor. Again, it is questionable whether these added extras are a means to justify the prices which are being charged, or if it is a matter of pure coincidence. If they are a means for justifying price, it could be suggested therefore that H5 has arguably a stronger position to charge a higher price than H15 due to the added extras which the guest can experience.

Such analysis raises early suspicions about the justification of pricing methods being used. The systematic analysis conducted hints at the possibility that price is not necessarily being set to reflect quantity of the tangibles, with the early proposition that price is seen to reflect something more complex than first perceived.

Creating the experience

The three hotel managers interviewed agreed that the difference between "normal" hotels and "luxury" hotels depends highly on greater levels of service, which is believed to enhance the guests' experience. Consistent with the experience economy (Pine & Gilmore, 1999), the reported change of the luxury phenomena is now based on experiences rather than products (Danzinger, 2005). All three managers touched upon the need to not only deliver luxury products and services, but to combine these effectively and efficiently into the overall luxury experience that impresses the guests.

HMH5: "It is about giving the guests a memorable experience with impeccable service". HMH15: "Yes we have beautiful products but these people have amazing products in their own homes, so what from a service point of view can we offer that they would not have in real life is difficult [to offer] at times". HMH22: "I think it is all about service and service delivery...It is about the connection with the guest and that is something you have to work very hard on and this is something that needs to happen on a daily basis". While HMH15 admitted that "you have some amazing newly built hotels and hotels which have been transformed that have a much better product than we do in all honesty because they have spent an awful lot (of money) on modernising their products".

To distribute "impeccable service", to develop a "connection with the guests" and to deliver a "memorable experience" can be said to lie heavily with the personalisation of the overall product and service offered. It was coincidentally H15, as can

be seen from the systematic analysis in Table 1, which provided strong evidence of personalisation in regard to the tangible commodities on offer to the guest, with the inscription of names on bath robes, slippers and stationary available for the guest to use and to take home. H22, meanwhile, can be said to offer highly personalised services through chauffeur-driven cars, in-suite check-ins, personal shoppers and unpacking services.

Nevertheless, interpretations of personalisation linking back to the theoretical framework constructed from the literature review raises further lines of enquiry. It suggests that the price itself is a tangible commodity reflecting, representing or even promote a guest's experience. A new proposition can be made in that the higher the price, the greater the experience for a guest, however, again this is something which will need to be tested and verified. For now, however, it could be seen that the higher the price, the greater the levels of exclusivity on offer (McKinsey and co., 1990), with price in the case of H15 being regarded as a method to promote and enhance exclusivity.

HMH15: "I think the exclusivity comes from a price point already in that it separates those who can and cannot afford to purchase such goods". Being able to conspicuously consume (Veblen, 1899) hotel accommodation not available to most other hotel service consumers nourishes the status needs of these guests, reinforcing their perceived sense of status and uniqueness. Price therefore is a fundamental part of this luxury and exclusive experience (Kapferer & Laurent, 2016).

As was identified in the literature, the desire to consume conspicuously is not only believed to enhance social status, but is also said to be individually useful, assisting in signalling to others to move towards or away from a person/environment (Wang & Griskevicius, 2014). Throughout all three interviews, all three HMs raised interesting discussions linking heavily to the sociological and economic background of the guests staying in their hotels, as well as those occupying the three specific rooms being investigated in this research.

HMH5: "Imagine someone that has everything that money can buy. We are talking 40 supercars like Lamborghinis and Aston Martins, they've got yachts, they've got private jets – imagine everything that money can buy and these people (guests) have it all". HMH15: "We have people who live it (luxury lifestyle) every day and therefore their expectations are very different to that person who can only touch it for one or two days". HMH22: "In a hotel like this, we have a lot of VIP celebrities and high profiles from politics to corporate...whom are well known to the audience...when they spend time in a hotel like this they really want to have the privacy and for us to look after everything".

The research conducted by Wang and Griskevicius (2014) suggested that conspicuous consumption can attract or repel individuals from others, and this can also apply to hotels themselves. A hotel accommodating VIP guests from similar successful economic, cultural and political backgrounds may itself be an important marketing concept attracting guests who are, or aspire to be, part of the social elite. HMH5 suggested there is a certain type of guest who actively seeks to stay in these types of hotels and rooms which are said to be for the "inner circle of people which come to this hotel. Money is not an issue." Purchasing such a room at such a high price may well imply that a guest is able to buy their way or be able to

position themselves within this “inner circle”, and experience the tangible and intangible benefits which come from it.

However, the role and status of H5 raise some interesting questions. Clearly, guests are paying many times more than the average rate for London hotel accommodation. It may be that they are working with their price sensitivity: H5 meets their comfort and status needs, and H22 would be seen as excessive, or reserved for very special occasions. On the other hand, this may be an indication of an inner circle within an inner circle? Do only the elite of the elite stay in hotels such as H22?

Conclusion

The exploratory nature of this study began with a broad-scaled literature review to understand the complexity of luxury and the multiple notions that make it difficult to define. Within these readings, it was clear to see that two constructs in particular were vital in the creation of luxury – price and exclusivity. In their research, Kapferer and Laurent (2016, p. 333) insisted that “price is central in the perception of luxury”, while Dubois and Paternault (1995) believed expensiveness is a major characteristic a luxury consumer looks for before purchasing. Parallel to this, Groth and McDaniel (1993, p. 10) believe the concept of “high price can make certain products and service more desirable”, while also making products and service more exclusive, separating those who can afford to purchase from those who cannot (McKinsey and co., 1990). As is suggested by Hennigs et al. (2012, p. 932), the true value of the luxury concept lies heavily in “the perception of excellence, exclusivity and uniqueness”. The relationship between the three constructs therefore was interpreted to be unique, with the early assumption that all three work with one another, as suggested in Figures 1 and 2.

In the three sample hotels/rooms examined in this research, the interrelationship between price and exclusivity remains in proportion (as one continues to grow so does the other), as the higher the price, the less people there are who are able to afford its consumption (McKinsey and co., 1990).

A comparison between the tangible and intangible products/services which a guest receives upon purchasing either of the three differently priced rooms shows very few variations when comparing against each other, despite considerable price differences. This therefore suggests that a room which is more expensive is *not* necessarily more luxurious based upon physical purchasable features, signifying that the relationship between price and luxury is not seen to correlate parallel to the relationship of price and exclusivity. It is concluded in this investigation that the construct of price far exceeds the rate at which luxury expands, with the price in this context not necessarily indicating the levels of luxury a guest is likely to consume on purchasing. The reasons why this is happening are still to be confirmed. However, there is strong evidence in this research to suggest price is being used predominantly for exclusive means/measures (as shown in Figure 4), supporting the research and thoughts of McKinsey and co. (1990). For hoteliers, it is important that caution should be practised when “playing” with high prices. While high price may well attract certain members from an elite class, it is thought that greater expectations are also still likely to follow when purchasing a hotel room with a higher price, regardless of affordability. It is therefore suggested to hoteliers that they understand the

implications of higher prices and the effects on consumers’ expectations, and evaluate whether the hotel/room can live up to such expectations.

From a more theoretical standpoint, a new proposition is put forward suggesting that a new phenomenon entitled *conspicuous pricing methods* is in motion, with the idea that price in itself can be seen to enhance a guest’s stance within society, similar to the concept of conspicuous consumption (Veblen, 1899), based upon the price they (the guest) pay for a hotel room per night. This new proposition can be said to



Figure 4: From top to bottom, H5, H15, H22 – pictures used for visual stimulus analysis

lead into another, with the suggestion that the higher the price, the greater the experience for a guest. However, this is something which will need to be tested and verified. Further research through both quantitative and qualitative means is needed to confirm such propositions/hypothesis as well as other managerial issues surrounding the choice of price being charged, while a systematic and comprehensive breakdown of the revenues, costs and profit/losses between luxury hotels and non-luxury hotels may well help to assist industry and academia to understand the complexity of the luxury hotel phenomenon in greater detail than this study alone.

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The influence of the importance of event factors on meeting planner satisfaction: A case study of a theme park event business

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This paper presents data from a research project aimed at identifying how important the different event factors are to the visiting meeting planners and how this might influence guest satisfaction. The focus for the researchers was to get an overall picture of the meeting planners' satisfaction and to identify the areas which needed more focus, in order to improve future business. This was done by sending an online survey to 25 regularly visiting meeting planners. This survey asked the meeting planners to rate event factors on their importance, and the satisfaction level regarding a certain planned event on service and physical factors. The event factors were derived from both the academic literature and the experience of the company. The survey was split into two parts. First, the factors needed to be rated in terms of importance, and second on satisfaction. Seven meeting planners filled out the survey. Nevertheless the findings showed that friendliness and politeness scored highest on importance of all factors. Also empathy, reliability, responsiveness, tangibles, and food quality scored high on importance. Improvement areas concerning satisfaction are "consultation" and "reachability" during the planning process, and "cleanliness of meeting rooms". Further investigation is needed for the factors of "lighting, climate and soundproofing of meeting rooms", "size and number of facilities", "presentation, variety and quantity of food". and why customers actually choose a theme park for their event.

Keywords: importance, satisfaction, meeting planner, theme park, MICE

Introduction

The MICE (meetings, incentives, conventions, events) business is continually growing and it is a crucial segment for many hotel businesses (Kotler et al., 2010). A typical event organised for larger business groups usually consists of meetings and conferences or workshops during the day, a special dinner in the evening and overnight stays in the hotels. Business guests differ from leisure guests in many ways. Business guests come with a different intention and value different factors during their stay. For example, the technical equipment of the meeting room might be more important than the bedroom's quality. This research explores what MICE guests find important during their stay and what is needed to satisfy them. Satisfied guests spread a good "word of mouth" and increase repeat business (Campbell & Shaw, 2000). There are several studies analysing the importance of factors leading to MICE guest satisfaction (Lee & Park, 2002; Hinkin & Tracey, 2003; Kang et al., 2004). Theme park event business is unlike other event locations and this study explores these differences.

The theme park featured in this study has its own business-event team in charge of the event business. For this research, inspiration came from the method of Tsai and Lin (2014), who developed a two-phased service quality strategy model for identifying unsatisfactory service factors by integrating the importance-performance gap analysis model. Their research was conducted in restaurant outlets of hotels in Taiwan. The importance-performance served as an example for finding defective or underperforming areas in the event business as well. It could enable a systematic approach to improve service

quality and show what business guests, in general, value at business events.

Business events and conferences

For a better understanding of the theoretical background, first the terms service quality, service value and guest satisfaction and how they relate to each other need to be clarified. Also, attention will be given to the specific service expectations of business guests.

Service quality is usually measured by how valuable the service is to the consumer, so value is placed between the costs of obtaining the service and its benefits (Kotler et al., 2010). Service quality leads to satisfaction (Parasuraman et al., 1988; Kang et al., 2004). Service value mediates the relationship between service quality and guest satisfaction, so high service quality results in high perceived service value which in turn affects guest satisfaction (Cronin & Taylor, 1992; Lee et al., 2004; Hu et al., 2009). Parasuraman et al. (1988) observed five dimensions of service quality: Tangibles, Reliability, Responsiveness, Assurance and Empathy. Four of these dimensions are connected to the employee. Also, Lee et al. (2004) argued that service quality is mainly determined by the interaction between the employee and the guest. This is especially true when focused on hospitality organisations. They also revealed some nuances in terms of five- to three-star hotels. In five-star hotels, empathy had the strongest influence on the service value, in four-star hotels, reliability and empathy, and in three-star hotels, empathy, responsiveness and tangibles.

Service for MICE guests

There is limited research about this topic in the hospitality literature for MICE businesses. Physical aspects are often part of the site selection criteria of meeting planners. Fawzy and Samra (2008) suggest that accessibility, extra-conference opportunities, accommodation facilities and site environment were important criteria. Also, in Choi's research (2004), six out of the top ten elements were physical factors: proximity of hotel and meeting facilities; capacity of meeting rooms; hotel cleanliness; number of meeting rooms; availability of on-site parking facilities; and comfort of bedrooms. Other hospitality research in this area already treated the effect of physical atmospherics (facility aesthetics, ambience, spatial layout and view from the window) on guest satisfaction and underlined their importance (Heung & Gu, 2012). Food and beverage quality is another important factor (Wei & Huang, 2013), and is among the top ten important factors for MICE guests (Choi, 2004), and overall food quality strongly influences the guests' satisfaction (Namkung & Jang, 2007).

Chris Pentz, president of a group communications firm, concluded that after an event, the food is what will stay in the guests' minds, particularly factors such as variety, presentation, taste and timing (Kim et al., 2009; Namkung & Jang, 2007), and flexible planning of menus (Amer, 2004). Prior to an event, site selection criteria like local support and information is important (Fawzy & Samra, 2008). Among the top ten factors of Choi's research (2004) were friendliness of hotel personnel, problem-solving skills of hotel personnel, and efficiency of check-in/out. Other studies have found similar factors. To strengthen the service quality, training to improve staff attitudes, greetings, friendliness and competence were necessary (Lee et al., 2004; Prasad et al., 2014). Meeting planners also appreciated having primary contact with a responsible and knowledgeable member of staff, especially in terms of technology. The initial and final interaction shaped guests' perceptions of service quality. The most common problems meeting planners encountered arose from lack of staff competence (Hinkin & Tracey, 2003). Choi (2004) and Prasad et al. (2014) noticed that both quality of meeting and bedrooms, but also staff service quality, were important.

The impact of physical aspects was confirmed in research by Kang et al. (2004). Together with factors like the location of the accommodation, the accommodation, the meeting and the banquet facility were influential to consumer decision-making (Lee & Park, 2002). On the other hand, factors connected to the staff service such as creativeness, unexpected service, encounter performance (Kang et al., 2004), programme handling, responsiveness, language fluency and attitude (Lee & Park, 2002) were essential. Lee and Park (2002) also evaluated factors having the least importance to the guests and found that a smoking section, decoration and spouse and family programmes were of least importance to the guests. Hinkin and Tracey (2003) discovered that recreational amenities and public areas had only little importance to the guests. Nevertheless, these factors become of more interest. Service factors themselves are more important than physical factors (Lee & Park, 2002; Hinkin & Tracey, 2003).

Also the functioning of the facility is very important. Guests want convenient meeting rooms with comfortable chairs and tables. This does not mean that aspects like appearance and decoration are not important, but other aspects are more

important for the total guest satisfaction (Hinkin & Tracey, 2003). Furthermore, Hinkin and Tracey (2003) analysed the differences in the importance of factors between the meeting planners and the guests of those meetings, because the meeting planner, for example, also considers the sales transaction in the evaluation. Lee and Park (2002) discovered that convention staff service is more relevant to the meeting planners than to the guests, whereas hotel and food and beverage service is more relevant to the guests. However, the eight most important factors were the same. Security, meeting rooms and bedrooms and competent staff were prioritised by both groups. Furthermore, there are factors that mainly concern the interaction between the venue and the meeting planner that are important to satisfy the meeting planner: communication, organisation, execution, developing relationships, initiative and crisis management and mitigation (Campbell & Shaw, 2000).

Luk and Layton (2002) revealed inconsistencies between guest expectations and servers' understanding of such and concluded that it was due to lack of training in that matter and a lack of communication of service standards. If the servers were more empowered to tailor the product according to the guest's needs, this could improve the service quality because the gap between the guest's expectation and the managers' perception of these is bigger than the gap between the servers' perception of the guest's expectation. The emphasis is usually on the service quality and not on service value (Lee et al., 2004).

This illustrates that different factors influence the service quality of MICE events. Service-related factors seem to have more influence on the service quality than physical aspects, like food and beverage quality. MICE guests find different factors of more importance compared to meeting planners. Except, for both groups, eventually the service value was what led to guest satisfaction.

Service and physical factors have a certain importance to the guests. The guest satisfaction is determined by both service and physical factors. This research aims to analyse how these factors influence the meeting planners' satisfaction (see Figure 1).

Research design

This research focuses on an overview for MICE management to develop key areas in the service value of crucial factors in order to improve guest satisfaction. Through a literature review, the following questions were identified:

- What was the relationship between importance and satisfaction of the service factors, before, during and after an event?
- What was the relationship between importance and satisfaction of the physical factors?
- Were there relationships between demographical factors and satisfaction?

Since the importance and the performance of different MICE factors needed to be rated and quantified, a method with a pre-coded structure was chosen (Fisher, 2010). The most common way to survey satisfaction, and the most convenient way to do this in the given situation, was an online survey. The contact details of the participants were already available, and by sending an email, they could choose when to answer the survey. Furthermore confidentiality was ensured in the

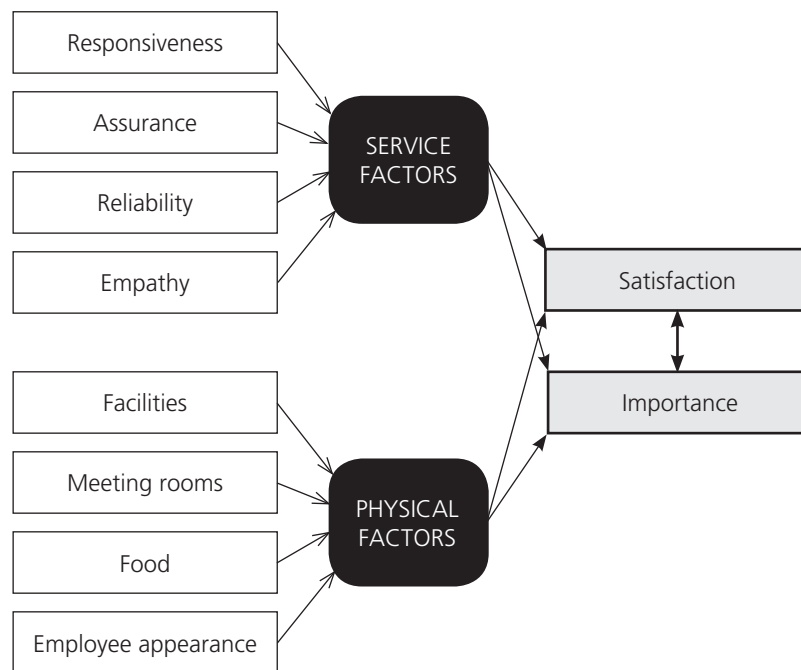


Figure 1: The relationship between importance and satisfaction ratings of service and physical factors of meeting planners

accompanying email in order to generate bias-free results and encourage respondents. The online survey was created based on literature (Cronin & Taylor, 1992; Campbell & Shaw, 2000; Lee & Park, 2002; Hinkin & Tracey, 2003; Choi, 2004; Severt et al., 2007), however, extra areas of interest for the researchers were incorporated as well. A pilot study was done with employees of the event planning department to ensure quality and correct language of the survey. They were asked to fill out the survey as if they were a meeting planner. With the feedback of the pilot study, some layout and wording issues were corrected, and a separate part for the social programme was created because this seems to be a special reason to use a theme park for a meeting venue.

The structure of the survey was, firstly, a rating of the importance and, secondly, a rating of the performance in order to have all factors being measured on both aspects. The factors themselves covered service factors concerning the planning and execution phase of the event, and physical factors. The service quality prior to the event (the planning phase) was of special interest in this study to the company because it was the job of the concerned department to ensure good service in the planning phase of an event. All factors were chosen from literature according to the needs of the department and the aim of this research. This resulted in five items for the planning phase, which were chosen from Campbell and Shaw (2000) and connected to the tasks of the employee consulting and supporting the customer prior to the event, e.g. competence and negotiation skills.

The execution phase entailed thirteen items connected to the employee performance and service quality, e.g. friendliness and dependability (Cronin & Taylor, 1992; Campbell & Shaw, 2000; Lee & Park, 2002; Hinkin & Tracey, 2003; Choi, 2004). The physical factor entailed twenty items connected to employee appearance, meeting rooms, facilities, food quality and social programme, e.g. meeting room equipment, guest

room quality, or food variety (Cronin & Taylor, 1992; Lee & Park, 2002; Hinkin & Tracey, 2003; Choi, 2004; Severt et al., 2007). For the importance and the satisfaction a 7-point rating scale was used (1 = totally agree; 7 = totally disagree).

The third part of the survey was the rating of the overall performance of the event, and the fourth part consisted of demographical questions. These questions were also partly taken from previous literature and partly due to the aim of the research and from experience in dealing with the participants. The demographical questions directly taken from Campbell and Shaw (2000) were: "How many participants did attend?"; "What was the purpose of the event?"; "Were you required to consult anyone before making decisions?"; "How long have you been a meeting planner?"; and "On average how many participants are invited to your events?". The questions "Who were the participants?" and "Which is your industry branch?" were also created. The demographical questions were asked with closed checklists and yes-no questions.

Sample

The sampling frame was drawn up with the banqueting software of the company, where all the details needed were available in order to filter the participants and their contact details. All events within the last four months (January until May 2016) were filtered. The chosen 25 meeting planners who received an email with an introduction and a link to the survey were the ones who regularly held an event at the venue and had done this within the last four months. A convenience sample was made up of seven meeting planners. Since regular business users might give higher scores than customers who came for the first time, the results need to be treated carefully.

From the moment of sending out the questionnaires, the survey participants had two weeks to respond (Fisher, 2010). A reminder was sent after one week. From the 25 participants invited to the survey, seven completed it and one quit after

Table 1: Demographical results in order of no. of answers

| | Number of answers |
|---------------------------------|-------------------|
| Purpose of the event | |
| Training | 2 |
| Meeting | 2 |
| Incentive | 1 |
| Farewell | 1 |
| Acknowledgement | 1 |
| Customer event | 1 |
| Kick-off | 1 |
| Celebration | 1 |
| Workshop | 1 |
| Exhibition | 1 |
| Participants | |
| Employees | 6 |
| Employees and spouses | 1 |
| Current customers | 1 |
| Business partner | 1 |
| Number of participants | |
| 1–50 | 3 |
| >100 | 3 |
| 50–100 | 1 |
| Industry branch | |
| Automotive | 2 |
| Pharmaceutical | 1 |
| Insurance | 1 |
| Technology | 1 |
| Retail | 1 |
| System catering | 1 |
| Meeting planner experience | |
| 5–10 years | 3 |
| <2 years | 2 |
| >14 years | 3 |
| Decision-making | |
| On my own | 4 |
| In consultation with superior | 4 |
| In consultation with colleagues | 2 |

the importance rating. This respondent was excluded from the data, therefore the response rate was 28%.

The surveys were answered anonymously, so that respondents could give honest answers and they did not have to worry that this would influence their business relationship with the company.

Importance and satisfaction

To analyse the results all factors were clustered in thirteen groups (A to M) as can be seen in Table 2. The clusters were made in the predefined groups of service and physical factors and the phase or area. With these groups, clusters were made of factors that fit together.

To determine which factors need attention, Figure 2 was created by using the total mean of importance and satisfaction as the intercept of the two axes. The units were chosen according to the maximum and minimum results.

Results

The relationship between importance and satisfaction of service factors prior to the event

The service factors prior to the event were divided into two clusters. Cluster A (Figure 3) shows factors which were related to the support of the staff, and Cluster B to their personal

skills in the planning phase. In Cluster A, “information and consultation” resulted in the area of nightmare. This was emphasised by the comment of respondent D, who criticised the reachability during the planning phase. Also “suggestions” and “negotiations” were close in the area of caution.

In Cluster B (Figure 4), “flexibility” and “competence” both appeared as unique selling points (USP). This is in line with the comment of respondent F, who praised the competence of two employees of the B2P team.

The relationship between importance and satisfaction of service factors during the event

The service factors during the event were divided into three clusters. Cluster C (Figure 5) shows the factors connected to the personal characteristics of the staff, Cluster D the personal skills, and Cluster E shows factors that are connected to the procedures during the event. In Cluster C, the factors “have your best interests at heart”, “friendliness and politeness”, “caring, individualised attention” and “trustworthiness and dependability” are all unique selling points. This is supported by the comment of respondents A and B, who praised the friendliness of staff. Apart from that, “caring, individualised attention” was rated at only 4 for satisfaction by respondent B. Only with “willingness to make the extra step to make a meeting successful” one had to be careful, because it was close to the nightmare area.

Cluster D (Figure 6) contained “creative and flexible problem-solving”, “precision and punctuality”, “prompt and attentive service” and “competence”, which all appeared to be unique selling points. Respondent F also praised the competence.

Cluster E (Figure 7) showed that “sufficient staffing” and “communication” were unique selling points. “Adequate support and empowerment of employees” and “efficiency of check-in/out” were in the caution area and close to the nightmare area. Apart from that, respondent B rated sufficient staffing with only 4 for satisfaction.

The relationship between importance and satisfaction of physical factors

Employee appearance

In the area of the physical factors, “employee appearance” was determined as one cluster (Figure 8). It was seen as a waste of money.

Meeting rooms

Factors of meeting rooms were divided into two clusters. Cluster G (Figure 9) entails consciously perceived factors, and Cluster H (Figure 10) unconsciously perceived factors. Cluster G showed that “cleanliness” of meeting rooms was a nightmare. Also “up-to-date equipment” and “comfortable seating” were in the caution area, close to nightmare.

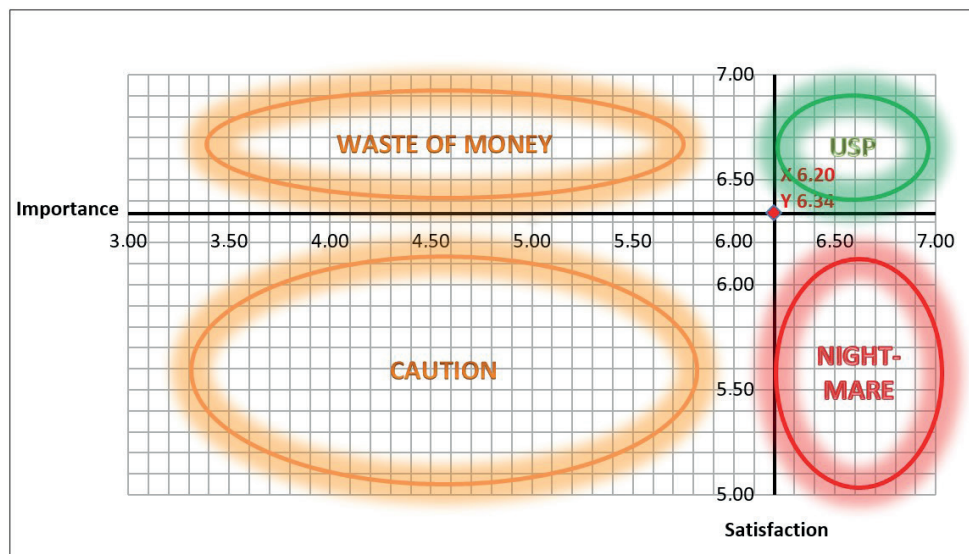
Cluster H showed that “lighting, climate and soundproofing” of meeting rooms was a nightmare. “Design and décor” was in the area of caution, close to the nightmare area. Apart from that, respondent B rated the importance of “design and décor” only with a 3.

Facilities

The factors of facilities were split up into two clusters. Cluster I (Figure 11) involves factors that guests of an event could assess

Table 2: Clustered mean results for “importance” and “satisfaction”

| | Phase/ area | Cluster | No. of factor | Factor | Mean importance | Mean satisfaction |
|-------------------------|--------------------------------|---------|---|---|-----------------|-------------------|
| SERVICE-RELATED FACTORS | Planning/ negotiation phase | A | 01. | Negotiations | 5.33 | 5.33 |
| | | | 02. | Suggestions | 5.86 | 6.14 |
| | | | 03. | Information and consultation | 6.86 | 6.29 |
| | | B | 04. | Flexibility | 6.71 | 6.71 |
| | | | 05. | Competence | 6.86 | 6.71 |
| | During the event | C | 07. | Have your best interests at heart | 6.86 | 6.71 |
| | | | 10. | Trustworthiness and dependability | 6.86 | 6.43 |
| | | | 11. | Caring, individualised attention | 6.71 | 6.43 |
| | | | 13. | Willing to go the extra step to make a meeting successful | 6.14 | 5.83 |
| | | | 06. | Friendliness and politeness | 7.00 | 6.71 |
| | | D | 08. | Precision and punctuality | 6.71 | 6.86 |
| | | | 09. | Prompt and attentive service | 6.43 | 6.71 |
| | | | 12. | Creative and flexible problem-solving | 6.29 | 6.83 |
| | | | 14. | Competence | 6.57 | 6.43 |
| | | E | 15. | Adequate support/empowerment of employees | 5.71 | 6.17 |
| | | | 16. | Sufficient staffing | 6.43 | 6.57 |
| | | | 17. | Communication | 6.43 | 6.50 |
| | | | 18. | Efficiency of check-in/out | 6.00 | 6.00 |
| PHYSICAL FACTORS | Employee | F | 19. | Employee appearance | 6.00 | 6.57 |
| | Meeting room | G | 20. | Up-to-date equipment and material | 6.00 | 6.00 |
| | | | 22. | Comfortable seating | 6.00 | 5.57 |
| | | | 23. | Cleanliness | 6.71 | 6.00 |
| | | H | 21. | Lighting, climate, and soundproofing | 6.57 | 5.43 |
| | 24. | | Design and décor meeting rooms | 5.71 | 6.00 | |
| | Facilities | I | 25. | Guest room quality | 6.71 | 6.57 |
| | | | 26. | Cleanliness of rest rooms, lobby and public areas | 7.00 | 6.71 |
| | | | 27. | Directional signs | 6.14 | 6.29 |
| | | | 28. | Design and décor facility | 6.00 | 6.86 |
| | J | 29. | Sufficient facilities (size and number) | 6.57 | 6.67 | |
| | | F&B | K | 30. | Quality | 6.86 |
| | 32. | | | Variety | 5.86 | 6.43 |
| | 33. | | | Presentation | 6.00 | 6.86 |
| | L | | 31. | Quantity | 6.00 | 6.71 |
| | | 34. | Punctuality | 6.71 | 6.83 | |
| | Social programme | M | 35. | Swimming pool and sauna in the hotel | 3.43 | 6.00 |
| | | | 36. | Restaurants and bars | 6.29 | 5.71 |
| 37. | | | Recreational activities | 4.14 | 6.00 | |
| 38. | | | Entertainment programme | 5.00 | 5.50 | |
| TOTAL MEAN | | | | 6.20 | 6.34 | |

**Figure 2:** Areas of interest

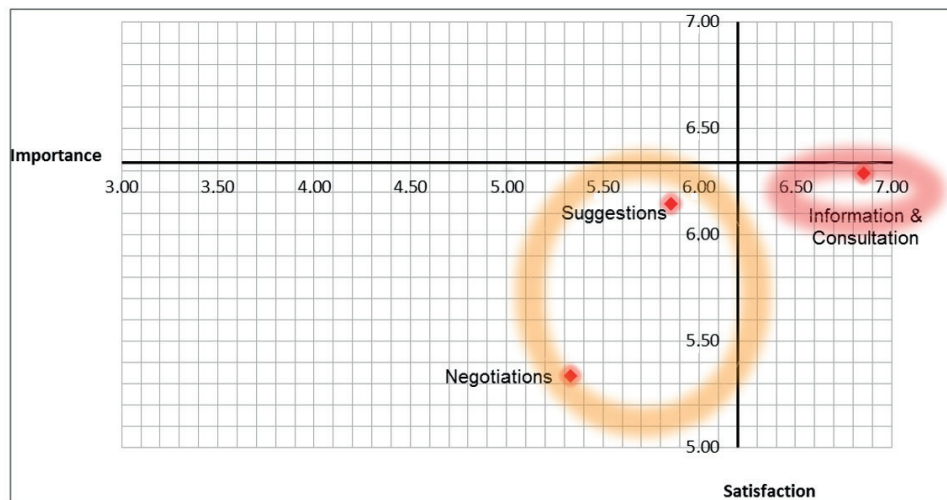


Figure 3: Cluster A: Support of staff in planning phase

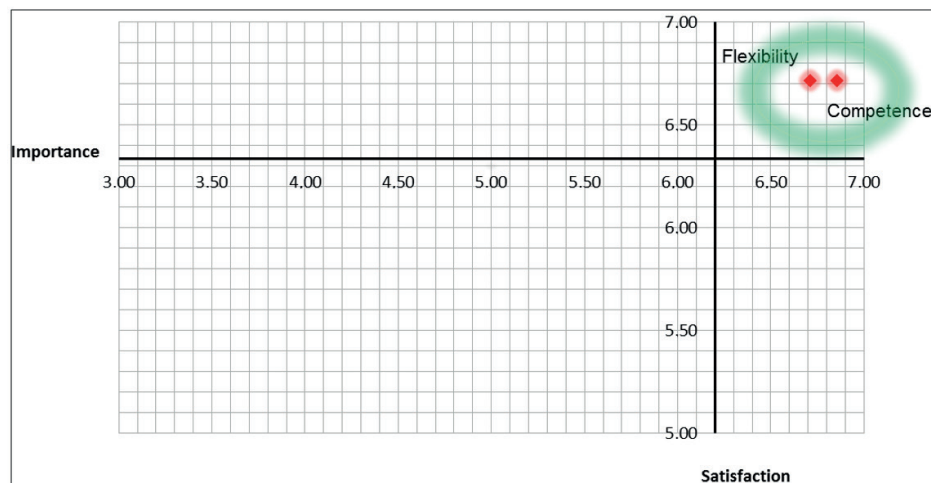


Figure 4: Cluster B: Personal skills in planning phase

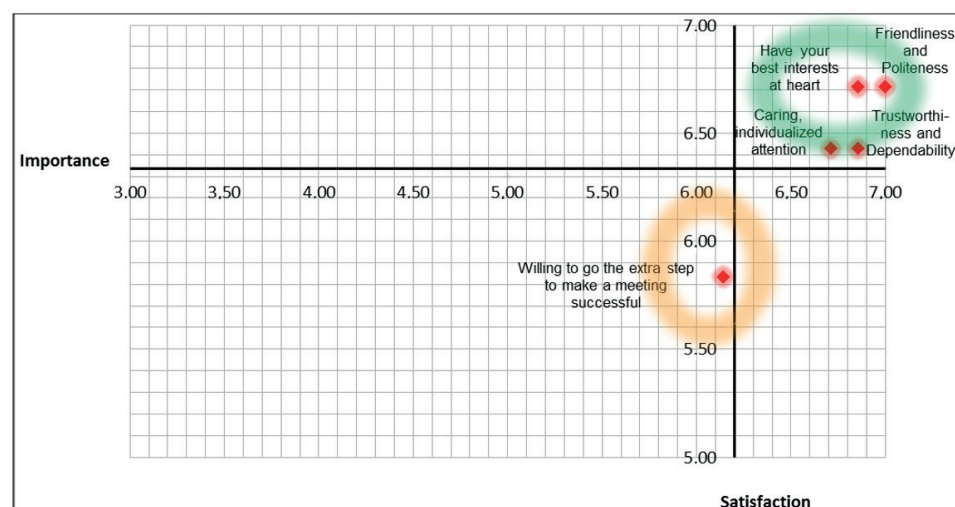


Figure 5: Cluster C: Personal characteristics during the event

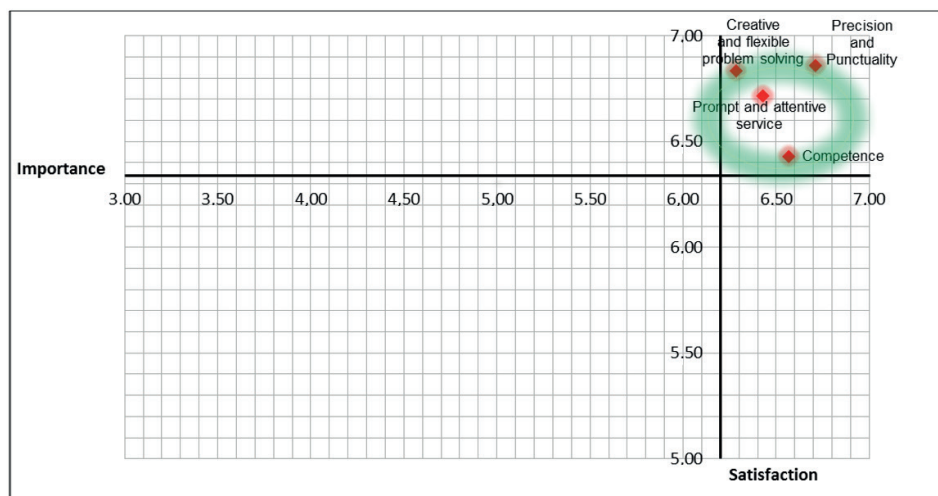


Figure 6: Cluster D: Personal skills during the event

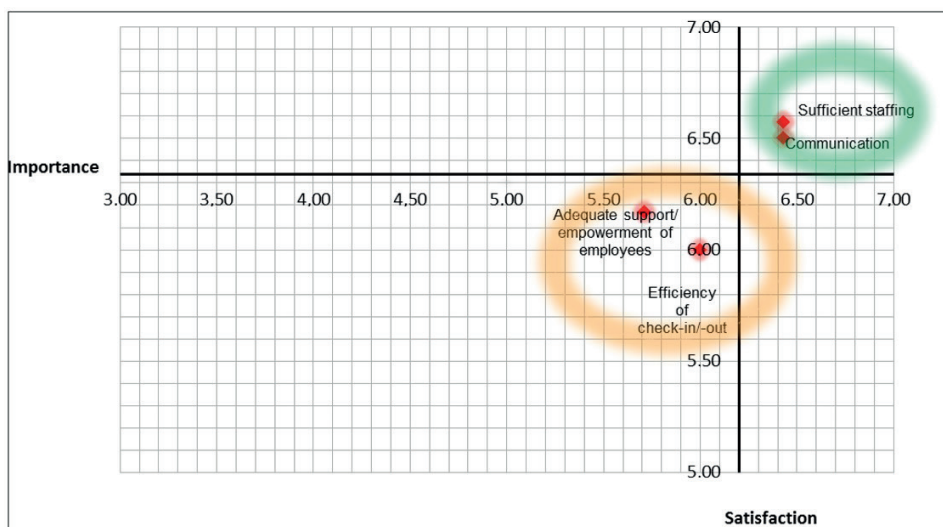


Figure 7: Cluster E: Procedures during the event

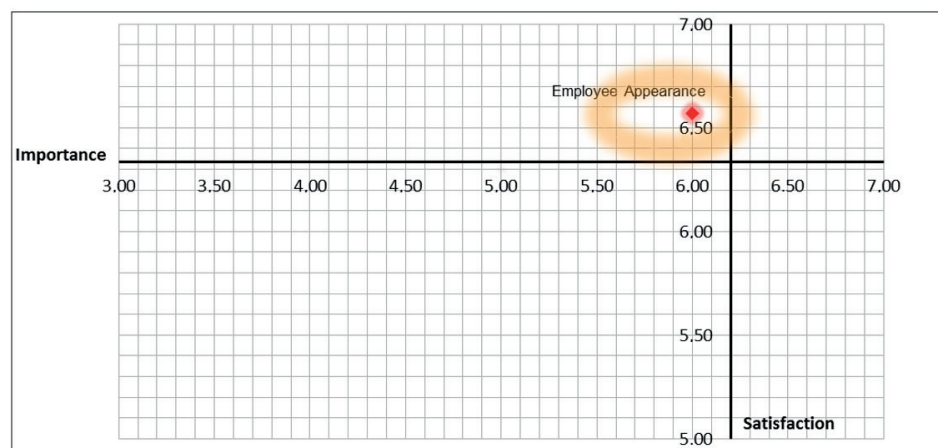


Figure 8: Cluster F: Employee appearance

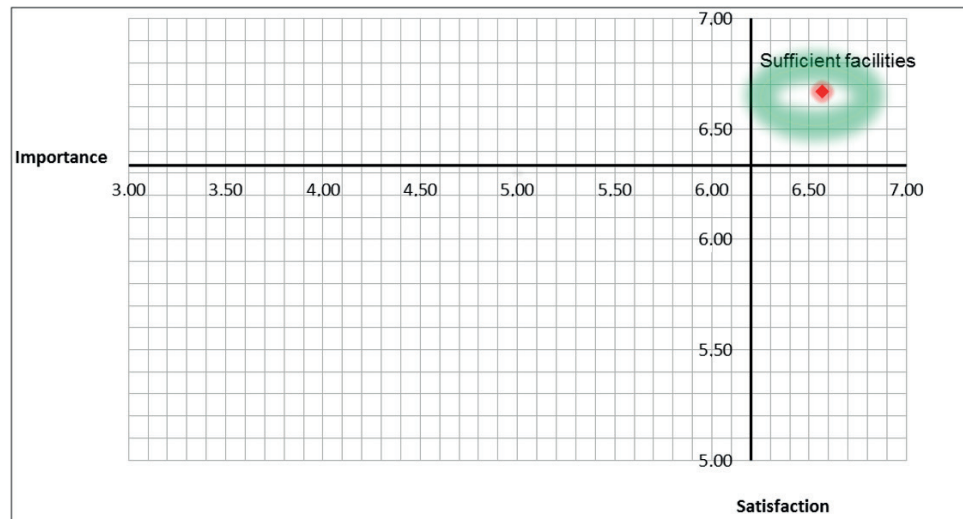


Figure 10: Cluster H: Unconscious perception of meeting rooms

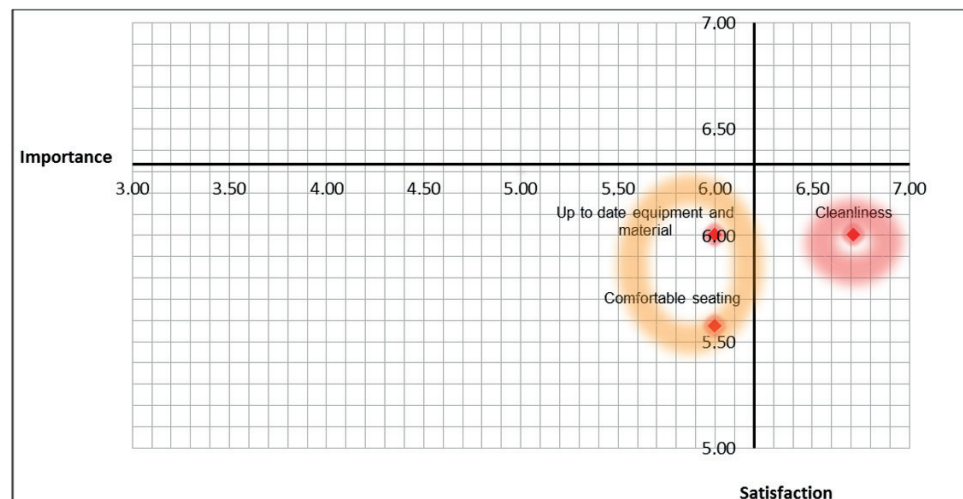


Figure 11: Cluster I: Guest-related factors of facilities

themselves. Cluster H is more important for the customer, so the meeting planner should consider the design and décor of meeting rooms and the lighting, climate and soundproofing. Cluster I showed that “cleanliness of rest rooms, lobby and public areas” and “guest room quality” were unique selling points. “Directional signs” appeared in the caution area, and “design and décor” of facilities turned out to be a waste of money.

Cluster J (Figure 12) showed that “sufficient facilities” was a unique selling point. The comment of respondent A supported this because he appreciated the optimal facilities for big and small groups with a nice atmosphere.

Food and beverages

The food and beverage (F&B) factors were split into two clusters, where Cluster K (Figure 13) features non-measurable factors, and Cluster L (Figure 14) the measurable factors of F&B. Cluster K revealed that F&B “quality” was a unique selling point, and “presentation” and “variety” were a waste of money. Respondent B, who was positive about the variety of

food in the African restaurant, however, rated the importance of the variety of food with only 4.

Cluster L exposed that “punctuality” was a unique selling point, and “quantity” of food was a waste of money.

Social programme

Cluster M (Figure 15) showed that “restaurants and bars” were a nightmare. “Swimming pool and sauna”, “recreational activities” and “entertainment programme” were in the caution area, however, not too close to the nightmare area. “Swimming pool and sauna” and “recreational activities” importance had four out of seven ratings with 4 and lower. “Swimming pool” only had four ratings for satisfaction, which connotes that the swimming pool was not used by all respondents.

The relationship between demographical factors and satisfaction

Table 3 shows all the answers per demographical question. Most respondents said the purpose of the event was either training or a meeting. The participants were employees. The

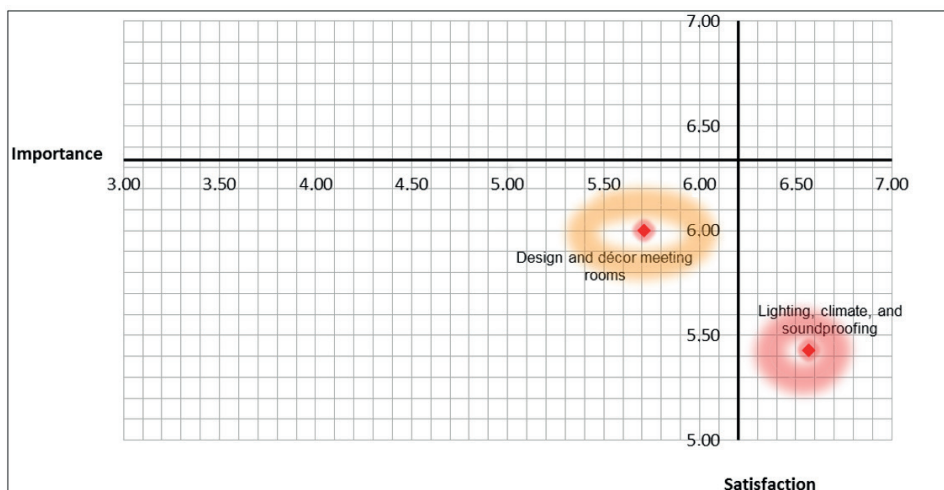


Figure 12: Cluster J: Customer-related factors of facilities

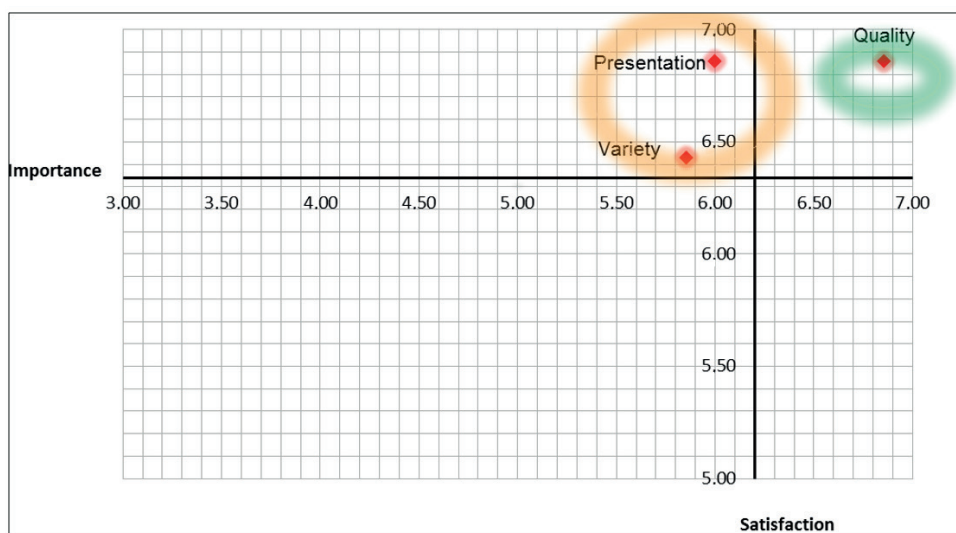


Figure 13: Cluster K: Non-measurable food and beverage factors

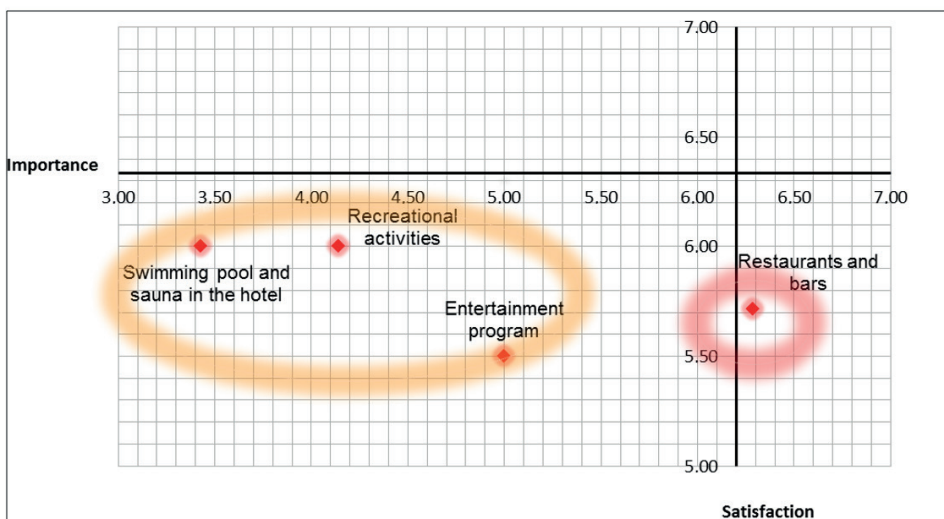


Figure 14: Cluster L: Measurable F&B factors

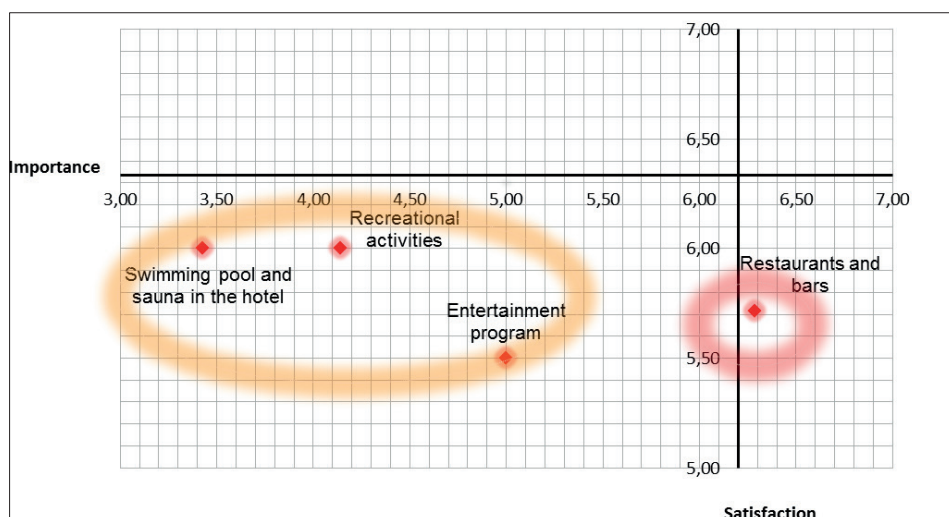


Figure 15: Cluster M: Social programme

number of participants was between 1 and 50 or more than 100. The industry branch they came from was the automotive industry. Their meeting planner experience was between 5 and 10 years, and they make their decisions either on their own or in consultation with their superior. Nevertheless, the number of respondents was small. The answers for the demographical questions were very diverse (see e.g. purpose of the event), the number of answers not distinct enough (see e.g. industry branch) and the satisfaction ratings were overall positive (4 to 7). Therefore no pattern was found between satisfaction ratings and demographics.

The factors that would need most attention

Some factors in the different areas go in the same direction, which is why they were compared individually. Flexibility appeared to be a unique selling point, both in the planning phase, and flexible problem-solving during the event. Precision and punctuality during the event and punctuality of food were unique selling points. Likewise, competence prior to and during the event appeared as a unique selling point.

On the other hand, cleanliness of meeting rooms was a nightmare and cleanliness of rest rooms, public areas and lobby was a unique selling point. The design and décor of meeting rooms was in the caution area, whereas design and décor of facilities appeared to be a waste of money. Moreover, the size and number of facilities was rated as a unique selling point, whereas restaurants and bars appeared to be a nightmare.

Overall, the analysis of the four areas identified the areas which would need most attention. "Nightmares" would be the area which needs immediate attention. "Waste of money" would come after because one can also react immediately in this area, but it does not harm the company's image. The "caution" area should also be attended to, but does not necessarily require immediate acting. The last area was "unique selling point". It is good to know what these factors were, but they do not require immediate attention. All factors were put into different categories to identify areas of attention. These factors are summarised in Table 3.

Table 3: Summary of factors in areas of attention

| WASTE OF MONEY | USP |
|--------------------------------------|--|
| Employee appearance | Flexibility prior to the event |
| Design and décor of facilities | Competence prior to and during the event |
| Presentation of food | Have your best interest at heart |
| Variety of food | Caring, individualised attention |
| Quantity of food | Friendliness and politeness |
| | Trustworthiness and dependability |
| | Creative and flexible problem-solving |
| | Precision and punctuality |
| | Prompt and attentive service |
| | Sufficient staffing |
| | Communication |
| | Cleanliness of rest rooms, lobby and public areas |
| | Guest room quality |
| | Sufficient facilities |
| | Quality of food |
| | Punctuality of food |
| CAUTION | NIGHTMARE |
| Suggestions prior to the event | Information and consultation prior to the event |
| Negotiations prior to the event | Cleanliness of meeting rooms |
| Willingness to take the extra step | Lighting, climate and soundproofing of meeting rooms |
| Adequate empowerment of employees | Restaurants and bars |
| Efficiency of check-in/out | |
| Up-to-date equipment and material | |
| Comfortable seating in meeting rooms | |
| Design and décor of meeting rooms | |
| Directional signs | |
| Swimming pool and sauna | |
| Recreational activities | |
| Entertainment programme | |

Conclusion and limitations

In general, the respondents were all satisfied. There were no factors which were rated lower than 4 (neutral) in terms of satisfaction. For importance, there were only seven ratings below 4 and those did not impact the satisfaction in that case. Most of the factors appeared to be a unique selling point. Competence was a unique selling point both before and after the event and was praised by respondent F. Friendliness was also one of the unique selling points and was praised by respondents A and B. Additionally flexibility in the planning phase and also flexible problem-solving during the event both appeared as unique selling points. Apart from that, punctuality also appeared as a service factor during the event and as an F&B factor, in both cases as a unique selling point.

Four factors appeared in the nightmare area. One was “information and consultation” and respondent D criticised the reachability issue in the planning phase. Additionally, “lighting, climate and soundproofing” of meeting rooms was a nightmare. This has to be researched further to determine how this can be improved. Furthermore, “cleanliness of meeting rooms” was a nightmare and “cleanliness of rest rooms, lobby and public places” was a unique selling point. This could be that meeting rooms can only be cleaned during the meeting breaks and coordination of cleaning times has to be arranged. The size and number of facilities was a unique selling point and respondent A appreciated optimal facilities. However, “restaurants and bars” appeared to be a nightmare. There is no clear reason why this is the case. One would need more information about the reasons.

Five factors appeared in the area of waste of money. For “employee appearance”, “presentation”, “variety” and “quantity” of food, one could think of reducing costs. Nevertheless, these were factors which many guests actually appreciated and showed the love for the details. Therefore one would need more research into how this can be dealt with without losing the atmosphere of the park. Respondent B mentioned in an individual comment that he was positive about the variety of the food in the African restaurant, but rated the importance of variety as only 4. One would wonder why he mentioned it especially, but did not see it as so important. “Design and décor” of facilities was also a waste of money. However, this is one of the factors that makes the venue special. On the other hand, “design and décor” of meeting rooms was in the area of caution, so perhaps the design and décor creates atmosphere which is only recognised subconsciously.

Apart from that, most factors of the social programme had low importance to most of the respondents. Satisfaction of “swimming pool and sauna” was only rated by four respondents, which suggests that most guests actually do not use these facilities. The area of the social programme would need more investigation, since three out of the four factors appeared in the caution area and one in the nightmare area. Caution could mean that they either become a nightmare or a waste of money. Therefore one needs to investigate how to target customers better, since one would think that factors of the social programme would be the reason why customers choose a theme park for their event. Especially because the literature showed that “decoration” and “family programmes” were factors with the least importance (Lee & Park, 2002).

Apart from decoration, Hinkin and Tracey (2003) mentioned that “recreational amenities” have little importance.

Lee et al. (2004) identified empathy, reliability, responsiveness and tangibles as factors with high importance to business guests. Choi (2004) also mentioned friendliness as one of the most important factors. This research also showed that “friendliness and politeness” had the highest importance (7.00). In addition, the other factors all showed high importance and therefore support the findings of Lee et al. (2004). The importance of food was also emphasised in the literature review (Wei & Huang, 2013). Choi (2004) also highlighted the strong influence of food quality on satisfaction. This research showed that food quality was a unique selling point and all customers rated it to be very important and were also very satisfied (both with a mean of 6.86).

Furthermore, the literature suggests that either service or physical factors were more important, for example the work of Fawzy and Samra (2008) and Choi (2004), who suggest that physical factors had a high influence on guest satisfaction. When comparing the mean importance of service (6.43) and physical factors (5.99), the findings in this study suggest that service factors would be slightly more important than physical factors.

As already mentioned, since a convenience sampling method was chosen, the generalisability of the results is very limited. The fact that there were only seven respondents from very different backgrounds makes the generalisability on demographical facts rather limited. To really find significant findings, one would need a bigger sample and especially respondents who actually had had a bad experience and were not satisfied with everything to make it more representative. The areas identified were very close to each other. The results can only suggest a direction, but do not represent the opinions of all customers. One would need more opinions to conclude that, for example, variety of food is a waste of money. Recommendations for future research would be to ensure a larger sample and a random sampling method, thus not only asking regular, repeat businesses, but in order to make it representative of the general population.

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Wasted wines

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This paper reports on a management project, a fourth-year research project at Stenden Hotel Management School, dedicated to reducing wine waste at Landgoedhotel de Wilmersberg in De Lutte (the Netherlands). To do this, the beverage cost percentages were explored for wines that can be ordered per glass, and what the most important causes of wine waste were, followed by an evaluation of possibilities to lower this percentage. During a period of three months, all the wines sold per glass, the wines that were thrown away, and the stock were recorded to be able to determine the wines wasted. Besides that, an interview with six employees was conducted to gather their opinions about the current wine serving procedures and the wine waste that was occurring. The outcomes of the research show that many wines are opened and thrown away after a couple of days because the quality had decreased. All in all, this is an enormous amount of waste. To reduce this amount of waste it is important that every employee is aware and involved with the waste reduction process. Furthermore, it is recommended to look critically at the assortment and to reduce the amount of wine that is served per glass. Finally, different wine systems are noted which can be worth investigation. Wine systems can decrease the amount of wine waste and lead to a more sustainable restaurant.

Keywords: wine wastage, wine quality, waste reduction, wine systems

Introduction

Today's world is facing urgent climate problems. Around 80 to 90 per cent of the energy consumption comes from fossil fuels, which are decreasing in reserves and causing environmental problems (Hamburg & Valdmá, 2011). Scientists believe that if global heating goes on, one third of the existing plant and animal types in the world will eventually die out (World Wide Fund for Nature [WWF], 2016). Every company has an impact on the total world energy consumption, so reducing the amount of waste and using fewer energy resources are important. The hospitality industry uses almost five times more energy than other commercial companies (Wang et al., 2013), therefore it is crucial that it becomes more sustainable. The company for this research, "Landgoedhotel de Wilmersberg", a hotel and restaurant in De Lutte (Overijssel, the Netherlands) wished to reduce the waste they create for a positive effect on both the planet and their own profit. A financial overview of 2014 showed that wines provide 52.1% of the total beverage revenue, with an average beverage cost percentage of 25.3%. The goal of the company is to reduce this to 22%. For this reason, we further explored this beverage type. To make the scope even more specific, it was decided to look only at wines that can be ordered per glass, as it is expected that this will create the biggest impact as those wines are the only wines that are stored after opening. Thus, the aim of this research is to provide "Landgoedhotel de Wilmersberg" with information about their beverage cost percentage of wines and the reasons for the occurrence of wine wastage, so as to take action to reduce wine wastage and the beverage cost percentage. This leads to the following problem statement: "Exploring what the

beverage cost percentages are for wines that can be ordered per glass at 'Landgoedhotel de Wilmersberg', and evaluating whether it is possible to lower this percentage".

Literature review

Sustainable development improves the quality of life for people who live now and in the future (Cavagnaro & Curiel, 2012, p. 9). This is similar to the definition of Barreto et al. (2003, p. 267), who stated that sustainable development "improves a liveable future world where human needs are met while keeping the balance with nature". Nevertheless, the environment is influenced enormously by the hospitality industry. This industry uses significant volumes of natural resources and it uses almost five times more energy than other commercial companies. In addition to that, restaurants produce 490 tons of carbon dioxide per year (Wang et al., 2013). This proves that the hospitality industry has an enormous impact on the environment, and because of this, sustainable development is needed. However, being more sustainable in hotels and restaurants is not only about using products that are organic and fair trade. There are five other components needed to be a sustainable restaurant. These five components are: culture, health, nature, quality, and profit (Cavagnaro & Gehrels, 2009), which a restaurant needs to create a competitive advantage. Furthermore, guests have an increasing interest in healthy, fresh, biological and sustainable food. Research from CREM (2012) shows that 10% of the total restaurant visitors choose a more sustainable restaurant. Still, restaurant chains in the Netherlands are not improving on sustainability (Rank a brand, 2015). Sloan, Legrand and Hindley (2015) say that a

lack of knowledge and skills are the main reason why people act less sustainably, for example, because they do not consume local food.

Wine waste in restaurants in the Netherlands

Besides causing pollution, waste discards the money spent on purchasing the goods, as well as the resources used for making and transporting those products, and breaking them down again costs a lot of energy (Milieu Centraal, 2015). Food waste from households and restaurants account for 3.5% of the total environmental pollution (Milieu Centraal, 2015). According to Rol (2015), one third of the food in Dutch restaurants is wasted, which comes down to 51 million kilogrammes of food wasted annually (Natuur & Milieu, 2015). However, this is not only food: beverages are a type of waste as well. Causes for this are employees that serve glasses which are too full, forget to note the served drink in the system, or tap beer when their skills are rather low, leading to a lot of beer ending up in the sink (Koninklijke Horeca Nederland, 2015). A part of beverage waste is the waste of wine. A bottle of wine tastes best when it is just opened, and after two or three days, the taste of the wine has decreased and it is not nice to drink anymore (Legebeke, 2013). A similar conclusion was found by Stichting Vakbekwaamheid Horeca (2015), who said that because of oxidation, the quality of the wine will decrease. When wine has had contact with oxygen for a few days, the quality of the wine is reduced. In addition to that, WSET (2014) states that an open wine bottle loses aromas and will develop vinegar tones within a few days. It is confirmed that an open bottle of wine cannot be stored for a long time, but the exact volume of wine waste in restaurants in the Netherlands is not known.

Methods to manage wine waste in restaurants

It is important for a sustainable restaurant that employees are involved with the process against waste and that they are aware of the impact of their actions (Green Key, 2015). This is confirmed by the Integrated Waste Management Board (1992), which stated that by involving employees with the process of waste reduction, they will have different insights and they will support the company more in the approach for waste reduction. It is important that employees are aware of and involved with the waste-reducing efforts of a company. To reduce the amount of wine wastage, a company can take different actions. For example, an opened bottle of wine which is stored in the cooler, including red wines, will oxidise slower and this will result in a longer period in which the wine tastes better (WSET, 2014). In addition to that, there are different wine storage systems that will maintain the quality of the wine after it is opened. One method is "Vacuvin", where the bottle, after removal of the cork, is closed with a rubber lid and a special pump removes the oxygen from the bottle (Stichting Vakbekwaamheid Horeca, 2015). However, this method is only applicable for wines without sparkles, because with this method the bubbles will be removed (WSET, 2014). Furthermore, a blanket system exists which creates a protection layer between oxygen and the open bottle. With this method, the open bottle is protected because of an extra layer of gas, which is heavier than oxygen, and this will create protection in which oxygen cannot reach the wine (WSET, 2014). In addition, there is a wine innovation system called "Coravin". This is a device that can get the wine out of the bottle without

removing the cork (Wijnjournaal, 2015). This wine system was invented by Lambrecht (2015), who saw that other systems still added oxygen to the wines. With this innovation, the wines remained "closed" after drinking one glass. To make it more clear: this system makes use of a needle which goes through the cork, and with the use of argon gas, the wine will come through the needle out of the bottle. Because of this system, the quality of the wine will remain high, and an "open" bottle can be used for a very long time. Finally, for the quality of the wine, the storage of the closed bottles is important. A set of advice for the storage of wine exists: the wines need to be stored at a temperature between 10 and 15 degrees; a wine bottle with a cork needs to be stored on its side; strong light needs to be avoided; and the bottles need to lie undisturbed (WSET, 2014). This means that when the storage circumstances are organised in a good way, the wine will stay good until it is served, and it will keep the taste of the wine at its best.

Average beverage cost percentage in restaurants in the Netherlands

In this section, the average beverage cost percentages of restaurants in the Netherlands will be reflected. Bedrijfschap Horeca en Catering (2015) made a comparison of beverage cost percentages between four restaurant subgroups. The definition of beverage cost percentages is the cost of beverage sales divided by the total beverage sales. In Table 1, an overview of the minimum and maximum food and beverage cost percentages calculated for each subgroup is made. Those figures can be compared to the calculation of Van Spronsen and Partners (2009), who say that café-restaurants and luxurious restaurants have a beverage cost percentage of 24 up to 28%.

In addition to that, Bedrijfseconomie voor de Horeca (2015) calculated the different beverage cost percentage per beverage category. In Table 2, the different percentages per beverage type can be seen. It can be concluded that the beverage cost percentages for white and red wines are the highest (23–24%), followed by spirits and liquor (20–23%) and beer (20%). Nevertheless, every company is unique and this means that food and beverage cost percentages can be different for each company, and is it best to calculate the cost percentages for the company itself (Koninklijke Horeca Nederland, 2015).

Table 1: Average food and beverage cost percentages per subgroup

| | Beverage cost % |
|-----------------------|-----------------|
| Luxurious restaurant | 24–28 |
| Café-restaurant | 25–29 |
| Petit restaurant | 26–30 |
| Banqueting restaurant | 12–17 |

(Bedrijfschap Horeca & Catering, 2015)

Table 2: Beverage cost percentages per beverage category

| Beverage | Beverage cost % |
|--------------------|-----------------|
| Coffee | 5 |
| Soft drinks | 13–21 |
| Beer | 20 |
| White wine | 23 |
| Red wine | 24 |
| Spirits and liquor | 20–23 |

(Bedrijfseconomie voor de Horeca, 2015)

Research method

The aim of this study is to explore what the current beverage cost percentages are for wines that can be ordered per glass, and to evaluate whether it is possible to lower this percentage. Therefore, this research has been divided in three different stages.

First, the current beverage cost percentages of the wines that can be ordered per glass was calculated.

Second, the study investigated the biggest waste creator for these wines that can be ordered per glass.

Finally, the opinions of employees and managers were gathered about the current process of dealing with wines, and what they think can be improved or changed.

For the first stage, desk research (a type of quantitative exploratory research) was used to collect financial information to determine the exact beverage cost percentage for the wines that can be ordered per glass. It analyses all the 18 wines (nine red wines, and nine white wines) that were sold per glass between December 2014 until the end of November 2015. Those 18 wines were the wines that guests were allowed to order per glass, and were still on the wine menu of January 2016.

For the second stage, two different instruments were used to find out what the waste creators were for these 18 wines. The first instrument is a counting sheet to collect quantitative data. It was used to register the wines in stock, noting how much wine was thrown away and why, as well as registering how many wines were sold to guests. This instrument will give a clear overview of the amount of wasted wines, and the price of this waste.

Finally, interviews with employees and managers (a type of qualitative exploratory research) was used to get a clear understanding of the opinions of the participants, and insights into what is happening in the company with regard to the current wine procedures. Six out of 12 employees of the serving staff were interviewed. To get insights and meanings from all employee “levels”, one manager, one manager/sommelier, one sommelier, and three waiters were interviewed. The

outcomes from these three stages will be combined to come up with recommendations for the company on how to reduce the wastage of wines sold per glass.

Results and discussion

This section reports on the outcomes of the different stages of the research. First, the wine cost percentages of the nine white wines and nine red wines are presented. This is followed by the amount and the cause of wine waste. Finally, the outcomes of the employee interviews are discussed.

Outcomes stage 1: Wine cost percentages

First, the wine cost percentages are presented for every white wine and red wine that can be ordered per glass. The wine cost percentages are calculated with the assumption that every bottle can serve five glasses, even though in practice this might not always be the case. Also, fluctuations in the purchasing price of the wine bottles were not taken into account as to allow for an easier calculation process. Figure 1 shows the beverage cost percentages of the nine white wines and Figure 2 shows the beverage cost percentages of the nine red wines. The percentages are calculated with the purchase price (excluding tax) divided by the sales price (excluding tax) multiplied by 100.

The beverage cost percentages differ per type of wine. The white wines have a spread from 17.2 up to 31.4%, and the red wines have a spread from 13.6 up to 25.1%. Furthermore, the average beverage cost percentage of the white wines (24.5%) is higher than that of the red wines (21.6%). This is in contrast with the theory of *Bedrijfseconomie voor de Horeca* (2015), who stated that white wines have an average beverage cost percentage of 23%, and red wines a higher average of 24%. Besides that, the average beverage cost percentage of those wines is higher than the average of 20% calculated by *Koninklijke Horeca Nederland* (2015). Nevertheless, the beverage cost percentages of wines is lower than the 24 to 28% stated by *Van Spronsen and Partners* (2009). This means that the beverage cost percentages of wines at

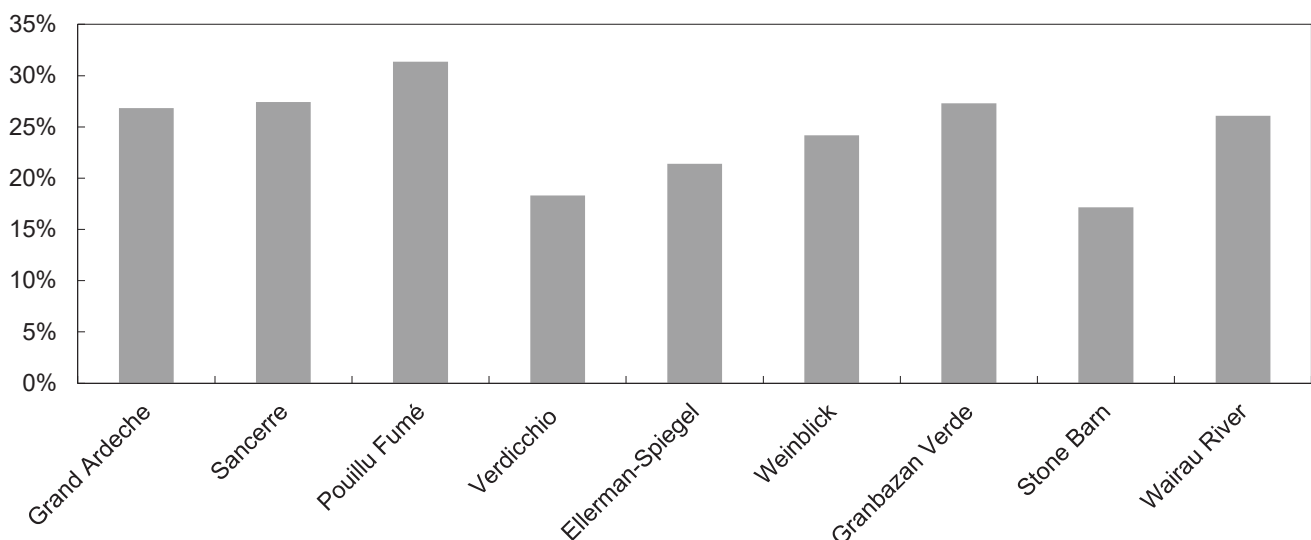


Figure 1: Beverage cost percentages of nine white wines sold per glass

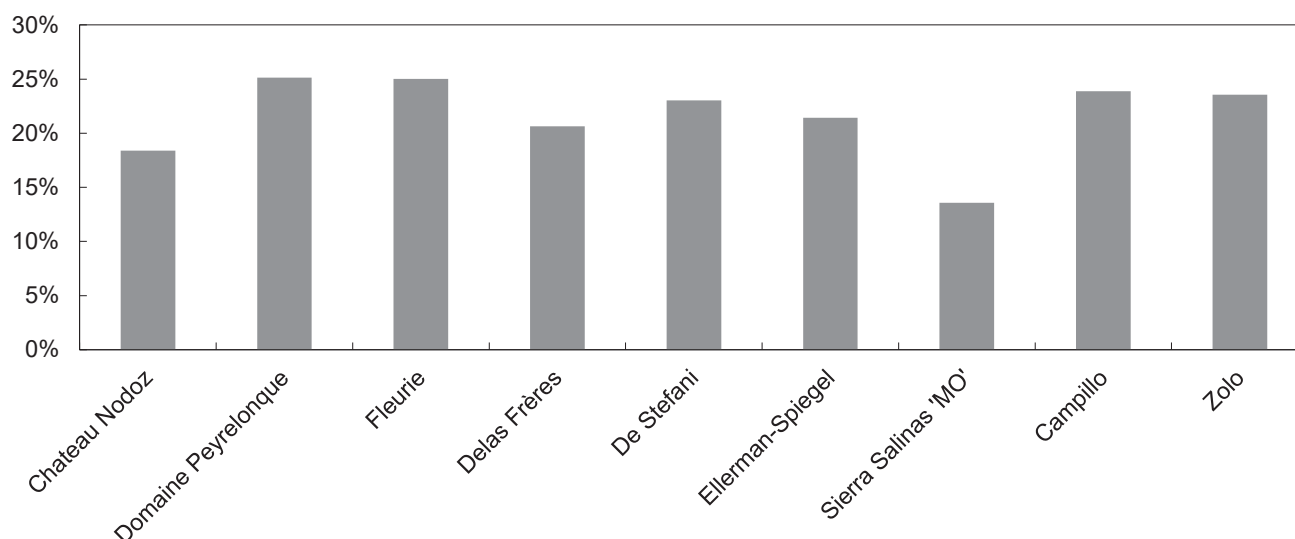


Figure 2: Beverage cost percentages of nine red wines sold per glass

“Landgoedhotel de Wilmersberg” is lower or equal to several theories. However, this percentage is calculated without the amount of waste and thus it remains important to be critical and to look at how this percentage can be lowered and how waste can be reduced.

Outcomes Stage 2: Amount and cause of wine waste

An overview is created of the wine waste of the nine white and nine red wines that can be ordered per glass. Besides that, other wines are opened and served per glass, even though they should be sold per bottle. For each month, an overview of the other wasted wines is presented in Table 3. These are the wines that are different than the nine white and nine red wines that can be ordered per glass. Also, a total overview of the wasted wines per month and the three months together is presented. Furthermore, the percentages of the relation between purchase and waste are shown. In the end, the reasons of the wasted wines are presented.

It can be seen that the amount of wasted wines is high. Within three months, the value of wasted wines had become €906.10. This means that the value of wine waste is estimated

to be about €3 624.40 for the whole year. This enormous amount of waste is similar to the theory of CREM (2011), who prove that restaurants pay a high price for waste.

In Table 4, the amount of wine wastage of the wines that can be ordered per glass is presented, and compared to the total purchase price. The percentage of the waste value related to the purchase value in the three months of research is on average 15.8%. This is in contrast with the theory of CREM (2011) who prove that 5 till 10 per cent of purchased products ends up like waste in restaurants. This means that the amount of wasted wines at “Landgoedhotel de Wilmersberg” is higher than one would expect based on the theory.

From the counting sheet for the wine waste, the main causes have been determined by counting the reasons for throwing away the wine, as registered by the employees. The results are shown in the pie chart in Figure 3.

The main cause of wine waste at “Landgoedhotel de Wilmersberg” is that many wines are opened and, after a few days, they are not good to drink anymore, so they need to be thrown away. This is similar to the theory of Legebeke (2013), who proves that after two or three days the taste of the wine

Table 3: Litres and value – wasted wines

| | White | | Red | | Other | | Total | |
|----------|--------|---------|--------|---------|--------|---------|--------|---------|
| | Litres | Value | Litres | Value | Litres | Value | Litres | Value |
| February | 6.2 | €58.98 | 6.3 | €64.68 | 5.3 | €53.58 | 17.8 | €177.24 |
| March | 7.2 | €73.05 | 9.3 | €91.48 | 11.03 | €121.90 | 27.53 | €286.43 |
| April | 10.0 | €101.26 | 7.8 | €76.98 | 27.5 | €264.19 | 45.3 | €442.43 |
| Total | 23.4 | €233.29 | 23.4 | €233.14 | 43.83 | €439.67 | 90.63 | €906.10 |

Table 4: Relation of wasted wines and purchase – February, March and April

| | White | | | Red | | | Total | | |
|----------|---------|-----------|------|---------|-----------|-------|---------|-----------|------|
| | Value | Purchase | % | Value | Purchase | % | Value | Purchase | % |
| February | €58.98 | €534.42 | 11.0 | €64.68 | €951.00 | 6.8 | €123.66 | €1 485.42 | 8.3 |
| March | €73.05 | €462.00 | 15.8 | €91.48 | €593.40 | 15.4 | €164.53 | €1 055.40 | 15.6 |
| April | €101.26 | €339.00 | 29.9 | €76.98 | €68.40 | 112.5 | €178.24 | €407.40 | 43.8 |
| Total | €233.29 | €1 335.42 | 17.5 | €233.14 | €1 612.80 | 14.5 | €466.43 | €2 948.22 | 15.8 |

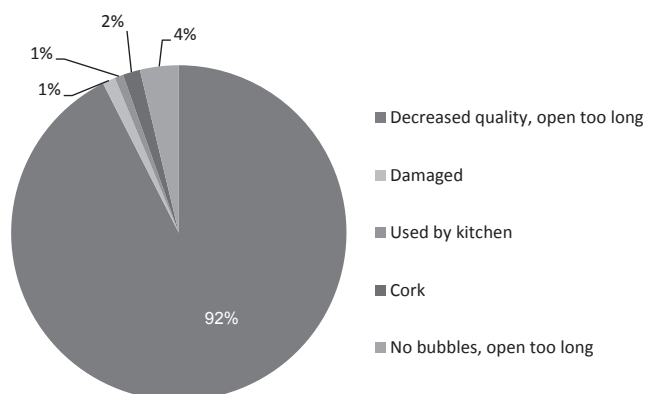


Figure 3: Reasons for wasted wines

has decreased, and it is not nice to drink anymore. Also, this is similar to the theory of Stichting Vakbekwaamheid Horeca (2015), which proves that because of oxidation, the quality of the wine will decrease. Also, WSET (2014) proves that an open wine bottle loses aromas and will develop vinegary tones within a few days. This explains the high waste numbers at this company, as one can expect that when many wines are opened, the amount of waste is high because they need to be thrown away after a few days due to the development of vinegary tones and loss of quality. Nevertheless, it is not proven whether there is more wine waste for other reasons. The theory of Koninklijke Horeca Nederland (2015) proves that employees can serve glasses that are too full, or they can forget to note the served drink. To figure out whether there is more wine wastage for those reasons, more research is needed and a more specific registration system at "Landgoedhotel de Wilmersberg" should be introduced.

Outcomes Stage 3: Employee interviews

In the third stage of the research, interviews were held with six full-time restaurant employees of "Landgoedhotel de Wilmersberg". Those six employees consisted of one manager, one manager/sommelier, one sommelier, and three restaurant employees.

The first question in the interview checked for employee awareness of the amount of wine wastage at "Landgoedhotel de Wilmersberg". Three of the employees said that they thought the wine wastage was high. One interviewee mentioned: "I think the amount of wine wastage is high, but the exact amount I do not know". Another employee said: "I think the amount of wine wastage is 10 bottles per month". The answers show that none of the employees knows the exact wine wastage of the company. The managers knew the amount of wine wastage approximately and one restaurant server guessed the amount of wine waste. Nevertheless, all the interviewees knew that the amount of wine waste was (very) high at "Landgoedhotel de Wilmersberg".

The next interview question aimed at finding out whether employees feel that they could have an impact on reducing the amount of wine wastage. Every employee said that they had an influence. One interviewee said: "I have influence on reducing the amount of wine wastage". This shows that all interviewees feel that they have an impact on reducing the amount of waste. The interviewees had different methods to do this. One manager said: "I combine open wines with the

menu. I do not always add a wine option at the daily menu, which makes it easier to use different open wines, and I give orders to use open wines first". Another employee said: "I look specifically which wine is open". Nevertheless, some interviewees said: "It is difficult to reduce wine wastage because of a lack of overview of open wines", and "not all the employees are confident about using open wines first".

When asked what the employee thought were the causes of wine wastage, the cause that was mentioned most was "employees are careless". Furthermore, other mentioned causes were: "employees choose to be safe by opening a new bottle of wine", and "they do not risk that the open bottle doesn't taste nice anymore for the guest". Other causes were: "employees do not smell or taste if they can use the open bottle of wine", and "some employees do have a lack of knowledge". Furthermore, they said: "employees are unaware", "employees are not always coding the opened bottles", "there are mostly too many bottles open", "there is not a good storage system", "there is too much choice", and "it is easier to open a new bottle instead of testing the open wines". When asked to mention the biggest wine wastage creator, all employees said that the "arrangementswijnen", the wines that can be ordered per glass, are the biggest wine wastage creators.

The above outcomes show that every interviewee has the feeling that they have an impact in reducing the amount of wine waste. This feeling is important to perform more sustainably (Green Key, 2015), but it also can be noted from the interviews that not every employee was doing so. This means that not every employee was involved and aware of their impact in reducing the amount of wine wastage. Besides this, employees said that waste reduction is difficult to do because there is a lack of overview, and wines are stored in more than one place. In addition, employees mentioned that some of their colleagues were careless with using the open wines first. The Integrated Waste Management Board (1992) stated that to involve employees in waste reduction will give different insights and they will support the company more. This means that it is important that every employee feels involved in reducing the amount of waste. Another thing is that not all the employees have enough knowledge about whether a wine is still good and, to be sure, they open a new bottle of wine. So when every employee needs to be able to check if a wine is still good to serve, they need to get extra explanation or training. Furthermore, what was confirmed by every interviewee was that the "arrangementswijnen" which can be ordered per glass are the wines that were wasted the most. This is similar to the theory of Legebeke (2013), who stated that a bottle of wine always tastes the best when it is just opened, and after two or three days, the taste of the wine is decreased and not nice to drink anymore. Thus, this confirmed that the open wines produce the most waste and cannot be used after a few days. What cannot be proven from the interviews was whether employees were serving too-full glasses or whether they forgot to note the served drink. This is supported by the theory of Koninklijke Horeca Nederland (2015).

Conclusion

In conclusion, it can be said the wines served per glass lead to a lot of waste, especially when there is a wide range of

wines which are served per glass, and that the amount of waste leads to a high price for the restaurant. Also, the lack of awareness of employees about how much is wasted, and what impact that has, leads to a lot of waste. Furthermore, the lack of knowledge about confirming the quality of the wine leads to waste, as well as unclear procedures to correctly label and store wines. This further impedes using opened wine which is still drinkable. Nevertheless, it has not been investigated whether employees serve the right amount per glass and whether they always note the served drink, which can also lead to wine wastage and a higher beverage cost percentage.

The main recommendations for the company would be to involve all the employees in the process of waste reduction, increasing their awareness about the amount of wine wastage by informing them regularly on the topic, and training employees on when they still can use the open wines.

For the storage of the open wines, it is necessary that employees are more consistent in registering when a bottle of wine was opened. Storing all the open wines in one place would also allow for a better overview and thus lead to less waste. With this better overview, the open wines that need to be thrown out can be promoted in various ways.

Finally, it is recommended to look at the wine assortment. First of all, is it necessary to serve 18 different wines per glass? Secondly, next to those 18 wines, are there more wines opened which are served per glass?

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Education without borders: Internationalisation of the tourism business curriculum in the central Baltic area

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In the case of tourism, it is important to consider the geographical location of the destination and its part in a larger entity. In the Baltic Sea area, destination products covering the highlights of the seashore have growing importance and the area is increasingly seen as a coherent tourism destination. Thus, tourism education without borders should also be promoted in the area. This paper focuses on internationalisation of a tourism business curriculum in higher professional education in three Baltic Sea states: Finland, Estonia and Latvia. The aim of this paper is to describe the development of a joint curriculum and a study programme delivered online. The curriculum and the programme support regional development by aligning and providing skills needed for the area to grow as a common tourism destination.

Keywords: internationalisation, curriculum, tourism education, the Baltic Sea

Developing the Baltic Sea as a common tourism destination

The contextual background of the curriculum, i.e. the social, cultural and economic setting, provides a key to understanding the curriculum planning process in an applied subject area such as tourism (Cooper, 2002). In the case of the Baltic Sea, tourism is a growth sector contributing to the economy of the area significantly. It is a regionally important source of livelihood and a major employer. The tourism industry in the region is labour-intensive, employs a high number of young people, and is dominated by SMEs.

However, the Baltic Sea area's destinations are facing growing global competition. To stand up to this competition, *the area should be developed as a common tourism destination*. It is a coherent market, where the tourism industry calls for similar professional skills to reach international markets jointly and to receive more international tourists from other parts of Europe and from the other continents. The Russian market and growing Asian markets can also be addressed better together. In addition, there is a need to translate skills and future labour-market needs into curricula and teaching processes. Further, the education programmes should be marketed to attract more international students (Central Baltic Programme 2014–2020, 2014).

Rapidly changing market demands make it necessary to combine efforts to improve professional skills in the tourism sector. In practice, the skills in the tourism industry should be aligned in the area by means of education. This contributes to labour mobility, especially among the youth, encourages the youth to enter the labour market and gives them better opportunities for work. As stated in the European Union Strategy for the Baltic Sea Region, it is now essential for educational institutions to enhance skills and to develop quality tourism in terms of services (European Commission, 2015).

This paper deals with the central Baltic area, which is located

in the north-eastern part of the European Union. The paper focuses on the internationalisation of a tourism business curriculum in professional higher education in three Baltic Sea states: Finland, Estonia and Latvia. The aim of this paper is to describe the development of a joint curriculum and a study programme delivered online. The curriculum and the programme support regional development by aligning and providing skills needed for the area to grow as a common tourism destination.

Internationalisation of higher education in Europe

The international work environment has an impact on the internationalisation of higher education. It is evident that the world in which higher education plays a significant role is changing. Key drivers for this change include the development of information and communication technologies, increased

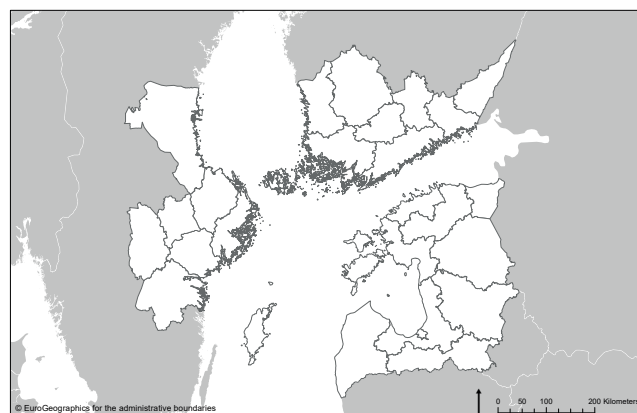


Figure 1: The central Baltic area, Central Baltic Programme 2014–2020.
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international labour mobility, focus on the knowledge society and decreased public support for education and lifelong learning. These developments require new employability skills from graduates that enable them to cope with the changing circumstances of the tourism business world (Zehrer & Mössenlechner, 2009). The international dimension of tertiary education is therefore becoming increasingly important and, at the same time, more and more complex (Knight, 2004).

Until recently, internationalisation in Europe has focused on mobility, reacting to the European Commission initiatives, with the main goal of increasing the number of incoming and outgoing students within the European Union (De Wit & Hunter, 2015). Emphasis has now been shifted from physical mobility to internationalisation of the curriculum and learning outcomes, as the internationalisation of the substance of teaching and learning has become more important (Kehm & Teichler, 2007; European Parliament, 2015). Accordingly, more attention should now be paid to the development of international curricula and learning outcomes, strategic partnerships and short-term credit mobility (European Commission, 2013; De Wit & Hunter, 2015).

New technology has had a deep effect on the course of integration of education in Europe. The use of information and communication technology (ICT) has become an integral part of higher education. As a result, electronic internationalisation presents new possibilities for the development of international higher education curricula and supports novel forms of distance education (Callan, 2000; Svensson & Wihlborg, 2010). While the physical mobility of students will continue to grow, we can also expect to see an increase in virtual exchanges and collaborative international online learning (De Wit & Hunter, 2015).

Internationalisation of the curriculum in higher education

The internationalisation of the curriculum is defined as the inclusion of an international dimension into the content of the curriculum and teaching and learning processes to meet the needs of an international student body (Haigh, 2002; Leask, 2011; Leask & Bridge, 2013). A successfully internationalised curriculum emphasises a wide range of teaching and learning strategies designed to develop students. In other words, it aims at preparing students for performing professionally and effectively in an international and multicultural context (Knight & De Wit, 1995; Leask, 2001). It is about creating graduates who are capable of engaging in a work and communication culture which is becoming increasingly global (Sangpikul, 2009).

The internationalisation of a curriculum may also be seen as a way to internationalise programmes as products composed of international contents and designed for targeted students or defined professions with the aim of generating income and/or enhancing the international competitiveness of graduates and institutions in the global economy (Takagi, 2015). The internationalisation of a curriculum is a process which will lead to a product, an internationalised curriculum, which will engage students with internationally informed research, cultural and linguistic diversity, and purposefully develop their international and intercultural perspectives as global professionals and citizens (Leask, 2009).

It is important to notice that the internationalisation of a curriculum may mean different things in different disciplines because the international perspectives required by different professions vary. Leask and Bridge (2013) point out that there is no frame of reference or guide to understanding how these curricula fit into the bigger picture, for critiquing their validity or, at a more concrete level, for determining how they might better prepare students to rise to the challenge of being productive workers in a complex, globalised world.

The growth of international business in tourism has created a need for internationally competent and qualified graduates who are able to understand and work effectively in a multicultural and global society (Ayoun et al., 2010). Because the tourism industry is highly diverse and internationally oriented, employers rely on a multicultural workforce to be involved with international tourists (Hearn et al., 2007; Sangpikul, 2009). Also, many prominent markets such as China, India, and Brazil, as well as regions such as the Middle East, have grown so rapidly that they now represent markets with great promise for the tourism industry (Ayoun et al., 2010). This requires new skills from the graduates.

However, the internationalisation of the curriculum is not only, or even principally, about teaching international students. International students require a curriculum that is internationally relevant and informed (Leask, 2011). According to Leask (2011), we cannot internationalise the curriculum without paying attention to the finer details of teaching, learning and assessment. It is clear that simply switching the medium of instruction to English for an international group of students does not constitute an internationalised curriculum (European Parliament, 2015). A truly international curriculum embraces a global outlook (Jordan, 2008). Therefore, the whole curriculum has to be designed with the needs of international students in mind as well as in terms of valuing diversity of experience and practice (Haigh, 2002; Das, 2005).

Boosting tourism business growth through education in the central Baltic area

To support the development of the central Baltic area as a common tourism destination, a relevant skillset needed in the future jobs will be identified in Finland, Estonia and Latvia, and the necessary skills will be translated into a joint curriculum. This curriculum will then be implemented as a professional higher education study programme provided online in English. This is a joint incentive of six leading higher education institutions providing professional tourism and hospitality education in the central Baltic area.

These six institutions are universities and universities of applied sciences, of which two are situated in Finland, two in Estonia and two in Latvia. The institutions are currently providing bachelor's and master's degrees in Tourism and Hospitality Management, Tourism and Hotel Management, Tourism and Catering Management and International Tourism Events Management. Thus, the tourism industry is defined very broadly in this case. It includes various sectors, i.e. the hospitality and restaurant sector, travel agencies and tour operators, and the events and adventure tourism sector. The common element of the curriculum provides advanced tourism business-development skills to all these sectors. Business-development skills refer to professional, subject-specific

skills necessary for meeting the challenges of growth and competitiveness in the tourism industry.

The novelty of the curriculum is in a jointly designed study programme with three states involved. National borders are blurred and the curriculum and the study programme are truly an initiative of the three countries. In this case, collaborative, online courses allow students to interact with students and teachers in the whole central Baltic area. Thus, the internationalisation of education is advanced by creating joint methods of virtual pedagogy.

The curriculum and the study programme have a significant impact on the regional development in the Baltic Sea. They are developed and implemented together with the tourism industry, higher educational institutions, SMEs and local, regional and national tourism authorities. This supports the development of the industry and enhances the integration of learning with tourism enterprises. For example, SMEs provide cases to the courses, which are jointly solved. As a result, the SMEs in these three countries network, share ideas and get innovative solutions to their business problems. In addition, they get new knowledge for developing their business.

Figure 2 shows the curriculum design and its implementation in three stages which are described in the following sections.

Identifying joint competencies

International tourism education has always had a strong professional focus, with curricula including training in specific skills vital in the work (Zehrer & Mössenlechner, 2009). Therefore, the first phase is to identify relevant and mutual skills needed in future jobs in the area to be included in the curriculum. In practice, research is conducted in three countries with data collected from each country on the necessary skills by using different sources. The studies examine the professional profiles of tourism sector workers and the curricula of higher education institutions providing tourism education. Also, two focus group discussions are conducted in each country. The aim is to find out the needs of the tourism industry from the SMEs and tourism authorities. In addition, it is important to identify significant themes of tourism development in the Baltic Sea and national and regional tourism strategies. The data are then analysed and each country delivers a report on the results. Finally, the mutual skills are identified on the basis of the reports from these three countries.

At the end of this first phase, SMEs, local, regional and national tourism authorities are informed of the mutual skills identified. Cooperation is initiated with the SMEs, and they are recruited to the study programme as case providers. They are also informed of the opportunity to study in the programme through Open University. The research results are shared with other higher education institutions as well as with vocational education institutions providing tourism education in the central Baltic area.

Designing the curriculum

In the second phase, the identified skills are used as a basis of the curriculum design. This will take place during the academic year of 2017–2018. The skills are translated into the curriculum and courses of advanced knowledge in tourism business development. The aim of the curriculum is to prepare students for international tourism business development professions. Accordingly, the studies will lead to internationally recognised professional qualifications in tourism business development. In this case, the internationalisation of the curriculum is a process which will produce a product, an internationalised curriculum, which develops tourism business and the competitiveness of the graduates as well as the central Baltic area purposefully.

An international team of lecturers will examine the research results on the identified skills and decide the themes of the courses on the basis of the results. The curriculum will include eight courses in total that award credits according to the European Credit Transfer and Accumulation System (ECTS). Four core courses will award five ECTS and four specialisation courses three ECTS for the students. The design and implementation of the courses is divided equally between the universities. Outcome-based learning requirements and competence profiles are developed for the whole curriculum and for each course. This process involves the development of the content and syllabi of the courses. In addition, business cases are created to be explored in the courses and new material is produced for the eLearning platform. The internationalisation of the curriculum does not only involve, or even principally involve, teaching international students (Leask, 2011). Therefore, attention will also be paid to the details of teaching, learning and assessment.

The curriculum is introduced to all the higher education institutions providing tourism education in the central Baltic area. In addition, the universities will include the curriculum as a module in their tourism and hospitality degree programmes. It is possible for all higher education institutions to adopt the curriculum and integrate it as a module into their existing curricula and degree programmes.

Implementing the study programme

The third phase involves the implementation of the curriculum as an online study programme during the academic year 2018–2019. At this point, four courses of five ECTS and four courses of three ECTS are organised. These courses are implemented fully online except one course of three ECTS which is organised as an innovation camp. Altogether, 150 students from three countries will participate in the programme during the first year. The second- or third-year tourism and hospitality students and SME workers will participate in joint courses from each university. It is also possible for exchange students studying in the universities to participate. Each university can provide the courses and students can participate

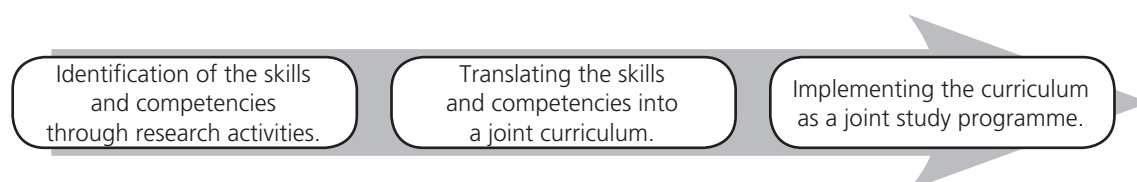


Figure 2: Development of a joint tourism business programme

in each course from all six universities. Quality assurance, evaluation and reviews are carried out by collecting feedback from the students and SMEs.

Conclusion

In the case of tourism, it is important to consider the geographical location of the destination and whether it is part of a larger entity. In the case of the Baltic Sea area, destination products with theme routes and multi-country vacations are growing in importance. Tourists visit many of the highlights along the Baltic seashore during their trip. The Baltic Sea area is increasingly regarded as a coherent tourism destination. Thus, tourism education without borders should also be promoted in this area.

This curriculum and the study programme of tourism business development, as an incentive of three countries, contribute to these goals. They strengthen quality of education and foster cooperation. Jointly developed courses will increase awareness and visibility of education and appeal to students both nationally and internationally. In addition, eLearning courses based on the aligned needs of the tourism industry are a great tool for virtual mobility of international students. The pedagogical material will benefit the education system as such, because of different pedagogical practices and experiences in the participating countries.

According to Zehrer and Mössenlechner (2009), there is often a considerable gap between what educational institutions offer and what is needed and required by the industry. The joint curriculum and study programme reduce this gap by addressing the development of tourism and its challenges. In addition, it has a significant professional focus because the curriculum and the study programme are designed and implemented in close cooperation with the industry. The joint curriculum and the study programme enhance competitiveness of higher education in tourism, as well as the central Baltic area, by matching education with skills needed in the industry.

The cooperation in education between many different universities and countries also poses challenges. Teaching teams are the primary architects of the curriculum. They control the curriculum by defining its formal aspects, by selecting content and by designing and managing teaching, learning and assessment arrangements (Leask, 2011; Leask & Bridge, 2013). It is hard to envisage effective development of truly international curriculum content without internationalised teaching staff (Black, 2004). De Wit and Hunter (2015) emphasise that while growing importance is being placed on incorporating an international dimension into the curriculum, operationalisation within the institutions remains a challenge. It is not always clear to the staff what the internationalisation of the curriculum means. Therefore, it is difficult to know whether the staff possess an ability to internationalise the curriculum by paying attention to the details of teaching, learning and assessment.

The introduction of ICT into teaching brings about substantial changes to the learning process. However, the most important change probably involves changes in teaching (Alvarez et al., 2009). Online teaching and learning requirements are not only limited to a set of knowledge and experience, but the challenges a teacher faces are closely linked to the particularities of interacting and communicating online

(Alvarez et al., 2009). Thus, it is probable that practices and the use of ICT in teaching vary in different universities. In addition, eLearning and the role of the teacher can be understood in different ways in online courses. Therefore, in addition to the skills needed in delivering the international curriculum, the teachers should have similar, aligned ICT skills to provide virtual courses successfully.

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Market-oriented innovations in tourism

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Innovations are the key elements that boost the economy in a given sector. Particularly, the tourism sector requires different types of innovations, as it is one of the most competitive ones. This paper discusses the role of innovations in the tourism sector in a market-oriented environment, where competition is the fundamental source of the market dynamic. First, the paper will introduce the types of innovations in the current literature. Then it moves to argue the four impacts of innovations in tourism. These are increasing the existing capacity, survival of the tourism sector itself, overcoming the possible negative effects, and opening up saturated markets. Each type of innovation is considered to be related to one impact, and they will be explained further by using real-world examples. At the end of paper, there will also be a model presented in order to measure the impact of innovations on the basis of quality of life (of both tourists and service providers) and revenues received by the stakeholders who participate in the tourism market by investing. In conclusion, this paper argues that innovations are the crucial aspect of the current economic system and agencies in the tourism sector should focus on innovating more and more if they seek to benefit from the market industry and even maintain their position in the tourism market.

Keywords: tourism, innovation, market-oriented, competition

Introduction

In the current market-driven economy, competition is the fundamental driving force of the system since there are lots of people who are able to produce instead of actual producers, and there are numerous consumers who may be willing to give the same amount of money for a particular good or service. For example, let the price of a raw material be the same for two companies which produce within the same sector. If one of these companies finds a way to reduce the cost of production (such as a different path for transportation), then this company will gain a comparative advantage in the face of the other firms within the market. Similarly, in the consumption sphere, there will be competition among consumers as the supplied goods or services are limited and people who are willing to pay more money will be more likely to consume that particular good or service. Hence, ongoing competition on the basis of cost minimisation and profit maximisation among suppliers and consumers is the key factor that creates, shapes and conducts the rules of these interactions.

Like in all sectors in the economy, competition takes place in the tourism industry. There are infinitely many touristic destinations with various services and offers on a global scale. In order to highlight a destination and lure the targeted and newly created groups of tourists to the particular destination, market-oriented innovations are the requirements for creating, reinventing and improving such destinations. In general, the tourism industry requires innovative services and products (Pechlaner et al., 2006). Local or worldwide trends, sustainability, economic and sociocultural values and changes are some of the factors that are needed to be considered while carrying out such innovations.

It is obvious that the transition towards sustainable tourism requires innovations in both the technological and institutional sense (Van Wijk et al., 2015). Among these innovations, institutional innovation is defined as “a new, embracing collaborative/organizational structure or legal framework that efficiently redirects or enhances the business in certain fields of tourism” (Hjalager, 2010). Considering the examples of institutional innovations regarding sustainable tourism, eco-labels and standards may be included as the new forms of regulations (e.g. Font, 2002; Chan & Wong, 2006). Furthermore, social enterprises can be considered as another example, namely novel organisational forms which substantially differ from conventional businesses in terms of their focus on achieving social and environmental goals (Von der Weppen & Cochrane, 2012). Institutional innovations may also include partnerships since they allow the creation of new interaction patterns and means of communication among the actors who have not presented before (Maguire et al., 2004), including those who have emerged in the tourism sector (Selin, 1999). Although the institutional innovations for sustainable tourism are widespread, scholars have not paid attention to their emergence adequately.

Moreover, product and service innovations are another aspect of innovations with respect to the tourism sector. Research has shown that firms which successfully apply new service development (NSD) and new product development (NPD) share a strong commitment to innovation, have well-structured innovation efforts, and allocate substantial resources to their innovation efforts (e.g. Brown & Eisenhardt, 1995; Griffin, 1997; Ernst, 2002; Tidd & Bodley, 2002). Nevertheless, there are still some debates on the similarity and differences between

product innovations and services innovations (Nijssen et al., 2006), based on their specific characteristics (Zeithaml et al., 1985; Lovelock & Gummesson, 2004; Vargo & Lusch, 2004).

Regarding different types of innovations, this paper will investigate the role of innovations in tourism according to their effectiveness in terms of four main functions. First, the impact of innovations in increasing the existing capacity of the tourism industry will be analysed, and then their significance in the survival of the tourism sector will be considered. Moreover, the role of innovations in minimising the negative effects of a crisis will be argued. And the last point will be the effect of innovations in opening new opportunities when the market is saturated. After completing the argument on the functions of innovations, a naive model will be presented which captures the interplay among the impact of innovations, changes in quality of life and revenue received by the stakeholders.

Since the aim of the paper is to explore the relationship between innovation types and their application in the tourism industry within the market structure, this paper will be dealing with the question: "How do the stakeholders in the tourism sector benefit from these innovations, as they are the main actors of competition within the tourism industry?" In other terms, given the competitive nature of the market, how do

actors in the tourism sector benefit from the various innovation types, when it is applicable.

Types of innovations

Abernathy and Clark (1985) have developed a model and applied it to innovations in tourism sector. According to the model, there are four types of innovations, which are regular, revolutionary, niche and architectural. A summary of the model can be found in Figure 1.

The vertical axis in the model implies the knowledge and competence that is used for the production of goods and services. It is intuitive that old qualifications and ideas sometimes need to be replaced and further development of existing structures can be the only requirement in other times. On the other hand, the horizontal axis implies whether particular innovations make current business linkages outdated or whether they result in an entrenchment for the existing ones (Nordin, 2003).

Radical innovations can be considered as the least radical innovations among these four types. However, their effect over a long-term period may lead to considerable outcomes. They can lead to several smaller innovations (Sundbo, 2001),

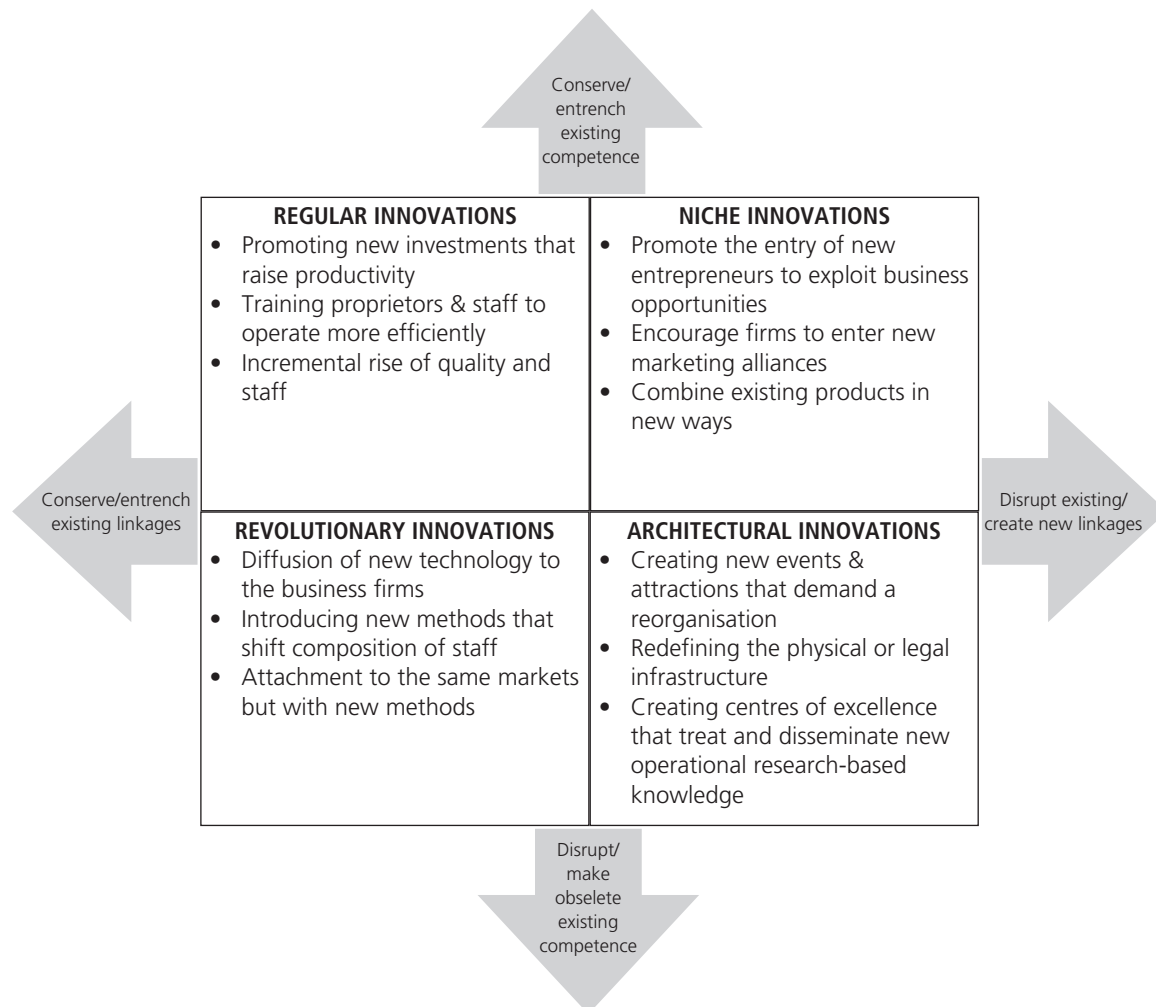


Figure 1: The Abernathy and Clark (1985) approach to tourism innovations

plus they can surface as technological revolutions that consist of a group of innovations which have a greater impact as a sum (Fagerberg, 2005). Secondly, niche innovations challenge collaborative structures most of the time, despite not having basic competence and knowledge (Nordin, 2003). Revolutionary innovations are inclined to create a radical impact on competence but keep the external structures unchanged. Lastly, architectural innovations focus on changing overall structures as well as establishing new rules which are capable of remodelling the concept of tourism.

Although this model has been criticised for being too descriptive and static, it provides a framework for a better understanding of the nature of specific innovations in the tourism sector.

Increasing the existing capacity by innovations

Extending the existing capacity in tourism is one of the fundamental features of innovations. A particular destination may increase its capacity in order to lure more tourists and, as a result, increases the revenues received by the tourism industry. To achieve this, product and service innovations as well as process innovations are key elements which will increase the quality and variety of products and services, and furthermore will reduce the time necessary for providing touristic services.

Starting with the product and service innovations, we find that they indicate the changes which are directly observed by the customers of that company, and are considered to be new with respect to that particular enterprise (Maráková & Medved'ová, 2016). From the standpoint of hotels, these innovations may include innovations in food and beverage, animation, wellness and so on. For instance, when hotels add traditional dishes to their à la carte menu with a new presentation, or unusual tastes which are not present in other hotels, the likelihood of a tourist preferring this hotel will increase, since gastronomy is an integral part of touristic activity. Furthermore, innovative services such as extra facilities for tourist comfort or alternative night shows and animations will be helpful for both tourists to maximise their satisfaction with diverse opportunities, and enterprises to host more tourists and increase their profits. A summary of service innovations can be found in Table 1. In general, innovations in products and services affect the buying behaviour of customers, which in turn have an impact on revenues of enterprises in the tourism sector.

Various activities and methods in the service sector, in particular the tourism sector, focus on innovative and creative solutions for better meeting the demands of their customers. These solutions, in turn, help to improve the bonds between customers and producers and to establish a harmonious relationship between these two parties (Genç, 2014). Hence the practices in the tourism sector take into account the diversity of customers and their demands by promoting innovative solutions, providing unforgettable tourism experiences for their visitors, and improving the service quality. Moreover, as Weiermair (2006) argues, "promotion of innovation" in the tourism sector mainly focuses on encouraging market entry for the agents, and the target of these innovations is not related to changing the structure or product offerings at the level of enterprises or touristic destinations.

Tourism products are generally distinct from industrial

Table 1: Service innovations

| | |
|--|---------------------------|
| Service innovations are often small adjustments of procedures and thus incremental and rarely radical. Service innovation processes are normally very practical. | Sundbo and Gallouj (1999) |
| Service innovation is, by definition, multidimensional. Compared to, for example, manufacturing, service innovation is characterised by much more emphasis on the organisational dimension of innovation (new service concepts, new client interface and new delivery systems) relative to the technological options. | Van Ark et al. (2003) |
| Service innovation is mainly an incremental process, which includes two components: – A non-technological component, dependent on the intangible human resources, organisational structure and factors that can add value to customer service (marketing, distribution channels, etc.); – A technological component, nowadays inseparable from the first component, that depends on technology, especially Information and Communication Technologies (ICT). | Carvalho (2008) |

Source: Carvalho and Costa (2011)

products in terms of their production and marketing, and they display particular characteristics that are capable of posing constraints and challenges and therefore they can be considered as stepping stones for increasing the value of products through innovations. In the tourism sector, products are produced and sold in the form of product bundles, for instance intangible products such as experiences, or products that cannot be stored due to the simultaneity of production and consumption, or products that require active participation of consumers (i.e. prosumers), or products that require large capital assets such as airlines, hotel chains, and car rental firms, or products that require interaction personnel, such as travel agencies, restaurants, coaches, at the intermediation, distribution and final consumption stage (Weiermair, 2006).

Typically when a tourist spends her/his holidays in a destination, s/he consumes a bundle of services as a whole rather than consuming the product of only one supplier (Kaspar, 1991). Numerous different service suppliers are involved in the creation of a touristic experience. Thus, vertical co-operation is required, as the overall quality assessment of tourists depends on cumulative quality perception (Koch, 1998). When the tourist is the main concern, the product covers the overall experience from the time s/he leaves home to the time s/he returns to it.

On the other hand, process innovations could be considered as innovations that are oriented towards productivity and efficiency. The essential part of this type of innovation is investment in technology, combined with a re-engineering of organisational structures. As Buhalis and Law (2008) mention, information and communication technologies (ICT) are fundamental for various process innovations and many research subjects. Through the implementation of information and communication technologies (ICT), the productivity and efficiency of tourism enterprises may be improved. The application of ICT, combined with the other

strategic and managerial parameters have a strong impact on the advancement of skills and human resources management. Figure 2 summarises the relationship among goals, movers, barriers and innovation in tourism, and how product and process innovations are differentiated.

As a result, these technologies allow the implementation of better and faster preparation techniques, saving labour power and human energy, reducing waste, providing faster services and more flexibility (Maráková & Medved'ová, 2016).

Survival of the tourism sector

Another important function of innovations takes place in the survival of the tourism sector. The role of government along with private entrepreneurs is highly crucial for the maintenance of tourism, as the survival of the tourism sector provides benefits for the national economy. The survival of the tourism sector is mainly ensured by institutional innovations.

Institutional innovation is defined as a new organisational structure that highlights the principle of cooperation on the basis of a new organisational structure in a particular destination. These innovations include building business networks and forming new alliances as well as determining the standards for company certification which allows the allocation of quality marks, checking and promotion (Maráková & Medved'ová, 2016).

In accordance with the market-oriented perspective, scholars agree on the point that government should not subsidise outright innovation with respect to opportunism or rent-seeking behaviour. Moreover, government should try to let the market

function freely and intervene only when there is market failure. Rather than dominating the innovation process, governments should also allow the innovating through cooperative alliances and other forms of networking. As a result, scholars advise the reduction of government's role to a facilitator, coach or incubation partner, which "turns prototype developments over to the private sector as soon as innovation activities have been carried out" (Weiermair, 2006). For instance, the development of the travel reservation and information systems in Ireland through the Irish Tourism Board, or the development of diverse new tourism products such as family wellness holidays in Tyrol or Alpine areas through the Tyrol Tourism Board and through the Future Foundation Tyrol in Austria.

Overcoming negative effects

Innovations also play a significant role in terms of overcoming negative effects related to the tourism sector. Specifically, tourism demand is sensitive to concerns about health and security (Blake & Sinclair, 2003), as well as changes in the international political conditions, natural disasters and epidemics (Sönmez, 1998; Ioannides & Apostolopoulos, 1999; Sönmez et al., 1999; Cavlek, 2002; Richter, 2003). Events that have devastating local or global impact may happen at any time, therefore organisations must be ready to overcome these effects if they want to maintain their positions in the competitive environment of markets. To do so, companies must act creatively and be open to innovations that would save their revenues under particular crisis conditions. There are two main examples, one local and one global, which have

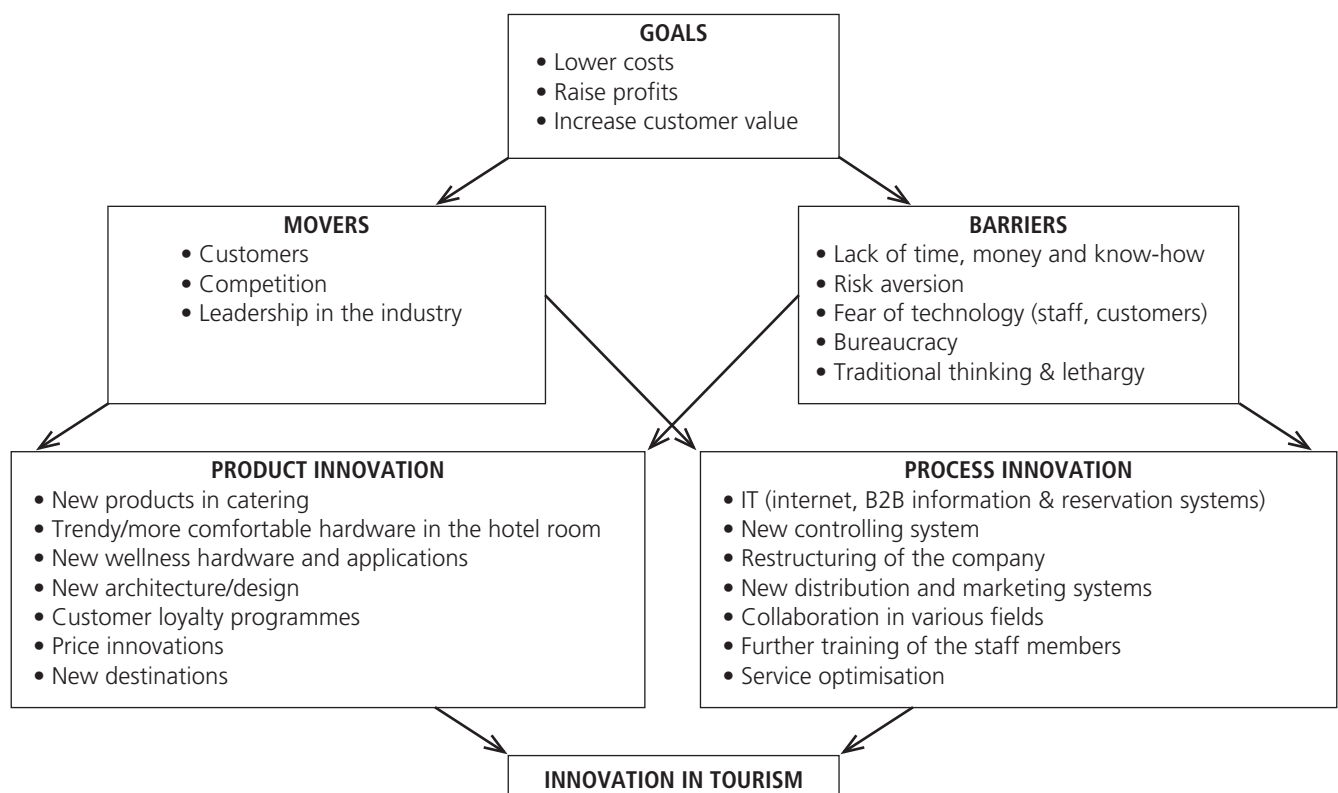


Figure 2: Product and process innovations. Source: Weiermair (2006)

challenged the innovative capabilities of organisations and as a result, have led to a greater impact on the actors within the market.

To begin with the local example, after the devastating bombing attacks in Istanbul, especially the attack at Istanbul Atatürk Airport, there follows a crisis in the tourism industry. Flight companies have cancelled their flights to Istanbul and also tourism agencies have warned their customers not to visit touristic facilities in and around Istanbul for security reasons. At this point, innovations could be helpful in finding solutions to the negative effects of the crisis. For instance, hotels can collaborate with domestic flight companies to lure tourists with special offers and discounts. Moreover, they can work on some creative advertisements which emphasise the security of particular accommodation facilities in order to overcome with propaganda. These innovations may also be considered with the help of other local agencies since the revenues derived from tourism are generally distributed to multiple actors in a touristic destination and other agencies may well benefit from the gains of the tourism sector.

Another example is more global when compared to the Istanbul example. In 2003, the emergence and spread of the severe acute respiratory syndrome (SARS) virus caused a crisis in the tourism industry in various locations in Asia, and it led to panic throughout the world (Henderson, 2004). Considering the pre-SARS period from 2001 to February 2003, the number of tourists visiting Hong Kong and Taiwan for the purpose of recreation has averaged around 20 000 per month. However, Hong Kong and Taiwan were hit badly by SARS from mid-March until the end of the northern summer of 2003. The number of flights between Hong Kong and Taiwan had been cut by 45% by mid-April. As an outcome of the sharp decline, the number of Hong Kong tourist arrivals fell by 61.6%, from 22 345 in March to 8 582 in April. In May, the number of flights further declined by 63%, plus the number of tourist arrivals from Hong Kong dropped to 105, the lowest that has ever recorded (Mao et al., 2010). In order to overcome the negative impacts of such a disastrous epidemic, organisations must be innovative and enhance their offers to attract tourists even in that kind of adverse situation. Although it may be pretty hard to achieve short-run gains, companies may find alternative markets or set long-term targets to maintain their profits.

Opening up saturated markets

Last but not the least, innovations are crucial for opening up saturated markets. Markets inherently tend to be saturated, that is, when all agents sufficiently meet their demands, there will be no extra gain for suppliers. There are different reasons for market saturation, such as changes in interests, changes in fashion, improvements in technology, and so on.

Touristic destinations are also subject to innovation cycles. For instance, the Alpine region, which is Europe's second largest recreation area, has gone "out of fashion" and lost much of its market share in the past ten years. Despite the efforts of the regional planning authority as well as destination managers, the reality is that tourists choose destinations that they find attractive and which offer the greatest utility; and it is the market which decides whether or not a destination is worth a visit (OECD, 2009).

Therefore, rather than ordinary regional planning bodies or destination managers, agents in the market need to develop innovative solutions in order to arrange themselves to meet the current, varied demands of tourists. By altering the conventional strategies for attracting tourists, innovative acts will provide service suppliers to allure more tourists to their destinations and increase the quality of time that tourists will spend at this particular destination. Considering the fact that an innovation developed in a particular sector will easily spread to other sectors, multiple agents will benefit from these innovations since demand will increase in a large part of the market, allowing suppliers to gain more revenue.

Modelling the role of innovations

The impact of innovations can be measured on the basis of changes in overall life quality of tourists and service providers, and revenue received by the stakeholders who are involved in innovative strategies. Moreover, as Schumpeter (1934) argues, there is a "creative destruction" in the markets, that is, agents in the market need to innovate persistently or else they will vanish. Therefore, the impact of creative destruction needs to be taken into consideration for modelling the long-term effects of innovations.

Adding these three variables, the model will be as following:

$$IN = \beta_1 QL + \beta_2 RS - d^t + \varepsilon$$

Where,

IN implies *impact of innovations*,

QL implies *quality of life* (both for tourists and service providers)

RS implies *revenues received by stakeholders*

d implies *the impact of destruction* due to the creativity requirement of markets

t implies *time* (or periods/seasons in which touristic markets work)

β_1 and β_2 imply coefficients

ε implies residual

According to this model, the impact of innovations is measured through two main variables, these are: quality of life and revenues of stakeholders. First of all, quality of life is a crucial factor since innovations are mainly targeted to increase the satisfaction that tourists receive from their touristic experiences. There are two main indicators for measuring the term quality of life, these are objective and subjective measures. In accordance with the scientific purposes, we need to focus on objective indicators, such as economic indices (Gross Domestic Product, poverty rate, etc.), social indicators (unemployment rate, school attendance rate), life expectancy and literacy rate (Genç, 2012, p. 151). Secondly, entrepreneurs innovate in order to increase their share or maintain their position in the market. Thus, revenues received by stakeholders will be a good indicator for measuring the impact of innovations. These two variables, quality of life and revenues of stakeholders are assumed to increase linearly with the coefficients β_1 and β_2 , respectively.

On the other hand, the destructive capability of the market increases exponentially, that is, actors in the market must innovate even more as time passes. Therefore representing the possible destruction with respect to time is another aspect that needs to be considered.

Furthermore, there may be other variables which have a significant impact on measuring the effect of innovations,

hence they are represented with ε . Although the model has not been tested on real variables, it will be useful to focus on a quantitative analysis in order to measure the impact of innovations through a scientific basis.

Concluding remarks

In conclusion, market-oriented innovations are essential in the tourism sector, since they increase the existing capacity of the tourism market, take part in the survival of tourism, are useful for overcoming negative effects and play a key role in opening up saturated markets. Considering the competitive nature of global markets, touristic destinations which are involved in more innovative developments will be more likely to be preferred by tourists, since demands of tourists are even more varied when compared to past years.

Therefore travel and tourism companies are required to be actively innovative in mature economies which remain large and profitable despite slower growth rates, and on the other hand, they need to be focused on developing economies which have a faster growth rate (Andrew et al., 2010). Although creating this balance will be challenging, companies which successfully manage to develop innovative strategies in both markets will gain vast monetary rewards. All in all, innovation is the only source that keeps tourism companies alive in the competitive market environment.

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The importance of the human touch in the luxury accommodation sector

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It could be said that all luxury properties offer their guests the same facilities and amenities; therefore, there has to be some other point of difference – their staff. This research paper focuses on staff and their importance for luxury properties. Luxury accommodation is certainly not a new concept as luxury has been closely associated with hospitality since ancient Greek and Roman times, but what guests now want from luxury properties is new – memorable luxury experiences. And it is up to the management and owners to make sure this happens. To date, there has been a lack of research conducted on the importance of staff in the luxury accommodation sector; this paper outlines their significance.

Keywords: luxury, hotel, lodge, managers, employees

Introduction

The guest experience is becoming highly significant within the accommodation industry, and research has shown that the involvement of frontline employees is becoming more and more important to the guest experience (Lashley, 2008; Onsøyen et al., 2009). In fact, it has been suggested that employees are not only critical but are central to the guest experience (Lashley, 2008; Onsøyen et al., 2009). It has also been suggested that there may be differences between what tourism and hospitality managers believe are important to customers' experiences, compared to what guests actually report; thus, identifying any discrepancies between these two perspectives may prove useful for a holistic understanding of the guest experience (Walls et al., 2011).

When hospitality academics are deciding on a focus for their research, it has been proposed that they should concentrate on specific segments within the hospitality industry – for example, the hotel industry – as well as on the diversity within the segments – for example, luxury hotels within the hotel industry (Ottenbacher et al., 2009). Cetin and Dincer (2014) suggested that luxury hotels can give researchers more insight into guest experiences due to their demanding and experienced clientele, as well as to the importance that is given in these establishments to service and the product. Luxury hotels are service intensive and maintain a high ratio of staff to guests to ensure high interpersonal guest contact within an opulent environment (Brien et al., 2012). Luxury hotels are part of the "experience economy" in which an experience is delivered by the staff as part of their relationships with each other and the guest (Johnston, 1999; Gilmore & Pine, 2002; Tosti, 2009). But creating an experience requires engagement from, and some type of emotional – not only functional – involvement of, the guest. This emotional engagement in experience creation relies on encounters (Snel, 2013) between the guest and the companies, which co-create experiences through two-way interactions (Sørensen & Jensen, 2015). A number of hotels are

channelling their efforts to provide holistic experiential service offerings that connect with guests individually on an emotional and personal level to create memorable experiences (Bharwani & Jauhari, 2013). In the process of co-creating these unique memorable experiences for hospitality guests, it has been suggested that it is important to train and develop hospitality professionals in order to be able to better anticipate and cater for the requirements and wants of the guest (Morgan, 2004, 2006). Lusch, Vargo and O'Brien (2007) suggest that using frontline employees as operant resources to co-create customer experiences will enable companies to gain a competitive advantage.

Literature review

Staff

As the lodging industry necessitates a high degree of interaction between guests and employees, guests' emotions are often influenced by the services and actions of frontline employees (Mattila & Enz, 2002; Lewis & McCann, 2004; Han & Back, 2007). Essentially, the hospitality industry is a people-orientated business – it needs people to serve people – and it is very difficult to create satisfaction and revisit intention in every episode that takes place. Hospitality has an inseparability characteristic (guests and staff must be present in the same place at the same time), and it is this simultaneous production and inseparability of service that can increase the visibility of failures to the guest (Colgate & Norris, 2001). Dawson, Abbott and Shoemaker (2011) suggested the "manner" in which the service is provided by the hospitality employee to the customer is critical, because the overall enjoyment of the customer's "experience" being purchased can be easily influenced by the employee's manner.

Bharwani and Jauhari (2013) suggested that, when developing and training hospitality professionals, it is important that they understand "situation-appropriate" (p. 832) social behaviour and be capable of catering to the requirements and wants a guest may have. Previously, Baum

(2006) recommended that service staff within luxury hotels be required to have the ability to converse with their guests about music, sport, politics, and any other relevant topic with an international understanding. But this requirement does rely on a degree of international exposure and a level of prior education in service staff, and a commitment from them to remain current in these areas (Baum, 2006).

It has also been suggested that luxury hotels need to maintain a high staff-to-guest ratio to ensure that they can continue a high degree of interpersonal customer contact in what is seen as an opulent environment (Brien et al., 2012). Bharwani and Jauhari (2013) suggested that it is this human interaction component within the hospitality industry that is an essential dimension influencing the experiences of guests. The emotions guests experience at a hotel can be triggered by an encounter (that may be negative or positive) with another guest or an employee (Barsky & Nash, 2002). Other encounters such as a disorganised check-in or check-out, a poorly-attired member of staff, or a lack of cleanliness may make guests feel unhappy about their stay (Barsky & Nash, 2002).

Hemmington (2007) suggested that hospitality businesses should design their guest experience like good restaurants do, by introducing lots of little surprises, and in order to achieve this, businesses need to look towards their staff to use their creativity and ideas to excite and stimulate their guests over the time of their experience. Walls et al. (2011) took this suggestion further by suggesting that in attempting to connect with customers, business entities choreograph or create experiences via human interaction dimensions (e.g. the appearance, professional behaviour, proactive service and attitude of the staff, and the demeanour, behaviour, appearance and socialisation of the guest) and/or physical environment dimensions (e.g. the multisensory, function, symbols, ambience, space, signs, and artefacts). The guests, themselves, want employees to have a good attitude, professional behaviour and nice appearance, and to be proactive in service (Walls et al., 2011).

Service and experience

In service industries such as the hospitality industry, product quality has been replaced by service quality, and this is seen as a strategy through which hospitality establishments can differentiate themselves and add value to the experiences of their guests (Knutson et al., 2010). Service quality can be seen as good service or personalised service, and an example of this would be a hotel knowing its guests' names or personal information, which in turn makes the guests feel special and that the hotel staff are treating them as important people (Ariffin & Maghzi, 2012). Personalising the service can be facilitated through the interaction between the customers and frontline employees, as the host-guest relationship is a core activity in the guest experience (Lashley, 2008; Onsøyen et al., 2009). In the eyes of the guests, the employees in a service organisation are the service and the brand (Zeithaml et al., 2006). Creating a memorable experience relies on staff being able to engage the customer by involving them on a sensory level (cognitively, emotionally, relationally and behaviourally), instead of merely on a functional level (Schmitt, 1999; Oh et al., 2007; Lashley, 2008).

Scott, Laws and Boksberger (2009) took this point further by suggesting that the interaction between the producer

and customer is more important than the product itself, that customer-staff interaction is becoming more and more important, and that there should be an emphasis on creating an experience in which the customer actively participates rather than merely being a submissive observer. Santos-Vijande, Álvarez and Rodríguez (2012) echoed this, stating that frontline staff are critical to the facilitation of co-creation activities, due to the amount of interaction they have with the customer. In the process of co-creating unique, memorable experiences for hospitality guests, it has been suggested that it is important to train and develop hospitality professionals to be better able to anticipate and cater for guests' requirements and wants (Morgan, 2004, 2006).

Methodology

This paper uses qualitative data that are drawn from a larger study (Harkison, 2016) which was framed by an interpretivist paradigm using a multiple case-study approach. The larger study that the data were taken from sought to gain a variety of perspectives on the luxury accommodation experience. Three luxury hotels and three luxury lodges within New Zealand took part in the study. Purposive sampling was used by the researcher in order to select the properties, and this was done on the basis of specific characteristic(s) that they possess (that they were included in the Qualmark categories of "Five-Star Hotel" or "New Zealand Luxury Lodge"), and because they could also purposefully inform an understanding of the central phenomenon in the study (Creswell, 2007; Brotherton, 2008).

Qualitative data are usually in a text format (although they can also be in the format of observation notes and images or photographs, which can be converted into text by the researcher), and can provide a richer and more in-depth representation of participants' attitudes, beliefs and experiences (Patton, 1991; Altinay & Paraskevas, 2008). Case-study research is seen as a valuable way to explore an issue in depth within a specific context (Brotherton, 2008).

Research methods

Yin (2003) and Woodside (2010) both recommend that in order to make research as robust as possible, the researcher should gather as many sources of evidence as possible. This evidence can be in the form of observation, interview or document analysis (Woodside, 2010). Yin (2003) also suggests that physical artefacts can be useful, and that observation can be undertaken directly by the researcher but also conducted by participants. The researcher gathered five types of evidence – documentation, archival records, physical artefacts, direct observation and interviews. However, qualitative interviewing was the key source of data for this research. Semi-structured interviews were conducted as they helped to provide rich and deep data, and offered the researcher a more relaxed and less structured framework in which to interview the participants (Creswell, 2007; Brotherton, 2008).

Data collection and analysis

Six luxury properties took part in the study, and, in total, 81 participants were interviewed. After the interviews were fully transcribed by the researcher, analysis of the data began. Both computer-aided qualitative data analysis software and manual analysis were used to take full advantage of both methods

of analysis. The goal of the qualitative data analysis was to provide a detailed description of each case and the themes within each case – this being within-case analysis (Eisenhardt, 1989). This was followed by a thematic analysis across the cases: a cross-case analysis (Eisenhardt, 1989). After all the in-case and cross-case analyses were completed, the next stage in processing the data took place – thematic analysis – which enabled the researcher to identify patterns or recurring themes within the data (Braun & Clarke, 2006). Thematic analysis was repeated twice: the first set of themes was drawn from each participant group for each property, producing 18 matrices; and the second set of themes was drawn from each participant group by type of property, producing six matrices. Within these matrices several themes emerged, but one of the strongest themes that was found was the actors' (the staff) performance.

Findings

Regardless of whether the property was a hotel or lodge, there was consensus among managers, employees, and guests that the creation of the luxury hotel and lodge experience relies upon the actors' performance at the hotels and lodges. The actors' performance was seen as being how the managers and employees (the staff) function in the hotels and lodges. Managers, employees and guests all saw how important the staff are at the hotels and lodges, and that they play an important part in the creation of the luxury hotel and lodge experience.

Managers

Hotel managers explained that their staff play an important role in the luxury hotel experience, and that they feel that they have a great local team (staff that are from the surrounding community) who focus on delivering personalised services to the guest. They also saw having communication with the guests before, during, and after their stay as a way that their staff can interact with the guests to enhance their "being in the moment" during their stay. This is illustrated by the following comment from Hotel Manager M:

Every single team member's interaction is important for a guest, and even if they don't interact directly – for example, if the room needs to be cleaned, they might not see the housekeeper, but if the room is not clean when they walk in, that could ruin the entire experience – everyone contributes to the experience for the guests (Hotel Manager M).

Hotel managers saw everyone as being involved in the guest's experience, and that it is not an individual effort but a team one. They explained that they are very aware that if one member of the team does something negative, that it will have an adverse impact on the guest's experience. As explained by Hotel Manager J:

It's not an individual effort, no one's got to stand out and be the best person. They've all got to be, "we're all equal", and that's right down to the maintenance and the housekeeper. We all have to work together to give that final experience (Hotel Manager J).

Hotel managers saw their employees as all having an equal share in the experience, and that there is not anyone who is more important than anyone else. Managers explained that there is a lot of training involved in having great teams

delivering outstanding service. This was illustrated by Hotel Manager X:

It's all down to constant training, which can be hard at times, but it is something you need to do. And having the right people in the right roles, the right person to run that outlet or that operation or front office or guest relations. So they have to be in the right place, and we all have to have the right skills to do the job (Hotel Manager X).

Lodge managers saw their employees and themselves as an essential aspect of the delivery of the luxury lodge experience. They saw their employees and themselves as working as a team, and managers explained that it is their job to find, train and retain great teams of people to look after the guests in the lodges. As highlighted by Lodge Manager F:

People, people, people. People who are kind, who are thoughtful, who understand what they [guests] are looking for, and who know how to respond to their requests and to exceed their expectations. There is nothing as important as people (Lodge Manager F).

Lodge managers stated that they depend on their teams to provide the guests with an outstanding experience, and that the guests' feedback to the lodge managers supports this belief. As stated by Lodge Manager A:

At the moment guests are saying it's the staff who are making it. You know the experience they are getting is good, the food is good, and everything that they are getting at the moment is living up to their expectations and up to the money that they are paying for it (Lodge Manager A).

Employees

Employees knew that it is "people" (employees and managers) that is the important factor in the guests' experiences, and they realised that it is they themselves who make the difference. As explained by Hotel Employee N:

It's the staff and how they treat the guest, from the moment they walk through the door until they leave, and everything that happens in the middle (Hotel Employee N).

Hotel employees saw that it is their energy, their culture, and their positivity that is the driving force in creating the guests' experiences. This was illustrated by Hotel Employee Q:

I think every staff member creates that experience, as well as the property. So the property is amazing, but the experience is only going to be as good as the people inside of the property. So all that energy, all the culture, that's what fuels the experience (Hotel Employee Q).

They saw the managers and themselves working together as a team, and that everyone is as important as everyone else. They realised that everyone depends on each other to do their job and that there is no room for any errors. As explained by Lodge Employee D:

Staff, location, pretty much all the staff. Everyone is as important as everyone else. There is no one more important than any other. Everyone has a finger in the pie of making sure that the guests' stay is perfect, from the dishwashers, to the housekeepers, to the receptionists, it's everyone (Lodge Employee D).

Lodge employees also talked about the lodge's high staff-to-guest ratio and how this makes it easier to give the guests more personalised attention. As illustrated by Lodge Employee S:

I think it's a lot to do with the staff, you know, guests have a great time while they are here. They're just pampered and pandered to and well looked after. It isn't a chore, because we have a lot of staff and only a few rooms (Lodge Employee S).

Guests

The performance of the managers and employees was seen on many levels by guests, and they highlighted the importance of service from staff. They were also of the view that it was not always the frontline staff that made the biggest impression on them. As explained by Hotel Guest X:

Again, a five-star hotel should excel in all areas – the rooms, the dining, the gym, the pool, have good internet connections. But in this very small market of five-star hotels, staff and service is more important than anything else (Hotel Guest X).

Hotel guests suggested that hotel managers and employees have to be friendly and helpful, and show that nothing is too much trouble to sort out. As stated by Hotel Guest Q:

The who? – would have to be the staff. They have been really friendly and helpful, nothing seemed to be too much of a problem. So I think that they create the experience by doing what they are doing (Hotel Guest Q).

One of the most talked-about subjects by lodge guests was staff. They saw staff as having one of the biggest influences on their lodge experience. As stated by Lodge Guest D:

You gotta have the staff. Without the staff there is no luxury experience, period. They can even make or break it (Lodge Guest D).

They felt that the staff that they encountered during their stay were knowledgeable, accommodating, hospitable and passionate. As explained by Lodge Guest I:

All interactions with staff are fabulous. We were made to feel so welcome and spoilt by such a wonderful group of staff who are all very knowledgeable and passionate about what they are doing. Everyone is outstanding with their service (Lodge Guest I).

Discussion

The actors' performance – staff

The actors' performance pertains to the service personnel within the hotels and lodges. Baum (2006) suggests that service personnel within the context of luxury hotels need to be able to have informative conversations with their guests about sport, music, politics and any other conceivable topic, often from an international perspective. This requirement presumes that service personnel will have a certain level of cultural exposure and prior education, as well as a commitment to remaining up to date in these areas (Baum, 2006). All participants from both hotels and lodges highlight that service personnel play an important part in how the guest experience is created. Lodge managers and employees also explain that they feel closer to their guests because, in general, guests stay at the lodges and dine there three times a day; managers often dine with the guests in their capacity as hosts, enabling them to build relationships with the guests by engaging in

conversation with them during these times. Lodge managers and employees state that, because of the small number of service personnel, they need to work more closely together to deliver the service to the guest, and they feel that, as they have a high guest-to-staff ratio compared with hotels, they can offer a more personalised service to their guests. In contrast, hotel managers and employees explain that there is a clearer division of labour between their roles, but they still see themselves as working in a team to create the guest's experience.

The hospitality industry is a "people business" – people are serving people – and this creates additional challenges in creating customer satisfaction. The "inseparability" or simultaneous production and consumption of services (i.e. hotel guests and staff must be present at the same time in the same place) also increases the opportunities for failure (Colgate & Norris, 2001; Ekiz et al., 2012). Managers and employees realise that they depend on each other, and that team-work is relied upon to produce an experience for their guests. All managers and employees know how important all contact is with their guests, and that it takes only one negative interaction to adversely affect a guest's experience.

How staff deliver service within the hospitality industry is important and makes the hospitality industry different from any other. Dawson et al. (2011) suggest that it is the manner in which the hospitality employees provide service, as opposed to the actual service itself, that matters (Ekiz et al., 2012). Walls et al. (2011) point out that the four important factors that can affect the guests' stay are the employees' attitude, proactive service, professional behaviour and appearance. All managers and employees state that it is important that they are well groomed and presented, as this reflects on the property. They also state that good staff recruitment and training is essential, as this maintains the service that the properties provide the guests.

Participants in research conducted by Walls et al. (2011) suggested that human interaction is a crucial ingredient in the luxury hotel experience, but they made a distinction between the human interactions of guests with other guests staying at the hotel, and that of guests with the hotel employees. Human interactions are important to guest experiences because they demonstrate caring through genuine problem-solving, working to understand guest needs, providing individual attention to each guest, and genuinely caring about hotel guests (Walls et al., 2011; Walls, 2013). Guests suggest that staff members are one of the most important aspects of both hotels and lodges, and can have a very positive or a very negative impact on their experience.

Brien et al. (2012) advocate that luxury hotels are service intensive and maintain a high ratio of staff to guests to ensure high interpersonal guest contact within an opulent environment. Kucukusta, Heung and Hui (2014) expand on this further by stating that having well-trained staff is an indication that a hotel is of a high standard. Lodge employees agree by suggesting that the luxury aspect of the lodge requires having a different calibre of staff who are able to provide highly personalised service.

Service and experience

Hotel managers see guests wanting the hotels to display an attention to detail, and they feel that guests expect to receive personalised service and have all of their needs and wants

attended to. They also recognise that guests have certain desires and expectations as to what the luxury hotel experience will be, including that any problems that appear will be dealt with quickly with a positive outcome. Personalised service is highly valued in the judgement of luxury hotels, and there are differences in the service that guests expect due to their nationality and culture (Mattila, 1999; Prayag & Dookhony-Ramphul, 2006; Radder & Wang, 2006). Managers feel that the personalised service that guests receive should always take into account the guest's nationality and culture, and some of the hotels in this research promote their own staff members' nationalities by incorporating their country's flag on their name badge.

Sandström, Edvardsson, Kristensson and Magnusson (2008) suggest that in service, where the service encounter is important to how the customer experiences the service being offered, the employee has the potential to influence the value-creating experience by interacting with the customer. Hotel employees see themselves as working closely with the guests, and believe that it is important that they are able to read or anticipate guests' needs and wants during their stay. Employees feel that guests want friendly staff who will do as much as possible for them to ensure they have an enjoyable luxury hotel experience. Khoo-Lattimore and Ekiz (2014) suggest that because of the intangibility characteristic of the industry, provisions and tangible cues play an important role in enhancing the overall guest experience. Hotel guests are very clear as to what they expect from a luxury hotel – they feel that they are paying for a service that should be personalised, and that staff should be able to realise what they want and need during their stay. Walls (2013) explains that human interactions are significant to the guest experience because they demonstrate attentiveness and caring, and, through sincere problem-solving, they work towards understanding guest needs.

Conclusion

The human touch in luxury accommodation is very important because it can be a luxury property's point of difference. Guests now want to have memorable luxury experiences, and it is seen as the staff's responsibility to create these experiences. Lodge and hotel managers see guidance as the way in which they are able to manage their staff in order to create the luxury hotel and lodge experience for the guests during their stay. Guidance is seen as how managers manage their staff, and this involves them explaining to their staff what is expected of them, and creating an environment that enables them to execute a luxury hotel or lodge experience.

Guests see service and the "right" staff as a way to create the luxury hotel and lodge experience: guests described service in many ways, including prompt service, best of service, high standard of service, efficiency in the service, generous service, and personalised service. There were many examples of personalised service, including staff having a personal touch, staff giving special attention to guests, guests being taken care of, guests being looked after, and guests having their needs and wants taken care of. Guests see the "right" staff as friendly, professional, skilled, having a "can do" attitude, and being interactive, but not pretentious.

One of the main recommendations the wider study had for luxury properties was to have dedicated staff members

interacting with guests throughout their stay, which helps to ensure engagement between guests and staff, which in turn will enable them to create a memorable luxury hotel or lodge experience. Finally, it could be said that a limitation of this paper is that only six luxury properties took part in the study, but it gives scope for more research to be conducted on the topic.

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DISCUSSION PAPER

Revisiting the relevance of economic theory to hotel revenue management education and practice in the era of Big Data

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This paper explores the role of economics in hospitality education and industry practice, with a particular focus on revenue management, and puts forward an argument for a return to the inclusion of economic theory in UK hospitality education, not seen since the 1990s. Given the increasing amounts of pricing data available to both managers and customers and the consequent market complexities now seen, developing economic literacy is demonstrated to be a crucial skill required for future hospitality graduates, allowing them to make successful revenue decisions and sense-check with confidence the decisions made by automated revenue systems. Economic literacy is defined as a balanced understanding of economic theory that can be applied in real-life business scenarios, extending beyond simple consideration of supply and demand to a mixture of neoclassical and behavioural approaches to economics.

Keywords: economic theory, hotels, revenue management, Big Data, hospitality education

Introduction

After an interview in 1986, United States economist, Milton Friedman commented that “what makes economics most fascinating is that its fundamental principles are so simple, that they can be written on one page, that anyone can understand them, and yet few do”. This paper is a reflection on this statement and, after over thirty years, considers to what degree hospitality professionals need to gain an understanding of economic theories through their study of hospitality in educational programmes and later as practitioners in the industry, especially in the commercially important area of revenue management. Currently, it appears that attempting to develop an understanding of economics by hospitality students has fallen out of favour with hospitality educators over recent years, and also in the industry, hospitality professionals are stressing the need for soft skills rather than theoretical and technical knowledge (Sisson & Adams, 2013; Weber et al., 2013). A detailed search of Google Scholar, the university library and the British Library lead to the discovery that the last dedicated publication on economics in hospitality management dates back twenty years. This is concerning as it may well lead to a new generation of hospitality students and managers who fail to understand basic economic theories and principles, as Friedman suggests, and who are unequipped to deal with the commercial and financial pressures of the industry in the 21st century, where protecting the bottom-line is crucial.

Within the field of revenue management, the argument over the need for economic understanding to underpin pricing decisions is perhaps even more complex, as it is now dominated by technology and automated revenue decision-making (Anderson & Xie, 2016; Mauri, 2016). The argument

would be that if computers can give revenue managers the answer to room pricing dilemmas using complex, pre-set algorithms, why would managers need to understand the underpinning economic theory behind those pricing decisions? The easy answer to this might be that there is no problem at all as the computers know more than us. However, our belief is that a lack of economic understanding does pose a problem as without it managers cannot sense-check what the computers are proposing. In the light of this, the paper elaborates on these reflections, taking the stance that an understanding of economics is vital in creating profitable revenue management strategies and that this understanding for future revenue and hotel managers must begin with hospitality education, crucially through the development of economic literacy. It considers the major gap in contemporary hospitality research literature and UK educational programmes as a missed opportunity to recognise the importance of underpinning revenue decisions with economic principles linked to detailed market analysis, and not merely simplistic theories of supply and demand.

The specific aim is to highlight the most successful ways in which an economic understanding could be fostered in hospitality students in order to enable them to deliver profitable revenue management strategies when they reach the industry. This requires not just a basic understanding of supply and demand principles, but actually the consideration and introduction of a wider range of micro-economic principles linked to the working of markets and pricing. Arguably, in the era of Big Data, the amount and complexity of data that hospitality managers need to process in order to make pricing and revenue management decisions are directly driven by economic principles linked to the markets in which they operate. We believe that in the era of Big Data

it is too simplistic to say that economics is just about supply and demand and what is really needed is the development of economic literacy, in order for hospitality managers to be able to work in increasingly dynamic and complex markets. Hotel markets have changed dramatically over recent years and will likely continue to be subject to change and evolution. This is driven on the supply side by changes in the terms of hotel ownership, which has increased the complexity of hotel management through the addition of multiple layers of stakeholders in complex management contracts and franchises (Melissen et al., 2016; Hodari et al., 2017), such as the rising importance of the asset manager (Singh et al., 2012). On the demand side, the increased transparency of price information and the ease and quality in which pricing information is delivered to customers through the internet is increasing the challenge for hotel managers in setting pricing strategies that cannot be accurately anticipated by customers. In essence, this may lessen the potential control they have over pricing tactics. Combine these elements and it becomes clearer how hospitality managers are working in increasingly complex market environments, for which they need economic literacy to help them understand.

Of course, it is first important to understand what is meant by the term economic literacy. There are many different definitions offered from various sources, but the common theme appears to be a focus on the practical application of economic theory and knowledge. Stigler (1970, p. 78) discussed ideas around economic logic that could be likened to economic literacy in the sense that they can be applied to everyday life (Skousen, 2016) and also to business. Stigler (1970, p. 80) went on to argue that “many highly trained professors of economics have only a remote or formal knowledge of economic logic, not as a theoretical construct but as a constantly applicable and deeply illuminating principle”. More recent definitions continue with the theme of practical application. Professor Russell Roberts (2005) explains that “economics is mainly about the choices we make in a world where we can’t have everything we want and the consequences of those choices”, suggesting again real-world applications. Some academics have defined economic literacy as the need for competency in identifying and evaluating economic concepts as they relate to personal finance and how citizens understand economics to make day-to-day decisions (Jappelli, 2010; Johnson, 2013; Varum et al., 2014; Goedde-Menke et al., 2017). These definitions, which, although not written from a business perspective, do again illustrate the need for real-life applications of economics. Finally, from an educational perspective, Salemi (2005) suggested that economic literacy can be claimed to have been achieved when students can apply basic economic concepts years later, in situations relevant to their lives. This follows the argument for the inclusion of economic literacy in hospitality education and its practical use later in the industry, but what follows illustrates the recent lack of focus of UK hospitality education in this area.

Reflections on economics in hospitality education, research and practice

Every decade from 1977 until 1997, one key textbook examining the importance of economics to the field of hospitality was published, from Rogers and Phipps’s (1977)

Economics for the Hotel and Catering Industry to Hughes’ (1986) Economics for Hotel and Catering Students and finally Cullen’s (1997) Economics for Hospitality Management. In the late 1990s, Yeoman and Ingold (1997) edited a key text on service sector yield management and dedicated the whole of the second chapter to the economic aspects of yield management. Yet, since then there has been a distinct lack of publications for education focusing specifically on the relevance of economic theory to the hospitality sector in general and perhaps, most surprisingly, to revenue management strategies. One of the leading hospitality revenue management books written by Hayes and Miller (2011) dedicates a mere one and a half pages to economics in a book that extends beyond 500 pages, and only then discusses it loosely within the context of return on investment.

From a further, more detailed review of Mohammed, Guillet and Law’s (2015) content analysis of the contributions of economics to hospitality research literature over the past four decades, it is clearly evident that the demand aspects of economic theory on pricing and revenue management have been the main focal point for academics. For instance, Chen and Lin (2013) examined the influence of uncertain demand on hotel capacity, and Maier and Johanson (2013) looked into the relationships between demand and average daily rate. In Tranter, Stuart-Hill and Parker’s (2013) text on hospitality revenue management, they again link the chapter on economic principles to discussions on demand. The focus of academic research on the supply side of economic theory is less widely covered and old, for example the content analysis only identified three articles examining this subject, all dating back to the 1980s and 1990s (Lawson, 1980; Lee, 1984; Borooah, 1999).

Interestingly and line with our current argument, the older textbooks cover a wide range of economic principles but all encourage the application of theory to the reality of hospitality business situations. This perhaps reflects the careful balancing act that hospitality education has between the vocational and academic development of its students (Morrison & Barry O’Mahony, 2003; Lashley, 2015; Oktadiana & Chon, 2017). Starting with Rogers and Phipps’ text (1977, p. v), they “encourage students and those in the industry alike to approach the study of economics applied within hotel-keeping and catering without that loss of interest all too often induced by ‘pure economics’ texts”. They centre their discussion of economics around using it to develop an understanding of the economic environment and utilising it as a decision-making framework, including knowledge of economic systems, consumers, firms and government actions. They state that “students should not merely be required to learn and restate facts and theories but should be encouraged to participate through the analysis of specific problems and situations” (Rogers & Phipps, 1977, p. 6). Moving to the next publication, Hughes (1986, p. 7) cites the concern that economics be watered down in vocational education, such as hotel and catering courses, but that there is still a “need to provide a meaningful and significant economics input on a highly vocational course”. They develop this by going on to say that it is important that “students appreciate the theoretical underpinnings of the ‘real world’”, and that “it is impossible to fully comprehend the complexities of reality without recourse to a theoretical framework”. The book

focuses on micro-economics, with key sections on price mechanisms, market structures and competition. The final publication by Cullen (1997) focuses on economic analysis for helping deal with change in organisations and industry, which is perhaps a reflection on and a reaction to the recession of the early 1990s in the UK, and as Cullen comments, the changes in industry structure, ownership and products since the late 1980s. Therefore, the book's content focuses more on economic trends, economic fluctuations and how to improve the competitive position of your business. It seems that although these books extend over three separate decades, they cover similar key features of micro-economic theory, but their approach does vary slightly, perhaps reflecting the current challenges of the market at the time from decision-making in the 1970s, to pricing, structures and competition in the 1980s, to economic fluctuations and challenges in the 1990s.

So, given the current complexity of the markets faced by hospitality revenue managers of today, it is interesting to consider why these textbooks that were thought to be useful to students in the 70s, 80s and 90s have not been updated, and since then there has been a dearth of economics-focused hospitality publications. Perhaps the answer lies in the focus of hospitality recruiters and how that impacts upon the development of hospitality educational programmes. The recent focus on the development of soft skills by hospitality graduates in preparation for the work place is clearly evidenced in recent research (Sisson & Adams, 2013; Weber et al., 2013). Sisson and Adams (2013) found that of the competencies deemed essential for careers in hospitality, 86% were soft competencies, for example communication and leadership. Raybould and Wilkins (2005, p. 212) also found that hospitality managers ranked soft skills such as interpersonal skills and self-management as the most important, while discounting what they describe as "skills associated with the conceptual and analytical domain". Finally, Ruetzler et al. (2014) found that educators placed importance on strategic planning skills, whereas these were downplayed by hospitality professionals, who put greater emphasis on skills such as social networking. This is in contrast to research conducted in the late 90s that found that the most common needs of managers in the hospitality industry were softer skills such as human resources, but crucially that these must be complemented by an understanding of marketplace issues such as competition and government regulation, both of which are underpinned by economic theory (Lefever & Withiam, 1998). Interestingly, there have also been publications on economics in the tourism field since the time of the last publication of a hospitality economics textbook, including Tribe (2011), with the "The economics of recreation, leisure and tourism", Stabler, Papatheodorou and Sinclair (2010), with "The economics of tourism", along with several academic papers by Dwyer and Forsyth (1998) and Dwyer et al. (2005; 2006; 2010) on economic significance and policy within tourism. If it is considered of recent importance in tourism, why not hospitality?

The question is whether the textbooks merely represented the needs of the industry at the time and are no longer relevant or if the focus on softer skills potentially ignores a key element of successful hospitality management and in particular revenue management? We believe that due to the fact that the industry continues to face increased competition, complexity of pricing, markets and economic instability and that these

remain underpinned by an understanding of micro-economic principles, developing an understanding of economic theory alongside softer skills is still of importance. The dominant areas of interest in the past, as outlined above, were on market analysis of supply and demand, pricing, elasticity of demand, and market segmentation. All these areas are of central importance to revenue management and still impact on hospitality businesses today. In fact, in the era of Big Data, are arguably more important. In addition, these calls are now being considered by researchers in hospitality, in particular, Kimes (2017) in her updated paper on the future of revenue management. She identified that in terms of the key drivers of change in the future, data analytics would be the second most influential. However, in line with the arguments of this paper, the fourth and sixth most important would be economic conditions and competition, respectively. This demonstrates the importance of economics and that there should be a balance between an understanding of demand, through competitor analytics such as supplied by Smith Travel Research (STR) and also supply, in terms of competitor pipelines, competitor pricing and inventory strategies. Kimes (2017) also looked at the future challenges for revenue management, and here economic conditions headed the list, with competitors third and data analytics falling to tenth place.

This suggests that even though improved technology and data analytics will become more proficient at analysing and making decisions based on revenue data, if economic conditions remain a concern, the basic economic principles of markets and pricing will remain crucial in allowing future managers to sense-check the decisions made by revenue and data analytics systems. Kimes (2017) summarises this nicely by stating that while there were some similarities with the 2010 results of her research, respondents in 2016 rated data analytics and economics as significantly more important than in 2010. This may coincide with the increase in interest in the concept of Big Data and the huge increases in data now available to managers. Therefore, perhaps it is Big Data that is also driving a need for economic literacy to allow future managers to navigate the data deluge and use it to make profitable revenue decisions.

Exploring Big Data's impact on the need for economic understanding

The literature concerning Big Data indicates an on-going debate over the origins of the term, which is often based upon a tension between supposedly old and new meanings. When an early mention of Big Data is found, academics tend to argue it does not represent the meaning of the term in the present context. Sociologist Charles Tilly (1980) is often credited for the first published use of the term "big data" when, in a working paper, he wrote that none of the big questions has actually yielded to the bludgeoning of the big data people. Diebold (2012) argues this could not have been a reference to the highly technical Big Data seen today, but actually just the use of creative alliteration. However, the academic literature supports the idea that it was Douglas Laney (2001) who developed the three Vs of Big Data, namely volume, variety and velocity, that encapsulates the modern-day understanding of Big Data (Chen et al., 2012; Kwon et al., 2014; Phillips-Wren & Hoskisson, 2015).

Irrespective of the origins or definitions of the term, the key issue here is that data and knowledge are not the same thing. Having access to huge quantities of data does not make managers instantly knowledgeable, informed decision-makers (Lewis, 2006; Liberatore & Luo, 2010; Biran et al., 2013). Data has to be correctly interpreted and converted into knowledge for this to be the case, and for this to happen in revenue management, underpinning knowledge of economic principles is arguable needed. As revenue and pricing data becomes increasingly unstructured as more data sources are included, such as user-generated content from social media and review sites, this challenge will only intensify. In order to increase the strategic value of knowledge, academics maintain that before any data is collected managers have to ask the right questions in order to source data that will actually provide an accurate answer to those questions, thus supporting accurate decision-making (Liberatore & Luo, 2010; Biran et al., 2013). Again, being able to ask the right questions involves a wider conceptual and theoretical understanding in order to put questions and decisions into context. The concern around Big Data is that managers might rely too much on the increased automation of data collection and turn their backs on intuition and instinct. Although price and revenue management decisions made in hotels are increasingly automated, particularly within major global brands such as Intercontinental Hotel Group (Koushik et al., 2012), the need for managers to understand the driving economic forces influencing the market and pricing are still necessary as a sense-check for the decisions made by automated revenue management systems, as part of the blend of art and science of revenue management (Cross et al., 2009). Some academics would argue that relying on Big Data in decision-making actually removes ambiguity and leads to more accurate decision-making (Davenport & Harris, 2007; Liberatore & Luo, 2010), but possibly in hospitality where human interactions are so central to the process, experience, intuition and instinct can still play a vital part in helping managers and employees make sense of and interpret data. If this is the case, then these managers still need the underpinning of economic knowledge to help guide their intuition and instinct. In fact, we believe that the algorithms used to comprehend the Big Data inputted into automated revenue management systems may not be able to accurately keep pace with the dynamics of the market, as they are mainly based on historic information, such as demand figures from STR. Where they are using future competitor prices such as Perform (Koushik et al., 2012), the system used by Intercontinental Hotel Group, they are still unable to take into account new competitors that may be entering the market as their pricing strategy is not yet available or indeed substitutes, such as Airbnb whose prices may not be available on the platforms reviewed by the systems.

Contributing to these complexities and the need for economic literacy is the increase over recent years in the popularity of the management contracts and the franchise model for ownership and operation of hotels which results in the general manager in individual hotel units having an increasing amount of autonomy over the implementation of the price decision at unit level (Ivankovič & Jerman, 2010). While revenue strategy may be guided by corporate level managers (Hodari & Sturman, 2014), the implementation and final decision of daily price setting is done at a unit level, often overseen, if not led, by hotel general

managers. Hotel general managers also face complexity and time pressure (Yan et al., 2013) when implementing daily changes to prices due to the perishable nature of the hotel product. Hotel managers do not get a second chance to sell rooms and neither can they react quickly to changes in demand due to fixed supply. They are also inundated with unusually high levels of pricing data as compared to other industries, especially competitor data, which is gathered and disseminated to managers on a daily basis by industry specialists such as STR Global, third party distributions channels and companies such as Revinate that put together summaries of user-generated content, all of which influence the revenue decisions made. This data represents not just the needs of the hotel industry for knowledge about consumer demand, but also for detailed knowledge of supply factors, as shown in previous research (Haynes, 2016). The service characteristics of perishability and fixed supply, as well as the competitive nature of many hotel markets result in revenue and pricing decisions being extremely time-sensitive and pressurised, which in turn leads to a demand for more complex and timely demand and supply data (Yan et al., 2013). The unusual amount of competitor demand and supply information available in the hospitality industry creates a scenario where the understanding of market dynamics and competitive forces through an understanding of micro-economics is crucial. Airey and Akehurst (1983, p. 44) help confirm that this is in line with why in hospitality education it is important to understand the economic environment of the operation and that economic theory provides a "structured, analytical vehicle for appreciating the structure, dimensions and problems of the hotel and catering industry".

It is also not only the competitor data available on the supply side that makes economic literacy important, but also the amount and quality of pricing information available to consumers. In essence, hotel consumers also have access to Big Data via meta-search engines such as Trivago and Kayak, as well as websites, such as Yapta, that actually track changes in hotel prices after booking, allowing customers to cancel and rebook at lower prices should they be found. Yapta's RoomIQ system tracks room rates right until the point the customer checks into the hotel (Yapta, 2017). Consumers have become better at price hedging and reducing the negative effects of pricing tactics used by hotels. This massively alters the dynamics of the market and increases price volatility, making simplistic views of supply and demand obsolete as the point that price equilibrium is reached becomes harder to calculate due to the many complex factors driving it. Therefore, again, economic literacy is crucial in understanding the changing dynamics of the market, one in which hotels may have less control over their pricing strategy as consumers access increasingly perfect information leading to a more perfect market. The way of thinking about economic principles needs to be more flexible as it will be needed to be applied to increasingly volatile markets as both hotels and consumers try to predict the pricing behaviour of the other.

This perhaps suggests that, for developing economic literacy, behavioural elements of economic theory are also important, in particular, game theory. It is interesting that recent business economics textbooks devote significant space to game theory and the prisoners' dilemma (Baye & Prince, 2017; Sloman & Jones, 2017). Their textbooks on managerial economics and business strategy look at pricing topics such as

predatory pricing, screening and signalling and game theory. However, the interesting thing to observe when reviewing these textbooks is that game theory is often looked at purely as a strategy used between rival firms. For example, Sloman and Jones (2017, p. 117) describe it as the examination of the “best strategy that a firm can adopt, given the assumptions it makes about its behaviour”. However, it is possible that game theory could also apply to the decisions made by firms and consumers when viewed as rivals in a dynamic market place due to the increase of consumer knowledge. The academic literature has also looked at the role of game theory in hotel revenue management (Arenoe et al., 2015; Jaureguiberry & Tappata, 2015), suggesting there is a basis for extending this into hospitality education and for the industry. These papers also suggest the need for the application of game theory to study market structures and firm behaviour on the supply side, and consumer behaviour modelling on the demand side. Hence, we believe that economic literacy will come to mean the need for a greater understanding of the complexities of price determination from a behavioural economics viewpoint, not just utilising neoclassical economic theory.

The way forward – the case for behavioural economics in education and practice

So, these discussions have led us to the conclusion that the ability to make successful revenue management decisions must be underpinned by a knowledge of micro-economic principles and that despite hospitality education lagging behind in its promotion of economic teaching, from recent research, revenue professionals are beginning to recognise the need for managers to have an understanding of economics, with specific attention being paid to competitive forces and market analysis. The way to achieve this is through the development of economic literacy which takes into account both neoclassical approaches to economics, but will also lean heavily on behavioural economic approaches. The challenge is ensuring that hospitality students do not just learn the academic theory, but understand how to apply it in practice so that their theoretical understanding is valuable to industry. Taking human behaviours in economic markets into account will work towards achieving this. If economic literacy centres on practical, real-life applications by humans, as seen in earlier definitions, then an understanding of human behaviours and reactions to economic theories must be included. If the reduction of economics content in UK hospitality courses continues, there is a current danger that for graduate finance jobs for major hotel chains, hospitality graduates may lose out to generic business and finance graduates. Hilton (2017) are already requesting that only students with a finance-specific degree can apply for their Finesse Graduate Finance Program. Jiang and Alexakis (2017), in their empirical investigation into entry-level management competencies in the hospitality industry, also found that managers were less satisfied by graduate levels of knowledge of economic and accounting than the soft skills such as time management, and suggested that “students should strengthen their skills in these areas, especially knowledge of marketing, [economics] and accounting, which can be learned in the classroom” (p. 42). This puts emphasis on the responsibility of hospitality educators to develop this knowledge.

Take for instance pricing, a fundamental area of revenue management, and consider that here it is not just neoclassical, but also behavioural economics at play. There are lessons to be learnt on revenue management from both paradigms. In the real world, pricing is no longer static with a single price point, but instead the increase in dynamic pricing has led to multiple, constantly adjusting price points, ensuring that, while equilibrium price points can be calculated, this is more complex and customer behaviours towards price points must be taken into account. This means economic literacy is potentially even more important than it was in the past, and behavioural reactions to pricing both by managers and customers need to be considered. Interestingly, Woodside’s (2015) theory of behavioural pricing has begun to make further progress in behavioural economics, making it more applicable to business scenarios as it focuses on individual decision-making by managers, illustrating real-life applications of behavioural economics. It argues that from a behavioural standpoint, knowledge of firm pricing decision processes is lacking, against a backdrop of literature on behavioural economics focusing on the consumer and behavioural finance on high-level corporate decision-making (Barberis & Thaler, 2003; Subrahmanyam, 2007). Woodside (2015, p. 39) describes the theory as a “useful blending of cognitive science, complexity theory, economics, marketing, psychology, and implemented practices in explicit contexts”. In comparison to behavioural economics and behavioural finance, the key additions are the attention on practical implementations of price decision-making and complexity theory. The addition of complexity theory (Urry, 2005) highlights the heterogeneity of price decision-making and that there can be sudden changes in the process and that the same causes can result in different effects in different circumstances, making it applicable to the complex markets seen in hospitality.

Of course, returning to the concept of Big Data, the viewpoints of neoclassical economics may appear on the surface to be more applicable than behavioural economics. If the neoclassical economic approaches to pricing are taken to the extreme and the idea of *homo economicus*, rational, economic man, would suggest that revenue managers, given the large amounts of data available to them, would be able to rationally translate revenue strategies into a clear and certain pricing and revenue strategy within their hotels. Becker (1976) describes clearly the expectations of economic man, in that a manager would act rationally, be able to maximise their utility in any given situation from a stable set of preferences, and would accumulate an optimal amount of data to inform those decisions (Heukelom, 2007; Zhang & Kallesen, 2008), thus applying micro-economic principles with certainty in revenue situations. However, many behavioural economists have called these rational approaches into question, claiming that due to human fallibility and bounded rationality, human managers will have restrictions on their ability to make rational decisions and applications of theoretical concepts despite increases in data and information available to them. Even as early as the 1950s, Herbert Simon (1959) was questioning neoclassical economic approaches due to the vision he had of an increasingly complex business world where decision-making would never be as straightforward as neoclassical economics suggested, due to the fact that as long as a human was involved in decision-making, they would be hampered by

the lack of infinite cognitive abilities, limited computational skills and flawed memories. This applies to managers as well as the average human and was extended further by Tversky and Kahneman (1974), often widely credited with the birth of contemporary behavioural economics.

Tversky and Kahneman (1974) believed individuals use rules of thumb and heuristics to simplify the decision-making process when time is short, but that this may lead to non-rational decision-making and the likelihood that not all the available information would be used in the implementation of decisions. Kahneman and Tversky (1979) and Tversky and Kahneman (1992) also found that risk-seeking and loss aversion behaviours existed in decision-making and found this to lead to irrationally formed asymmetries between the way gains and losses were considered in the decision-making process. In addition, Sunstein (1999, p. 122) found individuals to have bounded willpower, which he called "myopia". This causes short-termism as individuals are willing to make decisions that conflict with their longer-term interests in favour of shorter-term gains. Simon (1955) also added bounded self-interest and outsider influencer, where decision-makers will care, or act as if they care about others, which may mean the rational decision, particularly in a business context is not made.

Other behaviour economics literature highlights further approaches humans have towards decision-making. Sunstein (1999) explores the idea of preference reversals, originating from Thaler's (1992) work, that proved individuals make different decisions under different circumstances given the same data, as in a different context they view the information as different when, rationally, it should be regarded as giving an identical message. This is because different framing effects may be applied in different decision-making contexts, but to the same information. More recently, Etzioni (2011) stressed the impact of social norms and culture on decision-making. This is in direct contrast to neoclassical economics, which McQuillin and Sugden (2012) suggest would stress that consistent decisions would always be made across any alternative scenario or context. This all highlights that the reality of decision-making must balance the two main economic paradigms.

This balance can only be achieved if the development of economic literacy is considered as a longitudinal process rather than something that is short-term and tactical. This is because, as already highlighted, customers learn about firms' pricing strategies over time, as they are able to easily view and track price changes. Even if they do not use a tool such as Yapta, most online travel agencies now offer price tracking tools for unconfirmed bookings and will email the customer with automatic updates. If customers are observing the pricing behaviours of hotels over a longer period of time, rather than just doing a once-off price search, hotel managers will have to observe customers' decision-making behaviour over a longer time period as well. This links back to the need for managers to understand game theory and in particular multiple-move games, where in essence there will be multiple reactions by firms and customers to price changes over a period of time. As Sloman and Jones (2017) suggest, this will lead to the need for firms to think more strategically, as if they were playing a game of chess. The rise of the sharing economy may also have an impact. This has resulted in the prevalence of review sites, such as TripAdvisor, where customers do not just learn from observing a firms' pricing strategy, but are also able to

learn from other consumers, in a type of social learning, which originates from the Social Learning Theory of Albert Bandura (1977). He argued that it is possible for people to learn from each other through a process of observational learning. If we take TripAdvisor as an example, customers can observe other customers' ratings of value for money and even qualitative comments on how to get the best prices and where to book. Social learning has already been linked to economics (Mobius & Rosenblat, 2014; Bossan et al., 2015) and recently it has also been specifically applied to pricing theory. Aoyagi, Bhalla and Gunay (2016) looked at social learning and price competition, and Crapis et al. (2016) looked at monopoly pricing in the context of social learning. Applying concepts such as social learning and game theory to economic pricing theory, again supports the need for a more inclusive understanding of a range of neoclassical and behavioural economics which, if embraced, will lead to the creation of economic literacy.

Finally, there needs to be recognition of the fact that many customers may be looking beyond price in their decision-making. For some, experience and quality may also be part of the price decision-making process. Take the example of Ryanair, who saw their first quarter profits more than double in 2014 after they put in place improved service quality measures, such as allowing travellers to choose their seats, easing restrictions on hand luggage and cutting penalty charges (Haplin, 2014). In the hotel sector, Travelodge has launched new hotels following the Ryanair model by looking to not just offer cheap prices, but by also focusing on being able to demonstrate value to its customers with the addition of proper pull-out beds for children and king-size double beds with 900 springs in each mattress, as well as special beds for pets. Taking into account the increased complexity of decision-making will allow for a truer picture of the impacts of economics on everyday revenue management decision-making. Standard neoclassical approaches to economics education have already been put under question as Ward-Perkins and Earle (2013) put forward the argument that the 2008 global financial crisis represented the ultimate failing of the economics education system and of the academic discipline as a whole, and that the crisis was not predicted by economists relying on neoclassical approaches. They go on to cite that apparently the Queen, while visiting the London School of Economics, was overheard to ask professors why nobody saw it coming. Tensions between neoclassical economics and behavioural economics are lengthy and on-going, but we call not for polarisation, but for balance between the two approaches as we believe that behavioural economics allows for a better application of neoclassical economic approaches in real-life, business situations. To us, economic literacy is not just about the issues of supply and demand, but how it all links together, incorporating the breadth of things you need to understand, including human behaviour of both customers, managers and competition. This will enable successful decision-making and revenue management.

Conclusion

In summary, the paper suggests that a balanced but dedicated approach to economic theory should be returned to hospitality education, therefore allowing the managers of the future to have an underpinning knowledge of the markets they operate in, and the complex interplay between supply, demand and

behavioural factors. This balanced approach will contain both elements of behavioural economics and neoclassical economic theory to encourage the creation of economic literacy. This will help managers to deal with the complexities of the revenue data that they receive, the challenges of real-time data, and help them to sense-check the pricing decisions made by automated revenue systems. The overall aim is to create a future hospitality manager who is sensitive and aware of the economic theories affecting the decision-making taking place within their business unit and avoiding an over-reliance on technological decision-making which might not always take into account all the necessary features of the workings of complex markets. By bringing these discussions up to date and linking them to the contemporary issues of Big Data, it is hoped that this paper will be of interest to those in hospitality education seeking to better explain revenue management principles to students, to practitioners who wish to have a better understanding of the economic conditions which influence their revenue management decisions, and to hospitality researchers wanting a theoretical underpinning for their research. From the perspective of preparing future hospitality managers, it is felt that course developers should reconsider the re-inclusion of economics within their courses so that hospitality graduates of the future do not miss out on developing the economic literacy skills that will make them attractive for future employment and ensure that they have the commercial acumen required to run profitable units.

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