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Value perception of service bundling in the hospitality industry: a comparative analysis on hoteliers and tourists

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Contents

1. Purpose of the study
2. Service bundling
3. The Perceived Value construct
4. Research questions
5. Methodology
6. Current status
7. Preliminary outcomes: the Hoteliers' side
8. Discussion and further steps



Purpose of the study

PURPOSE:

- To investigate the value perception of service bundling in the hospitality industry
- To provide a comparative analysis of tourists' and hoteliers' perception of value related to service bundling practice

WHY THIS STUDY?

Previous research on networking orientation of hoteliers in offering service packages/bundles.



Limitations: Just the “positive side” of value was considered
Focus on hoteliers



Service bundling

“Bundling is the sale of two or more separate products (i.e. goods or services) in a package”

(Stremersch & Tellis, 2002)

Product Bundling



The integration and sale of two or more separate products at any price



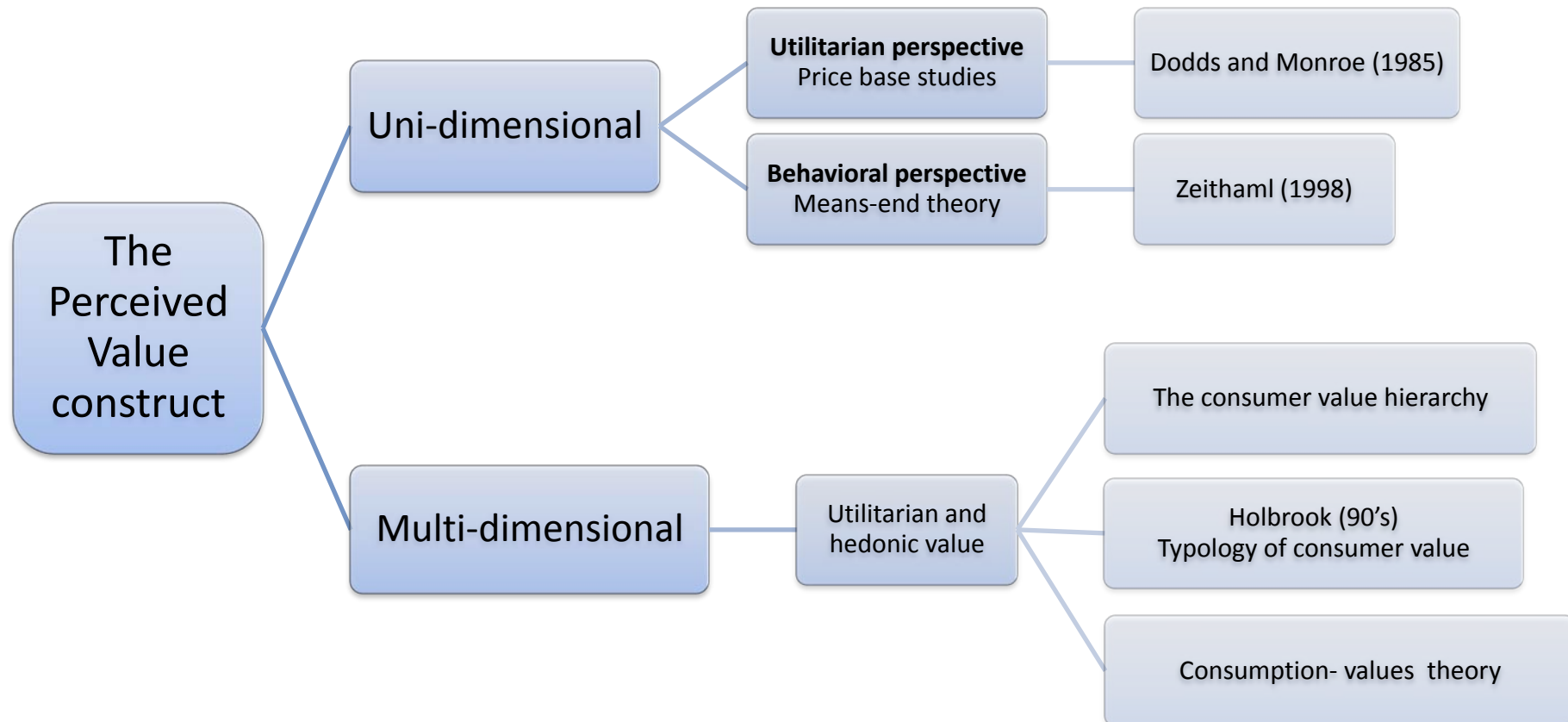
Price Bundling



The sale of two or more separate products in a package at a discount, without any integration of the products



RESEARCH STREAMS ON PERCEIVED VALUE





ZEITHAML'S APPROACH

Four different definitions of value:

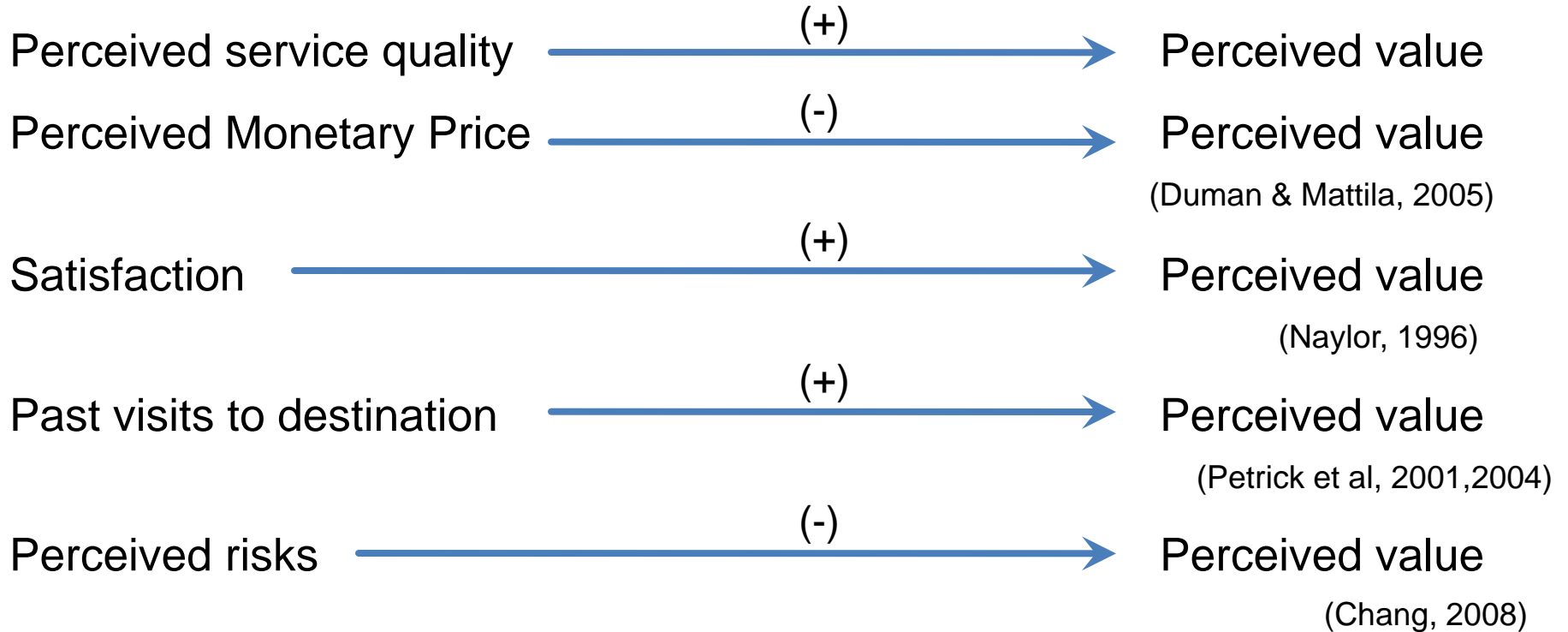
- Value is low price
- Value is whatever I want in a product
- Value is the quality I get for the price I pay
- ***Value is what I get for what I give***

Perceived value is defined as a trade-off between the salient give and get components of a product/service

Benefits versus Sacrifices



PERCEIVED VALUE IN THE TOURISM INDUSTRY



Value as cognitive response to the consumption experience

The affective, emotional and social side are less investigated

The customer side is well investigated. What about operators?



RESEARCH QUESTIONS:

Considering service bundling in the hospitality industry:

- What is the perception of value and which are its dimensions?
 - For hoteliers
 - For tourists
- Which are the differences and the common aspects between these two perspectives?

FIELD OF RESEARCH:

Valle d'Aosta Region

Touristic region in Italy, especially during the winter season

Area: 3263 sq. km

Population: 130.000 people

Around 930.000 arrivals per year

More than 600 accommodation facilities: Hotels, B&B,
Farm holidays, RTA, ...





Explorative and qualitative research

15 in-depth interviews:

- 5 to hoteliers located in the most important ski-resorts in VdA
- 10 to tourists who usually visit VdA region

Interview transcripts analyzed using Atlas.ti Software



Current status

5 hoteliers interviewed

Average length of interview: 40 minutes

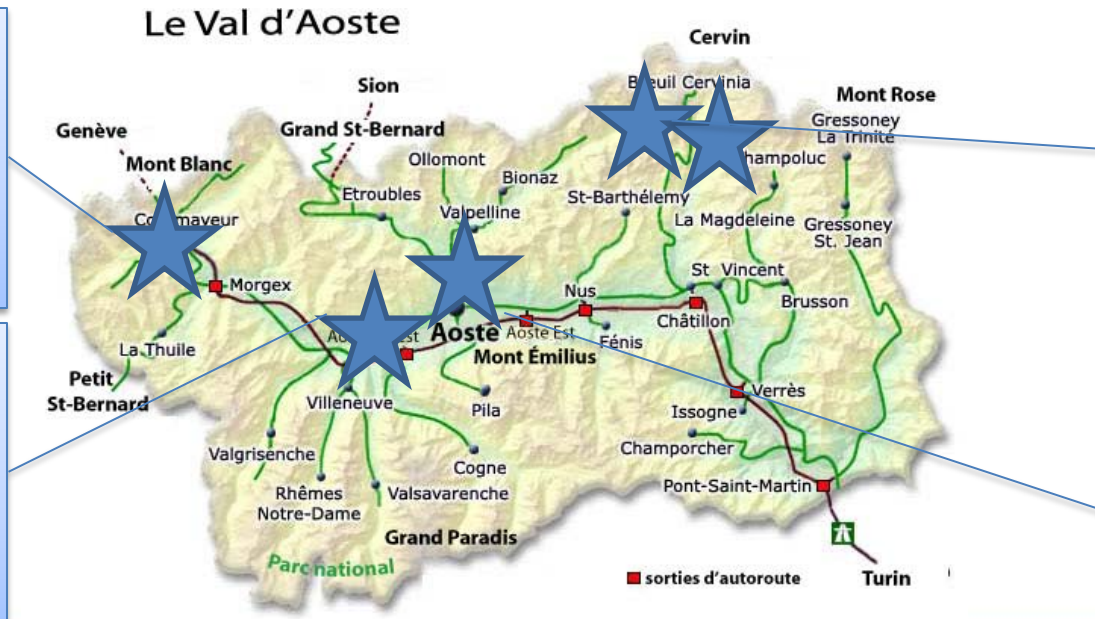
Hoteliers asked about the service bundling practice in tourism industry, if they have already experienced it, perceived benefits and sacrifices; dimensions of the bundle considered as valuable from customer's point of view.

Courmayeur

**** hotel
50 rooms
Family business

Saint Pierre

**** hotel
17 rooms
Family business



Breuil Cervinia

***** hotel
38 rooms
Family business

*** hotel
21 rooms
Family business

Aosta
**** hotel
31 rooms
Family business



HOTELIER BENEFITS

- Cash generation when considering pre-paid packages
- Increasing tourists incomings during the off-season period
- Higher visibility, mostly on the Web → Promotion
- Image improvement
- Customer loyalty improvement
- Lead to a better yield management → the most expensive rooms are more likely to be sold



HOTELIER SACRIFICES

- Monetary:
 - Less revenues due to price reduction when the bundle is sold at discounted price
 - Payment of an intermediation fee to agencies
 - Economic resources to create and to promote the package
- Non-monetary
 - Time to create the package and to coordinate the operators involved
 - Less control on the overall quality delivered



Preliminary outcomes: the Hoteliers' side

CUSTOMER BENEFITS (in Hoteliers' opinion)

- Price is known before departure
- More comfortable booking procedures
- Time savings in researching and evaluating alternatives
- Discover new entertainment proposals
- Money savings when the package is sold at a discounted price
- Improvements in holiday experience
- Reduction of “sold out” risks

CUSTOMER SACRIFICES (in Hoteliers' opinion)

- Less direct contact with the hotel
- Supply and relationship standardization



Preliminary outcomes: the Hoteliers' side

ISSUES:

- Difficulties in collaboration → Individualist culture
- Trust in other operators
- Lack of information on the topic
- Need of a coordinator → Public institution

WHY A PACKAGE:

- Hotel size
- Customers ask for all-inclusive packages → It is a customer need

PARTNERS:

Spas, Thermal resorts and wellness structures; Golf courses, Ski areas, Restaurants, Private transportation facilities (Taxi drivers), Municipalities



DISCUSSION:

Hoteliers perceive service bundling as high-value.

Nevertheless, hoteliers think that service bundling needs too much effort and too many resources to be implemented and promoted by a single subject.

They prefer to rely on consortia, associations or other public institutions, since this type of subjects can ensure effective coordination among partners and has a higher investment capacity.

FURTHER STEPS

- 10 interviews to Valle d'Aosta tourists during December 2011
- Comparative analysis of the value perception construct



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THANK YOU!

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