"Segmenting networking orientation in the hospitality industry"

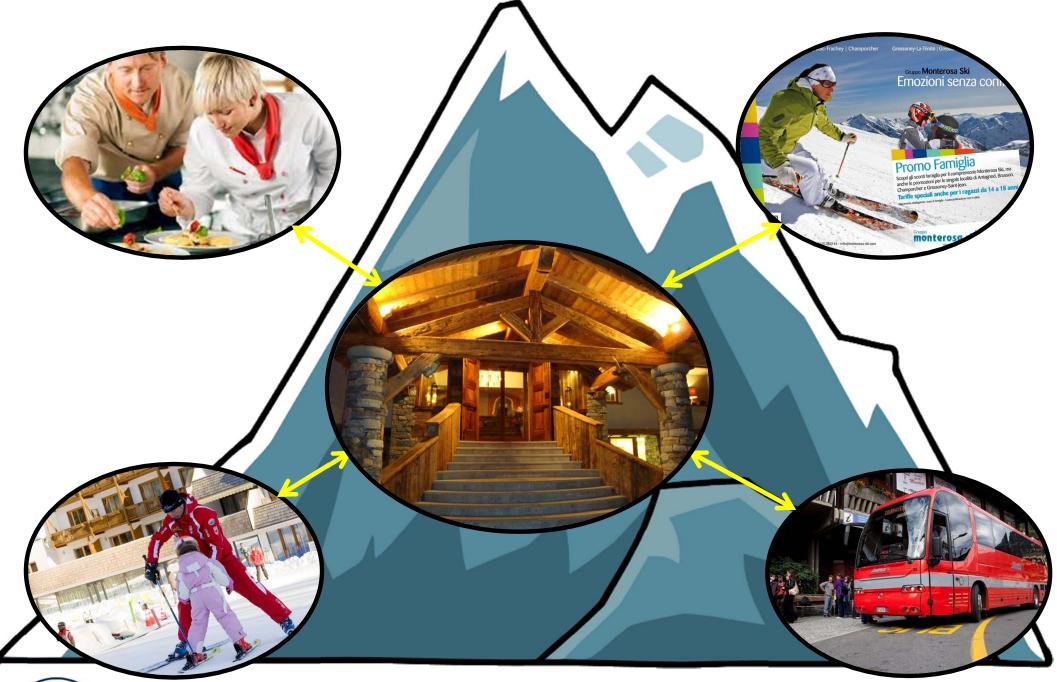
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The tourism industry in Italy

- Italy is a "multi-opportunity tourism destination" (Formica and Uysal 1996): variety of products and services that allows creating a unique tourism experience.
- Italy is perceived as a destination that offers at the same time the main categories of tourism: historical, cultural (which includes food and wine tourism), artistic and religious, seaside tourism, mountain tourism, hot springs and spas (Bonini 1993)

SMEs in the tourism industry and sant Property and Sant Phone Vapeline Grescover is Crimic Valle d'Aosta as a research setting Cogne Soulis Saint Vincent Saint Sain

Valle d'Aosta an ideal study site to study bundling orientation

- Well-known resort worldwide
- Presence of thousands of SMEs operating in tourism and hospitality industry, specialized in particular services
- SMEs are the "life blood of the travel and tourism industry world-wide" (Erkkila, 2004) and strongly influence the development of a local area as a destination
- ... but tourism supply fragmentation is more and more dealing with the need of "all-in-one customer experience" (d'Angella & Go, 2009)

Service bundling: a tool to overcome tourism industry fragmentation

Tourists are becoming experience-centric customers (Prahalad & Ramaswamy, 2004)

Paradox related to the fragmentation on the supply side and to the demand of "all-in-one experience" by customers (d'Angella & Go, 2009)

Operators have broadened their tourism offer, and <u>bundling</u> has become an established practice \rightarrow Hospitality industry players have been developing partnerships with other operators belonging to different industries

The emergence of this practice and the existence of a wide variety of operators that offer a broad range of services for the winter and the summer seasons make VDA an ideal laboratory to study operators' bundling orientation, i.e. their willingness to collaborate in developing bundles

Previous research on collaboration in tourism destinations

Collaboration increases the competitiveness of a destination (Bennet, 1999; Dywer, 2003; Hill & Shaw, 1995; Holder, 1992, Wang & Fesenmaier, 2007).

Partnerships in the tourism industry and in particular in the hospitality industry are considered as "a logical method for growth" (Dev & Klein, 1993, p.42) and a facilitator for market and products development (Chathoth, 2004)

Research on <u>collaboration among SME's in the hospitality industry</u> has been confined to a small number of contributions (Buick, Halcro, & Lynch, 1998; Lynch, 2000; Tinsley & Linch, 2001; Alonso, 2010).

Our study in 2011

Study of Marcoz, Mauri, Maggioni & Cantù (2011) focused on the relationship between the perception of benefits achievable through service bundling and hoteliers' networking orientation

Result: trust is a key collaboration enabler, and acts as a bridge between benefits achievable through service bundling and hoteliers' networking orientation

Key issues emerging from literature

Many theoretical paradigms (strategic management, networking theory etc.)

Formal partnerships but also informal relation-based collaborations

Personal networks of small business owners play a critical role in developing collaboration

Sustainability in networks for the long-term development of a destination

Partnership between public and private organizations, and inter-governmental partnerships

Factors and motivations which may contribute to or restrict the development of partnership in tourism industry (Bramwell & Lane, 2000; Bramwell & Sherman, 1999; Hill & Shaw, 1995; Jamal & Getz, 1995; Palmer, 1998; Palmer & Bejou, 1995; Selin, 1993; Selin & Beason, 1991; Selin & Myers, 1998; Tremblay, 2000; Beritellin 2011)

3 objectives of the study

Identifying the most relevant drivers that enhance networking orientation among tourism operators

Segmenting hoteliers according to their motivations to collaborate in developing bundles

Profiling segments according to the operators' characteristics

Sample

Population: 746 accommodation facilities: 411 hotels, 42 agritourism firms, 123 bed & breakfast, 66 touristic residences (apartment hotels, RTA), 104 guest houses and stopover locations

Time: October (quiet period)

E-mail to participate with endorsment of ADAVA E-mail questionnaire with 2 parts:

- 1) Collaboration and service bundling
- 2) Business activity (age, category, n. of rooms, governance, location etc.) Telephone call to remind

164 Questionnaires returned (22% response)

Hotels (55.5%), B&Bs (27.4%), agritourism firms (3.7%), apartment hotels (7.9%), guest houses and stopover locations (5.5%).

Family business 64%

Average age 14 years

Scales

52 items measured on a 5 point Likert scales taken from literature with some adaptation to measure:

- Hoteliers' orientation towards collaboration (Kandemir, Yaprak, & Cavusgil 2006)
- Benefits achievable through bundling (Blomstermo, Eriksson, Lindstrand and Sharma 2004)
- Trust (Suh and Houston 2010)
- Innovativeness (Calantone, Cavusgil and Zhao 2002)
- Market orientation (Narver and Slater 1990)
- Service orientation (Vella, Gountas, & Walker 2009)
- Customer orientation (Deshpandé, Farley and Webster 1993)

Techniques

Factor analysis on the 52 items Cronbach α to check internal consistency of scales

Cluster analysis (K-means) on factor scores to identify segments in terms of their propensity to collaborate: 4 clusters

CHAID to profile the 4 clusters with hoteliers' cluster membership as dependent vbl and accomodation characteristics and governance as independent vbls

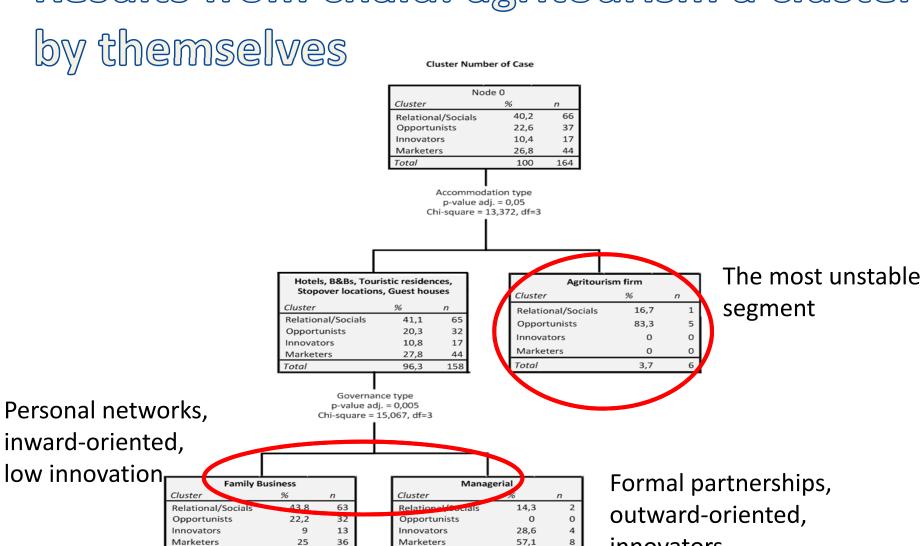
Multidimensionality of propensity to collaborate: 10 factors

| Drivers of collaboration factors and items | Eigenvalue | Variance (%) α Mean |
|---|------------|------------------------|
| F1: Benefits achievable through bundling | 15.259 | 11.296 .923 3.950 |
| F2: Hoteliers' innovativeness | 4.834 | 10.096 .912 2.773 |
| F3: Past experience in collaborating/networking | 3.429 | 9.335 .928 2.522 |
| F4: Information sharing | 2.914 | 9.011 .911 2.862 |
| F5: Trust in the integrity of other operators | 2.450 | 8.354 .819 3.927 |
| F6: Willingness to learn through collaboration | 2.092 | 5.451 .880 3.555 |
| F7: Customer orientation | 1.549 | 5.102 .782 4.280 |
| F8: Market orientation | 1.488 | 4.364 .729 3.996 |
| F9: Service orientation | 1.304 | 4.328 .722 3.029 |
| F10: Benevolence towards other operators | 1.034 | 2.571 .761 3.396 |
| Total variance extracted (%) | | 69.909 |

Variety of motivations of hoteliers' networking orientation: 4 segments

| | Cluster 1 | Cluster 2 | Cluster 3 | Cluster 4 | F value | Sig. |
|----------------------|-------------|-----------------|------------|---------------|---------|------|
| | (n=66) | (n=37) | (n=17) | (n=44) | | |
| Benefits achievable | 17391 | .40537 | 46420 | .09933 | 4.305 | .006 |
| Innovativeness | 11317 | 64635 | 1.40014 | .17231 | 24.241 | .000 |
| Past experience | .50090 | 01018 | 15792 | 68178 | 15.903 | .000 |
| Information sharing | .27954 | 40802 | .30033 | 19224 | 5.198 | .002 |
| Trust in integrity | .44441 | 43596 | -1.01115 | .09066 | 16.108 | .000 |
| Willingness to learn | 07012 | 43102 | 01626 | .47391 | 6.245 | .000 |
| Customer | 23369 | 08259 | 02111 | .42815 | 4.212 | .007 |
| orientation | 12297 | 29347 | 35824 | .56965 | 7.734 | .000 |
| Market orientation | .23066 | 70574 | 44879 | .42087 | 13.620 | .000 |
| Service orientation | 20526 | .48622 | 92390 | .25598 | 11.504 | .000 |
| Benevolence | | | | | | |
| | Relational/ | Benefits-driven | Innovators | Marketers | | |
| Cluster name | Socials | | | Market driven | | |

Results from chaid: agritourism a cluster



innovators



87,8

144

Total

Total