



Competitive intelligence practices in hotels



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ABSTRACT

This study attempts to determine the level of *competitive intelligence* (CI) efforts in the hotel industry in Minot, North Dakota. To this end, the researchers conducted a series of in-depth semi-structured interviews with hotel managers representing twenty-seven hotels. The results indicate that the participating hotel managers demonstrated a low level of knowledge and awareness of CI. It appears that they engage in CI activities, primarily for tactical, rather than strategic purposes. Many lacked an adequate formal educational background in academic business that would have prepared them for the more strategic-level CI activities. Almost all of them had training in the tactics needed to gather intelligence of their competitors but few demonstrated a clear connection to strategic planning and competitive positioning. This study offers specific theoretical and practical implications.

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1. Introduction

This paper is an attempt to explore competitive intelligence (CI) efforts by hotel companies. Like other businesses, hotel companies formulate and implement strategies based on either the position-based view, focusing on the external environment (Porter, 1980), or the resource-based view, engaging in both external and internal environments (Barney, 1991; Okumus et al., 2010; Lam et al., 2015; Pereira-Moliner et al., 2015). Therefore, hotel firms need data, information, or knowledge gathered via formal processes or informal activities to develop strategies, make and implement specific decisions. These processes or activities have generally been called *competitive intelligence*, although other names, such as *competitor intelligence*, *business intelligence*, *environmental scanning*, *market intelligence* (Adidam et al., 2012; Okumus, 2004; Leung et al., 2015) have also been used. There are several reasons why scholars use these concepts differently. First, CI feeds from three perspectives: the practitioner view, academic view and inter-disciplinary view (Calof and Wright, 2008). Hence, scholars focusing on these concepts prefer the proper concept based on their backgrounds.

Second, since CI is seen as a subset of business intelligence (Sauter, 2010), the use of the concepts is interchangeable. Third, the use of these concepts is related to the level at which decisions (strategic or tactical) are made. For instance, while CI and business intelligence generate information for both strategic and tactical purposes, competitor intelligence, environmental scanning, and market intelligence usually focuses on tactical level purposes. Lastly, the environments (internal or external) scanned influence the use of the concepts. CI engages both internal and external environments to acquire information; however, competitor intelligence and environmental scanning consider directly external environments of the organizations.

There are a number of research articles and books on CI. However, the few articles that have been published are spread out among a number of journals. The studies have hitherto focused on definitions (Calof and Wright, 2008; Juhari and Stephens, 2006; Cartwright et al., 1995; Prescott, 1995); linkages with other topics, including ethics, knowledge management (Canongia, 2007), and performance (Adidam et al., 2012; Hughes, 2005); practices in developed economies, including the United States (Subramanian and IsHak, 1998), the United Kingdom (Wright et al., 2002), Greece (Priporas et al., 2005), France (Smith and Kossou, 2008), Germany (Michaeli, 2004), Australia (Bensoussan and Densham, 2004), Canada (Brouard, 2004), and New Zealand (Hawkins, 2004); and practices in developing countries, including Singapore (Wee and Leow, 1994), China (Bao et al., 1998; Tao and Prescott, 2000),

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South Africa (Viviers et al., 2005), Belgium (De Pelsmacker et al., 2005), Turkey (Koseoglu et al., 2011), Tunisia (Nasri, 2011), Russia (Flint, 2002), Portugal (Franco et al., 2011), Finland (Hirvensalo, 2004), India (Adidam et al., 2012), Lithuania (Stankeviciute et al., 2004), and Latin America (Price, 2000). However, even though CI practices have been found in several specific industries, such as the retail banking sector (Wright et al., 2009; Heppes and du Toit, 2009), the furniture retail sector (Gatsoris, 2012), healthcare (Miree et al., 2007), professional sports (Hughes and Beashley, 2007), higher education (Liu and Oppenheim, 2006) and the pharmaceutical industry (Aspinall, 2011; Badr et al., 2006), there is a dearth of CI research particularly in the hospitality field that has fierce competitive environments and tremendously influential issues, including political, business, social, and technological issues. Hence, this paper addresses the following issues in the hotel industry to reduce this paucity.

- awareness level of CI practices among hotel managers.
- how hotel managers use CI.
- why hotel managers use CI.
- when hotel managers use CI.
- where hotel managers use CI.

Hotels located in Minot, North Dakota, were selected as a sample to achieve the main goal of this study. There are several reasons why Minot was preferred. First, North Dakota including the Minot area has a very strong economy. Beacon Hill (2011) ranked North Dakota as the fourth most competitive state in the U.S. Second, the business climate is attractive. Forbes (2011) ranked North Dakota as having the second best business climate in the U.S. Third, career opportunities are strong in North Dakota. In 2012, Forbes (2013) ranked North Dakota as the second best state for business and careers and, also, for economic climate in the U.S. Finally, North Dakota is a pro-business and well-run state. Pollina Corporate Real Estate Inc. (2012) ranked North Dakota as the third most pro-business state. The state of North Dakota was also ranked as the best run state in the nation (24/7 Wall Street Journal, 2012). In addition, after several years of infrastructure challenges caused by the oil boom and 2011 flood in Minot, North Dakota, the population of the state continued to grow rapidly. In 2012, with a growth rate of 2.17%, the U.S. Census Bureau (2012) identified North Dakota as the fastest growing state in the U.S. The population growth, strong economy, and housing

challenges make Minot an attractive place for this study. In addition, several new hotels have been built in the city of Minot in the past few years, making for a unique competitive environment for the local hotel industry. In short, it was believed that investigating competitive intelligence (CI) efforts in the hotel industry in Minot, North Dakota would provide interesting empirical findings on this important area of research. This paper proceeds as follows: First, an in-depth literature review on competitive intelligence is provided. Next, the research method employed for this study is explained. Then, the research findings are presented and discussed. Finally, the conclusions and recommendations for theory and practice are provided. Suggestions for future research are also provide.

2. Literature review

2.1. What is competitive intelligence and why is it important?

Competitive intelligence includes two concepts: *competitive* and *intelligence*. *Competitive* refers to the process of competition between at least two people, groups, teams, organizations, or businesses. *Intelligence* refers to “a corporate capability to forecast change in time to do something about it. The capability involves foresight and insight, and is intended to identify impending change, which may be positive, representing opportunity, or negative, representing threat (Breakspear, 2013, p. 692). In this process, parties need to gather data, information, or knowledge from the environment in which they engage while they make decisions and implement them. Basically, in this competitive intelligence process, all activities directed toward the gathering, analyzing, and disseminating of data, information, or knowledge are called *competitive intelligence* (CI). As provided Table 1, there are many structured definitions based on business terminology in the literature. The common aspects of these definitions are:

- (i) CI, as a process, goes from the gathering of data through the dissemination of information or the creation of knowledge to make decisions in whatever strategic perspective (position, resource based view, or both) is required to succeed in a fierce competitive environment.
- (ii) CI activities holistically involve all activities in an organization at the operational, tactical, and strategic levels; hence, it covers

Table 1
Competitive intelligence definitions.

Bernhardt (1993)	CI is a working tool that has important contributions to strategic management process in modern organizations by improving the quality of information, internal relations and the quality of strategic plans
Kahaner (1996)	CI is a strategic tool that allows top management to improve its competitive edge, by identifying the main propulsive forces and by foreseeing future market directions
Calof and Skinner (1999)	CI is an actionable recommendations arising from a systematic process involving planning, gathering, analyzing and disseminating information on the external environment for opportunities, or developments that have the potential to affect a company's or country's competitive situation
Cobb (2003)	CI is a process for supporting both strategic and tactical decisions, and in order to support competitive intelligence, organizations need systems and processes to gather and analyze reliable, relevant, and timely information that is available in vast amounts about competitors and markets
De Pelsmacker et al. (2005)	CI is actionable recommendations arising from a systematic process involving planning, gathering, analyzing and disseminating information on the external environment for opportunities, or developments that have the potential to affect a company's or country's competitive situation"
Hughes (2005)	CI is the transformation of raw information regarding the competitive external environment into intelligence to support business decisions
Fouche (2006)	CI focuses predominantly on qualitative research based on a well-developed process and relying also on a human source network
Wright et al. (2009)	CI is the process by which organizations gather information on competitors and the competitive environment, ideally using this in their decision-making and planning processes with the goal of adjusting activities to improve performance
Xu et al. (2011)	CI is concerned with the techniques used to select and filter information from a variety of sources, to interpret and analyze it, to communicate it to the right people and to use it effectively
Du Toit (2013)	CI is a strategic tool to facilitate the identification of potential opportunities and threats
Strategy & Competitive Intelligence Professionals (2014)	CI is a necessary ethical discipline for decision-making based on understanding the competitive environment

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