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The balanced scorecard of a new destination product: Implications for lodging and skiing firms

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ABSTRACT

New product development (NPD) is a counter-seasonal strategy able to reduce demand fluctuations, especially during the seasonal tails. No previous study has analysed this field through the lens of balanced scorecard (BSC). This explorative paper contributes to this gap and considers two research questions: i) How is a destination NPD process operationalized using the four BSC perspectives? ii) What is the relevance and content of each perspective in this particular field?

The study deploys a longitudinal analysis of the Skipassfree product, launched by Livigno (Italy) in 2007. Over a decade, this product generated a significant uplift both in terms of hotel guests (+108%) and ski company clients (+248%). The proposed framework is built around 22 codes and incorporates a fifth BSC perspective (the destination context). “Learning and growth” is the most significant perspective with “alignment” being a key attribute, which suggests the relevance of innovation and stakeholders’ involvement.

1. Introduction

The increasing competition in the tourism and hospitality industry (Go and Govers, 2000; Ritchie and Crouch, 2000) pushes destinations to carefully manage seasonality (BarOn, 1975), especially in alpine contexts (Pegg et al., 2012; Sainaghi, 2008). Possible strategies are usually centred upon a few drivers, including: price (Turrión-Prats and Duro, 2017), events (Connell et al., 2015; Getz and Page, 2016; Sainaghi and Mauri, 2018), NPD (Sun and Carter, 2009), and market segmentation (Sainaghi and Canali, 2011). While event management (Getz, 2008, 2012) and marketing strategies (price, market segmentation) are well studied, particularly in the field of hospitality, NPD has not evolved in a similar accretive manner (Chen et al., 2013). Based on a recent literature review, NPD is defined as the process from a conceptualized idea to market launch of novel or updated goods (Müller-Stewens and Möller, 2017). Sandvik et al. (2011) suggest that tourism organizations may not always have a formalised process for NPD, especially in the case of small-medium sized businesses. Many studies assert that NPD is strongly linked with firm competitive advantage, both in the general field of management (Barczak et al., 2009) and also for lodging companies (Skalpe and Sandvik, 2002).

For hospitality firms and in the context of this study, NPD is usually deeply linked with the overall destination management (Sainaghi, 2006). Prior hospitality and tourism studies as reported in Table 1 were

focused on: hospitality businesses (60%), followed by tourism destination (35%), plus some marginal articles that follow a combined approach (5%). Researchers have used the BSC mainly to measure performance, to develop strategy or to evaluate (in a broad sense) hospitality and especially tourism websites.

Given the array of local firms, the implementation of a new product is a difficult task for a tourism destination (Haugland et al., 2011). A destination, can be described as a network (Baggio and Sainaghi, 2016) or complex system (Baggio and Sainaghi, 2011), where nodes are organizations and relationships among them are links (Sainaghi and Baggio, 2014, 2017). Furthermore, while each company produces and delivers its service or good, the customer perceives the destination as a single element (Buhalis, 2000). Therefore, a destination new product requires evidence of governance (d'Angella and Go, 2009; d'Angella et al., 2010). These observations illustrate the high level of NPD complexity and the need to treat this topic with a multi-stakeholder approach (Beritelli, 2011) and inside a “processual” – rather than a “content” – perspective (Sainaghi, 2006).

The BSC was developed by Kaplan and Norton and incorporates theories, such as shareholder value, principle-agent framework, uncertainty and multi-period optimization, and stakeholder management (Kaplan, 2009). Since its formulation by Kaplan and Norton (1992), a plethora of applications in different sectors and products were proposed (Cooper et al., 2017; Hoque, 2014). The BSC is a performance tool that

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Table 1
Previous studies focused on BSC.

Author	Title	Type of paper	Field	Cases (#)	Findings	Performance	Scopus citations (*)
Huckestein and Duboff (1999)	Hilton Hotels: a comprehensive approach to delivering value for all stakeholders	Empirical	Hosp.	1	BSC brings together previously disparate measures of performance in a coherent model	Objective	N.A.
Denton and White (2000)	Implementing a balanced-scorecard approach to managing hotel operations: the case of white lodging services	Empirical	Hosp.	1	Examples of BSC implemented in some WLS hotels and motels	Objective	64
Doran et al. (2002)	Maximizing the success of balanced scorecard implementation in the hospitality industry	Empirical	Hosp.	2	Managers strongly support the potential usefulness of the BSC in their industry	N.A.	18
Feng et al. (2004)	East versus West: A comparison of online destination marketing in China and the USA	Empirical	Tourism	N.A.	Provide some useful strategies to improve DMO Web sites for more effective online marketing	Subjective	71
Kim et al. (2004)	Tiers or tears? An evaluation of the web-based marketing efforts of major city convention centres in the U.S.	Empirical	Tourism	10	Identify the marketing- and customer-related aspects requiring more attention and provided practical implications	Subjective	N.A.
Morrison et al. (2004)	Website evaluation in tourism and hospitality: The art is not yet stated	Review	T&H	N.A.	Website evaluation approaches can be classified into four groups based upon why and when the evaluation is done and whether efficiency or effectiveness is being measured	N.A.	89
So and Morrison (2004)	Internet marketing in tourism in asia: An evaluation of the performance of east asian national tourism organization websites	Empirical	Tourism	14	All of the NTOs in the East Asia region were not fully utilizing their websites	Subjective	43
Yuan et al. (2004)	Marketing small wineries: An exploratory approach to website evaluation	Empirical	Tourism	18	Websites were found to be "electronic brochures" rather than "dynamic relationship marketing tools"	Subjective	18
Douglas and Mills (2005)	Staying afloat in the tropics applying a structural equation model approach to evaluating national tourism organization websites in the caribbean	Empirical	Tourism	10	Results support the use of the modified BSC instrument for assessing various travel and hospitality-related websites	Subjective	44
Evans (2005)	Assessing the balanced scorecard as a management tool for hotels	Empirical	Hosp.	N.A.	Hoteliers are using measures from all four perspectives	Subjective	42
Myung et al. (2005)	The effectiveness of convention and exhibition websites a transatlantic comparison and future scenario	Empirical	Tourism	24	The CE centre and CVB websites tend to be loosely integrated. CVB contains more information for visitors and may often contribute more to confusing rather than informing	Subjective	9
Phillips and Louvieris (2005)	Performance measurement systems in tourism, hospitality, and leisure small medium-sized enterprises: A balanced scorecard perspective	Empirical	Hosp.	10	Four key concepts: i) budgetary control, ii) customer relationship management, iii) internal business processes, iv) collaboration	Subjective	51
Park and Gagnon (2006)	A causal relationship between the Balanced Scorecard Perspectives	Empirical	Hosp.	129	Recommend specific approaches for the implementation of the BSC for hotel organizations	Subjective	4
Huang et al. (2007)	Strategic performance measurement and value drivers: Evidence from international tourist hotels in an emerging economy	Empirical	Hosp.	186	Non-financial performance measures directly and indirectly influence financial performance measures	Subjective	17
Liang and Hou (2007)	A dynamic connection of balanced scorecard applied for the hotel	Empirical	Hosp.	1	Demonstrate strategy maps that linked measures and performance drivers together in a cause-and-effect diagram	Objective	N.A.
Phillips (2007)	The balanced scorecard and strategic control: a hotel case study analysis	Empirical	Hosp.	1	Over-reliance on the successful achievement of BSC metrics could lead to an organization having to pursue an exit strategy for a profitable product	Objective	17
De Carlo et al. (2008)	Assessment of destination performance: a strategy map approach	Empirical	Tourism	1	Financial dimension is key in meta-management contexts; strategic planning in supply networks is described	Subjective	14
Jackson and Qu (2008)	A conceptual framework for managing lodging brands: A balanced-scorecard approach	Review	Hosp.	N.A.	Expand the BSC by including brand maintenance and enhancement component	N.A.	1
McPhail et al. (2008)	Human resource managers' perceptions of the applications and merit of the balanced scorecard in hotels	Empirical	Hosp.	14	Schism between theory and practice with regards to the BSC concept and the "learning and growth" dimension	Subjective	32
Min et al. (2008)	A data envelopment analysis-based balanced scorecard for measuring the comparative efficiency of Korean luxury hotels	Empirical	Hosp.	6	Declining efficiency coincides with more government crackdowns on bad bank loans and the slow adaptation of some hotels into ongoing hotel industry restructuring	Objective	37
Kim and Njite (2009)	Evaluation of web site performance: Korean convention centres	Empirical	Tourism	8	Korean convention centres should improve the customer- and marketing-related aspects on their Web sites among four perspectives in Web site performance evaluation	Subjective	4
Kim and Kim (2010)	A new approach for assessment and comparison of websites: Using the modified balanced scorecard and analytical hierarchy process	Empirical	T&H	11	User-friendliness and user security appeared to be the most important factors	Subjective	7
Lee and Morrison (2010)	A comparative study of web site performance	Empirical	Hosp.	14	There is no significant difference in the overall effectiveness of the upscale hotel web sites in South Korea and the USA	Subjective	45
Lin and Lin (2010)	Organizational performance measurement system and international tourist hotels: A new conceptual framework	Empirical	Hosp.	20	The proposed model provides the ITH industry an accreditation policy as a reference material	Subjective	5

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