



Collaborating pivotal suppliers: Complementarities, flexibility, and standard communication between airline companies and travel agencies



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ABSTRACT

One of the main aims of travel agencies is to collaborate with airline companies in designing tourism products connectivity and timetable coordination. The objective of this study was to investigate how strategic collaboration between airline companies and travel agencies affects collaborative performance, particularly in terms of delivery quality and complementarities with supplier competencies.

Data were obtained via questionnaire surveys that were distributed among employees of travel agencies from Taiwan, Mainland China, Hong Kong and Singapore. The model and the hypotheses were tested using structural equation modeling. The findings of this study indicate that higher delivery quality from airline companies improves a travel agency's ability to develop and operate more effectively. Complementarities with supplier competencies across the airline companies and travel agencies facilitate the development of knowledge competence particularly in relation to price strategy. In addition, supply chain flexibility significantly influences collaborative performance within travel agency collaborations.

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1. Introduction

Flight tickets are one of the decisive travel products (Christiaanse and Venkatraman, 2002; Law et al., 2010); thus, collaborating with the airline companies in designing travel product connectivity and timetable coordination has been the strategic aim of travel agencies (Castillo-Manzano and López-Valpuesta, 2010; Christiaanse and Venkatraman, 2002; Granados et al., 2012a,b; Koo et al., 2011; Pearson et al., 2015). Moreover, Internet advances have boosted both the number of travel cyber intermediaries and the business models of airline companies and travel agencies (Daft and Albersb, 2015; Koo et al., 2011; Wei and Ozok, 2005), which in turn have enabled an increased online transparency of travel suppliers' products and prices. Previous studies have argued that travelers look for lower ticket prices on

the Internet, and while their concern with journey complexity results in comparing prices from different airline companies online (Christiaanse and Venkatraman, 2002; Koo et al., 2011; Zhang and Morrison, 2007), they still order tour packages from travel agencies.

At a strategic level, travel agencies should pursue for sustainable improvements in product quality and innovation, enhanced competitiveness, and increased market share with collaborating partners. However, there are specific gaps in the literature, concerns airline and travel agency relations. Although most topics recognize collaborating among travel agencies (Castillo-Manzano and López-Valpuesta, 2010; Huang, 2006; Zhang and Morrison, 2007), and between travel agencies and hotel (Karande and Magnini, 2011; Ku et al., 2011; Medina-Munoz et al., 2002; Wong and Kwan, 2001), few studies have explored the alliance between airline companies and travel agencies. Second, although most companies recognize that flexibility is a key to collaborating performance, many have not yet analyzed the role of complementarities as a driver of supply flexibility. Third, the specific gaps in the literature regarding delivery quality and standard communication with partner competencies from the perspective of resource-based

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have not been comprehensively examined. Therefore, study aims to elucidate how supply chain factors affect alliance performance with partners based on Structure-Conduct-Performance (SCP) perspective.

The SCP perspective contextualizes collaborating strategies as responses to structural changes in the relevant market; facing with tourism market changes rapidly, delivery quality from airline companies is about travel products being readily available as requested (Vanpoucke et al., 2009). From the perspective of travel collaborating, the primary purpose of establishing the tourism supply chain design is really a mix of many factors: securing tourism products supply from suppliers (Kim, 2006; Noshad and Awasthi, 2015), involving suppliers of supply chain in tourism product development (Khan et al., 2012; Kim, 2006), and achieving both cost minimization and fast response to market changes; collaborating pivotal airline companies play a crucial role in shaping strategies.

Furthermore, resource sharing takes place when two or more organizations in a network combine their complementary assets, resulting in a unique combination of assets that help companies tap market opportunities, leading to competitive advantage. Travel agencies provide travelers with information about tourist products and services that they distribute, and airline companies employ strategic collaboration to increase their competitiveness in service quality, innovation, and cost (Baron and Harris, 2010; Skipper et al., 2009) due to the ever changing business environment; however, few studies have examined how delivery quality and complementarities with partner competencies affect strategic alliances between airlines and travel agencies.

Supply chain flexibility occurs as a strategic result of investments over years. Traditionally, airline tickets are handled by travel agencies, which is used global distribution systems that provide coordination to obtain accurate information on the status of flights, prices, and other services. For suppliers, greater interoperability means potentially greater coverage across channels and opportunities for enhanced control (Gosain et al., 2004; Khan et al., 2012; Vachon et al., 2009). However, flexibility of supply chain, and the management overhead associated with using multiple channels mean that choices must be made between alternative solutions between travel agencies and airline companies.

Strategic collaborating involve formal or informal agreements between two or more companies (Kalligiannis et al., 2006; Tsantoulis and Palmer, 2008), and the growth of strategic collaborating within the airline companies and travel agencies has been witnessed through information technology; travel electronic distribution systems are in a state of transition as a result of technological advancements, new and emerging players, and a shift in the balance of power among suppliers, buyers, and intermediaries (Lazzarini, 2007; Lunnan and Haugland, 2008; Morgan, 2012; Wymbs, 2000). That is, the travel collaborating structure evolves as a firm develops supply chain relationships and transacts with its suppliers; accordingly, service standards communication of travel becomes a key factor within the supply chain relationship.

Collaboration is an activity that brings planning suppliers together for information sharing, discussion, and consensus. Supply chain suppliers take advantage of multiple strengths to address both shared and individual weaknesses, thereby increasing the level of organizational flexibility. Previous studies' have argued that regarding cost efficiency, volume flexibility, and delivery speed are also very important when selecting supply chain suppliers (Gosain et al., 2004; Vanpoucke et al., 2009), for collaborating offers the benefits of joint synergy and planning without the risks associated with complete control and ownership. Cooperation is a value that includes the belief that, by working together, outcomes are more effective and acceptable to all concerned. To better understand the

above mentioned relationships, flexible capabilities of supply chain and standard communication will be analyzed in the study.

The objective of this study is to investigate how strategic collaborating between airline companies and travel agencies, in terms of delivery quality and complementarities with partner competencies, affects collaborating performance. Data were obtained via questionnaire survey of some travel agencies in Taiwan, Mainland China, Hong Kong, and Singapore. The model and the hypotheses were tested using a structural equation modeling approach. Section 2 describes the theoretical background of this study, provides a review of previous research in the field, and presents the research model. Section 3 describes the research methodology, Section 4 presents the research findings, and Section 5 provides the conclusions of this study.

2. Theoretical background and literature review

2.1. Structure-Conduct-Performance perspective: suppliers as a collaboration's critical resource

The Structure-Conduct-Performance argues that firms derive competitive advantages by responding to the characteristics of the industry in which they compete (Bigné et al., 2008; Ralston et al., 2015; Styles et al., 2008). Firms pursue strategies in response to market conditions, which alter firm and their collaborating partners conduct to positively impact the level of profits earned; the other, firms usually do all the necessary resources and capabilities required to effectively compete in today's marketplace, SCP based theories to specify the conditions under which different firm resources will be valuable.

From SCP perspective, resources were developed to establish the conditions under which firms can gain and sustain a competitive advantage (Kamasak, 2011; Morgan, 2012; Wymbs, 2000). The resource-based view (RBV) states that a related linkage between all parents in a network is more likely to create an environment in which all parties can share critical yet complementary competencies to generate higher financial or operational synergies than would be possible through an unrelated diversification strategy (Baron and Harris, 2010; Pearson et al., 2015; Piccoli and Ives, 2005). Furthermore, firm's capability for internal coordination is a strategic resource that can be leveraged to gain a competitive advantage through an effort that involves suppliers.

SCP framework examines how firms develop strategies to create a fit situation between firm and external environment, and RBV offers an explanation of how competitive advantage is generated in the face of competitive pressures; based on SCP perspectives, airlines companies and travel agencies to collaborate in response to changes in the environment, and thus make the relevant policy (Daft and Albersb, 2015; Kamasak, 2011; Ku et al., 2013), that is, delivery quality and complementarities with supplier competencies between airline and travel agencies in response to the formation of confrontation the most beneficial strategy. In the study, we draw delivery quality and complementarities with supplier competencies are two major drivers toward collaborating performance in the supply chain context.

Traditionally, travel agencies that have historically provided complete and accurate information have reaped the benefits of reliance on cooperation with airline companies and have therefore profited from increased bookings (Christodoulidou et al., 2010; Granados et al., 2012a,b). From the SCP perspective, airline companies that value travel agents' business can do much to gain their trust and thus maximize their investment in global distribution networks (Bigné et al., 2008; Daft and Albersb, 2015); simultaneously, strategic purchasing and supplier development are constructs that could have the potential to contribute to the success of

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