



Segmenting networking orientation in the hospitality industry: An empirical research on service bundling



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ABSTRACT

This paper focuses on the topic of collaboration in tourism destinations. Collaboration is key to overcome the fragmentation of the tourism industry and to better satisfy the more and more experience-centric tourist. Tourism operators are increasingly involved in various types of collaborative partnerships. One among them is *service bundling*, which is the creation and the supply of tourism packages. The study analyses the drivers of the development of service bundling and provides a segmentation of the hospitality industry according to operators' networking orientation. A sample of 164 hoteliers from a tourism-based region in Italy was surveyed. Four clusters of hoteliers were identified and profiled: the *Relational/Socials*, the *Opportunists*, the *Innovators*, and the *Marketers*. Each shows a specific approach to collaboration and reveals different motivations to be engaged in a partnership. Some managerial implications and directions for policy makers are also provided.

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1. Introduction

Tourism is the world's largest service industry in terms of gross revenue. International tourism has recovered faster than expected from the impact of the global economic recession in late 2008. During the 21st century, a higher percentage of the total population will travel, especially going on holidays more often and farther away from their home country.

From the economic point of view, one important characteristic of the tourism industry is that it has a great multiplier effect on other industries (Amalu et al., 2012). Moreover, tourism accounted for 8% of worldwide global employment in 2010 (WTTC, 2012). This is the reason why tourism is considered by government policy as one of the most important factors for the development of a country.

The coexistence of a variety of different small and medium enterprises (SMEs) specialised in particular services in a destination is a fundamental characteristic of the tourism industry (Hjalager, 1999; Wanhill, 1996, 2000). SMEs constitute the "life blood of the

travel and tourism industry world-wide" (Erkkila, 2004, p. 1) and they strongly influence the development of a local area as a destination. Nevertheless, tourism supply fragmentation is facing the need of an "all-in-one experience" expressed by customers (D'Angella and Go, 2009).

Tourism literature has given considerable attention to the experiential perspective, and has explored the emotional and hedonic side of a destination experience (Ritchie and Hudson, 2009; Ryan, 2010; Tung and Ritchie, 2011; Uriely, 2005; Walls et al., 2011a,b). Tourists are becoming experience-centric customers and this evolution has led many operators to broaden their tourism offer, developing bundles of services and in some cases, products. Creating tourism packages requires collaboration among several 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 Valle D'Aosta region (VDA) an ideal context to study operators' bundling orientation (i.e. their willingness to collaborate in developing bundles).

In spite of the richness of literature on the topic of collaborative relationships in the tourism industry, research focusing on collaboration among SMEs in the hospitality industry has been confined to a small number of contributions (Buick et al., 1998; Lynch, 2000; Tinsley and Lynch, 2001; Alonso, 2010).

In addition, these studies are explorative in nature and mainly aimed at describing the actual structure of networks, rather than

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investigating the underlying drivers of networking orientation. Understanding the motivations behind the networking activity represents a valuable opportunity to stimulate, manage and support a destination network.

This paper tries to fill this gap and focuses on the drivers of tourism collaboration, specifically on the motivations behind the development of a bundle, and provides a segmentation of the approaches to collaboration considering different types of accommodation facilities. The main objectives of this study are:

- (1) Identifying the most relevant drivers that enhance networking orientation among tourism operators.
- (2) Segmenting hoteliers according to their motivations to collaborate in developing bundles.
- (3) Profiling segments according to the operators' characteristics.

The paper is structured as follows. First, a review of the literature on the topics of collaboration and bundling in the tourism industry is carried out. Section 3 illustrates the methodological approach, describing the study site, the questionnaire, the scales used to measure the variables, and the research sample. Data were analysed through factor, cluster and CHAID analyses, and findings are presented in Section 4. In Section 5 results are discussed, providing some managerial implications and recognizing the limitations of the study as well as possible future research paths.

2. Collaboration and service bundling in the tourism industry: a literature review

2.1. Collaboration among SMEs in the tourism industry

Tourism is a highly fragmented industry, characterised by the co-existence of a variety of small and medium size enterprises (SMEs) that compete in the same environment, providing complementary products to deliver a comprehensive tourism experience (Hjalager, 1999; Wanhill, 1996, 2000).

Although their formal independency, a key feature of tourism organizations operating within a destination is their interdependence (Palmer and Bejou, 1995). Co-location of organizations and the combined nature of the tourism product lead to the condition of unintentional co-opetition (Kylänen and Rusko, 2011). This is even more pronounced given that the activities and the performance of tourism organizations are strongly dependent on each other. Many organizations within a destination are aware of this interdependence and feel the need to collaborate, or at least co-ordinate their activities through partnerships and alliances with other organizations (Palmer and Bejou, 1995).

Several authors have studied in depth the paradoxical nature of business relationships in the tourism industry (Murphy, 1988; Hall et al., 1997; Long, 1997; Goeldner et al., 2000). With reference to studies based on the network approach, it can be stated that “the network simultaneously enables and restricts” firm’s constraints (Ford et al., 2003, p. 23; Gomes-Casseres, 1994).

The development of collaborative relationships among firms at the same level of the value chain becomes increasingly determinant for the success of a destination as a whole. Indeed, outcomes of collaboration such as cooperative branding, image enhancement, tourism product portfolio integration, increase the destination competitiveness (Bennet, 1999; Dywer, 2003; Hill and Shaw, 1995; Holder, 1992; Wang and Fesenmaier, 2007). By collaborating, tourism operators can achieve collectively more than the sum of each individual’s own effort (Anderson and Narus, 1990).

Collaboration can be developed through formal partnerships or alliances among firms, but also through informal relation-based

collaboration. Informal relationships represent a distinctive way to cooperate in regions and communities in the tourism industry (Aas et al., 2005; Bardhan, 1993; Carpenter and Westphal, 2001; Denicolai et al., 2010; Timothy, 1998). According to the level of formality, integration and structural complexity, Wang and Krakover (2008) identified affiliation, coordination, collaboration, and strategic networks as the four inter-organizational relationship types that are more popular in the tourism industry. Whereas affiliation is characterised by more informal connections, being part of a strategic network entails a shared vision, a consistent strategy and joint efforts towards achieving common objectives.

Wang and Fesenmaier (2007) extended the theory on marketing alliances to destination marketing, identifying four key issues for the development of collaboration among tourism organizations within a destination, which are preconditions, motivation, developmental stages and outcomes of a marketing alliance (Wang and Fesenmaier, 2005, 2007).

Literature on destination management has widely investigated the topic of collaborative relationships among stakeholders from a macro level perspective, focusing on alliances and partnerships between public and private organizations (Jamal and Getz, 1995; Selin and Chavez, 1995; Palmer and Bejou, 1995; Bramwell and Sharman, 1999; Watkins and Bell, 2002; Pavlovich, 2003; D’Angella and Go, 2009; Arnaboldi and Spiller, 2011; Beritelli, 2011) and on inter-governmental coalitions (Selin, 1993; Hill and Shaw, 1995; Wong et al., 2011a,b). In particular, collaboration is considered as fundamental for destination management and planning (Jamal and Getz, 1995) and a key requirement for sustainable destination development (Bramwell and Lane, 2000).

Considering the individual organization, alliances and partnerships in the tourism industry are considered as “a logical method for growth” (Dev and Klein, 1993, p.42) and a facilitator for market and product development (Chathoth, 2004). However, it is possible that a single stakeholder may perceive little benefit from investing in an alliance or in a partnership, due to the consideration of this type of relationship as low-potential for tourism development. This is especially true of “honeypot” destinations, where operators do not perceive the need to attract visitors and therefore do not engage in additional collaborative relationships. (Palmer and Bejou, 1995).

Considering the stream of research on collaborative relationships among tourism operators (Bramwell and Lane, 2000; Bramwell and Sharman, 1999; Hill and Shaw, 1995; Jamal and Getz, 1995; Palmer, 1998; Palmer and Bejou, 1995; Selin, 1993; Selin and Beason, 1991; Selin and Myers, 1998; Tremblay, 2000), a lot of emphasis was placed on the analysis of factors that make a tourism alliance or a partnership successful. With reference to inter-organizational relationships between hoteliers and travel agents in the USA, Medina-Munoz and Garcia-Falcon (2000) identified that trust, commitment, coordination, communication quality, information exchange, participation, and usage of constructive resolution techniques as critical factors. Moreover, Pansiri (2008) argues that alliances based on trust, less control level, commitment, and compatibility between partners are more likely to be successful.

Another stream of research on tourism industry collaboration investigates the motivations underlying firms’ collaborative behaviour. Beritelli (2011) states that “cooperative behaviour is worthwhile if there is a payoff based on strategy that maximises advantages and it is also convenient if costs incurred over the whole process are minimised and the if the cooperative behaviour takes place in a social context in which the actors strive to gain reputation and rewards” (Beritelli, 2011, p. 612). Wang and Fesenmaier (2007) provide a classification of the motivations to enter a collaborative relationship: strategy-related motivations, transaction cost-related motivations, learning-related motivations, cluster competitiveness, and community responsibility.

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