



Knowledge-based network participation in destination and event marketing: A hospitality scenario analysis perspective[☆]

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ABSTRACT

This paper examines how enterprises may decide to bring about effective network collaboration even though present mediation forms have proven inadequate. One of the main problems of these enterprises is that they lack a clear picture of the potential future “modular business”. The Dutch hospitality sector faced such dilemma and commissioned a scenario study, a tool that can aid the interactive process of future image formation, in the midst of uncertainty, and support decision-making. The findings indicate that modern ICT may offer support to establishing hospitality networks that shape a physical and virtual environment for the delivery of services to developing client demands. These findings enable entrepreneurs to participate in efforts to enhance their ICT capabilities and moderation of effective knowledge sharing within a destination and event marketing platform. The resulting understanding should lead stakeholders to ‘re-create’ the past view of hospitality towards emerging, strategic options for hospitality enterprises.

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1. Introduction

This paper focuses on the impact of information and communication technologies (ICTs) on the capability of hospitality enterprises to simultaneously compete and cooperate, within the destination and event network context. The effects of the former appear to be profound in that they seem to spread fast and change not only the methods of production, but what is being produced, and how, as well. The digital society is said to replace the industrial economy (Keen, 1991; Malone, 2004). The latter deals with the view of ‘hospitality’, ranging from a commercial point of view to an institutional perspective (Cassee & Reuland, 1983; Nunez, 1979). This paper applies the scenario technique to understand the nature of change brought about by the transformation to the digital society and the alternative possible dimensions of responses the hospitality businesses may provide (Ciborra, 1999; Star, 2004).

The theme of digitalization, destination marketing and hospitality is positioned in the overlap of three knowledge domains: private business, public sector and ICTs. So far, these domains have developed largely independently of each other. The structure of our

arguments depends upon their synthesis. This synthesis leads to a preliminary question whether the hospitality sector participates in stimulating and sustaining the knowledge-based destination network in the context of rules and stimuli decreed by governmental agencies at different levels. We are especially interested in investigating the network from a developmental model perspective instead of a technological system’s perspective (Larsen, Urry, & Axhausen, 2007). In particular, we seek to identify insights into how network stakeholders, both ‘insiders’ (local) and ‘outsiders’ (global) deal with the key issue of disruptive innovation, its impact on business processes and the subsequent need for participation in the supportive context of ICTs to reduce transaction cost and improve service quality within a network environment.

The research in this paper concerns hospitality entrepreneurs in the Netherlands, who feel that their performance potential is constrained by a myriad of rules, imposed by government. Our purpose is to understand how Dutch stakeholders, possibly in combination with foreign partners, may apply an effective strategy of knowledge development, knowledge sharing and application as a means of underpinning their destination and event marketing organization function. To this extent, we investigate the usage of knowledge management in the context of the ‘host–guest encounter’ and, by extension, the network of providers in relation to the destination platform to jointly address the issue of Dutch labor market shortages.

Hospitality customers may be reasonably satisfied at present. But demographic developments, particularly the ‘greying’ of

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Western society cast a long shadow over the sector's future, because, it signals the underlying issue of an impending labor shortage. One of the main challenges the Dutch hospitality sector faces presently is how to mobilize no less than 102,900 new employees annually by 2010.¹ For all intent and purposes, it should be noted that the former consists for the most part replacement staff, which figure should be compared to the 81,500 employees, who are currently required on an annual basis. The present labor issue is complex in nature, and there is no quick fix solution due to constraints that are 'embedded' in the current labor market: such as a 75% participation rate in 2005, which is considered relatively high, resulting in a 'tight labor market' offering entrepreneurs little room for maneuvering. Moreover, the labor market is shrinking, the adoption of innovation for value adding in the hospitality sector tends to lag behind other service sectors while the pressure on return on investment continues to increase. On another level the challenge is aggravated, due, in part, to the present supply – policy orientation practiced by vocational educational institutions. In particular, this approach has dire consequences and within the Dutch hospitality sector raises doubts about the ability of the former to function effectively and efficiently in an increasingly dynamic labor market. Finally, it is feared that a surplus of rules that govern vocational educational institutions are likely to 'kill' innovation initiatives within vocational schools.

Using the Dutch hospitality sector as our case study, the present investigation explores the challenges and opportunities from a scenario research perspective and seeks to identify relevant future images, i.e., those 'uncertainties' that are likely to impact the evolution of the hospitality sector. In particular, the increasing demands of customers, the ICT opportunities and the mentioned lack of competences of employees on the supply-side may be seen as salient feature of the present hospitality market and results in a 'climate' of growing uncertainty and potential dys-functioning of 'service as usual'.

The paper is structured as follows. In Section 2, we scrutinize the literature about coordinating productive efforts and developing client demands in order to find new, knowledge-based coordination models. This theoretical section ends with the rationale for taking a cultural perspective towards coordination issues that views hospitality as a means to offer a feeling of security to network members. This view results in the main research question whether the hospitality sector is ready to offer the required organizational and leadership behavior, within the scope of the (digital) network context.

In Section 3, we introduce scenario technique as study method. Scenarios can be viewed as possible visions of future uncertainties as opposed to predictions (Van der Heijden, 1996). We justify the application of the scenario technique, as our study is concerned with the impact of new technologies and networks on the modeling of the future development of knowledge-based networks within the hospitality sector. And the latter is unpredictable.

Section 4 presents the scenarios and so chronicles the Dutch hospitality industry trends, particularly taking into account the causes that are likely to impact the evolution of hospitality enterprises.

Subsequently, Section 5 identifies options that may be used for the strategic decision-making process. Section 6 concludes with our interpretation of the results of the present scenario planning exercise.

Particularly, our structural analysis provides a framework for understanding three future scenarios including their potential impact on the 'shaping' of knowledge-based networks in the context of the present stage of the hospitality sector life cycle. The latter is under pressure of forces, including long-run changes in

growth, changes in the cost of resource, particularly labor and capital costs, government policy changes and changes in the structure of related sectors. As a result hospitality executives should not only possess an understanding of their own industry, but especially the structure of destination and event marketing, whose workings and success in the field of process innovation is inextricable intertwined with those of the hospitality sector.

2. Hospitality business participation in knowledge-based networks

2.1. Hospitality in the knowledge-based society

The present paper positions the economic functioning in the tourism and event destination marketing context. The hospitality business takes center stage to understand the relationship of the former and latter; it is an establishment where travelers, commuters, and shoppers among others, turn into 'guests'. Their location and conduct impact the spatial structure of the tourism and event destination. However, in turn, the tourism and event destination, particularly its accessibility and amenities, affect the environment wherein the hospitality business operates. Therefore, knowledge of this mutual relationship is important to understand why network participation in destinations depends to a large extent on effective relationships and can contribute, importantly to the performance of both enterprises and destination. In many European regions this relationship and the strategic position of destinations has been altered by two major factors, which are inextricably connected and significantly affect knowledge-based business performance: ICTs and internationalization.

Recently, the chairman of the Commission Stevens used a metaphor to summarize the functioning of organizations in a knowledge-based society as follows: How should Dutch societal institutions transform from a 'traffic light' scenario to a 'roundabout' model to ensure an uninterrupted business flow and resilient performance so as to respond effectively to the disruptive innovation scenario (Stevens, 2007)? In essence, these metaphors suggest that a business model rendering greater flexibility is needed to meet the challenges of a knowledge-based society (Malone et al., 2006). Several factors justify our argument that an analysis from a knowledge-based destination network context is relevant to understand the forces that collectively determine the performance potential of the hospitality sector.

Firstly, the impact of digital media, which tourism enterprises cannot ignore because bookings are increasingly made via the web. It implies that the dictum 'no enterprise is an island' applies to hospitality enterprises, because they derive their trade, directly or indirectly, via e-commerce transactions. Therefore web-services have turned the hospitality sector on its head. The hospitality enterprise can be variously defined as 'brick-and-mortar' type business. Many companies build the Internet into their activities because it leverages their efforts. Traditional hospitality companies, including restaurants, hotels, catering and conference facilities and related services, tend to add on-line opportunities while dotcoms typically find their ways into traditional channels. They may differ according to type, but share the same core capability, namely the face-to-face host-guest service encounter. Hospitality marketers have to deal with customers who increasingly interact with their counterparts through the Internet. For example, electronically based discussion forums, bulletin boards, chat rooms and news groups afford customers opportunity to share their know-how, experiences and opinions. These examples illustrate the popularity of electronic consumer exchanges and justify the urgent need of theorizing network opportunities for hospitality and event and destination organizations in a digital world along a decentralizing continuum (Malone, 2004). Furthermore, from a practitioners'

¹ Labor market analysis (2005), publication of 'Bedrijfschap Horeca (hospitality business) en Catering'.

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