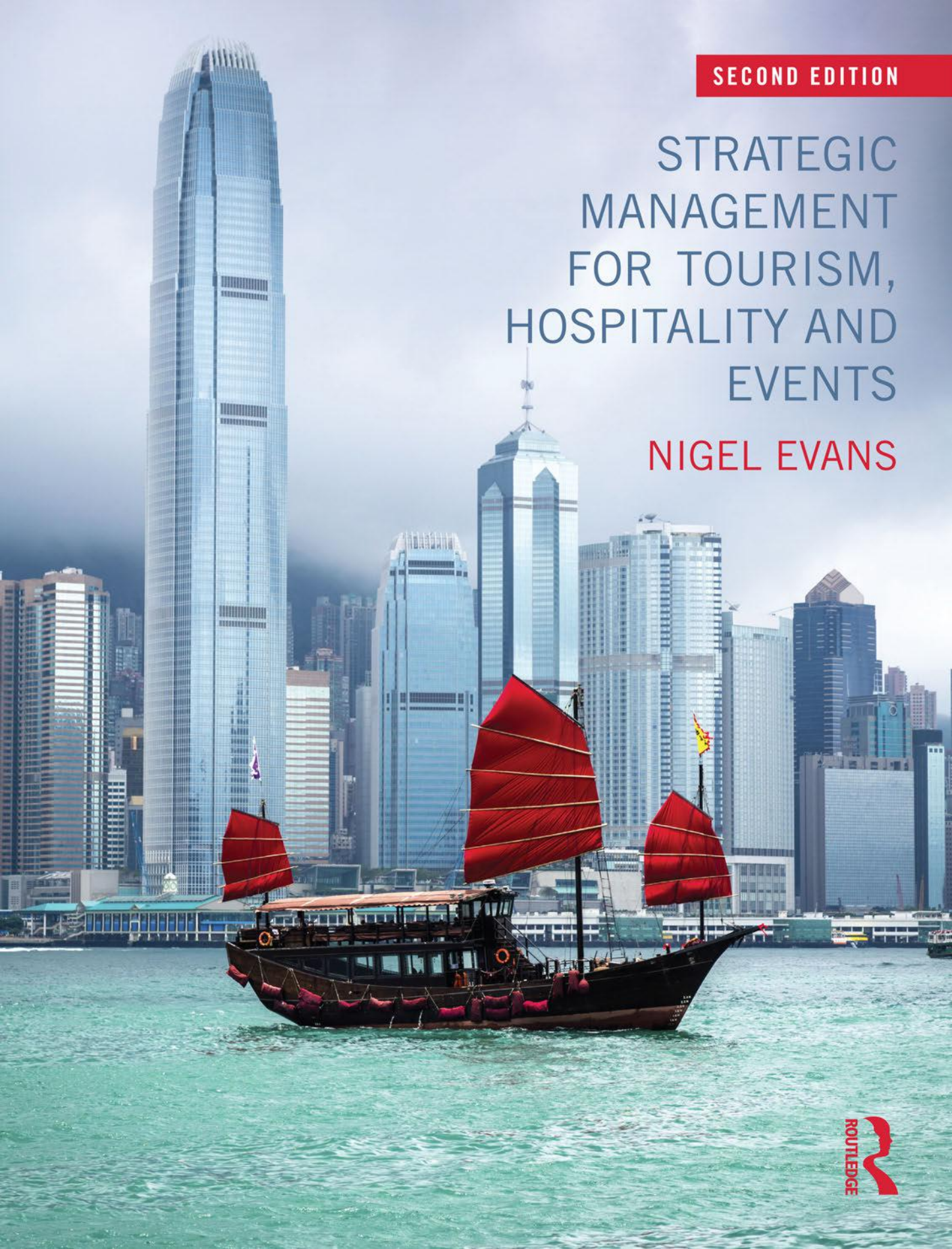


SECOND EDITION

STRATEGIC
MANAGEMENT
FOR TOURISM,
HOSPITALITY AND
EVENTS

NIGEL EVANS



Strategic Management for Tourism, Hospitality and Events

Strategic Management for Tourism, Hospitality and Events is the must-have text for students approaching this subject. It introduces students to fundamental strategic management principles in a tourism, hospitality and events context and brings theory to life by integrating a host of industry-based case studies and examples throughout.

Among the new features and topics included in this edition are:

- Extended coverage to hospitality and events to reflect the increasing need and importance of a combined sector approach to strategy.
- New international tourism, hospitality and events case studies from both SMEs and large-scale businesses are integrated throughout to show applications of strategic management theory, such as objectives, products and markets and strategic implementation. Longer combined sector case studies are also included at the end of the book for seminar work.
- New content on emerging strategic issues affecting the tourism, hospitality and events industries, such as innovation, employment, culture and sustainability.
- Web support for tutors and students providing explanation and guidelines for instructors on how to use the textbook and case studies, and additional exercises, questions and resources for students.

This book is written in an accessible and engaging style and structured logically with useful features throughout to aid students' learning and understanding. This book is an essential resource to tourism, hospitality and events students.

Nigel Evans is Assistant Dean of the School of Social Sciences, Business and Law at Teesside University. He has published widely in tourism and management and taught strategy for many years on varied programmes including MBA and BA (Hons) Travel and Tourism programmes at Teesside and Northumbria Universities.

'Nigel Evans' textbook has long been essential reading for students on Strategic Management in Tourism courses. This new edition is very welcome and extending the coverage to hospitality and events and the inclusion of diverse international case studies and an extensive glossary is timely and will be well received by students and course tutors. The book should also be of interest to practitioners in tourism, hospitality and events.'

Dr Philip Long, *Associate Dean, Head of Tourism Academic Group,
School of Tourism, Bournemouth University, UK*

'Nigel Evans has provided great cases and updated perspectives on the nature of the closely entwined tourism, hospitality and events sectors and their internationalized dimension. The style of the book is attractive and interesting, using lots of graphics and illustrations as well as many examples and cases to keep students not only engaged but also firmly in touch with the realities and implications of strategic management.'

Professor Ray Pine, *Dean, Faculty of Management and Hospitality,
Technological & Higher Education Institute of Hong Kong*



A range of further resources for this book are available on the Companion Website:
www.routledge.com/cw/evans

Strategic Management for Tourism, Hospitality and Events

Second edition

Nigel Evans

First edition published 2003
Second edition 2015
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

and by Routledge
711 Third Avenue, New York, NY 10017

Routledge is an imprint of the Taylor & Francis Group, an informa business

© 2015 Nigel Evans

The right of Nigel Evans to be identified as the author of this work has been asserted by him in accordance with sections 77 and 78 of the Copyright, Designs and Patents Act 1988.

All rights reserved. No part of this book may be reprinted or reproduced or utilised in any form or by any electronic, mechanical, or other means, now known or hereafter invented, including photocopying and recording, or in any information storage or retrieval system, without permission in writing from the publishers.

Trademark notice: Product or corporate names may be trademarks or registered trademarks, and are used only for identification and explanation without intent to infringe.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging in Publication Data

Library of Congress Cataloging-in-Publication Data

Evans, Nigel, 1955-

Strategic management for tourism, hospitality and events /

Nigel Evans. — Second edition.

pages cm

Includes bibliographical references and index.

1. Tourism—Management. 2. Hospitality industry—Management.

3. Strategic planning. I. Title.

G155.A1E927 2014

910.68'4—dc23

2014020183

ISBN: 978-0-415-83727-9 (hbk)

ISBN: 978-0-415-83724-8 (pbk)

ISBN: 978-0-203-77149-5 (ebk)

Typeset in Iowan Old Style

by Keystroke, Station Road, Codsall, Wolverhampton

To my wife Michelle and daughters Lydia, Megan and Laura
without whose love and support the book would not have been possible.

This page intentionally left blank

Contents

<i>List of figures</i>	<i>ix</i>
<i>List of tables</i>	<i>xiii</i>
<i>Preface</i>	<i>xvii</i>
<i>Study guide</i>	<i>xix</i>
Part 1 Strategy and the tourism, hospitality and events contexts	1
1. Strategy and strategic objectives for tourism, hospitality and event organizations	12
2. Introduction to strategy for tourism, hospitality and events	41
Part 2 Analysing the internal environment	73
3. Tourism, hospitality and event organizations: the operational context: competencies, resources and competitive advantage	76
4. Tourism, hospitality and event organizations: the human resources context	109
5. Tourism, hospitality and event organizations: the financial context	148
6. Tourism, hospitality and event organizations: the products and markets context	190
Part 3 Analysing the external environment and SWOT	239
7. The external environment for tourism, hospitality and event organizations: the macro context	242
8. The external environment for tourism, hospitality and event organizations: the micro context	262
9. SWOT analysis for tourism, hospitality and event organizations	304

Part 4 Strategic selection	317
10. Competitive strategy and strategic direction for tourism, hospitality and event organizations	322
11. Strategic methods for tourism, hospitality and event organizations	377
12. Strategic evaluation and selection for tourism, hospitality and event organizations	433
Part 5 Strategic implementation and strategy in theory and practice	469
13. Strategic implementation for tourism, hospitality and events	472
14. International and global strategies for tourism, hospitality and events	520
15. Strategy and tourism, hospitality and event organizations: theory and practice	563
Part 6 Case analysis for tourism, hospitality and events	581
Case 1 Strategic alliances in the airline industry	588
Case 2 Tourism Queensland: strategic positioning and promotion	601
Case 3 Ryanair: evolution of competitive strategy	619
Case 4 Hyatt Hotels: a family firm goes for growth	623
Case 5 Days Inn: franchising hospitality assets in China	640
Case 6 Reed Exhibitions: the world's leading events organizer	651
Case 7 Thomas Cook: turnaround for a historic travel brand	666
<i>Glossary</i>	680
<i>Index</i>	689

Figures

P1.1	A schematic of the strategic process	2
1.1	Levels of strategic decision-making	20
1.2	The stakeholder map	36
2.1	Seasonality of fares at British Airways	52
2.2	The sectors and sub-sectors of tourism, hospitality and events	56
2.3	Examples of the impacts of tourism on destination areas	60
P2.1	The strategic process	75
3.1	The links between resources, competencies and core competencies	80
3.2	The links between resources, competencies and competitive advantage	88
3.3	A simplified schematic of the value adding process	93
3.4	The value chain	94
3.5	The service profit chain	101
4.1	A model of the tourist experience and moments of truth	118
4.2	'The virtuous circle' linking human resources with business success	120
4.3	The cultural web	131
5.1	A representation of the principles of a balance sheet	155
5.2	Sources of finance for four <i>THE</i> companies	162
5.3	A simple longitudinal analysis: Air New Zealand annual sales revenue (2008–13)	168
5.4	A simple longitudinal analysis: Air New Zealand annual net profits (2008–13)	168
5.5	A simple longitudinal analysis: Air New Zealand fuel costs (2008–13)	169
5.6	A longitudinal analysis of Air New Zealand return on sales (2008–13)	173
6.1	Product positioning	209
6.2	The services marketing mix	213
6.3	The product life cycle and its implications	217
6.4	Strategic implications of online distribution vs. brochure distribution for <i>THE</i> companies	222
6.5	A feasibility study process for a visitor attraction	225
6.6	The experience effect	227
6.7	The Boston Consulting Group (BCG) Matrix	227

6.8	The GEC matrix	230
7.1	The main features of STEEP analysis	244
7.2	Old and new tourism compared	246
8.1	Porter's five forces framework	266
8.2	Las Vegas hotel occupancy rates	275
8.3	Porter's Diamond Analysis of the competitive advantage of nations	284
8.4	The resource-based model of strategy	287
8.5	Wyndham hotel group presentation	293
8.6	Strategic group analysis for hotels in a particular town	299
9.1	The logic of SWOT analysis	309
P4.1	The levels of strategy	319
P4.2	The three components of business level strategy formulation	320
10.1	The generic strategy framework	329
10.2	A simplified understanding of cost and differentiation strategies	330
10.3	The strategy clock	343
10.4	The principles of competitive success in <i>THE</i>	344
10.5	The Ansoff matrix	353
10.6	The directions and methods of diversification	359
10.7	Patterns of related diversification	361
10.8	Diagonal diversification in <i>THE</i>	363
11.1	Methods of strategic development	378
11.2	Inter-organizational cooperative objectives	393
11.3	A categorization of inter-organizational forms of joint development	395
11.4	Conceptualization of the collaborative strategy process for international airlines	401
11.5	The benefits of consortium membership for independent hotels	417
11.6	Methods of growth employed by selected international hotel groups	420
11.7	Buy, ally or DIY matrix	421
12.1	The strategic evaluation process	438
12.2	Exploring the dynamics of fast-moving markets	464
13.1	The linear-rational (prescriptive) strategic process	475
13.2	The height of organizations	488
13.3	The centralization–decentralization continuum	489
13.4	An example of a 'hybrid' divisional structure for a vertically integrated travel company	491
13.5	An example of a matrix organizational structure for an international travel company	492
13.6	Lewin's model of change	495
13.7	The urgency for change	498
13.8	A model of types of change	499
13.9	Successfully transforming organizations	502
13.10	The McKinsey 7-S Framework	505
13.11	Strategy as a continuum involving BSC	508
13.12	BSC as a part of the continuum of strategy at Amtrak	509
13.13	The four perspectives of BSC	510

13.14	Canada Tourism Commission's Strategy Map	511
14.1	Global–local continuum	530
14.2	Porter's global strategy framework	531
14.3	Configuration and coordination for international strategy	532
14.4	A framework describing drivers for globalization	533
14.5	A conceptual framework: drivers of entry success	549
15.1	Whittington's four generic strategy types	572

This page intentionally left blank

Tables

1.1	Comparison of strategic operational and tactical decisions	20
1.2	A hierarchy of objectives	24
1.3	A summary of stakeholder groups	36
2.1	Vertically and horizontally integrated structure of Thomas Cook plc	58
2.2	A summary of key <i>THE</i> characteristics and their implications for managers	68
3.1	Resource analysis: Marriott International	85
3.2	Primary activities	95
3.3	Secondary activities	96
3.4	Classification of internal and external linkages	97
3.5	Outsourcing: the airline industry	99
4.1	Factors affecting demand and supply of labour in tourism and hospitality in ten Asia/Pacific countries	113
4.2	Comparison of possible intermediaries encountered in purchasing a typical package holiday or a concert ticket	118
4.3	Summary of the strategic implications of Miles and Snow's typology	137
4.4	Summary of Hofstede's cultural dimensions	139
5.1	A simplified balance sheet for Air New Zealand	155
5.2	A simplified profit and loss account for Air New Zealand	156
5.3	Summary of the major advantages and disadvantages of share and loan capital	160
5.4	Summary of the strategic significance of different sources of finance	161
5.5	Simplified commonly sized P&L accounts for Air New Zealand and Air China (2011)	171
5.6	Interjet – cash flow forecast (in thousands GBP)	185
6.1	Penetration by hotel groups in selected countries (2012)	194
6.2	Main benefits sought in types of events and attractions	196
6.3	Consumer segments in the main constituent parts of tourism, hospitality and events	200
6.4	Socio-demographic segmentation variables	203
6.5	Queensland tourist destinations – positioning summary	212
6.6	Using the BCG Matrix in strategic planning	229

7.1	Economic influences – airline sector	252
8.1	Porter’s five forces and profitability – a summary	278
9.1	SWOT analysis applied to Macau	306
9.2	Some possible factors in a SWOT analysis	310
9.3	Obstacles to small firm business performance in tourism	312
10.1	Summary of the major frame conditions affecting <i>THE</i>	326
10.2	Cost leadership: the airline industry	333
10.3	Key features of generic competitive strategies	339
10.4	The VRIO framework for testing competitive resources	349
10.5	Possible relationships between generic strategies and core competencies in relation to the value chain	350
10.6	Leveraging existing resources	352
10.7	Market penetration: Premier Inns	355
10.8	The advantages and disadvantages of niche strategy	369
11.1	A summary of illustrative cases of strategic methods used by <i>THE</i> organizations highlighted in this chapter	379
11.2	The potential advantages and disadvantages of pursuing organic growth	382
11.3	Accor’s emerging markets: growth achieved largely organically	383
11.4	A summary of the motivations for mergers and acquisitions	388
11.5	A summary of potential failure and success factors for mergers and acquisitions	390
11.6	Focus of inter-organizational activity in <i>THE</i>	396
11.7	Hotel co-operation as a strategic alliance	405
11.8	Holiday Inn Hotels	413
11.9	Summary of the advantages and disadvantages of franchising	414
11.10	Preferred suppliers for selected airlines and hotels	419
11.11	A comparison of franchising, management contracts and managing or leasing hotels	420
12.1	Summary of the criteria used for evaluation	438
12.2	Some examples of suitability	440
12.3	A screening process based on ranking alternative options	442
12.4	A ten-point checklist on internal feasibility	444
12.5	A four-point checklist on external feasibility	445
12.6	A simplified cash flow forecast	448
12.7	NPV worked example of two hotel projects (part 1)	454
12.8	NPV worked example of two hotel projects (part 2)	454
12.9	Business risks: Live Nation	459
13.1	Strategic implementation in relation to service product characteristics	476
13.2	Strategic implementation in relation to tourism, hospitality and events management characteristics	477
13.3	Resource audit	482
13.4	The advantages of centralization and decentralization	489
13.5	Considering the context of change within organizations	497
13.6	Styles of leading change	504
13.7	BSC at the Canadian Tourism Commission	512
14.1	Potential sources of economies of scale and scope in international services	524

14.2	A summary of the globalization drivers	534
15.1	A comparison of prescriptive and emergent approaches to strategy	569
15.2	A comparison of competitive positioning and resource- or competence-based schools of thought	570
15.3	The contribution of the different strategic management approaches and schools	571
15.4	Factors determining the way in which organizations present their strategies	573
15.5	Differences in the presentation of an organization's strategy	574
15.6	Suggested guidelines for the presentation of strategy	575
15.7	What a strategy document might look like	576

This page intentionally left blank

Preface

This international text is aimed at being the textbook of choice for three important sets of readers:

- Students studying strategy and/or marketing (probably in their final undergraduate year or postgraduate) as part of their studies in tourism, hospitality and events management.
- Students and researchers who have chosen to study tourism, hospitality or events management organizations for their dissertation, projects or assignments, who want to understand the unique characteristics of the industry and to gain knowledge of the relevant literature.
- Managers and practitioners working in tourism, hospitality and events (or seeking a career in these sectors), who want to gain an understanding of the challenges faced by managers and some of the managerial responses which can be considered.

Putting aside definitional debates, fundamentally:

- *strategy* is about making you think ahead regarding key issues affecting organizations; and
- *strategic management* is about giving you concepts, frameworks, tools and techniques to help you do so.

Consequently this book aims to make readers think ahead about the key issues facing tourism, hospitality and events management organizations and provides concepts, frameworks, tools and techniques to help you do so.

The first edition of this book was published as *Strategic Management for Travel and Tourism* in 2003 (for which I thank my two co-authors Professors David Campbell and George Stonehouse). This text builds on the first edition, but much has changed in the intervening years and consequently this edition is completely modified and its scope extended. The text is global in its orientation and explicitly encompasses hospitality and events along with tourism recognizing the inextricably linked nature of these sectors. The text is contemporary in that the broad range of academic literature which has emerged in recent years is incorporated as are recent industry developments.

The book contextualizes and applies relevant material from the strategic management and tourism, hospitality and events management literature and takes an international approach to what are inherently internationally oriented industry sectors. This approach is reflected in:

- the application of concepts and principles;
- links to a wide range of relevant literature enabling further study;
- a particular focus on smaller organizations (SMEs) recognizing that they form an important part of these sectors;
- taking an explicitly international approach for what are inherently internationally oriented sectors;
- emphasis of key points affecting this industry in particular; and
- use of short illustrative examples and a series of longer cases drawn from across the industry and focusing on different parts of the world.

There are of course many existing strategic management titles. There are, however comparatively few textbooks which apply strategy to 'services' contexts and in particular to the service sectors of tourism, hospitality and events. These service sectors are inextricably linked and have grown to represent one of the world's most important industries.

The strategic management challenges facing managers in service contexts are often different in a number of ways from the challenges facing managers in manufacturing industries. These different challenges reflect the characteristics of services. Furthermore, tourism, hospitality and events represent a distinctive set of services which entail an understanding of their own specific characteristics. Hence it is appropriate that a dedicated text should consider the strategic implications of managing in this important and rapidly developing industry (which is one of the world's largest), in particular.

Clearly there are many examples to illustrate a text such as this, and I have chosen those which: I consider to be relevant, can gain access to information, can link with the academic material or have personal experience. However, I recognize that other illustrations could have been chosen. I would like to encourage readers to submit further contributions and illustrations, which would be fully attributed if they were to appear on the companion website which supports this book and contains further material. Any feedback on this edition would also be gratefully received.

Finally, I would like to thank colleagues at Teesside University and elsewhere who have commented on parts of this book and the publishers for all their help and support throughout the book's production.

Nigel G. Evans
n.evans@tees.ac.uk
October 2014

Study guide

How to use this book

In this book strategic management is studied in a structured way following a logical sequence. The principles and concepts developed in studying strategic management are applied to the tourism, hospitality and events sectors.

Additionally, the book is enhanced with learning features to:

- reinforce your learning;
- provide opportunities to explore topics further; and
- test your knowledge as you study.

Each chapter contains:

- Introduction and chapter overview;
- Learning objectives;
- Small business focus;
- Chapter summary; and
- References and further reading.

In order to bring the subject alive, aid understanding and make it memorable, throughout the book you will find sections which highlight and illustrate the material:

DEFINITION/QUOTATION

Encourages you to engage with primary sources.

KEY CONCEPT

Highlights important principles that underpin your understanding.

STRATEGY IN PRACTICE

Illustrates how as a manager you might implement elements of strategy.

SHORT CASE ILLUSTRATION

Provides an example of how strategy is actually working in a real situation taken from tourism, hospitality or events contexts.

THINK POINTS

Provide review and discussion questions to enable you to test your knowledge and understanding as you progress through the book.

SMALL BUSINESS FOCUS

Focuses on how strategic management principles can be applied to the many smaller businesses operating in *THE*.

CASE LINKAGES

Enable you to link the material in each chapter to illustrations contained in the case studies contained at the end of the book.

Part **1**

Strategy and the tourism,
hospitality and events
contexts

Introduction

This introduction to Part 1 of the book has two purposes in that it provides readers with:

1. An introduction to the approach that this book takes to the study of strategy – *The strategy process*.
2. A rationale for the approach taken by this book in applying strategic management tools, techniques and concepts in the context of the tourism, hospitality and events sectors – *Strategy in a tourism, hospitality and events (THE) context*.

The strategy process

Why do we often refer to strategy as a *process*? The answer is that it is never a once-and-for-all event – it goes on and on.

There is a need to continually review *strategic objectives* because the environment within which organizations operate is continually changing. The purpose of strategy is to make an organization fit into its environment. By achieving this, the probabilities that it will survive and prosper are enhanced.

Part 1 of this book is concerned with introducing the subject matter of strategy in a specific context, namely that of tourism, hospitality and events.

Thus in Part 1:

1. Chapter 1 discusses concepts, definitions and the nature of objectives.
2. Chapter 2 highlights the particular characteristics of tourism, hospitality and events which are relevant to understanding how organizations within the industry are managed in a strategic way.

The subsequent parts of this book are concerned with examining the distinct ‘stages’ in the strategic process. It can be argued that strategy is a process because it contains distinct ‘stages’ and that there are three main interrelated stages to the process.

In practice, the strategic management process has three main components or stages as shown in Figure P1.1 below:

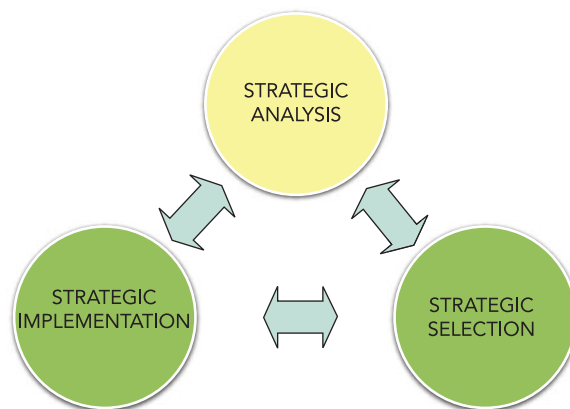


Figure P1.1 A schematic of the strategic process

Strategic analysis

The purpose of strategic analysis is to gather information and to analyse it systematically and thoroughly. None of us would be wise to make an important decision about anything in life without adequate and relevant information, and nor would tourism, hospitality and events organizations.

There are two main stages in strategic analysis:

- Strategic analysis involves an examination of an organization's internal environment (*internal analysis*). This takes the form of a thorough analysis of the internal processes and structures of a business in much the same way as a doctor might carry out a thorough medical examination on a person. The purpose of internal analysis is to establish what the organization is good at (its *strengths*) and what it is not so good at (its *weaknesses*). We discuss the internal environment in Part 2 of this book.
- The second stage in strategic analysis involves an examination of the organization's external environment (*external analysis*). This takes the form of a thorough analysis of two 'layers' of external environment – the *micro* or *near* environment, and the *macro* or *far* environment. The external environment will be encountered in Part 3 of the book.

The macro environment contains a range of influences that have an impact not only on an organization in an industry, but also on the whole industry itself. It follows that a single organization is usually unable to affect the factors in the macro environment but successful strategy usually involves learning to cope and adapt to changes. This book explains the macro environment in terms of five main areas of influence – socio-demographic, political, economic, environmental and technological – which are discussed in Chapter 7.

The micro environment comprises the industry in which the organization competes. The organization is usually affected by the factors in this environment and it may be able to have an influence upon it. However unlike the internal environment the organization does not have control over its micro environment. The micro environment, which is discussed in Chapter 8, is sometimes referred to as the *competitive environment* because it is within this sphere that an organization competes, both for its resource inputs and to sell its product outputs.

From the information gathered from the external analysis, we seek to establish which influences represent *opportunities* and which are, or might develop into, *threats*.

Once we have established the organization's internal strengths and weaknesses, and its external opportunities and threats, the challenge becomes the selection of an appropriate strategy. Such a strategy is required to address the weaknesses and threats whilst at the same time, building upon the identified strengths and exploiting opportunities. It is important to understand that a detailed internal and external analysis is a necessary prerequisite for producing a summary of the strengths, weaknesses, opportunities and threats – the *SWOT*. In other words the *SWOT* emerges from the internal and external analyses and is a summary of the main results.

The process sometimes involves an additional stage of condensing the strengths, weaknesses, opportunities and threats into a survey of the *key issues*. These are the most pressing or important elements of the *SWOT* statement – those which require the most urgent action or which the strategy should be particularly designed to address. The *SWOT* is discussed in Chapter 9.

Strategic selection

The second stage in the strategic process involves taking the important information gathered from the strategic analysis stage and using it to make an intelligent and informed strategic *selection* or *choice* of the most appropriate courses of action for the future. These strategic choices are covered in Part 4 of the book.

4 STRATEGY AND THE TOURISM, HOSPITALITY AND EVENTS CONTEXTS

Specifically strategic choices are required for tourism, hospitality and events organizations (or their constituent parts) in relation to three key aspects:

- How will the organization compete?
- What is the strategic direction that the organization will take?
- What methods will be utilised by the organization?

These aspects of strategic selection are discussed in Chapters 10 and 11.

It is at this stage that the importance of the strategic analysis can be appreciated. If insufficient or flawed information from the analysis has been gathered, then the strategy selection process will not be built on solid foundations. In other words, inappropriate strategic options could be selected.

Strategic selection therefore begins with an examination of the strategic analysis. Once we are acquainted with it, we normally formulate a list of the options open to the organization, paying particular attention to how each option will address the key issues. After this, we evaluate each option using a number of criteria. Finally, the most appropriate strategic option is selected. Strategic evaluation and selection is covered in Chapter 12.

Strategic implementation and management

The third stage in the strategic process involves taking the selected strategic options and actually putting them into practice. The implementation and management of chosen strategies are discussed in Part 5 of the book.

This is a complex stage of the process as it concerns putting detailed aspects of the strategy into practice. It involves actually carrying out the strategy and this brings into focus a number of other managerial issues. There are a number of areas which we need to be aware in order to effectively implement a strategy within tourism, hospitality and events organizations. Implementation typically involves taking into account the following:

- the adequacy of the organization's resource base (Chapter 13);
- the readiness of the organization's culture and structure to undertake the proposed strategy (Chapter 13);
- the management of any changes that are needed to implement the strategy (Chapter 13);
- the extent to which the organization positions itself in respect to its geographic coverage and international presence (Chapter 14).

In implementing the strategic process it is necessary to be aware not only of changes occurring to the internal and external environment, but also of changes to the subject matter itself. Strategic Management is a complex area of study. Whilst in this book we study a particular view of the subject matter there are alternative views which could be taken and the subject matter is continually evolving. Thus Chapter 15 considers the present and future trends occurring in the study of strategic management to give students some understanding of the complexity and evolving themes of the subject. The chapter also considers how strategy might be presented in a practical sense, so that it is easily and convincingly presented to internal and external stakeholders.

The feedback link

Finally, the progress of strategy is monitored continually through feedback from the implementation stage back to the analysis stage. As a strategy proceeds, it may have an effect on the organization's internal environment and it may also have an effect on the external environment. In addition, independent influences may have brought internal or external changes about since the strategic analysis was first carried out.

In order to ensure that the selected strategy is still appropriate, therefore, a review of the strategic analysis is necessary. If nothing has changed, then the company may decide that no amendment to the strategy is necessary. If the environment (internal or external) has changed, however, some modification to the strategy may become necessary. Increasingly environments are changing ever more quickly and thus there is a need for organizations to maintain flexibility so that they can respond quickly to any changes.

Study progress

Thus the book is divided into five parts that follow the *strategic process* in a logical sequence.

The diagram below is replicated (in modified form) at the start of each part. The chapters being studied in the part are highlighted so as to indicate the progress you are making in studying the book’s contents and to indicate where the chapters are placed within the overall strategic process, which follows a logical sequence.

Part 1		Part 2	Part 3	Part 4	Part 5
Strategy and the tourism, hospitality and events contexts		Analysing the internal environment	Analysing the external environment and SWOT	Strategic selection	Strategic implementation and strategy in theory and practice
Chapter 1	Chapter 2	Chapters 3, 4, 5 and 6	Chapters 7, 8 and 9	Chapters 10, 11 and 12	Chapters 13, 14, and 15
Strategy and strategic objectives for tourism, hospitality and event organizations	Introduction to strategy for tourism, hospitality and events				

Strategy in tourism, hospitality and events (THE) contexts

This text utilizes strategic management concepts and principles in a *THE* context through its:

- application of concepts and principles;
- emphasis on key points affecting these sectors in particular; and
- use of short illustrative examples and longer case studies.

Each chapter contains specific references to *THE*, but it should be stressed that this book is *Strategic Management for Tourism, Hospitality and Events*, thereby implying that the theory is largely generic (though services rather than manufacturing oriented) and it is adapted and applied to the needs of these particular commercial sectors.

The book explicitly recognises that these sectors (which are closely aligned) are service-based rather than manufacturing and therefore that certain aspects of strategic management are particularly emphasized and the language used is modified accordingly. *For example* – the word ‘operations’ is used in place of ‘production’ and the intangibility, perishability, cash flow implications, difficulty of maintaining quality standards, etc. of service-based products will be specifically emphasized.

6 STRATEGY AND THE TOURISM, HOSPITALITY AND EVENTS CONTEXTS

It is recognized that there are some difficulties with this approach. Tourism, hospitality and events sectors, although similar and linked, are distinctive to some degree. It can be argued that tourism, hospitality and events represent separate sectors with their own literature and constructs.

In this book the view is taken that

- the distinctions are outweighed by the similarities between them;
- any difficulties can be successfully overcome; and consequently
- the sectors can be studied at the *strategic* level together.

It is important to stress the final point. Whilst at the strategic (high-level decision making) it is sensible to study the three closely linked sectors together, it may be far less sensible to do so at the more detailed operational level.

For example – the operational detail of managing a tour operator will be very different from managing a hotel, since they operate in very different ways requiring different skills. However, at the strategic level – in terms of decisions like how resources are allocated or how they compete – they may have very similar sets of issues and indeed may in many cases be parts of the same organization.

In fact, it can be further argued that not only is it possible to cover the three sectors together at a strategic level, but it is desirable to do so. This is because tourism, hospitality and events management are highly interrelated and there are many examples of cross-ownership. The demand and supply in one sector has direct effects on other parts of *THE* and in many cases there are shared ownership structures across the three sectors.

We now turn to a brief discussion of the individual sectors we are considering in this book.

Tourism management

Tourism and the international travel industry that has grown up to support it

- is a vast and complex industry;
- is highly fragmented in its ownership and control;
- has a wide diversity of products and destinations; and
- is often divided between public and private sectors.

The United Nations World Tourism Organization (UNWTO) defines tourism as:

Activities of persons traveling to and staying in places outside their usual environment for more than one day but not more than one consecutive year for leisure, business or other purposes.

(Chadwick, 1994:65)

Tourism such as pilgrimages or visiting other cities and states to trade has taken place throughout history. The origins of what is often termed *mass international tourism* are more recent and can be traced back to Thomas Cook in 1850s Britain (Withey, 1998; Hamilton, 2006; Holloway and Humphreys, 2012). As a highly structured sector of many economies, it can primarily be viewed as a creation of more recent times. Its rise has been traced by a number of authors including Gee *et al.* (1997), Page (2011) and Holloway and Humphreys (2012). Since the early 1950s the growth of tourism both domestically in the developed countries and internationally has been phenomenal in its scale and remarkably resilient to periodic economic and political adversity (Evans, 2012:215).

The growth has been spatially uneven and has taken place against the backdrop of dramatic changes in the business environment. This dynamic environment creates both managerial opportunities and dilemmas

both for private sector leaders and public sector policy makers. Given the dominance and drive of the private sector in the development of tourism and the growth in the services which support this, a business management approach to tourism studies has evolved over the past 25 years or so (Evans, 2012:217), which this book addresses at a strategic level.

Tourism products have a number of characteristics which are of relevance to the way in which they are managed and are thus relevant to any business-oriented study of tourism. Some of these characteristics are shared with other service products, whilst others are, if not unique, certainly of particular relevance to travel and tourism products in particular. The characteristics are thus highly distinctive and warrant specific study as in this book.

The operational management issues can be viewed as being highly context-specific, varying greatly according to the type, location and scope of the business and thus beyond the scope of this book. They are, however, discussed in, for example: Sharpley (2002); Cooper *et al.* (2008); Goeldner and Brent Ritchie (2011); and Holloway and Humphreys (2012). The operational issues also vary greatly between tourism, hospitality and events management, so while it is possible to take a combined approach to the study of the three sectors at a strategic level, such an approach is not possible at an operational level.

Hospitality management

Although hospitality is recognized as one of the largest industries, it still remains as a composite of diverse sub-sectors. In a wide-ranging review of the problems of delineating hospitality, Ottenbacher *et al.* (2009) point out that there is still no consensus on the scope and exposure of this field as a whole among academics and hospitality professionals. However, in common usage the hospitality industry is often associated with the tourism industry but most people relate it to hotels and restaurants (Powers and Barrows, 2012).

Widening the definition of hospitality slightly, Harrison *et al.* (2005:23) argue that the hospitality industry:

primarily consists of businesses that provide accommodation, food and beverage or some combination of these activities.

This provides a working definition of hospitality that provides an understanding of the subject matter which is followed in this book.

Notwithstanding the problems associated with the term, many hospitality and hotel management courses have grown up around the world and in many cases tourism and/or events also appear in the title of such courses, thus giving a practical illustration of the close linkages which exist.

The definitional difficulties described serve in many ways to demonstrate the close interaction between tourism and hospitality and the fuzziness and flexibility of the boundaries between the two. Indeed, several definitions combine the hospitality and tourism fields (Ottenbacher *et al.*, 2009) under the umbrella of ‘travel and tourism’ (e.g. Walker, 2010). Certainly tourism and hospitality are closely related and are not mutually exclusive – since hospitality is at least partly concerned with providing for the needs of tourists.

Although the approach taken here is to consider strategic management for hospitality not in isolation, but together with tourism and events management, Harrington and Ottenbacher (2011) adopted a different approach. They summarised research relating strategic management specifically to the context of hospitality, albeit recognizing the definitional difficulties involved.

Events management

The conceptual problems in defining the hospitality management field are to a large extent replicated in events management.

8 STRATEGY AND THE TOURISM, HOSPITALITY AND EVENTS CONTEXTS

Indeed it can be argued that the definitional problems are even more acute since, unlike hospitality,

- the subject area has been studied for a shorter period of time;
- the industry has few recognizable brand names (a measure of its fragmentation); and
- the literature in the field is both more sparse and of more recent origin.

It is generally accepted (and it is the approach adopted in this book) that events management is concerned with managing the following contexts:

- event management companies;
- sports events;
- concerts and performances;
- festivals;
- exhibitions;
- meetings and conferences.

The subject area is emerging and Getz (2007) defines event studies as ‘the study of all planned events, with particular reference to the nature of the event experience and meanings attached to events and event experiences’. In a further discussion of the events field of study Getz (2012) recognizes the interactions with other related applied fields such as tourism, leisure and sports studies. Events interact (with the other related fields) in that they are used for various purposes, and they vary in the nature of the experience. However, within the related fields though planned events are highly important they represent only one phenomenon of many that are relevant.

In identifying the often crucial role of events in destination development and marketing Getz (2012) identifies five core roles in that events:

1. Attract tourists whose spending generate economic benefits.
2. Create positive images for the destination and help brand it.
3. Contribute to place marketing by making cities more liveable and attractive to investors.
4. Animate cities, resorts, parks, urban spaces and venues making them more attractive.
5. Act as catalysts for urban renewal, infrastructure development, voluntarism and improved marketing capability.

A number of textbooks cover the operational aspects of the subject matter and support the growth of events and events management as a field of study including: Raj *et al.* (2008); Allen *et al.* (2010); Bowdin *et al.* (2011); and Goldblatt (2011). In addition there are many more practical books from the event practitioner’s point of view, such as the series written by Judy Allen including Allen (2009). However, there are currently no texts (to the author’s knowledge) which consider events in a purely strategic way and which integrate events with the study of tourism and hospitality.

Tourism, hospitality and events management – an integrated approach

The previous sections illustrate the complexity of studying tourism, hospitality and events as industrial sectors, since there is debate as to sector boundaries and clearly there is a large degree of interrelation between them.

In each of the fields of study, many courses have emerged in recent years around the world – some of which consider the fields separately, whilst others combine the fields under a plethora of titles. In addition a large body of both academic and commercial literature has emerged in each of these fields and quite a large

number of peer reviewed international journals have become established. Some of these journals are dedicated to one of the fields: (e.g. *Tourism Management*, *Event Management* and the *International Journal of Hospitality Management*), whereas others combine the fields (e.g. the *Journal of Hospitality and Tourism Research* and the *Journal of Convention and Event Tourism*). Even though the titles might appear to make the sector boundaries clear, the content within the journal is frequently not as clear as it often crosses over. For example, many articles in *Tourism Management* cover hospitality issues or particular events arranged for tourists.

Much of the relevant literature concentrates on detailed operational or context-specific aspects of tourism, hospitality and events. At this detailed operational level it is unarguable that tourism, hospitality and events are (although still linked) usually highly distinctive. The operational issues raised in managing an airline, a resort destination or a music concert, for example, are highly context-specific and thus require individual treatment.

At the strategic level, however, a more integrative approach is possible and helpful, given the obvious commonalities. Thus in this book the view is taken that at the 'strategic' as opposed to the 'operational' level the distinctions between tourism, hospitality and events are far less important. Operationally they may be very different but at the strategic level (that we are concerned with) they are not. Each of the three sectors are *service* sectors sharing similar characteristics and in many cases they overlap. Consequently tourism, hospitality and events can successfully be included in the remit of this book.

For example – tour operators engaged with organizing tourism may also own or manage accommodation and manage events of various kinds.

The approach here will be to include the three sectors together since many of the companies involved are integrated examples from a range of different organizations of differing sizes, spread throughout the sectors (and their sub-sectors) and the illustrations are taken from around the world.

Tourism, hospitality and events share many of the same characteristics and issues for management which are considered in various parts of this book. These shared features include the following, as they are all sectors with:

- products which are service-based;
- a scope that is international;
- a heavy reliance on human resources for successful delivery;
- perishable and intangible products;
- a wide use of *price discrimination* and *yield management* techniques; and
- rapidly changing means of distribution.

SMALL BUSINESS FOCUS

A further relevant issue relates to scale. Whilst the tourism and hospitality industries can be identified broadly as a certain subset of mostly larger companies (such as airlines, hotel groups and tour operators) providing services to customers and tourists, they also encompass a diverse, highly fragmented network of small-to-medium-sized companies and other organizations. This is particularly relevant in these industries. The events sector is also highly fragmented with low barriers to entry, and represents a wide-ranging and diverse set of organizations with few large companies or generally recognizable brands.

Much of the strategic management literature relates primarily to larger businesses, and is sometimes viewed as being irrelevant for smaller organizations, such as those in the sectors we are