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*The Hospitality &
Tourism Educators*



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Edited by

Hailin Qu, Ph.D.

School of Hotel and Restaurant Administration
Oklahoma State University

Preface

This *Proceedings* features 67 refereed papers of the 2004 Annual International CHRIE Conference held in Philadelphia, Pennsylvania, July 28-31, 2004. The papers were selected from a pool of 129 papers submitted from 8 countries/regions. Every paper was double blind reviewed by at least two reviewers who are specialized in the content area.

I am honored to be the Editor of this *Proceedings* and the Chairman of the Refereed Paper Review Committee for this year's I-CHRIE Conference. I would like to take this opportunity to express my heartfelt thanks to all the Associate Editors of the *Proceedings*. They have worked tirelessly to make the *Proceedings* academically excellent. Without their support and excellent job, the *Proceedings* would not be possible. I also would like to thank 125 paper reviewers for their time in reviewing these papers. Without their effort, support, and careful critique of the researchers' work, we would not be able to advance this discipline through research.

I would like to thank the School of Hotel and Restaurant Administration and the College of Human Environmental Sciences at Oklahoma State University for the support I received to take this responsibility as the Chairman and Editor of this year's Refereed Paper Review Committee and the conference *Proceedings*. Without the support, I would not be able to provide the services to the I-CHRIE.

In addition, I would like to thank my graduate assistant, Mr. Shahrim Abkarim, who contributed many hours of hard work to format the *Proceedings*.

Last, but not least, my thanks to all the authors who worked so hard on your research and have come so far to be together and to share your research findings with each other.

Congratulations and best wishes!



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URBAN CULTURAL TOURISM INITIATIVE:
AN INVESTIGATION OF AN ACCEPTABLE IMPLEMENTATION PROCEDURE

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ABSTRACT

This study investigated different perspectives among local tourism stakeholders on how to implement a cultural tourism initiative for the city of Indianapolis, USA. Using two qualitative methods, the nominal group technique and the Delphi technique, the researchers relied on the input of local tourism and art experts (stakeholders) to reach a collective recommendation on how to successfully manage the cultural initiative. The purpose of the study was to examine the community members' differences in cultural perceptions and what it essentially means to be identified as an international cultural tourism destination. The results of this study yielded a clear direction for development of an overall community strategy for cultural tourism in Indianapolis.

Key Words: Nominal Group Technique, Delphi Study, Cultural Tourism, Destination Imaging, Destination Planning

INTRODUCTION

Effective tourism development plans and strategies require much more than just another advertising or marketing campaign. They require a thorough understanding of the visitors' expectations and a clear recognition of city residents' preferences. The objective of planning for cultural tourism should be to create an enticing attraction for visitors while minimizing negative environmental impacts and maximizing economic benefits to the host community. There are four elements or areas of interest that need attention in designing this strategic effort: (a) local residents, (b) visitors, (c) city's infrastructure and superstructure, and (d) principles of tourism development. An integrated plan, emphasizing unification and coordination of activities and efforts of the above four elements is essential versus separate efforts involving the city's cultural attractions and events. In order to launch a success initiative, cultural preferences and definitions must be addressed.

Cultural tourism only accelerates this process. The world's progressive integration gives rise to visions, expectations, and common behaviors. The intensity of tourism exchanges has resulted in a global culture of leisure. The growing integration has, however, led to a movement in the opposite direction. The more culture tends to become uniform, the more strongly the will to safeguard cultural identities is asserted.

LITERATURE REVIEW

For organizational purposes, this review will be presented in two sections: (a) cultural tourism content overview: residents' attitude, destination image, accepted theories and models and (b) methodology: the nominal group technique and the Delphi technique.

Content-Related Literature

The concept of promoting cultural tourism is relatively new to North America, both the United States and Canada (Cameron, 1993). However, many cultural destinations in the world, notably Africa and Europe, are recognizing international tourism as a "way to bridge the gap between cultural groups thus leading to understanding" (Miedema, 2003, p.1).

Cultural tourism is growing with the changing travel trends and tourist demographics. Tourists are currently taking shorter vacations, mainly in urban destinations and a more sophisticated and educated tourist is emerging. According to Luigi Cabrini (2003), the Regional Representative for Europe with the World Tourism Organization, Europe continues to attract increasing numbers of tourists to their cultural locations. The European Commission reported 20% of European tourists are responding to cultural motivations, while 60% of European tourists are interested in cultural discovery during their stay. As tourism popularity and international travel continues to increase, cultural tourism interest

will additionally see a substantial increase (Cabrini, 2003). Additionally, interest in cultural tourism peaks for individuals between the ages 45 and 65. As the population life expectancy continues to rise, so will the interest in cultural tourism (Cameron, 1993).

As statistical research lacks in the financial impact of cultural tourism and its projected popularity, several researchers are focusing on understanding residents' attitudes toward (cultural) tourism development (Jurowski, Uysal & Williams, 1997; Schroeder, 1996; Smith & Krannich, 1998; Chen, 2000, 2001, 2002; Dieke, 1989). McCool and Martin's (1994) investigation on rural resident's attitude toward tourism development has served as a foundation for many studies in this area. They developed a 27 impact-attribute model representing four categories (impacts, benefits, equity and extent), which explains the relationship between community loyalty and rural residents' attitudes toward tourism development. Notably, Lanford and Howard (1994) and Chen (2002) followed with variations of the model, which may be viewed as more appropriate to urban research.

Residents' attitude toward tourism and destination image depends on the resident's location. Urban, rural and third world resident perspectives significantly differ. According to Chen (2000) and Soutar and McLeod (1993), only a few studies exist pertaining to urban communities. Chen's (2000) work focused on an urban tourism impact scale from a four-factor model. Economic, social, cultural and environmental impacts (four factors) were extracted from twenty-four impact attitudes. The study was conducted in a highly developed urban area and yielded interesting results. Urban residents are more demographically heterogeneous, causing significant differences in attitudes. Opinions of residents in urban areas are likely to be divided by demographic characteristics; income and ethnicity were identified as two significant factors in urban resident's attitude toward tourism (Johnson, Snepenger & Akis, 1994; Perdue, Long & Allen 1990; & Chen 2000).

On the other hand, rural residents, regardless of demographic status, tended to have similar attitudes towards tourism development (Johnson et al., 1994; Perdue et al. 1990; Chen 2000). These citizens require a "clean" industry, not crowding out local fishing, hunting and other recreational areas of local interest (Smith & Krannich 1998; Martin & McCool, 1994; Marchak, 1990). A study by Smith and Krannich (1998) on the "tourism dependence" hypothesis for rural residents noted that increased dependence on tourism leads to increasing negative attitudes of rural residents. The community was concerned with higher levels of crime, lower levels of local satisfaction, and lack of support for continued tourism development. The researcher examined four dependent variables to reach their conclusions: tourism attitudes, population growth, economic development attitudes, and crime attitudes.

Another major difference between urban and rural residents is the economic dependence on tourism dollars. Urban areas may not have to rely on tourism business as heavily as rural areas due to a diversified economy (Chen, 2000). Employment opportunities, tax revenues, and economic diversity are critical to rural communities (Long, Perdue & Allen, 1990). Finally, developing countries view tourism as a means to overcoming poverty and their economic woes. Because of the numerous attractions of cultural value, tourism is considered a "growth industry" and a prestige activity for many of these regions (Dieke, 1989).

Attitudes toward tourism may be directly related to how residents feel about their community and surrounding region (Jurowski & Brown, 2001). Residents' support for tourism development and the likelihood of recommending their region and supporting tourism funding is based on perceived image (Schroeder, 1996). There are two types of destination image: (a) organic, derived from non-tourism sources, and (b) induced, developed through promotional, advertising and publicity campaigns (Chen & Hsu, 2000). Jurowski et al. (1997) noted internal marketing campaigns are imperative to explain the social benefits of tourism to residents looking to reduce opposition and form a favorable destination image. Destinations must establish the right balance between community needs and interests, while promoting compatible community objectives, symbolic of the values of the residents (Cabrini, 2003; Cameron, 1993).

Methodology Related Literature

The Delphi Technique is a method that attempts to make "constructive and systematic use of informed intuitive judgment to arrive at an informed group consensus" (Richie, 1994; Nanthachai, 2001). The RAND Corporation originally developed the method in the late 1940s or early 1950s as an independent think-tank for estimation of military problems. The technique was originally used as a forecasting tool to predict future events and since has been expanded to aid in reaching group consensus.

The process of the Delphi study is for group experts, selected from a specific industry, to respond independently to a defined scenario or problem. The traditional process eliminates face-to-face interaction and encourages individual input by maintaining anonymity and confidentiality among those taking part in the process (Helmer, 1969; Dalkey, 1969; Richie, 1994). After each round of questions, the information is consolidated and edited. The Delphi method requires a number of

rounds, requiring the researcher and participants to complete different activities. The coordinator of the study is responsible for the evaluation of the answers from each round of questions. If the group reaches a consensus in the early rounds, subsequent rounds may be dropped. On the other hand, if group convergence is not reached, the original research problem may be restated and the process restarted (Avgoustis, 1996). The objective of the study is to narrow the answers of the respondents at each phase of questions so a consensus can be reached at the final stage.

According to Miser and Quade (1988), the procedure most commonly applied in Delphi studies involves four successive rounds: (a) a first estimate, (b) a revised estimate, explaining the deviation of responses from the first round, (c) a re-statement based on these reasons, accompanied by counter-arguments, and (d) a final estimate. Convergence of opinion is achieved as shrinkage of the range occurs from one round to the next. The divergence of opinions is estimated by calculating the interquartile range of the fourth round of responses.

Selection of the panel of experts is extremely critical to the study's validity (Helmer, 1969). Lankford (1972) noted several disadvantages of the method; many stemming from problems incurred by the panel. These drawbacks include: (a) results may be unreliable, (b) results may facilitate the production of self-fulfilling prophecies, (c) responses may be influenced by the type and form of questions and (d) there are always unexpected incidents. Additionally, panel attrition can be severe and the effect of dropouts difficult to evaluate (Richie, 1994).

To date, limited use of the Delphi method in the tourism field has been identified. According to Richie (1994), "a study of the future of travel and tourism can help provide reasonable assumptions about what the future may hold. At the same time, it can help identify future dangers and opportunities, giving planners and managers a set of perspectives with which they can respond to a rapidly changing world" (p. 479).

The Nominal Group Technique (NGT) is a six-stage procedure for program planning. First, the session moderator presents to the participants an initial statement of the area to be discussed. Secondly, participants then individually reflect on their personal positions and prepare a written statement on a worksheet. The moderator then selects participants at random to share their ideas with the group, and responses are recorded. The process does not facilitate establishing attribute priorities and is unstructured. The process continues until all participants have been given the opportunity to express an opinion. Next, ideas are consolidated and participants are asked to rank ideas in order of importance. The final stage is compiling the results. As with the Delphi method, the results may be presented to the participants and a second round of ranking undertaken to allow individuals to adjust their position on the issue (Richie, 1994). To summarize, the NGT approach provides two types of output: (a) list of ideas relevant to the topic and (b) quantified individual and aggregate measures of the relative desirability of the ideas rose at the session.

The Delphi and Nominal Group Technique both lend themselves to phased research and planning programs in which data is gathered sequentially. The Delphi and Nominal Group Techniques do not specify a certain number of experts required to form a panel; panels from 10 to 100 have been reported in previous studies (Nanthachai, 2001).

METHODOLOGY

The following objectives were established to accomplish the purpose of this study: (a) organize a town hall meeting of local tourism and art supporters, (b) utilize the nominal group technique and two-round Delphi technique to identify, verify, and validate a broad list of cultural tourism implementation procedure suggestions, (c) rank-order the competencies according to the mean responses from the Round II questionnaire, and (d) use the repeated measures design (t statistic) to test for convergence or divergence of responses.

Through a multi-faceted study that combined the nominal group technique and the Delphi technique, the researchers attempted to reach consensus among participants on ways to successfully implement a successful cultural tourism initiative in Indianapolis, Indiana. The methods used to address this research problem are described in the following sections: (a) sampling, (b) instrument design, (c) research procedure, and (d) data analysis.

Sampling

Researchers attempted to attract interested cultural tourism individuals for the first phase of the study, the town hall forum, through numerous avenues. All research participants were volunteers and the only criterion for participation was an interest in the future of arts and culture for Indianapolis. An announcement of the first phase of the study was posted in three publications: (a) Indianapolis Star, daily newspaper (b) NUVO, a weekly, cultural newspaper, and (c) the university's on-line newsletter. Each press release or article explained the purpose of the town hall forum, the procedure by which the forum would be conducted, the purpose of Delphi study, future steps in the study, and uses of the collected data.

Researchers did not directly contact any individuals to control bias in the study. A total of fifty-four participants attended the town hall forum. The group represented artists, politicians, business owners, hoteliers, educators, students, and other interested members of the community.

Instrument Design

The researchers opted to replace the traditional Round I of the Delphi study with the nominal group technique (NGT). During a town hall meeting, participants entering the room received the research team’s personal position statement outlining suggestions on how to implement the cultural tourism initiative. The intent of circulating the position statement was to stimulate interest and the flow of ideas.

A member of the research team opened the meeting by explaining the procedure for forum participation. Participants were allowed five minutes of unsolicited input on possible ways to implement the cultural tourism initiative. Participants were not restricted to a list of issues or topics. They could relay personal perspectives, ideas and concerns. Two researchers recorded each participant’s comments in a field notes journal. The journal entries were compared for accuracy and reliability. At the conclusion of the forum, the research team thanked the participants for their input and explained further steps in completing the research project.

Research Procedure

Following the town hall forum, thirty-five willing participants received a package that included a formal letter of introduction, an explanation of the purpose of the Delphi study, and instructions on how to complete Round II. Students and faculty members were deleted from the pool of experts. The developed questionnaire was a summary of the suggestions identified at the town hall meeting. Similar suggestions were combined into a single statement to prevent duplication and keep the survey length to a minimum. It is important to note a traditional Delphi study Round I mailing would allow participants to formulate statements and convey areas of interest and concern. This step was completed during the town hall meeting.

Researchers requested the Delphi participants to complete three steps: (a) review the suggestions identified in town hall meeting, (b) mark their position on each statement using a nine-point, Likert-scale rating system, and (c) return the questionnaire in the self-addressed envelope. A follow-up letter was sent to the respondents following the deadline, encouraging their continued participation and re-emphasizing the importance of the study.

The Round II questionnaire consisted of the following question and rating scale:

Based on your experience, how important is each one of the following statements to the development of an urban cultural tourism initiative in Indianapolis, IN? Check your position on each statement by circling your responses using the following nine-point rating scale.

<i>Very Important</i>		<i>Undecided</i>					<i>Least Important</i>	
9	8	7	6	5	4	3	2	1

In Round III, participants received a second package with a number of enclosures. The researchers again sent a formal letter thanking them for their continuous participation in the study. This mailing also included the mean and mode score of all Round II responses, allowing each participate to formulate a final opinion on the implementation suggestions. The same list of implementation suggestions received in Round II was included with the participant’s previous rating for review. Participants were asked to give each implementation suggestion a new rating using the same Likert-scale rating.

Data Analysis

Results from Round II and Round III Delphi study questionnaires were compared using a two-tailed t-test analysis. The mean from the first set of scores was compared with the second round of scores to determine the level of significance ($p > .05$). The sample mean, standard deviation and size of the panel (sample) were used in the t-test equation to determine the t statistic (McMillian & Schumacher, 2001). For this Delphi study $n=20$, so the t statistic had nineteen degrees of freedom. Using the t distribution table, the critical values are +2.093 and -2.093.

RESULTS

Once the Round II questionnaires were returned, the researcher calculated the mode and mean of the participants’ responses for each statement. The ratings of all twenty-two suggestions at the conclusion of Round II are shown in Table 1.

Table 1
Calculation of measures of central tendency for all cultural tourism
implementation procedure suggestions identified in Round II of the Delphi study

Implementation Procedure Suggestions	Mode	Mean
1	Connect attractions with local transportation systems	9.00 7.75
2	Market the city as an art/cultural destination to surrounding states	9.00 7.65
3	Public/private support for local low income artists	9.00 6.8
4	Expand the existing art portfolio to include contemporary/visual art	9.00 7.00
5	Promote cultural tourism to city's residents using current communication technology	9.00 8.25
6	Instill appreciation of art/culture at a young age	9.00 7.95
7	Sell Indianapolis to Indianapolis	9.00 8.50
8	Train tourism front line employees on the city's cultural attractions	9.00 8.25
9	Build an accessibility network to connect attractions e.g. The Cultural Trail	9.00 6.89
10	Improve communication among the art/culture community and local public administration	9.00 7.85
11	Encourage local businesses to become venues of the city's art product	7.00 7.15
12	Improve affordability of Indianapolis art product through private/public subsidies	9.00 6.65
13	Private/public support for public art	9.00 7.60
14	Encourage the art/culture community to offer more free open houses showcasing the destinations	7.00 6.95
15	Show the connection between thriving art/culture community and local economic development	9.00 7.95
16	Offer Indianapolis art/cultural products as a package	7.00 6.85
17	Make Indianapolis the training ground for future local and national artists	9.00 7.21
18	Develop an inventory of local art/cultural attractions	9.00 7.89
19	Private/public effort to attract touring national/international exhibits	8.00 7.95
20	Better communication of art/culture products available to local residents	9.00 7.95
21	Priority by local administration in encouraging artists to stay in Indianapolis	9.00 7.68
22	Encourage more street performers along the culture/art accessibility network e.g. The Cultural Trail	7.00 6.45

In this final round of the Delphi study, participants who successfully completed Round II were asked to consider their own previous rating and that of the entire panel (the Round II group mean and group mode) and mark their new position on each statement using the same, nine-points rating scale. Six participants mailed in their responses by the required date. A follow up letter was sent to the remaining participants who had not yet responded with a new deadline. A total of fifteen participants responded to the second round of the study. The group's mean and mode calculations for all statements rated in Round III are shown in Table 2.

Table 2
Calculation of measures of central tendency for all cultural tourism
implementation procedure suggestions identified in Round III of the Delphi study

Implementation Procedure Suggestions	Mode	Mean
1	Connect attractions with local transportation systems	9 7.8
2	Market the city as an art/cultural destination to surrounding states	9 7.47
3	Public/private support for local low income artists	9 7.13
4	Expand the existing art portfolio to include contemporary/visual art	9 7.67
5	Promote cultural tourism to city's residents using current communication technology	8 7.87
6	Instill appreciation of art/culture at a young age	9 8.07
7	Sell Indianapolis to Indianapolis	9 8.27
8	Train tourism front line employees on the city's cultural attractions	9 8.33
9	Build an accessibility network to connect attractions e.g. The Cultural Trail	8 6.4
10	Improve communication among the art/culture community and local public administration	9 7.73
11	Encourage local businesses to become venues of the city's art product	7 6.73
12	Improve affordability of Indianapolis art product through private/public subsidies	9 6.53
13	Private/public support for public art	9 7.73
14	Encourage the art/culture community to offer more free open houses showcasing the destinations	8 6.4
15	Show the connection between thriving art/culture community and local economic development	9 7.8
16	Offer Indianapolis art/cultural products as a package	6 6.4
17	Make Indianapolis the training ground for future local and national artists	9 6.73
18	Develop an inventory of local art/cultural attractions	9 7.93
19	Private/public effort to attract touring national/international exhibits	8 7.47
20	Better communication of art/culture products available to local residents	9 7.67
21	Priority by local administration in encouraging artists to stay in Indianapolis	9 7.67
22	Encourage more street performers along the culture/art accessibility network e.g. The Cultural	5 6

	Trail		
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The researchers ranked order all statements at the conclusion of Round III. The rank ordering was based on mean responses calculated in that round. The top ten statements are shown in Table 3.

Table 3
Rank order of the statements based on group mean calculations in Round III as they appear on Round II questionnaire

Round Iii Rank Order		
	Implementation Procedure Suggestions	Mean
1	Train tourism front line employees on the city’s cultural attractions	8.33
2	Sell Indianapolis to Indianapolis	8.27
3	Instill appreciation of art/culture at a young age	8.07
4	Develop an inventory of local art/cultural attractions	7.93
5	Promote cultural tourism to city’s residents using current communication technology	7.87
6	Connect attractions with local transportation systems	7.8
7	Show the connection between thriving art/culture community and local economic development	7.8
8	Improve communication among the art/culture community and local public administration	7.73
9	Private/public support for public art	7.73
10	Expand the existing art portfolio to include contemporary/visual art	7.67

The t-statistic tested the null hypothesis that there was no significant difference between the variances of the panel’s responses during Rounds II and III. The level of significance was set at the 0.05 level for a two-tailed test.

For Round III, the sample size was fifteen. Using the t distribution table the critical values were +2.143 and -2.0143. Table 4 shows the t values of all statements in Rounds II and III. Statement numbers are listed as they appear on the Round III questionnaire. A significant convergence of opinion was established on only one statement that fell in the critical region. This convergence (consensus) of opinion resulted from the transfer of information and the actual interaction among the Delphi participants during the two rounds of the study. For the remaining statements, participant’s positions did not change over the two rounds, nor did the overall agreement by participant on the importance of each statement. In other words, participants were in agreement all along with the 22 statements identified during the Town Hall meeting.

The top five implementation suggestions included: a) train tourism front line employees on the city’s cultural attractions; b) sell Indianapolis to Indianapolis; c) instill appreciation of art/culture at a young age; d) develop an inventory of local art/cultural attractions; and e) promote cultural tourism to city’s residents using current communication technology. The city of Indianapolis has begun the process of implementing these suggestions in its tourism agenda. In a partnership with the lodging industry, the city developed a training program to educate hotel employees about the city’s cultural attractions. The researchers plan a complete investigation of the impact of this program in the summer of 2004.

DISCUSSION

The study was delimited or “bound” by several elements. First, only stakeholders attending the initial town hall meeting were eligible to provide input and ideas for the design of Round II. Second, only those who attended the town hall meeting were included in the Delphi study. Additionally, those at the town hall meeting who did not complete an information card were eliminated from future rounds of the study. Finally, the nominal substituted the traditional Round I of the Delphi study.

The sample was limited by only including participants of the town hall meeting. The study’s initial sample size and second round attrition should also be noted as a concern in reporting our conclusions. The survey instrument was constructed solely based on the input of a single town hall meeting; no other method was used to validate or compare statements. Researchers did not use a literature review to provide additional information or yield additional questions to verify needs of local stakeholder attendees. Lastly, the nominal group technique, in the form of a town hall meeting, did not allow participants’ confidentiality or anonymity in their position.

Researchers made several assumptions in the study. It was assumed motivation level of tourism leaders was high. Next, subjects participating in the study offered comments that would benefit the city as a whole, not their personal interests.

A number of follow-up studies need to be constructed from this initial study, to not only compare the accuracy of the findings but also to monitor changes in community behavior as the cultural tourism initiative is being implemented.

Table 4
T values for each statement in Rounds I and II (p<.05)

Statement	T-Value	Significance
1	-0.564	
2	0	
3	-1.382	
4	-0.564	
5	0.222	
6	-0.269	
7	-0.807	
8	-1.146	
9	0.366	
10	N/A	
11	1.784	
Statement	T-Value	Significance
12	0.434	
13	-0.269	
14	2.256	*
15	0	
16	-0.269	
17	0.898	
18	-1	
19	1.74	
20	-1.146	
21	0	
22	0.459	

CONCLUSION

This study provided the framework for beginning the process of understanding the different perspectives of cultural tourism stakeholders in the implementation of a cultural tourism initiative. The goal of this research was to rely on the input of local tourism experts to reach a collective recommendation on how to successfully implement a cultural tourism initiative for Indianapolis. By involving the community, cultural tourism can stand to grow and thrive in this urban metropolis of varied cultural offerings and attractions.

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LONGITUDINAL STUDY OF RESIDENTS' PERCEPTIONS OF CASINO DEVELOPMENT:
STRUCTURAL EQUATION MODELING APPROACH WITH MULTI-GROUP ANALYSES

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ABSTRACT

The objectives of this study were two-fold. First, this longitudinal study sought to explore the changing attitudes of residents towards casino development over a four-year period, using a structural equation model. Second, this study examined the underlying relationships and the changing behaviors of impact, benefit, and support variables in a longitudinal pattern based on the social exchange theory. Although the respondents changed their perceptions before and after the casino opened, benefit, positive economic, and negative social factors were significant in determining their support level, consistent with the social exchange theory.

INTRODUCTION

Several recent studies on the impacts of gaming legalization have been reported in the literature (Hsu, 2000; Long, 1996; Perdue, Long and Kang, 1995; Roehl, 1994). Hsu (2000) stated that most of these gaming impact studies are based on the tourism impact studies of the 1970s. The main interest of these studies was residents' perceptions of the social, economic, and environmental impacts of gaming on their community (Lee and Back, 2003). For example, researchers have considered both positive and negative impacts of gaming in creating employment opportunities, encouraging inbound tourism, demoralizing family values, and motivating gambling. Specifically, Carmichael, Peppard and Boudrea (1996) stressed the importance of residents' positive and negative attitudes toward casino development. Long's (1996) study revealed that the majority of respondents did not recommend legalized gambling to other communities because of the severe negative impacts of casinos. On the other hand, Giacopassi, Nichols and Stitt (1999) studied policy makers in seven communities and found that the majority of respondents favored the casino in the community and believed that it enhanced the quality of life by providing positive impacts on the economy. Thus, the dual faces of casino development depend on the interests of the different parties.

Despite of the published research, gaming impact studies in South Korea are rare due to the short history of the casino industry there. Although thirteen casinos have been in operation since the late 1960s and early 1970s, there was no casino for domestic players until 2000. The first casino, the Kangwon Land Resort, was made legally available to domestic customers in the Kangwon province in October 2000. Similar to Colorado, the geographic location of this casino is a rundown mining area that suffered a devastating economic situation after coal was replaced by oil and gas. The government first legalized a casino in Chonsun in 1995, they repeatedly urged the government to legalize gaming for domestic customers in order to revitalize this dilapidated mining towns. The unique aspect of this approval was that only one domestic use casino was allowed in Korea (Lee and Back, 2004).

Prior to opening the casino, the government expected to experience numerous positive economic impacts, including an increased employment rate, disposable income, sales revenue in local businesses, and so on. Local businesses, lodging facilities, restaurants, taxies, and gas stations increased their sales volumes by 50 to 200 percent. Also, the casino hired 37 percent of its employees from the community (Lee and Back, 2004). Despite the many positive impacts of the casino, a considerable number of residents have expressed their concerns about its negative impacts, namely social and environmental problems. Like casinos in the U.S. market or in other nations, the residents of the casino community are experiencing problems with gambling addiction, crime rates, prostitution, drugs, and traffic congestion. The number of pawnshops rapidly increased just after the casino's opening and financial crises and problem gamblers were frequently reported by the mass media. However, much of the qualitative data, including residents' attitude toward the casino and social perspectives, have not been well reported (Lee and Back, 2004).

Lee and Back (2003) initiated a longitudinal study of casino impacts on residents' perceptions six months before and after the Kangwon Land Casino opened in Korea. The theoretical model was developed based on the social exchange theory, which attempted to understand and predict the behavior of individuals in an interactive situation (Ap, 1990). Based

on the tourism literature, residents who perceive personal benefit from casino development will support and express positive attitudes toward casino development. Perdue et al. (1995) supported the social exchange theory in that residents who perceived benefits from gaming were more likely to be positive in assessing the quality of life. They also found that personal benefits were strongly correlated with support for gambling and its positive impacts, such as jobs and recreation opportunities.

Lee and Back (2003) found consistent results based on the social exchange theory. The results showed that residents' support for casino development was highly dependent on perceived benefits. Also, there were slight changes in residents' perceptions that benefit had a stronger relationship with support after the casino opened. Furthermore, the effects of positive economic impacts became more significant in predicting perceived benefits after the casino opened. However, the results had a major limitation—the pre- and post-data were collected only for six months before and after the casino's opening, so that there was a potential bias in the historical examination. In addition, the researchers noted that "the post data collected for shorter periods of time may underestimate the impact of casino development if residents have not accessed the casino" (Lee and Back, 2003, p. 884).

Thus, the primary purpose of this longitudinal study is to explore the changing attitudes of residents towards casino development over four years, using a structural equation model. Specifically, this study was conducted to confirm the underlying factors affecting residents' perceptions of casino development in terms of social, economic, and environmental impacts by using confirmatory factor analysis. Second, this study was developed to examine the underlying relationships and the changing behaviors of impact, benefit, and support variables in a longitudinal pattern based on the social exchange theory, using structural equation modeling.

METHODOLOGY

Two casino communities, designated by a special law as run-down mining areas, were chosen for survey research. The data for this study were collected in four different time frames, using so-called pre- and post 3-surveys. The pre-survey was conducted six months prior to the casino's opening. A self-administered questionnaire and personal interview were conducted. Respondents of at least 18 years of age were asked to participate in the survey. A total of 517 usable questionnaires were finally collected during the pre-survey.

The post 1-survey was administered to those who had responded to the pre-survey after the Kangwon Land Casino opened six months later. Each researcher was posted to the same survey site as in the pre-survey and was given information on respondent's name, phone number, and working place as collected in the pre-survey so that they could be easily identified. The surveyors asked respondents whether they had participated in the pre-survey. If they confirmed participation, they proceeded with the post-survey. During the post-survey, a total of 404 usable questionnaires were finally collected. The post 2-data were collected one and one half years later than the previous data, which was equivalent to almost two years post-opening. A total of 415 usable questionnaires were collected. Among these respondents, about half (205) participated in the previous two surveys because they were out of town, moved away, quit their jobs, or closed businesses. The post 3-survey was conducted one year after the previous data were collected, in summer 2003. A total of 567 usable questionnaires were collected in the post 3-data collection effort. Since there was a significant time gap between the pre-and the post 3-data, 187 of 567 respondents were included in this entire longitudinal study because they were out of town, moved away, quit their jobs, or closed businesses. Of the respondents, 48 percent stated that they were born in the casino community.

Measurements were directly adopted from the authors' earlier study (Lee and Back, 2003). Content validity ensures that the measure includes an adequate and representative set of items that would describe the concept. Table 1 presents the measurement scales utilized in the study. The psychometric properties of the eight constructs were evaluated by employing the method of confirmatory factor analysis using LISREL 8.54 (Joreskog, Sorbom, du Toit, and du Toit, 2001). The specific items were evaluated based on the item's error variance, modification index, and residual covariation. The model fit was evaluated using the CFI, NNFI, and RMSEA fit indices recommended due to their relative stability and insensitivity to sample size. Entire data had CFI and NNFI ranging between 0.90 and 0.95, whereas RMSEA ranged from 0.07 to 0.08, suggesting appropriate goodness of fit. The coefficient alpha estimates for the multi-item scales used in this study are presented in Table 1. Most of alpha coefficients for the data exceed or are close to the minimum standard for reliability of 0.7 recommended by Nunnally and Bernstein (1994), except for negative economic construct in the second post data.

Table 1.
Results of Confirmatory Factor Analysis – Pre-, Post 1, 2, & 3 –Data*

Construct	Item	Pre	Post 1	Post2	Post3
Positive Economic	Parameter Estimates:				
	Investment and business	0.73	0.70	0.73	0.64
	Tourist spending	0.66	0.67	0.71	0.63
	Standard of living	0.48	0.43	0.83	0.80
	Tax revenue	0.61	0.70	0.64	0.55
	Employment opportunity	0.68	0.65	0.66	0.58
	Personal income	0.67	0.70	0.79	0.77
	Construct Reliability:	0.82	0.83	0.85	0.83
Negative Economic	Parameter Estimates:				
	Costs of living	0.80	0.78	0.71	0.70
	Tax burden	0.72	0.74	0.66	0.67
	Construct Reliability:	0.76	0.74	0.60	0.64
Positive Social	Parameter Estimates:				
	Quality of life	0.53	0.65	0.71	0.71
	Educational environment	0.80	0.85	0.64	0.72
	Community spirit	0.64	0.73	0.73	0.70
	Pride of local residents	0.50	0.69	0.84	0.79
	Conserve local culture	0.58	0.56	0.61	0.69
	Construct Reliability:	0.75	0.83	0.83	0.85
Negative Social	Parameter Estimates:				
	Gambling addicts	0.85	0.78	0.64	0.61
	Bankruptcy	0.87	0.81	0.72	0.67
	Destruction of family	0.87	0.82	0.77	0.73
	Prostitution	0.87	0.85	0.67	0.66
	Divorce	0.83	0.86	0.75	0.76
	Alcoholism	0.91	0.81	0.74	0.77
	Crime	0.93	0.85	0.66	0.70
Construct Reliability:	0.96	0.91	0.88	0.87	
Positive Environmental	Parameter Estimates:				
	Preservation of historic sites	0.73	0.74	0.59	0.70
	Preservation of natural beauty	0.56	0.50	0.66	0.64
	Construct Reliability:	0.68	0.67	0.65	0.66
Negative Environmental	Parameter Estimates:				
	Crowding	0.57	0.52	0.40	0.33
	Traffic congestion	0.77	0.70	0.65	0.62
	Quantity of litter	0.91	0.84	0.68	0.76
	Noise level	0.92	0.85	0.74	0.80
	Water pollution	0.84	0.84	0.68	0.78
	Destruction of natural environ.	0.82	0.75	0.65	0.68
Construct Reliability:	0.92	0.89	0.82	0.83	
Benefits	Parameter Estimates:				
	Various Job opportunities	0.77	0.75	0.86	0.77
	Casino related job opportunities	0.72	0.72	0.82	0.71
	Personal benefit	0.67	0.71	0.99	0.85
	Community benefit	0.88	0.85	0.98	0.80
	Construct Reliability:	0.77	0.83	0.89	0.86
Supports	Parameter Estimates:				
	Bright future	0.81	0.83	0.93	0.80
	Pride	0.77	0.80	0.83	0.78
	Better place to live	0.43	0.72	0.94	0.85
	Support	0.82	0.85	0.94	0.75
	Right choice for the city	0.72	0.81	0.92	0.80
	Construct Reliability:	0.87	0.88	0.92	0.90

* pre: CFI=0.91, NNFI=0.90, RMSEA=0.08; post 1: CFI=0.91, NNFI=0.90, RMSEA=0.08; post 2: CFI=0.94, NNFI=0.93, RMSEA=0.07; post 3: CFI=0.95, NNFI=0.95, RMSEA=0.07

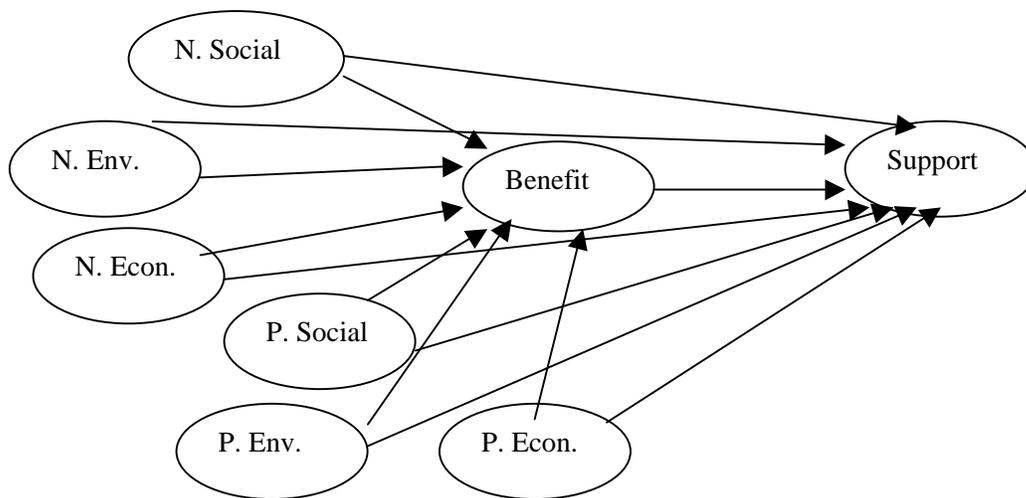
The theoretical model was based on social exchange theory which postulates that exogenous variables —positive and negative economic, positive and negative social, positive and negative environmental factors— have both direct and indirect effects on benefit and support (Figure 1).

ANALYSIS AND RESULTS

The goodness of the fit of the various models was testable and the relative fit of particular pairs of models could be assessed. Three approaches to ascertain consistency of factors were taken using this analysis: (1) investigating the significant relationships among the variables; (2) testing significant differences among pre, post 1, 2, and 3 data, whether the residents’ perceptions of the casino development changed over the period; and (3) identifying specific differences in the residents’ perceptions in the longitudinal study.

In the earlier study, the theoretical model was developed as shown in Figure 1. This model was then compared with the competing model, which excluded the direct paths from each exogenous variable. As appeared in Lee and Back’s (2003) study, the overall fit of the theoretical model was good. The Chi-square was significant ($p < .001$), while the CFI and NNFI were about .91 and .90, respectively; whereas RMSEA was .062~0.067. In comparing this and the competing model, it was clear that the theoretical model fit better than the competing model ($\Delta\chi^2 = 160.78, \Delta df = 12, p < .001$), so the authors decided to use the theoretical model as the base model for further testing the invariance between pre- and post-data (Lee and Back 2003).

Figure 1
Proposed Model of Residents’ Perceptions of a Casino



Entire Group Analysis – Pre, Post 1, Post 2, and Post 3

Table 2 summarizes the model comparison for group analysis. First, two models were compared to test similarity among the entire data set. In Model 1, the four groups were not restricted by any of the non-fixed parameters so that they have the same value across groups. In Model 2, the factor loadings were constrained to be equal across the four groups. By comparing the goodness of fit between Model 2 and Model 1, it could be decided whether the four groups have the same loadings or coefficients from the measurement model. Table 2 shows that there was a significant difference between the models ($\Delta\chi^2 = 406.78, \Delta df = 87, p < .001$). The result was not unexpected, since the data were collected over four-year period from a heterogeneous sample. In order to investigate the relationships more specifically, partial group analyses were conducted by comparing pre- and post 1-, post1- and post 2-, and post 2- and post 3-data.

Partial Group Analyses

The pre- and post 1-data were compared without any restrictions to the parameters in Model 3.1. Consequently, the authors constrained the all factor loadings to be equal in these two data sets as developed as Model 3.2. The chi-square difference test was conducted between Models 3.1 and 3.2, resulting in no significant difference ($\Delta\chi^2 = 41.06, \Delta df = 29, p > .001$). Since Model 3.2 had equality constraints in factor loadings for pre- and post 1-data, the results showed that two groups have an invariant structure of the manifest variables for indicating latent variables. As stated in the earlier study, the data have similar underlying structures in each factor.

As Bollen (1989) suggested, the next step was to assess the invariance of all regression coefficients across groups by adding equality constraints in Model 3.3. This restricted hierarchical model, Model 3.3, helps to assess invariance for the general structural equation model with both latent and manifest variables. Although Model 3.3 appeared to be a good fit, the chi-square difference test and practical indicator difference test showed that the fit of Model 3.3 was significantly worse than that of Model 3.2 ($\Delta\chi^2=121.70$, $\Delta df=13$, $p<.001$). Thus, the hierarchical structural equation modeling step stopped in Model 3.2, suggesting that the residents' perceptions were changed before and six months after the casino opened.

Table 2
Model Comparisons for Group Analysis

Model	χ^2	df	RMSEA	CFI	NNFI
For Full Group Analysis:					
Model 1 (Free)	8791.42	2400	0.071	0.94	0.93
Model 2 (L(X)Y=IN)	9198.20	2487	0.073	0.94	0.93
Model 2 – Model 1 ($\Delta\chi^2 / \Delta df$)	406.78	87			
For Partial Group Analyses:					
<i>Pre Vs Post1</i>					
Model 3.1 (Free)	4307.94	1200	0.071	0.94	0.93
Model 3.2 (L(X)Y=IN)	4349.00	1229	0.072	0.93	0.93
Model 3.2 – Model 3.1 ($\Delta\chi^2/\Delta df$)	41.06	29			
Model 3.3 (L(X)Y=IN, BE=IN, GA=IN)	4471.11	1242	0.074	0.93	0.93
Model 3.3 – Model 3.2 ($\Delta\chi^2/\Delta df$)	121.7	13			
<i>Post1 Vs Post2</i>					
Model 4.1 (Free)	4536.52	1200	0.074	0.93	0.92
Model 4.2 (L(X)Y=IN)	4718.19	1229	0.075	0.93	0.92
Model 4.2 – Model 4.1 ($\Delta\chi^2/\Delta df$)	181.67	29			
<i>Post2 Vs Post3</i>					
Model 5.1 (Free)	3841.16	1200	0.071	0.95	0.94
Model 5.2 (L(X)Y=IN)	3884.29	1229	0.072	0.95	0.94
Model 5.2 – Model 5.1 ($\Delta\chi^2/\Delta df$)	43.13	29			
Model 5.3 (L(X)Y=IN, BE=IN, GA=IN)	3900.40	1242	0.069	0.94	0.94
Model 5.3 – Model 5.2 ($\Delta\chi^2/\Delta df$)	16.11	13			
Model 5.4 (L(X)Y=IN, BE=IN, GA=IN, TE(D)=IN, PS=IN)	4043.56	1303	0.068	0.94	0.94
Model 5.4 – Model 5.3 ($\Delta\chi^2/\Delta df$)	143.16	61			

The post 1- and post 2-data were compared without any restrictions in the parameters in Model 4.1 (see Table 2). Like the previous procedure, Model 4.2 was developed by constraining all factor loadings to be equal in these two data sets. Then, the chi-square difference test was conducted between Models 4.1 and 4.2, resulting in significant differences ($\Delta\chi^2=181.67$, $\Delta df=29$, $p<.001$). The hierarchical structural equation modeling step stopped in Model 4.2. The results indicated that these two groups have different structures of manifest variables for indicating latent variables. The main reason for this result may be the heterogeneity of the sample over the period. Post 2-data was collected one and one half years later than the post 1- survey. Thus, there were significant changes in respondents in that some were excluded from and some were added to the survey.

The post 2- and post 3-data were compared without any restrictions in the parameters in Model 5.1. Consequently, constraining all factor loadings to be equal in these two data sets developed as Model 5.2. The chi-square difference test was conducted between Model 5.1 and 5.2, resulting in no significant difference ($\Delta\chi^2=43.13$, $\Delta df=29$, $p>.001$). Since Model 5.2 had equality constraints in factor loadings for post 2- and post 3-data, the results showed that two groups have invariant structures in the manifest variables for indicating latent variables. Like the comparison between pre- and post 1-data, the next step was to assess the invariance of all regression coefficients across groups by adding equality constraints in Model 5.3. This restricted hierarchical model, Model 5.3, helps to assess invariance for the general structural equation model with both latent and manifest variables. Although Model 5.3 appeared to be a good fit, the chi-square difference test and practical indicator difference test showed that the fit of Model 5.3 was not significantly different from that of Model 5.2 ($\Delta\chi^2=16.11$, $\Delta df=13$, $p>.001$).

Thus, the hierarchical structural equation modeling proceeded to the next step in which the covariance matrix of error variance was fixed to be equal. Model 5.4 was developed to make all lambda loadings, regression coefficients, and error variances equal across post 2- and post 3-data. The fit of Model 5.4 was significantly worse than that of Model 5.3 ($\Delta\chi^2=143.16$, $\Delta df=61$, $p<.001$). Thus, the modeling step stopped in Model 5.3, suggesting that the residents' perceptions were not much changed two and three years after the casino opened.

STUDY FINDINGS AND CONCLUSIONS

The results of the longitudinal analyses reported here suggest numerous possibilities. First, residents showed significantly different perceptions about the casino before and after its development. According to the pre-data, residents' support was predicted by positive economic, positive and negative social, and positive environmental factors as well as by benefit.

Table 3
Results of Comprehensive Model Testing

	Estimates	Pre	Post 1	Post 2	Post 3
Paths	PE → Ben	0.26(4.04)	0.47(6.12)	0.38(4.90)	0.35(4.95)
	NE→ Ben	-0.23(3.22)	-0.08(2.53)	-0.03(0.86)	0.07(1.32)
	PS → Ben	0.10(1.41)	0.11(0.86)	0.08(2.01)	0.15(2.15)
	NS→ Ben	-0.08(1.22)	-0.19(1.29)	-0.26(4.42)	-0.13(2.66)
	PEv→ Ben	-0.01(0.15)	0.15(1.25)	0.19(2.04)	0.23(3.07)
	NEv→ Ben	0.03(0.51)	0.02(0.27)	0.16(0.79)	0.02(0.36)
	PE → Sup	0.33(5.87)	0.04(0.57)	0.03(0.51)	0.05(0.88)
	NE→ Sup	0.02(0.34)	0.01(0.22)	-0.09(0.64)	-0.16(0.63)
	PS → Sup	0.29(4.46)	0.26(3.76)	0.11(1.95)	0.12(2.09)
	NS→ Sup	-0.16(3.01)	-0.13(2.67)	-0.12(2.31)	-0.10(2.66)
	PEv→ Sup	0.26(3.88)	0.14(1.45)	0.10(2.04)	0.17(3.02)
	NEv→ Sup	0.01(0.11)	0.05(1.10)	0.01(0.23)	0.03(1.11)
	Ben → Sup	0.25(5.06)	0.66(8.87)	0.77(12.23)	0.71(13.91)
R²	R ² Ben	0.12	0.50	0.41	0.50
	R ² Sup	0.44	0.63	0.75	0.84
Fit	χ^2 (p-value)	2178.49(.00)	2129.45(.00)	1749.48(.00)	2091.68(.00)
	df	600	600	600	600
	CFI	0.93	0.94	0.94	0.95
	NNFI	0.92	0.93	0.93	0.95
	RMSEA	0.077	0.076	0.071	0.069

As Table 3 presents, respondents supported casino when they perceived receiving personal and community benefits ($\beta=0.25$, $t=5.06$) as based on social exchange theory. Among those significant factors besides benefit, the positive economic factor had the strongest direct effect on support ($\gamma=0.33$, $t=5.87$). In other words, when residents perceived the positive economic factor, such as enhancing investment and business, employment opportunities, income, and tourist spending, their support level increased dramatically. However, when they were concerned about negative social factors, such as occurrences of gambling addicts, bankruptcies, and alcoholism, their support level decreased ($\gamma=-0.16$, $t=3.01$). Positive and negative economic factors also had indirectly significant effects on support mediated by benefit.

Second, six months after casino opened, post 1-data showed some minor changes in residents' perceptions about support. Positive economic and environmental factors had no significant direct effects on support. Specifically, the positive economic factor had a significant effect on support only when mediated by benefit ($\gamma=0.47$, $t=6.12$; $\beta=0.66$, $t=8.87$). This result can be interpreted as residents' exposure to the casino—their perceptions of the positive economic factor did not cause them to support it. Rather, they tended to become more supportive when they actually received economic benefit. Furthermore, positive and negative social factors were less likely to be predicted by their level of support for the casino six months after its opening.

Third, residents changed their perceptions dramatically two years after the casino opened. A comparison of post 1- and post 2- data revealed significant changes in residents' perception. The positive relationship between benefit and support was strengthened ($\beta=0.77$, $t=12.23$). Both the negative social and positive environmental factors had significant direct effects on support ($\gamma=-0.12$, $t=2.31$; $\gamma=0.10$, $t=2.04$). Residents were seriously concerned about gambling addiction due to the increasing number of problem gamblers within the community who were experiencing bankruptcies, destruction of families, and suicides. Also, residents were more concerned about the positive environmental factor. As far as benefits were concerned, residents seriously cared about positive economic, social, and environmental factors as well as the negative social factor. Residents believed that a positive social factor, such as enhancements to quality of life, educational environment, and community spirit, was significantly affecting benefit. Once they actually received their benefit, then they would support the casino ($\beta=0.77$, $t=12.23$). This could be applied in the same manner to the positive economic factor.

Last, post 3-data were collected one year after the collection of post 2-data. Interestingly, the structural equations were not statistically different between the two sets of data. In other words, residents' perceptions did not change two years after the casino's opening and thereafter. The results suggested that residents had stable feelings toward casino development. Benefit was still the strongest factor in determining support. Positive economic, social, and environmental factors showed strong direct effects on benefit, whereas negative social and positive environmental factors had both significant direct and indirect effects on support.

To summarize, the results showed that residents had stable perceptions of the casino and its impacts two years after it opened in their community. The positive economic impact was most significant in determining the benefit. Also, respondents perceived significant effects of negative social impact on both benefit and support. Furthermore, benefit was the most important determinant in residents' support for casino development according to the entire data set. The results of this study have several implications: (1) the social exchange model fits the entire data very well in explaining residents' attitudes toward casino operation, (2) policy makers should identify how to provide benefits to those local residents so that they can support casino development further, and (3) casino operators and policy makers should make efforts to minimize the negative social factor, because increased perceived benefit and support was not only due to the positive economic factor but also was significantly affected by the negative social factor, such as gambling addiction problems. The results of this longitudinal study can be used in evaluating changes to residents' perception. Thus, policy makers can take appropriate actions to make the community a pleasant place to live and to improve the quality of life for residents.

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THE WEBSITE DESIGN AND INTERNET SITE MARKETING PRACTICES OF UPSCAL
AND LUXURY HOTELS IN TURKEY

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ABSTRACT

Internet, connecting businesses and consumers around the globe, has been grown rapidly. It is open for 24 hours. The advances in text and multimedia display, security features, and databases have turned the worldwide web into an effective and substantial marketing medium in terms of target marketing, mass customization, communication and distribution. The Internet services and subscriptions in Turkey and worldwide are developing, and the number of web sites continues to grow at an explosive rate. There are currently 619 millions of people who have access to Internet and this number is estimated to be 940 millions in 2004. Turkey is a potentially large Internet market with 65.7 million inhabitants and geographic and economic links to both Europe and the Middle East. A report in 2000 has shown that in the last two years Turkey had fastest growth in Internet usage in the World. Previous research demonstrates that website design and Internet marketing features contribute significantly to effective delivery of messages, perceived quality of products and services, and brand image, and customer loyalty. Therefore, effective web-design and transforming marketing mix variables to e-marketplace are very critical.

This study utilizes content analysis to analyze the websites of a select group (4- and 5-star) of hotels in Turkey in terms of site design characteristics (interactivity, navigation, and functionality) and site marketing practices on the Internet. The study also investigated variations in design and use of marketing elements on the Internet due to hotel type (4- and 5-star resort and transient hotels). The data are analyzed by using Correspondence Analysis and Multivariate Analysis of Variance. The findings indicate that the hotels included in the study are not utilizing the Internet to its full potential and effectively marketing their hotels regardless of the hotel type. They should take advantage of full range of features of the Internet for both site design - particularly in interactivity and functionality - and marketing mix variables. The sites need improvement in terms of value-added features such as weather conditions, updated exchange rates, destination links, and animation and graphics.

The study finds varying emphasis on site design and marketing features based on the hotel category. Although some of the different emphases could be explained due to being a transient or resort hotel, quite a few differences should not have existed at all because effective site design and e-marketing are necessary for all hotel types. A particular attention should be given to online guest comment or survey forms, search capabilities in the homepage, and transforming marketing mix variables on the Internet regardless of the hotel type. The early adoption of effective site design and marketing features may provide competitive advantage in the future when e-marketing becomes more popular in Turkey. The study findings, however, are limited to hotels listed in the Hotel Guide and to the web design and marketing items included in this study.

Key Words: Internet Marketing, Website Design, 5-Star Hotels/4-Star Hotels, Turkey; Correspondence Analysis

JOB CHARACTERISTICS AND JOB DESIGN IN TABLE-SERVICE RESTAURANTS

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ABSTRACT

This study assessed the relationships of job characteristics, job satisfaction, and job performance in a sample of 315 table service restaurant employees. Results demonstrate the job characteristics to be reliable constructs, and that the sample perceived them to exist at varying levels in their jobs. Multiple measures of job satisfaction are reported and compared. Perceived job characteristics do appear to influence job satisfaction, but demonstrate only a very limited relationship with job performance. Recommendations are suggested for job design or job redesign that may enhance satisfaction and performance.

Key Words: Table Service Restaurants, Job Characteristics, Job Design, Job Satisfaction, Job Performance

INTRODUCTION

Job characteristics theories seek to identify employees' perceptions of the activities and responsibilities associated with their jobs, and the relationship of these perceptions to employee satisfaction, motivation, performance, attendance, and turnover. *Job design* examines ways in which modifying job characteristics, typically through job enlargement and job enrichment, can improve attitudes and performance. Particularly in labor intensive hospitality jobs, which are often characterized by employee dissatisfaction, absenteeism, and turnover, job characteristics and job design offer great promise for increasing employee job satisfaction and mitigating the ongoing absenteeism and turnover challenges.

Although job characteristics research has been conducted in other hospitality venues, however, no published research has studied job characteristics in table service restaurants or with table service employees. The apparent lack of study in this area created a unique opportunity to learn more about the characteristics associated with restaurant employee jobs, and how these characteristics are associated with job attitudes and on-the-job behaviors. This research had four distinct purposes. Since job characteristics have not been measured for table service restaurant employees, the first purpose was to test the dimensionality and reliability of a set of job characteristics scales in a restaurant employee sample, and to determine the extent to which they perceive these job characteristics to exist in their jobs. The second research purpose was to assess the job satisfaction of the restaurant employees on a variety of satisfaction measures and to see how the different measures compare. The third purpose was to evaluate how job characteristics predict job satisfaction of restaurant employees. The final purpose, a unique contribution of the study, was to determine how job characteristics and job satisfaction are related to job performance.

Because of the page limitation for this proceeding, the content of this article has been severely truncated, and only results related to the third and fourth research purposes are included here. Though a complete bibliography is included, the review of literature has been deleted, along with information related to scale development and testing (the first research purpose), and job position and gender difference comparisons. (Contact the author for text of the complete article and additional information on job characteristics and job design among hospitality employees.)

STUDY DEVELOPMENT

Job characteristics are typically used to predict job satisfaction as the dependent variable, which is ordinarily assessed in one of two ways. Based on the work of Smith, Kendall, and Hulin (1969), a frequently used method is to ask respondents about specific "facets" of their jobs (*pay, benefits, supervision, working conditions, the work itself*) to determine how they feel about each one individually. Overall satisfaction is interpreted as the mean of these facets. Evidence indicates, however, that the average of a person's feelings about individual job elements may be very different than their response to a single-item global scale asking how well they like their job overall (Scarpello & Campbell, 1983). The current study utilizes both the "mean of facets" and the "single-item" methods.

Based on the research cited, this study tested for nine specific job characteristic variables. Variety, significance, autonomy, and feedback are based on traditional job satisfaction research in manufacturing (Hackman & Oldham, 1975; Sims, Szilagy, and Keller, 1976). Friendship opportunities was adopted from Sims, Szilagy, and Keller (1976), and challenge and clarity are added based on work by Szilagy (1979) and verified in services and hospitality. Schedule

flexibility was added of as a function of the hospitality setting. Four items were used to assess each job characteristic, in three item formats.

To most effectively capture any influence that job characteristics may have, the study measures a variety of dependent variables, including attitudes, behavioral intentions, and actual job performance. The attitudes measured include multiple measures of job satisfaction. These include seven different facets of satisfaction, the mean of these facets, and a single measure of overall or “global” satisfaction. Two measures of behavioral intentions are “intent to remain” with the organization and “willingness to recommend the organization as a good place to work.”

The sample for this study was all hourly employees in six representative units of a 76-unit regional family dining restaurant chain. Data collection took place in two phases. First, a survey was used to collect information about employees’ job related attitudes and their perception of job characteristics in their work. In the second phase, to collect data on management’s assessment of employee job performance, the managers generated a list of all employees in their operations and assessed each employee on a 7-point performance scale.

The total number employed in the six restaurants was 718. The total number of complete surveys returned was 315, representing a 44% response rate. A contribution of this study beyond most job characteristics or job satisfaction research, and hence a major goal of the study, was to match employees’ self-report measures of job *characteristics* and job *attitudes* with managers’ assessments of the employees’ job *performance*. To accomplish this, however, questionnaires had to be identified and respondents could not be *anonymous*. Though strict *confidentiality* was guaranteed and maintained, asking voluntary respondents to put their names on the survey likely lowered the response rate. The researchers recognized this risk but determined the advantage of assessing relationships with performance warranted this downside. In reality, 44% is still “respectable,” and the demographic profile of the sample is representative of the overall mix of employees by gender and job classification. Analyses of the self report data (factor analysis of the job characteristics scales, relationships of job characteristics with job satisfaction and behavioral intentions) was conducted with this $n = 315$ and 44% sample.

In addition to the effect of on response rate, some of the 315 complete surveys were completed without names or the name provided did not match a name on the list provided by the managers. The final number of cases with *matching* self-report and performance data was 214, 30% of the 718 employee sample. Even 30% is acceptable given the constraints, however, and 214 provides more than adequate statistical power for the analyses using the performance data. Again, the 30% response rate and 214 sample size limitation only applies to the analyses related to job performance.

ANALYSES

Once data were collected, they were analyzed to assess (1) the dimensionality and reliability of the job characteristics constructs, (2) the extent to which these job characteristics are perceived to exist in restaurant jobs, (3) how these perceptions vary based on position title and gender (differences between front-of-the-house and back-of-the-house), and (4) the relationship of job characteristics with job satisfaction and job performance. First, to verify that the proposed job characteristics variables do exist as distinct constructs, factor analysis was conducted on the 36 questionnaire items. Overall the factor and reliability analyses indicate the nine job characteristics scales reflect distinct and reliable constructs, and the nine scales can be used confidently in subsequent analyses. (Contact the author for factor loadings and scale reliabilities, and for results of the on position title and gender difference analyses.)

The most important step in the analysis used regression to determine whether variance in the outcome variables can be explained by variance in the job characteristics. Table 1 shows the mean and standard deviation for each of the nine scales, with scores on the 7-point scales ranging from a high of 5.7 for Friendship Opportunities to lows of 4.4 for Variety, Feedback, and Autonomy. Table 1 also shows the extent to which job characteristics explain or predict Global and Mean Satisfaction, the two behavioral intentions, and job performance. Table 2 shows results of that same regression analysis for the seven satisfaction Facets.

In the analysis for each dependent variable, the R^2 indicates the percent of variance in that outcome explained by the combined set of job characteristics. In this analysis all of the regressions are statistically significant, but the R^2 values range from a remarkable 52% of variance explained in Mean Satisfaction to a disappointing 9% of variance explained in Job Performance. The R^2 values for Mean (.52) and Global (.39) satisfaction suggest the presence of the job characteristics plays a major role in determining whether employees like their jobs, and a less but still important role in Intent to Remain (.24) and Willingness to Recommend (.31).

Table 1:
Regression Models: Job Characteristics Determinants of Dependent Variables

	Mean Satisfaction	Global Satisfaction	Intent to Remain	Willingness to Recommend	Performance
	β	β	β	β	β
Variety	.047	-.009	-.056	-.053	-.163
Customer Interaction	.055	-.026	.023	.060	.013
Flexibility	.120**	.133**	.059	.108*	.069
Challenge	.118*	.047	.172**	.085	.205*
Friendship Opps	.148***	.199***	.082	.215***	-.025
Significance	.017	.182**	.190**	.103	.031
Autonomy	.167***	.152**	.138*	.087	.152*
Feedback	.342***	.136*	.194**	.244***	.228**
Clarity	.132**	.135*	-.029	.062	-.032
R ²	.523***	.389***	.239***	.314***	.087**

Within each regression analysis, the “beta weight” (β) indicates the role of the individual job characteristics in that analysis, and the asterisks (*) indicate whether the beta is statistically significant. For example, in the Mean Satisfaction analysis, Scheduling Flexibility (.120**), Challenge (.118*), Friendship Opportunities (.148***), Autonomy (.167***), and Clarity (.132**) are all significant, but Feedback (.342***), is clearly the most important individual variable. In Global Satisfaction, alternatively, Friendship Opportunities (.199***) is the most important individual variable.

It is interesting to note that although Variety and Customer Interaction are reliable constructs, they are not significant predictors of any of the five outcome measures. Particularly in a “customer service” business it is ironic that Customer Interaction did not emerge as one of the elements that predicts any part of employee satisfaction. In the same “across the board” analysis, however, it is important to note that Feedback emerged as statistically significant in *every one* of the analyses, and Autonomy in every analysis except Willingness to Recommend.

The relationship of job characteristics with Job Performance is less strong, with job characteristics explaining only 9% of the variance in Job Performance. Though it would be ideal if this number were higher, we must bear in mind that (1) in this analysis it is *employees’* perception of the job characteristics predicting *management’s* perception of performance, so the number might be expected to be somewhat lower than with comparison of data provided by the same source, and (2) that this analysis uses the sample of 215, so there is somewhat less statistical power than in the other regressions. Nonetheless, it is instructive to note that there is a positive relationship, and that Feedback and Autonomy are again the significant individual characteristics. Thus, the same interventions that might be undertaken to increase satisfaction could also influence performance.

In Table 2, predicting the seven satisfaction Facets, the R² values range from .47 for Satisfaction with Supervision to .14 for Satisfaction with Benefits. As would be expected, several of the job characteristics are significant in predicting satisfaction with the Work Itself, since they comprise the work. It is also logical that the job characteristics would not be related to Satisfaction with Benefits, since they are largely unrelated, explaining the lower R². Logically, the primary individual factors in “Satisfaction with Supervision” are Feedback and Clarity, both supervisor specific aspects of the job. With only minor variation, the most important job characteristics pattern continues: Feedback and Autonomy again emerge as the primary predictors, while Variety and Customer Interaction do not appear to be important predictors of satisfaction.

JOB DESIGN IMPLICATIONS AND RECOMMENDATIONS

Understanding how job characteristics are related to different aspects of satisfaction and performance allows for very focused job design and redesign recommendations. In particular, job characteristics with a combination of high predictive value (β) and low mean score offer the most potential for improving satisfaction and performance. Job characteristics that have low predictive value or that already have high mean scores offer less potential.

Table 2
Regression Models: Job Characteristics Determinants of Satisfaction Facets

	WorkItself	Pay	Benefits	Coworkers	Promotion Opps	Supervision	Atmosphere
	β	β	β	β	β	β	β
Variety	.004	.138*	.083	.053	-.014	-.073	.030
Customer Interaction	.004	.049	.058	.018	.084	.056	-.020
Flexibility	.198***	.112	.065	.138**	-.001	.012	.054
Challenge	.123*	.080	.174**	-.035	.165**	.008	.037
Friendship Opps	.176**	-.088	.136*	.484***	.055	-.053	.119*
Significance	.193**	-.142*	-.119	-.055	.035	.110*	.111
Autonomy	.116*	.104	.134*	-.005	.208***	.121*	.086
Feedback	.122*	.362***	.110	.054	.247***	.415***	.268***
Clarity	.019	.010	-.017	.169**	.100	.310***	.172**
R ²	.362***	.226***	.136***	.389***	.295***	.474***	.339***

* p<.05 ** p<.01 *** p<.001

Friendship Opportunities, for example, has high overall predictive value (β) but an already high mean score (5.7). This suggests that positive Friendship Opportunities should be maintained, but that further influence or improvement in overall satisfaction is unlikely. In the case of Variety, although the mean score is low (4.4), because of the low predictive value an increase in someone's job variety would also not be expected to have a major influence on his or her overall satisfaction. In the case of Customer Interaction, with a high mean score (5.5) and low predictive value, the opportunity for influencing overall satisfaction by increasing Customer Interaction is even more negligible.

According to this pattern, the options offering the most potential for improving overall satisfaction -- high predictive value (β) and low mean score -- are Feedback and Autonomy. Some potential options to increase Autonomy include Job Enrichment or what is popularly known these days as Empowerment: essentially allowing employees to make decisions that affect their work. Examples include performing their own production scheduling, doing their own quality control, or "having a say" in policy, scheduling, hiring, and other decisions typically the exclusive purview of management. To increase Feedback, options include what the "One Minute Manager" called "Catch employees doing something right" -- and telling them about it. Another popular strategy is known as "Talking employees into and out of every shift;" essentially making a point of talking to every employee every day about their performance, making performance suggestions and giving them performance feedback. More frequent formal and informal performance reviews are another possibility. With feedback, in most cases it is not an issue of the manager not "being able to" or not "knowing how" to give feedback, but more likely a matter of other priorities, simply being too tired themselves at the end of the shift, or just not wanting to bother. In this circumstance, Nike's "Just do it" admonition makes sense -- to be consistent and conscientious in telling employees about their positive and negative performance simply requires that managers step up and make the effort. These data say it matters enough to justify.

CONCLUSION

Designing or redesigning jobs to increase job characteristics, job satisfaction, and job performance offers potential benefits for both employees and management. For employees, increased job satisfaction is desirable in itself, and enhanced job performance is desirable to the extent that it leads to increases in both rewards and job security. From management's perspective, increased satisfaction typically leads to decreases in absenteeism, turnover, and the customer service problems associated with them. Further, increased satisfaction and potential improvements in on-the-job productivity as well, are attained at very modest expense. Compared to offering financial incentives for desirable behavior, job design can be implemented quite inexpensively.

Rather than broad brush or more random interventions, the data for the sample in this study suggest strategies targeted to increase Feedback and Autonomy. Further study in the restaurant employee population is clearly justified to determine the extent to which these findings are generalizable. To the extent that they are, improving these aspects of employees' jobs can potentially lead to improvements not just in employee satisfaction but in customer satisfaction and organizational bottom line as well.

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EXPLORING THE TRADE-OFF IN PERCEIVED VALUE OF MEMBERSHIP
IN A TRAVEL VACATION CLUB

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ABSTRACT

Perceived value has been described as a tradeoff between customer sacrifice and the benefits received in return (Zeithaml, 1988). The purpose of this study was to explore the actual trade-off in perceived value of membership in a travel vacation club. Using correspondence analysis, low and high perceptions of value in membership were plotted against the motivations for initiation of membership. Results showed that convenience in travel planning had the strongest association with perceived value of membership. Theoretical and practical implications are discussed.

Key Words: Perceived Value, Relationship Marketing, Vacation Clubs

INTRODUCTION

Travel vacation clubs are an integral part of the travel and tourism industry. Typically membership-based, they provide key travel services aimed at satisfying yearlong travel needs of members. These clubs provide an alternative insight to travel purchase behavior largely because of the ready-to-serve nature of their offerings. This is all the more important in the prevailing environment, wherein travel customers have the choice and access to search, plan and buy their own trips/vacations on the World Wide Web.

Perceived value (of a product or service) as a construct has attracted very little attention from marketing researchers in general (Holbrook, 1999). It is defined as the overall perception of a product/service consumed by a customer that typically involves the consideration offered by the customer versus the benefits he/she receives in return (Zeithaml, 1988). Put differently, it is a tradeoff of customer consideration or sacrifice versus the benefits received (Zeithaml 1988). Consideration or sacrifice on part of the customer can be both monetary and non-monetary. While the monetary component can be price paid for vacations or membership fees (Dodds, Monroe & Grewal 1991, 1991), the non monetary component is the time and effort put towards the purchase process (Zeithaml, 1988). Thereon, customer's return can be categorized across a range of factors such as emotional, social, functional and efficiency (Sheth, Newman & Gross, 1991; Sweeney & Soutar, 2001). Therefore, perceived value is a more holistic concept that encompasses the entire product or service. In this case, value of membership in a travel vacation club involves the gamut of the packages, service, and all other factors that may serve within the context of membership.

In travel literature, there are very few studies that directly or indirectly examine perceived value (Duman 2002; Al-Sabbahy, Ekinci & Riley, 2003). Duman (2002) examined the perceived value construct within the context of cruise vacations, and Al-Sabbahy et al. (2003) attempted to study the construct within the realm of hotels and restaurants individually. The purpose of this study is to identify the key drivers of perceived value in a vacation club by examining its association with the motivation for membership initiation. The understanding of this relationship will go a long way in explaining the nuances of the tradeoff of customer consideration (drawn from the motivation for initiation of membership) and the actual return (measured through perceived value).

CONCEPTUAL BACKGROUND

Perceived value of a product/service is a key construct towards understanding customer satisfaction and re-purchase behavior (Dodds et al., 1991; Parasuraman & Grewal 2000). Marketing literature has developed two approaches to model consumers' value perceptions: utilitarian and behavioral (Jayanti & Ghosh, 1996). According to the utilitarian perspective, perceived value of a product/service is the sum of acquisition value and transaction value of that product/service (Monroe, 1990). While transaction value is the merit of paying the actual price that is determined by comparing the buyers' references to the actual price, acquisition value is the perceived benefits of the product at the maximum price compared to the actual selling price (Monroe, 1990). This was based on the common phenomenon wherein

a seller always provides a base selling price for a product/service to position in the consumers' minds, after which variable points or reference prices (higher or lower) are suggested to match the prevailing market scenario. In the behavioral approach towards perceived value, several psychological and behavioral factors are taken into consideration in addition to the concept of price (Jayanti & Ghosh, 1996). The earliest work on psychological and behavioral concepts relevant to perceived value was Zeithaml's (1988) model that proposed a means-end model relating price, quality and value. Several perspectives on the types or dimensions of value are prevalent. Sheth et al. (1991) proposed five types of perceived value (i.e., functional, conditional, emotional, epistemic and social). Holbrook (1999) suggested aesthetics, efficiency, excellence, esteem, ethics, play, spirituality and status to make up for eight types.

Measurement of perceived value has seen both qualitative to quantitative approaches (Al-Sabbahy et al., 2003; Kashyap & Bojanic, 2000; Duman, 2002). This is largely because of the totality of the concept when viewed in comparison with relatively more narrow constructs such as satisfaction or service quality. Zeithaml (1988) used a qualitative approach to exploring perceived value in beverages. Sweeney & Soutar (2001) developed the first meaningful scale of items ascertaining that perceived value was four dimensional construct across functional (quality & performance), functional (price), emotional and social. In the hospitality and travel context, Al-Sabbahy et al. (2003) attempted to develop a two dimensional scale for both hotels and restaurants based on Monroe's (1990) utilitarian approach. However, Duman (2002) incorporated the affective context of travel services in the measurement of perceived value of cruise vacations.

DATA AND METHODOLOGY

Data was collected from a survey of members belonging to a private travel vacation club in the Midwestern United States. Four thousand (4000) members of the club were randomly (simple random sampling) picked from a computerized database of members who had provided email addresses. The survey was conducted over the web, wherein respondents were directed to URL that hosted the survey. To ensure objectivity and enhance the response rate, potential survey respondents were told that responses were confidential, and that a Midwestern university is the joint partner in the project. Additionally, the survey was hosted on the university server. Two reminders were sent in addition to the original email that marked the start of the survey. Six hundred and fifty seven completed surveys were recorded indicating an approximately 16.4 percent response rate.

To measure perceived value, thirty six items were drawn after a synthesis of literature, and prior surveys. Specifically, questions were drawn from Sweeney & Soutar (2001) and adapted in addition to a few items derived based on the situational context of a travel vacation club. Except for six items that addressed perceived value from a broad and fundamental perspective, all remaining items were adapted to fit the needs and practicality as demanded by the survey. Motivation for initiation of membership (also called customer consideration in the context of this study) in the vacation club was measured by seeking the primary purpose of joining the club. Six options were drawn within the situation context of the club. These were promotional offers, family/friends suggestion, convenience in travel planning, quality of vacations offered, specific trip and discounted flights on the airline with which the club had an alliance. There was also an "other" option provided to respondents, and the some of open responses that corresponded to any of the above six categories were recoded to fit the response. Only those respondents that had experienced one or more vacation(s) with the club were retained for analysis bringing the total analyzable down to six hundred and eighteen.

STATISTICAL ANALYSIS

The analysis was conducted in two stages. The first stage involved the identification of perceived value factors and the second examined the relationship between perceived value and the motivations for initiation of membership. In the first stage, thirty six items to measure perceived value in membership were subjected to a principal components analysis (PCA). The objective of this exercise was to extract underlying factors of perceived value of membership in a travel vacation club. PCA results indicated eight dimensions that explained by 67.54 % of the total variance. A varimax rotation was administered as it helps delineate items across easily interpretable and distinguishable factors (Garson, 2001). The components and respective factor loadings of each item are mentioned in Table 1. Items that had loadings below 0.40, or loaded on both components were discarded from the final solution (Hair et al, 1987). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy at 0.93 and the Bartlett's test of sphericity ($p < .0001$) ascertained the viability of PCA for the study. KMO values between 0.8 and 0.9 are considered very good (Hutcheson & Sofroniou 1999, pp.224-225), and the Bartlett's test must be significant ($p < 0.001$) both of which approved the applicability of PCA for the study. Final analysis reflected that six items be dropped from further analysis of which five loaded on two dimensions, and one showed a loading value of less than 0.40. Before pursuing any other analyses, Cronbach's alpha was applied to test the reliability of factor groupings. Since the "Learning and Interaction" factor reported an alpha value below 0.70 (0.67), it was decided to discard it from future analysis (Hair et al., 1998).

Table 1
Factors of Perceived Value in Membership

Factors (Reliability Alpha)	Loading	Eigen Value	Variance Explained
<i>Factor 1: Product Quality (0.87)</i>		13.46	12.41%
Makes me think of the joys of travel	0.74		
Club reminds me of the pleasure of relaxation	0.71		
Feel like I am being pampered	0.62		
Vacation packages are of consistently high quality	0.58		
I feel safe and secure on vacations	0.57		
Privacy is assured if I want it	0.45		
Can do as much or as little as I want	0.42		
<i>Factor 2: Value for Money (0.92)</i>		2.99	10.82%
Vacations offer good value for the dollar	0.85		
Vacations are reasonably priced.	0.85		
Vacations are good for the prices charged	0.82		
Vacations are economical	0.76		
<i>Factor 3: Customer Orientation (0.81)</i>		1.92	9.71%
Events organized by club are convenient.	0.68		
Social events organized by club are convenient	0.59		
Can depend on club to satisfy all my vacation travel needs	0.53		
On a vacation, I can always choose what I want to do	0.52		
Vacations are well designed	0.46		
<i>Factor 4: Social (0.94)</i>		1.34	8.26%
Being a member improves the way I am perceived by others	0.92		
Being a member makes a good impression on people I meet	0.89		
Being a member helps me to feel socially accepted	0.89		
<i>Factor 5: Service (0.82)</i>		1.24	7.69%
Service staff are friendly	0.82		
Service staff are courteous	0.80		
Service at is efficient	0.61		
<i>Factor 6: Learning & Interaction (0.67)</i>		1.20	6.44%
Being a member has been a learning experience for me	0.66		
Vacations give me the chance to meet interesting people.	0.62		
Interacting with other members is always enjoyable.	0.51		
<i>Factor 7: Choice (0.76)</i>		1.19	6.43%
There are vacations to choose from at all times of the year	0.78		
Broad range of vacation package to choose from	0.75		
<i>Factor 8: Membership Benefits (0.73)</i>		1.03	5.77%
Membership privileges are valuable to me	0.73		
Use my membership privileges quite effectively	0.72		
<i>Membership fees are reasonable</i>	0.57		

In the second stage correspondence analysis (CA) using multi-way tables was used to explore the relationship between perceived value of membership and motivations for initiation of membership. CA is a statistical method to depict associations between two or more categorical variables. It provides a visualization of the association along with some referential statistics to determine the number of dimensions prevalent between the associations. However, CA is an exploratory technique and statistical significance of relationships should not be assumed (Hair et al., 1998). The multi-way table to be analyzed was a cross tabulation matrix comprising seven (8) perceived value factors at two levels (High and Low), motivation for membership initiation (6 types), and the number of vacations bought measured at two levels (High and Low). The number of vacations bought was used as a control or moderating variable. Originally a continuous variable, it was split at the median (4.00) to create a dichotomous variable. Members who bought four or more vacations were categorized as high buyers with the remaining categorized as low buyers.

To create low and high perceived value factors, the mean score for the combined items that loaded based on PCA was computed upon construction of the variables. Since each item was originally measured along a five-point Likert scale from Strongly Disagree(1) to Strongly Agree(5), mean scores of combined variables less than three (3) were coded as low, and those greater than three (3) as "high". The point three (3) on a Likert scale stands for "neutral" or "neither". Given that

the answer (Neither) does not indicate acceptance of perceived value in the context of here, it was decided that anything above this should be considered as high relative to anything that was 3 and below.

RESULTS & DISCUSSION

Table 2
Determining Dimensionality

Dimension	Singular Value	Inertia	Chi Square	Proportion Explained	Cumulative Proportion
1	0.21191	0.04491	194.760	73.25	73.25
2	0.09724	0.00946	41.012	15.43	88.68
3	0.05437	0.00296	12.822	4.82	93.50
4	0.04700	0.00221	9.580	3.60	97.10
5	0.03302	0.00109	4.728	1.78	98.88
6	0.01922	0.00037	1.602	0.60	99.48
7	0.01722	0.00030	1.286	0.48	99.97
8	0.00456	0.00002	0.090	0.03	100.00
		0.06131	265.881	100.00	

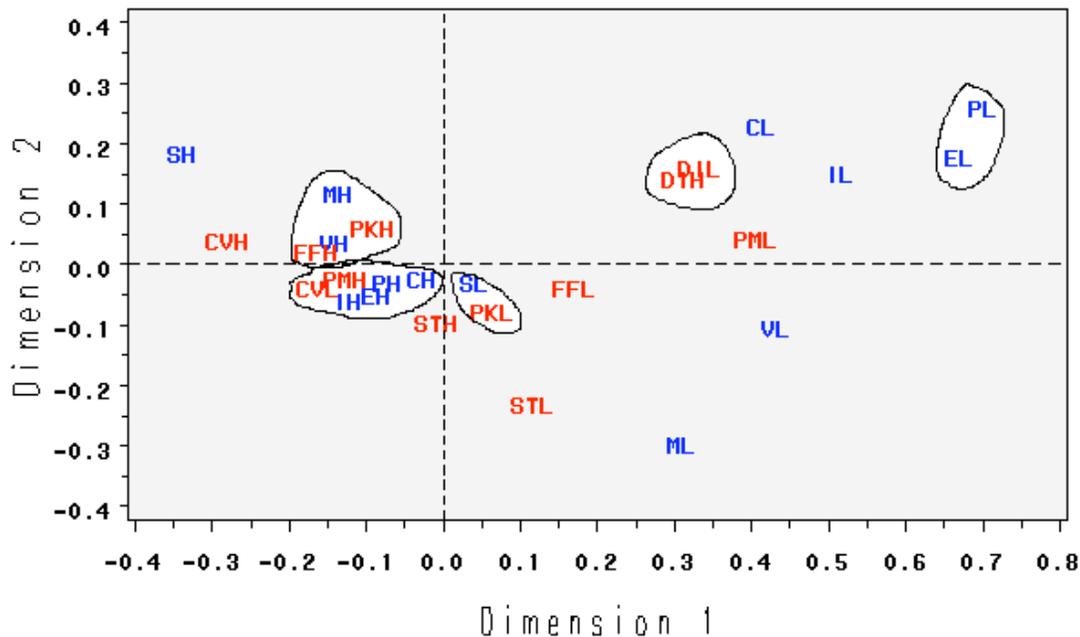
Proc Corresp from SAS Version 8.2 was used to analyze the data. In CA, k-1 dimensions are drawn based on the number of categories in the column of the contingency table (Garson, 2001). Statistical measures are provided to describe the number of dimensions, and the proportion of variance explained by each dimension. These are called singular values and should be greater than 0.20 to be accepted as a viable dimension (Hair et al., 1998). Singular values for dimensions extracted indicate a uni-dimensional solution with a 0.22 value for Dimension 1. See Table 2 for a detailed illustration of the final solution as discussed here. A total chi-square statistic is also provided (265.881) to provide as a measure of association between the rows and columns. Dimension 1 explains for 73.25 percent of the variance of the cumulative solution.

Figure 1 highlights the joint plot of perceived value factors and motivations for membership initiation. At the outset, one can say that there is a distinction between high and low purchasers. This is illustrated by three letter items that have "H" with the suffix that lie on either side of Dimension 1. However, there are two exceptions to this. First is the group that joined the club to earn discounted flights (DIH) where both high and low buyers of this group are on the right hand side of the diagram. Secondly, low purchasers of vacations whose primary purpose of joining was convenience in travel planning are on the left hand side of the dimension. A closer look reveals that all high purchasers (with the exception of those whose primary purpose of joining was convenience) are positioned within proximate distances on the map. In the case of low purchasers on the right hand side of the map, the points appear largely scattered. As for perceived value factors (illustrated by two letter abbreviations), here too is a clear distinction between those who perceive high and low value. Lesser perceived value factors are three letter abbreviations (with suffix "L") are prevalent on the right had side of dimension 1, and higher perceived factors (with suffix "H") are on the left hand side of the diagram. One may note that with the exception of high social value, all other high perceived dimensions are particularly close to one another on the left hand side of the map. As for low perceived factors on the right side, most are largely scattered although product and service factors are quite close to one another. This is logical because service is intertwined within the concept of the product.

High perceived value with respect to membership benefits (MH) and Value for Money (VH) are grouped closely with vacation packages (PKH) and family and friends (FFH) as motivations for initiation. This also means that those who perceive high membership value are also high buyers of packages. In the same vein, those who perceive higher VFM joined largely because of the vacations available. It can also be said that VFM is largely linked to buying of packages as much as the family/friends suggestions. One may say that word of mouth is a significant driver of perceived value and subsequent purchase of vacations amongst members of the club.

On the left, the grouping of high perceived value factors namely product quality (PH), Service (SH), and Choice (SH) was expected. However, customer orientation also is linked closely to product quality indicating its importance in the realm of things. Interestingly, the above four factors are closely linked with low buyers whose motivation was convenience (CVL). This added with the fact that high buyers whose primary motivation was convenience (CVH) is on the same side of the dimension indicating that convenience seekers are the most important segment for the club. Another key grouping, this time on the right side of the diagram is of those who joined because of discounted flights (DIH & DIL) that the club provides with its alliance partner. Here, both low and high buyers are on the side with low perceived value factors. Lastly, low service (SL) is grouped with those who buy lesser packages indicating a problem as well as opportunity for the club.

Figure 1
Joint Plot of Perceived Value and Motivations for Initiation of Membership



Perceived Value in Membership: PL=Product (Low), VL=Value for Money (Low), IL=Customer Orientation (Low), SL=Social (Low), CL=Choice (Low), EL=Service (Low), ML=Membership Benefits (Low). PH=Product (High), VH=Value for Money (High), IH=Customer Orientation (High), SH=Social (High), CH=Choice (High), EH=Service (High), MH=Membership Benefits (High)

Motivations for Membership Initiation Categorized by Low(L) and High (H) Buyers: PML= Promotional Offer (Low), FFL=Family/Friends Suggested (Low) CVL=Convenience (Low), PKL= Packages (Low), STL=Specific Trip (Low), DIL=Discounted Flights (Low). PMH= Promotional Offer (High), FFH=Family/Friends Suggested (High) CVH=Convenience (High), PKH= Packages (High), STH=Specific Trip (High), DIH=Discounted Flights (High).

Because of space constraints, it is not possible to illustrate the actual decomposition of the variance based on individual contributions of column and row points in the contingency table. Just as factor loadings are used in conventional factor analysis to ascribe meaning to dimensions, so are "contribution of points to dimensions" used to intuit the meaning of correspondence dimensions (Garson, 2001). In the case of perceived value factors, low and high levels of Membership and Customer Orientation contribute the highest to the dimensionality of the solution. Service and VFM also contributed substantially to the dimensionality of the solution. Product quality itself is a relatively moderate contributor to the dimensionality of the solution. "Social Value" and "Choice" contributed the least to the dimensionality amongst perceived value factors. In the case of motivations for initiation of membership (moderated by the number of vacations bought), convenience contributed greatly to the dimensionality of the model. Close behind were discounted flights and suggestions from family/friends. With the exception low buyers who joined because of specific trips (43.05%), all other travel components explained dimensions above the range of 50% of the variance. Hair et al. (1998) suggest that points that do not contribute to the dimension over and above 50% should be removed in the joint plot. The final analysis at large reflected a strong association between perceived value and motivations for initiation of membership moderated at large by the extent of purchase of vacations in the club.

The study clearly depicts the trade-off in perceived value within the context of a vacation club. Clearly, convenience makes up for the strongest association with high perceived value in a travel vacation club membership. Interestingly, convenience is the only intrinsic motivation amongst the six motivations analyzed. It must be mentioned here that there was no significant association between income and those who chose convenience as the option. Also, the mean value of income as computed of the sample was approximately \$85,000 and the median range was between \$100,000 and \$125,000. Additionally, the type of vacation packages offered also makes up for strong association with the perceived value of membership. Importantly, the findings reflected the importance of word of mouth communication as an effective marketing tool for the company.

IMPLICATIONS & CONCLUSION

There are several theoretical and practical implications that arise from the findings of this study. Firstly, the study is the first of its kind on perceived value of membership in a travel vacation club. In an Internet enabled environment that increasingly points towards the “do it yourself” paradigm of travel planning and purchasing process, the findings show that convenience is a key motivation when it comes to travel consumer behavior. Additionally, the study demonstrates that fixed menu offerings such as predefined packages that are well constructed and conceived also drive membership value. Future research should explore the convenience construct with regard to the situations, circumstances and key antecedents behind this underlying motivation for travel purchase.

On a practical angle, the study provides practitioners with key associations for purposes of marketing communications and customer relationship management. Several components of the findings can be used to match specific consumer motivations with tailored marketing messages and improve the relationship management process. Findings provide a holistic view of the underlying motivations of traveler consumers and how they relate with perceived value of membership in a club. The findings can be effectively applied to enhance customer relationship management practices as well as improve operations as a whole.

Like many studies, the study has its own limitations. Firstly, the “Web-only” sample used in the study marginally restricts the generalizability of the findings. Although, Internet permeation is high at this level of income (mean of \$85,000) polled, the group excluded was those who are *not* active users of the web. Arguably, the inclusion of this group within the population of the study would have further strengthened the findings of convenience being the strongest motivation of membership initiation. A Web-averse group is more likely to be dependable on an offline provider such as a vacation club rather than pursue self managed travel purchases on the Internet. Another limitation of the study is the perceived value of membership scale which was not subjected to the rigors of confirmatory factor analysis. Future research should deal with an alternative methodology such as causal modeling, so as to confirm the validity of the findings from this study.

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AN ANALYSIS OF FORECASTING METHODS USING “SAME DAY OF THE WEEK” VS. “SAME DAY OF THE MENU CYCLE” TO PREDICT PARTICIPATION IN CONGREGATE LUNCH PROGRAMS

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ABSTRACT

This study investigated which forecasting method would most accurately predict participation in congregate lunch programs, and whether forecasts would improve if the historical information used was obtained from the same day of the menu cycle, as opposed to the same day of the week. Time-series forecasting techniques were applied to data collected over a 6-month period from eight meal sites. Exponential smoothing outperformed both the naïve and moving average methods. No significant improvements in forecasts were obtained by using the same day of the menu cycle, as opposed to the same day of the week, for historical data.

Key Words: planning; forecasting; congregate lunch program; foodservice.

BACKGROUND AND AREA OF CONCERN

The ability to accurately forecast anticipated levels of business (i.e., numbers of customers, or participation) allows foodservice managers to correctly plan the amount of food to purchase and produce, and to schedule the appropriate levels of staff in order to effectively prepare and serve meals. Inaccurate predictions can lead to either over-production and over-staffing, which, in turn, can increase food and labor costs, or to under-production and under-staffing, which can cause meal shortages and poor service, both of which can lead to dissatisfied customers (Cranage, 2003; Messersmith & Miller, 1992; Miller, McCahon, & Bloss, 1991; Miller, McCahon, & Miller, 1993; Repko & Miller, 1990; Spears & Gregoire, 2004).

The ability to accurately forecast customer counts (participation) in meal programs designed to provide lunches to older adults (i.e., congregate meal programs) is of no less importance. Over-predicting customer counts can lead to increased costs, whereas, under-predicting might leave senior citizens without the lunches that they had hoped to receive.

This study is intended to advance the current body of knowledge related to forecasting, and to help establish the use of simple, yet effective forecasting techniques that would be helpful to foodservice managers in congregate lunch programs for older adults.

Congregate Lunch Programs for Older Adults

Since 1972, Title IIIc of the Older Americans Act has had provisions to make funds available to help provide nutritious meals to older adults at congregate lunch sites (Administration on Aging, 2003a). These lunch programs are located throughout the United States, and utilize a variety of community-type settings for daily meal service. To qualify to participate in the program individuals must be 60 years of age (or spouses regardless of age). Older adults with the greatest economic or social need are targeted for services. Provisions also exist to have meals available for disabled persons meeting certain criteria, and for volunteers who help with the meal service (Boyle, 2003; Administration on Aging, 2003c). Each meal is intended to supply one-third of the daily nutritional requirements for older adults. In 1999 alone, congregate lunch programs in the United States served approximately 113 million meals (Boyle, 2003; Administration on Aging, 2003b).

Even though federal congregate funds are leveraged and further supported by other federal, state, and local agencies (Endres, 1999; Administration on Aging, 2003c), tight budgets and an increasing population of older Americans continues to challenge the available funds for the program (Boyle, 2003; Takamura, 1999). Consequently, foodservice managers are being asked to become more responsible for operational expenditures. Since funds are ultimately made available to local meal providers in the form of reimbursements based on meals served, as opposed to meals produced, the ability to accurately predict participation becomes paramount in the effort to control costs.

Despite the potential benefits of accurately forecasting customer counts (participation) in the congregate meal programs, the use of formal forecasting techniques has not been widely implemented (personal communication, Dalna

Mckeon, M.S., R.D., September 17, 2003). Instead, many programs rely on daily reservation systems, whereby individuals who meet the criteria and wish to participate in the lunch program on a given day, sign up in advance in order to receive a lunch for that day. Although the reservation system can be fairly accurate because individuals can typically make reservation up to the day before service, the method does not provide predictions in sufficient enough advance to facilitate accurate purchasing, production planning, and pre-preparation activities.

Forecasting in Foodservice Operations

Although various methods have been used to forecast customer counts, meal demand, and/or sales in foodservice operations (Blecher, 2003; Cranage, 2003; Frost, 1992; Miller et al., 1991; Miller, McCahon, & Miller, 1991; Miller et al., 1993; Repko & Miller, 1990; Spears & Gregoire, 2004), time-series models which rely on historical data to predict the future are frequently used because they are effective for short-term predictions, and are generally more economical to use (Messersmith & Miller, 1992).

One of the key factors taken into consideration in time-series forecasting in foodservice operations is the day of the week. In addition, in operations where the menu changes according to a cycle plan, the menu offering to be provided may also impact the number of customers to be expected on a given day. In congregate lunch programs, however, including the menu offering as a factor in forecasting can be somewhat problematic and impractical for a variety of reasons. For one, when long menu cycle menus are used, such as the six-week cycle menu used in the congregate sites studied in this investigation, one would have to go back 18 weeks to obtain just three historical data points of the *same day of the menu cycle*. Consequently, one would be using data from an entirely different season which quite likely would reflect distinctive attendance patterns due to weather, and/or holiday festivities. This problem would be exacerbated by special events, menu changes, or holiday closings. In addition, if the cycle menu were to be revised annually, over one-quarter of the year would have to pass before forecasting techniques could be employed.

Accordingly, even though congregate meal sites utilize cycle menus, indications are that the *day of the week* is the best predictor of participation (personal communications, Carrie Hornsby, M.S., R.D. May 5, 2003). In support of this, preliminary research regarding forecasting in congregate meal sites demonstrated that using the *same day of the week* as the basis historical data was effective (Blecher, 2003). Nevertheless, no research has been done to determine whether forecasting daily participation in congregate lunch programs serving older adults would or would not significantly improve by taking menu offerings into consideration.

Purpose of the Study

The purpose of this study was to answer the following two research questions: (1) Which forecasting method using historical data obtained from the *same day of the week* customer counts would most accurately predict participation in congregate lunch programs designed for serving older adults; and (2) Would the accuracy of the forecast improve if the historical customer count information were obtained from the *same day of the menu cycle* as opposed to the *same day of the week*? In order to accomplish this goal, simple mathematical time-series forecasting techniques including naïve, moving average, and simple exponential smoothing were applied to data collected over a six-month period, from eight meal sites located in a large urban area in Southern California.

METHODOLOGY

The data used for this study included the actual number of individuals who participated at eight different congregate meal sites over the six-month period beginning January 1, 2003 through June 30, 2003. The lunch sites used in the study varied with regard to the average number of older adults who participated on a daily basis. The largest site average 71 participants per day, while the smallest averaged 30 participants per day. Meals were served five days a week (Monday through Friday). If a site was closed due to a holiday, or special occasion (i.e., Saint Patrick's Day, Grandparent's Day, etc.), the previous last *same day of the week* or last *same day of the menu cycle* (depending on analysis) was used for forecasting purposes. All eight sites utilized a non-select six-week cycle menu.

The forecasting techniques analyzed in this study included the naïve, moving average, and simple exponential smoothing methods, all of which have been used for forecasting purposes in various foodservice operations (Blecher, 2003; Messersmith & Miller, 1992; Miller et al., 1991; Miller & McCahon, 1991; Miller et al., 1993; Repko & Miller, 1990; Spears & Gregoire, 2004).

The *Naïve Model* uses the last known information regarding actual participation as the next forecast of participation. The *Moving Average Model* (N=3) uses the average of the last three points of known data regarding actual

participation as the next forecast of participation. *Simple Exponential Smoothing Model* uses the formula: [forecast= (α) (last actual) + $(1-\alpha)$ (previous forecast)] to predict the next anticipated customer count (i.e., participation). The “judgment factor” designated by alpha (α) determines the extent to which the next forecast takes into account the previous forecast versus the previous actual customer count. The greater the value of alpha (α), the larger percentage weight is placed on the previous actual customer count. The best alpha (α) to use was determined for each site through an iterative process yielding the lowest Mean Square Error (MSE) (Hanke, Wichern, & Reitsch, 2001; Messersmith & Miller, 1992).

For the initial analysis, the information (i.e., the historical data points) used to determine which forecasting model was most effective was derived from the previous *same days of the week*. In the second set of analyses, the historical information was taken from the previous *same days of the menu cycle* in order to determine whether the forecasting models would be improved by using the *same days of the menu cycle* as the basis for the historical information. In order to determine which forecasting model provided the best prediction of future meal participation, an evaluation of each of the forecasting models was assessed by comparing the values of the Mean Square Error (MSE), and Mean Absolute Deviations (MAD) (Hanke, Wichern, & Reitsch, 2001; Messersmith & Miller, 1992; Ou, 1997).

The study was limited by the fact that the meal sites used were not chosen randomly, but instead, were all obtained from one organization in a selected geographical area. The generalizability of the results to other settings would therefore be limited, and would require additional investigation.

RESULTS AND DISCUSSION

The results of the first analysis to determine which forecasting techniques would be most effective using same day of the week as the basis for the historical data can be found in Table 1. The lowest MAD and MSE values are bolded to highlight the best forecasting technique for each site.

Table 1
Evaluation of Forecasting Models Using “Same Day of the Week” Historical Data

Site No.	Ave. No. Customers ^a	Naïve Method ^b		Moving Average ^c (N=3)		Exponential Smoothing ^d	
		MAD ^e	MSE ^f	MAD	MSE	MAD	MSE
1	34	6.19	55.36	5.24	43.18	4.72	34.84
2	30	4.44	41.73	4.53	35.96	4.22	33.89
3	61	8.70	188.15	8.55	182.67	7.54	155.23
4	48	5.60	72.58	5.71	56.80	4.92	46.50
5	48	7.84	104.63	5.99	77.96	5.46	61.17
6	63	6.12	87.85	5.37	63.81	4.32	46.10
7	71	6.85	88.51	6.19	69.84	5.31	53.45
8	47	6.68	68.07	5.48	50.26	4.95	41.97

^a Average No. of customers served per day at each site.

^b Uses the last actual as the forecast.

^c Uses the average of last 3 as the forecast.

^d Uses alpha that provides lowest Mean Square Error.

^e Mean Absolute Deviation.

(MAD = Sum of absolute forecast errors / Number of observations)

^f Mean Square Error.

(MSE = Sum of the squared forecast errors / Number of observations)

The MADs, which ranged between 4.22 to 8.70 and the MSEs, which ranged between 33.89 – 182.67 were within those found in other foodservice forecasting analyses (Blecher, 2003; Miller et al., 1991; Miller & McCahon, 1991; Miller et al., 1993). For reasons that are unclear, the MSE in site No. 3 was quite high, indicating that there were higher fluctuations in the forecast error for this site (Messersmith & Miller, 1992).

In all the cases studied where the same day of the week was used as the basis for the historical information, exponential smoothing with the best alpha outperformed both Naïve method and the Moving Average (N=3) method. This

is consistent with other studies that indicate that exponential smoothing is a very effective forecasting technique in foodservice operations (Messersmith & Miller, 1992). These results also corroborate earlier findings that exponential smoothing provided the best forecasts of meal demand in the majority of congregate lunch sites (Blecher, 2003).

In the second analysis when the same day of the menu cycle as opposed to the same day of the week was used as the source of historical data, the forecast improved in only three of the eight sites (i.e., Sites #5, #7, and #8). Interestingly, when the same day of the menu cycle was employed as the source of historical data, the forecast model that outperformed the others was not always the same as the one that provided the best predictions of meal participation when same day of the week was used. In only one of the three sites (#7) where the forecast had improved by using same day of the menu cycle data, did the best forecasting method remain the same (i.e., exponential smoothing), whereas in the remaining two sites (#5 and #8), moving average outperformed exponential smoothing. This variation in which forecasting technique was best as dependent upon whether the data came from the same day of the week or the same day of the menu cycle presumably related to the fact that there were considerably fewer number of data points when the same day of the menu cycle was used as the source for historical data. A summary of the results evaluating the forecasting models using the same day of the menu cycle can be found in Table 2.

Table 2
Evaluation of Forecasting Models Using "Same Day of the Menu Cycle" Historical Data

Site No.	Moving Average ^a (N=3)		Exponential Smoothing ^b	
	MAD ^c	MSE ^d	MAD	MSE
1	5.46	50.93	5.39	50.28
2	12.14	179.70	7.36	83.36
3	12.31	210.00	14.94	437.44
4	5.72	59.03	5.79	66.60
5	5.45	49.27	6.48	81.33
6	5.30	65.16	6.12	87.85
7	5.81	87.22	4.82	49.16
8	3.61	22.69	5.49	54.68

^a Uses the average of last 3 as the forecast.

^b Uses alpha providing lowest Mean Square Error.

^c Mean Absolute Deviation.

^d Mean Square Error.

A paired t-test was used to determine whether there were any significant improvements in forecasting when the same day of the menu cycle, as opposed to the same day of the week, was used as the source for historical data. As noted above, only sites #5, #7, and #8 showed any improvement, and in each of these cases, the analysis revealed that the difference was non-significant when the same day of the menu cycle, as opposed to the same day of the week, was used as the source for historical data ($p = .17, .54, \text{ and } .50$, respectively).

This indicates that in the congregate lunch programs studied in this investigation, no benefit in regards to forecasting was derived by using the same day of the menu cycle as a source of historical data. Consequently, the foodservice manager should feel confident in using previous same day of the week customer count data as the source of historical data to predict future customer participation in the lunch program.

CONCLUSION

This study provides useful information for foodservice managers regarding the use of simple mathematical forecasting methods to predict participation in Title IIIc congregate meal programs. The ability to effectively use forecasting techniques would most certainly reduce error and provide useful information for planning food production, and control costs. Based on the results of this study, exponential smoothing would be the most recommended forecasting technique to use since it outperformed the other forecasting methods in all of the sites studied. In addition, even though these lunch sites used a cycle menu, the effectiveness of the forecasting method was not significantly improved when the same day of the menu cycle, as opposed to the *same day of the week*, was used as the source of the historical data.

The use of the forecasting techniques that were reviewed in this study would be reasonably easy for foodservice managers in congregate lunch program setting to implement. The simple mathematical formulas can be entered into a common spreadsheet software application. This would allow for a fairly straightforward system for the input of newly acquired data on customer counts and the generation of corresponding forecasts of future participation.

Further research is needed to determine whether the effectiveness of forecasting using historical data from the *same day of the week* versus *same day of the menu cycle* would be evident in other types of foodservice operations that utilize cycle menus, such as school or college residential dining foodservices. Additionally, further research could investigate which simple forecasting technique would be most useful and applicable in other environments (e.g., rural settings) where congregate lunch meals are served.

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AN INVESTIGATION INTO THE RELATIONSHIP BETWEEN COMMITMENT AND LOYALTY

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ABSTRACT

This study empirically examined the relationship between commitment and loyalty. Simultaneous multiple regressions were applied to test all one-tailed hypotheses at the .05 alpha level (n=290). Six hypothesized relationships proposed in this study were supported by the results of this study. General implications of the result from the research are presented.

Key Words: commitment; loyalty; benefits; trust; resistance to change to competitors.

INTRODUCTION

Customer commitment and loyalty have been the focus of marketing scholars and practitioners for the past decade. Marketing managements' focus has evolved from transactions to developing and maintaining long-term relationships with customers. Consumer commitment plays a significant role in developing long-term relationships between a service provider and a customer (Morgan & Hunt, 1994; Bowen & Shoemaker, 1998). Therefore, understanding commitment, what leads to commitment, and the consequences of commitment are important areas of relationship marketing. At the same time, many studies have verified that a service provider can benefit greatly from customer loyalty (Richheld & Sasser, 1990; Wong, Dean, & White, 1999).

However, some definitional problems have been caused by the close association between loyalty and commitment. For instance, there is a lack of consensus in the definition of commitment and loyalty constructs and ways of measuring them (Pritchard, Havitz, & Howard, 1999). Some researchers consider commitment and loyalty synonymous and use them interchangeably (Buchanan, 1985; Assael, 1987; Bowen & Shoemaker, 1998). Other researchers regard commitment as part of loyalty.

As indicated by Pritchard, et al. (1999), there is a dearth of empirical consumer research examining the relationship between commitment and loyalty. Understanding the role that commitment plays in developing and explaining loyalty and the relationship between commitment and loyalty is critical in facilitating the evolution of loyalty.

The purpose of this study was to empirically examine the relationships between commitment and loyalty constructs, and their antecedents and consequences. The results provide valuable insights into services marketing regarding how and why a sense of commitment and loyalty develops and the relationship between them.

THEORETICAL FRAMEWORK

Regarding commitment as a part of loyalty rather than as a distinct construct, however, contributes to the definitional problems between commitment and loyalty. When researchers measure both commitment and loyalty simultaneously, this adds to the confusion (Pritchard, et al., 1999). The author s agree there is a sequence that occurs between commitment and loyalty. Commitment leads to loyalty, and loyalty is a result of commitment. The rationale for considering commitment happening prior to loyalty behavior is derived from Fishbein and Ajzen's (1975) cognition-affect-behavior intention model. According to Fishbein and Ajzen (1975), attitudes are predictors of behaviors. Consumers form their beliefs of products' attributes through their cognitive-learning; consumers then generate affective responses and attitudes regarding their likes or dislikes for the products; and finally, the previous attitudes will lead to purchase behavior intentions and purchase behaviors (Fishben & Ajzen, 1975).

The model conceptualizes that commitment is a key- mediating variable for loyalty and that commitment can be measured by psychological attachment. Resistance to change to the competitors is the evidence of the commitment. At the same time, loyalty is a behavior, led by commitment, that comprises two components: repeat purchase and partnership-like

behavior. The model further suggests that benefits, trust, and personal identification are the antecedents of commitment and loyalty is the consequence of commitment.

REVIEW OF LITERATURE

The Antecedents of Commitment

The antecedents of commitment tested in this study are: benefits, trust, and personal identification. Each construct is discussed in the following sections.

Benefits

Product or service benefits result from the particular product/service attributes which are personally valuable to customers (Meyers-Levy & Malaviya, 1999). In order to make a commitment to a service provider, customers need to receive benefits from that service provider (Bowen & Shoemaker, 1998). Morgan and Hunt (1994) and Bowen and Shoemaker (1998) found a positive relationship between benefits and relationship. The first hypothesis tested in this dissertation is H1: Hypothesis 1-- Benefits has a direct and positive effect on commitment.

Trust

According to Morgan and Hunt (1994), trust is one party's confidence in its exchange partner's reliability and integrity. Additionally, as Schurr and Ozanne (1985) postulated, trust is the "belief that a party's word or promise is reliable and a party will fulfill its obligations in an exchange relationship" (p. 940). The second hypothesis tested in this dissertation is H2: Hypothesis 2-- Trust has a direct and positive effect on commitment.

Personal Identification

According to Crosby and Taylor (1983), personal identification is a process which happens when there are consistencies or congruencies between one's personal values and self-image and a company's values and image. Personal identification with a product or service leads to purchase decisions because customers' purchase behaviors are social behaviors. It has been well-documented that inferences of persons can be drawn based on the product/service they purchase. Therefore, the third hypothesis tested in this study is H3: Hypothesis 3-- Personal identification has a direct and positive effect on commitment.

Commitment

Although numerous researchers have studied commitment and have yet to reach a consensus on a definition, the central theme in most commitment research suggest that commitment is a psychological attachment to a brand within a product class (Beatty & Kahle, 1988). Most commitment research proposes that commitment is an affective attachment or psychological attachment. In addition, this attachment will produce an enduring desire of maintaining a long-term relationship (Jacoby & Kyner, 1973; Morgan & Hunt, 1994; Bettencourt, 1997). Many researchers have indicated that commitment is an attitude which signifies an enduring desire to maintain a long-term relationship (Morgan & Hunt, 1994; Bettencourt, 1997; Oliver, 1999). Therefore, the central theme of commitment is a "psychological attachment" and a "desire" to maintain a long-term relationship, both affective and cognitive concepts rather than behavioral concepts.

Resistance to Change to Competitors

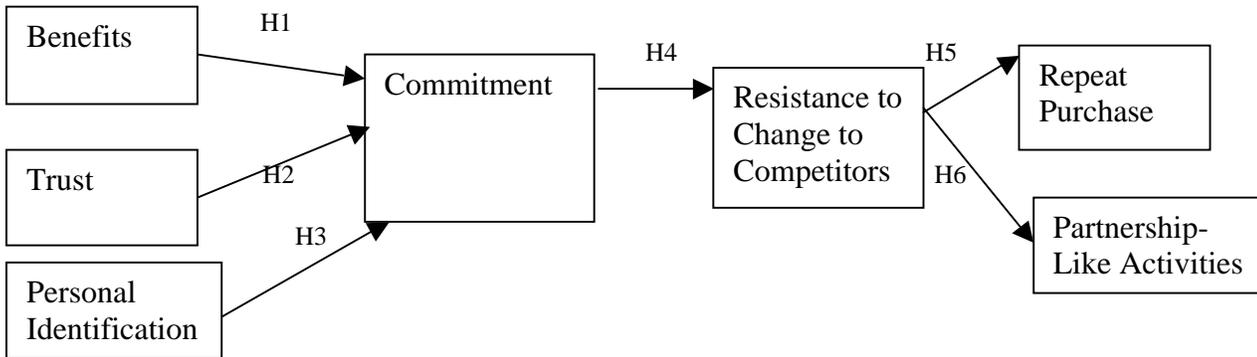
When a customer possesses a strong psychological attachment towards a company, he or she tends to be able to resist switching to competitors. In this study, resistance to change to competitors is assessed as the evidence of commitment. Selin, et al. (1988) indicated that commitment should be assessed by the degree of resistance to competitors that customers display. Further, Pritchard et al. (1999) posited that resistance to change is principal evidence of commitment. Commitment is evidenced when customers not only possess psychological attachment but also demonstrate the resistance to change to competitors. The fourth hypothesis tested in this dissertation is H4: Hypothesis 4: Commitment has a direct and positive effect on resistance to change to competitors.

Loyalty

Most loyalty research proclaims that loyalty is behavioral. Loyalty is a repeat purchase behavior led by favorable attitudes (Day, 1969; Backman & Crompton, 1991; Selin, et al., 1988), and loyalty is deemed as a consistent and biased purchase behavior resulting from the psychological decision-making and evaluative process (Jacoby & Kyner, 1973). Additionally, Oliver (1999) postulated that loyalty is a consistent repurchasing behavior, led by deep commitment and is resistant to switching behaviors induced by situational influences and competitors' marketing efforts. Hence, the authors regard loyalty as a committed behavior. Loyalty is evaluated solely as a behavioral construct in this study. Several loyalty behaviors that committed customers will demonstrate include, but are not limited to, repeat purchase and partnership-like activities. The fifth hypothesis tested in this study is H5: Hypothesis 5-- Resistance to change to competitors has a direct

and positive effect on repeat purchase. The sixth hypothesis tested is H6: Hypothesis 6-- Resistance to change to competitors has a direct and positive effect on partnership-like activities.

Figure 1.
The Relationship between Commitment and Loyalty



METHODOLOGY

A total of 900 survey questionnaires were distributed to a western city mid-priced hotel customers. A total of 330 responses were returned for an overall response rate of 36.67%. Forty out of the 330 that were returned were not usable. Thus, 290 surveys were usable, for a response rate of 32.22%. Since the measurements in this study were either originally developed or adopted from instruments previously designed for other fields, an exploratory factor analysis was conducted to generate the uncorrelated combination that most closely resembled each construct. The principle component analysis with varimax rotation was used to extra the factors and factor loadings of .40 as cut-off points for variable inclusion. The reliability of the measurement was assessed by Cronbach’s alphas and the validity of the study was assessed by Multitrait-Monomethod Matrices (within-and between- construct item correlations). Furthermore, a path analysis was used to explore the causal patterns of constructs hypothesized in the model.

RESULTS AND DISCUSSION

Demographic profile

The respondents were mostly educated, middle-aged, and high-income males who traveled on a frequent basis for business purposes. More than half of the respondents had college degrees and 31.3 percent of them had graduate degree. Fifty-four percent of the respondents were in the age group 30-49. Seventy-three percent of the respondents reported household income higher than \$80,000. Sixty-four percent of the respondents were male. Forty-eight percent of them travel more than 12 times per year and 10.5% travel 9 to 12 times a year.

The Descriptive Statistics, Reliability, and Validity

The descriptive statistics and reliability and validity of each construct are summarized in Table 1. The Cronbach’s Alpha ranged from .902 to .632. The study possessed an acceptable level of reliability. In addition, the within-correlation of each construct was higher than the between-correlation among every construct. This study demonstrated a satisfactory convergent and discriminant validity.

Table 1
The Descriptive Statistics, Reliability, and Validity

	Benefit	Trust	Personal Identification	Commitment	Resistance to change to competitors	Repeat Purchase	Partnership-like activities
Mean	5.44	5.77	4.40	5.09	4.46	5.66	4.51
Cronbach’s Alpha	.632	.902	.896	.677	.849	.767	.803
Within-item Correlation	.462	.486	.550	.514	.526	.462	.535
Between-item correlation range)	.050~.161	.161~.224	.050~.161	.271~.502	.035~.497	.280	.280

Table 2
Results of Path Analysis for the Full Model

	Commitment	Resistance to Change	Repeat Purchase	Partnership-like Activities
Benefit	.149**			
Trust	.091*			
Personal Identification	.681**			
Commitment		.360**		
Resistance to Change			.416**	.288**
F-value	89.4 (.000)	39.3(.000)	40.5(.000)	21.31(.000)

* Standardized beta weight is significant at 0.05 probability level **: Standardized beta weight is significant at 0.01 probability level.

The Model Testing

The Table 2 shows the results of the path analysis. All the six hypotheses were supported. The benefit ($\beta=.149$, $_{<.001}$), trust ($\beta=.091$, $_{<.005}$), and personal identification ($\beta=.681$, $_{<.001}$) constructs had direct and positive effects on commitment. In addition, commitment positively influenced the resistance to change to competitors ($\beta=.360$, $_{<.001}$). Furthermore, resistance to change to competitors has direct and positive effects on repeat purchase behavior ($\beta=.416$, $_{<.001}$) and partnership-like activities ($\beta=.288$, $_{<.001}$).

GENERAL IMPLICATIONS

From a practical viewpoint, hospitality managers will benefit from the results of this research. For example, this study provided managers an alternative approach to measure loyalty. Applying these measurements will help managers to identify the casual relationship between the specific loyalty antecedents and thus managers can emphasize those antecedents to strengthen customer loyalty. Additionally, this study revealed that some benefits, which were designed by managers to differentiate themselves from competitors, were not perceived as benefits by customers. They are: a comfortable stay, a hassle-free stay, customers' problems are important to the employees, and hotel provided amenities customers need for conducting business. These four items are considered to be a "give" from customers' viewpoint. Customers did not perceive them as benefits which provided extra value to their hotel stay. However, if a hotel does not provide them, it will breach the customers' trust toward the hotel and customers may lose confidence in the hotel's operational ability. Finally, this study provided managers ways to strengthen customer loyalty. The results of this study validate benefits, trust, and personal identification lead to commitment and loyalty. Hotel managers need to maximize these three commitment antecedents to strengthen customer loyalty.

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FACTORS AFFECTING TAIWAN HOSPITALITY STUDENTS' ATTITUDES ON INTERNSHIP

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ABSTRACT

Two hundred and ninety-four hospitality students in a southern Taiwan general university were surveyed to determine their attitudes toward internship program. Ninety-seven percent of the participants were between age 18 and 25 and 68% of them were female. In general, the participants had a positive attitude toward internship programs. All participants agreed that the internship programs were important to their learning experiences. However, the participants who had finished the internships felt that the theories and skills they learned in the classrooms were insufficient to prepare them for the real world situations while working in the internship.

Key Words: Taiwan, internship, attitude, learning experiences.

INTRODUCTION

The unique characteristics of service products (Lewis & Chambers, 2000) present challenges to the persons who are interested in pursuing hospitality careers. In addition to the product characteristics, the hospitality students also need to understand that they have to work long hours while others enjoy weekends and holidays. Therefore, it is vital for hospitality students to experience real job situations while they are in school so that they can have realistic expectations of their careers. Sneed and Heiman (1995) stated, "One important mission of the hospitality management program is to prepare students for careers in the hospitality industry" (p.47). Students have more chances to explore future careers through internships, to gain deeper knowledge of details, and to start thinking about their future careers based on their internship experiences (Nelson, 1994).

Experiential education is based on the premise that for real learning to happen, students have to take an active role in the learning process rather than simply receiving information from teachers. Experiential education provides more opportunities for students to apply what they learned in the classroom to the real world situation and reflect back to their learning experience to reform their own learning experience.

The concept of field experience and internships are believed to be an essential part of the learning process. John Dewey, the best-known proponent of experiential education, believed strongly that "an ounce of experience is better than a ton of theory simply because it is only in experience that any theory has vital and verifiable significance" (Sweitzer & King, 1999). Dewey also felt strongly that an educational environment needs to actively stimulate the student's development, and students learn and grow through solving the problems they confront during the field experience. In addition, Dewey implied that building on students' interest -- connecting what is done at school to what is done outside the school, and keeping interaction with the communities -- brings value and purpose to what goes on in the classroom.

A majority of industry professionals agreed that hospitality students who have participate in internship programs are more marketable (Petrillose & Montgomery, 1998). Hospitality internships provide opportunities for students to apply what they have learned in classroom settings to real world situations. Studies in hospitality education found that most hospitality programs require their students to participate in an internship program (Downey & DeVeau, 1987, 1988; Petrillose & Montgomery, 1998). Sciarini & Woods (1997) suggested that one of the factors that affect students' choices as to whether or not they work for specific companies in the future was whether they had participated in an internship with the company before they graduated from college.

Fu (1999) found that students, faculty, and industry professionals all agreed that interns need to receive feedbacks from their supervisors to avoid making mistakes during their internships. He suggested that a coordinator should be appointed to assist the communications between the interns and their immediate supervising professionals. In addition, Nelson's (1994) reported that students had higher levels of satisfaction if they had supportive mentors during their internships; regardless of the mentor being assigned or spontaneously formed. Mentors affect the students' internship experiences. Receiving instant feedback from mentors greatly determines if students receive quality internship experiences or not.

Hospitality programs in Taiwan have grown from two programs to 47 bachelor-granting programs during the past ten years (R.O.C. Tourism Bureau, 2003). Most programs require students to complete some form of internship experience before graduation. Internship programs are the starting point for hospitality students to begin realizing the whole picture of the hospitality industry. If the students do not have successful internship experiences, they are less likely to consider the hospitality industry for possible future careers.

Pettrillose & Montgomery (1998) suggested that there is a need for research to investigate students' perceptions on internship qualities and whether the experiences could help preparing them for careers in the hospitality industry. Therefore, the objective of this study was to examine hospitality students' attitudes toward internship program of the hospitality students enrolled in a southern Taiwan general university.

METHODOLOGY

Sampling and Data Collection

The sampling space for this study consisted of college students enrolled in hospitality programs in Taiwan. The sample was comprised of hospitality undergraduate students in a southern college in Taiwan. All students enrolled in two hospitality related departments, Food and Beverage Management and Tourism and Leisure Management, were surveyed as part of their class activities. Because there were different types of hospitality programs, the researchers included these two majors to see if any differences existed in students' attitudes toward Internship programs.

A self-administered survey was used to collect data in the study. The survey was designed and printed in the U.S. mailed to the teachers of the programs in Taiwan. Three to four weeks after the initial contacts and the mail distribution, a follow-up letter was sent to the teachers to ensure that the data collection procedure was complete and that all completed questionnaires have been sent back to the researchers.

Design and Development of Instrument

The instrument used for this study was originally developed by Fu (1999) to investigate attitudes of hospitality students in vocational colleges, educators, and industry professionals toward hospitality internships. The two-section questionnaire included 17 questions designed to assess students' attitudes toward hospitality internship programs and experiences, and 10 questions were designed to collect participants' internship preferences and demographic characteristics, including required hours for internship, internship placements, gender, age, GPA, educational background, and suggestions for improving internship programs.

In the first section, students were asked to indicate the degree to which they agree or disagree with each of the statements on a 4-point Likert scale. Statements are rated on a scale from (1) strongly disagree; (2) disagree; (3) agree; and (4) strongly agree. In the second section, students were asked to provide demographic information and to describe their perceptions on their internship experiences in an open-ended question.

Data Analysis

Descriptive statistics. The demographic information of the participants and their responses on internship questions were summarized by descriptive statistics.

Principle component analysis. The 17-item attitude questions were subjected to the *principle component analysis* with *varimax* rotation to group the related items into components (Mertler & Vannatta, 2002). The factor loadings, eigenvalues, and percent of variances explained by each component were reported.

RESULTS

A total of 295 questionnaires were collected. As shown in Table 1, the majority of the participants were female (68%), and 97.6% were between 18 and 25 years old. More than half (52.4%) of the respondents reported having finished

their internships and 47.6% of them have not. Regarding the work experiences, eighty-two percent (82.4%) of the respondents reported to have full-time or part-time work experiences. Eighty-eight percent (88.5%) of the respondents reported a GPA of 3.00 or higher.

Table 1
Demographic Summary of Participants

	n	%		n	%
Gender			Completion of Internship		
Male	94	32.0%	Yes	154	52.4%
Female	200	68.0%	No	140	47.6%
Age			Preferred length of Internship		
18 to 20	58	19.7%	3 months	82	27.9%
21 to 25	229	77.9%	6 months	190	64.6%
26 to 30	7	2.4%	9 months	6	2.0%
Major			12 months	14	4.8%
Tourism and Leisure Management	67	22.8%	Not Responded	1	0.3%
Food & Beverage Management	226	76.9%	Preferred Internship Report		
Not Responded	1	0.3%	Writing Report	96	32.7%
GPA			Oral Report	40	13.6%
Below 2	1	2.4%	Writing & Oral Report	128	43.5%
2.0-2.99	26	8.8%	No Report	29	9.9%
3.0-3.99	101	34.4%	Not Responded	1	0.3%
4 or more	159	54.1%			
Not Responded	7	2.4%			
Work Experience					
Full-time	101	34.4%			
Part-time	138	46.9%			
No work experience	51	17.3%			
Not Responded	4	1.4%			

When questioned about the appropriated length of the internship, 64% of the respondents preferred six-month, while 27% favored three-month internship programs. In terms of evaluating the effectiveness of internships, 43.5% of the respondents preferred to complete the internship with both written and oral reports, 32.7% preferred only written reports, and 13.6% preferred exclusively oral reports.

More than two-thirds (68.2%) of the respondents who reported to have completed the internships (n=154) had done so at restaurants or hotels (Table 2). In addition, a vast majority of them (84.2%) received monetary compensation. Although most respondents, including the ones who had completed their internship, considered 6-month internships to be appropriate; a majority (79.2%) of the respondents who had finished their internships had only completed a three-month program. Most of them (70.8%) did it during their summer vacations.

Table 2
Summary of Respondents who had Finished Internship (n=154)

	n	%		n	%
Placement of Internship*			The length of Internship		
Hotel	72	46.8%	1 to 3 months	122	79.2%
Restaurant	33	21.4%	3 to 6 months	12	7.8%
Travel Agency	9	5.8%	6 to 9 months	11	7.1%
Recreation Park	24	15.6%	9 to 12 months	9	5.8%
Others	17	11.0%	Not Responded	1	0.3%
The Period of Internship Completion*			Salary during Internship		
Fall Semester	28	18.2%	Yes	128	83.1%
Spring Semester	20	13.0%	No	24	15.6%
Winter Vacation	29	18.8%	Not Responded	2	0.7%
Summer Vacation	109	70.8%			

*Students had multiple selections of internship periods and placements.

In general, students had a positive attitude toward internship programs (*data not shown*); however, their attitudes were significantly affected by several factors, length of the internships, prior work experiences, gender, GPAs, majors, and the format of internship reports. All the students felt that internship programs are needed; nevertheless, they also pointed out that the theories they learned in the classrooms were insufficient and inconsistent for them to apply to the real world situations during their internship (item 9, Mean = 2.25 SD = .91). They felt that the faculty should assist them and become bridges between students and industry professionals; supervision by industry professionals can prevent mistakes from happening. Students who get hands on experiences from internships will benefit their careers. However, 43.4% (n=125) of the respondents disagreed with the question “based on my internship experience, I will choose a hospitality job as my future career.”

The principle component analysis extracted four factors that explained over 50% of the variances (Table 3). The factors were identified and named. The factors were: *evaluation*, *career development*, *internship experience*, and *coordinator involvement*. The variances explained by each of the factors were 13.90%, 13.07%, 12.55%, and 12.38%, respectively.

Table 3
Principle Component Analysis of Factors Influencing Students' Internship Attitude

Factor	Loadings	Eigenvalue	% of Variance	Reliability Coefficient
1. Evaluation		1.9458	13.8985	0.60
Q6. Skills and knowledge	0.7511			
Q5. A report	0.6886			
Q14. Highly structured	0.5889			
2. Career Development		1.8302	13.0729	0.61
Q17. Timely feedback	0.7836			
Q15. Future profession	0.7435			
Q13. Improve future career opportunity	0.5342			
3. Internship Experience		1.7571	12.5504	0.55
Q11. Capability working	0.7372			
Q10. Satisfied Experience	0.7034			
Q10. Knowledge applied	0.7009			
4. Coordinator Involvement		1.7345	12.3892	0.50
Q4. Assist students	0.6577			
Q1. Responsible for placing	0.6098			
Q3. Provide workshops	0.5597			
Q8. Should get paid	0.5341			
Q2. Required hours	0.4550			

The most highly correlated with the *evaluation* factor were skills and knowledge (0.751), while highly structured internships had the lowest correlation (0.589). Timely feedback (0.784) and future profession (0.743) were the variables most highly correlated with *career development* factors, and increased future career opportunities had the lowest correlation (0.534). Variables most highly correlated with *internship experience* factors were capability (0.737), satisfaction (0.703), and applied knowledge (0.700). Assistant (0.657) was the variable most highly correlated with the *coordinators involvement* factor.

DISCUSSIONS

Internships are an important component in hospitality curriculum; most hospitality programs require students to take an internship course before graduation (Downey & DeVeau, 1987, 1988; Petrillose & Montgomery, 1998). Industry professionals think that students who have internship experiences are more marketable. (Petrillose & Montgomery, 1998). The results of this study support that internship is an important component of the hospitality curriculum; in addition, students supported the idea that internship experiences could help them prepare for future careers. Fu (1999) suggested that supervision is a key factor in determining the success of internship programs. The results of this study showed consistent findings in the importance of supervision during internship programs. Students agreed that the internship coordinators should be assigned to assist them before and during the internships.

Student interns in the labor market represent a pool of future employees for the hospitality industry; it makes sense for the industry professionals and academic faculty to access students' attitudes toward internship programs. Nevertheless, this study suggests that while students may have positive attitudes toward internship programs and are generally satisfied with their internship experiences, a good portion of them do not necessarily want to work in the hospitality industry.

Pavesic and Brymer (1990) reported "long hours—six days a week, 14 hours a day—will burn out even the most career-oriented person" (p. 95). The unique characteristic of the hospitality industry, practicality of hospitality curriculums, and the structure of internship programs are issues that need to be addressed in the future. Although field experiences were considered to be a positive experience, the negative comments obtained from this study need to be given attention. Reviewing curriculum on a regular basis, combining information from students, industry professionals, and educators can make the curriculum more practical and suitable in the future. A curriculum focused on integrating preparation for internships during the program is necessary to promote the success of internship programs. Mentors play a very important role in influencing students' field experiences. Students perceived more successful internship experiences with a mentor relationship. Structured internships enhance students' experience, and increase their desire to select Hospitality as a future career. Establishing good training programs for interns, giving intern meaningful tasks, and empowering them to manage the tasks in a more creative way could be solutions to improve future internship programs.

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EXPLORING BRAND CONFUSION IN ADVERTISING CAMPAIGNS OF HOTELS AND AIRLINES

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ABSTRACT

Brand confusion takes place when a person views an advertisement for a particular brand as a communication about a different brand. This empirical study was conducted in a sample of 306 men and women, and based on 54 hotel and airline advertisements. Advertisements that were perceived as likeable and distinctive, and that were not information-overloaded suffered less from brand confusion. Brands with weak advertising support were found to be more vulnerable to brand confusion. Consumers with higher levels of product category involvement and higher levels of brand awareness and brand loyalty appear to confuse hotel and airline brands less frequently.

Key Words: marketing, branding, advertising, brand confusion, hotels, airlines

INTRODUCTION

Advertising is intended to stimulate selective demand for the advertiser's brand, but often also stimulates primary demand for the product category in general. Far worse than this problem is the phenomenon of brand confusion that potentially causes advertising to stimulate selective demand for competing brands instead of the advertiser's brand. Misattribution by consumers can be an important reason for advertising ineffectiveness. When consumers perceive an advertisement for a certain brand as promoting another, it is not only ineffective, but even counterproductive (Poiesz and Verhallen, 1989): it produces an effect that the advertiser specially wants to avoid. Therefore, brand confusion is a phenomenon that should receive the researchers' continuous attention, and measures of brand confusion should be added to the more conventional advertisement effectiveness measures (Poiesz and Verhallen, 1989).

Brand confusion takes place when a recipient views a commercial communication for brand X as a communication about a different brand Y (Poiesz and Verhallen, 1989; Christou, 2003). Not only the brand name, but on a more general level also the product or service displayed in the advertising message may be the subject of confusion, e.g. an advertisement by a travel agent might be interpreted by the consumer as an advertisement for an airline. At the lowest level, confusion can take place with regard to particular message components, for example between slogans (Poiesz and Verhallen, 1989). The present study is limited to brand confusion; correct identification and confusion are not perfectly related. It is possible that the recipient of the message cannot attribute any particular brand to an advertising message, in which case he/she is not really confused, but simply does not have any idea. A consumer confusing brands thinks he/she recognizes the brand.

Depending upon whose position is taken, brand confusion can be 'positive' or 'negative' (Häcker and Verhallen, 1988). 'Negative' brand confusion refers to the extent to which the reference brand is confused with other brands; i.e. the degree to which the reference brand advertises for its competitors. 'Positive' brand confusion refers to the degree to which other brand advertisements are confused with the brand at issue; i.e. is the degree to which competitors advertise for the brand at issue. 'Positive' brand confusion is not necessarily an advantage for a brand. It may be a threat to a clear positioning and image building strategy if a company's brand name is incorrectly attributed to a competitor's advertising message.

The purpose of this study is to investigate the problem of brand confusion in advertising and more specifically, to study into more depth some of the parameters that lead to brand confusion in print advertising of hotels and airlines.

PARAMETERS INFLUENCING BRAND CONFUSION

Based on previous research, three categories of parameters that have an impact on brand confusion in hotels' and airlines' advertising can be identified, i.e. product category related factors, consumer characteristics and message characteristics.

Hotels' products and services are becoming more and more objectively similar with respect to their functionality and presentation (Poiesz and Verhallen, 1989); the same applies to airlines as well. In an increasingly cluttered marketplace, the *reduced inter-brand differences* necessitate the use of advertising to create a unique and recognizable brand image (Poiesz and Verhallen, 1989; Christou, 2002). This leads to an overload of stimuli which, in turn, may lead to brand confusion.

Ha (1996) refers to the degree of similarity and proximity of advertisements as a dimension of the advertising clutter. The *degree of overall similarity of strategy* (DOSS) seems to have increased over time as far as the information content is concerned, although both hotels' and airlines' ads tend to become more diverse as to their emotional content (De Pelsmacker and Geuens, 1997). Successful advertising techniques get imitated and waves of similar advertising arise. It can be expected that a higher DOSS leads to more brand confusion. It can be expected that a higher DOSS leads to more brand confusion. In parallel, similarity in visual appearance of products has also been found to be a major reason for confusion in advertising (Loken and Ross, 1986; Ward and Loken, 1986). Furthermore, in a study of brand recognition in print advertisements consumers cited 'the product' or 'the packaging' as a primary reason for recognition. However, the results revealed that this was a major reason for confusion as well (De Pelsmacker and Van Den Bergh, 1998). As advertising content and execution become more and more similar, the more unique the combination of the brand name and the advertising message, the less likely brand confusion is to occur (Poiesz and Verhallen, 1989). Advertisement uniqueness is, therefore, expected to be negatively correlated with the degree of confusion.

Brand confusion can also be caused by *wilful brand imitation*. In this case consumers may buy the imitator brand thinking it is the original (Ward and Loken, 1986; Sigala, 2003). The aim of the creators of imitator brands is to position their product next to the better known brand (Foxman and Muehling, 1990; Christou and Kassianidis, 2002). The *degree of competition in the product category* or, in other words, the number of competing brands in a product category and the similarity of their market shares, may also lead to more brand confusion (De Pelsmacker and Van Den Bergh, 1998). Moreover, brands with small market shares are frequently confused with market leaders or, more generally, brands with large market shares. Indeed, the difference between positive and negative confusion is often larger and/or positive in the case of market leaders and smaller or negative for brands with smaller market shares (De Pelsmacker and Van Den Bergh, 1998).

A consumer's *attitude towards advertising in general* will presumably affect his recognition of brands in print advertisements. Someone who is very negative about advertising in general is likely to be more irritated by individual advertisements and, therefore, block out most of the advertising messages targeted at him. Indeed, irritation leads to less recall, especially in advertising haters (De Pelsmacker *et al.*, 1998b). Also, the *attitude towards the advertisement* (Aad) may play an important role. Especially in the case of low involvement products or consumers, a positive attitude towards the advertisement may lead to more interest in the message and the brand, and eventually a more positive attitude towards the brand (Batra and Ray, 1986). De Pelsmacker *et al.* (1998b) concluded that a more positive Aad was related with less brand confusion. Consumers who have a high personal *involvement* (Zaichkowsky, 1985) in a product category possess a more fully developed knowledge structure with respect to brands in the category, and are therefore less likely to be confused (Foxman and Muehling, 1990). Less involved consumers may not be interested in expending the mental effort needed to discriminate adequately among different brands. They are probably less concerned about the consequences of their purchase and less motivated to acquire information about brand offerings in the product class, making it also more difficult for them to discern subtle differences between brands.

The more familiar consumers are with the various brand offerings within a product class, the more likely they can be expected to be able to make distinctions among brands, thereby reducing the likelihood of confusion. *Product category familiarity*, a major component of consumer knowledge, has been defined as the number of product related experiences that have been accumulated by the consumer (Jacoby *et al.*, 1986; Alba and Hutchinson, 1987). Cumulated advertising exposure, information search, salesperson interactions, choice, decision making, purchase and ultimately product usage are capsulated in the consumer's memory and build-up product class and brand experience. *Brand salience*, i.e. brand awareness, brand loyalty, and use of a particular brand, may influence brand confusion. For instance, brand awareness has been found to be statistically significant for discriminating between consumers who confuse and consumers who do not confuse brands (Foxman and Muehling, 1990). The *degree of media use* may be a factor of importance, since consumers that read more magazines or newspapers or watch more television, will be more frequently exposed to advertisements.

Advertisers use a large number of techniques to convey their message and to influence the consumer's ability and motivation to process the information offered (De Pelsmacker *et al.*, 1998a). Advertisements may differ in emotional and informational content, as well as in format or creative strategy used. As far as *emotional content* is concerned, advertisers use techniques such as humour, eroticism, warmth, and provocation to draw the consumer's attention. Very often, though, the capacity of these messages to draw the attention distracts the consumer, and leads to lower brand recall (Gelb and Zinkhan, 1986; Severn *et al.*, 1990; Sigala, 2001). *Information content* refers to characteristics such as the number and type of selling arguments used (Abernathy and Franke, 1996), the degree of repetition of the arguments, the number of times the brand name is shown or mentioned and, more generally, the type of motivation used, e.g. informational or transformational (Rossiter and Percy, 1997). Although the richness of information may stimulate elaborate processing during exposure, and as a result lead to more attention and less confusion (Poiesz and Verhallen, 1989; Sigala, 2002), information dense

advertisements also lead to more irritation (De Pelsmacker and Van Den Bergh, 1998), and consequently may induce more confusion. *Format characteristics* refer to the use of human models, product-in-use pictures, headlines, baselines, logos, large or small body copy or pictures, colours and typography; for instance, advertisements with pictures and advertisements in which a product in use is shown, result in less confusion. De Pelsmacker and Van den Bergh (1998) also conclude that the headline and the picture of the product were two of the most important determining factors of absence of confusion.

RESEARCH METHODOLOGY

The purpose of this study is to investigate the impact of a number of consumer characteristics on brand confusion, more specifically for two product and service categories, i.e. hotels and airlines. Brand confusion is operationalized as a consumer's false identification of a brand name when an advertisement is presented with the brand name excluded from the message.

A total of 54 print advertisements, pertaining to airlines (18) and hotels (36), were used as stimuli. It involved advertisements that were published in several magazines in the six months preceding the survey. The two product categories investigated, airlines and hotels, were selected because of the substantial amount of print advertisements available during that period of time, the diversity of brands advertised, as well as the publication frequency. The only problem is that the advertising stimuli in the two product categories were very similar in nature, resulting in a very high general degree of brand confusion.

The advertisements were presented to a representative sample of 306 persons in Italy (153 males and 153 females), users of the product categories under investigation. Respondents were aged between 20 and 60, and were selected following a quota sampling procedure, using age and education level as quota variables. As part of a larger survey, participants were personally interviewed in cooperation with a professional marketing research agency in September of 2003. All respondents were recruited randomly until a quota sample of 306 was reached.

Consumer characteristics and the dependent variable '*brand confusion*' were measured by means of a questionnaire completed during the personal interview. The questionnaire was composed of two parts. A first part provided measures of the attitude towards advertising in general, magazine reading behaviour, involvement with the product categories under investigation, spontaneous brand name recall for both product categories, brand loyalty, and product category familiarity, measured as the extent of product use and the number of brands used regularly. Demographic information, including age, education level and profession, was also collected at this stage. The second part of the survey involved the actual testing of the advertisements; each respondent was assigned eighteen advertisements (six for airlines and twelve for hotels). The advertisements were presented one by one, each time followed by a set of questions containing measures of the attitude towards the advertisement (11 items based on Madden *et al.*, 1988; Olney *et al.*, 1991 and Cho and Stout, 1993: likable, interesting, convincing, appealing, easy to forget, effective, irritating, believable, clear, informative, distinctive) and recognition of the advertisement. Participants were also asked to identify the brand each advertisement referred to ('*attribution*').

In order to control for a possible presentation bias, separate groups of participants viewed the advertisements in different orders. Obviously, the measurement procedure could lead to order effects. For instance, the involvement measures and the product category familiarity measures may have influenced subsequent test results. However, involvement and product category familiarity are measured for more brands than just the ones tested in the second part of the questionnaire. As a result, the order of the questions may be not all that problematic. Furthermore, switching the two parts of the questionnaire might have been even more biasing since in that case our respondents would have seen a few advertisements, and subsequently would have had to answer questions about the whole product category.

On the basis of a jury of seven, a limited content analysis of the advertising messages used in the study was carried out. As mentioned previously, most of the advertisements in the product categories (airlines and hotels) studied are very similar. Only the information content of the advertisements (number of information cues), and a limited number of format characteristics (the product/people ratio in the pictures, whether models are used) were measured.

RESULTS AND DISCUSSION

In general, brand confusion scores were found to be uncomfortably high: from a total of 2754 observations, in 1086 cases (40%) respondents admit not to know what brand is advertised. For the following analyses these observations are excluded. Since not knowing which brand is advertised is not considered to be real confusion, these cases are irrelevant for further analyses. Of the remaining 1668 observations, in which case the respondents think they know which brand is

advertised, 43% actually confuse brands and attribute a wrong brand to the advertisement. Overall, in only 976 (33%) of all observations the advertised brand is correctly identified.

Two dimensions of the *attitude towards advertising in general* were measured: to what extent the subjects think advertising in general is irritating or fascinating, and to what extent they believe advertising in general contains useful information or not. Respondents who confused brands, as compared to participants that attributed brands correctly, evaluated advertising to be more irritating (3.56 versus 3.29, *t*-test, $p = 0.001$), but did not hold a different opinion on the information content of advertising. It can be assumed that the level of irritation served as a 'gatekeeper' for further processing of the advertising message.

Besides the effect of the attitude towards advertisements in general, also the impact of the *attitude towards each individual advertisement (Aad)* was assessed. This measure was a characteristic of the stimulus as judged by the respondents. Principal component analysis with Varimax rotation on the 11 items of the Aad scale used showed three dimensions, explaining 67.3% of the variance: affective reaction, composed of the items 'likeable' and 'appealing' (summed); distinctiveness, the item 'different from other advertisements'; and informativeness, the item 'one learns something from this advertisement'. The criteria used to define the Aad components were: variables should load more than 0.70 on one factor and less than 0.35 on the others, and correlations between variables loading on the same factor should amount to more than 0.70, while the correlations between variables of different factors should be less than 0.30

Relating brand confusion to what participants held of the advertisement revealed that respondents who confuse the brand as opposed to those who correctly identify the brand, rate the affective Aad-dimension, as well as the distinctive dimension significantly lower (Table 1). In other words, the extent to which consumers perceive the advertisement as attractive and as distinct from other advertisements is inversely related with brand confusion. Although the direction of the causality cannot be revealed in this study, it seems more plausible that the relation flowed from advertisements responses to brand confusion and not from brand confusion to the attitude towards the advertisement. The reason for this is that people who did not know which brand was advertised were excluded from the analysis, eliminating the possibility that one evaluated the advertisement unfavourably simply because he/she did not know the advertised brand. It has to be added, though, that the extent to which the respondents felt certain they attributed the right brand, was not measured.

Table 1
Brand confusion & attitudes towards the advertisement

	Participants confusing brands*	Participants correctly attributing brands*	Significance level t-test
Attitude towards advertising - irritation level	3.56	3.29	$P = 0.001$
Affective reaction	3.88	4.62	$P < 0.001$
Distinctiveness	4.27	4.73	$P = 0.030$
Informativeness	2.24	2.75	$P = 0.268$

* Average scores on 7-point Likert scales

As to the effect of the format of the advertisements, a number of remarkable differences were noticed between the two product categories studied. Concerning hotel advertisements, significantly more people confuse brands when the advertisements contain no characters (57%) than when they do show human models (32%) (χ^2 , $p = 0.007$). For airline adverts the opposite is true: significantly more people confuse brands when the ads contain human characters (59%) than when they do not (30%) (χ^2 , $p = 0.004$). A plausible explanation for this difference may be the divergent position of the two product categories investigated with respect to the think-feel dimension of the Foote, Cone and Belding (FCB) classification of products and services. According to this symbolic-utilitarian framework (Rathford, 1987), hotels can be classified as purely symbolic, real 'experience or feel' products, as a result of which consumers are attracted to more affective and emotional formats, whereas airlines are as well utilitarian as symbolic, and consumers are therefore attracted to more rational and objective appeals. All in all, the affective reaction of respondents towards advertising in general and towards specific advertisements in particular appears to be strongly related to brand confusion, although certain differences can be observed between hotels' and airlines' advertisements.

As to the information component of Aad, no difference was observed between participants who confuse and do not confuse brands. The number of information cues present in the advertisements for hotels varied between 5 and 11. Airline advertisements used significantly less information cues (on average 3.62 versus 7.16 in advertisements for airlines; *t*-test $p < 0.001$). For this product category the number of cues presented, varied between 3 and 7. For airlines the average number of information cues was slightly higher in advertisements leading to confusion than in advertisements leading to correct brand attribution (8.72 versus 8.16; *t*-test $p = 0.035$). The average number of information cues in hotel advertisements was

also slightly higher for advertisements leading to brand confusion (2.28 versus 1.96; t -test $p < 0.001$). Although no significant effect of the perception of informativeness of the advertisement (as a component of Aad) was found, on the basis of these results it may be concluded that information overload in advertising leads to higher levels of confusion. This is confirmed by the fact that for airlines, the copy of advertisements leading to brand confusion counted more words than their non-confused counterparts (256 versus 152, t -test $p < 0.001$). The density of the copy (the number of words divided by the size of the copy) was also larger for advertisements leading to brand confusion (1.57 versus 0.89, t -test $p < 0.001$). Although airline advertisements seem to lead to less confusion when they have a rational and information-oriented format, the amount and density of the information appears to have a significant impact on brand confusion levels: information-overloaded advertisements are confused more often. None of the hotel advertisements investigated contained any copy in contrast with all ads for airlines.

In Table 2 the effects of a number of other consumer characteristics on brand confusion are shown. Consistent with the findings of Foxman and Muehling (1990), *highly involved* respondents showed lower levels of brand confusion than low involvement consumers. This can also be illustrated by the fact that significantly more people confuse brands when presented an advertisement for airlines (53%) than when presented an advertisement for hotels (42%) (χ^2 , $p = 0.003$), and indeed hotels (6.95) as compared to airlines (4.87) scored significantly higher (t -test, $p < 0.001$) on the involvement scale.

The number of respondents confusing brands does not differ for light and heavy product category users, although the difference points in the expected direction. As expected, highly brand loyal consumers confused brands more often than variety seekers. Similarly, respondents mentioning more brands in use were confused to the same extent as those who mentioned fewer brands. Hence, *product category familiarity* does not seem to influence brand confusion. *Brand salience* was measured as the level of brand awareness and brand loyalty. As expected, *brand awareness* leads to lower levels of confusion. However, this was only significantly the case in the airlines category. On the contrary, people that are top-of-mind aware of hotel brands were confused to the same extent as consumers that were not top-of-mind aware of the brands. Brand loyalty, as measured by distinguishing respondents who tick one particular brand as compared to those who tick the option 'miscellaneous brands' when asked what brand they most frequently buy, had a significant impact on brand confusion in the sense that more loyal customers seem to confuse brands than their 'variety seeking' counterparts (44.6% versus 31.4%, $p = 0.036$).

Table 2
Brand confusion & respondent characteristics

		Confusion level	Significance level
Brand awareness:	<i>Non-top-of-mind aware</i>	48.6	
	<i>Top-of-mind aware</i>	23.5	χ^2 , $p = 0.015$
Brand loyalty	<i>Loyal customers</i>	44.6	
	<i>Variety seekers</i>	31.4	χ^2 , $p = 0.036$
Involvement:	<i>High involvement</i>	40.4	
	<i>Low involvement</i>	52.0	χ^2 , $p = 0.003$
Usage frequency:	<i>Heavy users</i>	42.6	
	<i>Light users</i>	43.8	χ^2 , $p = 0.086$
Age:	<i>Under 40</i>	39.0	
	<i>Over 40</i>	52.0	χ^2 , $p = 0.002$
Perceived exposure:	<i>Not seen it</i>	51.0	
	<i>Seen it a few times</i>	40.6	χ^2 , $p < 0.001$
	<i>Seen it several times</i>	39.7	

Magazine readership was expected to have an impact on the *perceived frequency of previous exposure* to the advertisements, and therefore on brand confusion. Indeed, the more magazines participants read, the more they claimed to have seen the advertisements several times (20.2%, 26.8% and 32.5% for reading one, two and more than two magazines respectively, $p < 0.001$). Furthermore, the fact that respondents thought they had seen the advertisement before significantly lowered the likelihood of brand confusion (Table 2). A remarkable finding is that claiming to have seen the advertisement only a few as opposed to several times, does not seem to affect brand confusion at all. One might be tempted to conclude that this lends support to the idea of Jones (1995) that one exposure might be enough, and that frequency of exposure is not so important. On the other hand, it could be that respondents only remembered having seen the advertisement, but had no idea how many times they were exposed to it.

As far as the demographic characteristics of the respondents are concerned, neither education level nor profession had a significant impact on brand confusion. Age seemed to have a significant effect on brand confusion in the sense that

more respondents over 40 confuse brands than their younger counterparts (52% versus 39%, χ^2 , $p = 0.003$). A possible explanation that the former were less involved in the product categories investigated has to be rejected. As a matter of fact, respondents over 40 actually appeared more involved (5.63 versus 5.11, t -test $p < 0.001$). Furthermore, they can be assumed to have more brand experience, since they mention to use the products more often (54.0% versus 32.2% are heavy users, χ^2 , $p = 0.044$). A possible explanation for the fact that more people over 40 confused brands may be that they are more loyal to particular brands, and as a consequence, pay less attention to other brands. Significantly more respondents aged over 40 as compared to the younger ones, showed brand loyalty (64.0% versus 32.6%, $p < 0.001$), lending support to the suggestion that a high level of brand loyalty is a key factor in the higher brand confusion observed in people older than 40, that counterbalances the effects of more product usage, more product involvement and more magazine reading.

Overall, it can be concluded that brand salience (the level of brand awareness and brand loyalty), the level of product category involvement, the degree of perceived exposure (as a result of the difference in magazine readership), the general affective attitude towards advertising, the likeability and distinctiveness of the advertisement, the degree of information overload, and to a certain extent the age of the consumer, are the main consumer-related explanatory factors of brand confusion.

CONCLUSIONS

It can be concluded that brand salience, the level of product category involvement, the degree of perceived exposure (as a result of the difference in magazine readership), the general affective attitude towards advertising, the likeability and distinctiveness of the advertisement, the degree of information overload, and to a certain extent the age of the respondent, are the main consumer-related explanatory parameters of hotel and airline brand confusion.

Consumers most vulnerable to brand confusion generally have lower levels of product category involvement, brand awareness and brand loyalty. They have a more negative general attitude towards advertising, and are more easily irritated by it. If they do not like a particular advertisement, or they think it is not distinctive enough, they are more likely to be confused by it. Information overload advertisements tend to lead to more brand confusion. People over 40 appear to be more vulnerable to brand confusion than their younger counterparts. Other socio-demographic characteristics do not appear to have an impact on brand confusion.

This study was limited to only 2 product categories: hotels and airlines. Therefore, practical implications should be formulated with caution. Nevertheless, the following suggestions seem to be valid: the affective reaction to an advertisement is very important; advertisement likeability leads to less brand confusion; advertisements should also be distinctive and not too information dense; and, building awareness, loyalty and involvement reduce brand confusion.

However, the present study has a number of limitations that are likely to affect the generalizability of the results obtained. It can be suggested that future research includes more advertisements (and in a variety of formats – not just print ads), more diversified stimuli, and certainly more product categories from the tourism industry. This would also enable the investigation of product category and message related parameters. Finally, in order to investigate further advertising campaign parameters a longitudinal approach may also be more appropriate.

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REVENUE MAXIMIZATION THROUGH INNOVATIVE PRICING STRATEGY
IN THE HOTEL INDUSTRY

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ABSTRACT

Price-ending strategies may be utilized by hotels to signal value or quality. The current study presents that there is a directional relationship between room rates and price ending strategies. It demonstrates that as average room rates decrease, the price-ending strategies change from whole dollar practice to dollar and cents practice. Results from the qualitative investigation were compared with the room rates from the Internet for 10 US cities. Based on this study, an innovative pricing strategy is presented with a potential gain of \$250 million dollars annually for the hotel industry in the USA. Further studies in consumer acceptance of the recommended pricing strategy are suggested.

Key words: price-endings; hotel pricing; hotel room revenue maximization.

EXTENDED ABSTRACT

The purpose of this inquiry is to examine pricing strategies in the hotel industry so as to maximize revenues. Previous research indicates that price endings may be utilized to send specific signals to consumers regarding the value or quality of a product. Through an analysis of hotel pricing on the Internet, coupled with qualitative interviews with hotel operators, this exploratory inquiry attempts to determine whether a relationship might exist between the message that hotel operators intend to communicate with consumers utilizing price and the price-ending strategies they adopt. Specifically, the factors that are considered by hotels in setting room rates are explored as well as how these factors impact the price-ending strategies utilized and whether the hotels consider the impact of these price-ending strategies on consumer perceptions. Finally, a price-ending strategy is proposed that can contribute significantly to the profitability of the hotel industry.

Many researchers have hypothesized that price endings may be utilized by retailers to communicate information to consumers that a product is low-priced (Dodds and Monroe, 1985; Berman and Evans, 1986; Kotler, 1991, Nagle, 1995) or to communicate about the quality of a product (Alpert, 1971; Whalen, 1980; Bolen, 1982; Bagwell & Riordan, 1991). "Odd", "just-below", or "psychological" pricing are terms that are utilized synonymously to refer to the practice of pricing a product to take advantage of a perceived "price illusion", which hypothesizes "that consumers systematically underestimate prices with just-below endings". As cited by Schindler and Kibarian (1996), this debate was initiated by Bader and Weinland (1932). Despite the lack of conclusive empirical evidence supporting its effectiveness, just-below pricing has been utilized by retailers for years (Bizer & Petty, 2002).

In a hospitality setting, research related to price-endings is limited. Price-ending research has not been conducted in the hotel business; however, Kreul (1982) studied pricing in the restaurant industry and concluded that price-ending strategies in restaurants mirror practices commonly utilized in retailing with low-priced, value-oriented restaurateurs most likely to utilize a price ending with the digit "9". A more recent study within the hospitality industry, conducted by Naipaul and Parsa (2001), concluded that the use of a "9" price-ending signaled "value" to consumers while a "0" price-ending communicated 'quality.' This strategy conveys a message consistent with previous findings that such price-endings communicate an image of "classiness" (Spohn & Allen, 1977, p. 188), "sophistication" (Raphel, 1968), "prestige" (Alpert, 1971, p.112), or a "touch of dignity" (Feinberg, 1962). Based upon a review of the literature related to price-ending strategies, the following five hypotheses are proposed and tested relative to price-ending strategies utilized by hotels:

- H₁: Upscale, full-service hotels tend to prefer a pricing strategy using whole dollars without using pennies (prices that end with ".00").
- H₂: Select-service, economy hotels tend to prefer a pricing strategy using dollars followed by cents (prices that end with cents such as ".95; .99").

- H₃: When utilizing a whole-dollar pricing strategy, the last digit utilized by upscale, full-service hotels will most commonly be a “0” or “5”, if the hotel is trying to communicate quality image.
- H₄: When utilizing a whole-dollar pricing strategy, the last digit utilized by upscale, full-service hotel will most commonly be a “9”, if the hotel is trying to communicate value image.
- H₅: Select-service, economy hotels, when utilizing a dollar-and-cents pricing strategy, tend to utilize a just-below pricing strategy with prices ending most frequently with a “.99” to communicate value image.

Data for this study were collected in two ways: 1) qualitative interviews with selected hotel executives; 2) comparison of published room rates obtained from the Internet. Qualitative interviews were determined to be the most effective way to extract information regarding room rate strategies from industry experts due to the complexities involved in the pricing process and the exploratory nature of the study. The use of a survey or questionnaire would have hampered our ability to clarify information when necessary and much of the information related to pricing obtained is subject to a wide-range of interpretations. Due to the sensitive nature of pricing information and confidentiality involved in pricing decisions, qualitative research methods were found to be most effective. Hotel room rates were obtained from the proprietary Internet websites; this source was utilized since rate quotes obtained from telephone calls to individual properties or toll-free reservation centers are subject to misquotes and human error. It is safe to assume that rates posted on the proprietary website have been established through the hotel’s prescribed process and have been appropriately approved and verified.

Table 1 summarizes findings from qualitative interviews with twelve (12) industry experts involved in hotel pricing decisions for their respective hotels. These interviews, coupled with a room rate survey for twenty (20) hotels in ten (10) U.S. cities, provided support for three of the hypotheses (H₁, H₃, and H₄), partial support for one of the hypotheses (H₂), and failed to conclusively support the fifth hypothesis (H₅). As a result of this analysis, a trend was identified that, as room rates decrease, the likelihood that a hotel will be priced in dollars-and-cents, as opposed to whole dollar amounts, increases. In addition, the innovative strategy of one upscale, full-service operator, in which hotel rooms are priced utilizing a just-below, dollar-and-cents pricing-ending strategy, despite the apparent trend of upscale, full-service hotels to utilize a whole dollar price-ending strategy is identified, which adds nearly one-dollar (\$1.00) to non-qualified (non-group, non-negotiated) room rates. Although the ability to generalize the use of this innovative pricing strategy throughout the industry as a whole may be debated, due to the limited number of qualitative interviews as well as the limited sample size included in the rate survey, the potential impact of the implementation of this strategy on the pre-tax profits of the hotel industry is calculated at approximately \$250 million.

Table 1
Summary of Pricing Strategy Exploratory Interviews -Based Upon 12 Interviews with Industry Experts

Topic:	Comments:
Factors considered when establishing room rates: <ul style="list-style-type: none"> • Competition • Demand in the market 	All respondents indicated that the rates of their competitors and demand indicators, such as historical trends, group bookings, denials, seasonal trends, and city-wide convention activity, were very important factors utilized to determine room rates
Reasons for utilizing a “just-below”, “psychological”, or “odd-pricing” strategy with prices ending with “9.00” (if utilizing a whole-dollar pricing strategy) or \$0.99 or \$0.95 (if utilizing a dollar-and-cents pricing strategy): <ul style="list-style-type: none"> • Perceived to be less expensive • Customers expect it 	Operators that utilize this strategy indicate that hotel guests perceive that the price is lower than if they increase the rate \$1.00, \$0.01 or \$0.05 as appropriate thereby increasing the tens digit Many operators sense that guests simply expect an odd-pricing strategy to be utilized since this has been the trend in the industry and is how “just about everything is priced” “Guests expect it and are comfortable with it” according to one respondent.
Reasons full-service operators do not utilize a dollar-and-cents pricing strategy to add the extra \$0.95 or \$0.99 to the room rate: <ul style="list-style-type: none"> • Avoid the perception that guests are being “nickel and dimed” 	Most full-service operators do not choose to price in dollars followed by cents since they feel that it “cheapens” their image One innovative full-service hotelier indicated, however, that they switched to a dollar-and-cents pricing strategy company-wide and added \$0.95 to all of their published room rates. “It has allowed us to add nearly \$1.00 to our rates without our customers perceiving a rate increase at all during a time when demand has weakened”.
Reasons why upscale, full service hotels utilize a round-pricing strategy with whole-dollar rates that end in “0” or “5”: <ul style="list-style-type: none"> • Send a message of quality • Price is secondary 	Upscale, full-service hotels that utilize this strategy want to convey that they are sophisticated and not attempting to deceive their guests through their pricing strategy

Although this study provides a clear indication regarding the intentions of hotels relative to price-ending strategies, how consumers actually interpret these different strategies has not been determined by this study. As a result, a follow-up study is planned to explore how these strategies are interpreted by the consumer. For example, consumers undoubtedly obtain quality cues from variables other than the price endings, such as brand affiliation and relative pricing levels. Until more empirical research is conducted, however, the debate relative to price-ending strategies will continue.

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THE EFFECTS OF ATMOSPHERIC ELEMENTS ON CUSTOMER IMPRESSION:
A STRUCTURAL EQUATION ANALYSIS OF HOTEL LOBBIES

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ABSTRACT

The physical environment of a hotel influences the impressions formed by guests. These impressions affect guests' perceptions and influence their evaluation. This study attempted to empirically test five atmospheric elements (color, lighting, layout, style, and furnishings) that comprise the physical environment of a hotel lobby, using a structural equation model. Three of the atmospheric elements (color, lighting, and style) were found to be significantly related to the overall impression of a hotel lobby. By understanding the atmospheric elements that contribute to the first impressions by guests, one could concentrate on those elements that would lead to a better impression.

Key Words: atmospheric elements, servicescapes, customer impression, hotel lobby, structural equation model.

INTRODUCTION

Psychologists have claimed that the physical environment has an effect on human behavior. This new branch of psychology became known as environmental psychology. Mehrabian and Russell (1974) attempted to provide a framework for the study of environmental psychology and discussed the effects that the physical environment can have on human behavior. Using the premise of environmental psychology, Kotler (1973) determined that if the physical environment had an effect on human behavior, it would also influence the behavior of individuals in consumer settings. Bitner (1992) took the concept of atmospherics a step further by developing a framework that addresses the effects of the physical environment on consumers in service settings.

There are many servicescapes that exist within a hotel. Among them, a hotel lobby could be considered one of the most important servicescape because of its impact in forming many of the first impressions by guests. These first impressions create a context for the service that will follow. It is what Bitner (1992) was referring to in the concept of servicescapes. It is usually easier to meet or exceed customer expectations when the first impressions have been positive (Knutson, 1988). According to Dube and Renaghan (2000), the physical property of a hotel which includes the hotel lobby and other public spaces is very influential in driving the hotel-purchase decision and in creating value during the stay. In light of the importance of the physical property of a hotel and in conjunction with the concept of servicescapes, it is important that hotels pay closer attention to the physical settings in which services are performed or take place.

Most of the research on atmospherics, and even more so with servicescapes, is still very conceptual. Where research has been done, it often focuses on just one of the elements that make up a physical environment. Few models exist that attempt to measure the combined impact of these elements in the creation of the overall impression. The objective of this research is to fill the research gap by estimating the impact that atmospheric or servicescape elements have on the overall impression of a hotel lobby.

LITERATURE REVIEW

Mehrabian and Russell (1974) in their conceptual framework argued that the physical environment creates an emotional response in individuals, which in turn elicits either an approach or avoidance of the physical environment. Applying this to consumer settings, Kotler (1973) proposed that the physical environment in which that product is purchased is an important part of the total consumption package, and the term "atmospherics" was introduced. Bitner (1992) took the focus on consumer settings a step further by developing a conceptual framework for service settings and used the term "servicescapes" to describe the physical environment in which services occur. Bitner's conceptual framework is comprised of the three environmental dimensions that combine to form the perceived servicescape: ambient conditions, space/function, and signs, symbols, and artifacts. In addition to the conceptual framework, Bitner (1992) also made a number of propositions based on the conceptual framework. Among them, there are two that are of particular interest to this

research. First, customers perceive environments holistically with the three dimensions affecting overall perception independently and/or through interaction with the other dimensions. Second, positive cognitions of the perceived servicescape can lead to positive beliefs and attributions being associated with the organization, its people, and its products. Wakefield and Blodgett (1994) empirically tested the concept of servicescapes in a leisure service setting. Those that viewed the servicescape of perceived high quality reported a greater excitement level, which lead to greater satisfaction. This was further tested by Wakefield and Blodgett (1996) in a structural equation model across three different leisure service settings. Overall, the research confirmed that the environmental dimensions of the servicescape combine to create the perceived quality of the servicescape that leads to satisfaction.

Despite the importance of atmospherics or servicescapes, the atmospheric elements or factors that comprise the physical environment of a hotel lobby have not been researched to any great extent and the empirical research that has been done has primarily focused on individual elements (e.g., Barker et al., 1994; Bellizzi et al., 1983; Turley & Millman, 2000). In summary, there is a strong conceptual framework for atmospherics or servicescapes based on the foundation of environmental psychology. However, the research to empirically test these conceptual theories in the hotel industry has been limited, despite the indications that the physical environment plays an important role in creating first impressions and influencing consumer behavior within a hotel. While there has been research done on some of the individual atmospheric elements, there is a need to test them as part of an overall model to identify those elements that make up a physical environment of a hotel property.

METHODOLOGY

As used in other atmospheric or servicescape research (Bitner, 1990; Baker et al., 1994; Wakefield and Blodgett, 1994; Ritterfeld and Cupchik, 1996), a scenario approach along with color photographs of a hotel lobby were used in this research study. Participants were told that they were attending a conference and that this was one of the hotels used by conference attendees. Two photographs of the hotel lobby were selected, one showing the front desk and the other showing the hotel lobby seating area. The name of the specific hotel was not given and no identification was visible in the photographs to control for the influence of branding.

Based on the reviewed literature and the previous research, five atmospheric elements were included in the research: color, lighting, layouts, style, and furnishings. While there are other elements that make up the physical environment of a hotel lobby, these elements were selected because of their significant role in the service settings. Semantic differentials (scale: -3 ~ +3) were used to assess each of the atmospheric elements along with the overall impression of the hotel lobby, providing a good way of assessing complex concepts and ideas (Bitner, 1990; Donovan and Rossiter, 1982; Ritterfeld and Cupchik, 1996). The semantic differentials were selected from previous research that indicated that they were appropriate for evaluation purposes and were considered to be true opposites or contrasting adjectives (Osgood et al., 1957). A convenience sample was used for this study in that university faculty, who travel to conferences and other similar type meetings, were invited to participate in the study. The survey was done on-line to allow for wider participation, easier distribution of the survey due to the color photographs and efficient collection of data. Research participants would be randomly shown one of four hotel lobbies. This was an effort to make the research more realistic in that one enters a hotel lobby and makes an assessment of the physical environment at that particular moment. Special care was taken to select the four hotels that were from the same rating category and classification.

The collected data were analyzed in four steps. First, a measurement model was estimated with a confirmatory factor analysis to validate the proposed atmospheric elements. Second, reliability, convergent validity, and discriminant validity were also checked. Third, a structural equation model was estimated with Maximum Likelihood (ML) to identify the effects of the atmospheric elements on customers' impression of hotel lobby. Based on the literature review, the researchers hypothesized that the atmospheric elements (style, layout, color, lighting, and furnishings) have significant effects on customers' impression of a hotel lobby.

RESULTS

As explained earlier, the underlying atmospheric elements, or constructs, and their items were developed from a comprehensive review of literature (Baker, 1987; Bitner, 1992; Donovan and Rossiter, 1982). The mean values were all above 0, which signifies that the respondents assessed the atmospheric items in consistently positive ways. To validate the developed elements, a measurement model was estimated with a confirmatory factor analysis (CFA) in which each atmospheric items were loaded on it's a priori construct, and the constructs were allowed to correlate in the analysis (Gerbing and Anderson, 1988). The measurement model was evaluated on the basis of reliability alpha to make sure the homogeneity of the atmospheric items within each element and subsequently model fit indices were examined to check

overall model fit with the data. Convergent validity and discriminant validity were also investigated for the validities of the theoretically-developed atmospheric constructs. Cronbach's alphas were calculated to assess the internal consistency of atmospheric constructs. All alphas exceed the minimum hurdle of 0.7, as recommended by Nunnally (1978). The results indicated that the atmospheric items are reliable in measuring each construct. Regarding the model fit indices, the chi-square test of the measurement model was statistically significant ($\chi^2_{(194)} = 365.4, p=.00$), meaning a not-good-fit model. But the other indices indicated an adequate degree of model fit ($\chi^2 /d.f. = 1.88$, Normed Fit Index (NFI) =.891, Tucker-Lewis Index (TLI or NNFI)=.908, Comparative Fit Index (CFI)=.923, and Root Mean Square Error of Approximation (RMSEA)=.079). Overall, it could be decided that the model reasonably fits the data.

The researchers examined convergent validity by checking if each atmospheric item's estimated coefficient was significant. As shown in Table 1, all the loadings were greater than 0.53 and significant, suggesting convergent validity (Gerbing and Anderson, 1988). Discriminant validity among the atmospheric constructs was examined using two methods. First, following the criteria suggested by Dillon and Goldstein (1984), the researchers calculated the average variances extracted (AVE) for the constructs to see if the constructs accounted for more than 50 percent of the corresponding atmospheric items. Most of constructs exceeded the recommended level of AVE, but furnishings construct fell short of the 50 percent criterion (Table 1). Second, as Gerbing and Anderson (1988) recommended, the researchers tested if the correlations among atmospheric constructs were significantly different from 1, by looking at whether or not the confidence intervals of the correlations, calculated as correlation $\pm 1.96 \times$ standard error of estimate, contain 1. If the confidence intervals do not include one, it is accepted as reasonable evidence that each construct measures a unique dimension of atmospheric elements. Before calculating confidence intervals, the researchers examined the bivariate correlations among the atmospheric constructs and found that furnishings-style (.93) and style-colors (.82) have the highest correlations, which may be possible candidates of failing the confidence interval test. Among them, only furnishings-style had 1 in the 95 percent confidence interval of the correlation. The result indicated that the furnishings and style constructs do not have discriminant validity, which means that both constructs do not represent unique dimensions. Thus, the researchers decided dropping the furnishings construct since it failed to pass the AVE test as well.

Table 1
Measurement Model Results

Atmospheric Constructs and Items	Standardized Factor Loadings	t-Value	Average Variance Extracted (AVE)
Style			58.56%
Current	.59	-	
Refined	.79	5.99*	
Artful	.69	5.50*	
Beautiful	.91	6.47*	
Impressive	.81	6.22*	
Layout			62.98%
Graceful	.90	-	
Proportionate	.84	10.93*	
Accommodating	.85	11.33*	
Uncluttered	.53	5.70*	
Colors			84.77%
Beautiful	.90	-	
Soothing	.89	14.13*	
Pleasant	.97	17.45*	
Lighting			86.55%
Appropriate	.90	-	
Inviting	.96	16.88*	
Positive	.93	15.36*	
Furnishings			47.55%
Beautiful	.75	-	
Comfortable	.60	5.89*	
High Quality	.71	6.90*	
Overall Lobby Impression			87.49%
Good	.94	-	
Beautiful	.90	16.23*	
Inviting	.97	21.97*	
Comfortable	.93	18.92*	

Note: 1. The first path of each construct was set to 1, so no t-value was given to the first path. 2. * $p \leq .001$

A structural model with four atmospheric constructs (style, layout, colors, and lighting) was estimated using Maximum Likelihood (ML) to test the effects of the constructs on customers' impression. A correlation matrix was used to obtain standardized parameter estimates in this study since the objective was to understand the pattern of relationships among atmospheric elements. Examination of overall fit indices of the structural model indicated a good fit of the model to the data as presented in Table 2 ($\chi^2_{(142)}=279.2$, $\chi^2/d.f.=1.97$, $NFI=.903$, $NNFI=.919$, $CFI=.933$, and $RMSEA=.079$). The results of the standardized parameter estimates and their t-values were also reported in Table 2. Figure 1 presents the overall results of the structural model.

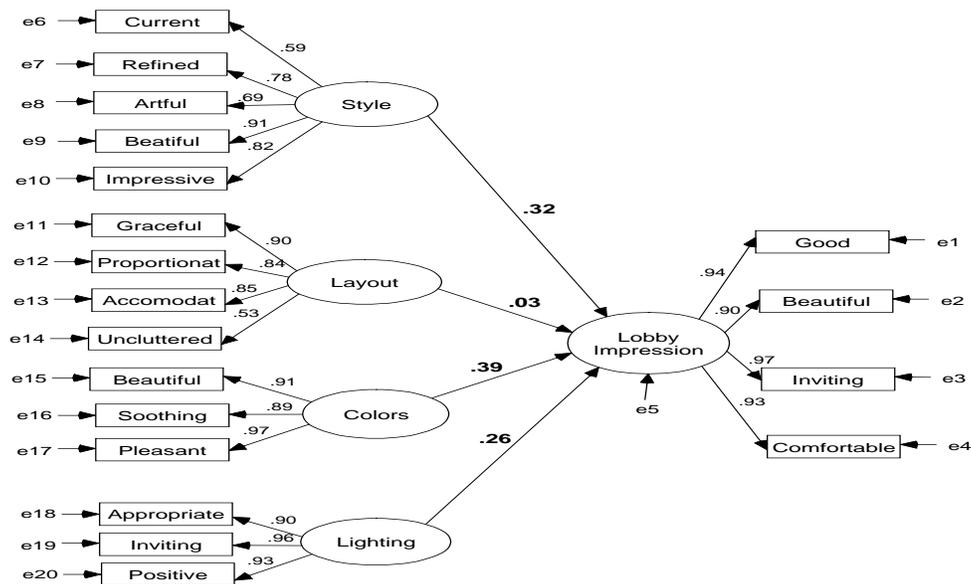
Table 2
Structural Model Results

Path	Standardized Parameter Estimate (β)	t-value
Style → Lobby Impression (β_{11})	.32	2.63**
Layout → Lobby Impression (β_{12})	.03	0.34
Colors → Lobby Impression (β_{13})	.39	3.49***
Lighting → Lobby Impression (β_{14})	.26	3.46***
R-Square	.799	
Model Fit Statistics		
$\chi^2_{(142)}$:	279.2 (p=.00)	
$\chi^2/d.f.$:	1.97	
Normed Fit Index (NFI):	.903	
Tucker-Lewis Index (TLI or NNFI):	.919	
Comparative Fit Index (CFI):	.933	
Root Mean Square Error of Approximation (RMSEA):	.079	

Note: *p ≤ .05, **p ≤ .01, ***p ≤ .001

Three of the hypothesized paths were statistically significant at the 0.01 level. The style construct was found to have a positive effect on the impression of hotel lobby ($\beta_{11}=.32$, $t=2.63$). That is, if a hotel was satisfactorily designed using the concepts of current trends, refinement, art, beauty, and impressiveness, it is expected to positively impress customers. Thus, the first hypothesized path was supported by the result. Contrary to the expectation, the layout construct was not significant even though it slightly positively influenced lobby impression ($\beta_{12}=.03$, $t=0.34$). The result suggested that an excellent work on layout in hotel lobby alone might not contribute to a significant improvement in customers' impression.

Figure 1
A Structural Model for Lobby Impression



The third path for the effect of the colors construct on lobby impression was statistically significant ($\beta_{12}=.39, t=3.49$), showing the greatest standardized parameter estimate among all the paths tested. This indicated that colors are the most influential element to affect overall lobby impression. This gives an implication to hotel developers and operators as to how important role colors have in impressing customers. Finally, the lighting-to-impression path was also found to be significant ($\beta_{12}=.26, t=3.46$) as expected. The results also showed that about 80 percent of the variance (0.799) in the lobby impression construct was accounted for by the four exogenous constructs, which is distinctly high.

Overall, this study identified three important atmospheric elements that were estimated to contribute to explaining lobby impressions: style, colors, and lighting. But one construct, the layout of lobby, was revealed to be not as important as expected in this study. Even though the three significant constructs take their unique importance in practice, colors appeared to be most influential, suggesting that hoteliers need to take special care of the colors of their facilities to improve impression. The result supports that color changes, when renovating hotels, may be one of the most effective tools to create positive impression of lobby. Even though this study focused only on hotel lobbies, the findings of this study may be extended to the other facilities such as guest rooms, dining facilities, and fitness centers with additional support of future research.

CONCLUSIONS

The objective of this study was to test the effects of atmospheric elements on the guest's first impression of a hotel lobby. Based on the review of literature, the researchers proposed five atmospheric constructs: style, layout, colors, lighting, and furnishings. During the construct validation process, the furnishing construct was excluded for further analysis since it was found not to represent a unique dimension of atmospheric elements. As was indicated in the literature review, furnishings often overlap to some degree with style because furnishings are usually selected to match with the overall architectural style. The space is created first and then furnished. Therefore, the results of this study may not be truly unexpected. However, there is a functional aspect to furnishings. Furnishings are defined in the majority of the conceptual frameworks or models as more than just style. For example, an evaluation of the furnishing would also include measurements of quality, functionality, and comfortability. A structural analysis to examine the effects of the remaining four exogenous constructs on lobby impression was estimated with Maximum Likelihood. Among the four components, three including style, colors, and lighting were found to significantly explain the variance of lobby impression. Colors emerged as the most important elements that might contribute to changing the impression.

From a practical standpoint, this research helps to identify those atmospheric elements that make up the physical environment of a hotel lobby and are used in determining the overall impression that someone may have of that hotel lobby. Understanding the elements that comprise a hotel lobby, allows the hotelier to make improvements in those areas that would lead to a better overall impression and evaluation of the hotel lobby. This research can also be extended to room design such as dining rooms, guest rooms, and other significant spaces within a hotel or other hospitality settings such as a restaurant.

This research is not free from limitations. One research limitation in association with the atmospheric elements was that this study could not identify unique dimensions for the furnishings and style constructs. It might be because of somewhat similar items of the two constructs. In the future study, more sophisticated items for the constructs need to be called for. Another limitation was found in the narrow scope of this research. The study focused only on the hotel lobby, so the application of the results had to be confined to hotel lobby. Thus, future research is hoped to cover more including major facilities in hotel. A convenience sample of university faculty was used in this research. While this was a realistic sample given the scenario and focus of the research, it would be worthwhile to expand this research to include business travelers in general. Leisure travelers also could be surveyed to determine if there are differences among these two types of travelers in the evaluation of hotel lobbies. If leisure travelers are included in future research, the classification of hotel would also need to be broadened. This research primarily focused on business hotels, which is one classification of hotel. Other classifications of hotels that might be interesting for further research might include luxury or theme properties because of the significance of the hotel lobby in their design.

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A SURVEY OF LODGING EXECUTIVES' VIEWS ON INTERNSHIP COMPETENCIES

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ABSTRACT

This study reports on lodging executives' views regarding student internship competencies. Investigated are requisites to lodging internships and expected competency level of interns upon completion of those programs. Reported by industry professionals is that students exiting effective internship programs will be skilled in 18 core essential competencies (CECs) falling under Sandwith's (1993) leadership, interpersonal, creative and technical domains. Based on research results, the authors present five newly proposed internship prerequisites: 1) demonstrating professional appearance and poise, 2) portraying enthusiasm, 3) portraying work commitment, 4) listening skills and 5) oral communication skills. Study findings have implications for educators and the lodging industry, alike.

Key Words: internships, competencies, prerequisites, CECs.

INTRODUCTION

The integration of internship programs into academic curricula provides an effective forum in preparing students for their hospitality career pursuits (Coco, 2000; Ford & LeBruto, 1995; Breiter, 1993; Breiter, 1991). Internships allow for individual competency development through active learning (Wildes & Mount, 1997). This learning process can benefit students early on in their employment pursuits, as well as throughout their careers. Research has suggested that students completing internship programs are better prepared for employment (Van Hoff, 2000) and more marketable than their peers who have no internship experience (Petrillose & Montgomery, 1997/1998; Roush, Dickson & LeBruot, 1996; Downey & DeVeau, 1987). Reports indicate that industry-experienced graduates enter the workforce with less anxiety, higher perceived self-efficacy and increased skill confidence (Herrick, 1987). Furthermore, students that have internship backgrounds are shown to experience faster advancement opportunities than their non-intern counterparts (Coco, 2000).

Past research on lodging internships, however, has been limited regarding the identification of specific learning outcomes and expected competency level of students at completion of their lodging internships. Thus, the authors of this study seek to identify industry-defined exit competencies associated with lodging internships. Also, sought is to determine if there are competencies lodging professionals believe students should master prior to their internship engagements, an area given even less attention in the hospitality literature previously. Establishing these pre- and post-internship competencies can provide direction on effective utilization and coordination of classroom and practical learning environments.

BACKGROUND ON STUDY-SPECIFIC COMPETENCIES

The author Kay in a *Cornell Hotel and Restaurant Administration Quarterly* study on hospitality-management competencies identified 18 core essential competencies (CECs) determined to be important for entry- and middle-level management success in food and beverage, front office and sales (Kay & Russette, 2000). These identified CECs were derived primarily from four earlier studies on hospitality competencies and general management: 1) Tas, 1988, 2) Okeyi, Finley & Postel, 1994, 3) Tas, LaBrecque & Clayton, 1996 and 4) Sandwith, 1993). The studies ranged from Tas' lodging GM-trainee and property management competencies to Sandwith's hierarchy of general management requisites. The 18 CECs identified in the 2000 *Cornell Quarterly* paper fell under four of Sandwith's five competency domains of leadership, interpersonal, conceptual-creative, technical and administrative as follows:

- LEADERSHIP Recognizing customer problems.
 Maintaining customer satisfaction.
 Maintaining customer problems with understanding and sensitivity.
 Developing positive customer relations.
 Solving customer problems.

Portraying enthusiasm.
Portraying competence and confidence.
Portraying work commitment.
Demonstrating professional appearance and poise.
Portraying diligence and initiative.
Maintaining professional and ethical standards in the work environment.
Cultivating climate of trust.

- INTERPERSONAL Listening skills.
 Face-to-face communication skills.
 Oral communication skills.
 Resolving conflicts with a win-win-resolution approach.
- CREATIVE Adapting creatively to change.
- TECHNICAL Working knowledge of product-service.

As the CECs in the author's previous study were considered industry-desired competencies and identified as essential across six job titles, we decided to use those 18 CECs, classified under Sandwith's competency-domains, as the framework for our research on lodging internship competencies. Thus, the purpose of this study is to gain insight on industry professionals' views regarding interns' competency levels in each CEC upon completion of their internship programs. In addition, we solicit subject matter experts' opinions on possible requisite competencies students should be equipped with prior to entering into their internships.

METHODOLOGY: POPULATION AND SAMPLE

Lodging properties in Florida's Dade, Broward and Palm Beach counties constituted the research population for this study. Participation was restricted to those properties belonging to one of the three county hotel and motel associations and having 100 or more guest rooms. This convenience sample provided a study group of lodging executives working in full-service, large staffing environments. Based on data from the three associations, 180 lodging properties met our criteria.

Letters from Lynn University and two hotel and motel associations, Greater Miami & The Beaches Hotel Association, Palm Beach County Hotel & Motel Association, that endorsed this study were mailed to respective county property GMs. Included with each letter were five survey questionnaires with GM distribution instructions. The survey instrument design included an introduction script briefing participants on the research purpose and the industry-education partnership arrangement between the three counties (Dade, Broward and Palm Beach) and the two researchers' university affiliations (Lynn University and Florida International University). The enclosed instructional piece directed GMs to complete one survey and distribute the four remaining questionnaires to property directors of human resources, sales & marketing, rooms and food & beverage. Accompanied with each survey questionnaire was a pre-addressed, stamped return envelope.

From the 180 properties that met the study criteria, thirty-three GMs responded, resulting in a response rate of 18 percent. In pursuit of higher participation (Johanson & Woods, 1999), a reminder letter was sent to the GMs in Dade County, as a test group, which generated no additional responses. As a result, reminder notices were not sent to the remaining Broward and Palm Beach counties. A final 119 usable surveys from respondents (GMs and directors of human resources, sales & marketing, rooms and food & beverage) were returned.

From the total group of respondents, over 90 percent were associated with full-service properties, many being upscale resorts and all-suites. Affiliations were primarily with mid-size properties, employing between 100 and 500 employees. Over half of the respondents held GM/AGM or director of human resources job titles, with the remainder being primarily split among rooms, food & beverage and sales & marketing director titles. A few of these individuals had multiple areas of concentration and expertise, but most were tooled in their respective areas of responsibilities. The majority of property executives were males (61%), over age 35, with ten or more years of industry experience. The number of employees under their direct supervision ranged between five and fifteen, on average, with higher spans of control for operational directors. Many (58%) respondents reported holding two-year college degrees or higher in business or hospitality.

METHODOLOGY: INSTRUMENT

The self-administered mail survey instrument was design to gain insight from industry professionals regarding the level of competence interns would have upon internship completion. Respondents were asked, as well, which competencies students should master, if any, prior to entering into an internship program. The last sections of the survey instrument questioned respondents about their property affiliations and professional profile, respectively. As previously mentioned, the Kay and Russette (2000) 18 core essential competency (CECs) items were adopted for this study to establish knowledge and skills learned through internship experiences. A five-point rating-type scale (1=not at all skilled to 5=extremely skilled) was used to measure the degree of skill level upon internship completion. One additional assessment point was used to identify competencies viewed by hospitality professionals as internship prerequisites.

The instrument was pilot tested for face and content validity by a panel of ten industry professionals and educators. Industry subject matter experts consisted of general and human resources managers, and one executive assistant. Educators included a hospitality dean and tenured associate professors. Using Cronbach's alpha, the scale was tested for reliability. The coefficient alpha for the study's competency construct was .85, showing high scale reliability. The scale met the generally acceptable level of .70, indicating a reliable measure.

RESULTS AND DISCUSSION

Industry professionals reported that students, upon internship completion, would be most skilled in leadership, role-modeling competencies: *demonstrating professional appearance and poise* and *portraying enthusiasm and work commitment* (see Table 1).

Table 1
Student Competency Level upon Completing Internship and Program Prerequisites

Domain	Rank	Mean	Competency	N	Mean	Prerequisite
Leadership:						
Role Modeling	1	4.16	Demonstrating professional appearance and poise.	79	4.32	*
			Portraying enthusiasm.	84	4.31	*
			Portraying work commitment.	86	4.23	*
			Portraying diligence and initiative.	91	3.96	
			Portraying competence and confidence.	101	3.91	
Ethics & Trust	2	4.02	Maintaining professional and ethical standards.	91	4.20	
			Cultivating climate of trust.	103	3.83	
Customer	3	3.93	Maintaining customer satisfaction.	113	4.08	
Centeredness			Recognizing customer problems.	116	4.04	
			Developing positive customer relations.	117	3.95	
			Managing customer problems with understanding/sensitivity.	117	3.85	
			Solving customer problems.	116	3.75	
Interpersonal	3	3.93	Listening skills.	89	4.12	*
			Face-to-face communication skills.	99	3.96	
			Oral communication skills.	88	3.93	*
			Resolving conflicts.	116	3.63	
Creative	4	3.84	Adapting creatively to change.	104	3.84	
Technical	5	3.82	Knowledge of product/service.	115	3.82	

*Over 25% of respondents stating students to master competency prior to entering into internship program.

Scale: 1=not at all skilled; 2=not very skilled; 3=somewhat skilled; 4=skilled; 5=extremely skilled

Corresponding with the high ranking of these exit competencies, many respondents believe students should possess role-modeling presence prior to entering their internships. Regardless of when these competencies are fully mastered, students should demonstrate and be most competent in role-modeling abilities upon graduation. Among the respondents, sales directors took the strongest position that students should be skilled in these competencies. Additionally, prior research has reported that GMs especially place high value on professional appearance and poise, as well (Kay & Russette, 2000). Respondents judge students mastering other role-modeling competencies, such as *portraying diligence, initiative and competence/confidence*, to a lesser degree. Implied is that these competencies require extended practice beyond most internship tenures before gaining equal proficiency.

Industry professionals reported that internship programs positively influence students' practices of professional and ethical standards, ranking second under the leadership competency domains and fourth among the list of 18 CECs. Students' abilities in *cultivating climate of trust* are presumably more fully developed over time and beyond students' typical internship tenures.

Surveyed respondents reported that students upon internship completion would be quite skilled in a number of customer-centeredness competencies, as well as interpersonal abilities such as face-to-face communication. Intern competency levels in customer-centeredness and interpersonal skills ranked and tied at third. Industry professionals suggest students will be competent in recognizing and managing customer problems, developing positive customer relations and maintaining customer satisfaction upon completing their internships. Some respondents believe that students should master, also as the highly rated role-modeling competencies, listening and oral-communication skills prior to internship pursuits. In contrast, however, lodging professionals perceive students exiting with less competence in the interpersonal skill of *resolving conflicts*, as well as customer-centeredness competency of *solving customer problems*. Similar results regarding difficulty with developing certain learner skills through experiential setting have been reported in prior research (Breiter, 1993). Both abilities involve complex cognitive capabilities that are achieved only after extensive practice and considerable experience. Human resource directors believe with stronger conviction than their executive counterparts that students should be most competent in interpersonal skills. This emphasis on interpersonal competencies--skills required for human resource management success--is not surprising and may suggest possible job-title bias on the part of the human resource respondents, as propositioned in past research (Kay, Martin & Newman, 2000).

Other competencies industry executives believe students will be skilled in, but to a lesser degree, upon internship completion include creative and technical abilities ranking fourth and fifth, respectively. Creative capabilities such as *adapting creatively to change* may be viewed by some as more of an innate talent than a learned ability, giving rationale to the lower ranking. Also, the tempered expectations in technical competence (*knowledge of product/service*) is not surprising considering prior internship research reported that technical knowledge commonly takes second place in management education (Breiter et al., 1995).

Findings under this study, suggest that quality internship experiences expose hospitality students to industry-desired qualifications and equip them with critical leadership and interpersonal managerial capabilities. Hospitality graduates possessing these skills are highly valued by hospitality recruiters and employers (Kay & Russette, 2000).

CONCLUSIONS

In pursuit of our research purpose, we were able to gain additional insight into industry professionals' views on internship requisites and exit competencies. As a result of our study, five internship prerequisites are newly proposed.

1. demonstrating professional appearance and poise
2. portraying enthusiasm
3. portraying work commitment
4. listening skills
5. oral communication skills

Students should be able to perform at a minimum level, at least, in these competencies prior to entering their internships.

Upon completion of an effective internship program, students should have the equivalent of one year of line-level experience (Kay & DeVeau, 2003), exiting with technical knowledge and leadership, interpersonal and creative capabilities. Such extensive experiential backgrounds help ensure students employment upon graduation and advancement

into those highly sought after management positions. Internships provide students with the industry-desired CEC credentials, ultimately benefiting both students and industry for today and in the future.

The exit competencies identified in this study support and coincide with prior propositions and research (Petrillose & Montgomery, 1997/1998; Breiter et al., 1995; LeBruto & Murray, 1994). For instance, Dr. Coco (2000) from the College of Business Administration at Abilene Christian University, educator of the year for the state of Texas in 1996, states that internship programs “foster an awareness of the constant need for adaptability and creativity in a changing world,” a competency listed among our internship exit competencies (p. 42). Scholars report that students gain important lodging expertise and supervisory/management capabilities through internship programs (Petrillose & Montgomery, 1997/1998) and can reinforce knowledge learned in the classroom (Breiter et al., 1995).

IMPLICATIONS AND FUTURE RESEARCH

This study has implications for educators and the lodging industry, alike. The identification of internship prerequisites, for example, offers guidance for educators in developing more effective curricula. Suggested is that students complete their studies in communications and hone up on their interpersonal skills prior to entering into internship programs. Also, students should have the basic understanding of workplace acumen and commitment, as well as being capable of portraying enthusiasm in a genuinely hospitable manner. Competence in these leadership and interpersonal requisites can assist students with experiencing positive internship residencies and creating more equitable student/host property partnership arrangements. Furthermore host properties can benefit through sponsorships, as well. Interns are able to share with their sponsors current research and academic knowledge they learned from leading scholars and professors in their formal classroom environments. Additionally, lodging employers have the opportunity to hire into permanent employment statuses property-trained intern graduates possessing the necessary core essential competencies (CECs) required for hospitality success.

Areas for further study include empirically testing the relationship between internship experiential education and exit performance, as this report represents opinion-based research. Also, an investigation into the potential impact of internship study concentrations and/or host affiliations on students’ exit competency levels would serve as an intriguing area for future research. Due to the regionally local sample group and low response rate, a common problem in hospitality research (LeBruto & Murrar, 1994), a replication study of national scale with adequate sampling size is also recommended for generalizability. Furthermore, a larger sample group would allow for testing significant relationships restricted under this study.

This paper presents unique contributions to the existing body of knowledge on lodging internship competencies. Provided for educators is insight on the development and coordination of effective academic and practical learning environments for students. The findings of this study determine that students exiting internship programs are equipped with the core essential competencies (CECs) necessary to become successful hospitality leaders of tomorrow. Thus, to answer a commonly posed question by educators and industry professionals, alike (Petrillose and Montgomery, 1997/1998)--Do internship programs provide a legitimate academic exercise of long-term benefit to the industry? --The answer is yes.

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WHO IS REFERRING WHOM AND TO WHERE: VISITOR AT-DESTINATION SEARCH ACTIVITIES FOR TRAVEL-RELATED SERVICES

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ABSTRACT

The referral-seeking behavior of travelers at a given destination is undergoing greater scrutiny as businesses compete in increasingly competitive marketplaces with internal and external competitors. At-destination search activity and decision processes utilized by visitors are predominantly an academic unknown. This study examined visitor referral recommendations provided by hotel and non-hotel 'locals' in a moderately-sized community for lodging, foodservice, and recreational & entertainment venues.

Key Words: At-destination referrals, gratuitous referrals, visitor information search, venue decision strategy

INTRODUCTION

Anecdotal evidence of the widespread use of 'locals' by visitors as part of their at-destination search strategy/activity that results in the selection of travel-related services is extensive. At any given destination, perceived 'local experts' commonly and readily refer visitors (*at the visitors' specific request*) to local venues, be they lodging, foodservice, or recreational in nature.

Today's travelers are faced with a vast array of options to acquire venue-specific destination information prior to visitation as well as at the destination. Typical sources of information include one or more search strategies that may incorporate broadcast and print media, recommendations from family and friends, destination marketing organizations (DMOs) and facility brochures, travel agents, and a vast assortment of web sites on the internet. Some visitors may find the process exhilarating while other visitors may find the process exhausting as they make decisions about lodging, entertainment, and dining facilities and services.

Extensive research on visitors' informational search sources and decision strategies prior to departure or while in transit exists in the literature (Gursoy & Chen, 2000; Fodness & Murray, 1997). Published research on the at-destination search phenomenon, however, is limited, especially at the destination level. No related research to date has been found to adequately quantify information on the number of specific visitors to a destination that make at-destination venue decisions. Recent research (Rompf, 2001, 2002) investigating requests for referrals from local residents has begun to quantify at-destination referral activity from the locals' perspective. This study surpasses previous research and reports on a cross-section of 'locals' and their actual venue recommendations for lodging, foodservice, and recreation/entertainment.

LITERATURE REVIEW

In the late 1980s the National Restaurant Association commissioned a study (Gallup, 1987) to investigate visitor information sources when away from home or on vacation. Various advertising mediums such as the local newspaper, radio, television stations, and billboards were examined as central sources of influential information for visitors. The study also assessed the role of hotel personnel and 'local townspeople' as informational sources. Billboard ads and signs were found to exert the most influence of the advertising mediums, with 44% of the respondents reporting being 'very influenced' (7%) or 'somewhat influenced' (37%). In contrast, almost two-thirds of the respondents reported being 'very influenced' (23%) and 'somewhat influenced' (37%) by hotel personnel. A further, somewhat startling finding was that

almost 80% of those same respondents indicated they were 'very influenced' (45%) or 'somewhat influenced' (34%) by the local townspeople.

In concert with the restaurant data, the American Hotel & Lodging Association (AH&LA) reported that slightly more than 80% of travelers (business traveler 81%; leisure traveler 83%) (AH&LA, 2002) have advance reservations when checking into public lodging facilities. Collectively the industry data suggests a significant number of travel-related venue decisions are made at-destination by travelers. In partial response to anticipated demands for information, local visitor centers purposely provide travelers with destination-specific dining and entertainment/recreational information along with lodging information.

Investigations of pre-trip and in-transit informational sources used by travelers (e.g., travel agents, guide books, highway welcome centers) are readily evident in the literature (Fodness & Murray, 1997, 1998), primarily for the purpose of traveler segmentation analysis to be utilized for information delivery strategies. Cross-cultural differences in search behavior have also been investigated (Gursoy & Chen, 2000). The cross-cultural studies, as with previous research, predominantly relate to pre-trip decision activity and traveler segmentation. Increasing use of the internet, not only as an informational source but also as a pre-trip booking agent, is also manifest (Gursoy & Chen, 2000). With the exception of friends and relatives or visitor centers at a destination (Fodness & Murray, 1998), other locals being utilized by visitors as information sources to an extent implied in the Gallup (1987) findings remains an understudied phenomenon.

Whether making a pre-trip or in-transit purchase decision on travel services to be provided at a destination or making the decision at the destination itself, general models of consumers' decision processes portray a rational, multi-attribute processing that entails an extended version of Fishbein and Ajzen's (1975) model of consumer decision making. That is, a systematic informational search to obtain and weigh attributes that, in turn, translate into beliefs and further form a behavioral intention prior to an actual purchase (Fishbein & Ajzen, 1975). Mediating effects of the consumer's involvement level (Petty & Cacioppo, 1986), peer and informational social influences (Cohen & Golden, 1972), and situational factors (Rosen & Olshavsky, 1987) have been shown to influence the sources utilized by consumers and the types of attributes processed in reaching a purchase decision. Rosen and Olshavsky (1987) further proposed that, under some circumstances, the consumer may 'subcontract' (transfer) the decision to a third party whom they believe has the appropriate expertise and is trustworthy. The circumstances typically associated with subcontracting the decision are (a) time constraints, (b) limited expertise on the part of the consumer, (c) a perceived high risk associated with the decision, and (d) a lack of interest in making the decision. Prior to departure, purchasing a travel package through a travel agent is one form of a subcontracted decision.

Recent exploratory research (Rompf, 2001, 2002) investigated and reported on a subset of visitor at-destination informational search activity for travel services. A southern U.S. rural community (Statesboro, GA) and the national capital of a foreign state (Canberra, Australia) focused upon two distinctively different destinations. The target populations of the studies were people from the local community, but solely concentrated on hotel front office personnel responding to visitor requests for referrals to foodservice venues. The current study replicated and extended the population of interest to include a broader cross-section of people from the community – police, service station attendants, retail clerks and mall service desk personnel, hospital information desk attendants, restaurant personnel, taxi drivers, recreation and entertainment staff, and car rental clerks.

Rompf (2001) drew a critical distinction between at-destination referral activities in general and those he deemed to be genuinely gratuitous and personal in nature, 'a gratuitous referral'. Rompf posited that a traveler typically seeks and obtains (hopefully) a *personal* recommendation (expertise) that, by appearance and/or in practice, is unaffected by monetary or other remuneration (trust) provided by a venue being recommended. As a result he excluded personnel at destination marketing organizations (DMOs) such as highway welcome centers and visitors' bureaus that, by their nature, did not meet his definition because of general restrictions as to the level of information they may provide. That is, internally there is a requirement to be 'balanced' in providing referrals to a full list of venues, not advantaging or disadvantaging any specific venue. In addition there may be a requirement for a venue to be a member of the DMO to be referred.

The general public is probably unaware of the extensive gifts and other forms of remuneration (including cash) a hotel concierge may typically receive from venues to which he/she refers visitors. However, using the criteria of expertise and trust, recommendations provided by a hotel concierge will probably fail the 'gratuitous referral' test and were therefore excluded by Rompf (2002; 2001) from the local population being investigated.

In highlighting the significance of local referral activity, Rompf (2001) posited that there is a high probability of a gratuitously-referred venue recommendation being acted upon by the traveler because:

- a. The traveler initiated the request,
- b. The decision timeline is relatively immediate, and
- c. The perceived 'local expert' was pre-selected by the traveler.

METHODOLOGY

Local residents of the destination community (Gainesville, FL) comprised the population of interest. Following reported protocol used in published gratuitous referral studies, an interviewer verbally requested unaided responses to preset questions and recorded respondents' answers on a standardized questionnaire administered in the field. Repeat visits to venues were undertaken to capture referral activity across all shift periods in a day as well as the weekday versus weekend shifts.

A total of 137 participants, cutting across a broad section of occupational groups within the community, provided useable data for the study. A full census of lodging properties was undertaken and, therefore, the majority of respondents (82) were from the lodging sector. Thirty-nine lodging properties (excluding bed & breakfast inns) comprised the local lodging census, 18 were located along an interstate highway corridor and the remaining were within/around a university or along an old north-south route running through the city. Personnel from 35 properties participated in the study.

Both representative and convenience sampling of non-lodging venues/occupations was utilized. Where the respondent was from a vastly larger population (e.g., foodservice venues; shopping venues; police; recreation venue), the data is indicative and not representative of the population. Of the non-lodging respondents, ten were from food & beverage facilities across the city, and they ranged from Starbucks and McDonald's to TGI Friday's. Seven were located at museums, historic sites, recreational areas, and shopping venues. Another twenty-three were at service station locations along the interstate and within the city. Finally, seven airport and city-based car rental agents, four cab drivers in airport queues, a state highway patrolman, and three hospital visitor information staff rounded out the non-lodging respondents.

RESULTS

Almost 100% of hotel front office personnel from this and previously cited studies reported 'frequently receiving' dining referral requests, and approximately 80% in the Gainesville study further reported the same for recreation and entertainment requests. In contrast, 66% and 58% respectively of the non-hotel sample reported 'frequently receiving' dining referral requests and recreation & entertainment referral requests. On the issue of lodging referrals, the non-hotel sample was split down the middle (51%) on receiving lodging requests.

The average number of *referral requests per person per week* in the study should garner attention, especially if you are the proprietor of a venue for potential referral. Current study respondents reported approximately 22 dining referral requests per week. Further reported was an average of 6.9 recreation & entertainment referrals and 3.6 lodging referrals, the latter did not include lodging personnel.

Referrals to Specific Lodging Venues

Multiple referrals per respondent being permitted, respondents (n = 79) who reported 'frequent requests for lodging referrals' generated a total of 170 responses, with expected venue duplication across respondents. The top ten of the total 39 properties (Table 1) collectively captured 118 (69 %) of the referral 'votes' while another 18 hotels received 52 votes. Differences in respondent preferences based on hotel versus non-hotel designation are evident in the data.

Referrals to Food & Beverage Venues

Consistent with the reported Gallup (1987) data, at-destination visitors appear to readily ask locals for recommendations on dining venues for breakfast, lunch and dinner. In this study, 84% of all respondents reported being frequently asked for a recommendation for either lunch, dinner or both. Of the 115 respondents who reported frequent requests, 79 and 36 respectively were from the lodging and non-lodging segments.

Table 1
Top 10 Lodging Venue Recommendations by Respondents Who Received Frequent Lodging Requests

Total venues recommended = 28 Multiple recommendations per Respondent Permitted	Full Sample	Hotel Sample	Non-Hotel Sample
	79 respondents	52 respondents	27 respondents
Baymont Inn	10	3	7
Best Western	9	8	
Cabot Lodge	24	16	8
Comfort Inn	9	9	
Courtyard / Marriott	14	10	4
Doubletree			2
Hampton Inn	13	12	
Holiday Inn Univ.	9	5	4
Motel 6	13	8	5
Quality Inn			4
Ramada Limited			2
Red Roof Inn	9	7	2
Rush Lake Motel			3
Super 8	8	7	
Travel Lodge			3
Univ. Centre Hotel			2

In analyzing the specific venue recommendations, 6% of cumulatively 'named' dinner venues across respondents along with 3% of luncheon venues were to a designated area of town, Archer Road, instead of to a specific restaurant. A section of Archer Road contains a broad assortment of national and regional chain restaurants as well as a few independent restaurants. To provide further context, Archer Road tied for 10th place with the Waffle House for lunch referrals, and was 4th for dinner (Table 2), ranking behind Outback, Carrabba's, and Ale House. However, almost twice as many non-lodging respondents referred dinner patrons to 'Archer Road' and all of the 'Archer Road' luncheon referrals were from non-lodging respondents.

Table 2
Top 10 Dinner Venue Recommendations by Respondents Who Received Frequent Dining Requests

Total venues recommended = 58 Multiple recommendations per Respondent Permitted	Full Sample	Hotel Sample	Non-Hotel Sample
	115 respondents	79 respondents	36 respondents
Outback	29	20	9
Carrabba's	21	17	4
Ale House	19	15	4
Archer Road	14	5	9
Texas Roadhouse	10	10	
BallyHoo	8	8	
Rafferty's	8	8	
Friday's	7	7	
Cedar River	5	5	
Denny's	5	5	
Jade Gardens	5	5	
Sawamura			4
Olive Garden			3
Bennigans			2
Chili's			2
Sonny's			2

The top recommendations for dinner by lodging personnel were Outback (19%), Carrabba's (16%), and Ale House (14%). The top recommendations for the non-lodging segment were Archer Road (23%) and Outback (23%).

Overall, national chain brands greatly surpassed independents in recommendations. This is in contrast to an earlier study (Rompf, 2001) in a small rural community and in which independent restaurants predominated.

Referrals to Recreation & Entertainment Venues

Combined recreation and entertainment venue referrals numbered 215 in total when summed across all respondents. These predominantly represented nightclubbing (32%); historical, natural, and cultural tours (28%); cinema viewing (10%); and shopping (8%) as major categories of activities associated with the venues. This entire section had the greatest consistency when comparing referrals by hotel and non-hotel respondents (Table 3).

Table 3
Top 10 Entertainment Venue Recommendations by Respondents Who Received Frequent Entertainment Requests

Total venues recommended = 30 Multiple recommendations per Respondent Permitted	Full Sample	Hotel Sample	Non-Hotel Sample
	97 respondents	65 respondents	32 respondents
Downtown Clubs	55	38	17
Oaks Mall	17	12	5
Univ. of Florida Campus	16	12	4
Harn Museum	15	11	4
Regal Cinema	15	11	4
Swamp Bar & Rest.	12	8	4
Kanapaha Gardens	11	6	5
Hippodrome Theater	9	5	4
Royal Park Cinema	5	5	0
Florida Museum	5	5	0

The number one choice for 'recreation and entertainment' among hotel and non-hotel respondents was "downtown clubs", possibly reflecting a large concentration of nightclubs in a 4-block, downtown area. Rarely was a specific club mentioned by name except in the case of the Swamp Bar & Restaurant. For more culturally-oriented experiences, several local museums made the Top 10 list of venues recommended as did eco-tourism, geographical anomalies, and natural parks. The only theatrical arts facility recommended by either group was the Hippodrome State Theater with 3% and 7% respectively of hotel and non-hotel respondents.

Cinema theaters were a third form of frequently recommended entertainment venues. Finally, shopping was another form of recreation and entertainment recommended. Once again, specific stores were not recommended. Instead, the local mall, Oaks Mall, was recommended by 8% of the hotel employees and by 8% of the non-hotel respondents.

DISCUSSION

Travel destination and venue decisions entail selection from numerous choices for a traveler. Once a destination is selected, individual product (venue) brands may convey relevant and necessary information to the traveler, but is it sufficient for the traveler to make the venue decision given the variability that may be associated with a brand? What about the adventuresome person who is tired of the 'tried and true' and desires an entirely new experience? In these instances, at the least, traditional search strategies may be insufficient to finalizing a venue-selection decision. A perceived local expert may therefore be summoned at these critical times to contribute information, even decide, on the purchase choice on behalf of the tourist.

There are numerous implications regarding the current research effort for practitioners, consumer decision theorists, as well as visitors. For practitioners, this research highlights the importance of a marketing strategy that includes communicating to those individuals in the community who may be receiving referral requests. For consumer decision theorists, this research highlights specific components of a decision making model and adds magnitude to the power of referrals for a business enterprise mediated by situational factors. Travelers who have alternatives destination points and who make venue decisions once they reach a destination may desire the comfort (and convenience) of a local expert to aid in the decision. However, it may be important for the visitor to know more about the person who is making the referral in order to validate the elements of expertise and trust requisite in a referral.

This study has several limitations. The moderately-sized community held small populations of and/or the sampling strategy produced small numbers for the multiple segments of interest resulting in very limited generalizability of the findings. Replication of this research in other communities along with parallel research on the visitor, his/herself is necessary to produce more generalizable results. Future research questions include: a) How does a traveler select the 'local expert' and how frequently do they act on the referral as a result?, b) Is there a significant difference in value received

(perceived or real) from traditional informational sources (hotel concierge; local visitor's bureau) versus an expert from the community at large?, c) What factors drive the experienced variability in frequency of requests from similar 'local' experts?, d) Are there visitor personality characteristics, in addition to situational factors, that make a person more likely to seek referrals than others?, and e) What is the post-referral experience for the visitor who acts on the referral?

The exploration of similarities and differences across destinations will contribute to a better understanding of at-destination search strategies and decision processes utilized by visitors. Initial findings from the limited studies suggest cultural differences may mediate both the 'visitor' and 'local expert' actions/responses. This may be a function of national, religious or related cultural factors, but it also may be a function of rural versus urban versus metropolitan geography.

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COMPETITIVE DYNAMICS AND PRICING BEHAVIOR IN U.S. HOTELS: THE ROLE OF CO-LOCATION

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ABSTRACT

This study of 14, 995 hotels provides evidence of the impact on pricing of co-location next to other firms in the industry. The results reveal that hotels that co-locate in the same geographic clusters with the highest quality segmented firms (upper upscale hotels) accrue a price premium compared to competitors in markets with larger proportions of lower-segmented competitors. The strongest price premiums were obtained by midscale hotels without food and beverage in clusters with large proportions of upper upscale and upscale hotels. Similarly, hotels that pursue differentiation strategies experience price erosion when they are in the same geographic locations as lower-end hotels. The paper concludes with a discussion of the implications of these findings for competitive dynamics and hotel location decisions.

Key Words: Competitive dynamics, pricing, agglomeration economics, hotel performance, co-location, clusters.

INTRODUCTION

Firms in the same industry are highly interdependent as they engage in various actions to improve their relative position and profitability. The series of moves and countermoves among various firms create the competitive dynamics within an industry (Smith, Ferrier & Ndofo, 2001). Firms likely to prosper are most able to anticipate the actions of others in their location and exploit their resources through the initiation of strategic responses. While many strategies can be deployed to succeed in competitive settings, such as brand affiliation, cost controls, and revenue management, this paper suggests that the composition of hotels in a specific geographic location can also shape the competitive landscape. Specifically we argue that firms can enhance their relative competitive position simply by co-locating with the right mix of other hotels. Whether a particular hotel is the beneficiary of co-location or the provider of benefit depends on the competitive strategy they are using and the strategies of other firms in the cluster. The purpose of this paper is to explore the degree to which a hotel can extract a price premium, or suffer price erosion as a result of the competitive strategies of closely proximate hotels.

THE ROLE OF AGGLOMERATION

Agglomeration describes industry clusters of firms within a particular geographic region (Baume & Haveman, 1997; Baume & Mezas, 1992; Chung & Kalnins, 2001). Several researchers in the field of strategy have observed that highly successful firms from the same industries tend to be located in geographic clusters (Porter, 1998). The lodging industry is an especially good context in which to study agglomeration effects because there are so many clusters and the characteristics of those clusters can be compared. The major benefit of co-location in service enterprises is heightened demand because the consumer can evaluate a variety of offerings within a given area (Fisher & Harrington, 1996). Consequently, geographic areas with a large selection of competing services, such as accommodations or retail establishment, are more attractive to consumers.

The advantages of locating among differentiated competitors can come from a variety of sources. The existence of higher-end hotels, because of their service quality, architectural features, and reputations (to name but a few factors) increase the attractiveness of an area as a destination. The benefits from co-location are supported in the literature; however, close proximity to rival firms can increase competition for resources and potentially reduce prices. Researchers have found that co-location benefits accrue to some firms more than others (Canina, Enz, and Harrison, 2003; Chung & Kalnins, 2001). Interestingly agglomeration can even harm some firms (Baum & Mezas, 1992). Consequently, depending on the strategies of others in the same geographic cluster a firm will gain or be harmed competitively.

COMPETITIVE STRATEGIES

Network theory argues that firms are not free to choose any competitive action. Instead, they must make moves and countermoves within the confines of their geographic cluster (Smith, et al., 2001). In short the competitive landscape or composition of players in a location constrains some actions and may enable others. The composition of a market in terms of the product or service segments would suggest that firms in clusters with a large proportion of highly differentiated hotel operators would experience pricing opportunities that firms in clusters with predominately low-cost providers could not use. Differentiation spillover is when a firm enjoys price benefits from the high levels of investment in differentiation made by other hotels in the same location without investing at the same levels.

While there are many ways to conceptualize the composition of competitive players, within the lodging industry fairly well structured and carefully defined segments exist based on the extent to which hotels are differentiated on quality and services offered (Mazzeo, 2002). The classifications are an indication of the “credible commitment” made by firms to a particular level of service quality (Ingram, 1996). In this study we will rely on the widely-used classifications in the industry (upper upscale, upscale, midscale with food and beverage services, midscale without food and beverage services, and economy), as indicators of the degree to which a group of firms are pursuing a differentiation or low-cost provider strategy.

HYPOTHESES

Who benefits from the strategic choices of closely proximate firms? In this study, we argue that firms deploying low-cost provider strategies will be the recipients of price premiums when they are in a network of hotels with several segments higher or highly differentiated products and services. The more differentiated the other firms’ products and services the greater the price benefit. The largest benefit will be derived from location in a geographic cluster with hotels several segments above the focal hotel, such as an economy hotel in a cluster with a large proportion of upper upscale hotels. Lower-end hotels can obtain price premiums from these other hotels’ investments when for example their customers use the public or meeting facilities of higher-end hotels while staying in closely proximate low-cost operations. Hence we offer the following hypothesis:

H1: Price premiums will be the greatest for firms that co-locate in the same geographic cluster with large proportions of the highest segmented firms in the industry.

A variety of other factors may contribute to price decisions including brand affiliation, regional location (e.g., northern vs. mountain), and setting within a market (e.g., urban vs. highway). In addition, characteristics of the local market in terms of population density, land area, and number of service, retail, and manufacturing establishments can shape demand. Finally, other aspects of the market such as the overall heterogeneity or variety of different segmented hotels in a market and their size can shape pricing behavior. To assure that these variables are not unduly altering the impact of proximity to other firms, a variety of factors will be controlled. At the individual hotel level, number of rooms, chain affiliation, and setting (urban, airport, etc.) are all factors that could elicit price variations. In addition various parts of the country are able to extract higher prices, so regional location is also controlled. Finally, the proportion of larger size hotels in the cluster and the heterogeneity of strategies pursued by all firms in the cluster are also held constant.

While the first hypothesis explored who benefits from co-location with others pursuing different strategies, it is also likely that some firms may give benefit, but receive harm. The focus of the second hypothesis is on who is harmed in a geographic cluster. We expect the greatest price erosion to occur for those highly differentiated firms that are located in clusters with far lower-quality firms. Competitors pursuing a low-cost strategy do not contribute as much to the attractiveness of a location because they do not offer the range of products and services that competitors can benefit from. If many low-cost providers are found in the same cluster, spillover effects will be negative for those firms pursuing differentiation strategies several segments above the low-end providers as the following hypothesis suggests:

H2: Price penalties will be the greatest for firms that co-locate in the same geographic cluster with large proportions of the lowest segmented firms in the industry.

Finally, the extent of the price benefit or erosion will depend on the make-up of the cluster. Lower-segmented firms will reap the greatest price premiums when they are located in a cluster with a large proportion of firms pursuing a strategy that is as distant as possible from their own. In contrast, higher-segmented firms will experience the greatest price erosion when they are located in a cluster with a large proportion of the lowest price providers. We operationalize these

strategic distances as the number of segments that separate various groups of firms. The following hypothesis is offered to explore this issue:

H3: The greatest price impact of co-location will be experienced in those clusters in which the other firms are in a segment that is most distant from the segment of a given hotel.

METHOD

The key variables in this study were obtained from Smith Travel Research (STR), an independent research organization that tracks lodging performance for all major North American hotels. STR has one of the most comprehensive data sources available on the lodging industry, and the data was obtained through strict and exclusive confidentiality arrangements. The data captures hotels across the entire United States, including over 98% of the chain hotel inventory within the United States. Independent hotels are also included in this study and constitute a total of 1,162 hotels in the sample of almost 15,000.

Key Variables

To measure agglomeration a total of eight strategy based co-location measures were created. Each of these measures captured the proportion of lodging properties in a cluster that are pursuing a segment strategy above or below the focal hotel's segment. For example, if the hotel was in the midscale market with food and beverage, the proportion of hotels pursuing one segment above would be upscale hotels, and two segments below would be economy hotels. Agglomeration effects were measured at the tract level. To examine price we relied on the most common measure of price in the industry, or the average daily rate (Enz, Canina, & Walsh, 2001). Since a variety of different prices are offered to customers, the average daily rate gives the average, taking into consideration the variation that may be due to revenue management activities and business mix. Average daily rate was calculated using monthly data aggregated to the annual level in order to eliminate seasonal fluctuations within clusters that could reduce our ability to discern true pricing effects.

Controls

Many factors other than co-location impact the pricing of lodging firms. A size-based agglomeration variable was added to the models to take into consideration the unique contribution of hotel size. It was measuring as the proportion of properties in a cluster that are larger in size than the focal firm, based on the number of rooms. A control for within-tract product/quality heterogeneity (strategic dispersion), was developed. Creating a Herfindahl-type index, we measured the level of concentration vs. dispersion of competitive strategies in a given cluster. To do so, we tallied the number of hotels in each product/quality segment, and then divided each tally by the total number of hotels in the cluster. We squared each of these proportions and then summed them. We also controlled for size dispersion with the coefficient of variation, calculated as the standard deviation of within-cluster size divided by the mean.

Four characteristics of the hotel were provided: the size by number of rooms, whether it is brand affiliated, the location type, and the geographic region of the hotel. Chain affiliation was controlled using a dummy variable (Chain Affiliation) to represent hotels as either brand affiliated (=1) or independent (=0). To control for the differences in price across locations dummy variables were created for each of the setting categories and locations. Population, the land area in square miles, and the sum of the number of retail, service and manufacturing establishments in the cluster were additional demand-related control variables included in the models.

Data Analysis Approach

A feasible generalized least squares (FGLS) procedure was used to test our hypotheses because of the potential for positive spatial correlation when relying on an ordinary least squares (OLS) approach (Azzalini, 1884; Hall and Severini, 1998). In our sample, observations within the same market are assumed to be correlated resulting in a covariance matrix of the errors where the off-diagonal terms within a market are nonzero. In addition, we did not impose homoskedasticity across markets. The results of FGLS analysis can be interpreted similarly to OLS regression.

RESULTS

Feasible generalized least squares models were developed for each of the five segments in the lodging industry, as shown in Table 1. Strong support was found for the first hypothesis that price premiums will be the greatest for firms that co-locate in the same geographic cluster with large proportions of the highest segmented firms in the industry. Overall these results show that price premiums can be obtained from co-location with upper upscale and upscale hotels, and that the midscale hotels are the greatest beneficiaries of price premiums.

Table 1
Results of FGLS Analysis for Influence of Segment-Based Agglomeration on Price

Variables	Upper Upscale	Upscale	Midscale (with F&B)	Midscale (no F&B)	Economy
Intercept	184.39***	137.22***	84.33***	46.13***	33.91***
Strategy-Based Agglomeration					
Four segments down	-0.82***				
Three segments down	-0.94***	-0.53***			
Two segments down	-0.58**	-0.28	-0.21**		
One segment down	-0.07	-0.26	-0.16*	0.04	
One segment up		0.04	0.2**	0.14**	0.01
Two segments up			0.29***	0.24***	0.08
Three segments up				0.35***	0.14**
Four segments up					0.19***
Controls					
Size agglomeration	0.18*	0.09***	-0.04*	-0.02	0.11***
Dispersion of strategies	5.29	1.89*	1.35*	0.52	0.54*
Size dispersion	5.94	-3.83	-7.09	-2.75	3.24
Number of Rooms	-0.01	0.01*	0.02*	-0.01	0.02
Chain Affiliation	-5.30	-5.83**	1.30	18.13***	9.54***
Urban Setting	-35.75***	-11.98**	-11.05***	-5.23*	-7.74*
Suburban Setting	-41.35***	-15.78***	-14.44***	-7.24***	-9.00**
Airport Setting	-45.04***	-14.05***	-16.82***	-7.88***	-10.37***
Highway Setting	-46.47***	-15.49***	-15.47***	-8.64***	-10.97***
Midatlantic	26.39**	3.20	7.75*	8.77**	5.40
Southatlantic	-2.90	-15.79*	-7.00*	-2.36	-5.23
Northern	-4.85	-16.73*	-2.43	0.42	-3.82
Southern	-9.82	-22.32**	-8.08*	-3.50	-6.00*
West North Central	-10.50	-22.21**	-6.13	-3.74	-4.85
West South Central	-0.68	-19.43**	-5.56	-3.80	-7.22*
Mountain	-0.16	-17.22*	-8.32*	-5.72*	-6.11*
Pacific	15.15	-8.76	1.37	3.05	1.85
Population	-7.76E-06*	-1.62E-06	-5.94E-06**	-5.15E-06***	-5.57E-06***
Land	-0.00	-0.00	-0.00	-0.00	-0.00*
Establishments	0.00**	0.00	0.00	0.00***	0.00***

*** = $p < .001$ ** = $p < .01$ * = $p < .05$

Support was found for Hypothesis 2 that predicted firms would suffer price penalties from co-location with hotels that were using low-cost based strategies. Upper upscale hotels experienced the greatest harm to their pricing by co-locating with lower segmented hotels. One unanticipated finding is that co-location with economy hotels was positive for midscale hotels without food and beverage, although the effects of co-location were not statistically significant. The significance of the various control variables varied by hotel segment, although strong effects were found for setting and region. Prices were also shaped by chain affiliation, with positive effects for lower-end hotels and negative effects for higher-end hotels.

Finally, the third hypothesis that the greatest price impact of co-location will be experienced in those clusters in which the other firms are in a segment that is most distant from the segment of a given hotel was supported, as the size of the coefficients in Table 1 suggest. As the proportion of hotels in a geographic cluster came from segments that more directly competed with a hotel, the price premium and also the price erosion were diminished. To get the maximum price premium hotels needed to be in locations with the most differentiated firms in the industry, several segments removed from their own competitive set. Similarly, the greatest price erosion came from co-location in markets with the lowest-cost based product providers. The implications that emerge from these findings will be discussed next.

CONCLUSIONS

Lower-cost competitors gain price premiums from co-locating in markets with a larger proportion of firms pursuing a higher-quality differentiation strategy. Differentiation spillover would suggest that the economy competitors enjoy price benefits from the upscale or upper upscale hotels without making similar financial investments. As one might expect, upper upscale firms do not benefit from co-location with low-cost providers. In fact, highly differentiated competitors suffer from negative spillover if a high proportion of the other firms in their clusters are in the economy or the midscale segments. Even upscale hotels in their markets are not positive. It is important to observe that these effects were consistent and found across all strategy segments. Hence the results have important implications for our understanding of the competitive dynamics of the industry.

For a differentiation strategy to succeed, the additional revenue generated as a result of creating differentiating features should exceed the additional costs of creating those features. This would suggest that to avoid price erosion, upper upscale hotels would be well advised to not locate in close proximity to any other type of hotel since co-location reduces the ability of high-end firms to distinguish themselves. Nevertheless, upper upscale hotels may have difficulty preventing lower-end competitors from entering the same market because of insufficient entry barriers.

The other implication of these findings is that firms benefit when they are pursuing strategies that are very different from others in the cluster. Economy hotels get the best price premiums from being in markets with upscale and upper upscale hotels. This finding is consistent with previous research that would advise firms to break away from the industry to gain competitive advantage. Economy hotels should seek clusters that are heavily populated with hotels from extremely different segments.

These results have managerial as well as statistical significance, especially considering that we controlled for so many other factors that influence price. As noted, we would advise upper upscale hotels to locate outside of hotel clusters, while the economy hotel developer could obtain a disproportionate price premium if locating in the shadows of upper upscale and upscale hotels. In the end, upper upscale hotels bear a disproportionate cost associated with differentiating their products or services, while economy and midscale firms can use co-location to share in the benefits from such differentiation. For firms with multiple-brands, the corporation should be very aggressive in assuring that its own lower-end brands, versus its competitors are the recipients of its higher-end hotel spillover benefits.

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EXAMINING THE EFFECT OF TEACHING METHOD AND LEARNING STYLE ON STUDENT COURSE
ACHIEVEMENT FOR HOSPITALITY STUDENTS

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ABSTRACT

This study attempts to bridge the gap between effective teaching and empirical research in hospitality education. It is suggested that studying the relationship between hospitality students' learning preferences and learning outcomes could help instructors achieve a better understanding of how students learn best so that they can integrate instructional methods into course curricula to address the diverse needs of a group of learners. The results indicated that students' learning style did not affect their achievement scores in the classroom. However, several demographic variables and some teaching methods appeared to have a positive impact on achievement scores.

Key Words: Learning Styles, Hospitality Education

INTRODUCTION

Improvement of classroom instruction through commitment to effective teaching has been an enduring and vital issue for higher education in the U.S. (Edgerton, Hutchings & Quinlan, 1991; Hsu, 1999; Jones-Hamilton, 2001; National Research Council, 2000; Pickworth, Shaw, & Barth, 1997; Sims & Sims, 1995; Svinicki & Dixon, 1987; Trowbridge, 1997). Consequently, instructors in higher education are striving to utilize an array of instructional strategies when providing education in the classrooms (Casado, 2000; Education Commission of the States, 1996; Hsu, 1999; National Research Council, 2000; Pickworth, Shaw & Barth, 1997; Reynolds, 1995).

Svinicki and Dixon (1987), in a study exploring classroom activities, argue that the variety of instructional methods used in the classroom is often inadequate and the need to assess students' learning preferences has not been addressed. The authors attribute this limited approach to the absence of empirical research on choosing and systematizing classroom activities. Likewise, Tickle (2001) reviews studies of several educationalists focusing on learning strategies and learning styles, and highlights the need for further research on examining learning strategies while emphasizing the potentially promising and useful aspects of a research orientation on learning styles.

Research Justification and Rationale

A learning model developed by Kolb (1984) provides a theoretical framework for identifying different learning techniques and assessing the preferred learning styles of students. Learning styles are considered as important distinguishing factors among learners (Sarasin, 1999). Previous research emphasizes that, in order to design and implement effective instructional methods, educators need to evaluate how people learn (Hsu, 1999; Sadler-Smith, 1996; Sims & Sims, 1995; Terrell & Dringus, 2000; Vince, 1998). Following up on similar research objectives, Caulfield (2001) and Heffler (2001) offer evidence that students' approaches to instructional situations are correlated with students' preferred learning styles. Both authors further add that it is useful for instructors to determine students' learning styles as a group and to adjust the curriculum accordingly to optimize learning in the classroom.

In a study focusing on improving the quality of hospitality education, Bagden and Boger (2000) emphasize the need for future research on instructional improvement through employing Kolb's theoretical framework. Pickworth, et al. (1997) conclude that Kolb's theoretical framework can be a useful tool for creating and maintaining a supportive learning culture for introductory courses in hospitality education. Another study conducted by Hsu (1999) also acknowledges the usefulness of Kolb's learning model and highlights the need for further hospitality education research on preferred learning styles and the utility of Kolb's learning model as a tool for related research.

Purpose of the Study

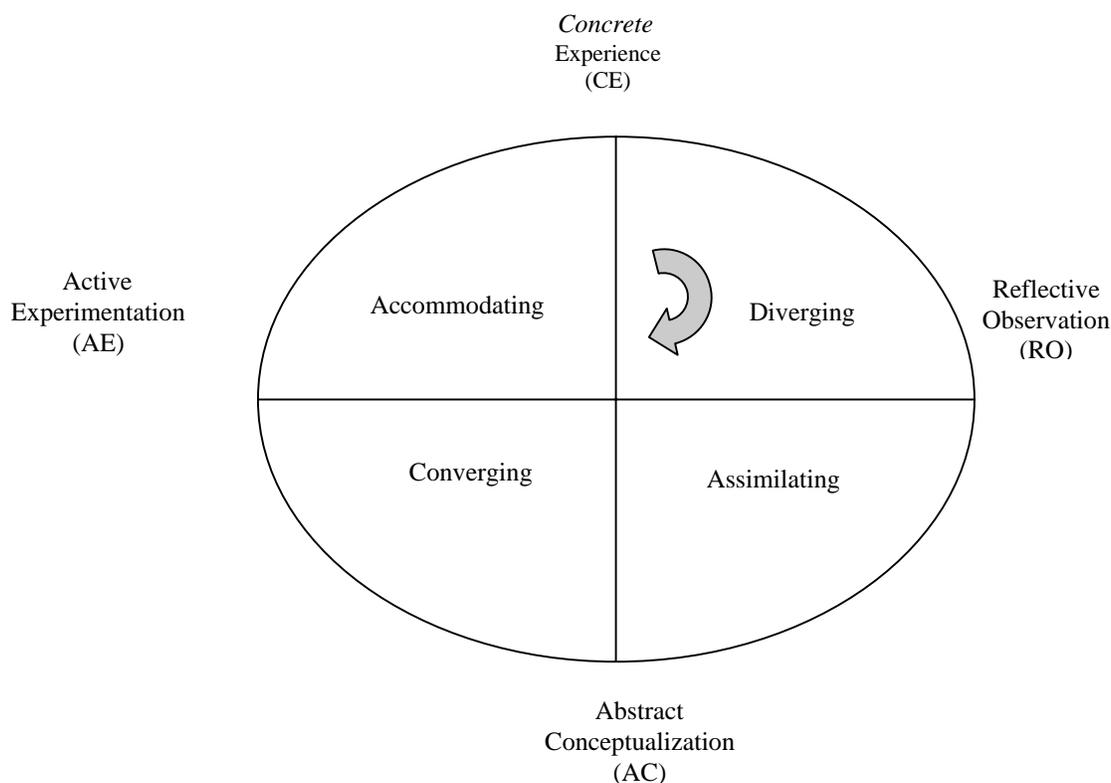
Given the aforementioned ongoing struggle of instructors in higher education to provide effective teaching, and the fact that empirical studies focusing on how the information about students' learning styles could be utilized to optimize classroom learning has been limited in hospitality education research, this study proposes an application of Kolb's learning model to assess and examine the relationship between hospitality students' learning preferences and instructional strategies on student course achievement and related moderating variables.

KOLB'S LEARNING THEORY AND LEARNING STYLE INVENTORY

"A challenge for the learning sciences is to provide a theoretical framework that links assessment practices to learning theory" (National Research Council, 2000, p. 142). One such theoretical framework, known as the Experiential Learning Theory (ELT) is offered by David A. Kolb (1984). ELT offers a collectively theoretical model of the learning process that is consistent with what researchers and scholars know about how people develop, and learn (Sternberg & Zhang, 2000).

Kolb hypothesizes that people experience learning through a four-phase experiential cycle (Figure 1). This experiential learning rotation begins with Concrete Experience (CE) (learning by experiencing) and proceeds with Reflective Observation (RO) (learning by reflecting), Abstract Conceptualization (AC) (learning by thinking), and Active Experimentation (AE) (learning by doing), respectively (Kolb, 1984; Kolb & Kolb, 2001).

Figure 1.
The Experiential Learning Cycle and Four Basic Learning Styles (Kolb, 1984)



An assessment instrument named 'Learning Style Inventory' (LSI) and developed by Kolb, utilizes the four phases of the learning cycle (CE, RO, AE, and AC), Figure 1, to determine the most preferred learning style of a learner by categorizing them into one of the four preferred learning style types. These styles are named Diverging, Assimilating, Converging, and Accommodating (Figure 1). Accommodating style merges learning steps of Active Experimentation and Concrete Experience. Learners in this group prefer field/team work, tasks dealing with other people. Diverging style, on the other hand, merges learning steps of Concrete Experience and Reflective Observation. Thus, learners in this group prefer working in groups, brainstorming, etc. Converging style merges learning steps of Abstract Conceptualization and Active Experimentation. Learners in this group prefer simulations, experiments, laboratory tasks, and other similar instructional tasks. Assimilating style merges learning steps of Reflective Observation and Abstract Conceptualization. Learners in this group prefer lectures, readings, and analyzing quantitative data.

LSI uses a 12-item self-reported set of questions to compute how much a learner depends on each of the four phases of the learning cycle and provides a score for each of the four phases. These scores are used to establish the learning style type of the learner (Kolb, 1999).

METHODOLOGY

The focus of the study was college level learners in hospitality education. A three-page, self-administered survey was utilized to collect students' and instructors' learning styles and instructional methods. The questionnaire consisted of three parts. The first part of the questionnaire consisted of a list of teaching methods used in a college classroom. These methods were identified through literature on past similar research studies. The respondents were asked to indicate the frequency of use of the listed 11 instructional methods in the classroom using a 5-point Likert-Scale with 5 being the most frequently used teaching method by the instructor, and 1 being no use of the listed teaching method at all (Table 1).

The second part included demographic questions on gender, age, school year (freshmen, sophomore, junior, senior), student status as being a domestic or international student, and amount of work experience in years and months.

The last part included Kolb's Learning Style Inventory, which included 12 self-reported questions to compute how much a learner depends on each of the four phases of the learning cycle and provides a score for each of the four phases. Lastly, the final course achievement scores (in percentages) of students were obtained at the end of the semester when final grades were made available.

Three hundred and forty five students, who were undergraduate hospitality administration college students enrolled in one of the largest and reputable hospitality school in the U.S., volunteered to participate in this study. Twenty-seven responses were eliminated due to incomplete answers and outliers. A total of 318 responses were used in the statistical analyses. The study also included instructors of the courses selected for the study. Instructors were included in statistical analyses to control for the variances in grading systems among the instructors. In addition, learning styles of the instructors were calculated. There were a total of eight instructors in this study.

Multiple Regression analyses were employed to examine the relationship of students' learning styles and instructional methods to students' course achievement.

RESULTS

Profile of the Participants

There were 185 male students (58.4%) and 132 female students (41.6%) participating in the study. This statistic closely resembles the overall profile for the entire hotel school where the study was conducted. A majority of the respondents were students in senior standing (44% of the total respondents), followed by juniors (23%), sophomores (18%), and freshmen (15%). At 28.3%, the international student body represented a significant portion of the student population. The average age of respondents was 22 with a range of 18 to 40 years. On average, each respondent had about two and a half years of work experience in the industry. The range of work experience was between 0 to 18 years.

50% of instructors who participated in the study were classified as Accommodators, followed by Convergors (25%) and Assimilators (25%). In terms of students' preferred learning styles, no style dominated over the other three. Overall, there were more Assimilators (35%), followed by Divergers (24%), Accommodators (23.3%), and Convergors (18.2%).

An overview of the perceived frequency of use of the instructional methods in the classroom reveals no clearly overwhelming instructional practice. Lecture-discussions method is perceived by the students to be most frequently used teaching method in the classroom. Also, lecture, cooperative learning, and direct learning were perceived by students to be frequently used.

Relationship Between Students' Learning Styles and Student Course Achievement

A multiple regression analysis was preferred over a one-way variance analysis because a multiple regression analysis could control variances in student course achievement by instructors, age, gender, work experience, school year, and student status. These six variables were used to control variances in student achievement scores. Student learning styles were coded using effect coding where Assimilator was the represent variable.

Table 1
Learning Styles of Participants and the Perceived Use of Instructional Strategies

Variable	N	Percentage/Mean	St. Dev.
Learning styles of instructors			
Accommodator	4	50.0%	
Diverger	0	0%	
Converger	2	25.0%	
Assimilator	2	25.0%	
Learning styles of students			
Accommodator	74	23.3%	
Diverger	76	23.9%	
Converger	58	18.2%	
Assimilator	110	34.6%	
Instructional methods			
Lecture	313	3.67	1.15
Demonstration	312	3.41	1.07
Lecture discussions	313	4.05	.97
Direct instruction	308	3.51	1.10
Discussion	310	2.96	1.11
Discovery learning	310	3.24	1.19
Cooperative learning	313	3.60	1.11
Learning centers	308	2.54	1.29
Role-plays	311	2.91	1.28
Simulations	309	3.00	1.23
Problem-based learning & inquiry	311	3.44	1.14

As shown in Table 2, under Model 1, student course achievement score was not affected by instructor, age, gender, or work experience. However, school year and student status had significant relationships with course achievement score. In other words, students with higher standing in school years, such as seniors, received higher achievement scores than the ones with lower standing in school year, such as juniors. Domestic students had higher achievement scores than international students. There were no significant differences of student learning styles on course achievement scores (Model 1). These results confirm the findings of similar past studies by Davidson-Shivers, et al., (2002) and Isom (1997).

Table 2
Multiple Regression for Students' Achievement Score and Learning Style

	Model 1			Model 2		
	Coefficients	t	sig.	Coefficients	t	sig.
(Constant)	71.676	14.096	.000	70.923	13.942	.000
Instructor	-.047	-.205	.838	-.070	-.304	.762
Age	.278	1.491	.137	.292	1.578	.116
Gender	-.158	-.139	.889	.129	.115	.909
Work experience	-.413	-1.872	.062	-.424	-1.929	.055
School year (i.e. freshmen)	1.814	2.946	.004	1.813	2.949	.004
Student status (i.e. international)	2.571	1.977	.049	2.684	2.067	.040
Accommodator	-1.588	-1.632	.104			
Diverger	.213	.218	.828			
Converger	.859	.819	.414			
Instructor's and student's learning styles are matched				-.292	-.233	.816
	$R^2 = .095, F(9, 236) = 2.743$			$R^2 = .084, F(7, 238) = 3.127$		

Relationship Between Students' and Instructors' Learning Styles in Student Course Achievement

Since it is often argued that instructors tend to teach in their preferred learning styles, the authors hypothesized that there would be a higher achievement score if a student's learning style and an instructor's learning style were matched. A variable was operationalized using instructors' learning style and students' learning style. The variable was coded as "1" if a student's style and an instructor's style were the same and was coded as "0" if a student's and an instructor's learning style were different. A multiple regression analysis was employed to examine the relationship of consistency between students' and instructors' learning styles to student course achievement. Table 2 presents the results of this analysis (see Model 2). Again, student achievement scores were controlled by instructor, age, gender, work experience, school year, and

student status. The analysis showed that consistency between an instructor and student's learning style did not affect student achievement.

Relationship Between Instructional Methods and Student Course Achievement

A multiple regression analysis was conducted to examine the relationship between perceived use of instructional methods and student course achievement. The results of the analysis are shown in Table 3. Instructor, age, gender, work experience, school year, and student status were used as control variables for student achievement.

Just like the previous results, work experience, school year, and student status had significant relationships with student achievement scores. Most instructional strategies did not significantly affect students' achievement scores except "lectures" and "discovery learning." Discovery learning instructional method significantly predicted students' achievement. In other words, if an instructor used "discovery learning instructional method" more frequently, students tended to perform better in class.

An interesting finding was the negative effect of "lectures" on achievement although the effect was moderate. This finding implies that if an instructor uses lectures more often, students would under-perform.

Table 3
Instructional Methods and Student Course Achievement

	Coefficients	Std. Error	t	sig.
(Constant)	72.330	6.136	11.787	.000
Instructor	.082	.254	.326	.745
Age	.264	.189	1.399	.163
Gender	1.853	1.206	1.537	.126
Work experience	-.562	.233	-2.412	.017
School year	1.708	.668	2.556	.011
Student status	2.974	1.352	2.200	.029
<i>Lecture</i>	-1.073	.599	-1.791	.075
Demonstration	-.309	.581	-.532	.596
Lecture discussions	.574	.652	.879	.380
Direct instruction	-.395	.590	-.670	.504
Discussion	-.015	.661	-.024	.981
Discovery learning	1.980	.686	2.886	.004
Cooperative Learning	-.835	.702	-1.190	.235
Learning centers	.343	.527	.651	.516
Role-plays	-.520	.639	-.814	.417
Simulations	-.875	.636	-1.377	.170
Problem-based learning & inquiry	-.088	.596	-.149	.882

R = .412, R² = .169, Adjusted R² = .101, F (17, 207) = 2.485, p-value = .001

CONCLUSION

This study proposed an application of Kolb's learning model to assess and examine the relationship between hospitality students' learning preferences and instructional strategies in consideration to student course achievement. One of the objectives of this study was to determine the effect of students' learning styles on student course achievement. Several factors, such as instructional methods used and demographic variables, that have an impact on how effectively students learn have been discussed and examined.

The results indicated that students' learning style did not affect their achievement scores in the classroom. However, several demographic variables appeared to have a positive impact on achievement scores. According to Kolb (1984), ELT explains how learners learn to learn through a variety of experiences and the preference or approach to a particular style of learning could change over time due to increases in experience. As students advance in class standing, from freshmen to senior level, in college, it is likely that they could get more familiar with their preferred learning styles and perhaps even better learn how to deal with learning situations that do not match their dominant learning styles. The results of this analysis support such an assumption since there is an increase in student achievement score for those students in higher class standing. Further, it was also determined that there was a negative effect of "lecture" teaching method on

student achievement. This finding supports that traditional methods of teaching, such as lectures, could be ineffective in terms of improving student achievement.

Future research must repeat similar studies across a variety of courses to establish patterns of learners' preferred learning styles and effective instructional methods and help educators revise and modify lesson plans to accommodate all learning styles in the classroom. Evidence of patterns obtained from such types of research could help establish a guide for addressing the needs of particular learners, grouped by dominant learning styles. It should also be noted that this study utilized only Kolb's LSI to determine learning styles and predict classroom performance outcomes. Perhaps, a combination of similar assessment tools in conjunction with LSI could be facilitated to achieve the desired results.

Further research is needed to explore the relationship between teaching methods and students' learning styles. Studies addressing the role of learning styles, in conjunction with other important variables in effective classroom teaching, could help instructors better cater to the needs of learners. The development of a highly reliable assessment instrumentation to identify learning styles should be a key part of such related future research.

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REGIONAL ANALYSIS OF TOURIST RESOURCES: EVIDENCE FROM VIRGINIA

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ABSTRACT

The purpose of this study is to identify regional patterns of tourism resources and to determine tourism potential in the state of Virginia. The method used quantitative statistical analysis to inventory, group, and measure the existing resource portfolio. The findings confirmed that Virginia tourist regions are not created equal and reveal significant spatial differences in terms of resource availability. Marketing and planning implications for effectively promoting the tourist regions are discussed.

INTRODUCTION

Tourism encompasses a number of industries which produce goods and services appealing to visitors' desires and tastes. In an effort to define tourism from a destination or supply perspective and to demonstrate that tourism is an industry with a measurable impact, Smith (1988) grouped tourism products into goods and services, accommodation, transportation, travel services, foodservices, recreation/culture/entertainment, and retail goods. Consequently, cultural resources, leisure and recreational facilities, hospitality services, and other tourism supporting services must be considered when determining the resource inventory of a given region.

Regional analysis as part of the academic investigation in tourism was established over thirty years ago. Authors such as Vuoristo (1969), and Ginier (1974) investigated the spatial variations of resorts and resources in Finland and France respectively. Others focused on specific sites or attractions, such as ski resorts (Preau, 1968), recreational vehicle camps (Pryce, 1967), and health resorts (Defert, 1960). Researchers identify and consider regions for many reasons, such as planning, administration, resource allocation, marketing, and promotion. Smith (1984) explained that regionalization in tourism research helps identify spatial differences in tourism potential and development and allows residents to increase their understanding of the characteristics of the area.

LITERATURE REVIEW

Resource Identification

A review of tourism regional analysis studies provided three major methods to identify resources in a given region. Ferrario (1979) identified the items composing the resource base by conducting a content analysis of the available travel/information guides. In other studies (such as Gearing, Swart, and Var, 1974) the areas under investigation were subjectively assumed to have certain resource attributes, thus no inventory of resources was performed. The rest of the regional analysis literature (Liu, 1988) included the resource variables based on literature.

Each resource variable representing the tourist resource base is a correlate to another resource variable. Likewise, the various characteristics of a region are jointly considered as resource dimensions (Scott, Shewe, and Frederic, 1979). The numerous characteristics of a destination make the evaluation of the tourist resource base extremely complex. From a supply perspective it is paramount to identify those resources that, when grouped, reveal many underlying tourism characteristics of a region. From a demand perspective, travelers tend to integrate the complex inventory of resources at destination into a relatively simple list of attribute groups (Schreyer and Beauliey, 1986). The goal of visitors is to obtain a maximum quantity of information by using the minimum amount of cognitive energy. Hence, travelers tend to economize the information they have received by prioritizing a few resource dimensions in relation to a given destination while disregarding others.

Overall, most of the literature about tourist resources recommends the formulation and implementation of the following procedure (Nyberg, 1995; Pearce, 1981): (a) define the region under investigation, (b) measure the unit area, (c) inventory the resources of the region, (d) group the resources into factors or categories, and (e) evaluate the resource categories. The resource dimensions are generally analyzed in a geographical context. The present study collected a

representative sample of resources existing in every county and independent city of Virginia. Specifically, a census was conducted of the resources available in the state by political subdivisions based on content analysis of tourist guides.

METHODOLOGY

The analysis consisted of four steps. First, to determine the principal tourist resources and assess their magnitude in the context of the state of Virginia, a content analysis of text and pictorial media was conducted. The goal of the first methodological step was to identify a group of variables generally associated with tourism in Virginia. Second, data pertaining to each one of the selected resources was collected. The units of measurement were the political subdivisions of the 95 counties and 40 independent cities in Virginia. The secondary data were then coded and tabulated on a spreadsheet. Third, a factor analysis of the resource variables was performed to identify the underlying dimensions of tourist resources. Fourth, factor scores of counties and independent cities located in the same region were added to reveal the total resource base in that specific area. The regions were determined a-priori based on their classification by the Virginia Tourism Corporation. They are Northern Virginia, Shenandoah Valley, Chesapeake Bay, Eastern Shore, Tidewater and Hampton Roads, North Central, South Central, and Blue Ridge Highlands.

FINDINGS

Content Analysis

A content analysis of secondary data on tourist resources was performed during the summer of 2000. An investigation of travel literature in specialized bookstores produced a list of five guidebooks dedicated exclusively or primarily to the state of Virginia: *Virginia is for Lovers*, *Virginia Group Tour Directory*, *Virginia*, *The Smithsonian Guides to Historic America*, and *The Virginia Handbook*. Those sources varied significantly in terms of style and focus; however, they provided comprehensive coverage of tourist resources throughout the entire state of Virginia. For example, two of the books, *Virginia* and *The Smithsonian Guides to Historic America*, primarily addressed historical attractions. Although *The Virginia Handbook* focused on many historical attractions, it also included valuable information on lodging, dining, shopping, theme parks, outdoor recreation and many other characteristics of Virginia attractions. The *Virginia Tour Group Directory* was the only guide serving travel intermediaries such as travel agencies, tour operators and meeting planners.

The entire content of the five Virginia tourism guidebooks was investigated. The resource variables that appeared most frequently in the selected tourist guides were included in the study. When a certain tourist resource was discussed it was recorded on the spreadsheet under its representative category. The results of the text analysis offer a wide range of variables and include most of the resource dimensions that were reported by literature, such as infrastructure, tourism services, lodging, outdoor recreation, nature, culture, history, shopping, and entertainment. The utilization of pictures in tour operator catalogs and vacation books plays an important role in the selection of a tourist destination. Frequently, people searching for a vacation destination might select one based on pleasing or attracting images (Goodall, 1990). The analysis included a review and classification of pictures displayed in the five catalogs. As was the case with the text analysis, each picture was reviewed and entered into the proper resource category. Overall, the results of the pictorial analysis emphasized the same variables that were identified in the text analysis. Among the few differences between the two analyses, fewer pictures depicted outdoor recreation activities in natural settings, however more pictures were dedicated to amusement park entertainment. Pictures also focused more on passive characteristics such as landscapes, hotels and museums.

In the process of selecting the final variables for further analysis, some indicators were easily operationalized, whereas some others needed to be modified or eliminated. For example, as a general rule, if only one fourth or less of the Virginia counties shared one indicator, it would be removed from the study. Thus, the skiing variable, which reported 10 text and 2 pictorial hits, was not introduced in the final list because of the scarce winter facilities available in Virginia. In fact, the four skiing facilities available in the entire state were considered too limited in terms of state representation. Seashores were also under-represented and eliminated.

A few tourist features and characteristics were difficult to measure but could be easily represented by other variables. Travel agencies were included in the study as a substitute for the variable "generic tours," which was identified a number of times in the content analysis. Souvenir outlets was used as the variable representing the "shopping/antiquing" activity mentioned often in the tourist guides. Despite attempts to assess scenic resources for tourism (Kaur, 1981), literature generally excludes them from the list of identifiable and measurable destination resources (Nyberg, 1995; Pearce, 1981). Therefore, indicators that are difficult to measure, such as country and mountain landscapes were measured by the availability of cottages, cabins, and recreational vehicle parks. Although being mentioned only a few times, waterfalls were included in the study and used to represent inland water activities, such as canoeing and fishing.

Eating and drinking establishments was used as an indicator for nightlife. It was impossible to find a list of wildlife observation sites as well as historic figures and parades, therefore they were removed from the list. It was assumed that variables such as state parks, hiking, horseback riding and biking trails also include wildlife observation sites. The same consideration was made regarding festivals, civil war sites, historic districts and buildings, which encompass historic figures and events. In conclusion, twenty-two resource variables were identified as measurable and available through secondary sources. All the inventoried resources have characteristics and features that can be physically recognized and geographically located within Virginia.

Factor Analysis

The 22 resource variables resulting from the content analysis were factor analyzed to determine the overall resources of Virginia. To determine the minimum number of factors that explains the greatest amount of variance, principal component analysis was considered as the most appropriate factor model (Velicer and Jackson, 1990). The latent-root criterion was the technique used for selecting the factor groupings. The Varimax orthogonal rotation was performed in this study because it resulted in a better performance than Quartimax and Equimax in terms of stability and factor separation. Factor loadings equal or less than .40 and eigenvalues smaller than one were excluded from the analysis.

Table 1
Factor Analysis of Tourist Resources.

	Loadings	Eigenvalues	Variance Explained	Reliability Alpha
Tourism Services		6.46	27.58	.956
Eating & Drinking Places	.934			
Retail Sales	.931			
Souvenir Firms	.918			
Travel Agencies	.898			
Hotel & Motel Rooms	.871			
Golf Courses	.654			
Cultural/ Historical		2.56	15.70	.757
Historical Buildings	.830			
Museums	.745			
Historical Districts	.736			
Civil War Sites	.573			
Festivals	.456			
Wineries	.427			
Rural Lodging		2.32	12.21	.730
Campsites	.938			
Cottages/Cabins	.906			
B&B	.604			
Recreational Vehicle Parks	.457			
Outdoor Recreation		1.88	10.61	.678
Horseback Riding	.776			
Falls	.747			
Hiking	.650			
Biking	.470			
TOTAL VARIANCE EXPLAINED			66.10	

The results of the initial factor analysis of the 22 resource variables generated six factors with eigenvalues above 1.0. However, after the Varimax rotation only two variables loaded on factor five and one variable on factor six (at greater than .40). The eigenvalues of both factor five and six were slightly higher than 1.0 and explained a modest percentage of the variance in the data. As a consequence, a four factor model was considered as being the most representative. Using this solution, two variables—state parks and amusement parks—did not load sufficiently on any factor in different factor solutions. Because of this, they were eliminated from further analysis. A new factor analysis was performed with the remaining 20 resource variables.

Four factors explaining 66.1% of the overall variance were identified as resource dimensions (Table 1). Each dimension was labeled based upon the characteristics of the resource variables that are part of the different factors. The identified dimensions were labeled as: (1) Tourism Services & Facilities; (2) Cultural/Historical; (3) Rural Lodging; (4) Outdoor Recreation. The first dimension identified was entitled “Tourism Services & Facilities” because it consisted of six variables which emphasize the importance of necessary tourism components, such as travel agencies, retail facilities, hotels, eating and drinking places. The first dimension explained 27.58% of the total variance with an eigenvalue of 6.46. When

tested on a reliability scale, the six variables had a coefficient alpha of 0.956. The second dimension was entitled “Cultural/Historical” and is comprised of six items, such as museums, civil war sites, historical buildings and districts, festivals and special events, and wineries. The eigenvalue of the second dimension (2.56) was able to explain 15.7% of the total variance. Treating the variables on a scale resulted in a coefficient alpha of 0.757. The third dimension, named “Rural Lodging,” included four items, such as camping sites, cottages/cabins rooms, and Bed & Breakfasts rooms. The eigenvalue resulted 2.32 and explained 7.3% of the total variance. The coefficient alpha of this dimension was 0.73. The “Outdoor Recreation” dimension obtained an eigenvalue of 1.88, which explained 10.61% of the total variance. This fourth dimension is composed of four items, among which hiking trails, horseback riding establishments, and biking trails. The coefficient alpha of this dimension was 0.73.

The four resource dimensions identified in this study are consistent with those found in other studies. Smith (1987), identified 16 resource variables and four dimensions, namely “Urban tourism,” “Outdoor recreation,” “Cottaging and boating,” and “Urban fringe tourism.” A study by Backman, Uysal, and Backman (1991), used 24 resource items that were grouped into five factors, namely “Tourism supporting services,” “Accommodation/Resort,” “Camping,” “Outdoor activity,” and “Historic/ Environment.” The identification of resource dimensions is dependent upon the unique characteristics of the region. Findings from different regional resources studies reveal, however, that resource dimensions such as accommodations and services, history and culture, and outdoor recreation are generally part of the resource base of any areas.

Evaluation of Resources by Tourist Regions

The units of measurement of this study were the 95 counties and 40 independent cities existing in the state of Virginia. To better evaluate and define tourist resources at the regional level, factor scores resulting from the factor analysis were computed for each unit of measurement and assigned to the tourist regions defined by the Virginia Tourist Corporation. The standardized scores that were assigned to each county and independent city measure their ability to provide the four resource dimensions. Therefore, the resource evaluation in each one of the eight tourist regions of Virginia is measured by the sum of the standardized scores of each county and independent city (Table 2). Regions characterized by densely populated areas, such as Northern Virginia and Tidewater and Hampton Roads, scored very high in terms of tourism services and facilities, whereas all the other regions received negative scores. Only the North Central region obtained a marginal negative score (-0.09) because it benefited from its contiguity to the Northern region. Also, the presence of the capital city in this region helped to balance the lack of tourism services and facilities in the rural areas of north central Virginia.

Table 2
Resource Dimensions by Tourist Regions in Virginia.

	Tourist Services and Facilities	Cultural/ Historical	Rural Lodging	Outdoor Recreation	Total	Rank
Northern Virginia	9.37	10.74	-3.93	0.53	16.71	1 st
Tidewater and Hampton Roads	7.39	2.80	4.61	-9.19	5.61	4 th
Cheasepeake Bay	-3.35	-2.81	1.10	-6.10	-11.16	7 th
Eastern Shore	-0.96	-0.56	10.82	-1.25	8.05	5 th
North Central Virginia	-0.09	13.86	-3.02	4.75	15.5	2 nd
South Central Virginia	-5.66	-12.27	-6.67	-13.81	-37.78	8 th
Shenandoah Valley	-4.58	1.26	1.42	8.13	6.23	3 rd
Blue Ridge Highlands	-2.13	-13.02	-4.33	16.94	-2.54	6 th

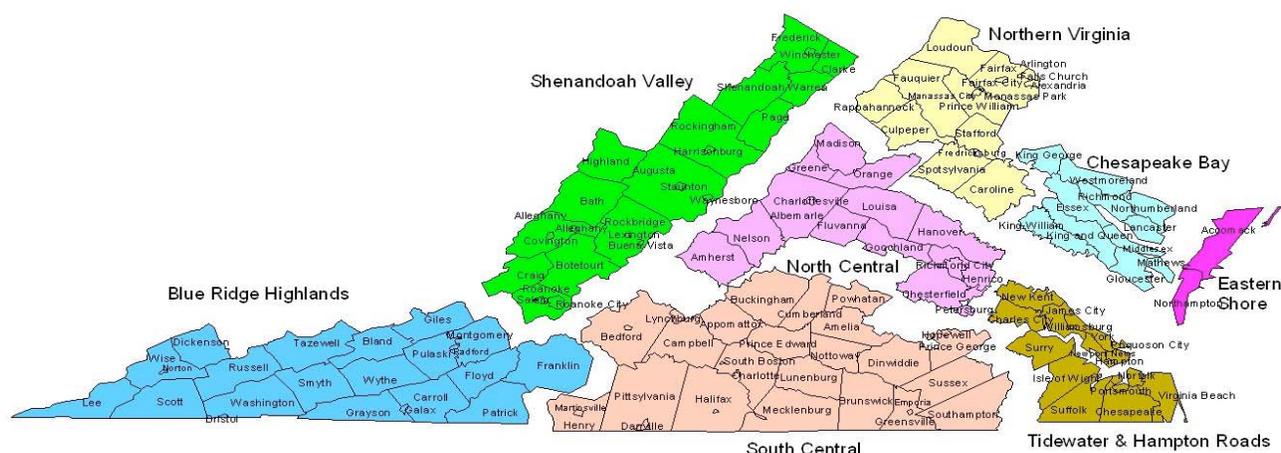
The cultural/historical dimension is prevalent in the northern part of the state of Virginia, particularly in North Central and Northern Virginia. The leading position of North Central Virginia is explained by the abundance of museums and historic sites in Richmond and its surrounding areas. Many Civil War battles took place in this region and it features a number of wineries and vineyards. Northern Virginia received a high score because of its many historical districts, monuments, and museums. The Tidewater region obtained a relatively high score mostly because of the presence of historic Williamsburg. The Shenandoah Valley region is popular for its festivals and cultural events and scored above average. All the other regions fell below average.

The rural lodging dimension is influenced by the presence of water or mountains. In fact, it is in those areas that one is more likely to find campgrounds, cottages and cabins as well as bed & breakfasts. Eastern Shore, Tidewater, and Cheasepeake Bay are the coastline regions of Virginia and were identified as possessing the most abundant rural lodging products and services. Shenandoah Valley received a positive standardized score because it represents the mountain region

of the state, along with the Appalachian and Blue Ridge Mountains. The regions included in the Piedmont area of Virginia have neither mountains nor the sea and were found lacking in rural accommodations.

A different regional scenario is portrayed by the last resource dimension, which is outdoor recreation. The Blue Ridge Highlands region appears as the richest of all regions in terms of availability of outdoor facilities. The unique landscape offered by this southwestern area generated the highest score among all the dimensions. Similar to this mountainous region is the Shenandoah Valley, which ranked second. The North Central region benefited from its hills and unique historical treasures and ranked third. Despite its relatively flat landscape, Northern Virginia scored above average because of the high number of biking trails and horse riding facilities. Little outdoor entertainment is available in the remaining regions.

Figure 1
Virginia's Tourist Regions



CONCLUSION

The measurement design used in this study contributes to the advancement of tourist resource management in many ways. First, it allows for a comparison of different regions of the same destination—Virginia—in terms of resource dimensions. The possibility of obtaining scores for each resource dimension provides two major opportunities. First, a meaningful comparison can be made between regions based upon their strengths and weaknesses as defined by their resource inventory. For example, the “Blue Ridge Highlands” region is rich in natural resources but does not offer adequate lodging and services. This specific finding suggests that planning and development should be directed towards the development of new lodging and services facilities. Regions with a weak inventory in one or more resource dimensions, such as South Central Virginia, can combine efforts with bordering regions with complementary tourist features. Overall, the results reveal that each region is unique in terms of resource availability and distribution.

There are substantial managerial implications of this study. Destination marketers and tourism planners can achieve a better understanding of how tourism state potential is measured based on the interplay of resources existing in the different regions. Determining the interplay between regional measures of tourist resources also has financial allocation implications. Regions that are strong in one or more resources but perform poorly in terms of tourist visitation need financial and human resources to promote their destinations. By contrast, regions that receive a significant number of visitors but have few tourist resources should allocate assets to develop, improve, and enhance their resource base.

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THE IMPACT OF SERVICE FAILURE AND SERVICE RECOVERY ON CONSUMERS' SATISFACTION UPDATING PROCESS IN THE LODGING INDUSTRY

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ABSTRACT

This study investigated customers' satisfaction updating process in the context of service failure and service recovery in the hotel industry. The results of the data analysis show that when updating overall satisfaction, participants weighed their current service encounter satisfaction more heavily than prior cumulative overall satisfaction, regardless of different levels of service failure and service recovery. The findings of this research also suggest that once customers experience service problems, it is difficult to bring customers' satisfaction level back to where it was.

Key Words: Service Failure; Service Recovery; Customer Satisfaction Updating Process

INTRODUCTION

Research on customer satisfaction has flourished over the past two decades and has become one of the most popular topics in the service marketing literature. Factors that influence consumers' judgments of satisfaction and service quality have been identified, and measurements of satisfaction have been extensively discussed. However, there is a relatively unexplored issue, which is how consumers' satisfaction judgments change over time (Rust, Inman, Jia, & Zahorik, 1999).

In recent years, researchers have just begun to examine how consumers revise their customer satisfaction. Previous studies have not agreed on whether consumers weigh their prior cumulative overall satisfaction or their current service encounter satisfaction more heavily when forming their new cumulative overall satisfaction judgments. The purpose of this study is to gain a deeper understanding of the complex updating mechanism by examining the effects of different levels of service failure and recovery and frequency of hotel visits on the satisfaction updating process.

LITERATURE REVIEW

Consumers' Belief Updating Process

Belief updating is an omnipresent human activity that is prevalent in various areas such as communication, decision-making, and attitude change (Hogarth & Einhorn, 1992). In the service marketing literature, some studies (Bolton, 1998; Boulding, Staelin, Kalra, & Zeithaml, 1993; Boulding, Kalra, & Staelin, 1999; Hogarth et al., 1992; Rust et al., 1999) have documented that consumers update their beliefs about a service firm over time as they obtain more experience with the firm. Each new service encounter provides consumers with opportunities to update their prior cumulative beliefs. This sequential belief updating process theory has been applied to customer satisfaction and service quality research.

Boulding, Staelin, Kalra, and Zeithaml (1993) proposed a dynamic model of service quality that examined how consumers update their perceptions of service quality. They found that consumers' current perceived service quality is influenced by both their prior expectations of what quality they *will* and *should* receive and their most recent service encounters. Their results demonstrated that consumers' assessments of a service organization vary over time as they gain more experience with it. Boulding et al. (1993) suggested that as consumers accumulate more experience and confidence, they tend to weigh their prior cumulative perceptions of quality more heavily than their recent service encounters.

In another study of service quality, Rust et al. (1999) proposed a model of customer expectation distributions in order to capture the dynamics of customers' perceptions of service quality over time. Customer expectations were proven by a great number of studies to have significant impacts on customer satisfaction and perceived service quality. Rust et al. pointed out that most service quality and customer satisfaction studies only focused on simple point estimates of customer expectations and suggested that customer expectations can be viewed as distributions instead. Based on cumulative experience, customers form expectation distributions and predict the likelihood of outcomes for their next service experience. When consumers evaluate the quality of a service provider, they will not only reflect on their recent service encounters, but also on their entire distribution of expectations. In short, their model shows that customers' cumulative experience helps them to learn what level of quality to expect.

Factors that Influence the Belief Updating Process

Several studies (Bolton, 1998; Boulding et al., 1999; Boulding et al., 1993; Rust et al., 1999) have started to investigate factors that influence consumers' belief updating process. The following section reviews factors that have been examined in the literature.

Duration of Relationship Between Consumers and Service Firms

Bolton (1998) examined the influence of the duration of consumers' relationships with service companies on their satisfaction updating process in the cellular telephone industry. It was found that customers who have more experience with a company weigh their prior cumulative satisfaction more heavily than those with less experience. According to Rust et al. (1997), consumers have a known prior distribution of the average quality of a company. Therefore, for customers who have a long, loyal relationship with a company, a recent service encounter may not influence their established overall judgments about the company. Conversely, for consumers who have little experience with a company, when updating their satisfaction judgments, they might weigh their most recent specific encounters more heavily than their prior satisfaction because they do not have a clear idea about the company's average quality.

Boulding et al. (1999) examined consumers' perceived service quality updating process. Contrary to Smith and Bolton's (1998) finding that more experienced consumers place more weight on their prior assessments of a service firm when updating cumulative assessments, Boulding et al. (1999) found that when adjusting cumulative evaluations, consumers who have more experience with a service firm rely less on their prior perceived overall service quality of the firm. They believe that as consumers accumulate more experience with a service firm, they are more confident in evaluating recent individual service encounters.

The conflicting research findings may be due to the fact that Boulding et al. (1999) looked at customers' updated perceived service quality while Bolton (1998) looked at updated customer satisfaction. In Boulding, Kalra, and Staelin's (1999) study of the perceived quality updating process, they mentioned that consumers' evaluations of service quality are influenced by their most recent service encounters as well as their cumulative overall impression based on word-of-mouth, advertising, and their experience with other service providers. Therefore, consumers who have less prior experience tend to rely on their cumulative assessments, but as they gain more experience, they are more able to count on their new service experiences and depend less on previous cumulative information that may have come from other sources such as word-of-mouth or advertising.

Conversely, as Oliver (1997) pointed out, while perceived quality does not require exposure to service experience, satisfaction does. Therefore, when updating satisfaction judgments, consumers would rely more on their own cumulative experience instead of information from word-of-mouth or advertising. This can explain why as customers have more experiences, they tend to weigh their prior cumulative satisfaction more heavily; they are more confident with counting on their own increased experience.

Service Failure and Service Recovery

Smith and Bolton (1998) examined consumers' satisfaction updating process in the context of service recovery for the hotel and restaurant industries. The researchers included three different satisfaction judgments in their studies: prior cumulative satisfaction, satisfaction with service recovery, and new cumulative satisfaction.

They found that satisfaction with service recovery has a significant influence on new cumulative satisfaction. Thus, Smith and Bolton (1998) concluded that a single service failure and recovery incident has a considerable impact on cumulative overall satisfaction. Those who were more satisfied with service recovery also had higher cumulative satisfaction. Additionally, their results also show that customers' prior cumulative satisfaction significantly influences their updated cumulative satisfaction; nevertheless, its effect is relatively small compared to the effect of satisfaction with service recovery. However, the researchers did not look into whether different levels of service failure and service recovery influence how consumers weigh prior cumulative satisfaction and satisfaction with service recovery when updating new cumulative satisfaction.

Rust et al. (1999) found that degree of severity of service failure does make a difference in consumers' assessments. When service quality is slightly lower than customers' expectations, consumers' perceived overall quality of a business is not necessarily negatively influenced. When service that customers receive is much worse than they expected, their perceived overall quality and behavioral intentions are negatively affected; however, this effect can vary depending on the amount of consumers' prior experience (Rust et al., 1999).

Therefore, further research is warranted to explore how consumers revise their cumulative satisfaction judgments given different levels of service failure and service recovery. As discussed previously, several researchers (Bolton, 1998; Boulding et al., 1993) found that with consumers who have more experience with a service firm, prior cumulative satisfaction has a stronger influence on new cumulative overall satisfaction than recent service encounters do. Yet, it is uncertain whether this phenomenon holds true when customers experience severe service problems and do not receive adequate service recovery.

As several researchers (Goodwin & Ross, 1990; Johnson, 1995) pointed out, customers' overall satisfaction is usually latent; it is only when customers experience service breakdowns that they become aware of service quality and the company's commitment to customer satisfaction. After a customer reports a complaint, the original service experience may become less relevant to the consumer's final satisfaction than the actions that follow the complaint. As a result, whether service providers give effective service recovery or not can have a tremendous impact on people's new updated satisfaction level. Thus, it is possible that recent service encounters have more influence on consumers' new cumulative overall satisfaction, even for people who have more experience.

PURPOSE OF THE STUDY

Following the development of customer satisfaction updating theory, this study investigates the customer satisfaction process given different levels of service failure and service recovery and different durations of relationship between consumers and service providers. This study includes three different customer satisfaction judgments for the satisfaction updating process: (1) prior cumulative overall satisfaction, (2) current service encounter satisfaction in the context of service failure and recovery, and (3) new cumulative overall satisfaction.

Although the effect of the duration of consumers' relationship with service organizations on the satisfaction updating process has received some attention in the literature, it may not be the best factor for the lodging industry to use to reflect consumers' familiarity with service firms' average quality. Many travelers do not stay at a particular lodging property regularly and/or frequently. They may stay at the same hotel at discrete intervals and pay for each stay separately (Lovelock, 1983). In this case, duration of relationship is not the best variable to reflect how much experience a customer has with a hotel. For instance, a person may have been a customer of a hotel for ten years but stayed at the hotel only twice. Another person may have been a customer of the same hotel for two years but has stayed there six times. It can be argued that the customer who has the shorter relationship with the hotel is actually a more experienced customer than the other one. Thus, in this study, frequency of visit will instead be used as an indicator of consumers' extent of familiarity with and confidence in a lodging property's average service quality.

RESEARCH METHODOLOGY

Research Design

A survey that involved a scenario-based experiment was included in the study. Hypothetical scenarios were used to manipulate severity of service failure and service recovery. Severity of service failure was manipulated at two levels: high and low; service recovery was also varied at two levels: high and low. Hence, the experiment is a 2 (severity of service failure) x 2 (service recovery) design. Participants were randomly assigned to each one of these four scenarios.

The survey includes three parts. In the first section, participants were asked to name the lodging property with which they most recently stayed. Next, subjects were asked to indicate the frequency of their stays at the property. Then, subjects were asked to rate their prior overall cumulative satisfaction with the property. In the second section, subjects were shown service failure and recovery scenarios. Next, several measurement scales asked respondents to indicate their satisfaction level regarding the service failure and service recovery scenarios they just read. In the third section of the survey, the participants were asked to respond to questions related to their new cumulative overall satisfaction.

Scenario Development

Several researchers have suggested guidelines for scenario development (Cook & Campbell, 1979; Goodwin & Ross, 1992; Mohr & Bitner, 1995; Weun, 1997), and they were taken into account for this study. Four different scenarios were developed based on a review of hundreds of hotel customer complaint letters and discussions with experts and customers of the hotel industry. In the scenario for high severity of service failure, a customer reserved a suite for two nights and planned to conduct an important business meeting in the suite on the second day at the hotel. The customer was informed that the hotel had no vacancies upon check in. In the high recovery situation, the hotel found the customer another hotel at which to stay for the first night and assured the customer that a suite would be ready for the business meeting the next day. The hotel also paid for the customer's cost of getting to another hotel for the first night and returning to the hotel

the next day. In the low recovery situation, the customer was not guaranteed that a suite would be available for the meeting the next day, but they would try to find another room for the meeting. No other help was offered.

In the scenario for low severity of service failure, a family reserved an ocean view room for three nights. Upon check in, they were told that no ocean view room was available. In the high recovery situation, the family was upgraded to a suite without extra charge. The hotel also guaranteed that there would be an ocean view room available for the family. In the low recovery situation, the hotel told the family that they would be moved to an ocean view room as soon as one was available, but could not guarantee that it would happen. No other help or compensation was offered.

Previously, researchers (Blodgett, Granbois, & Walters, 1993) suggested that severity of service failure can be determined by the magnitude of loss, damage, or inconvenience caused by service failures. If the customer in the high severity scenario did not have a room in which to conduct the business meeting, the loss and inconvenience could include having no room for the night, damage to the reputation of the customer and the company that the customer works for, and cancellation or rescheduling of the meeting. The service problem not only affects the customer and his/her company, but it also influences the other people who will attend the meeting. On the other hand, in the low severity scenario, the family still has a room during their vacation. Therefore, the consequences of service failure of the high severity scenario are much more severe than those of the low severity scenario. Consultation with a group of 12 faculty members who had hotel stay experience and a pretest were conducted in order to arrive at the final versions of the scenarios.

Measurement of Satisfaction Judgments

This study examined three different satisfaction judgments, which are prior cumulative overall satisfaction, current service encounter satisfaction, and new cumulative overall satisfaction. Three bipolar scales were used to measure each satisfaction judgment (Table 1). These three scales were adopted from Smith & Bolton’s (1998) study of service recovery in the hotel and restaurant industries, but were originally developed by Westbrook and Oliver (1981). In Smith and Bolton’s (1998) study, reliability of these items was 0.98, which indicates high reliability. When analyzing survey data, the three scales will be averaged to form a composite score that represents each satisfaction judgment construct.

Table 1
Measurement Scales for Customer Satisfaction Judgments

<u>Prior Cumulative Overall Satisfaction</u>							
Based on all of your prior experiences with this hotel, how do you feel overall about this hotel? Please circle the number that best reflects your opinion:							
Displeased	1	2	3	4	5	6 7	Pleased
Dissatisfied	1	2	3	4	5	6 7	Satisfied
Unhappy	1	2	3	4	5	6 7	Happy
<u>Current Service Encounter Satisfaction</u>							
Think about the problem you experienced and the hotel’s handling of your problem. How do you feel about the hotel on this particular occasion?							
Displeased	1	2	3	4	5	6 7	Pleased
Dissatisfied	1	2	3	4	5	6 7	Satisfied
Unhappy	1	2	3	4	5	6 7	Happy
<u>New Cumulative Overall Satisfaction</u>							
Based on all of the actual experiences you have had with the hotel you named, as well as the experience described in this scenario, how do you feel overall about this hotel?							
Displeased	1	2	3	4	5	6 7	Pleased
Dissatisfied	1	2	3	4	5	6 7	Satisfied
Unhappy	1	2	3	4	5	6 7	Happy

Sampling Frames and Data Collection Methods

A survey was conducted at a university. Questionnaires were sent to all 2,105 staff and faculty members via campus mail service. The staff and faculty members were randomly assigned into the four service failure and service recovery scenarios. One week after the questionnaires were distributed, a reminder was sent to all staff and faculty members via campus-wide e-mail. The data collection period lasted for two weeks. Six hundred sixty three questionnaires were returned, resulting in a response rate of 31.50%. After deleting 11 incomplete questionnaires, a total of 652 usable surveys were obtained.

DATA ANALYSIS AND RESULTS

Comparison of Different Satisfaction Judgments

Table 2 shows the means and standard deviations of measurement items which measured prior cumulative overall satisfaction, current service encounter satisfaction, and new cumulative overall satisfaction for the four scenarios. Mean scores of prior cumulative overall satisfaction items range between five and six on a seven-point scale for all participants, which indicates that they were quite satisfied with their previous hotel stays. T-tests were performed for prior cumulative overall satisfaction items; no significant difference was found between different scenario groups.

Table 2
Mean Scores and Standard Deviations of Individual Customer Satisfaction Items for the Four Scenarios

Satisfaction Measurement Item	High Failure High Recovery		High Failure Low Recovery		Low Failure High Recovery		Low Failure Low Recovery	
	N = 193		N = 145		N = 163		N = 151	
	Mean	SD	Mean	SD	Mean	SD	Mean	SD
Prior Cumulative Overall Satisfaction								
Displeased – Pleased	5.55	1.27	5.41	1.45	5.43	1.57	5.51	1.41
Dissatisfied – Satisfied	5.63	1.29	5.46	1.46	5.43	1.58	5.56	1.43
Unhappy – Happy	5.52	1.31	5.30	1.51	5.42	1.56	5.48	1.48
Current Service Encounter Satisfaction								
Displeased – Pleased	4.06	1.88	3.05	1.88	4.20	1.87	2.15	1.26
Dissatisfied – Satisfied	4.55	1.82	3.11	1.91	4.48	1.76	2.22	1.34
Unhappy – Happy	4.00	1.71	2.75	1.73	4.23	1.79	2.18	1.18
New Cumulative Overall Satisfaction								
Displeased – Pleased	4.84	1.60	4.00	1.86	4.77	1.62	3.59	1.73
Dissatisfied – Satisfied	4.98	1.57	3.96	1.96	4.80	1.59	3.60	1.74
Unhappy – Happy	4.80	1.59	3.80	1.89	4.74	1.60	3.56	1.77

Note. Customer satisfaction items were measured on a seven-point scale with 7 representing the highest level of satisfaction.

Scores for current service encounter satisfaction ranged from 2.15 to 4.55, which shows that respondents seemed to be not as satisfied in terms of their current service encounter after they had been exposed to service failure and service recovery. For both the high severity of failure group and the low severity of failure group, participants who received high recovery had higher satisfaction than those who received low recovery.

It was expected that respondents who experienced high severity of service failure and low service recovery would have the lowest current service encounter satisfaction. However, it was found that among the four groups, respondents who were exposed to the low failure and low recovery scenario gave the lowest rating. T-tests were performed, and the results showed that the scores for the low failure/low recovery group were significantly lower than those for the other three groups. Means for the new cumulative overall satisfaction are lower than those for the prior cumulative overall satisfaction regardless of the severity of service failure and service recovery for all respondents. It appears that the respondents' service failure and recovery encounters had an impact on their cumulative overall satisfaction.

The Customer Satisfaction Updating Process

Multiple regression analyses were used to examine the effects of prior cumulative overall satisfaction and current service encounter satisfaction on new cumulative overall satisfaction for the four scenarios. In the four regressions, new cumulative overall satisfaction was treated as the dependent variable; prior cumulative overall satisfaction and current service encounter satisfaction were used as independent variables. Table 3 presents the results.

For all four scenarios, both prior cumulative overall satisfaction and current service encounter satisfaction have significant influences on hotel guests' new cumulative overall satisfaction. In addition, the β coefficients reveal that current service encounter satisfaction has a stronger impact than prior cumulative overall satisfaction for all four scenarios.

Table 3
Results of New Cumulative Overall Satisfaction Regression Analysis for the
Four Service Failure and Service Recovery Scenarios

Variable	High Failure/ High Recovery		High Failure/ Low Recovery		Low Failure/ High Recovery		Low Failure/ Low Recovery	
	PCS	CCS	PCS	CCS	PCS	CCS	PCS	CCS
β coefficient	.267*	.596*	.346*	.461*	.404*	.514*	.333*	.385*
Multiple R	.696		.612		.678		.529	
R Square	.485		.375		.459		.280	

Note. PCS represents prior cumulative overall satisfaction and CCS represents current service encounter satisfaction.
* significant at .001 level. All regression models were significant at .001 level.

Adding the Effect of Frequency of Visit to the Updating Process

Next, data analyses were conducted to explore the influence of frequency of visit on hotel guests' satisfaction updating process in the context of service failure and service recovery. Regression analyses were used to examine the updating process for each scenario. In the regressions, new cumulative overall satisfaction was treated as the dependent variable; prior cumulative overall satisfaction, current service encounter satisfaction, and frequency of visit were used as independent variables.

The data for frequency of visit was examined. Data for frequency of visit was collected by using an open-ended question: "How many times have you stayed at this hotel?" The results show that frequency of visit ranged from 1 to 35 visits. The distribution of data revealed that a total of 405 respondents stayed at hotels they named only once, and those participants represented 62.8% of the entire sample. Additionally, about 90.2% of respondents had less than five repeat visits. The summary statistics indicated a severely positively skewed (skewness = 4.23) distribution. Thus, there was statistical justification to change the interval data to nominal data. Hence, respondents were divided into two groups for the purpose of data analysis. Because 62.8% of respondents had single visits, they were assigned to one group, and the other group, repeat guests, included those who had more than one visit.

Since frequency of visit was a categorical independent variable in the regression analyses, the variable was dummy coded so that zero represented the single visit group, and one represented the repeat visit group. Frequency of visit had a significant influence on the customer satisfaction updating process in two out of the four scenarios; one was the high service failure/low service recovery scenario, and the other one was the low failure/low recovery scenario. Hence, additional regression analyses were conducted for these two scenarios in order to investigate the satisfaction updating process for different frequencies of visit.

For respondents who had a single visit, prior cumulative overall satisfaction and current service encounter satisfaction both had significant influences on new cumulative overall satisfaction when severity of failure was high and recovery was low. Furthermore, their current service encounter satisfaction had a stronger impact than prior cumulative overall satisfaction. These same results were also found for respondents who had repeat visits in the same high failure/low recovery scenario. For hotel guests who had a single visit and experienced low severity of failure and low recovery, prior cumulative overall satisfaction and current service encounter satisfaction had significant influences on new cumulative overall satisfaction. Their current service encounter satisfaction had a stronger impact than prior cumulative overall satisfaction. However, for those who had repeat visits, current service encounter satisfaction had a significant impact while prior cumulative overall satisfaction did not.

CONCLUSIONS

As for the customer satisfaction updating process in the context of service failure and service recovery, this study finds that consumers' current service encounter satisfaction has a stronger influence on new cumulative overall satisfaction than their prior cumulative overall satisfaction does regardless of the level of service failure and/or service recovery. Then, frequency of visit was added to the updating process to see if it changed the mechanics of the process. Among the four scenarios, for two scenarios at which a low level of service recovery was offered, frequency of visit was found to have a significant impact on the satisfaction updating process. Current service encounter satisfaction was again found to have a stronger influence on new cumulative overall satisfaction than prior cumulative overall satisfaction for customers who had single visits and repeat visits. In short, current service encounter is found to have a stronger impact regardless of level of service failure and recovery and frequency of visit.

The results of this study do not support previous studies' (Bolton, 1998; Smith & Bolton, 1998; Rust et al, 1997) conclusion that customers who have more experience with a company tend to weigh their prior cumulative overall satisfaction more heavily. However, the distribution of data for frequency of visit indicates that a great portion of respondents did not have much prior cumulative experience with the hotels at which they stayed. Hence, this can be a possible reason why prior cumulative overall satisfaction was found to have less of an impact than current service encounter satisfaction did.

RECOMMENDATIONS

Management Implications

Researchers (Anderson & Sullivan, 1993; Rust et al., 1999) found that worse-than-expected quality hurts more than better-than-expected quality helps in terms of customer satisfaction. This might be due to the idea that consumers are more sensitive to the losses or costs resulting from service failures and are less responsive to gains resulting from good service (Bolton, 1998). Furthermore, Rust et al. (1999) acknowledged that customers are not only sensitive to the average quality of a service provider, but also to the variation of the level of service quality.

The results of this study support those previous studies. This research found that service failure and service recovery can have a significant negative impact on consumers' new cumulative satisfaction. The effect of service failure and service recovery on the satisfaction updating process is greater than that of prior cumulative overall satisfaction. Additionally, even when a high level of service recovery is offered, it may not be able to bring new updated satisfaction back to the same level that existed before consumers encountered service failure. Therefore, service providers should strive to eliminate service failures from happening in the first place; they should reduce the risk of providing service that is below average in quality.

Nonetheless, when service failures happen, service providers should attempt to provide satisfactory service recovery. As revealed in this study, the level of service recovery effort does significantly influence customer satisfaction. In addition, Spreng, Harrell, and Mackoy (1995) suggested that service recovery efforts can be salient to customers when they evaluate a service organization. This is because consumers tend to be sensitive to service failure incidents, and the service recovery is the last encounter consumers have with the service firm. This highlights the value of effective service recovery because when consumers update their overall satisfaction or behavioral intentions, it can have a greater impact than the original service breakdown(s).

Future Research

Although the customer satisfaction process can be very complex, not much research has been done in this area. More endeavors are needed to further develop the theory. For the hotel industry, the updating process can be even more complicated due to the nature of hotel services and customer behavior in the lodging industry. For instance, many people do not visit the same hotel regularly; in this case, their prior customer satisfaction might not play a significant role when they update their cumulative satisfaction because they might not be certain about the level of quality of a specific hotel. More studies are needed to examine the satisfaction updating process in the lodging industry. Additionally, different types of service failures and service recovery efforts can be used for replicate studies. This can help to compare the dynamics of the updating process for different hotel service situations.

Further research is also needed to examine the updating process for different types of consumers in terms of purposes of the trips, demographics and cultural backgrounds. Guests of an upscale hotel might have very different expectations and attitudes than guests of a budget hotel. Thus, it is important to examine the satisfaction updating process for various market segments since it may vary across different types of hotels.

STUDY LIMITATIONS

While this study makes a contribution towards understanding the customer satisfaction updating process, there are limitations. Faculty and staff members of a university were surveyed in this study. This group of respondents may have different attitudes and expectations than other groups of customers in terms of hotel services. Therefore, the results of this study may not be generalized beyond the sampled population of this study.

There are many different types of service failures that occur in the lodging industry, and different service recovery strategies can be used. Consumers' reactions can vary greatly across different kinds of service problems and service recoveries. This study included only two types of service failures and recoveries. Hence, the way that participants of this study updated cumulative satisfaction may not be applied to other types of service failure and recovery situations.

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THE STATURE OF FOODSERVICE AND HOSPITALITY OCCUPATIONS:
ENHANCING THE IMAGE OF QUICK-SERVICE

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ABSTRACT

A number of factors – some work-related, some indirectly linked – have been identified as affecting managerial career satisfaction in the hospitality industry. These include: long hours and difficult schedules; lack of appreciation in the workplace; an unstable labor force; high turnover; frequent interactions with rude, unruly customers; government regulation; an unhealthy lifestyle; and strained family relationships. To the extent that these conditions remain operative, the industry is to blame for its (tarnished) image. The purpose of this study was to examine hospitality student perceptions of their career choice. Of particular concern was the relative prestige of certain managerial positions in food service and hospitality. Not surprising perhaps, hospitality students tend to value corporate positions more than unit level ones. Management - even ownership (franchisee) - of a fast-food restaurant seems to be less than desirable in that relatively low prestige was attached to this opportunity. An Action plan for Enhancing the Image of Managerial Positions in Quick-service Restaurants is included.

Keywords: Hospitality, occupations, career choice, stature, prestige, turnover, job satisfaction, manager

INTRODUCTION

The foodservice and hospitality professions - both at the hourly and managerial level - may not be the career of choice for many of those currently working in the industry. In the restaurant segment at least many apparently feel that the jobs are not much better than servitude (Bernstein, 1996; Elan, 2001). Among the reasons usually cited are low pay and long hours. Indeed, food service employees and managers do not fare as well as many other occupations. According to the Bureau of Labor Statistics, 'Food Preparation and Service-Related' occupations are among the lowest paying (Bureau of Labor Statistics, 1992). In 2000 for example the average hourly wage for food preparation and serving-related occupations was \$7.72; for food service managers the mean wage was \$16.51/hr., and the average annual salary was \$32,350 (based on 40 hour work week). These compare with \$12.72/hour for production workers, and \$32.78/hour for management occupations as a group (U.S. Bureau of Labor Statistics, 2001).

To the extent that these conditions remain operative, the industry is to blame for its (tarnished) image. What's more the industry presumably wants to maintain the status quo in its determined opposition to a number of seemingly altruistic workplace measures. At the hourly level the minimum wage is an example; the National Restaurant Association (NRA) has been a staunch (and vocal) opponent of efforts to raise the minimum wage. Likewise at the managerial level, the industry has offered qualified support for Department of Labor workplace rule changes that would increase the minimum salary for exempt employees.

The general public may have a less than stellar perception of the industry as well - or at least certain segments of it. The level of service provided is frequently an issue. Another concern is the work itself - or the way it is perceived; according to the (US) government many of the jobs do not require formalized education - i.e. college or other higher education (Bureau of Labor Statistics, 1992, 1998, 2000). Also, there are many who consider food service jobs a last resort - if nothing else is available. Yet another reason the industry's image may suffer is that it appears to be a world wrought with behaviors that suggest the workplace is comprised of party-crazed mercenaries living the hedonistic lifestyle to the hilt (Bourdain, 2001). Also, there are some who suggest that foodservice - and fast-food in particular - has been among the forces that have contributed (significantly) to a number of social ills (Schlosser, 2001).

The upshot of this situation is that the status and/or prestige of hospitality jobs - including managerial positions - may be less desirable and/or justified. More importantly these impressions may be hard to change. The process involves not only refining the image in the minds of consumers, but also improving the perceptions of present and potential employees.

Job Prestige

Occupations can be ranked based on education, income, physical demands, security, stress, etc. Not surprisingly the ten "Best" and ten "Worst" jobs have been identified (Jobweb, 2002). Biologist is ranked as the best-rated job; actuary and financial planner are second and third, respectively. Lumberjack, fisherman, and ironworker are among the worst.

To a certain extent the notion of social status or prestige can be explained by feelings of worth and self-esteem. What is more these feelings are associated with the work one does (Davey Zeece & Fuqua, 1991). Accordingly, the prestige of many occupations can and has been measured (Treiman, 1977). On this basis restaurant owners and motel owners had scores of 46.4 and 45.4, respectively, where the high score overall was 90, and the low was -2. On the whole prestige scores for managers in the hospitality industry (Unit Group: Service Workers) were lower than those for business managers (Unit Group: Managers). Prestige scores for hourly employees in the hospitality industry were much lower.

There seems to be a hierarchy within the hospitality industry as well. What's more the perceived less prestigious image of certain segments and occupations exerts much influence on the career choice of hospitality students. In a study examining student preferences, the most favored segment was lodging. Restaurants were among the least favored. Also, if they had to work in a hotel, students indicated a greater preference for working in sales and marketing in comparison to other functional areas; the HR department was second, and F & B was third (Jenkins, 2001). In another set of studies, hospitality students indicated a strong preference for the luxury hotel segment and relatively little interest in quick service restaurants (Sciarini & Woods, 1998; Woods & Sciarini, 1997). They also expressed less interest in mid-scale restaurants, and contract feeding. One of the reasons that students have avoided the contract/ noncommercial segment is their perception that it has less prestige than of other opportunities (Kretz & Partlow, 2001).

Among the factors that influence students the most in selecting a job are their experiences with the company as consumers, word of mouth, and the impression that a company makes *via* its rep (Sciarini & Woods, 1997). To a strong degree this suggests that student impressions for some food service and/or lodging companies may have been acquired prior to their educational experience. Expectations about advancement opportunities may also be important in selecting a job and/or company (Berta, 2003).

At the individual level, expectations of job satisfaction may influence perceptions - and prestige. Job satisfaction can be considered to consist of an intrinsic and an extrinsic factor (Weiss, Dawis, England, & Lofquist, 1967). Under this scheme, intrinsic satisfaction seems to be more important in reducing managerial turnover in the hospitality industry in the short-run, and extrinsic satisfaction more important in the long term (R.F. Ghiselli, LaLopa, & Bai, 2001, April). Occupations that have greater autonomy, more complexity, and supervisory duties seem to promote the sense that one matters (Schieman & Taylor, 2001). To a certain extent these dimensions can be considered antecedents to some of the other components of job satisfaction - e.g. social status and recognition - in that they are realized through them. More importantly, satisfying these later needs/components becomes important in fostering long-term employment as they have been found to among the lowest rated (extrinsic) dimensions (Ghiselli, LaLopa, & Bai, 1999).

The purpose of this study was to examine hospitality student perceptions of their career choice - as they are future managers and leaders. Of particular concern was the relative prestige of certain food service and hospitality positions. Some other career opportunities were also included as a basis of comparison. Other aspects of the study were to examine expectations about job satisfaction and to identify student concerns about their career choice.

METHODOLOGY

In order to gauge stature of certain hospitality occupations/jobs, a number of industry positions were identified, and participants were asked to rate them on a five point scale from 1, "not prestigious," to 5, "extremely prestigious." A number of the positions were selected because they appeared to represent levels on a career path in a corporation - the setting into which many students enter upon graduation. Others were selected because they offered alternatives to the corporate approach. The positions did not represent the breadth of the industry - but presented the students with a variety of industry opportunities. In addition to the hospitality positions, a number of jobs outside the industry were included in order to assess their relative stature. The other occupations were selected because the researchers felt they were equivalent in the sense that they were professional/white collar positions that might require a Bachelor's degree - but not post baccalaureate

education. Also, a few were included because they had been identified as among the “best” jobs. Altogether nine other occupations were included.

In addition the participants were asked about some of their employment expectations - e.g. hours, compensation, relocation, and advancement. Also, they were asked to complete a modified Minnesota Satisfaction Questionnaire (short version). Although usually used to measure job satisfaction of employed individuals, it was modified to examine student expectations about the components or dimensions that define it - like compensation and advancement. In this way the importance attached to aspects of their eventual (perceived) employment could be assessed.

Participation was solicited from students in six different hospitality courses in a hospitality and tourism management program at a major U.S. university in the Midwest. Some of the courses had multiple sections. The courses were chosen to obtain representative samples from different cohorts, and to minimize the possibility of surveying students more than once. As per university guidelines, participation was both voluntary and anonymous, and the instructor of record was not involved.

RESULTS

In total 328 students participated. This represented approximately 60% of the undergraduate hospitality population. Slightly more than a third of the respondents were seniors or “super seniors” in that they were in their seventh semester or beyond (37%). Among the other respondents 18% (n = 59) were in their first year, 19.2% (n = 63) were in their second year, and 25.6% (n=84) were in their third year. By gender 62.6% (n = 202) were females, and 38.4% (n = 126) were males. The level of work experience of the respondents varied considerably; the average was 3_ years (n = 310). A quarter of the students indicated they had six months (or less) experience in the hospitality industry, and half indicated they had 2 years or less. About 5% of the students indicated they had 7 or more years of experience.

Casual dining was the segment in which most of the students had worked; almost one third identified this segment as the one where they acquired their experience. The next most prevalent segment was quick-service (22.6%). Other segments had less than 7%.

Prestige

In terms of esteem, area supervisors were considered the most prestigious of the occupations presented. The mean score for this occupation was 4.15. The occupation considered least prestigious was manager of a fast-food restaurant; the average for this occupation was 2.42. The only non-hospitality occupation to make the top ten was biologist; based on its mean score, it was rated sixth.

While there were some variations by year in school, differences were more noticeable when the students’ responses were compared to those of an advisory board consisting of industry professionals and executives. Like the students the advisory board members had high regard for chefs - in fact they considered this occupation one of the most prestigious. Also, they indicated high regard for corporate officers and owners of catering businesses. Unlike the students, the advisory group rated actuaries very highly, and considered computer system analysts, financial planners, and accountants more prestigious. Both groups looked upon managers of fast-food restaurants, and travel agents as having relatively low prestige.

Miscellaneous

To a certain extent the industry segment where the students want to work after graduation indicates the prestige they may attach to it (relative to the other offerings). By far luxury and upscale venues were the segments of choice; almost 1/3 of the students (31.2%) indicated that they would most like to work in the luxury segment of the hotel industry. The next most popular segment was fine/upscale dining; in this case 1/7 of the students (14.7%) indicated that they would like to work there. The least favorite segment was quick-service restaurants.

There were a number of reasons why the students were attracted to the industry. The most prevalent was working with people; more than one half of the participants indicated this as a reason (n = 192). The next most frequent response was the opportunity to travel (n = 127). Some of the other more prevalent reasons were the variety of tasks in a hospitality job, and good career prospects.

Based on the mean scores the three most important job features or aspects of hospitality management positions as perceived by the students were: the opportunities for advancement on the job, the competence of their supervisor, and the feeling of accomplishment received. Also important were the chance to make use of their abilities and the working

conditions. The least important features were the chance to work alone on the job, the chance to tell people what to do, and being able to keep busy all the time.

DISCUSSION & CONCLUSIONS

The good news for hospitality companies is that hospitality students are eager to work in the industry (Berta, 2003). Among their many attributes - they seem to have a "passion" for the business. Likewise, the industry has much to offer: the chance to work with people, opportunities to travel, and variety in the work - all of which are strong reasons students are attracted to the industry.

Not surprising perhaps, hospitality students tend to value corporate positions more than unit level positions. Overall area supervisors and corporate officers were perceived as having the most prestige. Even though few students have experience in luxury/upscale settings, as a group they hold them in high regard, and may feel there is more prestige in being an assistant manager in this type of setting than as a GM of a mid-level (hotel) property or in a limited service restaurant. Students share these expectations regardless of gender. Moreover, the findings were consistent with those of Woods and Sciarini (1997) who surveyed 20 universities about students' interest in working in different industry segments.

Management - even ownership (franchisee) - of a fast-food restaurant seems to be less than desirable to the students in the sense that they attached relatively low prestige to this opportunity - even though many of them have worked in a quick-service or limited-service setting. Similarly industry execs did not rate fast-food management very highly; however, they had considerably more regard for ownership (franchisee) of this type of restaurant. Unfamiliarity with non-hospitality occupations may be one reason students were inclined to value them less on the whole than industry professionals and executives.

Enhancing the Industry's Image

This study was exploratory in nature - the purpose being to examine some industry occupations in terms of perceived prestige. Intuitively it suggests that students' career choices are directly related to the image they have of the profession. To enhance the image of foodservice and hospitality professions and professionals, educators and administrators need to work with industry in presenting a realistic picture of the jobs and their requirements.

The first impression with an employer and/or industry segment is critical. For many the internship experience may determine their future employment decisions. Students should not be treated as temporary help or as "burdens." Rather they should be considered as future employees, managers, partners, and ambassadors. The role of faculty in this process is important too. Sciarini and Woods (1995) found that faculty recommendations were often cited by students as the reason for their interest in a specific company. Also, the frequent use of luxury hotels as examples in the classroom has been proffered as a reason students may favor that segment (Woods & Sciarini, 1997). Since faculty members seem to exert some influence on career choice, including other industry segments for classroom discussions and/or student research projects may be helpful.

Perceived job status has been found to affect input and output expectations (Swiercz & Smith, 1991). In particular, the higher the perceived status, the higher the inputs and expectations of greater rewards. But individuals may change their inputs and/or outputs when inequities are perceived. Moreover, equity decisions may be based on the work and/or social environments at hand instead of being obtained (from comparisons to) external sources. While highly desirable environments may offset lower compensation levels, there are limits. Previous studies suggest that there may be some disparity between the inputs required by hospitality managers - i.e. the number of hours - and the outputs received. Also, there are often employees in the hospitality industry who work less than 40 hours and have limited responsibility - but make considerably more than other employees (and managers) on an hourly basis; undoubtedly this situation can rankle some. Ostensibly terminating employment is the option that is used with regularity in the hospitality industry to resolve the dissonance.

Since prestige can be explained in part by perceptions of worth or self-esteem, hospitality companies must tap into these feelings. Students have indicated they want to make use of their abilities and value the working conditions. While (hospitality) students are overwhelmingly satisfied with their career choice, they do not value all of the opportunities equally. Many of the positions stack up well against other occupations that have often been considered more prestigious - perhaps because they were in more traditional businesses. But this is to be expected given the sample. Nonetheless certain segments suffer. Unfortunately even the best trained managers have not been prepared for the environment they often find in many segments of the industry - in particular the amount of turnover. A more stable workforce and management team would make it possible to manage hospitality businesses more like traditional businesses. Hours, wages, and benefits that

are commensurate with others in casual dining or retail establishments would go a long way here. Also, more flexibility at the unit level might make a routinized business more rewarding. One result would be to improve the image of the industry on a par with that of other businesses.

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NEW YORK RESTAURANT INDUSTRY: STRATEGIC RESPONSES TO SEPTEMBER 11, 2001

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ABSTRACT

This research profiles the New York City restaurant industry response to a dramatic drop in business volume following the September 11th terrorist attack. Limited accessibility to the neighborhoods around the site of the World Trade Center challenged restaurants to respond and survive the crisis. Through in-depth personal interviews with 14 restaurateurs, we compare the New York City response to the responses of other international tourism destinations in times of great personal and property losses. We examine the restaurateurs' first response following the terrorist attack followed by their responses to employees, customers, and changes in business volume and management.

Keywords: Restaurants, response, crisis, New York City

INTRODUCTION

In 2000, a record 37.4 million tourists visited New York City. This number reflects a 28% increase in number of visitors since 1996. In July 2001, Mayor Rudolph Giuliani reported "tourism continues to be one of the engines powering New York City's economy with a total economic impact of \$24.9 billion in 2000" (New York City Government Office, 2001). The desirability of New York City as a tourist destination was not always so bright. As a matter of fact, during the post-World War II era, New York City, like other big cities, experienced increased crime and homelessness. It had a reputation as one of the most dangerous cities with a high crime rate. Concerted public and private efforts and a strong economy based on a booming stock market in the 1980s contributed to the changed image of the city, and tourism began to thrive. However, on the morning of September 11, 2001, the terrorist attack on the World Trade Center challenged New York City as a municipality to respond and continues to challenge the viability of the city as tourist destination. The purpose of this research is to explore the recovery strategies employed by lower Manhattan restaurants after the attacks on September 11, 2001 in terms of immediate response, response to employees, and response to customers.

METHODS

In this study in-depth interviews were used to collect data. An interview protocol was developed and administered to 14 restaurant owners/managers. Interviews included open-ended questions regarding information on employees, hours of operation, levels and type of service, advertising, promotion, public relations, menu discounting, menu items and participation in NYC organized efforts such as Restaurant Week. The comments of the restaurateur were recorded and transcribed.

RESULTS AND DISCUSSION

In their interviews, each of the restaurateurs recounted that their first responses on the day of the attack were basically to provide shelter and security for persons in need. Simply opening their doors to people fleeing the World Trade Center area, providing refuge, shelter, restrooms, water and solace. As the realization of the magnitude and the severity of the attack became clear, many restaurants offered people access to their business e-mail and telephones so they could contact loved ones. All of these responses related to the immediacy and uncertainty of the situation. As the reality of the disaster set in, restaurateurs realized that their role must be to provide food to the police officers, fire fighters, and volunteers who were responding to the crisis.

The primary response of owner/managers to employees was to assure their employees of the security of their income and job, and psychologically to let them know they had a safe place to work. Following the attack, which

destroyed or damaged approximately 25 million square feet of prime commercial real estate in Lower Manhattan, it was reported that approximately 1,300 businesses were directly harmed. An additional 20,000 businesses were indirectly affected and more than 110,000 jobs were lost from Lower Manhattan (Gargano, 2002). Some of the businesses moved their offices out of Manhattan while still others were individuals who lost their jobs as a result of the attack and subsequently left Manhattan. The restaurateurs responded to customers by making changes in menu format and prices; giving more attention to ambiance; realizing responsibility to the community; and assessing marketing needs.

There were a number of changes in menus which included offering less expensive items, providing cheaper wines, changing portion sizes, opening for breakfast, and closing for late night as fewer people wanted to stay downtown after midnight or 1 a.m.

The theories on pricing were as varied as the restaurants themselves. While one prominent restaurateur recommended that restaurants should not discount because this alienates the customers, many of the restaurateurs interviewed for this study employed some type of discounting of either menus or beverages or both. Others said that they felt this was necessary so that customers would feel they were getting a good value for their money. Although many made price changes, most reported that prices were back to normal levels around January 2002.

Restaurateurs were in tune with a variety of intrinsic factors associated with customer interactions and comfort including ambiance. One particular eatery took steps to support its restaurant as a calming place through the use of music while another reprinted its wine menu and placed it in a soft leather cover to demonstrate tactile comfort and stability. Most of the restaurateurs interviewed stated that they did not advertise and relied heavily on word of mouth, free publicity via media ratings and reviews, and participation in New York City & Company sponsored Restaurant Weeks.

Although most restaurants supported New York Restaurant Week, one restaurateur explained that it cost \$2,000 to participate fully. A customer could easily eat at his restaurant for under \$20 for lunch and under \$30 for dinner. Considering this, there was no need to participate in Restaurant Week. Following 9-11, one of the restaurateurs was particularly creative and aggressive in designing promotions. She began communicating with her existing customers through a mailing where she partnered with local businesses to provide discounts for shopping and eating in Soho during the 2001 holiday season. In January she partnered with a Soho spa offering discounted services to her database and enjoyed a 2-3 percent return rate. In addition, some restaurants have been stepping up their promotions, which include private group food demonstrations by their chefs and partnering with organized walking tours featuring the various ethnic culinary markets and shops in Lower Manhattan.

There was disagreement among these entrepreneurs as to the value of a public relations person. Many like to design and track the impact of various promotional strategies they use such as direct mailings to customers and partnering promotions. Others felt that a public relations person was an unnecessary cost. They feel that a positive rating in magazines such as *Time Out* and *New York Magazine*, as well as a good rating in *Zagat Survey New York City Restaurants*, contributes as much to their visibility. But the 3-star+ restaurants in the study all had and kept their full time public relations people on retainer.

The issue of business volume varied among this sample partly as a result of the different styles of service from fast food take out, to deli, to full service. Prior to September 11th, one well-known deli was used to delivering large orders to the World Trade Center areas and providing food for parties and other events. When this business ceased, it made a large difference in sales, which the deli tried to recover by encouraging bus tours to stop for lunches and dinners. Most reported that business even lagged during the holidays since few people were in a mood to celebrate the holidays. If people did celebrate, it was with small, more intimate sized groups.

In addition, the nature of the loss of business was primarily from financial services businesses, tourists, and visitors who lived locally but came to the city for the weekend. Following 9-11, they were prevented from doing so due to tunnel and bridge closures and the reduced accessibility to selected areas of Lower Manhattan. The deli on the Lower East Side and the dim sum parlor in Chinatown also reported huge revenue losses in December because they normally catered parties for businesses in the World Trade Center that month.

“Another huge part of our business was lost—the wholesale catering business and the catering business. We sold our products to Windows on the World and to the hotels near the World Trade Center. That business is simply gone. No one did Christmas or holiday parties and Chinatown is never a big destination during those holidays.”

With regard to issues of business management, these owners also looked for other ways to gain control. One owner took the opportunity to re-negotiate her 15-year lease on her restaurant space, which was due to be up in 5 years. She felt that with the business downturn and uncertainty, she might be able to obtain a better deal. Additionally, some business people have started looking closer at the importance of business interruption coverage on their insurance policies. In addition, many applied for and received funding in the form of grants and loans from the local, state, and federal governments and the Small Business Administration (SBA). One of the applicants for the SEA loan changed her mind when she found that it would be necessary to offer her home as collateral on the loan. With the uncertainty around her, she did not feel that was a good decision and withdrew the application. One characteristic revealed in all of the interviews was the lack of ability to predict business. With so many factors having an impact on the downturn of the economy and the potential for future terrorism, business owners proceeded with care.

CONCLUSION

The responses of these restaurateurs follow a pattern identified by several researchers who have explored the impact of terrorism in other international tourism destinations. In New York, on September 11th in Lower Manhattan this was demonstrated as the initial response among the restaurateurs in this study was to provide a safe space and amenities such as access to telephones and e-mail. Further recovery methods included information dissemination, publicity, public relations and marketing followed the initial reaction. There are no response models developed to forecast how long the impact of the World Trade Center attack will be felt, but the ramifications have been dramatic and ongoing.

This study found that many restaurant managers used similar strategies to deal with the aftermath of the attacks:

- Lower price points on menus via special offers, *prix fixe* meals, and discounts with gift certificates.
- Lower price points for beverage services, wines in particular. This meant offering wines at a lower price point, when necessary.
- Reliance on grants and loans to help bridge the gap; virtually all had availed themselves of some grant or loan at the city, state and/or federal level.
- A reliance on New York City-based efforts to promote the various areas:
 - the Dine Around Downtown Tuesday, May 21 sponsored by Downtown Alliance and Delta Air Lines.
 - the Tribeca Film Festival sponsored in part by American Express.
 - the various Restaurant Weeks in cooperation with NYC & Company.

A reliance on the goodwill of local residents and tourists to spend whatever dollars they had in downtown businesses.

One consistent characteristic among all of these owners/managers, however, is the feeling of uncertainty about where business will be going in the coming years. In a city notorious for indifference, a new spirit—one of hope, unity and survival was born. Restaurateurs have tried to exemplify and live that spirit as they struggle with the aftermath of a disaster heretofore unseen in the United States:

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RESTAURANT MANAGER STRATEGY IMPLEMENTATION TACTICS: DOES GREATER INVOLVEMENT
TACTICS LEAD TO GREATER SUCCESS?

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ABSTRACT

This exploratory study examines the importance of restaurant manager and organizational member involvement in the implementation of strategy. The study assesses the impact of managers' perception of environmental complexity, restaurant segment membership, and organizational structure on strategy implementation tactics and level of involvement. Findings indicate that higher involvement tactics increase the likelihood of successful implementation of strategy. Managers who perceive the environment as more complex utilize tactics with greater involvement in the implementation of strategic plans. Tactics vary by restaurant industry segment and depend on whether the organization is composed of multiple units or a single unit.

Key Words: implementation; tactics; involvement; restaurants; external environment.

INTRODUCTION

Involvement by managers and other organizational members has been a frequent area of discussion in the strategy implementation literature with many authors suggesting a contingency approach to determine the effective level of involvement. This study draws on this research stream from both the hospitality and general business literature (Ashmos, Duchon, McDaniel & Huonker, 2002; Harrington, in press; Nutt, 1989; Okumus, 2001; Schmelzer & Olsen, 1994).

The purpose of this paper is to examine the importance of restaurant manager and organizational member involvement in the implementation of strategies. This study builds on earlier work by Nutt (1989) and more recent work by Harrington (in press) to examine the relationship between restaurant manager implementation tactics and the likelihood of implementation success. Further, the study assesses the impact of managers' perception of environmental complexity, restaurant segment membership, and organizational structure on strategy implementation tactics and level of involvement. The findings of this study have descriptive and prescriptive implications regarding successful implementation of strategy in the restaurant industry.

Implementation Involvement

Nutt's (1989) work provides an excellent framework for describing manager involvement in the strategic process. He suggests that four dominant types of implementation tactics are utilized by organizations. These tactics range in involvement level from a very low level to a very high level of involvement by managers and other firm members in the implementation of strategic action plans. Two are considered low involvement (Edict and Persuasion) and two are considered high involvement (Intervention and Participation).

The lowest-level involvement tactic is characterized as "Edict", which Nutt (1989) describes as a traditional top-down approach where managers issue directives for plan adoption with a minimal amount of involvement. Many times the directive is in memorandum form utilizing position power or inducements. The second low involvement tactic is designated as "Persuasion". While still requiring a low level of involvement, the Persuasion tactic includes the delegation of the development of ideas to technical staff or consultants who use strategic directives to guide the planning and ultimately sell the plan. The Persuasion tactic is used when an idea needs to be "sold" to internal stakeholders, to government agencies, or grant reviews.

In the high-involvement "Intervention" tactic, authority to make strategic changes is delegated to managers who convey the importance of the change and identify plausible causes of deficiencies to other organizational members. Managers remain in control of implementation but they may utilize committees for sounding boards during the process. The fourth and highest level of involvement tactic is "Participation". In this scenario, managers stipulate the strategic needs of the firm but delegate the development of action options to the organizational group. This approach is deemed appropriate

when implementation requires utilizing specific knowledge across the firm, satisfying vested interests, or ensuring commitment by a variety of organizational stakeholders.

In general, Nutt (1989) found that managers preferred low-involvement tactics but that, for most cases, an intervention-managed process seemed highly desirable. When implementation tactics matched the internal context of the firm, implementation success increased significantly. The analysis illustrated that managers had a tendency to invest too little of their time and that 25% of the cases studied used inappropriate implementation tactics.

While Nutt (1989) did not consider the external environment in his study, research has indicated a preliminary relationship between external complexity and the internal complexity of organizational processes. Ashmos and colleagues (2002) argue that for implementation to be successful in a complex environment, participation and involvement are required throughout the organization. They propose “complexifying” internal processes to match the external environment, which become a “web of connections” and provide organizations the capacity to co-evolve with organic changes in the environment. Following this same logic, Harrington (in press) suggests that firms operating in an environment of high complexity (which includes the foodservice industry) generally utilize more involvement at all hierarchical levels. In his study, firms that co-aligned the level of involvement in the strategic process with the level of complexity in the environment achieved higher financial performance.

Hypotheses

Earlier research suggests that a higher level of environmental complexity should increase the level of heterogeneity in functional areas of the firm (Harrington, 2001), increase the dispersion of specific knowledge across the firm (Cloudhury & Sampler, 1997), and create increased vested interests by organizational stakeholders (Nutt, 1989). Or, as Ashmos, et al. (2002) suggest, firms will have a tendency to “complexify” internal processes to match the complexity of the external environment. This study hypothesizes that managers should “complexify” the strategy implementation tactic by becoming more involved in the process to increase the likelihood of implementation success (e.g., Nutt, 1989). In addition, to utilize dispersed knowledge and interests across a more complex organization, firms should increase the level of involvement in the implementation process across the organizational hierarchy (Harrington, in press). Thus, the following hypotheses emerge.

H1a: Restaurant industry managers who perceive higher environmental complexity will utilize implementation tactics that require greater involvement.

H1b: Organizations operating with a higher perceived complexity level will create implementation processes with greater involvement across at all levels of the firm.

H2: Restaurant industry managers that create implementation processes with greater involvement will achieve greater success in strategy implementation.

Harrington (in press) and an earlier study by Slattery and Olsen (1984) indicated that the restaurant industry is highly complex and volatile, relative to many other industries. Harrington (2001) suggested that the level of heterogeneity of resources across an industry was an indicator of the level of uncertainty in the environment. Uncertainty was described as a higher order construct of 2 lower-level environmental constructs: dynamism and complexity. Further, his findings suggested that limited service restaurants had less uncertainty than full service restaurants based on archival measures of attribute heterogeneity. These attributes included menu variety, meal periods served, firm size, and business organizational type. Based on this assertion, it follows that restaurant segments have differing levels of complexity and that managers’ strategy implementation tactics should match this complexity level. Specifically, full service restaurants should utilize a more complex form of strategy implementation (i.e. higher involvement methods) than limited service restaurants.

An element absent from this relationship is organization structure. Specifically, the number of units in an organization seems likely to impact and moderate the implementation tactic used by managers across restaurant segments. This proposed interaction is based on the speculation that single unit operators operate in a “flatter” organizational structure and have a tendency to operate with a “traditional”, edict management style. In this type of small business structure, owners or managers have ultimate strategic decision-making authority (i.e. position power) and require less involvement to implement action plans (e.g., Mintzberg, 1973; Nutt, 1989). Therefore, while the contention that full service restaurants operate in an environment of greater uncertainty than limited service restaurants seems likely, the relationship between uncertainty level and restaurant segment membership should be moderated by organization structure (i.e. single unit or multiple unit structure). The finding of Schmelzer and Olsen (1994) supports this assertion. Their study suggested the number of units and size of the firm were the primary drivers of perceived environmental uncertainty. Specifically:

H3a: Full service restaurants will create implementation processes with greater manager involvement.

H3b: Multi (single) unit firms will create implementation processes with greater (less) manager involvement.

H3c: Full service restaurant membership and single unit firm structure will interact to decrease involvement in implementation tactics.

METHODS

Sample and Procedures

The sample for this exploratory study was randomly selected from the 2003 members of the Louisiana Restaurant Association (LRA). Members of this random sample received a self-report survey instrument that was administered following a modified Dillman (2000) procedure. The initial mailing went out to 400 LRA members, which included a cross section of restaurant industry segments. Comparable to other surveys of this population (Dev & Olsen, 1989; Harrington, in press), this procedure resulted in 87 responses (22% response rate). The first item on the survey asked if the respondent had "been involved in any part of ...the strategic process" during the past year. If the respondent indicated no involvement in the process during the past year, they were excluded from the analysis. Seventy-seven respondents indicated they had been involved in the strategic process resulting in a 19.3% usable response rate.

Survey instrument. The majority of the items on the survey instrument contained intact scales used in previous studies (Barringer & Bluedorn, 1999; Brews & Hunt, 1999; Harrington, in press). Construct validity for environmental complexity and involvement in strategy implementation has been established in the literature with some empirical support (Barringer & Bluedorn, 1999; Harrington, in press; Papadakis, Lioukas & Chambers, 1998; Schmelzer & Olsen, 1994). The newly created items were those related to Nutt's (1989) work describing the four management implementation tactics. To assess the impact of modifications and new items, two pretests using foodservice industry executives were performed. The initial pretest included a group of 18 foodservice industry executives. Participants provided feedback on the item ambiguity, clarity, layout, and the time required to complete the survey. Based on this feedback, significant revisions were performed on the initial survey instrument and a second pretest was performed using a different group of 21 industry executives. Based on this feedback, a final instrument was created, which received minor changes following the second pretest.

Prior to discussing the results, it is important to acknowledge that the use of entirely perceptual self-reported measures raises the possible concern that the relationships between the predictor and criterion variables could be attributable to common method variance. Earlier research has supported the claim that comparative relationship and interactions, such as those used in this study, are relatively insensitive to mono-method bias distortions (Dooley & Fryxell, 1999; Kerlinger, 1986). Additionally, due to the nature of the population of interest (i.e. the inclusion of both public and private organizations), there are few practical options for obtaining information on firm performance and involvement levels other than self-reported measures.

Measures

Involvement. The level of involvement was assessed for both manager implementation tactic and average level of involvement across the organization in strategy implementation. Manager implementation tactics were described following Nutt (1989) ranging from Edict, Persuasion, Intervention and Participation. These descriptions ranged from lowest manager involvement to highest manager involvement and were coded using an ordinal scale of 1 to 4 (with "4" representing the highest involvement tactic). The second measure of involvement was based on the work of Barringer and Bluedorn (1999) and assessed level of involvement in the implementation of strategy across 5 organizational levels: chief executive officer, top management, middle management, lower-level management, and frontline employees. Respondents rated involvement at each organizational-level using a 10-point scale. The calculated level of involvement used in this study was the average score across these 5 levels of the organization.

Environmental complexity. When the external context is considered in strategy research, environmental complexity is, generally, defined as the level of heterogeneity and concentration of elements in the environment (Dess & Beard, 1984). For the self-reported measures of environmental complexity, four items were included in the survey instrument. These items were taken from previous instruments (Harrington, in press; Hart & Banbury, 1994; Papadakis, et al., 1998) and respondents were asked to rank their perception of complexity for each item using a 10-point scale. Items included the "degree that your actions directly affect your competitors" (1 = low degree), the "number of competitors in your market compared to other industries" (1 = relatively low), the "degree of complexity in the general business environment" (1 = low degree), and the "degree of technological complexity" (1 = low complexity).

Implementation success. Respondents were asked to rate how successful they perceived the most recent strategy implementation process using a 10-point scale (1 = not at all successful and 10 = very successful).

Restaurant industry segments. Respondents designated the organization’s primary foodservice segment. For hypothesis testing, segments were grouped into 5 categories (the percentage of respondents in each segment are provided in parentheses): quick service restaurants (QSR = 17.3%), casual dining restaurants (CDR = 21.3%), mid-scale restaurants (MSR = 14.7%), fine-dining restaurants (FDR = 14.7%), and other industry segments (Other = 32.1%). Respondents in the other category included on-site foodservice firms, foodservice purveyors, and retail outlets. All segment choices were dummy coded for tests using regression.

Organization structure. Organizations were categorized as single unit (52.6% of respondents) or multiple unit (36.8% of respondents) firms. These choices were dummy coded for hypothesis testing (1 = single unit, 0 = multi-unit).

Data Analysis

Due to the exploratory nature of these tests and a lack of theory to establish the hierarchical entry for each variable set, the inclusion of variables in all models were entered using stepwise regression. SPSS was used to run statistical tests using linear regression. The correlation between variables, descriptive statistics, and frequency of implementation tactic used by restaurant segment and single or multi-unit are presented in Table 1. A visual inspection of the variable correlation matrix indicates that no problem of multicollinearity exists.

RESULTS

As shown in Table 2, hypothesis 1a received strong support. The dependent variable for this test was the respondents’ selection of implementation tactic: Edict (coded as “1”), Persuasion (coded as “2”), Intervention (coded as “3”), or Participation (coded as “4”). Overall, the most frequently used tactic was Intervention (35.6%) followed closely by Participation (32.9%) both of which are high involvement approaches to strategy implementation. The lowest involvement approach, Edict, was the third most popular at 24.7%. The Persuasion tactic was rarely used by this sample of restaurant industry firms (only 6.8% of the time).

Table 1
Correlations¹ and Descriptive Statistics

Variable	Mean	S.D.	1.	2.	3.	4.	5.	6.
1. Manager Implementation Tactic	2.77	1.13						
2. Average Overall Involvement	7.26	1.36	.26*					
3. Degree actions directly affect competitors	6.05	2.42	.26*	.15				
4. Number of competitors in the market	6.56	2.98	-.12	.10	.26*			
5. General complexity in the business environment	5.56	2.29	.25*	.10	.34**	.38**		
6. Degree of technological complexity	4.17	2.22	.22	.21	.38**	.29**	.54**	
7. Implementation Success	7.40	1.65	.28*	.39	.23	.14	.12	.24*
Frequency of Tactic Use by Restaurant Segment and Number of Units								
Manager Implementation Tactic	Overall	QSR	CDR	MSR	FDR	Single Unit	Multiple Units	
Edict – Low Involvement	24.7%	41.66%	7.14%	27.28%	50%	28.20%	21.87%	
Persuasion –Low Involvement	6.8%	0%	7.14%	0%	20%	10.26%	3.13%	
Intervention – High Involvement	35.6%	8.33%	57.14%	36.36%	20%	35.90%	34.37%	
Participation – High Involvement	<u>32.9%</u>	<u>50%</u>	<u>28.58%</u>	<u>36.36%</u>	<u>10%</u>	<u>25.64%</u>	<u>40.63%</u>	
Total	100%	100%	100%	100%	100%	100%	100%	

1. Level of significance as follows **p < .01, *p < .05 (2-tailed).

As predicted in hypothesis 1a, there was a significant relationship between environmental complexity and implementation tactic involvement. Tests utilized four measures of complexity. These variables were entered into the regression equation using a stepwise approach that resulted in 3 of 4 complexity measures being included in the final model. The “degree that your actions directly affect your competitors” had a significant positive impact on implementation involvement (b = .11 p < .05). The “number of competitors in your market compared to other industries” had a significant negative relationship with implementation involvement (b = -.11 p < .05). The “degree of complexity in the general business environment” had a significant positive impact on implementation involvement (b = .13 p < .05). The variable “degree of technological complexity” had no significant relationship and was excluded from the final model. The model F

value was highly significant ($F = 4.58, p < .01$) and R^2 indicated that these 3 measures of complexity explained 16% of the variance in implementation involvement ($R = .40$ and adjusted $R^2 = .12$).

Hypothesis 1b received no support (see Table 2). The dependent variable of average overall involvement was calculated as the average level of involvement across all hierarchical levels. The 4 complexity variables were non-significant and were excluded from the stepwise regression model.

Table 2
The Impact of Complexity on Implementation Involvement

Entered Variables	Manager Implementation Tactic <i>Unstandardized Coefficient</i>	Average Overall Involvement <i>Entered Variables</i>
Intercept	2.08 (.41)	None
Degree that your actions directly affect your competitors	.11* (.05)	
Number of competitors in your market compared to other industries	-.11* (.04)	
Degree of complexity in the general business environment	.13* (.06)	
Excluded Variables		<i>Excluded Variables</i>
<i>Degree of technological complexity</i>		All
F	4.58**	
R	.40	
R^2	.16	
Adj. R	.12	
df	73	
N	77	77

*** $p < .001$; ** $p < 0.01$; * $p < 0.05$; + $p < 0.10$ (2-tailed).

Standard Errors are provided in parentheses. All betas are unstandardized.

As predicted, hypothesis 2 was supported (Table 3). Average overall involvement by organizational members and higher involvement implementation tactics had significant positive relationships with reported levels of implementation success. Using a stepwise approach, average overall involvement was entered as the first variable in the model providing a significant positive relationship with implementation success ($b = .31, p < .05$). Manager implementation tactic was entered second and indicated a significant positive relationship with successful implementation ($b = .32, p < .05$). The overall model F value was highly significant ($F = 6.08, p < .01$) and R^2 indicated that these two measures of involvement explained 14% of the variance in implementation success ($R = .38$ and adjusted $R^2 = .12$).

Table 3
The Impact of Implementation Involvement on Implementation Success

Entered Variables	Implementation Success <i>Unstandardized Coefficient</i>
Intercept	4.23 (.99)
Average Overall Involvement	.31* (.14)
Manager Implementation Tactic	.32* (.16)
F	6.08**
R	.38
R^2	.14
Adj. R	.12
df	74
N	77

*** $p < .001$; ** $p < 0.01$; * $p < 0.05$; + $p < 0.10$ (2-tailed)

Standard Errors are provided in parentheses. All betas are unstandardized.

Hypothesis 3 was partially supported (Table 4). While only 1 variable relating to hypothesis 3 was included in the final model, an inspection of implementation tactics used by each restaurant segment provides some interesting results (see Table 1). As predicted in hypothesis 3a, full service restaurants used high involvement tactics more frequently (66% compared to 58% for limited service firms). When fine dining restaurants are excluded from the full service group, the differences are more pronounced. For example, casual dining establishments were most likely to utilize high involvement tactics (Intervention and Participation tactics were used 85.7% of the time). Mid-scale restaurants used these tactics 72.7% of the time and quick service restaurants used high involvement tactics 58.3% of the time. Fine dining operations used these implementation tactics least often (30% of the time). Fine dining restaurants used a low involvement implementation tactic 70% of the time (Edict and Persuasion) and quick service restaurants utilized the Edict tactic 42% of the time.

Table 4
Restaurant Segment Membership and Organization Structure impact on Manager Implementation Tactic

Manager Implementation Tactic	
Entered Variables	Unstandardized Coefficient
Intercept	2.90 (.13)
FDR X Single Unit Interaction	-1.28** (.40)
<i>Excluded Variables</i>	
Quick service restaurants (QSR)	
Casual dining restaurants (CDR)	
Mid-scale restaurants (MSR)	
Fine dining restaurants (FDR)	
Other segments	
QSR X Single Unit Interaction	
CDR X Single Unit Interaction	
MSR X Single Unit Interaction	
Other X Single Unit Interaction	
F	10.23**
R	.35
R ²	.12
Adj. R	.11
df	75
N	77

*** $p < .001$; ** $p < 0.01$; * $p < 0.05$; + $p < 0.10$ (2-tailed)

Standard Errors are provided in parentheses. All betas are unstandardized.

The fine dining group in this study had the largest percentage of single unit respondents (80% of firms). The interaction between fine dining restaurant segment membership and single unit organization structure had a significant negative relationship with the manager implementation tactic used ($b = -1.28$, $p < .01$). The overall model F value was highly significant ($F = 10.23$, $p < .01$) and R^2 indicated this interaction explained 12% of the variance in manager implementation tactic choice ($R = .35$ and adjusted $R^2 = .11$). The other restaurant segments and 2-way interactions were non-significant and were excluded from the final model. Interestingly, single unit operations used low involvement tactics in 38.5% of firms while multi-unit operations used these tactics in 25% of their firms.

DISCUSSION AND CONCLUSION

In general, the findings from this study indicate a relationship between high-involvement strategy implementation tactics, average overall involvement across the organization and a greater likelihood of success in strategy implementation. This finding follows the contentions of Nutt (1989) and Harrington (in press). Basic findings support the assertion that managers match external complexity by “complexifying” internal processes, in this case, greater implementation involvement. Restaurant managers who perceived greater complexity in the general business environment and a high degree of interaction between competitors adjusted for this by increasing organizational member involvement with high-involvement implementation tactics. Interestingly, managers that perceived a greater number of competitors in their market utilized tactics with lower involvement levels. While the number of competitors and relative market share is used frequently

as an archival measure of environmental complexity (e.g. Harrington, in press), this finding brings into question its usefulness in the restaurant industry setting.

Quick service restaurants and single-unit, fine dining restaurants were most likely to use the Edict tactic when implementing strategic action plans. Multi-unit restaurants in the causal dining and mid-scale segments were most likely to use high involvement approaches (Intervention and Participation) when implementing strategy. Overall, high involvement approaches were used more than twice as often as low involvement approaches across this sample of the restaurant industry.

An implication of this finding is that, in general, restaurant industry firms that increase manager and organizational involvement during strategy implementation also increase the likelihood of successful implementation of strategy. But, in circumstances where managers hold sufficient position power and frontline members do not have substantial vested interests in strategic outcomes, managers may successfully utilize low involvement tactics. The latter situation appears to be the case for many quick service restaurants and single-unit, fine-dining restaurants.

This preliminary study has several limitations. First, respondents to this study were asked to choose the implementation tactic that was used during the most recent strategic process in their organization. Thus, responses to this study may represent the most recent tactic but this does not rule out the use of multiple tactics that may depend on the timing or nature of the strategic action plan. Second, the tests in this study do not include controls that may have a significant impact on results. For instance, firm size, education level of the respondent, or the type of ownership of the firm might be included to assess the “pure” effects of variables of interest. Finally, many firms may be involved in several restaurant industry segments, have significant holdings as basically a real estate business, or have other unique “bundling” type business models that may not be clearly represented in this study.

Further research is needed using a larger, more diverse sample to be able to generalize these preliminary results. Additionally, the measure of implementation success used in this study has a risk of mono-method bias. Additional measures of performance using other methods such as overall firm performance, financial performance, growth in sales per unit, or customer satisfaction surveys should be included to increase the validity of these findings.

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THE INSTITUTIONALIZATION OF CULINARY EDUCATION:
PUBLIC AND PRIVATE FOUR-YEAR CULINARY DEGREES

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ABSTRACT

This study considers the content requirements in 4-year U.S. culinary programs of public and private institutions. Hypotheses are presented using the tenets of institutional theory with proposed differences based on this theory. Results provide support for the hypothesis that public institutions are more likely to create formalized structure for symbolic purposes. This formalized structure appears to increase institutional pressure resulting in less variance and greater sedimentation in degree content structure. The results of the study indicate the culinary field of study is approaching the semi-institutionalization stage of development as a whole.

Key Words: institutional theory; institutionalization; culinary; degree requirements.

INTRODUCTION

Institutional theory has risen to prominence over the past decade to explain behavior in individuals and organizations (Dacin, Goodstein, & Scott, 2002). Studies in the management literature utilize the theory to explain sources of differences in variety of areas such as accounting practices (Lee & Penning, 2002), new market decisions in the banking industry (Haveman, 1993), and employment practices in hospitals (Goodstein, 1994). A review of the hospitality academic and industry literature failed to produce previous applications of institutional theory to the industry.

This study applies institutional theory to the culinary education arena. The purpose of this study is to examine the stage of institutionalization of the 4-year culinary degree and assess differences in institutional responses between public and private institutions in the implementation of degree structure. The paper consists of a review of basic assumptions of institutional theory, their applications to the educational setting, study background, data collection methodology, analysis, and results. The discussion and conclusion sections provide an assessment of the stage of institutionalization of the 4-year culinary degree based on this analysis and implications of differences between public and private institution degree content structure.

INSTITUTIONAL THEORY

Early work in institutional theory indicated the use of formal structure could be used by organizations for symbolic purposes, thus, highlighting the limitations of more rational-based explanations of formalized structure in organizations (Tolbert & Zucker, 1997). In particular, a seminal manuscript by Meyer and Rowan (1977) suggested that formal structures have both symbolic and action-generating properties that could create a socially shared meaning as well as having an objective function. Organizations are motivated to develop processes and practices defined by customary concepts of organizational work and institutionalized in organizational culture (Meyer & Rowan, 1977, p. 340). The concept of formal structures for symbolic purposes directs attention to the importance of external influences on structures not linked directly to production processes. A major implication of this concept is that a social evaluation of an organization can rest on the observation of formal structures rather than their productive efficiency or observed outcomes related to actual task performance (Tolbert & Zucker, 1997).

Two major factors, technical and institutional, are proposed to have significant effects on formal structures of organizations (Casile & Davis-Blake, 2002). Earlier studies have indicated that universities are institutional organizations in which the market context has been significantly eroded and, thus, are more likely to adhere to institutional norms (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Casile and Davis-Blake (2002) argued that private schools had stronger similarities to market organizations than did public schools.

Following the basic assumptions of institutional theory, this study asserts that a major difference between culinary programs is the type of pressures present in public and private institutions. Public organizations are judged more by public opinion to obtain legitimacy and resources; whereas, private organizations are judged more on the basis of profitability (Goodstein, 1994). This difference should place pressure on institutions to create vastly different formal structures as the educational processes attempt to fulfill a variety of objectives.

Our interest in this area stems from the proposition that compared to the more general area of hospitality education the culinary sector should have more technical pressures and less institutional pressures. The reasoning behind this position is threefold. First, culinary education has seen significant growth and change in the past few years (Mandabach, Harrington & VanLeeuwen 2001), which should limit the level of institutionalization across organization types compared to other educational programs. Second, culinary and foodservice education laboratories have been under increasing pressure for the past decade to maintain control of costs and increase credibility with industry (Baker, Cattet & Riley, 1995). Finally, the culinary education units generate a portion of revenues utilizing student-run restaurants or special events (Harrington, Mandabach, VanLeeuwen & Rande, 2004). These factors should create a limiting effect on the level of institutionalization across organizational types providing an interesting arena to test and explain theorized effects on degree content choices.

Stages of Institutionalization

A less frequent topic in the institutional theory literature is the component processes of institutionalization. This research area identifies institutionalization as a “core process in the creation and perpetuation of enduring social groups” (Tolbert & Zucker, 1997, p. 180). The outcome is an “institution” defined through the habitualized action by actors of organizations, professions or other definable groups (Berger & Luckman, 1967).

Tolbert and Zucker (1997) suggest that 3 main stages are apparent in the institutionalization process: pre-institutionalization, semi-institutionalization, and full institutionalization. Further, they suggest 6 comparative dimensions define the institutionalization stage. These dimensions include processes, characteristics of adopters, impetus of diffusion, theorization activity, variance in implementation, and structure failure rate (Table 1).

Table 1
Tolbert and Zucker’s (1997) Stages and Dimensions of Institutionalization

Dimension	Pre-institutionalization	Semi-institutionalization	Full institutionalization
Processes	Habitualization	Objectification	Sedimentation
Characteristics of adopters	Homogeneous	Heterogeneous	Heterogeneous
Impetus for diffusion	Imitation	Imitation/normative	Normative
Theorization activity	None	High	Low
Variance in implementation	High	Moderate	Low
Structure failure rate	High	Moderate	Low

The pre-institutionalization stage is defined by a process of habitualization, homogeneous characteristics of adopters, imitation as the primary method of diffusion, characterized by little or no theorization activity, a high variance in method of implementation, and a high rate of failure. The habitualization process involves the generation of new structural arrangements as a response to environmental changes due to market forces, legislation or technological change. There is a significant amount of literature in the innovation and organizational change area that is characteristic of an early habitualization process (e.g., Dougherty, 1997). The characteristics of the initial product or services offered by early adopters are homogeneous in nature and growth by other institutions focuses on fairly direct imitation of early adopter structure. Further, the activities related to theoretical development during the pre-institutionalization stage are basically non-existent (Tolbert & Zucker, 1997, p. 181-182).

The semi-institutionalization stage is defined by a process of objectification, heterogeneous characteristics of adopters, some movement from imitation to a normative method of diffusion, a high level of theorization activity, a moderate variance in method of implementation, and a moderate rate of failure. The objectification process component involves at least some degree of agreement among decision-makers on appropriate structure with movement toward a more

permanent and widespread use of similar structures. This movement to the objectification stage is driven by a greater degree of theorizing and inter-organization monitoring utilizing evidence of the habitualization stage adopters' success to assess risk levels in adopting the new organizational structure. Adopters in the semi-institutionalization stage make choices in implementation of product offering characteristics to ensure heterogeneity that provide an impetus to enter the market at a later stage. This growth driven by later adopters focuses less directly on imitation and may consider adoption from a normative perspective. Theoretical development at this stage moves to a high level with much interest in developing a relatively new area (Tolbert & Zucker, 1997, p. 182).

Full institutionalization stage is defined by a process of sedimentation, heterogeneous characteristics of adopters, a normative method of diffusion, a low level of theorization activity, low variance in method of implementation, and a low rate of failure. The driving force towards the sedimentation component is dependent on positive outcomes during the semi-institutionalization stage, low resistance from opposing groups, and continued support from advocacy groups. The sedimentation process involves maintaining historical continuity of structure through generations of organizational members. Thus, this process stage is characterized by an enduring structure over lengthy periods of time. This stage has less of a thrust towards theoretical activities and a low degree of variance in implementation structure. Adopters are characterized by heterogeneity in offerings but the basic decision for adoption or continuance utilizes a normative perspective (Tolbert & Zucker, 1997, p. 184).

Because culinary education has seen tremendous growth over the past 8-10 years with many new programs (Peterson, 2003), 4-year culinary programs probably experience less institutional pressure to follow institutionalized norms than other types of degree programs. This situation has implications on the stage of institutionalization of this degree across institutions.

FOUR-YEAR CULINARY DEGREE REQUIREMENTS

Because of differing levels of institutional pressures and the overall level of institutionalization by institution type, the general hypothesis in this study is that differences exist in the structure of degree content between public and private institutions. Specifically, because of greater institutional pressures on public institutions, the study hypothesizes the content of 4-year culinary programs will be more similar within the public institution group than within the private institution group or between the two groups. As such, public programs are hypothesized to have a greater focus on general education requirements, less emphasis on industry specific coursework, less emphasis on experiential learning, and a greater consistency in the total number of credit hours required to complete a culinary degree. The general education requirement areas include credit hours in the humanities, math, science, language and computer skills.

This contention follows the basic presumption implied in institutional theory that public institutions will operate in a relatively full institutionalization stage for degree requirement decision making. Additional pressure from external stakeholders and predetermined university-wide policies to conform to standards in content requirements provide a further basis for this hypothesized relationship. These pressures will force public culinary degree requirements to conform to preconceived beliefs in content stipulations to achieve symbolic legitimacy by a variety of stakeholders (Casile & Davis-Blake, 2002; Meyer & Rowan, 1977). Conversely, private institutions have less pressure for symbolic legitimacy. Private culinary programs will have greater variance in content, and the content will have less emphasis on content derived from courses taken outside of the discipline.

The specific hypotheses are formally stated below.

H1: Public institutions require a greater percentage of general education requirements in 4-year culinary degree requirements than private institutions.

H2: Public institutions have fewer hours required in industry specific credits (culinary and restaurant management) than private institutions.

H3: Public institutions have fewer hours required in experiential learning (internships, externships, or cooperative education) than private institutions.

H4: Public institutions have less variance in the total number of credit hours required for a 4-year culinary degree.

Sample and Variables

The sample frame consists of regionally accredited, four-year culinary programs located in the United States. The institutions that were included in the sample are accredited by the following commissions: MSA, NEASC-CIHE, NCA, NWA, SACS and WASC-ACSCU. *Peterson's Guide to Culinary Schools* was utilized to provide sample frame guidelines for inclusion in this study. The use of these accrediting commissions insures the validity of the curriculums, the quality of faculty, and overall acceptability of the baccalaureate programs, which allow graduates to pursue higher levels of education as criteria for inclusion in the sample group.

Curriculum information for institutions in this study was obtained from the official university website for each university or institution (Table 2). Of the 28 university locations identified as regionally accredited culinary programs in the sample frame, full curriculum information was available for 23 institutions offering the four-year culinary arts degree.

Table 2
Institutions/Locations offering Bachelor degrees in Culinary Arts

Private Institution Locations	Public Institution Locations
Art Institute – Colorado	New York City Technical College
Art Institute – Florida	Mississippi University for Women
Art Institute – Pennsylvania	S.U.N.Y. – Cobleskill, NY
Baker College	Southern New Hampshire University
Kendall College	Nicholls State University
Paul Smith's College	Pennsylvania College of Technology
Art Institute – California	S.U.N.Y. – Delhi, NY
Baltimore Institute of Culinary	University of Nevada, Las Vegas
Culinary Institute of America	
Drexel University	
Johnson & Wales University -Colorado	
Johnson & Wales University – Rhode Island	
Newbury College	
Walnut Hill College	
St. Louis University	

To eliminate bias in the form of subjectivity, degree content variables are defined based on the U.S. Department of Education classification system for baccalaureate degrees (U.S. Department of Education, 1986). The curriculum of each program of study was divided into the following categories: humanities, foreign language, social science, science, mathematics, computer science, general business, restaurant management, culinary arts, cooperative education, and total credit hours (credit hours necessary to complete the degree requirements).

Analysis

All tests of hypotheses addressing culinary degree content issues used secondary data. Categorical data were analyzed using frequencies and percentages. Quantitative variables are summarized using the five-number summary (the minimum, the 25th percentile, the median, the 75th percentile, and the maximum). Because both positive skew and outliers were present in the data for several of the variables involved in the hypotheses, the Mann-Whitney (a.k.a., Wilcoxon) test (Conover, 1999; SAS Institute, 1999, p. 3884) was used to compare public to private institutions. Note that fractional values appear for numbers of required credit hours due to conversions between semester-based and term-based programs. A standard conversion of three-fifths semester credit was given for each quarter credit hour when institutions used academic quarters rather than semesters. Appropriate one-tailed p-values are reported and for these analyses, p-values less than or equal to 0.05 are considered statistically significant.

Measures

Categorized archival data was used in all tests of hypotheses. General education requirements (GERs) related to hypothesis 1. Tests of this hypothesis included the percentage of GERs out of total credit hours, the percentage of quantitative credits (math and science) out of total credit hours, the number of credits in humanities, the number of credits in science, the number of credits in math, the number of credits in foreign language, and the number of credits in computer science. Industry specific credit hour requirements related to hypothesis 2. Tests of this hypothesis included a comparison between public and private institutions on the number of culinary specific credits, the number of restaurant management credits, and a combination of culinary and restaurant management credits. Experiential learning requirements related to hypothesis 3 and tests of this hypothesis included a comparison between public and private institutions on the number of

required credit hours in cooperative education experiences such as internships or externships. The total number of credit hours related to testing of hypothesis 4. Tests utilized the total number of semester credit hours required for graduation from each institution.

RESULTS

Eight public and 15 private institutions' requirements were compared (Table 2). It was hypothesized that public institutions would require more general education. The data supported this hypothesis (Table 3). Public institutions tended to require a higher percentage of general education requirements (one-sided $p=0.002$). The median for public schools was 45% while the median percent of general education requirement for private schools was about 36%. Similarly, public schools tended to require a higher percentage of quantitative coursework (one-sided $p=0.026$; median of about 17% for public schools vs. 12% for private schools). Public schools also tended to require more humanities (one-sided $p=0.005$) and math (one-sided $p=0.032$).

Requirements did not differ significantly by school type for the following variables: language, social sciences, science (one-sided $p=0.085$), or computer courses. Reporting the five number summaries allows examination of extreme values. It is interesting that for science courses, even though the public institution 25th percentile, median, and 75th percentile exceed the corresponding percentiles for private school, both the public school minimum and maximum are lower than the private school minimum and maximum. The private school maximum science requirement of 54 is more than double the public school maximum requirement of 22.

These data offered only limited support for the hypotheses that public institutions would have lower industry specific and experiential learning requirements. Public and private institutions did not differ significantly in their restaurant management requirements, or their cooperative learning (internship or externship) requirements. Public institutions tended to require fewer culinary hours (one-sided $p=0.009$) with a median of 30 versus 42 for private institutions. However, in a comparison of combined restaurant management and culinary hours, the tendency for public schools to require fewer hours fell short of statistical significance (one-sided $p=0.059$).

Table 3
Descriptive Statistics for Public (n=8) and Private (n=15) Program Requirements

Requirement	Institution Type	Min	25th	Median	75th	Max
Percent GERS	Public	35.5%	40.3%	45.0%**	50.0%	54.7%
	Private	25.3%	33.1%	35.5%	37.0%	64.4%
Percent Quantitative	Public	7.9%	12.7%	16.5%**	20.2%	21.9%
	Private	5.6%	9.7%	12.0%	13.7%	44.4%
Humanity Hours	Public	12.0	13.5	18.0**	21.0	24.0
	Private	5.0	10.0	12.0	15.0	44.4
Science Hours	Public	3.0	10.5	14.0 ⁺	19.5	24.0
	Private	5.0	7.0	10.0	14.0	21.0
Math Hours	Public	2.0	6.0	6.0*	7.0	22.0
	Private	0.0	2.0	3.0	6.0	54.0
Language Hours	Public	0.0	0.0	0.0	6.0	9.0
	Private	0.0	0.0	1.0	6.0	9.0
Social Science Hours	Public	9.0	9.0	12.0	16.0	6.0
	Private	6.0	12.0	12.0	14.0	9.0
Computer Science Hours	Public	3.0	3.0	3.0	3.0	24.0
	Private	0.0	0.0	2.0	6.0	17.0
Culinary Hours	Public	12.0	27.0	30.0**	32.5	6.0
	Private	25.0	32.0	42.0	46.0	6.0
Rest Mgmt Hours	Public	9.0	14.0	18.5	27.0	46.0
	Private	9.0	11.0	21.0	22.0	60.0
Culinary and Rest Mgmt Hours	Public	25.0	43.5	49.0 ⁺	62.0	37.0
	Private	41.0	53.0	62.0	68.0	42.0
Cooperative Experience Hours	Public	0.0	4.0	6.0	9.5	15.0
	Private	0.0	2.0	5.33	10.66	21.0
Total Hours	Public	120.0	123.5	127.5	128.5	129.0
	Private	115.0	124.0	127.0	133.0	140.3

Levels of significance are based on a comparison of the median between public and private institutions.

⁺ $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$.

Finally, it was hypothesized that public institutions would vary less in their total credit requirements. The data supported this hypothesis. The sample standard deviation for the public schools was 3.3 while the standard deviation for the private schools was 6.7. The five-number summary also supported this hypothesis. While total required credits range from 115 to 140.33 for private schools, the observed range is narrower for public schools (from 120 to 129). The interquartile range, a more resistant measure of dispersion, is also smaller for public schools.

DISCUSSION

The tests of hypotheses assessing similarities and differences of 4-year culinary degree requirements between public and private programs provide strong support for the contention that public institutions seem to have greater pressure by external stakeholders to conform to standards in content. Institutional theory suggests that these pressures force public degree-granting institutions to conform to preconceived beliefs of appropriate content to achieve symbolic legitimacy. This idea was strongly supported with public institutions being very similar in content requirements. Private institutions had greater variance in required courses and total degree requirements.

The hypothesized relationship that public institutions require more general education requirements, more quantitative work, and more humanities held true. It is interesting to note differences in the amount of experiential learning and the amount of required courses in knowledge and skills specific to the culinary field of study received less support. A large range existed across school type. There were no differences in cooperative learning requirements, restaurant management requirements, or the total combined credits in culinary and restaurant management. However, public institutions had significantly fewer culinary requirements than did private institutions.

While empirical evidence is not entirely available to provide statistical significance testing and quantitatively determine the stage of institutionalization for 4-year culinary education, our findings provide some preliminary evidence that the 4-year culinary arts degree structure is either in or rapidly moving toward the semi-institutionalization stage. The level of variance in degree content across all locations offering 4-year culinary degrees indicates institutions have moved beyond the imitation dimension and adopters are creating a level of heterogeneity in how programs are structured. In addition, a close reading of degree descriptions at various locations indicates important differences in emphasis within the traditional culinary area and other related domains. For example, concentrations in culinary nutrition, culinary technology, culinary management, or baking and pastry were offered by many institutions allowing them to differentiate programs of study.

Evidence obtained outside of this empirical study provides additional signals of movement to the semi-institutionalization stage. For example, the Research Chefs Association has seen tremendous growth in the past 2-3 years and is promoting "Culinology" certification and degree programs as a new area of expertise related to the more general content. The recent implementation of the Journal of Culinary Science and Technology, a growing number of research presentations at International CHRIE related to culinary, and interest by closely-related journals in culinary topics (e.g., Journal of Foodservice Business Research, etc.) provide evidence that the theoretical activity in the culinary area is on the rise – another indicator of movement to the semi-institutionalization stage.

CONCLUSION

As a whole the study supports the arguments of institutional theory. Public institutions appear to have a greater amount of institutional pressure impacting degree content requirements. Public institutions' content was more similar, and private institutions had more variation across units. Differences in the required content between public and private culinary programs raises questions concerning the domain covered within a 4-year culinary degree. The culinary field of study is moving towards greater heterogeneity in content offerings if the contention that the field is moving to the semi-institutionalization stage is correct. Given the significant differences in requirements across programs, this finding leaves open the question of which knowledge and skills are most important for future success as well as what areas of the curriculum will assist a student in adapting to trends that are emerging in the culinary field. Students planning to complete a 4-year culinary degree might be advised to carefully consider their interests and goals as well as foreseen and unforeseen trends in the environment when making a choice between programs.

Public and private institutions have different levels of pressure from both technical and institutional forces. This situation has implications, not only, on student choices but an institution's ability to be adaptable and is an important consideration for employment decisions of faculty and staff. Potential faculty and staff might consider (and be evaluated for) the need to balance the needs and interests of political, social, and economic concerns with those of the individual.

While this study has focused on theorized relationships using the educational institution as the level of analysis, other institutional effects such as the impact of the industry institutional pressures or profession institutional pressures cannot be excluded from a number of other possible theoretical relationships. Further research utilizing a qualitative approach to the general questions of this research stream may provide further theory development and additional detail to more fully sort out relationships in this research stream. In addition, future research should consider other institutional impacts within the hospitality industry in different business sectors, such as airlines, hotels, and casinos, which have a variety of regulatory stakeholders. One might also consider the impact of professional institutional pressures on industry practices and how these differ from other types of industries. Finally, additional research might study the current and future value of various areas of the culinary curriculum. As this area of study moves through the semi-institutionalization stage to the full institutionalization stage, it will be interesting to see what new concentrations develop, the stream of theoretical activity that develops, and, ultimately, which degree content areas are expanded to improve the culinary education end product.

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BRANDING: A HOTEL INDUSTRY IMPERATIVE?
DECISION-MAKING CONSIDERATIONS FOR EUROPEAN INDEPENDENT HOTELIERS

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ABSTRACT

The fragmented European hospitality industry is comprised primarily of small and medium size independent enterprises which are being subjected to increasing pressure from large global and regional hotel groups with strong brands, concentrated resources, and the latest distribution and communication technologies. In a survey of Western European hotels, the majority of hotels indicated that their decision to brand through franchising and hotel membership organisations has significantly improved their overall situation without losing their uniqueness, independence and management control. Criteria to consider in selecting one of these two different branding strategies for different types of independent European hotels were established.

Key Words: branding, independent hoteliers, consortia, soft branding, voluntary chains, franchising

INTRODUCTION

Europe is estimated to be the world's largest region for hotel stock with approximately 6'300'000 rooms (Marvel, *TTI/Mintel* 2003). As tourism in Europe approaches maturity with relatively slow growth in arrivals compared to some other regions in the world, and experiences a turbulent industry environment, European hoteliers have cause for concern. Dominated by individually owned properties or small family-owned hotel groups, Europe's hotel industry is diverse and fragmented. European tourism in general, is dominated by SMEs with over 99% of firms employing less than 250 persons. (European Commission, 2002). Switzerland, for example has only 640 hotel establishments with over 50 rooms out of 5'600 hotels counted in 2002 (Marvel, *TTI/Mintel*, 2003).

As the world's large hotel groups consolidate and benefit from economies of scale and concentrated resources for acquiring the latest technology and expertise in order to build strong brands for more sophisticated and demanding customers, there is increasing pressure on small and medium sized independent hotels to be able to continue to perform well or even to be able to survive. For many years academics and practitioners have recommended using partnerships and alliances as strategies for the improved performance of small businesses. Today there are opportunities for branding that are growing within the hotel franchise chains and the membership affiliations for which the smaller hotels in Europe may benefit without losing their independence and management control. This study seeks to evaluate those opportunities by identifying the key success factors of major brands, discussing the benefits and risks for entrepreneurs as well as determining the decision-making criteria for selecting which of the types of branding options would be the most effective for different types of independent hotels. As there is an evolution of the nature of hotel affiliation companies today and a great deal of confusion regarding such terms as "consortia" and "affiliation" as well as "reservation companies", "referral companies", and "voluntary chains", etc., we will be using the term "soft" branding companies to represent all of these types of hotel membership organisations as opposed to "hard" branding companies which include the franchisors.

HOTEL CHAIN PENETRATION IN EUROPE

Today in Europe overall only about 20-25% of room capacity is branded by an integrated chain which does not include consortia. (Marvel, *IT/Mintel* 2003). Marvel tells us that there the penetration rate is increasing primarily in the urban locations and in the mid-to-upscale range. In fact, according to Marvel, 60% of the hotels in European capitals are chains which is not far from that of major US cities with 70%. The percentage of branded hotels varies greatly across Europe. In countries such as Norway, Finland and Hungary about 40% of the hotels are branded (Pricewaterhouse Coopers, 2002), where as only 4.4% are branded in Italy, 8% in Switzerland, 38% in France, 24% in Germany and 34% in Spain (Marvel, *IT/Mintel* 2003). The top ten largest Hotel "hard" Brands in Europe ranked by the number of rooms from largest to smallest are Ibis, Mercure, Holiday Inn, Novotel, Hilton, Formule 1, Campanile, Golden Tulip, Scandic, and Etap (Marvel, *IT/Mintel* 2003). The top ten leading "soft" Brands in Europe ranked by number of rooms from the largest to smallest are

Best Western, Logis de France, Eurostars Hotusa, Select Marketing Hotels / Eazires Hotels, Leading Hotels of the World, CIH Hotels, Minotel, AGIL Hotel, Sercotel, and Chateaux et Hôtels de France (Marvel, *TTI/Mintel*, 2003).

What determines which companies are more successful than others? What should Independent hoteliers be looking for in an appropriate company with which to partner? In answering these questions, for the major brands which offer affiliation, we have established the key success factors which we call the 9 Cs: Clarity, Communication, Channels of Distribution, Consistency, Credibility, Customer-Centricity, Critical Mass, Cooperation and Control.

BRANDING APPROACHES FOR INDEPENDENT HOTELS

Franchising Benefits and Advantages

According to Turkel, franchising enables “individual entrepreneurs to have a hotel with a recognizable name...and in theory they acquire the right to operate a business that has been fully debugged and tested.” (Hausman, 2003). Since customers have learned from strong branding companies what brands will deliver, their expectations are easier to meet resulting in higher customer satisfaction. Furthermore, being branded by a top franchisor can permit charging a premium rate. Although the offer fluctuates from company to company hotel franchisors, in general, have the resources necessary to offer sophisticated IT systems to their franchisees in the form of Global Distribution Systems (GDS), Central Reservations Systems (CRS), property management systems (PMS), Internet connectivity and distribution and sometimes revenue management. Through their advanced technology and critical mass, hotel franchisors can offer their franchisees access to new global markets as well as key accounts such as large corporations with which they have contracts. General marketing support, promotional assistance and marketing research and intelligence as well as training are available from most franchisors. Some companies, both hard and soft brands, are including Customer Relationship Management systems (CRM) that would normally be out of the budget of an independent hotel.

Franchising: Disadvantages and Risks

Since the average duration of a franchise contract is 10 years, although some could be up to 20 years, one needs to seriously weigh the risks (Marvel, *TTI/Mintel*, 2003). According to the franchise system, the franchisee will no doubt lose a certain amount of control and management independence. Local adaptations may become more difficult. Further strict physical plant standards oftentimes apply requiring on-going investments. If the corporate standards are not met or if they are changed, the franchisees could find themselves either downgraded or disposed of all together. One could also assume that some branding companies may focus their resources for communication and distribution in their primary markets which may be in their country of origin. Prospective franchisees would need to gather further information on a foreign corporate brand's market and communication and distribution strategies and be assured that the brand is marketing as well to their target markets.

Franchising: Costs

Franchisees are usually required to pay an initial fee averaging around \$35'000 depending on the size of the hotel, in addition to annual royalty fees varying from 3.75% to 6.5% of rooms revenues (an industry average of 4.3%) and marketing fees from 1% to 4.5% of rooms revenues (Marvel, *TTI/Mintel*, 2003). Fees are also charged for the reservation service and are oftentimes calculated on the number of rooms, but usually run from 1.5 to 2.5% of rooms revenues (Marvel, *TTI/Mintel*, 2003). Loyalty programmes which are sought out by many customers and which can be an advantage for the hotel, also cost the franchisee about \$3-\$4 per night per member guest. (Marvel, *TTI/Mintel*, 2003). There could also be other miscellaneous fees such as extra costs for training programs, travel agent commissions, and GDS fees as well as fees for computer hardware and / or software and system maintenance. There may also be optional costs for other services not normally included.

Although hard brand companies can offer independent hotels strong brand recognition and the benefits of more resources such as more marketing services along with more intensive training and procurement, they inevitably will cost the hotelier more in fees (Marvel, *TTI/Mintel*, 2003). Many hotels are simply too small or in the wrong location for being accepted as a franchisee, therefore franchising is not even an option. The rule of thumb is that franchise chain hotels should have at least 50 rooms along with the other requirements discussed above (Marvel, *TTI/Mintel*, 2003). Thus, this presents an opportunity for soft branding companies to focus on smaller properties, many of which exist in Europe.

Soft Branding: Benefits and Advantages

In order to compete with the hard brands and online travel discounted distributors today, Wolchuk (2002) reports that these soft branding companies have been focusing on optimising rate delivery and sales via the GDS and the Internet and cultivating a partnership role with hotels. In addition, soft branding companies are offering opportunities for last minute disposal of distressed inventories at the best possible rate. Furthermore, the contracts are of a shorter duration than with

franchisors. Belonging to a consortium can be an attractive branding option with immediate positioning and credibility for many independent hotels in Europe where properties are small and unique. In Switzerland, where only 8% of the hotels are hard branded, 27% are affiliated to a consortium. (Marvel, *EHLITE*, 2003).

Soft Branding: Disadvantages and Risks

Along with the increasingly more sophisticated offer by soft branding companies is the implementation of stricter standards for membership. Inspections are becoming more frequent. For example, Relais & Chateaux has disposed of 161 properties that failed to meet its new standards (Marvel, *EHLITE*, 2003).

Soft Branding: Costs

As a hard brand franchise may cost between 4.5% and even 9% - 10% of rooms revenues annually, a soft brand runs about 1% with the highest being Best Western which is about 2% (Marvel, *TTI/Mintel*, 2003). A further cost advantage from a soft brand versus a franchise is from the fact that the physical plant requirements are not as standardised and, a soft branded hotel is not as subject to transformation costs. (Marvel, *TTI/Mintel*, 2003).

Table 1
Decision-Making Framework For Small And Medium Independent Hotels

	Remaining Independent	Soft or Hard Branding
Possible Benefits	<ul style="list-style-type: none"> • More control over management and entrepreneurship • Create a niche personality • Satisfy a select group of clients 	<ul style="list-style-type: none"> • Incremental revenue • Premium pricing (traditional theory) • Name recognition with clear positioning • Access to new global market segments • Access to electronic distribution and other IT systems • Marketing and sales support • Increased customer satisfaction due to met expectations • Loyalty programmes • Management and staff training • Higher qualified staff and lower employee turnover • Possible financing • Procurement opportunities
Possible Risks	<ul style="list-style-type: none"> • Increasing difficulty to compete with resources of large companies • Large numbers of travellers and employees may be attracted to brand names • High costs of effective distribution • Increasing costs of communication • Unable to obtain necessary marketing intelligence in order to compete 	<ul style="list-style-type: none"> • Loss of management control • Loss of regular guests • Loss of unique identity • Costs (fees and investments) exceed return on investment • Change of standards investment • Disposal

RESEARCH QUESTIONS

Both types of branding, franchising or soft branding offer similar services for independent hotels such as various marketing services, access to new customer segments, global distribution and IT systems. On the other hand, according to the literature, there are risks involved and since the hotel branding companies have such diverse offers, hoteliers must carefully evaluate their own situation and select the most appropriate branding approach for their property. Branding strategies of some kind appear to be a necessity for the European hotel industry for superior performance and survival of independents in a threatened environment and it is becoming increasingly more difficult to operate alone. This leads us to ask:

Does branding of smaller independent European properties improve performance?

Which factors should independent hotels consider before committing to a brand strategy?

METHODOLOGY

Secondary Data Collection

For the purpose of establishing an overall view and basis for the empirical research, information was compiled regarding the offers of principle hard and soft branding companies.

Primary Data Collection.

In order to evaluate the perceived performance of properties that have branded after being completely independent, a questionnaire was emailed to Western European hotels which included 1'913 members of the EHL Alumni Association as well as to 275 general managers of branded hotels. Out of the resulting 42 total responses, twenty-nine were considered valid for analysis, 12 of which were franchisees and 17 of which were soft branded hotels. We consider the study to be qualitative and provide only indicators rather than statistical evidence of our hypotheses.

LIMITATIONS

We had a very low response rate from the hotels. Future research on this topic will focus on motivating the European hotels to participate. The questionnaires were sent only to hotels in Switzerland, Austria, The UK, France, Italy, German and Spain and do not represent all of Europe; especially Eastern Europe which has a different competitive situation at the moment.

HIGHLIGHTS OF THE RESULTS

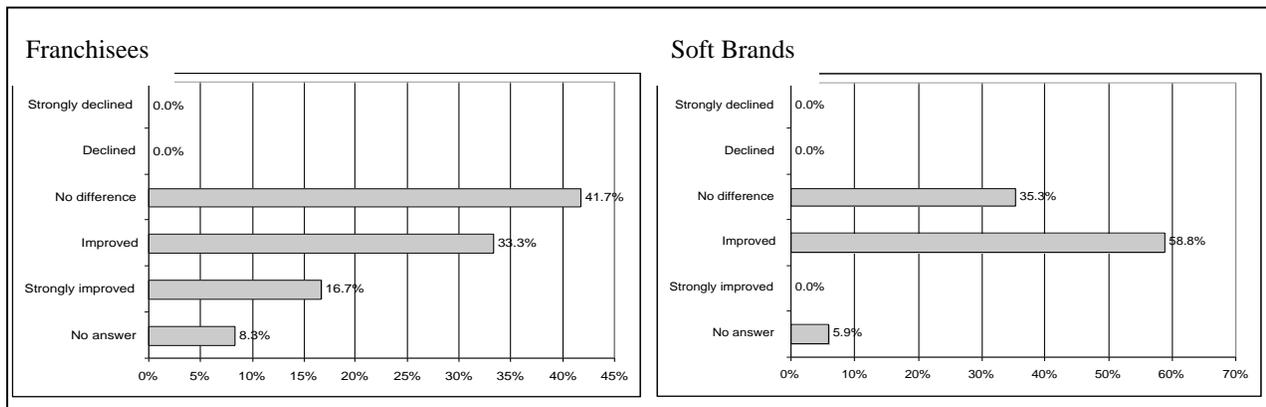
Perceived benefits of branding by European hoteliers

When asked if the hotels had received new customer segments due to the brand, 83.3% of the franchisees and 76.5% of the soft branded hotels responded yes. In terms of improved customer satisfaction, 66.7% of the franchisees reported no difference, 25% of them said that there was an increase, 8% said that there was a strong increase. Similar results were obtained from the soft branded hotels in which 64.7% said that there was no difference, 23.5% reported an increase and 11.8% gave no answer. No hotel reported a decrease in customer satisfaction due to the brand.

In regards to overall financial performance, when asked to compare to when they were independent, about 50% of the franchisees reported that they experienced an improvement or strong improvement and about 42% said that there was no difference. Of the soft branded hotels, nearly 60% reported improvement and about 35% said there was no difference. Not one hotel responded that their financial performance had worsened due to the brand. Regardless of the evidence that there is overall financial improvement, the majority of the hotels reported that they were not able to increase their rates due to the brand (75% of the franchisees and 82.4% of the soft branded hotels).

In terms of satisfaction from the brand versus return on investment, about 50% of both hard and soft brands reported to be satisfied or strongly satisfied. About 25% of both hard and soft branded hotels said that they were not satisfied with their return on investment and the rest were indifferent.

Table 2
Perceived Improvement In Overall Financial Performance Compared To Remaining Independent



When asked if their main expectations from the brand had been met, about 65% of the franchisees' expectations were partially or completely met. Out of the soft branded hotels about 60% had their expectations partially or completely met. There were a few hoteliers whose expectations (16.7% hard brands, 17.6% soft brands) were not met and the

remaining were indifferent. When asked, if the hotel's overall situation has improved due to the brand in today's environment, both franchisees and soft branded hotels responded positively. Of the franchisees, about 75% reported improvement or strong improvement with 25% reporting no difference. For the soft branded hotels, about 70% said that their situation had improved or strongly improved due to the brand with 23.5% reporting no difference (about 6% provided no response). Not one hotelier said that the hotel was worse off with the brand than when it was completely independent.

Hotels' Motivations to Brand

In order to build a decision-making criteria framework, we asked the hoteliers their primary motivations to become branded. For the franchisees the usage of "global reservation systems" was the predominate response (58.3%). The second most cited reason was an "increase in sales" (41.7%) followed by equally important "access to new markets" (33.3%) and "marketing services" (33.3%). For the hotels that were soft branded the most important factor was "marketing services" (64.7%) followed by "global reservations systems" (47.1%) and "access to new markets" (23.5%). The improvement of image was more of interest to the franchisees (25%) than the soft branded hotels (17.6%). Neither type of branding indicated significant interest in obtaining improved customer satisfaction as a result of the brand.

Perceived Risks

In the survey it was shown that 75% of the franchisees and 64.7% of the affiliated hoteliers perceive that the primary risk of branding is that the fees and royalties are too high for the benefits received. It would seem natural that independent hoteliers would be concerned with the loss of their unique identity and indeed, 33.3% of the franchisees and 29.4% of the soft branded hotels perceived this as a risk. Considering the oftentimes strict standards imposed by some brands, it was surprising to find that the loss of decision-making control was perceived as a relatively low risk by the independent hoteliers. Only a little more than 16% of franchisees were concerned about this variable and no one in the soft branded group indicated this as a possible risk. In fact, when asked if they had actually lost control of the decision-making process after branding, 66.7% of franchisees and 88.2% of soft branded hotels replied that there was no difference.

CONCLUSION

We have found that the majority of hotels surveyed indicated that their decision to brand through franchising or hotel membership organisations has improved their overall performance with such benefits as receiving new customer segments through global distribution, and overall financial performance. Nevertheless, the benefits are not without perceived risks. The most frequently stated risk was the concern for high fees and royalties compared to the return on investment, but in fact, the majority of hotels expressed satisfaction on their return. Although perceived as a risk, the possible loss of identity did not materialise for most of the hotels. Contrary to traditional branding theory, the hoteliers indicated that they have not been able to charge higher rates as a direct result of branding. This, however, is a variable that is difficult to isolate in today's discounting environment. The primary motivations indicated by formerly independent hotels to brand, either with soft or hard brands, were access to global reservations systems, access to new markets, and marketing services. Increasing sales and improving image were also significant reasons for hotels to select brands. We have concluded that branding, either through franchising or a third party hotel membership organisation, is an important component of an entrepreneurial strategy for small and medium size independent European hotels. An appropriate branding strategy is a necessity for the European hotel industry for superior performance and survival in a highly competitive and threatened environment. However, the degree of success for the hotel will be contingent on selecting the appropriate form of branding for the many different types of hotels and the major decision-making considerations for small and medium sized hotels have been determined below.

MANAGERIAL IMPLICATIONS AND APPLICATIONS

The following framework has been compiled based on the literature review and the empirical research which contains the key issues for independent European hotels to consider when selecting a brand affiliation, be it a franchise or a soft brand.

Table 3
External Issues For Independent Hotels To Consider Before Selecting A Brand

Brand's corporate situation and policies	• Financial Health and performance in Europe
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	<ul style="list-style-type: none"> • Global objectives and strategies • Frequency of change of affiliation requirements
Brand's corporate company portfolio	<ul style="list-style-type: none"> • Number and types of all brands and brand extensions • Multi-brand clarity and degree of cannibalisation • Brand's global (European) penetration and access • Brand's primary target markets
Brand's country of origin	<ul style="list-style-type: none"> • Effect on specific target markets • Possible bias of targeting efforts and promotion
Brand's strength, reputation, image	<ul style="list-style-type: none"> • Clear positioning and global image, ethics
Brand's property requirements	<ul style="list-style-type: none"> • Condition, style, size of the building • Style of service, number of staff • Location type
Brand's quality assurance	<ul style="list-style-type: none"> • Degree of rigidity and frequency of inspections • Consistency within the group
Brand's management conditions	<ul style="list-style-type: none"> • Degree of control allowed
Brand's contractual conditions	<ul style="list-style-type: none"> • Duration, exit clauses, renewal of the contract • Terms of payment
Brand's costs	<ul style="list-style-type: none"> • Initial fees • Ongoing fees (annual membership or royalties) • Services fees (reservations, advertising, etc.) • Possible upgrade or rebranding investments
Brand's technology offer	<ul style="list-style-type: none"> • CRS, GDS, PMS • Internet sites, hotel links, online tracking systems • CRM (customer relationship management) • Revenue management
Brand's marketing services	<ul style="list-style-type: none"> • Brand directory and brochure support • Appropriate communication campaigns • Access to targeted databases • Substantial loyalty programme • Good relations: intermediaries & key accounts • Sales staff support • Market research and marketing consulting
Brand's other services	<ul style="list-style-type: none"> • Training staff and management • Preferred suppliers available nearby (Europe) • Financial support, reports and consulting • Legal consulting (Europe) • Architectural & engineering consulting

Table 4

Internal Issues For Independent Hotels To Consider Before Selecting A Brand

Owner's objectives and attitudes	<ul style="list-style-type: none"> • Vision, mission, values • Long term goals (personal & professional) • Willingness to relinquish some control
Owner's situation	<ul style="list-style-type: none"> • Resources, ability to invest • Financial performance • Direct competitive set (especially branded)
Owner's offer to match a brand	<ul style="list-style-type: none"> • Location, size, target markets • Core competencies, condition / characteristics of the hotel

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TOURISM MARKET SEGMENTATION BY SHOPPING BELIEFS

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ABSTRACT

As one of the pioneering studies in tourism shopping, this research investigated market segmentation of tourism shoppers through craft selection criteria and shopping involvement. The resultant three clusters were then assessed by a heuristic approach of segmentation evaluation.

Key Words: craft, travel shopping, involvement, market segmentation, segmentation assessment, travel marketing

INTRODUCTION

Although shopping was rarely considered to as a primary motive for travel, it is perhaps the most universal element in tourist experiences. Among the various consumer products that tourists purchase, craft souvenirs constitute a substantial portion (Littrell, 1996). In the context of buying souvenirs, tourists' behavior may vary considerably in the form and meaning from their normal pattern at home (Brown, 1992; Stansfield, 1971). It is important to delve deeper into the rationale behind tourist souvenir shopping behaviors (Brown, 1992).

Tourism researchers have carried out a number of studies concerning linkages between craft souvenir related beliefs, shopping orientations, and intention to purchase particular product(s) or at specific shopping venue (Kim & Littrell, 1999; Yu & Littrell, 2003). Meanwhile, shopping involvement while traveling was found to be an important construct because of its potential effect on travelers' attitudes towards shopping, their receptivity towards promotional stimuli, and their behavior with respect to shopping and decision making (McIntyre & Pigram, 1992). Yet, there is no systematic investigation on how to connect these shopping beliefs with related activities, including types of products purchased, places shopped, resources used to find information about shopping, and shopping expenditure. These various shopping activities linked with shopping related beliefs can be a powerful market segmentation tool for tourist shoppers of handcraft souvenirs. This study proposed to include craft selection criteria and shopping involvement as two important dimensions to segment the tourism shopping market. Specific objectives were:

- 1) to segregate travelers into exclusive groups based on craft selection criteria modes and tourism shopping involvement;
- 2) to identify market adequacy based on its profitability, accessibility, and reachability and extend the scope of market segment assessment through a heuristic approach; and
- 3) to provide marketing implications for the souvenir industry and retail trade practitioners.

LITERATURE REVIEW

Tourist consumers of craft souvenirs are a culturally heterogeneous group. Across studies of tourists' desires for buying crafts from travels, four themes were identified.

Craftsmanship A body of research on characteristics of craft consumers indicated that superb quality of craftsmanship is one of the aspects that tourists pursue from the crafts they purchase (Anderson, 1993; Littrell, 1990). Through crafts, tourists came to appreciate the valuable work of the hand (Littrell, 1996), techniques employed, and time involved in the craft production process (Littrell, 1990). Littrell, Reilly, and Stout (1992) found that Workmanship Consumers emphasized details of craftsmanship in the production as well as finishing of a craft.

Sensuous Appreciation Multi-sensory attachments to crafts allow tourists to enjoy the aesthetic features the crafts bring to them. These tourists value the aesthetic pleasure derived from the intrinsic beauty in color, design, or workmanship in crafts (Littrell, 1990). Kim and Littrell (1999) also reported that aesthetic properties such as design and color were among the tourists' evaluative criteria of craft souvenirs; tourists' attitude toward the aesthetic quality of souvenirs was the best predictor of their purchase intention.

Cultural Linkage Because tourism is by nature an ephemeral, non-ordinary experience, tourists feel the need to concretize the extraordinary, which can be achieved by holding on to a tangible piece such as a souvenir that comes from the experience (Gordon, 1986). Hence, textile craft souvenirs and the associated memories helped consumers sample indigenous lifestyles, expand their worldviews, and experience aesthetic pleasure (Littrell, 1990).

Ease of Handling Among studies of tourist consumers of craft souvenirs, function-oriented consumers were often identified (Niemeyer, S., Reilly, R., Stout, J., Baizerman, S., Kean, R., & Littrell, M., 1992; Yu & Littrell, 2003). This group of consumers sought crafts for which there was a clear function and easy to care and pack. In a study of travelers to three Midwestern states. Kim and Littrell likewise found care and travel was one of the craft evaluative criteria used by tourists to Mexico (1999).

Involvement was successfully adopted and extensively studied by marketing and consumer behavior researchers in the general merchandising context. However, there was a lack of research to investigate tourism shopping involvement. As an extension of the definition by Havitz and Howard (1995) and Selin and Howard (1989), this study defined tourism shopping involvement as a psychological state of motive, arousal, or interest of travelers to select souvenirs. Measurement of the involvement construct is lack of consensus. The Personal Involvement Inventory (PII) developed by Zaichkowsky (1985) measured a person's involvement with products on a unidimensional continuum from low to high. Laurent and Kapferer (1985) took an opposite stance to unidimensionality and called for the use of Involvement Profile to understand the dynamics of consumer involvement through four dimensions: (1) the interest in or perceived importance of the product; (2) the hedonic or pleasure value of the product; (3) the symbolic or sign value attributed by the consumer to the product, its purchase, or its consumption; and (4) the perceived risk associated with the product purchase.

Market segmentation has been widely proven as an effective marketing tool through yielding viable market segments. Some commonly applied classification criteria included socio-demographics, socio-economic status, psychographics, buyer behaviors (benefit sought, brand loyalty, marketing factor sensitivity), geographic origins, and travel purposes. Regardless which classification method was chosen, segment feasibility and attractiveness should be evaluated to assist target market selection. Yet, methods of determining resultant segments' adequacy are still deemed incomprehensive (Moscardo, Pearce, & Morrison, 2001; Jang, Morrison, & O'Leary, 2002). McQueen and Miller (1985) suggested applying profitability, variability, and accessibility to assess market attractiveness. Jang et al. (2002) proposed four criteria – profitability, risk, risk-adjusted profitability index, and relative segment size – to reach a decision on the choice of the optimum target market. Loker and Perdue (1992) provided a systematic evaluation method to identify the target market via an evaluation of profitability, accessibility, and reachability. This systematic evaluation method was adapted and proved by Kang, Hsu, & Wolfe (2003) through investigating family traveler segmentation via their vacation decision-making patterns.

RESEARCH METHODOLOGY

This project was undertaken in the State of Oklahoma during the summer of 2003 to investigate inbound travelers' shopping behaviors. Out-of-state travelers were contacted at five interview sites through an on-site self-administered survey instrument. A total of 271 surveys were completed, among which 199 respondents answered all the craft selection criteria and shopping involvement questions. Therefore, 199 responses were used for further data analysis. The data analysis in this study involved three steps. First, exploratory factor analysis was employed to find the underlying constructs of craft selection criteria. The 17 items measuring craft selection criteria were adapted from the scale developed by Yu (2000). In the second step, shopping involvement level was composed. A modified PII scale was selected in this study. A shopping involvement score was calculated by summing up the responses. The involvement scores were then divided into three generic levels of low, medium, and high involvement. The third step involved a combination of two cluster techniques – hierarchical and non-hierarchical analyses to classify groups based on similarities of their craft selection criteria and tourism shopping involvement. Finally, as an attempt to cross-validate the adequacy of the market segmentation method, and more importantly, to assess the most viable market, each cluster was assessed based on three criteria – profitability, reachability, and accessibility as suggested by previous studies (Jang et al., 2002; Kang et al., 2003; Loker & Perdue, 1992). Chi-square analysis and analysis of variance (ANOVA) were employed to objectively assess the performance of each cluster.

RESULTS

The explanatory factor analysis resulted four dimensions of tourism craft selection criteria with eigenvalues above one, which explained 75.15% of the total variance (Table 1). The Cronbach's alpha reliability scores of the four factors ranged from 0.63 to 0.89, indicating acceptable internal consistency (Hair, Anderson, Tatham, & Black, 1998). Based on the representative items, the four factors were named. The first factor was *craftsmanship*, containing high quality of

workmanship, great amount of time and skill involved in craft production, details of fine craftsmanship, and appreciation of the valuable work of hand. The second factor, *sensuous appreciation*, consisted of aesthetic properties of design and fine embellishments, as well as uniqueness and originality. The third factor was labeled as *cultural linkage* comprising of sampling indigenous culture and local culture expression. The last factor, *ease of handling*, concerned the easiness of clean, care, and packing.

Table 1
Factor Analysis of Craft Selection Criteria

Craft Selection Criteria Factors	Loading	Eigen-value	Variance Explained	Cronbach's alpha value
Craftmanship		3.06	25.49%	0.89
An appealing craft is of high quality workmanship.	0.89			
An appealing craft involves a great amount of time and skill in its production.	0.88			
An appealing craft shows details of fine craftsmanship in its productions and finishing.	0.81			
An appealing craft is handmade.	0.55			
Sensuous Appreciation		2.71	22.60%	0.83
An appealing craft has fine embellishments and trims.	0.77			
An appealing craft is unique or of one kind.	0.74			
An appealing craft is of attractive design.	0.71			
An appealing craft is original.	0.68			
Cultural Linkage		1.79	14.94%	0.75
An appealing craft helps me sample the indigenous culture.	0.82			
An appealing craft expresses how local people feel about their culture.	0.76			
Ease of Handling		1.46	12.13%	0.63
An appealing craft is easy to clean and care.	0.90			
An appealing craft is easy to pack.	0.61			
Total Variance Explained			75.15%	

Cluster analysis was conducted to segment travelers into homogenous groups through five cluster variates. The first four were extracted from factor analysis of craft selection criteria, while the last was the total shopping involvement score. The non-hierarchical cluster analysis using the K-Means technique resulted final clusters of 70 (35.18%), 94 (47.24%), and 35 (17.59%) out of 199 cases as shown in Table 2. All items under the four factors and the average shopping involvement scores were statistically significant across the three clusters. In addition, the shopping involvement scores of 20 and 33 were used to divide the respondents into three generic groups of high, medium, and low involvement.

The first cluster had the highest agreement ratings in all craft selection criteria facets except for ease of handling. Although cluster 2 placed relatively high agreement in each item under the four craft selection criteria facets, its average scores were lower than those of cluster 1 except for ease of handling. And the average tourism shopping involvement score was lower than cluster 1, but higher than cluster 3. An examination of respondents' frequency in each involvement level revealed that around 70% respondents were from the medium involvement group and about 30% from the low involvement group. The last cluster had the highest scores for both items under ease of handling and the lowest scores for the three factors. It also had the lowest average involvement score with all respondents from the low involvement group. An examination of the mean scores for each craft selection criteria factor and shopping involvement suggested the labels of Cluster 1, 2, and 3 as Shopping Enthusiasts, Shopping Lovers, and Indifferent Shoppers.

As a market feasibility criterion to identify the most profitable segment, profitability was measured in terms of average shopping expenditure in total and average shopping expenditure for the respondent him/herself, for family members or significant others, and for friends or co-workers. Significant difference was found in average shopping expenditure across three clusters. Market reachability assessed possible means of approaching a segment during its visit of a destination, which was evaluated by travelers' product purchases, shopping locations, and purpose of visits. The three clusters were significantly different in purchase frequency of some tourism products commonly available. Shopping information sources and demographic characteristics were used to evaluate the segments' accessibility. The three clusters were distinctively different in using printed materials such as directories or maps of shops, travel packets from state tourism bureau prior to a trip, and Internet as information sources to locate shopping locations. 45.6% Shopping Enthusiasts searched Internet to locate shops, which indicated the critical role Internet played in providing local shopping information. Consistent with previous findings, word of mouth was the most important source to find the information about where to shop. An examination of three clusters' demographics revealed that they were not significantly different in average age,

ethnic composition, education, and income levels. However, gender composition was found significantly different across the three clusters.

Table 2
Cluster Analysis of Tourism Shopping Segments

Variables	Cluster 1 Shopping Enthusiasts	Cluster 2 Shopping Lovers	Cluster 3 Indifferent Shoppers	F or χ^2
	N=70 (35.18%)	N=94 (47.24%)	N=35 (17.59%)	
Craftmanship				
An appealing craft is of high quality workmanship.	6.06(1.28) ^a	5.51 (1.43)	5.29(1.72)	F: 4.39* ^b
An appealing craft involves a great amount of time and skill in its production.	6.25(0.96)	5.57(1.45)	5.43(1.48)	F: 7.13*
An appealing craft shows details of fine craftsmanship in its productions and finishing.	5.99(1.16)	5.46(1.22)	5.17(1.60)	F: 5.75*
An appealing craft is handmade.	5.73(1.31)	5.34(1.27)	5.20(1.47)	F: 2.52**
Sensuous Appreciation				
An appealing craft has fine embellishments and trims.	5.05(1.33)	4.56(1.18)	3.86(1.50)	F: 10.19*
An appealing craft is unique or of one kind.	5.71(1.31)	4.89(1.25)	4.77(1.52)	F: 9.61*
An appealing craft is of attractive design.	5.43(1.31)	4.74(1.29)	4.20(1.51)	F: 10.83*
An appealing craft is original.	5.89(1.10)	5.16(1.39)	4.71(1.72)	F: 10.10*
Cultural Linkage				
An appealing craft helps me sample the indigenous culture.	5.54(1.18)	4.93(1.31)	4.49(1.56)	F: 8.56*
An appealing craft expresses how local people feel about their culture.	5.56(1.27)	4.82(1.22)	4.17(1.44)	F: 14.87*
Ease of Handling				
An appealing craft is easy to clean and care.	4.43(1.60)	4.64(1.61)	5.40(1.55)	F: 6.27*
An appealing craft is easy to pack.	4.63(1.55)	4.65(1.40)	5.29(1.50)	F: 4.37*
Involvement Score	37.94(2.98)	27.91(3.28)	13.26(5.19)	F: 557.5*
Involvement Level				
High involvement	100%	1.1%	0%	χ^2 : 271.7*
Medium involvement	0	69.1	0	
Low involvement	0	29.8	100	

Table 3
Tourism Shopping Segmentation Assessment

Assessment Criteria	Cluster 1 Shopping Enthusiasts	Cluster 2 Shopping Lovers	Cluster 3 Indifferent Shoppers	F or χ^2
Profitability				
Average shopping expenditure (\$)	180.20 (200.79)	151.75 (285.83)	60.74 (104.47)	F: 3.09*
Average shopping expenditure for self (\$)	97.98 (79.68)	113.15 (172.09)	62.27 (101.66)	F: 1.19
Average shopping expenditure for family member/ significant other (\$)	133.70 (142.80)	106.51 (171.83)	40.07 (66.06)	F: 2.18
Average shopping expenditure for friends/co- Workers (\$)	50.59 (110.89)	27.81 (54.36)	14.09 (32.16)	F: 1.07
Reachability				
Frequency of product purchases				
Postcards and booklets about sites visited	4.20(1.99)	3.92(1.60)	3.00(1.66)	F: 5.56*
T-shirts, sweatshirts, and other clothes with name or picture of location or attraction	4.41(1.93)	3.91(1.75)	2.15(1.28)	F: 19.61*
Crafts	4.79(1.74)	3.90(1.57)	2.79(1.65)	F: 17.04*

Local food products	4.62(1.63)	4.22(1.65)	2.94(1.64)	F: 12.41*
Books about area, state, people, history or Attractions	4.35(1.79)	3.54(1.66)	2.97(1.68)	F: 8.45*
Collectibles	4.55(1.95)	2.76(1.62)	2.76(1.62)	F: 11.38*
Mementos of location or attraction (pen, bumper stickers, balloons, key chains ...)	4.34(2.04)	3.49(1.70)	2.32(1.49)	F: 14.52*
Antiques	4.22(1.98)	2.98(1.76)	2.67(1.98)	F: 11.25*
Accessibility				
Shopping Information Sources				
Printed materials such as directories or shop maps	55.9%	36.4%	42.4%	χ^2 : 5.99*
Brochures at museums	30.9	25.0	12.1	χ^2 : 4.19
Suggestions from local residents and shops	47.1	48.9	39.4	χ^2 : 0.88
Travel packets from state tourism bureau prior to a trip	39.4	18.2	17.0	χ^2 : 4.74**
Materials available at tourist sites	20.6	30.7	27.3	χ^2 : 2.02
Internet	45.6	32.0	27.3	χ^2 : 5.20**
Word of mouth	63.2	48.5	56.8	χ^2 : 2.03
Age	46.3(17.1)	45.9(16.1)	46.2(17.9)	F: 0.11
Sex				
Male	33.3%	47.9%	57.6%	χ^2 : 6.20*
Female	66.7	52.1	42.4	
Education				
High school	28.6%	25.5%	21.2%	χ^2 : 9.45
1-3 year technical and vocational college	37.1	31.9	24.2	
Bachelor's degree	14.3	14.9	21.2	
Graduate school	20.0	27.7	33.4	
Income				
Less than 25,000	14.3%	19.2%	16.0%	χ^2 : 10.43
25,000-49,999	36.5	28.2	28.0	
50,000-74,999	23.8	24.4	32.0	
75,000-99,999	15.9	12.8	12.0	
100,000 and over	9.5	15.4	12.0	

CONCLUSIONS

This study segmented travelers based on their craft selection criteria and shopping involvement. A factor analysis of tourism craft selection criteria resulted four distinctive dimensions: craftsmanship, sensuous appreciation, cultural linkage, and ease of handling. A subsequent cluster analysis produced three shopping groups: Shopping Enthusiasts, Shopping Lovers, and Indifferent Shoppers. An evaluation of the three clusters revealed their demographic characteristics except for gender were much alike, but distinctive differences in shopping and travel behaviors existed.

Although differentiated marketing strategies in accordance with the unique travel and shopping behaviors and demographics characteristics can be applied to effectively appeal to each segment, the Indifferent Shoppers may not be the most desirable market at which Oklahoma state tourism promotion agency would like to target. Overall, these travelers indicated a lack of interests in shopping during travel through low ratings of three craft selection criteria dimensions. Shopping Lovers, the largest segment identified in this study, demonstrated relatively high profitability performance; however, their spending on shopping tourism products varied more than that of the other two groups. In addition, they were not unique in their frequency of product purchases, shopping locations, and shopping information sources. Therefore, this segment should appeal to mass marketers who incorporate shopping as one of several travel activities at a destination.

Shopping Enthusiasts were worth pursuing by the state tourism practitioners as a niche market. With an adequately large size, this segment performed the best in terms of profitability and showed unique shopping behaviors. Destination marketers need to develop effective strategies by promoting to Shopping Enthusiasts during their current visit as well as reaching them using unique advertising media. Besides some often visited locations, such as parks and tourism sites, and gas station or convenience stores, Shopping Enthusiasts were frequent patrons of antique shops, craft booths, parks and tourist sites, and craft shops or gift shops. Shopping information should be made available in these places for easy access. Furthermore, these travelers were active users of shopping information. Printed materials, suggestions from local residents and shops, travel packets, Internet, and word of mouth were extensively used to search for shopping information. Even though Shopping Enthusiasts were not significantly different in their demographic profile from those with less shopping endeavor, it should be noted that female dominated this group.

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MARKETING HOSPITALITY AND TOURISM EDUCATIONAL PROGRAMS:
AN E-RELATIONAL PERSPECTIVE

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ABSTRACT

The increasingly competitive recruiting market stimulates academic program administrators to adopt relationship marketing (RM) and leverage the capacity of the Internet technologies in facilitating the RM practices. The authors developed an operational framework to assess the adoption of relationship-oriented features on the websites of selected post-secondary hospitality and tourism programs in the United States. A TwoStep cluster analysis identified two clusters of program websites based on the quantified status of RM website attributes. These two clusters were then profiled and analyzed through logistic regression modeling to understand program characteristics that differentiate the websites with regard to the website RM feature adoption.

Key Words: electronic relationship marketing (e-RM); educational programs; online marketing; stepwise logistic regression; TwoStep cluster analysis; Website features.

INTRODUCTION

The boom of the hospitality and tourism academic programs increases the complexity of choice making by prospective students and the competition in the recruitment market. In order to stand out in the market, hospitality and tourism programs should be promoted with the use of modern marketing theory and practices. It has been recognized that the traditional marketing mixes are no longer effective in capturing the behaviors of today's dynamic marketplace, while relationship-based marketing practices receive more attention with its distinctive ability of maintaining mutual beneficial customer relationship (Grönroos, 1990, 1997). The hospitality and tourism schools need to adopt this marketing theme and building strong relationships with prospective students.

With the emergence of the Internet technologies, the hospitality and tourism schools have also made their presence in the cyberspace. Their websites have enabled the prospective students to access a variety of information with great convenience. As the younger generation becomes more technologically savvy, school websites are considered an essential marketing tool for student-recruitment as commercial websites have been for traditional consumers (Bai, Jang, & Hu, 2003; Gilbert, Powell-Perry, & Widijoso, 1999). Attempting to improve the understanding of relationship orientation in website development, the authors studied electronic Relationship Marketing (e-RM) at hospitality and tourism program websites. Specifically, the objectives of this study were three-fold: 1. to develop an operational framework for assessing the adoption of relationship-oriented technologies at the academic websites; 2. to cluster the programs based on quantified RM website attribute adoption; 3. to identify influential program characteristics that differentiate the websites with regard to the website RM feature adoption.

LITERATURE REVIEW

Relationship Marketing

Relationship marketing (RM), characterized by value, interdependence, commitment, and long-term reciprocal relationships between buyers and sellers, originated from Berry (1983) in the early 1980s with the realization that firms should focus on maintaining and enhancing the relationships with their existing customers, rather than acquiring new customers (Tuominen, Rajala, & Möller, 2000). Among the many attempts to define RM in the past two decades, the

definition presented by Grönroos (1996, p. 7) has been recognized as the "best" based on its comprehensive coverage of the underlying conceptualizations of relationship marketing and its acceptability throughout the RM community. Although Grönroos' (1996) concept with implicit focus on commercial organizations, the essence of such conceptualization (identifying, establishing, maintaining and enhancing relationships with customers and other stakeholders) still hold for largely non-profit organizations such as educational institutions. That is, the core concept of marketing relationships is valid for educational programs considering that education is an expensive and important investment decision by prospective students.

A series of five "progressive" RM levels coined by Kotler, Bowen, and Makens (2003, p. 391) also support that relationship marketing should center on creating, maintaining, and enhancing strong relationships with customers. Kotler et al. identified these five "progressive" levels of relationship marketing as basic, reactive, accountable, proactive, and partnership. This concept is particularly attractive in that it conceptually identifies a series of incremental progressions on the relationship building between a seller and buyers. These five levels of relationship marketing are briefly explained as follows:

- Basic level (Level 1): the seller sells products by providing basic product and seller's information to potential buyers but does not follow up in any way.
- Reactive level (Level 2): the seller provides opportunities to encourage not only product purchases but also communications whenever buyers have any concerns about products.
- Accountable level (Level 3): the seller demonstrates its responsibilities to take care of buyers by offering customized services and allowing product improvement suggestions and disappointments from buyers.
- Proactive level (Level 4): the seller takes extra care to encourage more dialogs and tries to increase chances to keep in touch with buyers for future improvements.
- Partnership level (Level 5): the seller treats buyers as partners and works continuously with buyers at more personal level to discover ways to deliver long-term value.

E-Relationship Marketing on the Web

Information technology has been recognized to have a significant impact on building, maintaining and enhancing relationships (Donaldson & O'Toole, 2002). However, very few studies have looked into web-based relationship building. Gilbert et al. (1999) analyzed 143 hotel websites and studied management attitudes towards the adoption of the Internet as a RM tool. They found that only a small portion of the hotel chains saw the Internet as a relationship marketing opportunity. Instead, the majority of the hotels have used the Web as an information center and a reservation medium. Attempting to uncover relationships between e-CRM (customer relationship management) and customer satisfaction, Feinberg and Kadam (2002) examined the presence of e-CRM features on retail Web sites and concluded that there is a positive relationship between the amount of website e-CRM and customer satisfaction with the Web site, and that not all e-CRM attributes are equal (some are more related to satisfaction than others). Specifically, Klassen (2002) utilized aforementioned Kotler's five-level model of relationship marketing to evaluate the websites of top and lower ranked universities. He concluded that few university websites have reached the "partnership level" of relationship marketing and suggested that top-ranked schools enjoy an "interactive edge" by offering web sites suitable to creating and sustaining effective relationships with their students.

RESEARCH METHODOLOGY

Operational Framework Development

Kotler et al.'s model provides an appropriate conceptual foundation for benchmarking or constructing the Internet-facilitated customer communication, as the variation in the communication intensity across businesses is likely to be enlarged in the Internet context, given the abundant alternative communication tools provided by the Internet technologies. In order to assess the extent to which the hospitality and tourism programs use relationship-enhancing technologies at their websites to attract prospective students and convert them to actual applicants, the authors operationalized the model to reflect the uniqueness of academic program promotion. Drawing upon the results of past studies (Klassen, 2002) and online research, the authors identified four dimensions of information and services provided to prospective students and developed a 5 × 4 matrix (not shown due to the page limitation).

Representative website features were identified at each level for every promotion function. For example, *generic contact information* was included at the reactive level and *personal contact information* the accountable level to distinguish between different levels of contact stressed by the original model. Features such as intranet, online forum and other channels for prospective students to exchange information were identified to reflect the programs' effort to pursue partnership relations with potential students (Stoner, 2001). In addition, each relationship level was assessed on more than

one website feature, indicating the extent to which the website features were adopted to achieve a particular level of contact with the prospective students. For instance, both *FAQ* and *online information request form* were included at reactive level to signify the diverse website features options. The resulted operational model provided a basis for conducting content analysis of school websites. Content analysis is a “systematic and objective” research technique suitable for retrieving context-embedded information from various types of communication media and had been widely adopted by studies with an interest on the Internet websites (Bai *et al.*, 2003; Klassen, 2002).

Sample and Data Collection

This study considered the institutional websites as the research subject and unit of analysis. The sample was drawn from the four-year undergraduate and the graduate programs in the U.S. as enlisted in the Guide to College Programs in Hospitality, Tourism & Culinary Arts published by the International CHRIE (2002). The URLs of the programs’ websites provided in the guide were verified and, whenever necessary, updated using major search engines such as Google.com. The final sample consisted of the proprietary websites of twenty-two graduate and sixty-nine undergraduate programs. After a pilot-test of the proposed model on 24 randomly selected program websites and appropriate modifications, data collection for the current study was carried out during a three-week period in August 2003. In order to maintain consistency and to reduce bias in evaluation, each of the four researchers examined the sampled websites with special attention to one of the four institutional website services. For each e-RM feature present at the website, “1” was recorded for the corresponding variable and “0” otherwise. Information about the programs and institutions’ characteristics was retrieved from the International CHRIE guide (2002), including such variables as the academic level, the program size and the type of school funding.

Statistical Analyses

In order to quantify the relationship-oriented website feature adoption at the institutional websites, the researchers calculated a set of scores based on the raw data.

$$\text{Institutional website e-RM feature adoption matrix cell ratio: } R_{ijk} = \frac{M_{ijk}}{N_{ijk}}$$

$$\text{Institutional website e-RM feature adoption level score: } LS_{ik} = \sum_{j=1}^4 R_{ijk}$$

$$\text{Institutional website e-RM feature adoption dimension score: } DS_{jk} = \sum_{i=1}^5 R_{ijk}$$

$$\text{Overall institutional website e-RM feature adoption status score: } OS_k = \sum_{i=1}^5 \sum_{j=1}^4 R_{ijk}$$

Where M_{ijk} = number of observed website e-RM features at i th relationship level and j th program promotion dimension for the k th observation; N_{ijk} = number of proposed website e-RM features at i th level and j th dimension for the k th observation; $i = 1 \dots 5$; $j = 1 \dots 4$; $k = 1 \dots 91$

Based upon the calculated scores, the authors conducted the Twostep cluster analysis to identify similar institutional websites based on their website e-RM features adoption status across the five relationship levels. Subsequently, logistic regression analysis was conducted based on the membership information generated by the clustering analysis to examine the association between the program’s characteristics and its relationship-oriented website construction. The dichotomous dependent variable was encoded “1” for a membership in cluster 1 and “0” for the one in cluster 2 (as revealed in the following discussion, two clusters were identified in the cluster analysis).

RESULTS AND DISCUSSION

The Two step cluster analysis revealed two distinct categories of program websites with regard to the extent to which the relationship-oriented website features were adopted (Table 1). The average website e-RM feature adoption scores for the first cluster are generally higher than those of the second cluster across all five levels of the customer-supplier relationship, indicating the distinction between a “good” performer group that adopted more relationship-oriented website features and a “poor” performer group that utilized the website feature to a lesser extent.

Table 1
The Distribution and Descriptive Statistics of the Cluster Analysis Result

Cluster	N	Level 1 Mean (Std. Dev.)	Level 2 Mean (Std. Dev.)	Level 3 Mean (Std. Dev.)	Level 4 Mean (Std. Dev.)	Level 5 Mean (Std. Dev.)
1	66	3.07 (.38)	3.20 (.45)	2.78 (.54)	2.39 (.60)	1.07 (.53)
2	25	2.28 (.43)	2.17 (.44)	1.80 (.56)	1.69 (.66)	.53 (.44)

The ANOVA test confirmed that there was a significant distinction between the two groups in their overall website e-RM feature adoption scores ($p < .001$) (Table 2). In addition, the programs categorized into cluster 1 adopted significantly more relationship-oriented website features than those in cluster 2 across all four dimensions of program promotion.

Table 2
Overall and Dimension Website e-RM Feature Adoption Status

website e-RM feature adoption	Mean (Std. Deviation)		ANOVA test	
	Cluster 1 (N=66)	Cluster 2 (N=25)	F-values	P-values
Overall adoption scores	12.51 (1.25)	8.46 (1.59)	163.07	< .001
Dimension 1	3.50 (.75)	2.49 (.93)	28.44	< .001
Dimension 2	2.68 (1.06)	1.63 (1.19)	16.51	< .001
Dimension 3	3.07 (.66)	2.04 (.96)	33.76	< .001
Dimension 4	3.27 (.64)	2.30 (.94)	31.57	< .001

The logistic regression procedure generated a model ($\chi^2 = 17.663$, $p < .001$) including two characteristics variables – the academic level (undergraduate vs. graduate) and the program size in terms of program enrollment (Table 3). The Hosmer-Lemeshow lack-of-fit test provided statistical evidence ($p = .968$) that the model fits well. The statistics also suggested that model explained approximately 20% of the variance in response (Cox & Snell $R^2 = .178$). Compared to the rate of correct classification by chance (50%), the model's ability of predicting the membership of the observations was considered satisfactory (71.1% rate of correct classification). The coefficients imply that, holding other terms constant, the odds of an observation belonging to cluster 1, or the "good" performer group, increase by 0.6% (obtained by $[\text{Exp}(.006)-1] \times 100\%$) and, for every one additional student enrolled, the odds for a graduate program website to fall into the "good" performer group is about ten ($\text{Exp}(2.397)$) folds that of an undergraduate program. In other words, the chance of an observation belonging to the cluster with better e-RM performance increases along with the growth in the program enrollment and the chance that a graduate program falls into the cluster with better e-RM performance is significantly higher than an undergraduate program.

Table 3
The Logistic Regression Model with Only Independent Terms

	Coefficients Mean (S.E.)	Wald statistic	df	Sig.	Exp (coefficient)
Constant	-.453 (.459)	.971	1	.324	.636
ACADEMIC LEVEL (1)	2.379 (.836)	8.104	1	.004**	10.793
PROGRAM SIZE	.006 (.002)	5.983	1	.014*	1.006

ACADEMIC LEVEL (1) = graduate; Model chi-square 17.663**, Cox-Snell R square .178; Nagelkerke R square .257; Hosmer-Lemeshow test: $\chi^2 = 2.358$ $p = .968$; Rate of correct classification 71.1%; ** $p < .01$, * $p < .05$

The regression analysis recognized the program size as a powerful predictive variable of the intensity of e-RM website feature adoption at the institutional websites. This finding was supported by previous research that the organization size had been considered an important factor affecting the Internet utilization (Ellinger, Lynch, & Hansen, 2003). The authors also conducted ANOVA test to detect the difference in the overall website e-RM feature adoption status between programs of different sizes. After collapsing the original continuous variable into a three-category variable (at undergraduate and graduate levels respectively, programs with the top 25% enrollments were considered the large programs, programs with the bottom 25% enrollments the small programs, and the rest medium-sized programs), the ANOVA test results indicated that large programs' websites employed significantly more e-RM features than the mid-sized and small programs' websites ($F = 8.595$, $p < .001$). A post hoc explanation is that programs with large enrollment are likely to offer comprehensive emphases targeting a diverse population. In order to attract a larger and more diverse audience, schools are probably more willing to invest in and leverage the Internet technologies to assist in promoting their programs. Furthermore, it might not be the size per se but other advantages that are usually associated with large programs that explain why the large programs tend to adopt more sophisticated website features. Large programs typically enjoy

advantages such as better funding sources, more technological expertise and meticulous management strategies, which all contribute to the efficient adoption of the advanced technologies.

Unique to the current study about institutional websites, the academic level also emerged as an important factor in anticipating the extent to which the e-RM website features were adopted. The subsequent ANOVA analysis revealed that the graduate programs' websites achieved a significantly higher overall e-RM index than their undergraduate counterparts ($F=5.18$, $p = .025$). Previous studies had discovered that prospective graduate students had distinctive demands – they tend to adopt more sophisticated decision-making procedures in selecting the appropriate academic programs and hence demand a variety of information and services that undergraduate students may not be interested in (e.g. the faculty's research interest and the availability and conditions of research facilities within the department and school) (Poock & Lefond, 2003). The fact that the program's academic level was identified as a significant indicator of the adoption level of e-RM features at the program websites implied that the hospitality and tourism programs might have recognized the differences between the demands of undergraduate and graduate prospective students and constructed their program websites accordingly to accommodate the graduate prospective students' demands for making knowledge-based decisions. The ANOVA test results demonstrated that graduate program websites adopted significantly more partnership-level e-RM features than undergraduate program websites ($F=6.07$, $p=.016$).

CONCLUSION

To effectively market hospitality and tourism educational programs, institutions should capitalize on their website resources to build strong relationships with various stakeholders including prospective students. This view should be taken seriously regardless of the size of the program. The results of the study indicated that large programs had outperformed those inferior in size with regard to relationship building via website technologies. While large programs should continue to invest in those features that would facilitate the bond with their stakeholders, small programs also need to seek innovative ways to make their websites more user-friendly and functional to best serve the purpose of marketing their programs. This study clearly showed that graduate hospitality and tourism programs websites or web pages are better designed than the undergraduate ones. It implies that undergraduate programs administrators should reexamine their web functions and align their efforts. This can be done easily if a graduate program also exists within the same institution. For example, in addition to proving general description of different concentrations, information should also be tailored to reflect the career path. Career testimonials by program alums are a powerful way to convince the potential students. While relationship marketing has proved effective in hospitality and tourism businesses, its applications in institutional settings have great potential. The study demonstrated the need for adopting relationship marketing theories and practices to successfully promote hospitality and tourism educational programs to prospective students. Future studies should examine actual impact of e-RM on organization performance through investigating e-RM strategies in relation with major performance indicators.

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DEMAND FORECASTING USING SIMPLE TIME SERIES MODELS

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ABSTRACT

This paper uses actual data supplied by a restaurant to outline how hospitality managers can use simple time series models to help with their day-to-day forecasting needs. The paper presents a management situation and outlines how simple time series models can be applied to address forecasting needs. The paper discusses the use of simple average, simple moving average, single exponential smoothing, and double exponential smoothing. The limitations of time series models and forecasting are also highlighted.

Key Words: Demand forecasting, time series models.

INTRODUCTION

Forecasting is a critical element in virtually every management situation. Accurate forecasting enables a manager to select the right combination of human and material resources to produce the physical goods and services provided by an organization. In the hospitality industry, forecasts are needed for marketing, production, and financial planning. The marketing function forecast sales in order to assign sales personnel to territories and to plan the introduction of new products and services. Finance and accounting use forecasts to determine budgets and for cost control, whereas operations use forecasting in many ways - for capacity planning, facility layout, scheduling, and inventory control. Thus, forecasts provide the foundation for coordinating various activities throughout an organization. Consequently, if forecasts are not accurate, it could result in poor customer service, overworked and frustrated employees and lost of sales (Thompson, 1998).

Simply stated, a forecast is a statement or inference that usually involves using information from the past to make predictions. Since the future is not predetermined, the main aim of forecasting is to predict the *most probable* level of demand that is most likely to occur in light of known circumstances, or when alternative policies are proposed, to show what different levels of demand may be achieved. In economic terms, demand can be defined as the quantity of a product or service that people are willing and able to buy during a given period of time (Makridakis, S, 1989). In consequence, demand forecasting is the art of predicting the level of demand that might occur at some future time or period of time. In the hospitality industry, in common with most other service sectors, the need to forecast demand is especially acute due to the perishable nature of the product (Ingold, McMahan-Beattie, & Yeoman, 2002)

This paper focuses on how simple time series analysis models can be used to forecast demand. The paper highlights how these models can be used by hospitality organizations to help with their day-to-day forecasting needs. Specifically, it focuses on the moving average and exponential smoothing models. The paper presents a management situation and outlines how time series models can be applied to address forecasting needs. Actual data provided by a restaurant was used to illustrate the application of the various models.

TIME SERIES ANALYSIS MODELS-AN OVERVIEW

There are numerous ways to forecast, ranging from the simple, unsophisticated method of intuition or "gut-feel", to complex approaches such as econometric models, where sets of two or more multiple regression equations are used. Time series analysis methods are quantitative models that base forecasts on the assumption that the past is a good predictor of the future. Unlike econometric models, time series models do not employ a casual relationship but rather look for time patterns (trends, cycles and seasonal fluctuations) in the single series of historical data, and then model the patterns mathematically. These mathematical relationships are used to project the patterns into the future. Despite the fact that mathematical models are rarely 100% accurate, research indicates that even simple quantitative forecasting techniques are better than intuitive predictions by experts (Miller J, McCahon, C., 1991). Hence, in a highly competitive operating environment, users of mathematical forecasting models have an advantage over non-users.

Since time series analysis models try to predict future occurrences based on data from the past, the forecaster is not concerned with changes in internal or external factors that may affect the forecast. For example, demand data may be collected for a specific time period and its average is used to forecast the next period's demand. Time series forecasting methods are applicable when three general conditions are present: there is a reliable set of information about the past, a time-ordered sequence of observations taken at regular intervals over a period of time (hourly, weekly, monthly, quarterly,

yearly); the time series information can be expressed in quantitative terms; it is reasonable to assume that the pattern exhibited by the information from the past will continue into the future.

Time series analysis models can be further divided into time series smoothing and time series decomposition. Since this paper focuses on time series smoothing, a brief description follows. Exponential smoothing is a forecasting method that uses a smoothing constant and recent actual and forecasted activity to estimate future activity. It essentially says, "if the forecast for a particular period was too high, reduce it for the next period; if too low, raise it." A major benefit of this approach is that the data for only two prior periods need to be retained, as the calculation of the smoothing constant is based on these limited data.

MANAGEMENT SITUATION

Irie Caribbean restaurant has been in operation in the city of Toronto, Canada for the past two years. The restaurant specializes in authentic Caribbean cuisine. Amongst its specialties are rotis a delicacy from the Caribbean island of Trinidad. The wrapping or shells that are used to make the rotis are imported from of Trinidad. Over the past several months, the restaurant has experienced problems in accurately forecasting demand for its rotis. In some months, the restaurant has under forecasted demand, while on other occasions, it has over forecasted (resulting in spoilage as the roti shell shells have a shelf life of only one week).

The restaurant has been using the naïve method of forecasting. That is, demand is forecasted based on intuition or "gut feel". Fortunately, the restaurant has been keeping monthly records of the demand for rotis. Since time series models have a high level of predictive accuracy over short time periods and are relatively easy to implement, the restaurant can use time series models to assist with its forecasting needs. The models that are recommended are; the simple average, simple moving average, single exponential smoothing and double exponential smoothing. Their application to the management situation are outlined below.

Table 1
Roti Demand Data Year One

Month	Period	Observed Demand	Three month Moving Average	Five Month Moving Average
January	1	150	-	-
February	2	100	-	-
March	3	130	-	-
April	4	110	126.67	-
May	5	170	113.33	-
June	6	180	136.67	132.00
July	7	190	153.33	138.00
August	8	210	180.00	156.00
September	9	180	193.33	172.00
October	10	200	193.33	186.00
November	11	190	196.67	192.00
December	12	220	190.00	194.00

SIMPLE AVERAGE AND SIMPLE MOVING AVERAGE

The simplest time series model is the *simple average*. This is an average of past demand in which all periods have equal weight. That is, an average is taken of past demand for a product or service. This average is then used as the forecast for future demand. Simple averages can be computed using specified time periods. The simple average is computed as:

$$\text{Simple Average (SA)} = \frac{\text{Sum of demands for all past periods}}{\text{Number of demand periods}} \\ = \frac{Dt + Dt-1 + \dots + Dt-(N-1)}{N}$$

Where
Dt = demand in the current period
Dt-1 = demand in the past period
Dt -1 = demand in the last period for which data was available
N = total number of time periods

Using the demand data from table 1, it can be observed that the demand for roti shells for the current and the previous five months follows the following pattern:

$$\begin{aligned}
 D \text{ current month, } t &= 150 \text{ roti shells} \\
 D \text{ past month, } t-1 &= 100 \text{ roti shells} \\
 D \text{ two months ago, } t-2 &= 130 \text{ roti shells} \\
 D \text{ three months ago, } t-3 &= 110 \text{ roti shells} \\
 D \text{ four months ago, } t-4 &= 170 \text{ roti shells} \\
 D \text{ five months ago, } t-5 &= 180 \text{ roti shells} \\
 \text{Simple Average} &= \frac{Dt+Dt-1+Dt-2+Dt-3+Dt-4+Dt-5}{N} \\
 &= \frac{150+100+130+110+170+180}{6} = 140 \text{ roti shells}
 \end{aligned}$$

Therefore, based on the above calculation (using six time periods), the restaurant would forecast $F_{t+1} = SA = 140$ roti shells for the next month. While the demand in any one period may be above or below the average, the average demand tends to represent the true underlying demand pattern. As the number of periods used to calculate the average increases, the averaging process tends to reflect the central tendency of the demand process, and the effect of extreme random deviations is less.

One major aspect of the simple average method is that the demand in all past periods enters equally into the calculation. However, if the true demand pattern changes over time, the simple average may not truly reflect the most recent past, and hence, the future, because all past demand periods are weighted equally. Using a *simple moving average* somewhat overcomes the disadvantage. Simple moving average is an average computed for a specified number of recent time periods. As new demand data point becomes available for each period and is included in the average, the oldest demand observation is excluded. Again, a specific number of observations are used in the averaging process. Once the forecaster has selected the number of past periods to be used in the calculation, it is a constant, and the forecaster gives demands within this time frame equal weight. The average "moves" in the sense that after each demand period elapses, the forecaster adds demand for the newest period and deletes the demand for the oldest period before making the next calculation. The simple N-period moving average is computed as follows:

$$\begin{aligned}
 \text{Simple Moving Average (MA)} &= \frac{\text{Sum of demands for the last } N \text{ periods}}{\text{Number of periods used in the moving average (N)}} \\
 &= \frac{Dt + Dt-1 + \dots + Dt-(N-1)}{N}
 \end{aligned}$$

Where,

$$\begin{aligned}
 Dt &= \text{demand in the current period} \\
 Dt-1 &= \text{demand in the past period} \\
 Dt-(n-1) &= \text{demand in the last period for which the moving average is computed} \\
 N &= \text{number of periods used in the moving average}
 \end{aligned}$$

Using the data collected over the first twelve months concerning the demand for roti shells, (table1) a three-month and a five-month moving average can be calculated. For example, the three-month moving average for April computes as follows:

$$\begin{aligned}
 \text{The three month moving average (April)} &= \frac{DMar+DFeb+DJan}{3} \\
 &= \frac{130+100+150}{3} = 126.67
 \end{aligned}$$

$$\begin{aligned}
 \text{The five-month moving average for June computes as follows:} \\
 &= \frac{DMay+DApr+DMar+DFeb+DJan}{5} \\
 &= \frac{170+110+130+100+150}{5} = 132.00
 \end{aligned}$$

A three month moving average forecast for the next period would be $F_{t+1} = MA3 = 190$ roti shells; a five month moving average forecast for the next period would be $F_{t+1} = MA5 = 194$ roti shells. The advantage of this method is that it helps to smooth out abrupt fluctuations in the demand pattern and can provide a more stable estimate for demand. The number of time periods included in the moving average somewhat controls the stability of response to a change in the

demand pattern. The five-month moving average is more stable than the three-month moving average. On the other hand, the responsiveness of the forecast, that is, the ability to adjust to changes in the demand pattern, is greater if the average uses fewer periods. As a result, the three-month moving average is more responsive than the five-month moving average. Thus, with this method, (moving average) stability and responsiveness conflict. If the demand pattern appears to have relatively small random fluctuations, a responsive (using fewer time periods) forecasting method must be used. If the demand pattern appears to have relatively large random fluctuations, a stable method (using more time periods) should be used.

SINGLE EXPONENTIAL SMOOTHING

Exponential smoothing is a special type of weighted moving average. Moving averages have two general limitations. First the data required to compute moving averages can be extensive if many periods are used in the moving average and if the number of items requiring a forecast is also great. Fortunately, this problem can be overcome easily as the information can be easily calculated using off the shelf spreadsheet software. A second limitation of simple moving average is that the forecasting process gives equal weight to each of the past N demands and no weight to demand in periods prior to t-(N-1). In general, true demand pattern is more likely to be reflected by the demand from more recent time periods. Therefore, recent demand values should be given relatively more weight in the forecasting process than older demand observations. Exponential smoothing addresses both problems inherent in the use of a moving average.

Exponential smoothing is so named because of the special way it weights each of the past demand. The pattern of weights is exponential. That is, demand for the most recent time period is weighted most heavily, and then the weights placed on successively older time periods decrease exponentially. The equation used in single exponential smoothing to produce a forecast uses only three pieces of data: the *actual demand* for the most recent time period, the *forecast* made for the most recent time period, and the *exponential smoothing constant*. Most spreadsheet software will calculate this constant. However, the general form of the single exponential smoothing equation is $F_{t+1} = \alpha Dt + (1-\alpha) F_t$;

Where,

$$\begin{aligned} F_{t+1} &= \text{forecast of next period's demand} \\ Dt &= \text{actual demand in most recent period} \\ F_t &= \text{demand forecast in most recent period} \\ \alpha &= \text{exponential smoothing constant, } 0.0 \leq \alpha \leq 1.0 \end{aligned}$$

The implications of exponential smoothing are easier to examine by expanding the general form of the exponential smoothing equation. This can be done by replacing F_t with its components as follows:

$$F_{t+1} = \alpha Dt + (1-\alpha) [\alpha Dt-1 + (1-\alpha) F_{t-1}] = \alpha Dt + \alpha(1-\alpha) Dt-1 + (1-\alpha)^2 F_{t-1}$$

This can be further expanded by replacing F_{t-1} with its components, F_{t-2} with its components, and so forth resulting in the following equation:

$$F_{t+1} = \alpha Dt + \alpha(1-\alpha)Dt-1 + \alpha(1-\alpha)^2 Dt-2 + \alpha(1-\alpha)^3 Dt-3 + \dots + \alpha(1-\alpha)^{N-1} Dt-(N-1)$$

As the equation shows, the weights applied to each of the past demand values decrease, hence the term *exponential smoothing*. The smoothing constant, α is a decimal between 0 and 1 and is chosen in a manner that makes the values forecast fit the past data accurately. The choice of $\alpha = 0.0$ would result in a forecast that would not be adjusted in any way, regardless of the demand that occurred. This would be a constant forecast, and it would be totally unresponsive to changes in the actual demand pattern. Conversely, the choice of $\alpha = 1.0$ would result in a forecast that would always equal the last actual demand value. It would be a very responsive forecast, but it would also be very unstable with respect to any fluctuations in the actual demand pattern. The information from table 2, illustrates how single exponential smoothing could be used to forecast the demand for roti shells.

The initial problem with actually applying exponential smoothing is that in the first period for which a forecast is to be made, F_{t+1} , there is no forecast for the previous period, F_t . This problem can be resolved by averaging the demands for several early periods to get an initial forecast, or the forecaster can simply use the first observed value as the initial forecast. Using the latter approach, with the data from table 2, $F_1 = 110$, the *actual demand* value for the first period (because no forecast is available for the first period). Although this process can be calculated using most spreadsheet software, the manual calculation is outlined below, using the single exponential smoothing equation with $\alpha = 0.1$,

$$F_{t+1} = \alpha D_t + (1 - \alpha) F_t \text{ (general formula)}$$

$$F_{t=2} = \alpha D_{t=1} + (1 - \alpha) F_{t=1} \text{ (forecast-period 2)}$$

$$= (0.1) 110 + (1-0.1) 110 = 11 + 99 = 110$$

$$F_{t=3} = \alpha D_{t=2} + (1 - \alpha) F_{t=2} \text{ (forecast-period 3)}$$

$$= (0.1) 120 + (1-0.1) 110 = 12 + 99 = 111$$

$$F_{t=4} = \alpha D_{t=3} + (1 + \alpha) F_{t=3} \text{ (forecast-period 4)}$$

$$= (0.1) 150 + (1-0.1) 111 = 15 + 99.9 = 114.9$$

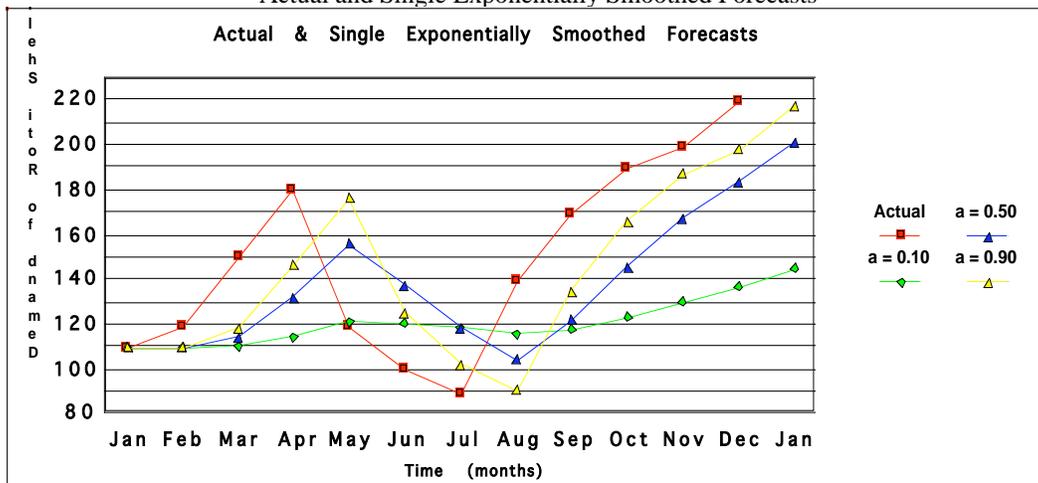
and so forth.

Table 2
Single Exponentially Smoothed Forecast (Year two Data)

Month	Period	Observed Demand	$\alpha = 0.1$ Forecast	Error	$\alpha = 0.5$ Forecast	Error	$\alpha = 0.9$ Forecast	Error
January	1	110	110.00	0.000	110.00	0.000	110.00	00.000
February	2	120	110.00	10.000	110.00	10.000	110.00	10.000
March	3	150	111.00	39.000	115.00	35.000	119.00	31.000
April	4	180	114.90	65.100	132.50	47.500	146.90	33.100
May	5	120	121.41	-1.4100	156.25	-36.250	176.69	-56.690
June	6	100	121.27	-21.269	138.13	-38.125	125.67	-25.669
July	7	90	119.14	-21.142	119.06	-29.063	102.57	-12.567
August	8	140	116.23	23.772	104.53	35.469	91.26	48.743
September	9	170	118.61	51.395	122.27	47.734	135.13	34.874
October	10	190	123.74	66.255	146.13	43.867	166.51	23.487
November	11	200	130.37	69.630	168.07	31.934	187.65	12.349
December	12	220	137.33	82.667	184.03	35.967	198.77	21.235
January	13		145.60		202.02		217.88	

The effect that the choice of the value of α has on the single exponential smoothing process is shown in figure 1. A value of $\alpha = 0.9$ produces little smoothing in the forecast but instead reacts quickly to changes in the demand pattern. Conversely, a value of $\alpha = 0.1$ gives considerable smoothing but is relatively unresponsive to changes in the demand pattern. Overall, a value of $\alpha = 0.9$ produces the most accurate forecast. Again, most spreadsheet software will accurately calculate the best alpha. Table 2 presents a summary of the single exponential smoothing computations for α values of 0.1, 0.5, and 0.9. It also includes forecasts made for period 13, (one month beyond the end of the observed demand).

Figure 1
Actual and Single Exponentially Smoothed Forecasts



Single exponential smoothing has as its advantage its operating simplicity and its minimal requirements for data. Its main disadvantage is that the forecaster must choose a value for α . This choice is usually made through a trial and error process in which the forecaster chooses a value for α that minimizes some measures of the forecast error. As highlighted in table 2, the "best" value of α , on the basis of most closely following the actual data, is 0.9. The reason why this value of α

produces the best fit for the forecast is shown in figure 2 which indicates that the actual demand pattern over time has a great deal of variability. Using a higher value of α makes the single exponentially smoothed forecast responsive to the fluctuating demand.

Choosing an appropriate value for α has perplexed forecasters since the inception of simple exponential smoothing (Witt, 1992). The forecaster confronts two problems in making this choice. First, the forecaster needs a fairly long time series to determine the best value for α . However, most spreadsheets software can search for the best value of α for a particular time series. These software packages will set $\alpha = 0.00$, increment α in steps of say 0.05 or 0.1 to $\alpha = 1.00$, and determine the "best" forecast based on minimizing some error measures. The value of α that produces the best performances is then used for future forecasts. The more time periods available for the time series, the better the determination of the best α will be. Second, even if a "good" α can be selected using the procedure outlined here, the underlying demand pattern may change in the next period. Therefore, the forecaster needs some automatic way to track and change the values of α . Two methods have been proposed for controlling the values of alpha (Kress, 1985). The first method requires the forecaster to measure the amount of error between the forecast and actual demand. If this error is large, α is set high ($\alpha = 0.8$), and if the error is small, α is set low ($\alpha = 0.2$). Values of α are specified on the basis of this error: they are not computed. The second method uses a tracking signal to determine whether the forecast is tracking actual changes in demand. The tracking signal is defined by the exponentially smoothed absolute forecast error. The value of α is then set equal to this tracking signal and varies from period to period in the range of 0.00 [α] 1.00.

DOUBLE EXPONENTIAL SMOOTHING

Single exponential smoothing, like any moving average technique, fails to respond to trends. A variation for incorporating a trend in an exponentially smoothed forecast is called double exponential smoothing. The basic idea behind this method is to compute a single exponential smoothing forecast and then adjust it for a positive or negative lag in trend. This method has practical application in the hospitality industry, as almost all sectors in the industry have seasonal fluctuations. Several double exponential smoothing models are available. The one discussed in this article uses two smoothing constants. The first constant α is used to smooth the randomness of the time series. The second smoothing constant, β is used to smooth the trend in the time series. The exponentially smoothed forecast of the next period's demand is found by using the single exponential smoothing equation:

$$F_{t+1} = \alpha D_t + (1 - \alpha) F_t$$

The next step is to calculate the exponentially smoothed trend factor, which is calculated by using the following formula:

$$T_{t+1} = \beta (F_{t+1} - F_t) + (1 - \beta) T_t$$

The trend-adjusted exponentially smoothed forecast is then calculated by using the formula:

$$\text{Adjusted } F_{t+1} = F_{t+1} + \frac{1 - \beta}{\beta} T_{t+1}$$

The term $\frac{1 - \beta}{\beta}$ is a factor used to further adjust for the lag in the trend. To perform double exponential smoothing, an initial estimate for the smoothed demand forecast is needed as well as the smoothed trend. The initial estimate for the smoothed demand forecast can be set equal to the average demand for several early time periods or simply set equal to the first observed actual demand value. The initial value of the smoothed trend can be estimated from a plot of the time series or set equal to zero. Using the simple approach, the actual demand value for the first period is set at $F_1 = 110$, and $T_1 = 0$. Using the single exponential smoothing equation, with $\alpha = 0.7$,

$$\begin{aligned} F_{t=1} &= \alpha D_t + (1 - \alpha) F_t \text{ (general formula)} \\ F_{t=2} &= \alpha D_{t=1} + (1 - \alpha) F_{t=1} \\ &= (0.7)110 + (1 - 0.7)110 = 77 + 33 = 110 \\ F_{t=3} &= \alpha D_{t=2} + (1 - \alpha) F_{t=2} \\ &= (0.7)120 + (1 - 0.7)110 = 84 + 33 = 117 \\ F_{t=4} &= \alpha D_{t=3} + (1 - \alpha) F_{t=3} \\ &= (0.7)150 + (1 - 0.7)117 = 105 + 35.1 = 140.1 \end{aligned}$$

and so forth.

The next step is to use the exponentially smoothed trend factor equation, with $\beta = 0.5$,

$$\begin{aligned} T_{t+1} &= \beta (F_{t+1} - F_t) + (1 - \beta) T_t \text{ (general formula)} \\ T_{t=2} &= \beta (F_{t=2} - F_{t=1}) + (1 - \beta) T_{t=1} \end{aligned}$$

$$\begin{aligned}
 &= (0.5)(110-110) + (1 - 0.5)0 = 0 \\
 T_{t=3} &= \beta(F_{t=3}-F_{t=2}) + (1 - \beta)T_{t=2} \\
 &= (0.5)(117 - 110) + (1 - 0.5)0 = 3.5 + 0 = 3.5 \\
 T_{t=4} &= \beta(F_{t=4}- F_{t=3}) + (1 - \beta)T_{t=3} \\
 &= (0.5)(140.10 - 117) + (1 - 0.5)(3.5) = 11.55 + 1.75 = 13.33
 \end{aligned}$$

and so forth.

The final step is to calculate the trend adjusted exponentially smoothed forecast.

$$\begin{aligned}
 \text{Adjusted } F_{t+1} &= F_{t+1} + [(1 - \beta)/\beta]T_{t+1} \text{ (general formula)} \\
 \text{Adjusted } F_{t=2} &= F_{t=2} + [(1 - \beta)/\beta]T_{t=2} \\
 &= 110 + [(1 - 0.5)/0.5]0 = 110 + (1)(0) = 110 \\
 \text{Adjusted } F_{t=3} &= F_{t=3} + [(1 - 0.5)/0.5]T_{t=3} \\
 &= 117 + (1)3.5 = 120.5 \\
 \text{Adjusted } F_{t=4} &= F_{t=4} + [(1 - 0.5)/0.5]T_{t=4} \\
 &= 140.10 + (1) 13.3 = 153.40
 \end{aligned}$$

and so forth.

Table 3 presents a summary of the double smoothing computations for paired values of $\alpha = 0.7$, $\beta = 0.5$; $\alpha = 0.8$, $\beta = 0.5$; and $\alpha = 0.9$ and $\beta = 0.5$. The effect of the choices for different values for β and α in the double exponential smoothing process can be seen in table 3. It shows that the most accurate forecast was obtained using $\alpha = 0.9$, $\beta = 0.5$ (the forecasts made using these values of β and α most accurately followed the observed demand).

Table 3
Double Exponentially Smoothed Forecast

Month	Period	Observed Demand	$\alpha = 0.7$ Forecast	$\beta=0.5$ Error	$\alpha = 0.8$ Forecast	$\beta=0.5$	$\alpha = 0.9$ Forecast	$\beta=0.5$ Error
January	1	110	110.00	0.00	110.00	0.00	110.00	0.00
February	2	120	110.00	10.00	110.00	10.00	110.00	10.00
March	3	150	120.50	29.50	122.00	28.00	123.50	26.50
April	4	180	153.40	26.60	158.40	21.60	163.10	16.90
May	5	120	188.64	-68.64	194.68	-74.68	199.68	-79.68
June	6	100	127.91	-27.91	120.44	-20.44	111.66	-11.66
July	7	90	95.03	-5.03	88.84	1.16	84.01	5.99
August	8	140	81.34	58.66	78.14	61.86	76.32	63.68
September	9	170	134.82	35.18	141.82	28.18	149.59	20.41
October	10	190	176.15	13.85	183.46	6.54	189.44	0.56
November	11	200	201.20	-1.20	206.24	-6.24	209.68	-9.68
December	12	220	211.54	8.46	214.02	5.98	215.34	4.66
January	13		230.05		233.19		235.72	

LIMITATIONS OF THE MODELS AND FORECASTING

It is important to understand the limitations of forecasting, whether using time series or other models. First, forecasting deals with the future. A forecast made today is for activity during a future period. The time period involved is also significant. For example, a forecast today for tomorrow's sale is generally much easier than an estimate today for next year's sale. The more removed the forecast period is from the date the forecast is made, the greater the difficulty in making the forecast and the greater the risk that the actual results will differ from the forecast. Time series models are relatively more accurate in the short term than over long periods.

Second, forecasting involves uncertainty. Virtually all situations faced by managers involve uncertainty; therefore, judgments must be made and information gathered on which to base the forecast. For example, assume that rooms sales for a hotel must be forecasted for one year in advance. The forecaster may be uncertain about competition, guest demand, room rates as well as changes in the operating environment such as competition and political changes. Nevertheless, using the best information available along with sound judgment, based on experience, the forecaster can predict that x rooms will be sold at \$ y . Third, forecasting demand using time series models generally relies on information contained in historical data. Historical activity may not be a strong indicator of future activity, but it is considered a

reasonable starting point. Fourth, by their nature, forecasts are generally less accurate than desired. However, rather than discarding forecasts due to their inaccuracy, management should consider using more sophisticated forecasting models when their cost is justified, updating forecasts as necessary, and plan more carefully on the basis of the forecasted projections. Finally, historical time series data typically contain certain amount of random variation, which tends to obscure the underlying pattern of the data. This randomness may arise from many sources, and it cannot be reliably predicted. Therefore, it is often useful to smooth out the data by averaging several observations; this makes the underlying pattern of data more apparent.

SUMMARY

Since forecasting deals with the future, it inevitably involves uncertainty. In addition, since forecasts are made largely on the basis of historical data, they are predicated on the risky assumption that the past will be indicative of the future. Accurate forecasting of demand is very important in virtually all areas of the hospitality industry. While most large chains have developed their own heuristic models to address this critical need, the more traditional time series models which are easily implemented with off the shelf software, represents an inexpensive forecasting option for small, independent operators.

The moving average method does a good job of adjusting to shifts in demand patterns. It is economical to update and it does not require much data storage. Exponential smoothing is a popular technique whose strength lies in good short-term accuracy combined with quick low cost updating. The method is particularly useful when regular monthly or weekly forecasts are needed for a large number of items. Exponential smoothing is usually not as accurate as more sophisticated methods; however, when forecasts, are needed for inventory systems containing thousands of items, smoothing methods are often the only reasonable approach. Finally, although mathematical models can enhance the efficiency of an operation, they should be used in conjunction with the naïve (intuitive) method.

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UNDERSTANDING SENIORS' TRAVEL MOTIVATION: AN EXAMINATION OF INFLUENTIAL FACTORS

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ABSTRACT

The senior market draws attention in the tourism industry due to its substantial size, increasing purchasing power, and time flexibility after retirement. The objectives of this study were to delineate the travel motivations of Taiwanese seniors and to discover what are important in explaining the variances of the motivations. Using factor analyses, this study identified five push and three pull motivation factors. 'Knowledge-seeking' and 'cleanliness & safety' were viewed as the most important push and pull motivations, respectively. Subsequent regression analyses indicated that health status and positive and negative emotions significantly account for seniors' travel motivations.

Key Words: senior market, Taiwanese senior travelers, push and pull motivation, emotion.

INTRODUCTION

The steady improvements in life expectancy have produced rapid growth in the world's senior population, and this trend is predicted to continue during this century (National Research Council, 2001). According to Rand (2001), the number of people who are sixty-five and older increased more than threefold since 1950, from approximately 130 million (about 4 percent of global population) to 419 million (6.9 percent) in the year 2000. The number is currently increasing by 8 million per year and this increase will reach 24 million per year by 2030. The most rapid growth in the senior population will start after 2010, when the large post World War II baby boomers begin to reach age 65 (Rand, 2001). Another important observation is that the proportion of those aged sixty-five and over in Asia, which is the fastest growing region, is expected to more than triple by 2050 (Kinsella & Velkoff, 2001). With such a large demographic shift, the senior market has been cited as one of the most important consumer segments (Greenberg, 1999; Shoemaker, 2000). In addition to the substantial size of the segment, the increasing purchasing power of senior people means great potential and significance to the consumer industries (Bai, Jang, Cai, & O'Leary, 2001; Faranda & Schmidt, 1999). Furthermore, time flexibility after retirement seems to make the senior market more attractive to travel businesses that are suffering from seasonal demand fluctuation.

Understanding seniors' travel motivation is a critical issue to travel marketers who compete for the important market. Travel motivation is a vital variable in comprehending why people travel, because it is the driving force behind travel behavior (Crompton, 1979). As Pearce and Caltabiano (1983) argued, traveler behavior can be predicted by their underlying motivations. Thus, it is imperative to discover travelers' motivations in order to meet their wants and needs on trips. In addition, it is also necessary to find out what variables are important in explaining variances of the motivations, since identifying the variables that influence the seniors' travel motivation allows travel marketers to effectively understand the motivations and to efficiently communicate with the senior market. According to Romsa and Blenman (1989), socio-economic variables, including age, gender, and economic status, play a crucial role in the underlying processes related to the behavior of senior vacation and travel. Blazey (1987) added that health status is critical for seniors to be motivated and to participate in travel activities. However, one important but long-overlooked variable in the senior travel research may be life emotion. Seniors are often confronted with numerous losses including retirement and death of spouse and friends. These life transitions may trigger feelings of uncertainty, fear, depression, and inadequacy (Mroczek & Kolarz, 1998). Travel is frequently utilized among seniors to offset feelings of disillusionment and distress. In this respect, it seems to be worthwhile to investigate whether emotions, in addition to socio-demographic variables (e.g., age, gender, economic status, and health) are significantly associated with seniors' travel motivations.

In light of the significance of the senior market and lack of motivational literature on seniors, this study attempted to fill a research niche by investigating Taiwanese seniors' travel motivations. More specifically, the objectives of this study were 1) to uncover underlying factors of the motivational push and pull forces associated with Taiwanese seniors and 2) to identify the relationship between their travel-motivation factors and socio-demographic (age, gender, economic status, and health status) and emotion variables. This study was intended to contribute to the tourism literature by providing new empirical findings about the travel motivations of Taiwanese seniors and the relationship between motivation and emotion. The findings suggest useful insight into the Taiwanese senior market, thereby helping travel marketers in planning and executing marketing strategies such as product development, packaging, and advertisement.

RELATED LITERATURE

Motivation refers to a psychological condition in which the individual is oriented towards, and tries to achieve, some kind of fulfillment (Bromley, 1990). According to Moutinho (2000), motivation is a state of need or a condition that drives an individual toward certain types of action that are seen as likely to bring satisfaction. Mook (1996) also defined motivation as the cause of human behavior. An examination of the literature indicates that travel motivations based on the push and pull factors has been widely accepted (Crompton, 1979; Dann, 1977; Jang & Cai, 2002; Yuan & McDonald, 1990). The push and pull concepts provide two-dimensional reasons as to why people travel. One is that people are pushed into making travel decisions by internal forces. The other is that they are pulled into travel decisions by external forces such as destination attributes. In other words, push motivation is an internal energy to an individual and increases the desire for people to travel, whereas pull motivation is an external force to an individual and emotions where people travel, given the initial desire to travel (Dann, 1977). Thus, it is generally viewed that push motivation temporally precedes pull motivation (Dann, 1981).

A few studies have been devoted to examining senior travelers' psychographic aspects (Huang & Tsai, 2003; Shoemaker, 1989; Shoemaker, 2000). Surveying senior Pennsylvanians on travel behavior and reasons for travel, Shoemaker (1989) segmented the senior market into three sub-groups: family travelers, active resters, and older set, and concluded that the senior market is not one homogeneous group but many sub-markets based on the members' needs and wants. Shoemaker (2000) did similar research to see if the senior market has changed over a 10-year period, and reported that the mature market in Pennsylvania has remained about the same in travel behavior over time, explaining that people might try to preserve and maintain long-standing patterns of thoughts and behavior. Most recently, Huang and Tsai (2003) delineated Taiwanese seniors' travel behaviors including choice of package tours and travel destination choice. They also attempted to identify travel motivation, but by having the respondents choose only one of the twelve motivation items, the study excluded the possibility of multiple travel motivations and was exposed to a reliability problem in the motivation items. They reported that 35.6% of seniors chose 'Get rest and relaxation' as their travel motivation. The only known study of seniors' psychographics in the travel context was conducted by Milman (1998). The study explored the impact of travel experience on senior travelers' emotion by assessing their levels of happiness before and after escorted tours, but could not find a significant effect as opposed to a general view that travel may improve level of happiness. The researcher indicated that the result might be attributed to a short-time (one week) 'treatment', so suggested that a longer 'treatment' may be necessary to create a substantial change in the overall level of happiness. Different from Milman's (1998), one of the main objectives of this study was to test whether positive and negative emotions as well as socio-demographic variables significantly influence seniors' travel motivations.

METHODOLOGY

The data used in this research were collected from senior citizens, aged 60 or over who were attending continuing education classes at the Senior Service Centers in Taipei, Taiwan. A total of thirteen Senior Service Centers participated in this study; including six publicly owned and managed and seven publicly owned but privately managed service centers. Among 550 self-administered questionnaires distributed in classroom settings, a total of 353 usable questionnaires for this study were obtained from senior citizens who traveled to domestic or international destinations for at least one night during one year prior to the survey. The questionnaire was developed based on a comprehensive review of travel motivation literature (Cha, McCleary, & Uysal, 1995; Fodness, 1994; Jang & Cai, 2002). The 23 push and 12 pull items of travel motivation were rated on a 5-point-Likert scale ranging from 1 (not at all important) to 5 (very important). Levels of emotion were also evaluated with six positive and six negative emotion items that were originally used by Mroczek and Kolarz (1998). In addition, personal characteristics variables including age, gender, self-perceived economic status, and self-perceived health status were included in the questionnaire.

The collected data were analyzed in three steps. First, principal component factor analyses with Varimax rotation were performed to identify underlying dimensions associated with travel push and pull motivations of Taiwanese seniors.

Second, descriptive statistics of positive and negative emotions were calculated to understand Taiwanese seniors' level of life emotion. Third, the identified push and pull motivation factors were regressed on personal characteristics of the senior travelers (e.g., age, gender, economic status, and health) as well as positive and negative emotions to disclose their relationships. Each variable for positive and negative emotion was individually included in the OLS (Ordinary Least Squares) regression models as an aggregate variable by calculating an arithmetic mean of six items of each emotion.

RESULTS AND DISCUSSION

The Structure of Push and Pull Motivation

It is important to consider the motivational patterns or constructs to understand the principal driving forces of the travelers than to look at individual motivation items. Five push factors were derived from the factor analysis of 23 push items and were labeled: 'ego-enhancement', 'self-esteem', 'knowledge seeking', 'relaxation', and 'socialization.' These factors explained 53.76 percent of the variance. Out of the five underlying push factors, 'knowledge seeking' and 'ego-enhancement' emerged the most important two factors to motivate the Taiwanese seniors with the mean importance scores of 4.22 and 4.11, respectively, and they were followed by 'relaxation' and 'socialization.' All the push items had factor loadings of at least 0.43. The reliability alphas to check internal consistency of items within each factor ranged from 0.58 to 0.74. The alphas of two factors, 'relaxation' and 'socialization', were below the hurdle of 0.7 that was recommended by Nunnally (1978), so the factors were not further analyzed in the subsequent regression models. The push factors of Taiwanese seniors in this study show similarity with the findings of other research on all-aged Asian travelers (e.g., Cha *et al.*, 1995; Yuan & McDonald, 1990) in that they all resulted in 'knowledge-seeking' as a key factor. That is, despite old age, the 'knowledge-seeking' enthusiasm of Taiwanese senior travelers does not seem to cool down.

Factor analysis for the 12 pull items yielded three factors. The factors accounted for 60.56 percent of the variance and were named: 'cleanliness & safety', 'facilities, event, & cost', and 'natural & historical sight.' Factor loadings of all the items were above 0.54. The reliability alpha for the three dimensions were greater than 0.7, meeting Nunnally's (1978) criterion. Of the three underlying pull factors, 'cleanliness & safety' was considered the most important that draws Taiwanese seniors to travel destinations. It was followed by the factors of 'natural & historical sight' and 'facilities, event, & cost' with the mean importance scores of 4.26 and 3.49 respectively. The finding of this research is somewhat different from other research with an all-aged sample (e.g., Yuan & McDonald, 1990). This research indicated 'cleanliness & safety' as the top factor, whereas the other studies on Asian travelers viewed 'cost' as the most critical factor.

Emotion Measures

As a measure of Taiwanese seniors' emotion, positive and negative emotions were measured. With regard to positive emotion, the overall mean of six items was 3.90, and the means of each positive item were stable, moving from 3.80 to 4.08. That is, average Taiwanese seniors appeared to have a positive view of their lives. Conversely, the overall mean of negative emotion was 2.13, indicating that on average Taiwanese seniors have unhappy events only 'a little of the time.' Ranging from 1.98 to 2.45, all the six negative items remained low, which supports the positive view of the seniors' life already found with the positive emotion. Although the means of positive and negative emotion consistently mean that satisfied life activities continue 'most of the time', the standard deviations of 0.60 to 0.94 indicate that individual seniors' emotion may differ. This study investigated the variations of emotions in relation to the change in travel motivations of Taiwanese seniors, using regression analyses.

The OLS Regression Analyses

A total of six OLS regression models (three push and three pull models) were estimated. As a dependent variable, the factor score of each factor was employed in the regression. Multicollinearity tests were completed with VIF (Variance Inflation Factors). The VIF values (1.5 to 1.9) were well below the problematic level of 10 (Kennedy, 1998). Overall, three push models and only one (the 'natural & historical sight' factor) of three pull models were found to be statistically significant at the alpha level of 0.05. The parameter estimates of the four significant regression models are presented in Table 1. The results suggest that age was not significantly explanatory of the variances of travel motivations. Gender, however, was found significant in the knowledge-seeking model. It indicates that a female is more likely to be motivated by knowledge-seeking motivation. Self-perceived economic status was detected as a significant variable in the ego-enhancement model. Those seniors, who perceived they had economic power, appeared significantly motivated by ego-enhancement, but the economic status was not effective in explaining the variances of the other three models. This finding may give an implication to travel marketers in that economic abundance is related to ego-enhancement. It may be necessary to introduce to the wealthy seniors unique places or experiences that they can not have at home, so that they will be able to talk to their friends and relatives and to achieve enhanced ego.

Table 1
The OLS Regression Results

Motivation Factors	Ego-Enhancement (Push Factor1)	Self- Esteem (Push Factor2)	Knowledge- Seeking (Push Factor3)	Natural & Historical sight (Pull Factor3)
Independent Variables	Parameter Estimates	Parameter Estimates	Parameter Estimates	Parameter Estimates
Age	.082	-.076	-.001	.115
Gender: Male (female)	-.091	-.029	-.129*	.072
Self-Perceived Economic Status	.151*	.037	-.029	.067
Self-Perceived Health Status	.191**	.136*	.171*	.021
Positive Emotion	.261**	.122	.176**	.146*
Negative Emotion	.304**	.236**	.215**	.168**
F-Value	7.82**	3.25**	4.02**	3.03**
R-square	.154	.072	.088	.065
Adjusted R-square	.135	.050	.066	.044

Note: 1. *p < .05, **p < .01, 2. Parenthesis in gender means a reference group.

The remaining three independent variables, including health status and positive and negative emotions, play a crucial role in accounting for seniors' travel motivations. Self-perceived health status was found significant in all push models, which signifies that healthier seniors were more internally motivated to travel. On the other hand, health status was not statistically significant in the pull model. It may mean that destination attributes did not differentially appeal to the seniors, whether or not they were healthy. Emotion variables, whether positive or negative, were significantly associated with seniors' travel motivations. Especially, negative emotion was found to have consistently significant impact in all the motivation models. That is, those seniors who were living nervous, sad, and hopeless lives were more likely to have a high impetus to travel. Positive emotion, meaning, for example, a life full of cheer, happiness, and satisfaction, was also highly associated with travel motivation. But the degree was not as significant as negative emotion. Standardized estimates of positive emotion showed consistently lower parameters than those of negative emotion. Overall, findings indicated that health status and emotion were fundamentally important in explaining travel motivation of Taiwanese seniors.

However, although the models were statistically significant and the variables were supportive in explaining seniors' travel motivations, the explanatory power of the models were not satisfactorily high, reflecting the fact that travel motivation is difficult to capture. R-squares of the regression models were only 0.065 to 0.154 and suggest that the explanatory variables may be of limited value in predicting travel motivation. Thus, it is difficult to consider the regression models developed in this study as good predictive models. However, the value of this study is that this is an exploratory step to discover the powerful predictors of a difficult psychological variable. In addition, the findings provide sufficient evidence that at least part of the variables included in the model do have significant relationships with seniors' travel motivation.

CONCLUSIONS

The main purpose of this study was two-fold: to delineate the travel motivations of Taiwanese seniors and to discover what variables are important in explaining the underlying travel motivation. This study indicates that the wealthy senior group would be an appropriate target for advertising unique destinations or experiences that seniors do not have at home. More importantly, by doing so, the marketers would expect the word-of-mouth effect since the seniors like to talk about their trips when they return home. This is a noteworthy finding that service providers in travel destination should be aware of; they have a key role in creating positive word-of-mouth effect in this specific senior travel segment. Knowing push and pull motivations will also allow travel service providers to be ready to meet or even exceed what travelers want. As the most important push factor, 'knowledge-seeking' suggests what they have to prepare in order to meet the seniors' expectation. As Dann (1977) pointed out, pull motivation factors are a measure of a destination's ability to draw tourists. In this respect, 'cleanliness & safety', which emerged as the most important pull factor in this study, is believed to greatly contribute to the seniors' destination selection. Especially, the 'safety' part of the factor is supported by Hsu's (2001) result claiming that tour marketers' top priority in building a favorable image is on health and safety concerns because they are of critical importance to senior travelers. To have a leading edge in the competitive travel industry, destination marketers need to keep abreast of motivational changes and trends and enhance their understanding of senior travelers. As Cha *et al.* (1995) suggested, periodic surveys of the same market may be effective in capturing the trends, in adjusting advertising messages,

and subsequently matching the motivations with travel programs and physical facilities in destinations. Travel motivation is one of the most important areas of tourism research to better comprehend travelers' behaviors. Knowledge of travelers' motivations is also critical to predict future travel patterns. Most of the previous empirical research on motivation has attempted to identify the push and pull factors in different populations (Cha *et al.*, 1995; Yuan & McDonald, 1990), but little attention has been paid to the senior market that has increasing importance to the travel industry. Despite the exploratory nature of this study, the findings shed some light on travel motivation research.

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LINKAGES AMONG MANAGEMENT STYLE, ORGANIZATION STRUCTURE, ENVIRONMENT AND PERFORMANCE: AN EXPLORATORY ASSESSMENT OF THE ASIA-PACIFIC HOTEL INDUSTRY

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ABSTRACT

Most if not all hospitality strategy related research has been conducted in relation to the North American domain. Due to its genesis in the context of the developed world one wonders whether the knowledge gained can be applied without discretion and caution in developing economies. The purpose of this research is to examine the relative roles played by management style, organization structure, and environmental turbulence on performance, especially within the Asia-Pacific context. Specifically, we use objective data to test the link among these variables. Management style was found to have the greatest impact on performance.

Key Words: management style, organization structure, environment and performance

INTRODUCTION

One of the main objectives of every firm is to achieve and sustain a competitive advantage where a significant amount of organizational resources are spent trying to stay ahead of rivals. However, most if not all hospitality strategy related research has been conducted in relation to the North American domain. The contemporary theory is based in a context of relatively stable environments, a pre-information age society, national capital market systems not yet fully integrated on a global basis, and an unsettled world order. This makes one wonders whether the contemporary body of knowledge in strategic management that originated from research in the free market economies of the developed world find transferability to the emerging economies. Due to its genesis in the context of the developed world as characterized above, we wonder whether the knowledge can be applied without discretion and caution in developing economies.

There is a paucity of research that uses multivariate statistical methods to systematically investigate the impact of controlled and non-controlled variables on firm performance (e.g. Kotha and Nair, 1995). The purpose of this research, therefore, is to examine the relative roles played by management style, organization structure, and environment on performance, especially within the Asia-Pacific context.

RELATED LITERATURE

Environmental turbulence

Researchers focusing on hospitality strategy have looked at a variety of environmental concepts such as environmental scanning (e.g. Costa & Teare, 1994; West & Anthony, 1990), uncertainty (Dev & Olsen, 1989), dynamism (Olsen & DeNoble, 1981), and munificence (Jogaratnam, Tse & Olsen, 1999). This research adopts the resource dependence perspective and posits that firms are subjected to greater degrees of uncertainty as the environment becomes more hostile. Covin and Slevin (1989) argue that "precarious industry settings, intense competition, harsh, overwhelming business climates, and a relative lack of exploitable opportunities" (p.75) are characteristics that typify hostile environments. Non-hostile or benign environments, in contrast, provide a generally safe context for businesses due to their abundant investment and market opportunities as well as their largely munificent settings.

Environments in general pose constraints and opportunities for organizations. However, recent empirical studies have brought into question the moderating role of the environment on the relationship between strategy and performance (Pelham & Wilson, 1996; Jauch, Osborn & Glueck, 1980; Prescott, 1986; Jogaratnam, Tse & Olsen, 1999; Pelham, 1999; Becherer & Maurer, 1997). These studies have found few, if any, significant interactions between strategy and environmental variables. Moreover, in the few cases where significant moderating effects were found, the interactions did not add significantly to the R-square levels in predicting performance. However, Covin and Slevin (1989) did find that the interaction between environmental hostility and strategic posture was significant and explained 5% of the variance in

performance; the limited variance was attributed to the possibility of greater influence by variables such as organization culture and industry structure.

Managerial style

For companies of any size, entrepreneurial actions are possible, should be encouraged, and can be expected to enhance firm performance. Novelty, in terms of new resources, customers, markets, or a new combination of resources, customers, and markets, is the defining characteristic of entrepreneurial actions. Entrepreneurship can be viewed as a characteristic of organizations and can be measured by looking at managerial behavior as the firm engages in the entrepreneurial process. Entrepreneurship includes acts of creation, renewal, or innovation that occur within or outside an organization. When these acts take place in an established firm, particularly a large one, they describe corporate entrepreneurship. Entrepreneurship is especially important for firms facing rapid changes in industry and market structures, customers' needs, technology, and societal values. Entrepreneurial firms are those in which the top managers have entrepreneurial management styles, as evidenced by the firm's strategic decisions and operating management philosophies (Covin and Slevin, 1986; Naman and Slevin, 1993).

A firm's choice of an aggressive, competitive, risk taking strategy apparently influences innovativeness. Innovation is at the heart of sustaining a company's competitive advantage. There is a call for more innovation to attract hotel developers and guests in an environment of economic slowdown. To increasing value, there is a need to innovate in order to continue to attract and retain customers (Nozar, 2001). Executives responsible for hotel planning, operations and management must be more creative and innovative than ever before, as the hotel industry continues to experience operating losses. Creativity is essential to those who plan business projects, identify market niches, motivate employees, and structure deals. There is increased recognition of the roles of creativity and innovation in business, as well as a realization that they can be fostered and developed (Bjorn, 1993).

Organization structure

Organization structure can take many forms ranging from highly mechanistic to highly organic. Mechanistic structures are typically highly formalized, non participative, hierarchical, lightly controlled, and inflexible. Organic structures, on the other hand, are characterized by informality, decentralization of authority, open channels of communication, and flexibility (Khandwalla, 1977). It is believed that environment drives the structures of organizations toward greater organicity (Mintzberg, 1979). In stable environments, it is easier for firms to predict raw materials supplies, customer demand, and the amount of time required for particular operations. Under this type of environment, mechanistic structures which stress standardization and formalized control are common and often associated with superior performance (Burns and Stalker, 1961; Lawrence and Lorsch, 1967). On the other hand, in environments that are dynamic and thus unpredictable, firms must have the ability to rapidly respond to changing conditions. Accordingly, organic structures have been found to be more prevalent and effective in dynamic environments (Miller and Friesen, 1984; Miles, Covin, and Heeley, 2000).

1. Management style, organization structure, environment and performance will be independently associated with performance.
2. The predictive ability of management style, organization structure, and environment will vary with respect to performance.

METHOD

Primary data were collected by means of a mail survey questionnaire completed by general managers (or their designees) of hotels located in Mainland China, Hong Kong, Malaysia and Singapore. Although the limitations of questionnaire-based research are well documented (cf. Yu and Cooper, 1983) the benefits arising from cost savings, convenience, anonymity, and reduced interviewer bias seem to outweigh the limitations. The sampling frame represents a listing of all star-grade hotels maintained by each of the following agencies: China International Travel Services, Hong Kong Hotels Association, and the travel associations of Malaysia and Singapore, respectively. The survey questionnaire was addressed to the general manager and included a cover letter that explained the purpose of the research as well as a pre-addressed envelope. Two subsequent mailings with a reminder letter were sent out to those general managers whose responses were not received within three and six weeks, respectively, of the initial mailing.

Management style: Following Naman and Slevin (1993), entrepreneurship was measured using a nine-item, 7-point Likert type scale. Covin and Slevin (1986, 1988) developed this scale based on early work by Miller and Friesen (1982) and Khandwalla (1976/77). These previous researchers operationally define strategic posture as an aggregate measure of three dimensions. These comprise the willingness to take business related risks, the willingness to be proactive

when competing with other firms, and the willingness to favor change and innovation in order to obtain competitive advantage (Miller, 1983; Covin and Slevin, 1988; Naman and Slevin, 1993). The ratings assigned to these items were averaged to obtain an entrepreneurial style index for each firm. Higher values on the index suggest a more entrepreneurial management style.

Organization Structure: Organization structure was operationally measured as the extent to which organizations are structured in organic or mechanistic forms. A seven item, 7-point Likert type organization structure scale was adopted. This scale was initially developed by Khandwalla (1976/77) to measure organicity – the organic versus mechanistic orientation of a business, and subsequently validated by researchers including Naman and Slevin (1993) and Covin and Slevin (1988). Respondents were asked to characterize the extent to which the operating management philosophy of their firms favored aspects of structure. The ratings assigned to the items were averaged to obtain an organicity index for each firm; the higher the index, the more organic the firm's organization structure.

Environmental turbulence: This study operationalized environmental turbulence using an eight-item, seven-point instrument adopted by previous researchers (e.g. Naman and Slevin, 1993). Khandwalla's (1976/77) three-item scale of environmental hostility and Miller and Friesen's (1982) five-item environmental dynamism scale were the components of this measure. Managerial perceptions of environmental turbulence were obtained by means of a structured questionnaire using a seven-point Likert-type scale ranging from 'strongly agree' to 'strongly disagree'. The ratings on the eight items were averaged to obtain a single environmental turbulence index for each firm.

Performance: Managerial perceptions of overall performance were measured with a modified version of an instrument developed by Gupta and Govindarajan (1984). For this overall measure, the respondents first ranked the following performance criteria in terms of their importance: Cash Flow, Total Sales, Return on Sales, Net Profit, Market Share, and Sales Growth. The respondents then indicated on a five-point interval scale, ranging from 'highly dissatisfied' to 'highly satisfied', the extent to which they were satisfied with their hotel's performance on these performance criteria. The 'satisfaction' scores were multiplied by the 'importance' rankings in order to compute a "weighted average performance index" for each firm.

RESULTS

Surveys were mailed to the 581 hotel general managers listed in the publications comprising the sample frame and 187 responses were obtained for an overall response rate of 32.18%. The response rates from the four countries varied somewhat. However, there were no statistically significant ($p < 0.05$) differences found in the data obtained from the four countries on any of the variables measured. Likewise, no differences were found between early and late respondents or between respondents and non-respondents, on the hotel characteristics and personal profile of managers. These tests, along with the range of the data obtained, suggest that the data are not subject to response bias.

The majority of responses (68%) were obtained from regionally or internationally branded properties managed, more often than not, by expatriate managers with considerable international exposure – 62% had over 15 years industry experience. Approximately 87% of the hotels were self-typed as 4 or 5 star grade hotels.

Are management style, organization structure, and environmental turbulence independently associated with performance?

The correlations presented in Table 1 reveal that management style, organization structure, and environment were independently related to overall performance. The strength of the relationships in each case, though modest, were statistically significant at above the $p < 0.05$ level. As expected the direction of the relationship was positive with respect to the correlation between management style and performance. However, the correlations between organization structure and performance, and environment and performance were negative. In other words, while an entrepreneurial management style was positively associated with performance, an organic structure and a turbulent environment were negatively associated with performance.

What are the relative roles of management style, organization structure, and environmental turbulence in influencing performance?

The regression results (Table 2) suggest that each of the variables considered, (i.e. management style, organization structure and environment) has an independent, though modest, effect on performance. These variables combine to explain over 21 percent of the variance in performance, suggesting that the effect of the controlled and non-controlled variables on

performance is additive. As suggested previously, while the effect of management style on performance is positive, the effect of organization structure and environmental turbulence on performance is negative. In relative terms, management style has the greatest influence on performance followed by organization structure and environmental turbulence, respectively (see standardized regression coefficients).

Table 1
Descriptive Statistics with inter-item reliability coefficients on the diagonal

	Mean	SD	1	2	3	4
1. Entrepreneurship	4.72	1.00	0.874			
2. Environment	4.09	0.79	0.416**	0.703		
3. Organization Structure	4.10	1.17	0.347**	0.497**	0.851	
4. Performance Index	11.89	2.91	0.259**	-0.168*	-0.169*	0.900

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

Table 2
Regression results (dependent variable: Performance)

Variable	B ^a	Beta ^b
Intercept	13.36 (2.05)	
Management Style	2.10*** (0.37)	0.443***
Organization Structure	-1.08** (0.34)	-0.263**
Environmental Turbulence	-1.39** (0.59)	-0.235**
R ²	0.229	
Adjusted R ²	0.213	
F statistic	14.75***	

a. Unstandardized regression coefficients, with standard errors in parentheses

b. Standardized regression coefficients (for model 3)

***p < 0.001

**p < 0.01

CONCLUSION

Companies should consider placing emphasis on current competitive advantages while using entrepreneurial actions to develop innovation as tomorrow's competitive advantage. Among the factors that affect companies' success in implementing a corporate entrepreneurship strategy, is the firm's ability to establish a vision for top management. To stimulate process, product, and market innovations by implementing a corporate entrepreneurship strategy, an entrepreneurial culture is needed in each company. In such a culture, creativity, commitment, dedication, and a desire to innovate are common behavioral norms.

Managerial time and resources need to be allocated to the development and communication of an entrepreneurial or proactive posture to all levels of the organization. The more risk taking and proactive a firm's posture, the more likely it is to choose a flexible organizational structure to allow it to pursue hot, new innovative ideas more quickly and easily. As environments become more demanding in the future, it appears that fit will matter even more. Successful firms will engage in a continuous process of organizational learning and adaptation.

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TECHNOLOGY INTERFACE STANDARD IN THE HOSPITALITY AND GAMING INDUSTRIES

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ABSTRACT

An exploratory approach was used to provide greater understanding of technology standards in the hospitality and gaming industries. The goal of the study is to review the development of standards through a current document search with special reference to casino operations and to present the results of in-depth interviews with casino operators. The results of the in-depth interviews conducted during 2001 and 2002 validate arguments found in the literature and call for the industry to exert efforts in creating and enforcing technological standard.

Key Words: Interface, Gaming standard, Hospitality, Operations, In-depth interview.

INTRODCUTION

Since the first introduction of automation, information technology has drastically altered the competitive landscape of the hospitality industry and is rewriting the rules for how companies conduct business and reach their customers (Connolly & Olsen, 2001). It has long been apparent that the data must be shared between systems in order to provide complete, consistent, and accurate information throughout entire operation (Inge, 2002; Kasavana, 2002). However, the hospitality and gaming industries are evolving in such a complex technological environment in that hoteliers strive to manage more than 100 categories of interacting systems on a daily basis (Graf, 2003). With the absence of adopted standards, this has been accomplished by creating specific interface bridges between individual pairs of systems (Hamilton, 1999). System solution providers within the hospitality industry have struggled with the pain of writing interfaces. Even though the technology of today has the potential to allow the multitude of systems to interconnect, many barriers still remain (Brown, 2003). For example, it is seldom that vendors, when they upgrade a system, notify operators whose interfaces might be impacted. The result could be a breakdown in communication between systems and the concomitant cost of rewriting interfaces.

In the quest of understanding aforementioned phenomena, this study is intended to discover and identify problems related to technology standardization by exploring operators perspectives though in-depth interview. The researchers will 1) review the development of standards through current document search with special reference to the casino operation, 2) present the results of in-depth interviews with casino operators, and 3) address the primary issues as well as recommend future research topics.

A SHORT HISTORY OF TECHNOLOGY STANDARDS

Responding to the call for the creation of standards, there have been several voluntary attempts by vendors, operators, and commercial associations to gain industry-wide support for interface standards. Unfortunately, these initiatives have had limited success. In 1994, Integrating Technology Consortium (ITC) was launched by several leading equipment vendors in an effort to educate industry professionals and hopefully form some interface standards. While the group's work was far reaching, the organization disbanded in 1997 after failing to complete its objectives (Harper, 1997). The next attempt, named the Windows Hospitality Interface Standards (WHIS), was made between 1996 and 1997 by Microsoft along with hospitality industry vendors and operators. Continuing the effort was the Hospitality Industry Technology Interface Standards (HITIS) movement, which was supported by the American Hotel & Lodging Association (AH&LA). HITIS adopted a "best practice" approach to developing interface standards. This approach gave the standards initiative a very neutral stance, providing no real competitive advantage to a particular company (Hamilton, 1999). In 2000, the AH & LA and the Open Travel Alliance (OTA) finalized an agreement for cooperation in developing technology standards for the hospitality and travel industry (Elliott, 2000). The use of the standards and further development of the

OTA standards continues to date. In 2001 Gaming Standards Association (GSA) announced an agreement to work with Gaming Laboratories International (GLI) to independently test compliance of protocols used by the gaming industry. This additional compliance certification should reduce the possibility of machines not correctly communicating to casino systems in the field.

METHODOLOGY

The qualitative method selected was in-depth interviews which explored industry operators’ opinion and provided an in-depth portrait of aforementioned situation (Seidman, 1991). This particular qualitative method is excellent means of accessing a person’s perceptions of events that have yet to happen (Darlington & Scott, 2002). Five participants were selected primarily by referrals, which is called snowball sampling (Zikmund, 2003). Due to the practical exigencies of time, money, and other resources, the number of interviews was limited. Literatures has shown that if the sample of participants are those who experience similar structural and social conditions, it gives enormous power to the stories of a relatively few participants (Seidman, 1991). The researchers tried to present interview’s opinion in compelling enough detail and in sufficient depth in order to understand the issues the interviews reflect. The interview questions were developed using subject matter experts and information gathered in previous research from casino operators and regulators for various jurisdictions.

Qualitative research does not aim to measure, prove, or generalize the findings, rather it aims to interpret the meanings to formulate creative conceptualization (Sayre, 2001). Nevertheless, more samples would be required to meet the criterion of saturation of information, at which the interviewer begins to hear the same information reported. Due to cost constraints, only five interviews were completed. Self-selection bias is another limitation inherent to the interview method.

RESULTS OF INTERVIEWS

Five in-depth interviews were conducted during 2001 and 2002. The length of interviews was from 20 minutes to one hour. Participants were senior managers from small and large properties as well as rural and metropolitan locations in the United States. Each interview was conducted face to face, recorded with the participant’s consent, transcribed, and the results compiled. The interview questions included but were not limited to the managers’ opinions on operatability of current systems, how standardizing interface protocols would impact the gaming industry, reasons why they would be in favor or oppose to the standardization, and how technology standards would affect employee training. Table 1 below shows the profile of properties that interviewees represented including the number of gaming devices and table games.

Table 1
Profile of Properties and Gaming Devices

Property	Number of facilities	Gaming devices	Table games	Ownership
Property 1	15	15,000-16,000	400	Publicly traded
Property 2	6	6,632	200	Publicly traded
Property 3	5	3,000	100	Tribal council/privately owned
Property 4	2	2,500	122	Privately owned
Property 5	1	2,000	60	Privately owned

Four out of five interviewees responded that standards would have a positive affect on operations. Reducing cost was the primary reason why casino operators believed that interface standards would be a benefit to the industry. Operators believed that the cost savings would help them be more flexible in choices on the floor, increase the speed of new games getting to the casino floor, and decrease regulation turnaround time. However, they felt the cost of standards should not be entirely shifted to the buyer that some of the cost should be incurred by the vendor. The interchangeability of the software, which will eventually facilitate development of new software, was the second reason. Operators cited that the systems would be more manageable in that standardization will ease troubleshooting problems and streamline the implementation of new software and software upgrades. Standards were also expected to have a positive effect on saving time and cost associated with employee training. The opposing view states that standards would decrease the unique ways in which operators run their business. One interviewee believed that software standards already exists, considering that interface standards were set by groups of software vendors who dominate the market.

The interviewees were asked if, and how many, of their current systems were interfaced. Three of the five said that some casino systems were not interfaced with their property management systems (PMS), while all answered their front desk and food and beverage systems were networked with PMS. Two stated they had trouble in interfacing player tracking systems with PMS, another said their catering and marketing systems were not currently interfaced with gaming systems because of the interfacing difficulty. The operator representing the largest property answered that every information system on his property was interfaced. Interestingly, others who represent smaller properties stated that the slot machines were interfaces with only the slot accounting system or the casino management systems.

It was interesting in that these operators generally thought that smart vendors would favor standards. They believed that with standards it should be easier for all manufacturers to provide more functionality and enhancements for their systems. Operators felt that manufacturers spent a lot of effort and money in recreating interfaces. However, they thought that some manufactures might be reluctant to open their source code to other vendors, particularly if the vendors believe that it would decrease their competitive edge.

Finally, interviewees were asked if they were in favor of technological standards for gaming devices. Four interviewees were in favor of standards and agreed the debate should be about how standards would be managed. Only one interviewee answered that technology standards were not necessary.

DISCUSSION AND CONCLUSIONS

The differences of opinion found during the interviews bears a striking similarity to the debate found in the literature. This debate stretches from whether standards would reduce costs to whether standards would reduce regulatory time for getting new products to market. Other issues including the ease of upgrading systems seemed not to worrisome to some, but others wish vendors would communicate better by including operators in the loop when developing a new interface for upgraded programs. Proponents of standards argued that standard communication protocols would allow manufacturers to spend less time developing interfaces and more time adding features (Elliott, 2000; Raymore, 2001). Those against standard communication protocols usually focused on two main arguments: 1) Why reinvent the wheel and 2) the cost is too great.

A preliminary study revealed that two out of five challenges currently facing hotels include 'lack of integrated software package' and 'vendor system support' (Hospitality Technology, 2001). The interviews confirmed that these two issues are interconnected. Many times operators stated that technology glitches could not be solved because there are so many vendors involved in system interfaces and these vendors pass the responsibility to each other. The two initiatives, GSA and the HITIS project being carried by the OTA, had taken on the task of developing standard communication protocols.

A growing number of regulators, casino operators, and gaming device manufactures express the belief that interface standards will dramatically improve the hospitality and gaming industry. Casino operators are well aware that it is extremely costly for a casino to have slot machines on its floor that are inoperable due to system conflicts and call for the software standard. By the end of the decade the industry experts envision that casino industry could enjoy the same plug and play interoperability as the Internet (Chervenak, 1997; Raymore, 2001). It is time for the industry to incorporate the aforementioned initiatives and try to formulate consensus on how to implement formed standard and move forward with new ones. Future research calls for empirical investigations regarding the actual contributions of standard to operations and management in quantifiable terms.

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HERITAGE TOURISM: HISTORIC PRESERVATIONIST ATTITUDE AND THE HERITAGE SITE

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ABSTRACT

This study classifies the historic preservationist attitude into three types using a factor analysis of 218 surveys gathered at a heritage tourism site. The conclusions to the research questions lend support to the premise that preservationist attitude will alter the experience and services sought by the heritage tourist.

Key Words: historic preservationist, casual, and technology buff tourists

INTRODUCTION

Currently, there is no empirical research that differentiates the more historic preservationist minded tourist from other tourists and what kind of experience they are seeking at a historic site. Light and Prentice (1994) found that there is no uniform demand for one type of heritage tourism experience making it difficult to determine what the public wants. It appears that the heritage tourist has different motivations for travel than a traditional traveler (Millar, 1989). A person that is more historically preservationist minded may be seeking an entirely different experience at a heritage site than one that is not. Thus, it has been suggested that visitor experience should be placed at the center of any heritage management process.

PURPOSE OF THE STUDY

This study focuses on ferreting out the type experience the historic preservationist minded tourist is seeking at a heritage site. The research questions are; 1) Are there differences in the experience sought at a heritage site based upon a historic preservationist attitude?, and 2) Are there differences in the services sought at a heritage site based upon a historic preservationist attitude?

SURVEY AND DATA COLLECTION

William Faulkner's home "Rowan Oak" located in Oxford, Mississippi was where the surveys were distributed between June 1, 2001 and September 1, 2001. The site is on the National Register of Historic Places and receives an average of 25,000 visitors a year. Convenience sampling resulted in 218 surveys after three surveys were discarded.

The survey was 10 Likert style questions used to elicit the visitor's views on historic preservation. The questions were a result of qualitative research and have been tested for reliability and validity (Weaver and Kaufman, 2000).

DATA ANALYSIS

The historic preservationist questions were factor analyzed utilizing Principle Component Analysis with a Varimax rotation. Next, the correlation of the Pearson's correlation with the historic site preference questions and the service sought questions were considered.

RESULTS

The findings (see Table 1) indicated that there are differences based on a person's historic preservationist attitude and the experience and services they are seeking at a heritage site. The principle component analysis elicited three factors. The first factor was labeled the Historic Preservationist tourist which consisted of five questions that supported claims that heritage sites were a vital part of our society. This person is more historically preservationist minded and deems preservation of sites as necessary without regard for costs. This factor explained 31.4% of the variance.

Table 1
Principle Components Analysis Historic Preservationist Attitude

	Historic Preservation Attitude Question	Factor Loading	Eigenvalue	Variance Explained	Alpha
Historic Preservationist Tourist			3.13	31.4	.7871
	I believe that preserving historic sites offers social benefits to the host community.	.779			
	If a building is preserved it will act as a living history book for future generations.	.733			
	There is not cost that can be placed on American's historic sites and buildings. They are priceless treasures.	.727			
	If Americans do not make an effort to preserve historic buildings the society will be in danger of losing key elements of its culture and its past.	.696			
	It is important to preserve buildings even it if costs more than constructing new buildings.	.675			
Casual/Historic Tourist			1.61	16.1	.5846
	I don't believe that preserving historic sites will offer social benefits to tourists.	.830			
	There are already enough historic sites in America. There is not room for growth in this area.	.784			
	I believe that historic sites should offer services such as picnic facilities even if they take away from the authenticity of the site.	.557			
Technology Buff Tourist			1.10	11.0	.3474
	America is a product of advancements in technology. Therefore, older buildings should be torn down to make way for newer, higher tech buildings.	.712			
	A less expensive "re-creation" of a building is just as good as revnovating an old building.	.688			

Note: 5 = strongly agree and 1 = strongly disagree

The second factor was labeled Casual Historic Tourist consisted of three questions which revealed that these tourists were looking for a more developed tourist experience. They believe there are already enough historic sites, and do not believe that historic sites offer social benefits to tourists. The tourist is not as emotionally involved with the experience as the Historic Preservationist Tourist. This factor explained 16.1% of the variance.

The third factor was labeled Technology Buff Tourists and consisted of two questions concerning their inclination toward the trappings of modern society. This tourist is less emotionally involved as compared with the Historic Preservationist Tourist and is drawn to more modern experiences. This factor explained 11% of the variance.

There were significant correlations between the factors and the experience sought at a heritage site (see Tables 2 and 3). The historic Preservationist minded tourist is drawn to rustic ($p < .001$) and authentic ($p < .002$) heritage sites. The Casual Historic Tourist prefers convenience over more off the beaten path sites ($p < .013$).

Table 2
Correlational Analysis Historic Preservation Attitude and Experience Sought

Factor	Historic Site	Correlation Coefficient	Significance
Historic Preservationist Tourist	Rugged/Developed	.025	.749
	Rustic/Modern	.259	.001**
	Off the Beaten Path/ Convenient	.060	.447
	Authentic/Commercial	.238	.002**
Casual Historic Tourist	Rugged/Developed	.041	.608
	Rustic/Modern	-.023	.776
	Off the Beaten Path/ Convenient	-.195	.013*
	Authentic/Commercial	-.015	.845
Technology Buff Tourist	Rugged/Developed	-.024	.767
	Rustic/Modern	.025	.755
	Off the Beaten Path/ Convenient	.105	.185
	Authentic/Commercial	.004	.960

Note: * = Significance at .05 alpha level, and, ** = Significance at the .01 alpha level.

Based on the two divergent historical site descriptions, the Historic Preservationist Tourist is significantly drawn to Historic Site Two ($p < .001$), which is the authentic, less developed site. The Casual Historic Tourist is significantly drawn to Historic Site One ($p < .025$), which is the more convenient and more developed site.

There were also significant differences between the factors and the services sought at a heritage site (see Table 3). The Historic Preservationist minded tourist wants History to be presented from more than one person's vantage point ($p < .000$).

DISCUSSION

The findings clearly indicated that there are differences in the experience and services people are seeking at a historic site based on their historic preservationist attitude. The visitors that have a more historic preservationist attitude are drawn to heritage sites that fulfill the desire to have an authentic experience. The visitors that are more casual about preservation and deem it as less important are seeking a more developed, convenient experience when they are seeking a heritage site. This study supports the segmentation research of Kerstetter et al., 2001. There is a diversity represented by the visitor to the heritage site and the experience they wish to have during their visit.

The knowledge that there are indeed at least two different audiences that are visiting the same historic site, but are seeking divergent experiences can assist planners in how to present and market the history of the site to these various niches. The availability and the acknowledgement of offering more than one experience to the tourist would be a welcome change in a world where people have been treated generically despite the experience they are seeking.

FUTURE RESEARCH AREAS

This study has scratched the surface suggesting that that a tourist's historic preservationist attitude inclination (i.e., historic preservationist tourist, casual/historic tourist, or technology buff tourist) influences the services and type of experience sought at a heritage site. Future research on other sites in a diversity of locations will help to further validate these findings. More segmentation research should be performed to further segment this growing market abased on gender, age, and income with continued knowledge about the tourist which will allow tourist sites delivery of more specific outcomes to the varying niches of tourist property serves.

Table 3
Correlational Analysis of Historic Preservation Attitude and Services Sought at a Historic Site

Factor	Service Sought at Historic Sought	Correlation Coefficient	Significance
Historic Preservationist Tourist	Employees are informed about site as well as local area	.299	.000
	It is important that I find developed facilities	.005	.954
	History is presented from more than one person's vantage point	.369	.000**
	Wide selection of souvenirs to choose from at historic site	.052	.512
Casual Historic Tourist	Employees are informed about site as well as local area	.156	.048*
	It is important that I find developed facilities	.058	.461
	History is presented from more than one person's vantage point	.064	.423
	Wide selection of souvenirs to choose from at historic site	.105	.185
Technology Buff Tourist	Employees are informed about site as well as local area	.187	.017*
	It is important that I find developed facilities	.058	.461
	History if presented from more than one person's vantage point	.103	.195
	Wide selection of souvenirs to choose from at historic site	-.013	.688

Note: * = Significance at the .05 alpha level and ** = Significance at the .01 alpha level

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SITUATIONAL PREDICTORS OF JOB RELOCATION DECISIONS: A PROFILE ANALYSIS

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ABSTRACT

This study examined the patterns of situational predictors (i.e. job level, pay level, spousal support, location, and organizational pressure to relocate) that are determinants of intra-organizational job relocation decisions. Based on a sample of 281 married or partnered hotel managers, the results suggested that there were five reliable subgroups of managers as defined by their situational predictors. The empirical and practical contributions of the findings are discussed, particularly as to how profile analysis can enhance and complement causal analysis.

Key words: Job relocation decisions.

INTRODUCTION

A critical element of intra-organizational mobility is the willingness of employees to accept transfers to new communities (i.e. intra-organizational relocation). The transfer of key employees allows organizations to cut down on external hiring, advance employee training and development, and utilize existing organizational knowledge (Brett, Stroh, & Reilly, 1990). The relocation challenge is arguably more pressing for service sector companies since they must, by virtue of their inherent need to have close proximity to consumers, have a decentralised network of locations (Stanback, Bearse, Noyelle, & Karaseck, 1981).

The intra-organizational relocation literature has focused almost exclusively on the variable *willingness to relocate* (WTR), and its antecedents (e.g. Brett & Reilly, 1988; Brett, Stroh, & Reilly, 1993; Eby & Russell, 2000; Noe, Steffy, & Barber, 1988). These relationships are depicted by path C in Figure 1. The situational antecedents to relocation decisions (i.e. job vacancy characteristics such as *pay*, *job level*, and *location* as depicted by path A in Figure 1) have been largely neglected. To date, Kennedy and Judge (2000) have been the only researchers to investigate the impact of situational antecedents on the job relocation decision. Figure 1, in its entirety, depicts the model they tested. However, this article will focus solely on the relationships depicted by path A in Figure 1.

Of the five proximal situational predictors that were investigated by Kennedy and Judge (2000) (i.e. *job level*, *pay level*, *location of offered job*, *degree of spousal support*, and *degree of organizational pressure placed on the employee to accept the offered job*), they found that all of predictors except organizational pressure were significant positive predictors of employee attitudes toward the new job. Organizational pressure was negative and non-significant. Figure 2 graphically depicts the levels of these five predictors. One can readily see that, on average, support (i.e. *spousal support*) was the most significant predictor (i.e. had the highest beta level), while pressure (i.e. *organizational pressure to relocate*) was the least significant (i.e. had the lowest beta level).

Although the Kennedy and Judge (2000) study was the first to deal with the relationships among these five situational predictors, by analytical design (causal analysis utilising multiple regression based on a between-subjects correlation matrix) they necessarily dealt only with the relationships between each representative pair of variables. By examining only the average relationship between each construct, the individual differences in the levels of these attitudes are obscured. In other words, distinct subgroups may exist even within this relatively homogenous group of managers that may help us understand individual differences in relocation decision-making. For example, Kennedy and Judge (2000) found that *spousal support* was the most significant predictor of positive *attitudes toward the offered job* (path A in Figure 1). This might lead the observer to conclude that all managers placed a high value on *spousal support* when considering intra-organizational job offers. However, it is possible that some managers placed little value on *spousal support* and perceived other factors to be of highest importance.

Profile analysis (Owens & Schoenfeldt, 1979) capitalises on the different levels within variables to uncover distinct, homogenous subgroups of managers with different decision-making profiles, and illuminates the complexity of the interrelationships among these situational predictors. This is not to say that profile analysis is better than causal analysis; but it is to say that they are methodologically different and make different contributions (Owens & Schoenfeldt, 1979). The point is that profile analysis can add to causal analysis. Therefore, the purpose of the present study is to investigate the existence of distinct situational predictor profiles among managers, relative to their impact on attitudes toward intra-

organizational transfers. To that end, this study will focus on a profile analysis of these relationships to determine if there are meaningful subgroups among the managers.

Figure 1

Conceptual model of the decision to accept or reject intra-organizational relocation

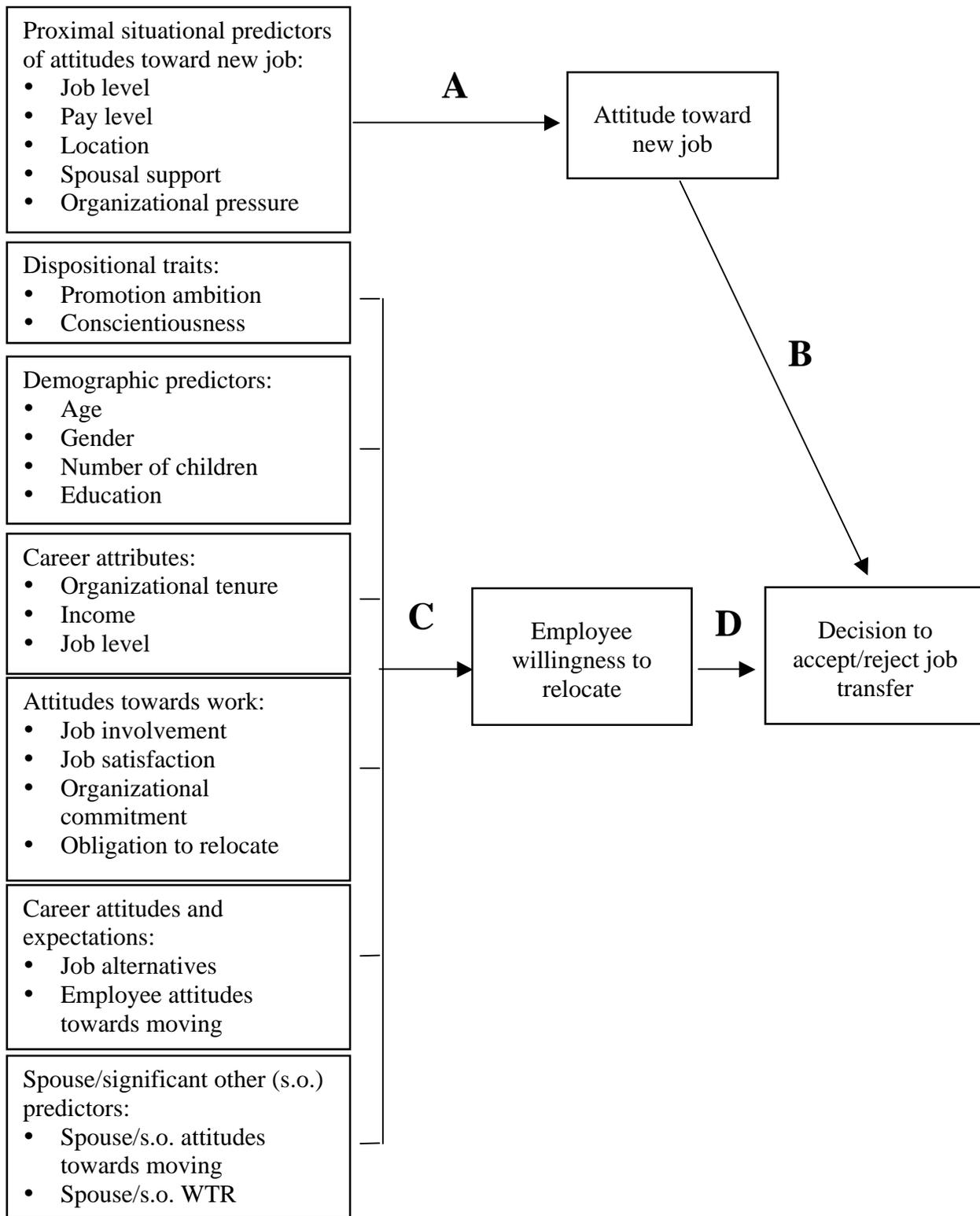
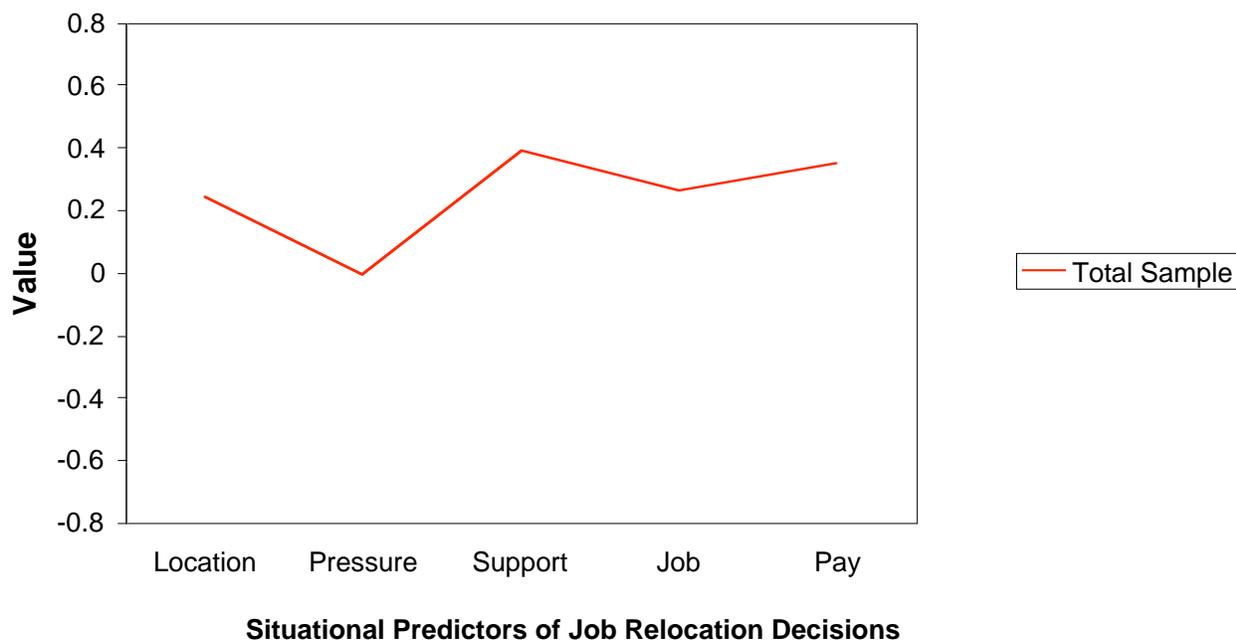


Figure 2
Graphical Depiction of Beta Weights for Total Sample



METHODS

Setting, Participants, and Procedure

The sample for this research was drawn from a large-scale study of managers in an international hotel chain located in Australia. Of the original 535 questionnaires distributed, 462 were returned, for an 86% response rate. All employee questionnaires included a spouse/significant other questionnaire coded to enable matching with the focal employee questionnaire upon return. The spouse/significant other survey was utilized to mitigate any concern for common method bias.

For purposes of the present study, the sample for this analysis was restricted to include only those respondents currently in a relationship and living with their spouse or partner ($N = 281$). The average age of the respondents was 35. Average annual income was Aus\$49,515. The median job level was 4. The range of job levels of employees responding to the survey was from level 2 (CEO = job level 1) to level 7 (6 levels below the CEO). Eighty percent of the respondents were married. Eighty-six percent had working spouses or partners. Fifty-nine percent of the respondents were female. Average tenure with the organization was 3.5 years, while average community tenure was 7.7 years.

Policy-Capturing Design

A mixed experimental design (Keppel, 1982) was used to incorporate the within-subject and between-subjects components of this investigation. A policy-capturing design was used (Zedeck, 1977), which allowed the inferral of the respondents' unique, tacit policies for making the job relocation decision by regressing the decision (Pablo, 1994) on the key situational predictors induced in a preliminary qualitative investigation. Policy capturing has a number of advantages over traditional survey research that rates or ranks factors. Research has shown that individuals have a tendency to overestimate the significance of minor factors when traditional direct rating techniques are employed (Zedeck, 1977).

Each of the five variables was manipulated at two levels. Given five situational predictors, a completely crossed design (i.e. a comprehensive design) would result in 32 (2^5) policy-capturing scenarios. To minimize survey length, a one-quarter replication of the fractional replication technique was utilized (Winer, 1971). This is the minimum number of scenarios needed to calculate all of the main effects. This resulted in eight of the original 32 scenarios being given to each respondent. One duplicate scenario was added to each questionnaire (to make 9 scenarios) in order to assess respondents' reliability. The results of the reliability analysis indicated that respondents reacted consistently to the scenarios (the correlation of the duplicate attitude measures was .77). In order to minimize order effects, the nine policy capturing scenarios were presented in random order and each variable was presented randomly within each scenario.

It is critical in the development of the policy-capturing measures that the manipulated levels of the indicators accurately reflect realistic market parameters (Schwab, Rynes, & Aldag, 1987). Fortunately, realistic information, such as the typical salary increase given for a transfer, was readily available from the qualitative interviews conducted in the preliminary investigation. In addition, a panel of three experts (one HR executive, one hotel executive, and one HR consultant) reviewed the levels to insure their realistic applicability. Given that the typical pay raise accompanying a transfer was approximately 10% (this finding came from the preliminary qualitative investigation), the panel recommended that the variable *pay level* be represented by pay increases of 5% and 15% (of annual base salary, excluding any cost of living allowance). The *job level* variable was represented by a lateral transfer at your current job level in the organization and promotion one level higher up in the organization. The *location* variable was characterized by either acceptable, but not ideal or as very desirable. *Spousal/partner support* was depicted at two levels: your spouse/partner has mixed feelings about you accepting this relocation offer or your spouse/partner is very supportive of you accepting this relocation offer. The final policy-capturing variable, *organizational pressure to relocate*, was represented by the organization puts no pressure on you to accept this relocation offer and the organization makes it clear to you that it is in your best interests to accept this relocation and to turn it down may negatively affect your career.

An example of one of the policy-capturing scenarios follows this paragraph. The first follow-on question (labeled "1.") measures the *attitude towards the new job* measure. The second follow-on question (labeled "2.") measures the *likelihood of accepting the relocation offer*. Because actual behaviors are not available in an experimental design, this likelihood measure serves as a proxy for the *job relocation decision* variable.

"The job offered to you has the following characteristics:

- You consider the new location/community to be very desirable.
- The organization puts no pressure on you to accept this relocation offer.
- A 15% pay raise (excluding cost of living allowance) is added to your base salary.
- Your spouse/partner has mixed feelings about you accepting this relocation offer.
- The job offer is for a promotion one level higher up in the organization.

1. When you think about the job characteristics presented above, how favorable do you think those characteristics are? (response scale from 1 = very unfavorable to 5 = very favorable).
2. On a scale from 0 to 100%, what is the likelihood of you accepting this relocation offer?

Analyses

Multiple regression analysis was used to assess the effects of the linear combination of the five independent predictors on the relevant dependent variable, attitude towards the offered job. There were 2,248 observations (281 respondents _ 8 policy-capturing scenarios) resulting in a total of 281 regression equations. Each regression equation produced five standardized regression coefficients representing the relative weight of each situational predictor on the dependent variable.

Cluster analysis was used to determine if there were homogenous subgroups of managers with respect to the five situational predictor variables. In cluster analysis, no assumptions are made about the number of groups (clusters) or the group structure, and grouping is based upon similarities or distances (i.e. dissimilarities) (Johnson & Wichern, 1992). The results are clusters with internally similar and externally dissimilar profiles. Hierarchical cluster analysis was initially used on a sub-sample to determine the optimal number of interpretable clusters, indicating that 5 clusters should be analyzed. Ward's (1963) procedure was then utilized to form the clusters. This procedure merges each prospective pair of clusters that result in the smallest increase in the overall sum of the squared within-cluster distances. The five interpretable clusters are identified and discussed below.

RESULTS

Table 1 provides the descriptive statistics (means of the standardized regression coefficients, their respective standard deviations, and the number of respondents in each cluster) of the five situational predictors by cluster (labeled 1 through 5) and for the total sample (labeled "Total Sample"). Based on the five clusters identified by the clustering procedure, each individual was classified into one of the five groups (see Figure 3).

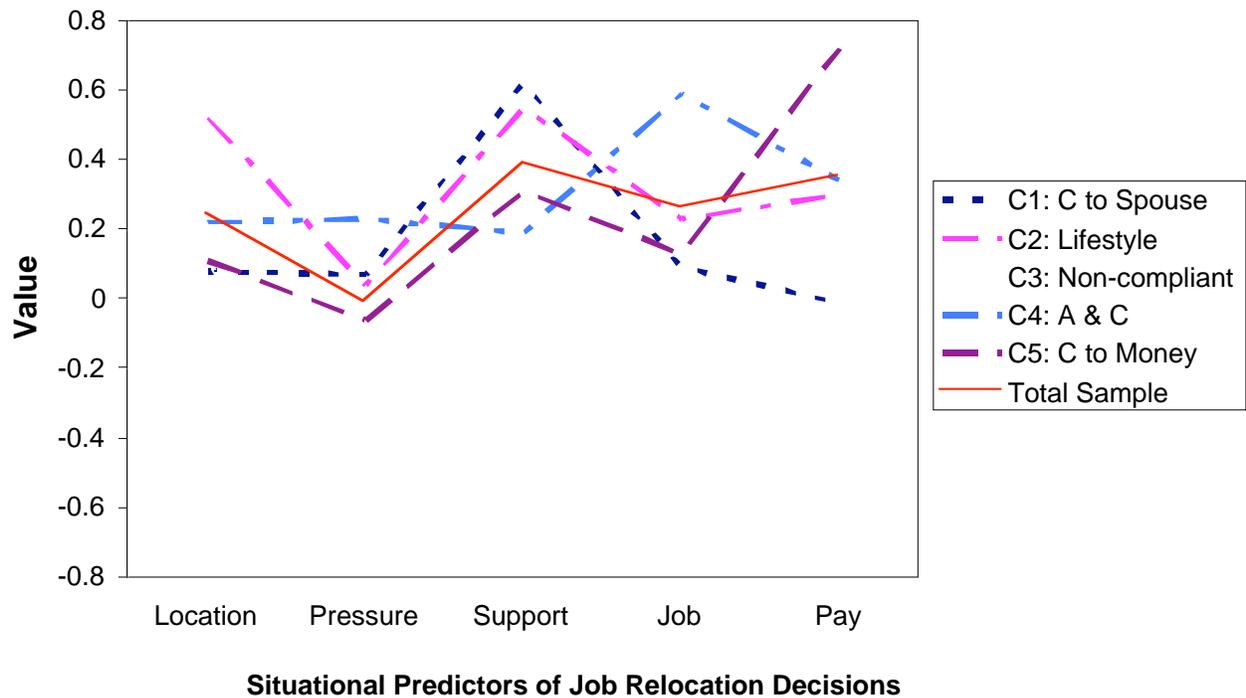
Table 1
Descriptive statistics (means of standardized regression coefficients, standard deviations in parentheses, and sample sizes) of situational predictors by cluster and for total sample

Variable	Cluster					Total Sample
	1	2	3	4	5	
Beta: <i>Location</i>	.08 (.25)	.52 (.17)	.10 (.22)	.22 (.24)	.11 (.22)	.24 (.28)
Beta: <i>Pressure</i>	.07 (.27)	.04 (.22)	-.66 (.22)	.23 (.28)	-.06 (.25)	-.01 (.35)
Beta: <i>Spousal/partner Support</i>	.62 (.33)	.55 (.20)	.28 (.23)	.19 (.21)	.31 (.22)	.39 (.29)
Beta: <i>Job Level</i>	.09 (.24)	.23 (.19)	.12 (.31)	.59 (.20)	.13 (.23)	.26 (.30)
Beta: <i>Pay</i>	-.01 (.26)	.30 (.19)	.26 (.19)	.34 (.21)	.72 (.13)	.35 (.30)
N	46	74	32	68	61	281

Because Cluster 1 had the highest level of felt need for spousal support when considering a job relocation offer, and low levels of the other four situational predictors, it was labeled "Committed to Spouse". Cluster 2 had the highest level for location, the second highest level for spousal support, and low levels of the other three predictors. It was labeled "Lifestyle." The dominant characteristic of Cluster 3 is the low beta assigned to organizational pressure. With this value being the most negative of the five clusters, and the other predictors being low, this cluster was labeled "Non-compliant." Cluster 4 was characterized by the highest betas for job level and organizational pressure, and the lowest betas for spousal support. Therefore, this cluster was labeled "Ascendant and Compliant." Cluster 5 is labeled "Committed to Money" because it has the highest-level beta for the pay predictor, and mid-level betas on the other four predictors.

Figure 3 graphically depicts the five "profiles" or subgroups as "lines" indicating the various beta levels of the situational predictors (i.e. *location*, *pressure*, *support*, *job level*, and *pay level*). This is simply a graphical depiction of the beta weights illustrated in Table 1. For comparative purposes, the "line" from Figure 2 (depicting the average beta weights for the entire sample) has been included. In effect, the five profiles or subgroups represent exactly the same data as the "total sample" line. The use of cluster analysis to separate the total sample into smaller, more homogenous sub-samples indicates how examining only the average relationships can obscure individual differences. Intuitively, this makes sense as, by definition, the use of an "average" figure compresses the data into a single figure representing the entire sample. For example, relative to *location*, Figure 3 illustrates that Cluster 2 has the highest beta level, Cluster 1 has the lowest beta level, and that the average beta for the total sample lies below Cluster 2 but above all of the rest differences in relocation decision-making. Some managers exhibited high salience for one particular characteristic of a job offer. For example, the managers in Cluster 1 put almost their total emphasis on spousal support, while managers in Cluster 3 reacted almost exclusively (albeit in a negative way) to organizational pressure. Similarly, managers in Cluster 5 placed a great deal of weight on relocations offering higher pay. Other managers had a more mixed profile. The managers in Cluster 2 put a great deal of emphasis on both location and spousal support, while the managers in Cluster 4 were particularly attuned to both higher job levels and organizational pressure. They will react positively to job transfers that offer higher job levels and higher pay. Related, because of their sensitivity to organizational pressure, they are more likely to accept transfers to less-than ideal locations or less-than ideal work situations in return for promotions.

Figure 3
Profile of Situational Predictor Clusters



CONCLUSIONS

The principal implication of this study is that relative to the characteristics surrounding job relocation offers, managers can be grouped into homogenous subgroups resulting in clear and distinct profiles of situational predictors. While conducting a causal analysis, Kennedy and Judge (2000) found that four out of five situational predictors were, on average, significant. Now, using profile analysis, it is clear that only using causal analysis obscures important individual differences. These individual differences can have important practical considerations. To the extent that managers' profiles can be identified, it is clear that managers who resemble those from Cluster 4 may be the most mobile, and relocation efforts directed to them are more than likely to be successful. Conversely, managers in Clusters 1 and 3 are virtually immobile and relocation opportunities should not be routinely directed toward them.

In closing, it is important to note that the present manuscript was derived from a paper presented at an earlier date (Kennedy, 2003), but was materially revised in this instance to enhance its comprehension. It is also important to note that the present study utilized data previously collected by Kennedy and Judge (2000). While the present study benefited from the previous one, its theoretical and analytical foundations are distinct and constitute a separate contribution to the literature. In fact, the results of the present study indicate that the previous study (Kennedy and Judge, 2000) does not tell the entire story when it comes to relocation decision-making.

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IMPROVING CUSTOMER RELATIONSHIP PERFORMANCE THROUGH EMPLOYEE TRAINING AND
CUSTOMER INFORMATION PROCESSING IN THE RESTAURANT INDUSTRY

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ABSTRACT

A model of the mediating roles of training orientation and customer information processing was developed and tested based on a two-step approach to structural equation modeling. The research sample included 236 owners and presidents of nationwide independent restaurants in the United States. Customer relationship-oriented behaviors (CROBs) were indirectly and positively associated with customer relationship performance through customer information processing and training orientation. The data also revealed that training orientation affected customer information processing significantly. The discussion centers on the theoretical and practical implications of why customer information processing and training orientation mediate CROBs.

Key Words: Customer relationship-oriented behaviors; training orientation; customer information processing; customer relationship performance; independent restaurant industry

INTRODUCTION

Effective implementation of customer relationship management (CRM) has been one of hospitality managers' important tasks. It has been strongly suggested that firms be involved in CROBs to execute CRM effectively, because such behaviors enhance customer relationship and firm profitability (Deshpandé, Farley, & Webster, 1993; Narver & Slater, 1990). Although CROBs are believed to increase customer relationship performance, the evidence bearing on this relationship is equivocal (cf., Diamantopoulos & Hart, 1993; Han, Kim, & Srivastava, 1998). Such inconsistent empirical results dictate further efforts to reassess the relationship (McNaughton, Osborne, & Imrie, 2002). Kohli and Jaworski (1990) insist that simply engaging in CROBs may not ensure superior firm performance.

The current study examines CROBs' relationship with customer relationship performance as the relationship is mediated by customer information processing and employee training. These mediating variables are key management practices that reflect CROBs and CROBs' relationships with customer relationship performance. Processing customer information is a critical task of hospitality managers. Hospitality managers can carry out their tasks (e.g., service delivery) more effectively by processing their customer information. Employee training also is essential in the hospitality industry because customer dissatisfaction with products/services and employee errors can be reduced or eliminated by effective training (Haywood, 1992). Thus, there is a need for additional research to investigate how customer information processing and employee training are related to CROBs and customer relationship performance. Such research can be theoretically and practically useful by shedding light on the management mechanisms through which CROBs may enhance customer relationship performance.

LITERATURE REVIEW

Customer relationship-oriented behaviors (CROBs)

Firms attempt to develop profitable customers by taking necessary actions to understand the needs of customers. Such actions and behaviors have been regarded as CROBs (Narver & Slater, 1990). CROBs are operationalized in this study of the restaurant industry as restaurant firms' activities, behaviors, and/or philosophy to understand customers' needs, preferences, and/or past behaviors. Relationship marketing studies have reported that CROBs are related to firm

performance measured by both financial performance such as profit and return on investment and non-financial performance such as new product success and innovation. However, these studies have often resulted in mixed findings, including a direct link (Narver & Slater, 1990), a moderated or mediated relationship (Han et al., 1998), or no significant relationship between CROBs and firm performance (Diamantopoulos & Hart, 1993), limiting their strategic value to corporate decision makers. Such inconsistent results suggest further research needs to identify the mechanisms that may intervene or modify the relationship (McNaughton et al., 2002).

Customer information processing

Customer information processing is conceptualized as one-dimensional construct encompassing firms' series of related practices such as acquisition/generation, analysis, interpretation, customization, and storage of customer information. Firms can acquire their customer information from both external and internal sources. External sources may include searching and borrowing, whereas internal sources may include management teams' knowledge (Dixson, 1992). The supply of customer information has been increased as firms grow and age (Mintzberg, 1979). However, how customer information processing leads to higher levels of customer relationship performance such as customer satisfaction has received little attention from researchers. Better customer information processing has been increasingly demanded in the hospitality industry, perhaps because hospitality organizations face a rapidly changing environment, undergo rapid technological developments, and need to deal with knowledgeable customers.

Training orientation

The current study uses training orientation to describe employee training activities, behaviors, and/or philosophy that may aid in restaurant operations, improve product and service quality, recognize the importance of relationships with customers, and deal with customer complaints. The increasing pressure for improving firm performance forces hospitality managers to focus on employee training. Employee training is particularly important in the service industry such as restaurant because costs associated with employee turnover and customer dissatisfaction can be reduced by employee training (Kramlinger, 1993). Therefore, restaurant managers should pay increased attention to strengthening employee skills, knowledge, and abilities to meet customer demands (Gamio & Sneed, 1992).

Customer relationship performance

Customer relationship performance in this study is defined to include these five outcomes of customer relationships, including customer satisfaction, customer loyalty, customer retention, market share, and the firm's ability to charge a premium price (Bitner, Booms, & Tetreault, 1990). Relationship marketing research in the hospitality industry has focused on activities and behaviors (Bowen & Shoemaker, 1998), ignoring entire organizational activities and behaviors. All organizational members should be involved in meeting customer needs, producing better products and services, and building cooperative relationships with customers. Researchers have generally agreed that customer relationship-oriented firms perform better than their competitors, because CROBs help firms better understand preferences and needs of current and prospective customers and offer competitive products and services.

RESEARCH HYPOTHESES AND MODEL DEVELOPMENT

Mediating role of customer information processing

Restaurant firms' ability to process customer information results in higher customer relationship performance, because customer information helps restaurant firms implement better marketing programs for customized product offerings, communications, pricing, and distribution. According to the resource-based view of a firm (Wernerfelt, 1984), firm resources are firm-specific assets that are difficult for competitors to imitate. Customer-related information is considered important resources that facilitate firm performance at profits (Teece, Pisano &, Shuen, 1997). A capability to process customer information can be a good resource that potentially enhances customer relationship performance. Thus, customer information processing may play a mediating role in between CROBs and customer relationship performance.

- H1: Customer information processing will mediate the relationship between CROBs and customer relationship performance. Specifically, CROBs will be positively related to customer information processing (H1a). Customer information processing, in turn, will be positively related to customer relationship performance (H1b).

Mediating role of training orientation

Because CROBs are believed to be an organizational culture or strategy (Deshpandé et al., 1993), employee training programs should support the organizational strategy to effectively achieve organizational goals. Research suggests that training is an effective management tool to reduce operational errors made by employees (Haywood, 1992), increase firm performance, and improve job performance (Love, 1998).

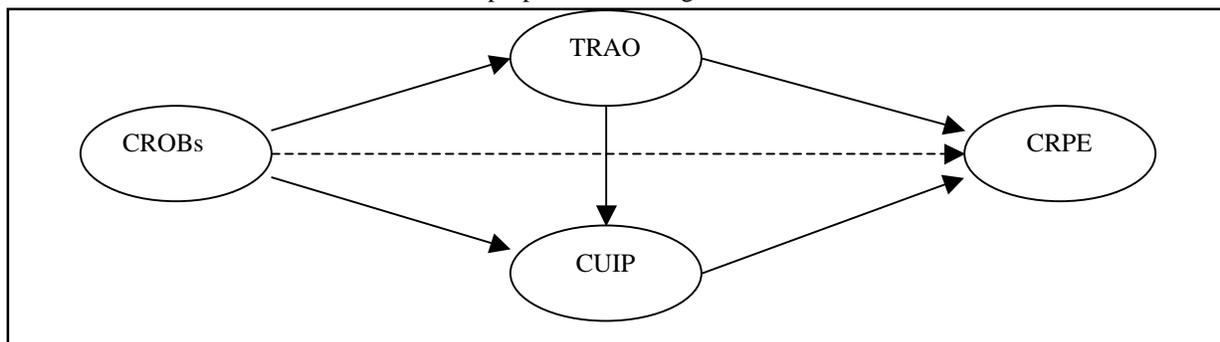
H2: Training orientation will mediate the relationship between CROBs and customer relationship performance. Specifically, CROBs will be positively associated with training orientation (H2a). Training orientation, in turn, will be positively related to customer relationship performance (H2b).

Restaurant firms may interact with customers in different ways including mail campaigns, Web sites, and advertising. Solid CRM systems of restaurant firms should use all these organizational efforts. Restaurant firms may then scrutinize the system-generated data to obtain a holistic view of each customer and pinpoint areas where better services are needed. It is human resources that ultimately determine where and how the information is stored, how it will be used, and what the firms intend to do with that information. Therefore, it is important for restaurant managers to integrate technology and human resources to gain insight into the behavior of customers and the value of those customers from the obtained customer information. Training may help employees understand the importance of the customer data and treat data appropriately for further usage.

H3: Training orientation will mediate the relationship between CROBs and customer information processing. Specifically, CROBs will be positively associated with training orientation (H3a). Training orientation, in turn, will be positively related to customer information processing (H3b).

Figure 1 presents the mediating roles of customer information processing and training orientation between CROBs and customer relationship performance. That is, CROBs affect CRPE only indirectly.

Figure 1.
A proposed mediating model.



CROBs = Customer relationship-oriented behaviors; TRAO = Training orientation; CUIP = Customer information processing; CRPE = Customer relationship performance

METHODOLOGY

All constructs consisted of multiple-item measures and used a 7-point rating scale. All responses but demographic information were based on the perceptions of restaurant owners and/or presidents who could provide information on the complex organizational phenomena. Five CROB items measured activities and behaviors of restaurant firms to understand customers' needs, preferences, and past/current behaviors (Narver & Slater, 1990). Seven training orientation items that were newly developed for this study pertained to the degree to which restaurant firms focus on training employees. Eight items for customer information processing were newly developed and they measured the extent to which restaurant firms were involved in information processing activities. Customer relationship performance was measured by five items assessing the extent to which respondents perceived their customer relationship performance (Homburg & Pflesser, 2000). Surveys were mailed to nationwide 1,000 independent restaurant owners or presidents randomly selected from the database provided by by Lebhar-Frieman, the publisher of *Nations' Restaurant News*. The completed surveys were mailed directly back to the researchers. A total of 241 responses were obtained with five unusable responses, yielding the final usable responses of 236.

RESULTS

Confirmatory factor analysis was performed using LISREL 8.5 (Jöreskog & Sörbom, 2001) with the sample variance-covariance matrix. Three items were deleted to improve the fit of the measurement model. The revised measurement model using 22 items provided a good fit ($\chi^2 = 217.43$, $df = 203$, $p > .23$). All factor loadings were large and significant ($p < .01$, $\lambda_s = .73$ to $.87$), providing convergent validity of the measurement items. Discriminant validity was

obtained because the variance explained by each construct was greater than the squared correlations between pairs of the constructs. Reliability estimates exceeded a minimum of .70 (.90 to .93) as suggested by Nunnally (1978).

The proposed structural model in Figure 1 achieved a good fit with the data: $\chi^2 = 220.60$, $df = 204$, $p > .20$; NFI = 0.94; NNFI = 0.99; CFI = 1.00; GFI = .92; RMSEA = .02. The results of the proposed structural model indicated that the total effects of CROBs on customer relationship performance was the same as the amount of total indirect effects, suggesting that customer information processing and training orientation fully mediate the effect of CROBs on customer relationship performance. The proposed model explained 33% of the variance in customer relationship performance.

Hypothesis 1 predicted the mediating role in the CROBs – customer relationship performance relationship. CROBs were found to be significantly ($t = 2.16$, $p < .01$) related to customer information processing, which exerted a significant ($t = 6.38$; $p < .01$) effect on customer relationship performance, supporting Hypothesis 1. Hypothesis 2 posited that training orientation would mediate the relationship between CROBs and customer relationship performance. Training orientation significantly ($t = 4.12$, $p < .01$) affected customer relationship performance; CROBs were found to be significantly ($t = 3.82$, $p < .01$) related to training orientation. These findings support Hypothesis 2. Training orientation not only significantly ($t = 3.58$, $p < .01$) affected customer information processing but also indirectly but significantly ($t = 3.88$, $p < .01$) affected customer relationship performance through customer information processing, supporting Hypothesis 3.

DISCUSSION

CROBs were only indirectly related to customer relationship performance through customer information processing and training orientation. This finding supports the hypothesis that customer information processing and training orientation are instrumental to increasing customer relationship performance. Because CROBs were related to customer relationship performance only indirectly, these results appear to support the earlier conceptual view (McNaughton et al., 2002) that research on CROBs should steer away from examining direct effects and focus instead on examining the intervening processes by which CROBs affect customer relationship performance. Our study uncovered a positive relationship between CROBs and customer relationship performance that otherwise would have gone undetected had only CROBs' direct effects been examined. Therefore, restaurant firms should focus on not only training employees but also managing customer information to achieve high organizational performance in customer relationship management.

IMPLICATIONS

Previous empirical research on CROBs has not shown how CROBs led to customer relationship performance. Researchers have suggested including variables that would facilitate the relationship between CROBs and customer relationship performance. Based on theoretical work in CRM (or relationship marketing), this study proposed a new model specifying indirect relationships between CROBs and customer relationship performance through training orientation and customer information processing. The results imply that training orientation and customer information processing are important procedural factors that mediate the relationship between CROBs and customer relationship performance. The results provide evidence of the mediating role of customer information processing between CROBs and customer relationship performance. Restaurant managers need to invest in the generation, utilization, and processing of customer information. Customer information of restaurant firms is related to two important firm outcomes such as customer satisfaction and business performance. As the Internet and database technologies enable restaurant firms to collect more extensive information on their customers' needs, preferences, and behaviors, firms are further challenged to make effective use of the information. Restaurant firms that better process customer information are likely to have more satisfied customers and perform better than those that do not. One major implication of this finding is that only implementing CROBs may not guarantee superior customer relationship performance, including increased customer satisfaction, customer loyalty, customer retention, and market share, unless restaurant firms train employees. Restaurant firms should take steps to help employees learn skills and knowledge about customer relationships and their operations through employee training.

LIMITATIONS AND FUTURE RESEARCH

The research design was cross-sectional, not longitudinal. Such research captures the perceptions of restaurant owners and/or presidents at one time point. Although this may be helpful in predicting relationships among variables, the cause-and-effect relationships could be better determined via a longitudinal study. The current study did not include other potential antecedents of an effective customer information processing system. For example, the question of "What should restaurant firms do to ensure that customer information is generated, processed, and used in their firms?" should be understood more comprehensively. It is important for managers to know the factors that enhance customer information usage.

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DETERMINANTS OF CEO CASH COMPENSATION IN THE RESTAURANT INDUSTRY

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ABSTRACT

This study examined the determinants of cash compensation for chief executive officers (CEOs) of restaurant firms. After examining the financial data for 73 U.S. restaurant firms for 2002, the study found that restaurant CEO cash compensation was positively correlated with firm size and operating efficiency. Growth, debt leverage, profitability and stock performance were found to play no role in determining compensation. Large restaurant firms that efficiently used assets tended to offer high cash compensation to their CEOs. Our findings suggest that to minimize agency problem and enhance firm value, the industry should tie CEO compensation to profitability and stock performance.

INTRODUCTION

Agency theory holds that corporate agency problems arise due to the separation of management from ownership. Agency problems occur because the agents or managers are likely to pursue self-serving goals that may not benefit stockholders. Therefore, agency theory focuses on control issues resulting from the problem of aligning the interests of agents and stockholders (Tosi, Werner, Katz & Gomez-Mejia, 2000). Such conflicts of interest can be resolved through both the structure of the compensation mechanism and monitoring (Mangel & Singh, 1993). It is generally suggested that a compensation system based on managerial performance would be a better solution because perfect monitoring may be impossible or too expensive (Abowd, 1990).

According to Jensen and Meckling (1976), agency costs caused by agency problems can be minimized when executives are compensated for performance. Executives should be rewarded with better compensation for improved profitability and stock performance and penalized with low compensation for poor profitability and stock performance. Any reward systems not based on performance bring additional agency costs for shareholders and lower stockholder wealth.

Perlik (2002) points out that the performance-tied pay strategy is a key element in today's executive compensation plans. In recent years, however, many top restaurant firms tend to offer cash compensation to their CEOs regardless of firm performance. For example, in 2002, Denny's Restaurant suffered a loss of \$88.5 million and its earnings before interests and taxes (EBIT) dropped by 22%; its CEO received a \$1.3 million bonus (Perlik, 2002). In May 2002, the CEO of Prandium Inc., a restaurant firm that owns and operates casual dining and quick-service eateries, walked away with a \$418,950 bonus when the company filed for bankruptcy (Perlik, 2002).

Since the agency theory was first proposed (Jensen & Meckling, 1976), numerous studies have been conducted to investigate executive compensation determinants. To our best knowledge, however, there is no documented research on determinants of CEO compensation in the restaurant industry, an important sector of the hospitality industry. The purpose of this study is to investigate how CEO cash compensation is determined in the restaurant industry and whether the existing compensation scheme conforms to the pay-for-performance principle as suggested by the agency theory. The findings of this study may shed light on how restaurant firms can improve their management reward systems to minimize agency problems and maximize shareholder wealth.

PREVIOUS STUDIES ON EXECUTIVE COMPENSATION DETERMINANTS

The link between firm size and executive compensation was widely investigated in previous studies. According to Core, Holthausen, and Larcker (1999), large firms need to hire high-quality executives and provide them with high pay because the management of large firms involves more complex and demanding tasks. Thus, a positive association between firm size and executive compensation has been proposed. Empirical studies are unanimous in reporting this positive relationship between firm size and executive compensation (Elston & Goldberg, 2003; Core et al., 1999; Carr, 1997).

Firth, Tam, and Tang (1999) propose growth as a determinant of CEO pay. High sales growth leads to a high market share in industry, and a high market share will provide an opportunity for the firm to become a dominant leader in the industry and allows economies of scale. Thus, firms with high sales growth may tend to pay executives well even without considering profitability. Core et al. (1999) suggest that firms with greater growth opportunities and more complex operations are likely to have high-quality CEOs who receive greater compensation. Empirical results regarding the compensation/growth relationship are mixed. While Gregg, Machin, and Szymanski (1993) showed growth to be positively correlated with executive compensation, Ingham and Thompson (1995) demonstrated a negative correlation between growth and executive compensation.

Jensen and Mecking (1976) suggest that the corporation should provide a compensation package to attract and retain management talent, while at the same time balancing such compensation with expected increases in shareholder wealth resulting from managerial performance. Agency theory argues that since managers tend to shirk their duties and attempt to maximize their utility, the management reward system should be designed to maximize stockholder wealth (Firth, Lohne, Ropstad, & Sjo 1996). Therefore, performance-based compensation provides a viable solution to the agency problem by aligning the interests of managers with those of the company owners (Abowd, 1990).

The link between firm performance and executive compensation has been widely investigated in previous empirical studies. In those studies, firm performance was measured in terms of profitability ratios, stock return and stock volatility. Previous studies (Elston & Goldberg, 2003; Carr, 1997; Mangel & Singh, 1993) generally found profitability ratios to be positively correlated with executive compensation. On the other hand, using stock return and stock volatility to measure stock performance, empirical tests of the relationship between stock performance and executive compensation have yielded mixed results. While Kren and Kerr (1997) found evidence to support a positive relationship between executive compensation and stock return, Firth et al. (1999) found no significant relationship between the two. Investigating the relationship between CEO compensation and stock volatility, Core et al. (1999) discovered a significant negative association between the standard deviation of stock return and CEO compensation. Conversely, Carr's (1997) results indicated that CEO compensation was higher at firms with greater stock volatility.

DATA AND METHODOLOGY

The sample for this study consisted of 73 publicly traded restaurant firms that met the following three requirements: (1) The firm's compensation data were available from the Multex Investor Financial Research; (2) the financial data necessary to derive financial variables were available in the COMPUSTAT; and (3) the monthly stock return for the firm was available from the Center for Research in Security Prices (CRSP) file.

Multex Investor Financial Research provides information on CEO compensation from the prior year. When this research was conducted in 2003, only CEO compensations for 2002 were available. Therefore, this study concentrates on the CEO compensation determinants for restaurant firms for 2002. While an investigation based on one year's data may not reveal the long-term pattern of restaurant CEO pay, it should provide the most up-to-date information on CEO compensation in the restaurant industry. Since the nation experienced an economic recession in 2002 in the wake of the 9.11 terrorist attacks, the results of our research can be particularly useful in revealing how restaurant firms decide on CEO compensation during economic downturns.

Previous studies of executive compensation determinants used either cash compensation or cash compensation plus long-term deferred benefits as the compensation variable. In this study, restaurant CEO compensation was defined as cash payments, which include salaries and bonuses. The problem associated with deferred compensations such as stock options and pensions is difficulty in computing their present value (Veliyath, Ferris, & Ramaswamy, 1994; Mangel & Singh, 1993). CEOs do not realize their gains from the stock option until they exercise the option. Due to the difficulty in computing the present value of the deferred compensation benefits, many studies of executive compensation (Finkelstein & Boyd, 1998; Lambert, Larcker, & Weigelt, 1991; Schmidt & Fowler, 1990) employed only cash payments as the compensation variable. In this study, restaurant CEO cash compensation was transformed by taking its natural logarithm because the original data had a skewed distribution. The natural logarithm was made to normalize the variable and avoid possible impacts of outliers.

Taking its cue from previous studies, our research looked at firm size, growth, profitability and stock performance as the four major dimensions that might impact restaurant CEO cash compensation. Like many previous studies of the determinants of executive compensation (Gomez-Mejia, Larraza-Kintana, & Makri, 2003; Gomez-Mejia & Wiseman, 1997; Finkelstein & Hambrick, 1996), this study measured size using total assets in their natural logarithm to account for

possible size effect on CEO cash compensation. Growth was computed as the percentage changes in total sales over the 2001-2002 periods.

Profitability included four ratios widely used in previous studies, namely operating profit ratio, gross return on sales, profit margin, and return on assets. In COMPUSTAT, operating profit ratio was defined as income after undistributed operating expenses divided by total revenue. Gross return on sales was a ratio of income before interest and income taxes to total revenue. Profit margin was defined as net income divided by total revenue. Return on assets was a ratio of net income to total assets. Like many previous studies (Core et al., 1999; Firth et al., 1999; Carr, 1997; Kren & Kerr, 1997; Firth et al., 1996), our study gauged a restaurant firm's stock performance using its average monthly stock return and stock volatility. Monthly stock return was the monthly percentage change in stock price adjusted for stock splits and dividends. Stock volatility was measured by the standard deviation of the monthly stock return.

The year 2002 was difficult for restaurants as tourism was hit hard by the 9.11 terrorist attacks. Retaining or increasing revenues in an economic downturn was a challenging task for restaurant CEOs. Given difficult market conditions, the board of directors of a restaurant firm may pay more attention to revenue performance. Based on this assumption, this study added two operating efficiency ratios, assets turnover and fixed assets turnover, to represent a different dimension of firm performance. Assets turnover was a ratio of total revenue to total assets. Fixed assets turnover was calculated by dividing total revenues by total fixed assets.

Since debt leverage may have an impact on CEO compensation, two debt-related ratios were also added as potential determinants. According to Jensen (1986), debt leverage can help control agency costs related to free cash flow. High debt leverage may deter firms from offering excessive executive cash compensation. Therefore, debt ratio, a ratio of total debt to total assets, was used as a potential variable. Debt service coverage was also taken as a potential determinant. Anderson, Banker, and Ravindran (2000) suggest that firms with low debt service coverage might offer less cash compensation to CEOs due to a cash shortage. In this study, the number of interest times earned ratio, which is a ratio of income before interest and taxes to interest expenses, represented debt service coverage.

Taking the 12 candidate determinants as potential independent variables and cash compensation as the dependent variable, this study attempted to develop a regression model with independent variables that have significant impacts on restaurant CEO cash compensation. The backward selection regression method was used to identify significant variables. The steps of a backward selection procedure are: (1) computing a regression line with all candidate variables included; (2) calculating the partial F-value for each, treated as if it were the last variable to enter the regression equation; and (3) comparing the smallest partial F-value with a predetermined significance F value or the benchmark. If the smallest partial F value is less than the benchmark, the variable is removed. After the first variable is removed, the variable remaining in the equation with the smallest partial F value is considered next. The procedure stops when there are no variables in the equation that satisfy the removal criteria. In this study, the cutoff significant F value was selected at the 0.10 level.

After significant variables were identified using the backward selection procedure, the weighted least-square (WLS) regression procedure was used to estimate the final regression model. The weights were the reciprocals of the absolute values of the residuals from a first-path OLS regression model resulting from the backward selection procedure. This study used the WLS regression procedure because it can properly handle the problem of heteroscedasticity, which commonly exists in cross-firm regression and violates the constant residual variance assumption of regression, as suggested by Kleinbaum, Kupper, and Muller (1988).

RESULTANT WLS MODEL

Table 1 provides descriptive statistics of restaurant CEO cash compensations (salaries plus bonuses) of the 73 sample restaurant firms in 2002. Descriptive statistics of the 12 independent variables are also presented in Table 1. Starting with the 12 potential CEO cash compensation determinants, the backward selection regression procedure was conducted and ended up with two significant variables: total assets and assets turnover ratio. A follow-up WLS regression model was established based on the two variables.

Table 2 shows the results of the WLS regression. The WLS model, with total assets and assets turnover as its independent variables, has an F value of 512.12 and is highly significant. The model has an adjusted R square of 0.934, implying that the two variables jointly explain about 93% of the cross-firm variation in CEO cash compensations in the restaurant industry in 2002. The high t values of TA and AT, 28.88 and 10.44, respectively, show that both variables are highly significant in the model. The greater t value of TA, as compared with that of AT, indicates that firm size played an even more significant role than operating efficiency in determining restaurant CEO cash compensation. Since the VIFs

(1.0) associated with both independent variables in the model are far below 10, multicollinearity is not a problem for our estimated model.

Table 1:
Descriptive Statistics of Variables

Variable	Mean	Std.	Minimum	Maximum
COMP (\$)	721,933.60	700,977.85	45,497.00	3,763,509
TA (\$M)	732.71	2,869.91	0.79	23,970.50
CSALES	0.0333	0.1771	-0.8185	0.4441
OPR	0.1063	0.0775	-0.2948	0.3120
GROS	0.0577	0.0875	-0.4737	0.2460
PM	0.0027	0.1169	-0.4945	0.2968
ROA	0.0087	0.1524	-0.9265	0.1557
AT	1.6023	0.6345	0.1060	3.7090
FAT	3.0362	3.2422	0.6560	26.7660
AMSR	0.0087	0.0354	-0.0791	0.1179
SDMSR	0.1601	0.1081	0.0413	0.7103
DR	0.2964	0.2294	0.0000	1.1122
NTIER	26.99	129.96	-57.50	1,086.70

Note:

COMP = CEO cash compensation, TA = Total assets, CSALES = Percentage growth in total sales, OPR = Operating profit ratio, GROS = Gross return on sales, PM = Profit margin, ROA = Return on assets, AT = Assets turnover, FAT = Fixed assets turnover, AMSR = Average monthly stock returns, SDMSR = Standard deviation of monthly stock returns, DR = Debt ratio, NTIER = Number of times interest earned ratio.

Table 2
WLS Regression Model for CEO Compensation Determinants

Independent Variable	Coefficient	t-Statistic	Significance	VIF
Constant	10.471	107.67	0.000	
TA	0.4399	28.28	0.000	1.0
AT	0.3158	10.44	0.000	1.0

Notes:

1. Dependent Variable = CEO cash compensation (natural log).
2. TA = Total assets (natural log), AT = Asset turnover. VIF = Variance influence factor
3. Sample size = 73, Adj. R-Square = .934, F =512.12 (significant at the 0.01 level).

DISCUSSION

The positive and highly significant relationship between total assets and CEO cash compensation suggests that CEOs of larger restaurant firms receive higher salaries and greater bonuses. Our result was consistent with the findings of previous studies (Elston & Goldberg, 2003; Core, et al., 1999; Carr, 1997; Mangel & Singh, 1993). Indeed, the tasks facing CEOs of large restaurant firms are more complex and demanding than those for small restaurant CEOs. Higher cash compensations were awarded to them for managing large and complex operations that require sophisticated management skills and more experiences.

The highly significant and positive relationship between assets turnover and CEO cash compensation shows that those who were able to use restaurant assets to generate more revenue were better paid. Assets turnover measures the efficiency in creating revenue relative to investment in total assets. Therefore, its positive relationship with the dependent variable in the model is consistent with the pay-for-performance principle as advocated by the agency theory. Given the difficult market conditions for restaurants in 2002, maintaining sales revenue was a great concern for many restaurant firms. Revenue efficiency might be a more important performance indicator than other performance measures for determining CEO cash compensation.

It is interesting to note that fixed assets turnover, another candidate variable for measuring revenue efficiency, was not selected in the backward procedure, hence its absence in the final model. Compared with other sectors in the hospitality industry, such as hotels and casinos, restaurants are much less fixed-assets-intensive. Therefore, fixed assets turnover may not be as important as assets turnover in terms of measuring revenue efficiency. Restaurant firms may tend to use assets turnover, instead of fixed assets turnover, to judge management performance. It is also interesting to note that sales growth was not included in the model. Gu (2002) shows that restaurant bankruptcy rate was the highest among the service

industries and bankrupt restaurant firms tended to have fast sale growth but poor operating and financing cost control prior to bankruptcy. The inclusion of assets turnover and the exclusion of sales growth in the model seem to indicate that the industry probably pays more attention to CEOs' ability to generate sales revenue relative to investment in total assets rather than simple sales growth, when determining CEO compensation.

Both debt ratio and number of times interest earned ratio were excluded from the final model, showing that restaurant firms offer CEO cash compensation regardless of their debt use or interest coverage. Our results fail to support Jensen's (1986) free cash flow proposition and Anderson et al.'s (2000) debt service coverage hypothesis regarding executive compensation. The absence of debts' impact on restaurant CEO compensation might be a reflection of the less important role played by debts in restaurant financing. According to Reuters Investor (2003), by the end of 2003, the average debt ratio for the restaurant industry was 0.40, in comparison with the service sector's 0.47 and the S&P 500's 0.50. The debt ratio for the hotel industry was 0.62, much higher than the restaurant industry's.

All of the profitability ratios and market performance variables failed to be retained in the backward regression procedure, hence their absence in the final WLS model. Apparently, profitability and stock performance, by stock return and stock volatility, were not factors in determining CEO cash compensation in the restaurant industry. Our results conform to Perlik's (2002) assertion that in recent years restaurant firms tend to offer cash bonuses despite companies' weak performance. Obviously, the pay-for-performance principal is not adhered to in terms of either profitability or stock performance.

CONCLUSIONS AND SUGGESTIONS FOR THE INDUSTRY

Starting with 12 variables as potential determinants, this study attempts to establish a WLS regression model to explain how restaurant firms decide on CEO cash compensation. Our empirical investigation resulted in a model with firm size and operating efficiency as significant determinants. This model, though having only two variables, can explain about 93% of cross-firm variation in restaurant CEO cash compensation in 2002. Based on our results, the following conclusions can be made.

First, firm size is the dominant factor in restaurant CEO cash compensation, since it is the most significant variable in the model. CEOs of large restaurant firms receive higher cash compensations than their counterparts in small restaurant firms. According to Core et al (1999), large firms need to pay their CEOs more because the management of a large firm involves more complex and demanding tasks. As in many other industries, as found by previous studies (Elston & Goldberg, 2003; Core, et al., 1999; Carr, 1997; Mangel & Singh, 1993), the pay-for-job-complexity rule seems to prevail in the restaurant industry.

Second, as operating efficiency was found to be positively associated with CEO cash compensation in the model, it can be concluded that the pay-for-performance principle plays certain role in determining restaurant CEO cash compensation. Here, however, performance refers only to revenue created relative to invested assets. Firm performance by its traditional measures, namely profitability and stock performance, was found to be irrelevant to restaurant CEO cash compensation. Therefore, pay-for-performance principle is not largely adhered to in the restaurant industry. Third, debt leverage and interest coverage were found to have no impact on CEO cash compensation. It can be concluded that debts do not deter restaurant firms from compensating their CEOs. The debt irrelevance is probably due to the restaurant industry's relatively light reliance on debt financing.

According to the agency theory (Jensen & Meckling, 1976), compensating management based on performance can better align the interests of managers with those of the owners and can thus serve as a solution to agency problem. Our results based on the 2002 data indicate that in the restaurant industry, the pay-for-performance principle is practiced in terms of revenue efficiency but not by measures of profitability, stock return and stock stability. Obviously, there is room in the industry to improve its existing CEO compensation scheme.

To improve its managerial compensation system, the restaurant industry surely needs to tie CEO compensation with firms' various profit indicators, net income or earnings after taxes in particular, since stock markets tend to react positively to good earnings and negatively to bad earnings. Higher earnings per share are likely to push the stock price up, thus increasing firm value and shareholder wealth. Therefore, higher CEO cash compensation should be awarded when earnings are higher than expected and vice versa. Rewarding CEOs based on profitability will give CEOs an incentive to raise profits, ultimately leading to higher stock price and greater stockholder wealth. On the other hand, rewarding CEOs based on revenue creation alone is not enough because higher revenues do not warrant higher earnings. To realize good earnings, the management of a restaurant firm must not only generate high revenues but also keep costs low. In the past,

many restaurant firms with high revenue growth went bankrupt due to lack of tight cost control (Gu, 2002). Creating high revenue without rigid cost control will eventually lower or destroy, rather than enhance, firm value. Rewarding CEOs based on profitability is essential to maximizing the wealth of restaurant shareholders.

According to the agency theory (Jensen & Meckling, 1976), the pay-for-performance principle also implies that CEO compensation should be tied to stock performance. To improve the existing CEO compensation system, the board of directors of a restaurant firm should also consider the performance of the firm's stock in terms of stock return and stock stability as well. While stock return directly impacts shareholder wealth, stock stability affects shareholder wealth indirectly. Potential investors require higher rates of return for bearing higher risk. Increased stock volatility will increase risk as perceived by the capital market, thus raising the required rate of return for potential investors and lowering the stock price. Contrarily, decreased stock volatility will lead to lower required rate of return and higher stock price and hence greater firm value for existing shareholders. Previous studies have found that a firm's operating, investing and financing decisions affect both the systematic and unsystematic risks of a firm (Gu & Kim, 2003; Kim, Gu, & Mattila, 2002). Restaurant CEOs should be responsible for the increase or decrease in stock volatility caused by their decisions and be compensated accordingly. Linking restaurant CEO cash compensation with stock performance in terms of both stock return and volatility will surely help better align the interests between CEOs and shareholders.

A major limitation of this study is its use of only 2002 restaurant data when the nation's economy was experiencing a downturn in the wake of 9.11 events. While it may be safe to say that our findings reflect the CEO cash compensation determinants in the restaurant industry during economic slumps, it may be too early to say that those factors are determinants of CEO cash compensation all of the time. Therefore, as a note of caution, it is suggested that the above conclusions regarding improving the restaurant CEO compensation scheme may be applicable only to economic downturns. A follow-up study using 2003 data is highly advisable. Such a study will find out if those determinants change across different economic cycles, thus either confirming the findings of this study or revealing new insights about CEO cash compensation in the restaurant industry.

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ANTECEDENTS AND CONSEQUENCES OF RELATIONSHIP QUALITY
IN UPSCALE RESTAURANTS

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ABSTRACT

Using structural equation analysis, this study examines the relationships among six elements of relationship management activities (predictors), relationship quality and commitment (mediating constructs), and relationship outcomes of future revisit intentions and word-of-mouth. Relationship quality and commitment are the primary mediating constructs between relationship management activities and relationship outcomes. The effective use of relationship management strategies may spread positive word-of-mouth and increase future revisit intentions. The findings of this study provide restaurant managers with a guideline in developing and implementing a relationship management strategy to enhance relationship outcomes. Implications and directions for future research are provided based on these findings.

Key Words: relationship quality, commitment, revisit intentions, word-of-mouth.

INTRODUCTION

A consensus is emerging that a loyal guest base will generate predictable sales, steady cash flow, and an improved profit stream. Casual dinner houses such as T.G.I. Friday's, California Café Bar & Grill, and Bennigan's are channeling more staff and marketing resources into frequent-diner programs. The purpose of frequent-diner programs is to build brand loyalty and encourage repeat business. Restaurant marketers have updated the concept by providing premiums ranging from inexpensive gifts (T-shirts, mugs, hats, clocks, and pens) to lavish vacations by awarding redeemable points based on dollars spent (Prewitt, 1997). In high contact restaurant industries where the service is indistinguishable from the service provider, the interaction between customers and service providers offers a potential mechanism by which a restaurant can generate true customer loyalty.

Given the understanding that retaining customers is preferable to constantly seeking new customers (Reichheld & Sasser, 1990; Sheth & Parvitiyar, 1995), and that the maintenance of long-term customer relationships is central to improving business performance, relationship marketing has drawn the attention of both researchers and practitioners. The steady growth of the service economy and the intensification of competition in the marketplace have stimulated the shift in marketing towards relationship orientation (Wong & Sohal, 2002). Beyond providing satisfactory products and services, many hospitality organizations have recently recognized the benefits of establishing and nurturing ongoing relationships with their customers (Oh, 2002). Hospitality firms have adopted relationship marketing strategies that are critical for sustaining a competitive advantage. Hospitality firms that have daily customers are striving to create one-to-one relationships with those customers. Front-line employees who interact with regular customers are expected to learn their names, habits, and preferences. For example, the Marriott hotel chain treats its guests in a personalized mode by building a customer database on preference information (e.g., smoking or non-smoking and choice of bed).

Although the importance of both relationship quality and commitment is well established in the literature, some central questions concerning the relationship between these two constructs have not been fully explored. The purpose of this study is to examine the mediating role of relationship quality among the seven predictors and the three outcome variables in maintaining and augmenting the relationship between a service provider and a luxury restaurant customer. This research also addresses the ways in which relationship management variables like physical environment, food quality, customer orientation, communication, relationship benefits, and perceived price fairness may affect a customer's relationship quality. It is expected that a high level of satisfaction with the delivery of products and services, along with the customer's deep trust in a luxury restaurant organization will lead to high commitment, loyalty, and word-of-mouth referrals. A higher level of customer's affective commitment is positively related to loyalty and positive word-of-mouth communication.

THEORETICAL BACKGROUND

Predictors of Relationship Quality

In this study we define relationship management as a concept of relationship marketing activities that includes both tangible and intangible attributes. In the restaurant business, tangible attributes include building exteriors and parking areas, atmosphere, dining area layout, convenience of operating hours, and the quality of the food. Intangible attributes are the friendliness, knowledge and competence of the staff, consistent communication with customers through newsletters or

direct mail, a rewarding frequent dining-program, and value for money. This study investigates six relationship management activities that were based upon the literature: physical environment, food quality, customer orientation, communication, relationship benefits, and price fairness. We examine which of these activities are most effective in influencing loyalty and word-of-mouth communication through the mediating role of relationship quality.

Relationship Quality as a Mediating Construct

Relationship quality is a high-order construct composed of at least two dimensions that reflect the overall strength of a relationship and the extent to which it meets the needs and expectations of all parties involved. Crosby et al. (1990) and Wray, Palmer, and Bejou (1994) conceptualize the relationship quality construct as indicative of satisfaction and trust. Previous research suggests that relationship quality consists of customer satisfaction and trust (Kim et al, 2001; Kim & Cha, 2002). Drawing on these foundations, we conceptualize relationship quality as comprised of satisfaction and trust. Trust mitigates the perceived risk and builds customer confidence in the reliability and integrity of the exchange relationship (Parsons, 2002).

Commitment

Commitment is “customer psychological attachment, concern for future welfare, identification, and pride in being associated with the organization” (Garbarino & Johnson, 1999). Moorman, Zaltman, and Deshpande (1992) define commitment as an enduring desire to maintain a valued relationship. Commitment is one of the most important constructs for understanding the strength of a marketing relationship, and is a useful construct for measuring the likelihood of loyalty as well as for predicting future purchase intention (Wong & Sohal, 2002). Commitment is one of the most common outcome variables used in buyer-seller relationship studies (Wilson, 1995). Even if marketers are interested in explicit behavioral outcomes, commitment is a mechanism through which behavioral consequences are maintained (Gruen, Summers, & Acito, 2000). This study considers relationship quality as a predictor of commitment, which is envisioned as one of three relationship outcomes. Because commitment involves vulnerability and sacrifice, consumers are not likely to show a high level of commitment unless relationship quality has already been established (Gruen et al., 2000).

Loyalty and Word-of-Mouth

Previous research identified several relationship outcomes such as commitment (Wilson, 1995), repeat purchase intentions (Garbarino & Johnson, 1999; Kim et al., 2001), word-of-mouth (Berry, 1999; Bowen & Shoemaker, 1998; Kim et al., 2001; Kim & Cha, 2002), share of purchases (Reynolds & Beatty, 1999; Kim & Cha, 2002), customer loyalty (Pritchard, Havitz, & Howard, 1999; Hennig-Thurau et al., 2002; Zins, 2001), enhanced customer cooperation and acquiescence (Berry, 1999; Morgan & Hunt, 1994; Selnes, 1998). The outcomes of relationship quality involved sales effectiveness (e.g., account penetration and cross selling) and anticipation of future interaction (Crosby et al., 1990). Relationship quality had a clear impact on the customer’s anticipation of future interaction with the salesperson. Garbarino and Johnson (1999) suggest that trust and commitment both affect the future purchase intentions of an exchange partner.

Research Hypotheses

This study investigates the structural relationships among six relationship management activities (physical environment, food quality, customer orientation, communication, relationship benefits, and price fairness), relationship quality, and commitment, loyalty, and word-of-mouth. Based on the literature review, a summary of the hypotheses to be tested is presented below.

Hypothesis 1: Relationship management activities (physical environment, food quality, customer orientation, communication, relationship benefits, and price fairness) are positively related to relationship quality.

Hypothesis 2: Relationship quality is positively related to commitment.

Hypothesis 3: Relationship quality is positively related to word-of-mouth.

Hypothesis 4: Relationship quality is positively related to loyalty.

Hypothesis 5: Commitment is positively related to loyalty.

Hypothesis 6: Commitment is positively related to word-of-mouth.

RESEARCH METHODOLOGY

Survey Design

The data were collected from dinner patrons at twenty-one luxury restaurants in Seoul, Korea. We chose to limit our investigation to luxury restaurants where the average check is above US\$25. The survey was executed during two-week period in the summer of 2003. Prior to data collection, the researchers met with the owner or the manager of the restaurant, and after presenting an outline of the research project, received consent to administer surveys to patrons of the establishment. This procedure resulted in a pool of 21 free-standing luxury restaurants. Every effort was made to represent

several types of luxury restaurants and resulted in four different themes: six Korean restaurants, five Japanese restaurants, five Chinese restaurants, and five Western fine-dining restaurants.

Students were recruited and trained to serve as data collectors. A total of 21 graduate students from a private university in Seoul participated in the survey. Each student was provided with 60 questionnaires and was assigned to a single restaurant. The subjects were diners selected through a convenience sampling technique while waiting to be seated. The customers who agreed to participate in the survey were given a questionnaire. They were instructed to return the completed questionnaire directly to data collectors in the restaurant. In order to increase the response rate, all participants who completed the questionnaire were entered into a prize drawing for three different prizes: one free meal for two at the same restaurant, a \$25 gift certificate, and \$10 gift certificate that could be redeemed for any purchase in the restaurant. A total of 1,260 questionnaires were distributed and 899 returned. Of these 899 returns, 887 were usable and represented a response rate of 70.4%.

Measurement

A multi-item approach was chosen to measure all constructs. Forty-two measures were used to capture the various latent constructs. The items in all scales were measured on a 5-point, Likert-type scale ranging from 1 (strongly disagree) to 5 (strongly agree), with the exception of price fairness and satisfaction (1-5 semantic differential scale). Six dimensions of relationship management activities were predictors of relationship quality and commitment. Based on the review of the literature and the results of a focus group interview with five restaurant managers, 25 items were developed to measure the six elements of relationship management activities. Relationship quality is an intermediate construct affecting the outcomes of relational exchanges. The two elements of relationship quality were trust and satisfaction; four-item and three-item scales, respectively were both adapted from Garbarino and Johnson (1999).

RESULTS

Unidimensionality Assessment

To assess the unidimensionality of each scale, exploratory factor analysis, reliability, and confirmatory factor analysis were performed. A reliability test was used to purify the measurement scale for each construct. The coefficient alphas of 11 constructs are above .7, which was acceptable for the study, ranging from .76 to .88. Exploratory factor analysis with varimax rotation of relationship quality, its predictors and outcomes supported the unidimensionality of each scale in that the items of each scale loaded highly on a single factor. The most common and reliable criterion is the use of eigenvalue in extracting factors; all factors with eigenvalues greater than 1 were retained. In addition, all items with a factor loading above 0.4 were retained. Also, any items which cross-loaded on two factors with factor loadings greater than .4 were removed.

Structural Model

Structural equation methodology was used to test the hypothesized model. In specifying this model, each of the constructs for relationship quality predictors was represented by a single scale score. This was done because (1) the total number of measured variables is large, (2) this is the way most of these widely used constructs are represented empirically in research literature (e.g., Bettencourt & Brown, 1997; MacKenzie, Podsakoff, & Ahearne, 1998). Technically, for predictors of relationship quality, the procedure involves constraining the measurement coefficients to the square root of the scale's reliability and the corresponding error coefficients to one minus scale reliability (Kenny, 1979; Williams & Podsakoff, 1989). This allows for a more parsimonious presentation of the results. Further, because there is no theoretical reason to assume that the latent independent variables are independent of each other, the covariances between them are allowed to vary.

Overall Model Results

The hypothesized relationships in the model were tested simultaneously using structural equation modeling. The resulting χ^2 is 178.91 with 69 degrees of freedom ($p = .000$; GFI = .97; AGFI = .95; RMSEA = .042; NFI = .98; CFI = .98), suggesting that the hypothesized model fits the data. In Table 3, the resulting standardized parameter estimates were presented. The proposed integrated model explains 65 % of the variance in relationship quality, 43% of the variance in commitment, 73% of the variance in loyalty, and 67% of the variance in word-of-mouth construct.

Table 1
Standardized Structural Path Estimates

Path	Direct Effects	Indirect Effects		
		Commitment	Loyalty	Word-of-mouth
Physical Environment _ Relationship Quality (β_{11})	-.10(-1.57) ^{n.s*}	-.07 (-1.57) ^{n.s}	-.08 (-1.57) ^{n.s}	-.06 (-1.57) ^{n.s}
Food Quality _ Relationship Quality (β_{12})	.33 (4.42) ^a	.22 (4.33) ^a	.26 (4.40) ^a	.20 (4.31) ^a
Customer Orientation _ Relationship Quality (β_{13})	-.01 (-.29) ^{n.s}	-.01 (-.29) ^{n.s}	-.01 (-.29) ^{n.s}	-.01 (-.29) ^{n.s}
Communication _ Relationship Quality (β_{14})	.12 (3.11) ^b	.08 (3.08) ^b	.10 (3.10) ^b	.07 (3.07) ^b
Relational Benefits _ Relationship Quality (β_{15})	.38 (7.79) ^a	.25 (7.31) ^a	.30 (7.64) ^a	.23 (7.20) ^a
Price Fairness _ Relationship Quality (β_{16})	.22 (4.43) ^a	.15 (4.33) ^a	.18 (4.40) ^a	.13 (4.31) ^a
Relationship Quality _ Loyalty (β_{31})	.50 (11.86) ^a		.79 (8.96) ^a	.59 (10.49) ^a
Relationship Quality _ Word-of-mouth (β_{41})	.10 (2.08) ^b			
Commitment _ Loyalty (β_{32})	.44 (9.80) ^a			
Commitment _ Word-of-mouth (β_{42})	.75 (12.83) ^a			
N	178.91			
d.f.	69			
p	.000			
R				
Relationship Quality	.65			
Commitment	.43			
Loyalty	.73			
Word-of-mouth	.67			

a) $p < .01$, b) $p < .05$

* Standardized coefficients (t-value)

DISCUSSIONS AND MANAGERIAL IMPLICATIONS

This study has described the effects of relationship management activities on relationship quality and its outcomes. While not all of the dimensions we examined led to statistically significant results, the four elements of relationship management activities (e.g., relationship benefits, price fairness, food quality, and communication) were important predictors of relationship quality. Physical environment and customer orientation turned out to be less significant and did not have a significant effect on relationship quality. Relationship quality was a mediating variable between relationship management activities and relationship outcomes.

Relationship benefits are the most important element of customer trust and satisfaction. When customers perceived high relational benefits, they expressed more satisfaction with service providers. This study suggests that relational benefits are essential to building mutually satisfying and trusting relationships with customers. Further, customers with high functional and social benefits show greater loyalty and spread positive word-of-mouth communication through relationship quality. These important findings demonstrate the value of relational benefits to customer trust and satisfaction and the subsequent effects of relationship quality on the bottom line outcomes for luxury restaurants – word-of-mouth and customer loyalty. Restaurant operators should therefore offer relational benefits to their customers. However, restaurant marketers should also reallocate resources between the two benefits depending on the preferences of one-time and repeat customers. Loyal customers place a different value on functional benefits than upon social benefits. It is likely that loyal restaurant customers would desire the social benefits of personal recognition and friendship more than they would functional benefits such as discounts or special offers.

Price fairness is the second most important element affecting a customer trust and satisfaction. Consumers are less likely to visit a restaurant if they believe that the prices are unnecessarily high. Successful menu pricing depends to some extent on the consumers' price fairness. Restaurant managers should consider price increases only if customers can be convinced that there is a justification for them. Restaurant operators should prove to their customers that the benefits of high quality food, excellent service, and an elegant atmosphere still are worth more than the amount that they are charged.

The quality of food and beverage strongly influences a customer's relationship quality. Successful free-standing restaurants must maintain a consistently high quality menu. It is important for restaurant operators to provide tasty food, expertly prepared, and presented in an appetizing manner. Restaurant managers must train their kitchen employees to consider the colors of foods combination and serving dishes with a variety of garnishes in elegant china, silverware, and crystal. Providing the finest foods and beverages is an essential component of running a successful restaurant.

Communication is a key relationship management activity in maintaining a strong relationship between a restaurant and its customer. In order to build a cooperative relationship, communicating relevant information to the customer in a timely manner is essential in building guest trust and satisfaction. Restaurant operators must communicate

through newsletters or direct mail and provide information about new events or promotional programs. Furthermore, restaurant marketers should take advantage of online and offline promotional opportunities, mass media advertising, and telemarketing services. Marketers should also regularly send personal correspondence, such as birthday and anniversary cards to their customers as signs of appreciation.

This study suggests that guest commitment is indispensable to the building and strengthening of customer loyalty and positive word-of-mouth. Restaurant marketers should emphasize relationship management activities that enhance guest commitment in order to increase customer loyalty and positive word-of-mouth. Restaurant operators and marketers should understand that the successful implementation of relationship management activities has a direct connection to customer loyalty and word-of-mouth communication, both of which have will benefit a restaurant's operational and financial performance.

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PERCEPTIONS OF CHEATING: AN EXPLORATORY STUDY

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ABSTRACT

Our rapidly-changing technological, cultural, and moral climate requires faculty dialogue on the role that academic dishonesty plays and how best to discourage and punish it. A study is presented that explores the ways and means of cheating and opinions about cheating by students at a four-year hospitality program in the Western United States. Participants responded to thirty-nine statements about cheating, ranging from perceptions of other students' behavior, the necessity to cheat, and the ways and means by which cheating occurs. Group differences between sex and ethnic origin are examined. Differences were found by ethnic origin.

Keywords: cheating, integrity, dishonesty, climate, perception.

INTRODUCTION

The concept of students cheating to get ahead is certainly not new. Anti-cheating measures can be traced back to ancient China, where officials developed an elaborate system to prevent cheating on civil servant examinations. The consequence for those found cheating was death (Brickman, 1961). Student cheating in U.S. colleges is a growing cause for concern among educator and administrators (Maramark & Maline, 1993; McCabe & Trevino, 1993). Some members of the academic world believe that academic dishonesty is occurring in epidemic proportions across college campuses in the U.S. (Gehring & Pavela, 1994; Kibler, 1994). Hollinger and Lanza-Kaduce (1996) explain, "viewed purely statistically, the 'deviant' student is the one who is not involved in some form of academic dishonesty".

This paper explores past research on student cheating. Our rapidly-changing technological, cultural, and moral climate has resulted in the need for faculty dialogue on the role that academic dishonesty plays and how best to discourage and punish it. A study is presented that explores the ways and means of cheating and opinions about cheating by students at a four-year hospitality program in the Western United States.

CHEATING AND ACADEMIC INTEGRITY

One of the stated goals of the first colleges and universities in the U.S. was the development of students' moral and religious values (Brubacher & Rudy, 1976). The creation of secular and state-supported institutions led to the abandonment of the moral and religious values as primary goals, but the concept of *in loco parentis* persisted into the early 1960's (Kibler, 1993). The tumultuous atmosphere of the 1960's led to the demise of *in loco parentis*, resulting in a *laissez-faire* attitude with regard to moral, ethical, and value development of students (Evans, 1987). Payne and Nantz (1994) suggest that the moral development of future business leaders is critical throughout the collegiate experience.

Many academics have noted a trend of creeping apathy regarding holding cheaters accountable in colleges and universities. Administrators and faculty are less inclined to reprimand students for academic dishonesty. The expense of energy to pursue a negative experience and the realization that time would be better spent in the pursuit of a more fruitful endeavor dissuade faculty from pressing a case against violators. The process of seeking consequences for students accused of infringements of academic integrity can become a virtual "quagmire" for conscientious faculty. Time consuming reports and potential legal action against the accuser has prevailed in discouraging faculty from seeking administrative action. This tacit approval solidifies the perception amongst students that cheating is not a serious offense. "I'm not here to prevent students from cheating," stated a faculty member of the University of Ontario (Kleiner & Lord, 1999).

Hall and Kuh (1998) view academic dishonesty as the result of competition and conflict between competing values and desires. Attitudes about cheating have been examined by several researchers (Fass, 1990; Kleiner & Lord, 1999; Maramark & Maline, 1993). A poll conducted by U.S. News, as reported by Kleiner and Lord (1999) revealed that 25% of

the adults surveyed believe that they need to cheat to get ahead. This thought process is conveyed to students who quickly learn from authority figures that the consequences for cheating are slight, if there are any at all. Students conclude that if cheating is acceptable in our greater society it must also be acceptable behavior in our schools. Studies indicate that anywhere from 40 – 90% of all college students admit to cheating at least once during their academic careers (May & Loyd, 1993; Haines, Diekhoff, LaBeff, & Clark, 1986), and dishonest behavior may be increasing (Diekhoff, LaBeff, Clark, Williams, Francis, & Haines, 1996). Advances in technology, students’ audacity, and the erosion of moral conscience in society have all contributed to increasing the scope of the problem (Fass, 1990; Kleiner & Lord, 1999).

Who is Cheating?

Numerous studies have attempted to identify the characteristics and circumstances that predispose some students to engage in dishonest behavior. There is no definitive profile of “who” is cheating and, depending on which study is used, it can be claimed that everyone is cheating. Heatherington and Feldman (1964) identified regular church attendees as people that cheat more often than those not attending church regularly.

Bowers (1964) claims students with lower grade point averages cheat more often than students with higher grade point averages. Diekhoff et al (1996) identify cheaters as more likely to be financially dependent on their parents, non-married, younger, and less mature than non-cheaters. Nowell and Laufer (1997) conducted a study of business and economic student undergraduate cheating. One of the results of their study indicates freshman are more likely to cheat than seniors, who have little to gain in terms of changing their overall GPA. This is supported by Bowers (1964), who found underclassmen cheat more than upperclassmen.

McCabe and Bowers (1996) report in a study conducted in 1993, 70% of women claim to have cheated, an increase from an earlier 1963 study that reported 59% of the female respondents had cheated. Women have also been identified as being more likely than men to make excuses for cheating (Ward & Beck, 1990). Conversely, other studies (Bowers, 1964; McCabe & Bowers, 1996) have found men who cheat do so significantly more often than women.

Group membership is an important situational variable identifying cheating behavior. Fraternity and sorority members, along with varsity athletes, have been identified as cheating more than other students (Haines, et al, 1986; Stannord & Bowers, 1970; McCabe & Bowers, 1996). Maisel (1990) describes fraternities and sororities as “all too often antithetical to the values” aspired to by colleges and universities. McCabe and Bowers (1996) suggest that a lack of peer disapproval of cheating behavior contributes to an increase in academic dishonesty. McCabe and Trevino (1993) suggest that fraternities and sororities participate in some organizational behaviors that condone unethical academic behaviors. The existence of test files maintained by Greek organizations is a commonly held belief amongst faculty.

How Do Students Cheat?

Methods of cheating are constantly evolving and becoming more and more sophisticated. Internet websites detailing how to cheat are appearing at alarming rates. Some university campuses have internet websites where stolen examinations are posted. As some university professors have stated, “The Golden Rule has been replaced by the Brazen Rule”, which implies “do unto others as they would do unto you if they were in your place” (Fass, 1990). Table 1 below displays methods of cheating, as suggested by Orlans (1996) and Fishbein (1994).

Table 1
Methods of Cheating

Calculators used in an exam may contain text. Inserting formulas into calculators.	Baseball caps conceal prying eyes or crib sheets. Large class examinations supervised by proctors invite ringers to take examinations for students.
Earphone tape recorders are sometimes worn. Written material may be hidden under clothing. Programming facts into programmable watches.	Breaking into professors’ computer files. Power-wedge seating – the best student, or a “ringer”, sits in a prominent location and signals the answers to those sitting behind. Simple hand signs indicate which question is being answered, and the appropriate response is indicated by another signal, such as touching the left ear for “a”, the right ear for “b”, or the top of the head for “c”.

Source: Orlans (1996); Fishbein (1994)

As technology continues to advance, the means for cheating will become more difficult to detect. For example, both of the authors of this paper have experienced students using their cellular phones during examinations. The phones are presumably used as a calculator, but both authors have experienced students using the phones to send text messages. We have also witnessed programming test information into the phone's memory during tests that did not permit books or notes. Students have also programmed electronic dictionaries with test information.

Why Do Students Cheat?

There is no simple solution to the question of why some students choose to cheat. The causes are certainly multifaceted and complicated. The decision to cheat involves questions of moral development, values, and ethics (Gehring et al., 1986; Kibler et al., 1988; Pavela, 1981). Immaturity and low moral development are believed to be some of the factors behind why students cheat (Diekoff et al., 1996; Pulvers & Diekoff, 1999). Haines et al (1986) concluded that the underlying factors influencing cheating behaviors were immaturity, lack of a commitment to academics, and a neutralizing attitude towards cheating, i.e., moral relativism. Cheaters are less likely to be deterred by guilt and more influenced by a fear of punishment than non-cheaters (Haines et al, 1986).

External situations that influence a student's choice to cheat have been identified in several studies (Pulvers & Diekoff, 1999). The pressure perceived by students from their parents to attain good grades is an external factor in the decision to cheat. In addition, the perception of unfair testing or grading procedures, inattentive or unavailable professors, papers required that are not read or graded carefully, and when students believe that the majority of their peers are cheating contributes to an increase in academic dishonesty.

Instructors are sometimes held culpable for a variety of reasons: not properly explaining what their expectations are regarding academic integrity, poorly proctored exams, multiple-choice tests, and the reusing ("recycling") of old examinations (May & Loyd, 1993). When detecting cheating behavior, the negative consequences of cheating are not visible to other students, thus minimizing perception of negative consequences for cheating. Also, there appears to be reluctance by faculty to report cheating behavior because the bureaucratic entanglements and the potential for the accuser to become the accused (Kleiner & Lord, 1999). Some students claim that they are being cheated by their professors, who spend more time on private consulting and publishing than they do on preparing for classes (Fishbein, 1994). It has also been suggested that large classroom sizes influence cheating behavior because of the perception that cheating would be easy and unlikely to be detected (Maramark & Maline, 1993; May & Loyd, 1993; McCabe & Trevino, 1993).

The tendency to neutralize cheating can lead cheaters to believe that cheating is not wrong and is in fact acceptable behavior, given the proper circumstances. Neutralizing cheating behavior manifests when students perceive that the form, content, and assessment of their learning is not relevant to their personal and educational goals (Pulvers & Diekoff, 1999). Various researchers, including Buckley and Wiese (1998), identify the means of neutralizing behavior used to justify cheating. These means include: (1) denial of responsibility, where cheaters blame a specific situation caused the behavior or another person was responsible; (2) condemnation of the accuser(s), where cheaters attack the motives and behaviors of those who accuse them of cheating; and (3) appeal to higher loyalties, when peer group approval takes precedence over the norms of the institution, (4) denial of injury, by claiming that the cheating behavior is a victimless crime; (5) denial of the victim, in which cheaters attack the instructor; (6) when the cheater believes that the greater good was served by the cheating behavior; and (7) when the cheater believes that the situation facilitated the action.

Of "Being" and "Getting"

One final issue to consider in academic dishonesty is the thought process used in making the decision to cheat. Gehring, Nuss, and Pavela (1986) conducted a study to identify the factors that influence cheating behavior and they suggest the following:

- Students are unclear about what constitutes dishonesty;
- Students believe that what they learn is not relevant to their goals;
- The ability to succeed is a cherished value;
- Students want good grades in order to get a good job; and
- Cheating is easy and the risks are low.

With the exception of the first statement, uncertainty about what is dishonest behavior, all of the above statements could be combined into one inclusive reason – a cost-benefit analysis that is performed by the potential cheater indicates that cheating pays (Shropshire, 1997). For example, a student identifies "good grades" as the desired benefit, believing that good grades will lead to the attainment of a job or admission to graduate school. The costs associated with acquiring this benefit are low: it is easier and quicker to cheat than to study, the subject matter being taught is irrelevant to their future,

and the potential risk of being caught cheating is low. Therefore, the benefits outweigh the costs. And what of those students that have chosen to not cheat? They too have probably conducted their own cost-benefit analyses. Research indicates that many of those students choosing not to cheat do so because of the fear of being caught.

Shropshire (1997) explores how teaching is conducted in colleges and universities. He suggests that students regard classes as hurdles to be overcome. Classes are not presented as being valuable in and of themselves, but rather for what the classes can get for the student; an "A", a prerequisite for another course, or completing a requirement for graduation. Higher education has created the image that coursework has become merely the means to success. The prize is the grade, not the learning. Students are led to the mode of "getting", rather than "being". Thus cheating becomes a natural outcome of the cost-benefit analysis that flows from the "getting" mode.

METHODS

Survey Instrument and Sample

A brief exploratory study was conducted to gain greater understanding into the phenomenon of cheating. This study used a paper-and-pencil survey administered to students in a variety of hospitality management classes. The survey consists of thirty-nine statements about cheating, ranging from perceptions of other students' behavior, the necessity to cheat, and the ways and means by which cheating occurs at the University under study. The statements are rated on a 5-point Likert-type scale that ranges from 0 to 4, where a 0 means that the respondent had no opinion, a 1 means that the respondent "does not agree", and a 4 means that the respondent "absolutely agrees" with the statement. The statements were taken from research conducted by Franklyn-Stokes and Newstead (1995), Pulvers and Diekhoff (1996), and Hollinger and Lanza-Kaduce (1996). A copy of the survey is available from the authors.

The surveys were administered each semester from January 2000 – December 2003. The data were inspected for outliers and 10 cases were removed from the sample. A total of 368 surveys were collected, of which 358 were considered to be usable. A summary of the participant sample appears below in Table 2.

Table 2
Sample Demographics

<u>Sex (n = 358):</u>		<u>Ethnic Origin (n = 355):</u>	
Male	170 (47.5%)	Latin American	16 (4.5%)
Female	188 (52.5%)	European	30 (8.5%)
		Asian	167 (47.0%)
<u>Age (n = 358):</u>		North American	108 (30.4%)
21 or under	107 (29.9%)	Other	34 (9.6%)
22 – 25 years	169 (47.2%)		
26 – 29 years	51 (14.2%)		
30+ years	31 (8.7%)		

The data were then analyzed using t-tests and analyses of variance, examining the responses to the cheating statements relative to the different respondent groups. Two dependent variables were examined in this study, sex and ethnic origin. The analyses for ethnic origin and age were tested using the Scheffé post hoc test to examine group differences, due to the multiple levels of the variables as well as unequal sample sizes for each group.

RESULTS AND DISCUSSION

Dependent Variable -- Sex

The thirty-nine independent variables, the cheating statements, and the dependent variable, Sex, were tested using an independent sample t-test. Statistically significant differences, where the p-value equaled .05 or less, were found for four of the statements. A summary of these differences is found in Table 3.

The female subjects appear to take the higher moral ground on these four statements when it comes to academic dishonesty. The male respondents appear to be more likely to believe that one should do what it takes to get ahead, like it less if exams are monitored to prevent cheating, and are less likely to identify an effect on other students. The female subjects appear to be less likely to report cheating activity. However, these results do not suggest that men are more likely to cheat, since the statistically significant differences appear on only four of the thirty-nine statements. The results do seem to reflect a more competitive nature for males than for females.

Table 3
Differences by Sex

Statement	t	df	p	Mean (std. dev)	
				Male	Female
Q4. I like it when instructors actively monitor exams to prevent cheating	-4.557	352	.000	2.64 (1.20)	3.17 (0.98)
Q15. Students have a right to do what it takes to pass a course	2.179	354	.030	1.96 (1.07)	1.73 (0.95)
Q17. I would report cheating if it Occurred	-2.597	356	.010	1.74 (1.16)	2.07 (1.22)
Q35. The actions of dishonest students affect others	-2.028	356	.043	2.84 (1.09)	3.05 (0.95)

Dependent Variable – Ethnic Origin

The initial ANOVA analyses that were run on the thirty-nine independent variables and the dependent variable, Ethnic Origin, yielded statistically significant differences (where $p < .05$) on nineteen of the cheating statements. The post hoc Scheffé test decreased this set of variables to six statements. The results of this analysis may be found in Table 4.

Table 4
Differences by Ethnic Origin

Statement	df	F	p
Q3. Instructors aggressively apprehend and prosecute cheaters.	347	5.457	.000
Q8. Taking a vow would stop cheating when the same exam is given in other sections.	346	9.215	.000
Q11. Having students sign their original work would curb cheating.	350	5.290	.000
Q23. I experience peer pressure to cheat on exams.	350	11.527	.000
Q29. I experience a lot of pressure to cheat on exams.	350	7.763	.000
Q30. There is a lot of cheating on multiple-choice tests.	349	3.225	.013

The post hoc analysis of group differences revealed that each of the statements' differences occurred between the North American and the Asian groups, with the exception of Question 30, where the difference occurred between the European and Asian groups. The differences are as follows:

Q3) Instructors aggressively apprehend and prosecute cheaters. The Asian group tended to agree more strongly (mean = 2.8, sd = .919) than did the North American group (mean = 2.28, sd = 1.084).

Q8) Taking a vow would stop cheating when the same exam is given in other sections. Again, the Asian respondents agreed more strongly to this statement (mean = 2.10, sd = 1.069) than did the North American respondents (mean = 1.40, sd = .823).

Q11) Having students sign their original work would curb cheating. The Asian respondents more strongly agreed with this statement (mean = 2.58, sd = 1.026) than did the North Americans (mean = 2.00, sd = .995).

The next two questions, #23 and #29, are interesting because they both ask about the pressure that students experience to cheat on exams. In both cases, the Asian respondents reported significantly more pressure than did the North Americans and the "Other" group. It appears that the Asian students feel more pressure, either through peers or others, to cheat than do the North American and "Other" students.

Q23) I experience peer pressure to cheat on exams. The Asian respondents reported significantly more pressure (mean = 2.11, sd = 1.098) than did the North American (mean = 1.36, sd = .690) and the "Other" ethnic origin groups (mean = 1.41, sd = .701).

Q29) I experience a lot of pressure to cheat on exams. Again, the Asian respondents report more pressure to cheat (mean = 1.90, sd = .971) than did the North American (mean = 1.44, sd = .765) and "Other" groups (mean = 1.18, sd = .716).

Q30) There is a lot of cheating on multiple-choice tests. In this instance, the Asian respondents believe more strongly that there is cheating on multiple-choice tests (mean = 2.90, sd = .973) than did the European respondents (mean = 2.13, sd = 1.358). However, there was no statistically significant difference between the North American, Latin American,

and “Other” groups and the Asians and Europeans. The overall mean for this statement, 2.73 (sd = 1.145) exhibits an unfortunately high level of agreement with the belief that a lot of cheating occurs.

LIMITATIONS AND RESEARCH IMPLICATIONS

This study had several limitations. First, the sample was obtained at a single university. Data collection is ongoing and has begun at other universities with four-year hospitality programs to improve the generalizability of the data. Next, further research should be conducted to determine the frequency and severity of academic dishonesty. This may help educators to address some of the ways in which they themselves might be culpable in encouraging academic dishonesty in the future. Other factors that may introduce pressure to cheat, such as peer groups, financial aid/scholarship benefits, age, year in school, and grade point average should be examined to determine patterns in beliefs and activity in academic dishonesty.

Stovall (1989) suggests that academic integrity is the joint responsibility of administrators, faculty, and students. The development of values and ethical behavior is an important aspect of the educational experience. Chickering (1969) states, “The development of integrity, which involves humanizing and personalizing values and establishing a congruence between one’s beliefs and behavior, should be the culminating component of the college years”. While most hospitality educators do not view their primary goal as teaching ethics and morals to students whose ethical and moral systems are presumably substantially-formed by the time they arrive at college, we should all remember that one of our goals is to provide students with the tools that will be needed to run a business that is both profitable and that serves many diverse constituents. Businesses are coming under increased scrutiny at many levels – the consumer, the government, and regulators – and the best way to win in business is to run a clean game. The college years are the perfect time to instill these values in our students, beginning with understanding where conflict and pressure occur and how best to explain the value of values.

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ABSTRACT

It is a well accepted general legal principal that a person or business is not liable in tort for failing to assist or protect another in peril unless there is some special relationship between the parties which gives rise to a duty to act. Such a relationship has been deemed to exist between a guest and innkeeper. Thus the innkeeper is required to exercise a high degree of care in order to protect his guests against the acts of third persons or negligent acts of its own. However, courts are split on the issue of an innkeeper's liability when a guest gets injured while partaking in an activity on a location which is not owned, managed, or controlled by the innkeeper.

Key Words: innkeeper liability, ocean, injury, agency

The duty of innkeepers to its guests was passed to the United States from English laws which recognized the duty of innkeepers to provide a safe harbor for its guests (Sherry, 1993). American precedent asserts that the relationship between an innkeeper and his guest is a special one thus requiring the innkeeper to exercise a high degree of care in order to protect his guests against the tortious acts of third persons" (Kraaz v. LaQuinta Motor Inns, Inc., 1982; Restatement of Torts (Second)) or negligent acts of its own. However, there is an equally compelling legal principle that states that generally, a business entity is not liable for injuries or damages that occur to persons on property that is not owned, managed, or controlled by the business entity (Restatement 2d.). This is where the two previously mentioned legal principles conflict. Since an innkeeper has a special relationship, thus duty, to its guests, does it have a greater duty than other business proprietors to warn its guests of dangers that exist on property which is not owned, controlled, or managed by the innkeeper? It is clear that an innkeeper has a duty to warn against generally foreseeable dangers that the innkeeper created or had control over on its property (Robertson, 1992) however, courts are split on the issue of an innkeeper's liability when a guest gets injured while partaking in an activity on a location which is not owned, managed, or controlled by the innkeeper.

Every year, thousands of tourists visit and stay at water front properties across the United States. It is inevitable that during some of these visits, the weather and water conditions may not be ideal for swimming or partaking in other water activities. Unfortunately, rip tides, strong winds, and heavy surf have been known to severely injure or cause death to tourists. In these situations, many injured tourists have chosen to sue the hotel in which they were guests, in an attempt to extend the hotel's liability to property the innkeeper neither owns nor controls. Notwithstanding the general rule that an innkeeper is under no duty to protect a guest while such guest is away from the premises (Restatement 2d.), some courts have begun to impose liability upon innkeepers when the innkeeper knew or should have know of a dangerous condition which the guest was not aware of (Ritz Carlton Hotel v. Revel, 1995). Thus "innkeepers and possessors of land have an affirmative duty to warn their paying guests and invitees of foreseeable unreasonable risks of physical harm; when the risk involves a dangerous condition off the premises" (Sherry, 1993). The key words here are *foreseeable* and *unreasonable* risks of harm. The manner in which these terms are defined have been left up to the trier of fact or the jury. One point for the jury to consider in attempting to ascertain if a particular risk was foreseeable is whether there were any prior substantially similar injuries in the past (Ritz Carlton Hotel v. Revel, 1995). If there was no such injury, then the presumption is that the innkeeper could not have foreseen such injury and consequently could not have warned against such danger. However, a court in Hawaii held that if the hotel could have anticipated that a guest would visit the beach during dangerous conditions, that would be enough to find the hotel liable for injuries that the guest sustained while swimming in the ocean near the hotel (Rygg v. County of Maui, 1999). The court noted that not only was it foreseeable that such guest would swim in the ocean but that the hotel had enticed its guests to use the ocean through the advertising in the hotel brochure which stated that the hotel overlooked the "golden sands of Kamaole Beach Park." In another similar case (Fuhrer v. Gearhart by the Sea, 1988), a guest of Gearhart hotel drown while trying to save the lives of children who were caught in an ocean undertow in Oregon. The deceased's family sued Gearhart for failure to warn of dangers, failure to have lifeguards on duty, and failure to provide lifesaving equipment. Gearhart's defense was that since the state owned and controlled the beach, Gearhart was under no duty to warn or protect guests from hazards not located on its premises. Alternatively, Gearhart asserted that since it did not create the dangerous condition of the surf, they did not have a duty to warn or protect its guests from the ocean conditions. The Oregon Supreme Court did not agree with Gearhart's assertions stating that the fact that Gearhart did not create the dangerous conditions of the surf did "not bear on whether defendants unreasonably failed to warn or protect others who were at risk. In a warning case, the risk of harm created is exposure to a danger known to defendant." Thus, the standard that the Oregon Supreme Court set was that a defendant innkeeper may be

liable for injuries that occur to its guests who are off-property, if the innkeeper can reasonably foresee that there is an unreasonable risk of harm that the guest was unaware of.

Even with such a strong proclamation from the court, there are still a few defenses left to innkeepers in these states. In order for an innkeeper to be found liable to the injured guest, an innkeeper must have known or should have known of the dangerous water conditions, and the guest must have been unaware of the dangerous conditions. Thus, it would be a straightforward defense to state that the innkeeper did not have actual or constructive notice of the water conditions on property it did not own. Additionally, the innkeeper could assert that since the injured guest was close to the water, he was in the best position to judge the conditions of the water for himself. Of course this is not a fool-proof defense in that riptides and dangerous undercurrents are not easy to detect and many tourists to ocean front properties come from inland locations where they may not be very familiar with water conditions.

On the other hand, some states have found that innkeepers were not liable for injuries or death sustained by a guest who engaged in off-property activities such as swimming in a public ocean or beach. Florida is one of those states. In *Adika v. Beekman Towers, Inc.* (1994), Adika, a guest at Beekman Towers hotel, drown while swimming in the ocean adjacent to the hotel. Her estate filed a wrongful death action against the hotel alleging that the hotel breached its duty owed to Adika by failing to warn of the dangerous ocean conditions and by failing to provide lifeguards on the beach. The hotel's defense was that its duty of care did not extend to property it did not own, specifically the public beach. The Florida court of appeals granted the summary judgment in favor of the hotel stating that in Florida an innkeeper "has no duty to post a lifeguard on a public beach. In fact, this court has held that a hotel has no duty even to post a lifeguard at its own swimming pools." The court went on to say that it recognized that an innkeeper has a special relationship with its guests which gives the innkeeper a duty to protect guests against unreasonable risk of physical harm. "However, this duty is not unlimited; the Restatement (of Torts) notes that the duty only applies when the risk of harm arises in the course of the special relationship." The presumption here is that since a public ocean is neither owned nor managed by an innkeeper, a special relationship does not arise. In addition, the Florida court went on to say that since an innkeeper generally does not have a duty to warn of naturally occurring conditions, such as the ocean surf, the hotel would not be liable for failing to warn of such conditions.

In a similar drowning case, which arose in Brazil but which was tried in a New York, the court held that the hotel was not liable for injuries that occurred to guests who were injured or died on property which the hotel did not own or control (*Darby v. Meridien Hotels, Inc.*, 2001). The court specifically stated that "under New York law, an innkeeper does not have a duty to warn of natural conditions in the waters of a public beach, located across a public highway, where the public beach is not owned, operated, maintained, or controlled by the innkeeper but by the local government. This is so, especially where the government issued no warning to the hotel..." The court went on to add that even if the hotel encourages and facilitates the use of a nearby public beach, the innkeeper "has no duty to take reasonable care to discover the actual condition of the land under water in the area wherein its guests were invited and permitted to bathe, and warn them of its dangerous condition." This decision is in direct opposition to the Hawaii court decision in *Rygg v. County of Maui* (1999) where the court found that the hotel was liable to a guest who drowned in a nearby ocean because it was foreseeable that the guest would use the ocean since the hotel advertised such in its brochures.

The latest case in imposing liability upon a hotel for injuries sustained by a guest in an off-property activity is when an American woman died while parasailing in the Bahamas ("Mom awarded \$1.8 million in lawsuit," 2003). A federal jury awarded the mother of the deceased \$1.8 million in a lawsuit against the hotel where the deceased daughter had booked her activity. The mother of the deceased daughter claimed that the franchise owners of the Sheraton Grand Hotel in the Bahamas should be liable for her daughter's death because even though the daughter was not a guest at the Sheraton, she booked her parasailing flight through a water-sports vendor that operated out of the Sheraton's lobby. Thus, the mother was claiming that the vendor's negligence in taking customers parasailing on a stormy day should be imputed to the hotel because the vendor was an agent of the hotel since it operated an office on the hotel property. The innkeepers' defense was that the hotel simply leased space out to the water-sports vendor and that the vendor was not an employee or agent of the hotel so the hotel should not face any liability for such vendor's negligent actions. Although the hotel initially lost the case, they are appealing it so there is no definitive answer in this particular case. Notwithstanding the issue of agency which is beyond the scope of this paper, this case is interesting because the deceased woman was not a guest at the hotel and an innkeeper's duty to protect and warn of dangers has usually only been applied to guests only.

As indicated above, the laws and cases governing an innkeeper's liability for injuries sustained by guests who are off-property is not consistent across jurisdictions. So how can these cases which contradict each other be reconciled and what are the implications for the hospitality industry? The Sheraton case in the Bahamas is a very good case to examine in light of the preceding cases. If we can pretend for purposes of analysis that the deceased parasailer was a guest at the hotel

where she booked the parasailing trip, then we can attempt to apply the holdings in the various cases to this case. Given the outcome in the *Rygg v. County of Maui* (1999) case, perhaps the hotel would still face liability under the principle of an innkeepers duty to warn its guests of foreseeable dangers. It is not known if the innkeepers inspected the operation of the water-sport vendor or if similar prior accidents had occurred, however, according to *Rygg* (1999), a strong argument could be made by the plaintiff that even if the vendor did not have prior similar accidents, the hotel should have warned its guests of the dangers of partaking in water sports activities during storm conditions because it enticed the parasailer to engage in such a dangerous activity. As in the *Rygg* (1999) case, the Sheraton Grand Hotel advertised parasailing as one of its amenities, thus not only appearing as if Sheraton had some relationship or control over the vendor, but also making it foreseeable that a guest would use such amenities. In addition, Hawaiian law has extended an innkeeper's liability even more with the enactment of H.R.S. 486K which took effect in 1998. H.R.S. 486K limits the liability of an innkeeper for recreational equipment used by a guest that is "not part of an activity guided or managed by representatives of the hotelkeeper." This would seem to be a logical extension of the tenet that a business is not liable for injuries which occur off of his property. If this were all H.R.S. 486K said, then if a similar case to the Sheraton Bahamas case came up in Hawaii, it would be difficult to ascertain who would win because the statutory law would conflict with Hawaiian case law. However, H.R.S. 486K specifically excludes from the definition of 'recreational equipment' "wind, engine and motor powered land or water vehicles, such as windsurfers and jetskis, as well as equipment designed for flight, gliding or controlled descent in the air." Once again, implying that an innkeeper is liable for injuries sustained by a guest who uses recreation equipment even if the hotel does not guide or manage the recreational activities.

On the other hand, since it could be argued that the storm conditions are what contributed to the deceased's death, the hotel could argue, in accordance with *Darby v. Meridien Hotels, Inc.* (2001), and *Adika v. Beekman Towers, Inc.* (1994), that since it had no control over the weather, it also had no duty to warn against hazards related to the weather because weather conditions may be unforeseeable.

Clearly there is a lack of cohesion in our national definition of the duties innkeepers owe to guests who get injured off hotel grounds. Although the Restatement of Torts is a good starting place, various jurisdictions have interpreted it differently. So what is an innkeeper suppose to do in a jurisdiction that may not have settled this question? Unless, an innkeeper is operating his business in Florida or New York, in our litigious society, the only answer is to err on the side of caution and warn guests of potential dangers of foreseeable risks. Until the United States Supreme Court or the Restatement of Torts in its third iteration addresses this issue and settles the issue definitively for the nation, innkeepers will have to assume that liability can be imposed upon them for injuries to guests who were not injured while on the hotel property. Thus, posting warnings of ocean current conditions and the weather may not be too onerous of a task for innkeepers to carry out when innkeepers may face increased liability and when they make their living from being in close proximity to water front property.

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THE ROLE OF BIODATA AND CAREER ANCHORS ON TURNOVER INTENTIONS
AMONG HOSPITALITY AND TOURISM EDUCATORS

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ABSTRACT

The purpose of this study was to explore the role of biodata and career anchors on turnover intentions among hospitality and tourism educators. Although the career anchor of autonomy was rated high in importance among hospitality and tourism educators it did not necessarily follow that it led to turnover intentions when it was not satisfied by the current employer. A stepwise regression analysis involving the biodata and career anchors variables found that turnover intentions were lowest among those who were older and working where the career anchors of job security, geographic location, and managerial competence were being satisfied.

Key Words: Career Anchors, Turnover Intentions, Hospitality Educators

INTRODUCTION

While it is true that much is known about the reasons people leave their positions in the foodservice industry there is very little known about the factors that lead to turnover intentions among those in academia who formally prepare students for careers in it. The purpose of this study was to investigate the antecedents of turnover intentions among hospitality and tourism educators working at hospitality and tourism programs in the United States.

CURRENT STUDY

This study was designed to investigate the turnover intentions of hospitality and tourism educators at two year and four year programs in the United States. A series of hypotheses was generated from the general literature on academic turnover and career anchor theory.

Turnover in Academia

The turnover process itself has been found to be both a cognitive and behavioral phenomenon (Mobley, Horner, & Hollingsworth, 1978; Hulin, 1991). The process begins when a dissatisfied employee contemplates leaving the job (cognitive); these initial turnover intentions can lead the employee to take the necessary steps to then leave the job (behavioral). Naturally, those who are the most dissatisfied on the job are the most likely to leave (Barrows, 1990). The final decision to leave an organization may hinge upon whether or not the employee looks for, and indeed finds, an acceptable alternative to the present job (Hom, Griffeth, & Sellaro, 1984).

There are a number of reasons that university faculty turnover. The most common reasons in a 10-year study were salary, retirement, and development opportunities (Amey, M., 1996). In some instances there may be better promotion opportunities and the prospect of improved institutional and/or administrative sentiment (Daniels, J. Shane, H., & Wall, J.L., 1984). As has been the case with other occupations, job satisfaction is also important (Zey-Ferrell, M., 1982; Isaac, D.J., 1998).

Research suggests that labor market conditions may affect academic salary structure. In particular, higher demand disciplines may push the salaries of faculty in those fields up and at a greater rate than the salaries of those in less sought after areas. As a result some institutions may struggle to retain faculty in certain disciplines because of less than average rewards as they attempt to remain competitive in other disciplines by providing greater than average rewards (Scott, J.A. & Bereman, N.A., 1992). While higher compensation seems to increase the retention of assistant and associate professors, it may not help in retaining full professors (Ehrenberg, R. & Others, 1991).

To the extent that loyalty predicts leaving/staying behavior biodata (demographic) variables such as rank, age, and length of employment apparently affect allegiance among university faculty. As might be expected, older faculty are more loyal (Lewis, 1999). Also, significant differences exist between those considered loyal/disloyal in satisfaction with university life as measured by the extent of integration in the university community or associations. In particular, those classified as disloyal are less satisfied with these aspects of university life. Even though economic conditions were not considered to be as important, a third or more of the respondents in this study indicated they would leave their present university for a higher salary.

Turnover among faculty in a university department has also been found to be associated with differences that result from generational perspectives (McCain, B.E., O'Reilly, C., & Pfeffer, J., 1983). What's more, there may be a diminished sense cohesion/integration where there are disparities in members of an organization. These disparities can result from demographic variables as well as from the feeling of camaraderie that may be engendered in members who enter as a "cohort."

Lastly, there is some evidence that the relative number of a minority group may affect faculty turnover. That is, as the proportion of faculty a member of a particular minority group increases (up to a threshold level), turnover in that group also increases. In a study examining the turnover of female faculty members, the threshold was estimated to be 35-40% (Tolbert, P.S., Simons, T., Andrews, A., & Rhee, J. 1995).

In this study the following hypothesis was used to examine the relationship between biodata and turnover intentions among hospitality and tourism educators:

H1: There is an inverse relationship between turnover intentions and the respondents' biodata, namely: age, academic rank, earned degree, and gender.

Career Anchors

The career, as Hall (1976) defines it, "is the individually perceived sequence of attitudes and behaviors associated with work related experiences and activities over the span of the person's life" (p. 4). Early in their careers, individuals spend a great deal of time in discovery; searching for a suitable organization to work for, identifying their interests, and developing their skills. An occupational self-concept begins to develop as the individual begins identifying who he or she is, and what kinds of things he or she can do well. As the individual gains experience, the occupational self-concept is modified based on the individual's perceived abilities, motives, and attitudes toward his/her career. This occupational self-concept is what Schein (1978) defined as a career anchor.

A career anchor is an occupational self-concept that helps explain an individual's growing area of career stability; it reflects the person's need for a career, the motives that drive the individual, and the discovered talents of the individual based on experience (Schein, 1978). A career anchor forms over time based on perceived strengths and weaknesses; ultimately it influences one's (a) career choices, (b) decisions to move from one job to another, (c) personal goals in life, (d) views of the future, (e) the selection of specific occupations and work settings, and (f) affective reactions to work experiences (Schein, 1988).

The following five career anchors were first identified by Schein (1978): managerial, technical/functional, autonomy, security/stability, and entrepreneurial creativity. The technical career anchor deals with career decisions based on the opportunity to apply and develop technical competencies. The managerial anchor is defined as the desire to supervise and influence others, combined with the ability to bear large amounts of responsibility and exercise power. The ability to define the job and how it is carried out operationally defines the autonomy career anchor. Career decisions based on the security or stability of ones' career defines the security anchor which was initially defined as the desire to stay with a current organization and live in the current geographic location. It was later defined as organizational stability to capture the desire to stay with the current employer because the job provided benefits that were important to the individual. Finally, the entrepreneurial anchor is operationally defined as career decisions made that lead to the creation of a business owned by the individual. Those with an entrepreneurial anchor are technically competent, have the appropriate managerial skills, and a desire to be independent which leads to the desire to build or create something that is entirely their own product.

The three additional anchors identified by Schein (1990) that apply to this study include sense of service, geographic location, and lifestyle integration. People anchored in sense of service typically enter occupations because of central values that they want to embody in their work (Schein, 1990) and are found working in the helping professions such

as medicine, teaching, social work, etc. Those with a lifestyle integration anchor desire to develop a lifestyle that integrates family and career concerns with an interest in self-development (Igbaria & Baroudi, 1993). Finally, the desire to stay in one geographic location was originally thought to be related to safety/security, but became recognized for the implications related to family, personal, and career issues (Schein, 1985; Schein, 1996).

Beck, La Lopa and Hu (in press) found that the three most dominant career anchors among hospitality and tourism educators were sense of service, managerial competence, and lifestyle integration. However, the relative importance of each in their current job was not established nor was it reported if those career needs that were important to hospitality and tourism educators were being satisfied given the turnover process tends to be triggered initially by dissatisfied employees. The following hypotheses were developed as a result:

H2: There will be no difference between the importance versus satisfaction of career anchor needs among respondents.

H3: There will be an inverse relationship between turnover intentions and the extent to which career anchor needs are being satisfied among respondents.

In the literature cited earlier in the paper, satisfaction and biodata have been linked with turnover intentions. The hypotheses having to do with career anchors in this study may also be linked to turnover intentions. To determine which of these variables best predict turnover intentions the following hypothesis was generated for the study:

H4: Biodata (age, academic rank, gender) and satisfaction with career anchor needs are valid predictors of turnover intentions.

METHODS

Sample

The secondary data set consisted of the 337 hospitality and tourism educators who participated in the Beck, et al., (in press) study that were members of the Council of Hotel, Restaurant and Institutional Education (CHRIE) as of February 2002. The typical respondent in the study was male (61.4%), aged 49 (SD = 8.1), with an earned doctorate (57%). Over half of the sample was comprised of assistant (30.7%) or associate (31.1%) professors working at programs that offered a bachelor's (65%) degree. There were 19.8% who held an administrative position.

Measures

The Career Orientation Inventory (COI) adapted by Beck, et al. (in press) was used to measure the career anchors of hospitality and tourism educators. The eight career anchors used in the study included lifestyle integration, autonomy, sense of service, technical and functional competence, organizational stability, managerial competence, and geographic security. The standardized Cronbach alphas for the career anchor scales ranged from .68 for the lifestyle integration scale to .88 for organizational stability.

An Importance versus Satisfaction with Career Anchor Needs (ISCAN) scale was developed for the study. Respondents were first asked to rate the importance of eight career anchor needs in their current job using a scale of 1 (low) to 5 (high) and then indicate whether each was being satisfied using the same scale of 1 (low) to 5 (high). The career need statements were intended to be suitable substitutes for the career anchor scores from the Career Orientation Inventory (COI) used by Beck, et al., (in press). Given that one-item statements have low reliability when it comes to measuring constructs such as "career anchors," a correlation analysis was performed between the samples' scores from the eight career need statements with those from the career anchor scales. The one-item statements proved reliable substitutes for the career anchor scales because the scores generated for each had the highest statistically significant correlation ($p < .01$) with only those career anchor scale scores they were intended to substitute to conduct the importance versus satisfaction analysis.

Turnover Intentions (TI) were measured using a five-item scale developed by Ganesan and Weitz (1996) to measure the extent to which retail buyers believed they will be leaving their current employer within a short period of time. The five-item Likert-scale ranged from 1 (strongly disagree) to 5 (strongly agree); the higher the score the lower the turnover intentions. The TI scale had a reported coefficient alpha of .83. In this study, the TI scale had a coefficient alpha of .84; the mean item score was 2.2, with a mean turnover intentions score of 11.02 (SD = 5.3).

The respondents were asked to provide the following biodata including: highest earned degree, year in which they were born, gender, and academic rank.

Study Limitations

This study was conducted using secondary data of hospitality and tourism educators who were CHRIE members; the findings may not represent the population of hospitality and tourism educators in the United States.

RESULTS AND DISCUSSION

The first study hypotheses stated that “there will be an inverse relationship between turnover intentions and the respondents’ biodata, namely: age, academic rank, earned degree, and gender.” Based on the results of the correlation analysis shown in Table 1, Hypothesis 1 was partially supported as there was a statistically significant inverse correlation between age ($-.23, p < .01$) and academic rank ($-.15, p < .01$). This finding suggests that turnover intentions were lowest among those respondents who were oldest as well as those who held a high academic rank. It also suggests that the study findings of Lewis (1999), who found that age and rank affect faculty allegiance, apply to hospitality and tourism educators, too.

Table 1
Correlation of Biodata and Hours Worked on the Job with Turnover Intentions

Biodata	Pearson Correlation ^a
Age	-.23**
Academic Rank	-.15**
Gender ^b	.11
Highest Earned Degree	.08

Notes;

^a Correlation is significant at the .01 level (2-tailed)

^b A point-biserial correlation analysis was conducted to test relationship between gender and turnover intentions

The second hypothesis stated that “there will be no difference between the importance versus satisfaction of career anchor needs among respondents.” As shown in Table 2, the hypothesis was partially supported as there was no statistically significant difference between the importance versus satisfaction of serving needs of others (sense of service), being in a position of leadership (managerial competence), and job security (organizational stability). In effect, those whose career anchors revolve around security and stability in the job, the ability to lead others, and the sense of service to others (e.g., students, community) were satisfied in their current job.

Table 2
Mean differences between Importance versus Satisfaction with Career Needs

Career Anchor Needs	Mean Level Of Importance ¹	Mean Level of Satisfaction ¹	Sig. (p < .05)
Balancing career and family	4.40	3.94	.00
Autonomy	4.23	3.90	.00
Servicing needs of others	4.20	4.11	.06
Job Security	3.97	4.08	.14
Focus in my area of expertise	3.94	4.09	.00
Be in a position of leadership	3.79	3.73	.46
Live in current geographic location	3.36	3.98	.00
Build new business or enterprise	2.73	3.36	.00

Notes;

¹ Based on a scale of 1 (low) to 5 (high)

Hypothesis 3 stated “there will be an inverse relationship between turnover intentions and the extent to which career anchor needs are being satisfied among respondents.” As shown in Table 3, the third hypothesis was supported because there was an inverse relationship between turnover intentions and satisfaction levels of career anchor needs (although to different degrees of statistical significance). The two career needs with the strongest inverse correlation with turnover intentions were job security ($-.37, p < .01$) and live in current geographic location ($-.36, p < .01$). This finding suggests that turnover intentions were lowest among those respondents who were highly satisfied with the benefits provided by the current job as well as the geographic location of the program. Based on Schein’s career anchor theory, the finding suggests that the decision to leave, or possibly take, a faculty position at a hospitality and tourism program hinges mostly upon the opportunity to obtain job security (most likely through tenure) at a program that has a preferable geographic location. Oddly enough, although a high level of importance was placed on the career anchor of autonomy (see Table 2) the level of satisfaction was not significantly correlated with turnover intentions. This finding suggests that even though

respondents may have been busier delivering on goals and objectives imposed on them by someone other than themselves it does not necessarily lead to thoughts of leaving the current job for another one.

Table 3
Correlation of Turnover Intentions with Level of Satisfaction with Career Needs being met in Current Job

Career Needs	Pearson Correlation ^a
Job Security	-.37**
Live in current geographic location	-.36**
Be in a position of leadership	-.26**
Balancing career and family	-.25**
Focus in my area of expertise	-.17**
Servicing needs of others	-.14*
Build new business or enterprise	-.12*
Autonomy	-.09

Notes: ^a * indicates correlation is significant at the .05 level (2-tailed), while ** indicates correlation is significant at the .01 level (2-tailed).

The fourth hypothesis stated that “biodata (age, academic rank, gender) and satisfaction with career needs (anchors) are valid predictors of turnover intentions.” The results of the stepwise regression that was conducted to test this hypothesis are shown in Table 4. The hypothesis was supported to the extent that the career anchor needs of “satisfaction with job security,” “satisfaction with living in my current geographic location,” “satisfaction of being in a position of leadership,” and “age” explained close to 26% of the variance of respondent turnover intentions. This finding suggests that turnover intentions were lowest among those who were older and working where the career anchors of job security, geographic location, and managerial competence were being satisfied.

Table 4
Beta Coefficients, Adjusted R², Change in R² and Significant F Change Resulting for Stepwise Regression Analysis of Antecedent Variables on Turnover Intentions

Antecedent Variables	Beta Coeff.	Adj. R ²	Change R ²	Sig. F Change
Satisfaction with job security	-.220	.15	.15	.00
Satisfaction of living in current geographic location	-.248	.20	.05	.00
Satisfaction of being in position of leadership	-.176	.23	.03	.00
Age	-.159	.26	.03	.00

RESEARCH IMPLICATIONS

The first study implication stems from the finding that there was no relationship between autonomy and turnover intentions in this study. It suggests that although autonomy was rated high in importance among hospitality and tourism educators it did not necessarily follow that it led to turnover intentions when it was not satisfied by the current employer. Perhaps the autonomy needs of faculty may not be that grandiose after all, especially among those who now enjoy the personal and professional freedoms that may have been lacking when employed by the private sector, working on their graduate degrees, and so forth. Thus, when put into perspective, a little autonomy may go a long way toward satisfying those hospitality and tourism educators who have this career anchor.

Another important study finding was that lifestyle integration (balancing career and family) was rated as the most important career anchor need among respondents and had the highest statistically significant inverse relationship with turnover intentions. This finding poses an interesting challenge to department heads that, faced with budget deficits and staff reductions in the face of increased enrollments, are placing more demands on faculty time. The implication being that when faculty members are expected, via the department head, to devote more of their time to work than their family it follows then that they may entertain thoughts of leaving the department, too. Alas, those department heads that are indifferent to this study finding should not be surprised when they lose talented faculty members to rival programs that are willing to accommodate those who have a lifestyle integration career anchor.

Finally, this study may shed new light on how hospitality and programs should position themselves when recruiting new faculty given the relationship between turnover intentions and the career anchors of organizational stability (job security) and geographic location. Taken together, the implication for those managing hospitality programs is that when seeking to attract and hire suitable faculty members the job announcement should include information on the percentage of those who have sought tenure and got it. The job announcement should also sell the quality of life afforded to those belonging to the program instead of focusing only on the quality of the program itself.

CONCLUSION

The purpose of this study was to explore the role of the role of biodata and career anchors on turnover intentions among hospitality and tourism educators. In terms of biodata, it was found that turnover intentions were lowest among those respondents who were oldest as well as those who held a high academic rank. With respect to career anchors, turnover intentions were lowest among those who were highly satisfied with job security and/or living in their current geographic location. A stepwise regression analysis involving the biodata and career anchors variables found that turnover intentions were lowest among those who were older and working where the dominant career anchors of job security, geographic location, and managerial competence were being satisfied.

The study findings had various research implications. First of all, even though the career anchor of autonomy was rated high in importance among hospitality and tourism educators it did not necessarily follow that it led to turnover intentions when not being satisfied by the current employer. Based on the level of importance placed on balancing career and family, department heads should realize that requiring faculty members to devote more and more of their time to work might also bring about an increase in turnover intentions, too. Finally, given the relationship between turnover intentions and the career anchors of organizational stability and geographic location hospitality programs might want to make public the success rate of those who attempt and earn tenure as well as market the quality of life one might enjoy given the location of the college or university that hosts the program.

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THE JOINT RELATIONSHIP OF PERCEIVED SYSTEM QUALITY AND ORGANIZATIONAL SUPPORT WITH INTENTION TO USE

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ABSTRACT

By using the Davis' (1989) technology acceptance model as a theoretical background, this study examines how the impact of perceived usefulness and perceived ease of use on the usage intention varies depending on the degree of organizational support within the context of the travel industry's CRS. Results indicate that organizational support interacts with perceived usefulness to influence intention to use, while it does not moderate the relationship between perceived ease of use and intention to use.

Key Words: Computerized Reservation System, Technology Acceptance Model, Organizational Support

INTRODUCTION

In order to gain future benefits, the travel agencies attempt to adopt CRS which is suitable for their business characteristics (Buhalis, 1998). However, such efforts always do not guarantee the advantages of using this advanced system. A particular CRS can be a successful system tool only when it is accepted and utilized by proposed users (Agarwal & Karahanna, 2000; Venkatesh & Morris, 2000). Therefore, understanding why and how CRS users decide to adopt is becoming increasingly important to both internal CRS managers and CRS marketers.

Thus, by using Davis' (1989) technology acceptance model as a theoretical background to explain CRS user's usage behavior, this study attempts to (1) examine whether two important determinants (i.e., perceived usefulness and perceived ease of use) of user's technology usage behavior are also significant determinants within the context of travel industry's CRS; and, (2) reveal if the impact of perceived usefulness and perceived ease of use on the usage behavior varies depending on the degree of organizational support. This study posits that organizational support could interact with a user's perception of a particular system to influence his/her usage behavior based on recent works that suggest that the relationship between a user's perceptions and his/her usage behavior might also vary according to the specific conditions of organization (Bhattacharjee, 2001; Malhotra, Heine, & Grover, 2001).

LITERATURE REVIEW AND HYPOTHESES

Technology Acceptance Model

For the last decade various models were introduced to explain the user's technology acceptance and usage behavior. Of these models, Davis' (1989) technology acceptance model (TAM) has been most widely used as a theoretical background. TAM is based on the Fishbein and Ajzen's (1975) theory of reasoned action model, which suggests that a person's behavior is determined by the person's attitude, which in turn is determined by the person's beliefs about consequences of performing the behavior (Davis, Bagozzi, Warshaw, 1989). Specifically, TAM posits that a user's actual usage could be explained by his/her intention to use, which could be influenced by two key determinants: perceived usefulness, defined as the degree to which a person believes that using a particular system would enhance his/her job performance; and perceived ease of use, defined as the degree to which a person believes that using a particular system would be free of effort (Davis et al., 1989).

Organizational Support

In this study, organizational support can be defined as the degree to which a user believes that his/her organization helps him/her to use a particular CRS (Jiang & Klein, 2000). Within the context of computer aided design (CAD), Malhotra et al. (2001) examined whether or not the impact of perceived system qualities on the system user's performance could vary depending on the degree of perceived managerial influence. They found that managerial influence interacts with the perceived system qualities to influence a system user's performance.

Stamper and Johlke (2003) investigated the impact of perceived organizational support on the relationship between employee's negative perception (i.e., role conflict and role ambiguity) and work outcomes (i.e., job satisfaction, intent to remain, and task performance). They suggested that employees who perceived high levels of organizational support are more likely to have greater job satisfaction and remain with their organizations than workers who experienced low level of organizational support.

Hypotheses

Given this study is based on TAM, the study tests the following hypotheses within the context of CRS of the travel industry. The CRS user's usage behavior was not measured by actual usage, but by intention to use (Davis, 1989).

Hypothesis 1. Perceived usefulness has a positive impact on intention to use.

Hypothesis 2. Perceived ease of use has a positive impact on intention to use.

Although much research shows that organizational support has a positive effect on a user's technology usage behavior, some studies suggested that the relationship between a user's perceptions and his/her usage behavior might also vary depending on the specific conditions of the organization (Bhattacharjee, 2001; Malhotra et al., 2001). Thus, these arguments suggest the following hypotheses.

Hypothesis 3. The greater the level of organizational support, the greater the positive impact of a user's perceived usefulness on his/her intention to use.

Hypothesis 4. The greater the level of organizational support, the greater the positive impact of a user's perceived ease of use on his/her intention to use.

METHODS

Sample and Procedures

As a list of CRS users was not available, the 2002 list of travel agency members of International Air Transport Association-Korea (IATA-Korea) was used as the sample frame of this study (N= 1056). Two-hundred eighty-four top management officer agreed to participate in the study. Using a list of CRS users gathered from the top management officers, only one CRS user per travel agency was randomly selected resulting in a sample of 284 CRS users. The participants of this survey were limited to those CRS users who had at least one year of experience with CRS. A total of 212 returned the questionnaire (74.7%). Of the 212 completed questionnaires, 15 were discarded due to missing data and 197 questionnaires were retained for further data analysis.

Measures

All measurement scale items were obtained directly from the previous studies. A five-point, Likert-type scale was used for all of the measurement scale items, with anchors ranging from strongly disagree (1) to strongly agree (5). TAM scales of perceived usefulness, perceived ease of use, and intention to use were adapted from Davis (1989). For perceived usefulness and perceived ease of use, subjects were asked whether they perceived that using CRS would enhance their job performance and that using CRS would be free of effort. For intention to use, the respondents were asked to indicate the extent to which they agreed with statements relating to the usage intention. The measurement of organizational support was adapted from Leonard-Barton and Deschamps (1988). It was measured with four items. One item relating to organization's facilitating condition was added from Thompson, Higgins, and Howell (1991). The respondents were asked to indicate if they thought organizational support had a positive contribution to their usage behavior.

Data analysis

Hierarchical moderated regression analysis was performed to test the hypothesized relationships (Cohen & Cohen, 1983). The significance of the interaction was assessed after controlling all of the main effects. In the first step, perceived usefulness and perceived ease of use were entered as independent variables. To test the moderator variable's contribution to explained variance as an independent variable, organizational support was entered in the second step. Finally, two appropriate interaction terms (i.e., perceived usefulness _ organizational support and perceived ease of use _ organizational support) were entered into the third step to determine the amount of additional variance explained by the interaction. In order to represent the interaction terms, the variables were first centered and then multiplied together to eliminate multicollinearity (Aiken & West, 1991). The contribution of each block was assessed by determining the significance of the *F*-value associated with the change in R^2 after the block is entered (Cohen & Cohen, 1983).

RESULTS

Factor Analysis and Reliability Test

In order to assess the dimensionality of all constructs, a principal components factor analysis with varimax rotation was performed. As expected, examination of the eigenvalues and scree plots indicated a four-factor solution. In addition, all items with a factor loading above 0.4 were included, whereas all items with a factor loading lower than 0.4 were removed. Also, any item which cross-loaded on two factors with factor loadings greater than 0.4 was removed (Hair, Anderson, Tatham, & Black, 1998). Table 1 presents the results of factor analysis. All four factors had eigenvalues greater than 1, accounting for 73.645 percent of the total variance. A reliability coefficient (Cronbach's Alpha) was computed for each factor to estimate the reliability of each scale. All factors with a reliability coefficient above .7 were considered to be acceptable in this study (Hair et al., 1998).

Table 1
The Results of Factor Analysis

	Factor Loading	Eigenvalue (VE ^a , %)	Item-to-item Correlation	–
Perceived Usefulness		3.625		.902
Perceived Usefulness 2	.842	(24.167)	.809	
Perceived Usefulness 4	.833		.752	
Perceived Usefulness 1	.805		.767	
Perceived Usefulness 3	.793		.738	
Perceived Usefulness 5	.767		.716	
Organizational Support		2.770		.834
Organizational Support 2	.835	(18.464)	.727	
Organizational Support 1	.813		.660	
Organizational Support 3	.804		.726	
Organizational Support 4	.690		.558	
Perceived Ease of Use		2.335		.852
Perceived Ease of Use 4	.896	(15.567)	.761	
Perceived Ease of Use 3	.867		.717	
Perceived Ease of Use 1	.852		.690	
Perceived Ease of Use 2 ^b	-		-	
Intention to Use		2.317		.867
Intention to Use 2	.868	(15.447)	.759	
Intention to Use 3	.810		.756	
Intention to Use 1	.788		.721	
Total Variance Extracted		(73.645)		

^a VE: Variance Extracted.

^b The item was deleted after reliability test.

Testing of Hypotheses

Table 2 represents means, standard deviations, and correlation coefficients for all factors. In support of H1 and H2, perceived usefulness and perceived ease of use were positively related to intention to use ($r = .528, p < .01$; $r = .215, p < .01$). Correlations ranged from $r = .040$ to $r = .528$, indicating no multicollinearity problems among the variables (Hair et al., 1998).

The results presented in Table 3 indicate that the addition of the interaction terms to the main effects model improved the amount of variance explained in intention to use significantly ($\Delta R^2 = .025, F = 3.794, p < .05$). Two key determinants of user's intention to use, perceived usefulness ($\beta = .469, p < .001$) and perceived ease of use ($\beta = .153, p < .05$) remained significant even after the variance was partitioned, respectively. Thus H1 and H2 are supported.

Table 2
Means, Standard Deviations, and Intercorrelations

	Means	SD	1	2	3	4
1. Perceived Usefulness	3.74	.62	-			
2. Perceived Ease of Use	2.94	.75	.040	-		
3. Organizational Support	3.40	.64	.434 ^a	.161 ^b	-	
4. Intention to Use	3.70	.62	.528 ^a	.215 ^a	.418 ^a	-

^a $p < .01$. ^b $p < .05$

With respect to interaction effects of organizational support, the interaction of perceived usefulness and organizational support was significantly related to intention to use ($\beta = .138, p < .05$), in support of H3, which hypothesized that perceived usefulness and organizational support would interact to predict the CRS user's intention to use, while the interaction of perceived ease of use and organizational support was not significantly related to intention to use ($\beta = .065$, n.s.), not in support of H4, proposing that perceived ease of use and organizational support would interact to predict CRS user's intention to use.

Table 3
Moderated Regression Analysis of the Effect of Organizational Support on Intention to Use

	Model 1	Model 2	Model 3
Independent Variables			
Perceived Usefulness	.520 ^a	.433 ^a	.469 ^a
Perceived Ease of Use	.195 ^b	.165 ^b	.153 ^c
Moderating Variable			
Organizational Support		.203 ^b	.187 ^b
Interactions			
Perceived Usefulness \times Organizational Support			.138 ^c
Perceived Ease of Use \times Organizational Support			.065
R^2	.316	.349	.374
Adjusted R^2	.309	.339	.358
F-value	44.901 ^a	34.512 ^a	22.825 ^a
ΔR^2		.033	.025
F-value for ΔR^2		9.705 ^b	3.794 ^c

Note: N = 197; Standardized regression coefficients are reported in columns marked Model 1, Model 2, Model 3.

^a $p < .001$. ^b $p < .01$. ^c $p < .05$

CONCLUSIONS

Consistent with previous studies (Agarwal & Karahanna, 2000; Davis, 1989; Venkatesh & Morris, 2000), the results showed that even if perceived usefulness and perceived ease of use became weaker for intention to use after the variance was partitioned, they would still be significantly associated with intention to use in the final model. This indicates that both perceived usefulness and perceived ease of use can be used successfully as predictors of a CRS user's intention to use. With respect to the relative importance of these two determinants of the user's intention to use, perceived usefulness was a stronger predictor of intention to use than perceived ease of use. This also implies that if a given CRS provides critically desired utilities, users are more likely to cope with some difficulty of use in the CRS. Thus, CRS marketers need to demonstrate the CRS's ability to fill the needs of CRS users (Hu, Chau, Sheng, & Tam, 1999). Specifically, focusing on more useful function than ease of use is important, given business resources are limited.

As regards interaction effects of organizational support, the results found that organizational support moderated perceived usefulness to influence intention to use, while it did not moderate the relationship between perceived ease of use and intention to use. Although user's perceived usefulness as being positively related to intention to use under the low level of organizational support, the relationship between perceived usefulness and intention to use was stronger among CRS users with high levels of organizational support. This implies that CRS users with high levels of organizational support are more likely to have intention to use CRS when they have high levels of perceived usefulness than those who perceived low organizational support. This finding is consistent with that obtained by Malhotra et al. (1988), who suggested that user's perception and managerial influence, such as organizational support, would interact one with another to influence user's intention to use. Thus, by allocating sufficient resources and qualified technicians for the support function, internal system managers can encourage CRS users to form a stronger intention to use. However, the findings showed that organizational support could be also considered an independent predictor of intention to use for CRS users in that organizational support explains a significant incremental variance beyond that accounted for by perceived usefulness and perceived ease of use. Thus, internal system managers need to understand that, at the organizational level, the well-planned internal support can increase CRS user's intention to use directly. The different roles of organizational support should be examined further within a variety of business settings, since its practical role in predicting intention to use could vary depending on a different context (Cheung, Chang, & Lai, 2000).

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A CROSS-CULTURAL COMPARISON OF CONSUMER PERCEPTIONS:
THE IMPACT OF SERVICE RECOVERY OVER REPURCHASE INTENTION AND WORD-OF-MOUTH

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ABSTRACT

This paper explores the cross-cultural impacts of service recoveries in casual dining restaurants. American and Korean consumers were compared in an effort to identify whether they have any differences or similarities in the effects of service recovery in terms of word-of-mouth and future patronage. The results of the study indicate that service recovery impacts loyalty, word-of-mouth and future patronage intent differently between American and Korean consumers. For example, Korean respondents are more likely to share service recovery experiences with their friends or relatives compared to American respondents.

Key Words: Service Recovery, Cross-Culture, Word-of-Mouth

INTRODUCTION

Since service or product failure is unavoidable in the restaurant industry, service recovery has turned out to be a critical success factor as an effective way to improve customer satisfaction, loyalty, and positive word-of-mouth by compensating for any service failures to consumers (Hart, Heskett & Sasser, 1990; McDougall & Levesque, 1999). As a growing consciousness of service recovery has emerged in the service industry, quite a few researchers have attempted to investigate the impact of this strategy (Becker, 2000; Swanson & Kelley, 2001). However, even though the growing magnitude of the global economy requires better cultural understanding for successful management in the service industry, very little research has been conducted to determine the cross-cultural impact. Several factors to consider are: service recovery perception, repurchase intentions, and word-of-mouth resulting from an initial service failure in the restaurant (Becker, 2000; Mattila, 1999).

In particular, the US restaurant industry has notably participated in international expansion with a rapid economic globalization boom and a saturation of the domestic market. However, even with the rapid growth of the international market, the industry has relied on priori knowledge for service recovery strategies based on their domestic experiences (Becker, 2000). A number of researchers (Becker, 2000; Mattila, 1999) postulated that the consumer's service value, preferences, and expectations are different depending upon each customer's culture. Thus, culture might influence customer service recovery behaviors and perceptions. As a result, it might be inappropriate to rely on existing service recovery approaches in their global operations. As more and more U.S. restaurant chains are expected to anticipate global market development, exploring these cultural impacts is necessary because the lack of understanding of how customers perceive service recovery may lead to lower consumer satisfaction, and damaged loyalty as well as the spread of negative word-of-mouth (Swanson & Kelley, 2001).

This study attempts to compare Americans with Koreans to investigate how culture impacts consumers' service recovery perception and preferences. Koreans are compared with American consumers in this study because Korea is one of the fastest growing international markets for US chain restaurant firms (Kim & Chon, 2003). Also, Korean culture is totally different from American culture in a variety of aspects (Hofstede, 2001). The results of this study will help US chain operators to establish global service recovery standards and strategies for their international operations.

RESEARCH METHOD

A critical incident technique was used to explore the cross-cultural impact of service recovery on repurchase intent, loyalty, and word-of-mouth after a restaurant's initial service failure. The critical incident technique has been

employed by many researchers to study customers' encounters (Bitner, Booms, & Tetreault, 1990; Kelly, Hoffman, & Davis, 1993).

After adequate knowledge and training with the critical incident method, two doctoral students collected and recorded critical incidents from respondents during the months of September and October 2003 in both Korea and the United States. In order to develop the service recovery classification, an extensive categorization process for each of the critical incidents was first undertaken. This process included the following steps: half of the respondents in both Korea and the US were asked to report a service failure incident, which eventually was resolved in the good service recovery approach; the other half of respondents in both Korea and the US were asked to report service failure incidents, which reinforced dissatisfaction. Therefore, two different types of survey questionnaires were developed. The type I questionnaire was designed to identify the impact of satisfactory service recovery. In the first questionnaire, the respondents were asked to report their satisfactory service recovery experience in a casual restaurant which resulted in increased satisfaction and loyalty. The type II questionnaire was designed to investigate the effects of unsatisfactory service recovery. In this second questionnaire, the respondents were asked to describe their negative service experiences due to inappropriate handling of service recovery, which resulted in a decreased satisfaction. Questionnaires for Korea were translated and back translated into English. A pretest was conducted for both groups.

In order to assure comparable results, the survey limited the respondents' service recovery experiences to US casual dining restaurant chains such as Outback Steakhouse and Bennigan's, restaurants which also have been popular in Korea. After the data were collected, the researchers sorted the data using the incident classification system of the Critical incident technique, which was employed by Chung and Hoffman (1998) as well as Bitner, Booms, and Tetreault (1990). CIT is the most appropriate research method for discovering the underlying sources of satisfaction and dissatisfaction in service encounters (Bitner et al., 1990).

The questionnaires were pilot-tested to detect any errors or unclear components. Forty American undergraduate students majoring in hospitality management at a State University participated in the pilot test. Twenty Korean undergraduate students majoring in hospitality management in a metropolitan university in Seoul, South Korea participated in the same pilot test. The results of the pilot test indicated that some of the Korean students did not have service recovery experiences in an American casual restaurant in Korea. Therefore, the researchers decided to distribute more questionnaires to Korean students in order to enhance the response rate. The Type I questionnaires were distributed to 100 American and 200 Korean university students respectively and Type II questionnaires were distributed to 100 American and 200 Korean university students respectively. For Type I (the satisfactory service recovery case) 88 questionnaires were received from Americans and 79 questionnaires were collected from Korean students. For Type II, 85 questionnaires were collected from American students, while 71 questionnaires were collected from the Korean respondents.

FINDINGS

Type of service recovery received and preferred service recovery

Respondents were asked to record the type of service recovery that they received after the initial service failure as well as the service recovery that they would have preferred to receive. Half of the American respondents received free meals, followed by food replacement (15.9%), and a discount (9.1%). Both an employee apology and a coupon were least received during the satisfactory service recovery process for American respondents. Also, more than half of the American respondents indicated that their preferred service recovery would have been a free meal, followed by a discount (12.5%) and replacement (11.4%) after the initial service failure. The least preferred service recovery types among the American respondents were an employee apology (3.4%) and a managerial apology (4.5%).

In contrast to American respondents, Korean respondents indicated that food replacement (26.5%) was the service recovery that they received most often followed by a managerial apology (21.5%) and a free meal and discount (16.5%) from their satisfactory service recovery experiences. However, the Korean respondents pointed out that a free meal (44.3%) was the service recovery that they would have preferred to receive followed by a discount (17.7%). The least preferred service recovery among the Korean respondents is an employee apology (3.8%). An employee apology is the least popular service recovery for both American (3.4%) and Korean respondents (3.8%).

Word-of-Mouth, Loyalty, and Future Patronage

The researchers examined whether there are any differences in word-of-mouth intent, loyalty, and future patronage between American and Korean respondents based on their service recovery experiences.

Table 1
Word-of-Mouth, Future Patronage Intent, and Loyalty Difference by Nationality and Service Recovery Satisfaction:
2-way ANOVA results

Source	DF	SS	MS	F	P
Word-of-mouth intent					
Nationality	1	58.823	58.823	25.131	.000*
Error	316	701.925	2.221		
Total	320	8,851.000			
Future patronage intent					
Nationality	1	14.203	14.203	6.340	.012*
Service recovery satisfaction (Satisfactory vs. unsatisfactory)	1	387.036	387.036	172.777	.000*
Nationality * satisfaction of service recovery	1	33.889	33.884	15.126	.000*
Error	316	707.870	2.240		
Total	320	7,869.000			
Loyalty					
Nationality	1	64.418	64.418	32.014	.000*
Error	316	635.845	2.012		
Total	320	9,685.000			

Word-of-mouth intent, future patronage and loyalty impact

Table 1 presents the result of the ANOVA test. According to the result of the ANOVA test, word-of-mouth intent is significantly different by nationality ($F=25.131$, $P<.000$). Also, there is a significant interaction effect between nationality and service recovery satisfaction for future patronage intent ($F=15.126$, $P<.000$). However, since the interaction pattern between nationality and service recovery satisfaction is ordinal, the researchers are able to interpret the main effects of future patronage directly.

There is a significant difference in future patronage intent by nationality ($F=6.340$, $P<.012$). The Korean future patronage intent is higher than that of Americans in satisfactory service recovery incidents. However, the American future patronage intent is much higher than that of the Korean in unsatisfactory service recovery incidents. In addition, there is a significant difference between satisfactory and unsatisfactory service recovery for future patronage intent ($F=172.777$, $P<.000$). Future patronage intent in the satisfactory service recovery incident is much higher than that of the unsatisfactory service recovery occasions in both America and Korea. The results of the ANOVA tests also show that restaurant loyalty is significantly different between America and Korea ($F=32.014$, $P<.000$).

DISCUSSION

In general, the study results indicate that there are a number of different characteristics relative to service recovery between American and Korean respondents. First, the word-of-mouth intent of Korean respondents is much higher in both satisfactory and unsatisfactory service recovery incidents. For example, Korean respondents showed their strong intent to spread positive word-of-mouth after having satisfactory service recovery experiences in contrast to American respondents (Korean mean: 5.48 vs. American mean: 4.53). In unsatisfactory service recovery incidents, the Korean respondents strongly expressed their intent to share the negative service recovery experience with their friends and family members in comparison to that of American respondents (Negative word-of-mouth intent mean: Korean- 5.83 vs. American- 4.68). One of the possible reasons that Korean respondents are strongly willing to share their service recovery experiences with their family members and friends, whether it is satisfactory or unsatisfactory, is that Koreans belong to a high-context culture (Hall and Hall, 1990; Kim et al., 1998). According to Kim et al. (1998), people in high context culture are more likely to share their personal information and experiences with their acquaintances, whereas people in low-context culture such as Americans are reluctant to share their personal information and experiences with others because they value privacy highly. Due to these cultural conditions, the results of the study make sense, explaining why word-of-mouth intent might be much higher for Korean respondents than for American respondents.

Also, the results of this study showed that there is a significant difference in future patronage intent in both satisfactory and unsatisfactory incidents. Korean respondents' future patronage intent is somehow higher than that of American respondents in the satisfactory service recovery incidents (future patronage intent mean: Korean: 5.72; American: 5.53). Interestingly, the American respondents expressed their intent to return to the restaurant much more than the Korean respondents did after unsatisfactory service recovery incidents (Future patronage intent: Korean 2.90; American: 3.97). The Korean respondents indicated that satisfactory service recovery experience positively impacted their loyalty more so than

Americans (positive loyalty in the satisfactory service recovery incident: Korean mean: 5.75; American mean: 5.11). On the other hand, dissatisfactory service recovery incidents seem to influence the Korean respondents more negatively than the American respondents (negative loyalty in the unsatisfactory service recovery incident: Korean mean: 5.83; American mean: 4.68).

One of the probable reasons that Korean respondents showed a high intent not to return to a restaurant in which they had an unsatisfactory service recovery experience, unlike American respondents, might be that the Korean culture has a much higher uncertainty avoidance tendency than Americans do. According to the Hofstede's study (2001), people in a high uncertainty avoidance culture are more likely to minimize exposure to uncertain surroundings and situations. In this case Korean, belonging to a high uncertainty avoidance culture, would not want to return to a restaurant in which they have had an unsatisfactory service recovery experience because they feel much less comfortable about the restaurant service and products because they failed to provide appropriate service recovery. The American respondents do not feel this discomfort because they belong to a culture that has relatively low uncertainty avoidance. Very few American (3.4%) and Korean respondents (3.8%) indicated that they would have preferred to receive an employee apology as an adequate service recovery. This means that the employee apology might not be an effective service recovery strategy in either America or Korea and might not be enough to recover from the initial service failure.

In conclusion, the results of the study suggested that there are several underlying differences between American and Korean respondents concerning the impact of service recovery in terms of word-of-mouth, customer loyalty, and intent to return. Therefore, it is strongly recommended that U.S. chain restaurant operators consider these different cultural aspects when they establish and develop service recovery strategies, standards, and employee training in their international operations.

FUTURE RESEARCH AND LIMITATIONS OF THE STUDY

The study used university students for the samples in both America and Korea. It is a convenient sampling. Therefore, the results of the study might not be representative of all Koreans and Americans. However, with the sample selected from similar demographic characteristics and popularity of American restaurant chains in Korea, researchers believe that the results of the study would be valid and can be extrapolated to general population and casual restaurant business. The researchers also recommend further exploration of other major cultural groups' service recovery perceptions since a better understanding of each ethnic group's underlying service recovery perceptions could be highly beneficial to better establish and implement successful service recovery strategies.

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IMPACT OF WEB SITE DESIGN CHANGES ON THE SERVICE SATISFACTION IMPROVEMENT:
A STUDY BASED ON THE USE OF 'MEETING INDUSTRY NETWORK (MINT)' BY IACVB

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ABSTRACT

A survey of Meeting Industry Network (MINT) users revealed that response time of inquiry is very important for customer satisfaction, which dramatically dropped after 48 hours from the time of an inquiry. The MINT coordinators were not comfortable with using certain program components varied with their experience and familiarity with the existing and revised versions. Design enhancements also increased customer satisfaction. MINT users who had previous experience with CINET (Convention Industry Network), a less graphical version of MINT, are more likely to agree with the improvement related to visual appeal. The MINT system staff should consider response time and training for effective use of web site designs.

Key Words: Convention, Information Technology, Service satisfaction, CVB, Meeting Industry Network

INTRODUCTION

Convention and visitors bureau (CVB) performs a wide range of activities to facilitate tourism marketing and development. Technology is affecting how meetings are marketed and managed and the degree to which business will increase (Cates, 1997). CVB strives to bring major conventions into its city and spend a great amount of energy and time to promote and gather information on conventions using information technology.

IACVB (International Association of Convention and Visitors Bureau) launched its new database version for CVB professionals last August. Since the mid 1980's, MINT (Meeting Industry Network, formerly CINET) is the hospitality industry's most comprehensive meetings and convention database and is the single most important tool for targeting potential business for destination. The information contained in the MINT database is gathered by over 150 dedicated CVBs, which update it daily, and provide detailed meeting profiles. The MINT System is a shared repository of information about association and corporate meetings. It has recently undergone significant enhancements and upgrades to increase the usefulness and benefit of the service. It is also quite different from the previous version, CINET, in terms of Web-site design.

The new MINT has been used in the hospitality industry for a year and users give positive feedback regarding its easiness to use. The purpose of this study is to evaluate the satisfaction level and respective measures of service satisfaction by taking into consideration each of the new added or enhanced features, functionality, and overall new design.

LITERATURE REVIEW

Providing quality service is the key to retaining customers and to building long-term relationships. It can be used to assure service quality, efficiency, convenience, and to expand type of services. The importance of customer service and service quality has been underlined by several authors (Berry, Parasuramann, & Zeithaml, 1988). One of the ways to obtain competitive advantage is to offer customers superior value (Day, 1990; Woodruff, 1997)

Tourism is a network and information-intensive business. The use of Internet technology enables the transaction and distribution of information quicker, better, and cheaper regardless of geographical and time limitations. According to Nault and Dexter (1995), the main impact of IT on customer value is convenience and control. Thus, adding customer value on the Internet should focus on value-added services providing convenience and control to the customers. Value-added services are defined by Nysveen and Leshagen (2002) as those services that provide added value to the core product demand. They may be related to content (e.g. information and decision support), to infrastructure (e.g., access), and to context (e.g. multimedia product presentation) (Methlie, 2000). Convenience is based on making it easier for the customers

in their decision process from information search to purchase. According to Lemon, Rust, and Zeithaml (2001), "Convenience relates to actions that help reduce the customer's time cost, search cost, and efforts to do business with the firm".

Radosevich (1997) argued that bad Web site design is caused primarily by the lack of understanding of the targeted web users' needs. The CVBs play a pivotal organization role within the tourism system. According to Gartell (1988), the convention and visitors bureau is defined as "a distinctive organization, which represent and market their communities in a very competitive market place that involves meetings and conventions, group tours, and visitors". One of the CVB's principal roles in the tourism industry is to serve as information bank, facilitating the flow of information between industry sectors. CVBs rely on a variety of formal and informal information systems capable of information-related activities necessary to meet their goals. Current Internet/intranet technology provide important capabilities to CVBs to act beyond the organizational hierarchy and to function better as a cohesive organization. The internet/intranet also can be used to enhance customer satisfaction and CVBs' service abilities. Meyer (1998) indicated that organizations could use IT to assist them to organize and use information they collect so that they can provide usable information in timely manner to meet customer's needs. Confirmation of customer's preferences for value-added service is of vital importance for customer satisfaction with these services (Tse & Wilton, 1988). If customer's preferences are not met, customers will be dissatisfied, and they may not use the web site again.

It is important to identify the character and specification of the MINT service for in-depth study. According to O'Neil and Lavoie (1998)'s typology, the MINT is categorized as a private web site that is intended to be accessed by specific customers or only the home page that can be accessed by public, and prohibit access to other parts of the Website unless a password or Internet Protocol address is recognized. According to Hoffman, Novak, and Chatteree (1995), the MINT is based on contents (fee based, sponsored, searchable database), selling products or service and providing customer service (Hoger, Capel, and Myerscought, 1998), provision of data and information based on Ho's typology (1997) The MINT also facilitates professional-professional and Business-to-business (B2B) communication. B2B websites which are intended to provide information for the tourism business partners should be timely, concise, and easy to navigate. Therefore, a critical typology should be based on the analysis of the nature of information and information exchange within the online tourism environment.

Information richness based on contexts and tasks requires careful investigation of user's needs, which depend on context and tasks (Pan and Fesenmaier, 2000). Reach is defined as the number of people sharing a piece of information, and information richness refers to "the quality of information, as defined by the user: accuracy, bandwidth, currency, customization, interactivity, relevance, security, and so forth" (Evans & Wurster, 2000). In other words, information with the right representation form is necessary. Differences in information flows of Web sites provide a meaningful basis for the design of tourism related Web sites.

The efficiency of distributing/collecting information and ability to access new information are also considered by CVBs to measure the effectiveness of Internet/intranet investment (Yuan, Gretzel & Fesenmaier, 2003). Based on the literature review, the MINT system should provide accurate information in timely manner with ease of use. In other words, those are the factors to increase MINT users' satisfaction related to the new MINT system.

METHODS

A questionnaire was developed by carefully selecting questions that measure effectiveness of changes made to the new MINT system as it relates to the service satisfaction. A total of 400 MINT users, who enter data into MINT system and use data for sales at CVBs were randomly selected for this study. The sample was selected from MINT member list of IACVB. The online surveys were sent with a link to www.zoomerang.com on August 8th, 2003. A total of 131 surveys were returned by August 25, 2003, which resulted in 32.8% response rate.

ANALYSIS

A total of 83% of respondents had CINET experience, which was a previous version of MINT. The CINET was text based database system. The MINT users were asked to rate the effectiveness of the new MINT enhancements/upgrades. The study shows that new enhancements and upgrades of the system increased effectiveness of the system (Table 1).

Table 1
Effectiveness of MINT enhancements/upgrades

	Frequency	Percent
Not effective	3	2.7%
Somewhat effective	33	30.0%
Effective	74	67.3%
Total	110	100.0%

A cross-tabulation of average response time versus satisfaction is shown in Table 2. Satisfaction was found to have a strong relationship with response time. Dissatisfaction rate dramatically increased (21.7% compared to 0% and 4.1%) after 48 hours from the inquiry.

Table 2
Average Response time vs. Satisfaction of response time Cross tabulation

	Not Satisfied		Somewhat satisfied		Satisfied		Total
	F*	Percentage	F*	Percentage	F*	Percentage	
Within 2~3 hours	0	0.0%	0	0.0%	5	100.0%	5 (100%)
The same day	0	0.0%	2	15.4%	11	84.6%	13 (100%)
By the next day	1	4.1%	4	16.6%	19	79.1%	24 (100%)
More than 48 hours	5	21.7%	11	47.8%	7	30.4%	23 (100%)

*F: Frequency

It was interesting to note the relationship between level of comfort with each field and years of working experience with the MINT. The MINT coordinators who worked for more than 2 years show that total 33.3% of them are not comfortable with many of the fields (Table 3). When it is compared to other categories, it is much higher than 10% of worker with less than 1 year experience and 14.3% of worker with 1 or 2 years experience. The MINT was launched in year 2002, a year ago from this survey. Those who have less than one year of experience got training with new MINT system. However, those who have been working more than 2 years (including CINET) got a training based on the CINET. It shows that when a system upgraded or renewed, new training based on the new system is very critical no matter how many years of working with a previous version of the system.

Table 3
Level of comfort with each field vs. Years working with MINT

	Less than 1 year		1-2 years		More than 2 years		Total
	F*	Percentage	F*	Percentage	F*	Percentage	
Very comfortable with each field	3	30.0%	1	14.3%	0	0.0%	4
Somewhat comfortable with each field	3	30.0%	4	57.1%	26	57.8%	33
Comfortable with some fields but not with others	3	30.0%	1	14.3%	4	8.9%	8
Not comfortable with many of the fields	1	10.0%	1	14.3%	15	33.3%	17
	10	100.0%	7	100.0%	45	100.0%	62

*F: Frequency

The survey participants were asked if the new MINT has been improved in visual appeal and user friendliness. The questionnaire had 6-point Likert type scale (1= disagree, 6 = strongly agree). The MINT users who have the CINET experience agreed more with the statement that there are improvements in visual appeal of the new MINT system (mean of 4.47 vs. mean of 3.25 for who does not have CINET experience). In terms of user friendliness of the new MINT system, those who had CINET experience also agreed more with statement of user friendliness of the new MINT (Mean of 4.28 vs.

mean of 3.3 for those who does not have CINET experience). Since the CINET was only-text-based version, adding more graphics and rearrangement of functions increases visual appeal and user friendliness especially to those who are used to CINET.

CONCLUSION

The MINT user survey revealed that response time of inquiry is very important for customer satisfaction. It showed that satisfaction of response time dramatically dropped after 48 hours. IT enables fast response to its customers' demand for 24/7 service and customers expect even more shorter response time. IT users are getting used to the "click-away", a response right after clicking a button. MINT customer service staff and online service provider should consider this timeline- 48 hours from inquiry, to response on a request without decreasing the customer's satisfaction.

The MINT coordinators who have worked for more than two years show that they are not comfortable with each field when compared to those with shorter experience with new MINT system. When a system has been upgraded or renewed, new training based on the new system is very important to increase the understanding of new/upgraded functions irrespective of years of experience with old version. Enhancement on Web site design also increases customer satisfaction. This study shows that the MINT users who had used less graphical version, CINET, are more likely to agree with the improvement in visual appeal and friendliness of MINT. The MINT system staff and overall online database service staff should continue to strive for fulfilling those expectations.

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EFFECTIVE INFORMATION TECHNOLOGY STRATEGY:
MEETING PLANNERS' PERCEPTION REGARDING LODGING WEB SITE USE

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ABSTRACT

This study investigated the extent to which content attributes regarding lodging web sites were important to meeting professionals for planning group meetings. A total of 235 usable responses were obtained from an on-line survey of 1200 meeting planners. Exploratory factor analysis revealed the presence of four important factors concerning 16 lodging web site attributes: 1) amenities and attractions; 2) meeting location information; 3) guestroom information; and 4) business activities. The results suggested that meeting planners are more productive, more likely to be involved, and will more frequently use the Internet. Thus, it is inevitable that hotel corporations will continue to expand their presence on the Web, as well as develop more differentiated web site.

Key Words: lodging web site, web site content analysis, meeting planning, meeting planner

INTRODUCTION

Information technology is the revolutionized force driving change and complexity in the twenty-first century business world. It is also believed to involve remarkable and extensive implications concerning business procedures; regardless of company size, industry segment, or geographical location (Connolly & Siagala, 2001). The World Wide Web (Web) has gained a convincing reputation as a powerful tool in business marketing and communications (Cahill, 1997; Connolly, Olsen, & Moore, 1998; Cross & Smith, 1995; Jeong, 2002).

Hotel web sites incorporate vital sales and marketing-related functions, including access to real-time information regarding rates and availability, as well as instant reservations. The Web is also critical to hospitality, travel, and tourism marketers as a powerful, graphically based, electronic marketing medium that enables economic promotion of their companies and organizations to targeted global markets. A complete cross-section of companies and organizations within the hospitality and tourism industries utilize the power of the Web to enhance their marketing activities. The Internet allows potential customers to discover and tour hotel facilities, as well as compare prices without directly interacting with hotel representatives. One powerful group of customers is meeting planners, who are responsible for a substantial portion of volume and percentage of hotel revenues. Currently, meeting planners consider the Internet as an indispensable tool for arranging and organizing meetings and conferences systematically. Meetings and conventions comprise a primary market segment for the lodging industry (Hospitality Insights, 2002).

During 2000, the total spending for meetings was estimated at US \$122 billion. This figure contained spending by corporate and association meetings, as well as incentive travel market segments. The total represents an 8.6 % volume growth over the previous year. At the same time, it presents an average of 9% year-to-year growth since 1992. In addition, the projection for the 2003 meeting market was \$141.3 billion (Successful Meetings, 2003a). The findings of a recent meeting industry study indicated that the explosive growth of the Internet produced a tremendous impact on associations and meetings (Successful Meetings, 2003b). Overall, the meeting industry demonstrated that the Internet has been accepted as a vital business tool that is a critical element in the fast paced, data-intensive, global world where business is conducted around the clock (Barker, 1999).

Currently, the online travel market is projected to surpass \$40 billion in 2003--up 28% over 2002 (\$31.4 billion) and 481% higher than 1999 (Online Travel Market Service, 2003). More and more hotels, as well as convention and visitors bureaus (CVB) have been creating web sites to attract and support meeting planners.

Today, it is mandatory that hospitality sales managers provide Internet information concerning hotel products to facilitate satisfaction and use by meeting planners. The Internet is vital for hotels to effectively compete for the meetings and convention market. The two main components of the Internet that allow the hotel to compete are the Web and e-mail. The Web offers an alternative way of creating and disseminating information and enables to customers to search relevant information in worldwide (Armijos, Defranco, Han militon, & Skorupa, 2002). Additionally, e-mail has e-merged as the most universally used type of computer-mediated communication. It allows individuals to have the opportunity to exchange messages without the constraints of time and location. E-mail that is based on the usage of intra and inter-organizational communication via hotel staff and meeting planners allows the exchange of information through a cheap and efficient means (Wei, Ruys, Van Hoof & Combrink, 2001).

As competition intensifies and customers become more challenging (requiring the option to customize products/services/prices to their particular needs), hotels must focus on attractively designed web sites and actively promote their sites to create a visible online presence for the company (Siagala, 2001). In other words, they should employ virtual communities to anticipate and react to constantly-changing customer needs; gather and use customer and market information to provide better quality; and strengthen customer relationships. Through the study of Jeong and Lambert (1999), it is emphasized the importance of quality and the competitive nature of Web-based information content presented by hotel web sites. They stated that hotel web sites could be a critical influential tool in clients; purchasing decisions.

More recently, it was demonstrated that user's satisfaction with information provided and perceived quality the hotel web sites were found to be a key determinants in actual online reservation intentions (Gregoire, Jeong & Oh, 2001). The major parts of this study were presented following as;

1. Web site visitors are most likely to obtain information regarding hotel amenities and facilities. Providing information on prices and hotel locations, as well as availability of services such as pool, health facilities, or room amenities, is highly desirable for meeting customer information needs.
2. Midscale and particularly economy/budget hotels need to improve the features on their web sites. Normally, the web customer's perception tends to be less favorable for these hotels than for their luxury and upscale counterparts.
3. Color combination, information completeness and ease of use are major components of overall web site quality.

Alternatively, Van Hoof and Combrink (1998) recognized the major benefits and drawbacks of the Internet as provided by the hotel industry. The two most important benefits were the exposure the Internet provided hotels and the benefits they created for advertising and marketing purposes. The Internet also created faster and better communications that were helpful in generating reservations, as well as providing an excellent source of information regarding other hotels, clients, and the industry in general. The two most significant drawbacks were the cost and time concerned in creating and maintaining an Internet presence. Additional drawbacks were related to the security and confidentiality of data, maintenance, gaining access to the Internet, and employees' unauthorized use and wasted time surfing the Internet. As of 2002, lodging sales on the Web were estimated to be a \$6 billion business per year and are expected to grow rapidly. (Hotel Online, 2002).

This study provides greater insights into the relationship between meeting planners and hotels. Namely, study results offer an effective monitoring of self-service technology trends in the industry and assist hotels in formulating market strategies to increase meeting planners' use of the Internet to access hotel information for their group meetings. Thus, the research objectives of this study are as follows:

1. To determine the types of information lodging web sites offered for meeting planners by implementing a systematic approach for content assessment, in terms of known expectations of the meeting industry.
2. To examine the usefulness of information lodging web sites for meeting planners by conducting a survey for content assessment, in terms of known expectations of the meeting industry.
3. To assist hotels in identifying areas for improvement in web site services related to meeting planning.

METHODOLOGY

The sample for this study was based on meeting planners selected from the membership directory of the Professional Convention Management Association (PCMA) and Meeting Planner International (MPI), as they are believed to represent independent, corporate, and association meeting professionals representing the largest association of meeting professionals regarding any meeting-planner group in the world. The PCMA consists of more than 5,000 members, and

MPI has over 15,000 members in 44 countries. For this study, the purposive sampling method was chosen. This is a useful method to determine ideas and insights during exploratory research, but does not claim to statistically represent the entire population. Total samples of 1200 meeting planners were conveniently selected. The potential sample was screened by job titles such as, “Meeting Manager,” “Meeting Planner,” “Conference Manager,” “Meeting Coordinator,” and “Conference Coordinator.”

The expectations of meeting planners, in terms of information sought on lodging web sites, were determined through a review of related literature (Successful Meetings, 2003a) in addition to interviews with subject matter experts. The subject experts included industry professionals and academicians. Primarily, a group of meeting planners (members of PCMA), were randomly contacted by telephone, as well as interviewed in fall 2002. Their responses concerning desired lodging web site content attributes were noted and compared with attributes obtained from the literature review. Subsequently, a focus group, which consisted of an interviewer and five meeting planners, was used to verify web sites’ attributes offered by this study, as well as discuss the criteria regarding the meeting planner’s perceptions. Individual participants were asked the following question, “What content attributes do you believe create more valuable quality lodging web sites when you wish to plan group meetings?” The primary advantages of focus group interviews included brevity, simplicity to execute, brief analysis, and cost effectiveness. The combined efforts of the group should produce a wider range of information, insights and ideas.

A total of 20 content attributes that comprise the 10 main web site attributes, including 16 subgroups of attributes, were addressed in this study (see Table 1). These 20 web site attributes, which were desired by meeting planners, were identified. The 10 main web sites’ information items included the following: meeting room information, equipment rental, entertainment, communications, reservations, guest room information, catering information/menu, locator maps, seating design diagrams, and special incentives for group meetings. These web site content attributes also incorporated 16 subgroups of attributes within the 10 main content attributes, which further described the desired content items. No order of importance was designated to any of these items, yet each attribute represented essential information sought by the meeting planners.

Table 1
Ten Main Content Attributes and 16 Sub Groups

Ten Main Content Attributes	Sixteen Sub Groups
1. Communication	1. Contact Us
2. Guestroom Information	2. General Information 3. Guestroom Amenities 4. Photos of Guestroom 5. Virtual Tour
3. Catering Information/ Menu	
4. Locator Map	
5. Meeting Room Information	6. General Information 7. Photos of Meeting Space 8. Floor plan & Chart 9. Virtual Tour
6. Seating Design Diagram	
7. Reservation	10. RFP (Request for Proposal)
8. Equipment Rental	11. A/V Rental Information 12. Business Center
9. Special Incentives	
10. Entertainment	13. Local Attractions 14. Shopping Information 15. Recreational Activities 16. Kids Care Services

A self-administered survey questionnaire was designed to measure the respondents’ information needs concerning the lodging web sites to solicit the significance of each attribute. Each question measured overall perceptions of lodging web sites’ content attributes from the perspective of meeting planners. A total of 20 content attributes consisting of 10 main web site attributes, as well as 16 subgroups attributes, were addressed. A 7-point Likert scale was employed for simplicity. Because each question was asked in a positive manner, an unbalanced scale was used. Participants responded

on a 7-point Likert-type scale from 1 = *slightly important* to 7 = *extremely important*. The questionnaire was pre-tested and specific attributes were then re-worded to improve clarity.

E-mail survey was the medium utilized for this study. Approximately 1200 surveys were sent via e-mail to meeting planners listed on the membership directory of the PCMA and MPI. Surveys were sent from the beginning of March 2003 until the end of March 2003. Surveys were sent to 600 PCMA and 600 MPI members in the first two-week period. Two hundred and thirty-five usable responses were received by e-mail, accounting for approximately a twenty percent response rate.

RESULTS

The 10 main identified web site attributes are: meeting room information, equipment rental, communication, reservation, guest room information, catering information/menu, locator map, and seating design diagram. These web site content attributes also included 16 subgroups of attributes that further described the desired content items. Among the 20 web site content attributes measured on a 7-point scale, the attribute "Online floor plans with dimensions of meeting space" was rated as the most important to meeting planners ($\bar{X} = 6.66$), followed by the attributes, "Online general information about meeting space" ($\bar{X} = 6.59$), "Online photos of meeting space" ($\bar{X} = 6.36$), "Online directions and maps to the hotel from the nearest airport" ($\bar{X} = 6.35$), and "Online general information about guestrooms" ($\bar{X} = 6.22$), whereas the attribute, "Online information about childcare services in hotel" received the lowest rating ($\bar{X} = 4.30$), followed by "Online special incentives for group meetings" ($\bar{X} = 4.52$), "local shopping" ($\bar{X} = 4.82$), "Accepts online requests for proposals (RFP)" ($\bar{X} = 5.0$), "Information of business center and list of services" ($\bar{X} = 5.29$) (see Table 2).

Table 2
Importance Score of Lodging Web Site Content Attributes

Lodging Web site Content Attributes	Analysis <i>N</i>	<i>M</i>	<i>SD</i>
Online floor plans with dimensions of meeting space	233	6.66	0.86
Online general information about meeting space	234	6.59	0.95
Online photos of meeting space	234	6.36	1.05
Online directions and maps to the hotel from the nearest airport	234	6.35	1.01
Online general information about Guestrooms	235	6.22	1.11
Online seating capacity/diagramming tool (e.g., Meeting Matrix, Room Viewer, Optimum Settings)	233	6.10	1.25
Online availability of hotel contact information	235	6.05	1.44
Online photos of guestrooms	234	5.97	1.33
Online catering information or menus available	234	5.95	1.33
Virtual tour of meeting space	235	5.91	1.28
Online guestroom amenities	234	5.73	1.49
Online information about recreational activities in hotel	235	5.39	1.40
Virtual tour of guestroom space	231	5.39	1.51
Online information about local attractions	235	5.32	1.50
Online list of available audio/visual equipment	233	5.32	1.62
Online availability information of business center and list of services	233	5.29	1.51
Accepts online RFPs	232	5.00	1.83
Online information about local shopping	234	4.82	1.64
Online special incentives for group meetings	233	4.52	1.77
Online information about childcare services in hotel	232	4.30	1.81

In order to obtain the factor structure of meeting planners' information needs regarding the lodging web sites, an exploratory factor analysis was performed with the 20 web site content attributes. Exploratory factor analysis was also performed using principal component analysis with varimax rotation. Among the 20 items, four items (Online availability of hotel contact information, Online catering information or menus available, Virtual tour of meeting space, Online special incentives for group meetings) loaded lower than 0.50, were eliminated in order to achieve a clear and acceptable factor

structure. As a rule of thumb, items with factor loadings of 0.4 or greater are acceptable in Hospitality and Tourism research. Comrely (1973) and Hai and his colleagues (1995) insisted that a loading cut-off of 0.5 or greater allows the identification of variables loading on factors. During this study, items constituting web site content attributes were selected with cut-off values of 0.50 to yield a clear structural model. As summarized in Table 3, a total of 16 items loaded on four separate factors, with eigenvalues greater than 1 explained 73.08% of the variance. Factor loadings range from .626 to .914.

Cronbach's alpha (Cronbach, 1951) was used to confirm the reliability of the factors extracted. This method is based on examining internal consistency of scale items, and measures how well scale items affect a single, one-dimensional latent construct. The higher score, the more reliable the generated scale. Nunnally (1978) indicated 0.7 to be an acceptable reliability coefficient, but lower thresholds are sometimes used in the literature. Reliability alpha for this study ranged from 0.89 to 0.75 for four factors, which is a reliable and consistent measure of intended dimensions.

Table 3
Factor Loadings and Reliability Test for the Need Measurement Model

	Motivation Construct	Factor Loading	Eigen Value	% of Variance	Cronbach Alpha
Factor 1 Amenities & Attractions	Online information about local shopping	.879	7.53	47.08	.89
	Online information about local attractions	.846			
	Online information about recreational activities in hotel	.770			
	Online information about childcare services in hotel	.710			
Factor 2 Meeting Place Information	Online floor plans with dimensions of meeting space	.914	1.81	11.33	.85
	Online general information about meeting space	.815			
	Online photos of meeting space	.662			
	Online seating capacity/diagramming tool (ex. Meeting Matrix, Room Viewer, Optimum Settings)	.658			
	Online directions and maps to the hotel from the nearest airport	.631			
Factor 3 Guestroom Information	Online general information about Guestrooms	.847	1.24	7.74	.87
	Online guestroom amenities	.788			
	Online photos of guestrooms	.737			
	Virtual tour of guestroom space	.626			
Factor 4 Business Activities	Accepts on-line RFPs	.742	1.11	6.93	.75
	Online availability information of business center and list of services	.717			
	Online list of available audio/visual equipment	.696			

After a series of factor analyses, four factors, with 16 items saliently-loaded items, were emerged and labeled according to the characteristics of the comprising items (such as, Amenities & attractions (factor 1), Meeting place information (factor 2), Guestroom information (factor 3), and Business activities (factor 4)). Table 4 presents a mean value and standard deviation of four factors identified. Factor 1, represents four items referred to as amenities in the local or hotel area.

Factor 1 was composed of four items: Online information regarding local shopping, online information concerning local attractions, online information about recreational activities in hotels, and online information consisting of childcare services in hotels. The Cronbach's alpha was 0.89, showing lower than other mean score ($\bar{X} = 4.96$) measured on a 7-point scale.

Table 4
Descriptive Statistics of Four Factors

Factor	Web Site Content Attributes	N	M	SD
Factor 1	Amenities & Attractions; (Online information about local shopping, Online information about local attractions, Online information about recreational activities in hotel, Online information about childcare services in hotel)	231	4.96	1.37
Factor 2	Meeting Place Information; (Online floor plans with dimensions of meeting space, Online general information about meeting space, Online photos of meeting space, Online seating capacity/diagramming tool, Online directions and maps to the hotel from the nearest airport.)	229	6.40	0.82
Factor 3	Guestroom Information; (Online general information about Guestrooms, Online guestroom amenities, Online photos of guestrooms, Virtual tour of guestroom space)	229	5.82	1.16
Factor 4	Business Activities; (Accepts on-line RFPs, Online availability information of business center and list of services, Online list of available audio/visual equipment)	228	5.19	1.36

Factor 2, the items in the second factor related to the characteristics of meeting space. This dimension contained five items: 1) online floor plans with dimensions of meeting space; 2) online general information about meeting space; 3) online photos of meeting space; 4) online seating capacity/diagramming tool; and 5) online directions and maps to the hotel from the nearest airport. The coefficient alpha of factor 2 was 0.85, presenting relatively high mean scores ($\bar{X} = 6.40$) measured on a 7-point scale. Factor 3 included items about guestroom information. This dimension included four items: 1) online general information about guestrooms; 2) online guestroom amenities 3) online photos of guestrooms; and 4) a virtual tour of guestroom space. The Cronbach's alpha of factor 3 was 0.87, also displayed a significantly high mean score ($\bar{X} = 5.82$), measured on 7-point scale. The three items loading under Factor 4 were specifically designed for business activities: 1) accepts online RFPs; 2) online availability information of business center and list of services; and 3) online list of available audio/visual equipment. As previously mentioned, the internal consistency (reliability characteristics) of each factor was measured by Cronbach's coefficient alpha. The Cronbach's alpha of factor 4 was 0.75. The overall mean of Factor 4 was 5.19.

CONCLUSION

In conclusion, the primary goal of this study was to explore the extent to which content attributes regarding lodging web sites were important to meeting professionals' meeting place decision making for planning group meetings. Based on the literature review, as well as interviews with meeting planners, faculty, and hotel managers, the 16 web site content attributes were created to measure the importance of each attribute concerning meeting planners. These attributes were analyzed to provide more efficient information for meeting professionals. Four factors were emerged: 1) amenities and attractions; 2) meeting place information; 3) guestroom information; and 4) business activities.

Published in late 2003, an industry-wide study of meeting planners (Successful Meetings, [Online]) reported that the top 5 attributes meeting planners seek in a lodging web site are: 1) meeting room dimensions (floor plans); 2) technological capabilities of meeting rooms (audio visual support); 3) locator maps (relevant distances to airports and conference centers); 4) menus; and 5) photos of guest rooms.

Lodging web sites have become increasingly more valuable as marketing tools for meeting professionals, particularly with regard to saving time and making jobs easier. Since 2000, the percentage of planners using the Web for online registration has increased by nearly 52%, and for purchasing airline tickets, use has increased by a third, to 37% (Successful Meetings, 2003).

Planners are more productive and likely to be involved in using online planning tools (Meeting Matrix, Room viewer, and Optimum Settings), as well as web-based services offered by hotels and other facilities that can benefit their meeting attendees. Over time, a new generation of hoteliers and meeting planners will have even more confidence in the Internet and will accept the speed it offers (Nozar, 2001). In the future, meeting planners will more frequently apply the Internet to perform their jobs in a more efficient manner. It is inevitable that hotel corporations will continue to expand their presence on the Web and develop more differentiated marketing and advertising media via the Internet.

Several limitations of this research should be mentioned. First, the findings from this study are not generalizable to the entire population, because the demographic characteristics were not normally distributed in this sample. The

respondents were predominately female (86.7%), although the PCMA annual survey (2001) indicated that 71.1% of the meeting planner members were female, whereas 29.9 % of meetings plan members were male. In addition, 87.2% of the respondents for this study were of Caucasian or European descent. These percentages may be more representative of the population who represent interest in the Internet. However, the sample should be more thoroughly expanded. Additionally, the web site content attributes investigated in this study were unable to fully address the needs of meeting planners in terms of information sought.

Future investigations address how the sales relationship between hotel and meeting planners affect the use (or non-use) of the Internet to plan group meetings. In addition, future studies should include a survey of meeting planners to determine attitudes toward web information quality, as well as content attributes and the purchasing decisions based on the information provided on such lodging web sites. Finally, further research should raise the question of why lodging property managers indicate their need to continue to invest in new technology to stay current, but do not comprehend how to use or benefit from this new technology. This area could be explored by investigating purchasing decisions for technology products as compared to budget resources available for technology.

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PLANNING FOOD SERVICE LABORATORY ACTIVITIES: A SURVEY OF EDUCATORS

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ABSTRACT

This study reviews planning processes used by foodservice administrators and educators in the operation of foodservice laboratories. Results of the study indicate that many foodservice industry control processes are utilized in the planning foodservice laboratory activities. Processes varied significantly between public or private and 2-year or 4-year institutions. Future research on best practices in educational foodservice operations is suggested. The effect that cost control and cost reduction have on student educational outcomes might also be examined

Key Words: foodservice laboratories, cost control, control process, educational foodservice laboratories

INTRODUCTION

Food and beverage tracking and controls are part of program requirements for the vast majority of culinary and foodservice programs (e.g., Wollin & Gravas, 2001), and cost control has been ranked as one the most important food and beverage management competencies for club managers (Perdue, Woods & Ninemeier, 2001). The importance of cost controls is illustrated by the wide variety of undergraduate texts available that outline procedures for controlling and tracking food costs in a foodservice operation (i.e., Dittmer, 2002; Sanders & Hill, 2001), as well as the topic's inclusion in undergraduate texts on purchasing (i.e., Spears, 1999; Stefanelli, 1999) and general foodservice management (i.e., Drysdale & Aldrich, 2002; Mill, 2001).

While it is apparent that cost considerations, cost control and tracking are central to the foodservice curriculum, very little research has been done analyzing tracking or costing techniques used within the confines of foodservice education. Our review of the hospitality literature revealed the conspicuous absence of costing/tracking techniques used in the administration of foodservice laboratories. For example, Mandabach, Harrington, and VanLeeuwen (2002) considered the perceived use and importance of computer technology in purchasing by culinary educators within culinary arts programs but did not address the issue of food lab cost tracking. Additionally, a review of recent literature in related fields of study (i.e., Journal of Family and Consumer Science, Educational Research, American Schools and Universities, etc.) did not yield articles on related topics.

In a study concerning foodservice education, researchers suggested that practical training in production kitchens had a problem from both credibility and cost standpoints. The researchers investigated universities in the UK and found that high costs and inadequate resources created pressure on many schools to rethink their experiential foodservice facilities. Several of the universities in the study contracted out the teaching of foodservice to other institutions to alleviate some of the cost and control issues (Baker, Cattet & Riley, 1995). One of the reasons for this phenomenon might be the problematic nature of educational accounting systems.

This problematic nature also affects the method foodservice educators use to plan the activities in their laboratories. Specifically, do private degree granting foodservice programs and public associate degree programs, or private bachelor or public bachelor degree programs differ in their approach to planning and accounting? This exploratory study addresses these issues and provides information to hospitality educators and administrators about the tracking and planning methods utilized to manage costs in experiential foodservice labs.

Background of the Study

A survey was created to measure tracking or costing techniques used by programs that utilize foodservice laboratories. Initial survey questions were based on past experiences (in the planning/execution of foodservice laboratory activities), from cost controls tracking methods suggested in popular textbooks (Dittmer, 2002; Sanders & Hill, 2001; Spears, 1999; Stefanelli, 1999), and recent research on cost control methods in general (Reynolds, 1999; Sellah & Riley, 1994; Siguaw & Enz, 1999). This pilot survey was sent to a group of foodservice educators who teach foodservice laboratory classes and discussed at International CHRIE 2002 as a roundtable.

Based on the feedback from the pilot group and roundtable, changes were made to clarify some questions. As a result, questions central to the tracking/costing research question were expanded. These followed the laboratory process from planning to evaluation. In addition, participants were interested in potential differences in techniques utilized by private vs. public and associate vs. bachelor degree granting schools.

The questions focused on resources utilized and planning procedures used to develop lab activities, sources of funding, and the teaching formats/models used. Questions also focused on methods used to determine the amount, where/how the food is purchased and methods of reconciling costs. Respondents were asked to rate their school's tracking system and indicate the person/position responsible for tracking food cost and revenue from catering/restaurant activities generated through their foodservice labs as well as which areas in their operation the costs and revenues were credited.

METHODS

Sample and Survey Administration

Participants were drawn from the 399 culinary educators and department heads from lists of all American Culinary Association accredited culinary programs and all Council of Hotel, Restaurant and Institutional Education members with foodservice facilities. The survey was sent via email (as an attachment and with a link to a web site) with phone call, fax or mail follow-up. A total of 185 surveys were returned with 178 usable.

Data were analyzed using frequencies and percentages, Monte Carlo approximations to Fisher's exact test, and logistic regression. Unless otherwise stated, percentages are reported with missing items removed from the computations. Apart from missing items, all other data are used in computing percentages. Consequently, overall percentages include responses from individuals who did not indicate their institution type or who taught at high school; overall percentages include a few individuals not included in institution type comparisons. Two variables were used to define the four institution types. The first was public versus private institutions and the second was community colleges or technical schools versus universities.

Tables 1, 2, and 3 each summarize sets of items where respondents checked all items that applied to their institution. Consequently, each item within the set corresponded to a separate binary response variable. These data were analyzed as follows; treating individual items as response variables, separate logistic regressions (SAS Institute Inc., 1999) were used to test for public-private main effects, community college-university main effects and interactions between these two factors. Additionally, the logistic regression model was used to compare each pair of institution types using Type III likelihood ratio tests. Next, in a separate analysis, pairs of item percents were compared so that items could be ranked. Overall percentages within a set of items were compared using a GEE (generalized estimating equation) model (SAS Institute Inc., 1999) that used the logit link and incorporated correlations between responses within an individual. The chosen model accounted for an unstructured covariance among the items in the set. The 'other' and 'Don't know' responses were omitted from the logistic regression and GEE analyses.

Other items required that the respondent check only one of three or more responses and corresponded to multinomial variables. For each of these variables, response distributions of the four institution type groups were compared using a Monte Carlo approximation to Fisher's exact test (SAS institute Inc., 1999). In most cases, distributions did not differ significantly and overall percent responses to these items are reported in the text. Two items had ordinal response scales (Likert-type) and analysis of variance was used to test for differences in mean response. Significance was defined at $p \leq 0.05$.

RESULTS

Profile of Respondents

One hundred fifty-four of the 178 respondents indicated that their program was located in the United States. While one of the remaining respondents did not indicate their program's location, the remaining 23 respondents represented a broad range of locations including Canada (9), Australia (5), Asia (5), and Europe (4).

Of the 177 reporting their position at their institution, 44% were department heads, 21% were instructors or teachers, 16% were assistant or associate professors, and 2% were professors or senior lecturers. One (0.6%) secretary responded and the remaining 14% fell into the other category. Those responding ‘other’ included deans, associate deans, purchasing agents, directors, coordinators and managers. The majority of respondents (about 77%) reported their school was a public institution and about 22% reported that theirs was a private school.

Lab Pedagogy

When asked how foodservice labs are planned, the majority of respondents (about 57%) indicated that each semester a schedule that details lab activities is developed with recipes and projected amounts of food needed for each session. About 30% of respondents indicated labs are planned weekly and only about 7% indicated that foodservice labs are planned daily. The remaining 5% indicated that foodservice labs are planned in some other way.

Table 1
Development of Food Laboratory Activities: Percentage reported method of planning.

School Type Method	Public Community College/Technical (n=62)	Private Community College/Technical (n=21)	Public University (n=68)	Private University (n=18)	Overall (n=178)
From lesson plans developed from a variety of sources	80.6% ^a	76.2% ^a	73.5% ^a	66.7% ^a	75.8% ^A
From recipes developed for special functions	53.2% ^a	19.0% ^b	44.1% ^a	55.6% ^a	46.6% ^B
From lesson plans developed from a single textbook	35.5% ^a	33.3% ^a	39.7% ^a	33.3% ^a	36.5% ^C
From cafeteria recipes	12.9% ^a	4.8% ^a	11.8% ^a	5.6% ^a	11.8% ^D
Other	25.8%	19.0%	19.1%	16.7%	20.8%

a,b,c,d: School type percentages within the same row that share the same letter do not differ significantly
A,B,C,D: Overall item percentages sharing the same letter do not differ significantly

Respondents were instructed to check all applicable responses to an item asking how food laboratory activities are developed (Table 1). Overall, the most frequently reported method (76%) of developing lab activities was to use lesson plans developed from a variety of sources including cooking textbooks, cookbooks, online and CD/DVD material. Other methods were from recipes developed for special functions such as theme meals or special events (47%), from lesson plans developed from a single specific cooking textbook (36%), and from cafeteria recipes (12%). Nearly 21% of respondents indicated that other methods are also used. Response distributions differed significantly by institution type only for the method of developing recipes for special functions.

Table 2
School Lab Formats: Percentages reporting indicated formats

School Type Format	Public C.C. (n=62)	Private C.C. (n=21)	Public 4-yr. (n=68)	Private 4-yr. (n=18)	Overall (n=178)
Demo and hands-on	79.0% ^a	61.9% ^{ab}	58.8% ^b	83.3% ^{ab}	69.1% ^A
Practical experience producing food for sale in cafeteria or restaurant	71.0% ^a	57.1% ^a	55.9% ^a	50.0% ^a	61.2% ^{AB}
Practical experience serving catered events	62.9% ^a	23.8% ^b	54.4% ^a	61.1% ^a	55.6% ^B
Hands-on	35.5% ^a	47.6% ^a	39.7% ^a	27.8% ^a	38.2% ^C
Practical experience serving marketed student lunches or dinners	37.1% ^a	23.8% ^a	38.2% ^a	33.3% ^a	35.4% ^C
Demo only	4.8% ^a	14.3% ^a	7.4% ^a	5.6% ^a	6.7% ^D
Other	8.1%	0.0%	8.8%	0.0%	6.2%

a,b,c: School type percentages within the same row that share the same letter do not differ significantly
A,B,C,D: Overall items percentages sharing the same letter do not differ significantly

When asked the format used for food labs, the most frequent responses were demo and hands on (69%), practical experience producing food for sale in a cafeteria or restaurant (61%), and practical experience serving catered events (56%)(Table 2). The least frequent response was demo only (about 7%). Both hands on only and practical experience serving marketed student lunches or dinners were indicated by a little more than 35% of respondents. Demo and hands on

was reported by a smaller percentage of public university respondents than public community colleges/ tech school respondents (about 59% versus 79%; significant interaction $p=0.0122$). Practical experience serving catered events was least frequently reported by respondents from private community colleges/ tech schools (about 24% vs. 54% to 63%; significant interaction $p=0.0103$).

Purchasing Procedures

Respondents were asked how the amount and type of food purchased was determined. The four possible responses were “The amount of food required for the day’s recipes,” “The amount of money budgeted for the day’s class,” “The recipes and amounts needed are adjusted according to the amount of money in the budget, “ or “other.” The distribution of responses did not differ by institution type (public community college/technical school, private community college/technical school, public university, private university) ($p=0.4997$). Overall, about 70.1% reported that the amount and type of food purchased was determined by the amount of food required for the day’s recipes, 4.5% reported that purchases were determined by the amount of money budgeted, and 18.1% reported that recipes and amounts were adjusted depending on the budget. About 7.3% reported that some other method was used to determine food purchases.

Respondents were asked, “Where do you purchase food for the labs? Please choose as many answers as are applicable.” Overall, full service purveyors were used more than either grocery stores or specialty purveyors (81% vs. 68% and 63%, respectively). Overall, about 91% of community college respondents versus only about 69% of university respondents reported using full service purveyors. A significantly higher percentage of respondents from public schools reported purchasing from grocery stores ($p=0.0095$; about 74% versus only 47% for private schools). Roughly 79% of community college respondents reported purchasing and 45% of university respondent’s purchase from specialty purveyors (main effect $p<0.0001$).

Table 3
Sources of Funding: Percentages reporting foodservice laboratory from the indicated source

School Type	Public Community College/Technical	Private Community College/Technical	Public University	Private University	Overall
General tuition funds	75.8% ^a	66.7% ^{ab}	54.4% ^b	88.9% ^a	68.0% ^A
Lab fees	50.0% ^a	19.0% ^b	48.5% ^a	38.9% ^{ab}	44.9% ^B
Special Events revenue	30.6% ^a	9.5% ^a	30.9% ^a	11.1% ^a	26.4% ^C
Cafeteria revenue	22.6% ^a	14.3% ^a	20.6% ^a	0.0% ^b	19.1% ^{CD}
Outside sources/grants	12.9% ^a	0.0% ^b	23.5% ^a	16.7% ^a	15.2% ^D
Other	21.0%	19.0%	23.5%	5.6%	20.8%

a,b,c: School type percentages within the same row that share the same letter do not differ significantly

A,B,C,D: Overall item percentages sharing the same letter do not differ significantly

Overall, half of the respondents indicated that they receive credit for revenue from catering events, cafeteria, restaurant, or other events that offset the cost of the food labs. About 27% indicated that they do not receive such credit to offset the cost of the food labs, and 17% indicated that they sometimes receive credit from these sources. The remaining 5% indicated some other system was in place. The response distributions to this item did not differ significantly by institution type.

The most frequently reported foodservice lab funding source was general tuition funds (68%), followed by lab fees (45%), then special event revenue, cafeteria revenue, and grants (26%, 19%, and 15%, respectively; Table 3). Responses to individual items differed by institution type. Logistic regression indicated a significant community college-university by public-private interaction for general tuition funds ($p=0.0085$). The percentage of public university respondents reporting general tuition funding of foodservice labs was significantly lower than the percentages of either public community colleges or private universities (54% vs. 76% and 89%). For lab fee funding, there was a significant public-private main effect ($p=0.0191$) with 50% of public institutions but only about 27% of private institutions indicating lab fee funding of foodservice labs. Similarly, there was a significant public-private main effect for special event revenue ($p=0.0062$) with about 31% of public and 10% of private institutions indicating special event revenue funding to foodservice labs. Both main effects were significant for cafeteria revenue and for outside sources/grants.

Costs and Budgeting

About 49% of respondents indicated that a combination of historical costs and forecasts are used by their school when budgeting food lab costs; 26% simply responded yes when asked whether their school uses historical lab costs when budgeting; 10% responded that historical lab costs were not used when budgeting; and 6% indicated that the budget was beyond the control of the department. The remaining 7% weren't sure whether historical food lab costs were used in budgeting.

Response distributions for person/ position tracking lab costs differed significantly by institution type ($p < 0.0001$.) For public community colleges, the most frequently reported person was the department head (about 39%) while for public universities and private universities, the instructor was most frequently cited as being responsible for tracking lab costs (32% and 33%, respectively). About 71% of the respondents from private community colleges indicated that purchasing or receiving personnel were responsible for tracking lab costs.

Response distributions for the frequency of comparing actual to forecasted or budgeted food lab costs also differed significantly by institution type ($p < 0.0001$). For public community colleges the most reported comparison frequencies were every school term and every year (32% and 29%) while most respondents from private community colleges indicated monthly comparisons (52%). Half of respondents from private universities indicated actual to budgeted comparisons are made every school term while only 18% of public university respondents indicated comparisons on a term basis. Monthly was the most reported frequency for public universities (24%).

Respondents were asked whether being under or over budget effected their yearly evaluation. They were asked to rate the effect on a five-point Likert-type scale labels ranging from definitely not (1), probably not (2), might or might not (3), probably (4) and definitely (5). Analysis of variance suggests a public-private main effect ($p = 0.0151$) with public institutions having a least squares mean of 2.37 and private institutions have a least squares mean of 2.99. Inspection of response distributions reveals that 45% of private but only 21% of public respondents indicated going over or under budget would probably or definitely impact their evaluation.

Respondents' ratings of their schools tracking of food lab costs did not differ significantly by institution type. While 2% of respondents had no opinion, about 44% rated their school's tracking as very good or excellent. About 21% rated their school as good, 23% as fair and only 7% rated their school's tracking as poor.

DISCUSSION

In general, two-year private institutions seemed to operate more like market organizations than did other types of institutions in our study. They were more likely to utilize full service purveyors, have separate personnel assigned to the purchasing function, track costs frequently, and have budget outcomes impact educators'/ administrators' evaluations. While these schools, generally, adhered more closely to a market model, it was somewhat surprising to note that schools in this group utilized special or catered events less frequently in their curriculum.

Private schools seemed to rely more heavily on student tuition revenues and less on lab fees or other funding. Thus, this situation may explain a tendency by private schools to budget based on costs per student rather than semester or academic year. Being over or under costs had a much greater effect on private school educators than public, but it did not significantly impact the two groups responses to their perceptions of the job they were doing tracking costs. Nor did this situation create differences between school type in terms of lab pedagogy utilized, the general purchasing process, or credit given for revenue sources generated by foodservice sales associated with the lab operation.

Further research is needed to determine what can be changed in the existing academic systems to make it easier for educators to track costs. Classes are planned in a variety of manners and methods, and one of the problems with tracking costs might be the fact that in addition to using the voluminous foodservice texts many instructors include material from a variety of other sources. As such, planning becomes an issue. While trying to plan for a semester at a time, the reality of the purchasing format forces purchasers to be flexible as they purchase food products needed for the variety of models and methods used to present material in demonstration format, foodservice labs and simulated restaurant environments.

While cost and resource pressures will continue in foodservice education, this situation is not significantly different from the hospitality industry in general (e.g., Siguaw & Enz, 1999). Future research might examine best practices by foodservice education facilities. Research identifying successful working models of student managed/run restaurants as well as the methods used for tracking costs in academic-based food labs might be helpful to determine their transferability

to other academic settings. The effect that cost control and cost reduction have on student educational outcomes should also be examined.

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PUTTING THE CUSTOMER BEFORE THE COMPUTER: A COMPARISON OF POINT OF SALE SYSTEMS INFLUENCE ON CHAIN AND INDEPENDENT RESTAURANT MANAGEMENT

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ABSTRACT

This paper examines the use of point of sale (POS) technology by managers in chain and independent restaurants. Survey methodology was used to determine the managers' perceptions of value in using POS systems to manage their restaurant and provide enhanced customer service.

Key Words: restaurant management, POS systems, customer service, technology

INTRODUCTION

This exploratory study examines the specific use of point of sale (POS) technology and compares chain and independent restaurant manager's perceptions of their POS system value in the restaurant's operation. The use of technology is the most important change in the restaurant industry since the development of the gas stove and electrical refrigeration (Cain, 2000). For years, experts predicted that computer technology would cause sweeping changes in the restaurant industry (Kasavana, 1991, 1998; Burns (2000) and stressed that while early predictions on the use of technology may not have been 100% correct, those who keep pace with the technology revolution have had substantial rates of returns on investments. Futurists and industry experts predict the increased use of technology in a variety of formats will continue to be a major determinant of success for restaurant operations (Blackwell, 2000; Kruse, 2000).

Restaurant managers, responding to greater demands for profitability, often look to new technology in attempt to better manage their operations. As they rush to stay current, they often take their eyes off the real target of easily accessible and usable information (Schubach, 2000). Each level of technology adds new responsibilities to their daily tasks. The constant change and variety in computer systems can cause many workers to experience information overload, sometimes referred to as future shock, which can actually decrease productivity (Smith-David, Grabski, & Kasavana, 1996).

Managers often have little time to generate and evaluate all the possible information from the numerous reports generated by the POS systems. Loftness (2001) specifies a few of the reports available to managers including food product usage, actual versus theoretical food costs, daily inventory reports, purchasing reports, hour-by-hour sales productivity reports, daily food and liquor cost, payroll, soap consumption, and dry goods consumption vs. sales. He equates the manager's quandary in dealing with this mass of information to a dog chasing a truck. "Once you've caught it, what are you going to do with it?" Reports are great but most managers are not able to utilize all of the features of any of the systems. Time for analysis is an important issue in this new, overloaded millennium (Paul, 2000).

There is a general perception today that technology enhances the effectiveness of service organizations ability to provide the customer with superior quality. Proponents of technology believe that printing and analyzing reports only takes a few minutes yet can mean thousands of dollars in savings and profits for a restaurant. By reading the reports and examining sales analysis managers can better understand why customers are dissatisfied (Papas, 2002). As the customer

becomes more discerning, the need for customer interaction is greater. The use of pre-programmed POS technology may actually lead to decreased customer service (Stanfield, 1999).

Relatively few studies examine manager use of POS systems, the effect POS systems have had on manager daily routines, or the technology skill sets necessary for restaurant managers. In a study focused primarily on small restaurants, Chien, Hsu, and Huss (1997) found that only 30% of a sample of restaurants in Iowa used computerized restaurant management systems. Hoart (1999) found that most food service managers in a variety of operations used computer technology. Huo (1998) found that a capital intensive, technological base that included up-to-date hardware and a trained, technologically proficient staff could be a requisite for a foodservice firm to increase market share/profitability. O'Neil and Bagdan (2002) studied processes and strategies to teach technological concepts while another study discussed the importance of technology proficiency in the kitchen (Mandabach, Harrington and VanLeeuwen, 2000).

Each of these studies suggested further research on how the expansion of the technology system applications has affected job functions and daily routines. Because technology has advanced so quickly, the user must examine how these systems affect the daily processes on the job. This improvement of technology forces people to change the way they do things and whether it is cultural change or just a change in the way business is done, most people are reluctant to do it (Phillips, 2001).

This exploratory study was designed to provide information about the effect of POS systems on manager routines and manager perceptions of whether POS systems add value to the customer service transaction for operators and hospitality educators. The study uses survey methodology to compare chain and independent restaurant manager perceptions of value of the point of sale (POS) technology system in their restaurant's operation as well as how the system has affected the day-to-day work of a restaurant manager. POS value questions relate to respondent perceptions of the positive or negative effect the system may have on customer service experiences. In addition, the study presents manager self-rating of technology skill level and how they perceive these skills have affected their career.

Survey development

The research questions in this study are concerned with the use of POS systems at the firm's business unit level. A survey was developed and pre-tested on independent and chain restaurant managers, hospitality educators and industry experts. After the pre-test, five questions were consolidated and eliminated, leaving 20 questions that were pre-tested on a group of twenty restaurant managers. In the interest of readability and construct and content reliability, slight modifications to the order and wording were then implemented.

A sample representing 500 chain and 500 independent restaurant managers was randomly selected from the National Restaurant Association membership. Each person received the survey instrument using the Zoomerang survey system. A total of 177 people went to the site and logged on. Of these, seven did not respond to items within the survey. Of the 170 remaining, only 157 indicated whether they were affiliated with a chain (n=71) or an independent (n=86). Only these 157 (15.7%) were usable responses.

Data Analysis

The data were analyzed using SAS[®] version 8.2 (SAS Institute Inc., 1999). Frequency (percentage) distributions for individual items and Chi-square tests were used to compare responses of chain and independent managers. P-values for the Pearson chi-square statistic are reported, however, in cases where there were expected cell frequencies below five, significance was confirmed using the Monte Carlo estimation of p-values for Fisher's exact test. In addition, responses to eight skill level Likert-scale items were compared using a hierarchical mixed model using SAS[®] Proc Mixed. This general linear model incorporated fixed effects for item, operation type (chain or independent), and the interaction between item and operation type. The model also included random effects for individual as well as the usual error term. Note that here, the usual error term is equivalent to a random effect for the item by individual interaction. The Kenward-Roger option was used to appropriately adjust the F-test denominator degrees of freedom and estimates of standard errors. Due to item non-response, some analyses were based on a sample size of less than 157. For all tests, significance was defined at ≤ 0.05 .

RESULTS

Profile of Respondents

Of the respondents who were managers at chains, roughly 77% had coursework from a college or university, about 19% had technical or community college training, and only about 4% had some other type of training. This distribution differed significantly ($p=0.0485$) from that for the respondents who were managers for independent restaurants. For this group, the observed percentages were about 71%, 13%, and 16%, respectively.

Managers' levels of experience in hospitality settings also differed significantly between the two groups ($p=0.0012$). While about 34% of the managers of independent establishments had 21 or more years experience in hospitality management, less than 9% of chain managers had that level of experience. Generally, higher percentages of the chain managers were observed to have lower levels of experience. For the chain managers, about 34% reported 5 or fewer years experience, 30% reported between 6 and 10 years, and about 27% reported between 11 and 20 years. For the managers of independent establishments the corresponding percentages were 19%, 28%, and 19%.

Higher percentages of chains reported higher annual food and beverage sales than independents ($p<0.001$). About 54% of the managers of chains reported annual food and beverage sales in excess of 1.5 million dollars while only about 18% of independent managers reported sales in this category. For chains, 10% reported sales under half a million, about 11% between .5 and 1 million, and about 24% between 1 and 1.5 million. For independents, the percentages were about 37%, 26%, and 18%, respectively.

POS Technology: Its Role and Value in the Restaurant

Table 1 summarizes chain and independent restaurant managers' responses to six items concerning the POS system their restaurant uses. The two groups differed significantly in their responses to only questions 1 and 2 listed on table 1. A higher percentage of chain managers reported that their restaurant's POS system was the focal point of how they managed their restaurant for either some or most functions (about 85% for chain managers vs. about 66% for independent managers). In fact, a striking 50% of chain managers reported the POS system was the focal point for most functions but only about 22% of independent managers reported relying on their POS system to this extent.

Responses of chain and independent managers also differed significantly to an item asking whether technology providers enhanced their operation. Interestingly, roughly 16% of both chain/independent managers answered no. However, a substantially higher percentage of chain managers responded that providers enhanced most functions (48% vs. 27%). The remaining managers in each group indicated that providers enhanced only some functions.

Response distributions of chain and independent managers did not differ significantly for the remaining four items (#3-6) summarized in Table 1. Overall, nearly 58% of respondents indicated that their POS system was designed effectively for most functions in their restaurant. Interestingly, only about 15% indicated that their POS system was not designed effectively for their restaurant. When asked to rate the system their property uses, about 48% indicated it is a good system, 43% rated it OK, and only 9% rated it not good.

Respondents were asked whether their POS system takes the complexity out of service functions such as ordering food and drinks, check presentation and collection, tracking, accounting, ordering, etc. Overall, only about 15% responded that the POS system was more complicated while about 85% responded that it either slightly or greatly decreased the complexity of service functions. Respondents were also asked whether their POS system increases the time they are able to spend with guests. While 24% said it did not, the remaining 76% indicated that it either slightly or greatly increased the amount of time they spent with guests.

Technology's Impact on Respondent's Jobs and Careers

When asked the total time per day spent using technology systems at work, response distributions of chain and independent managers did not differ significantly. Overall, about 12% of all respondents reported spending less than 1 hour in their jobs, thirty-seven percent 1 to 3 hours, 26%, 3 to 5 hours, and 24% more than 5 hours. About 81% of chain managers and 58% of independent managers indicated they spend more time on industry applications (explained in the survey as POS, inventory, purchasing, nutrition or accounting) as opposed to general applications.

Nearly 68% of chain managers and 46% of independent managers reported believing that they were trained adequately on their POS system for most functions. While 38% of independent managers (vs. nearly 25% of chain managers) believed they were trained adequately for some functions, the remaining 15% of independent managers and 8% of chain managers indicated they were not trained adequately.

When asked how their technology proficiency has affected their career, 4% of the overall chain and independent managers indicated that their technology proficiency had negatively or very negatively affected their career, 19% did not perceive any impact on their career, the vast majority, 77%, indicated that their technology proficiency had had either a positive or very positive effect on their career.

Table 1
POS Technology: Its Value in the Restaurant

		No	Some	Most	P-Value*
1. Is your POS system the focal point of how you manage your restaurant?	Chain	14.71	35.29	50.00	0.0006*
	Indep.	33.73	44.58	21.69	
2. Do technology (POS) providers (support staff) enhance your operation?	Chain	15.63	35.94	48.44	0.0197*
	Indep.	16.48	56.47	27.06	
3. Do you believe your POS system is designed effectively for your restaurant?	Chain	12.68	23.94	63.38	0.4578
	Indep.	16.28	30.23	53.49	
	Overall	14.65	27.39	57.96	
		No	Somewhat	Yes	P-Value*
4. Does your tech (POS) system take the complexity out of service functions such as ordering food and/or drinks, check presentation and collection, tracking, accounting ordering, etc?	Chain	15.49	35.21	49.30	0.3125
	Indep.	14.12	47.06	38.82	
	Overall	14.74	41.67	43.59	
		No	Slightly	Increases	P-Value*
5. Does your POS system increase the time you are able to spend with your guests?	Chain	22.06	38.24	39.71	0.8092
	Indep.	26.19	38.10	35.71	
	Overall	24.34	38.16	37.50	
		Not good	OK	Good	P-Value*
6. How do you rate the industry technology system your property uses?	Chain	7.25	44.93	47.83	0.7439
	Indep.	10.71	41.67	47.62	
	Overall	9.15	43.14	47.71	

Chain(n=71) Independent(n=87)

*P-values from chi-square tests

**Responses are by %

Self-Rated Technology Skill Level Assessment.

Table 2 summarizes chain and independent manager self-assessment of seven specific technology skills and a single general technology proficiency assessment. The seven specific skills were: analyze data using reports from computer system; generate reports from front desk, POS, inventory, recipe or purchasing software; restaurant point of sale (POS) system; inventory software; purchasing software; scheduling software; and recipe software. For 7 of the 8 items summarized in Table 2, the response distribution for chain managers differed significantly from the response distribution for independent managers; the single item for which the distributions did not differ was the item on analyzing data using reports from computer systems.

Generally, for those seven items with distributions that differed significantly between the two groups of managers, managers from chains reported higher mean levels of proficiency. While relative frequency distributions for chain and independent managers were compared for each individual item via a chi-square test, a mixed model analysis was also conducted to allow comparisons of items as well as manager groups. This analysis modeled mean proficiencies as a function of item and manager group main effects as well as an interaction between item and manager group. The interaction between item and manager group was not statistically significant ($F_{7, 1079}=0.69, p=0.6825$). However, both the item and group main effects were highly statistically significant ($F_{7, 1079}=44.17, p<0.0001$ and $F_{7, 156}=18.23, p<0.0001$, respectively).

Consequently, this analysis suggests that the mean proficiencies for the 16 item-manager groups can be summarized with main effects or adjusted means for managers and adjusted means for items. This model suggests that the average proficiency (adjusted for item) reported by chain managers was about 0.51 points higher than the average (adjusted for item) for the independent managers. Because the interaction was not significant, this difference is roughly the same for each individual item. The standard error for this estimate of the mean difference was 0.12.

Table 2 summarizes estimated mean item proficiencies adjusted for manager group as well as post hoc comparisons of those means. On the basis of this analysis, the seven specific technology skills form four groups. The first group is the highest proficiency group and contains three skills. On average, respondents reported the most proficiency with analyzing data using reports from computer systems, generating reports, and POS systems. The group with the second

highest mean proficiency consists of a single skill, inventory software. The third group includes two skills: purchasing software and scheduling software. Respondents reported the least proficiency with recipe software. Interestingly, respondents' assessment of their overall technological proficiency was consistent with their assessments of the individual items in that the adjusted mean for the overall item was neither the highest nor lowest mean but fell somewhere in the middle. The overall proficiency mean did not differ significantly from the means for generating reports, POS, and inventory software.

Table 2
Self Rated Technology Skill Level Assessment

	% Response	None	Novice	Moderate	High	Mastery	P-Value*	Overall
								Adjusted Mean
1. Analyze data using reports from computer system	Chain	0.00	4.23	22.54	38.03	35.21	0.1411	3.85a
	Indep.	3.45	11.49	27.59	31.03	26.44		
	Overall	1.90	8.23	25.32	34.18	30.38		
2. Generate reports from POS	Chain	0.00	2.82	23.94	35.21	38.03	0.0055	3.79ab
	Indep.	4.60	10.34	32.18	36.78	16.09		
3. Restaurant point of sale (POS) system	Chain	0.00	2.82	22.54	45.07	29.58	0.0043	3.74ab
	Indep	2.30	9.20	42.53	32.18	13.79		
4. Inventory software	Chain	5.71	4.29	22.86	38.57	28.57	0.0120	3.54c
	Indep	6.90	18.39	33.33	22.99	18.39		
5. Purchasing software	Chain	10.14	5.80	30.43	40.58	13.04	0.0003	3.12d
	Indep	11.63	23.26	44.19	15.12	5.81		
6. Scheduling software	Chain	5.71	11.43	41.43	28.57	12.86	0.0047	3.02d
	Indep	21.18	24.71	24.71	20.00	9.41		
7. Recipe software	Chain	11.59	23.19	30.43	28.99	5.80	0.0191	2.78e
	Indep	22.09	25.58	32.56	9.30	10.47		
8. Overall technological proficiency skills	Chain	0.00	1.43	25.71	57.14	15.71	0.0114	3.65be
	Indep	1.19	11.90	39.29	38.10	9.52		

Adjusted Means are adjusted averages from the mixed model analysis with No skill=1, Novice Skill=2, Moderate Skill=3, Highly Proficient Skill=4 and Mastery Skill= 5

Standard error of difference in adjusted mean=0.086

a,b,c,d,e: Adjusted means having the same letter do not differ significantly

*P-values from chi-square tests; **Responses are by %

DISCUSSION

A few years ago, a model for a restaurant manager would produce a vision of a highly visible individual vigilantly watching all aspects of the operation while at the same time graciously attending to the needs of the guests. As this study suggests, this model appears to be changing. Today's manager is as likely to be hunched over a computer anxiously reviewing POS reports spewing forth from the printer.

This might be the reason that over 50% of overall managers reported spending more than three hours per day working with technology systems. While this is the manager perception of the amount of time spent on a computer, it appears that this sample is spending a large part of their days using the technology system to manage their restaurant. Overwhelmingly, they believe that the POS systems take the complexity out of most service functions.

Several factors might have contributed to the significant differences in responses for chain and independent manager responses. Chain restaurants generally have higher revenues and thus larger management staffs. In addition, qualitative responses indicated chain POS equipment was more up to date than the independents. Chain and independent restaurant manager positions are attractive to different types of individuals. Chains are extremely structured with strict operational procedures and independents often allow managers different levels of autonomy. Independent restaurant managers had significantly more experience than chain managers and this might have contributed to the differences in responses. An interesting area for further study might be to analyze and compare job structure and experience levels of chain versus independent managers.

The POS system is, according to these respondents (especially chain), the focal point of how managers operate restaurants. Responses indicate that those providing service for the POS systems some and most of the time (85%) enhanced the operations. Paradoxically, at least 9% reported that their technology system was not a good system and 25% believe the system does not increase the time they spend with guests. Approximately 16% responded that their POS systems do not take the complexity out of service functions. Clearly the no and not good responses indicate that some POS systems are not effective. At the same time, managers might be well served to better organize their technology time. Companies might also evaluate which reports are worth the time they take to run with the view that that customer service comes before the POS system.

In addition, both the chain and independents should consider simplifying the use of computer systems to improve customer service by reducing the number of reports managers are required to generate and analyze. Examining the way in which various POS systems create "service benefits" and managers' corresponding "time on task" may provide another interesting area for further research.

Lastly, it should be noted that almost 77% of the managers reported that technological proficiency had a positive effect or very positive effect on their career. Industry professionals, hospitality educators, and hospitality management students need to recognize that POS proficiency will be essential for a successful career. In addition, POS providers must continue to work to enhance customer service and erase the consistent 9 to 24% negative value ratings evidenced in this study. Improvement in the usage of technology is ultimately the responsibility of the restaurant manager. However, in today's high tech restaurant environment a manager would be well served to reexamine the way in which a POS system may shape business policy and influence customer satisfaction. It might be a good idea to always remember the customer should always come before the computer.

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A CROSS-CULTURAL COMPARISON OF PERCEIVED FAIRNESS AND SATISFACTION
IN THE CONTEXT OF HOTEL ROOM PRICING

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ABSTRACT

In this study, we examined the role of culture in influencing customer reactions to differential pricing policies. Our goal was to investigate how two factors, price outcome (worse/same/better price) and information on the hotel's pricing policy, influence perceived fairness and satisfaction judgments of customers from two different cultures— USA (Western, individualistic culture) and South Korea (Eastern, collectivist culture). Five hundred ninety one travelers served as the subject pool. Our results indicate that US consumers tend to prefer equitable outcomes to better or worse price. Moreover, offering information on the hotel's pricing policy had a more positive impact on Korean travelers than their American counterparts.

Key words: fairness, cross-cultural, satisfaction, differential pricing

INTRODUCTION

Rich research in social psychology indicates that psychological processes are culturally contingent (Fiske et al., 1998). Yet, most research in consumer behavior relies on theoretical frameworks developed in Western societies (Aaker and Maheswaran, 1997; Maheswaran and Shavitt, 2000). Consequently, relatively little is known about cross-cultural generalizability of our current consumer behavior theories (e.g., Briley, Morris and Simonson, 2000). The purpose of this study is to examine cross-cultural differences in East-Asian and American consumers' perceptions of fairness in a context of hotel room pricing. Hotels commonly use differential pricing as a revenue management tool (Kimes, 2002). In this study, we wanted to investigate how different outcomes (worse/same/better price) and pricing information influence fairness and satisfaction judgments of customers from two different cultures— USA (Western, individualistic culture) and South Korea (Eastern, collectivist culture).

CONCEPTUAL BACKGROUND

Perceived fairness has been studied in various contexts and has been shown to be directly linked to important customer outcomes such as satisfaction and loyalty (Kimes and Wirtz, 2003). Although the concept of justice is likely to be universal across cultures, its manifestations might differ based on cultural differences (Pillai et al., 2001; Greenberg, 2001). People in collectivist societies such as South Korea emphasize relationship harmony, put high value on face and avoid conflicts (e.g., Morris and Leung, 2000). Conversely, subjective well-being is the main driver in individualistic cultures, including the US (Brockener et al., 2000). Given these fundamental differences in core values of the society, it is not surprising that people's perceptions of fairness are culturally dependent (e.g., Leung, 1997; Hui and Au, 2001). Prior research in organizational justice shows that Western people tend to prefer the equity rule whereas Asian cultures put the emphasis on group harmony (Kim et al., 1998; Steiner and Gilliland, 2001; Miles and Greenberg, 1993). Consequently, the notion of "getting what I deserve" is likely to fit the mentality of highly individualistic Western customers. Translated into our context, we suggest that American consumers will prefer a price that is equitable (i.e., the same as last time or the same as received by someone else) over a price that is perceived as inequitable (better or worse).

We also extend these arguments to another outcome variable, that is, satisfaction with the reservation process. Due to their individualistic orientation (e.g., Hofstede, 1991), American consumers are likely to prefer an equitable outcome to positive or negative inequity (ie. better price than last time or better price than someone else). Previous research in a Western context shows that receiving better outcomes than others induces feelings of guilt, thus reducing satisfaction (Van Den Bos, Wilke, Lind and Vermunt 1998). Conversely, the more group-oriented thinking common among East-Asian cultures should make them immune to our outcome manipulation (Triandis 1995). Consequently, we put forth the following hypotheses:

H1(a): American consumers will give higher fairness ratings to an equitable outcome compared to better or worse outcomes whereas no differences across outcome condition are expected among Korean consumers.

H1(b): American consumers will be more satisfied with equitable outcomes than their Korean counterparts.

In collectivist societies such as Korea people tend to feel threatened by ambiguous situations (Hofstede 1991). In individualistic societies, on the other hand, uncertainty exploration is highly valued (Triandis, 1995). In a consumer context, one way to reduce uncertainty is to search for information prior to purchase (e.g., Shimp and Bearden 1982; Bao, Zhou and Su 2003). In this paper, we argue that Korean consumers are more likely to value pre-purchase information more than their American counterparts. In other words, information on the hotel's pricing policies reduces ambiguity, thus leading to enhanced satisfaction. The value of such information should be less among US consumers who are less threatened by uncertainty. As a result, we put forth the following hypothesis:

H2: Koreans will be more satisfied with the reservation process when information on the hotel's pricing policies is offered as opposed to a no information situation. Conversely, Americans are expected to be unaffected by such information.

METHODOLOGY

A 2 (culture: American and Korean) x 3 (Outcome: better/same/worse) x 2 (information present/absent) quasi-experimental, between-subjects design was used to test our predictions. The subject pool was composed of travelers waiting for their planes at an airport in Washington DC and in Seoul, Korea. The differences between the experimental groups were analyzed by the analysis of covariance (ANCOVA) method. Because knowledge of hotels' pricing policies might intervene with respondents' reactions, subjects' self-declared knowledge was run as a covariate in the data analysis. The survey instrument was translated into Korean by a bilingual research assistant.

In the outcome condition, customers' price perceptions were manipulated by quoting a price that was better, same or worse than either the price they paid during their last visit to the hotel or price that was given to another guest. The three levels of outcome were crossed with two levels of information on the hotel's pricing policy. Half of the scenarios included a detailed explanation for fluctuations in room rates based on the time of reservation, day of week and seasonality while the other half had no information on the hotel's pricing policy. Subjects were randomly assigned to one of the six experimental conditions.

Perceived fairness was measured via a three item scale tapping into fairness with the reservation process, price and pricing policies, Cronbach alpha=.917. A two-item, seven-point Likert scale was used to capture satisfaction with the reservation process, Pearson correlation coefficient of .643.

Respondent Profile

A total of 289 American travelers and 302 South Korean travelers were recruited to participate. Sixty three percent of the total participants were male. In terms of age, 26% belonged to the 18-27 group, 31% were between 28-38, 36% were between 39-56 and 7% were over 57 years of age. Overall the respondents seem to be frequent users of hotels. Forty three percent of the participants indicated that they had stayed at a hotel over six times for business purposes during the past twelve months. The corresponding figure was slightly lower for leisure travel; 39% of the respondents had stayed at a hotel over six times.

RESULTS

The cell means by dependent variable and by experimental condition are shown in Table 1. The ANCOVA results for fairness indicate a significant two-way interaction between outcome and culture, $F=8.2$, $p<.001$. As shown by the cell means, US consumers gave significantly higher fairness ratings in the equitable outcome condition than in either better or worse outcome situation, $M=4.78$, $M=3.90$ and $M=3.08$ respectively. As expected, the planned contrasts between same and inequitable outcomes were significant for the US sample, $t=9.53$ and $t=4.87$ for worse vs same and better vs same respectively, $p<.05$ for both. Conversely, the Koreans were less influenced by the outcome, $M=3.17$, $M=3.02$ and $M=2.57$, and for same, better and worse, respectively. The mean ratings between same and better were not statistically different in the Korean sample. Overall, these findings are congruent with H1(a). In addition, the information main effect is statistically significant, $F=33.42$, $p<.001$. Providing information on the hotel's pricing policy had a positive impact on customers' fairness perceptions, $M=3.11$ without information and $M=3.77$ with information.

Table 1
Mean Fairness, Satisfaction and Surprise Scores
By Experimental Condition

	Fairness		Satisfaction	
	US	Korea	US	Korea
<i>No info</i>				
Worse	2.71 (1.11)	1.95 (1.08)	2.86 (.99)	2.11 (1.18)
Same	4.65 (1.04)	2.79 (1.59)	4.84 (1.20)	3.34 (1.71)
Better	3.58 (1.35)	2.70 (1.51)	4.28 (1.38)	3.14 (1.59)
<i>With info</i>				
Worse	3.44 (1.48)	3.17 (1.61)	3.30 (1.40)	3.80 (2.65)
Same	4.91 (1.19)	3.54 (1.26)	5.09 (1.10)	3.80 (1.43)
Better	4.13 (1.32)	3.32 (1.63)	4.34 (1.37)	3.65 (1.72)

When satisfaction with the reservation process served as a dependent variable, all three interaction effects were significant, outcome by culture, $F=8.11$, $p<.001$; information by culture, $F=5.92$, $p<.05$ and outcome by information, $F=3.71$, $p<.05$. American consumers were more satisfied with the reservation process when the price quoted was the same as last time or equal to someone's else's price, $M=4.97$, $M=3.08$ and $M=4.33$ with same, worse and better outcomes. As with fairness perceptions, the planned contrasts were significant, $t=10.47$ and $t=3.61$ for same vs worse and same vs better respectively, $p<.001$ for both. This inverted U-shape was not observed for Korean consumers who remained relatively dissatisfied with the process regardless of the outcome, $M=3.56$, $M=2.97$, and $M=3.40$ with same, worse and better outcome, respectively. Again, the means between same and better conditions failed to reach statistical levels of significance in the Korean sample. The planned contrast between Korean and US consumers in the same outcome condition is statistically significant, $t=7.1$, $p<.001$. These results provide support for H1(b).

An investigation of the cell means, indicates that providing information on the hotel's pricing policy had a positive impact on Korean consumers' satisfaction with the reservation process, $M=2.86$ without information and $M=3.75$ with information. Conversely, American consumers' satisfaction levels were relatively unaffected by the information availability manipulation, $M=4.00$ without information and $M=4.26$ with information. These results support H2. Finally, our results suggest that the positive impact of information is most applicable to the worse outcome condition. The combined means indicate that satisfaction with the reservation process went up from 2.48 to 3.55 when information was offered at the time of reservation.

DISCUSSION AND MANAGERIAL IMPLICATIONS

This study adds to our understanding of cross-cultural influences on customer perceptions of fairness and satisfaction with hotel reservation processes. In this study, American consumers preferred equitable pricing to either better or worse outcomes. This inverted U-relationship was observed for both overall fairness and satisfaction with the reservation process. Korean consumers, on the other hand, gave relatively low fairness and satisfaction ratings regardless of the outcome.

Several cultural differences might enable us to understand these results. First, due to their individualistic orientation, American consumers tend to prefer equitable outcomes to conditions of either positive or negative inequity (better or worse outcome). Conversely, group harmony is the salient force in many Asian societies, and hence, outcomes that enhance perceptions of equity at an individual level might not lead to favorable evaluations. Second, Korea ranks high in uncertainty avoidance (Hofstede, 1991). This strong uncertainty avoidance might explain why Korean consumers would prefer information on the hotel's pricing policies. Hence, it is not surprising that offering information on the hotel's pricing policy had a positive effect on Korean consumers' satisfaction level while Americans were relatively unaffected by such information. Taken together these results suggest that informing the guest about differential pricing policies is highly effective in the Korean context. Reservation agents interacting with Korean consumers should thus be trained to offer information regarding the hotel's pricing policies.

Limitations

As with any single piece of research the findings of this study should be interpreted with caution for several reasons. First, our stimuli involved written, hypothetical scenarios. Consequently, the nuances in communication style were ignored. Real-life interactions with a reservation agent might enhance the power of pricing information, in particular with East-Asian customers. Future research in natural settings is needed to broaden our understanding of the role of cultural orientation in driving customer perceptions of hotel room pricing policies. Second, the sampling procedure limits the

generalizability of the results. Data came from two samples (US and South Korea), and hence, replications across other cultural groups will be needed. For example, would Taiwanese or Malay consumers respond differently to our stimuli or are the results generalizable across East-Asian cultures?

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THE IMPACT OF CHOICE ON FAIRNESS IN THE CONTEXT OF SERVICE RECOVERY

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ABSTRACT

In this study, we introduce a new antecedent to service recovery – that is customers’ choice over some components of the service delivery process. We also examined the interactive effects of tangible compensation and apology on perceived fairness in a context of restaurant services. The results from our experimental study indicate that choice, compensation and apology jointly influence guests’ perceptions of informational fairness. The combined effects of apology and compensation were observed for interactional fairness whereas only main effects were found for distributive justice. Finally, our findings suggest that the four facets of justice (distributive, procedural, interactive and informational) are highly linked to post-recovery satisfaction.

Keywords: choice, fairness, service recovery

INTRODUCTION

Increasingly, service firms as well as their customers, are seeking a flawless performance on delivery of both core and supplementary service elements. However, due to human frailties, service failure is inevitable from time to time, especially in medium and high contact services such as hospitality services. Although managers realize that recovering from such failures is essential for customer retention (e.g., Miller et al., 2000), how to do it effectively remains a challenge. In this study, we introduce a new antecedent to service recovery – that is customers’ choice over some components of the service delivery process. We argue that giving customers some control over the service delivery process will make them feel partly responsible should a failure occur. For instance, explaining to the guest about potential delays in certain areas of the dining-room (i.e., window seats) and then letting them to choose where to be seated should make the guest more forgiving for slow service. In addition to choice, we examined the interactive effects of tangible compensation and apology on perceived fairness. Compensation has been heavily studied in customer complaint literature whereas apology has received less attention among service recovery researchers (Davidow, 2003).

LITERATURE REVIEW

Control is among the key human motivations (White, 1959). This study focuses on decisional control which can be defined as choice in the selection of outcomes (Averill 1973, p. 289). Giving people a perception that an outcome is caused by their own decisions (i.e., giving people choices) has been linked to positive psychological and behavioral responses (e.g., Wortman, 1975). Extending the notion of decisional control to service settings, Hui & Bateson (1991) and Cranage and Sujana (2003) show that giving more choice to the consumer leads to enhanced emotional responses during the consumption experience. Moreover, previous work in psychology has shown that choice enhances one’s feelings of personal responsibility (e.g., Langer, 1975). Accordingly, we argue that giving customers an opportunity to choose how the service is to be delivered will enhance their perceptions of responsibility over the outcome. This is consistent with attribution theories suggesting that perceived control is tied to enhanced self-blame (e.g., Weiner, 1986). In a recent study, Hui & Toffoli (2002) showed that perceived control influences consumers’ attributional processes. Accordingly, we make the following prediction:

H1: An informed choice will increase customer’s self-responsibility perceptions while simultaneously reducing attributions of blame towards the service provider.

Prior work indicates that customers evaluate perception of fairness with the service recovery by three factors: outcomes, procedural fairness and interactional treatment (Goodwin & Ross, 1992; Tax et al., 1998; Smith et al., 1999). The most recent conceptualization of justice suggests that interactional justice can be further separated into two dimensions: interpersonal treatment and informational fairness (Colquitt, 2001; Colquitt et al., 2001). Interactional fairness refers to the interpersonal treatment during the process whereas informational justice taps into the perceived adequacy and truthfulness

of information explaining the causes for unfavorable outcomes (Colquitt, 2001). This paper follows the four-factor framework by considering distributive, procedural, interactional and informational justice as separate dimensions of overall fairness perceptions. We are particularly interested in informational fairness as this dimension of justice has been ignored in the service recovery literature.

Prior research in psychology has demonstrated that the opportunity to offer information relevant to a decision or ability to influence the outcome enhance people's fairness perceptions (Thibault & Walker, 1975). Offering an explanation that is both adequate and specific has been linked to enhanced perceptions of informational justice (e.g., Greenberg, 1990). Extending this logic to our context, we propose that offering consumers an informed choice in a service setting (e.g., where do you want to be seated in a restaurant given the characteristics of the service delivery system) should enhance guest perceptions of informational fairness following a service failure. Hence, put forth the following hypothesis:

H2: An informed choice will lead to higher perceptions of interactional fairness regardless of the outcome of the service recovery process.

To further understand the role of choice in customer perceptions of service recovery efforts, we wanted to examine the interactive effects of compensation and apology on perceived fairness. Hence, both *what* is done (tangible compensation) and *how* it is done (employee interaction with the customer) influence customer perceptions of service recovery (Levesque and McDougall, 2000). Typically, customers expect to be compensated for the inconvenience caused by the service failure (Smith et al., 1999; Tax et al., 1998). As a result, many hospitality operations offer various combinations of refunds, credit, discounts and apology to make peace with dissatisfied customers. Furthermore, customer perceptions of distributive justice tend to be linked to the method or type of compensation (Smith et al., 1999). Prior research also suggests that an apology can be effective in restoring psychological equity (Walster et al., 1973). Apology has been linked to customers' perceptions of both interactional justice (Goodwin & Ross, 1992; Smith et al., 1999) and to distributive justice (Smith et al., 1999). Consequently, we propose make the following:

H3: Compensation and apology will enhance perceptions of distributive justice.

H4: Apology will have a positive effect on customer perceptions of interactional justice.

METHODS

A 2 (choice) x 2 (compensation) x 2 (apology) between-subjects design was used to test the hypotheses. Subjects were exposed to a written scenario describing a restaurant experience. In the no choice condition, the host selected a table for them, while in the informed choice condition, the host informed them that they could either have "a table in the middle of the dining room that is a little public but a great table for enjoying the famous atmosphere of the restaurant and where the service is prompt," or "a table by the large picture windows with a beautiful view overlooking the city, but this is always a busy section and therefore, always a considerable wait, often as much as 20 to 30 minutes for service." Service failure was manipulated by a long wait – 20 minutes for the waiter to get to the table, 10 minutes for the drink orders to arrive, and 15 minutes for appetizers. After another 25 minutes, the customer flags down the waiter and asks for some service. At that point, half of the scenarios included a polite apology and an explanation for slow service. The explanation was as followed: "This section of the dining room is always in demand because of the view of the city from the large picture windows. And because of that, the tables in this section are always full which means there is always a twenty (20) to thirty (30) minute wait for service in this section." In the no apology condition, only an explanation for slow service was given. At the end of the meal, subjects in the compensation condition were given a complimentary dessert and a 20% discount off their total bill. Two hundred eighty undergraduate students served as the subject pool. The use of students should be appropriate since students are real life consumers of restaurant services. Slightly over half of the respondents were male with an average age of 22 years.

Measures

Satisfaction with problem handling was measured via a single-item, seven point scale adapted from Smith et al. 1999. Similarly, the items tapping into distributive, procedural and interactional justice were taken from Smith et al's research, Cronbach alpha of .93, .92 and .89 respectively. A five-item scale, adapted from Colquitt et al. 2001, was used to measure informational justice (Cronbach alpha of .92). Responsibility for the service failure was measured via two statements (see Weiner, 1986 for this scale).

RESULTS

Manipulation checks and responsibility for the failure ratings

Realism of the scenarios was checked with a seven-point, Likert scale. As indicated by the mean rating of 5.54, subjects perceived the scenarios high in terms of mundane realism. Similarly, they gave high ratings for the believability of the explanation for the service failure, mean of 5.50.

Independent t-tests were run to test the difference between self versus service provider responsibility over the failure. As expected, an informed choice reduced perceptions that the restaurant was to be blamed for the bad experience ($M=6.21$ with no choice and $M=2.26$ with choice, $t=34.34$, $p<.001$). Similarly, an informed choice increased self-blame, $M=5.42$ with choice and $M=1.56$ with no choice, $t=42.64$, $p<.0001$. These results provide support for H1.

Informational Justice

We expected a simple main effect for choice, yet the three way interaction between choice, compensation and apology was statistically significant ($F=16.53$, $p<.001$). Consequently, any two-way interactions and main effects were qualified by this higher-order interaction. To make sense of the triple interaction, we examined the effects under two conditions: no choice and choice. In the no choice condition, the apology by compensation interaction was statistically significant, $F=7.2$, $p<.01$. The mean ratings by experimental condition are shown in Table 1.

Table 1
Mean Fairness Perceptions by Experimental Condition

	Informational Justice		Distributive Justice		Interactional Justice	
	No choice	Choice	No choice	Choice	No choice	Choice
No Compensation						
No apology	2.27 (.42)	4.87 (.52)	2.16 (.68)	3.32(.98)	1.94 (.40)	3.69 (.62)
Apology	3.65 (.60)	5.26 (.54)	3.20 (.81)	3.75 (.72)	4.82 (.44)	5.80 (.56)
With Compensation						
No apology	3.60 (.60)	4.92 (.57)	5.17 (.82)	5.81 (.61)	3.11 (.51)	4.38 (.58)
Apology	4.46 (.51)	5.87 (.51)	5.71 (.62)	6.33 (.45)	5.62 (.70)	6.21 (.52)

*standard deviations in parenthesis

An examination of the cell means in the no choice condition indicates that offering compensation leads to higher perceptions of informational justice than when no apology or compensation is offered after the failure, $M=2.27$ without compensation and $M=3.6$ with compensation. The difference between the two choice conditions is somewhat smaller when an apology is offered, $M=3.65$ without apology and $M=4.48$ with apology. The pattern of results was somewhat different when the customer had choice in the service delivery process. The two-way interaction was significant ($F=10.0$, $p<.01$), but this time there was no difference in the no apology condition ($M=4.87$ without compensation and $M=4.92$ with compensation). Please, refer to Figure 2. However, combining compensation with apology seems to boost people's informational justice perceptions, $M=5.87$ while offering an apology without compensation is less effective ($M=5.26$).

Distributive Justice

The ANOVA results indicate a significant main effect for compensation and apology, $F=890.42$ and $F=53.98$, respectively, $p<.001$ for both. None of the interaction effects or choice main effect was statistically significant. As predicted in H3, offering compensation had a positive impact on customer perceptions of distributive justice, $M=3.11$ without compensation and $M=5.76$ with compensation. Moreover, apologizing for the failure had a similar (though smaller in magnitude) effect, $M=4.10$ without apology and $M=4.75$ with apology. This finding provides further support for H4.

Interactional Justice

All three two-way interaction effects were significant, $F=27.69$ for apology by choice, $F=6.72$ for apology by compensation and $F=8.27$ for choice by compensation interaction, $p<.05$ for all. An examination of the cell means shows offering compensation enhances interactional fairness perceptions even when the consumer was given no choice regarding the service delivery process ($M=3.5$ without compensation and $M=4.25$ with compensation). The marginal impact of compensation is less dramatic with choice. Lack of any recovery effort (i.e., no compensation/no apology) leads to extremely low justice perceptions, $M=2.75$ while offering a simple apology without compensation increased interactional fairness ratings to 5.31. Finally, giving the customer some say in the service delivery process resulted in less negative fairness perception when the service provider failed to apologize for the failure, $M=2.52$ without choice and $M=4.03$ with choice.

DISCUSSION

This research sheds some light into the role of choice in customer perceptions of service recovery processes. Giving guests some control over the service delivery process is a component that has been largely ignored in the service recovery literature. In addition, we explored the combined effects of apology and compensation, two frequently used recovery methods, on perceived fairness. Consistent with recent research in organizational justice (e.g. Colquitt, 2000; Colquitt et al., 2001), we treated justice as a multi-dimensional construct composed of four facets: distributive, interactional, procedural and informational fairness.

In terms of informational fairness, our study shows moderating effects for choice, compensation and apology. More specifically, informational justice ratings remained relatively low (below 4.5) when the guest was not informed about potential delays and given a choice. Conversely, when the guest had some control over the process, then offering a combination of an apology and compensation was highly effective in generating high informational justice ratings (around 6 in a 7 point scale). These findings are consistent with previous work showing that decisional control is linked to positive psychological responses (e.g., Averll, 1973; Hui & Bateson 1991; Navasiyaman & Hinkins, 2003). It thus seems that explaining the service delivery process to customers, including potential failure points, enhances their perceptions of informational justice associated with the service recovery process.

Distributive fairness perceptions were driven by compensation and apology. This finding is congruent with Tax et al's (1998) argument that restitution for emotional costs is equally important as restitution for economic costs. In other words, compensation without fair interactional treatment might be perceived as "hollow" justice. The two-way interactions with interactional justice further highlight the importance of an apology, even if the guest is given choice and compensated for the failure. Although apology alone might not be effective in restoring satisfaction (e.g., Goodwin & Ross, 1992), the additive effects of apology have been robust in the service recovery literature (e.g., Smith et al., 1999).

MANAGERIAL IMPLICATIONS

The findings of this study highlight the benefits of a pro-active management of the service recovery process. As failures are inevitable in high customer-contact services, restaurant operators should offer customers some choice over the service delivery process. In this study, informing the guest about potential delays and then letting them choose where to be seated had a positive impact on perceived fairness. This strategy is effective partly because of self-responsibility that accompanies voluntary choices. If given choices, customers are likely to feel that to a certain extent they have themselves to blame for the unfavorable outcome. This is not to say that customers do not expect an effective recovery had a failure occurred. Regardless of choice, guests want to be compensated for the inconvenience, both in terms of economic and psychological loss. Consequently, a well-crafted service recovery strategy needs to include tangible compensation for the failure (e.g., vouchers, discounts etc.) and an apology. Our results clearly indicate the interactive effects of compensation and apology. Consequently, offering tangible compensation but doing so rudely (i.e., no apology) is likely to be perceived in a negative light.

So how can hospitality operations use this information to their benefit? Giving customers some control over the service process should be relatively easy to implement in various industry segments. For example, front-office clerks could inform hotel guests about room types and their respective advantages and disadvantages. By so doing, a guest who couldn't sleep well due to the heavy traffic has partly himself to blame for the sleepless night. Or an amusement park could use informed choice as a way to manage waiting lines.

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RETHINKING HOSPITALITY SALES: MARRIOTT AND GLOBAL ACCOUNT MANAGEMENT
AT THE FRONTIER OF GO-TO-MARKET SYSTEMS

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ABSTRACT

Go-to-market systems, a complex web of multiple marketing channels linking suppliers with their customers, have radically evolved beyond simple advertising or salesperson marketing channels. The purpose of this conceptual paper is to stimulate both hospitality sales academicians and industry practitioners to rethink their view of professional selling and, as a result, be better prepared to improve their professional practices. First, we present an overview of the evolution of a single marketing channel: personal selling. Second, we explain the concept of Global Account Management (GAM) - driving forces and costs/benefits. Finally, we provide a GAM exemplar: Marriott International's entry into GAM programs.

Key Words: Global Account Management (GAM), Strategic Account Management (SAM), Go-to-Market Systems, Multiple-Channels, Consultative Selling, Alliance/Partnership Selling.

INTRODUCTION

In 2000, Marriott reached a major milestone by becoming the first hospitality firm ever to win *Sales & Marketing Management (SMM)* Magazine's ranking in its *Top 25 Sales Forces of the Year* (SMM, 2000, July). In 2002, the *Strategic Account Management Association (SAMA)* awarded Marriott International their prestigious *SAMA Performance Award* (Sperry, 2002, summer). In 1996, Marriott first proposed radical sales force restructuring. In early 1997 they began implementation.

Today, Marriott continues to accumulate the benefits of responding to new marketplace realities and its winning example is not being ignored by Hilton, Hyatt, and many other major hospitality firms. They, too, have begun rethinking and restructuring their sales forces, yet with some timidity as they appear to continue taking lessons from the pioneer.

A new world of hospitality selling has arrived. Modeling the successful companies in non-hospitality industries, Marriott International is the first hospitality organization to recognize the power and competitive significance of the new world of sales. Have hospitality sales academicians and industry trainers fully embraced and translated these new realities? Their willingness to rethink hospitality sales will impact the next generation of hospitality students and practitioners who, in turn, affects the competitiveness of all hospitality firms.

Purpose and Scope

The purpose of this conceptual paper is to stimulate both hospitality and tourism academicians and industry practitioners to *rethink* their view of professional selling and, as a result, be better prepared to improve their go-to-market practices. First, we briefly present an overview of how personal selling has evolved. Second, we explain the concept of, forces driving, and costs/benefits of *Global Account Management (GAM)* the most highly evolved form of personal. Third and finally, we will provide an exemplar mini-case of GAM by examining Marriott International's entry into GAM programs.

FROM TRADITIONAL SELLING TO STRATEGIC ACCOUNT MANAGEMENT

Multiple-Channels in Go-To-Market System

A *go-to-market system* is a set of economic exchange linkages connecting supply and demand; seller and buyer. These *channels* are either: *Non-Personal* – message and exchange is not facilitated by a human being or *Personal* – a human being is the primary marketing messenger and exchange facilitator. Thus, the set of marketing channels to generate exchanges includes: (a) Non-Personal – advertising, direct mail, and Internet and (b) Personal – distributors, in-bound/outbound telemarketing, field salespeople (described below as salespeople using transactional and consultative selling strategies), and specialized salespeople/facilitators (described below as salespeople using alliance/partnership or SAM and GAM selling strategies). No organization relies on a single marketing channel, but uses them in a coordinated mix. While all channels simultaneously and as a coordinated system, each is usually directed at specific customer targets. In this article, we focus on a single marketing channel, *personal sales*. Specifically, we focus on a sub-set of the personal sales channel, *Strategic Account Management (SAM)*, and even more specifically SAM's global variant, *Global Account Management (GAM)*.

Marriott's restructured *Global Sales Organization* is an example of a multiple channeled go-to-market system. Through its seven *Sales Engines* it simultaneously practices all three of the selling strategies discussed below.

Three Distinct Selling Strategies

In the 1980s, Neil Rackham and his consulting firm studied more than 35,000 salesperson/client encounters in 27 countries. He concluded in his book, *Major Account Sales Strategy* (Rackham, 1989) that the traditional selling model taught in most educational programs and industry training did not represent actual practices of sales people selling large accounts in the business to business (B2B) markets.

In 1996 and recognizing the growing importance of partnerships and customer/supplier alliances, Neil Rackham, Lawrence Friedman, and Richard Ruff thoroughly examined this topic in *Getting Partnering Right* (Rackham, Friedman, & Ruff, 1996). Here they described how market leaders were creating long-term competitive advantage through a new way of providing value to customers. Rackham et al., *Rethinking the Sales Force* (Rackham & De Vincentis, 1999), incorporated the earlier insights into a more refined contribution to the study of evolving go-to-market systems and theorized the emergence of three distinct selling strategies.

Transactional Selling Strategy. This strategy is the oldest form of selling. This traditional selling strategy evolved in the early history of selling (think of traveling peddlers). It was an art passed along generation to generation. In the 1920's salespeople began to receive formal sales training. In 1922, Edward Kellogg Strong, Jr. (1922) wrote the first *how to sell* book - *The Psychology of Selling Life Insurance* (1922). This was followed by two other works which expanded his seminal 1922 contribution: *The Psychology of Selling and Advertising* (1925), and his *The Psychological Aspects of Business* (1938).

Transactional selling has become more sophisticated over the years however; it retains many historic characteristics. Salespeople employing a Transactional Selling Strategy are only effective if they sell low to medium-priced and simple products/services. However, these products have increasingly become *commoditized* and simple products can be sold through other less costly marketing channels. Salespeople using *Transactional Selling Strategies* are being replaced and/or transformed into salespeople using Consultative and Alliance/Partnership Selling Strategies.

Much of today's hospitality sales education and training is based, if not an exactly replicated, from E.K. Strong's 80 plus year-old selling catechism. In fall 2000, a study of 90 four-year US hospitality programs with enrollment of 100 students or more was conducted to ascertain a baseline description of sales education practices (McNeill, 2001). The study found that most professors teaching hospitality sales courses were dissatisfied with the text support materials available to teach their classes. Their most common complaint was concerned with the dated sales model (a direct descendant from E.K. Strong) that was no longer effective in addressing B2B markets – primarily hospitality industry *Group Business*.

Consultative Selling Strategy. This strategy theoretically evolved by the mid-1980s and only today is being put into full practice. These salespeople sell high-priced and complex products/services. Long-term relationships with customers are a distinguishing and mandatory characteristic. The goal of consultative selling is *repeat and referral* business. Thus, supplier firms target customer firms with a high and long-term spending potential and attempt to convert them to *preferred accounts*. As relationships in these preferred accounts intensify, some have the *potential* to evolve to a higher form of selling strategy – *Alliance/Partnership*.

Alliance/Partnership Selling Strategy. This selling strategy is the newest and at the frontier of go-to-market strategies. In its most complete form, there is no visible distinction between the seller and the buyer. The traditional image of salespeople blurs with that of an organizational manager. Salespeople begin to appear more like coordinating facilitators or managers of economic exchanges. Additionally, within this most evolved form of economic exchange, interactions between buyer and seller are no longer single and isolated events. Here, the exchange is often a continuous and seamless flow between buyer and seller and firmly connected by formal and informal relationships and/or agreements. And, one cannot speak of a single *salesperson*, but of a collaborative and globally dispersed *selling/facilitating exchange team* partnering with *buyer teams*. Alternative names for this selling strategy include: *Strategic Account Management* (SAM) and its global extension, *Global Account Management* (GAM)

Strategic Account Management

Strategic Account Management (SAM), "...is the systematic development and nurturing of customers that are strategically important to an organization's survival and prosperity (Bacon, 1999, p. 3)." The term, *strategic account management* (SAM), however, has gone by many other names including *large account management*, *key account selling*, *major account selling*, *national account management*, *global account selling*, and *national account marketing* (Yip &

Madsen, 1996). Whatever it's called, SAM represents how companies focus their selling effort on the few customers who constitute the largest proportion of their sales.

GLOBAL ACCOUNT MANAGEMENT

A Response to Globalization

Global Account Management (GAM) is an economic exchange (selling) strategy through which a supplier firm attempts to carefully identify select globalized customers to which they can profitably match their capabilities. Thus, implicit in a GAM strategy is the proper selection of customers and the ability of the supplier firm's capabilities to match or fully address the worldwide needs of these global customers. Competitive advantage (Porter, 1985) is theorized to go to the supplier firm that integrates or closely matches and fulfills the customer's global strategy needs better than other competitors. GAM is a geographic extension of Strategic Account Management (SAM) discussed above as well as an advanced form of the third of Rackham's et al three distinct selling strategies discussed above: *Alliance/Partnership Selling Strategy* (Rackham, Friedman, and Ruff, 1996 and Rackham and De Vincentis, 1999).

Global Account Management: Drivers & Performance Benefits/Risks

Drivers. There are primarily three drivers of globalization and the subsequent use of Global Account Management (GAM) strategies:

1. *Globalization of markets* is the most salient driver of companies entering and expanding into global markets.
2. *The Zeitgeist of customer focus* is a key element of most successful business strategies. Thus, GAM strategies are an attempt to gain competitive advantage by fully serving global customer accounts.
3. *Competitive preemption and response* tends to reinforce and accelerate supplier companies chasing customers into global markets and implementing GAM strategies. If competitors are going global, so will other firms. (Yip, Montgomery, & Villalonga, 1998).

Performance Benefits. The overall benefits Global Account Management (GAM) are related to the extent and depth that a supplier firm appropriately responds to the drivers of globalization discussed above. Thus, to achieve benefits, a supplier firm must: (a) effectively and efficiently addresses global customer accounts with a specialized marketing channel, a GAM strategy; (b) Ensure that the specialized global customer account needs are fully satisfied by matching the supplier firm's resources to fulfill customer needs; and (c) Ensure that the supplier firm accomplishes "a" and "b" before or better than their competitors. Specific benefits of GAM include (Yip & Madsen, 1996):

1. The global supplier (using GAM) speaking to a global customer with one voice, thus avoiding having the supplier's subsidiaries compete with one another for a customer's business.
2. Increased ability of the supplier firm to gain additional revenues from the customer's continued international expansion.
3. Global economies of scope and scale through efficiency gains and reduced costs.
4. Raising customer switching costs through increased interdependence of the supplier firm and the customer firm.
5. Good service at the GAM level can lead to reputation benefits that help the supplier to win business in new industries.

Performance Risks. There are several potential GAM Strategy pitfalls:

1. Global customers may use the centralized contact (the GAM Manager) to demand that the lowest national or country price become the global price for the entire global customer account.
2. Generally, a GAM strategy results in an overall average lower price to the global customer account.
3. Conflict with the suppliers' national or country level account managers serving country level subsidiaries of a customer account that is now viewed as a global account.

In the mid-1990s, Marriott International began a pioneering effort to adopt a GAM selling strategy. Learning from successful GAM companies in other industries, Marriott has the distinction of being the first hospitality firm to successfully initiate a GAM strategy. The following is a brief overview of Marriott's efforts.

MARRIOTT INTERNATIONAL AND GLOBAL ACCOUNT MANAGEMENT (GAM)

Supply and Demand Rational for GAM

Supply. In its 76-year history Marriott has grown to be a leading worldwide hospitality company with over 2,600 operating units in the United States and 68 other countries and territories (Marder, 2003, January 15). Given its global

presence and its wide range of hotel brands, it is well positioned to provide hotel accommodations and other hospitality services to selected global accounts. For example, a globally dispersed customer has many and varied hospitality needs such as: high-end executive meetings, economical training meetings, frequent business travel at moderately priced hotels, extended stay for relocating personnel or extended customer projects, etc. Thus, selected global account customers might find it beneficial to establish a GAM relationship with Marriott.

Demand. Marriott International supplies hospitality products to its customers. In most major companies, *Travel and Entertainment* (T&E) is most often either the second or third largest line item in a customer company's P & L statement. T & E has developed into a strategic priority of crucial importance to the success of a global company. In an effort to achieve T & E economies of scale, most of these companies have restructured to centralized buying and control. Marriott responded to their global customers' centralized buying structure by reorganizing its sales force to a Global Account Management (GAM) strategy. Marriott has labeled their version of Global Account Management (GAM) strategy, *Alliance Account Program* (Riemann & Lapierre, 2003).

Marriott's Response to Global Customer Demand for GAM Selling Strategies

In their 1998 study, George Yip, David Montgomery and Belen Villalonga (Yip, Montgomery, & Villalonga, 1998) found that the greater the extent to which customers demand a GAM (program), the greater the extent to which it is implemented within the supplier firm. In the mid-1990s, Marriott International researched and found that its strategic and global customers demanded a different sales response that which Marriott was then providing. The following are highlights of that study (Hanks, 1996, April 15):

1. **Customer Demand for Coordination of Supplier Resources to Serve Customer.** Research indicates that no one organization or person has the responsibility to coordinate sale/service strategy and direction among the Marriott hotel brands. This current organization structure provides little integration between sales initiatives. A large portion of Marriott's business is routine and does not coordinate or focus Marriott's resources to best address customers: Small meetings account for 90% of group business transactions but 35% of revenue. Should we focus our expensive sale force on larger accounts and find other, less expensive ways, to serve small groups?
2. **Customer Demand for a Single Point of Contact.** Major customers are confused by and find inefficient the multiplicity of contact points with Marriott as a supplier. Over 23 different ways of buying from and interfacing with Marriott were documented by research. Operating within Marriott there is over 40 independent sales structures.
3. **Customer Demand for Standardization of Products and Services.** Customers are showing less allegiance to individual hotel companies and are becoming more brand indifferent.
4. **Customer Demand Consistency in Service Quality and Performance.** Marriott's sales force is a single-hotel focused, transaction-oriented, and primarily reactive. Customers are satisfied with Marriott's service, yet Marriott fails to deliver in a consistent manner across brands and properties. Consistency is required for competitive advantage.
5. **Competitive Reorganization Drivers.** Competitors are actively changing sales processes and systems to improve and seek competitive advantage. Marriott's sales technology lags some of its competitors. Marriott has benchmarked against world class sales/service organizations in other industries outside the hotel business.

Marriott Reorganizes Its Sales Force

In 1997, Marriott initiated a major reorganization of its sales force. Marriott built networks around global customer accounts. Its selling account teams model paralleled the centralized T & E (Travel and Entertainment) purchasing approach used by global customer accounts. Today, the *Global Sales Organization* (GSO) has approximately 300 associates and consists of 19 major sales offices with smaller, remote offices in many locations, including a contract sales force in over 50 countries (Riemann & Lapierre, 2003). Marriott refers to its GSO sales force as a coordinated cluster of *Sales Engines*. GSO also includes a *Global Sales Services & Support* (GS3) to support all of GSOs efforts. A brief description of the seven sales engines follows (MARRWEB, 2003):

1. **Alliance Account Managers.** These sales managers are equivalent to Rackham and De Vincentis' (1999) *Alliance/Partnership* salespeople. They employ a *Global Account Management (GAM)* selling strategy to fulfill the needs of global customer accounts which experience a wide distribution of travel, operate some type of a centralized buying source and have requirements or needs that are more complex than can be handled at a regional or local level. These account managers are responsible for the development of the overall account strategy, establishing joint initiatives with the customer, and involving internal resources to successfully achieve partnership status with these

highly valued accounts. The account team leaders leverage the power of all market, cluster and local sales efforts by directing integrated global sales and service teams, which are customized to an account's specific need. They identify key buyers in every revenue stream (business transient, group, extended stay) and deploy/match Marriott salespeople against each buyer to gain share and achieve competitive advantage at every level, for all Marriott brands worldwide.

2. National/Multi-National Accounts Managers. Similar to *Alliance Account Managers* (discussed above), these sales managers are also equivalent to Rackham and De Vincentis' (1999) *Alliance/Partnership* salespeople. However, they focus on key and select customer accounts operating in a single or multiple national markets. These customer accounts are not yet considered *global* or use a global strategy as defined by Yip (1992). These Marriott sales people use a more general *Strategic Account Management (SAM)* versus *Global Account Management (GAM) selling strategy*. Practically speaking, the SAM and GAM approach are very similar but differ by geographic scope and complexity.

The above two Marriott sales engines, unlike the remaining five *sales engines*, do not focus on and specialize by product/service categories such as group or transient business. Alliance Account Managers and National/Multi-National Accounts Managers are respectively true GAM and SAM managers. They handle ALL of the hospitality needs of their global and strategic customers' accounts. They do this by coordinating the specialized services of the five other sales engine managers (# 3 - # 7) briefly discussed below:

3. National Group Account Managers (NGA). These sales managers are equivalent to Rackham and De Vincentis' (1999) *Consultative* salespeople. Accounts managed include: Large group business from both national and internationally based associations, corporate, special market and intermediary (incentive, site selection, full-service meeting management companies). The NGA team focuses on accounts that produce large to mid-size meetings. When the NGAs are working on accounts that are part of the *global customer accounts* managed by the Alliance and/or National/Multi-National Managers, NGA managers coordinate and act as group segment specialists.
4. EventCom Technologies. Accounts handled are any business requiring a technology link to single and multiple sites worldwide. EventCom is a department within NGA and serves both GSO and non-GSO customers to facilitate technology-based meetings.
5. National Group Sales Managers (NGS). These sales managers are equivalent to Rackham and De Vincentis' (1999) *Transactional* salespeople. NGS salespeople handle small to medium, high transactional accounts that buy nationally. This team is responsible for handling requests of 10 to 249 peak rooms. NGS runs the *National Group Sales Desk*, *Internet Sales* desk (respond to incoming Internet RFPs), the *Extended Stay Housing Solution Desk*, *National Catering Accounts*, *International Desk*, *Sports Market* and *Telesales*.
6. Wholesale and Receptive Operators Managers. These sales managers handle inbound receptive operators, domestic wholesalers and international wholesaler customer accounts. This selling team is made up of *proactive* versus *react* to incoming calls from the customer.
7. Travel Sales. Accounts handled include: Large travel management companies and American Automobile Association.

Performance Effects From GAM

Has the performance of the reorganization into the Global Sales Organization (GSO) been positive? The objective of GSO, according to Iris Riemann, Director, Marriott Alliance Account Sales and Michelle Lapierre, Director, Marriott Global Sales Service & Support, is:

...to create a global sales team with each member having access to global resources and a dedicated support group, but also with the flexibility to adapt to local factors. ...[Marriott has created] a worldwide network around its global accounts with the ability to speak to the account with ONE voice. Traditionally, different practices, processes, and procedures, different cultures and different requirements have meant that sales offices across the world focused on their customers in a disjointed fashion, lending the results a decidedly transactional flavor. With this reorganization [into GSO], Marriott has been able to focus its dedicated sales attention on certain global and multi-national accounts and leverage the overall account strategic initiatives, adapting them to local and cultural requirements (Riesmann & Lapierre, 2003, p. 40).

Today, Marriott's GSO is distinguished by:

1. Central global leadership.

2. Consolidated organization and integrated Global and Market Sales approach.
3. Broad, deep, and strategic customer relationships spanning all business segments worldwide.
4. Customer and sales associate support services.
5. Strong global brands and distribution.

SUMMARY

This article has been the story of the evolution of the new world of selling. Marriott International's pioneering embracement of this new world provides irrefutable evidence that significant change is occurring in the hospitality industry. It has beckons to hospitality academicians and industry practitioners to rethink the way they teach and practice sales.

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SHOULD RESTAURANT MENUS CARRY NUTRITIONAL AND FOOD CONTENT LABELS?
A CONFIRMATORY FACTOR ANALYSIS APPROACH TO ASSESSING
CUSTOMER EXPECTATIONS OF RESTAURANT MENUS

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"After all, public perception is key in the food business"~ (Fairbank, 2001)

ABSTRACT

This study analyzed responses from 276 restaurant consumers using a confirmatory factor analysis approach to examine consumer awareness of the truth-in-menu law and the potential link to customer expectations of restaurant menus (CERM). The impact of type of restaurant, dining period, and meal spending is also explored. The study found that CERM is influenced by truth-in-menu law factors of nutrition information, product information, and food preparation. Dining period and the amount spent on a meal was found to also impact CERM. The study concludes with recommendations on how restaurateurs may limit liability with regards to misrepresentations on restaurant menus.

Key Words: Truth-in-menu law; perceived customer value; consumer attitudes; restaurant menus; restaurant consumers; structural equation modeling.

INTRODUCTION

In 1999 Muller contended that the restaurant business in the 21st century will require a customer driven focus. In 2003 these words were perhaps never truer in the landmark case of *Pelman vs. McDonalds Corporation* (2003). Dubbed the "McDonald's obesity case" the fast-food company was accused of endangering consumer health through deceptive advertising. The plaintiffs who filed suit in 2002, contended that McDonald's and two of its restaurants in the Bronx, NY failed to disclose clearly and conspicuously the ingredients and effects of its food, much of which is high in fat, salt, sugar, and cholesterol. The plaintiffs further argued that they believed McDonald's was healthy and as such made their children consumed McDonald's meals at least three times a week. McDonald's should therefore be held accountable for their teenage daughter's obesity, heart disease, diabetes, high blood pressure, and elevated cholesterol. Pelman alleged that the processing of McDonald's food makes it more dangerous than a customer would have reason to expect. Thus, McDonald's had a duty towards its customers to make public these dangers (Smith, 2003; Wald, 2003). Despite judgment for the defendant, McDonalds Corporation, with the judge stating that it is not the courts role to protect consumers from their own excesses, some restaurants are beginning to have patrons sign waivers promising not to file an obesity related lawsuit before consuming calorie laden menu items (Holt, 2003).

Fast-food and other chain restaurants could be forced to display how many calories and how much fat and sodium customers are getting in each item. Connecticut has since introduced federal legislation - the Menu Education and Labeling (MEAL) bill applicable to standard menu items offered by chains with 20 or more outlets, with other states indicating that they will follow suit. The MEAL bill is expected to give consumers the necessary nutritional information to make healthy choices for themselves (Reuters Health, 2003). Countering, the food and restaurant industry with more than 53 billion meals expected to be served by the end of 2003, has argued that a lack of exercise is just as responsible, if not more responsible, for the trend. Further the National Restaurant Association contends that the industry is driven by consumer demand and it should be the consumers' decision and not the federal government telling consumers what to eat. Citing as evidence the industry noted the healthier food options are hard to sell and many have failed in the market place. For example, Burger King first market-tested veggie burgers in the late 1980s, only to abandon the effort after they bombed at the counter. In the early 1990s, Burger King once again tried teaming up with Weight Watchers to offer frozen meals which also did not fair well. Consumers responded with the comment "We're coming to Burger King to eat burgers" (May, 2003; Reuters Health, 2003). While the question of should restaurant menus carry nutrition and food content information labels similar to those found on food items sold in supermarkets is an important one. Even more importantly the question of what truly are consumer expectations of restaurant menus must first be examined.

Building on previous work by Mills & Clay (1999), (2000), (2001) and Nesmith, Mills, & Almanza (2002) which investigates both consumer attitudes toward restaurant menus as well as consumer knowledge and attitude toward the truth-in-menu law this research attempts to answer the question of "what are consumer expectations of restaurant menus?" Specifically, this research uses the guidelines set forth in the truth-in-menu law to ascertain the factors that may be important to restaurant consumers and their subsequent expectations of restaurant menus. Thus in addition to nutrition and

information other factors such as product information and preparation method was also examined. To examine the question a confirmatory factor analysis approach is used. The results of the model development process are presented in this study.

BACKGROUND LITERATURE

From as early as 1988, Granzin and Bahn began discussions on the issue of nutrition and the sustainable effect on consumer choice to patronize and purchase restaurant foods. Prior to this, stories regarding inappropriate representations of food items on restaurant menus existed but were not common; neither did existing food laws address the issue of menu misrepresentations. A host of invalid nutrition and health claims by restaurateurs in the ensuing years sparked various lawsuits such as *State of California v. High Tech Burrito* where the defendant exaggerated health benefits of its foods, and *Brooks v. On The Border Cafes* where an unidentified Muslim family sued the restaurant after discovering that their beef tacos contained pork which violated the family's religious dietary restrictions (Melendy, 1997; Ruggless, 1994). These consumer concerns regarding restaurant menus led to the conclusion that the Food and Drug Administration (FDA) did not have an enforceable policy for food labels and the claims made by restaurateurs on their menus (Calfee & Pappalardo 1991; Hutt 1986; Keystone Center 1996; Porter & Earl 1990; Scarlett, 1992). The FDA thus passed the truth-in-menu law in 1997. In general, the truth-in-menu law protects the consumer from fraudulent restaurant practices primarily with regards to nutrition content, health claims, serving size, geographic origin of foods, quantity, quality of the food product, methods of preparation, representation of merchandising terms, and misbranding (Jefferies, 1995). However, violations and criticism of the truth-in-menu law continue as some restaurants use menus only as a vehicle for representing various food items available for consumption. Menus are generally prepared by professional marketers with forethought to be aesthetically appealing and not with regard to net quantity, quality, composition, substitution, and health and nutritional claims (Zosiuk, 2000).

Concerns regarding truth-in-menus are not only an issue for the American consumer but have become a major subject in European restaurants as well. According to the Food Standards Agency (FSA), a British based organization; consumers are concerned about the marketing on labels, menus and advertisements that are misleading to consumers. A survey conducted by the FSA found that 75% of the public admitted they were confused about words used on labels. Marketing slogans and strategies that used the words "pure," "natural," "fresh," "traditional," "authentic," "original," and "country-style" to increase sales are now starting to be evaluated for accuracy and truth. In addition, approximately two-thirds (62%) of consumers who eat out think menu descriptions in some restaurants and takeaways are misleading or lacking in information (Food Standards 2000). Such misleading advertisements may result in lesser perceived value of the restaurant and its menu choices. Thus restaurateurs must first determine what consumer expectations are of their business and core product, which is often described and displayed through the restaurant's menu, and accordingly must represent their product in an accurate manner.

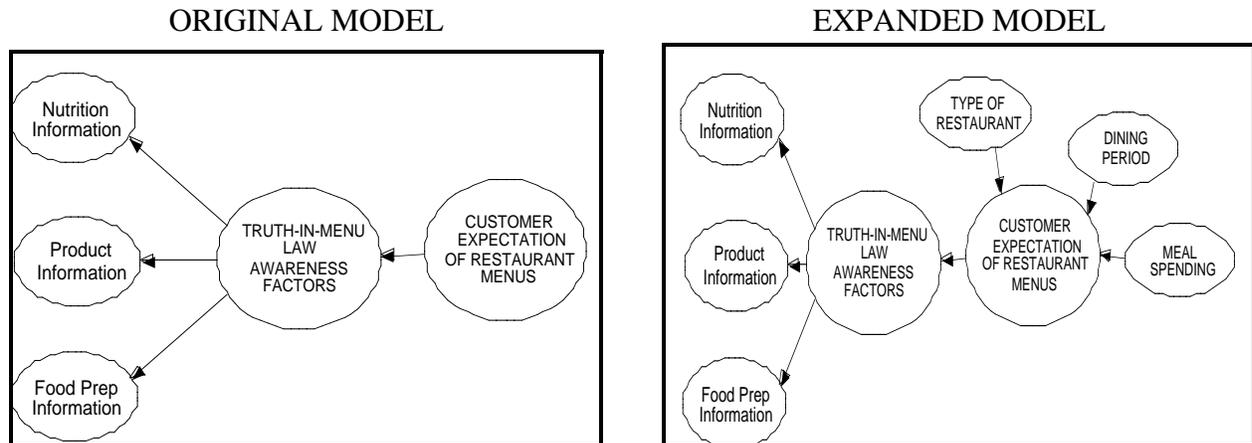
CUSTOMER EXPECTATIONS

Understanding consumer expectation is key, as it is the interpretation process by which consumers will make sense of the restaurant environment. Consumers see what they expect to see, and generally what they expect to see usually depends on their general beliefs, knowledge, and stereotypes. As such, restaurateurs need to be aware of consumer expectation so that they may be able to truthfully present their marketing stimuli (i.e. the menu, advertisements, packaging, and pricing). Consumer expectations based on incorrect menu representations can lead to illusions regarding the value of product offerings. If the perceived expectation of, for example, quality, quantity and nutritional value of menu items is not met or exceeded then consumers may perhaps not return to the restaurant. It is well documented in the marketing literature that customer decision-making is guided by high order mental constructs such as perceived satisfaction, value, trust, and commitment (e.g. Dwyer, Schurr, and Oh 1987; Moorman, Deshpande, & Zaltman 1993; Morgan & Hunt, 1994). Walters (1978) in support of this belief states that "as viewed by the consumer, a product is more than a physical thing." Customer expectations are reflective of the physical component of a product as well as the concept the customer holds of the product. The image a consumer retains about a product depends partially on how the product will be interpreted. As such, in order to be positively perceived by consumers as well as to be competitive in the restaurant industry, restaurateurs must ensure that they truthfully represent their products. Restaurateurs can gain a competitive edge and a significant return on their restaurant menu investment by focusing on customer expectations and value thereby building an actual emotional bond with the customer. An emotional bond leads the customer to buy repeatedly or, better yet, exclusively from that restaurant, to recommend that restaurant to friends and family, and to withstand the blandishments of other providers. Establishing this bond requires that the menu from description to actual consumption regularly meet or exceed that customer's expectations (Butz & Goodstein, 1996; Kano, Seraku, Takahashi, & Tsuji, 1984).

MODEL DEVELOPMENT AND METHODOLOGY

In order to assess customer expectation of restaurant menus the model shown in figure 1 was used to guide the study. The model proposed that customer expectation of restaurant menus is a function of their awareness of the elements of the truth-in-menu law. The Truth-in-menu law is in turn comprised of three factors availability of nutrition information on the menu, product information presented on the menu, as well as the availability of food preparation information on the menu. The original model of customer expectations of restaurant menus (CERM) is next expanded to investigate the effect of money spent when dining (meal spending) the type of restaurant, and the dining period (breakfast, lunch, or dinner) on customer expectations of restaurant menus.

Figure 1.
Customer Expectation of Restaurant Menu Model



In order to determine consumer expectations of restaurant menus using the truth-in-menu law as a base a survey instrument was developed and tested. After obtaining the appropriate human subjects exemption approval, a pilot test was first carried out using a convenience sample of thirty respondents obtained from a southern U.S. public university. Based on the pilot study the finalized instrument consisted of seven questions with various sub-sections. The first question sought to identify how often consumers dined out for each meal period (BREAKFAST, LUNCH, DINNER, and SNACK). The second question asked participants to select the type of restaurants they patronized in seven categories (FAST-FOOD, FINE DINING, DELI, THEME CONCEPT, FAMILY-STYLE, BAR AND GRILL) while the third question asked participants to describe their average spending per meal period (BREAKFAST-SPEND, LUNCH-SPEND, DINNER-SPEND, SNACK-SPEND). Question four was divided into three sections and utilized a Likert-type scale ranging from "Not Important" to "Extremely Important." The first section asked participants to rate the importance of nutrition information (FAT, CALORIES, and SODIUM) on restaurant menus. Section two asked participants to rate the importance of product information on descriptive claims brand identification (BRAND), points of origin (ORIGIN), preservation methods (PRESERV), and potential dangerous foods such as allergy to peanuts (HARM). Section three asked respondents to also rate the importance of food preparation information on restaurant menus including cooking methods (COOK), quality of ingredients (QUAL), quantity of major ingredients (QUAN), and information on ingredients in menu items (INGRE). The remaining questions focused on the demographics of the participants. After evaluating the merits of web-based data collection based on Dillman (2000); Fitzgerald (2000); Mills, Morrison & Ismail (2002); and Weible & Wallace (1998) the seven-question survey instrument was administered online to a population of US restaurant consumers who were members of various listserv groups reflecting both an interest and a non-interest in restaurants. The managers of the listserv groups responded by sending email messages containing the Web address of the survey to their members who in turn completed the web survey. The survey was posted for a period of four weeks with a follow-up electronic mail message sent in the third week. The returned instruments were reviewed and the data verified. The collected data was analyzed using Statistical Packages for the Social Sciences (SPSS 10.0) to conduct normality, collinearity, descriptive, and exploratory factor analysis. Cronbach's alpha was used to determine the reliability of the measurement instrument. Cronbach alpha as a measure of internal consistency was 0.79. The original and expanded model of customer expectation of restaurant menus shown in Figure 1 was then tested using a Confirmatory Factor Analysis (CFA) approach. Analysis of Moment Structure (AMOS 4.0), a Structural Equation Modeling (SEM) program, was used to perform first, second, and third-order CFA on customer expectation of restaurant menus.

RESULTS

Of the 330 questionnaires returned, 276 were useable. Descriptive analysis of the data revealed that 62% of the participants that took part in the survey were female. Thirty percent of the population was in the 21-34 age group, 27.7% in the 35-44 age group, 28.5% in the 45-54 age group, and 8.8% in the 55 and older age group. The data showed no departures from normality or multi-collinearity between items. Exploratory Data Analysis - Given the a priori assumptions of the research model, an initial principal component analysis (PCA) was conducted in two stages primarily as a data-cleaning task. The items were not free to load on all factors as with the traditional heuristic theory generating approach to exploratory factor analysis, which is appropriate when, the researcher has a weak literature base (Kim & Mueller, 1978). PCA was first conducted separately on each of the factors. The factors were then tested, as they are proposed as representing their respective second-order factor, to determine if any items loaded on more than one factor. The initial PCA procedure produced factor loadings ranging from .50-.93. All eigenvalues were greater than one. The percentage of total variance explained ranged from 40.90-75.76 for the various factors. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was greater than the recommended .50, while the Bartlett's test of sphericity were significant at the $p < .0001$ level for all factors. Based on the results of the initial exploratory data analysis all items in the model representing the various constructs remained for testing in the CFA model.

Confirmatory Factor Analysis of the Original CERM Model - As the data are continuous, maximum likelihood estimation procedure with covariance matrix method was chosen within the AMOS software to perform the analysis. For each stage of the CFA process, individual parameters in the model were assessed for feasibility and the statistical significance of the parameter estimates. In assessing the model as a whole, chi-square, the related degrees of freedom, and the p value are reported at each stage of the analysis. In addition absolute indexes of fit -- the goodness-of-fit index (GFI); the adjusted goodness-of-fit (AGFI), and the comparative fit index (CFI) are reported. GFI, AGFI, and CFI values greater than .90 indicate a good fit. The final index reported in the analysis is the root mean square error of approximation (RMSEA) where values less than .05 indicate good fit, and values as high as .08 represent reasonable errors of approximation in the population (Browne & Cudeck, 1993; Hu & Bentler, 1995). The results of the CFA analysis follow. The initial first-order CFA model for customer expectation of restaurant menus produced a good model fit but displayed some unusually large standardized residual covariances (greater than 2.58). Based on the modification indexes the item (SODIUM) was removed from the model. The final first order model fitted the data well with $\chi^2 = 60.54$; $df = 32$; $p = 0.002$; $GFI = 0.96$; $AGFI = 0.93$; $CFI = 0.96$; $RMSEA = 0.057$. All items were significant at the $p = 0.0001$ level. In the second-order CFA, in which covariation among the first-order factors (Nutrition Information, Product Information, and Food Preparation Information) can be fully explained by their regression on the second or higher-order factor (Truth-in-Menu Law Awareness Factors), model fitting produced $\chi^2 = 65.63$; $df = 19$; $p = 0.0001$; $GFI = 0.95$; $AGFI = 0.90$; $CFI = 0.92$; $RMSEA = 0.09$ providing indication that the model fitted the data well. To achieve final second-order model fit two items (Information on Preservation Methods (PRESERV) and Information on Quality of Ingredients (QUAL)) were removed based on the modification indices. The third-order factor model was next tested where covariation among the second-order factors (Nutrition Information, Product Information, and Food Preparation Information) can be fully explained by their regression on the third-order factor (Customer Expectation of Restaurant Menus). The model produced final model fit of $\chi^2 = 33.57$; $df = 13$; $p = 0.001$; $GFI = 0.97$; $AGFI = 0.93$; $CFI = 0.93$; $RMSEA = 0.07$ with the item (information on quantity of menu item (QUAN)) being removed based on the modification indices in order to achieve final model fit. All standardized estimates were substantively reasonable and statistically significant at the $p = 0.0001$ or .001 level. Customer expectation of restaurant menus was found to be a function of truth-in-menu law awareness factors (0.77). The Final third-order factor model with standardized estimates is shown in Figure 2.

Expanded CERM Model Testing - The impact of type of restaurant, dining period, and meal spending on customer expectation of restaurant menus was next examined. Model fit was achieved with the removal of the construct Type of Restaurants which showed unusually large standardized estimates. Final model fit for the data was $\chi^2 = 179.66$; $df = 74$; $p = 0.001$; $GFI = 0.92$; $AGFI = 0.88$; $CFI = 0.87$; $RMSEA = 0.07$, indicating that the model fitted the data reasonably well. All parameter estimates in the model were significant at the $p = 0.001$ level. Dining period was found to affect customer expectations (0.67) with lunch being the most important dining period (0.63) for study respondents. It must be noted that an inverse relationship was noted between meal spending and customer expectation of restaurant menus (-0.31) indicating that the lower the spending the less consumers expect of restaurant menus.

DISCUSSION AND CONCLUSIONS

So should restaurant menus carry nutritional and food content labels? Based on the results of this study the answer would indeed be a resounding...yes! Respondents in this study expect restaurant menus to provide nutritional information particularly on fat and calories present in the menu item. These findings are consistent with current trends reported in the media. In using the truth-in-menu law as a base the study also found that product and food preparation information are also expected by consumers on restaurant menus but not to the high level expected of nutritional information. These findings are also supported by Wansink, Painter, and Van Ittersum (2001), who found that descriptive menu labels does influence customers by increasing sales by 27% and improved attitudes towards the food, attitudes toward the restaurant, and intentions toward repatronage. This current study also found that dining period and meal spending impacted customer expectations of restaurant menus with lunch being the most significant period. An inverse relationship was found regarding spending suggesting that the lower the cost of the meal the less consumers expected of the restaurant menu in terms of presenting nutrition, product, and food preparation information. These findings indicate that perhaps consumers though they desire nutritional and other information may hold the image that cheaper menu items may not be as healthy. On the flip side, the more consumers pay for the menu item the more they expect these menu items to meet exacting standards with regards to availability of nutrition information and food preparation.

Figure 2.
Third-order Confirmatory Factor Model of Customer Expectations of Restaurant Menus

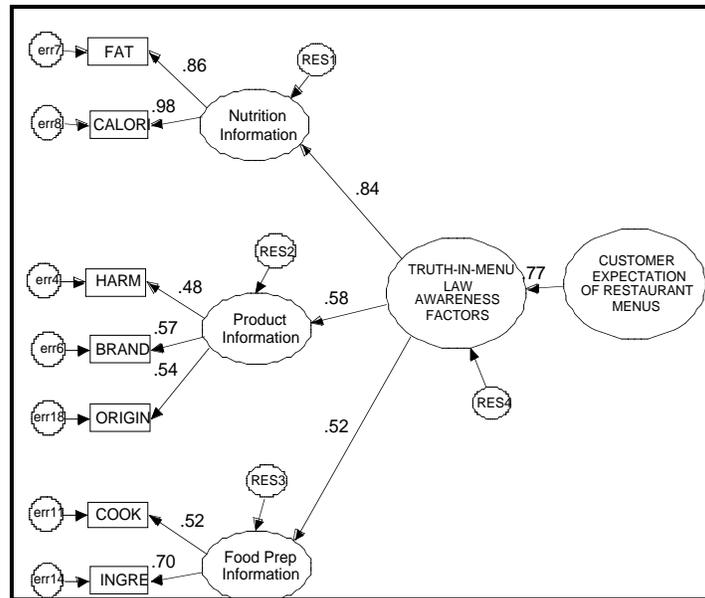
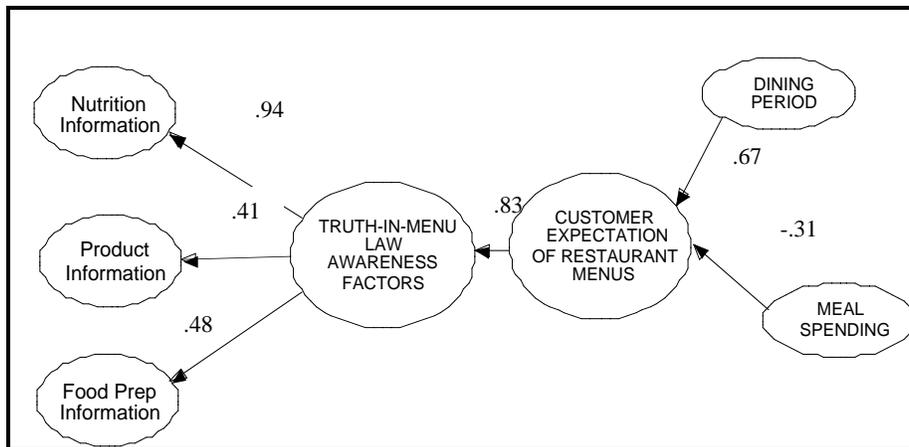


Figure 3
Final CERM Model



It is important to note that even though this model fits the data well and provides a theoretically consistent set of findings; there may be other equivalent models that fit the data equally well. There may also be non-equivalent alternative models that fit the data better than this model. Further researchers of this topic could consider testing some of the alternative models, as well as investigate some of the hypotheses that could be generated from the measures in the model. Researchers could also investigate what format consumers would like to see this information presented in on restaurant menus. It must also be noted here, that the study is limited in generalizability as it surveyed Internet consumers. Future studies could replicate the model using a non-internet sample and using strategic random sampling methods to increase the generalizability of the study. However, the proposed CERM model may be well suited for studying customer expectations of restaurant menus and could serve as a diagnostic tool for restaurants to determine what aspects of their menus are weak and in need of improvements. In closing, restaurateurs must be aware that consumers make informed choices based on existing laws, they in turn must be encouraged to make menus as accurate as possible, in order to limit liability that can result from false menu claims. Restaurant consumers truly enjoy dining out and the experience that comes with it, however, feelings of euphoria can quickly become negative due to inaccurate information presented on a restaurant's menu. Restaurant owners do well to speak with consumers about menu items in order to make corrections and ensure that they are indeed meeting the needs of consumers. The average customer spends about three minutes with a menu how much is communicated in this period is critical to attract and retain consumers. Menus therefore must be seen as the ultimate communication tool with restaurant consumers.

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STRUCTURAL EQUATION MODELING OF FACTORS THAT INFLUENCE CONSUMER PURCHASE INTENTIONS ON THE INTERNET

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EXTENDED ABSTRACT

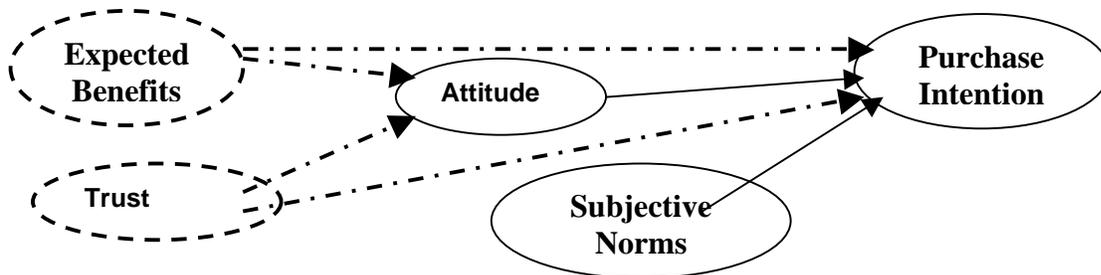
Due to the impersonal characteristic of the internet as well as the uncertainty that accompanies its usage, getting consumers to purchase on-line in a “click” environment is more challenging than in traditional “brick and mortar” environments. Understanding factors that influencing consumer intentions to purchase on line is important in the designing of useful marketing techniques for attracting, retaining customers and achieving a competitive advantage.

A range of studies has documented consumer adoption of electronic-commerce (e-commerce). These studies vary from those that document consumer demographics and profile, to those that have attempted to examine consumer perceptions of obstacles hindering the development of online shopping. Jarvenpaa & Todd (1997) found that thirty one percent of respondents were disappointed with the product variety and eighty percent had at least one negative comment about customer service on the Internet. The Forrester survey (1999) found that consumers consider lack of security as one of the main factors inhibiting online purchasing. WebPages also affect the willingness of consumers to purchase online. Ho and Wu (1999) found that homepage presentation is a major antecedent of consumer satisfaction. Dholakia and Rego (1998) found that daily hits of WebPages was strongly influenced by the frequency of updates and number of links to other web-sites. Various researchers have also cited trust as an important element of consumer intentions to adopt business to consumer (B2C) e-commerce (McKnight, Choudhury & Kacmar, 2002; Jarvenpaa, 1999).

This study examines human motivations that underlie individual acceptance of business to consumer (B2C) electronic commerce. A model explaining the influence of different factors on online shopping intentions is developed based on the Theory of Reasoned Action (TRA). The TRA model was selected since it is a common referent for understanding voluntary individual behavior such as shopping on the Internet. In the new conceptualization of a model, we add two new constructs to the TRA-model: *Trust* and *Expected Benefits*. This model is tested through a survey and data collected from consumers/subjects of convenient sampling.

Figure1: Proposed Research Model

(The dotted lines show the new links/augmentation to TRA)



Data is analyzed using structural equation modeling technique in AMOS-graphics 4. The following observations were made: *Subjective Norms*, *Expected Outcomes* and *Trust*, do not play a significant role in explaining intentions to purchase on-line. However, *Attitude* has a significant influence on the intention to purchase on-line.

These results not only contradict the previous findings that suggest trust and expected benefits highly influence consumer purchase intentions, they also provide a set of interesting observations and managerial implications. The results show a strong support for the need to manage consumer attitudes and how trust and expected benefits influence attitudes in

the context of on-line buying. The results reveal that there is a deviation from the previous literature regarding consumer perception towards security issues on the Internet. Even though in this study the expected benefits did not have a significant influence on the purchase intention, an examination of the observed variables in the models led us to give the following managerial recommendations: managers should enhance the expected benefits of shopping online by offering discounts. Saving money was one of the expressed expected benefits of shopping online. Managers and web-designers should also strive to save time. This could be achieved by designing easy to navigate and fast loading websites as well as providing links to other websites in order to enable consumers carry out comparative shopping on the Internet. Some consumers, even though very few, still show a very strong concern for security on the Internet. To this, the web vendors should improve the Internet security perception of the consumers by provide assurance measures such as guarantees and security certificates.

Even then, the implication of some of the findings limit the data interpretation to the specific population of our sampling but call for the need of a continued survey of factors that influence consumer intentions to purchase on the internet. We conclude that as demographics change and access to the Internet increases, consumer perception and factors that affect intentions to purchase on the Internet change.

Key Words: Internet adoption, e-commerce

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PSYCHOLOGY OF PRICE MISREPRESENTATION: A CONSUMER PERSONALITY PERSPECTIVE

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EXTENDED ABSTRACT

Researchers have explored issues related to word of mouth communications (Herr, Kardes & Kim, 1991). However, the possibility of misrepresentation in communication has yet to be thoroughly explored (Sengupta, et. al. 2002; Bristow & Sachau, 1998). In conversation with others, it is possible that consumers might misrepresent the location of purchase, the quality of the product, or even the fact that an item was purchased on sale (Bristow & Sachau, 1998). Consistent with findings in psychology on the antecedents of lying (DePaulo et al 1996; Kashy &, Depaulo, 1996) this research utilizes the impression management and consumer personality perspectives to examine the reasons for the occurrence of price misrepresentation in consumer communications.

Even though consumers can misrepresent many aspects of their purchase, this article will focus on product price discounting. The importance of studying the discounting aspect of consumer communication is suggested by past research exploring word of mouth communication (Sengupta, et. al. 2000) which indicated that the most frequently discussed dimension by consumers is the availability or lack thereof of a deal (Higie, Feick & Price, 1987).

Schlenker (1980) defined impression management as the conscious or unconscious attempt to control images that are projected in real or imagined social interactions. People are fairly sensitive to the social significance of their conduct and behaviors and are motivated to create desirable social identities in their interpersonal encounters (Tedlock & Mansted, 1980). However, there are individual differences in the extent to which people are willing to adapt their behavior to please and identify with others (DeBono, 2000; Snyder & DeBono, 1995; Baumeister, Huton & Tice, 1989; Snyder, 1974).

According to the self-monitoring theory of social psychology, people differ substantially in the way they regulate their self in social situations (Snyder, 1974). Some people care relatively little about the appropriateness of their behavior in the eyes of others. These are *low self-monitors*, who tend to project towards others a stable self in diverse settings of social interaction. Inner beliefs and attitudes tend to guide the behavior of low self-monitors to a greater extent than social influences. *High self-monitors*, on the other hand, exert more expressive control over their social behavior and tend to adapt their appearance and acts to specific situations.

There is a substantial body of empirical work on the link between self-monitoring and consumer behavior (refer DeBono, 2000). Empirical evidence has shown that high self-monitoring individuals prefer brands in congruence with social situations while low self-monitors prefer utilitarianism in expressing brand preference of (DeBono, 2000; Aaker, 1999; Hogg, Cox & Keeling, 2000). Also, high self-monitors respond more favorably to status oriented advertising claims while low self-monitors are more sensitive to the quality and functional performance of products (Shavitt, Lowrey & Han, 1992; DeBono, 2000).

Consequently, the findings of DePaulo et al. (1996) show that, lying can be thought of as an extreme form of impression management that involves a deliberate fostering of a false impression rather than a judicious editing of a true one. They (Depaulo, et. al., 1996) forward that lies are told to serve the self than others and are not just told for financial or material gain, but are much more often told in pursuit of psychic rewards such as self esteem, affection, and even respect. These extremes of self-impression coupled with personality traits have implications for consumer research in misrepresentation. It is therefore predicted that product-related consumer misrepresentation should likely occur if the misrepresentation enables the consumer to create a positive impression, consequently boosting their self-image. Mowen, (1995) presents that consumers buy products for both utilitarian and symbolic purposes, and that possessions have both personal and social meaning and a capability of creating, maintaining, or changing the image of self communicated to others (Bistrow & Sachau, 1998).

Even though microeconomics theory argues that consumers are likely to purchase the less expensive products, consumer research literature has indicated that price is not always an indicator of the likelihood of product purchase

(Monroe, 2003). Literature and research findings verify that consumers go beyond the predictions of microeconomic theory (Bistrow & Sachau, 1998) purchasing highly priced products, mainly for symbolic purposes. Since literature too reveals that observers form impressions of others based on their possessions and products they consume (Belk 1981; Mick 1986), it is hypothesized that a misrepresentation of products' price by consumers should enable them achieve their impression management goal.

Drawing on these arguments, this study utilizes a scenario method (cf. Sengupta, et. al. 2002) to explore consumer misrepresentation. While consumer misrepresentation can take on many aspects, this study focuses on communication in the context of whether the product was purchased on sale or not. One type of discount related misrepresentation was examined: falsely reporting a regular price when the item was actually purchased on sale. The study carries forward that of Sengupta et. al. (2002) by investigating the moderating role of consumer personality (high vs. Low self monitoring) as well as the perceived status of the communication recipient.

Generally, the results show that it is possible for individuals to misrepresent price and purchase information in order to create favorable impressions upon others. As predicted, high self-monitoring individuals tended to misrepresent the information more than the low self-monitoring individuals. The current experiment identifies conditions under which consumers are likely to misrepresent purchase information.

In this experiment, the focus was on the likelihood of a consumer concealing having bought a product at a discount or not, hence reporting a regular price. The results show that with symbolic products, such deliberate misrepresentation is particularly likely to occur when communicating with higher status groups. Expensive brands are more likely to be misrepresented as compared to the inexpensive brands. The main assumption is that, high purchase price carries a greater symbolic implication hence concealing a discount or conveying that the product was purchased at a regular price enables the consumer create favorable impressions hence identifying with the higher status groups.

These results are important in several ways. They provide conditions under which consumers are likely to misrepresent purchase price and choice of products when shopping as individuals or accompanied. Particularly, when individuals are concerned about how they are evaluated by others, they may misrepresent purchase price information in order to identify with the higher status aspirant group. The results may also contribute to the understanding of some possible shopping habits that consumers engage in. Individuals may believe that if they are using the product to convey positive impressions, they may wish to shop alone so that only they know the purchase price or even the store of purchase. A consumer who wishes to be held in high esteem and create positive impressions may desire to spend a night or dine in upscale premises even if the cost is beyond their economic capability just for the sake of using it as a source of impression management. Therefore, the upscale establishments, and brands with higher social approvals can charge higher prices for their services and consumers will still pay for them without a question. In other words, consumers are willing to pay for higher prices depending on the social image a brand creates. On the other hand, it is possible to customize prices to individuals. It shows that some consumers are more willing to pay the hotel rack rates for certain brands as long as they convey positive image. In addition to the relevance for understanding impressions management tendencies in consumer behavior, this research aims at contributing more generally to the consumer behavior literature by examining the social influence of consumer communication.

This research has several limitations and suggestions for future inquiry. One area for future inquiry should investigate the possibility of consumers concealing the regular price depending on the context of communication. Another area of future research relates to cultural difference. Investigations to questions such as: Do members of different cultures such as collective and individualistic cultures view symbolic possessions differently? If so, to what extent can symbolic products be used as a means of impression management among these different cultural groups?

It is both theoretically and managerially important to understand why consumers can misrepresent purchase information (conceal regular prices or conceal having purchased at a discount). This research investigated how individual's expectations to identify with the aspirant higher status group can lead to greater misrepresentation of product purchase price information. The results indicate that it is possible for consumers to lie about the purchase price of a product if it is going to help improve their self-image and create better impressions to the communication recipients, more so, to the higher status recipients. This has a bearing for the hospitality industry. In a sector that is characterized by segmentation and strive for customization, understanding consumer motives such as the need for impression management can be a source of planning marketing activities. As observed, consumer desires for self-approval can influence their choices of products especially within group settings. Restaurant and hotel managers may wish to re-examine their employee training emphasizing on skills of up selling especially to groups.

Key Words: Misrepresentation, Self-Monitoring, Impression-management

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THE APPLICATION OF ACTIVITY-BASED COSTING IN A HONG KONG BUFFET RESTAURANT

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ABSTRACT

Activity Based Costing has been shown to be a feasible method for establishing overall menu profitability. In this study, a restaurant Activity Based Costing model previously applied to a Fine Dining restaurant was tested in a Buffet style restaurant in Hong Kong, China. The results revealed that the model was applicable to a buffet service style restaurant. In addition, the model was able to trace undistributed operating expenses to individual dinner buffet items, thereby revealing a profit margin for each dinner buffet item sold.

Key Words: Restaurants, Profitability, Activity-Based Costing, Cost Accounting, Menu Planning

INTRODUCTION

A major challenge for the contemporary restaurant industry is to find a balance between maintaining profitability and serving customers' diverse needs. The United States (U.S.) restaurant industry, with small profit margins and relatively high failure rates, is considered to be a rather perilous business (National Restaurant Association [NRA]; 2001; Bell, 2002). Moreover, the adverse economic conditions that followed the terrorist attacks of September 11, 2001, negatively affected the U.S. restaurant industry even further, which was borne out in unusually high numbers of restaurant bankruptcy filings during 2002 (Hume, 2002). Interviews conducted with Hong Kong (HK) restaurant managers and owners revealed that HK restaurateurs are faced with a similar dilemma. The HK restaurant industry observed a decline of business activities since the onset of the Asian financial crisis. Furthermore, restaurant sales declined drastically during the SARS epidemic, and by December 2003, revenues had not recovered to pre-SARS levels. According to a local Food and Beverage director, HK restaurateurs find it extremely difficult to please a very sophisticated and demanding customer base without compromising menu prices that allow for profits (personal communication, 2003).

In recent years, the global restaurant business has become more capital intensive while remaining a labor-intensive endeavor. In addition, undistributed operating expenses, such as labor and fixed costs, have increasingly captured a larger percentage of the total cost structure of a restaurant. A review of a sample of restaurant income statements in HK revealed a distribution of costs that is similar to restaurants in the U.S. Whether in the U.S. or HK, very little attention is typically paid to operating expenses when restaurant product prices are established. Most often, menu prices are calculated strictly as a function of cost of goods sold, along with a certain mark-up percentage. Therefore, individual menu item prices often do not directly reflect any major operating costs, such as labor, utilities, direct operating expenses, or fixed costs. However, in highly competitive market conditions, proper pricing measures become extremely important as profit margins are diminished. Thus, restaurant operators may simply no longer be able to afford to price their menus based on simply marking up their variable product costs.

Kaplan and Cooper (1988) demonstrated that the domain of traditional contribution margin analysis could be greatly enhanced by the use of Activity-Based Costing (ABC). ABC is a theoretical approach that has provided manufacturing firms with a better grasp of their costs and has led to increased profitability (Cooper, 1989; Cooper and Kaplan, 1992). ABC has major advantages over other costing methods by showing the ability to trace overhead costs to individual products, which allows for more accurate unit costing (Turney, 1991; Cooper and Kaplan; 1992; Garrison and Noreen, 1997). Furthermore, ABC infers that activities are the antecedents of cost and that cost objects create the demand for activities (Turney, 1991). Cooper and Kaplan (1988) pointed out the general conditions that make companies good candidates for the application of ABC systems, such as a diversity of resource consumption, or the fact that product and resource consumption are not correlated with traditional cost allocation methods. Rotch (1990) stated that these conditions

apply to service companies as well. Raab (2003) adapted Cooper’s ABC model to restaurants, and found it to be a feasible way to gain profound knowledge about operating profit margins of individual menu items.

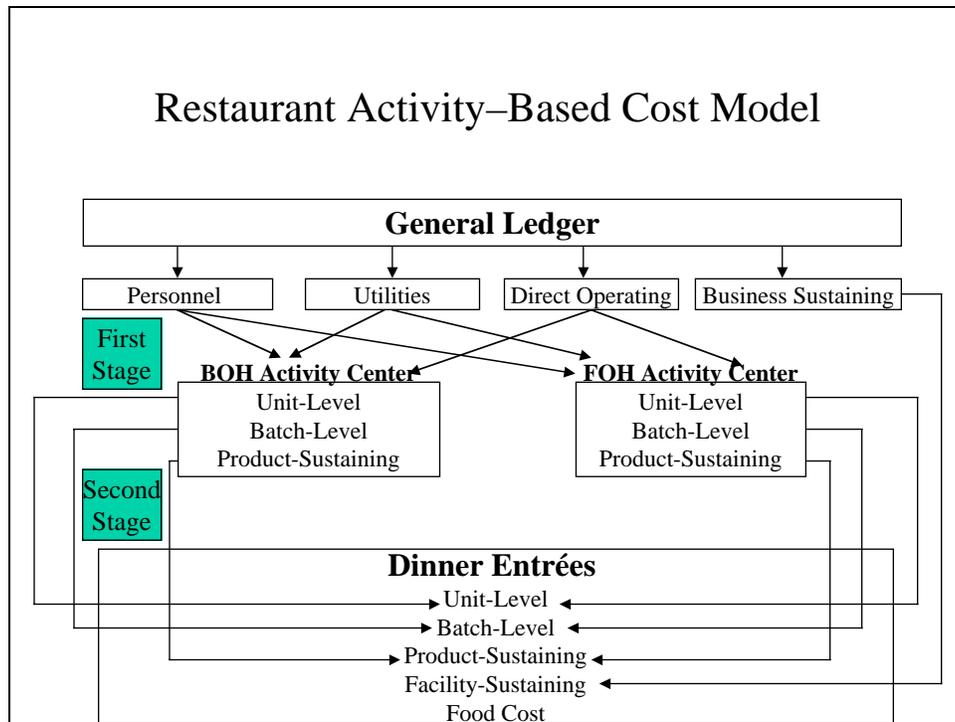
This study seeks to determine whether the ABC model established for restaurants by Raab (2003) for a Fine Dining operation in the U.S. can be generalized to a different restaurant segment. It does so by applying the ABC concept to a buffet restaurant in HK. In this study, two principal research questions are addressed: 1) can ABC trace restaurant overhead costs through activity centers to a dinner buffet?; and, 2) does the application of ABC reveal the ‘true’ costs and profit margins of a dinner buffet? All costs shown in this study are expressed in HK\$.

METHODOLOGY

In this study, ABC was applied to a buffet restaurant in Hong Kong, China by adapting the methodology that was previously tested in a Fine Dining restaurant (Raab, 2003). The application of ABC in this study involved several steps. First, in the ABC pre-design stage a meeting with the owner of the restaurant was conducted and pricing methods for the dinner buffet were discussed. Furthermore, specific objectives for the study were established, such as tracing of overhead costs to the dinner buffet and the establishment of more precise dinner buffet costs. Next, a record of all dinner buffets sold for the month of August 2003 was obtained from the restaurant’s point of sales (POS) system. Finally, the income statement for the month in question was obtained and reviewed, with an emphasis on examining overhead costs.

The design stage of ABC was then conducted, as shown in the ABC restaurant model (Figure 1). The first major component of the design stage was the division of the establishment into two activity centers: the Front-of-the-House (FOH), and the Back-of-the House (BOH). Next, activities were identified in both activity centers by detailing them in a flow chart. All activities were labeled as value-added and non-value added. In the restaurant industry, only activities that actually produce the product or provide service to the customer are value-added. Non-value added activities include receiving, storing, moving goods, or waiting for processing. Basically, non-value added activities consume resources without adding value to the end product.

Figure 1
ABC Model



The subsequent steps of the design process involved the examination of the general ledger and the assignment of overhead costs into homogeneous cost pools. Homogeneous cost pools are a collection of overhead costs for which cost variations can be explained by one cost driver (an estimated effort expended on each activity) and that share a common purpose. Next, cost pools were divided by the number of cost driver units, which established cost driver rates for each cost

pool. This pool rate was later applied in the second stage of the costing process to determine how much of the overhead cost pool cost was used by each individual entree.

The next step of the ABC process establishes second stage cost drivers by dividing the total costs of each activity center into activity cost driver pools. The ABC literature (Cooper, 1990; Turney, 1991; O'Guin, 1991; Garrison and Noreen 1997; Cokins 2001) established that activities have a hierarchy and cost drivers enable activities to be grouped into different levels such as unit-based, batch-related, product sustaining and/or facility sustaining. Thus, there are four categories of second stage cost drivers applicable to the restaurant industry. The first is unit cost drivers, which occur anytime a unit is produced and that are directly related to the number of units produced. The number of employee hours and units of utilities used are unit-based cost drivers applicable to the restaurant industry. The next category is batch cost drivers. Batch activities incorporate everything that is produced in batches such setting up the kitchen line or purchasing. Product level drivers signify resources that are used by product-level activities that are performed to sustain products in the company's product line. Examples of product-level activities in the restaurant business are establishing and maintaining specifications, recipe testing, and expediting food production. Finally, the facility-sustaining activity level must be considered, which contains costs that sustain a company's general processes, such as accounting, marketing, property taxes, security and landscaping.

Each of the activity cost driver pools has its cost assigned to products using a second-stage cost driver unique to each cost pool. A cost driver pool is distributed to products based on the number of cost driver units it consumes. The overhead cost applied to the product is calculated by multiplying the number of cost driver units with the cost pool rates established in Stage One. Finally, ABC costs that were calculated for each major item in the dinner buffet and were condensed as bills of activity (a completed bill of activity is presented later showing the average consumption of one dinner buffet unit). The results of applying an ABC process to calculate ABC costs for a restaurant dinner buffet are presented below.

RESULTS

First, a Process Value Analysis (PVA) was conducted, which revealed sixteen major activities for the BOH and FOH, of which forty four percent of the activities were labeled Non Value-Added (NVA) in the BOH and FOH. Next, all activities were combined into major activities by combining activities that have a common purpose. Major activities for the BOH were identified as cleaning, preparing, cooking, and administering. FOH activities were combined into six major groups: 1) communicating; 2) cleaning; 3) set-up; 4) processing checks; 5) serving customers; and, 6) administrating. Finally, all activities were labeled and listed in a chart of activities (Activity Dictionary), and cost pools emanating from the restaurant's general ledger were established. The basic activities observed in a buffet restaurant in Hong Kong were similar to those that were identified for a Fine Dinning facility in a previous (as yet unpublished) study by the authors. However, differences were observed in activities that were specific to a buffet, such as setting up and replenishing the buffet, as well as some activities that were not present in the Fine Dining restaurant, such as serving and ordering, or preparing and timing of individual dinner items.

General Ledger Cost Pools

Total undistributed operating expenses represented 59 percent of total revenues. Two costs were recognized as a major source of concern by management: 1) Labor and Related Costs; and, 2) Facility Sustaining Costs. Even though the HK facility's Direct Operating Expenses and Utilities costs were relatively low; however, management was also concerned about these costs and wanted to trace them to the dinner buffet. It was observed that the cost structure of the HK restaurant was very similar to costs that were identified in the U.S. ABC restaurant study; therefore, the U.S. restaurant model was applied to the HK situation.

Accordingly, four cost pools were established:

1. "Personnel" cost pool, which included all wages and salaries, over-time pay, the employee pension plan and employee meal accounts;
2. "Direct Operating Supplies" cost pool, which incorporated the uniform and laundry account as well as the supplies account;
3. "Utility" cost pool, which contained gas, water and power expenses; and,
4. "Facility Sustaining" cost pool, which included the repair & maintenance, accounting, general & administrative, insurance, transportation, telephone, marketing, entertainment, and rent expenses for the establishment.

Next, the cost pools were assigned to the activity centers (FOH and BOH) and cost pool rates were calculated. The assignment of overhead costs to the two activity centers resulted in several findings. First, the total overhead cost applied to all dinner buffet units was \$75,101. A total of \$37,193 (49 percent) was assigned to the FOH and \$37,908 (51 percent) to the BOH. Second, the total "Personnel" cost pool was \$29,154, which represented 39 percent of the total overhead costs. Costs of \$17,201 and \$11,953 were assigned to the "Personnel" cost pools of the FOH and BOH. The "Personnel" costs for the FOH represented 23 percent of total overhead costs and 16 percent for the BOH. The total overhead costs for the "Utility" and "Direct Operating" cost pools combined were only 1.2 percent of total costs. Finally, the "Facility Sustaining" costs represented 49.8 percent of total overhead costs.

The FOH hours were estimated to be 715 hours, including full and part-time worker hours and management time. The "Personnel" cost pool for the FOH was \$17,201. The cost pool rate for the FOH "Personnel" cost pool was calculated to be \$24.05 (\$17,201/715 hours). Since the tracing of overhead costs to one dinner buffet unit required cost pool rates per minute, the hourly cost pool rate of \$24.05 was divided by 60 minutes, establishing a cost pool rate of 41 cents per minute. The BOH "Personnel" cost pool was \$11,953. A total of 504.24 hours worked in the BOH could be attributed to dinner buffet production. Thus, the BOH cost pool rate was determined to be \$23.70 per hour (\$11,953.40/504.24 hours), or 40 cents per minute.

Next, gas, water and power costs were included in the "Utility" cost pool. All gas expenses were assigned to the BOH. Total gas expenses for August 2003 were \$1,468, of which \$367 was applied to dinner service; this amount represented part of the "Utility" cost pool for the BOH. Management estimated that 90 percent of the cost of power should be assigned to the FOH and 10 percent to the BOH. Therefore, the cost pool for the FOH was \$579 and the BOH was \$425. The cost pool rate for the FOH was determined to be \$0.81 (\$579.44/716 kilowatt hours [kwh]). The usage of water for the FOH was estimated to be 10 percent of total usage, which resulted in \$31.49 and a cost pool rate of \$7.63 (31.49/12.37 cubic feet [cuft]). The cost pool rate for the BOH was established by including the costs of gas, water and power. The total gas usage of \$3295 for the dinner shift was assigned to BOH. The cost pool rate for gas was calculated to be \$9.42 (\$3295.24/347.82 cuft). The cost of power was \$64.38 and the cost pool rate was 0.81 (\$64.38/79.49 kwh). The water cost pool was \$283.45 with a cost pool rate of \$7.63 (\$283.45/33.08 cuft).

Cost pool rates for the "Utility" cost pool were not used for two reasons. First, the cost pool rates for the BOH were calculated in different units; therefore, they were difficult to combine. Second, in order to trace utility costs to a dinner buffet unit correctly, it is necessary to track usage by installing electric, water and gas submeters in the BOH and FOH, which was not possible for the purpose of this study. Thus, utility costs were allocated to a dinner buffet unit by proportionately allocating these costs among all items. However, utility costs were retained as a separate cost pool in order to demonstrate cost assignments to the BOH and FOH.

The "Direct Operating" costs pool was then established by combining the "Cleaning Supply" and "Operating Supply" accounts. The total "Direct Operating" cost pool was determined to be \$4885. The cost pools for the FOH and BOH were \$977 and \$3908, respectively. This resulted in a cost pool rate of \$3.50 (\$977/279 items and \$3908/1,116 items) for both activity centers. However, since it was impossible to trace all direct operating supplies to a single dinner buffet item, it was decided to assign one unit of the "Direct Operating" cost pool rate per buffet item.

Finally, for the "Facility Sustaining" cost pool, the remaining overhead accounts were combined, including the repair & maintenance, marketing, insurance, administrative & general, contract cleaning, transportation, and rent expense accounts. The total amount for the "Facility Sustaining" cost pool was assigned equally to both activity centers. Finally, the "Utility" cost pool was added to the "Facility Sustaining" cost pool amount, resulting in a total cost of \$41,062.60. Thus, the amount allocated per one dinner buffet unit was \$23.13 (\$41,062.60/1775 dinner buffets sold in August 2003).

Next, both activity centers were divided into activity cost driver pools and levels of activities were established. Activities with insignificant costs were combined with activities that consumed significant amounts of resources. All BOH activities were grouped into 4 major activities: cleaning; preparing; cooking; and, administering. The FOH activity center activities were combined into 6 major groups: 1) communicating; 2) cleaning; 3) set-up; 4) processing checks; 5) serving customers; and, 6) administrating. Interview and observation methods were used to trace overhead costs and calculate ABC costs for major activities. Observation and interview methods were employed to identify second stage cost drivers and activity hierarchies, and to divide the activity centers into unit-level, batch-level, product sustaining, and facility sustaining cost pools. Basic second stage cost drivers for unit-level activities were identified as time spent on activities that were conducted each time a customer consumed a dinner buffet. General cost drivers for batch-level activities were based on the number of batches required, such as number of set-ups per day, or the number of times purchasing and receiving was

needed during the month. Major product-sustaining cost drivers were identified as the number of new buffet items created each month and the number of new employees hired per month.

Activity Cost Calculations

In the next phase of the study, overhead expense was applied to the product (one dinner buffet) by multiplying the cost pool rates with the number of units of overhead used by each item in the dinner buffet. The results for the FOH will be discussed first. After observing all major activities involved in the service of one dinner buffet unit, it was concluded that daily standards of service were mostly homogeneous for the service of all dinner buffets. Therefore, the same cost estimates were applied to all items included in the dinner buffet. The FOH main activities used the following time and cost estimates, expressed on a per customer (consuming one dinner buffet) basis.

A cost pool rate per minute of \$0.40, as established for the "Personnel" cost pool, was used to calculate the FOH costs. The unit-level activities included "Communicating" activities that took an average of 1 minute per entrée, resulting in cost of \$0.40 ($\$0.40 * 1$ minute). "Setting-Up" activities took 1.00 minute and cost \$0.40. "Processing Checks" activities also took an average of 1 minute and cost \$0.40 per dinner buffet.

Next, the cost for batch-level activities for the FOH was calculated. It takes 1.5 hours per dinner shift to complete all set-up activities, resulting in approximately 45 hours of set-up activities a month, and 1.52 minutes ($45 \text{ hours} * 60 \text{ seconds per minute} / 1775 \text{ buffets}$) per dinner buffet unit. Batch-level "Cleaning" activities for the FOH take approximately 1 hour a day, applied to the dinner shift. Therefore, the cost for one dinner buffet was calculated in the following manner. Sixty minutes per day were extended over a month and the result was divided by the total number of buffets sold for the month of August ($60 * 30 = 1,800 / 1775$), resulting in 1.01 minutes per entrée. Thus, the cost per buffet unit was \$0.40 ($1.00 \text{ minutes} * \0.40). The costs of the FOH "Administrating" activities were calculated by considering that the restaurant manager spends 12 hours a day working, of which about 33 percent can be applied to the dinner shift. The restaurant manager spent about one hour a day on unit-level activities in the FOH, which represented a cost of \$0.42 ($1 \text{ hours} * 30 \text{ days} / 1775 \text{ buffets}$) for one dinner buffet. Furthermore, approximately 50 percent of his dinner time was spent on batch-level activities for the FOH, which resulted in 2.03 minutes ($2 \text{ hours} * 30 \text{ days} / 1775 \text{ dinner buffets} = 2.03 \text{ minutes}$) per buffet unit, for a cost of \$0.81 per buffet unit. In addition, 25 percent of management time was spent on product sustaining activities in the FOH, which resulted in a per item cost of \$0.41 ($1 \text{ hours} * 30 \text{ days} / 1775 \text{ buffets}$). The same cost was applied for product sustaining activity costs for the BOH.

A bill of activities for a buffet customer was constructed (Table 1), which included the unit-level, batch level and product-sustaining activities for the FOH and product sustaining activity costs for the BOH. Furthermore, one unit of "Direct Operating" cost pool rates and one unit of facility sustaining cost were added.

Table 1
Bill of Activity per Buffet Customer

Activities	Resources Used	Cost Pool Rates \$ per Minute	Total Cost \$
Unit-Level Activities			
FOH			
Communicating	1.00 minute	0.41	0.41
Setting-Up	1.00 minute	0.41	0.41
Serving Customers	1.00 minute	0.41	0.41
Processing Checks	1.00 minute	0.41	0.41
Administrating	1.01 minute		0.42
Total Unit-Level Activities	4.00 minutes		2.06
Batch-Level Activities			
FOH			
Setting-Up	1.52 minutes	0.41	0.62
Cleaning	1.01 minutes	0.41	0.41
Administrating	2.03 minutes	0.41	0.85
Total Batch-Level Activities	4.56 minutes		1.88
Product-Sustaining Activities			
FOH			
Administrating	1.01 minutes	0.41	0.41
Product-Sustaining Activities			
BOH			
Administrating	1.01 minutes	0.40	0.40

Table 1
Bill of Activity per Buffet Customer

Activities	Resources Used	Cost Pool Rates \$ per Minute	Total Cost \$
Total Product-Sustaining Activities			0.81
Facility Sustaining Activities			23.13
Direct Operating	1 unit		3.50
Total Cost			31.38

Next, each main item of the dinner buffet received an additional bill of activities including BOH batch level activities and the item's food costs. When a customer purchased a dinner buffet unit, it was observed that only BOH batch level activity costs applied for each item in the buffet, which was added to the food cost of each item. In order to account for the differential usage rate of individual items, the manager was asked to estimate a percentage rate for them, which was applied to the food cost. For example, if a customer placed an item on her or his plate only once, a five percent value was assigned (i.e., 100 percent/20 main buffet items), which represented a three-ounce serving portion. Similarly, if most customers took a second helping of a particular item, a 10 percent value was assigned. For example, for the buffet item "Salmon Sashimi" the food cost was calculated in the following manner: a regular portion (three ounce) of the item cost \$8.50, while its food cost considering its popularity as a buffet item (8 percent) was actually \$13.60, which was calculated by first, establishing a ratio ($3/5=0.6$) that represented the above average usage the item, and second, by multiplying the original food cost (\$8.50) with sixty percent ($\$8.50 \times 1.6 = \13.60). The same procedure was used for all items in the buffet.

An example of the bill of activities for an individual buffet item is displayed in Table 2. For the Salmon Sushi, it was observed that it took 0.50 minutes to cut and assemble a three-ounce portion; therefore, a cost of \$0.20 was assigned for preparation activities. In addition, one minute was applied for cleaning activities with a cost of \$0.40 (one hour *30 days/1775 buffet items sold). In addition, the food cost for a three-ounce portion was determined to be \$8.50. On average, all customers helped themselves 1.6 times to this buffet item, so the food cost was \$13.60. Thus, the total cost of the bill of activity for the "Salmon Sashimi" was calculated to be \$14.20, which made it the most expensive item on the dinner buffet. This insight into an item's 'true' cost was probably not possible without the use of the ABC process contained in this study.

In addition, similar bills of activities were established for items in the buffet. Finally, the total of all bills of activities was added to the bill of activity per buffet customer in order to establish total ABC cost for one dinner buffet unit. The total cost for a dinner buffet per customer was calculated to be \$117.80. A dinner buffet was sold for \$128; therefore, the operating profit margin of one dinner buffet unit was 7.97 percent ($\$10.20/\128). With a fixed tax rate of 15 percent (\$1.53), an estimated net profit of \$8.67 (6.7 percent) was established for each dinner buffet sold unit. The implications that can be drawn from this study are discussed next.

Table 2
Bill of Activity per Buffet Item

Salmon Sashimi Activities	Resources Used	Cost Pool Rates \$ per Minute	Total Cost \$
Batch-Level Activities			
BOH			
Preparation	0.5 minutes	0.40	0.20
Cleaning	1.00 minutes	0.40	0.40
Total Batch-Level Activities	1.50 minutes		0.60
Food Costs	1.6 units		13.60
Total Cost			\$14.20

IMPLICATIONS AND LIMITATIONS

The analysis of the restaurant's general ledger cost pools has definitive managerial implications. First, the separation of overhead costs into homogenous cost pools and their assignment to the FOH and BOH activity centers revealed exactly where major costs occurred. This knowledge provides an opportunity for management to use Process Value Analysis to reduce costs in the FOH and BOH by reducing or eliminating non-value added activities. Furthermore, the ABC cost analysis uncovered how much of the price obtained for a dinner buffet is truly available as profit. The study also revealed that the dinner buffet achieved an acceptable profit margin for a restaurant. However, the calculated cost of a dinner buffet unit showed that management is not in a position to lower the price of the dinner buffet for promotional

purposes, unless costs can be reduced further. The information should be shared with the employees to conduct activities in a more efficient manner. Once employees and management comprehend the potential opportunities of an ABC system, they can manage the restaurant and execute tasks in a profitable manner while delivering value to the customer.

This study was able to accomplish both of its stated research goals. It was able to apply an established restaurant ABC model from the U.S. to a buffet restaurant in HK. Furthermore, the model allowed for the establishment of a unique overhead cost value for each item on the dinner buffet. This process resulted in the calculation of bills of activities for all items on the buffet, and a bill of activity per buffet customer. Therefore, the study was able to not only assign accurate overhead rates, but also to provide true product cost information for the dinner buffet, in the form of an operating profit margin for a dinner buffet unit. In addition, the modifications to the original restaurant model that were necessary in order to accommodate the buffet style of service at the restaurant created an ABC model that can be generalized to other buffet restaurants. Thus, this study confirmed the ABC model established by Raab (2003) is applicable to other styles of restaurants, and that the use of ABC is a feasible approach to restaurant product costing.

Several limitations of the study must be noted. First, the study was of an exploratory nature and used a convenience sample of only a single restaurant in HK. Second, it only conducted an ABC examination on the part of the organization that concentrated on the dinner shift. Management should also calculate ABC costs for the other meal periods, in order to determine overall profit margins. Finally, the cost information obtained from an ABC study should be used as part of an Activity-Based Pricing model in order to develop a better agreement between true product costs and market demand for this establishment.

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THE INFLUENCE OF CONSUMER AND BRAND SOCIAL RESPONSIBILITY
ON BRAND LOYALTY IN QUICK-SERVICE RESTAURANTS

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ABSTRACT

This study has supported the research of Brown and Dacin (1997) by showing that in addition to being the right thing to do, social responsibility can play a beneficial role in influencing consumers' attitudes toward a brand. It also showed that the consumers' inclination to reward brand social responsibility image moderates the relationship between brand social responsibility image and brand loyalty, and between brand social responsibility image and the constructs of product quality and service quality. Finally, brand social responsibility image was found to have a significant affect on both product and service quality.

Key Words: Social Responsibility, Consumers' Inclination to Reward Social Responsibility Image, Brand Social Responsibility Image, Brand Loyalty

INTRODUCTION

Social responsibility is an important issue in the hospitality industry (Parsa and Khan, 1993). With all its potential and perceived benefits, research into this area has been limited (Erffmeyer, Keilor, and LeClair, 1999). Social responsibility has been shown to have a positive influence on consumer behavior (Clarke and Bell, 1999), however the vast majority of related research has measured this relationship indirectly through scenario analysis of hypothetical firms rather than consumers' perceptions of real-world firms (Reidenbach and Robin, 1990). This paper presents a real-world study of social responsibility theory in the quick-service sector of the hospitality industry. The goal of the study is to provide a better understanding of how a consumer's image of a firm as a socially responsible organization will affect future patronage of the business.

Managerial knowledge of the role of social responsibility is of interest because there is a correlation between its perceived importance and the attitude and behaviors of industry leaders (Pinkston and Carroll, 1996). Knowing that there is a significant relationship between brand social responsibility image and brand loyalty, may serve to convince managers that social responsibility (in its many manifestations) should be an important element in decision-making. If there is not a significant relationship, then managers considering social responsibility initiatives might focus their efforts elsewhere.

Research Objectives

The objective of the research reported here was to learn if brand social responsibility image influences brand loyalty in the quick-service sector of the foodservice industry. It is hoped that this will be of value both to those concerned about society and those concerned about showing the highest reasonable profit. Additionally, if brand loyalty to socially responsible firms exists, it would be beneficial to determine if it is isolated in certain segments of customers (i.e., those with a greater inclination to reward businesses with greater social responsibility images). Specific research objectives were to determine:

- 1) the influence of a brand's social responsibility image on brand loyalty;
- 2) the influence of a brand's social responsibility image on the brand's image for product quality and for service quality;
- 3) the influence of a brand's product quality image and service quality image on brand loyalty; and
- 4) if consumers' inclination to reward brand social responsibility image moderates the relationship between brand social responsibility image and the brand's a) image for product quality and b) image for service quality; and c) customer brand loyalty.

LITERATURE REVIEW

In order to help develop marketing strategies, firms are continuously searching for clues to what foster brand loyalty. There is ample literature that supports the relationship between (tangible) product and service quality and brand loyalty in the hospitality industry (Oh and Parks, 1997; Jayanti and Ghosh, 1996). While there is less literature dealing with how a consumers' attitudes toward social responsibility can impact hospitality firms, there is some evidence that social responsibility may affect consumers' views of a firm's products and whether they are inclined to reward the firm's ethical behavior. For example, Creyer and Ross (1997) studied consumers' attitudes towards the ethical behavior of firms, focusing on the constructs of 1) importance of ethicality, 2) consumer expectations of a firm's ethicality, and whether they would 3) reward or 4) punish firms for their ethical or unethical behavior. The results of this research support the theory that ethically oriented consumers have a greater propensity for rewarding ethicality and a firm's ethical image increases the consumer's perception of the product and subsequently, their willingness to reward the firm's ethical behavior.

In a summary of 21 empirical studies by Pava and Krausz (1996), twelve showed a positive correlation between social responsibility and various measures of financial performance, eight showed neither a negative nor positive correlation, and only one of the studies showed a negative relationship. One study reported that 77 percent of Americans' purchase decisions are affected by a firm's reputation for social responsibility (Pizzolatto and Zeringue, 1993). A study in the hotel industry noted that 82 percent would pay more for products that were environmentally friendly (Gustin and Weaver, 1996). Vitell, Lumpkin, and Rawwas (1991) found that an individual's ethical orientation was a significant predictor of their consumer beliefs. In consumer models, beliefs lead to attitudes toward products, which then tie into purchase behavior (Lewis and Chambers, 2000).

In a study of financial performance and social responsibility, Wokutch and Spencer (1987) developed a two by two matrix (philanthropic activities and compliance with laws). The quadrants consisted of 1. Philanthropy/legal compliance, termed Saints; 2. No Philanthropy/legal compliance, termed Pharisees; 3. No Philanthropy/no legal compliance, termed Sinners; and 4. Philanthropy/no legal compliance, termed repenters. Over a five-year period, Saints and Repenters had the best financial performance (i.e., giving is good for both ethical and unethical firms). The worst financial performance was observed for the Sinners.

Conversely, Aupperle, Carroll, and Hatfield (1985) found that firms that are socially responsible may be at a less than favorable financial position relative to firms that do not emphasize such expenditures. Though general research on the subject is not unequivocal in its endorsement of social responsibility, it appears to be weighted in favor of firms that actively pursue it.

Brown and Dacin (1997) studied the impact of corporate ability and corporate social responsibility on corporate evaluation. While the relationship between corporate social responsibility (CSR) and corporate evaluation (CE) was positive, its strength was less than that for the relationship between corporate ability and corporate evaluation. Pitts, Wong, and Whalen (1991) suggested that consumers' ethical expectations and judgments form the criteria for behavior-based decisions just as more traditionally research factors, such as product quality, price, value, and so forth. These authors considered a consumer's ethical orientation as the "baseline" from which evaluations of ethical situations would occur. The correlation (r) between ethical evaluation (reverse scored) and purchase intention was $-.45$ ($p < .01$).

Based on a the literature review, which was abbreviated for this paper due to space constraints, a model was developed to illustrate the potential impact of social responsibility of on product quality, service quality and brand loyalty (see Figure 1). The model proposes that not only is brand social responsibility image a factor in a consumer's assessment of a firm's product and service quality but that a consumer's predisposition or inclination to reward brand social responsibility image will moderate these relationships. Table 1 provides definitions for the constructs used in the study while Figure 1 presents a visual depiction of the proposed relationships among the constructs.

Figure 1 The Influence of Consumer and Brand Social Responsibility Image on Brand Loyalty in Quick-Service Restaurants

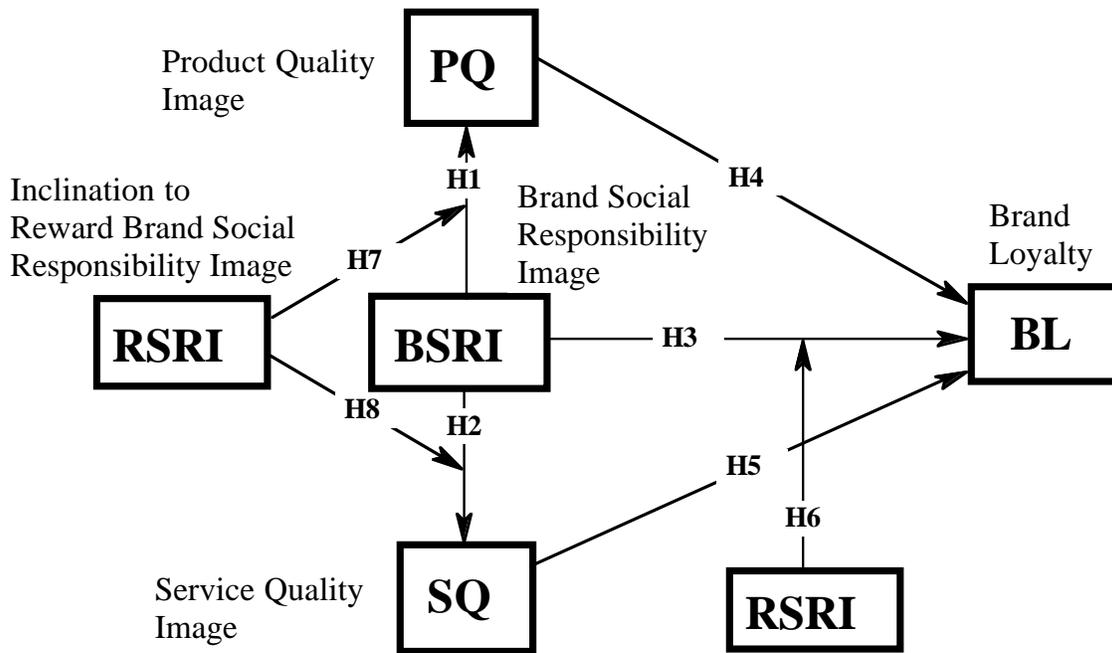


Table 1
Constructs of the Model

Inclination to Reward Brand Social Responsibility Image (RSRI). The consumers’ willingness to reward a firm based on its social responsibility image.

Brand Social Responsibility Image (BSRI). The consumers’ perceptions of a brand’s image related to social responsibility.

Brand Image for Product Quality (PQ). The consumers’ perception of the quality of product attributes of quick-service restaurants.

Brand Image for Service Quality (SQ). The consumer’s perception of service quality for quick-service restaurants.

Brand Loyalty (BL). The consumers’ affective/cognitive loyalty and purchase habits at quick-service restaurants.

RESEARCH DESIGN

The sampling plan selected was a convenience sample, a method that is commonly used in ethics-based research (Brown and Dacin, 1997; Rallapalli, Vitell, Wiebe, and Barnes, 1994). Rallapalli, et al., (1994) wrote that convenience samples are acceptable as long as the study is exploratory and the respondents are familiar with the questions being asked. Because this is a new model, essentially exploratory in nature, it was more efficient to test it first on a convenience sample. All variables were measured with a 7- point Likert-type scale.

Regression was selected to analyze the strength of the relationship between each pair of constructs. Inclination to Reward Brand Social Responsibility Image (RSRI) as a moderating variable was measured as follows: 1. RSRI and Brand Social Responsibility Image (BSRI) were transformed into dichotomous categorical variables. 2. These two variables were then utilized as independent variables in three separate ANOVA tests with brand loyalty, product quality, and service quality as dependent variables.

Data Collection

A total of 175 surveys were collected (85 intercepts and 90 students). A total of 85 intercept surveys were collected (45 from shoppers at Basha's Grocery Store—a prominent regional multi-unit chain, 27 from employees at a regional hospital, and 13 from faculty and staff at a University). In addition, 90 surveys were collected from students in introductory hospitality classes and hospitality technology classes at a school of hospitality management. A t-test was used to see if there were any significant differences between the intercept surveys and those of students. The results showed that

there were no significant differences at the .05 level ($p < .05$) between the responses of students and intercept respondents for the constructs of the study.

Factor Analysis

In initial iterations of the model a construct called Consumer Social Responsibility Orientation was included based on the literature review. However, items related to this construct and items related to the construct Inclination to Reward Brand Social Responsibility Image (RSRI) loaded on the same factor. The new construct was referred to as RSRI since the loadings associated with RSRI were strongest. Factors with Eigenvalues above one were retained for the study. Brand Loyalty (factor 1) accounted for 35.9 percent of the variance. The second highest loading was for Brand Social Responsibility Image (factor 2), which accounted for 10.3 percent of the variance. Subsequent loadings were Product Quality Image (factor 3, 8.9%), Service Quality Image (factor 4, 6%), Inclination to Reward Brand Social Responsibility Image (factor 5, 5.7%), and Service Quality Image (factor 6, 4.1%).

Reliability and Validity

The reliability of each of the scales was tested using Cronbach's Alpha. According to Nunnally and Bernstein (1994), an alpha of .7 is acceptable for exploratory studies. The alphas of all scales except Inclination to Reward Social Responsibility Image (RSRO) were between .88 and .93. RSRI produced an alpha of .73, which is acceptable for this initial test of the model.

Table 2
Cronbach Alpha for the Model's Constructs

<u>Scale</u>	<u>Alpha</u>
<i>Inclination to Reward Brand Social Responsibility Image</i>	.73
1. It really bothers me to find out that a restaurant that I buy from has not acted in a socially responsible manner.	
2. Whether a restaurant is socially responsible is not important to me in making my decision of what to buy.	
3. Overall, I tend to be more socially responsible than friends and coworkers.	
4. I would go several miles out of my way to buy from a restaurant that I knew to be highly socially responsible.	
5. I would pay more money for a product from a restaurant that I knew to be highly socially responsible.	
<i>Brand Social Responsibility Image</i>	.88
1. McDonald's has a concern for the environment.	
2. McDonald's is involved in local communities.	
3. McDonald's gives to worthy causes.	
4. McDonald's attempts to improve the quality of its products and services.	
5. McDonald's attempts to keep its restaurant clean.	
6. The quality-of-life that McDonald's offers its employees is higher than that of similar restaurants.	
7. McDonald's is socially responsible.	
<i>Product Quality Image</i>	.89
1. Tastiness of food.	
2. Portion size.	
3. Ingredient freshness.	
4. Temperature of food.	
5. Value (The price relative to the food's quality.).	
6. Overall food quality.	
<i>Service Quality Image</i>	.93
1. Employees' greeting.	
2. Employee attitude.	
3. No waiting.	
4. Speed of service.	
5. Overall service quality.	
<i>Brand Loyalty</i>	.93
1. I am very loyal to McDonald's.	
2. I would highly recommend McDonald's to my friends.	
3. I would continue to dine at McDonald's even if the price was higher.	
4. Of the times you purchase fast food, what approximately what percentage is at McDonald's? (For example, a number between 0 and 100) _____% (Note: A decision rule for this question was created where 1 = 0%; 2 = 1% to 20%; 3 = 21% up to 40%; 4 = 41% up to 60%; 5 = 61% up to 80%; 6 = 81% up to 99%; 7 = 100% .	
5. In the future, I intend to keep buying from McDonald's.	
6. The next time you go to a fast food restaurant, how likely is it to be <u>McDonald's</u> ?	

Content and face validity were assessed through the reviews of experts in scale construction (academic faculty members) and from input from consumers (students and academic staff). The questions were viewed as valid and understandable for the study. Convergent validity was examined internally by testing the correlation of single-item scales that measure Brand Social Responsibility Image, Product Quality Image, Service Quality Image, and Brand Loyalty with the items used to measure each construct. In each case convergent validity was supported--the variable used to test this form of validity was highly correlated with each other variable in its scale (r^2 of .496 to .838 and $p < .000$).

RESULTS

Hypotheses were developed based on the constructs in the model in Figure 1 and subsequently tested. The results of these tests are presented below.

H1: There is a positive relationship between BSRI and PQ.

H2: There is a positive relationship between BSRI and SQ.

The hypotheses of a positive relationship between Brand Social Responsibility Image (BSRI) and Product Quality Image (PQ) and between BSRI and Service Quality (SQ) were supported. For product quality, the correlation coefficient (r) was .554 with a coefficient of determination (r^2) of .307 and a significance level of $p < .000$. The Service Quality relationship had a correlation coefficient (r) of .534 and a coefficient of determination (r^2) of .285 ($p < .000$). The image of the brand for social responsibility influences the consumer's perception of both the firm's product and service quality. These results are supported by the work of Brown and Dacin (1997) who found a positive and significant relationship between corporate social responsibility (CSR) and the consumer's perception of both the firm and its products.

H3: There is a positive relationship between BSRI and BL.

The hypothesis of a positive relationship between Brand Social Responsibility Image (BSRI) and Brand Loyalty (BL) was supported. The relationship had a correlation coefficient (r) of .438 and a coefficient of determination (r^2) of .192 ($p < .000$). These results suggest that brand social responsibility image influences the brand loyalty of its customers, however, the relationship is weaker than that between Brand Social Responsibility Image and either Product Quality or Service Quality. A more rigorous best-fit model was designed that indicated that BSRI was not a significant predictor of Brand Loyalty (beta weight of .105, $p < .178$).

H4: There is a positive relationship between PQ and BL.

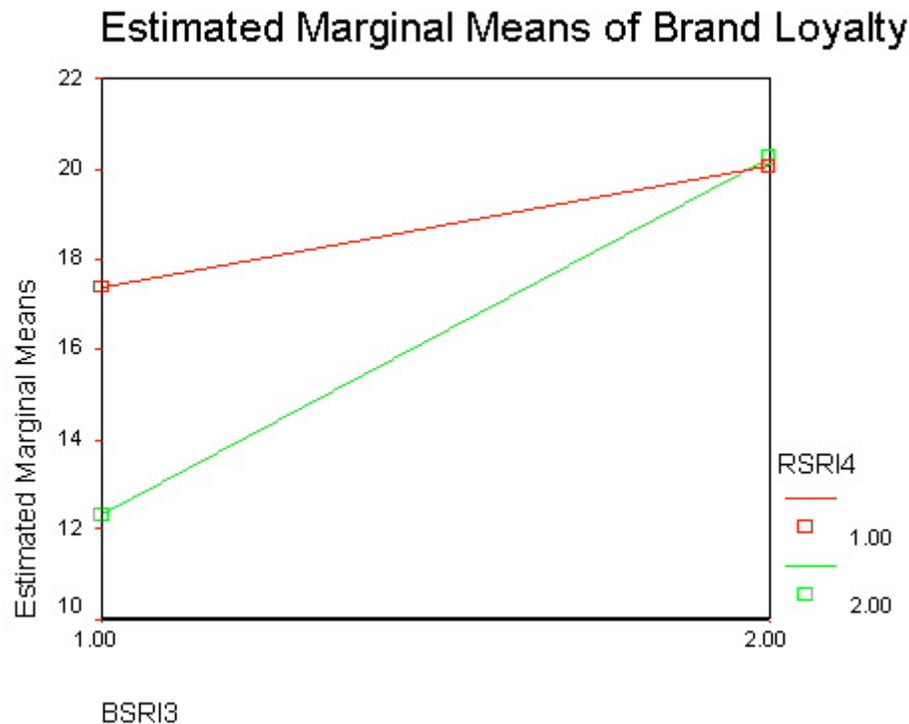
H5: There is a positive relationship between SQ and BL.

The hypotheses of a positive relationship between Product Quality Image and Brand Loyalty and between Service Quality and Brand Loyalty were supported. As the customers' perception of product and service quality increases, so does their brand loyalty. The Product Quality/Brand Loyalty relationship had a correlation coefficient (r) of .603 and a coefficient of determination (r^2) of .364 ($p < .000$). The Service Quality/Brand Loyalty relationship had a correlation coefficient (r) of .431 and a coefficient of determination (r^2) of .186 ($p < .000$).

H6: The relationship between Brand Social Responsibility Image and Brand Loyalty is moderated by the customers' Inclination to Reward Brand Social Responsibility Image.

Results showed that the Inclination to Reward Brand Social Responsibility Image moderates the relationship between Brand Social Responsibility Image and Brand Loyalty. It appears, however to moderate more under conditions of low inclination to reward brand loyalty (L-BSRI) than high inclination to reward brand loyalty (H-BSRI). Under conditions of both H-BSRI/H-RSRI and H-BSRI/L-RSRI, Brand Loyalty is relatively high with similar sample means (20.26 for H-BSRI/H-RSRI and 20.06 for H-BSRI/L-RSRI) (The figures represent the mean of the scale: 7-point scale times 6 items equals a possible mean of 42.). Brand loyalty for socially responsible firms is not affected by consumers' inclination to reward it. Conversely, under conditions of L-BSRI/L-RSRI and L-BSRI/H-RSRI, the differences are substantially greater (17.36 versus 12.30 respectively). In other words, if a customer who tends to reward brand social responsibility image views the firm as having a low brand social responsibility image, they will have minimal loyalty to that brand relative to all other groups (e.g., 12.30 relative to 20.26 for H-BSRI/H-RSRI consumers). (See Figure 2 for plot points. Because of the limit on the number of figures, only the figure showing plot points for this hypothesis is provided.)

Figure 2
Plot Points for BSRI and RSRI on Brand Loyalty



Notes:

1. The 3 and 4 included with BSRI and RSRI represent iterations of the construct and have no significance to this model.
2. The left vertical axis (y1) represents 1 for the dichotomous division of brand social responsibility image. The right axis (y2) represents 2 for BSRI.
3. Estimated marginal means (y axis) measures brand loyalty.

H7: Inclination to Reward Brand Social Responsibility Image moderates the relationship between Brand Social Responsibility Image and Product Quality Image.

The construct, Inclination to Reward Brand Social Responsibility Image, moderates the relationship between Brand Social Responsibility Image and Product Quality Image. It appears, however to moderate more under conditions of L-BSRI than H-BSRI. The mean for Product Quality Image for L-BSRI/L-RSRI was 22.8056, while the mean for Product Quality Image for L-BSRI/H-RSRI was 19.8649. The means for L-BSRI show that for customers inclined to reward brand social responsibility, firms with low brand social responsibility images will have a lower product quality image (19.8649), relative to customers that are less inclined to reward brand social responsibility image (22.8056). Under conditions of both H-BSRI/H-RSRI and H-BSRI/L-RSRI, Product Quality Image is relatively high with similar sample means (27.6053 for H-BSRI/H-RSRI and 26.7895 for H-BSRI/L-RSRI). Essentially, a positive Brand Social Responsibility Image influences product quality regardless of the consumers' inclination to reward it.

H8: Inclination to Reward Brand Social Responsibility Image moderates the relationship between Brand Social Responsibility Image and Service Quality Image.

The Inclination to Reward Brand Social Responsibility Image moderates the relationship between Brand Social Responsibility Image and Service Quality Image. However, it appears to moderate more at high levels of BSRI than at low levels of BSRI. Under conditions of both L-BSRI/L-RSRI and L-BSRI/H-RSRI, Service Quality Image is relatively low with similar sample means (19.9143 for L-BSRI/L-RSRI and 19.3514 for L-BSRI/H-RSRI). These results are somewhat counterintuitive in that consumers who reward social responsibility should also be most likely to punish poor social responsibility behavior. Conversely, under conditions of H-BSRI/H-RSRI and H-BSRI/L-RSRI, the differences are greater (25.3684 versus 22.3273 respectively). This shows that customers who tend to reward social responsibility and who view the brand as being socially responsible, will likewise perceive the brand's service quality as higher than any other consumer group.

FINDINGS AND IMPLICATIONS

Of the three constructs tested as antecedents to brand loyalty (product quality, service quality, and brand social responsibility image), product quality produced the strongest correlation with brand loyalty ($r^2 = .364$), followed by brand social responsibility image ($r^2 = .192$) and service quality ($r^2 = .186$). These findings make intuitive sense in that quick-service restaurants, being convenience products, are generally not sought out for high levels of unique service and evidently not primarily for their efforts at social responsibility. A more rigorous best-fit test showed that BSRI may not be a significant predictor of brand loyalty, however no other research was found that utilized this test.

It was found that a consumer's Inclination to Reward Brand Social Responsibility Image (RSRI) moderates the effect of Brand Social Responsibility Image (BSRI) on the constructs of Brand Loyalty, Product Quality, and Service Quality. The study showed that when brand social responsibility image was low and inclination to reward brand social responsibility image was high, consumers' perceptions of Brand Loyalty and Product Quality were very low. This means that a firm with low perceived brand social responsibility image that also has customers that are inclined to reward brand social responsibility image (H-RSRI) will find their Brand Loyalty and Product Quality perceptions suffering. At high levels of Brand Social Responsibility Image, there was very little difference in the perception of Brand Loyalty or Product Quality between consumers with high or low levels of Inclination to Reward Brand Social Responsibility Image. This means that even though BSRI may be high and concurrently have a positive influence on brand loyalty and on product quality, that consumers' inclination (high or low) to reward brand social responsibility image does not increase perceptions of product quality or brand loyalty. For consumers who reward brand social responsibility image, it is only the absence of a high brand social responsibility image that appears to influence perceptions of brand loyalty and product quality.

Consumers who are inclined to reward brand social responsibility image and who concurrently view the brand as being socially responsible, had the highest perception of the brand's service quality. Contrary to the brand loyalty and product quality moderating relationships, the perception of service quality for HBSRI/HRISRI group was substantially higher than that of the HBSRI/LRSRI group. Also contrary to the brand loyalty and product quality moderating relationships, at low levels of brand social responsibility image, there was little difference in the perception of service quality between groups with low or high levels of inclination to reward brand social responsibility image.

This study has shown that a positive perception of a brand's social responsibility image has a positive influence on the consumer's perception of brand loyalty, product quality, and service quality. For the brand, its social responsibility image and its image for product quality, service quality, and brand loyalty are moderately controllable variables. Customers' inclination to reward the brand's SR image is a minimally controllable variable. Subsequently, knowledge of certain groups that may be inclined to reward brand social responsibility image may allow practitioners to increase customers' perceptions of service quality by targeting these groups with information about the firm's SR efforts. Conversely, the brand must be aware that low perceptions of social responsibility will result in very low perceptions of product quality and brand loyalty for consumers who are inclined to reward brand social responsibility image.

Another finding of importance to practitioners is that as brand social responsibility image increases, so does the perception of the brand's product quality and service quality. This phenomenon is generally termed the halo effect. Consequently, as managers develop strategies that attempt to improve product and service quality perceptions, they should consider the ability of social responsibility efforts to indirectly aid in this effort.

CONCLUSIONS

This study was designed to provide an initial test of the relationships in the model in Figure 1. The sample was a convenience sample and, therefore, the findings are not generalizable. Future research into the applicability of the model should involve more stringent sampling parameters that will allow for testing methods, such as structural equation modeling, that can consider constructs simultaneously. In the meantime, it is hoped that the model presented here can serve as a starting point for further research into the importance of social responsibility in the hospitality industry.

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CABIN CREW TRAINING IN THE MANAGEMENT OF DISRUPTIVE AIRLINE PASSENGER BEHAVIOR

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ABSTRACT

The nature and role of training to deal with disruptive airline passenger behavior (DAPB) is examined, particularly in the context of defusion and de-escalation of DAPB to enhance aviation safety. In-depth, semi-structured interviews (N=8) were conducted with flight crew, cabin crew, and trainers. Template analysis provided a framework for discussion. Most training courses were found to be too short, lacked realism and paid insufficient attention to learning styles. It was concluded that there is no substitute for experiential learning to increase practical knowledge and skills' application, hence increase confidence, and in turn enhance flight safety and security.

Key Words: Training, Air Rage, Cabin Crew, Flight Attendant

INTRODUCTION

The media term 'air rage' is referred to by airline personnel and academics as disruptive airline passenger behavior (DAPB) (Dahlberg, 2001). Although these terms may appear to be synonymous, the former usually involves violence (Vivian, 2000) and describes an extreme on the DAPB continuum. By 2001, the number of DAPB incidents on United Kingdom (UK) airlines reported to the CAA (Civil Aviation Authority) was in excess of 1200 annually but fell by 15% in 2002 (Department of Transport, 2002); the focus of this study, training to deal with DAPB, remains a serious international issue. Most DAPB literature centers on contributory factors (Beeks, 2000; Bor, Russell, Parker & Papadopoulos, 2001; Dahlberg, 2001; Morgan & Nickson, 2001), namely: intoxication; smoking; seating arrangements; luggage disputes; mistreatment by employees; and in-flight services. Dahlberg (2001) attests that dealing with DAPB is the responsibility of airlines and their employees, namely flight deck crew (FDC), cabin crew (CC) and ground staff. However, as DAPB occurs normally in the cabin it is the CC's responsibility (Bor, 1999; Lecouturier, 1999), so they need to be trained to manage conflict or 'contain threatening situations in a 'street-wise' manner' at least until the aircraft has landed 'safely on the ground where the risk to all is reduced' (Bor, 1999:8-9).

CC may learn how to deal with DAPB through experience. However, Reid & Barrington (1999:7) comment that: 'random learning is somewhat unpredictable, slow in performance, and may even be counterproductive'. Authors concur that training in correct procedures allows the modification of employees' behaviors to take place if such learning is delivered through a formal, productive, systematically planned route (Reid & Barrington, 1999; Harrison, 2000). Armstrong (2001) noted the three key components of behavior that training aims to modify: knowledge – what individuals need to know; skills – what individuals need to be able to do; and attitudes – what people feel about their work, each of which is addressed by this paper. It is important to structure training to ensure logical progression of learning objectives (Bloom, 1956) and to maximize learning opportunities through consideration of individual learning styles (Honey & Mumford, 1986). Factors that prevent learning transfer, such as course brevity, lack of subsequent after the course, and differences between the classroom and work environment (Wills, 1998) also require attention.

UK employers have a legal duty to ensure the health, safety and welfare of their employees at work (Health and Safety at Work Act, 1974) and so the Health and Safety Executive (1996:7) recommended that employers should provide training to allow employees to 'spot the early signs of aggression and either avoid or cope with it'. CC training for safety and emergency procedures (SEP) are dictated by the Joint Aviation Authority (JAA, 2001) in JAR-OPS Section 1, Subpart O, which details the training requirements for new recruits, conversion and differences (familiarization with aircraft types) training, and annual requirements for serving members. Training details are provided on: fire and smoke; water and survival; medical aspects and first aid; communication; discipline and responsibilities; crew, resource and passenger management. Initial training should include advice on the recognition and management of passengers who are, or become,

intoxicated with alcohol, or are under the influence of drugs, or are aggressive (JAA, 2001, JAR-OPS Section 1, Subpart O, Appendix to JAR-OPS 1.1005). These stipulations fulfill UK health and safety legislation in the broadest sense. However, while recurrent training addresses other SEP issues, it does not include the passenger management element. Furthermore, interpretation of these broad dictates, through training syllabus design, appears to be left to individual airlines. Wanyanga (2000:8) shows concern: 'no training program is better than its curriculum... standardization of training methods and skills, including the necessary course material, is the most efficient way of ensuring the quality of graduates'. In the wake of the 11 September 2001 attacks, ICAO (2002) issued measures effective from 1 November 2003, including expanded training to deal with DAPs and unlawful interference.

Authors appear to be unanimous about the importance, and desirable content, of CC training to deal with DAPs (for example, Bor, 1999; Hella, 2001; Morgan & Nickson, 2001). Such knowledge and skills include: the causes of DAPB; passengers' feelings and expectations; de-escalation skills; conflict management; self-defense and restraint procedures; and reporting procedures. Despite its recognized importance, training to deal with DAPB has received only cursory treatment by all but one author, Hella (2001), who considered the phases of the assault cycle (triggering event, escalation, crisis, recovery and post-crisis). This limited treatment may reflect a wider attitude in the airline industry as FDC training is often given preference over CC training in times of cost-cutting (Prew, 1997). This paper does not consider the relative importance of FDC versus CC training; the absolute importance of FDC safety training of the highest quality is recognized. However, as Lecouturier (1999) states, technological advancements mean that aircraft are more reliable than ever and accidents are more survivable, therefore human factors and cabin safety have become increasingly important. This paper examines this gap in the research, emphasizing training to enhance aviation safety.

METHOD

A combination of deductive and inductive methods employed themes from the literature and in-depth, semi-structured interviews. Interviewees (airline personnel) taken from a sample frame pertaining to scheduled and charter airlines, defined as carriers holding Type A licenses with the CAA in the UK, were accessed using snowball sampling. DAP trainers were sought but the research population could not be established; using internet searches, two trainers were identified. In total, eight interviews were conducted (see Table 1). It is acknowledged that the sample is not representative of the research populations in terms of demographic strata; the limitations of the snowballing method are acknowledged (Lincoln & Guba, 1985). Nevertheless, both trainers had trained CC on initial and recurrent programs. One trainer worked for a charter airline; the other had worked with both scheduled and charter airlines. The FDC members represented a scheduled airline and a charter airline. All of the CC had several years' operating experience.

Table 1
Profile of Interviewees

Job Title	Organization	Sex	Coding	Job Title	Organization	Sex	Coding
Line trainer/flight supervisor	Scheduled airline 1	Male	TS1	Cabin crew	Scheduled airline 2	Female	CS2
Training manager	Training contractor	Male	TCo	Cabin crew	Scheduled airline 3	Male	CS3
First officer	Charter airline 1	Male	FC1	Cabin crew	Scheduled airline 4	Male	CS4
Senior first officer	Scheduled airline 2	Male	FS2	Cabin crew	Charter airline 2	Female	CC2

Three of the CC worked for scheduled airlines and one for a chartered airline. The CC's experience meant that their responses were based on recurrent courses, whilst the trainers provided insight into practice on initial programs. The interview questions were tailored to the nature of the respondents' jobs, and their content emanated from the literature, centering on demographics (job title and duties), training provision (length and nature, content, delivery methods), sources of training, duties and responsibilities, learning styles and evaluation of training. The empirical data were analyzed in combination with the secondary data using template analysis (King, 1998). Data from the coded transcripts were mapped onto a template for which a 'code book' of categories (Cresswell, 2003) was devised based on themes and sub-themes derived from the literature review. Cross-category themes were identified and connected, supplemented by content analysis. The template was modified throughout the analytical process, employing themes induced from the primary data and using template organizing techniques. The template was revised until all the data had been coded and analyzed, which means that key themes that were not apparent from the outset emerged (cf. King, 1998). Table 2 clarifies the sources of the themes and sub-themes, and provides the framework for discussion of the findings.

Table 2
Source of Empirical Data in the Coded Template with Respect to Training

Training: Programs Overview: <i>Duration</i>
Training: Knowledge Contributory factors: intoxication; smoking; issues pertaining to employee(s) treatment of passenger(s)/cabin crew behavior, seating, luggage, <i>delays</i> , in-flight services; <i>passenger ill-health</i> . Aggression and the assault cycle; <i>passenger's mental condition</i> . Legislation/ <i>company policy/procedures</i> .
Training: Skills Defusion/communication/de-escalation: <i>Awkward customers; body language; empathy; listening; verbal warnings</i> . Restraint: <i>Teamwork; crew safety; passenger submission techniques; aftercare (first aid; passenger safety and emergency procedures; survival)</i> .
Training: Attitudes Delivery methods and learning styles: <i>Lecture, video, demonstration; classroom practice; 'mock-ups'; discussion, role play; scenarios; Theory versus practice</i> . Ability (to apply knowledge and skills) and confidence (in own abilities); <i>support; course length; realism; frequency</i> . Responsibility and discipline.
Training: evaluation and improvements Key: Theme deduced from literature review; <i>Theme induced from empirical data</i>

STUDY FINDINGS

Programs: an overview. All respondents acknowledged the importance of DAPB training; every company provided both initial and annual training for CC as part of the safety and evacuation procedures (SEP) with a strong distinction being made between SEP and DAP management courses. All in-house courses were run by serving or ex-CC who trained in DAP procedures exclusively such as TCo. The nature and duration of DAP training courses varied. They lasted, on average, four hours but ranged from one hour to one and a half days. CS4 commented: (officially) 'we spend two hours doing it [DAP training], but we actually only spend 40 minutes on it because it's always at the end of the day and we just want to go!' This course brevity has implications regarding the amount of training delivered, the extent to which learning transfer can take place (Wills, 1998) and CC confidence in applying the knowledge and skills.

Knowledge: The knowledge imparted in training is analyzed using key themes, i.e. contributory factors, aggression and the assault cycle, and legislation (Table 2). Every program had elements to raise CC's awareness and recognition of DAPB contributory factors, including intoxication, smoking, interpersonal confrontations, employee treatment of passengers, seating, luggage, delays, and in-flight services. Generally, the focus was on the passenger as an assailant (cf. Morgan & Nickson, 2001) but the extent to which this aspect was addressed varied with the program length. Differentiation of altered behavior due to illness from DAPB was highlighted. TS1 and TCo covered CC behavioral dimensions, including issues concerning the assailant's personality, entitlement, opposition to authority and mental illness, and the influence of groups in the initiation and progression of DAPB (TCo).

The four CC stated that aggression theory, including familiarization with the phases of the assault cycle, was not a course feature although the trainers did include instruction in aggression. One full day was devoted to DAP training (TS1 and TCo), covering escalation from normal to crisis phase, and stressing the necessity of making informed decisions to control situations depending on a passenger's location on the assault cycle. TCo also examined the recovery phase but TS1 claimed it was not part of the CC's job as their role was to calm or contain the situation until somebody more qualified could deal with it. However, TCo argued that if a violent passenger had been controlled, there were opportunities for CC to re-establish meaningful communication; knowledge of the complete cycle was necessary to allow CC to differentiate between instances when communication could be achieved, and when attempts to communicate might exacerbate the situation. He maintained that CCs are the biggest trigger to aggression; they should not allow passengers to 'wind them up' but must learn to maintain control. The CC considered that more emphasis on the assault cycle would be beneficial in training. CC2 commented that it would help to study the psychology of anger: 'it'd be useful to look at what makes people flip' in order to identify potential problem passengers. TCo pointed out that passengers with mental illness could go straight to the crisis phase, and bypass the other phases, so a flexible approach had to be part of training. Knowledge of Aviation Law, covered in all courses, was considered to be vital. The Air Navigation Order (CAA, 2000) was cited as useful for identifying on-board offences. All courses included company policy and procedures, such as incident reporting and enlisting passenger assistance when dealing with DAPB; there was consensus regarding the importance of providing CC with company backing in confrontational situations. Companies employing warning letters/card systems trained employees to use these when appropriate.

Skills. The skills were categorized by themes: defusion; communication; de-escalation; and restraint (Table 2). Every interviewee recognized the importance of preventing confrontational situations from escalating to the potentially violent, damaging and safety threatening crisis phase on the assault cycle. CS3 encapsulated this view: 'nip it in the bud... the last straw is the restraint kit... the sooner you can control the situation the better... it's easier [to pacify a situation] than to divert an aircraft or deal with someone trying to pull open the flight deck door'. However, only TS1's, TCo's and FC1's full day minimum DAP training involved skills to defuse or de-escalate a confrontational situation with the remaining companies viewing such passenger management as a service quality issue (cf. Nelms, 1998). They only taught restraint skills in recurrent training with de-escalation of minor incidents being covered in initial training.

Communication: The most frequently mentioned theme, was exemplified in non-aggressive body language, empathy and listening skills. FS1, FC1, TS1 and TCo agreed that its inclusion in courses was essential. They stressed the importance of information flow between CC and FDC, especially since 11 September 2001, to keep FDC abreast of escalating situations and to allow them to act appropriately, such as arranging for police to meet the flight or diverting the aircraft, should flight safety be jeopardized. All courses informed CC regarding the extent to which they should and could act independently to defuse and control situations. TCo indicated that CC do not need permission to control a passenger using their hands (Tokyo Convention, Article 6, 1963) but the captain's authorization is needed before using restraint items, even a shoelace. He continued: 'in a spontaneous incident, the CC can react quickly, effectively [to control the situation]', whilst talking to the captain on the intercom to obtain authorization to use the restraint kit. However, CS3 displayed disquiet at having to seek such permission. As de-escalation skills are practiced regularly in CC-passenger interaction, effective learning transfer takes place. TS1, TCo and FC1 had a proactive approach to defusing confrontational situations, based on their ability to identify problem passengers and some understanding of the assault cycle. TCo commented: 'get to that person [disruptive passenger] first... as soon as you identify a person, a warning sign, a trigger, a problem, work hard with that person.' CC who did not receive training to defuse situations suggested that their companies should employ such training. While appropriate body language, empathy, listening et al. were covered in initial training, there was doubt about the value of verbal warnings or company-specific sanctions (such as letters or red card systems) in preventing situations from escalating into violence. CS2 found these could aggravate confrontational situations: 'if they're [DAPs] drinking or swearing they rip it [warning letter] up and throw it back at you'! All of the interviewees stressed that restraint training was advocated only when all other options to resolve an incident had been exhausted. Without exception, CC were instructed on the use of restraint kits (straps and handcuffs), release techniques, appropriate levels of pain infliction to encourage DAP submission and in the aftercare of restrained passengers, including the danger of positional asphyxia. There was consensus that teamwork and speed are keys to effective restraint, bearing in mind personal safety and the potential dangers of acting alone. Only FC1 provided FDC restraint training; the other company policies stated that FDC were not allowed to leave the cockpit but they did cover the FDC's role in DAPB. TS1's company's restraint training was for long-haul CC only because it is much easier to divert on short haul. Such practice does not ensure that employers protect the health, safety and welfare of their employees through adequate training (Health and Safety Executive guidelines, 1996, following Health and Safety at Work Act 1974).

Attitudes. Under attitudes, delivery methods, learning styles, the association between ability and confidence, discipline and responsibilities are discussed. Considerable differences were found in delivery methods, which were adapted to the airline's facilities by TCo. Video using scenarios for debate, discussion and lecture were the most common approaches; role-play was also used. Lectures were unanimously unpopular and boredom was a barrier to learning for all: 'It's the same people doing the same things every year' (CS3). TS1 encouraged learning through videos and lectures, incorporating role-play scenarios, with trainers going 'pretty much berserk'. TCo provided realistic opportunities 'in a controlled environment [where] they're safe and aware what's going on, but they're under pressure. If they get it wrong – good! You learn by experiential learning'.

For all, restraint training began with a demonstration of techniques and practice in a classroom environment. CS3's training involved merely cuffing each other in groups to a chair! Learning transfer was improved using mock-up seats (FC1, CC2, FS1, CS2 and CS4) but colleagues as opposed to actors were restrained. TS1's company was the only one to use both single and twin aisle cabin mock-ups in DAP training, although all the others used them for SEP training. CC2, CS2 and CS4 saw no benefit in using mock-ups as they were familiar with the aircraft interior and configuration. However, FC1 and CS3 agreed that it was better to practice passenger restraint alongside the physical obstructions in the cabin. All agreed that the courses taught knowledge and skills. In line with Bloom's (1956) taxonomy, only through realistic scenarios do trainees have the opportunity to apply, synthesize, and evaluate this theoretical learning; lack of realism was a major CC concern. Realism was found only when at least one full day was devoted to DAP training. Although training was not comprehensive due to the unpredictable nature of DAP, most felt that it was as good as the company could reasonably provide. TCo remarked that training could not cover all potential incidents but offered a framework for adaptation to

individual situations. The CC responses suggested that insufficient attention was paid to trainees' differential learning styles (Honey & Mumford, 1986), which were not accommodated by the shorter courses.

Viewpoints concurred regarding attitudes imparted during training and were indicative of a close association between ability and confidence. It was agreed that CC had the ability to deal with most incidents by adapting knowledge and skills but their confidence was variable. Only TCo mentioned explicitly that the training sought to develop CC confidence; other interviewees suggested that confidence was almost a by-product of training, especially if FDC and company support was evident. The only interviewee to encounter DAPB, CS2, realized that she did not know enough and had no chance when 'faced with a guy who's about to kick off', confirming that relatively short courses and lack of realism not only impede learning transfer but also inhibit confidence development. Other CC agreed that more frequent training would increase confidence but the FDC believed that CC DAP training was adequate and improving continuously.

Evaluation and improvements. Every interviewee identified an on-going cycle of course evaluation and improvement with the inclusion of new training scenarios, resulting from first-hand reported incidents. Differences emerged, however, as to the way in which new information was used. TCo's company employed a holistic approach with syllabus changes being determined by 'real' incidents and thorough debriefing; FS2 thought that insufficient use was made of 'real' incidents. A content analysis revealed desirable areas for improvement. Extension of the course length (more than four hours), regular (more than once per year) and more realistic training, in particular in the use of the restraint kit, were the key recommendations. However, mindful of the issue of commercial viability, CS2 said that annual training 'would be fine if it was in more depth and more life-like'. Training to defuse situations, rather than relying on admonitory systems that can exacerbate them, was sought (cf. Morgan & Nickson, 2001, who reported an airline switching to a proactive training program witnessed a subsequent significant decrease in incidents involving physical restraint). Furthermore, TS1 commented that training CC in de-escalation strategies to prevent crisis phase was a commercially sound practice as aggression is not conducive to repeat business, although safety must be paramount. If de-escalation can be achieved, there is likely to be less need for restraint, so increasing CC's confidence. Restraint training was considered adequate by all, but course brevity and lack of opportunity to use the skills in the workplace detrimentally affected learning transfer for some. FC1 advocated integrated DAP training for CC and FDC, to enrich communication, although other interviewees disagreed. TS1 and TC1 attested that during integrated training, FDC tend to dominate CC and 'older' captains 'switch off' (TS1), perceiving irrelevancy. TCo insisted that the only way to improve training was through standardization by governing bodies: 'ICAO, IATA and other organizations – the CAA, FAA – need to get their act together' and take responsibility. FC1 maintained that the responsibility issue remained unchanged after September 11th but 'level of awareness had definitely increased'. The crux of the problem is that CC training to deal with DAPB varies widely in terms of quantity, quality and content.

CONCLUSIONS

This study critically assessed the extent to which CC training enables DAP incidents to be controlled. Courses covered the three essential elements of effective training: knowledge, skills and attitudes (Armstrong, 2001) and that all of them fulfilled the requirements outlined in JAR-OPS Section 1, Subpart O (2001). However, variance in training was evident. Course length was found to correlate positively with depth and volume of content and also with delivery methods hence learning opportunities (via learning styles). The knowledge and skills content of all courses concurred with, and extended, the themes identified in DAPB literature, particularly with respect to contributory factors (such as Beeks, 2000; Bor et al, 2001). Full day courses differed from shorter courses in that they included aggression theory (as recommended in Hella, 2001; Morgan & Nickson, 2001). Part-day courses lacked critical elements of application, analysis, synthesis and evaluation afforded by longer courses which encouraged the application of knowledge and skills, and attitude development, offered more realistic learning opportunities and allowed trainees to evaluate and improve their performance and bridged the gap between classroom and workplace learning. It is deduced that longer courses enable CC to deal more effectively with DAPB. It was established that confidence is an attitudinal learning outcome of training, thematically related to acquired knowledge and skills. The more CC understood about DAPB, and the more conversant they were with the skills necessary to prevent or control it, the more confidence they had in their ability to deal effectively with a real situation.

The limitations of the study centre on the small and unrepresentative sample. However, the evident tentative link suggests that longer courses lead to increased CC confidence levels. The study showed that training is vital in equipping CC with the knowledge, skills and attitudes necessary to deal with DAPB, the uniqueness of which means that prior knowledge and experiences cannot fully prepare any individual to deal with its diverse and potentially life-threatening nature in a controlled and reasonable manner (cf. Health and Safety Executive, 1997; Reid & Barrington, 1999; Bor 1999; Vivian, 2000; Dahlberg, 2001). An evaluation of the effectiveness of training is through the ability to apply knowledge and skills, employee attitudes in the workplace (Armstrong, 2001), and post-course assessment (Harrison, 2000). The unique and

spontaneous nature of DAPB may render this task impossible; the effectiveness of training is evident only during DAP confrontation. Nevertheless, the FDC and the CC subjected to DAP training attested that it provided them with confidence to deal with real situations. The promotion of such confidence is paramount for the safety and security of the aircraft and all concerned.

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DECISION-MAKING IN SELECTING A FOOD SERVICE SYSTEM

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ABSTRACT

The selection of a food service system (cook-chill, cook-freeze and cook-hot-hold) is a major strategic initiative, which involves large capital investment. This paper describes the steps in the decision-making process: the identification of the need for a system, evaluation of different systems, system selection, implementation and analysis of outcomes. There is a need for quantitative approaches, which would integrate operational and financial inputs.

Key Words: food service systems; cook-chill; cook-freeze; productivity

INTRODUCTION

Food provision in restaurants, hotels, entertainment venues, institutions and on transport is vital for tourism, it represents 28% of its turnover (Hall and Sharples, 2003). In Australia, cafes and restaurants provide about 50% of the hospitality turnover (Australian Bureau of Statistics). At the same time the costs of raw materials, labour and rentals continue to increase (Anon., 2003).

The developments in equipment design and packaging technologies offer a wide range of options for a production line approach (Jones, 1988). Traditionally, cook-hot-hold (conventional), cook-freeze and cook-chill, short shelf-life (SSL) and long shelf-life (LSL), systems have been applied to increase profitability through bulk buying power, higher productivity, better equipment utilisation and more process control.

The complexity of a system tends to increase with the increase in size of food service operations (Mibey and Williams, 2002); in practice a combination of different systems is often used (Rybka, 1999). In Australia, commercial sector is deriving additional revenue through innovative approaches: Conrad Jupiter's Casino provides the Gold Coast Convention Centre with plated chilled meals; the ACCOR's Queensland resorts are supplied by the Eurest, a cook-freeze production unit; the Darling Harbour Convention Centre, Star City Casino and Sydney Olympic Stadium prepare sous vide soups and sauces for internal use; Qantas Flight Catering and Anglican Retirement Villages sell packaged meals through retail outlets.

At present, the multi-million dollar investments are based on subjective opinions of food service operators and a standard approach to assess the feasibility of a particular food service system is needed (New South Wales Health Department, 1996). The objective evaluation of performance of food service systems are of interest to the following stakeholders:

- Chains of restaurants/hotels/resorts
- Large venues (convention centres, stadiums, etc)
- Food services on transport (railways, cruise ships, airlines)
- Institutional food services (hospitals, nursing homes, retirement villages and industrial caterers)
- System/equipment suppliers
- Food service planners/designers
- Educational and research bodies
- Government departments and environmental health services
- Professional bodies

In Australia, the latter are represented by the Tourism Hospitality & Catering Institute of Australia, Institute of Hospitality in Healthcare, Australian Cook-Chill Council, National Association of Food Equipment Suppliers, Bureau of Tourism Research, Office of National Tourism, etc.

Thus, the aim of this paper is to analyse the decision-making process in selecting a new food service system. The objectives are to summarise the factors affecting the performance of the systems and suggest quantitative approaches in the system selection.

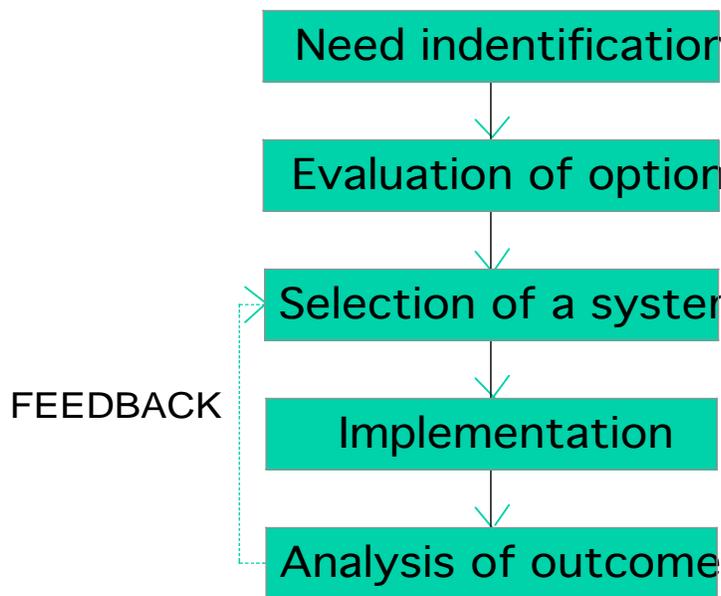
SELECTING A NEW FOOD SERVICE SYSTEM

The steps in the decision-making in selecting a new food service system are described in Figure 1. The motivations to use modern technologies are explored during the need identification step. Each system prevents decay and degradation of food and allows the introduction of the so-called ‘time buffer’ between production and consumption (Creed, 2001). Fundamentally, there are two main reasons for the need of the buffer. It is both cost prohibitive and physically impossible to prepare each meal individually on demand in the situations with hundreds and even thousands of customers at a time such as casinos, convention centres, large hotels, resorts, hospitals, schools, airlines and cruise ships.

The evaluation of food service options is a challenging task. Nettles, Gregorie and Canter (1997) listed 65 issues of importance to food service directors, which are related to operations, costs, finances, construction, food quality, administrative support and the need for technical information in cook-chill operations. Not only the systems have numerous inputs/outputs, but in many cases SSL is combined with LSL systems such as sous vide (cooked under vacuum) and hot-fill.

Greathouse (1987) identified technical core variables (full time equivalent or FTEs, skill level of employees, turnover rate, absenteeism rate, age of employees, percentage of full time employees, overtime, square footage, heating equipment, meal delivery systems, menu and operating hours), organisational variables (hospital size, construction type and production volume) and external environment factors (hospital control, city/country size and geographical region) for conventional, cook-chill and cook-freeze systems.

Figure 1
Selecting a new food service system process



The approaches in integrating all these inputs in a model can range from regression analysis (Greathouse et al., 1987) to structure equation modelling (Yoon, Gursoy & Chen, 2001). A model would reject or accept hypothetical relationships between different factors, the new paths can be established. The statistical significance of inputs would be tested through the feedback loop (Figure 1) against the output indicator(s) established in the analysis of outcomes step.

The future models can be developed using the ‘total’ productivity (Andersson, 1996) measuring all resources used and created in an activity. The aggregate productivity model suggested by Reynolds (1998) reflects the overall outcomes of food services:

$$\text{Productivity}_j = \text{rev}_j / \text{fc}_j + \text{lc}_j + \text{doe}_j + (\text{mi or mf})_j + \text{alij}$$

where

- rev_j – revenue
- fc_j - food cost
- lc_j - labour cost
- doe_j - direct operating expenses for period *j*
- (mi_j or mf)_j - apportioned minimum investment or management fee for period *j*
- ali_j - amortized leasehold improvements for period *j*

Similar approaches are used in food retail to address the challenges resembling those in food services - larger organisations with a wider breadth of assortment and services, numerous inputs and value-adding activities. Ratchford (2003) applied the econometric productivity measurement to evaluate the total impact of the multiple inputs (Table 1). The more variables are in the system the more relevant the total productivity approach becomes (Andersson, 1996) and the food service system selection model can be based on this 'all embracing' interpretation of productivity.

Table 1
Variable used in measuring productivity in retail sector

Variable	Definition
Total cost normalised by price of intermediate services	Sum of capital, Labour and intermediate services costs deflated by Implicit GDP Deflator
Physical output	Quantity of goods sold at retail food stores
Services	Index of proportion of stores offering service deli, service bakery, film processing, dining, open Sunday, catering, pharmacy, service fish, service meat
Breadth of assortment	Index of average items per store
Price of intermediate services	Price of purchased services (electricity, advertising, etc.)
Price of capital relative to price of intermediate services	Weighted average price of land, structures, equipment, inventory, relative to price of intermediate services
Price of labour relative to price of intermediate services	Average hourly wage of retail food store workers relative to price of intermediate services
Share of capital	Capital cost/total cost
Share of labour	Labour cost/total cost

Compiled from Ratchford (2003)

IMPLEMENTATION AND ANALYSIS OF OUTCOMES

After a system has been selected, the outcomes would depend on its competent implementation and management, which requires rigorous and complex quality assurance, planning further ahead and communication with satellite kitchens (Johnson & Chambers, 2000). The literature on system implementation is descriptive in nature: Glew (1985) and Light and Walker (1990) provided the blueprint for success - thorough background research, staff training, careful equipment selection, product development, consultation with trade unions, strict adherence to technical and safety requirements and stable management force.

Networking between different production units is the most advanced level in the implementation – the network members can choose to specialize in particular products and supply each other with the complete set of menu items. The higher level of economies of scale, reduced product development costs, superior food quality due to the accumulated expertise and selection of products most suited for a particular system can be achieved. In Australia, the New South Wales Health Department (1996) applied SWOT analysis and trend forecasting in the development of the networking strategies, which reflected the main attributes of the systems - heavy reliance on technology, standardization and specialization as a means of achieving internal and external competitiveness.

In the analysis of outcomes step, the outputs of the systems can be analysed quantitatively in order to assess the effectiveness of the system in achieving the primal goal – the delivery of a quality product at competitive cost. Increased productivity is the main 'selling' point for the systems and often treated as a predictor of operating costs. FTEs (Greathouse, 1987) and meals produced per human hour (Hong & Kirk, 1995) can be used to measure the ratio of outputs to inputs. The meal unit methodology developed by the Australian Institute of Hospitality in Healthcare (www.ihhc.org.au) defines an average meal by applying different weighting coefficients according to the differences in labour and food costs (tea service vs breakfast vs lunch vs dinner). The methodology allows a standard approach to meal counting and comparison between organisations in both institutional and commercial sectors, but does not differentiate between production and service costs. Food costs per patient can represent an alternative way of benchmarking, food service

management systems such as C-BORD (www.cbord.com) or similar can facilitate the identification of production costs in the total expenses.

CONCLUSION

The objective approaches to system selection have largely been ignored in the hospitality research literature. This indicates that the expectation of food service directors regarding cost saving from a particular system might not be met. The descriptive steps in system selection include the need identification, evaluation of options and implementation. The system selection and evaluation, on the other hand, are quantitative steps where productivity indicators or costs can be used as possible predictors of outcomes.

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FOOD SERVICE EMPLOYEE JOB SATISFACTION: AN ANTECEDENT TO LEARNING FOOD SAFETY

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ABSTRACT

Employee food safety training is conducted to reduce foodborne illnesses. However, training alone cannot reduce the propensity for employees to produce non-contaminated foods. According to researchers, organizational behavior contributes to the reduction of foodborne illness occurrences because it can help understand and improve the performance of employees. This study investigated the influence of the work environment on HACCP based food safety training. Specifically, it explored if university food service employee satisfaction is an antecedent to the learning acquired during training. The results indicated that two components of employee satisfaction and training satisfaction predicted food safety post-training test scores of employees.

Key Words: job satisfaction, food safety, HACCP, and training.

INTRODUCTION

The national food safety campaign has implemented Hazard Analysis Critical Control Points (HACCP) systems throughout the US food supply chain. HACCP, developed in the food manufacturing industry, is known as a managerial tool for food safety (Bryan, 1990). In order for the program to be successful, potential hazards associated with a food service operation are analyzed, and critical control points are identified where those hazards could be eliminated, reduced or prevented. The monitoring of the critical points by food handlers is a major factor in HACCP procedures.

Although contamination may occur at any stage of food distribution, the final stage of the channel is regarded as the most critical, and food service establishments are implicated in the majority of foodborne outbreaks (Bryan, 1990). Therefore, it is necessary for employees understand how they can prevent foodborne illnesses.

Employee food safety training and/or HACCP training are conducted to reduce foodborne illnesses and outbreaks. Education and training are considered as one of the key elements to the successful implementation of a HACCP program. In addition, studies have found that food safety training and certification have a positive impact on the sanitation in food service establishments (Cotterchio, Gunn, Coffill, Tormey, and Barry, 1998; and Cohen, Reichel, and Schwartz, 2001). Conversely, training alone cannot reduce the propensity for employees to produce non-contaminated foods.

According to researchers organizational behavior contributes to the reduction of foodborne illness occurrences because it can help understand, predict, and improve the performance of employees (Walczak, 1999; and Cohen et al., 2001). Organizational behavior is the study of factors that affect how individuals and groups act in organizations and how organizations manage their environments (George and Jones, 2002). It extends managerial education to the study of people, groups, and their organizational interactions (Bowditch and Buono, 2001). In order for the food service industry to be more effective, understanding the implications of organizational behavior is necessary (Walczak, 1999).

Abundant research exists that investigates organizational behavior in food service, and much of that research examines employee job satisfaction in the industry (Duke and Sneed, 1989; Hsiao and Kohnke, 1998; and Jaffé, Almanza, and Chen, 1994). However, limited research exists that investigates the influence of job satisfaction on food safety behaviors. In particular, Walczak (1999) had theorized the connection between job satisfaction and food safety behavior, however research supporting the theory is limited.

Lastly, the design of a food safety training workshop may also influence food safety learning and behavior. Instructional designers assert that learning is influenced by training strategies, and well-designed strategies can influence workshop satisfaction and enhance the transfer of learning (Smith and Ragan, 1983; and Gagne, Briggs, and Wager, 1992).

This study investigated the influence of the work environment on HACCP based food safety training. More precisely, it explored if university food service employee satisfaction is an antecedent to the learning or knowledge acquired during food safety training. In addition, the researchers investigated if employee reaction to training also influenced HACCP learning when compared with various organizational behavior constructs.

LITERATURE REVIEW

The Importance of Food Safety Training

In the United States, it was estimated that foodborne diseases caused approximately 76 million illnesses, 325,000 hospitalizations, and 5,000 deaths each year (Mead, Slutsker, Dietz, McCaig, Bresee, Shapiro, Griffin, and Tauxe, 1999). The major cause of foodborne illness is the improper handling of food, such as the transfer of bacteria from the hands of food service employees. Proper food safety training can reduce the risk of foodborne illness and reduce the number of deaths caused by foodborne illness. As a result, the Pillsbury Company developed Hazard Analysis Critical Control Point (HACCP) in the 1960s. HACCP is an effective training program and when properly implemented can decrease the incidents of foodborne illness caused by improper handling (Cohen et al., 2001).

Job Satisfaction in the Food Service Industry

Job satisfaction is a major component of organizational behavior. Employee satisfaction with the organization, their supervisor, and work environment has been found to contribute to the employee's appraisal of the work situation and work related behaviors. Locke (1976) defines it as the pleasurable or positive emotional state that results from an employee's job or experience associated with the job.

Vyskocil-Czajkowski and Gilmore (1992) investigated the job satisfaction level of food service supervisors. The researchers found that participants were overall somewhat satisfied with their job. More specifically, among the job satisfaction subscales, "nature of work" and "supervision" were found to be the most satisfying. In addition, "promotion," was the least satisfying subscale. Subsequently, they asserted that this could be related to the limited opportunities for upward mobility in the food service industry. Hsiao and Kohnke (1998) results indicated that the employees were less satisfied with "pay" and "promotion" and were most satisfied with "nature of work" and "supervision." While the aforementioned research identifies which components of job satisfaction are most or least valued within food service organizations, the research failed to investigate the influence employee satisfaction has on food safety behaviors.

Job Satisfaction as an Antecedent of Food Safety Learning

Instructional designers have recognized that learning can be affected by individual motivation and attitudinal positions. According to Gagne et al. (1992), attitudes are embedded within a complex of interconnected propositions. They asserted that internal states affecting choices of personal action are strongly influenced by situational factors. In addition, Mathieu, Tannenbaum and Salas (1992) theorized that the work environment influenced training motivation and training effectiveness. Their research indicated that the work environment had a marginally significant relationship to training motivation. Lastly, Tracey and Tews (1995) affirmed that when evaluating the effectiveness of training, individual employee characteristics and the work environment must be considered along with program content, design, and implementation. Therefore, managers need to understand that the work environment may have a significant impact on one's preparation for and transfer of training.

Training Strategies and Learner Reaction to Training

A primary stage in the instructional design process model is strategy development (Smith and Ragan, 1983). According to researchers (Gagne et al., 1992; and Mathieu et al., 1992), training strategies are relevant to the design process and relate to learning and learner satisfaction. Therefore, lessons appropriately designed will enhance learner knowledge and experience.

While studies exist that examine the influence work situations on training motivation and transfer of learning, studies investigating the influence of job satisfaction on food safety training are limited. Specifically, research is needed to understand the implications that job satisfaction may have on HACCP learning. In addition, research needs to investigate if employee reaction to training enhances learning when compared with job satisfaction. Therefore, the hypotheses developed from the cited research are as follows:

- Employee job satisfaction will be a predictor of the knowledge acquired through a HACCP based food safety training program.
- Employee reaction to training will be a predictor of the knowledge acquired through a HACCP based food safety training program.

METHODOLOGY

Participants

Eighty-five full-time food service employees employed by a major Midwestern university participated in the study. The employees were assigned to the university housing department and were primarily of non-exempt status or hourly paid employees. They were requested to participate in the paid training by their supervisors.

Job Satisfaction Survey

The JSS was originally developed for use in human service organizations, but it is applicable to all organizations. This scale has been found to be simple to understand, thorough, and applicable to the food service industry (Vyskocil-Czajkowski and Gilmore, 1992). The predominant use of the JSS by researchers (Vyskocil-Czajkowski and Gilmore, 1992; Hsiao and Kohnke, 1998; and Jaffé et al., 1994) supported the assumptions that the instrument was valid and reliable.

The JSS assesses nine subscales: pay, promotion, supervision, fringe benefits, contingent rewards, operating conditions, co-workers, nature of work itself, and communication. Four items measured each subscale (Spector, 1997). The JSS was modified to use a seven-point Likert-type rating scale: 1=very strongly disagree, 2=strongly disagree, 3=disagree, 4=neither disagree nor agree, 5=agree, 6=strongly agree, and 7=very strongly agree. In addition, gender, race and ethnicity, tenure on the job and university, and education level were demographic items added the survey.

HACCP Food Safety Test

In order to test for the employee knowledge acquired through the training, a pre- and post-HACCP food safety test was created. Both the pre- and post-tests were identical. The test consisted of 14 multiple choice questions relating to safe food handling practices based on HACCP principles. The highest score possible was 20 points.

Reaction to Training

The post-test survey included three questions on the reverse side that investigated the employee reaction to the HACCP training. Questions were developed to investigate the employee reactions to training – more specifically their satisfaction with the training. The items were utilized to explore if employee satisfaction with training had contributed to the knowledge acquired when compared to job satisfaction.

The Food Safety Training Session

The session was based on a training kit developed by a member of the research team. The HACCP training kit entitled, "HACCP: The Way to Food Safety," contained an national award winning video presentation, an accompanying workbook, four color posters, a magnet, a thermometer, and a box of disposable gloves. All training materials were developed at Southern Illinois University, Carbondale in collaboration with the Illinois Department of Public Health (Ashraf, Endres, Welch, Girard, Bloom, Blaise, and Atwood, 2000).

The session was approximately five hours long. On the day of the training session, but prior to delivering the food safety training content, the JSS was distributed, completed, and collected from the participants. The HACCP pre-test was additionally distributed, completed, and collected preceding the commencement of the food safety training. At completion of the food safety training, the post-test and reaction to training measurement were distributed, completed, and collected. In order to correlate the three forms, the employees were asked to code their JSS, pre- and post-tests using their day and month of birth as an indicator at the top of each instrument. For example, if an employee was born on August 10th their completed forms were coded as 0810 at the top of the instrument.

Data Analyses Strategy

Data were analyzed utilizing the Statistical Program for Social Sciences (SPSS) version 9.0 software. Cronbach's alpha was used to measure reliability of the JSS as well as the reaction to training items. A paired-samples *t* test was utilized to investigate for a significant difference between pre and post-test HACCP scores. Finally, regression analysis was applied to explore which job satisfaction dimensions predicted the employees' post-test score.

RESULTS

Demographics

Thirty-eight percent (n=32) of the participants were male and 47% (n=40) were female. Fifteen percent (n=13) of the employees did not specify gender on the JSS survey. Fifty-nine (n=50) percent were Caucasian, and 18% (n=15) considered themselves minority status. Twenty-four percent (n=20) did not answer the race/ethnicity item. Five percent (n=4) had been employed under one year, while 12% (n=10) were employed between one and three years, and 69% (n=59) had been employed three years or more. Fourteen percent (n=12) did not indicate their tenure at the university. Employment tenure within the department was very similar to length of employment at the university. Forty-eight percent (n=41) had a high school diploma or GED equivalent, and 35% (n=30) had a college degree. Sixteen percent (n=14) failed to indicate their education level.

The JSS

Thirty-six items comprised the JSS. Each subscale was based on the sum of their four items. Cronbach's alpha was used to estimate reliability of the nine job satisfaction subscales. The "pay" and "operating conditions" dimensions had one of their four items removed to better improve their subscale alpha score. As a result, Cronbach's alpha for the subscale reliabilities and overall satisfaction ranged from .51 to .89.

Table 1 indicates the mean scores and standard deviations of the JSS subscales in rank order – most satisfying to least satisfying dimensions. The overall job satisfaction score is also identified. The "nature of work" and "supervision" subscales had the highest scores, while promotion was the lowest scored subscale.

Table 1
JSS Subscale Mean Scores

Subscale Rank	Subscale		Mean*	SD
1	Nature of work	64	4.86	.94
2	Supervision	72	4.67	.98
3	Fringe benefits	72	4.37	.84
4	Operating Conditions (item no. 15 removed)	70	4.27	.92
5	Coworkers	73	4.17	.82
6	Pay (item no. 19 removed)	71	3.93	1.14
7	Communication	71	3.80	.74
8	Contingent rewards	70	3.55	1.12
9	Promotion	73	3.16	1.09
	Overall job satisfaction	64	4.12	.60

*Scale: 1=very strongly disagree, 2=strongly disagree, 3=disagree, 4=neither disagree nor agree, 5=agree, 6=strongly agree, and 7=very strongly agree.

Food Safety Pre- and Post-Test

Fourteen questions comprised the HACCP based food safety training pre- and post-test. The highest possible test score was 20. In order to determine the knowledge acquired due to the HACCP training, the paired-sample *t* test was conducted using the pre- and post-test scores. The results indicated that the mean score for post-test ($M=18.67$, $SD=2.49$) was significantly greater than the pre-test score ($M=17.11$, $SD=2.58$), $t(60) = -6.746$, $p=.000$.

Reaction to Training

Three items comprised the reaction to training dimension. The respondents were queried about the value of the training content and its contribution to their performance and professional development. In addition the participants rated their satisfaction with the training session. Cronbach's alpha for the dimension was .92. Utilizing the seven point Likert scale similar to the JSS, the reaction dimension mean was 5.79 (n=62, $SD=1.21$).

Predictors of Food Safety Learning

Regression analysis was conducted to explore the relationship between job satisfaction and knowledge acquired from the HACCP training session. However, only 55 participants completed all measurement items (JSS, pre- and post-test, and reaction to training). According to Huck (2003), the *n* size for regression should be at least 10 times the amount of independent variables. Therefore, the top four JSS components were entered as independent variables in the regression model in addition to reaction to training: (1)nature of work, (2)supervision, (3)fringe benefits, and (4)operating conditions. The dependent variable was the HACCP training post-test. Spector (1997) recommended collapsing all JSS subscale scores to comprise a total job satisfaction score. However, a total satisfaction score comprised of its own sub components could

lead to multicollinearity. Therefore, the total job satisfaction score was not entered in to the regression model. The regression results, indicated in Table 2, show that supervision, fringe benefits, and reaction to training significantly predicted the HACCP post-test scores.

Table 2
Regression analysis for JSS components as predictors of the HACCP post-test

Variable	B	SE	Beta	T	Sig
Constant	15.982	1.471		10.861	.000
Supervision	-.683	.277	-.482	-2.466	.017
Fringe benefits	.706	.239	.396	2.960	.005
Reaction to training	.461	.176	.344	2.624	.012

Note: $R^2=.259$; Dependent variable=HACCP post-test score

DISCUSSION AND CONCLUSION

The results of the JSS indicated that university food service personnel were most satisfied with their: (1) nature of work, (2) supervision, (3) fringe benefits, (4) operating conditions, (5) and coworkers. The most satisfying subscales identified were similar to the satisfaction research indicated in the literature review. In addition, promotion was identified as the least satisfying component of job satisfaction, which reflected the results of the cited research.

According to the paired-sample *t* test, participants scored significantly higher on the post-test indicating a greater knowledge of food safety after the training was conducted. Therefore, training can be associated with the food safety knowledge acquired - supporting the notion that training can have a positive impact on food safety behavior. However, this study investigated only learning, not behavior.

Results of the regression analysis supported the hypothesis and demonstrated that supervision, fringe benefits, and reaction to training predicted almost 26% the post-test score. While fringe benefits demonstrated a positive affect, supervision had a negative relationship with the post-test scores.

As previously described, 69% (n=59) of the employees had been employed by the university three or more years. According to Gordon (2002) benefits attract and retain employees. Therefore, it is possible that the years of employment are related to satisfaction with fringe benefits. Subsequently, employees with longer tenure on the job might be more focused on the training and retain the food safety content. However, the negative relationship between supervision and the post-test score is more perplexing.

Three of the four JSS supervisor items measure feeling or affect for supervisor. The fourth item investigates the employee perception of the supervisor's ability to do their job - it does not specifically address supervising employee performance. The dimension primarily measures employee affect for the supervisor, rather than gauging the supervisor's ability to manage subordinate behaviors. Practicing food safety behaviors requires that supervisors direct employees to abide by specific rules and guidelines. Therefore, practicing food safety is performance related. It is plausible that employees with positive affect for their supervisor score lower on the HACCP post-test because their relationship with their supervisor is based on positive emotions rather than performance attributes. For example, Leader Membership Exchange (LMX) research indicates that supervisors with high quality relationships with subordinates evaluate employees favorably regardless of performance. Conversely, supervisors with low quality relationships are more objective in their performance ratings (Duarte, Goodson, Klich, 1994). As a result, employees having a high satisfaction with their supervisor (as defined by Spector) may not be as concerned with learning food safety because they believe they will be favorably evaluated regardless of practicing food safety behaviors.

Lastly, the results showed that a favorable reaction to training related to learning - indicating support for theorist's assertions that training strategies influence learning. However, this study failed to investigate which training strategies are best for food safety workshops. Further research exploring instructional design methodologies and the influence of those methodologies on training satisfaction could enhance food safety learning.

In summary, the research focuses narrowly on university food service personnel and utilized a small sample for the investigation. However, while it is difficult to generalize the results, the study lends support for the belief that organizational behavior is influential in learning food safety and that food safety training contributes to food safety learning. It reinforces the position that the employee work environment is influential to the knowledge acquired. Therefore, the results of the investigation should convince food service managers to consider the effects organizational behavior has on

food safety training and learning. By understanding the interactions among organizational conditions, training, and employee behaviors, food service managers should reduce the employee propensity to serve contaminated foods.

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ASSESSING IMPORTANCE AND PERFORMANCE OF FOOD AND SERVICE QUALITY ATTRIBUTES OF
DINING SERVICE IN CONTINUING CARE RETIREMENT COMMUNITY

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ABSTRACT

The purpose of this study was to evaluate the importance and performance of food and service quality attributes of dining service for older adults. Attributes with highest importance rating included food sanitation skills, personal hygiene of wait staff, clean appearance of wait staff, tenderness of meat, and taste and flavor of food. Overall respondents perceived service quality attributes higher than food quality attributes. This study also identified the relative importance of food and service quality attributes. Taste and flavor of food was relatively more important than appearance of server, tenderness of meat, attentiveness of server, and temperature of food.

Key Words: Service Quality Attributes, Food Quality Attributes, Dining Service, Older Adults, Importance-Performance analysis, Conjoint Analysis

INTRODUCTION

Continuing Care Retirement Communities (CCRCs) provide a variety of meal choices and service delivery options. The services offered in a contract include priority admission to assisted living or nursing care, medical and nursing services, or assistance with activities of daily life. The meal services offered range from buffets to wait staff service in a restaurant environment. Food availability and socialization should be maximized for the individuals living in residential care facilities (Cluskey, 2001). Participation in the meal services encompasses more than a way to meet the nutritional needs. An appropriate dining experience includes quality of service in an environment that supports socialization.

Enhancing the residents' overall dining experience in a CCRC should result in improved nutritional status since the respondents will increase the frequency of eating in the dining facility and may increase the amount and the nutritional quality of food they consume. Giampaoli and Khanna (2000) stated that establishing residents' food preferences and the reasons for these preferences may increase the residents' satisfaction and meal consumption which may ultimately lead to improve nutritional status. Customers in various institutions evaluate their needs and preferences regarding food service differently (O'Hara et al., 1997). Thus, there is a need for identifying CCRC residents' food preferences and their specific needs related to foodservice. In addition, it is necessary to examine the CCRC residents' perceived level of food and service quality attributes and identify the most critical areas for improvement. This study explored both food (outcome) and service (process) in the meal service and determined which attributes need to be emphasized for improvement to increase customer satisfaction.

Many quality attributes or dimensions of quality may positively influence customer satisfaction. Not all service quality attributes have the same effect on customers' perceptions of service quality. Some attributes may not be critical in creating customer satisfaction (Swan & Combs, 1976). Myers and Alpert (1971) postulated that only a limited set of attributes (determinant attributes) play a critical role in determining choice among alternatives. Determinant attributes are those that are important to customers and vary among alternatives. Swan and Combs (1976) stated that some customers might judge products on a limited set of attributes which were relatively important in determining satisfaction.

However, it is not known which specific attribute is relatively more important than others when customers evaluate meal service. The quality attributes or dimensions of greatest importance to the CCRC residents should be emphasized. The meal service then should be designed based on the quality dimension most important to the residents if the CCRC is to increase the frequency of residents' eat in the dining room. The purpose of this study was to identify the relative importance of food and service quality attributes. In addition, this study evaluated the importance and performance of food and service quality attributes of current offerings at a selected CCRC.

REVIEW OF LITERATURE

Attributes of Food and Service Quality

Many researchers have studied the quality of meal service and satisfaction with foodservices in restaurants, hospitals, and CCRCs (Dube, Renaghan, & Miller, 1994; Dube, Trudeau, & Belanger, 1994; Johnston & Upton, 1991; Lau & Gregoire, 1998; O'Hara, Harper, Kangas, Dubeau, Borsutzky, & Lemire, 1997). Johnston and Upton (1991) investigated managers' perception of customers' satisfaction with the hospital cafeteria services. Four factors were identified using factor analysis: food, service, environment, and accessibility. Food, including variety, quality, nutrition, portion size, and prices, was the most critical factor in determining overall rating of the service. Dube, Trudeau, et al. (1994) identified seven dimensions that represented how patients perceive the quality of foodservice. Food quality, customization, and attitude of the staff who deliver meals are the best predictors of patient satisfaction with meals and the foodservice. Customization was the most critical service dimensions in explaining the overall satisfaction of patients with meals. Dube, Trudeau et al. (1994) recommended the customization be added to service quality attributes.

Dube, Renaghan, et al. (1994) studied the relationship between specific attributes and return patronage in upscale restaurants. Food quality was rated more important than all other attributes. Food tastiness, consistent food, and menu variety accounted for 55% of the final decision to repeat a purchase in the pleasure situation and 50% of the final decision to repeat a purchase in the business situation. Service quality in the area of waiting time, attentive server, and helpful server accounted for 31.8% of the final decision in the pleasure decision and 35.5% of the final decision in the business situation. Atmosphere accounted for 13.1% in the pleasure occasions and 15.2% in the business occasions.

O'Hara et al. (1997) identified food and service variables associated with high customer satisfaction with foodservices in a continuing care hospital. Satisfaction with the presentation of meal was the best predictor of overall satisfaction. Clients who were very satisfied with the taste of food and were very satisfied that "cold food was cold enough" were the most satisfied overall. The results suggested that when trying to maximize satisfaction with hospital food, service providers in continuing-care settings should focus on a few characteristics related to the quality of food and the presentation of meal, rather than on patient-specific variables. Lau and Gregoire (1998) examined perceived quality of foodservice using the ratings of inpatients and post discharge patients in a continuing care hospital. Consistent with other studies, food quality was the best predictor of overall satisfaction for both groups of subjects. Attention given by foodservice staff, explanation of diet, food variety, food taste, and temperature of food were predictors of inpatient overall satisfaction with the food.

Over the past three decades, numerous researchers have sought to discover the attributes of service quality. Several researchers have applied SERVQUAL in various industries to examine the relative importance of service quality attributes to the overall service quality as perceived by customers (Heung, et al., 2000; Lee & Hing, 1995; Lee, Shanklin, & Johnson, 2003; Richard, Sundaram, & Allaway, 1994). Richard, et al. (1994) investigated the importance of service quality in predicting choices of a pizza delivery restaurant. They proposed that SERVQUAL ignored the outcome dimension of service quality, such as whether or not respondents believed that the restaurants provided delicious and nutritious pizzas, and whether or not the pizzas has generous amounts of topping, and whether or not the pizzas were made with superior ingredients. An analysis using a logit model revealed the outcome dimensions (taste, topping, and crust of pizza) and three process dimensions (responsiveness, reliability, and empathy) and showed that both process and outcome quality were important determinants of choice.

Lee and Hing (1995) revealed that the customers had high expectations for the service quality dimensions of assurance (e.g., orders without errors, well-trained staff) and reliability (e.g., accurate check, staff are dependable in fixing problems). Customers' least important expectations were related to the tangible dimension, such as visually attractive dining areas, modern dining equipment, and employees who are well-dressed. Heung, et al. (2000) adapted the SERVQUAL model to assess travelers' perceptions of service quality at full-service, casual dining, quick service, and Chinese restaurants in a Hong Kong airport. Travelers had different levels of expectations for the different types of restaurants. For instance, travelers had the highest expectations in "receiving food as they ordered it" in the full-service, casual dining, and Chinese restaurants. They had the highest expectation in "prompt and quick service and convenient operating hours" for the quick-service restaurant. Lee, Shanklin, and Johnson (2003) developed a service quality measurement to examine dimensionality of foodservice quality foodservice provided at CCRC. The instrument encompassed both the process and outcome aspects of service quality. Although the scale showed good content validity, the study failed to verify the theoretical dimensionality of service quality for this segment of the foodservice industry.

METHODOLOGY

Sample

The population was the residents of independent living units of CCRCs located in Kansas. The Consumers' Directory of Continuing Care Retirement Communities: 1999-2000 (1999) published by American Association of Homes and Services for the Aging (AAHSA) was used for the sampling frame.

Focus group

Focus groups were used to identify the important attributes of food and service quality. Residents were asked to define food and service quality and to identify attributes that influence their definition and preference. Eight focus groups were organized in three CCRCs in three cities. A total of 45 residents volunteered to participate. Significant patterns in focus group responses were grouped according to common themes.

Instrument development

The contents of instrument (questionnaire and dining room profiles) were developed based on the results of the focus group. The questionnaire was composed of three sections. Section A and B included the quality attributes of food and service in CCRCs. The residents were asked to rate the importance on 5-point scale (1= not very important to 5= very important) in section A and their perception of the actual performance of the CCRC in section B on the 5-point scale (1=very poor to 5=very good). Section C requested socio-demographic data about the residents.

Dining room profiles were developed to determine the relative importance of each attribute. A different combination of attribute levels was included on each profile. The number of attributes was reduced to five due to a possible limitation of cognitive ability of adults over age 65. The following attributes were selected as most important from the focus groups: attentiveness of server, clean appearance of server, taste/ flavor of food, temperature of food, and tenderness of meat. Each attribute was presented at either of two extremes within a given dining room profile. The possible combination of all attribute levels is $2^5 = 32$. However, this study used 8 combinations using a fractional factorial design (Addelman, 1962). Fractional factorial designs are usually utilized in order to reduce the number of evaluations collected while still maintaining orthogonal among the levels and subsequent part-worth estimated. Each respondent was presented eight dining room profiles. They were asked to rank each dining room profiles in terms of their preference. An 8-point scale was used to rank the meal service. The best meal service is ranked as "1" and the worst meal service as "8".

Survey

A total of 135 independent living residents in one CCRC were pre-contacted by telephone to introduce the study and solicit participation. Fifty-three residents turned down participation due to health, hearing problem, or no interest and 9 residents failed to participate due to schedule conflict. Of the 184 residents, 73 residents agreed to an appointment for in-home survey.

RESULTS AND DISCUSSION

Profile of respondents

Of the 73 participants, 45 were females and 28 were males. Their average age was 85 years old. They had resided in a selected CCRC for 4.55 years on average. Twenty participants were frequent dinners who ate at least 3 or 4 times/ week in the dining room.

Focus group results

The quality of ingredients (e.g., freshness of meat and vegetables), variety, availability of choice, food served at the appropriate temperature (especially soup), flavor/taste, texture (e.g., tenderness of meat; doneness of vegetables), color, garnish (important for special meals), consistency of food quality, attractiveness of presentation, and seasoning are attributes identified by many participants that influenced food quality. When the participants were asked to identify the important attributes in their assessment of food quality, they identified flavor/taste as the most important. Wait staff's attentiveness, service skills (serve and remove beverages and dishes correctly), appearance, attitude (thoughtfulness and caring), and knowledge of menu choices are identified as service quality attributes the participants evaluated. Timing of service was another attribute mentioned frequently. Clean appearance of staff and attentiveness of service were the most important attributes affecting the perception of service quality.

Importance and perceived performance level of food and service quality attributes.

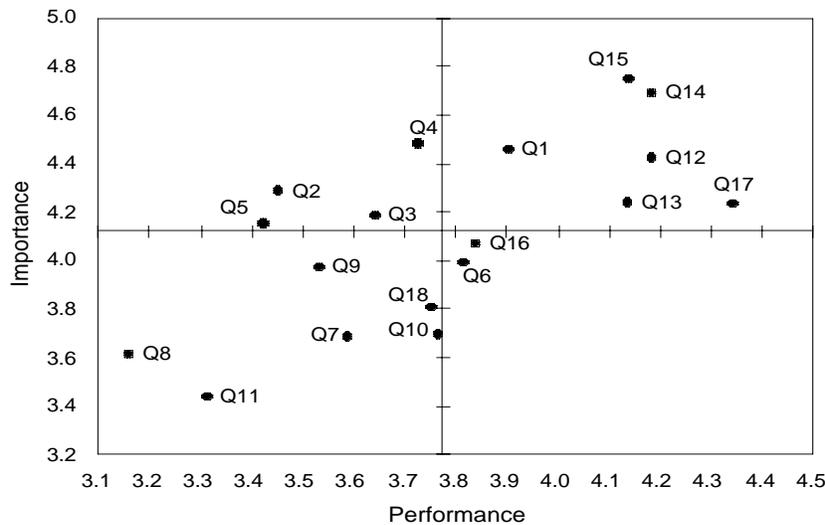
The means for the residents' importance and perceived performance level of each food and service quality attributes were calculated. Ten attributes had mean importance ratings >4.12. The attributes with highest importance rating were food sanitation/food handling (4.75), personal hygiene of wait staff (4.70), tenderness of meat (4.46), taste and flavor of food (4.46), and clean appearance of wait staff (4.42). Attributes rated less important were bite size pieces (3.44), frequencies of menu item served (3.61), portion size (3.68), appearance (3.69) and wait time prior to service (3.81).

Overall respondents rated perceived service quality attributes higher than food quality attributes. The mean of perceived performance rating (3.77) was lower than the mean of importance rating (4.12). The attributes with the highest perceived performance rating were respectful attitude of wait staff (4.34), personal hygiene of wait staff and clean appearance of wait staff (4.18), and food sanitation/food handling skills and attentiveness of wait staff (4.14). The attributes with the lowest perceived performance level were frequencies of menu item served (3.16), bite size pieces (3.32), texture of vegetables (3.42), temperature of food (3.45), and seasoning (3.53).

Importance and performance analysis

The Importance-Performance Matrix (Figure 1) was divided into four quadrants, distinguishing between low and high importance and between low and high performance (Martilla & James, 1977). The top right quadrant where the performance and importance is above average is identified as "keep the good work." The top left quadrant indicates areas of "concentrate here" since respondents considered these attributes as high important but they perceived their performance as low. The bottom right quadrant is identified as "possible overkill" since it displays attributes that are of low importance and but performance levels were rated high. The bottom left quadrant is identified as "low priority" since it shows both low importance and performance.

Figure 1. Importance-Performance Matrix.



Quadrant Title	Attributes in the Quadrant
Keep the good work	Taste and flavor of food, Clean appearance of wait staff, Attentiveness of wait staff, Personal hygiene of wait staff, Food sanitation/ Food handling, Courteous/Respectful attitude.
Concentrate here	Temperature of food, Quality of ingredient, Tenderness of meat, Texture of Vegetables.
Low priority	Portion size, Frequencies of menu items served, Seasoning, Appearance of food (Color & Garnish), Bite size pieces, Wait time prior to service
Possible overkill	Presentation of food, Service skills of wait staff.

Conjoint Analysis

Conjoint analysis is designed to estimate the trade-offs people make when choosing among a number of alternative products or services (Green & Srinivasan, 1990). It is used for obtaining information about the effect of different product attributes on liking and/or purchase intent of food product (Green & Srinivasan, 1990; Louviere, 1988). The result of conjoint analysis indicates the relative importance of each attribute in terms of its contribution to the overall evaluation of the product. The advantage of using conjoint analysis is that it asks the respondents to make choices between products combined by a unique set of product attributes in a way trading off features, one against the other. The relative importance

of each attribute can be calculated as the utility range (i.e. difference between the highest and the lowest utility for that attribute) divided by the sum of utility ranges of all attributes (Hair, Anderson, Tatham, & Black, 1998). Conjoint analysis produces 1) utility of attribute and 2) importance of attribute. Utility of attribute represents the relative “worth” of the attribute. Low utility indicates less value; high utility indicates more value. The importance of an attribute can be calculated by examining the difference between the lowest and the highest utilities across the levels of attributes (Levy, 1995).

A total of 63 respondents of 73 completed ranking the dining room profiles. The relative importance of each food and service quality attributes are summarized in Table 2. The relative importance of each attribute is the percentage of utility range in relation to the total variation. Respondents placed great importance on taste and flavor of food which has the highest percentage of utility range (28.85%) and second greatest on appearance of server (24.16%).

Table 1
Conjoint Summary Results

Attributes	Level of Attributes	Utility	Importance (% utility range)
Taste and flavor of food	Food is tasty and flavorful	1.0714	28.846
	Food is not tasty and flavorful	-1.0714	
Temperature of food	Hot food is hot cold food is cold	0.4841	13.034
	Hot food is warm cold food is not cold	-0.4841	
Tenderness of meat	Meat is tender	0.6984	18.803
	Meat is not tender	-0.6984	
Attentiveness of server	Server is attentive	0.5635	15.171
	Server is not attentive	-0.5635	
Appearance of server	Server has clean appearance	0.8968	24.145
	Service has dirty appearance	-0.8968	

SUMMARY AND IMPLICATIONS

Using importance and performance analysis, this study compared quality attributes of dining service as perceived by CCRC residents. This analysis is an effective way for foodservice managers to identify strength and weakness of their dining service. The facility was doing an effective job in meeting expectation for attributes such as taste and flavor of food, respectful attitude of wait staff, personal hygiene of wait staff, clean appearance of wait staff, food sanitation/food handling, and attentiveness of wait staff. However, the managers needed to concentrate on temperature of food, quality of ingredient, tenderness of meat, and texture of vegetables. The results suggested that foodservice managers should establish minimum quality standards in their specifications to be used when purchasing and receiving ingredients. The foodservice department should monitor the quality of ingredients, especially meat purchased and preparation methods and evaluate the consistency of food served.

The relative importance of the different quality attributes was identified using conjoint analysis. The results showed taste and flavor of food was relatively important than appearance of server, tenderness of meat, attentiveness of server, and temperature of food. By knowing which attributes are most important to residents with specific characteristics, the foodservice manager can determine what features to promote increase the frequency residents eat in the dining room. CCRC foodservice operators need to enhance service attributes based on the specific needs of residents' characteristics or of different situations.

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RECONCILING MULTIPLE DATA SOURCES FOR IMPLEMENTING THE
TOURISM SATELLITE ACCOUNTS (TSA) IN TANZANIA

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ABSTRACT

The Tourism Satellite Account (TSA) was approved by United Nations (UN) as the first sector based statistical accounting system. Since its formalization as framework for adoption by individual countries, its implementation has been slow and challenging process. Amongst factors that have increased this challenge of implementing TSA in Tanzania is availability of quality data from existing national statistical programs. This paper evaluates quality and quantity of existing usable data in Tanzania for implementation prioritized TSA statistics. Results of such an investigation will provide a worldwide stimulus to adopting the TSA by utilizing existing data sources.

INTRODUCTION

The poor quality and fragmented state of international tourism statistics motivated the World Tourism Organization (WTO) and Organization of Economic Cooperation and Development (OECD) to formulate a systematic statistical framework for the industry. In March 2000, the United Nations (UN) approved the tourism satellite accounts (TSA), the first industry based satellite accounting system (WTO, 1999). TSA is a comprehensive set of ten statistical tables that organizes demand and supply side tourism statistics in a systematic manner. While the TSA is a flexible framework for organizing tourism statistics, it requires extensive datasets from various tourism industries. As a consequence, even a partial implementation of the TSA is an expensive and time consuming process. Experience from implementing the System of National Accounts (SNA) suggest that while primary data collection would be an essential component of implementing the TSA, secondary datasets from various sources could be reconciled to manage costs and explore efficiencies of scale. In context of the TSA, these questions remain unexplored. The purpose of this paper, as part of a larger project, is to discuss how primary and secondary datasets can be reconciled to implement the TSA for a nation. This study was conducted in Tanzania as part of a World Bank project to improve the state-of-the-art of tourism sector statistics.

LITERATURE REVIEW

Satellite accounting systems have been proposed as supplements to the UN's system of national accounts to provide more disaggregate and detailed picture of sector wise economic activity (UN, 1993). The UN's 1993 version of the SNA went so far as to take tourism as an ideal example of a sector which would benefit from having its own statistical accounting system. Schafer & Stahmer (1990) and Hollanders & Keuning (1994) also suggested that satellite accounting system be harmonized with the SNA and be actively used for various purposes of public and private sector decision making. The TSA itself is a set of ten statistical tables that bring together demand and supply statistics of various tourism industries (WTO, 1999). Some of these tables are organized as input-output frameworks, which are considered ideal for calculating economic impact of tourism industries. Other tables are support statistics but are also usable as stand-alone data for decision making. While both WTO and OECD provide broad guidelines on implementing the TSA, there have been relatively few observations of implementing the TSA with significantly few details on the actual process of implementing the framework (WTO, 1999; OECD, 1999). The primary stage of implementing the TSA is prioritization of requirements (Appel, 1991). This narrows the task in hand and makes it more manageable. Another crucial aspect of TSA implementation is the quantity and quality of data available from existing sources (Meis, 1999). Stone (1986) extensively discusses the importance of evaluating existing data sources that could be useful for implementing the new national statistical framework. If a large part of the statistics required for implementing the TSA would have to be sourced through new primary data collection programs, it is likely that implementing the TSA for that country would be significantly expensive and challenging (OECD, 1999). As a consequence, evaluating the type, quality, and quantity of existing statistics usable for the TSA is an important component of its implementation process.

Literature on SNA and statistical analysis suggests the criteria for evaluating quality of data as follows (Staubus, 1985; Parker, 1982; Holub, 1997):

1. Reliability (R), including verifiability, neutrality, and representational faithfulness, with respect to what the method purports to measure, e.g. timing and valuation methods and various conceptual definitions.
2. Economy (E), or low cost of application.
3. Conservatism (Cn), i.e. assessing the accuracy of methods and data reporting.

It's only when priorities have been explicitly defined and existing data gathering programs evaluated for the quality of their outputs, can an informed decision be made regarding the additional statistical gathering programs required for TSA implementation.

RESEARCH QUESTIONS

In context of TSA implementation priorities and user needs assessment, this study proposes to investigate the following:

1. What are the key datasets required for implementing TSA tables 1, 5, 7, and 10?
2. In context of their quality, can existing statistical gathering programs support TSA implementation process? If so, what are the additional primary datasets required for implementing the TSA?
3. What criteria can be utilized to formulate future TSA data collection strategies to support its implementation in other countries?

METHODOLOGY

This study used a case study where data was gathered through both primary and secondary sources. Use of case studies for evaluating the implementation of SNA has been recommended and used extensively over the last 50 years (Lal, 1999). Even the TSA guidelines recommend that a case study method combining the use of primary and secondary data analysis will best fit the evaluation of TSA implementation process (WTO, 1999; OECD, 1999). Furthermore, previous literature also supports the use of case studies where a relatively new field of research is being investigated (Yin, 1984, 1989). As stated earlier, TSA implementation process is a fairly new area of study and one that brings together complex sets of issues. Primary data was collected through a face to face structured survey of private sector operators, government departments, and major donor agencies. A total of 46 interviews were conducted. Sampling of tourism private sector interviews was at random based on the listings of the National Registrar of Companies; however this procedure could not be used for selecting government departments and donor agencies due to the perquisite of their involvement in the TSA process. Tourism industries included in this survey were: hotels, restaurants, tour operators, travel agents, recreational facilities, handcraft companies, road transportation, and ferries. The survey instrument for primary data collection was formulated using previous experience case studies of implementing the SNA and the TSA implementation guidelines provided by the WTO and the OECD. Secondary data was gathered from all of the TSA working group members. Additional secondary information was collected from various other government departments like the Tanzania Revenue Authority and the Department of Museums and Antiquities. Information was analyzed by summarizing and categorizing primary and secondary datasets. For this, tables and matrices were used to insure that interpretations were systematic and logical. Where possible non-parametric statistics were also used to organize and interpret information. The quality of datasets was assessed using the following criteria: Reliability (R), Economy (E), and Conservatism or Accuracy (C). These have been discussed earlier in the report and are based on statistical analysis and SNA implementation literature (Staubus, 1985; Parker, 1982; Holub, 1997).

OBSERVATIONS

The following section summarizes key results of this study:

1. Datasets required for implementing the TSA tables are as follows: The TSA working group has been able to narrow down the priorities for implementing the TSA. These include the implementation of tables 1, 5, 7, and 10.
 - a. TSA Table 1: This will include statistics on International tourist expenditure for hotels and lodging places, food and beverage serving places, passenger transportation (road, air, ferries, and taxis), travel agency, tour operator, and tourist guide services, performing arts and museum services, recreational and entertainment, and financial services.

- b. TSA Table 5 will include: Production accounts of all sectors mentioned in table 1, together with the outputs of key 'input providing' industries: agricultural products, public utilities, manufacturing, construction, trade services, transport, and communication.
 - c. TSA Table 7: This table focuses on statistics for employment of all sectors mentioned in table 1, categorized by gender, status of employment, and number of representing establishments.
 - d. TSA Table 10: Statistics in this table include non monetary indicators number of trips by international travelers, inbound tourism arrivals and departure my mode of transportation and number of tourism sector establishments categorized by size and number of employees.
2. Statistics required for TSA: The major and most relevant existing statistical gathering programs and their outputs were evaluated assessing their usefulness in implementing the TSA. The following are summary highlights for each of these respective programs:
- a. Existing data gathering programs
 - i. Ministry of Natural Resources and Tourism: In general, the statistics gathered by the Ministry departments lack reliability due to inconsistent definitions of the underlying concepts.
 - ii. National Bureau of Statistics: Statistics available in the Bureau of statistics are mostly related to the national accounting system. In spite of the extensive coverage of subjects, these datasets are only marginally reliable as they have either not been updated since 1990 or have been collected using inconsistent conceptual definitions.
 - iii. Bank of Tanzania: Statistics from the Bank of Tanzania were amongst the most reliable and accurate. As these are being collected using existing programs, their integration into the TSA will be a relatively economic process.
 - iv. Tanzania Revenue Authority (TRA): Datasets of the TRA were found to be unreliable and inaccurate. While using these statistics for the TSA will be economical, datasets are mostly inaccurate as the agency does not command a high level of confidence from its most significant data providers, the private sector. Additionally, the underlying concepts of collected data are inconsistent with internationally adopted tourism definitions.
 - v. Tanzania National Park Authority: Data collected by the park authorities was also considered relatively reliable and economical to use for the TSA but its accuracy is suspect. This is largely due to the sophistication of observations and then documentation of these figures.
 - vi. Immigration department: Statistics that are usable from the Immigration department are not only inaccurate but also unreliable due the inconsistent definition of underlying concepts. Similar to others, these datasets could also be economically integrated into the TSA.
 - b. Primary statistics requirements: Even though existing datasets from current statistics gathering program are useful for the TSA, most of these are not usable in their existing form. As a consequence the recent most significant attempts for gathering primary data are the following:
 - i. Expenditure survey: has been conducted for In-bound travelers, to add and verify existing production statistics from the TRA statistics gathering programs.
 - ii. Business establishment survey: This survey is also being planned to fill the gaps in existing production side data.

As can be observed that while existing datasets can be used in TSA implementation, assessment of their quality is crucial to the success of this process. If unreliable or inaccurate or expensive data gathering strategies are used, it will impact the sustainability of the TSA. Table 1 provides one such example of how quality from national data gathering program in Tanzania was evaluated. Similar analysis was conducted for all relevant existing statistical data gathering programs.

3. Evaluation criteria for data collection: While primary data collection programs will have to be organized as additional requirements for implementing the TSA, it is proposed that all possible existing datasets be evaluated for their reliability, economy, and accuracy. Only then can these statistics be deemed fit for TSA usage. Such an approach will also provide ample information for organizing new primary data collection strategies. The following is a summary evaluation of existing statistical programs usable for TSA implementation in Tanzania:
- a. Reliability: In general existing datasets are only marginally reliable due to lack of data provider confidence in the purpose of government's data collection strategies. The underlying conceptual definitions are also inconsistent with those internationally approved and referenced in the TSA.
 - b. Economy: Almost all the datasets been collected are part of long standing data gathering programs of the government. As a consequence, it will be relatively economical to integrate them into the TSA

implementation process. However, this does not include the costs associated with establishing functional relationships amongst the varied government department.

- c. Accuracy: The relative accuracy of existing data sets is varied. Those under TANAPA or the national park authority are the most accurate while datasets collected by the revenue authority amongst the least accurate.

Table 1
Possible uses of available statistics for TSA (National Economic Survey, 1997)

Responsible agency	Economic activity	Index	Usable conceptual definitions	TSA table usability	Quality assessment (R), (E) and (Cn)
Bureau of Statistics	GDP output	Finance and insurance services	Services	TSA Table 1	E, Cn
	GDP output	Construction		TSA Table 5	
	GDP output	Trade, Hotels and Restaurants	“Trade”, “Hotels” and “Restaurants”	TSA Table 5	E, Cn
	GDP output Electricity and Water			TSA	
	Capital formation Buildings	– Non-residential		TSA Table 8	
	Capital formation Other	works – Land improvement		TSA Table 8	
	Capital formation Equipment	– transport and others	“Purpose of equipment”	TSA Table 8	E, Cn
	Capital formation Private	sector – Total fixed and increase in stock	“Purpose of equipment”	TSA Table 8	E, Cn
Bank of Tanzania	Composition of imports	Consumer goods, Intermediate goods and Capital Goods		TSA Table 6	
	Commercial Banks: Domestic lending by borrowing sectors.		“Tourism”	N/A	E, Cn

As an overall recommendation it is suggested that as a beginning, the Ministry of Natural Resources and Tourism integrates the relatively more accurate and reliable datasets of TANAPA into the TSA implementation program. This will provide experience of reconciling existing datasets into the new TSA framework and also provide a reference for future communication amongst government departments to insure this is a sustainable process.

DISCUSSIONS AND IMPLICATIONS

As stated earlier, the most significant contributions of this study is to discuss the use of existing data gathering programs for implementing the TSA. The evidence from Tanzania suggests that there are possibilities of using such statistics. While new primary data collection programs will be required, these can be minimized in the initial stages of TSA implementation. This study also contributes in the following areas of discussion in an effort to improve the overall reliability and accuracy of international tourism statistics:

1. Maximize the usage of existing statistical infrastructure for implementing the TSA and economize initial implementation expenses.
2. Objectively prioritize expensive primary data collection programs.
3. Explicitly evaluate both existing and primary data collection programs.
4. Importance of explicitly identifying user needs for implementing the TSA.

5. Establishing functional relationships amongst government department for allowing a common usage of available statistics.
6. Sustain the momentum of implementing the TSA around the world.

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USING GROSS STATE PRODUCT INDUSTRY DATA TO REPRESENT HOTEL REVENUES
IN A FORECASTING MODEL

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ABSTRACT

Hotel revenue data is difficult to obtain. This study compares the Bureau of Economic Analysis (BEA) hotel and lodging industry gross state product (GSP) data to national hotel income statement data to validate the use of the GSP data as hotel revenues. Seventy to seventy-five percent of hotel revenues are represented by hotel and lodging industry GSP, which can be used to analyze hotel revenues and profits on a statewide or regional basis. Once hotel revenues are determined, gross operating profit (GOP) can be calculated based on average profit margins, which may facilitate hotel revenue or GOP analysis on a state or regional basis.

Key words: Economic Factors, Lodging Revenues, Value Added

INTRODUCTION

Requesting a statement of income from individual hotel properties generally receives a response similar to one of requesting to borrow someone's underwear. Other sources of hotel revenue information, such as the annual Securities and Exchange Commission (SEC) 10K filing specify the geographic locations in which a public company operates, but does not segregate revenues and profits by geographic locations. Whereas industry consultants such as Smith Travel Research (STR) and PricewaterhouseCoopers (PwC) are supportive of hospitality research, their publications *HOST* and *Hospitality Directions*, do not provide state and local hotel revenue data. The states that compose the regions of STR and PwC reports are often different states than those that compose the Bureau of Economic Analysis regions. This study provides a data source by showing how publicly available data can be used for hotel revenue and profit analysis on a state and regional basis.

One of the main uses of state and regional hotel revenues and profit is in the budgeting and forecasting process. The usefulness of budgets and forecasts in the hotel industry may be questionable due to accuracy issues associated with the deployment of unsophisticated methods (Schmidgall and DeFranco, 1998). One of these unsophisticated methods in multi-unit hotel operations is the use of standardized budgeting systems that fail to consider regional economic factors (Brown and Atkinson, 2001). Another sophistication failure is a lack of quantitative analysis (Schmidgall and DeFranco, 1998). The lack of sophistication may lead to inefficient and ineffective budgeting processes (Fanning, 1999) as well as behavioral problems, such as participant frustration (Kennedy, 1999).

The missing element, then, in addressing the lack of data is a tool or process that is simple and cost effective (Athiyaman and Robertson, 1992). A framework for using simple quantitative techniques to identify hotel revenue drivers at the state level has not been produced for general use. Schmidgall and DeFranco (1998) note that when a simple, cost effective budgeting and forecasting tool is not available, several problems may arise. These problems may include a failure to consider macroeconomic factors, and a failure to perform quantitative analysis on the completed forecast. A great deal of time may be spent on reviewing minutia rather than on identifying underlying factors, and the quantitative methods employed may not be applied in a scientific manner.

This study supports the use of the Bureau of Economic Analysis (BEA) value added data for the hotel and lodging industry to represent hotel revenues on a state and regional basis. The hotel and lodging industry is one of 63 industries reported by the BEA on a state and regional basis. The BEA reports gross state product (GSP) data on an annual basis from 1977 to 2001. The availability of economic data allows for a quantitative analysis of hotel revenues and profits.

LITERATURE REVIEW

Discussing some general economic terms and how they are calculated lays the groundwork for utilizing the BEA data to represent hotel revenues. First of all, national income is considered to be the sum of wages, rent, interest and profits, which are defined to be the sum of earnings of production factors for a time period (Shapiro, 1966). These production factors that lead to national income can be measured by identifying the final product. There are two ways to measure the final product. The first way is to add up every dollar of income earned in producing final product. The second way is to add up every dollar of expenditure on final product. The income earned in producing final product, and the expenditures on final product are the same according to Shapiro.

The economic explanation of national income leads to the definition of a specific national income measurement, Gross Domestic Product (GDP). Mankiw (2004) explains that GDP measures two concepts at the same time to arrive at the market value of all final goods and services over a specific period of time within a particular country. This is similar to the double entry accounting system, which is that for every debit there is an equal credit. In other words, the two sides of the GDP measurement are the total income of everyone in the economy, and the total expenditures on the economy's output of goods and services. Mankiw adds that in the total economy, income must equal expenditures.

The GDP computation, then, adds up total expenditures by households on the one hand, and total income in the form of wages, rent, and profit, paid by firms on the other hand (Mankiw, 2004). The market value portion of GDP is defined as all items produced in the economy and sold legally in markets. Another important component of the GDP definition is that only final goods are counted. Mankiw uses the example of a Hallmark greeting card, which is counted, but the intermediate good (i.e., paper, from International Paper), is not counted. Temporary increases and decreases to inventory are added or subtracted from GDP. Similarly, new car sales are included in GDP, but used car sales are not. Everything produced within a geographic boundary is included (ownership is not a factor), and the time periods are most often a quarter or a year.

The expenditure equation of GDP is $Y = C + I + G + NX$, where Y is GDP, C is consumption, I is Investment, G is government purchases, and NX is net exports (Mankiw, 2004). Consumption is the spending by households on goods and services. Investment represents capital equipment, inventories, and structures that will produce more goods. Government purchases are goods and services by local, state, and federal governments, which include government worker salaries and spending on public works. It is important to note that government purchases do not include transfer payments, such as social security benefit payments. Net exports represent purchases of domestically produced goods by foreigners minus domestic purchases of foreign goods (Mankiw, 2004). Net exports may be a reduction in GDP if imports exceed exports.

The economic indicator of general economic activity of a state is GSP, which indicates the market value of goods and services produced by the labor and property within a state (Market, 1995). Another description of GSP is value added, which is gross output less intermediate inputs. Gross outputs are sales, other operating income, commodity taxes, and inventory change. Intermediate inputs are consumption of goods and services purchased from other U.S. industries or imported (U.S. Department of Commerce, Bureau of Economic Analysis, Help File, April 2003, hereinafter referred to as BEA Help File). Morrell (2001, p. 149) defines valued added as the "difference between the firm's sales revenue and what it buys to produce those sales". GSP is the state counterpart of gross national product (GNP), which is very similar to GDP. The only difference between GNP and GDP is that GNP excludes income produced by foreign nationals in the U.S., but includes income by U.S. citizens living abroad (Mankiw, 2004). For a given period of time, GDP is the final market value of all goods and services produced within a country; therefore, it includes the income of foreign nationals in the U.S. and excludes income of U.S. citizens living abroad, according to Mankiw.

Another part of the BEA website for GSP is that there are GSP estimates for 63 industries. One of the 63 industries is hotels and lodging. The industry GSP is composed of employee compensation, indirect business tax and nontax liability, and property-type income (BEA, Help File, April 2003). Employee compensation includes all wages, salaries and benefits, or supplements to wages and salaries. Indirect business taxes and nontax liabilities include sales taxes, property taxes, licenses, permits, inspection fees, special assessments, rents, royalties, and donations. Property-type income includes profits before taxes, net interest, rental income, inventory valuation adjustment, corporate capital consumption allowance, and business transfer payments. The GSP estimates are in millions of real dollars, with the 1996 GSP index set at 100 (BEA, Help File, April 2003).

The importance of using an economic indicator such as GSP for forecasting is supported by Schmidgall and DeFranco (1999), who surveyed hotels throughout the United States on their forecasting techniques. They found seven techniques were mostly used to forecast revenues for rooms, room service, restaurant, banquet, and beverage. The seven

techniques were: 1) prior year's budgeted dollar amounts multiplied by $1 + X$ percent; 2) number of guests by expected spending per guest; 3) expected units sold by expected average price per unit; 4) change in advance bookings from prior year; 5) last year's actual revenues; 6) last year's actual revenues adjusted subjectively; 7) average of several past years' revenues multiplied by $1 + X$ percent. None of these seven forecasting techniques employ an economic indicator, which can lead to inaccurate forecasts.

One of the most important findings of the Schmidgall and DeFranco (1999) research was that all seven techniques reported were of the quantitative, naïve category. These authors carefully suggest that more sophisticated techniques should be considered to improve accuracy and efficiency. The current tendency for hotel managers to utilize less sophisticated forecasting techniques, then, indicates that the more sophisticated techniques may not be understood as mentioned by Makridakis and Wheelwright (1978), who posit that the use of less sophisticated methods is due to a lack of knowledge of other forecasting methods, or because managers prefer the more subjective approaches, such as using last year's numbers plus a certain percent (Makridakis and Wheelwright, 1978). The findings of Schmidgall and DeFranco (1998), that macro-economic factors and sophisticated methods were not often used, indicate some lingering tendencies of the findings of Makridakis and Wheelwright (1978) 21 years later in the hotel industry.

There is one major reason for using GSP over other economic factors. Many authors have used personal income as an economic factor for tourism model applications. In a tourist arrival prediction model to Las Vegas and Atlantic City, Reece (2001) used income, age, lifestyle, and distance as independent variables (IV's). Fish and Waggle (1996) used a measure similar to personal income, household expenditures, to predict vacation trips in the United States (U.S.). Latham (1993) also used personal income along with prices and exchange rates to predict international tourism demand. However, tourism, which is driven by personal income, represents only one segment of the hotel industry. The tourism sector is commonly referred to as the leisure segment.

The other major segment in the hotel industry is business related. The designation of guests as leisure or business is determined by trip purpose. If the trip purpose is pleasure or vacation, hotels designate the guest as leisure. If the trip purpose is business related, the guest is designated as business. The location of the hotel will often determine the trip purpose of its guests. In other words, business travelers, because of their location to business centers, primarily frequent center-city, airport, and many suburban hotels. Resorts and roadside inns are primarily frequented by leisure travelers due to the attractions of their location, or the nature of their locations en route to other destinations. Resorts, however, also host many business-related groups. In order to include both leisure and business hotel guests, a broader economic indicator of hotel revenue than personal income is needed. The economic indicator of general economic activity of a state is GSP, which indicates the market value of goods and services produced by the labor and property within a state (Market, 1995).

METHODOLOGY

From a logical perspective, the value added concept of hotel revenues less the cost of goods and services to generate the hotel revenues, appears to be a reasonable proxy for hotel revenues. To test the concept, the hotel revenue based on a national hotel industry statement of income for all hotel segments for the years 1992 and 2000, years in the middle and the end of the BEA available GSP data of 1977 to 2001, were compared to the hotel revenue derived from the value added concept. The data was from PricewaterhouseCoopers (1992) and Smith Travel Research (The Host Study, 2001).

The accounting data used was based on percentages, with total revenues equaling 100 percent. The format of the statement of income was in accordance with hospitality accounting standards as explained in the *Uniform System of Accounts for the Lodging Industry* (1996), with the addition of the column for economic value added. Each accounting revenue and expense category was evaluated against the definition of value added and correspondingly included as an addition or subtraction to value added. In other words, revenues, less the cost of producing the revenues, equal value added. In hotel accounting vernacular, cost of sales and other expenses were generally subtracted from total hotel revenues, with the exception of specifically defined expenses, such as interest and property taxes, which are not considered as revenue producing.

Using data from the year 2000 from Smith Travel Research (STR, The Host Study, 2001), a similar comparison of accounting and economic value added was made. The STR data was presented in the Uniform System format, but lacked specific figures for cost of sales and certain fixed charges, such as equipment rent and insurance. The STR data, however, represented another national hotel accounting database with which to compare the economic value added concept.

The selection of GSP value added data to compare to hotel accounting revenues has several advantages. The first advantage is that there is no other publicly available state-level data to evaluate hotel revenues. GSP-derived hotel revenues are available for every state and the District of Columbia on an annual basis from 1977 to 2001 (BEA, Help File, April 2003). The second advantage is that states represent regional geographic entities of economic activity that react differently to national economic events (Treyz, 1993). For example, during an oil shortage, Treyz points out that general economic output may rise in Texas and Louisiana, but decline in most other states. A third advantage is that the problem created by the discrepancy between grouping definitions of regions by different organizations, such as STR and BEA, can be avoided. Table 1 below compares the groupings of these two entities.

Table 1
Comparison of Regional Groupings of Hotel Revenues

Smith Travel Research Regions	Bureau of Economic Analysis Regions
New England	New England
Middle Atlantic	Mideast
South Atlantic	Great Lakes
East North Central	Plains
East South Central	Southeast
West North Central	Southwest
West South Central	Rocky Mountains
Mountain	Far West
Pacific	

FINDINGS

The national hotel accounting data for 1992 and 2000 support the use of the economic value added data as hotel revenues. The results are shown in Table 2.

Table 2
Comparison of Value Added and Accounting Income*

	Revenues	Cost of Sales	Payroll Costs	Other Exp	Accounting Profit	Economic Value Added
Rooms	67.60		11.69	6.15	49.75	
Food & Beverage	26.40	7.31	11.40	3.09	4.59	
Other	5.90		1.70	1.66	2.73	
Total Op Depts.	99.90	7.31	24.80	10.90	57.07	81.69
A&G			5.00	4.80	-9.79	-4.80
Marketing			2.50	3.40	-5.89	-3.40
Energy				4.90	-4.90	-4.90
Prop Operations			2.60	2.70	-5.29	-2.70
Mgt & FrnchFees				3.50	-3.50	0.00
Property Taxes				3.20	-3.20	0.00
Insurance				1.00	-1.00	-1.00
FFE Reserve				1.20	-1.20	0.00
Land & Bldg Rent				2.00	-2.00	0.00
Equip Rent				0.30	-0.30	-0.30
Interest				7.09	-7.09	0.00
Deprec & Amort				6.99	-6.99	0.00
Other Fixed				0.60	-0.60	-0.60
Income B4 Tax	99.90	7.31	34.89	52.56	5.32	63.99

*(PricewaterhouseCoopers, 1992)

The value added concept equaled 63.99 percent of hotel revenues. The "Economic Value Added" amount for total operating departments is calculated by subtracting "Cost of Sales" and "Other Exp" from revenues ($99.90 - 7.31 - 10.90 = 81.69$). All other deductions from the 81.69 operating department value added profit are undistributed department other

expenses or fixed charges according to the definition of the value added concept. All such deductions are shown with a minus sign in the "Economic Value Added" column and can be traced to the "Other Exp" column ($81.69 - 4.80 - 3.40 - 4.90 - 2.70 - 1.00 - 0.30 - 0.60 = 63.99$)

Many property operations department Other Expenses, which were 2.7 percent in this example, may be included in, as opposed to deducted from, value added. The inclusion of property operations other expenses in the value added concept is possible because many hotels outsource maintenance projects that some hotels do with their own labor. Permits, licenses, legal fees, and other transfer payments to corporate offices are not itemized in this statement of income example, which could amount to one to three percent of revenues. The total of non-itemized and property operations expenses added to the 63.99 percent ranges from approximately 68 percent to 70 percent ($63.99 + 2.7 + 1 + 3 = 68$ to 70). If the cost of sales were added to this number, which would be the case for all limited service lodging products, the value-added concept would represent approximately 75 percent to 77 percent of hotel revenues (68 to $70 + 7.31 = 75$ to 77). By contrast, personal income would only represent approximately 35 percent of revenues, or the amount in Table 3 under "Payroll costs".

Using data from the year 2000 from Smith Travel Research (STR), a similar comparison of accounting and economic value added was made (STR, *The Host Study*, 2001). The STR data was presented in the Uniform System format, but lacked specific figures for cost of sales and certain fixed charges, such as equipment rent and insurance. The itemized fixed charges in the PricewaterhouseCoopers report amounted to a reduction of 1.3 percent to the value-added concept (Insurance, 1.00, and Rent, 0.30). The STR report calculates to approximately 71 percent of revenues before debt and fixed charges, which is an approximate improvement over the 1992 data of five percent. In other words, the economic value added data of the year 2000, better represents hotel revenues than the data of the year 1992 by five percent. These two comparisons of accounting and economic value-added data support the analytical use of the value-added concept to represent hotel revenues.

After revenues are determined, historical profit margins may be used to calculate profits. In the example of Table 2, the undistributed department costs may be subtracted from the operating profit to calculate the gross operating profit, or GOP ($57.07 - 9.79 - 5.89 - 4.90 - 5.29 - 3.20 = 28.0$). Costs are more controllable by a hotel management team than are revenues. Therefore, once revenues are forecasted, the costs associated with a given revenue level are more easily predicted and controlled.

LIMITATIONS AND FUTURE RESEARCH

There are limitations to the use of GSP data to analyze hotel revenues and profits. First, GSP may be more related to hotel revenues derived from business travelers rather than from leisure travelers. GSP is a broad economic factor, and as such, may have a relationship with the revenues of most industries. People from many industries stay in hotels. From this standpoint, GSP is an appropriate economic factor to explain or forecast hotel revenues, especially hotel revenues on a state level. Depending on the geography of the hotel revenues being examined, other economic factors may be more appropriate in explaining or predicting hotel revenue. For example, the hotel revenues of Orlando, Florida, may be more related to U.S. personal income than the U.S. GSP. One advantage of using personal income is its monthly availability.

Second, hotel revenues of some states may need international explanatory variables. Although GSP is impacted by international economic activity, international economic factors may add explanatory value to some gateway states' hotel revenues that may not be explained by only domestic economic factors. Third, there was no market segmentation in the GSP-derived state hotel revenues. Therefore, it is not appropriate to assume that gross state product data would be appropriate for each market segment. Hotel executives could use their proprietary data to test their own market segments with the appropriate GSP as an explanatory variable.

This study supports the use of GSP data to represent hotel revenues on a state and regional basis. This data has been used to test historical explanatory variables of hotel revenue for all 50 states (Steed, 2003). Future research may focus on the use of state and regional GSP data for predicting hotel revenues and profits.

CONCLUSION

State and local hotel revenue data is not always publicly available. Property-specific data is most difficult to obtain due to confidentiality and competitive factors. Citywide hotel revenue data may be available through occupancy tax records, which requires some calculations to arrive at hotel revenue. Countywide and statewide hotel revenues are generally not available for a lack of a public reporting mechanism.

As hospitality researchers and hospitality executives forecast hotel revenues, they find a need to use regional economic factors, which is supported by the research of Treyz (1993). Regional, statewide, and local data may not be available, or not compatible with regional economic factors. There is a need, then, for statewide and regional data that are aligned with publicly reported economic factors. This study shows how GSP hotel and lodging industry data as reported by the BEA represents about 70 percent of hotel revenues on state and regional bases. In summary, the result of comparing hotel accounting revenues with GSP derived hotel and lodging data support the use of GSP data in hotel forecasting.

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GAP ANALYSIS AS A DIAGNOSTIC TOOL FOR IMPROVING THE SLOT PLAY EXPERIENCE

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ABSTRACT

This study offers a unique application of gap analysis to determine casino slot players' perception of customer service and quality of gaming experience. The analysis was used as a diagnostic tool to gain a better understanding of precisely how patrons of a casino establishment perceive their overall slot-play and leisure activity experience. It was discovered that several service and quality related issues were lacking in terms of perceived performance by patrons of the casino included in the study. The study helps casino management realize critical factors affecting customer satisfaction and allocate resources effectively to the areas that maximize customer satisfaction.

Key Words: Slot-Play, Gap Analysis, Gaming Experience

INTRODUCTION

Given the ever-increasing competition among individual casinos and among casino destinations, casinos are trying to provide various offers and differentiated services to compete for their customers (Johnson, 2002; Mayer, Johnson, Hu and Chen, 1998). Today's gaming customers have various choices in selecting a casino (Roehl, 1996). Furthermore, they are no longer solely satisfied with slot machines, table games, and accommodations (Johnson, 2002), but are seeking a satisfactory experience in gaming (Johnson, 2002; Lucas, 2003; Mayer et al., 1998).

Past marketing research studies have employed a variety of research techniques and shown that customers who perceived positive value related to service quality generally showed high levels of satisfaction and repeat intentions (Cronin, Brady, & Hult, 2000; Oh, 2000). Most casinos including the slot play operations are not an exception. Studies have shown that a player's perceived gaming quality affects overall satisfaction with the gaming experience and the likelihood of returning to a gaming casino (Lucas, 2003; Mayer et al., 1998; Richard and Adrian, 1996). Considering the slot play as a critical source of revenue for casino operations (Lucas, 2003) and the importance of quality in the slot gaming for the success of a casino, the need for further research in this area to improve the slot experience has been established in past studies (Johnson, 2002; Lucas, 2003; Mayer et al., 1998).

Gap analysis is a marketing research technique commonly used to analyze consumer attitudes toward service attributes. Importance of these attributes and the relative performance of these attributes are simultaneously assessed through gap analysis (Crompton & Duray, 1985; Martilla & James 1977). A past study recommended the use of the gap analysis and the importance-performance matrix by hospitality managers to establish the optimal changes in hospitality services and related experiences for improving customer satisfaction (Almanza, Jaffe & Lin, 1994). Other research applications of gap analysis in the hospitality and tourism field have indicated that it can provide valuable insight into customers' perceptions of service quality and related experience (Chon, Weaver & Kim, 1991; Chu & Choi 2000; Duke & Persia, 1996; Erdem & Baloglu, 2002).

Despite the revenue-generating role of slot play for the casino industry, empirical research on means to capitalize in this area has been rather limited (Johnson, 2002). Furthermore, given the on-going efforts of casino operators to improve customer service and gaming experience, a review of related literature revealed no examples of successful application of gap analysis for slot-play.

The purpose of this study was to examine casino slot players' perception of customer service and the quality of gaming experience by utilizing gap analysis as a diagnostic tool and provide strategies to improve the slot-play experience. Thus, an empirical study was conducted to gain a better understanding of precisely what the patrons of a casino establishment think of their overall slot-play and leisure activity experience encountered while at a particular property.

LITERATURE REVIEW

In the services environment, gap analysis has been widely applied to various service fields such as banking (Swinyard, 1980), health care (Hawes, & Rao, 1985), education (Ford & Joseph, 1999; Joseph, 1998), hospitality and tourism (Alberty & Mihalik, 1989; Chon, Weaver & Kim, 1991; Keyt, Yavas & Riecken, 1994; Martin, 1995; Opperman, 1996).

Some researchers indicated that the gap analysis is a valuable technique to identify customers' perceptions of importance and performance of key areas in service quality and recognize problematic areas requiring remedial actions (Hemmasi, Graf, & Nielsen, 1992; Martilia and James, 1977; Sethna, 1982). A case study applying gap analysis (Keyt et al., 1994) evaluated a retailer's performance in term of ten attributes and demonstrated a modified importance-performance matrix. Results of this study recommended managerial emphasis on the attributes under salient category such as customers' perception of price, service, quality, variety and atmosphere.

Despite the value of gap analysis in providing clear direction for action and identifying areas to allocate resources where improvement is required (Hemmasi, & Strong, 1994), some researchers argued that findings from the application of traditional importance-performance analysis or gap analysis can be misleading and result in the misallocation of resources (Erdem & Baloglu, 2002; Mount, 1997; Vaske, Beaman, Stanley & Grenier, 1996).

Regardless of the advantages and disadvantages of the application of gap analysis, few studies have been done to measure gaming customers' perceptions of gaming service quality by utilizing this pragmatic technique. This study was designed to examine slot players' perceptions of gaming quality at a Las Vegas hotel casino by using gap analysis. Seventeen statements were developed to measure customers' perceptions of slot gaming quality. The study adapted confirmed criteria used to measure service quality, such as lodging quality (Bowen & Shoemaker, 1998; Getty, & Getty, 2003) and gaming quality (Johnson, 2002; Lucas, 2003).

Getty et al. (2003) developed a lodging quality index consisting of 26 items by assessing customers' perceptions of quality delivery. The dimensions include tangible items, such as employee's uniforms, atmosphere of the restaurants, attractiveness of the hotel interior and exterior and cleanliness, employee performance, such as promptness, politeness and knowledge in responding to a customer requests, and process in delivering quality service, such as reservation handling, guestroom readiness and room service promptness.

Bowen and Shoemaker (1998) identified attributes of service quality affecting customers' loyal behavior in the lodging industry. Attributes such as occasional gifts from a hotel, a frequent-guest program allowing points accumulation for free accommodation, guest recognition by a hotel staff, and employee attitude in communicating with a hotel guest were adapted for this study because of the relation of those variables with the slot experience. Lucas (2003) identified five items (ambient factors, layout navigation, seating comfort, interior decor, and cleanliness) in his study examining the effects of the physical slot environment (slot servicescape) on slot players' servicescape satisfaction. Several variables relating to quality in the slot gaming were added to this study (Table 1).

Table 1
Factors To Help Assess Gaming Customer Satisfaction With The Slot Experience

<i>Factors</i>	<i>Study Providing Theoretical Support</i>
Casino location	Lucas (2003)
Cleanliness	Lucas (2003), Getty & Getty (2003)
Safety	Getty & Getty (2003)
Atmosphere	Lucas (2003), Getty & Getty (2003)
Comfortable seat	Lucas (2003)
Promotional gifts	Bowen & Shoemaker (1998)
Up-to-date slot machine	Developed for the study
Slot players' club	Bowen & Shoemaker (1998)
Wide variety of slot	Developed for the study
Beverage service promptness	Lucas (2003)
Change service promptness	Lucas (2003)
Employee Willingness	Getty & Getty (2003), Lucas (2003)
Employees' prompt response	Lucas (2003), Getty & Getty (2003)
Empathy from employees	Bowen & Shoemaker (1998)
Recognition by employees	Bowen & Shoemaker (1998), Johnson (2002)
Employees' politeness	Lucas (2003), Getty & Getty (2003)
Employee empowerment	Developed for the study by reflecting the results of a study by Johnson (2002)

Other measures such as employee empowerment and availability of wide variety of slots were developed for the study by reflecting the results of relevant studies on service quality and interviews with gaming industry professionals (Table 1).

METHODOLOGY

The focus of the study was slot players at a local casino that is well known for its slot play operations in Las Vegas, Nevada. The management of this casino had previously stated that it has never used research as a tool to assess quality of customer service and experience, and expressed an interest in utilizing marketing research to improve its slot operations (personal communication, Tony G., Casino Marketing Director, September 29, 2003).

Although the inclusion of only a single casino in the study was a limitation in terms of generalizing the results, it should be noted that the particular casino provides a unique opportunity in terms of capturing the opinions of the casino patrons particularly interested in slot-play since it is popular for this kind of play among both locals and visitors in Las Vegas. Moreover, researchers had to rely on convenient sampling since many casino operations in the area viewed surveying casino guests on the casino floor as a potentially distracting activity for guests and would not participate in the research. The willingness of this particular casino management to participate in the study over a relatively extended period of time made the data collection possible.

Surveys provide an efficient, rapid, and precise means for gathering information about a population of interest (Zikmund, 2000). A self-administered questionnaire was developed for this study. There were six demographic and other related identifying questions such as gender, age, and slot club membership (Table 2). These questions were designed to provide an accurate profile of the slot-players based on the marketing needs of most casino operations.

Table 2
Description of the Sample

<i>Variables</i>	<i>n</i>	<i>Percentage</i>
<i>Gender</i>	207	
Male	83	39.2%
Female	124	58.5%
<i>Age</i>	206	(Mean)42.82
21-35	11	5.2%
36-50	52	24.5%
51-65	90	42.5%
66-80	50	23.6%
Over 80	3	1.4%
<i>Repeated Casino Visits</i>		
Less than once a month	75	35.4%
Once a month	8	3.8%
Twice a month	19	9.0%
Once a week	14	6.6%
Twice a week	22	10.4%
More than twice a week	63	29.7%
<i>Residence</i>		
Local	113	53.3%
Tourist	94	44.3%
<i>Average years patronizing the casino</i>	13.77	
<i>Slot club membership</i>		
Member	166	78.3%
Non-member	35	16.5%

In addition, seventeen questions were used to measure slot gaming quality. Importance of quality attributes in slot gaming were measured by using a five point Likert scale, where 1 indicated 'Very Important' to 5 'Very Unimportant'. The 17 statements were selected out of 33 statements that were originally developed to measure slot gaming quality as identified in past related research studies and further highlighted in Table 1. Customers also evaluated the casino's performance on the 17 previously identified attributes. They rated the casino's performance on various dimensions such as

the slot environment, slot experience and service quality. A five point Likert scale was used, where 1 (Agree) to 5 (Disagree) was the range.

An on-site survey was conducted for data collection on several separate occasions over the course of three weeks in Fall 2003. In order to vary the respondents being polled, the times that the data was collected was varied to ensure a random sampling. Respondents were selected at random from the slot play operations of the casino floor. A total of 207 usable questionnaires were collected (n=207). The descriptive information gathered on the respondents is summarized in Table 2.

DATA ANALYSIS

For data analysis, Paired T Tests were conducted to identify significant differences between customers' perceptions of importance and the casino's performance on customer service and the quality of gaming experience attributes for slot play (Table 3).

Table 3
Paired-Samples T-Test Results on Importance vs. Performance Attributes

<i>Variables used</i>	<i>Mean of Importance</i>	<i>Mean of Performance</i>	<i>t-value</i>	<i>Significance</i>
Casino location	3.89	4.83	-4.667	.000**
Cleanliness	4.30	3.90	4.542	.000**
safety	4.50	4.17	4.257	.000**
Atmosphere	4.15	3.75	4.563	.000**
Comfortable seat	4.09	3.64	4.514	.000**
Promotional gifts	4.12	3.92	1.930	.055
Up-to-date slot machine	3.96	4.13	-2.062	.041*
Slot players' club	4.56	4.41	2.048	.042*
Wide variety of slot	4.27	4.31	-.508	.612
Beverage service promptness	4.32	3.80	4.598	.000**
Change service promptness	4.17	3.56	4.938	.000**
Employee willingness	4.51	4.27	3.293	.001*
Employees' prompt response	4.46	4.00	4.731	.000**
Empathy from employees	4.44	4.03	4.829	.000**
Recognition by employees	3.42	3.20	1.759	.080
Employees' politeness	4.55	4.35	3.079	.002*
Employee empowerment	4.45	4.03	4.479	.000**

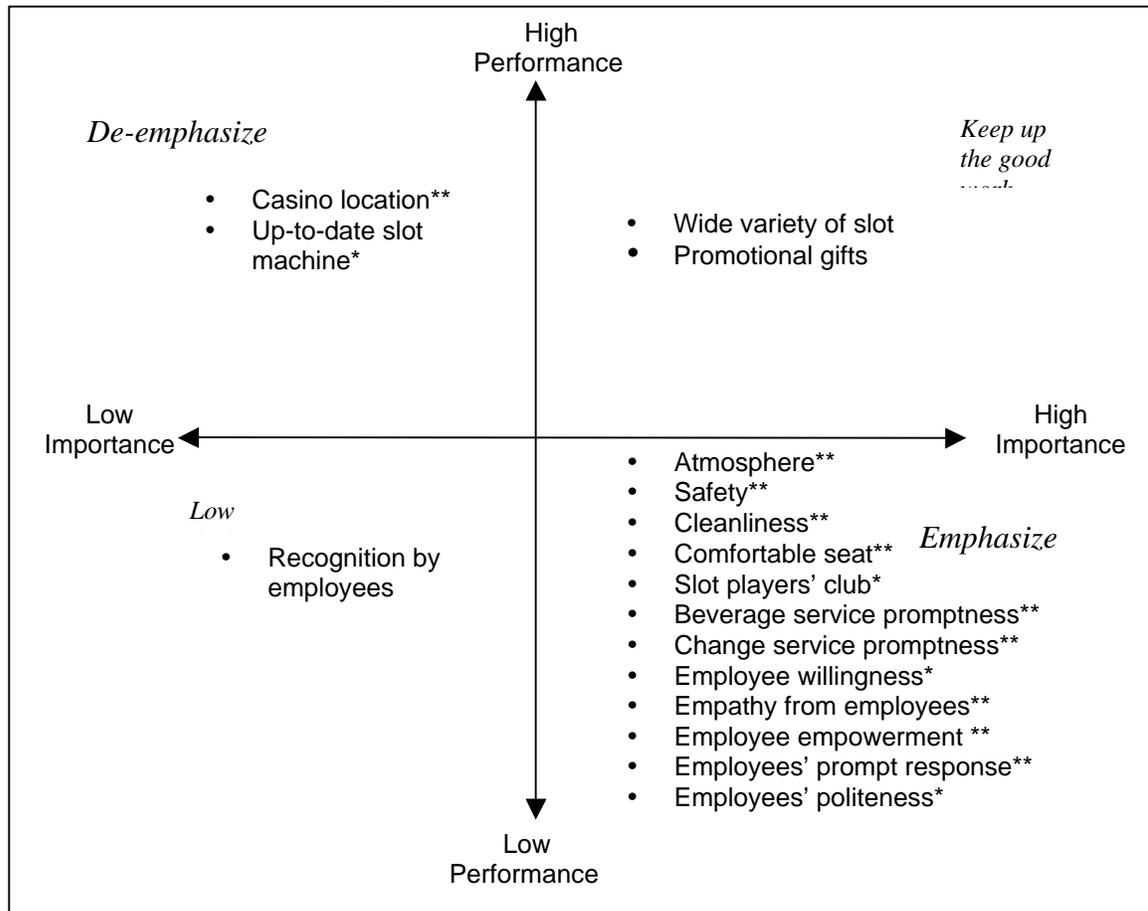
Note: * $p < 0.05$, ** $p < 0.001$

Also, as part of the gap analysis technique, an importance-performance matrix was designed to visually depict significant measures according to whether or not these measures/ attributes were meeting casino patrons' expectations (Figure 1). The matrix is divided into four quadrants. The grid displayed in this study utilizes the horizontal axis for importance attributes, and the vertical axis for performance attributes. Based on statistical significance and the mapping of attributes on this grid, the casino management can decide to allocate resources accordingly to emphasize or deemphasize particular attributes, while adjusting priorities and efforts on some others.

RESULTS

Figure 1 represents respondents' perceptions of customer service and the quality of gaming experience at the casino's slot-play environment. Atmosphere, safety, cleanliness, comfortable seats, promptness of beverage and change service, empathy from employers, employee response promptness, and employee empowerment were clearly the under-performing attributes. In addition, employee willingness and slot-players club attributes did not fair too well in the minds of slot-players. These measures are perceived as important yet considered deficient. This could signal an alarming issue for the management. The casino management should allocate resources to study and improve these attributes and meet the expectations and experience of slot-play guests.

Figure 1
The Importance – Performance Analysis Matrix



Note: * $p < 0.05$, ** $p < 0.001$

Casino location, on the other hand, turns out to be a high performer with a low perceived importance. Perhaps, the marketing efforts could be re-allocated from emphasizing this attribute to other several attributes in need of more and immediate attention. On a positive note for the management, slot play patrons feel that the casino is performing well on attributes such as providing a wide variety of slot machine options and promotional gifts.

DISCUSSION AND IMPLICATIONS

The results of this study indicated that there were significant differences between the current levels of performance exhibited by the casino’s slot play area and the level of importance attributed to each measure by the respondents. The following measures were deficient: Atmosphere, Safety, Cleanliness, Comfortable Seats, Promptness of Beverage Service, Promptness of Change Service, Empathy From Employers, Employee Response Promptness, Employee empowerment, Employee Willingness, and Slot-players Club attributes. Each of these factors needs to be investigated and emphasized. Some of these attributes, such the ones related to employees, could be indicating a major problem with selection and training processes in addition to employee supervision. Previous studies (Johnson, 2003; Mayer et al., 1996) highlighted the importance of gaming customer and employee interaction as a key factor for customer satisfaction and loyalty as the competition in the gaming industry has become intensive.

The perception on cleanliness could be attributed to the old age of the casino building and the casino floor. This could mean that preventive maintenance and renovations may need to be planned and scheduled in addition to providing improved cleaning efforts by those employees in charge of the area. In fact, Steinhauer (1997) indicated that old properties in Las Vegas had experienced declined occupancies when the newly themed Hotel and Casinos opened. Lucas (2003) suggested that continuous revamp of the décor and the presence of porters during peak business hours can improve a gaming customer’s perception of the physical environment of the gaming area.

The grid created as a result of the gap analysis can be utilized to assess management decisions. For example, it was made known to the researchers that the casino had adopted a ticket payout system. It is speculated that as direct result of modifying existing machines to accept bills and tender payout tickets instead of coin payouts, the casino management had reduced change staff in the slot-pay area. However, even though the introduction of coin-less machines is intended to reduce payroll expenses by eliminating staff, patrons perceive a longer wait time when they require staff to attend to their needs. This reduction in staff could have altered patrons' perceptions. They now believe that they have to wait longer for change service. Besides the waiting time, it may affect patrons' perception of chances of winning (Mayer et al., 1996). The study indicated that players can perceive decreased playing time because of the waiting time for change service, therefore, decreased chances to win. Management needs to pay attention to this perceptual problem.

In addition, the results of the study indicated that comfortable seats are required for the improved slot gaming experience. As Lucas (2003) emphasized the positive impact of seating comfort on customer satisfaction and increased time for slot playing, management may consider various aspects of slot machines seats such as cushioning and back support for improved seating comfort. Finally, performance of the Slot players' club needs to be improved. Effective use of the loyalty program can attract new customers and retain current customers.

It should be emphasized that future research, despite the challenges of access to casinos and player club's mailing lists, needs to be more representative of the slot player population in order to draw widely applicable conclusions. This can be achieved by increasing the sample size to be more representative of the population. Surveys should also be administered across similar properties to measure the true extent of how well a particular casino is performing.

The results of this study provide a successful demonstration of gap analysis for slot-play and contribute to the limited research literature in this area. Also, findings show that gap analysis could prove to be a pragmatic diagnostic tool to assess slot play experience within a casino. The findings provide research evidence that could greatly benefit for the casino management. Overall, the study helps casino management realize critical factors affecting customer satisfaction with the service quality and the slot experience at the casino and allocate resources effectively to the areas that maximize customer satisfaction.

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NATIVE AMERICAN'S ATTITUDES TOWARD TOURISM

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ABSTRACT

This study will assess and compare Native American's attitudes toward tourism, in terms of socio-cultural and economic impacts. A questionnaire will be developed to ask Native American tribe members about their attitudes toward tourism. The study will be conducted at one Native American tribe in South Dakota. The results will be used to compare and contrast with previous research regarding resident's attitudes toward tourism.

Key Words: Native Americans, tribes, residents' attitudes, tourism

INTRODUCTION

Resident's or host attitudes toward tourism can make or break a business. The attractiveness of a destination depends significantly on the resident's attitudes toward tourism (Goeldner & Ritchie, 2003). Furthermore, tourists prefer visiting places that welcome them. After September 11, 2001 the trends indicates that 81% of Americans who travel in the U.S. enjoy visiting historic/cultural destinations (TIA, 2003). Therefore, this study will explore the attitudes of Native Americans toward tourism to implement the current trend and to gain a better understanding of Native Americans.

LITERATURE REVIEW

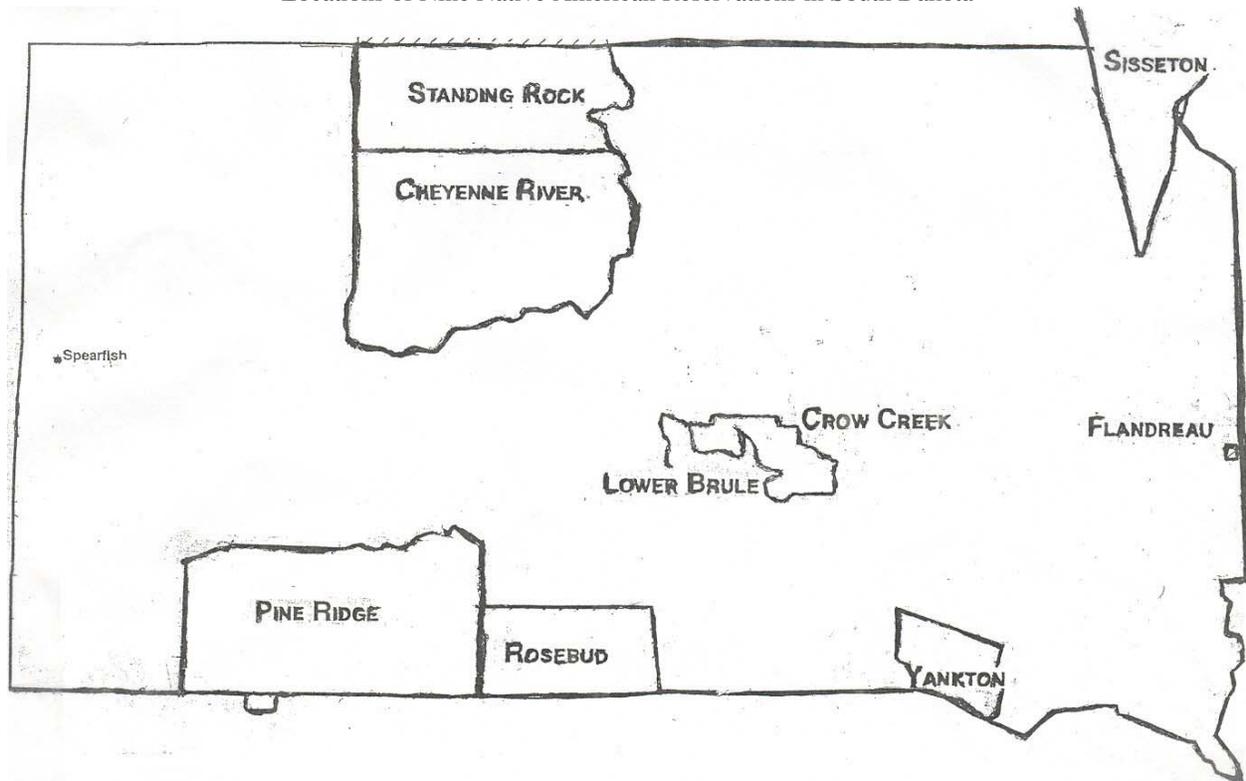
Attitudes are the feelings or affective responses that people have toward certain people, groups, situations, or intangible ideas (Mowen & Minor, 1998). There are four major groups involved in tourism: hosts, tourists, businesses, and the government. Host refers to residents that own places that attract tourists. Tourists are visitors who visit the areas for various reasons: visiting friends and relatives, nature, recreation, business, gaming, culture, nature, and curiosity. Businesses are those that provide goods and services to fulfill the needs and wants of tourists. The government refers to public entities that enforce the laws or regulations to ensure the safety and security of those who are involved in tourism (Goeldner & Ritchie, 2003).

Tourism is a people business which requires reciprocal relationships between hosts and tourists. Tourists shape their attitudes toward hosts from the impression they form through verbal or non-verbal languages that they receive from hosts, and vice versa. The interaction between hosts and tourists can mean the differences between the economic growth of an area or a failure. There are a number of studies about resident's attitudes toward tourism. Perdue, Long, and Allen (1987) compared outdoor recreation participants to non-participants regarding their attitudes toward tourism in five Colorado communities. The results revealed no significant difference in tourism perceptions and attitudes between those groups. The study of Liu, Sheldon, and Var in 1987 revealed that residents of Hawaii, North Wales, and Istanbul were aware of the environmental impacts of tourism on their communities. Moreover, residents in areas with more mature tourism industry were more conscious of both negative and positive impacts of tourism. Perdue, Long, and Allen (1990) found that residents with negative attitudes toward tourism development in their communities supported additional restrictions and taxes on the tourism industry. The result was consistent with the study of Madrigal (1995). The researcher studied residents' perceptions about tourism and the role of government from two cities. One was from the United States and the other was from the United Kingdom. The results revealed that residents with positive attitudes favored future tourism development which contrasted to those who were against tourism. Three rural communities adjacent to the Native-American resort and casino participated in the study conducted by Carmichael, Peppard, and Boudreau in 1996. The results revealed that residents were more concerned about the current and future economic development and impacts of casino. Chen (2000) investigated urban resident's attitudes toward tourism. The results revealed that the overall benefits of tourism outweighed negative impacts. These previous studies were conducted with

Non-Native Americans. There is a lack of research regarding Native American's attitudes toward tourism. Therefore, the purpose of this study is to fill this gap in tourism research.

As illustrated in Figure 1, South Dakota is home to nine Native American tribes: Cheyenne River, Crow Creek, Flandreau, Lower Brule, Pine Ridge, Rosebud, Standing Rock, Sisseton-Wahpeton, and Yankton. Each tribe has its own unique value, belief, and culture. Some tribes openly welcome tourism as economic development opportunities, while others merely tolerate it (NATHPO, 2002).

Figure 1
Locations of Nine Native American Reservations in South Dakota



Source: Adapted from Tiller's Guide to Indian Country: Economic Profiles of American Indian Reservation (1996)

Each year an increasing number of tourists visit Native American tribes. This indicates that those who are involved in tourism should be aware of tribal residents' attitudes toward tourism. Positive attitudes of hosts will generate more businesses in communities. On the other hand, negative attitudes can be altered or re-directed for future growth of tourism.

Purposes and Objectives

1. To analyze Native American's attitudes toward tourism.
2. To develop a questionnaire as a tool to collect Native American's attitudes toward tourism.

Sample

The residents of one Native American tribe in South Dakota were used as a sample in the study.

Hypothesis

H01: There is no significant difference between males and females regarding their attitudes toward tourism.

H02: There is no significant difference between those who favor tourism and those who oppose it regarding their attitudes toward tourism.

METHODOLOGY

This study used a questionnaire developed by researchers. The pilot test was conducted in March of 2004. The actual data collection will be done at the end of April of 2004. The result will be analyzed with the SPSS with a level of significance (α) at 0.05 and compare and contrast with previous studies.

CONCLUSION

Previous research (Perdue, Long, & Allen, 1987; Liu, Sheldon, & Var, 1987; Perdue, Long, & Allen, 1990; Madrigal, 1995; Carmichael, Peppard, & Boudreau, 1996; Chen, 2000) discussed the importance and results of resident's attitudes toward tourism from non-Native American's perspectives. However, there is a lack of empirical research about Native American's attitudes toward tourism. Therefore, this study will explore and analyze the Native American tribe members regarding their attitude toward tourism. The information gained will generate information and serve as a basis for educators in hospitality field who are interested in differences and similarities between Native and non-Native Americans regarding their attitudes toward tourism.

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A CROSS-CULTURAL INVESTIGATION OF SERVICE QUALITY OF SELECTED FAST FOOD RESTAURANTS

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ABSTRACT

The service quality expectations of fast food restaurants of American and Thai college students were explored. The study sample consisted of 311 American and Thai students enrolled in colleges in the United States. This study attempted to understand if there was a difference between people from different cultures on service quality experienced in selected fast food restaurants and whether or not respondents adjusted their perceptions when they were accustomed to another culture. The results show that even though the service expectations were fairly similar between both groups, Americans and Thai, cultural differences still played an important role in shaping the service expectations of customers.

Key Words: Service quality, Fast food, Cross cultural study, Thai

INTRODUCTION

Culture influences most aspects in life of a person including values, beliefs, behavior, and preferences. The expectations of services are also believed to vary among different cultures. Realizing the importance of service quality in hospitality business, this study explores how customer's cultural preferences will have an impact when they move into another culture.

This study attempts to explore the similarities and differences between two groups of respondents coming from the different end in Hofstede's culture continuum. USA and Thailand were distinctively ranked in several dimensions (Hofstede, 1984). In the power distance index, the USA (40) society shows lower power distance than Thai (64) as well as in the uncertainty avoidance index (USA: 48 and Thailand: 64). The incredibly contrasting cultural orientation is the individual – collective dimension of which Thailand was ranked very collectivistic (20) while USA positioned as the highest individualistic in the index (90). Finally, USA scored greatly higher than Thailand in the masculinity index, that USA was placed in the masculine society (62) whereas Thailand was categorized as a feminine society (34).

Research questions

As USA and Thailand position in a different way in every Hofstede's cultural dimension, this research tries to examine whether these differences, in spite of everything, exist when measuring Thai people who have spent some time in USA. Nonetheless, because research has found that people from different cultural backgrounds do adjust their lifestyles when living in another cultural environment, this research expects the indifference, in some extent, between Thai people staying in the USA and the American people with regards to the expectations of service quality in a fast food operation.

Therefore, the research questions of this study are as follow:

- Is there any statistically significant difference between Americans and Thais concerning the expectations of service quality of a fast food restaurant?
- What are the main underlining expectations of service quality of Americans and Thais when dining at a fast food restaurant?

REVIEW OF LITERATURE

The Concept of Service Quality and the Use of SERVQUAL Scale

Service quality refers to the comparison between customer expectations and perceptions of service (Parasuraman, Zeithaml, and Berry, 1985). It involves the expectations of a customer before he/she consumes or experiences services, and the perception of the actual performance of services. Service quality is more difficult to measure than tangible goods or products. Quality of service often occurs during the delivery process, and usually in an interaction between customers and

the service staff (Parasuraman, Zeithaml, and Berry, 1985). Consequently, service failure occurs when the services delivered do not meet customers' expectation (Parasuraman, Zeithaml, and Berry, 1994).

Parasuraman, Berry, and Zeithaml (1991) categorize service quality into five dimensions: reliability, tangibles, responsiveness, assurance, and empathy. *Reliability* refers to the ability to perform the promised service dependably and accurately. *Tangibles* addresses expectations related to the appearance of physical facilities, equipment, personnel, and communication materials. *Responsiveness* refers to the willingness to help customers and provide prompt services. *Assurance* refers to the knowledge and courtesy of employees and their ability to convey trust and confidence. The fifth dimension, *empathy*, is defined as the caring, individualized attention provided to the customers (Parasuraman, Berry, and Zeithaml, 1991).

The SERVQUAL scale, the 22-item scale measuring the expectations and perceptions of services, was developed by Parasuraman, Berry, and Zeithaml (1988) to examine the difference of the expectation and the perceived performance of services. SERVQUAL scale contains 22 statements of expectation that match 22 perception statements. Data taken from the SERVQUAL instrument can be used to compute the service quality gap score for each pair of statements and for each dimension. Parasuraman, Berry, and Zeithaml (1988), in studying and developing the SERVQUAL scale, address that there are five gaps that lead to problems in service delivery.

Not much of the research has covered the service quality issue in fast food operations because of the nature and characteristics of products and services served. College students are one of the main markets of fast food products because they mostly do not have time to prepare their own food. Moreover, fast food restaurants are easily found in many schooling institutions and university nowadays. On an average, each college student may spend around \$480 to \$640 on fast food each academic year (Knutson, 2000). Knutson (2000) conducted a study to explore the choice of fast food restaurants preferred by college students and how these fast food restaurants positioned in the college market. The findings showed that factors influencing college students' choice of a fast food restaurant are cleanliness, friendliness, price, speed, consistency of menu items, menu variety, location, combination meals, discount coupons, atmosphere, drive-through, promotional menu items, and add-on coupons (Knutson, 2000). Interestingly, service did not score as important factors affecting the choice of fast food restaurant for college students at all.

Nonetheless, service quality of a fast food restaurant has sometimes been cross-culturally studied. Brady, Robertson, & Cronin (2001) looked at the service quality, service value, and satisfaction for American and Ecuadorian fast food customers. They concluded that American consumers were more likely to focus on the tradeoff between what they received and what they had to give up receiving the benefit. On the other hand, emotive satisfaction was more important to Latin American customers.

Hofstede's Cultural Dimensions

As the world has become "smaller," culture has played a pivotal role in distinguishing dissimilarities between people in different countries. It has been defined and emphasized by a number of researchers. (Terpstra and David, 1985; Linton, 1945; Kale, 1991; Hofstede, 1984). Culture resides in patterned ways of thinking, feeling, and reacting that are brought together and transmitted by symbols. Culture forms the unique achievements of human groups, including their embodiments in artifacts, by having traditional ideas and attached values as its essential core (Kloeber and Kluckhohn, 1952).

One of the most cited studies about culture was done by Hofstede (1984), identifying four dimensions of culture from 117,000 responses of personnel from a study in a large American-owned multinational company. Those dimensions were labeled as power distance, uncertainty avoidance, individualism, and masculinity. *Power distance* refers to the difference between the extent to which a less powerful person and a more powerful person can determine the behavior of each other. *Uncertainty avoidance* is defined as the extent to which people in a culture feel threatened by uncertainty and ambiguous situations in the future and try to avoid such situations (Dorfman and Howell 1988). The third dimension, *Individualism*, means the relationship between the individual and the collectivity prevailing in a given society (Hofstede 1984). It reflects the way people live together in a society, such as in nuclear families, extended families or tribes, and has a great variety of value implications. Finally, Masculinity describes the predominant socialization pattern depicting men to be more assertive and for woman to be more nurturing (Hofstede, 1984).

Bond (1987) later added a fifth dimension, Confucian work dynamic, to Hofstede's study, as a result of his study with students sampled from 22 countries. This dimension represents a range of Confucian-like values containing two ends, a work ethic and face saving (Nakata and Sivakumar, 1996). Hofstede changed the name from Confucian work dynamic to

short-long term orientation. Finally, these five cultural dimensions were concluded and been widely used in several studies afterward.

METHODOLOGY

As the research focuses on looking at the expectations of service between people from different cultural background, self-administered questionnaires were distributed to both American and Thai students studying at universities in the U.S. The criterion for using university students was because they were accustomed to fast food restaurants and the services. These questionnaires were randomly given out in person to American students and Thai students. The data collection took place during a period of 3 months resulting in a sample of 151 American undergraduate students. The Thai respondents consisted of 160 Thai students who were studying in the U.S. They were contacted through Thai student associations in several universities in the U.S. Because of location and financial concerns, a number of Thai respondents responded to the same questionnaire but via electronic survey instrument, developed by using a user-friendly type of survey creating program.

The survey instrument consists of three parts. Twenty-two SERVQUAL expectation items modified from Parasuraman, Berry and Zeithaml’s (1988) original scale were used in the first part of the questionnaire. Respondents were requested to rate the level of agreement of statements provided on the scale of 1-5, with 1 being “strongly disagree” and 5 as “strongly agree.” Demographic questions were also added at the end of the questionnaire.

RESULTS AND INTERPRETATION

Among the total of 311 respondents, both American and Thai, 51.1% of the respondents were male. The majority of respondents were between 23 and 29 years old (49.2%). More than a half of the respondents considered themselves as Asian (n=185, 55.9%) and about one-third of the total participants were Caucasian (n=127).

Table 1
Demographic Description of Respondents

	Age					Sex	
	Mean age	18-21	22-25	26-30	Over 30	Male	Female
US	22.10	75 (50.0%)	61 (40.7%)	10 (6.6%)	4 (2.7%)	79 (52.3%)	72 (47.7%)
Thai	27.26	10 (6.3%)	53 (33.3%)	69 (43.4%)	27 (17%)	84 (53.5%)	73 (46.5%)

Note: The total number may not add up to the total number of respondents (n=311) due to missing data

The 22-item SERVQUAL scale was regrouped into its five original dimensions and the reliability test was conducted. The results of the reliability test of the entire sample showed that each scale has an acceptable score. The alpha scores of five dimensions of the SERVQUAL scale range from .63 to .78.

The results of the Independent-Sample T Test comparing means of five dimensions of the SERVQUAL scale, for the American data showed higher expectations in all dimensions. However, the findings reveal a statistically significant difference only in the dimension called “tangible”. Other dimensions: reliability, responsiveness, assurance, and empathy, show indifference between the two groups (Table 2)

Table 2
T-Test of the Means for five SERVQUAL Dimensions between American and Thai data

Country	Tangible	Reliability	Responsiveness	Assurance	Empathy
USA (n=151)	3.97	4.14	4.04	4.15	3.88
Thailand (n=160)	3.81	4.03	3.96	4.05	3.80
t	2.462	1.524	1.095	1.469	1.199
df	307.539	295.693	282.654	303.530	293.121
Sig.	<i>p</i> < .05	.129	.275	.143	.232

The results show that U.S. customers place more importance on the tangible dimension of service quality than the Thai sample. This can be explained by looking at the difference in cultural orientation of both countries. The U.S. is on the high end (ranked #1) of Hofstede’s individual cultural dimension while Thailand is considered as a collectivism culture. Individualists are more likely to place more importance on self-image and appearance than those who are collectivists.

They prefer superior physical condition for their work environment and living area. Moreover, when looking at an individualistic society, it emphasizes more on “what” one “has” than what brings the harmony. Keeping a well-maintained physical facility and putting more importance on the appearance of a restaurant shows respect to individuals, the customers of a fast food restaurant.

On the other hand, people from a collectivism society have less expectation of external physical appearance. They are more likely to acquiesce what is available if they can feel harmony and not being confronted with others. Therefore, the exterior or physical materials are not especially important to them as those who are individualists.

Factor Analysis

As the purpose of this study is to understand the similarity and/ or difference underlining expectations in service quality of a fast food restaurant between customers, factor analysis tests were conducted to discover the dimensions of expectations of the two groups of respondents.

The U.S. data

The U.S. respondents consistently show the comparable results as the original SERVQUAL scale. The similar number of dimensions was revealed, however, with different underscoring expectations. Five dimensions have the Eigenvalue higher than 1.0 and explained 60.7% of the total variance (Table 3).

Table 3
Factor Analysis of the US Data

Items	Factor name and loadings				
	Empathy	Attentiveness	Assurance	Reliability	Tangible
Will be consistently courteous with customers	.711				
Have physical facilities that are appealing	.650				
Will be willing to help customers	.644				
Show sincere interest to solve problems	.641				
Customers will be able to feel safe in transactions	.560				
Have customers' best interest at heart	.546				
Will have the knowledge to answer customer questions	.405				
Will give customers personal attention		.785			
Will insist on error-free record		.728			
Give customers individual attentions		.688			
Will understand the specific needs of their customers		.683			
Will never too busy to respond to customers' requests		.502			
Employee will in still confidence in customers		.487			
Will perform service right at the first time			.775		
Have operating hours that convenient to all customers			.669		
Employees will have a neat appearance			.520		
Will tell customer when services will be performed				.730	
When promise, will do by the time				.727	
Will provide prompt service				.545	
Provide services at the time they promise to do so				.525	
Will have a modern looking equipment					.724
Physical facilities will be keeping with the types of services					.723
α	.84	.82	.66	.78	.42
Variance explained	35.08	8.01	6.30	5.90	5.39
Total variance explained	60.70				

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

The Thai data

Factor analysis for Thai data shows three underlining dimensions: customer-centered, reliability, and tangible (see Table 4). The results of the factor analysis illustrate that Thai students who live in the US expect services in a fast food restaurant to be more customer oriented with much caring and attention.

Table 4
Factor Analysis for Thai Data

Items	Factor name and loadings		
	Customer-centered	Reliability	Tangible
Will be consistently courteous with customers	.849		
Will be willing to help customers	.810		
Employees will have a neat appearance	.744		
Have customers' best interest at heart	.724		
Show sincere interest to solve problems	.664		
Will provide prompt service	.649		
Will give customers personal attention	.626		
Give customers individual attentions	.614		
Will never too busy to respond to customers' requests	.598		
Will perform service right at the first time	.551		
Customers will be able to feel safe in transactions	.549		
Will understand the specific needs of their customers	.531		
Have operating hours that convenient to all customers	.516		
Will have the knowledge to answer customer questions	.498		
When promise, will do by the time		.780	
Will tell customer when services will be performed		.756	
Employee will in still confidence in customers		.649	
Provide services at the time they promise to do so		.622	
Will insist on error-free record		.525	
Will have a modern looking equipment			.728
Have physical facilities that are appealing			.696
Physical facilities will be keeping with the types of services			.610
α	.92	.76	.59
Variance explained	45.64	6.83	5.46
Total variance explained	57.94		

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

It is important to note that although there are some significant differences in the expectations of service, respondents from both USA and Thailand see every dimension as important. The means for service expectation of all dimensions for both groups are above "3" (neutral) in the 1-5 Likert-type scale, where 1 means "strongly disagree" to 5 "strongly agree". This means service providers should not overlook any dimension in service quality.

CONCLUSION

Some limitations in this study should be identified. The US and Thai sample demonstrate difference in age group with the majority of Thai respondents being older than the US group. This dissimilarity may affect the point of view of service quality besides cultural orientations. Future study should control age group, if possible. Furthermore, when seeing that culture can be learnt through experiences, using five dimensions of Parasuraman, Berry and Zeithaml's service quality model, instead of the nationality, to distinguish customers, is a potential future research idea.

From the results of this study, we can see that even though there are some differences in factor loadings from factor analyses, the service expectations of U.S. respondents and Thai respondents are not greatly different. Both groups of respondents show their affection in more intangible issues such as care and personalized attention. Looking at those highest loading factors from both data, it shows that customers now expect more caring services, regardless of what culture they are from.

However, some dissimilar expectations are found for deeper interpretations. Even though it seems that there is statistically no difference between several dimensions of service quality between studied respondents, caution should be taken when investigating the underlining facts of each culture. The underlining inconsistencies between cultures should still be recognized. As explained above, while people from Thailand show lower expectations, they are actually looking for more personalized services

Some concerns in interpretation should be made clear that even though fast food restaurants are viewed as places of prestige in Thailand more than in the USA, U.S. respondents express their service expectations higher than Thai respondents. However, the reason for this interesting result may be due to the fact that Thai respondents in this study are those who have stayed for some time in the US. Another reason may be that even though the fast food restaurants are considered as more superior than regular Thai fast food, they are still regarded as fast food. From the results of this study, the managers of a fast food restaurant should emphasize the importance of personalized services that give a lot of attention to customers.

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DISTANCE MENTORING PROMPTS: THE TRIADIC APPROACH TO CULINARY EXTERNSHIPS

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ABSTRACT

This research explores an externship process to impact student cognitive learning processes. Many scholars believe liberal arts education and cooperative education should be treated as separate methodologies given the former involves critical thinking, and the latter is training oriented. Our research seeks to bridge the gap between these two distinct learning schemes through the use of distance mentoring prompts presented in an organized compartment-styled format. The prompts consist of questions pertaining to important organizational areas which require the student to view the entire operation utilizing critical thinking embedded in applied theory to expand learning outcomes.

Key Words: mentoring, distance learning, applied theory, mentor prompting, critical thinking, organizational trends, logical reasoning.

INTRODUCTION

The static and reflective nature of the traditional liberal arts institutional philosophy and the constantly evolving atmosphere of the twenty-first century workplace can resemble educational quicksand for students attempting to acclimate to the realities of the working world. (e.g. Titz & Wollin, 2002; Eyer, 1993; Varty, 2000). The differences in these two environments can present formidable obstacles to students undertaking externships in search of practical knowledge by associating classroom endeavors to the functional-oriented arena of a real world operation. Limited experience, in the majority of cases, does not allow the extern to anticipate and capitalize on all of the refined operational wisdom available from the externship site. This lack of experience is normally destined to become a disconnect between the extern and the employer as the student focuses on the tasks at hand with little perspective, or formulated logical inquiry methodology, in his or her knowledge gathering arsenal.

In most educational circles, the externship, constitutively defined as a training program that is part of a course of study of an educational institution undertaken in private business, is associated with cooperative education which is historically viewed as training, and not of itself an actual educational discipline adhering to the traditional liberal arts mandate to increase the breadth of intellectual understanding. In this regard, the student's efforts are scattered because they are unable to assimilate information quickly enough, therefore, never reaching a "threshold" (point of functional usability) level of understanding to apply their learned knowledge in a practical sense (Bestor, 1953). Expanding on Bestor, we contend that the limitations associated with industry-related practical experiences can be minimized through the use of mentoring prompts applied at a distance. The strategic desired outcome from culinary externships is normally limited to the analysis of a finite quantity of culinary specifics, and depending on the externship site, a general overview of a limited number of operational department areas. Other factors that cloud the outcome objectives involve the learner's level of awareness and skill. The customer volume of the externship site may prohibit the learner from achieving multiple department experiences because individual learner proficiency does not sufficiently compliment the operational pace of the externship site.

This proposed research is grounded in the proposition that the learner is entering a successful working environment with extensive knowledge to be acquired in many operational areas that, potentially, offer positive enhancement to the classroom material and its proper assimilation by the learner. Hence, the purpose of this proposed study is to suggest a mentoring method to improve the overall educational effectiveness of any student externship by blending cooperative education and mentoring with the utilization of an approach aimed at significantly narrowing the gap between the classroom and the workplace. A process we described as "distance mentoring prompts" are suggested as a way to lessen the variance which inherently exists between the static nature of the classroom, and the ever-evolving atmosphere of the workplace.

LITERATURE REVIEW

Cooperative education, properly practiced, is an excellent strategy for future employees to develop the reflective behavior that will help them become contextual learners (Varty, 2000). Programs (external conditions), what is inherent in the student (internal conditions), and what has been learned prior to or during the cooperative education experience (learning outcomes) may all interact to affect each other and/or may separately contribute to more of the variance in educational outcomes (Ricks, Van Gyn, Branton, Cut, Loken, & Ney, 1990). John Dewey first proposed bringing together the reality of the workplace and the theory of the classroom shortly after World War II (Herrick, 1997). Although the balance between theory and practical experience in the various curricula of programs in hospitality studies is a continuing subject of debate in both academia and practice, some academicians believe that a hands-on course is not appropriate or necessary in what they consider to be a management training curriculum that culminates in a bachelor's degree from a liberal arts institution (DiMicelli, 1998). However, externships, a form of experiential education, can also enhance stakeholder competency development through active learning (Wildes & Mount, 1997) as a cursory benefit. Reich & De Franco (1994) believe "[p]eople learn in three ways- by hearing, seeing, and doing" (p.34). In a general way, reflection is defined as a way of thinking about professional matters that involve the ability to make rational choices and to have ownership in those choices (Ross, 1989). While one of the most common applications of experiential learning in hospitality education is an industry work-study experience, this process is known by a variety of terms including internship, externship, field experience, practicum, work-study program, and cooperative education. Regardless of the term used, the objective is still the same - to enhance student learning by integrating practical work experience and classroom instruction (Kiser & Partlow, 1999). For this study, we will utilize the term externship but the process described in this study can be applied to all industry work-study experiences.

One challenge impacting all externship stakeholders is the fact that experiential educational programs are developed with academic purpose, but are designed for non-academic implementation (Petrillose & Montgomery, 1997/1998). There is a delicate balance to be struck between the theory of the classroom and the reality of operations. Constructing progressive learning experiences for students by building on the theory of the classroom by matching practice with preaching is an ongoing struggle (Titz & Wollin, 2002). While educators follow this primary directive to educate students, externship sites are following their company mission to operate a successful business endeavor. Other factors that cloud the outcome objectives involve the learner's level of awareness and skill. The volume level of the externship site may prohibit the learner from achieving the multiple department experience because learner proficiency does not sufficiently match the operational pace of the externship site.

Based on this review of the relevant literature, we assume that most externship programs, in their present form, provide some prior advice or insight for the student who is about to embark on an intense real life journey. But, once the student leaves the confines of the educational facility, a student is left with his or her own mental acumen to derive useful knowledge and career enhancing experience from the endeavor. It is difficult for the course professor to prepare the extern for every eventuality to be encountered during the externship. In this paradigm, students are at the mercy of their own ability to process new and unfamiliar information, normally assimilated from a limited perspective, and usually resulting in learning outcomes which could be easily extended if more insight were available to the extern. Thus, the current dyadic equation combines the student's internal conditions which include existing knowledge, skill, and abilities interfaced with the varying factors regarding the extern site's teaching capabilities and structure allowing positive interaction between site and student to produce variable-dependent learning outcomes.

MENTORING

One alternative to positively affect the externship outcome involves the age-old practice of mentoring, operationally defined as a relationship between an experienced and a less experienced person in which the mentor provides guidance, advice, support, and feedback to the protégé (Haney, 1997). The greater the student's repertoire of actions and thoughts (in Piaget's terms "schemes") the more material he or she has for trying to put together concepts in his or her own mind (Duckworth, 1996). Socrates added questions to develop student's ability to establish or confute a proposition (Casado, 2000). Therefore, the concentration of classroom knowledge coupled with hands-on training should be the focus of hospitality curriculum development and revision in order to better prepare students and better serve industry needs (Evans, Forney & Guido-DiBrito, 1998).

Organizational trends such as downsizing, restructuring, teamwork, increased diversity, and individual responsibility for career development are contributing to an interest in mentoring. A traditional mentoring model is the apprentice learning from a master (Kerda, 1998). We are currently in an economic environment created by the Information Age which demands heightened cognitive, interpersonal, technical, and managerial skills. Mentors represent continuity (The Mentoring Institute, 1998) and can be re-designed to address new forms and kinds of critical thinking-based learning salient to the purposes of the

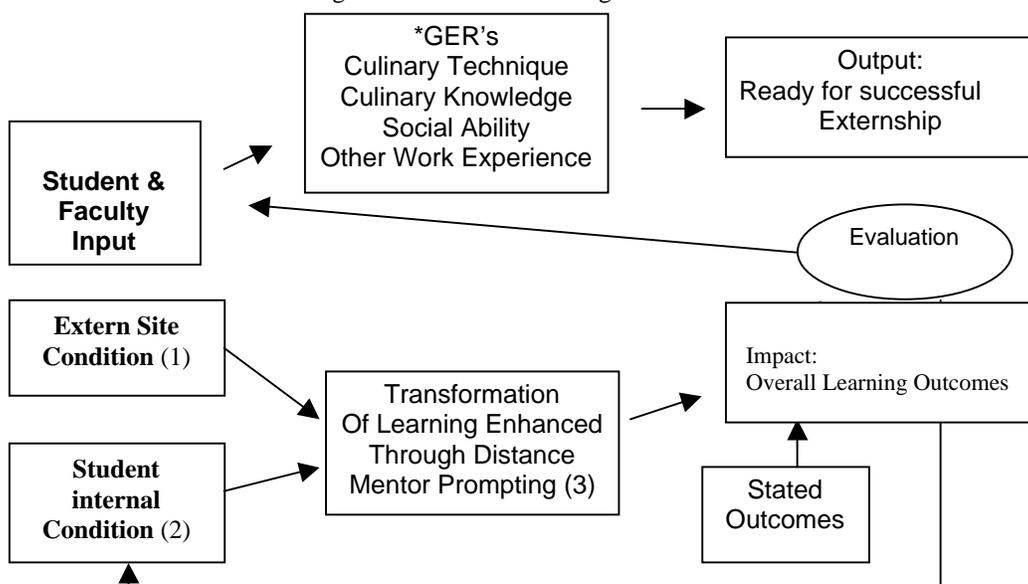
liberal arts educational ideal. Therefore, the overall educational effectiveness of any student externship can be improved or at least provide a more consistent learning experience across students by blending cooperative education and mentoring through the utilization of an approach aimed at narrowing the gap between the classroom and the workplace. This additional component in the externship process creates a third element (i.e. creating a triadic approach) to the externship transformation process to increase and ensure desired learning outcomes for the student.

DISTANCE MENTORING PROMPTS

Distance mentoring prompts, operationally defined, are pertinent information-gathering questions that an experienced individual would almost instinctively seek to answer to assess operational methodologies leading to successful outcomes. These prompts are designed to lessen the variance, which exists between the static nature of the classroom and the ever-evolving atmosphere of the workplace, as well as to enhance the learner outcomes, regardless of the skill, awareness, or experience level of the learner. This distance mentored approach prompts the learner to seek, assimilate, and verbalize information that will impact the educational experiences considered essential to undergraduate education, as determined by the Association of American Colleges. These areas include: (1) inquiry, abstract logical thinking, and critical analysis, (2) literacy in writing, speaking, and listening, (3) understanding minimal data), (4) values, (5) international and multicultural experiences, (6) study in depth. Thus, the student is interacting in a cooperative educational environment but utilizing liberal arts critical thinking methodology to gather and assimilate new knowledge.

In contrast to the dyadic educational schema, where desired learning is assumed to be maximized through the student and externship interaction, inexperienced externs utilizing a triadic educational schema (Figure 1) are not left to construct learning outcomes with a limited perspective. While the main inputs still combine the student and externship site, distance mentoring prompts are inserted into the transformation process to ensure desired learning outcomes. These mentoring prompts provide insightful questions designed to obtain pertinent information easily compartmentalized by the student. As information is acquired, the extern will continue the learning process, and enhance learning outcomes by generating additional questions. The benefits of this additional component should provide more profound results because the extern, regardless of level of competency, will be learning about the whole operational framework as opposed, for example, to a single aspect due to competency limitations. We content that any externship will result in more knowledgeable learning outcomes regardless of the student’s experience level, or extern site teaching respective proficiencies or deficiencies. Thus, we propose constructing an externship program inclusive of distance mentoring prompting during the process. The prompts will be constructed to provide logical, systematic inquiry to increase the student’s awareness, as well as to increase the student’s ability to assess, clarify, and acquire resolution on operational issues and methods.

Figure1: The triadic learning interaction schema



*General Education Requirements

The triadic learning paradigm consists of student and faculty interactive input coupled with student’s internal condition regarding knowledge and skills to successfully prepare the student for the external learning experience (the top

section of Figure 1). The student internal condition, in conjunction with the extern site conditions, is then moderated by the infusion of the mentoring prompts to significantly lessen the student-site knowledge variance and enhance the student's learning transformation by increasing the stocks and flows of knowledge taking place through more productive student-employer interaction. This process increases the overall effectiveness of the externship experience and stakeholder outcomes. The increased awareness of the forces affecting the marketplace and changes in operational methodology to address these forces is a potential by-product of the distance mentoring prompt learning schema.

Table 2:
Distance Mentoring Approach

<i>Assumptions and Areas</i>	<i>Distance Mentor Prompts</i>	<i>Outcome</i>
<p>Organizational Schema</p> <p>Knowledge of the purpose and functioning of the organization is necessary to become an effective organizational member.</p>	<p>What is the organizational mission? What are the core values? Can personal and organizational goals be achieved simultaneously?</p>	<p>Improved understanding of corporate purpose</p>
<p>Policy</p> <p>Every organization has a specific hierarchy, however, power may not lie where one might expect.</p>	<p>Who is the storyteller? Develop a rapport. What is the clear picture of the firm? Who is powerful and who is not? What is the organizational structure?</p>	<p>Effective organizational integration</p>
<p>Politics</p> <p>It is important to determine who has control, respect, is considered to be valuable, and should be emulated.</p>	<p>Who is considered valuable? Why? Who makes operational decisions? Who is behind the decisions Do decision-makers hold positional authority?</p>	<p>Who should be emulated and why</p>
<p>Management</p> <p>Responsibilities duties, personalities may vary with different management philosophies.</p>	<p>What are the chef's duties? Can you describe the chef's daily routine? What are the duties of the sous chef? Define the differences of the chef and sous. Are the trainers knowledgeable? What is the cultural personality?</p>	<p>Understanding management styles</p>
<p>Human Resources</p> <p>Team member competency, skills, talent, reliability, and motivation may vary individually or collectively.</p>	<p>What is important to the employees? What are their values? Are they motivated and consistent?</p>	<p>Individual and collective team assessment</p>
<p>Marketing</p> <p>Customer perception and intended audience can be approach utilizing various methodologies</p>	<p>Is popularity governed by price? Who are the clientele? Is the marketed perception complimented? What marketing scheme is most effective?</p>	<p>Overall marketing approach and effectiveness</p>
<p>Internal Controls</p> <p>Menu pricing, purchasing, tracking, waste and inventory control may indicate similarities or differences from classroom instruction</p>	<p>Who orders for the operation? Is product waste tracked and evaluated? What F & B costs are acceptable? How are purchase amounts determined?</p>	<p>Improving profitability through proper planning and operational control</p>

Impact: The Overall Synthesized Learning Outcome

Specifically, the student will be given a formatted organizational chart addressing the following areas: (1) organization schema, (2) organizational policy, (3) internal politics, (4) management, (5) human resources, (6) marketing, and (7) internal controls. Insight-seeking questions will be included in each section to spur the curiosity of the student as he (she) delves into each of these areas during the externship. As each area is modular in design, no particular sequence is required in the information gathering process. Thus, the extern is free to randomly acquire information during the ebb and flow of the externship. The final research report will represent a compilation of the sum of the information annexed during the experience, conjoined in the appropriate operational area, to create a synthesis of the extern site's whole strategic operational

application from the critically-considered perspective of the novice extern. For explication purposes, Figure 2 provides a working model of specifics regarding applied theory underlying important mentoring prompts, specific organizational areas to be addressed, example prompts for each area, and desired outcomes for each area.

Applied Theory. In addition to specific functions associated with a typical externship experience (i.e. kitchen experience, purchasing and receiving procedures, etc.), organizational operations areas can be a source of a wealth of knowledge for the extern. The Applied Theory column provides some potential underlying theoretical concerns that student externs should be prompted to consider and, thus, tie together theory in a real world setting. In this process, students shift their thinking from a “what are they going to teach me” mentality to a “what can I learn from this experience in addition to day-to-day task oriented experiences”. Examples of applied theoretical areas of interest include organizational hierarchy, power assumptions, organizational culture or climate issues, and control systems.

Organizational Areas. The basic externship process should require information gathering from a variety of organizational areas that relate to theory application. For example, distance mentoring prompts may require information gathering by the extern in areas concerning: (1) the organization to inquire about the extern site mission statement, core values, and organizational goals; (2) the specific hierarchy of the organization, the background; and organizational structure; (3) the unwritten rules, employee value judgments and personnel who control operational decisions; (4) assessing the management structure and responsibilities; (5) the employees and their ability to perform and enhance operational goals; (6) the marketing scheme of the organization; (7) the inventory control process and scheme of the extern site; and (8) the extern’s assessment of the overall operation.

Distance Mentoring Prompts and Outcomes. Once key workplace applied theory assumptions are identified and addressed by organizational area, the distance mentoring prompts can be utilized to achieve and illuminate information gleaned by the student who will assimilate this compartmentalized knowledge to construct an operational overview of the extern site’s organizational scheme.

Because externship experiences are by their definition outside of the educational facility, distance mentoring prompts can be implemented through a variety of mediums. The choice of medium will vary due to student access to the Internet, fax and telephone. The distance mentoring prompting can be implemented in the hard copy form issued to the student prior to beginning the externship. But, other possible methods of implementation include student-professor communication via Internet-based options such as Blackboard, Passport, and e-mail. Fax, telephone conversation, or possible combinations of various communication methods could be utilized. The latter methods would provide a benefit of continual inquiry by the student but require access by the student and continual prompting by the instructor-mentor from a distance over the course of the externship.

Assuming the student completes the required prompting activities, this process should result in an improvement in consistency of learning outcomes across all students and all externship locations. The above factors provide the basis for methodically structured inquiry by the extern and the information, compartmentalized, allows the extern to acquire information in no rigid order. Each piece of information can be placed in its appropriate area of the puzzle over the course of the learning experience and become part of the assessment materials for each student.

EVALUATION

The final component in the externship model (Figure 1 – evaluation and Figure 2 – learning outcomes) is the cognitively-fused evaluation of the experience. The information gathering process, and situations encountered by the extern will be both subjective and objective in nature, thus requiring a student evaluation comprised of qualitative and quantitative evaluation methodologies. The student evaluation process will measure: (1) learning outcomes, (2) critical thinking, and (3) logical reasoning abilities of the extern. The evaluation process will also assess changes in workplace needs and operational techniques to facilitate possible curriculum adjustments to provide the appropriate just-in-time classroom to workplace connection. It is also important to gather information for evaluating the appropriateness of the externship site to function as a viable learning environment.

To examine these subjective and objective aspects of potentially more complex learner outcomes, we suggest utilizing empirical methods following the Metfessel and Michael (1967) Evaluation Paradigm and journal entry suggestions from Guba and Lincoln (1981). Adaptation of these methodologies is necessary to construct an appropriate evaluation scheme. A student’s performance is evaluated using the following criteria: 1) a pretest and post test attribute analysis of successful work attributes using a Likert model, and a letter of advice to a fellow student for content analysis; 2) pre-externship self examination of strengths and weaknesses utilizing a Likert scale; 3) post-externship examination of strengths and weaknesses

using a Likert scale; 4) systematic daily journal entries to assimilate and synthesize information across notes to recognize observable trends; 5) performance evaluation of the student conducted by the student's site supervisor and sent under separate cover to the student's course instructor of record; 6) performance evaluation assessment by the student regarding performance; 7) externship portfolio and executive summary written to address the flowcharted key areas; 8) and, an educational evaluation model (J. Barr, personal communication, November 15, 2003) assessing the qualities and skills necessary at various organizational levels and included in the student's portfolio.

The portfolio, should encompass all aspects of the extern's learning experience, begins with the executive summary, an abstract summarizing the student's analysis of the extern experience, followed by a detailed, in-depth report following the format of the previously illustrated flowchart of significant operational areas. Each area discussion demonstrates the student's use of critical thinking to logically construct and link their description of the whole, inter-related operational structure of the extern site utilizing the information gained from the distance mentoring prompts, additional questions and observations of the student, and the detailed information carefully recorded in the student's journal entries. The discussion should indicate the highlights of the types of experiences encountered, the externship aspects that were most beneficial or least beneficial and, most importantly, why the student feels that way.

An additional method of evaluation regarding learning outcomes is a "pre" and "post" student externship interview. During the pre-externship interview, the student is given a detailed explanation of what is expected and how the additional information gathering should be systematically approached. In addition, a discussion on the student's adjustment to the new environment as a necessary first step, followed by observation, and finally by questioning the surroundings. The post-externship interview is conducted to review the student's information and help him or her gain the most complete operational perspective from the learning experience.

CONCLUSION

Many scholars believe liberal arts education and cooperative education should be treated as separate methodologies given that the former involves critical thinking, and the latter is training oriented. In our modern society, it is our belief that both methodologies can co-exist and actually enhance the liberal arts educationally intended outcome by putting theory into action. The students enrolled in the externship course will be given formatted models to follow, and will be challenged to ask intuitive questions to construct a consciousness of the overall functioning of the extern site operation. Each site will be adhering to different corporate missions, values and structures. The students must evaluate the information they obtain and, therefore, critical thinking and logical reasoning must constantly be employed by the extern over and above any act of training received from the externship site. It is important to turn the physical workplace experience into a cognitive apprenticeship in which reflection is truly integrated with action and problem "finding" maintains equal status with problem "solving" (Eyler, 1993).

Our suggested evaluation methodologies, universal to any culinary externship program, were selected to reflect this shift in educational focus and to accurately gauge the student's critical thinking and logical reasoning ability. The evaluation methodology, as a whole, will provide qualitative data to judge the student's ability to analyze and integrate new learning experiences in depth, and to reflect on how new knowledge can be opportunistically applied to present classroom and future employment activity. The portfolio information can be used to assess the different workplace environments allowing externship faculty to configure the best match regarding student skill levels and optimum learning achievement. Futuristically, faculty will also be able to better prepare the extern for optimum learning as more information becomes available (figure 2) concerning the operational nature of a particular externship site.

We contend that the use of distance mentoring prompts can be crucial to the consistent success of student externs at varied developmental levels by: (1) reduce the time required for externs to become "part" of their working environment; (2) ease the traditional anxiety that accompanies learning; (3) increase productivity in less time; (4) provide a structured system for strengthening and assuring assimilation of the their new organization culture; (5) increase the number and diversity of successful externship experiences; (6) increase extern-workplace collaboration; and overall, (7) increase the potential for academic success and reasoning through the application of critical thinking embedded in the applied theory arena.

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A STUDY OF AFFECTIVE IMAGES OF OKLAHOMA AS AN INTERNATIONAL TRAVEL DESTINATION

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ABSTRACT

Both cognitive and affective components are recognized to be important in describing destination images, however, previous image studies have mainly focused on destination's cognitive attributes, few on affective attributes. This study examined the image of Oklahoma from the perspective of the affective components. This study showed that repeat tourists and family tourists tended to hold more favorable affective images than first-time and non-family tourists. Besides, there existed a set of affective image dimensions significantly influencing tourists' likelihood of re-visiting Oklahoma and recommending Oklahoma to their relatives and friends. Further implications are discussed and recommended in this study.

Key words: Affective Image, Travel Destination, Oklahoma

INTRODUCTION

Image is the most important aspect of a travel destination from a marketing point of view. Destinations need to project their distinctive images in order to enhance tourism appeal. Tourism destinations often compete on nothing more than the images held in the minds of potential tourists (Baloglu and McCleary, 1999). In order to remain competitive, destination marketers must be able to understand how tourists perceive the products and services of the destination. Understanding images held by target markets is essential to avoid moving the image into a position held by an able and strong competitor (Gartner, 1996).

Compared with other states of the United States, Oklahoma is not a popular destination for international tourists. Besides, search of literature indicates that almost none of the previous destination studies have ever discussed Oklahoma especially in terms of international travel. It is suggested that, prior to actual promotions or other marketing activities in the international travel market, it is necessary for Oklahoma to identify its destination image first.

The purpose of this study is to explore Oklahoma's image focusing on its affective attributes as perceived by international tourists. Specifically, this study is designed to achieve the following objectives: 1) to examine Oklahoma's affective image attributes; 2) to identify the image differences between the first-time tourists and repeat tourists; 3) to identify the important destination dimensions in influencing tourists' likelihood of return and recommendation to others.

LITERATURE REVIEW

According to Gartner (1996), "destination image(s) are made up of three distinctly different but hierarchical interrelated components: cognitive, affective, and conative. The interrelationship of these components ultimately determines predisposition for visitation" (p. 457). Based on Gartner's view, the cognitive component is derived from fact and may be viewed as the sum of beliefs and attitudes of the object leading to some internally accepted picture of its attributes (external forces, pull attributes). The affective component of image is related to motives in the sense that it is how a person values the object under consideration (internal forces, push attributes). It was considered that people travel because they are pushed into making travel decisions by internal forces and pulled by external forces of the destination attributes (Crompton, 1979a, Dann, 1977).

Affective images are tourists' internal or psychological feelings towards the perceived benefits of destination visitation; it has a close relationship to tourists' motivations. According to Gee, Choy, and Makens (1984), to market tourism services and destinations well, marketers must understand the motivating factors that lead to travel decisions and consumption behavior. Echtner and Ritchie's (1993) extensive literature review of tourism destination image measurement revealed that image constructs have been limited to studies dealing with perceptual or cognitive components, where objective attributes or features of destinations were used as a basis for measuring destination images, few studies have ever attempted to emphasize the importance of using the affective component. For instance, Williams et al. (1992) suggest that a

place is probably best understood by focusing on its symbolic meaning rather than on the sum of its physical attributes. Ko and Park (2000) suggested that what a tourist is consuming or experiencing may not be a destination (or reality); it may represent the symbolic meaning with the destination. These studies argued that, instead of cognitive (objective, physical) image, affective image (symbolic, psychological) should be a focus of marketing strategy for tourism.

In actual marketing and promotional campaigns, destination marketers should employ different promotional strategies in positioning their destinations. One hypothesis is designed to test tourists' perceived differences of Oklahoma's destination image attributes. The hypothesis posits that there are significant image differences between the first time and repeat tourists, and between family and non-family tourists. The null and alternative hypotheses are stated as follows:

Hypothesis 1:

- Ho₁: There are no significant affective image differences between the first time and repeat tourists, and between family and non-family tourists;
- Ha₁: There are significant affective image differences between the first time and repeat tourists, and between family and non-family tourists.

Destination marketers are also inclined to distinguish and promote their destination with the most favorably considered image components. In order to empirically test whether affective image components have significant influence on Oklahoma's overall attractiveness, another hypothesis was developed and designed as follows:

Hypothesis 2:

- Ho₂: Affective image dimensions have no significant impact on visitors' likelihood of revisiting Oklahoma or recommendation to others;
- Ha₂: Destination image dimensions have significant impact on visitors' likelihood of revisiting Oklahoma and recommendation to others.

RESEARCH METHOD

This study uses a descriptive research method, aiming to explore and identify the image dimensions of Oklahoma from the perspective of affective component as perceived by international tourists. One questionnaire was designed and used for data collection. The questionnaire consisted of six sections, including respondents' socio-demographic profiles, visiting characteristics, image attributes, overall destination image, etc. One of the sections asked respondents to assess Oklahoma's affective image attributes. Respondents were asked to rate their level of agreement to the affective image attributes using a five-point Likert scale ranging from "strongly disagree - (1)" to "strongly agree - (5)". In creating a list of affective image attributes, the affective image items used in previous tourism image studies (Crompton, 1979b, Dann, 1977) were referenced. Relevant publications and promotional brochures on Oklahoma's tourism attractions were reviewed. An interview was conducted with some of Oklahoma's travel marketers and researchers in charge of Oklahoma's tourism promotion. As a result, 22 items were selected. Two terms were used to depict Oklahoma's overall image. The two items were 'what do you think of the likelihood of visiting Oklahoma in your future trips?' and 'Do you think that Oklahoma is a recommendable destination to your relatives and friends for their future trips?'

A pilot test was conducted to examine the content validity and reliability of the questionnaire before the survey was undertaken. The questionnaire was developed in English, and then translated into German, French, and Spanish. The questionnaires were distributed to the international tourists visiting Oklahoma through its 12 Welcome Centers. Due to the unknown nature of the international tourists visiting Oklahoma, a convenience sampling was employed to collect the data. The survey started from August 2002 and was eventually concluded at the end of November. As a result, 202 usable questionnaires were obtained.

Data was entered into the Statistical Package for Social Sciences Windows Version 10.0 (SPSS) program and analyzed accordingly. A frequency analysis was conducted for the questions in the questionnaire to examine the distribution of the responses. Mean ratings were computed for the perceived affective image attributes. Independent Samples t-test was employed to test the perception differences between first-time tourists and repeat tourists, family tourists and non-family tourists. Factor analysis was used to group the affective image attributes into a smaller set of dimensions. Multiple regression analyses were employed to determine the impact of the affective image dimensions on the overall destination

image. The image dimensions were used as independent variables, while the tourists' likelihood of return and recommendation to others were treated as two separate dependent variables.

RESULTS

The respondents' profile (Table omitted) indicates that the majority of respondents were male (61.5%). In terms of age, the main age groups were those between 41 and 50 years (22.2%), 31-40 years (20.2%), and 51-60 years (19.7%). The majority of respondents were first time tourists (61.2%). And most of them were pleasure tourists (55.8) and VFR (visiting friends and relatives -18.6%). All the affective image attributes are perceived favorably by the respondents, ranging from 3.39 to 4.15. The attributes with mean scores over 4.0 include "meet new people"(4.15), "enjoy something which is special"(4.04), "participate in activities that offer thrills"(4.04), "experience a different life style"(4.03), "enhance knowledge"(4.01), and "enjoy the relaxing atmosphere"(4.01). Relatively, those attributes with the lowest mean scores are "enjoy interesting sports activities"(3.39), "have fun, be entertained"(3.42), and "keep body fit"(3.53), etc.

Perceived Differences Between First-time and Repeat tourists, Family and Non-family Tourists

In order to detect whether there is a significant difference in the perception of Oklahoma's affective image attributes between first-time and repeat tourists, and family and non-family tourists, the Independent Samples t-test was employed. The Independent Samples t-test indicated a statistically significant difference ($P \leq 0.05$) between the perceptions of first-time tourists and repeat tourists on the attributes of "get away from crowds of people," "experience adventuresome activities," "keep body fit," "enjoy interesting sports activities," and "obtain favorable prices/discounts." Besides, by looking at the mean differences, it showed that repeat tourists' perceived mean scores were higher than the first-time tourists'. Generally, repeat tourists held a more positive image than the first-time tourists.

As for the family tourists and non-family tourists, the result also showed a significant difference. It showed that a statistically significant difference ($P \leq 0.05$) existed on the image attribute of "experience tranquility". If the P value is set at 0.05 instead of 0.1, more significant differences could be found on other attributes such as "interesting native American history," "a taste of the cowboys life and culture," "enjoying the relaxing atmosphere," and "get close to nature." Likewise, tourists traveling with family members were generally holding more favorable perceptions of Oklahoma than non-family tourists. Hence, the null hypothesis which assumed that there are no significant image differences between the first time and repeat tourists, and between family and non-family tourists, is rejected.

Destination's Underlying Dimensions

The result of factor analysis is presented in Table 1. For the 21 affective attributes, the test statistic for sphericity is large (2211.184) which is statistically significant at 0.001. The KMO measure of sampling adequacy of these variables was 0.829, which was meritorious. The communality ranges from 0.60 to 0.85, suggesting a reasonable explanation of the common factors. Five factors can be extracted from the factor analysis with each dimension's eigenvalue larger than 1.0. However, it is noticed that, though the sixth factor has an eigenvalue slightly below 1.0, it contributes a substantial increase of variance (4.37%) by increasing the total explained variance from the original 67.43% to 71.79%. As a result, six factors were chosen to represent the affective attributes, namely, "Relaxation", "Novelty Seeking", "Sports/keep-fit", "Prestige Seeking", "Safety/benefit Seeking", and "Thrills/adventures". In terms of these factors' summated mean scales, Factor 2, "Novelty Seeking", obtains the highest mean scale of 4.02. The second highly rated factor is Factor 1, "Relaxation"(3.94), followed by Factor 4, "Prestige Seeking"(3.86), Factor 6, "Thrills/adventures"(3.71), and Factor 5, "Safety/benefit Seeking"(3.64). The factor with the lowest mean scale is Factor 3, "Sports/keep-fit" (3.42).

Predicting Tourists' Likelihood of Return and Recommendation to Others

The regression equation model for predicting tourists' likelihood of return indicates an adjusted R² of 0.213, which means that 21.3% of the total variance in the dependent variable can be explained by the independent variables in the model. The F-ratio of 28.173 is significant (Prob.< 0.001), indicating that the result of the equation model could hardly occur by chance. The degree of variable collinearity is considered acceptable with the variance inflation (VIF) less than 10, and the condition indices less than 30 (Belsley, 1991). All the t values for the partial correlations are statistically significant at the level of 0.05. As a result, two affective factors are found to be significant in predicting tourists' likelihood of revisiting Oklahoma, i.e. Factor 1, "Relaxation" and Factor 2, "Novelty Seeking". Other factors are found insignificant in predicting the dependent variable. Based on the Beta, it shows that the most important affective image dimension in contributing to tourists' likelihood of revisiting Oklahoma is "Novelty Seeking" (Beta = 0.344), followed by "Relaxation" (Beta=0.211).

Table 1
Oklahoma's Affective Image Dimensions

VARIABLES	Varimax Rotated Loading						Communality
	F1	F2	F3	F4	F5	F6	
Factor 1 - Relaxation							
Experience tranquility	.870		.102	.196	.109		.82
Enjoy the relaxing atmosphere	.858	.133	.272		.125		.85
Get away from crowds of people	.809	.138	.103			.323	.79
Get close to nature	.767	.263		.224		.172	.74
Factor 2 – Novelty Seeking							
Experience a different life style	.156	.756			.203	.314	.75
Enhance knowledge		.718	-.130	.312	.108	.247	.70
Enjoy something which is special		.700	.262	.203	.189		.64
Meet new people	.325	.679		.299	.163		.69
Have a change from my daily routine	.344	.647	.206	.112	.194		.63
Factor 3 – Sports/keep-fit							
Enjoy interesting sports activities	.166		.869	.174		.157	.166
Keep body fit	.229		.776	.101		.202	.229
Have fun, be entertained		.320	.629	-.186	.440	.110	
Factor 4 – Prestige Seeking							
Visit famous cultural/historical attractions		.324	.137	.809	.115	.114	.81
Visit where many people would like to	.260	.252		.683	.222	.239	.71
Visit where my friends have not been to	.456	.214	.222	.537			.60
Factor 5 – Safety/ Benefit Seeking							
Obtain favorable prices/discounts	.114	.103			.757	.208	.65
Buy something which is good for value		.298		.340	.714		.72
Travel safely	.290	.337	.178	.296	.585		.66
Factor 6 – Thrills/adventures							
Experience adventuresome activities	.216	.113	.294	.137		.710	.68
Experience something unexpected or surprising	.337			.320	.220	.643	.69
Participate in activities that offer thrills	.110	.485	.199			.612	.66
Eigenvalue	7.78	2.35	1.77	1.18	1.09	.92	
Variance (percent)	37.02	11.21	8.40	5.61	5.18	4.37	
Cumulative variance (percent)	37.02	48.23	56.64	62.25	67.43	71.79	
Cronbach's alpha	.91	.86	.78	.78	.72	.71	
Summated Mean	3.94	4.02	3.42	3.86	3.64	3.71	
Number of items (total=21)	4	5	3	3	3	3	

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
Factor loadings less than 0.10 are omitted.

Likewise, another regression equation model was obtained for predicting tourists' likelihood of recommendation to others. The model indicates an adjusted R^2 of 0.299. The F-ratio of 43.836 is significant (Prob.< 0.001). Two affective factors were found significant in predicting tourists' likelihood of recommending to others, i.e. Factor 1, "Relaxation" and Factor 4, "Prestige Seeking". The most important affective image dimension in contributing to tourists' likelihood of recommending to others is "Relaxation" (Beta = 0.383), followed by "Prestige Seeking" (Beta=0.245).

Hypothesis 2 proposed that the affective image components have significant impact on tourists' likelihood of return and recommendation to others. Since the regression models are both significant, the null hypothesis, which posited that destination image dimensions have no significant impact on tourists' likelihood of revisiting Oklahoma, is rejected.

DISCUSSION, IMPLICATIONS & CONCLUSION

Twenty-two items were used to assess Oklahoma's affective image. The items with mean scores higher than 4 were "meet new people"(4.15), "enjoy something which is special"(4.04), "participate in activities that offer thrills"(4.04), "experience a different life style"(4.03), "enhance knowledge"(4.01), and "enjoy the relaxing atmosphere"(4.01). These items indicated that tourists were curious about the land of Oklahoma and hoped to experience something different while relaxing by visiting Oklahoma. Comparatively, international tourists had a moderate perception of Oklahoma in terms of its entertainment, sport attractions, and good for value. This indicates that it could be difficult for Oklahoma to establish an image of entertainment, and/or sport attractions. Moreover, price is an important element in tourists' perception of destinations' image. According to the Texas Economic Development (2003), the major influencing factors for Canadian's

vacation travel to the USA were safety and familiarity, and lower costs. “good for value” could be an important factor influencing a destination’s image.

A comparison of the perceptions of Oklahoma’s image attributes between the first-time and repeat tourists and between family and non-family tourists revealed statistically significant differences. Repeat tourists tend to have a more favorable image than the first time tourists. The fact that family tourists also perceived Oklahoma more favorably than non-family tourists indicated that Oklahoma could be more successful in attracting international family tourists by organizing family-oriented travel programs such as theme parks and folk festivals. Multiple regression analyses helps identify Oklahoma’s important affective image dimensions predicting tourists’ likelihood of return and recommendation to others. These affective image dimensions are “Relaxation”, “Novelty Seeking”, and “Prestige Seeking.” The most important predictor of tourists’ likelihood of return is “Novelty Seeking”; while the most important one for the likelihood of recommending to others is “relaxation”. The leading role of “Novelty Seeking” in predicting destination’s likelihood of return is consistent with the study of Yuan and McDonald (1990), in which novelty was ranked first as the primary motivation of the French and British. For instance, many Europeans and North Americans like to travel to remote areas to search for unspoiled natural and authentic cultural attractions (Cohen, 1982). This further implies that the Oklahoma Tourism and Recreation Department should move on the right track in selecting and promoting the features reflecting Oklahoma’s distinct cultural attractions and peculiar natural landscape.

Findings of this study indicate that, like cognitive images which have been widely discussed in previous destination image studies, affective image components also play an important role in tourists’ perception of destination image. Considering that affective image is tourists’ psychological feelings towards a destination derived from and based on their cognitive perceptions, the affective image analysis is much helpful in exploring a destination’s complex image. It is suggested that future destination image studies incorporate affective components which would make destination images more complex and comprehensive. Due to the current small population of international tourists, a convenience sample is used instead of random sampling, besides, the sample size is not big enough, there is no attempt to generalize the findings unless they are further evidenced by further studies based on a considerably larger sample.

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LINE MANAGER PERSPECTIVES ON HRM AND HRD ROLES:
THE CASE OF HILTON INTERNATIONAL'S UK HOTELS

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ABSTRACT

This paper explores line manager responsibility for human resource management (HRM) and human resource development (HRD) in an international hotel organisation. The results identify a strong support system for line managers in relation to training and good relations with HR specialists. Senior Managers were able to articulate greater awareness and understanding of the HR mechanisms that help deliver the service quality initiative than other managers. Few differences were found between male and female managers' views. However, barriers in relation to conceptual understanding, together with time and work pressures act as inhibitors to line managers' commitment to HRM & HRD.

Key Words: Line managers; HRM; HRD; Enablers; Barriers

BACKGROUND

In 2001 Hilton introduced a global service quality initiative that seeks to establish a service brand (Equilibrium) and service culture (Esprit/Hilton moments), with support from an HRM package of employment terms and conditions (Esprit). Esprit is portrayed as being a concept of directing the way employees work. It consists of a range of HR activities that are designed to ensure that employees are able to support the service quality initiative of Equilibrium.

Esprit has been designed to embrace the key principles of employee recognition, respect and reward. It *'starts with recruitment but relies more on appropriate [employee] development.... Esprit training aims to change behaviours to deliver Hilton moments'* (UK HR vice-president). Upon successful completion of training, employees become members of Esprit entitling them to access rewards and incentives. Extra rewards can be given to employees who demonstrate excellent customer service. Hotels are provided with annual targets for Esprit membership numbers and these are measured as part of the hotel's performance indicators. Although initiated by Hilton's corporate Human Resource department in the UK, Hilton perceive this initiative as being concerned with instilling a service culture throughout the organisation, believing this to be owned by all Hilton employees. Managers' response to Esprit is generally perceived to be very positive. However, one of the key challenges concerns embedding Esprit into the organisation. It is *'about "walking the talk" - managers have to live this concept day in and day out e.g. in the way they speak/behave/interact'*. The UK HR vice president reports that *'very few challenges were experienced around acceptance however there are still some around ownership - Who owns Esprit? Esprit should live in the hotels and they should determine recognition rather than being seen as a Head Office initiative'*. In attempting to ensure that Esprit is operationalised effectively, all line managers in hotels are expected to assume responsibility for it through a range of human resource management (HRM) and human resource development (HRD) activities. These activities include selection, training and development, employee motivation and recognition, and performance management. Line managers are provided with support from specialist HR staff at unit and Head Office level.

This paper explores line managers understanding of their role, including their involvement and commitment to HRM and HRD activities. Within the organisation there is no differentiation between the functions of HRM and HRD. These are seen as being integrated activities within the umbrella title of Human Resources. As a result of this approach, the literature review addresses the role of line managers from both HRM and HRD perspectives.

THEORETICAL FRAMEWORK

Relationships between line managers, HRM and HRD are arguably changing (Gibb, 2003) and becoming more fused, despite continuing debate about the focus of HRM (Budhwar, 2000) and scope of HRD (Garavan et al., 1999). In defining the connections between HRM and HRD, the relationship has been dubbed 'ambiguous and elusive' (Mankin, 2003). The literature on these two areas largely treats HRM and HRD separately; therefore this paper explores line manager responsibility for HRM and HRD in turn.

Inherent in the concept of human resource management (HRM) is a 'centre-stage' role for line managers (Renwick, 2003:262). Since the advent of human resource management (HRM) in the UK in the 1980s there has been some debate about devolving aspects of HRM to line managers (Gennard and Kelly, 1997; Hall and Torrington, 1998). Several researchers assert that line managers assuming some HRM responsibility can positively influence employee commitment and, ultimately, business performance. For example Cunningham and Hyman (1997:9) highlight the role of line managers in promoting an 'integrative culture of employee management through line management.' Thornhill and Saunders (1998) signal the role of line managers in securing employee commitment to quality, while increased productivity has also been asserted as a basis for devolution of HRM (IRS Employment Review, 1995).

However, lining up line manager responsibility for HRM has also been noted as being 'problematic' (McGovern *et al.*, 1997), not least in the relationship between line managers and HRM specialists (Cunningham and Hyman, 1997) and 'the ability and willingness of line managers to carry out HR tasks properly' (Renwick and MacNeil, 2002:407). Some commentators were more positive in seeing the HR role becoming 'less pigeon-holed' (Goodhart, 1993). Hall and Torrington's (1998) research on the progress of devolution of operational HRM activities and its consequences, points to organisations making sustained and deliberate efforts to vest HRM responsibility with line managers. However, 'the absence of a designated human resource specialist role' (Thornhill and Saunders, 1998:474) may have negative effects on strategic integration and, consequently, organisational commitment, flexibility and quality.

Similarly, the involvement of line managers in HRD has been the subject of academic debate and organisational challenges. In clarifying the role of line managers in HRD Heraty and Morley (1995) present that activities surrounding identification of training needs, deciding who should be trained and undertaking direct training either fall within the domain of line managers or in partnership with HR specialists. Whereas aspects of HRD concerned with policy formulation, training plans and advising on strategy are more likely to be undertaken by HRD specialists. Gibb (2003) asserts that concerns over increased line manager involvement in HRD are valid in that it may limit the use of specialist resources in HRD. Another issue is that while line managers have been identified as 'one of the key stakeholders with the HRD process' (Heraty and Morley, 1995:31), difficulties in securing line manager acceptance of HRD responsibilities have been evident (Ashton, 1983). Research has identified factors that may enable and inhibit the take-up of line manager responsibility for HRD.

Arguably the most significant enabler of line manager responsibility for HRD is the 'growing body of literature on the emergence and growth of HRD and in particular HRD with a strategic focus' (Garavan *et al.*, 1995:4). HRD may be seen as providing the key connection between HRM and business strategy (Garavan *et al.*, 2001). Business-led approaches to HRD can indeed be evidenced (Sparrow and Pettigrew, 1988; Harrison, 1993), lending weight to the theory on HRD. For Torraco and Swanson (1995), HRD is not only supportive of, but central to, business strategy. It is also, as Keep (1989) maintains, central to HRM. Therefore it can be seen that there are important lines to be drawn between HRM, HRD, line managers and business strategy. McCracken and Wallace's (2000) model of the characteristics of strategic HRD indicates that all four of these factors are integral to a SHRD approach being taken. In this model they are expressed as: integration with organisational missions and goals; HRD plans and policies; line manager commitment and involvement; and complementary HRM activities.

In terms of enabling HRD at an operational level, de Jong *et al.*'s (1999:183) research suggests that this is 'a feasible option' providing specific conditions are met in organisations. One significant condition may be the credibility of HRD as an organisational activity in general. For despite the relatively recent interest in, and expansion of, HRD in UK organisations, there seems to be a residual issue of credibility of the training and development function in organisations generally (Chartered Institute of Personnel and Development, 2001). Organisational support for line managers in their HRD responsibility is important too in the facilitation of the devolution of HRD responsibility (Heraty and Morley, 1995), as is senior managers' understanding of training and development issues (de Jong *et al.*, 1999). Trust between line managers and HRD specialists, is another important enabler (Garavan *et al.*, 1993). Lastly, as emphasised by de Jong *et al.* (1999), line managers acting as role models in demonstrating commitment to HRD in their operational tasks, may be a powerful enabler of HRD.

On the other hand, a number of barriers to the effective delegation of HRD responsibility have been recognised. One potential issue that is conceivably acute in the hotel sector is the pressure of short-term imperatives (Tsui, 1987) that may squeeze out HRD activities for line managers. This factor, in combination with a lack of training in HRD, may minimise the priority of HRD for line managers (Aston, 1984; Brewster and Soderstrom, 1994; de Jong *et al.* 1999). Untrained line managers may avoid a coaching role due to their discomfort with it (de Jong *et al.*, 1999). Further, where managers do not reflect a belief in HRD in their operational role the impact of HRD is likely to be reduced (de Jong, 1999), the direct converse of reflecting a belief in HRD being an enabler of HRD, as pointed out earlier.

RESEARCH QUESTIONS AND METHODOLOGY

The research questions that underpin this paper are:

1. Do line managers feel commitment to HR activities?
2. What are the key mechanisms that help support line managers with their HR responsibilities?
3. What barriers are present that hinder managers involvement in HR activities?

In order to explore the research questions, a deductive approach was taken in developing the questionnaire, with the content being informed by a literature review and semi-structured interviews with the UK HR Vice-president. The interviews were to explore the most recent strategic developments in relation to the devolvement of HR activities to line managers. The key themes explored were structures, systems and processes used to support line managers, as well as expectations.

The questionnaire was designed to include Hilton-specific questions as a form of action research and theory-derived questions. The key themes of the questionnaire were understanding and acceptance of Esprit, prior to exploration of HR activities in relation to involvement in and importance of HR; support mechanisms; barriers; training; level of confidence; and issues and further support. The latter section of the questionnaire addressed biographical data of respondents. The questionnaire format encompassed nominal, ordinal, ranking and Likert rating scales, and several open-ended questions. It was piloted in early 2003, on consultation with a regional HR director, a hotel HR manager and an external survey organisation.

The population comprises some 760 managers in Hilton hotels throughout the UK: 10 questionnaires were distributed to each hotel for self-selected and anonymous completion in summer 2003. The response rate is 328 questionnaires, 43%. Descriptive statistics were used to analyse the quantitative results, prior to one-way ANOVA significance tests being conducted in SPSS to identify significant differences in means based on managerial position and t-tests to identify if there are significant differences in means based on gender. The null hypothesis in each case was that there was no difference for the variables being tested (i.e. the position of the manager or gender makes no difference to the level of importance attached to each statement). In addition the Bonferroni post hoc test was carried out on significant ANOVA scores to give a more detailed indication of where the variances in mean are most significant. Open-ended question responses have been coded into themes to enable these to be presented using percentage response rates. Quantitative responses are supplemented with qualitative statements where appropriate. The findings are discussed below in terms of line managers' understanding and views on Esprit, and line managers' perceived role in relation to HR, including enablers and inhibitors influencing their effectiveness in delivering HR activities. Reference is made to the UK HR VP s' views on key current issues concerning the Esprit tool in order to frame the Hilton perspective on line managers' issues in HR.

RESULTS AND FINDINGS

Respondents Profiles

All 76 hotels are represented in the sample, with 34% of respondents located in Central & North England, 22% from Scotland and Ireland, 29% South of England and 16% in London. The majority of the respondents are female (56%). Females form the majority of all levels of managers represented in the sample. Thirty percent of the sample comprises senior managers, consisting of general managers and deputy managers, 53% are departmental managers, 9% supervisors and 7% (assistant and deputy departmental managers). Two percent of the respondents did not indicate their position in the organisation. The age profile of the respondents indicates that 52% of the sample is between 26-45 years of age, with 18% in the 18- 25 years category and 6% over 45 years of age. Fifty six percent of the respondents have been in their current position for 1-5years, 15% over 5years and 27 % less than one year. Of those who have been in their current position for less than one year, 39% have been with the organisation for less than one year, representing 10% of the total returns. Forty eight percent of the respondents indicated that they had been with Hilton hotels for 1-5years and a further 38% over 5 years.

Esprit: Line managers' role and issues

Prior to examining line managers' views on their human resource role, it is important to ascertain whether their views on Esprit align with the corporate intention. It is evident, from the questionnaire results, that the managers in this sample do not universally share the corporate understanding of Esprit. The majority of line managers (87%) perceive Esprit as a club for employees. This majority view is represented across all levels of management, and is not dependent on length of service, age or gender. Only 26% of the respondents indicate that Esprit is a concept directing the way employees work, with a further 14% indicating that it is a way of working practices. Ten percent of the respondents indicate that it is both a

club and a concept, with a further 8% viewing it as a concept directing the way employees work, a club for employees and a way of working practices. Other views expressed, by 9.5 % of the respondents, focused on Esprit being a reward / benefit package and an incentive or motivational scheme. For example Esprit is 'an incentive for employees to achieve a company standard resulting in membership of Esprit'. Only four respondents indicated understanding of the beliefs and values underpinning Esprit, as expressed in these responses 'a belief/ culture system' and 'positive enforcement of Hilton as a group in the minds of our employees'.

There also appears to be discrepancies regarding ownership of Esprit. The general view expressed is that there is multiple-ownership. Nearly all respondents provided three responses each, generating a total of 865 responses evidence this. However in analysing these based on number of respondents it can be seen that 69% of managers consider Esprit to be owned by Hilton, whilst 54% indicated that it is owned by employees. Almost two thirds of the respondents consider it to be owned by Human Resources (30% Head office HR and 31% Hotel based human resources). Twenty three percent perceive it to be owned by senior management, whilst 30% expressed the view that it is owned by departmental managers and 22% owned by the individual hotels. Of the 3% who chose other response, all of them expressed the view that everyone in the organisation owns Esprit, reflecting the corporate view of ownership.

Line managers' role in HR

In order to obtain an overview of the range of HR activities undertaken by line managers, they were asked to indicate the human resource activities in which they were actively involved, the perceived level of importance in relation to importance to business effectiveness and then to rank the top 5 of these. Table 1 provides a breakdown of the results.

Table 1
Human Resource activity, level of importance and ranking

Human Resource Activity	Managers actively involved	Mean score (1=most, 5=least)	Rank importance to business
Selection of employees	85%	2.24	3
Motivation & morale of employees	91%	2.36	1
Induction of new employees	66%	2.58	8
Team briefings & communication	89%	2.77	2
Employee budgeting & forecasting	58%	2.81	11
Health & Safety	86%	3.00	5
Performance appraisal	84%	3.21	4
Identification of training needs	85%	3.26	6
Esprit membership	75%	3.27	12
Ensuring employee availability to participate in T&D activities	80%	3.32	9=
Retention	65%	3.32	9=
Rewards & benefits	70%	3.35	7
Disciplinary & grievance procedures	75%	3.39	15
Evaluating training	71%	3.57	13
Ensuring HR processes are maintained	67%	3.63	14
Other-All of the above are important, Social events, salary reviews	3%		

Twenty one percent of the respondents took the opportunity to provide additional comments on their role in relation to HR activities. Thirty eight percent of the comments relate to training, encompassing analysing training needs, encouraging employees to participate in training, delivery and evaluation. Communications was mentioned by 14% of the respondents predominantly with HR specialists, communicating HR issues to staff and attending HR meetings. Other activities mentioned by respondents include coaching; sickness interviews, teambuilding and payroll management. Complaints regarding workloads and staffing levels were voiced by 10% of the respondents, with 5% complaining about HR support within their hotel and head office. Two managers mentioned lack of autonomy and control over recruitment and selection. In contrast 9% of the managers were extremely positive about their role in HR activities, as indicated by the following quotes from two of the managers 'I feel I have a better/greater opportunity to be more involved within HR because of the hotels and staff itself. It is fantastic not only to be supported by our own team, but the whole 'hotel team' as well.' and 'I get support and encouragement continuously. I run my department as if I was HR-but with the bonus of all the help I need available-works fantastic'[sic].

Enabling HR activities

One of the key influences on line managers' attitude to HR activities is the extent to which they perceive it to be considered important by the organisation. In addition to level of importance given to HR at the hotel level, line managers were asked to assess the importance of HR as a general business activity by rating the level of importance attached to HR by the organisation, with 5 being essential and 1 unimportant. Line managers consider that great importance is attached to training and development by unit managers ($M=4.19$). The ANOVA test reveals a significant variance of $f(4,323)=2.809$, $p=0.026$. The Bonferroni test shows that the difference lies between senior managers and departmental managers. The hotel HR manager's role in supporting you in carrying out HR activities was also rated as very important ($M=4.09$). The ANOVA test reveals that there is significant variance $f(4,323)=3.305$, $p=0.011$. The Bonferroni test shows the difference lies between senior managers and departmental managers. Head office support ($M=3.88$) and training & development expenditure compared with capital expenditure ($M=3.70$) were rated as being given less importance. However, 98% of general and deputy managers felt that senior managers and directors at regional and head office put importance on training and development. A significant variance was found $f(4,323)=6.165$, $p=0.000$, with the Bonferroni test highlighting that the differences lie between senior managers and all other level of managers. The t-test revealed that there are no significant variances between male and female managers. These results indicate that only general/ deputy managers consider that HRD is viewed as being of strategic importance in Hilton (McCracken and Wallace, 2000).

In order to gain an understanding of managers' views on the value of HR, they were asked to rate HR aspects, with 5 being excellent and 1 being poor. The highest mean score was found in relation to the working relationship with the HR manager ($M=3.91$). Senior managers were more inclined than departmental managers to rate this as excellent. The Bonferroni statistical test confirms significant differences between senior managers ($p=0.002$) and departmental managers ($p=0.029$). Individual contribution to training and development was rated as excellent by 13% of the managers, 47% indicated that this was very good and 31% that it was good ($M=3.65$). Significant differences in the mean was found $f(4,323)=2.912$, $p=2.022$. The Bonferroni test shows that the differences are between those who did not state a job title and senior managers. Twenty five percent of the respondents rated the HR function in the hotel as excellent, 35% very good, 21% good, with 6% indicating this was poor ($M=3.59$). Variance in the mean was found at a significance level of $f(4,323)=5.833$, $p=0.000$. Significant differences were found between those who did not state a job title and all other level of managers. The scope and benefits available through Esprit were considered to be excellent by 15% of the managers, with only 4% rating these as poor ($M=3.44$). Seventy four percent rated the managerial team effectiveness as very good or good, with only 10% rating this as excellent and 2% as poor ($M=3.30$). Almost three quarters (74%) of the respondents indicated that senior managements understanding of training and development issues was good/very good, a further 11% considered this to be excellent with 3% rating this as poor ($M=3.39$).

The literature highlighted concerns around line managers' relationship with HR, managers' lack of willingness to undertake training and development and perceived senior managers' perceptions of HR. The results in this survey indicate that none of these issues are of concern to general/deputy managers, although departmental managers and supervisors rated the HR function and the working relationship with HR lower than senior managers. It is also interesting to note that personal involvement activities were rated higher than team and strategic aspects of HRM & D.

In relation to organisational support for line managers identified by Heraty and Morley (1995) and McGovern *et al* (1997) as facilitating the devolvement of HR, most cited were personal development (61% of respondents) and the provision of appropriate support material (61%). The maintenance of the profile of Esprit, through conferences and newsletter was considered to have been helpful by 45% of the respondents. Senior management support was considered to have assisted line managers by 42% of the managers. Techniques and ideas, for example, best practice was cited by 35% of the managers and administrative support by 31% of the respondents. This analysis reveals that there is strong evidence of support in the form of training and development and supporting materials, however less evident throughout the organisation is senior management support, seen as being a facilitator by Heraty and Morley (1995).

In an attempt to gauge line managers' commitment and involvement in HR, respondents were asked to agree or disagree with statements on values surrounding HR, (5 being strongly agree and 1 strongly disagree). Table 2 provides a breakdown of the mean scores with standard deviations for each of these statements.

What is particularly interesting is the strong sense of personal responsibility for staff within teams, with managers indicating that they support and feel a strong sense of responsibility for their employees and HR. This is an area that was highlighted in the interviews with the UK vice-president of HR: *'The challenge is for all managers, supervisors and operations managers to understand that they are responsible for their people, in the same way they also own Esprit.'* However, the lower rating of *'I reflect the values of Esprit in my day-day role'* may indicate that managers understand this responsibility but are not able to actually practice this on a daily basis (12% of senior managers and 7% of departmental

managers felt that they did not reflect the value of Esprit). This reflects one of the key challenges identified by Hilton. This is likely to impinge on the extent to which they act as a role model, which de Jong *et al* (1999) highlight as an enabler for line managers to undertake HR activities. This may also influence the lower responses given in relation to values and support in teams or across departments for the service initiative of Equilibrium. Although responsibility for HR has the third highest mean, the perceived value of HR activities in achieving business objectives is less obvious, with 16% of managers strongly agreeing and 45% agreeing. Senior managers rated this higher. The importance of the HR initiative of Esprit is rated higher by supervisors and departmental managers than hotel managers. The level of trust in HR (Garavan *et al* 1993) is apparent across all levels of line managers, although 12% of the departmental managers indicated that there is a lack of trust in HR. In relation to a strategic approach to training and development, which McCracken and Wallace (2000) contend will influence line managers' commitment and involvement, 62% of senior managers, 64% of departmental managers, 54% of supervisors, and 61% of others agreed or strongly agreed with this statement.

Table 2
Means with Standard Deviations of Value Statements

	Mean scores	Standard deviation
I feel personal responsibility for my team members.	4.51	0.652
I feel that I support the employees in my team.	4.40	0.694
I have responsibility for HR in my team.	4.04	0.926
Esprit is fundamental to the success of Hilton.	3.86	0.845
My employees value Esprit	3.80	0.781
Training and development is an explicit part of Hilton moments/ Equilibrium.	3.79	0.940
I trust the HR specialists in my unit	3.77	1.077
There is a strategic approach to training and development in my unit.	3.67	0.933
I value HR activities in the achievement of business objectives in my unit.	3.65	0.927
I reflect the values of Esprit in my day-to day role	3.55	0.822
My employees value Hilton HR initiatives	3.40	0.883
The team atmosphere in my hotel reflects the value of Hilton moments/ Equilibrium.	3.34	0.883
Departmental managers work as a team to support Hilton moments/ Equilibrium.	3.27	0.917

Although there is evidence from the descriptive statistics that support mechanisms for line managers to undertake HRD and HRM roles, are in place in Hilton, The ANOVA test shows that there are two statements which are significant to the 0.05 level, '*I feel personal responsibility for my team members*' $f(4,316) = 6.505$, $p < 0.01$ and '*I have responsibility for HR in my team*' $f(4,313) = 6.080$, $p < 0.01$. The Bonferroni test shows that for the statement '*I feel personal responsibility for my team members*' there are significant differences between the mean responses of department managers and supervisors, and between supervisors and senior managers. And for the statement and '*I have responsibility for HR in my team*' there are significant differences between senior managers and supervisors, between senior managers and other respondents, and between supervisors and departmental managers.

The t-tests reveal that male managers disagree more with the following statements, whilst females agree more strongly with the statements: '*I value HR activities in the achievement of business objectives in my unit*' $t(319) = 2.140$; $p < 0.05$; '*I have responsibility for HR in my team*' $t(321) = 2.208$; $p < 0.05$; and '*I feel that I support the colleagues in my team*' $t(322) = 2.758$; $p < 0.05$.

Barriers to HR activities

The two main barriers to supporting the HR initiative of Esprit are heavy workloads and short-term job pressures. Heavy workloads are seen as a barrier particularly by departmental managers (89%) and supervisors (90%), whilst general/ deputy managers and supervisors perceive short-term job pressures as barriers. This has been identified in the literature as being a key barrier to devolving HR activities to line managers, by Tsui (1987). Role conflict is identified as being a barrier often or always by 29% of the sample. Discomfort with a coaching role is seen as a barrier by less than 10% of the sample. The importance of training of line managers to enable them to undertake HR activities has been highlighted by a number of authors including Aston (1984), Brewster and Soderstrom (1994) and de Jong *et al*, (1999). Lack of skills to support learning was not seen as a particularly strong barrier with only 14% of the sample highlighting this as an inhibitor, although 32% of supervisors cited this as a barrier. Of the other skills shortages seen as barriers, time management was seen as a barrier, which supports the issues of heavy workloads and short-time pressures. Although lack of delegation and

communication skills, were not seen as barriers by the majority of respondents, a perceived lack delegation ability was reported by 39% of the supervisors and 21% of the departmental managers. The t-test reveals no significant variances in relation to barriers, therefore male and females perceive all barriers to a similar degree.

These results concur with further views on training that were explored in the questionnaire. The majority of respondents felt that training would help them to some extent (36%) and to a great extent (38%). A mean score of 3.47 was reported for the total sample, although managers aged between 18-25 years, males and those who have been with the organisation for less than one year, all rated this higher than the average score. The t-test indicates that there is a significant difference between males and females in terms of the extent to which training would support delivery of Esprit $t(323) = 4.11$; $p < 0.001$. The descriptive statistics help explain that this variance is only minor and that men perceive that training would assist them slightly more (to a great/very great extent) than women. The ANOVA test results showed that there are no significant variances in means in relation to job title. In contrast the level of confidence to support training and development is seen to be high across all the managers with 38% indicating that they feel very competent and 57% competent. The mean score for the sample on a 5-point Likert scale is 4.31. Senior managers have the highest mean score at 4.46, whilst others the lowest at 4.04. This is supported by the findings of the ANOVA results $f(4,323) = 2.883$; $p = 0.023$ and the Bonferroni test that shows that the variance is between senior managers and other managers ($p = 0.066$), although the significance level is not high. Male managers are slightly more confident in their ability to support training and development than female managers, although the t-test did not show any variance between males and females $t(323) = 0.771$; $p > 0.05$ and managers aged between 26-35 years of age had the highest mean rating of 4.30. More confidence in their ability to support training and development is portrayed by managers who have been in their current position for more than one, but less than ten years.

CONCLUSIONS AND RECOMMENDATIONS

The above analysis has revealed some issues that warrant further commentary. Most importantly, although HR activities are generally seen to be aligned to the business objective of improving customer service, there appears to be a particular need to align managers understanding of the philosophy/ concept of Esprit. That there appears to be a lack of shared understanding on the concept of Esprit is a signal finding of the primary research. For Hilton, a number of learning points emerge from the questionnaires.

Firstly, it appears that the rewards/ incentive aspects of Esprit are taking a higher priority than the philosophical underpinning of the initiative which is intended by Hilton to be the driving force of the initiative. The target driven nature of Esprit where a component of business performance evaluations measure Esprit membership numbers at each hotel further fuels this.

In addition the lack of ownership of Esprit by line managers that is evident from this survey probably linked to lack of understanding, across all level of managers could be acting as an inhibitor to HR activities being seen as a fundamental component of their role. Although there is evidence that line managers, particularly at senior management level, do see HR as their responsibility, Esprit values are not being seen across departments within hotels.

In respect of the research question articulated earlier in this paper, do line managers feel commitment to HR activities? The questionnaire responses provide evidence that line managers accept and understand their HR role, but the lack of shared understanding of the conceptual base of Esprit is resulting in a misdirection of activities. In relation to the key mechanisms that help support line managers with their HR responsibilities, it is evident that there are some extremely positive support mechanisms in place to support line managers' involvement in and commitment to HR. This is evidenced by training and support, level of trust in HR and the perceived line manager responsibility for HR activities. However, the statistical analysis reveals that general and deputy managers understand and rate these more highly than all other managers. Time and short-term work pressures are the key barriers across all level of managers are hindering line managers' ability to undertake HR activities.

Although this research is focused on one organisation, learning points for other organisations can be highlighted from this case study. In developing the service quality initiative, Hilton has seen this as an integrated concept and has emphasised the importance of HR support to improve service quality. Managerial commitment to Esprit has been gained through ensuring that membership numbers are measured as part of business performance. This has helped focus line management attention on HR as a central business activity. Employee involvement in Esprit has been driven by incentives and rewards. This has resulted in Esprit membership numbers being above target across the organisation. However, the extent to which line managers have embraced the philosophical values of Esprit is evidently questionable. The evidence from this survey suggests that there now needs to be attention given to the meaning of Esprit, with a realignment of the

focus to ensure that there is a shared conceptual understanding of Esprit. The indications are that line managers would be receptive to this attention as the survey reveals a positive attitude to HR activities and support for Esprit. In addition, the relationship between HR activities and support from HR specialists to achieving business objectives needs to be articulated to line managers below the level of general/ deputy managers.

CONTRIBUTION TO HOSPITALITY PRACTICE AND EDUCATION

This paper makes a contribution to hospitality industry practice in two distinct areas. Firstly, there is a lack of empirical work addressing understanding of issues around devolvement of HR activities to line managers in the hospitality sector. It provides a useful analysis of the range of HR roles and the perceived importance of these to line managers. This paper enhances understanding, by providing line managers' views on enablers and inhibitors influencing their ability to undertake HR roles. This is important in relation to enhancing the experience of workers in the industry, as line managers undertake aspects of teamwork, communication and motivation. A further contribution to industry practice can be found in relation to identification of the difficulty of balancing business driven involvement with philosophical commitment to HRM and HRD activities. In relation to educational implications, this work highlights the importance of ensuring that HR is seen as a critical component of all hospitality management education programmes. The implications of this research to both industry and education are forwarded as tentative, as the authors' are aware of the limitations of this research being based in one organisation, and reflecting a managerial perspective of this issue. Further work encompassing employee and HR perspectives would add a further dimension. In addition, research across a range of organisations and countries would provide a comparative element to the project.

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A COMPARATIVE ANALYSIS OF INTERNATIONAL TOURISTS' SATISFACTION IN MONGOLIA

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ABSTRACT

This study analyzed international tourists' satisfaction of their travel experience with tourist attractions, facilities, services and prices in Mongolia. It identified the demographic characteristics of tourists from four regions: Europe, the U.S., Japan and other Asia/Pacific countries by surveying a sample of 530 visitors. Satisfaction level of international tourists from these four regions and their intention to recommend and revisit were compared to find regional similarities and differences, and recommendations were made for the Mongolian tourism authority to target efficiently its international tourism markets and improve tourism management in Mongolia.

Key Words: tourism satisfaction, future purchase behavior, Mongolia.

INTRODUCTION

Mongolia, a landlocked country between China and Russia in central Asia, stirs up the nomadic, exotic and mystic images of an international tourism destination. Before the political and economic reforms in 1990, international visitors primarily came from the former Soviet Union and other eastern European countries. Between 1990 and 1997 international visitors decreased sharply from 147,000 to 82,000 because of the disintegration of the eastern European communism system, poor economic conditions, major forest fires and bad weather conditions in Mongolia. The decline did not stabilize and rebound until 1998 when international arrivals reached 135,000, an increase of 65% from that of the previous year. International tourist arrivals were forecast to reach 250,000 by 2003.

As a transitional economy and an emerging tourism destination, Mongolia began to draw tourism researchers' attention to development strategies and management standards. Hall (2001) analyzed the nature and role of tourism development in post-communist societies by using Mongolia as one of the examples. His evolutionary framework revealed the dynamic structural relationships in a slowly changing ideological environment and the challenges facing international tourism development in a transitional economy. Saffery (1999), conducting a case study on Gobi Gurvansaikhan National Park, identified tourism development problems in involving local communities in tourism development initiatives and recommended greater local community involvement in decision making and appropriate planning. Another study on the same national park focused on zonal use of park resources for conservation and tourism purposes (Bedunah and Schmidt 2000). These early studies on tourism development and management in Mongolia primarily focused on institutional changes in a transitional economy, local community participation in planning and decision making, and conservation management. This study focuses on international tourist satisfaction in Mongolia.

TOURISM SATISFACTION: CONCEPTUAL BACKGROUND

Tourism satisfaction with a destination has been defined as the match between pre-travel expectations and post-travel experiences (Pizam, Neumann and Reichel, 1978). Tourism researchers have been interested in measuring the overall levels of tourism satisfaction with their experiences in particular destinations as well as satisfaction at service encounter level such as in a hotel (Foster 2001; Maddox 1985; Ryan 1994; Yung and Chan 2001). It has been thus recognized that tourism satisfaction level can be attributed to different destination attributes including tangible products and prices to intangible service quality and the friendliness of the local people (Crompton and Love 1995; Qu and Li 1997). In a study measuring the impact of tourism satisfaction on the likelihood of travelers to revisit Thailand, Rittichainuwat, *et al.* defined 24 attributes for determining international tourists' satisfaction in Thailand and compared the satisfaction levels between first-time visitors and repeat visitors (2002). The result of this study found a significant difference in travel satisfaction between first-time and repeat tourists and the relationship between satisfaction and intention to revisit Thailand.

Tourism satisfaction has been studied from a cross-cultural perspective because different cultural values may influence tourists of different cultural background to perceive service delivery and service quality differently. Tourists

from different countries are thought to place different levels of emphasis on different aspects of service, such as safety and security, hygiene, entertainment and even employee appearance. Therefore the differences between the levels of emphasis and the actual service received result in differences in the level of satisfaction. In their study examining how cultural differences influence dimensions of tourism satisfaction, Turner, *at el.*, examined and analyzed the level of importance for service attributes placed by tourists from Australia, USA/Canada, Japanese and Mandarin speaking Chinese and levels of their satisfaction with their visit to Melbourne (2001). This study found that there is little evidence of a causal relationship between importance of service quality attributes and satisfaction. But they reported significant differences between cultures for different levels of satisfaction because of differences in the importance and actual levels of service received.

METHODOLOGY

A Tourist Expectation and Perception survey was developed and distributed in the summer of 2000 to determine the overall satisfaction levels of international tourists with destination attributes in Mongolia during the peak season from July to August. The self-administered survey consisted of three sections. The first section comprised nine demographic and trip related questions to determine the nationality and cultural background of the international tourists. The second section was made up 37 attributes of attractions, activities, facilities, services, transportation and prices. These attributes were measured on a five-point scale ranging from 1 (very dissatisfied) to 5 (very satisfied). These attributes were modified from the survey questionnaire used for Brayley's (1989) "Within-State Vacation Study". They were defined and structured to measure the levels of tourist satisfaction with the attractions, activities, facilities, services, transportation and prices during their stay in Mongolia. The third section of the questionnaire, consisting of five questions, was designed to determine tourists' overall satisfaction with the destination, their intention to recommend and revisit on a 5-point scale.

The study was conducted following Kozak and Rimmington's research methodology and data collecting procedures (2000). The survey instrument was written in English and Japanese. The Japanese version was translated by the Japan International Cooperation Agency project manager assigned to the Mongolian National Tourism Board. Directors of three travel companies, the project manager of Tacis and the director of the Mongolian National Tourism Board reviewed the instrument and made suggestions for improving the instrument. The survey instrument was then pilot tested with international tourists randomly selected by three Mongolian tour companies: Juulchin Company, Nomadic Journey's and Nomadic Expeditions. The input from tourism directors and international tourists were adopted to refine and formalize the survey instrument.

The survey was conducted in the departure lounge at Mongolian Buyant-Ukhaa Airport over a six-week period from July 15 to August 30 in 2000. Completed surveys were collected before the tourists boarded the flight. A total of 1000 questionnaires were distributed over the 6-week period, and 800 questionnaires were collected. There were 200 non-participants. Of the 800 returned questionnaires, 270 were incomplete with more than 10% of the questions unanswered. The usable questionnaires for this study were 530.

FINDINGS AND DISCUSSIONS

The survey found that 42.4% of the tourists were from Europe and 39.1% came from Japan. Visitors from the U.S. made up 13.7% of the surveyed tourists and tourists from other parts of Asia and Pacific accounted for 4.8% of the tourists in the sample. The number of female visitors (52.1%) was slightly higher than male visitors (47.1%). More than half of the visitors were 45 years of age or older (56.5%). There were no respondents younger than 18 years of age. The respondents were evenly distributed in terms of marital status with 50.8% married and 49.2% single. Tourists were asked to indicate the attractions they had visited during this trip outside Ulaanbaatar, the capital of Mongolia, and their overall satisfaction of the attractions. Table 1 reports the major tourist attractions visited by international tourists and their satisfaction ratings for these attractions. It was found that almost 40% of the international tourists visited the Gobi Desert in the southern part of the country. The second equally popular attraction was Overhangai, which is considered a historical site. Terelj, a protected national park with eroded rock formations, evergreen tree covered mountains and grasslands, was the third most visited attraction by international tourists. The fourth most visited attraction was Hövsögöl Lake in the northernmost part of the country. Khangai, around Khorgo in Arkhangai, is an extinct volcano of considerable natural beauty. In addition, the Chilin Monastery and Taikhar Chuluu (Rock) are interesting to see and were visited by 22.64% of the international tourists surveyed for this study. About 10% of the tourists visited Khiid, the first Buddhist monastery in Mongolia. The four least visited attractions in Table 1 received less than 10% of the tourists respectively. Tourists' overall satisfaction with these attractions was positive as reflected in the mean ratings in Table 1. The highest satisfaction ratings were for Gobi Desert and Hövsögöl Lake, and the lowest satisfaction rating was recorded for Underdov ger camp.

Table 1
Most Popular Tourist Attractions and Tourist Satisfaction Rating

Attractions	Whole sample (n=530) (100%)			Europe (n=225) (42.4%)			Japan (n=207) (39.1%)			US (n=73) (13.7%)			Other Asia/Pacific (n=25) (4.8%)		
	%	mean	s.d.	%	mean	s.d.	%	mean	s.d.	%	mean	s.d.	%	mean	s.d.
Gobi	39.4	4.4	.93	50.7	4.0	.79	32.5	4.1	1.1	13.4	4.5	.79	3.4	4.7	.49
Overhangai	38.9	3.8	.97	67.0	3.7	.94	15.5	3.7	1.2	12.2	4.1	.67	5.3	3.3	.12
Terelj	30.2	4.0	.94	48.2	4.0	.98	32.7	4.3	.98	14.2	4.0	.56	4.9	3.6	9.2
Hövsgöl	26.4	4.4	.86	45.7	4.4	.83	25.7	4.1	1.0	20	4.6	.68	8.6	4.3	.62
Khangai	22.6	4.3	.87	79.2	4.3	.84	10.8	3.9	1.1	5.8	4.7	.49	4.2	4.4	.55
Khiid	10.4	3.9	1.1	67.3	4.0	.99	30.9	3.6	1.2	-	-	-	1.8	5	-
Khentii	7.9	4.0	.96	78.6	3.8	.92	11.9	4.2	1.3	7.1	4.7	.58	2.4	5	-
Dundgovi	6.6	3.8	1.0	62.9	3.7	1.1	20	3.7	.95	8.6	4.7	.58	8.6	4.3	1.2
Underdov	6.0	3.6	1.2	31.3	3.4	1.1	68.8	3.7	1.2	-	-	-	-	-	-
Arkhangai	4.2	4.2	.92	22.7	4.4	.55	77.3	4.2	1.0	-	-	-	-	-	-

Table 2 illustrates the mean ratings and standard deviations for tourists' satisfaction with travel attributes they experienced in Mongolia. The survey results showed that tourists perceived nature as the most valued attribute of Mongolia. Nomadic lifestyle and the ger camps were highly regarded by the tourists. Tourists were satisfied with the historical and cultural attractions in Mongolia. Lodging facilities, local food, employees' attitude and service quality were perceived as satisfactory by the tourists. However, tourists expressed less satisfaction with tourist facilities (other than lodging), transportation, sanitation and nightlife in Mongolia, as reflected in the low mean ratings for these attributes. The overall satisfaction of their visit to Mongolia was quite positive. The mean rating of visitors' overall satisfaction was 3.97, with a standard deviation of 1.56. Only 1% was very dissatisfied, 3% were dissatisfied, but 30% were satisfied, 35% very satisfied and 30% reported that they were delighted by their travel experience in Mongolia.

Table 2
Tourists' Satisfaction Ratings for Mongolia

Attributes	Whole sample (n=530) (100%)		Europe (n=225) (42.4%)		Japan (n=207) (39.1%)		US (n=73) (13.7%)		Other Asia/Pacific (n=25) (4.8%)		F
	mean	s.d.	mean	s.d.	mean	s.d.	mean	s.d.	mean	s.d.	
Nature	4.62	.775	4.7	.73	4.6	.81	4.7	.80	4.5	.78	.94
Nomadic lifestyle	4.07	.941	4.2	.92	3.9	.98	4.2	.84	4.0	.95	2.22
Ger camp	3.61	1.01	3.6	1.0	3.6	1.0	3.9	.91	3.8	.79	2.09
History	3.61	.970	3.5	1.0	3.5	.92	4.2	.82	3.4	.87	8.42*
Culture	3.59	1.04	3.4	1.1	3.5	.95	4.2	.92	4.0	.93	11.85*
Service	3.28	2.51	3.2	.94	3.3	3.8	3.5	1.0	3.2	.83	.27
Service employee	3.25	1.07	3.4	1.1	3.0	.97	3.8	1.1	3.4	.76	12.16*
Lodging facility	3.13	.934	3.2	.88	3.0	.98	3.4	.92	3.2	.93	3.45*
Food	3.12	1.69	3.3	2.3	2.9	1.0	3.4	1.0	3.1	1.3	2.80*
Tourist facility	2.87	1.04	2.8	1.1	2.8	.90	3.2	.93	2.9	1.1	2.65*
Transportation	2.74	.946	2.9	.97	2.6	.95	2.8	.81	2.7	.92	3.89*
Sanitation	2.72	.940	2.6	.94	2.7	.94	3.0	.94	2.9	.86	2.93*
Nightlife	2.64	1.18	2.1	1.2	3.2	.97	2.6	1.2	2.4	1.1	25.15*
Overall satisfaction	3.97	1.56	4.0	.79	3.8	2.3	4.3	.83	4.0	.89	1.28

Note: * $p < .05$

Though the overall impression and satisfaction by international tourists were generally positive, it is important to know if there were any significant differences in satisfaction levels by the four regions. One-way Analysis of Variance revealed that the four groups were consistent in their satisfaction with nature, nomadic lifestyle, ger camp, service, tourism facility and overall satisfaction at 95% level of significance. They differed significantly in their satisfaction with Mongolia as a historic and cultural destination. U.S. tourists ranked highly these two attributes and the other Asia/Pacific tourists identified culture as a highlight of their visit to Mongolia. The European and Japanese tourists, however, gave lower ratings for these two attributes. While the U.S., European and Asia/Pacific tourists were generally satisfied with local tourism employees' attitude, the Japanese visitors were slightly dissatisfied with their service attitude. The Japanese tourists were more dissatisfied with lodging facilities, food and transportation in Mongolia than the European, U.S. and

other Asian/Pacific tourists. As for sanitation, the Japanese and European tourists were more dissatisfied than the U.S. and other Asia/Pacific tourist. Finally, there was a significant difference in satisfaction with nightlife in Mongolia as Japan was the only group expressed slight satisfaction while the other three groups were dissatisfied with night entertainment options.

Table 3 summarizes tourists' satisfaction with specific tourist activities in Mongolia. Tourists enjoyed taking pictures most in Mongolia. They enjoyed visiting the nomadic tribes and riding horses in the open grasslands. Visits to the Naadam festival, the Three Games of Men (i.e.: wrestling, archery and horse racing held every July) were very satisfactory to the tourists. Tours of flora and fauna were also well received by the tourists. But tourists were not very satisfied with the bike and boat tours in Mongolia. No significant difference was noted in tourists' satisfaction with the activities by region except for jeep tours. The U.S. tourists were more disappointed with the jeep tours than the other three groups ($F=6.52, p = .038$).

Table 3
Satisfaction Levels with Specific Tourist Activities

Activities	Whole sample (n=530) (100%)		Europe (n=225) (42.4%)		Japan (n=207) (39.1)		US (n=73) (13.7%)		Other Asia/Pacific (n=25) (4.8%)		F
	mean	s.d.	mean	s.d.	mean	s.d.	mean	s.d.	mean	s.d.	
Photography	4.48	.750	4.43	.78	4.49	.72	4.54	.76	4.48	.72	.398
Visit nomads	4.31	.905	4.31	.95	4.22	.88	4.40	.87	4.5	.71	.815
Horse riding	4.20	1.04	4.08	1.21	4.28	.95	4.29	.90	4.29	.73	.933
Hiking	4.17	.839	4.01	.96	4.22	.76	4.41	.65	4.2	.68	2.512
Naadam Festival	4.03	.982	4.03	.94	3.89	1.21	3.97	.93	4.62	.51	1.855
Bird watching	3.99	1.08	4.07	1.04	3.79	1.44	4.14	.91	3.43	.94	1.838
Botany	3.93	1.04	3.66	1.19	4.09	.92	4.20	.94	4.11	.78	2.094
Safari	3.90	1.05	3.89	1.02	3.91	1.24	4.15	.80	3.20	.84	1.00
Visit reindeer people	3.47	1.30	3.52	1.34	3.29	1.33	3.44	1.13	4.00	1.73	.264
Fishing	3.39	1.25	3.32	1.25	3.30	1.30	3.54	1.33	3.83	.98	.385
Jeep tour	3.29	1.18	3.56	1.11	3.16	1.24	2.71	.96	3.12	1.17	6.516*
Bike tour	2.64	1.33	2.52	2.34	2.86	1.77	2.50	1.05	3.50	.71	.176
Boat tour	2.45	1.33	2.14	1.21	2.40	1.67	3.23	1.24	2.24	1.21	2.637

Note: * $p < .05$

The last section of the survey addressed tourists' overall impression of Mongolia, their intention to return and their intention to recommend Mongolia to others. It was found that Mongolia was perceived highly by tourists as an interesting and unique destination (Table 4). It was also highly regarded as a destination for adventure and education travel. Mongolia as a cultural and safe destination was rated relatively lower by the tourists. Nearly 50% of visitors indicated that they were highly likely or definitely would return to Mongolia, compared to nearly 25% unsure and 14% negative (definitely would not return). Of those who responded to the question, "Would you recommend the destination to others?" almost 70% rated highly likely and definitely, 28% rated likely, and only 3.5% answered that they were unlikely to recommend others to visit Mongolia. It was apparent that most tourists were satisfied with their travel experience in Mongolia, many of them would like to return to Mongolia and would like to recommend Mongolia highly to others. However, when the four groups of tourists were compared regarding how they perceived Mongolia as a tourism destination, significant differences were identified in seven of the eight variables listed in Table 4.

The perception of Mongolia as an interesting destination was rated higher by the U.S. and other Asia/Pacific tourists than that of the Japanese and European tourists. When rating Mongolia as a unique destination, the U.S. and Japanese tourists gave higher ratings than did the European and other Asia/Pacific tourists. The U.S. and other Asia/Pacific tourists rated Mongolia higher as an adventure tourist destination than did the Japanese and European tourists. The Japanese and U.S. tourists considered Mongolia more highly as an education destination than the European and other Asia/Pacific tourists. As for Mongolia as a cultural destination, U.S. tourists differed significantly from the Japanese and European tourists because the U.S. tourists again gave higher ratings. For the safety variable, test results showed a significant difference between the Japanese tourists and the other three groups since the Japanese tourists gave lower ratings than did the other groups. However, it was found that the Japanese tourists showed a higher propensity to return to Mongolia than the other groups. No significant difference was detected among the four groups in their intention to recommend Mongolia as a destination to others. Tourists from the four regions indicated that they would recommend highly Mongolia to others.

Table 4
Tourists' Impression of Mongolia and Their Intention to Return and Recommend

Impression	Whole Sample (n=530) (100%)		Europe (n=225) (42.4%)		Japan (n=207) (39.1%)		US (n=73) (13.7%)		Other Asia/Pacific (n=25) (4.8%)		F
	mean	s.d.	mean	s.d.	Mean	s.d.	mean	s.d.	mean	s.d.	
Interesting	4.50	.719	4.47	.71	4.44	.79	4.75	.53	4.56	.58	3.31*
Unique	4.49	.777	4.40	.81	4.55	.75	4.72	.55	4.24	1.05	4.14*
Adventure	4.24	.854	4.18	.80	4.19	.99	4.55	.59	4.33	.70	3.68*
Education	4.04	1.03	3.61	1.09	4.42	.84	4.33	.93	3.87	.87	24.11*
Culture	3.87	1.08	3.71	1.02	3.73	1.18	4.49	.77	4.40	.71	12.76*
Safe	3.83	1.08	3.99	.92	3.47	1.24	4.14	.91	4.29	.62	1.838
Intention to return	3.65	1.20	3.32	1.17	4.15	.98	3.39	1.36	3.48	1.30	20.02*
Will recommend	4.23	.918	4.30	.84	4.11	.96	4.28	1.03	4.32	.95	1.668

Note: * $p < .05$

CONCLUSIONS

This study found that the majority of international tourists enjoyed seeing the natural beauty and experiencing the nomadic lifestyle in Mongolia. Historic and cultural attractions were considered next to natural attractions and nomadic way of life. International tourists were generally satisfied with lodging accommodations, hospitality services, local employee attitude and local food. However, they were critical about other tourism facilities, sanitation, transportation and nightlife. Overall, they were satisfied with their travel experience in Mongolia.

It is recommended that Mongolian tourism authority need to establish adequate standards for hygiene and sanitation in tourism operations. Improvement in transportation services, particularly in updating tourist buses and improving roads, is an urgent issue since modern and comfortable transportation facilities will greatly enhance tourist experiences in a destination. Nightlife is always an essential part of tourist travel experience. Colorful Mongolian singing and dancing performed in local hotels (usually at the restaurants in the city or at the ger camps in the countryside) or in theatres can be a big attraction to international tourists at night. It is hoped that the survey results will be valuable to tourism organizations and businesses in Mongolia in evaluating their current performance and formulating their future management and marketing strategies. With continuous efforts to improve tourist facilities and service standards in its emerging tourism development, Mongolia will attract more international tourists from many different countries.

LIMITATIONS

A few limitations of the study should be addressed. First the sample was drawn exclusively from visitors who departed through Mongolian Buyant-Ukhaa Airport from July to August. This may cause possible non-representation for year round tourists and tourists using other modes of transportation. The results should not be generalized to include visitors who came and left by train during other time of the year that are mostly individual backpackers, or European group tourists who came through Russia, or the ever increasing business travel by barter traders along the Russian and Chinese borders. Second, the survey questionnaire for Japanese tourists was not double translated back to English to compare inconsistencies in translation. Third, tourists from the European Union should have been defined by country because there are cultural variations among the European countries.

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A MODEL ON WINE INVOLVEMENT AND WINE KNOWLEDGE IN WINE PURCHASE DECISION

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ABSTRACT

Using structural equation modeling approach, this paper explores the relationship, in a wine purchase situation, between (1) product involvement and purchase involvement, (2) wine involvement and wine knowledge, (3) purchase involvement and wine purchase decision, and (4) wine knowledge and wine purchase decision. All the hypothesized relationships were supported in the LISREL process except the association between purchase involvement and wine knowledge. A model of wine consumption behavior is validly established in this empirical study. Conclusions are drawn from the findings and implications for wine marketers are discussed.

Key Words: involvement, product knowledge, wine, purchase decision, LISREL

INTRODUCTION

The concept of involvement has had a major impact on the study of consumer behavior since 1960s. Involvement was incorporated into consumer behavior texts as an important perspective (Beatty et al., 1988). Researchers long agreed that involvement is a potentially important mediator of consumer behavior (Mitchell, 1979). Recently the theory received attention within the realm of wine consumption research, especially in such countries as Australia and New Zealand, where wine tourism has become significant part of the economy (Lockshin, 2001).

Marketing scholars advocate the tailoring of marketing strategies to difference in consumer involvement levels in product purchases (Mittal, 1989). However, the inconsistencies in conceptualization of involvement and a scarcity of empirical work have hindered the proper implementation of this body of knowledge (Beatty et al., 1988), and this applies particularly to wine consumption research. For example, what are the effects of involvement on selection of a particular brand of wine and the subsequent purchase decisions? Will higher involvement lead to wider brand associations when consumers attempt to reach a final decision?

This study attempts to analyze the relationships between different stages of involvement (i.e. product involvement and purchase involvement) in wine purchase decision making and to examine how involvement affects consumers' knowledge on wine. It is hypothesized that these factors will influence their decision on wine purchase.

CONCEPTUAL FRAMEWORK

The Concept of Involvement

Involvement is identified as interest, excitement and enthusiasm for a product class, purchase activities or information (Bloch, 1986). It is also related to personal values, ego-involvement and perception of importance (Jamrozy et al., 1996). A common thread relates to the individual, usually in terms of measure of interest or importance to the person (Antil, 1984). This concerns the long-time use of ego involvement in social psychology where it has assumed a meaning of personal importance (Sherif, 1973). Zaichkowsky (1986) defined involvement as a person's perceived relevance of an object based on inherent needs, values and interests. The definition suggests that the perceived importance of a "goal-object" can be viewed in terms of enduring or situational involvement with products, brands, services or experiences in a decision-making process.

While the "common thread" running through most uses of involvement is personal importance, differences arise from what else is included in the definition that is joined with or "causes" personal importance (Antil, 1984). Some define involvement in terms of "product" involvement and thus it is characteristics of the product which cause the individual to be

“involved” (Bloch, 1981). Similarly, it may be the particulars of a situation which influences the person to become “involved” (Houston & Rothschild, 1978). Like motivation, the concept of involvement requires a goal-object. This goal-object can be a product in and of itself, thus giving us product involvement (Zaichkowsky, 1986); or it can be the purchase decision, the object of purchase involvement (Mittal, 1983).

Product involvement can be defined as an unobservable state reflecting the amount of interest, arousal or emotional attachment evoked by the product to a particular individual (Bloch, 1982). It refers to the relationship between a person and a product. The concern is with the “relevance” of the product to the needs and values of the consumer (Zaichkowsky, 1986). Product involvement is seen as product importance (Lastovicka & Gardner, 1977) and enduring involvement (Bloch, 1981). Enduring involvement is the ongoing concern with a product the individual brings into the purchase situations. Perceived product importance is the extent to which a consumer links a product to situation-specific goals (Bloch & Richins, 1983). Both of the ways indicate linkage between product and purchase situation, which is seen as the scenario for purchase involvement. Purchase involvement is conceptualized as a behavior change in decision strategy and resulting choice that occurs when the consumer sees the purchase or consumption situation as personally relevant or important (Zaichkowsky, 1986). It is the extent of concern that a consumer places upon a purchase decision task. Purchase involvement, therefore, has the purchase decision task as its goal object (Mittal, 1989). According to Mittal (1989), purchase involvement is analogous to situational involvement, the degree of involvement evoked by a particular situation such as a purchase occasion and is influenced by product attributes as well as situational variables (Bloch & Richins, 1983).

Relationship between Product and Purchase Involvement

During a purchase, it may be difficult to practically separate the portion of consumer arousal that constitutes purchase involvement and that which could be labeled product involvement. Nevertheless, Houston and Rothschild’s (1977) and Bloch and Richin’s (1983) frameworks identify these two types of involvement as separate concepts, and Arora’s (1982) empirical test of Houston and Rothchild’s framework maintains this distinction. Bloch and Richins (1983) also point out that the two involvements are not identical. Areas that affect a person’s involvement level might be classified into three categories (Bloch & Richins, 1983; Houston & Rothschild, 1978): (1) Personal: inherent interests, values, or needs that motivate one toward the object; (2) Physical: characteristics of the object that cause differentiation and increase interest; and (3) Situational: something that temporarily increases interest toward the object.

Enduring (product) involvement is a person’s baseline involvement level that is built upon with situational (purchase) involvement during purchase occasions (Bloch, 1982). Viewed in this light, product involvement is a precursor to purchase involvement. The antecedents of product involvement were found to have a significant impact on purchase involvement (Laurent & Kapferer, 1993). The empirical study of product and purchase involvement by Beatty, et al. (1988) indicates that the intrinsic concern about the product category turns to concern about the purchase and selection of the product. It is, therefore, proposed that, in wine purchase situations, product and purchase involvement are distinct involvement types and that the former influences the latter in a purchase decision.

Wine Knowledge and Wine Involvement

A consumer’s self-perceived knowledge about a product is a potential result of her involvement with the product class. When applied to wine consumption, such kind of knowledge may include wine knowledge and purchase knowledge. The former includes grape variety, brand and production region. The latter focuses on price, label design, and personal preference. It is proposed that wine knowledge is a result of both product and purchase involvement.

Wine Knowledge, Purchase Involvement, and Purchase Decision

In marketing literature, one key factor is consumers’ purchase decision. It is hypothesized, in this study, that wine knowledge and purchase involvement will affect a consumer’s purchase decision. The higher a consumer is involved in the purchase, the more she cares about the utility that she can get. Wine knowledge makes her feel confident about the variation of wine quality and will facilitate her final decision. The conceptual model is displayed in Figure 1.

METHODOLOGY

In May 1999, 2,327 questionnaires were mailed to subscribers of a wine accessories’ magazine in a southwest state. A total of 652 responses were received. Measurements of the variables are as follows:

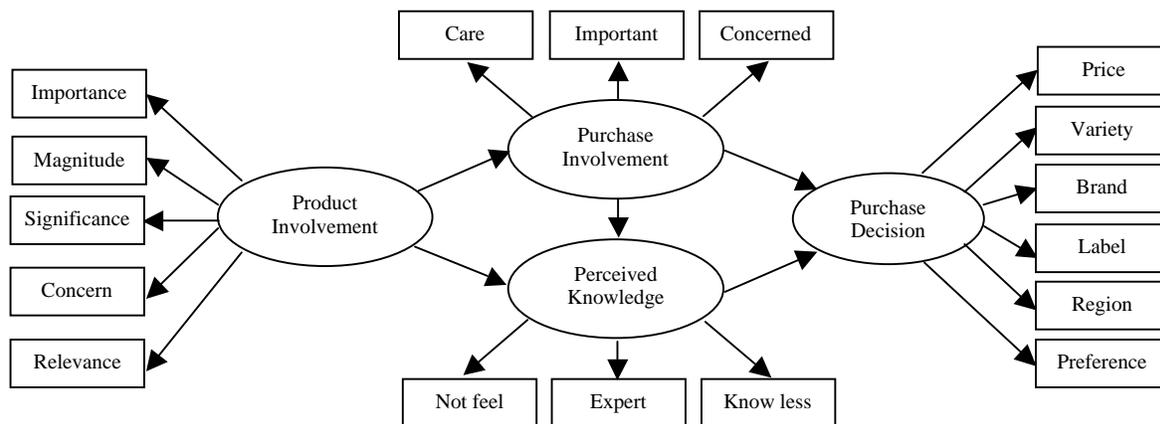
Product Involvement. Zaichkowsky’s (1985) Personal Involvement Inventory (PII) was used. This instrument measures on a 7-point scale by five self-evaluative bipolar adjectives: (1) important/unimportant, (2) of concern/of no concern at all, (3) means a lot/means nothing, (4) significant/insignificant, and (5) matters/does not matter.

Purchase Involvement. Mittal's (1995) revised purchase involvement scale was borrowed. Involvement is measured on a 7-point scale by three statements assessing respondents' (1) care about choosing the right brand, (2) perception of importance of the purchase, and (3) concern upon the choice of a wine (1 = not at all; 7 = extremely important).

Wine Knowledge. A three-item instrument was employed to measure respondents' evaluation of their wine knowledge. These items indicate whether the respondent (1) feels knowledgeable about wine; (2) feels as an expert among the circle of friends; and (3) knows wine less than others (1 = strongly disagree; 7 = strongly agree).

Purchase Decision. Respondents indicated their purchase consideration on price, variety, production region, label design, brand and personal preference on 7-point scales (1 = not important; 7 = very important).

Figure 1
The Conceptual Model



EMPIRICAL RESULTS

Data Description

LISREL was used to test the hypothesized structural equation model. This methodology assumes that the observed variables are continuous and multinormally distributed. To ensure that the data satisfy these assumptions, normality test was run. When the absolute value of skew index is larger than 3.0 and kurtosis index is larger than 10, the univariate normality assumption is violated. All the variables in this model meet the normality assumption (see Table 1).

Exploratory Factor Analysis

As stated in the measurement part, there are three latent constructs, namely product involvement, purchase involvement, and wine knowledge, which are measured by 5, 3, and 3 items respectively. By testing the factor structure of these 11 items, we provide evidence on the convergent and discriminant validity. An exploratory factor analysis was first conducted. Three factors emerged with eigenvalue larger than 1 (see Table 2). Factor 1 includes items indicating perception of wine as significant, important, of concern, meaning a lot, and mattering to a respondent. Factor 2 loads on items showing whether a respondent cares about the purchase, the brand choice, and the outcome of choice. Factor 3 concerns wine knowledge, including whether a respondent feels knowledge, perceives oneself as an expert, and knows less than others. One item, Concern, was removed from Factor 1 for low factor loading.

Confirmatory Factor Analysis

Next, we used confirmatory factor analysis to test the goodness-of-fit on the factor structure. The statistics shown in Table 3 reveal the fit of the hypothesized factor model. The χ^2 value is 71.39 ($p < .05$). This might have been caused by the large sample size. A look at the goodness-of-fit indexes indicate a good fit of the measurement model (GFI = 0.98, AGFI = 0.96, RMSEA = 0.044, which is insignificant from 0.05).

Structural Model of the Dominants of Wine Purchase Decision

The theoretical model proposes that the choice of wine is determined by wine knowledge and purchase involvement, which are influenced by product involvement. The χ^2 value is 88.13 ($p < .05$). All the other indexes suggest

that the model fits the data well (GFI = 0.98, AGFI = 0.96, RMSEA = 0.042). Yet the model does not show the influence of purchase involvement on wine knowledge. This relationship was removed in the final structural model.

Table 1
Descriptive Statistics of the Data

	N	Mean	Std. Dev.	Skewness	Kurtosis
<i>Purchase decision</i>					
Price	648	4.83	1.439	-.447	-.246
Grape variety	662	5.75	1.360	-1.465	2.173
Production region	662	5.15	1.503	-.800	.289
Label design	663	2.22	1.404	1.165	.942
Brand name	661	4.48	1.587	-.532	-.339
Personal preferences	662	6.50	.758	-1.925	5.578
<i>Purchase involvement</i>					
Care	659	6.57	.720	-2.096	6.748
Important	662	6.11	.946	-1.070	1.861
Concerned	662	5.77	1.183	-1.057	1.579
<i>Product involvement</i>					
Importance	653	6.02	1.082	-1.419	3.036
Meaning	648	5.76	1.207	-1.075	1.466
Concern	645	5.51	1.374	-.954	.915
Significance	645	5.64	1.278	-.998	1.159
Matter	647	5.76	1.225	-1.251	2.171
<i>Wine knowledge</i>					
Not feel	659	5.44	1.228	-.953	1.226
Expert	658	5.49	1.480	-1.044	.563
Know less	661	5.41	1.432	-1.089	1.109

Table 2
Exploratory Factor Analysis Results

Component	Factor 1	Factor 2	Factor 3
Significance	.905	.204	.172
Meaning	.856	.219	.157
Matter	.886	.200	.156
Importance	.754	.294	.195
Concern	.396	.086	.024
Not feel	.226	.909	.111
Expert	.184	.769	.084
Know less	.264	.657	.075
Important	.089	.038	.943
Concerned	.115	.035	.599
Care	.136	.143	.559

CONCLUSIONS

A model on wine consumer behavior is proposed in this study. It delineates the relationships between different stages of involvement (i.e. product involvement and purchase involvement) and the influence of involvement on wine knowledge. It also hypothesizes that purchase involvement and wine knowledge are positively related to wine purchase decisions. Pertinent measurement tools were applied in the structural equation modeling process to assess wine consumers' product involvement, purchase involvement and wine knowledge. Wine product attributes were used as the determining elements of wine purchase decision.

In general, the conceptual model is well proved and the proposed relationships are verified. Only one link, purchase involvement and wine knowledge, was not supported. It can be concluded that, in wine purchase situations, product and purchase involvement are different involvement types which should be measured by different scales. Product involvement influences purchase involvement in the wine purchase stage. A consumer's wine knowledge is a result from her involvement with the product category. Additionally, purchase involvement and wine knowledge positively influence a consumer's purchase decision. Wine marketers need to understand the difference among wine consumers with varying involvement. Appropriate strategies should be developed to cater to the target market who is more interested in wine or in

purchasing a wine. Wine service providers also need to stress the importance of wine education, particularly when attempting to attract new customers.

Table 3
Confirmatory Factor Analysis after Modification

Latent Trait	LISREL Estimates (ML) Factor Number			
	ξ^1	ξ^2	ξ^3	R ²
Purchase Involvement (ξ_1)				
Care	.41			.36
Important	.81			.79
Concerned	.75			.41
Product Involvement (ξ_2)				
Importance		.86		.72
Meaning		1.09		.87
Significance		1.10		.79
Matter		1.02		.74
Wine Knowledge (ξ_3)				
Not feel			1.10	.86
Expert			1.15	.63
Know less			.97	.49
Reliability (Cronbach-alpha)	.75	.94	.85	

Notes: $\chi^2 = 71.39$ ($p < .05$); GFI = 0.98; AGFI = 0.96; RMR = 0.045.

All Lambda-X factor loadings are statistically significant ($p < .05$ or better) using two tailed tests.

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PSYCHOMETRIC PROPERTIES OF ONE MEASUREMENT SCALE
OF PUSH AND PULL FACTORS FOR URBAN TOURISM

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ABSTRACT

Push and pull model has been well researched in the area of tourism motivational studies. However, a review of literature reveals little reliability and validity data for measures of push and pull constructs. The purpose of this study was to examine the psychometric properties of one instrument that is now being used in applied settings to measure tourist motivation (push and pull) for urban travel. The results of this exploratory study presented the initial step toward validating a push-pull measure for urban travel. This information will allow for the refinement of assessment tools to enhance the explanatory and predictive power of motivation measures of urban tourism.

Key Words: psychometric properties, motivation, scale, urban tourism.

INTRODUCTION

Accurate measures of travel motivation behavior are needed to advance the understanding and marketing of urban travel intentions. However, there is very little psychometric data available on constructs that measure motivation for urban tourism. Many studies in this motivational area have utilized “push and pull” as the conceptual base (Jamrozy & Uysal, 1994). However, a review of literature reveals little reliability and validity data for measures of these important constructs. The purpose of this study was to examine the psychometric properties of one instrument that is now being used in applied settings to measure tourist motivation (push and pull) for urban travel. This information will allow for the refinement of assessment tools to enhance the explanatory and predictive power of measures of urban tourism.

LITERATURE

The concepts of “push” and “pull” have been generally accepted in discussions of tourist motivation (Crompton 1979; Yuan & McDonald 1990). Taken together, these motivational factors involve the theory that people travel because they are pushed by their own internal forces and pulled by the external forces of the attributes of the destination. Research (Uysal & Hagan, 1993) suggests that travel patterns can be distinguished by the push and pull factors that influence vacation decisions.

Push factors have been conceptualized as socio-psychological concepts of tourists that help explain the desire to travel. The “push” to travel involves origin-related factors that motivate or create a need that is satisfied by travel (Uysal and Hagan 1993). The psychological nature of push factors makes them difficult to identify, as most tend to be subtle, complex and hidden from view. Examples of motivational push factors include travel to escape, to rest and relax, enhance prestige, enjoy adventure, and promote social interaction (Uysal and Hagan, 1993).

Pull factors are typically aroused by the destination rather than emerging exclusively from within the traveler (Crompton 1979). Pull factors emerge because of the attractiveness of a destination which can consist of either tangible attributes or the perceptions and expectations of the traveler (Bello & Etzek, 1985a). Further, Brayley (1990) has determined that destination attributes must be positively perceived and valued by tourists to pull individuals and motivate them to travel. Pull factors, then, might include entertainment and excitement, local cuisine, shopping, and quality tourist services.

ITEM DEVELOPMENT

Three principles, forwarded by Messick (1995), were used to guide the development of items that were included in the push and pull measure presented here: (1) theoretical rationale, (2) content relevance and representativeness, and (3) expected interrelationships among items.

Items for the push and pull dimensions of motivation for urban tourism were written to reflect their respective theoretical domains. Item content was identified through literature review of travel characteristics, including internal desires to travel (push) and external destination attributes (pull). Items were then written and modified for clarity and content relevance after in-depth interviews with domestic tourists visiting Shanghai for pleasure or leisure purposes. Face-to-face interviews were conducted with a systematic random sample of 25 Chinese tourists in Wai bund and Nanjing Road. These two tourist attractions enjoy the highest density of domestic tourism in Shanghai. This procedure produced an initial pool of 50 items, with 25 items generated for each push and pull domain. These items are presented in Tables 1 and 2.

Table 1
Initial Push Items

Table 2
Initial Pull Items

Why do you want to travel?	What attract you to Shanghai?
1. Visiting cultural and historical attractions	1. Cost of tourist products and services
2. Seeing something different	2. International cosmopolitan city
3. Increasing knowledge about Shanghai	3. Capital of modern technology
4. Experiencing a different lifestyle	4. Uniqueness of local people's lifestyle
5. Visiting places my friends have not been to	5. Interesting night-life
6. Fulfilling my dream of visiting a place	6. Shopping
7. Visiting a destination valued and appreciated by most people	7. Local cuisine
8. Going to the places my friends want to go	8. Convenience of transport
9. Visiting a destination that would impress my friends or family	9. Ease of travel arrangement
10. Facilitating family and kinship ties	10. Geographic proximity
11. Meeting new people	11. Positive attitude of Shanghai residents and service staff to domestic tourists
12. Being able to share my travel experiences after returning home	12. Quality of accommodation facility
13. Visiting friends and relatives	13. Quality of local transportation systems
14. Being with my family	14. Quality of tourist services
15. Escaping from daily routine	15. Festival/special events
16. Getting some exercise	16. Historical/cultural attractions
17. Physically resting/relaxing	17. Beautiful urban landscape
18. Releasing work pressure(s)	18. Similar cultural background
19. Finding thrills or excitement	19. My family links in Shanghai
20. Being daring and adventuresome	20. Common language (e.g. Shanghai Dialects)
21. To have memorable experience.	21. Entertainments.
22. To obtain intellectual stimulation.	22. Clean and tidy place.
23. To learn about other culture	23. Acceptable weather (Temperature/Humidity).
24. To satisfy my curiosity.	24. Positive image of Shanghai
25. Visiting Shanghai is a way of showing social status.	25. Variety of culture and entertainment facilities

Items within each push and pull dimension were then scaled to allow for variability in response. Masters (1974) investigated the effect of the number of response categories on reliability estimates for Likert-type scales. Although he reported a substantial increase in reliability indices as the number of response options increased, there was little gain beyond five response options. Thus, in the current study, multi-category response options to these items were written using 5-point Likert-type scales. These options included "unimportant", "somewhat important", "important", "very important", and "extremely important" with values ranging from +1 to +5, respectively. Higher scores suggest greater importance is attached to that travel characteristic.

SAMPLE AND PROCEDURE

The 50-item push-pull scale for urban tourism was administered to gather data to explore the psychometric measurement properties of the instrument. A survey was conducted in Shanghai during the tourism high season between January 28 and February 24, 2002. Systematic random sampling approach was used. Domestic tourists traveled to Shanghai during above

period were approached through face-to-face interview to fill the questionnaire. A total of 300 surveys were collected for analysis. A profile of the respondents is presented in Table 3.

Table 3
A Profile of Survey Respondents (N=300)

Sociodemographic variable	Percent %	Sociodemographic variable	Percent %
Gender		<i>Marital Status</i>	
Male	57.0	Single	42.0
Female	43.0	Married	58.0
Age		Other	0.0
16-25	32.7	<i>Education</i>	
26-35	32.0	Primary and Elementary School	2.0
36-45	23.0	Junior Middle School	9.0
46-55	8.3	Senior Middle School	27.7
56-65	2.3	Technical/Vocational School	11.7
66 or above	1.7	Non-degree college	25.0
Occupation		University or postgraduate	24.7
Owner	15.3	<i>Annual Income (RMB*)</i>	
Professional or Technical	12.0	Less than _5,000	31.3
Senior White Collar	12.7	_5,001 - _15,000	31.0
Junior White Collar	19.0	_15,001 - _25,000	17.7
Skilled Worker	7.3	_25,001 - _35,000	8.0
Unskilled Worker	5.7	_35,001 - _45,000	4.7
Farming/Fishing/Forest	1.3	_45,001 or above	7.3
Military	2.7	<i>No. of Visits to Shanghai</i>	
Student	19.0	1 times	30.3
Retired	2.7	2-4 times	32.7
Others (Housewife)	2.3	5 times or above	37.0

*RMB (₹) is the Chinese currency unit, and approximately RMB 8. 277 is equivalent to 1US dollar.

Preliminary Considerations and Analysis

It was reasonable to expect that the items designed to assess motivation for urban tourism would be intercorrelated. Further, it was anticipated that items within a domain would correlate, that is, items specific to push (or pull) would be interrelated. If correlations between items are small, it is unlikely that those items represent an organized, common construct. As argued by Cooley (1979), exploratory data analysis should suggest items that might be safely deleted from a model, facilitate combining measures, or allow for model modification. To that end, the items sets in the current study were explored through the calculation of Pearson product-moment correlation coefficients. These bivariate coefficients, computed for all pair-wise item combinations, indicated that many items tended to be intercorrelated in both the push and pull item sets. [All correlation matrices are available from the authors].

Intercorrelating the initial 25-item pool for push produced 300 bivariate coefficients, with 212 reaching statistical significance ($p < .05$). Only two of the items significantly correlated with all other items. Seven of the 25 items correlated with 20 or more of the other items, with 12 items significantly correlating with 18 or more of the other push items. Thirteen of the items were related to only 16 (or fewer) other items and were eliminated to reduce the item set to only those items that would strengthen the measure. Thus, 12 items were retained for the push measurement model (48% of the original items).

Regarding the initial 25 pull items, 221 of the bivariate correlations were significant ($p < .05$), although not a single item significantly correlated all the other 24 items. Eight of the items correlated with 20 or more of the other items, with 12 items significantly correlating with 18 or more of the other pull items. Thirteen items were related to 17 or fewer other items, and these items were deleted from the analyses. The final number of items retained for the pull measurement model was also 12, or 48% of the original pull items.

Reliability

Overall, the modified instrument assessing motivation for urban tourism contained 24 items hypothesized to reflect the dimensions of push and pull. An estimate of the reliability of this motivation scale with the sample data revealed high internal consistency (Cronbach's alpha = .853). Coefficient alpha estimates for the 12-item subscales indicated that responses to the item sets were internally congruent (push = .771; pull = .806). It should be noted that coefficient alpha

reflects a lower bound in estimating reliability (Crocker & Algina, 1986; Nunnally & Bernstein, 1994); therefore, the indices reported here are considered conservative estimates.

Construct Validity

The theoretical model of motivation for urban tourism provided the hypothesized structure, which was believed to be comprised of push and pull dimensions. The bidimensional construct validity of the model was investigated using inter-item correlations (Bartlett's sphericity test) and via exploratory factor analysis. Factor analysis examines the interrelationships among items and groups them according to underlying constructs. This analysis yields the minimum number of items needed to maximize the amount of essential information contained in the construct measure. In other words, can the motivation to travel be explained by the existence of a smaller number of hypothetical constructs, push and pull?

Since factor analysis summarizes data by grouping items that are intercorrelated, correlation among the items should be examined (Kim & Mueller, 1978). Bartlett's Test of Sphericity provides a chi-square test for the significance of the correlation matrix based upon the determinant (e.g., generalized variance of the correlation matrix) from the set of items. The determinant of the correlation matrix in this study was 0.0018. Bartlett's Test of Sphericity indicated that the level of relationship among these items warranted the use of factor analysis [$\chi^2(276) = 1796.090$; $p = .000$]. Additionally, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was 0.843, with Tabachnick and Fidell (1996) suggesting that a KMO of 0.6 or higher is required for factor analysis.

Table 4
Oblimin Rotated Structure Matrix of Variables (N = 298)

Item Variable	Factor 1 (Push Factor)	Factor 2 (Pull Factor)	Commonalities h^2
To have a memorable experience	.586	.001	.343
Visiting Shanghai is a way of showing social status	.572	.096	.284
Interesting night-life	.517	.023	.279
Fulfilling my dream of visiting a place	.513	.061	.296
Visiting a destination that would impress my friends or family	.492	.001	.242
To obtain intellectual stimulation	.487	.086	.284
Finding thrills or excitement	.486	.072	.208
To learn about another culture	.472	.024	.235
Being able to share my travel experiences after returning home	.426	.096	.230
Meeting new people	.412	.100	.141
Visiting places my friends have not been to	.404	.077	.198
Quality of local transportation system	.105	-.833	.621
Quality of tourist services	.022	-.693	.466
Clean and tidy place	.072	-.609	.334
Convenience of transport	.068	-.598	.401
Quality of accommodation facility	.055	-.587	.317
Positive image of Shanghai	.006	-.549	.301
Positive attitude of Shanghai residents/service staff to tourists	.177	-.487	.351
Ease of travel arrangement	.140	-.457	.290
Eigenvalue	5.135	1.698	
Total Percentage of Variance	21.397	7.075	
Reliability (Cronbach α)	.775	.819	

To ascertain the structure of the 24-item Motivation for Urban Tourism scale, common factors were extracted using principal axis factoring in SPSS 11.0 for Windows using the inter-item correlation matrix as data. This resulted in two factors with eigenvalues greater than one, accounting for about 28% of the total variance. An examination of the Scree plot (Cattell, 1965) was conclusive in a two-factor solution. Factors were then rotated using both varimax and oblimin (oblique) criteria with results providing almost identical solutions. According to theory, the push and pull dimensions are intercorrelated. Further, the most meaningful interpretation is typically achieved with oblique rather than with orthogonal factors (Joreskog, 1979), thus the oblimin results are presented here. For interpretational clarity, a salient loading (Gorsuch, 1983, p. 208) of 0.40 was selected as one that is sufficiently high to assume the existence of an item-factor relationship. According to the loading criteria used here, five items did not significantly load on any single factor and were thus deleted. Loadings of item variables on factors, communalities, eigenvalues, total percent of variance, and subscale reliabilities are

presented in Table 4, with variables ordered and grouped by size to facilitate interpretation. The first factor, which accounted for about 21% of the variance, included 11 items. The second factor, accounting for about 7% of the variance, consisted of eight items. Based on the pattern of item loadings, the nature of these factors was considered and they were labeled push and pull.

CONCLUSIONS

The basic factor structure of the instrument is a reasonable representation of the theoretical model on which it is based. The factor-loading pattern shown here suggests that motivation for urban travel is composed of two common factors with a relatively clear pattern. Further, the relatively low correlation between the two dimensions (.474) suggests that they may represent alternative (but not mutually exclusive) motivations for urban tourism. Although this exploratory study presents the initial step toward validating a push-pull measure for urban travel, the relatively low variance explained by these two factors indicates that further work needs to be done.

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CRIMES AGAINST HOTEL VISITORS: AN EMPIRICAL STUDY IN MIAMI-DADE COUNTY, FLORIDA

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ABSTRACT

The study examines the relationship between visitor demographics and types of criminal offenses in Miami-Dade County, Florida. This study's results demonstrate that hotel visitors' demographic characteristics, such as gender and residency/country of origin, are statistically and positively correlated with criminal activities against hotel visitors, robbery and burglary in particular. The results provide hotel management with some recommendations about proper prevention measures to protect hotel visitors from criminal activities.

Key words: Hotel crimes, hotel visitors' demographics, hotel security prevention program

INTRODUCTION

Greater Miami, which includes the cities of Miami and Miami Beach in Miami-Dade County, Florida, is a well-known international tourist destination. More than 277 hotels and 189 motels are located in Greater Miami, including the Miami International Airport area (Greater Miami Convention and Visitors Bureau, 2003). The Bureau's statistics indicate that Miami International Airport hosted more than 15 million passengers in 2002. Those visitors contributed \$11.8 billion to tourism-related businesses (e.g., the hotels) and local economy.

For the hotel industry, it is important to know that visitors' safety is paramount for the hotel business in terms of occupancy, image and financial success. The hotel industry increasingly encounters tremendous challenges in providing a safe environment for guests. The growth of travel will create more opportunities for crime (Olsen et al., 2000). The negative national and international publicity about the murders of six British and German tourists in December 1992, had direct impact on the declining number of tourists in the State of Florida. Brayshaw (1995) pointed out that such criminal attacks on British and German tourists in Miami in 1992 led to a 22% decline in visitors from those countries. Moreover, Pizam and Mansfeld (1996) declared that those crimes against foreign tourists had caused an 11% decline in overseas visitors and a 16% decline in Canadian tourists.

Many trade journals have discussed the issue of tourist safety and hotel security, but rarely have researchers examined criminal offenses against visitors in the hotel setting. This study intends to examine the interrelationship between the hotel visitors' characteristics (e.g., American versus foreign visitors) and criminal victimizations in Miami-Dade County, Florida. By analyzing criminal activities against the hotel visitors, the study's results may provide practical suggestions for the hotel industry to enhance its security measures in order to reduce potential victimization of hotel visitors. Therefore, this research intends to address the following hotel-security-related questions:

- What types of crime and *modi operandi* most frequently take place in hotel/motel areas?
- What types and values of property are of interest to criminals?
- What victim characteristics are most likely to be victimized?
- At what times are the majority of crimes committed?
- In what locations in and on the hotel property do the crimes most often occur?
- Are there any significant relationships between demographic variables and types of criminal activities?

LITERATURE REVIEW

Previous studies focused on the negative impacts of crimes on tourism (Marshall, 1994; Ryan, 1993; Wagstaff, Lague, & McBeth, 2003), tourists' safety (Brunt, Mawby, & Hambly, 2000; Kathrada, Burger, & Dohnal, 1999), or

visitors' perceptions of the safety conditions of tourist locations (Demos, 1992; Dimanche & Lepetic, 1999; Pizam, 1999). In sum, the safety-related factors, either the hotel security or the crime rate in the tourist destination, have shown a significantly negative effect on the tourist industry. The tourism industry, hotels in particular, is extremely sensitive to all manner of criminal activity.

Crimes against tourists in the hotel setting can be viewed as opportunistic and convenient. Due to characteristics of the hotel setting, the hotel industry has encountered a great challenge in balancing the visitors' safety and privacy concerns. Consequently, career or potential criminals may freely move around and "target" vulnerable visitors for monetary gains or other belongings. For example, Ryan (1993) indicated that criminal activities against tourists were likely to be incidental due to the vulnerability of the tourists or the opportunity in the hotel setting. Most common criminal activities against tourists include crimes such as robbery, burglary, auto theft, mugging, or stealing. Violent crimes, such as assault, are not frequently inflicted upon tourists. Wolff (1993) stated that crimes against tourists are likely property-related. Particularly, some tourists may simply show their valuables in clear view or leave the hotel room unlocked as they "assume" that the host hotel will provide all necessary security measures. A study in Hawaii (Chesney-Land & Lind, 1986) analyzed police records and found that crime rates (robbery, burglary, larceny, and property-related crimes) in tourist areas were significantly higher than in non-tourist areas in Hawaii. The study's results indicated that the vulnerability of the tourist and the opportunity of criminal operation may significantly contribute to crimes against tourists.

In order to reduce criminal activities against visitors effectively in Miami-Dade County, Florida, the Miami-Dade Police Department has aggressively implemented a variety of preventive tourist-related programs. The Tourist Robbery Abatement Program (TRAP) provides assistance by helping tourists to their destination, providing crime prevention tips, and performs other necessary assistance. The Tourism-Oriented Police Program (TOP) provides necessary police service with an emphasis on community-based crime prevention activities. The Tourist-Oriented Police-Holiday Detail (TOP-Holiday) provides police services to residents and tourists during the holiday season. Robbery Intervention (RI) is designed to apprehend robbery suspects and violent criminals.

The Tourist-Oriented Police Program (TOP), implemented in 1994 is a typical community-based preventive program, which is conducted in cooperation with local communities and an array of business industries, such as hotels, restaurants, or car rental companies, to respond to criminal activities against visitors in and around the Miami International Airport. According to available statistics of the Miami-Dade Police Department, major crimes against both visitors and residents, such as robbery, auto theft, aggravated assault, or burglary, were significantly reduced in the period of 1996-2003. For example, there was an 81% reduction of "visitor robberies" from 1996 to 2003. The robberies against visitors steadily declined over the period of 1996-2003, from 70 robberies in 1996, to 13 cases in 2003. There were 9,257 auto thefts in 1996, but only 4,698 auto thefts in 2003.

METHODOLOGY

Research Site

The Miami-Dade Police Department has systematically documented victimizations against hotel visitors in order to protect tourists' safety while they are staying in hotels in the Miami-Dade County area. Miami-Dade County covers 1,944 square miles, with a high density of commercial districts (e.g., hotels) in the northern district adjacent to the City of Miami, northern Miami Beach areas, and the Miami International Airport area. The county also includes some swamp lands which are contiguous to the Everglades. The jurisdiction of the Miami-Dade Police Department does not include several well-known beach areas such as Miami Beach or the City of Miami. According to statistics of the Greater Miami Convention and Visitors Bureau (2003), more than 10 million visitors, domestic and foreign, visited Greater Miami, which includes several major tourist attractions in Miami-Dade County.

Data Description

Due to changes in the criminal database system in 2000 at the Miami-Dade Police Department, the current researchers could obtain information only about crimes against hotel visitors during the period of 2000-03. According to the request of the researchers, the Miami-Dade Police Department has extracted all the criminal cases and created a specific database on crimes against hotel visitors in hotels and on hotel properties. Data was based on police crime reports, which provided information about victimization and visitors' demographic characteristics. This study does not include any unreported victimization due to the fact that such information is difficult to substantiate from any unofficial source.

The police report of visitors' victimization generally has four major sections: visitors' demographics, hotel characterizations, general descriptions of the incident, and specific property loss. In this study, visitors' demographics focus on race, gender, age, and residency or country of origin. The report also provides general hotel-related

characteristics such as the location of the hotel or the locality of the incident (e.g., inside the hotel room, in the hotel, or on the parking lot). Most importantly, the visitors' crime report includes detailed descriptions of the incident in terms of time and date of the incident, specific crime against the visitor, and modus operandi (method of operation of criminal activity against the visitor). According to the Miami-Dade Police Department, major crimes against visitors generally fall under robbery, burglary, or theft.

Data Analysis

Based upon information available from the Miami-Dade Police Department's crime data, this study contained a total of 600 incidents (police reports) which were usable for the analysis. The study primarily examined the general pattern of victimization against visitors, specific types of criminal activities, and circumstantial factors (e.g., time of the incident) which may have contributed to visitors' victimization in the hotel or on hotel property in Miami-Dade County, Florida. Univariate analyses (frequency and percentage) of both visitor and hotel factors were employed to further understand the general characteristics of criminal offenses and visitors' victimizations.

The dependent measures of this study focused on victimizations by different criminal offenses such as robbery, burglary, theft, and stolen vehicle. This study employed bivariate analyses to examine correlations between visitors' demographics and victimizations as well as statistical analyses such as, Chi-square tests, to explore the likelihood of victimizations corresponding to a variety of visitor demographics. Specifically, this study used the present data to examine several research hypotheses, such as, whether or not visitors' demographic factors, such as gender or residency, may construct a distinctive effect on reported victimizations. For example, this study examined whether foreign visitors are more likely to be victimized than Florida residents or out-of-state residents. Another important research hypothesis focused on the issue of whether or not female visitors, regardless of residency or country origin, are more likely to be victimized than male visitors. Finally, this study's results highlight the importance of preventive programs to protect visitors.

FINDINGS

The results of this study showed that crimes against visitors in Miami-Dade County (within jurisdiction of the Miami-Dade Police Department) were not limited to any specific race, gender, age group, or residency/county of origin.

Table 1:
Victimized Visitors' Demographic Information (N=600), 2000-03

	Frequency	Percentage (%)
Visitors' Race		
White/Hispanic	423	70.5%
Black	152	25.3
Asian	9	1.5
Unknown	16	2.7
Visitors' Gender		
Male	338	56.3%
Female	249	41.5
Unknown	13	2.2
Visitors' Age		
Under 20 years old	9	1.5%
20-29 years old	116	19.3
30-39 years old	158	26.3
40-49 years old	139	23.2
50-59 years old	94	15.7
60 years old or above	59	9.8
Unknown	25	4.2
Visitors' Residency		
Florida resident (not reside in Miami-Dade County)	213	35.5%
Out-of-state visitors (not reside in Florida)	238	39.7
Visitors from foreign countries	149	24.8

As Table 1 indicates, a majority of hotel visitors (70.5%) who had been victimized were either Caucasian or Hispanic. (Unfortunately, the Miami-Dade Police Department does not separate Hispanics from Caucasians in the police report. Therefore, the proportions of racial allocation between Hispanic and Caucasian victims were very difficult to identify.) Only 26.8% (161) of a total of 600 victims were a racial minority such as Black or Asian. There were 16

victims whose race was unknown. Surprisingly, results showed that more males than females were victimized by a variety of criminal activities in or on hotel property while visiting Miami-Dade County. This study also showed that approximately 50 % (297) of the victims were between 30 and 50. Only 9.8% (59) of 600 victims were elderly (age 60 or above). In regard to victims' residency or country of origin, this study's results showed that 35.5% (213) of 600 victims were Florida residents but not from Miami-Dade County, 39.7% (238) were out-of-state residents, and 24.8% (149) were visitors from a variety of foreign countries.

Table 2 shows descriptive statistics of criminal activities against hotel visitors and property losses resulting from such criminal offenses. Results showed a 72 % of reduction of crimes against visitors in or on hotel property, from 181 offenses in 2000, to 105 offenses in 2003. Victimization were roughly distributed in different months and time frames. For example, 37.4% (224) of criminal offenses against hotel visitors occurred during nighttime (between 9 PM and 6 AM), 33.8% (203) in afternoon and early evening (between 12 and 9 PM), and 28.8% (173) in the morning (between 6 AM and 12 PM). The major criminal offenses against hotel visitors in Miami-Dade County areas were theft (207) and burglary (192). However, 12.5% (75) of 599 criminal offenses were robberies, in which the victims' money or property was taken by force by the suspects. Police reports did not contain information about the injuries to victims, if any, during the robbery. Methods of operation (i.e., modus operandi) were widely diversified, ranging from breaking and entering, to snatching and stealing. Interestingly, the police reports indicated that 17.0 % (102) of victimizations resulted from visitors' negligence, either unattended belongings or unlocked cars. However, 17.3 % of offenders' modus operandi were unspecified in the police reports.

In regard to property losses, as Table 2 indicates, a vast majority of victimizations occurred in or around the Miami International Airport area. A significant number of criminal offenses against hotel visitors occurred outside the hotel but on the hotel property, such as parking lots. This study's results showed that 46.3% (278) of victimizations took place outside the hotel but on hotel property, 23.3% (140) of victimizations were inside the hotel (but not in the hotel room), 10.7% (64) of victimizations occurred in hotel rooms, and 19.7% (118) of incidents listed the location of criminal victimization unknown. Around 55.7 % (334) of victimized visitors had multiple property losses. A further examination of property losses of victimizations showed that 274 victimizations were monetary losses, such as cash or credit card; 193 victimizations had a loss of electronic merchandise, such as computers; 114 victimizations were related to a loss of precious items, such as jewelry or expensive watches; 96 victimizations were connected with stolen vehicles or vehicle accessories; 52 victimizations were losses of tools or office equipment; and 141 victimizations had miscellaneous items, such as passports or clothing.

Table 3 displays bivariate correlation (Pearson's r) between criminal offenses (robbery, burglary, theft, and stolen vehicle) and victims' demographics (race, gender, age, and residency/county of origin), time of victimization (morning, afternoon, or night), and property loss (single item or multiple items). This study's results clearly showed that robbery was statistically and significantly correlated with victims' demographic factors. In other words, Caucasian or Hispanic, rather than minority (Black or Asian), visitors were more likely to be victimized by robbery. Female visitors were more likely to be robbed than male visitors in hotels or on hotel property. Elderly visitors were also more likely to be targets of robbery than younger visitors. Results also showed that robberies likely occurred during the nighttime hours, and victims suffered multiple-item losses. Most interestingly, this study showed that there was a relatively strong relationship between robbery and visitors' residency or country of origin. Foreign visitors were more likely to be victimized by robberies than Florida residents or out-of-state visitors. Results also indicated that foreign visitors who were robbed, were likely to have multiple-item property losses.

As Table 3 indicates, burglary was statistically associated with the victims' gender, age, residency/country of origin, and time of victimization. Female visitors, or younger visitors, were likely to be victimized by burglaries. Burglaries likely occurred during morning hours rather than in the nighttime. Contrary to victimizations of robberies, the status of residency/country of origin showed a statistical but negative correlation with burglary. In other words, foreign visitors were less likely to be victimized by burglary than Florida residents or out-of-state visitors. However, the visitors' race showed no correlation with burglary.

This study showed that theft was the major criminal activity against hotel visitors in the Miami-Dade County. As Table 3 indicates, female visitors rather than male visitors were likely to be victimized by theft in hotels or on hotel property. Foreign visitors were more likely to be targeted for theft than Florida residents or out-of-state visitors. Most theft-related victimizations occurred in the morning hours and resulted in a single-item property loss. This study's results also showed that victims' race and age showed no correlation with theft-related victimizations.

Table 2
Descriptive Statistics of Criminal Activities Against Visitors and Property Loss

	Frequency	Percentage (%)
Victimization by Year		
Year of 2000	181	30.2%
Year of 2001	183	30.5
Year of 2002	131	21.8
Year of 2003	105	17.5
Victimization by Month		
January	53	8.8%
February	45	7.5
March	51	8.5
April	48	8.0
May	61	10.2
June	48	8.0
July	54	9.0
August	55	9.2
September	29	4.8
October	61	10.2
November	44	7.3
December	51	8.5
Time of Victimization		
Morning (between 6 AM and 11:59 PM)	173	28.8%
Afternoon (between 12 and 8:59 PM)	203	33.8
Night (between 9 PM and 5:59 AM)	224	37.4
Type of Criminal Offense		
Robbery	75	12.5%
Burglary (vehicle)	181	30.2
Burglary (inside building)	101	16.8
Stolen vehicle	35	5.8
Theft (loss over \$300)	193	32.2
Theft (loss under \$300)	14	2.3
Unknown	1	0.2
Method of Operation by the Suspect		
No force used	48	8.0%
Break and enter	87	14.5
Pry and open	78	13.0
Door opening	28	4.7
Snatching and stealing	63	10.3
Victim's negligence	102	17.0
Other methods (e.g., fraud)	90	15.0
Unspecified methods	104	17.3
Hotel Locations		
Miami International Airport area	523	87.2%
Northside areas	72	12.0
Other locations	5	0.8
Location of Criminal Offense		
In hotel room	64	10.7%
Inside hotel but not in the room	140	23.3
Outside hotel but on hotel property	278	46.3
Unknown	118	19.7
Property Loss		
Single-item loss	254	42.3%
Multiple-item loss	334	55.7
Unknown	12	2.0
Type of Property Loss		
Monetary loss (e.g., cash)	274	31.5%
Electronic merchandise (e.g., computer)	193	22.2
Precious items (e.g., jewelry)	114	13.1
Vehicle or accessories	96	11.0
Tools or equipments	52	6.0
Miscellaneous loss (e.g., passport)	141	16.2

Note: There are 334 visitors with multiple-item losses; 870 recorded property losses in total for 589 victims; and 11 visitors who were victimized but showed no property loss in the police reports.

Table 3 also demonstrated that victimizations from stolen vehicles or vehicle accessories were statistically but negatively correlated with victims' gender, residency/country of origin, and number of items of property loss. In other words, male visitors rather than female visitors were likely to be victimized by vehicle-related offenses. Such vehicle-related offenses were likely to have single-item property loss. Interestingly, foreign visitors rather than Florida residents were less likely to be victimized by such vehicle-related criminal offenses. Results showed that vehicle-related criminal offenses were not correlated with victims' race or age. Time of victimization showed no significant correlation with vehicle-related offense.

Table 3
Bivariate Correlation (Pearson's r) of Hotel Visitors' Demographics and Types of Criminal Offenses

Variable	Robbery	Burglary	Theft	Stolen Vehicle
Visitor Race	-.11**	.07	-.03	-.08
Visitor Gender	.22**	.22**	.13**	-.11*
Visitor Age	.20**	-.15**	.04	-.03
Visitor Residency/Country Origin	.34**	-.26**	.13**	-.20**
Time of Victimization	.25**	-.13**	-.35**	.08
Property Loss	.24**	.04	-.11**	-.19**

“**” means that correlation is statistically significant at 0.01 level (2-tailed).

“*” means that correlation is statistically significant at 0.05 level (2-tailed).

Dependent upon victims' demographic characteristics and the types of criminal offenses, this study's results showed a distinctive pattern of victimization against hotel visitors in Miami-Dade County, Florida; that is, foreign visitors were likely to be victims of robbery and theft. A further examination showed that the status of visitors' residency (foreigner versus American) and robbery was statistically and positively correlated (Pearson Chi-Square = 65.73; at 0.001 level; $\Phi = .33$). Specifically, among the victims, 31.5% of foreign visitors, but only 6.2% of American visitors were victims of robbery-related offenses. Approximately 76% of foreign visitor victims, compared with only 37% of American visitor victims, had monetary losses due to a variety of criminal victimizations (e.g., robbery) in hotels or on hotel property. Similar to the results for foreign victims, this study's results also showed that female visitors were likely to be victims of robbery and theft. Statistical analyses (Pearson Chi-Square = 28.09; at 0.001 level; $\Phi = .22$) showed that visitors' gender (male versus female) was statistically and positively correlated with robbery. Approximately 21.3% of female visitors, but only 6.5% of male visitors, were victims of robbery in this study. More than 60.7% of female victims, compared with 36.4% of male victims, had monetary loss resulting from criminal victimizations. Such a significant gender discrepancy in victimizations of criminal offenses, such as robbery, indicates that female visitors are vulnerable to criminal activities, even though they stay in a hotel or on hotel property. Results of this study imply that the hotel industry needs to improve security measures, both inside and outside the hotel, in order to protect hotel visitors' safety and to prevent any property loss due to criminal victimizations.

CONCLUSION AND IMPLICATIONS

The hotel industry, undoubtedly, is very vulnerable to criminal activities either against guests or the hotels themselves. The negative impacts of criminal activities on the hotel industry are very serious extending beyond financial losses. This study's results indicate that the hotel industry needs to establish comprehensive preventive security programs in order to prevent criminal activities against hotel guests, and, in turn, to reduce any potential legal liability against the hotel. After September 11, 2001, a study found that hotel security is still alarmingly unequipped to deal with potential criminal activities; 30% of hotels had made virtually no improvement in security procedures, and 60% of hotels had not added any additional security staff (Enz & Taylor, 2002). This study revealed that the Miami-Dade Police Department has aggressively implemented a variety of crime-related preventive programs since the 1990s that are specifically designed for protecting visitors to Miami-Dade County, but the effectiveness of such preventive programs will be enhanced if the hotel industry can establish a mutual working relationship with the police.

One of important findings of this study is that foreign visitors are vulnerable to robbery and burglary in the hotel setting. Foreign visitors are likely to have monetary losses, either cash or credit card, if they are victims of robbery or burglary. The characteristics of foreign visitors, such as language barriers or the carrying of a significant amount of cash, may increase the odds of victimizations, such as robbery. Criminal activities against hotel visitors, as this study's results indicate, occur when opportunities arise. Most offenders are very difficult to identify and not likely to be apprehended by

the police. For example, this study found that more than 58 % of victimizations against the hotel visitors occurred outside the hotel, such as in parking lots. Other visitors' characteristics, such as gender, are also significantly correlated with criminal victimizations. In other words, this study's results also showed that female visitors were likely to be victimized by robbery and burglary. These results clearly suggest the need to increase hotel security measures and management in order to protect the safety of the hotel guests and to prevent any property loss.

The study's results, then, clearly demonstrate the importance of security-related measures by the hotels to protect the safety and security of their guests. Previous studies have also shown that the hotel industry needs to adopt a comprehensive approach to address security-related issues in the hotel setting. For example, Harris (2002) suggested several approaches to enhance hotel security; they are: security guards, staff training, and security equipment (e.g., closed circuit TV systems or electronic access control systems). Pizam (1999) suggested that effective preventive measures should include legislative measures and law enforcement. Other crime prevention measures are also important for protecting the hotel visitors, including Crime Prevention through Environment Design (CPTED), installation of security devices, employee security training, and safety and security awareness for the tourists. The present study's results demonstrate the reality of security needs and security improvements in the hotel industry if it wishes to provide a secure environment for the hotel visitors. The present researchers also strongly recommend that the hotel management implement effective and proactive prevention procedures to further secure the hotel visitors' safety and property. The present researchers suggest the following enhancements for the safety of the hotel visitors:

Establish effective and proactive prevention procedures.

The hotel needs to provide a 24-hour security patrol, both inside and outside the hotel. The frequency and intensity of the security patrol shall be sufficient. In order to increase the law enforcement function, the hotel may consider hiring off-duty police officers, if possible, to handle hotel-related security and criminal activities on hotel property. The hotel staffs also need to understand how to provide assistance to visitors victimized by a variety of criminal activities on the hotel property, as well as how to report crimes to the police.

Enhance awareness and education about safety.

The hotel shall emphasize employees' safety and security training on a regular basis. The hotel shall also update all security-related information to increase the awareness of potential criminal activities against hotel visitors. The hotel can also provide the hotel visitors with detailed safety and security tips, either via of hotel circuit TV or brochures, to further enhance their safety awareness.

Work cooperatively with the police and the local community.

It is essential to develop a close relationship with the police and the local community to design a comprehensive crime prevention program to prevent crimes against the hotel visitors and the hotel businesses. In other words, good communication with local residents and police can effectively provide the hotels with more updated crime-related information in the hotel areas so that the hotels can increase security measures or adopt strategies for minimizing crimes. Such a cooperative relationship between the hotel and the police will definitely increase the deterrent effect on potential criminals and significantly reduce criminal activities such as robbery on hotel parking lots, for example.

Invest in more effective technology to secure the safety of the hotel and visitors.

With new technology readily available, hotel management should allocate a certain percentage of financial resource, to equip the hotel with advanced security tools, such as closed-circuit surveillance cameras, and an electronic locking system. The hotel also needs to be aware of the importance of physical design to reduce potential criminal activities against the hotel visitors. Design enhancements include installing more lighting devices and surveillance cameras in the parking areas. Such technological devices can also assist law enforcement in apprehending criminals engaged in any criminal activities against the hotel visitors on the hotel property.

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THE COMING GLOBAL GROWTH IS HOSPITABLE FOR HOSPITALITY

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ABSTRACT

Why we believe that global prosperity is at hand, what this means for the hospitality industry, and how things still might go wrong are the subjects of this chapter. In May 2004, more than a year after the recent recession officially ended, Americans are still acting like bears waking from hibernation after a long, cold winter. They are looking around, sniffing the air, and hoping that the worst is finally over. Yet it seems that many are not yet convinced. And as we will see, they have reasons for concern. So does the rest of the world, because the United States plays such an enormous role in global trade. When America gets a cold, the rest of the world gets pneumonia. Nonetheless, at Forecasting International (FI) we believe that any risk of a “double-dip” recession is long past. That unfamiliar perfume on the nation’s atmosphere is the scent of new growth, and after months of doubt most economists and business leaders are becoming convinced that it heralds the arrival of better economic times, not just a brief recovery in a protracted slump. The United States is not alone in its recovery. In Europe, several key economies are beginning to grow after long stagnation. Even Japan seems to have emerged at last from a decade of recession.

In May 2004, more than a year after the recent recession officially ended, Americans are still acting like bears waking from hibernation after a long, cold winter. They are looking around, sniffing the air, and hoping that the worst is finally over. Yet it seems that many are not yet convinced. And as we will see, they have reasons for concern. So does the rest of the world, because the United States plays such an enormous role in global trade. When America gets a cold, the rest of the world gets pneumonia.

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The United States is not alone in its recovery. In Europe, several key economies are beginning to grow after long stagnation. Even Japan seems to have emerged at last from a decade of recession.

Why we believe that global prosperity is at hand, what this means for the hospitality industry, and how things still might go wrong are the subjects of this chapter. Unfortunately, the explanation will require spending more time poring over dry economic statistics than most of us would prefer.

For the hospitality industry, the arrival of a solid worldwide economic recovery is the best possible news. People seldom take expensive vacations when they feel poor or fear for their jobs, and in bad times companies cut back on meetings and business trips. When prosperity returns, travel and tourism recover as well.

It can’t happen too soon. Over the last few years, American economic problems have been felt throughout the world. According to the Italian National Tourist Office, the number of Americans visiting Italy declined by 15 percent between 2000 and 2002—before the dollar lost much of its value in international currency markets—and by 25 percent in 2003. Now that the dollar is so weak and travel to other lands is comparatively expensive for Americans, they predict that tourism will be down throughout Europe by 20 to 30 percent in 2004. Business at restaurants in major European tourist destinations is off by 40 to 50 percent. And when Americans do travel, they are staying at cheap hotels near the bus station, rather than pricey ones in the scenic districts, and going to cafeterias instead of more expensive restaurants. Economic recovery in the United States should help to bring the tourists back. Prosperity in other lands could turn the coming good years into an all-out boom for the global hospitality industry.

Looking Up

In fact, the American recovery started quite a while ago. According to the Bureau of Economic Analysis, the U.S. economy has been expanding continuously since the fourth quarter of 2001. In 2003, it grew by 3.1 percent for the year, peaking at a spectacular rate of 8.2 percent annually in the third quarter. In the first three months of 2004, the GDP grew at

an average annual rate of 4.2 percent. For the year, growth is expected to come in at 4 to 4.5 percent, a level that most economists believe can be sustained for several years.

Other data confirm that a strong recovery is well under way in the U.S.:

- By early February 2004, the Standard & Poors Index was up 43 percent in eleven months. Investors, at least, expected the current economic growth to continue for the next six months or more.
- Retail sales were up 1.8 percent in March 2004, and more than 8 percent over the previous March, having grown almost continuously since January 2003.
- Factory orders rose a spectacular 4.3 percent in March 2004, when economists had expected only 2.4 percent growth. Orders had risen only 1 percent in February. Shipments rose 3.8 percent in March, the largest one-month increase on record. This is strong evidence that the current economic expansion can be expected to continue.
- The Institute for Supply Management Index, another respected measure of manufacturing strength, came in at 65.8 in March 2004, up 5.0 over the previous month. Any reading over 50 signals growth in this crucial sector.
- New housing starts were running at a rate of 2.007 million per year in March 2003, slightly below the previous month, though permits for future construction were up a bit. In all, 1.848 million new homes were started in 2003, the most since 1978. Though housing starts appeared to be weakening on fears that interest rates could be about to rise, they were still predicting the construction of more than 1.9 million new homes in 2004.
- New home sales came in at 1.228 million in March 2003, their highest level since 1991.
- Unemployment seems to have stabilized at about 5.7 percent in the first three months of 2004—not the 4 percent seen at the height of the boom in the 1990s, but typical of a healthy American economy.
- Inflation, however, is beginning to cause concern. The Consumer Price Index was up 0.5 percent in March 2004, for an annual inflation rate of 6 percent. Virtually all of this increase came from the energy sector, where prices rose 1.9 percent in the month, owing to OPEC policy decisions. (Oil prices were expected to come down again in time for the U.S. elections in November.) Despite this unexpected spike in inflation, the Federal Open Market Committee in its early-May meeting left interest rates unchanged and predicted that future increases would be gradual.
- The Conference Board's Index of Leading Indicators, which foretells future economic growth, rose 0.3 percent in March 2004, its seventh increase in six months.

All this speaks of economic strength, both present and future. The consensus among economists is that the recession of 2001 was the briefest, shallowest on record, with just three quarters of consecutive decline, and that it is unlikely to return. In this, the economists are clearly correct.

American consumers seem to agree, at least if we look at their behavior. With the exception of the first three months of 2000, when the economy was still growing, and September 2001, when the country was reeling from the terrorist attack on the World Trade Center and Pentagon, they have continued to spend freely, a little more each month. Between April 2003 and March 2004, the most recent data yet available, only September showed a decline in personal consumption spending, and the dip was more than made up by November. This is important, because consumer spending makes up about two-thirds of the American economy. It was consumers, not business, whose spending carried the country through the recent recession.

When American consumers are asked how they feel about the economy, the picture also is brighter than it was a year ago. With interruptions of no more than a month or two, the Conference Board's Consumer Confidence Index declined from 120 in June 2001 to just over 60 in March 2003. Since then it has rebounded to 96.4 in January 2004. The University of Michigan's Index of Consumer Sentiment declined steadily from mid-1999 through early 2003 and then began to rise. In January 2004, it stood at 103.8, up more than 10 points from the previous month and from 82.4 a year earlier. Two-thirds of consumers surveyed in January said they expected good economic times in 2004. Most expected the economy to continue growing for at least five years.

So happy days are here again. American tourists will hurry back to European hotels and restaurants, executives will make more business trips, and cruise passengers will finally be willing to pay full-fare for their sea-going vacations. Right?

Consumers Grow Cautious

Not necessarily. More recent confidence readings have been equivocal. In May 2004, the Conference Board's Consumer Confidence Index was up 4.4 points, to 92.9, following a significant decline in February and no change in March. The Michigan Consumer Sentiment Index was off by 1.6 points in April 2004, to 94.2, and was down 9 percent from its high in January 2004. That kind of decline raises doubts about how solid the previous numbers really were. And any loss of consumer confidence invites concern about the future of the hospitality markets.

What is going on here? Why is consumer confidence suddenly looking weak in the face of all that fundamentally good news? And what does this mean for the hospitality industry?

One problem is the situation in Iraq. In April 2004, weeks of unrest in Fallujah, Najaf, and Baghdad caused more American deaths than the entire six weeks of "major hostilities" in 2003. And when Americans worry about anything, it colors their feelings about the economy. Revelations that American soldiers have been mistreating Iraqi prisoners are causing further concern that could be reflected in future confidence and sentiment data.

The other problem is jobs. According to most estimates, there are about 2 million fewer of them in the United States in April 2004 than there were in 2000. This represents the first sustained decline in employment since the Great Depression of 1929. In fact, from one point of view the situation may be worse than it appears. According to several estimates, if the current recovery had followed the track of previous upturns, the economy would not have lost jobs but instead would be something more than 3 million jobs to the good. Some economists therefore argue that the U.S. is suffering a jobs deficit, not of 2 million jobs but more like 5.3 million. According to the Economic Policy Institute, if we include laid-off workers who want jobs but have become too discouraged to look for them, and therefore are not included in the official numbers, the unemployment rate would not be 5.7 percent, but more like 7.5 percent. That is bad, even for the middle of a recession.

There is evidence that jobs may turn be turning around, and we will get to it in a moment. For now, however, we will continue to examine why employment statistics have weighed so heavily on consumer confidence and sentiment. This process will provide useful context for interpreting the job figures for March and April 2004.

It takes around 150,000 new hires each month just to absorb the extra workers being added to the labor pool. At this point in the recovery from a recession, new jobs are usually appearing at a rate of 200,000 to 300,000 per month. Yet this time new jobs remained scarce for a long time. Government forecasters predicted that 150,000 jobs would be created last December; only 8,000 were. They said that 175,000 jobs would appear in January 2004; 97,000 did. In February, the number was back down to 21,000.

These hard, well-publicized numbers contrasted unfavorably with the annual Economic Report of the President, which forecast that average payrolls in 2004 would be 2.6 million jobs larger than in 2003. Administration officials quickly backed away from that prediction when skeptics pointed out that meeting the target would require creating about 320,000 jobs per month for the rest of the year.

In an election year, all this is big political news, and it has many working-class Americans worried. What if the economy is not as strong as those GDP numbers suggest? What if companies just don't need well-paid American workers any more to produce their goods? What if the government hasn't a clue how to fix the situation? Hence February's decline in consumer confidence.

A Few Challenges

There are several issues to look at here, and we will take them in turn.

One is labor productivity. During the recession, companies maintained profits by cutting payrolls, learning better ways to use all those computers they bought in the '90s, and pushing their remaining employees to turn out more work per hour. Now that the recession is over, they are still pushing. Labor productivity has risen almost uninterruptedly since 1990, and it has risen almost twice as fast since January 2000 as it did in between 1992 (the baseline year) and 1999. At the end of 2003, American workers turned out nearly 30 percent more goods and services per hour than they did in 1992. That means companies need fewer employees to get their work done.

When economists know how fast the economy and productivity are growing, they can get a fairly good idea of how many new jobs the economy will create. With GDP growth of 4.5 percent per year, about the current rate, cutting productivity growth to 1.5 percent per year would create 320,000 jobs per month and lead most consumers to start thinking about their next vacation. Productivity growth of 2.7 percent would force employers to create 150,000 new jobs per month, or enough to absorb the new workers coming into the labor market. In 2003, labor productivity actually rose by 4.1 percent, and that allows room for hardly any new hires at all. Productivity growth in 2004 seems likely to average about 3 percent, leaving job creation to limp along much as it did in December 2003 and January 2004.

Another major issue is outsourcing. Increasingly, companies are cutting costs by shipping jobs to low-wage countries like China, Russia, and especially India, where universities graduate more English-speaking scientists, engineers,

and technicians than the rest of the world combined. Outsourcing is where many of those lost factory jobs, the ones not displaced by computer-aided design and manufacturing, have been going since the 1980s. Today the trend is being felt in computers and information technology, telephone customer support, many services, and even some professions. No fewer than one-third of American programmers and software engineers are expected to lose their jobs to outsourcing in the next six years; in the most vulnerable segments of the industry, salaries for the survivors have already fallen by nearly 10 percent.

There are few industries where outsourcing will not make itself felt. Architects and consultants are safe; their customers like to be able to talk with them in person. So are construction workers and auto mechanics. Relatively few jobs will be lost from the hospitality industry; no one in Bangalore can clean a hotel room in New York or cook a restaurant meal in Chicago. But not all physicians have to see their patients, so a few hospitals already are e-mailing X-rays to be read by Indian doctors. And a growing cadre of accountants is preparing U.S. tax returns in India. Of the top 1,000 American companies, more than 400 will have at least pilot projects offshore before 2006 is over. A recent study at the University of California at Berkeley found that 14 percent of all American jobs could eventually migrate overseas.

This trend is spreading around the world. Germany and Britain have well-established outsourcing movements, and the process is getting under way in the Netherlands, Belgium, Sweden, and Switzerland. Even France is beginning to experience outsourcing, despite some of the world's most restrictive labor laws and powerful unions. In the future, India will begin outsourcing its labor to former British colonies in Africa, where English is spoken and labor costs will remain low. Ghana, South Africa, and Zimbabwe all are beginning to profit from outsourcing. As outsourcing spreads in Europe, French-speaking Africa will benefit from this trend as well.

A few economists deny that outsourcing has really cost significant numbers of American jobs. Some say it actually creates new employment. In February, Gregory Mankiw, chairman of the President's Council of Economic Advisors, found himself in hot water for publicly applauding the process. Outsourcing, he said, cuts costs, and that will make the economy stronger and Americans more prosperous. In the long run, he was probably right, but it was not what increasingly skittish consumers wanted to hear.

Finally, a few economists doubt that the country really is short of jobs at all. The federal Bureau of Labor Statistics performs two different surveys in an effort to track the nation's employment status. The one we all hear about each month comes from payroll records at 400,000 companies, and it shows that the country has lost 716,000 jobs since the bottom of the recession in November 2001. The other survey, much less publicized, asks 60,000 households about their employment. This study says that the economy has not lost jobs after all; it actually has created 2.2 million jobs since the end of 2001, 496,000 in January alone! This obvious conflict puzzles many economists.

As We See It

Here is how Forecasting International makes sense of all this:

The American economy really is growing at a rate that should average 4 percent to 4.5 percent in 2004. That represents a solid, sustainable expansion that should continue for several years.

In any previous recovery, it would have resulted in the re-hiring of laid-off workers and the creation of more than enough jobs to employ all the new workers who enter the labor force each month. New hiring was delayed, because services are now automating their processes, much as manufacturing has been doing for 20 years, and because outsourcing truly is draining jobs from the United States.

We simply do not know why official unemployment rates have remained so much lower than many economists would have expected. In part, it may be because people who lost their jobs in the last few years eventually gave up looking for work and are no longer counted in the official government figures. However, the Bureau of Labor Statistics puts the number of "discouraged workers" at only 514,000, compared with 8.4 million unemployed persons in March 2004. This is not enough to raise the unemployment figure significantly. However, this aspect of the current economic remains mysterious.

Some of the unemployed have found work of sorts—there really are more jobs than the payroll survey shows—but it is not always the kind of work anyone can be happy about. Perhaps one-third of displaced manufacturing workers and engineers have had to settle for service jobs that pay much less than they were used to. Many of those jobs are part-time, and many are off the books. Increasingly, workers get paid in cash and employers bury the cost in other parts of

the balance sheet. These jobs are uncounted and untaxed. They explain some of the difference, and probably much of the difference, between the BLS payroll survey and the household survey.

It also is true that outsourcing will strengthen the American economy, and the economies of many European nations as well. Cutting costs makes business more efficient and reduces the price that consumers pay for goods and services, and the money saved is eventually reinvested, creating new jobs. However, that is a process for the long run. At the moment, there simply aren't enough white-collar jobs to go around. That means the retraining programs some politicians have suggested will not work; there is no point in training the unemployed for jobs that do not, and will not, exist. Many displaced workers have had their lives permanently changed for the worse. Until job creation catches up with labor supply, many workers will have to settle for jobs far below their talent, skill, and ambition.

And yet, in the long run outsourcing may not be quite as disruptive as it now seems. Many employers have found that moving their operations offshore does not work out as well as they once hoped. Dell, for example, found so many customers were dissatisfied by the support work done at a Bangalore call center that it shifted the operation back to Texas and Tennessee. Others have found that offshore support costs were more than they expected, and their numbers are likely to grow quickly. Salaries for Indian programmers already are beginning to rise, even as American wages decline. In five years, IT workers in Bangalore and Hyderabad will receive not 10 percent of American salaries, but 40 percent, and that will remove much of the incentive for to send jobs there. China, however, will remain an extremely low-cost alternative to American workers. Current estimates say that outsourcing will leach 3 to 10 million jobs from the American economy over the next ten years. At FI, we believe the number will be near the lower end of that range. This will be painful for the individuals whose jobs move overseas, but the dislocation will not be as severe as many now fear.

In March 2004, the economic picture changed sharply, as the U.S. turned in its first really good job news in years. Nonfarm payroll employment grew unexpectedly by 308,000 new jobs, with significant gains in construction, retail, professional and business services, and education and health. The "leisure and hospitality" sector added 28,000 jobs in March. We will know more in several months, but in early May it appears that the expansion has finally reached a critical mass where economic growth has become self-sustaining—at least until the next downturn. If so, we can expect to see continuing expansion in jobs, improved consumer confidence, and better times ahead for the hospitality industry.

As the economy labors to put the finishing touches on its somewhat flawed recovery, both the U.S. and the world's hospitality industry are receiving valuable help from around the globe. Japan, China, India, and significant parts of Europe all are enjoying prosperity of their own, which in some cases has been a long time coming. Its arrival just when America can most benefit from vital trading partners promises widespread economic growth that should continue at least for several years. Current estimates put world GDP growth in 2004 and '05 at about 4 percent, a bit better than average, and we expect this expansion to continue for some time. This means that travel and tourism, and all the industries that depend on them, should enjoy good times through 2008 and perhaps beyond.

World Tour

Let us look at some of the major contributors to the coming global wave of well-being.

China – The world's largest country also is one of its fastest growing. Over the last 20 years, this largely rural nation has transformed itself into the fourth-biggest industrial producer, after the U.S., Japan, and Germany. It produces more than half of the world's cameras, 20 to 25 percent of its major kitchen appliances, and about 37 percent of its hard drives. As a competitor, China has a big advantage over other nations: Wages there still average just \$0.40 an hour, one-sixth the price of labor in Mexico. It also has a government that is solidly behind capitalism. The National People's Congress, once devoted to Mao's austere brand of communism, now has many members who formerly headed private companies, rather than government departments.

All this has turned China into a trading powerhouse. Chinese exports grew no less than 50 percent in the five years ending in 2002 and are continuing to expand by an amazing 20 percent per year; in the United States, they are credited with knocking several percent off the price of consumer goods. In return, the cheap dollar helped U.S. exports to China grow by some \$6 billion in 2003, to a total of \$28.4 billion. Even with the SARS epidemic to slow it down, the Chinese economy grew by no less than 9.1 percent in 2003, rising to 9.9 percent in the fourth quarter.

The future is looking even better. Demand for raw materials such as steel scrap is credited as a major cause for the faint stirrings of price inflation now being seen in the U.S. China's extraordinary growth could slow a bit in the next couple of years, as Beijing—under heavy pressure from its trading partners—finally allows the undervalued yuan to rise in the world's currency markets. Yet that increase and the resulting slow-down both will be limited. At the same time, Citigroup,

along with the Hongkong Shanghai Bank Corporation, recently received approval to issue credit cards on the mainland. Allowing foreign banks to operate in its territory no later than 2006 is one requirement that China accepted when it joined the World Trade Organization in late 2001. Living up to that commitment nearly two years before the deadline should reassure outside investors that China means to bring its policies in line with those expected of capitalist nations. And that can only be good for its economic prospects.

India – The world’s second-most-populous country once was viewed as a perpetual beggar-land. Today, it fairly radiates economic health. India’s GDP in 2003 expanded by about 8 percent, after years of growth in the range of 4 to 6 percent; not even the so-called “Asian flu” that decimated economies throughout the region in the late 1990s did much to slow India’s economy. Goldman Sachs, a leading American investment bank with a good record of prescience, forecasts that India’s GDP will continue to grow by an average of 5 percent annually for the next half century. According to the report, the Indian economy will be bigger than Japan’s by 2032. By 2050, the country’s per capita income will grow by 3500 percent!

To achieve this fantastic success, India needs to meet several challenges. It must eliminate the corruption traditionally endemic in both industry and government, diversify the economy, slow its population growth, bring its massive government debt under control, clean up the environment, and provide an education for its young people, nearly 20 percent of whom receive no schooling at all. It also needs to make peace in Kashmir.

None of these problems will be easy to solve, but after carrying out a year-long study of India recently we believe that India will succeed. The government’s Central Vigilance Commission already has cleaned up most of the country’s banking system, a good start on a long and difficult process. Wireless Internet is bringing classes to rural areas and beginning to cut the rate of illiteracy, which is estimated at 35 percent. And because education gives women more control over their reproductive lives, the birthrate is beginning to fall. With these issues in hand, it becomes possible to conquer the rest.

With 4,000 years of civilization behind it, India is a paradise of exotic travel destinations. The holy Ganges, the Taj Mahal, and the old city of Bombay hardly begin the list of cultural attractions now being developed and promoted for tourism. Even Kashmir, one of the most beautiful parts of the subcontinent, is beginning to draw visitors now that peace with Pakistan seems to be a realistic possibility.

As the Indian economy expands, the country’s middle class—now estimated at about 300 million people—is growing even larger and more prosperous. Thus, India also will become one of the largest sources of tourists to Europe and America. For the world’s hospitality industry, the rise of India will be one of the most important trends of the next 30 years.

Japan – After a dozen years of stagnation, and sometimes outright recession, it looks like this one-time powerhouse may finally be back on track. Japan’s economy grew at a yearly rate of 7 percent in the fourth quarter of 2003. (This compares to an average of only 0.4 percent per year from 1998 through 2002!) Exports surged by 17.9 percent annualized, yet foreign demand added only 1.6 percentage points to fourth-quarter growth. The remainder came from domestic consumption and corporate capital spending, a strong hint that both consumers and companies are beginning to anticipate a brighter future. The Conference Board’s leading index for the country suggests that they may be right; it was up in February 2004 for the tenth month running.

Europe – The entire region did poorly throughout 2002, with just 0.9 percent GDP growth for the year, and 2003, which came in at only 0.4 percent. Business and consumer confidence for most of the period were weak, thanks largely to the Iraq war and to the cheap dollar, which has cut demand for relatively expensive European exports throughout much of the world. Germany, Italy, and the Netherlands were officially in recession in the first half of 2003, while French economy shrank owing to widespread strikes. The region actually lost jobs for the first time since 1994, which also hurt consumer spending.

In 2004, those problems are largely past. The decline in Europe bottomed out in the second half of 2003, sentiment indicators improved, and retail sales began to pick up throughout most of Europe in August and September. Even manufacturing, which had lagged other segments of the Continental economy, began to pick up toward the end of the year.

Several expected policy changes should keep the recovery going. Toward the end of 2004, the United States should begin to raise its interest rates, and while German economics minister Wolfgang Clement is pushing the European

central bank to bring theirs down, from 2 percent to 1 percent. This will raise the price of the dollar on currency markets, while lowering the value of the euro. These changes will effectively reduce the cost of European exports and of foreign travel to the Continent, improving the balance of trade and bringing a lot more American tourists back to Europe. It helps also that the European Union has already decided to suspend limits on budget deficits in member countries, allowing national governments to spend more on stimulating their economies. All these developments point to a slow but steady recovery, which now seems well under way.

In the long run, one more change should help the EU. This is the addition of ten new member states in April 2004. Those countries, most of them formerly belonging to the Warsaw Pact, are much less prosperous than existing members. Yet they still represent the markets and productive capacity of 75 million people. Over the next ten years, those new resources will make themselves felt.

France – Economic growth was weak or nonexistent through most of 2002 and the beginning of 2003, thanks in part to the Iraq war, oil worries, and labor unrest. Things turned up in the fourth quarter, which delivered 0.5 percent growth, but consumer spending remains weak, thanks to unemployment of over 9 percent.

Nonetheless, by January 2004 the Conference Board's leading index for France had been rising solidly for five straight months; February was unchanged. In 2004 the second-largest economy in the "euro zone" is projecting GDP growth of 1.7 percent or slightly higher in anticipation of more business investment and a bit of new hiring in the second half of the year. A rise in tourism as the American economy continues to rebound should go a long way toward restoring prosperity to France. A general recovery in Europe will help as well; 60 percent of French foreign trade is within the Continent. And perhaps best of all, in these relatively promising times France is dusting off its dormant plans to privatize some government holdings. Air France and at least some of the state's 97-percent holding in Aerospatiale are slated to go on the auction block. This can only make the French economy more efficient and improve the nation's chances of achieving sustained growth.

Germany – Europe's largest economy, and the world's fifth-largest, has been sluggish since 2002, with little or no growth last year and unemployment hovering around 10 percent. Blame this on a combination of high taxes, high-priced labor, copious red tape, the continuing cost of absorbing the former East Germany (about \$70 billion per year), and—again—the weakness of the dollar, which here as elsewhere discourages both exports and tourism.

However, since mid-2003, both consumer and industrial demand have been improving gradually. Growth in 2004 now is expected to come in at a modest 1.6 percent, and 1.75 percent in 2005. Again, that could be improved by a stronger dollar, but any significant benefit is unlikely to be felt before the second quarter of 2005.

United Kingdom – Britain has outperformed both the United States and the rest of Europe since the high-tech bubble burst at the end of the 1990s: It barely avoided recession. Yet the slowdown in global financial services has hurt. Finance is a major part of London's economy, and that accounts for 17.5 percent of the nation's GDP. Productivity growth is declining as well, and it seems that the economy—like that of the U.S. in 2002 and 2003—has been held up only by consumer spending.

However, it appears that things are looking up. Corporate investment and net exports are beginning to quicken, and household spending is still rising gradually. Unemployment has hovered in the neighborhood of 5 percent, and inflation has remained under control. All these point to future GDP growth, most likely close to 3 percent in 2004 and 2005.

Russia – Three weeks before his expected coronation in the election of March 14, 2004, Vladimir Putin fired his prime minister and the entire cabinet. At the time, it seemed little more than a Soviet-style power grab, intended primarily to get rid of Prime Minister Mikhail Kasayanov, a Yeltsin holdover. Kasayanov's replacement turned out to be the relatively little-known Mikhail Fradkov, a Soviet-era trade minister and later chief of the tax police who had been serving as Russia's minister to the European Union. In addition to taking the blame for future cuts in subsidies for housing, education, and healthcare, Fradkov is expected to build closer ties between Russia and Western Europe, particularly in the areas of trade and tourism.

Economically, Russia has been doing pretty well of late. Since the collapse in 1998, the country's GDP has grown rapidly—more than 6 percent per year in 1999, 2000, and 2001, 4.2 percent in 2002, a claim of 7 percent in 2003, and an expected 4.5 percent in 2004 and 4.2 percent in 2005.

That is not good enough, however. Much of that growth comes from the strength of the world's oil and gas markets; roughly one-fourth of Russia's GDP comes from petroleum. And the unstable price of a commodity, even oil, is a fragile basis for the prosperity of one of the world's largest countries. Add in metals and timber, and raw materials account for 80 percent of Russian exports. Even in these relatively comfortable times, 25 percent of the nation's population live below the local poverty line; 53 percent earn less than \$4 per day. In a general downturn, the economic situation would be grim indeed; in 1999, 40 percent of the population was considered impoverished.

Putin's cure for instability is to diversify the economy, and his chosen tool is tourism. Most tourists visit only St. Petersburg and Moscow. In the future, he hopes foreign visitors will fan out across the country, taking trains and river barges, and visiting less well known destinations. In the process, those tourists will employ Russian citizens and earn foreign currency in a field not directly dependent on the price of oil and gas. At the same time, the new attractions will provide investment and marketing opportunities for hospitality concerns throughout the world.

A Benevolent Cycle

In all these countries, we see the results of a cycle that has existed since the Second World War. When the American economy declines, economies around the world follow; when it recovers, the rest have at least the chance to grow. In the next few years, prosperity in each country will create new affluence for all its trading partners, which will generate still more wealth at home. Though some displaced white-collar workers will miss out on the coming good times, as laid-off manufacturing workers did in the boom of the 1990s, we are entering a period of growing affluence that should last for at least four or five years. It could endure longer than that.

This promises new prosperity for the hospitality industry around the world. Wealthy people have continued to travel throughout the recession; the slowdown had little effect on their disposable income. This is why the most expensive resorts remained full and Cunard had so little trouble marketing rooms on the Queen Mary 2. It was the middle class that had to cut back during the recent downturn. As the nascent expansion continues to develop, those vacationers, probably feeling a bit deprived, will loosen their purse strings. Americans who now visit Orlando will return to Europe, and those who have still been traveling abroad will find their way back to city-center hotels and restaurants with better food and pleasanter surroundings than cafeterias can offer. European tourists, though, may stay closer to home as the dollar gains in value and American vacations again become more costly.

The new prosperity is likely to have one more effect as well. Global economic expansion has brought new wealth to many developing countries whose economies depend heavily on mining and trade in raw materials. Some of the profits will be invested to develop new tourist destinations, which serve as more stable sources of foreign currency. Expect to see new resorts and exotic-tour possibilities opening up throughout Asia and sub-Saharan Africa.

Although we at FI are optimistic about the course of economic events in the next few years, it is important to note that at least three factors could derail this optimistic scenario:

In early May 2004, China experienced its first death from SARS since the epidemic of 2002 ended. Another outbreak of SARS, an epidemic of bird flu among humans, or some other contagion in Asia would trigger a rerun of the chaos in 2003. This would hit the region's hospitality sector hard and cause milder damage to other industries. Yet it is difficult to see this having a major impact outside Asia. It might even help some regions in the United States and Europe if international meetings scheduled for Asia had to be hastily relocated.

In the long run, failure to control growing deficits in the U.S. could have a greater impact. Eventually, America's creditors abroad will grow tired of buying U.S. debt and defending their export markets; Japan spent an estimated \$80 billion to prop up the dollar in January 2004 alone! When that happens, the Federal Reserve Board will have to begin raising interest rates to attract overseas bond buyers. That in turn will raise the rate of inflation, rein in the stock market, and reduce the capital available for future growth. Further cuts in federal spending will do relatively little good; there just isn't that much left to cut, with defense, Social Security, and interest payments essentially off limits. That leaves raising taxes to bring down the deficit, and this again could slow the nation's economic growth.

Finally, and most threateningly, another major terrorist incident could be catastrophic, particularly if it caused another round of American retrenchment. The September 11 attack cost the U.S. economy an estimated \$100 billion in immediate property losses, repairs, and lost productivity. Add in the loss of stock-market wealth, and the cost of the event was probably closer to \$2 trillion—and this does not include the ancillary costs of the war in Afghanistan. Before September 11, no one was quite certain the United States had entered a recession; after September 11, no one doubted it.

Another such attack could easily trigger a major downturn and eat up much of the capital that otherwise would power the next expansion.

However, these potential disasters are significant only because their impact would be so bad, not because they are at all likely. The most probable scenario is the one we have described above. For the next few years, global prosperity should ensure growth of travel and tourism. The good times should last at least through 2008, and very possibly into the years beyond.

Key Trends for Tourism

1. THE ECONOMY OF THE DEVELOPED WORLD WILL CONTINUE TO GROW FOR AT LEAST THE NEXT FOUR YEARS. ANY INTERRUPTIONS WILL BE RELATIVELY SHORT-LIVED.

Summary: The American economy remains pivotal for the tourism industry. Though China will soon overtake the U.S. as the world's largest source of travelers, it is still Americans who travel, and spend, the most.

After a brief but painful recession, the U.S. economy has been growing steadily for more than three years. Job creation lagged far behind GDP growth, but it too appears to have begun a substantial recovery.

Similar improvements are being seen around the world. Many of the European economies are emerging from years of stagnation, while Japan is seeing its first significant expansion in a decade. India and China are achieving GDP growth that averages 6 percent or better each year.

Implications for the Economy: This widespread prosperity should feed upon itself, with each trading nation helping to generate the continued well-being of its partners.

Labor markets will remain tight, particularly in skilled fields. This calls for new creativity in recruiting, benefits, and perks, especially profit sharing. This hypercompetitive business environment demands new emphasis on rewarding speed, creativity, and innovation within the workforce.

In the United States, the growing concentration of wealth among the elderly, who as a group already are comparatively well off, creates an equal deprivation among the young and the poorer old. This implies a loss of purchasing power among much of the population; in time, it could partially offset the forces promoting economic growth.

2. THE WORLD'S POPULATION WILL DOUBLE IN THE NEXT 40 YEARS.

Summary: The greatest fertility is found in those countries least able to support their existing populations. Populations in many developing countries will double between 2000 and 2050; in the Palestinian Territories, they will rise by 217%. In contrast, the developed nations will fall from 23% of the total world population in 1950 and about 14% in 2000 to only 10% in 2050. In 10 years or so, the workforce in Japan and much of Europe will be shrinking by 1% per year.

Implications for the Economy: Rapid population growth will reinforce American domination of the global economy, as the European Union falls to third place behind the United States and China. To meet human nutritional needs over the next 40 years, global agriculture will have to supply as much food as has been produced during all of human history.

Unless fertility in the developed lands climbs dramatically, either would-be retirees will have to remain on the job, or the industrialized nations will have to encourage even more immigration from the developing world. The third alternative is a sharp economic contraction and loss of living standards.

Barring enactment of strict immigration controls, rapid migration will continue from the Southern Hemisphere to the North, and especially from former colonies to Europe. A growing percentage of job applicants in the United States and Europe will be recent immigrants from developing countries.

5. THE GROWTH OF THE INFORMATION INDUSTRIES IS CREATING A KNOWLEDGE-DEPENDENT GLOBAL SOCIETY.

Summary: Information is the primary commodity of more and more industries. By 2005, 83% of American management personnel will be knowledge workers, and Europe and Japan are not far behind. Computer competence is rapidly approaching 100% in these countries. The Internet makes it possible for small businesses throughout the world to compete for market share on an even footing with industry leaders.

Implications for the Economy: Knowledge workers are generally better paid than less-skilled workers, and their proliferation is raising overall prosperity.

Even entry-level workers and those in formerly unskilled positions require a growing level of education. For a good career in almost any field, computer competence is mandatory. This is one major trend raising the level of education required for a productive role in today's workforce. For many workers, the opportunity for training is becoming one of the most desirable benefits any job can offer.

New technologies create new industries, jobs, and career paths, which can bring new income to developing countries. An example is the transfer of functions such as technical support in the computer industry to Asian divisions and service firms.

For some developing countries, computer skills are making it faster and easier to create wealth than a traditional manufacturing economy ever could. India, for example, is rapidly growing a middle class, largely on the strength of its computer and telecom industries. Many other lands will follow its example.

7. THE GLOBAL ECONOMY IS GROWING MORE INTEGRATED.

Summary: The Internet is reshaping sourcing and distribution networks in many industries, by making it practical for companies to farm out secondary functions to suppliers, service firms, and consultants, which increasingly are located in other countries. At the same time, relaxation of border and capital controls in the European Union, and the use of a common currency and uniform products standards there, are making it still easier for companies to distribute products and support functions throughout the Continent. NAFTA has had a similar, but much less sweeping, effect in the Americas.

Implications for the Economy: The growth of commerce on the Internet makes it possible to shop globally for raw materials and supplies, thus reducing the cost of doing business. In niche markets, the Internet also makes it possible for small companies to compete with giants worldwide with relatively little investment.

Demand for personnel in distant countries will increase the need for foreign-language training, employee incentives suited to other cultures, aid to executives going overseas, and the many other aspects of doing business in other countries. As eastern Europe integrates more fully with the European Union, a major investment in personnel development will be needed over the next few years.

In the wake of the "Asian flu," Western companies may have to accept that proprietary information will be shared, not just with their immediate partners in Asian joint ventures, but with other members of the partners' trading conglomerates. In high technology and aerospace, that may expose companies to extra scrutiny, due to national-security concerns.

8. SOCIETAL VALUES ARE CHANGING RAPIDLY.

Summary: Industrialization raises educational levels, changes attitudes toward authority, reduces fertility, alters gender roles, and encourages broader political participation. This process is just beginning throughout the developing world. The future will be dominated by the materialistic values of generations X and Dot-com. Narrow, extremist views of the left and right will slowly lose their popularity, but this evolution will provoke strong, often violent, backlashes in lands with strong conservative traditions.

Implications for the Economy: Growing demand for quality and convenience is creating many new niche markets. This will be a prime field for entrepreneurs over the next ten years, in hospitality and many other industries.

The demand for greater accountability and transparency in business will be crucial, not only in the U.S. business community, but also for countries that wish to attract international investors.

Reaction against changing values is one of the prime motives of cultural extremism, particularly in the Muslim world and in parts of India.

9. YOUNG PEOPLE PLACE INCREASING IMPORTANCE ON ECONOMIC SUCCESS, WHICH THEY HAVE COME TO EXPECT.

Summary: This is characteristic of generations X and dot-com throughout the world. Generations X and dot-com are the most entrepreneurial generations in history. In the United States especially, most young people have high aspirations, but many lack the education to achieve them.

Implications for the Economy: This will prove to be a global trend, as members of generations X and dot-com tend to share values throughout the world. Gen X and dot-com entrepreneurs are largely responsible for the current economic growth in India and China, where they are becoming a major force in the Communist party. In India, the younger generations dress and think like their American counterparts, not their parents.

If younger-generation workers find their ambitions thwarted, they will create growing pressure for economic reform and deregulation. If reforms do not come fast enough in the developing world, disappointed expectations will raise the number of young people who emigrate to the developed lands.

Disappointment also will drive underemployed young men in the developing world into fringe political and religious movements. This could cause a new wave of terrorism and instability in the years after 2005 or so, with profound effects on the economies of the United States and other target countries.

10. TOURISM, VACATIONING, AND TRAVEL (ESPECIALLY INTERNATIONAL) WILL CONTINUE TO GROW IN THE NEXT DECADE, AS THEY DID THROUGHOUT THE 1990S.

Once current worries over the threat of terrorism recede, American tourism will resume its traditional 5% annual growth. Other countries—particularly China and India—are contributing to this demand, as their economies grow and their citizens become more free to travel. Tourism will benefit as Internet "virtual" tours replace printed brochures in promoting vacation destinations and provide current, detailed information on travel conditions.

Implications for the Economy: The hospitality industry will grow at a rate of at least 5% per year for the foreseeable future, and perhaps a bit more.

Tourism offers growing opportunities for out-of-the-way destinations that have not yet cashed in on the boom. This will make it an important industry for still more developing countries.

The number of people whose jobs depend on tourism will approach 14 percent of the global workforce.

12. CONSUMERISM IS STILL GROWING RAPIDLY.

Summary: A networked society facilitates a consumerist society. Shoppers increasingly have access to information about pricing, services, delivery time, and customer reviews on the Internet.

Implications for the Economy: This is a mandate for quality. Brands with good reputations will have a strong market advantage over lesser competitors and unknowns.

A second-rate or poor reputation will be even harder to overcome than it is today. It will take very few mistakes to undermine a reputation for quality.

17. OIL PRICES ARE LIKELY TO REMAIN GENERALLY AROUND \$22 TO \$28 PER BARREL FOR AT LEAST THE NEXT FIVE YEARS.

Summary: In Spring 2004, OPEC's aim is to hold the price of oil at relatively high levels, but doing so requires a unity of purpose that member countries have never been able to sustain for very long. In most areas, the cost of raising a barrel of oil from the ground is less than one-tenth the wholesale price. New oil supplies coming on line in the former Soviet Union, China, and other parts of the world will make it even more difficult to sustain prices at artificially high levels. Prices above \$28 per barrel are simply unsustainable.

Implication for the Economy: One of the major costs of tourism should remain under control. This will make it possible for travel companies to earn acceptable profits while keeping prices relatively affordable. Inflation also should remain under control, with benefits for disposable income and consumer confidence.

19. PEOPLE AROUND THE WORLD ARE BECOMING INCREASINGLY SENSITIVE TO ENVIRONMENTAL ISSUES SUCH AS AIR POLLUTION, AS THE CONSEQUENCES OF NEGLECT, INDIFFERENCE, AND IGNORANCE BECOME EVER MORE APPARENT.

Summary: Soot and other particulates are coming under greater scrutiny as threats more dangerous to human health than sulfur dioxide and other gaseous pollutants. In the United States alone, medical researchers estimate that some

64,000 people each year die from cardiopulmonary disease as a result of breathing particulates. In sub-Saharan Africa, the toll is between 300,000 and 500,000 deaths per year, and in Asia, between 500,000 and 1 million people annually die of particulate exposure. Though government policies in some developing countries—and the United States, at the moment—rate industrial development more important, the trend is clearly toward a cleaner, healthier environment.

Implications for Tourism: Demands for still more environmental controls are inevitable, especially in relatively pristine regions. Many of the more popular or fragile destinations may limit the number of tourists allowed to visit them each year.

Ecotourism will continue to be one of the fastest growing areas in the tourism industry.

China is being forced to build new resorts where Western tourists will not be exposed to power lines and cell-phone towers. Other developing countries will face the same imperative.

Destinations and tour operators with access to rain forests, wilderness areas, the ocean, and other unpolluted regions will find this trend highly profitable.

Environmental science tours and research projects with working scientists will continue to be a growing niche market.

22. INDUSTRIAL DEVELOPMENT TRUMPS ENVIRONMENTAL CONCERNS IN MANY PARTS OF THE WORLD.

Summary: Studies in India, South Africa, and other countries show that few citizens are concerned with environmental decay, but are very eager for the wealth that comes from industrialization. China, India, and other developing lands are generating increasing quantities of the pollutants that most of the industrialized world now seeks to eliminate.

Implications: Broad regions of the planet will be subject to pollution, deforestation, and other environmental ills in the coming decades.

Diseases related to air and water pollution will spread dramatically in the years ahead. Already, chronic obstructive pulmonary disease is five times more common in China than in the United States. As citizens of the developing countries grow to expect modern health care, this will create a growing burden on their economies.

This is just a taste of future problems, and perhaps not the most troublesome. Even the U.S. government now admits that global warming is a result of human activities that produce greenhouse gases. It now seems that China and India soon will produce even more of them than the major industrialized nations. Helping the developing lands to raise their standards of living without causing wholesale pollution will require much more aid and diplomacy than the developed world has ever been willing to devote to this cause.

25. TECHNOLOGY INCREASINGLY DOMINATES BOTH THE ECONOMY AND SOCIETY.

Summary: In all fields, the previous state of the art is being replaced by new high-tech developments at an ever faster rate. Computers and telecommunications have become an ordinary part of our environment, rather than just tools we use for specific tasks. Biotechnology, and eventually nanotechnology, may do so as well. These developments provide dozens of new opportunities to create businesses and jobs, but they often require a higher level of education and training to use them effectively.

Implications for the Economy: New technologies should continue to improve the efficiency many industries, helping to keep costs under control. However, this increased productivity retarded U.S. job creation from 2002 through early 2004. Other developed countries are likely to feel the same effect in the future.

New technologies often require a higher level of education and training to use them effectively. They also provide dozens of new opportunities to create businesses and jobs.

Automation will continue to cut the cost of many services and products, making it possible to reduce prices while still improving profits. This will be critical to business survival as the Internet continues to push the price of many products to the commodity level.

New technology also will make it easier for industry to minimize and capture its effluent. This will be a crucial ability in the environmentally conscious future.

Consumers are increasingly shopping on the Internet, and posting their reactions there. One dissatisfied customer's negative report on the Internet can influence the buying decisions of potential customers for years.

26. RESEARCH AND DEVELOPMENT PLAYS A GROWING ROLE IN THE ECONOMY.

Summary: R&D spending is growing most quickly in the fields of information technology, electronics, biotechnology, aerospace, pharmaceuticals, and chemistry. In the developed countries, high-tech jobs are slowly replacing those lost in low-tech manufacturing industries. R&D outlays have risen almost continuously in Japan but have declined in Britain and Russia. In the United States, federal funding for basic research has almost disappeared, as Washington focuses on military research and engineering.

Implications for the Economy: The demand for scientists, engineers, and technicians will continue to grow, particularly in fields where research promises an immediate business payoff.

Low-wage countries such as China will continue to take low-wage jobs from advanced industrialized countries such as the United States, but those jobs will be replaced by higher-paid jobs in technology and service industries.

Countries like India, China, and Russia may continue to suffer a "brain drain" as those with high-tech skills emigrate to high-demand, high-wage destinations. However, there is some evidence that growing numbers of technology students and professionals are spending time in the West to learn cutting-edge skills, and then returning to their native lands to work, start companies, and teach. This trend may promote the growth of some developing countries while reducing the competitive advantages of the developed world.

By inhibiting stem-cell research, the United States has made itself a less attractive place for cutting-edge biomedical scientists. The United Kingdom is capitalizing on this to become the world's leader in stem-cell research. In the process, it is reversing the brain drain that once deprived it of top scientists.

Washington's neglect of basic science is being felt in the declining fraction of patents, Nobel Prizes, and other awards going to American scientists. As other countries become more skilled in critical high-tech fields, the United States is fast losing its edge. If this trend is not reversed, it will begin to undermine the American economy and shift both economic and political power to other lands.

40. GENERATIONS X AND DOT-COM WILL HAVE MAJOR EFFECTS IN THE FUTURE.

Summary: Members of generation X—roughly, the 30-plus cohort—and especially of generation Dot-com, now in their 20s, have more in common with their peers throughout the world than with their parents' generation. They are entrepreneurial, well educated, and predominately English-speaking. Virtually all are materialistic, many are economically conservative, and they care for little but the bottom line—their own bottom line. Independent to a fault, they have no loyalty to employers at all.

Implications for the Economy: Younger consumers tend to be extremely well informed about their product choices, thanks in large part to their comfort with the Internet. Net-savvy travel marketers have a strong advantage in reaching this market.

Marketing to generations X and Dot-com requires a light hand, with strong emphasis on information and quality. Brands credibly positioned as "affordable luxury" will prosper.

Any perceived inadequacy of service will send them to a competitor. Under-40 customers make few allowances for other people's problems.

However, they are relatively tolerant of impersonal service. What they care most about is efficiency.

These generations also will be industry's future employees. The good news is that they are well equipped to work in an increasingly high tech world. The bad is that they have little interest in their employer's needs and no job loyalty at all. They also have a powerful urge to do things their own way.

30. THE INTERNET IS GROWING LOGARITHMICALLY AND GLOBALLY.

Summary: In Spring 2004, Net users number around 945 million worldwide. This population is expected to reach 1.1 billion by 2005, 1.28 billion by 2006, and 1.46 billion by 2007. One reason for this is the rapid expansion of Net connectivity in some developing lands. India had only 170,000 Net subscribers in 1998; by 2004, it had 39 million. In early 2004, China's population of Net users amounted to 96 million. Americans had declined from 42 percent of Net users in 2000 to under 20 percent in 2004.

Implications for the Economy: Internet-based commerce is growing rapidly. Total e-commerce revenue is expected to be about \$2.7 trillion in 2004, \$1 trillion in the United States alone. Business-to-business sales passed \$1 trillion by the end of 2003.

B2B sales on the Internet are dramatically reducing business expenses throughout the net-connected world, while giving suppliers access to customers they could never have reached by traditional means.

Internet-based operations require more sophisticated, knowledgeable workers. People with the right technical training will find a ready market for their services for at least the next 15 years, as major businesses compete to hire them. However, the specialties required in any given country will change as some skills are outsourced abroad.

33. SERVICES ARE THE FASTEST-GROWING SECTOR OF THE GLOBAL ECONOMY.

Summary: Data processing, health care, transportation, and other services are expanding rapidly, even as manufacturing and resource industries decline in the developed world. Service jobs have replaced many of the well-paid positions lost in the developed countries, especially the United States, but many are relatively unskilled and poorly paid, and often part-time.

Implications for the Economy: Services are now beginning to compete globally, just as manufacturing industries have done over the last 20 years. By creating competitive pressure on wages in the industrialized lands, this trend will help to keep inflation in check.

The growth of international business will act as a stabilizing force in world affairs, as most countries find that conflict is unacceptably hard on the bottom line.

41. TIME IS BECOMING THE WORLD'S MOST PRECIOUS COMMODITY.

Summary: Computers and other technologies are making national and international economies much more competitive. As a result, Americans have lost an average of 140 hours per year of leisure time. European executives and nonunionized workers face the same trend. In Britain, workers have lost an average of 100 hours per year of non-working time.

Implications for the Economy: Stress-related problems affecting employee morale and wellness will continue to grow. Companies must help employees balance their time at work with their family lives and need for leisure. This may reduce short-term profits but will aid profitability in the long run.

As time for shopping continues to evaporate, Internet and mail-order marketers will have a growing advantage over traditional stores.

42. MORE ENTREPRENEURS START NEW BUSINESSES EVERY YEAR.

Summary: Workers under 30 would prefer to start their own company, rather than advance through the corporate ranks. Some 10% are actively trying to start their own businesses, three times as many as in previous generations. Like other gen-X and Dot-com values, this preference is shared more or less universally throughout the world. A large majority simply distrust large institutions. Most believe that jobs cannot provide a secure economic future in a time of rapid

technological change. By 2006, the number of self-employed people in the United States will be close to 12 million, FI believes.

Implications for the Economy: This is a self-perpetuating trend, as all those new service firms need other companies to handle chores outside their core business.

Specialty boutiques will continue to spring up on the Internet for at least the next 20 years.

This trend will help to ease the poverty of many developing countries, as it already is doing in India and China. In turn, this will add to the demand for goods and services, further accelerating economic growth.

47. INTERNATIONAL EXPOSURE INCLUDES A GREATER RISK OF TERRORIST ATTACK.

Summary: State-sponsored terrorism appears to be on the decline, as tougher sanctions make it more trouble than it is worth. However, nothing will prevent small, local political organizations and special-interest groups from using terror to promote their causes. And as the United learned on September 11, the most dangerous terrorist groups are no longer motivated by specific political goals, but by generalized, virulent hatred based on religion and culture. On balance, the amount of terrorist activity in the world is likely to go up, not down, in the next 10 years.

Implications for the Economy: Until the terrorist problem is brought under control—probably not soon—the more volatile parts of the world will find it difficult to attract outside investment capital. The exceptions will be developing oil states, such as Kazakhstan.

American-owned facilities, and those where Americans congregate, will have to devote more of their budgets to security. This is rapidly becoming true for companies from other Western lands as well. Some of the most important security measures will be invisible to customers, but highly intrusive for staff. These may include comprehensive background checks for new hires, much as airports need to screen such behind-the-scenes personnel as baggage handlers and fuel-truck drivers.

The economies of the industrialized nations could be thrown into recession at any time by another terrorist event on the scale of September 11. This is particularly true of the United States. The impact would be greatest if the attack discouraged travel, as the hijacking of airliners to attack the World Trade Center and Pentagon did in 2001 and 2002.

The U.S. economy is being affected already by American anti-terrorism measures. Since Washington began to photograph incoming travelers and required more extensive identification from them, tourism to America is off by some 30 percent. The number of foreign students coming to American universities has declined by a similar amount.

50. INSTITUTIONS ARE UNDERGOING A BIMODAL DISTRIBUTION: THE BIG GET BIGGER, THE SMALL SURVIVE, AND THE MIDSIZED ARE SQUEEZED OUT.

Summary: For at least 20 years, economies of scale have allowed the largest companies to buy their smaller competitors or drive them out of business. At the same time, thousands of tiny, agile companies are prospering in niche markets. We see this pattern among automakers, computer companies, airlines, banks, and many other industries.

Implications for the Economy: Thus far, industries dominated by small, regional, often family-owned companies have been relatively exempt from the consolidation now transforming many other businesses. Takeovers are likely even in these industries in the next decade.

This consolidation will extend increasingly to Internet-based businesses, where well-financed companies are trying to absorb or out-compete tiny online start-ups, much as they have done in the brick-and-mortar world.

No company is too large to be a takeover target if it dominates a profitable market or has other features attractive to profit-hungry investors.

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