

Strategic Management for Hospitality and Tourism

Fevzi Okumus

Levent Altinay

Prakash Chathoth



ELSEVIER

AMSTERDAM • BOSTON • HEIDELBERG • LONDON • NEW YORK • OXFORD • PARIS

SAN DIEGO • SAN FRANCISCO • SINGAPORE • SYDNEY • TOKYO

Butterworth-Heinemann is an imprint of Elsevier



Contents

PREFACE xiii

Part I Introduction to Strategy

CHAPTER 1 Introduction to Strategic Management 3
Introduction 4
Historical Origins of Strategy and Strategic Management 5
Schools of Thought on Strategic Management 7
Overall Aims of Strategic Management: Creating a Competitive
Advantage 12
Defining Key Terms 13
The Book's Approach and Structure 15
Summary 17
Study Questions. 17
References and Further Readings. 18

CHAPTER 2 Strategic Management in Hospitality and Tourism 19
Introduction 20
Defining the Hospitality and Tourism Context. 20
Types of Hospitality and Tourism Organizations 22
Characteristics of Hospitality and Tourism Organizations. 25
The Case for Strategic Management in H&T Organizations. 30
Applying Strategic Management in the H&T Context 32
Strategy Research in the Hospitality and Tourism Field 33
Summary 35
Study Questions. 36
Small Case Study 36
References and Further Readings. 36

Part II Strategy Context

CHAPTER 3	The Hospitality and Tourism Industry Context	41
	Introduction	42
	Characterising the External Environment	43
	Understanding the Macro Environment	47
	The Task Environment and Influence of Industry Structure	54
	The Dynamics of Competition and Strategic Groups	59
	Environmental Scanning and the Hospitality/Tourism Firm	60
	The External Environment in the International Perspective	62
	Summary	63
	Study Questions	63
	References and Further Readings	64
CHAPTER 4	The Organisational Context	67
	Introduction	69
	Identifying Different Stakeholders	69
	Organisational Functions	71
	The Influence of Organisational Structure	74
	Influence of Leadership	78
	Influence of Organisational Culture	80
	The Organisational Context in the International Perspective	83
	Summary	85
	Study Questions	85
	References and Further Readings	86

Part III Strategy Content

CHAPTER 5	Business-Level Strategies	91
	Introduction	92
	The Parameters of Competitive Strategy	92
	What is the Basis of a Good Strategy?	94
	Positioning and Generic Strategies	95
	The Industry Life Cycle and Competitive Dynamics	99
	Resources, Capabilities, and Competencies	102
	Business-Level Strategy in the International Perspective	105
	Summary	106
	Study Questions	106
	References and Further Readings	107

CHAPTER 6	Corporate-Level Strategies	109
	Introduction	111
	Corporate Strategy	111
	The Portfolio Approach	112
	Corporate Strategy and Adding Value	116
	The Core Competence Approach	118
	Creating and Sustaining the Multibusiness Advantage	120
	Corporate-Level Strategy in the International Perspective	121
	Summary	123
	Study Questions	124
	References and Further Readings	125
CHAPTER 7	Network-Level Strategies	127
	Introduction	129
	Strategic Alliances	130
	Franchising	131
	Management Contracts	136
	Joint Ventures	138
	Wholly Owned Subsidiaries	139
	Strategic Alliance Formation in the International Context	140
	Summary	143
	Study Questions	143
	References and Further Readings	144
Part IV The Strategy Process		
CHAPTER 8	Strategy Formation—Strategy Formulation and Implementation	149
	Introduction	152
	Strategy Formation—Strategy Formulation and Implementation	153
	Strategy Formation in the International Context	163
	Summary	164
	Study Questions	167
	References and Further Readings	168
CHAPTER 9	Strategy Implementation and Change	171
	Introduction	172
	Previous Implementation Frameworks	173

Toward an Implementation Framework	174
Barriers and Resistance to Strategy Implementation	182
Strategy Implementation and Change in the International Context	183
Summary	185
Study Questions.	186
References and Further Readings.	186

Part V Synthesis

CHAPTER 10 Conclusions: Relating Content, Context, and Process	191
Introduction	191
The Challenge of Strategic Management in the H&T Context	192
The Dynamics of Content, Context, Process, and Outcome	195
Sustaining Competitiveness	197
Managing Change and Creating Learning Organizations	200
Strategic Management in an International Context	202
References and Further Readings.	203

Part VI Case Studies

CASE STUDY 1 Ocean Park: In the Face of Competition from Hong Kong	
Disneyland	207
The Tourism Industry in Hong Kong	207
Ocean Park.	209
Competition	215
Impact of Competition on Ocean Park.	223
Ocean Park’s Positioning	224
Cash Strapped	229
Master Plan Put to Test	233
CASE STUDY 2 Six Flags: Is Recovery on the Horizon?	235
Introduction	235
The Amusement Park Industry in the United States.	236
Six Flags, a Proud Past.	241
Recovery on the Horizon or a State of Flux?	244
Six Flags—a Thrilling Future?	247
Summary	250
Discussion Questions	251

CASE STUDY 3	The Implementation Process of a Revenue Management Strategy in Britco Hotels	253
	Introduction	253
	Strategic Content	254
	Environmental Context	256
	Internal Context	258
	Implementation Process of the YMP Project	261
	Outcomes of the YMP	269
	Summary	271
	Discussion Questions	272
	References	272
	Appendix 1: Strategic Context in Britco Hotels and the Implementation Process of the Yield Management Project between 1990 and 1998	273
CASE STUDY 4	Global Hotels and Resorts: Building Long-Term Customer Relationships	277
	The Early Years of Global Hotels and Resorts	277
	Developing Relationships with Business Travelers	278
	The Global Hotel Industry in the 1990s	281
	Organisational Structure from 1994 to 1998	283
	Marketing and Sales Organisation	284
	Managers in GHR	286
	The Initial Implementation of the KCMP: 1994–1997	288
	Project Rollout	290
	Training	291
	Implementation Challenges	293
	The Implementation Process between 1995 and 1997	294
	Implementation under New Ownership	296
	Outcomes of the Key Client Management Project	297
	Discussion Questions	297
	References	298
CASE STUDY 5	Entrepreneurship and Leadership in Hospitality: Insights and Implications for Hospitality and Tourism Education	299
	Introduction	299
	Process and Procedure	300
	Interview Findings	301
	Mr. Rosen on Entrepreneurship	301

Mr. Rosen on His Hotel Business	304
Mr. Rosen on Management Philosophy and Style	311
Mr. Rosen on Leadership.	312
Mr. Rosen on Education	314
Mr. Rosen on Industry-Oriented Skills	315
Mr. Rosen on Philanthropy (“Responsible Capitalism”)	316
Conclusions and Implications	316
References	318
Appendix A: Background of Mr. Harris Rosen, President and CEO of Rosen Hotels and Resorts	319
Appendix B: Rosen Hotels and Resorts Portfolio	321
Appendix C: Rosen Hotels & Resorts Employee Programs: Work/Life Balance Week	322
Appendix D: Mr. Rosen’s Philanthropic Activities	325
Appendix E: Mr. Rosen’s Awards and Recognition	327
INDEX	329