The 2nd International Conference on Integrated Information

Information gathering in Greek tourism entrepreneurship

Stella Karoulia, Theodosia Tsionou*

MBA Business School, University of the Aegean, 8 Michalon Street, 82100 Chios, Greece

Abstract

What really makes a country a desirable destination? What gives a country a competitive advantage in tourism? Is it perhaps the landscape, the sea, the climate, the people, the tourism infrastructure? All answers are valid in Greece’s case, but the real question is whether the country’s tourism sector and hotels in particular, have really succeeded in transforming all the aforementioned elements into a business strategic advantage. The process of gathering information, either by analyzing the competitors’ strategies and practices or by adopting systems that measure and analyze customers’ needs and habits, is of major importance for every enterprise. Is this, however, a pattern followed by the Greek hotel industry or does its behavior dangerously diverges from this norm? This paper provides answers to the above questions, revealing the peculiar aspects of Greek tourism entrepreneurship.

© 2013 The Authors. Published by Elsevier Ltd. Open access under CC BY-NC-ND license
Selection and peer-review under responsibility of The 2nd International Conference on Integrated Information

Keywords: Tourism; Hotel industry; Information gathering; Competitors; Customers

1. Introduction

The importance of information has been a major corporate issue for more than a hundred years, when the first attempts to observe and hypothesize about management and organizational behavior appeared [1,2]. Moreover, in recent years, knowledge is being considered as a rather essential organizational resource and the interest in this concept is growing steadily stronger [3,4,5]. In today’s rapidly changing world, the businesses are required to adjust to changes and to utilize up-to-date information, so as to maintain their competitive advantage [6,7]. Information is the raw material of intelligence development process and therefore is considered to be the most beneficial resource of an organization [8,9,10]. Moreover, numerous researchers have concluded that information is an unparalleled resource for both individuals and organizations in order to create adaptation, to learn new
business patterns, to solve various problems and to create core-competencies [11,7], not to mention to avoid the well-known phenomenon of managerial myopia in distinguishing competitive threats [12,13,14]. However, the acquisition of large amounts of market information is not solely adequate for maintaining a comparative advantage [10]. Data resources must be superior to those accessible to competitors [10] and information must be available at the right time, since “today it could worth millions of dollars in potential revenue to the firm, whereas a week later can be worthless, even disastrous” [15,16]. The literature on the subject also reveals that different firms possess different ability to employ knowledge, or ‘differential transformative capacities’ [17,18]. For instance, companies operating in highly entangled and ephemeral marketing environments face greater uncertainty and, therefore, require a rich variety of information [19,2]. Additionally as it was stated by Kotler (2001) [20], organizations should be concerned about both their competitors and customers [21].

Keeping in mind that hospitality industry awareness on managing knowledge is at an early stage, let alone exploiting it to improve productivity and overall performance [22,23,24], this paper is attempting to investigate the information gathering process -which actually leads to the achievement of substantial intelligence on both competitors and customers- followed by the Greek hospitality industry.

2. Tourism and hospitality in Greece

Even though the economic crisis in Greece has affected almost every industry sector, the data prove that Greek tourism remains one of the few sectors of the national economy that is still competitive at a global level. In 2011, the contribution of tourism to Greek GDP amounted to 16.5%, while total employment in tourism (758,300 jobs) corresponded to 18.4% of the workforce. According to SETE (Association of Greek tourism enterprises) Greece’s World and European market share for 2011 is about 1.7% and 3.3% respectively [25]. In the context of this paper we concentrated on information gathering in the Greek tourism entrepreneurship and more specifically we examined the hotel industry as it constitutes the most dynamic component of tourism [26]. The hospitality sector contributes highly at the GNP via its profits, the taxes, the wages and the work offer, so the crucial role that plays both in the tourism’s and destination’s development is quite obvious [27]. As it was mentioned in the congress of Gran Canaria in Spain (2000) sustainable hotels lead to sustainable destinations which in turn lead to successful hotel businesses [26].

3. Theoretical framework

In the following section, a brief review of the literature on the information gathering process on both competitors and customers is provided.

3.1. Competitors

Competitor intelligence gathering involves the accumulation of competitive information to ease the development of a strategic competitive advantage [21]. Such intelligence gathering is often conceived as the exploitation of available business information to create positive corporate strategies and plans [28,21]. Kahaner (1996) [29] supports the view that enterprises, which engage in competitive intelligence activities have numerous of benefits to present [30], while due to Rittenburg et al. (2007) [21] companies must effectively gather and utilize strategic information about competitors, in order to increase competitiveness and their chances of survival. Furthermore the Society of Competitor Intelligence Professionals (SCIP) argues that intelligence gathering activities are accelerating [31], as several trends seem to influence the way in which intelligence is achieved [21]. “Typical competitor intelligence techniques might be to produce: profiles on a regular basis; comparative financial analysis; SWOT analysis showing strengths and weaknesses; scenario planning; win/loss analysis; war gaming; simulation modeling; or data mining” [32,16].
As far as the hospitality industry is concerned, Okumus (2004) [33] argues that environmental scanning is seen as an indispensable managerial tool which through employing methodical examining procedures, hospitality firms can identify opportunities and threats and then formulate successful plans [7]. Therefore the need for information is extremely vital to the hotels in order to sustain daily routines and plan their future actions [7]. “Information sources can be classified as formal, where the data-gathering process is characterized by formal actions (e.g. focus group discussions), or informal, where there is a casual approach to data collection (e.g. salespeople’s interactions with customers)” [34,2].

Most of the researchers have pointed out that the external environment of tourism enterprises is altering at a rapid rate and at the same time this complex environment ‘moulds’ firm competitiveness [35,36,7].

What this research endeavors to examine is the way Greek hoteliers obtain information about their competitors. How do they actually gather the intelligence needed in order to develop a strategic advantage? Do they use mostly formal, informal or a combination of these sources? And does the utilization of these sources depend on whether the industry is experiencing a recession or a recovery phase? These research questions lead to the formulation of the following hypotheses:

Hypothesis H1: In the process of gathering competitors’ intelligence, the Greek hospitality industry is using a combination of formal and informal sources.

Hypothesis H2: The method used by hoteliers in Greece in order to collect information about competition, correlates to the economic cycle stage that the industry is going through.

3.2. Customers

The intensity that progressively characterizes competition in the services market, has forced an increasing number of service providers to adopt the techniques of customer relationship management (CRM) in an attempt to boost their competitive status [37,38]. Even though it has been claimed [39,5] that there is not yet a consensus about a well-defined theoretical framework of the concept of CRM, according to Kim et al. (2003) [40] the essence of CRM is to modify the focus of the firm from a product-centric perspective to a view that concentrates mainly on the customer [41,38]. The literature review also reveals that it can be described as “a business strategy that aims to establish and develop value-creating relationships with customers based on knowledge” [5]. This learning based relationship, will produce the knowledge which could prove to be a priceless asset for enterprises, as it will eventually allow them to respond promptly to customers’ requirements and to adjust to changing markets [42,5]. By interacting with customers and developing a constant dialogue, the firm is able to monitor their demands and where needed, make the appropriate changes [43]. The goal is to create superior value for both customers and shareholders [44,45].

Discussing the tourism amongst other service industries, Kotler et al. (1999) [46] point out the importance of customer orientation [47]. The hospitality industry in particular is experiencing major changes, which indicate that the hotels’ performance and competitiveness is notably dependent on their ability to please customers efficiently and effectively [48,49,50]. Furthermore, “tourists are gradually enhancing their purchasing power and they are becoming more price sensitive, less brand loyal, more sophisticated and experienced seekers” [48,51,52,53,54,50]. “Knowledge-based CRM in hospitality requires a hotel culture, where every customer interaction is perceived as a learning experience and each customer contact as a knowledge-building opportunity and a chance to collect new information about hotels’ guest [49,50], whether this information is about the customer (personal and transactional data), for the customer (product/service/organizational information that are perceived useful by customers), or by the customer (customer feedback, complaints, propositions, claims)” [55,56,50].

The scientific framework set by the aforementioned literature certainly raises some pivotal questions, to which this paper will attempt to give answers. What is the reality in Greek hospitality industry concerning the way of identifying and meeting clients’ demands? Are hoteliers in Greece using specific systems to collect and process
information provided by their customers? And finally do these systems, when and if used, have an actual effect on the hotel’s performance or not? Thus the following hypotheses are generated:

**Hypothesis H3:** The majority of hotels in Greece has developed and has been using since, various systems that monitor the needs of their customers.

**Hypothesis H4:** The utilization of such systems has a positive impact on the development and the successful implementation of competitive strategies.

### 4. Methodology

We collected the data herein in order to test our proposed hypotheses. A questionnaire was developed and then administered and filled by 70 hoteliers in Greece. To conduct our research we applied simple random sampling, so as to maximize the generalizability of the research results.

The statistical program applied for the analysis of the data collected, was the Statistical Package for the Social Sciences (SPSS 17.0). The Frequencies Table was used not only to determine the main sources from which the hotels collect information concerning the competition, but also to examine whether companies use systems to detect the needs and the demands of their customers. Furthermore, the Chi-square Test was applied to probe our investigated hypotheses. Moreover, it is interesting to note that we examined the correlation coefficients (Fisher’s Exact Test in particular), to detect the relationship between the above variables.

### 5. Findings

In the following section we first provide a brief review of the variables that are included in our hypotheses. Table 1 presents the main sources used by the Greek hoteliers so as to be informed regarding their competitors. Salient for discussion is the fact that only 15.71% of them are based on formal and informal sources.

**Table 1:** Sources of information concerning the competition

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>34.29%</td>
</tr>
<tr>
<td>Specific Professional Journals</td>
<td>24.29%</td>
</tr>
<tr>
<td>Combination of all the above</td>
<td>15.71%</td>
</tr>
<tr>
<td>Internet</td>
<td>10.00%</td>
</tr>
<tr>
<td>Brochures of Greek National Tourism Organization</td>
<td>8.57%</td>
</tr>
<tr>
<td>No source</td>
<td>7.14%</td>
</tr>
</tbody>
</table>

The results of the following table reflect the association between the choice of the information’s sources regarding the competitors and the phase that the industry’s economic cycle is going through. Further credence to this finding is being provided by the high lower and upper bound values of Fisher’s Exact Test.

**Table 2:** Source of information and phase of the industry’s economic cycle

<table>
<thead>
<tr>
<th>Source</th>
<th>Value</th>
<th>Df</th>
<th>Asymp. Sig. (2-sided)</th>
<th>Sig</th>
<th>Lower Bound</th>
<th>Upper Bound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>18.539</td>
<td>15</td>
<td>.235</td>
<td>.264</td>
<td>.253</td>
<td>.276</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>18.563</td>
<td>15</td>
<td>.234</td>
<td>.213</td>
<td>.202</td>
<td>.223</td>
</tr>
<tr>
<td>Fisher’s Exact Test</td>
<td>20.428</td>
<td>1</td>
<td>.101</td>
<td></td>
<td>.093</td>
<td>.108</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>.772</td>
<td>1</td>
<td>.380</td>
<td>.403</td>
<td>.390</td>
<td>.416</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3 presents the percentage of hotels that do and do not use systems to detect the needs and the demands of their customers. It is worth noting that only 27.14% of the hoteliers questioned are in fact using such systems.

Table 3: Percentage of the Greek hotels that do and do not use systems for detecting customers’ needs.

<table>
<thead>
<tr>
<th>Use System</th>
<th>Don’t Use System</th>
</tr>
</thead>
<tbody>
<tr>
<td>27.14%</td>
<td>72.86%</td>
</tr>
</tbody>
</table>

Table 4 depicts that the variables “company’s success” and “existence of detection systems of customers’ needs” are correlated. Specifically, Fisher’s Exact Test depicts a correlation in a 95% Confidence Interval. This ascertains the fact that the knowledge of customers’ needs leads to the adoption of more appropriate policies regarding the hotel’s clients and as a consequence the financial return is by far better.

Table 4: Company’s success and the utilization of systems that detect customers’ needs

<table>
<thead>
<tr>
<th></th>
<th>Chi-Square Tests</th>
<th>Monte Carlo Sig. (2-sided)</th>
<th>99% Confidence Interval</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>df</td>
<td>Asymp. Sig. (2-sided)</td>
</tr>
<tr>
<td>Pearson Chi-Square</td>
<td>9.004</td>
<td>3</td>
<td>.029</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>9.739</td>
<td>3</td>
<td>.022</td>
</tr>
<tr>
<td>Fisher’s Exact Test</td>
<td>8.108</td>
<td>8</td>
<td>.026</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>7.92</td>
<td>1</td>
<td>.373</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>70</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Discussion

The analysis of the data regarding the sources of competitor intelligence indicates that the majority of the Greek hospitality industry is using either formal (42.86%) or informal sources (34.29%). The amount of hotels that choose a combination of both formal and informal sources is only 15.71%, almost twice the percentage of the hotels that use no source at all to get valuable information on their competitors. As a result the first hypothesis has been proved to be invalid. Reviewing the literature one can realize that there are many opposed theories on this subject, categorizing the knowledge obtained into tacit (or implicit) and explicit. Lane and Lubatkin (1998) [57] argued that “while observable or explicit knowledge may be relatively easy to obtain through passive efforts such as reading trade journals or more active methods such as benchmarking, interactive learning allows a firm to get close enough to acquire not just the observable, but the deeper tacit components of knowledge” [58,18]. According to the resource-based view, tacit knowledge is very critical in improving overall performance, as it creates business value in a distinctive and inimitable way that cannot be easily transferred [24]. However, many studies have also stressed the ineffectiveness of hotels to collect information and exploit implicit knowledge [49,50,59], due to their technological systems, inflexible organizational culture and internal marketing processes, such as staff motivation and empowerment [24]. Therefore, even though experience constitutes an important and inseparable part of the information gathering process, executives working on strategic planning should draw information about the external environment from a variety of sources in order to sustain the competitive advantage of the firm and to be conscious of opportunities, threats and the progress made. [7]. “Rationalism, which supports that knowledge, is a justified true belief, and empiricism, which argues that knowledge, is created on an ongoing basis from experience” [60,24], should be joined and used together –not as two separate schools of thought but as one- by hoteliers in Greece, if they want to gain an advantage towards their competitors.

As far as the second hypothesis is concerned, the findings indicate that the competitor intelligence process that is being used in Greece does not depend on the economic cycle stage that the industry is going through.
Meaning that regardless of the recession phase of the Greek hospitality industry, the method used to gather information about the competitors remains the same. Thus the H2 hypothesis has not been proved to be valid. This finding illustrates the inability of Greek hoteliers to understand that changing conditions require them to examine the external environment constantly and in a systematic way [7]. Furthermore, this finding does not concur with the study of Beltramini (1986) [61], according to which various economic and foreign competitive challenges force organizations to a more thorough pursuit of intelligence gathering [21].

Moreover, this study demonstrates that the majority of the hotels in Greece suffer from a lack of structures and systems that detect and analyze information about their customers’ demands. Hence, the third hypothesis is being rejected. This finding depicts the extremely disturbing reality in Greece. According to the literature review engaging in long-term relationships with customers, instead of adopting a transaction-oriented approach, is certainly more profitable for firms [62,63] “as it is often suggested that, it is from 2 to 20 times as expensive to get a new customer as to retain an existing one” [64,43]. Unsuitable and insufficient use of CRM may put the firm at risk of a long-term malfunction [43].

Finally, as far as the fourth hypothesis is concerned, the research results demonstrate that the utilization of systems that monitor customers’ needs correlates positively with the successful implementation of competitive strategies. Therefore, the fourth hypothesis is justified. The literature review provides further credence to this finding, since many authors have argued that “the potential benefits of CRM include enhanced customer retention and loyalty; the creation of value for customers; customization of products and services; and increased customer-related profitability” [65,66,67,41,38]. If the hotels could constrain the bargaining power of customers by meeting their demands and involving them in long-term relationships, then the competitive strategies followed by hoteliers would be financially beneficial to their businesses [68]. However, the competitiveness of hotel performance is based on the strategic employment [69,68] of such systems.

Finally, salient for discussion is the paradox that our research reveals. Undoubtedly there is enough evidence and extensive literature on the monitoring systems of the customers’ needs and their positive impact on the profitability of the hotels. Nevertheless, the majority of Greek hoteliers seem to reject this idea. Perhaps it would be useful if further research is made in order to establish whether the hoteliers in Greece reject the utilization of such systems on purpose or if they are not aware of the benefits provided by them.

7. Conclusion

The primary goal of this paper was to examine and assess the information gathering process concerning the tourism industry in Greece and in particular the hospitality sector. The above discussion made clear that competitor intelligence plays a crucial role in the creation of a competitive advantage.

A significant finding of this study is that Greek hoteliers do not use a combination of formal and informal sources (<16%) in order to gather information regarding one of the most basic components of their external environment, their competitors. Furthermore, our research demonstrates that, as far as customers’ information is concerned, hotels in Greece do not implement systems that detect their clients’ needs. However, the absence of these systems is very possible to lead to the formulation of inefficient strategies. Summarizing the results of this research indicate that hotels, the main sector of the tourism industry in Greece that yields such considerable profits, is in fact underestimating the role of information and operates instinctively. However, due to data limitations, one must view this conclusion with some degree of scepticism.

References


