Introduction: international and global nature of tourism and hospitality

Introduction

This introductory chapter sets the scene for the whole of the book by explaining the importance and potential of international tourism and hospitality activities and the influence of culture on customers, employees, managers, and systems. As increasingly more and more international customers, employees, and managers with different cultural backgrounds participate in tourism and hospitality activities, a cross-cultural study of the dyadic aspects of their interactions is of paramount importance in a dynamic and fast-growth market. As the setting up and maintenance of tourism and hospitality businesses require a significant amount of financial resources, the stakes are high and complexities often result in business failures.

Introduction

Disneyland Paris (Euro Disney), which was the second-largest construction project at the time of its opening in 1992 (Hartley, 2006), can be given as an example. Euro Disney (see the Euro Disney case study in Chapter 2) made a total loss of two billion dollars at end of its third year (Matusitz, 2010), as result of several business and management mistakes, and the inability to understand the cultural environment, customers, employees, managers, and systems. Primarily, the Euro Disney management ignored the basic quote "When in Rome do as the Romans do", and had an ethnocentric approach in its operations in France. This was partly due to the overconfidence emanating from the success of the company's previous project, Tokyo Disneyland, opened up in Tokyo, Japan in 1982.

Activity

GENE (Generalised ethnocentrism) scale

You can measure whether you are ethnocentric or not by doing the following test.

Important Note: Throughout the book there are several self-report scales/tests like the one below. Please save your personal test score records (especially the ones relating to cultural awareness, cultural competence, ethnocentrism, cultural intelligence, etc.) in order to make comparisons later. After studying the whole book, you are advised to go back and redo all these tests once more. By doing this you can compare these scores with your earlier ones. This is expected to help you to see the changes that have taken place as a result of the learning experience.

The Intercultural Communication Competence Scale Instructions

Please read the statements below and indicate how much each statement describes you by assigning a value, in the blank section on the left of each statement, from 1 to 5 as follows:

(5) strongly agree (4) agree (3) neutral (2) disagree (1) strongly disagree

Please keep in mind that there is no right or wrong response for each statement. In order to avoid biased responses, you are recommended to record your initial response without elaborating too much on the statements.

_____ **1.** Most other cultures are backward compared to my culture.
_____ **2.** My culture should be the role model for other cultures.
_____ **3.** People from other cultures act strange when they come into my culture.
_____ **4.** Lifestyles in other cultures are just as valid as those in my culture.
_____ **5.** Other cultures should try to be more like my culture.
_____ **6.** I'm not interested in the values and customs of other cultures.
_____ **7.** People in my culture could learn a lot from people of other cultures.
_____ **8.** Most people from other cultures just don't know what's good for them.

_____	9. I respect the values and customs of other cultures.
_____	10. Other cultures are smart to look up to our culture.
_____	11. Most people would be happier if they lived like people in my culture.
_____	12. I have many friends from other cultures.
_____	13. People in my culture have just about the best lifestyles of anywhere.
_____	14. Lifestyles in other cultures are not as valid as those in my culture.
_____	15. I'm very interested in the values and customs of other cultures.
_____	16. I apply my values when judging people who are different.
_____	17. I see people who are similar to me as virtuous.
_____	18. I do not cooperate with people who are different.
_____	19. Most people in my culture just don't know what is good for them.
_____	20. I do not trust people who are different.
_____	21. I dislike interacting with people from different cultures.
_____	22. I have little respect for the values and customs of other cultures.
_____	YOUR TOTAL SCORE (Please calculate your score as follows).

Scoring:

Step 1: Please add your scores for items 4, 7, and 9.
Step 2: Add your scores for 1, 2, 5, 8, 10, 11, 13, 14, 18, 20, 21, and 22 (note that not all items are used in scoring).
Step 3: Subtract the sum from Step 1 from 18 (i.e., 18 minus Step 1 sum)
Step 4: Add the results of Step 2 and Step 3. This sum is your generalised ethnocentrism score.

Higher scores (e.g., scores above 55) indicate a higher level of ethnocentrism.

Source: Neely (2002).

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However, unlike the French, the Japanese did not ask or expect anything to be Japanese, that is, adjusted to their culture and habits. Disneyland did not have to make significant cultural considerations in Disneyland Tokyo as the Japanese wanted to have a truly American experience.

The case of the Mardan Place Hotel, Antalya, Turkey can also be related here as a major failure in tourism and hospitality. The failure of this hotel is also primarily due to ignoring the cross-cultural aspects of tourism and hospitality. The Mardan Palace Hotel, which was described as Europe's most ostentatious resort hotel at the time of its opening in 2009, could not pay its debts and went bankrupt in 2015. The total investment made for the project at the time was 1.5 billion dollars. The cases of Disneyland Paris and the Mardan Palace Hotel demonstrate how failure to understand customers, employees, managers, and systems can produce disastrous results for tourism and hospitality businesses. Research shows that the failure rate in tourism and hospitality is quite high. For instance, in the hospitality industry, almost 30% of new restaurants go out of business in their first year of operation (Parsa et al., 2005; Fields, 2014).

Given the frequency and intensity of interaction (both between customers and staff, and among the staff themselves), and the tangibility, inseparability, heterogeneity, and perishability nature of tourism and hospitality services, the need to understand the influence of culture in the design and management of tourism and hospitality businesses is extremely evident. Based on this background, this chapter explains the international and multicultural nature of tourism and hospitality operations, and how culture may influence the efficient and effective management of these operations.

International and global nature of tourism and hospitality

Tourism is the largest industry in the world, in terms not only of revenues generated but also of employment created in this industry (WTTC, 2019). In 2019 the tourism and hospitality industry generated total revenue of $1.7 trillion (WTTC, 2019). The direct contribution of travel and tourism to gross domestic product (GDP) is expected to grow by 3.6% annually to $4,065 billion, representing 3.5% of the world's total GDP by 2029. With its relatively high multiplier effect, the tourism and hospitality industry enables the creation of revenues and employment not only in tourism and hospitality directly, but also in and other tertiary (i.e., services), secondary (i.e., manufacturing), and primary (e.g., agriculture) sectors indirectly.

Activity

The multiplier refers to the total addition to income resulting from initial expenditure within a sector. It measures the impact of additional expenditure introduced into an economy (Fletcher, 1995). In tourism, the multiplier effect shows the additional volume of income earned by the expenditures of tourists that will contribute to the economy in general. Basically, the tourism multiplier value of a country shows how many times the money spent by a tourist circulates through a country's economy.

Look at the following countries' tourism multiplier values and discuss the likely role and potential of the tourism industry in these countries from both the perspective of revenues generated and the employment created. What could be the main reason behind the difference between countries such as Turkey and Barbados? Please discuss.

Country – Region	Multiplier Value	Country – Region	Multiplier Value
Turkey	1.96	Hong Kong	0.87
United Kingdom	1.73	Philippines	0.82
Jamaica	1.27	Bahamas	0.73
Egypt	1.23	Malta	0.68
Dominican Republic	1.20	Iceland	0.64
Seychelles	1.03	Barbados	0.60

Adapted from Fletcher (1995) and Cooper et al. (2008).

In other words, the importance of the tourism and hospitality industry is much more significant than the tourism revenue and employment figures may singly suggest. As travel and tourism are interlinked with a variety of other industries, as many as 30, ranging from food, furniture, transportation, construction, to durable goods (Koc and Altinay, 2007), its total contribution to the world economy is estimated to be about $9,000 billion (WTTC, 2019). Additionally, as a labour-intensive industry, with about 320 million people working in travel and tourism, employment in this industry represents about 10.5% of total employment in the world (WTTC, 2019). The tourism and hospitality industry may be instrumental, especially in creating jobs for developing countries where unemployment rates are high (Noja and Cristea, 2018; Marcu et al., 2018).

Moreover, it must be kept in mind that the percentage of people participating in tourism and hospitality activities in the world is on the rise. A report by the United Nations World Tourism Organisation (UNWTO, 1998) estimated that 7% of the world's population would be travelling internationally[1] by the year 2020. Considering that, currently, a rather small proportion of the world population engage in international travel and tourism activities, there is a significant potential for growth in the international tourism and travel industry when larger proportions of the world population engage in travel and tourism activities.

Information zone

Three of the main factors contributing to the growth of services which influence the demand for tourism and hospitality services are provided in the following table (Koc, 2018).

Factor	Explanation/Example
Increase in leisure time and disposable income	With the decrease in working hours and an increase in the annual paid holidays, the demand for tourism and hospitality services has gradually risen. More and more people tend to have more time and money for going on holiday and eating out in restaurants more frequently.
Changing demographics and life styles	People in large towns and cities are more likely to frequently use services. Urbanisation is one of the important drivers of holidays, eating out, etc.
	Households are increasingly getting smaller with fewer children in the family. This results in families being more able to afford tourism and hospitality services such as holidays, or eating out in restaurants, in addition to being able to afford other services such as insurance, private education, and private healthcare.
The advent of innovative products and developments in technology	The word travel comes from the Old French word *travail* (or *travailler*), which means to work, to labour; a suffering or painful effort. With the development of large passenger planes, travelling has become relatively easier. International air travel accounts for a significant proportion of transportation relating to tourism and hospitality activities.

Factor	Explanation/Example
	With the developments in media and communications and easier access to various media, people are becoming more knowledgeable about other countries and regions. Being more knowledgeable about foreigners reduces xenophobia, fear or hatred towards anything foreign or strange and increases interest in foreign people, lands, foods, etc. Knowledge reduces risks and increases liking.

As stated above, tourism and hospitality activities are increasingly becoming international in nature, with the participation of people from different countries and cultures (Mihalič and Fennell, 2015). This means that there is a need for a better understanding of culture and cultural issues relating to tourism and hospitality. In the highly internationalised environment of tourism and hospitality, there is a need for a dyadic perspective, understanding both the demand and the supply side. The demand side represents customers, for example, tourists/guests. The supply side represents the service providers, for example, employees, managers, systems, and businesses that offer tourism and hospitality services. Considering that over one-third of Fortune Top 500 companies disappear after a decade (ICS-UNIDO, 2000), there is an apparent need for organisational development and a need for adapting to the changes and differences that take place in the market.

The dyadic influence of culture on tourism and hospitality services

The dyadic perspective

This book has a dyadic perspective, that is, it explains and discusses the implications of cross-cultural matters for tourism and hospitality based on the following framework:

1. *Customer/Marketing perspective:* marketing, consumer behaviour, services marketing and management, and international marketing.
2. *Service provider/management perspective:* organisational behaviour, human resource management, international management, and management.

The rationale for the dyadic perspective

With the worldwide growth in the tourism and hospitality sector, the number of establishments in this sector is increasing steadily together in parallel with the increase in the number of international tourists/customers participating in tourism and hospitality activities. In line with this growth, tourism and hospitality establishments need to understand their international customers better, and to be able to manage effectively their diverse workforce whose attitudes and behaviours may be significantly influenced by their diverse cultural backgrounds (Koc et al., 2017; Koc, 2019).

Tourism and hospitality services take place in a social servicescape (Tombs and McColl-Kennedy, 2003; Koc and Boz, 2020) within which intense and frequent social interactions take place involving both customers and employees. The social servicescape can be defined as customer and employee elements that exist in the consumption setting (Rosenbaum and Montoya, 2007; Kim and Baker, 2017). Owing to this intense social contact and interaction, tourism and hospitality industry businesses are often referred to as *people* businesses (Kim et al., 2010). This frequent and intense social contact and interaction between the service personnel and customers often forms the basis of service quality evaluations of customers in tourism and hospitality (Prayag and Ryan, 2012; Rauch et al., 2015).

This is probably why a significant number of service quality elements in service quality models such as SERVQUAL (Parasuraman et al., 1988) (e.g., service quality dimensions) are to do with service encounters and social interactions which take place between the service personnel and the customer. Research shows that customers' perceptions of service interactions have a significant influence on their overall service quality evaluations and satisfaction (Wang and Mattila, 2010; Koc and Bozkurt, 2017). Services marketing mix (7Ps) comprises the *people* element, together with process and physical evidence, in addition to the traditional marketing mix (4Ps) designed for the marketing of tangible products. People may be considered as the most important marketing mix element in the marketing and managment of any service or experience.

As social interactions are significantly influenced by the culture of people, the cultures customers and employees come from may have important implications for the effective management of service encounters, customer satisfaction, service quality, and, eventually, business success (Lai et al., 2018; Koc, 2019). The greater the cultural distance, which is the extent to which national cultures differ from the culture of the host, the greater the influence of cultural dimensions on tourism and hospitality operations (Shenkar, 2001; Litvin et al., 2004).

The abilities of tourism and hospitality staff in terms of understanding customers' and other employees' cultures and behaving accordingly is often referred to as the *intercultural sensitivity* of staff. Intercultural sensitivity can be a major strength of a tourism and hospitality business catering for international customers, and employing staff with diverse cultural backgrounds (Irimias and Franch, 2019; Yurur et al., 2020). In addition to the interactions of staff with customers, the interactions among staff (both front and backstage) are also important and may be significantly culture-bound in today's multicultural work environments. In services, it is accepted that the quality of the service received by internal customers (i.e., by employees) cannot be higher than the quality of service received by external customers (i.e., actual customers). This means that not only customers but also employees and managers need to be approached by all staff members in an interculturally sensitive and highly professional manner. This is why this book takes a dyadic perspective to explain culture's influence on the social servicescape in tourism and hospitality, as well as the physical servicescape. In other words, the book explains and explores cross-cultural aspects of tourism and hospitality from the perspectives of both the customer (consumer behaviour and marketing) and staff (human resource management, organisational behaviour, and management) (see Figure 1.1).

It should be kept in mind that the human resource management and marketing functions in services, especially in tourism and hospitality services, are very much intertwined as shown in Table 1.1. The design and implementation of the marketing mix (7Ps) when carrying out the marketing function requires considerations relating to
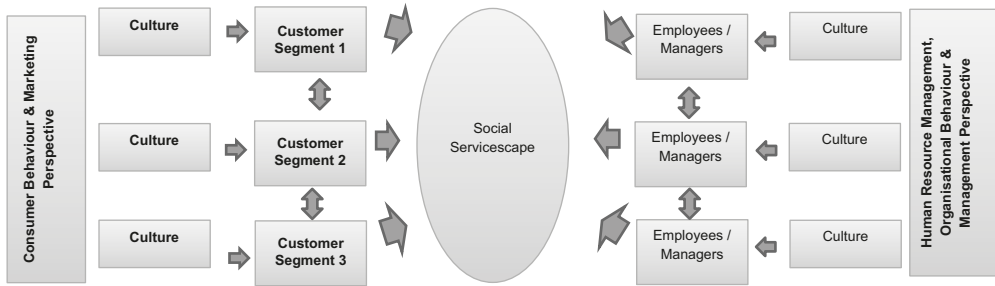
Figure 1.1 Dyadic influence of cross-cultural characteristics on tourism and hospitality social servicescape

people and processes (i.e., human resource management, organisational behaviour, and management) and vice versa.

Owing to the high level of customer and employee interaction and communication and the general service characteristics of, especially, inseparability, heterogeneity, and perishability, tourism and hospitality services are highly prone to service failures (Koc, 2017, 2019).

Information zone

General service characteristics

Service Characteristic	Explanation	Implications for Tourism and Hospitality Businesses
Inseparability	Consumption and production or hospitality services often take place simultaneously. The influence of other customers (e.g., in terms of their attitudes and behaviours) may also be an important determinant of customer satisfaction (Cakici and Guler, 2017).	The service needs to meet the demands of the customer at the right time. Both the provision and the consumption of the service often require the participation of the customer. The customer may need to be present and may be needed to participate in the service, in terms not only of consumption but also of production of the service.
Heterogeneity	The difficulty of standardising service performance elements. The heterogeneity of a service is largely due to	The high degree of social interaction and communication means that the product and service experience consistency depends very much on the

Service Characteristic	Explanation	Implications for Tourism and Hospitality Businesses
	the vagaries of human interaction between and among service contact employees and consumers (Koc, 2006). No two services would be exactly alike as the person who delivers the service may have different attitudes or be in a different mood during the delivery of two consecutive services. Services are highly variable and heterogeneous as they depend on who provides them, and when, where, and for whom they are provided (Koc, 2006).	tourism and hospitality service provider's skills and various characteristics (including culture) and performance at the time of the encounter. Organisational systems and processes in the tourism and hospitality business need to be designed in such a way that the service is consistently produced. The processes and systems in the business need to ensure that: • each customer has a high-quality experience that meets her/his expectations; • the service is nearly equal to that experienced by every other customer (except for differences supplied by servers in response to each customer's unique needs and coproduction capabilities).
Intangibility	The inability to see or touch the "product" of service.	Tourism and hospitality services may involve many uncertainties and unknowns. Customers' risk perceptions tend to be high. Employees are expected to behave and communicate in a manner to close the information gap and reduce customers' risk perceptions.
Perishability	The difficulty in synchronising supply and demand	The demand is usually seasonal (e.g., throughout the year or depending the day of the week for a resort hotel or an airline) or during the hours of the day or the day of the week (e.g., for a restaurant). This has implications for revenues, process, and service quality management. Perishability may place additional demands on managers' abilities.

Adapted from Koc (2017).

Introduction

The dyadic influence of culture's influence on tourism and hospitality activities can also be seen through the marketing mix elements (7Ps) (Table 1.1).

Table 1.1 Marketing mix elements in tourism and hospitality

Marketing Mix Element	Explanation and Examples
Product	Comprises all tourism and hospitality products and services – for example, a package holiday, menus, all food items, and beverages served in a restaurant.
	According to Conell (2013), compared with overall tourism activity, people who engage in medical tourism take cultural differences more into account when they make their purchase decisions. Tourists from masculine and high-power distance cultures tend to allocate more monetary resources to shopping when they are on a holiday (Su et al., 2018). Cultural differences in tourism may increase the likelihood of purchasing souvenirs which can reflect local uniqueness (Su et al., 2018). For instance, while tourists from culturally different destinations tend to shop for souvenirs or gifts (Ozdemir and Yolal, 2017), people from similar cultures (like Canadian tourists visiting the United States) tend to shop for more for daily use items such as groceries, foods, and clothes (Timothy and Butler, 1995).
Price	Pricing refers to all the activities regarding how the business sets up its prices and their influence on customers. Pricing requires an analysis of monetary and non-monetary prices, competitors' prices, packages, price-related discounts, etc. Pricing is significantly more important in services, and particularly in tourism and hospitality, due to the intangibility and perishability nature of these services (Boz et al., 2017). Dynamic pricing (also referred to as surge pricing, demand pricing, time-based pricing, or yield management) is commonly used in tourism and hospitality both to manage demand and capacity effectively and to increase revenues and profits.
	Koc's (2013) study shows that more risk-averse customers are more likely to require more cognitive control and often tend to purchase all-inclusive holidays.[2] An all-inclusive package holiday is defined as a trip planned and paid for as a single price in advance which covers commercial transportation and accommodation, meals, and sightseeing, and sometimes with an escort or guide. All-inclusive holidays attract risk-aversive tourists and/or tourists with a pre-determined spending budget who do not wish to make additional expenditures when they are on holiday.
Place	In tourism and hospitality marketing and management, the place element is interlinked with almost all other elements of the marketing mix where customers are exposed to all aspects of the tourism and hospitality business including tangible features (location of a hotel or a restaurant), personnel (how they look, and the way they communicate with customers), web pages (the nature, type of information provided on the web pages of a hotel or a restaurant, or the cues used in the messages). The design and the management of a distribution system (i.e., the system

> **Table 1.1** continued

| Marketing Mix Element	Explanation and Examples
	comprising intermediaries such as tour operators, online and brick-and-mortar travel agencies, airlines) to reach the customers are among the issues which relate to place decisions. Lee et al.'s (2012) research showed that travel agencies had a significant influence on Japanese people's medical tourism decisions. Money and Crotts's (2003) and Litvin et al.'s (2004) studies showed that people from cultures with a high level of risk avoidance are more likely to depend on personal information sources like travel agencies, tour operators, friends, and relatives.
Promotion	Promotion comprises all marketing communication mediums and messages customers are exposed to, ranging from advertisements to public relations, sales promotions, and all communication with tourism and hospitality staff.
	In addition to all planned messages in the form of advertising, public relations, sales promotions and personal selling, tourism, and hospitality products (i.e., the tangible aspects, such as the freshness and the variety of food served at a hotel) and services (e.g., the social skills and the capabilities of service staff) convey a significant amount of information to customers as well. According to Correia et al.'s (2011) study, tourists from cultures with long-term orientation are more likely to depend on multiple information sources when making their decisions.[3]
People	People as a marketing mix element comprise all the human resources (e.g., front stage employees, such as stewards and stewardesses, receptionists, and waiters who interact with customers; backstage employees, such as cooks, housekeeping employees, and technical staff working for an airline) whose work outcomes influence customers' satisfaction and perception of the business establishment
	People's decisions comprise all human resource management (HRM) activities (ranging from human resource planning; recruitment and selection; orientation, training and development; performance appraisal; benefits – pay and rewards; to health, safety, and security of all employees). According to Koc (2003) staff in tourism businesses act as a major tool in conveying marketing communications messages to customers. As stated above, the inability to see and manage the cultural differences of human resources and HRM practices resulted in substantial losses for Disney, when they set up Euro Disney in France in 1992.
Process	The process element of the marketing mix is about the way and which sub-services that make up a whole service (e.g., a service product) are designed and implemented. Booking and reservations at a hotel, check-in for an airline, taking orders of customers in a restaurant, cooking and serving of food in a restaurant are examples of such sub-services. The service blueprint[4] shows all of the sub-services that make up a service and the staff employed at each phase.
	Given the inseparability and heterogeneity nature of tourism and hospitality services, the smooth, efficient and effective running of all activities in a timely manner is highly important for tourism and hospitality businesses. The fact that while product quality (goods/service

11

Table 1.1	continued

| Marketing Mix Element	Explanation and Examples
	products) may account for 14% of all switching behaviours, and the dissatisfaction, the quality of social exchange may account for as much as 67% of all switching behaviours (Doyle, 2008) shows the interconnected nature of sub-services that make-up an overall service product or experience, and the need for the smooth running of processes and operations.
Physical Evidence	Physical evidence decisions cover a wide range of aspects of tourism and hospitality ranging from buildings, furniture, decoration, equipment to the appearance of service personnel. Hsieh and Tsai's (2009) research showed that Taiwanese tourists (people from a highly risk-averse culture) are more likely to place a higher degree of importance on the tangible elements of the service than American tourists (a low-risk-averse culture) when making their quality judgements.

The influence of culture on the customer is not limited to its influence on the design and implementation of marketing mix elements. Apart from the customer's perception of marketing mix elements (7Ps), the customer's perceptions of himself/herself, service employees, and managers, other customers, systems, and processes may have a significant influence on the success or failure of tourism and hospitality businesses (Figure 1.2). This is because, coupled with the perceptions of marketing mix elements, these factors can result in important emotional states and behaviours (pre-purchase, consumption and post-purchase phases) which collectively determine the eventual success or failure of the tourism and hospitality business. These emotional states and behaviours comprise approach-avoidance behaviours (i.e., whether to stay or not in the service environment of the tourism and hospitality business), satisfaction, dissatisfaction, making evaluations (i.e., whether to make a complaint or a praise), repurchase intentions, loyalty, switching, and engaging in positive or negative word-of-mouth (WOM) communication (Figure 1.2).

On the other hand, from a supply-side, the cultural background of employees or managers may have a significant influence on their perceptions of themselves, their roles, tasks, jobs, and careers, together with how they perceive customers, subordinates, peers, managers, systems, and processes (Figure 1.3). These perceptions result in important emotional states, attitudes, and outward behaviours that may have a significant influence in determining the success or failure of a tourism and hospitality business. These emotional states, attitudes, and outward behaviours, determine attitudes and behaviours towards teamwork, job satisfaction, commitment, organisational citizenship, stress, absenteeism, staff turnover, and productivity and performance.

In addition to the general influences explained in Figures 1.1, 1.2, and 1.3, cross-cultural factors have a major influence (actual and perceived) on service quality dimensions (see Table 1.2 and the explanations below).
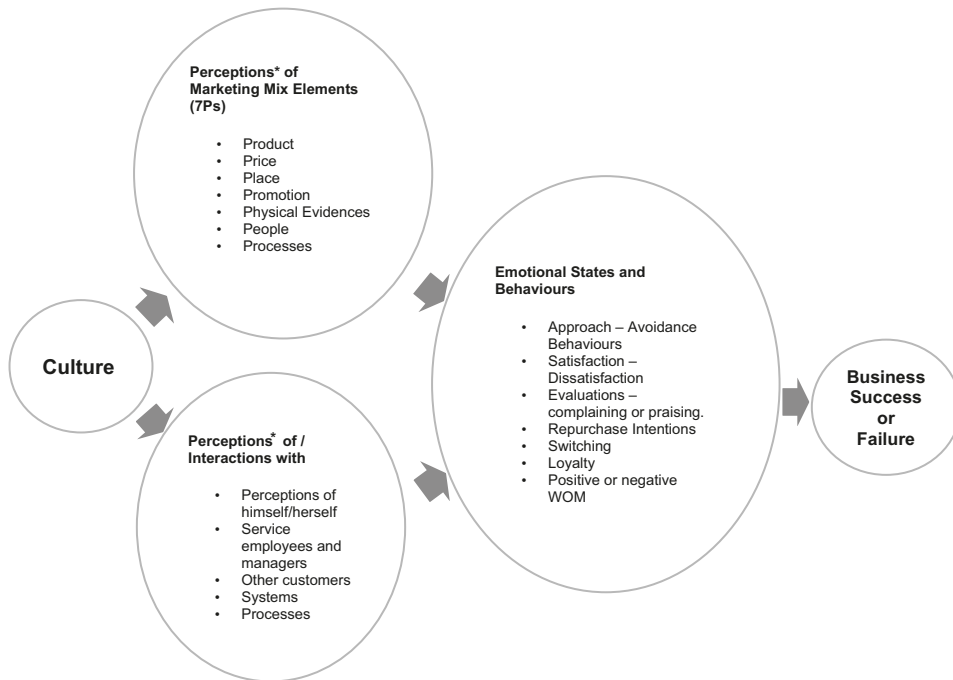
Figure 1.2 Customer/marketing perspective: the influence of culture on customers (marketing management, consumer behaviour, services marketing, and international marketing aspects)

* Pre-purchase and consumption, purchase and consumption, post-purchase and consumption phases.
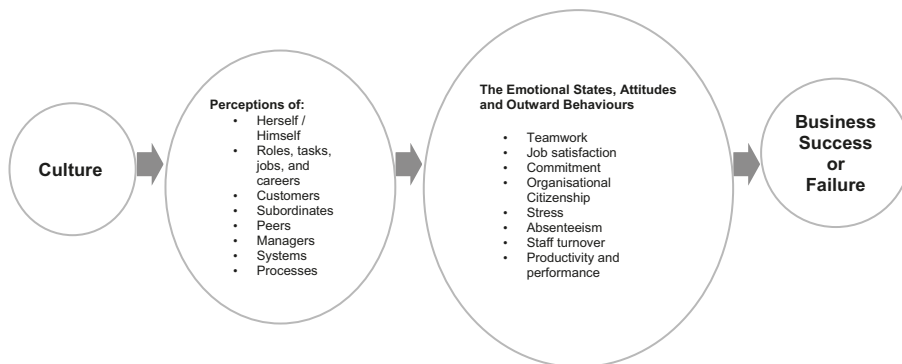
Figure 1.3 Service provider/management perspective: influence of culture on employees and managers (organisational behaviour, human resource management and management, and international management aspects)

> **Table 1.2** Service quality dimensions and marketing mix elements

SERVQUAL Dimensions	Explanation and Examples	Association with Marketing Mix Elements (7Ps)	Cross-Cultural Examples
Tangibles	Physical facilities, equipment, furniture, decoration and appearance of personnel	Physical evidence Place Product Promotion People	Suppliers of medical tourism packages are expected to pay more attention to designing and modifying their product offers to suit people from different cultures. Kim and Lee (2000) found that tourists from individualistic cultures[5] were more likely to seek novelty compared with tourists from collectivistic cultures. According to Huang and Teng (2009), feng shui is an important element of Chinese superstition and influences people's service quality judgements.[6]
Reliability	The ability to perform the promised service dependably and accurately; for example, a correct and accurate payment transaction	People Process Physical evidence Price Place	Due to the high level and intense contact with customers, the quality of tourism and hospitality services are mainly judged by customers based on their evaluations of human resources alone (Maxwell, 1994; Villi and Koc, 2018). According to Correia et al.'s (2011) study, tourists from collectivistic cultures tend to be more price and brand conscious.
Responsiveness	The willingness and the ability to help customers and provide prompt service; for example, providing timely service, not keeping customers waiting	People Process Product Physical evidence	Bilgili et al.'s (2020) study in Turkey showed that the red colour of lighting in restaurants increased customers' perception of the duration of waiting time. Koc's (2013) study showed that hospitality employees from a high-power distance culture (e.g., Turkey) were less empowered compared with a low-power distance culture (e.g., the UK) causing a delay in responding to and recovering service failures.

Table 1.2 continued

SERVQUAL Dimensions	Explanation and Examples	Association with Marketing Mix Elements (7Ps)	Cross-Cultural Examples
Assurance	The knowledge and courtesy of employees and their ability to convey trust and confidence; for example, greeting and thanking customers, the level of expertise (e.g., the expertise of a chef in a restaurant)	People Process Product Place	Koc's (2006) research showed that in Turkey tourists' expectations regarding the skills and abilities of staff on all-inclusive holidays were relatively lower. However, as all-inclusive establishments employed largely unskilled staff and expected them to overwork, the level of satisfaction with the employees in all-inclusive establishments was much lower.
Empathy	The provision of care and individualised attention to customers.	People Process	Tourists with relatively high intercultural competence and intercultural sensitivity tend to be more empathetic with the service provider (Ye et al., 2013).

Exercise

Watch a few sessions of the TV shows *Restaurant Express* and *Restaurant: Impossible* (presented by Robert Irvine) on YouTube. Take down notes and explain how the 7Ps (marketing mix elements) and service quality dimensions influence customer satisfaction and service business success.

Additionally, as service quality gaps/problems and service failures occur due to misunderstandings, misperceptions, and unexpected behaviours, culture may significantly influence the emergence of service quality gaps. Service quality problems or service failures in service businesses occur due to the service quality gaps shown in Table 1.3 (Parasuraman et al., 1991). The SERVQUAL model focuses on the service quality elements of reliability, assurance, tangibles, empathy, and responsiveness (Parasuraman et al., 1988).

The previous explanations regarding the marketing mix elements, service quality dimensions, and service quality gaps demonstrate the intertwined dyadic nature of tourism and hospitality services, and how they may be influenced by cross-cultural characteristics. Managers are recommended to develop a service blueprint (see the following exercise) for each service product/element that they have so they themselves and their employees better understand the dyadic nature of culture and its implications for the services they provide.

Table 1.3 Gap model of service quality

Gap	Explanation
The Knowledge or Perception Gap	Difference between what customers expect and what managers think customers expect from the service business
The Standards Gap	Difference between service managers' perceptions of customer expectations and the service procedures, standards, and specifications established
The Delivery Gap	Difference between service quality specifications and the actual service delivered to the customers
The Communications Gap	Difference between what is communicated to the customer and the actual service delivered
The Customer Gap	Difference between customer expectations and customer perceptions; customers may not always understand what the service has done for them or they may misinterpret the service quality

Exercise

A service blueprint is an operational planning tool that shows how a service will be provided, specifying the physical evidence, staff actions, and support systems/infrastructure needed to deliver the service through its various phases. The service blueprint diagram enables the visualisation of the relationship between various service components of people, physical to evidence, and processes that are directly tied to touch points in the pre-, during and post-service encounter stages in the delivery of a service.

The key elements of a service blueprint are as follows:

- **Customer actions:** comprise the steps, activities, and interactions that a customer performs in relation to the use or consumption of a service.
- **Front stage actions:** the activities that occur directly in the view of the service consumer and include all human-to-human and non-human-to human actions.
- **Backstage actions:** the steps and activities behind the scenes supporting on-stage activities.
- **Processes:** the internal steps and all the interactions that support the employees during the delivery of a service.

The above key elements of a service blueprint are organised around the following zones:

- **The Line of Interaction:** shows the direct interaction between the customers with any element of the service offer.

- **The Line of Visibility:** separates the front stage (all service activities that are visible to the customer) and backstage activities (all service activities that are not visible to the customer).
- **The Line of Internal Interaction:** separates the customer contact employees and activities from those who employees and activities that indirectly support the customer and users.

Study the blueprint for a restaurant shown in Figure 1.4.

Tasks

1. Understand the interconnected dyadic nature (i.e., both the marketing and the management perspectives) and how each perspective may interact with one another.
2. Identify and discuss the likely fall points (problem areas) which may take place due to cross-cultural differences of customers and service providers.
3. Try to find specific cultural characteristics (examples) which may be the likely causes of these fall points.
4. Discuss how these fall points may be avoided.

Physical evidence (tangibles)	Parking lot, Exterior and interior of the restaurant, Furniture, Decor, Signs	Welcoming staff or the waiter (appearance, grooming, etc.). waiting area in the restaurant, Seating arrangements	Waiter (appearance, grooming, etc.). Air conditioning, Lighting and colour, Music	Waiter, Menu, Table cloth, Plates, Serviettes, Serviette holders, Cutlery, Pans	Waiter, Menu, Food delivery, Tray, Food and drinks	Food and drinks	The bill. =	The bill, POS machine
Customer actions	Arrives at the restaurant	Waits to be assigned to a table	Receives the menu, Selects food and drinks to order, Waits for the waiter	Gives the order to the waiter	Receives the food and drinks	Eats and drinks	Asks for the bill	Pays the bill and leaves
Line of Interaction								
On-stage employee contact (e.g., welcoming staff, waiter, runner)	Greets the customers	Directs the customers to the waiting area until the customers are shown to their tables	Directs the customers to their tables. Gives the customers the menu. Tells them s/he will be with the customers when they are ready to order	Takes the order and gives it to the kitchen staff	Brings the food to the table	Asks customers whether they were happy with the food. Asks for more orders	Prepares the bill. Brings the bill	Processes the bill paid
Line of Visibility								
Back-stage employee contact (e.g., receptionist)	Checks the customers in			Processes the order – prepares the food and drinks				Checks the customers out
Line of Internal Interaction								
Support processes	Registration process		Prepares food					Registration process

Figure 1.4 Service blueprint for a restaurant

Several examples have been provided to show how motivations of tourism and hospitality customers may be influenced by their culture. Pine and Gilmore (2011) have identified four service experience motivations alongside the dimensions of Passive–Active and Immerse–Absorb (see Figure 1.5). The degree of activity is about the extent to which a customer prefers to remain a passive observer or the extent to which s/he becomes an active participant. For instance, as explained in Chapter 7, depending on whether a customer is from a high-uncertainty avoidance culture or low-uncertainty avoidance culture, s/he may participate in tourism and hospitality experiences in an active or passive manner.

As explained in Chapter 7, a customer with a high level of uncertainty avoidance (risk aversive) may prefer to participate in passive tourism and hospitality experiences (e.g., taking part in package holidays with a group of people). Again, as explained in Chapter 9, customers' individualistic or collectivistic orientation may influence the types of services in which they want to participate actively or passively. When customers passively participate in a tourism and hospitality experience, they may have no influence on the course of the experience. However, when they participate actively in a tourism and hospitality service they may have a significant influence on the service experience. When a customer participates passively with entertainment motivation, this activity is associated with absorption. The aim of participation in this type of experience is to have fun, which does not require too much activity and commitment on the part of the customer (Kacprzak et al., 2015). However, an experience with aesthetic motivation allows customers to immerse themselves in sensations, but do not require participation from them, for example, a tourist admiring the view of Lake Como in Italy.

The third type of experience is based on educational motivation, which requires active participation, but the individual customer does not have a major impact on their role in the experience (Pine and Gilmore, 2011; Kacprzak et al., 2015). For example, a tourist from an indulgence culture (see Chapter 5) can take golf lessons in Antalya, Turkey during their holidays with an educational motivation. As explained in Chapter 10, tourists who are past-oriented are more likely to have holidays motivated by the intention of sensation seeking (hedonistic, indulgent) (e.g., 3S – sun, sand, and sea holidays), while tourists who are future-oriented are more likely to have holidays motivated by the intention of self-fulfilment and knowledge enhancement (Miao et al., 2011; Lu et al., 2016).

Finally, the escapist motivation requires the individual customer to both immerse herself/himself in the experience and actively influence the experience (Pine and Gilmore, 2011; Kacprzak et al., 2015). For example, a customer from an individualistic and low-uncertainty avoidance culture may take part in a mountain climbing holiday in Tibet.

	Absorb	
Passive	Entertainment	Educational
	Esthetic	Escapist
	Immerse	**Active**

Figure 1.5 Service experiences

The dyadic perspective and approach to business management

Today much of the knowledge developed in marketing and management rests on the knowledge developed in relation to businesses and organisations involved in the production and marketing of tangible products. However, today, with the growth of the service sector, a significant proportion of gross domestic product (GDP) in many countries is produced in the services sector. For instance, in the United States, the UK, France, the Netherlands, Japan, Germany, and Russia the contribution of the services sector to the country's GDP is about 80%, 79.2%, 78.8%, 70.2%, 68.7%, 68.6%, and 62.3%, respectively (The World Fact Book, 2016). Likewise, the total employment in services in these countries constitute between 50% and 80% of total employment. Moreover, the contribution of the service sector to GDP and employment shows significant growth every decade. As mentioned previously, as the world's largest industry, tourism is a service sector industry, and more than 70% of the largest 100 companies in the world are service businesses (FORTUNE, 2020).

Hence, publications presenting knowledge about businesses and the business environment need to reflect this transition or transformation. For instance, marketing and consumer books are expected to present knowledge reflecting the dominant influence of services, and hence they should be written overwhelmingly from the perspective of services. Owing to the nature of service characteristics (such as intangibility, inseparability, heterogeneity, and perishability), as explained previously, production, marketing, and human resource management functions are significantly more interconnected in services than in manufacturing businesses that produce and market tangible products. Therefore marketing managers in services need to be more knowledgeable about the human resource management function, while human resources or operations managers need to be more knowledgeable about the marketing function. As explained previously, this is why this cross-cultural book has been written with this dyadic perspective in mind, reflecting aspects relating to customers, employees, and managers. In addition to general service characteristics, the following characteristics of services necessitate an intertwined approach to the development of knowledge (Koc, 2018):

- Services comprise performances, and unlike tangible products, they are not manufactured.
- Although the relative importance of technology in services is growing significantly, services are more human-based (labour intensive) rather than technology-based.
- The supply of services cannot be easily changed to match fluctuations in demand.
- The demand for services can be more seasonal and flexible.
- Services involve unique service quality and service delivery problems.
- Overall service quality depends on the quality of intertwined sub-services and process.

Barabba (2004) argues that "make and sell" and "sense and respond" orientations prevalent in the manufacturing businesses (producing tangible products) in the past are not suitable for today's service businesses. Service businesses need to have an "anticipate and lead" orientation to survive and prosper in today's competitive markets. According to Barabba (2004) establishing and sustaining an "anticipate and lead" orientation requires a high level of interaction and dependence between the marketing, operations management, and human resource management functions in service businesses. Ruekert and Walker (1987) also argued that providing a high-quality service, creating unique value

propositions, development of skills and abilities, and increasing productivity requires strong cooperation and interaction among human resource management, marketing, and operations management functions.

Therefore, it could be argued that as service industry businesses, tourism, and hospitality establishments require a more combined, interlinked, and intertwined approach in the design and implementation of human resource management, marketing and operations management (production and operations management of services) functions.

CASE STUDY

Business functions in hospitality

Assume that you work as the human resource manager of a resort hotel in Alicante in Spain. The hotel has been recently purchased by a young entrepreneur. The new owner of the hotel wishes to change the concept of the hotel to an all-inclusive pricing concept in order to increase the hotel's occupancy rate.

The owner and the general manager arranged an urgent meeting with the managers and supervisors to take place on Monday the following week. All managers, including yourself, have been invited to the meeting, except for managers who had to be away for previously scheduled meetings and commitments. You have a valid excuse for not attending the meeting. Although you can rearrange your other commitment and attend this meeting, you do not wish to do so because you believe that all-inclusive pricing would mainly involve marketing, accounting, and finance managers and their departments, not your human resource management department.

Whether they attend the meeting or not all managers and supervisors have been asked to prepare a short report and send it to the general manager in two days. The report asks the following:

1. Write down the advantages and disadvantages of the all-inclusive pricing system for the hotel.
2. Write down specific courses of action to reduce costs in the all-inclusive system. First, try to be as creative as possible, without thinking about the quality implications of the courses of action you suggest to reduce the costs.
3. Then, write down the potential negative implications of some of the courses of action you have recommended.

Tasks

1. As the human resource manager, who will not be attending the meeting, write a report addressing the above three items.
2. Now re-consider your role as the human resource manager of the hotel. Do you still think that all-inclusive pricing involves only the marketing, accounting, and finance managers and their departments? Or do you feel that marketing and human resource management activities are not separate; that is, they are significantly interlinked in a tourism and hospitality establishment?

The context: tourism and hospitality businesses and the stakeholders

This section provides an overview of the context, that is, the tourism and hospitality businesses, and the stakeholders, who are influenced by cross-cultural differences. The explanations provided throughout the book refer to the tourism and hospitality businesses, and stakeholders stated below.

Tourism and hospitality businesses

The tourism and hospitality businesses referred to in this book comprise the following four categories of businesses:

- lodging and accommodation
- food and beverage
- recreation
- travel and tourism.

Lodging and accommodation businesses
Lodging and accommodation businesses comprise hotels, motels, B&Bs, inns, resorts, apartments, villas, chalets, time-shares that provide accommodation services to their customers who stay away from their homes for leisure and business purposes. Accommodation establishments may be classified according to their a) size (number of rooms, for example, under 50 rooms, over 500 rooms), b) location (e.g., city hotels, airports, resort hotels), c) level of service (e.g., economy – limited service, luxury), d) ownership and affiliation (e.g., individual or chain hotels), e) market served (e.g., bed-and-breakfast, all-inclusive, boutique, casino, conference, resort), and f) level/standard (e.g., 5-star hotels, AAA rated hotels). People may stay in these hotels to engage in business and leisure related tourism activities (Table 1.4).

Food and beverage businesses
Although people participating in the tourism activities listed in Table 1.4 may consume food and beverages provided at the premises of the listed types of accommodation establishments, there is a large hospitality market providing food and beverages to its guests/customers. Hospitality businesses such as restaurants, cafes, pubs, bars, wine houses, tea, and coffee houses provide food and beverages to their guests/customers, whether they are tourists or not. As one of the largest group of food and beverage providers, restaurants may be categorised as bistros, fine-dining restaurants, take-aways, ethnic restaurants, taverns, trattorias, pizzerias, fast-food restaurants, drive-in or drive-through restaurants, pop-up restaurants, cafes, pubs, luncheonettes, steakhouses, a la carte restaurants, etc.

Recreation businesses
Recreation businesses may comprise parks, zoos, theatres, concert halls, cinemas, sports, fitness and hobby centres, spas, skiing centres, night clubs, and sporting events organisers (competitions, cups, and tournaments), etc.

Table 1.4 Types of tourism

3S tourism (sun, sand, and sea)	Adventure tourism, mountain tourism, hunting, fishing tourism,	Agri/Agro tourism, farm tourism, rural tourism, ecotourism	Cultural tourism	Heritage tourism	Event tourism (conferences, corporate meetings, incentives, weddings, etc.)
Dark tourism (thanatourism) disaster tourism, war tourism	Individual business tourism (company representatives travelling for business purposes)	Nature tourism, wildlife tourism, botanical tourism, safari tourism, bird watching tourism	Sex tourism	Gastro and culinary tourism, wine tourism	LGBT tourism
Religious and faith tourism	Slum/Ghetto tourism	Sports tourism, skiing tourism, water sports tourism, rafting, paragliding, golf tourism, etc.	Medical tourism, health and wellness tourism	Educational tourism	Shopping tourism, festival tourism
Civic tourism	Space tourism	Exhibitions, trade shows, trade fairs	Urban tourism	Cruising and yacht tourism	Gambling tourism

Travel and tourism businesses

Travel and tourism businesses may comprise tour operators, travel agencies, airports, airlines, railways, coach businesses, cruise businesses and car rental businesses, etc.

The stakeholders

A stakeholder can be defined as "any group of people organised, who share a common interest or stake in a particular issue or system" (Grimble and Wellard, 1997: 175), and who can influence or be influenced directly or indirectly by using a system (Freeman 1984). Culture influences the attitudes, behaviours, and systems developed by the stakeholders. The following tourism and hospitality stakeholders may be influenced by cultural differences.

Customers of tourism and hospitality businesses

Customers of tourism and hospitality businesses may comprise, but are not limited to, guests at hotels, hostels, guest houses, time-shares, restaurants, cruise chips; passengers in transportation businesses, for example, airlines, railways, coaches; participants in

any tourism and hospitality-related events. As shown previously in Figure 1.2, cultural characteristics may influence customers in a variety of ways.

Staff at tourism and hospitality businesses

Staff or employees at tourism and hospitality businesses include all back and front stage employees, and managers. They may also include people such as entrepreneurs, managers (e.g., general managers, marketing managers, human resource managers), employees (e.g., waiters, cooks, cleaners, ticketing officers).

As shown in Figure 1.3, cultural characteristics may shape perceptions, emotional states, attitudes, and outward behaviours of tourism and hospitality employees which impinge on the success and failure of the business.

Suppliers and intermediaries

Suppliers and intermediaries in tourism and hospitality may be tour operators, travel agencies, airlines, convention and event organisers, food and beverage providers to hotels and restaurants, etc. Tourism and hospitality businesses may be affected by how suppliers and intermediaries operate or interact with them. For instance, service quality problems in suppliers and intermediaries (e.g., a lack of responsiveness) arising as a result of cultural characteristics (e.g., polychronism – see Chapter 10) may prevent a tourism and hospitality business from providing a high-quality service to its final customers.

Tourism authorities

Tourism authorities may comprise tourism ministries, government officials, tourism offices and bureaus, destination marketing management officials, etc. As it can be seen in the Travel and Tourism Competitiveness Report (World Economic Forum, 2019) several of the measurements in the competitiveness index relate to the performance of tourism authorities in a country. The cultural characteristics of officials in tourism authorities may influence the laws, regulations, systems, incentives, and processes they develop. Consequently, the laws, regulations, systems, incentives, and processes developed by the authorities influence the way and which tourism and hospitality businesses operate.

Related industries and businesses and the general public

As mentioned previously, there are as many as 30 industries that may be interlinked with tourism and hospitality, ranging from food, furniture, transportation, construction, to durable goods (Koc and Altinay, 2007). Additionally, the cultural characteristics of a country may influence the attitudes and behaviours of the general public, or the society as a whole, towards tourism and hospitality in general, and towards customers, in particular. For instance, ethnocentrism or xenophobia in a society may influence people's attitudes towards international visitors.

Conclusion

This introductory chapter explains the importance of tourism and hospitality and the potential influences of culture on tourism and hospitality activities. Owing to the intense and frequent social contact between customers and service staff in tourism, there is a significant need to understand cross-cultural aspects of tourism and hospitality. This understanding would help managers design and implement marketing mix elements and

service quality dimensions, which in turn are believed to determine a business's success or failure.

The dyadic influence of culture, that is, from the perspectives of both management (human resource management and organisational behaviour) and marketing (consumer behaviour) in tourism and hospitality are explained in Figures 1.1, 1.2, and 1.3. The rest of the book will explore, explain, and discuss the dyadic perspectives of tourism and hospitality presented in Figures 1.1, 1.2, and 1.3.

Questions

1. Explain the three groups of factors that have been influential for the growth of tourism and hospitality services. What other factors may have contributed to the growth of tourism and hospitality services? Discuss.
2. What is meant by the dyadic perspective of culture? What does this dyadic perspective suggest for a marketing and human resources manager in a tourism or hospitality business?
3. What are the key emotional states, attitudes, and behaviours culture that may influence customers, employees, and managers? What are the antecedents of these emotional states, attitudes, and behaviours?
4. Explain the marketing mix and the dimensions of service quality for a tourism or hospitality business having a cultural perspective in mind.
5. Explain the components of a service blueprint and discuss how cross-cultural factors may pose potential problems for a tourism or hospitality business.
6. Explain and discuss Michel de Montaigne's (1533–1592) quote "There is as much difference between us and ourselves as there is between us and others" from the perspective of analysing cultures from an intercultural perspective.

Notes

1 In 1996 this figure was estimated to be 3.5%.
2 Risk aversion may be due to cultural and personal factors. Certain cultures are more risk averse than other cultures as explained in Chapter 7.
3 Time orientation as a cultural variable is explained in Chapter 11.
4 See Figure 1.1 for an example of a service blueprint.
5 Individualism-collectivism as a cultural variable is explained in Chapter 9.
6 Feng shui is ancient Chinese wisdom relating to architecture and the built environment. The basis of feng shui is to achieve a level of harmony between heaven, earth, and human by providing an equilibrium between nature, building, and people.