Developing Evaluation Criteria for Partner Selection in Tourism Supply Chain Networks

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ABSTRACT

Effective partnership management is a crucial strategy for tourism firms in designing the services successfully as well as gaining the advantages dynamically. Literature suggests that the successful partnerships may be initiated at the beginning of selection process; however, there is a dearth of research on how to manage tourism partnerships effectively. This paper suggests the evaluation criteria proposed to assist tourism firms to effectively make a decision on selecting partners to start working with. In developing criteria, the authors first reviewed the available criteria in the other contexts, then conducted qualitative research using buyer and supplier firms in Thailand by in-depth interviewing with ten experts to refine and to verify these criteria proposed. After statistical verification, the results indicated that the proposed criteria consist of five main categories: performances, profiles, risk factors, product’s characteristics and compatibilities. This study contributes the useful knowledge on how to select partners and manage partnerships effectively in tourism supply chain.

KEYWORDS

Buyer-Seller Relationship, Collaborative Criteria, Evaluation Criteria, Partner Selection, Qualitative Research, Tourism Supply Chain Networks

INTRODUCTION

Currently, the service industry has influenced to the world economy (Baidai, 2004). Evidence has shown that a dramatic recent trend in the global economy has been changing from traditional productions to the service sector (Page, 2012). The impact of the service industry is significantly improved not only the global economy (Veronneau and Roy, 2009) but the economy in South-East Asia, especially in Thailand (Piboonrungroj & Disney, 2009). The service sector in Thailand contributes the most to the Gross Domestic Product (GDP) of Thailand comparing to other areas. As of structure of Thailand’s GDP, the service sector contributes with 49.9% of Thailand’ GDP (World Bank, 2014). Regarding the service industry, tourism industry plays a crucial role that can efficiently generate the overall incomes. That is because Thailand has a lot of invaluable attractions; for example, the historical resources, and the ancient tradition and cultures. Based on these historical natural resources, the major inbound markets of international tourists traveling to Thailand has been rising to almost 15 million visitors a year (World Bank, 2014).

The main characteristic of tourism business transactions is a process of delivering services regarding a combination of travel products such as package tours (Zhang et al., 2009; Lee et al., 2013).
These products, which can be purchased individually, are put together by a tour operator who uses the advantage of economic of scale to offer the mixed product for a lower price than be purchased separately (Yamamoto & Gill, 1999). The popularity of tourism package arises for several reasons. First, a convenience for tourists. Second, the guarantee of security and safety. Third, tourists can easily view the targeting of destinations where a majority of tourist are often going (Lee et al., 2013; Yamamoto & Gill, 1999). Fourth, an affordable price of packages products (Rewtrakunphaiboon & Oppewal, 2008). Last, the most significant advantage is a time-saving process (Lee et al., 2013). Although package tours have several advantages, the current market of tour operators still have some issues to face the fact due to a dynamic and complex personal preference of tourist (Taylor, 1996). A traditional tour package cannot deal with such situation effectively because a regular package tour is rigid, standardized and less flexible for tourists’ personal interests (Poon, 1993). This disadvantage mentioned is becoming more and more apparent as the society is developing (Lee et al., 2013). Evans and Stabler (1995) suggests that if package tour is less flexible and customized, tour operators are not able to maintain their popularity in the future.

Successful service process depends on involving various supply chain members and different operational functions to design, form and bundle tourism products that can satisfy customers’ preferences successfully. Tourism operation has to deal with the demand uncertainty (Liburd, 2012) and also the complexity of managing the supply chain networks (Bastakis et al., 2004) because customers always view the tourism product as a seamless entity (Page, 2012). In addition, the modern customers have more power to change their demand as they preferred (Liburd, 2012). Furthermore, tourism organizations can quickly change partner(s) if the commission is well satisfied (Stabler, 2009). Currently, the travel industry has changed from traditional or mass tourism to the customized tourism. Effective buyer-supplier relationship management with the appropriate partners is, therefore, necessary for travel firms to gain better profits (Andreu et al., 2010), increase market share (Sainaghi, 2010) and sustain long-term competitive advantage (Ramayah et al., 2011).

The benefits of partnerships have been suggested in the current supply chain management literature (Cao & Zhang, 2011; Dyer & Singh, 1998). Cao and Zhang (2011) suggest that collaboration is the key to success in the global competitions. Nevertheless, most tourism organizations fail in implementing partnerships. Researchers have suggested some common factors leading a short relationship such as incompatibility of partners (Feng et al., 2010), culture distance (Medina-Munoz & Garcia-Falcon, 2000), lack of trust (Ramayah et al., 2011), and lack of alliance experience (Crevani et al., 2011). Literature has also suggested that the true collaboration can be initiated at the beginning by selecting the suitable candidate to start working on co-development (Feng et al., 2010). However, there is no research in the tourism supply chain literature on how to select and evaluate potential partner to start working on collaboration, or the critical determinant factors that influence successful partnerships.

To help tourism firms can improve supply chain management, literature in other related contexts has suggested that two main important research issues need to be considered carefully. The first problem is to consider critical evaluation factors (criteria), and the latter point is to develop the decision model regarding the nature of assessment criteria and data available. The quality of decision model relies on the evaluation criteria. In this study, motivated by addressing research gaps above, we aim at developing evaluation criteria for partner selection problems in tourism supply chain networks by answering two questions: (1) What are suitable evaluation criteria for partner selection in the context of tourism supply chain? (2) What are the relationships between criteria that influence successful strategic alliance partnership performance? This research would contribute valuable knowledge on the partner evaluation as well as how to manage buyer-seller relationships effectively in the tourism operation management.

This paper is organized as follows, the next section is a review of the theoretical background and develops the conceptual model, next, the research method of this study is presented, followed by a discussion of the results, the last section provides the concluding remarks, managerial implications, and possible questions for future research.
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