INTRODUCTION

The development and management of alliances is a critical strategic skill in hospitality and tourism. Very little can happen in these sectors without multiple firms working collaboratively with one another to serve the consumer. All over the world companies are entering into alliances (see Table 1). However, research in this and other sectors suggest that most will fail leaving both partners sadder but hopefully the wiser. In this volume we will examine the basic elements of successful alliances—as well as those not so successful—and provide insights as to how to get ready to partner.

The words strategic alliances, relationships, strategic partnerships, and joint ventures all describe the coming together of two firms into a deliberate association that has some synergistic strategic value. They may assume the form of: (a) a buyer-seller relationship as in the case of an association meeting planner and a conference hotel, a restaurant and a single-source wholesale
TABLE 1. Announcements of Alliances in the Travel Trade Press

<table>
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<th>Announcement</th>
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<tr>
<td>United, Lufthansa, Air Canada, SAS and THAI create Star Alliance to bring benefits for airline customers</td>
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<td>Northwest and Continental airlines form strategic alliance to strengthen their position in a competitive global marketplace. United-Delta consider similar move.</td>
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<td>The Thomas Cook Group Ltd. forms a joint marketing alliance with the American Automobile Association</td>
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<td>The SABRE Group, ABACUS International Holdings Create Joint Venture to Serve Asia-Pacific Travel Market; 7,300 Travel Agencies to Use Customized SABRE System</td>
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<tr>
<td>ITT Sheraton and Visa U.S.A. Establish Marketing Relationship That Benefits Travelers</td>
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<td>WorldRes Forms Strategic Alliance with the Pembridge Group</td>
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<tr>
<td>Biztravel.com To Partner With EventSource; Alliance To Provide First Integrated Event Planning and Business Travel Solution</td>
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<tr>
<td>Galileo International Teams Up with ITN for Corporate Travel Solution</td>
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<td>WorldRes and Wizcom Announce Internet Alliance</td>
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<td>Equity Inns Enters Into Strategic Alliance With U.S. Franchise Systems</td>
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<tr>
<td>California Cultural Tourism Coalition Debuts Multi-Million Dollar Promotional Campaign 'California, Culture’s Edge'</td>
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Source: Hotel.Online Hospitality News Headlines

supplier; (b) a supplier-distributor relationship as in the case of airlines and retail travel agencies; (c) an alliance between two or more suppliers like the United-Lufthansa-Air Canada-SAS alliance; and (d) a joint venture between two companies like The SABRE Group and ABACUS International joint venture. All of these alliances share a sufficient amount of common elements that they can be treated as a basic unit of analysis. In the current competitive environment where firms strive to become world class competitors, the motivation to partner, in one or all of these forms, is great.

Since Thomas Cook packaged the first tour in 1841, hospitality and tourism enterprises have forged long term alliances with one another. Why are these alliances different today? To illustrate, consider the supplier-distributor relationship between airlines and retail travel agents. Long before airline
deregulation, the relationship between the first airlines and travel agencies grew organically over time in response to consumer needs and the financial and technical satisfaction by these suppliers and intermediaries working with each other. The firms involved in the relationship meshed as complementary components that achieved a level of satisfaction for all firms involved. Over time these alliances evolved into a distribution system supported by the prompt payment of commissions in exchange for customers that supported and enhanced the relationship. Today, however, the need to cut costs and increase profits have led to most airlines reducing and capping commissions at levels where most travel agencies cannot sustain themselves. Though selling directly to the customer appears to be a sound financial strategy for airlines, one must wonder what the ultimate impact will be on the airlines who have created such adversarial conditions with travel agencies since choice is something consumers generally want more, not less, of and most will continue to prefer purchasing airline tickets through an intermediary. Great strategic advantages can be obtained by airlines who break ranks with the major airlines and seek closer cooperative relationships with retail travel agents.

Today, alliances are instrumental to a corporate strategy (Kotler, Bowen and Maken 1998), but most are not entered into nor maintained with careful thought. Many reflect a “ready-fire-aim” approach to relationship development where firms create alliances to meet strategic goals without implementing the appropriate mechanisms to assure relationship survival. In addition, we see examples of short-term power imbalances where one firm exerts power over another that undermines trust and threatens the dissolution of the alliance.

To achieve world class competitive levels a firm must increase its effectiveness to reach, serve and satisfy its target markets, while at the same time lower costs. Leading firms have found that one cannot achieve the twin goals by going-it-alone. Large conglomerates seldom are sustainable over time as evidenced by the break-up of American Express in the 1980s and the down-sizing of JAL in the late 1990s. Through alliances, firms can gain market dominance and global reach that are beyond the resources of one firm to create and sustain alone.

**CREATING A PARTNERSHIP**

There are five critical questions that need to be addressed before creating a partnership. They are:

1. Do we want to partner?
2. Do we have an ability to partner?
3. With whom do we partner?
4. How do we partner?
5. How do we sustain and renew a partnership over time?
Do We Want to Partner?

In answering the first question one needs to assess the degree to which partnering can play a role in helping the firm obtain strategic advantages in the marketplace. Strategic advantage is derived from a partnership where a joint action can achieve something the customer will value at a reduced risk for all firms involved. Technological innovations, increased service and market coverage at less costs appear to be the reasons why many travel and tourism firms agree to partner. However, partnering is often a competitive response because others in the industry are gaining strategic advantages through their own partnerships and the other firms feel compelled to counter with alliances of their own.

Do We Have an Ability to Partner?

To be a good partner one must be ready to partner. Being a good partner often requires a cultural change in an organization and its people. This question requires that a firm perform an internal audit of its own ability to be a good partner. Reputation, performance capabilities, win-win orientation and the ability to create and sustain trust is central to attracting the right partner. Often we find firms that have a difficult time working collaboratively within their own organization, let alone with an outside firm. Individuals need to understand why external alliances are important, how to support the external relationship, and be evaluated and rewarded accordingly.

With Whom Do We Partner?

The first step in selecting a partner is to select the areas where a potential partner will have a positive impact on one’s business. Wilson (1996) provides two methods useful for categorizing potential partners. In Figure 1, the potential value of a partner (vertical axis) is accessed on a multi-dimensional scale including such items as impact on profits, market penetration, market coverage and technological innovations. Each firm must develop its own set of measures with which to define a partner’s potential value. The horizontal axis is the ability to partner with the other firm. Ability to partner is the flip-side of the previous question in that one should evaluate the ability of the other firm to partner successfully. Low cultural fit, lack of trust and poor communication can all be impediments to achieving a successful relationship. Firms in the upper right hand quadrant are both important to a firm’s long term success and possess a high ability to partner successfully. The more difficult situation is exhibited by those firms in the quadrant that are high in importance but have a low ability to partner. Here a firm needs to ascertain if one can overcome
the root causes of its counterpart’s low ability to partner. In some instances it may be impossible to overcome these differences.

Another more market oriented method of sorting potential partners purported by Wilson (1996) is described in Figure 2. The ability to add value addresses the issue previously discussed on building strategic advantage. In assessing a potential partner’s ability to lower your firm’s operating risk, one should consider such items as consistent high quality, reliable performance and trust in the other firm not to act opportunistically.

**How Do We Partner?**

A number of scholars have developed reasonably well-supported models of successful buyer-seller alliances (Dwyer, Schurr and Oh 1987, Heide and George 1990, Morgan and Hunt 1994, Crotts and Wilson 1995, Wilson 1996). Although they vary in specific details, they all use similar constructs that influence the success or failure in a relationship. Johanson, Lars and Nazeem’s (1991) definition of a relationship is useful in that it applies the elements of these conceptual models. For Johanson et al. “a strategic alliance is defined as an inter-organizational relationship where the partners make substantial investments in time, effort and resources in developing long-term collaborative effort and common orientation towards meeting individual and mutual goals.” Inherent in this definition and operationalized in nearly all the success models of relationship development are:
For reasons of parsimony, the reader is referred to Crotts and Wilson (1995) or Crotts, Aziz and Raschid (1998) for operational definitions of each of these constructs. The point is that these are variables that must be successfully communicated or evoked in order to attract and retain the interest of a prospective partner in a joint alliance.

**How Does a Partnership Sustain and Renew Itself over Time?**

The Chinese symbol for crisis is the combination of two characters. One character depicts danger and the other depicts opportunity. This is a perfect description of our current understanding of relationship development. Great opportunities exist for firms that form strong synergistic alliances to grow and flourish. At the same time there is great danger if the relationship fails as a firm can lose competitive position as well as a great deal of money.

**FIGURE 2. Evaluating the Value of a Potential Partner**

<table>
<thead>
<tr>
<th>High Ability to Add Value</th>
<th>Low Ability to Add Value</th>
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<tbody>
<tr>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Ability to Lower Risk</td>
<td>High</td>
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Low Ability to Lower Risk High
The danger in alliances (Han, Wilson and Dant 1993) as perceived by business persons seems to be the fear of becoming overly dependent upon the partner and a fear of opportunity loss because one partner may not provide you an innovation in the future that another firm can. Firms also have a major concern about sharing data which can create power imbalances that can be used against them in future negotiations. There is also a fear of losing the ability to act independently as they become more intricately meshed in a partnership. Many of these fears can be justified if a firm has not carefully developed their partnering skills outlined previously.

Though the future is unclear, we can be sure that alliances and strategic partnering will be in the future for the travel and tourism industry. To meet the future, firms should develop programs for partnering that will facilitate the necessary cultural and operating changes necessary to build successful and durable alliances and partnerships.

SELECTED APPLICATIONS OF STRATEGIC ALLIANCE RESEARCH

Alliances, relationships and strategic partnerships manifest themselves in many forms. As it is impossible to describe all areas of relationship research that are relevant to hospitality and tourism, this collection will be limited to a number of areas. The following discussion briefly describes the seven research articles contained in this special volume. Collectively they describe relationships between (a) buyers-sellers; (b) suppliers-distributors; and (c) multiple suppliers in various collaborative efforts. In addition, an article is included that focuses on the cooperative relationship between management and employees in a multi-ethnic business environment. All the studies provide insights as to the factors that influence the formation and stabilization of alliances as well as the theoretical contexts in which they can be viewed. Hopefully, this special collection will generate further a dialog on the creation and management of alliances as well as invite further research in an area largely neglected by hospitality and tourism researchers.

Inbound tour operators perform an important role as travel intermediaries that link local tourism suppliers with overseas wholesalers and outbound agents. March (this issue) explores how inbound operators, acting as buyers on behalf of overseas clients, make purchase decisions for three types of suppliers-hotels, restaurants, and coach companies. The relationship marketing implication for suppliers suggests that tourism operators need to develop differentiated marketing strategies depending on the inbound tourism market they are targeting.

Tourism by its very nature has had a long history of inter-cultural exchanges. Increased international travel and the desire of firms to expand
internationally creates circumstances that bring together individuals and firms from different national cultures under a collaborative effort. Such an environment raises interesting research questions as to how and to what degree national culture influences the relationship development process.

Money (this issue) explores the issue of whether national culture and location influences the way corporate purchasing managers find and select their corporate travel agent of choice. Framed under Social Networks Theory, Japanese companies whether operating in Japan or the U.S. made more use of referral networks than American companies. On the other hand, U.S. companies operating in Japan did not appear to conform their purchasing habits to the norms of the host culture. In an intra-firm setting, Waser and Johns (this issue) examine the influence of different cultural ethnicities of hotel workers and managers upon the team culture of workgroups. In their study of two large ethnically diverse five-star hotels in London, the source of worker discontent with management was more associated with inter-cultural misunderstandings than the task of delivering excellent customer service. Both of these studies reveal that creating functional relationships between individuals from different national cultures adds complexity in the relationship development process. Inter-cultural exchanges, be they business to business or employee to employee related, is an area largely neglected in hospitality and tourism research.

A number of case studies are presented in this volume to illustrate not only the importance but also the difficulties in developing and maintaining alliances. Telfer (this issue) shares insights gleaned from principals in an alliance of food producers, processors, wineries, distributors, hotels, restaurants and chefs in the “Taste of Niagara.” The success of the alliance in bringing together these parties under a regional tourism brand if successful will pay dividends not only to the region’s tourism interests but to the small farms in the vicinity.

Fyall, Oakley and Weiss (this issue) provide insights on the origin, development and collaborative dynamics of an alliance designed to promote the inland waterways of Britain and Ireland to international markets. The chief architects of the alliance were the British Tourist Authority and the TMS Partnership. The alliance includes numerous public and private interests involved in environmental protection, economic development and the five largest hire-boat operators. The authors frame their discussion under a number of theoretical contexts in order to explain the differing degrees of participation among the partners in the collaborative effort.

Buhalis (this issue) explores the distribution channel of tourism and illustrates the power imbalances that exist between members. In particular he illustrates the problems that small hoteliers in the Greek islands face with powerful tour operators and illustrates a wide range of methods used in order
to increase their bargaining power. As tour operators become much more integrated in the European context whilst information technologies continue to revolutionize the distribution channel, this chapter enables authors to appreciate the dynamic nature of distribution and the importance of relationships management.

The issue concludes with an article by Domke-Damonte (this issue) who tested the performance effects of airlines that form cooperative alliances with other industry counterparts. Basing her research upon an historical analysis (14 year period) of the U.S. domestic airline industry, her findings suggest that only under periods of environmental volatility do cooperative alliances improve airline profits. These results suggest that firms should be cautious in over-committing themselves to an excessive number of collaborative efforts, and thereby neglecting their competitive market position.

REFERENCES


