

Are Hotels in Destination Competitive or Cooperative? : An Empirical Application of Social Network Analysis

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Tourist destinations in Japan have experienced severe market environment since mid-1990s due to the long-lasting depression. Hotels are required to contest with each other within the local market, but collaboration through the horizontal marketing network to attract more tourists for the destination is also beneficial for all stakeholders to win the nation-wide competition. The literature pointed out this dilemma, and reported a lot of successful cases through qualitative approaches, but few studies examined it by statistical analyses based on the quantitative survey data. This empirical study investigates whether hotel networks are competitive or cooperative, by comparing the following two theoretical predictions. (1) If hotel networks are competitive, the hotels which have power to control information flow will enhance their performance. This means that the hotels with higher scores of betweenness centrality will get better performance. (2) If hotel networks are cooperative, the hotels communicating with many colleagues for collective benefits will improve their own performance. This means that the hotels with higher scores of degree centrality will gain better performance. Seven hundreds and seventy-nine hotels (response rate was 51.4%) from 56 hot-spring destinations completed questionnaire surveys about their performance compared to five years ago and their business networks. The OLS regression of performance to lodging price, efforts for management, and two kinds of above mentioned centrality indicators showed that the score of betweenness centrality has no significant effect but that of degree centrality has significant and positive effect on improvement of performance. This means that the first hypothesis (hotels are competitive) was rejected, but the second one was verified (hotels are cooperative).