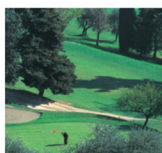


the business of resort management



Peter Murphy



The Business of Resort Management

Peter E. Murphy

 **Routledge**
Taylor & Francis Group
LONDON AND NEW YORK

First published by Butterworth-Heinemann

First edition 2008

This edition published 2011 by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN
711 Third Avenue, New York, NY 10017, USA

Routledge is an imprint of the Taylor & Francis Group, an informa business

Copyright © 2008 Taylor & Francis. All rights reserved

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means electronic, mechanical, photocopying, recording or otherwise without the prior written permission of the publisher

Notice

No responsibility is assumed by the publisher for any injury and/or damage to persons or property as a matter of products liability, negligence or otherwise, or from any use or operation of any methods, products, instructions or ideas contained in the material herein.

British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

Library of Congress Cataloging-in-Publication Data

A catalog record for this book is available from the Library of Congress

ISBN: 978-0-7506-6661-9

Typeset by Charon Tec Ltd (A Macmillan Company), Chennai, India

Dedication

I dedicate this work to my fellow global traveller and partner in life – Susan Murphy, and to my two daughters Margaret and Ann who have always given me support and encouragement.

Acknowledgements

I wish to acknowledge the extensive assistance received with this book. Its inspiration came from the pioneers in this field – Chuck Gee, Clare Gunn, and Edward Inskeep. The encouragement has come from my Mt Buller Resort Management students; the assistance in putting it together has come from Glennis Derrick and Sally North. The academic content and practical details have come from countless individuals involved in resort research and businesses. Of these Wendy Magee (Australia), Rick and Cathy Stolle (Canada), Alison Gill (Canada), Patrick Long (USA), Kit Jenkins (UK), Miriam Jansen-Verbeke (Belgium) and Luna Bajracharya (Singapore) deserve special mention and thanks. But, as always, it is the author who is responsible for any misinterpretations, errors and omissions.

Contents

List of tables	xi
List of figures	xiii

Part A History and features of resorts

1	Constants and changes in resort development	3
	Introduction	3
	Academic interest	5
	Resort management analysis	7
	Resort management framework	13
	Resort management analysis: seniors market	15
	Summary and book structure	17
	Case studies	19
	Spa, Belgium	19
	Waikiki, Hawaii, USA	22
	Questions	27
	References	28
2	Management definitions and theory applicable to resorts	30
	Introduction	30
	Management objectives	31
	Applicable theories and frameworks	36
	Operational frameworks	42
	Summary	50
	Case studies	51
	Environmental scanning and Butlins Holiday Resorts, UK	51
	Tourism area life cycle and the Gold Coast, Australia	54
	Questions	58
	References	59

Part B External challenges for resort management

3	Changing market and competitive conditions	65
	Introduction	65

	Global demand trends	66
	Benefit segmentation	70
	Supply considerations	72
	Competition	74
	Summary	79
	Case studies	79
	Butlins' Changing Markets	79
	The Cruise Ship Market	83
	Questions	88
	References	88
4	The seasons	90
	Introduction	90
	Seasons and sport	92
	Resort seasonality	94
	Resorts and human seasons	98
	Summary	103
	Case studies	103
	Sport Tourism – Hyatt Regency, Coolum, Australia	103
	Weather Seasonality – Wickaninnish Inn, Canada	106
	Health Tourism – Roompot Vakanties, Netherlands	109
	Questions	110
	References	111
5	Governance	113
	Introduction	113
	Corporate governance	114
	Corporate social responsibility	116
	Various levels of political governance	118
	Multiple levels of governance	124
	Dual mandate situations	128
	Land ownership and leases	132
	Summary	133
	Case study	134
	Victoria's Alpine Resorts	134
	Questions	136
	References	137
 Part C Internal challenges and strategies for resort management		
6	Planning and financial management	141
	Introduction	141
	Planning process	142
	Planning and financial feasibility	154

Strata-title financing	159
Public-private partnerships	161
Financial implications	164
Summary	168
Case studies	168
Dubai, United Arab Emirates	168
Huis ten Bosch, Japan	170
Grand Hotels Bad Ragaz Health, Spa and Golf Resort, Switzerland	174
Questions	178
References	179
7 Marketing issues for resorts	181
Introduction	181
Place marketing	182
Cluster theory marketing	185
Changing product emphasis	187
Marketing changing seasons	189
Branding	191
Services marketing and management	195
Summary	197
Case studies	198
Las Vegas, Nevada, USA	198
Whistler, BC, Canada	202
Questions	204
References	204
8 Environment and site management	207
Introduction	207
Sustainability for resorts	209
Applying sustainable development principles	213
Alternative management options	223
Conflicting demands and land uses	227
Product design	229
Summary	235
Case studies	236
Walt Disney World, Florida, USA	236
Kingfisher Bay Resort, Queensland, Australia	240
Questions	242
References	242
9 Community and housing relationships	246
Introduction	246
Tourism as an agent of change	248
Collaboration	251

	Mutual education	254
	Local entrepreneurship	257
	Housing types	258
	Summary	267
	Case studies	267
	Housing market failure responses	267
	Whistler, Canada	269
	Questions	271
	References	271
10	Human relations practices	274
	Introduction	274
	Labour shortage	275
	Stress	277
	Turnover	279
	Flexibility	282
	Empowerment/enfranchisement	284
	Quality service and total quality management	287
	Summary	292
	Case studies	293
	Employee turnover in isolated resorts, Australia	293
	The Ritz-Carlton Company, USA	294
	Questions	301
	References	301
 Part D Future directions		
11	Risk management	307
	Introduction	307
	General risk	308
	Security	310
	Adventure tourism	314
	Risk management	317
	Crisis management	322
	Sustainability crisis management	327
	Summary	333
	Case studies	335
	Indian Ocean Tsunami	335
	Hurricane season for Walt Disney World	337
	Questions	339
	References	340
	Index	343

List of tables

1.1	Analytical framework for resort management with a seniors market example	14
2.1	Indicators of stagnation and their potential relevance to the Gold Coast	57
3.1	Cruise line and resort brand positioning	85
3.2	Overview of cruising markets	86
4.1	Roompot development strategy units	110
6.1	Business volumes for HTB (1996–2003)	173
6.2	Financial statement for Grand Hotels Bad Ragaz, Switzerland 2003 and 2004	176
6.3	Activity profile for Grand Hotels Bad Ragaz, Switzerland 2003 and 2004	178
6.4	Wellness centre activity profile at Grand Hotels Bad Ragaz, Switzerland 2003 and 2004 visits	178
7.1	Development of a positioning plan	193
7.2	Seasonal visitation at Whistler, BC, Canada	203
8.1	Comparison of planning and entrepreneurial approaches	210
8.2	LAC planning process with the four functions of effective management	219
8.3	Varying levels of water usage between vacation and home sites	234
10.1	The contingencies of empowerment	286
10.2	Early results of Fairfield Inn's effort to enfranchise employees	288
10.3	Service characteristics for tourism/resort workers	290
11.1	Rising adventure tourism insurance claims	315
11.2	Strategic management for tourism crises	324
11.3	Development of natural catastrophes and economic losses (in US\$ billion, 2003 values)	329

List of figures

1.1	The early resort destination of Spa, Belgium	20
1.2	Early resort hotels of Waikiki, Hawaii	24
2.1	Environmental scanning structure	43
2.2	A model of sustainable tourism values and principles	48
2.3	Gold Coast resort destination, Queensland, Australia	55
3.1	Butlins Resort, Bognor Regis, England	82
4.1	Seasonality factors for tourism	94
4.2	Management strategic for seasonality	95
4.3	Kusatsu hot springs and summer festival	101
4.4	Hyatt Regency Coolum, Australia	105
4.5	The Wickaninnish Inn, BC, Canada	107
5.1	Heritage tours and markers in Waikiki, Hawaii	126
5.2	Various governance patterns within the world's ski resorts	134
6.1	Resort planning process	144
6.2	Phases of the resort development process	146
6.3	The destination zone concept	153
6.4	Huis ten Bosch theme resort, Japan	172
6.5	Grand Hotels Bad Ragaz, Switzerland	175
6.6	Organizational structure of Grand Hotels Bad Ragaz, Switzerland	177
7.1	Components of the destination image	183
7.2	Levels of place marketing	184
7.3	Spectacular Las Vegas	201
7.4	Summertime in Whistler, British Columbia, Canada	202
8.1	The carrying capacity web	215
8.2	Growth management planning issues	225
8.3	Value fan for winter sports destinations	226
8.4	Walt Disney World Resort (USA), beyond the theme parks	239
8.5	Kingfisher Bay Resort's (Australia) ecotourism message and attractions	241
9.1	Ecological model of community tourism planning	250
11.1	Classifications of risk source	309
11.2	The three dimensions of adventure tourism risk	316



Part A

History and features of
resorts

1

Constants and changes in resort development

Introduction

Many people consider resorts represent the best of vacation experiences because the term is associated with luxury products and with destinations which cater specifically for the tourist. When tourists see the prefix 'resort' attached to a hotel the implication is they can expect superior facilities and service at that hotel. Likewise, when one visits a resort destination, it has been designed primarily for tourist needs rather than for general service and industrial purposes. It is the difference between Blackpool and London, and between Miami Beach and Miami. While the latter examples may receive more visitors in general, it is the former locations which have been designed to meet the needs of tourists and have been designated as resort destinations in marketing and the literature. Dictionary definitions

reflect this strong association between resorts and vacation travel with reference to places frequently visited, especially for vacations, rest or relaxation and cures.

Resorts have been a feature of travel and tourism for a long time. Their origins can be traced back to Roman times when the concept spread throughout Europe in the wake of their conquering legions. From the simple origins of public baths and restorative mineral springs their typical structure became 'an atrium surrounded by recreational and sporting amenities, restaurants, rooms, and shops' (Mill, 2001: 4). In short, this structure forms the basic model of a modern resort. For example, a resort is often designed to emphasize a core activity, be it a beach, a golf course or a heritage site, and to support that with key accommodation, restaurants and retail opportunities.

Since these early days of resort development its popularity has waxed and waned; but it has survived the changing times by adjusting to suit new tastes and conditions, to become a new force in today's relatively stable and prosperous times. Early on the original health purpose of resorts was supplemented and eventually overtaken by social and political motivations, as exemplified by the resurrection of the hot springs at Bath, England which became an important part of the English royal court circuit in the seventeenth century. This pattern was followed in the 'New World' by the railways, using hot spring resorts in the wilderness national parks to draw the wealthy and privileged westward, as in the case of Canadian Pacific's (now Fairmont Hotels) Banff Springs Hotel in Alberta, Canada.

Today, similar grand and enticing resort concepts are being developed by corporate entities to appeal to the wealthy populations of industrial societies and to develop the hinterlands of industrial-urban regions in Europe, North America and Asia. Clifford (2003) has noted the corporate development of ski resorts in North America, which has been partly a response to demographic changes and partly an attempt to create new products, such as the ski villages and associated second homes in the mountain regions. He notes that one of the three big corporations in the vanguard of such changes is already looking to the future, with Intrawest turning its attention to warm-weather destinations and golf resorts for the aging baby-boomers (Clifford, 2003: 222). This type of strategic planning is occurring in the Gulf States, where several major luxury integrated resort complexes have been built or are under construction to assist them in diversifying their economies.

An example of this trend is the US\$2.9 billion Emirates Palace in Abu Dhabi, where:

Although it has fewer than 400 rooms, the hotel features 128 kitchens and pantries, 1002 custom-made Swarovski crystal chandeliers . . . a layout so sprawling staff will soon be equipped with golf carts to navigate the corridors, 'some of them are over a kilometre long' . . . room prices range from a modest US\$608 a night to US\$12,608 (subject to a 20 per cent service charge).

(Pohl, 2005: 12)

It is not only the wealthy who now enjoy the benefits of resorts, for the growth of industry and commerce has brought such delights within the reach of the masses. They have either followed the past elite to their secluded 'hide-away' resort retreats as exemplified by the development of Brighton around the Prince of Wales' Brighton Pavilion; or they have stimulated the building of their own style of mass resort, as in the case of seaside resorts like Australia's Gold Coast or the gambling resorts like Las Vegas, and even combining the two interests in Atlantic City.

The spreading of the resort market to the masses can be seen in the historical development of Waikiki on the island of Oahu in Hawaii. Prior to the 1960s Waikiki was a small beach oriented destination, with a few major luxury hotels catering primarily to wealthy American tourists. These tourists had travelled to the island over several days via passenger liner and chose to linger in this tropical paradise for several weeks or months. Its relative inaccessibility with its slow and expensive transport link made this resort an upscale and elite destination until the advent of the commercial jet airliner. Then Waikiki became available to anyone who could afford an airline ticket, could handle a few hours flying time, and who wanted a short annual vacation.

Although there has been a steady evolution of the resort concept there have been constants within the changes over the past centuries. These constants often represent continuations of the original model developed by the Romans, and it is these constants that have helped to maintain the resort as a particularly sustainable form of tourism product and activity.

Academic interest

Despite this track record of successful adjustment over the centuries the study of this particular phenomenon has generated only a modest level of interest among tourism academics – even in this era of supposed attention

to sustainability! A major reason is the ubiquity of resorts, which has helped camouflage their individual characteristics within the domain of tourism and hospitality studies. Resorts occur over a wide range of locations and in many functional forms, so their study has often been subsumed under other topics and approaches. In the process this approach has minimized or overlooked resorts' particular needs and market differentiation, because these have been incorporated into larger-scale enquiries and more general discussion. While there is a natural broad interface between the issues found in resort domains and those examined in other areas of tourism research, some feel that resorts deserve to be studied in their own right – because they are an identifiable subset of the tourism market with their own needs and issues.

Included amongst those who feel resorts should be examined on their own merits are Inskip, Gee and Mill, each of whom makes a case for paying special attention to resorts due to some distinctive differentiating factors. If we examine their thoughts in chronological order we find some characteristics that can be identified as specific resort characteristics.

Inskip (1991) states particularly well-designed resorts can become attractions in themselves and he devotes a chapter to 'planning tourist resorts' under the umbrella of community tourism. Within this framework he emphasizes two factors:

- *Resorts are a business:* They need to start their planning with a market analysis and demand assessment, which should then be matched with a product assessment of how well the proposed area can match expected market demand.
- *Community relations:* Need to be considered carefully if there is a resident population living on or near the resort site, because of positive and negative impacts from such a development.

Gee (1996: 14–21) considers resorts differ from other sorts of tourism destination in that they:

- cater primarily to vacation and pleasure markets;
- the average length of stay is longer, so hotel rooms need to be larger and better equipped;
- because most resorts are isolated they must be self-contained;
- the recreational bias of resorts makes them highly seasonal;
- resort management must be 'visible management', that is everyone 'must be infused with the idea of total hospitality, warm relationships, and unstinting round-the-clock service to guests'.

Mill (2001: xv) considers resorts have a combination of elements that make them distinctive. These are:

- the recreation attractions that draw guests to the resort;
- activities to occupy the guests during their stay.

Within these descriptors of resorts and their management needs certain *commonalities* can be identified. Resorts are distinctive in that they:

- *Are established as tourism businesses:* When they are planned and financed it is with the specific intent of creating an attraction that will draw visitors.
- *Convert visitors into guests:* To make a profit and long-term success of the business most resorts must convince enough visitors to become overnight guests. The exceptions are those resorts focussing on a local day-trip market.
- *Attempt to hold their guests on-site:* By providing a critical mass of activities – in addition to the accommodation there must be sufficient attractions and activities to keep the guests occupied during the day and night.
- *Attract guests and hold them with superior quality facilities:* To keep the guests on-site these attractions and activities need to be of the highest quality.
- *Cosset guests with superior service:* To complement the quality facilities and to obtain the most from the experience for the guest and the resort, the resort needs quality staff who can deliver superior service.

Such descriptions of the resort structure and management approach are considered sufficient by the quoted references and this author to distinguish resort management from other forms of tourism management. It involves a pre-planned business approach that emphasizes value. It does not mean every resort needs to be an up-market affair, what it does mean is that every resort from budget to luxury must offer a guaranteed special experience that provides value for the price paid and will convert guests into repeat customers and goodwill ambassadors.

Resort management analysis

If one is going to study a phenomenon such as resorts, with the goal of providing useful management information to the business at hand and its host community in general, one appropriate analytical approach would be to use classical scientific enquiry. This involves three stages. First, the *description and classification* of a research topic – in this case the resort.

Second, attempts to explain what is happening and why, within the resorts themselves and in terms of their external relations with the host community. Finally, to combine the first two stages into an ability to *predict future outcomes and behaviour*. This for many is the ultimate goal of science, and provides the direction that resort communities and individual business operators within them are seeking. At this point in resort management analysis most would claim we are at the explanation stage, attempting to understand the internal and external forces that are moulding current resort patterns.

This book will use the scientific approach to identify business issues and management strategies that can help to create healthy and attractive resorts. To maintain resort sustainability in economic, social and environmental terms will require more work in all three stages, since society and the tourism industry is continually evolving. As we shall see in the last chapter even the concept of sustainability needs to be re-examined if current ecological balances come under threat from global warming.

Descriptions and definitions

To start with the first stage involves a discussion of and decision on terms and definitions. As is common in leisure industry research and many areas of social science we find that resorts have several definitions. A review of the following academic descriptions and definitions, again in chronological order, illustrate the variety of features and functions of the resort business, but hidden within them are some fundamental consistencies:

Pearce (1987: 167): 'A spectrum of resorts exists, ranging from those with a wholly tourist function to those where a significant amount of tourist activity occurs alongside a variety of other urban functions'.

Krippendorf (1987: 70–71): 'Self-sufficient holiday complexes, designed and run on the basis of careful motivation studies as enclaves for holiday makers'.

Ayala (1991: 571): 'There is a growing number of self-contained, international resort hotels, master planned with an ambitious goal of captivating the guests and giving them no reason to leave the hotel'.

Gee (1996: 22): 'The resort concept is accomplished through the provision of quality accommodations, food and beverages, entertainment, recreational facilities, health amenities, pleasant and restful surroundings, and most important, an extremely high level of service delivered in a friendly and personalised manner'.

Huffadine (1999: 1): ‘Traditionally, resorts have been places to make social contacts, attend social occasions, and improve health and fitness’.

Prideaux (2000: 227): ‘Put simply, the resort market is the location where goods and services are produced and sold. The market can be viewed from a number of perspectives such as the demand-side, supply-side and at the point where equilibrium occurs’.

Ernst and Young (2003: 4): A resort is ‘tourist accommodation catering primarily to leisure travelers, providing a range of recreational facilities and differentiated by experiential qualities in the context of a particular regional destination’.

Within these varied descriptions of resorts several consistencies emerge that help to distinguish resorts from other forms of tourism. *First*, there is confirmation of the business focus of resorts in the vast majority of the definitions. *Second*, the business focus is one that emphasizes capturing and holding guests. *Third*, an important part of that business process is to satisfy guest expectations with outstanding facilities and service. *Fourth*, these facilities and services are designed to enhance the visitors’ experience with the resort’s prime attribute or activity. *Fifth*, the scale of resorts can vary from an individual establishment to an urban destination, and this will impact the level of control business operators can apply to the resort’s development.

With the business emphasis of this book and the desire to develop management strategies that can benefit both the resort business and surrounding host destination the above descriptions and definitions of a resort can be reduced to the following key components, to provide the following definition of resort management:

A resort is a planned vacation business that is designed to attract, hold and satisfy its guests so they become repeat visitors and/or good-will ambassadors. To achieve these objectives requires a management strategy that can operate at a variety of scales and with a selection of target markets, but its constant must be the creation of a valued experience.

Explanation

To achieve the above description and definition of a resort, management will need to examine the social science, environmental and business literature that has attempted to explain what is happening to resorts. There

are several key management considerations that have been discussed in this literature or have arisen from practical experience, these include:

- *Capture through differentiation:* If a resort is to capture rather than simply attract it must have something significant to draw the visitor and then turn them into a guest, by engaging them in an experiential association that leads to some form of revenue generating activity. Given the wide range of tourist interests and intense competition in today's global tourism market this magnetic attraction needs to be outstanding, and has led to a strong emphasis on Porter's (1980) 'differentiation' and 'segmentation' focus in his competitive analysis strategy. This has resulted in resorts emphasizing their core features, be it snow or beach, health and wellness centres, gambling, sport or a gastronomy emphasis.
- *Attempt to be self-contained:* By providing a sufficient critical mass of activities, attractions and accommodation to keep guests engaged for the whole extent of their stay and their expenditures within the corporate business. This is one of the big lessons that Walt Disney learned from his original foray into theme parks. His initial Disneyland theme park in California was just an attraction at first, until Disney recognized that much of his visitor expenditure was being captured by local hotels and restaurants; so he added and connected the Disney Hotel to his Anaheim theme park to tap into that lucrative aspect of the market (Bryman, 1995). The effect of this lesson can be seen in Walt Disney's subsequent development plans for the Walt Disney World Resort in Florida. Now the theme parks within this resort complex are viewed as the principal attraction to draw guests, who would now be accommodated in Disney or leased hotels on-site, and their extra interests accommodated through a variety of sport or other activities also available within the huge Walt Disney World grounds. If a guest insists on visiting the outside world during their stay the resort attempts to arrange such forays through its own booking and transport facilities. After all the guest came to stay with them, so they should receive some benefit from these local excursions.
- *Deliver fabulous facilities and super service:* To hold the guest within the resort requires quality in addition to a critical mass of activities. The core attractions are expected to include the latest technical advances in their field, and to be staffed by experts – at times by some outstanding 'professionals – instructors'. The hotel rooms should be bigger and better equipped than those in downtown hotels because the guests are expected to spend more time in them compared with the business traveller, who often dominates the city accommodation market. The

service should be spectacular, since staff have the opportunity to get to know guests and how to cater to all their needs – even to the point of offering advice regarding local activities and sights, and increasingly about local gastronomic delights.

- *Determine the appropriate target market scales:* Different target markets will lead to different scales and complexities of operation (Prideaux, 2000). Resorts dependent primarily on a *local market* will need to emphasize local recreational day-use activities, with convenient access to local urban areas. There is still room for these types of resorts, even in the ultra-competitive global market conditions of today. Clifford (2003: 216–240) describes in his book on the North American ski industry the potential for small ski hills to compete with the mega-corporations by emphasizing community control, the spirit of skiing and more affordability. Resorts serving a *regional market* will need to supply more substantial and possibly more challenging recreational activities that will encourage short stays and therefore require the provision of accommodation and entertainment options. Resorts serving *national or international markets* will need to supply a larger critical mass of attractions and activities, that are not only of the highest quality but are competitive on a global basis. Such has been the development of the Whistler – Blackcomb international ski resort in Canada, the Port Douglas international resorts and attraction of the Great Barrier Reef in Australia, and Las Vegas in the USA. As in all hierarchies there are far more local and regional resorts than in the last category, but it is the national/international resorts that have received the most extensive promotion and have captured global attention.
- *Range of resort operation scales:* It is apparent that resort management can and should operate at a variety of scales. At the *micro-scale* of a single facility, a ‘resort hotel’ needs to encompass internal activities that will hold its guests all day and in combination with quality rooms, gastronomic opportunities and entertainment provide no reason to leave the establishment. A traditional example of this would be the Hotel Badehof resort hotel in Tokyo, where an elaborate series of pools and spa facilities involving waters from a local hot spring provide a relaxing respite from the pressures of working and living in such a bustling metropolis (www.badehof-q.co.jp). At the *meso-scale* of an integrated resort complex, where several hotels and ancillary functions support the prime function and differentiator of the resort, the component parts should work together to hold and satisfy the guests within the complex. An example of this would be Daydream Island Resort on one of the Whitsunday Islands off the east coast of

Australia (www.daydreamisland.com). At the *macro-scale* of a resort destination, such as Las Vegas, all the above considerations are in play, but within the broader context of a multi-purpose community with multiple planning and development goals (www.visitlasvegas.com). In this situation the resort facilities and business are still important to the local community, as outlined in Pearce's definition, but they are part of a larger economic base and wider community aspirations. So more collaborative strategic planning is called for, to unite the various community stakeholder groups behind a consensus development strategy.

- *Varying Levels of Control:* As the scale of resort development increases from a single facility to an urban destination the business operators have to share their degree of control. This is reflected in the environmental scanning process (Bourgeois, 1980; Daft et al., 1992) and the planning collaboration (Murphy and Murphy, 2004). Environmental scanning reveals the level of control is highest, but not absolute, within the confines of individual business units; and weakens as the scale of influence increases to a destination or national level. When resort operators need to consider the business ramifications of operating with others in the destination or national market it often leads to collaboration and partnerships as individual businesses attempt to sell the destination first and their particular business second in order to prosper.

Forecasting and prediction

All resort operations will need to consider their future returns on investment (ROI) if they are ever to recoup the extensive capital investments that are involved in establishing the distinctive resort features outlined above. They will need to predict future trends in consumer preferences and spending patterns. Such considerations of present and future development situations will involve both their internal business environment, the external physical and social environment of their host community, and global trends. For those resort destinations with a strong community base there will need to be a more collaborative approach regarding strategic management, including the use of participatory models and consultative processes (Bramwell and Lane, 2000)

Many resorts in the past have been swept up in the dream of creating something special without the constraints of careful analysis and forecasting. A Tourism Task Force report (Ernst and Young, 2003: 4) on Australia's resort situation stated 'Despite the growth of domestic and international tourism in the last two decades, resorts in Australia have performed poorly from a profitability and investment perspective'. Such

experiences are common around the world, and need to be addressed if resorts are to continue to provide their unique contribution to tourism's array of options.

For example, the rapid expansion of North American ski resorts over the past few decades has been questioned in terms of its sustainability. Clifford (2003) forecasts the demise of current corporate ski resorts because they have attached their growth philosophy and operational designs to a single demographic cohort – the post-World War II baby-boomers. This group and those serving their interests have benefited from the most sustained period of economic expansion in recent times and from significant inherited wealth that has enabled them to fulfil recreational fantasies and to buy expensive second homes in their selected resort destinations.

The emphasis of this book is to use a scientific analysis approach to guide resort management to a continued sustainable development future in very challenging competitive circumstances. To achieve this objective a paradigm or framework is offered to guide the process from analysis and theory to practical management considerations, as outlined in Table 1.1. This uses the business emphasis of resort management to first describe the key features of resort management, followed by the various types of explanation that currently support those key features and finally by predicting possible future outcomes.

Resort management framework

Table 1.1 presents a framework by which resorts of all sizes and emphases can examine their management requirements. The columns start with a *description and definition* of the term resort management. Given the business emphasis of this book the earlier definition of resort management on p. 9 will be adopted. At all scales and standards it will involve the need to attract, hold and satisfy guests by creating a valued experience.

This is followed by the need for *explanation* of a resort's current development using a variety of sources and approaches. One key to understanding resort development patterns is their exposure to external forces as well as internal and local conditions, which is portrayed in the structure of this book. Part B examines external challenges while Part C investigates internal challenges and strategies. The external forces shape the market opportunities for resorts and, while beyond the direct control of resort management, need to be monitored and understood for resorts to make the best of the situation. Internal challenges and strategies are ways in

Table 1.1 Analytical framework for resort management with a seniors market example

<i>Description and definition</i>	<i>Explanation (external and internal challenges)</i>	<i>Prediction (risk management)</i>
Attract	<ul style="list-style-type: none"> ■ Competitive market ■ Differentiate ■ Branding 	<ul style="list-style-type: none"> ■ Health and wellness ■ Light exercise and recreation ■ Second or retirement homes.
Hold	<ul style="list-style-type: none"> ■ Attractive setting ■ Critical mass of activities ■ Supportive staff 	<ul style="list-style-type: none"> ■ Independent to dependency ■ Flexible delivery ■ Security
Satisfy	<ul style="list-style-type: none"> ■ Skilled staff ■ Service profit chain ■ Value creation 	<ul style="list-style-type: none"> ■ Caring service ■ Rest home component ■ Hospital links

which resort management can respond to external forces and develop specific strategies to take advantage of opportunities in the external environment. Just as Billy Butlin did with his original resort camp product, which was designed to meet the anticipated holiday needs of rising numbers of British workers who were receiving paid annual leave for the first time.

The resort sector's future involves a *prediction* of what future guests will want and what the environment and society will permit. This becomes the realm of forecasting, extrapolating present patterns into the future, combined with a mix of conjecture regarding what directions the future will take. Since all business involves risk and risk increases with the unknown, this matrix and book introduces risk management as an ideal way to approach the future, as shown in Part D.

Risk is viewed in three ways. The normal business risk, that the interpretation of market analyses and associated feasibility studies is correct. The litigation risk, that the product development and duty of care are sufficient in this era of increased liability. We are now in a social environment where many individuals fail to accept any personal responsibility for their actions and seek redress for their pain and suffering by suing others. The third form of risk is that the world is becoming a different place in which to conduct business. This involves increased knowledge of crisis

management, which shows up not just in the courts but through increased evidence of global warming and climate change. If the recent Inter-governmental Panel on Climate Change reports are correct, humans are ‘very likely’ to blame and should set about repairing this situation. It will mean that resort management needs to add this new worry to its existing problems of natural hazards such as earthquakes and cyclones, and play its part in reducing carbon emissions.

A good way to demonstrate the applicability of such an analytical framework in resort situations is to examine a specific question. This is illustrated by examining the framework’s relevance to a common challenge and opportunity for many resorts now and in the near future – the emerging seniors market.

Resort management analysis: seniors market

Accepting the proposition that demography represents our destiny to a large degree, the example in Table 1.1 focuses on one factor that is expected to influence resort futures and is susceptible to management influence, namely the growing significance of our seniors market. The electronic newsletter *Travel Impact Newswire* reports on ‘The Impact of Demographic Change’ in one of its issues. One story relates to a Mastercard Insights Report on Japan’s older women – the ‘silver aristocrats’. Japan is at the forefront of aging societies and its older women have become ‘a powerful and important segment, expected to command some US\$313 billion of spending power by 2013’ (Travel Impact Newswire, 2005: 6). It goes on to say:

A whole new industry has come into existence catering for their special needs (including health spas, continuing education centers, and amateur associations dedicated to the pursuit of a wide variety of hobbies and interests). Demand for consumer goods and products tend to have a low threshold, whereas demand for services could expand virtually indefinitely as long as consumers are provided with new and satisfying experiences. The growth of demand for services will be limited only by businesses’ ability to innovate.

Resorts are well placed to become a part of such business practice and innovation.

To *attract* guests in the today’s highly *competitive market* all resorts need to stand out by *differentiating* themselves from their competitors.

Many are attempting to do this by applying competitive advantage principles and through *branding* to increase their top of mind awareness amongst consumers. We can already see movement in these directions for the seniors market.

There is a strong expectation that *health and wellness* will be a major feature of the senior's market, and that such interest will not be confined to the traditional hot springs resorts. For example, the Daydream Island resort in Australia's Whitsunday islands has resurrected itself around a wellness theme in order to differentiate itself from nearby competitors. In addition to the health facilities seniors will be tempted by the *light exercise and recreation* opportunities provided by many resorts, particularly the golf and swimming pool facilities, and by the healthy menu creations emerging from the various kitchens. Some guests will be so pleased with their pampered body servicing they will be tempted to repeat their visit or even to relocate to the resort. More resorts are accommodating such thoughts with the building of *second or retirement homes*, which in many cases provide them with the sort of cash flow they need to maintain or enhance the facilities they provide.

To *hold* seniors, resorts need to provide *attractive settings* because they have the time to observe and comment. In some cases the natural environment will be an integral part of the resort's product, in others it will function as a backdrop; but in all cases it must be healthy and attractive in appearance. The resorts will need to provide a sufficient '*critical mass*' of activities. Critical in the sense of quantity, that there are enough different things to do to hold seniors with their various interests and physical abilities. Critical in the sense of quality, that the facilities and activities on offer are all top quality because the seniors are experienced and critical consumers. There is an increased emphasis in many resorts on learning new skills and more about the resort area's heritage and culture. To help the setting and facilities function to their full potential there needs to be a trained and motivated *support staff*, who will help the seniors derive the most from their experience.

To hold the senior guests in the future may well require resorts to become combination leisure and retirement centres, because it is anticipated that the retirement years for many will extend to 20 years or more, and during that period their physical and mental faculties can be expected to slowly deteriorate. Under those circumstances the guest will pass from a state of *active independence* to one of *dependency* on others, and may well need to move to different forms of housing and activity within the

resort. This will require greater *flexibility* on the part of resort facilities and the presence of increased *security*, which will need to include internal unit monitoring as well as the usual external controls.

To *satisfy* the seniors market will require quality service, one that builds on super service, to include watchfulness and companionship in later years. Staff will need to be *skilled* in both the technical and personal components of their positions. Heskett et al. (1997: 11) state:

service profit chain thinking maintains that there are direct and strong relationships between profit; growth; customer loyalty; customer satisfaction; the *value* of goods and services delivered to customers; and employee capability, satisfaction, loyalty and productivity.

Future seniors can expect to spend longer in retirement than preceding generations, and some resorts are developing *quasi-rest home areas* within their grounds. They will offer the full range of resort facilities for healthy independent retired couples who can mingle with other and younger guests, plus more specialized facilities and smaller units to those who become widowed or who encounter poor health. These specialized units will be located in quieter areas, often attached to a central socializing area, and have features such as safety bars in the bathroom, emergency call buttons and 24 hour nursing assistance on call. Such resort facilities are starting to appear along the Sunshine Coast of Queensland, Australia's prime retirement state, and in parts of Asia such as Thailand. In addition these types of resort are establishing *links with local hospitals* for their elderly guests who may need attention at short notice.

Like all demographically driven scenarios the seniors market future for resorts outlined in Table 1.1 is already underway. Several of the case studies in this book will illustrate various features of the table's predictions. However, it should be appreciated that this is only one of several market segment opportunities that resorts will face in the future, so several alternative or complementary futures should be studied and managed using the classic scientific enquiry method and proffered matrix analysis.

Summary and book structure

This chapter has shown that resort management is a distinctive part of general tourism management, with its defining feature being the creation of a business model designed to attract, hold and satisfy its guests. The very use of the term 'guest' over that of consumer or visitor implies that resorts are something special, something that goes out of its way to please

its customers. Focus on the quality of technical facilities and personal service ensures an emphasis on value, but as in all cases it must be directed at appropriate and appreciative market segments. To provide the type of special experience that would attract guests to a resort requires a considerable and long-term investment, so a major challenge facing resorts revolves around the concept of sustainability – the need to develop a profitable conjunction of economic, social and environmental dimensions over an extended period.

The remainder of the book illustrates how the business of resort management can be examined using the type of analysis outlined above with regard to the future seniors market. Part B demonstrates the importance of using management theories and techniques to monitor and respond to the external forces which can have such a strong influence on the future success of resorts. Part C then focuses on internal aspects of the resort operation, where management decisions have a more direct impact on meeting the needs of guests and other stakeholders. Both of these parts attempt to explain what is happening to current resort business using selected theories and literature examples, but the goal of scientific analysis is to predict what will happen in the future and the best way to prepare for it. This author is no clairvoyant but being a positivist he believes in a stochastic approach to the future, where our options are ruled by probabilities. Hence, Part D looks into the future through the medium of risk management. It acknowledges that all business involves an element of risk, that some of that risk has already been recognized and quantified in terms of financial and liability matters; but other factors like global warming and climate change may be changing the ground rules for everyone and could represent the biggest challenge to a continuing sustainable long-term resort sector.

At the end of each chapter some case studies are offered based on the author's visit and interview or literature accounts. The purpose of these cases is to offer illustrations of how specific resorts around the world are tackling some of the issues raised in the associated chapters. Some of the resorts are large and internationally recognized benchmark operations, others are less well known primarily because they are smaller operations, but in their own way they have developed some thoughtful and successful responses to the challenges of operating a modern resort. At the very end of each chapter several questions have been put forward to stimulate further thought. Some may have a fairly obvious answer, but others are questions that continue to tease the resort sector and this author, because there is no apparent simple answer; and if you can come up with one you are on your way to making your mark in this field.

Case studies

Spa, Belgium

The town of Spa, nestled on the edge of the Ardennes region of Wallonia, Belgium is the origin of the current term 'spa', which signifies a health resort associated with a mineral water spring. The town of Spa's various mineral springs were appreciated and developed by the Romans, but its rise to prominence did not come about until the eighteenth century and lasted through to World War I, when it became Kaiser William's general headquarters for the western front. Over that extensive time period we can see its evolution was determined by a combination of natural endowment and political forces, but since then this resort community has had to re-invent itself in the face of growing competition and increased consumer options.

Despite Spa's early start with the Romans, and the arrival of celebrity guests at certain periods, like Peter the Great of Russia and his successful convalescence, the town did not emerge as a major resort destination until the eighteenth century when certain external political factors came into play. These involved the Prince-Bishop of Liege, who built on the principality's reputation for neutrality and safety by encouraging the building of Europe's first casinos – the Redoute (café where people play) and the Waux-Hall. In return the Prince-Bishop received a handsome share of the profits for the casinos' exclusive privilege of organizing public balls, festivities and gambling games. With this development the mineral springs were now combined with entertainment, which made it an attractive package for the wealthy and influential of Europe. Over this boom period it is estimated Spa drew 600 to 1200 people a year, plus their retinues, leading the town to receive the title 'Café de l'Europe' (Figure 1.1).

Over this boom period many significant buildings were constructed and customs were created. Major buildings were erected over individual springs; substantial private homes were built to accommodate the aristocracy and nobility; public facilities were built to encourage gatherings and to provide green space for healthy exercise. Combined with this construction was the growth of peripheral activities, such as the souvenir business. Some of the early mementoes were small and attractively decorated wooden boxes, made by local craftsmen from the wood of the nearby Ardennes forests. One particular local box was in the form of a tube and was designed to hold 'billet-doux' (love-letters) which fanned the romantic assignations that blossomed under such social circumstances.

After World War I, which decimated much of Belgium and brought an end to the traditional high society era, Spa had to re-invent itself in order



Figure 1.1 The early resort destination of Spa, Belgium.

to survive. An important element in this was a form of 'commodification' and 'democratization', in that the town started to export its mineral waters to the masses. In 1921 the Spa Monopole Company was created to bottle and export the local mineral waters and this has become a major business in the town. In the same year the Spa-Francorchamps racetrack was built for the fast developing innovation of the twentieth century – the car, and this track now hosts Belgium's annual Formula-1 race.

Since World War II, which fortunately spared the town, the appeal of spa therapy has widened to include more immersion, swimming and health treatments. In this regard, Spa replaced its old nineteenth century 'Thermes de Spa' with a modern and enlarged facility in 1997, set on top of a hill overlooking the town centre, to which it is linked by a funicular railway. The thermal centre and railway connection are a €14 million investment, and a French spa company 'Eurothermes' manages the operation. Spa and its new thermal centre are promoted as the 'pearl of the Ardennes', with its emphasis on water fitting nicely with the region's general cooperative advertising campaign of 'Ardennes Bleues' (Mawet, 2005).

Over time Spa's tourism market has changed, from the aristocracy to select mass markets. The town now focuses on the family and business markets, but there is also an important retirement market that helps to provide a year-round business. The family market is essentially a pleasure market, enjoying the thermal baths, the heritage, the spas and restaurants, the water activities, golf and of course the casino. The business market is both a seminar-conference market, which uses the modest conference facilities around the town, and an incentive travel market, providing small holiday packages as business rewards. Both of these markets tap the nearby areas of Germany and the Netherlands, in addition to Belgium and France, thanks to the good local freeway system.

Within this case one sees the constants and changes that can occur with a successful and sustainable resort destination. The principal constant is the appeal of the mineral waters, whose restorative powers have been appreciated over the centuries. Along with this physical attraction has developed an associated social pattern of behaviour. People cannot drink the water or stay in the waters all day, so it was imperative to develop a supplementary activity. Early socializing became transformed into formal entertainment and gambling, which is now supplemented by a wide range of recreational activities and special festivals.

Both of these consistencies have evolved over time, so that within them we can detect change. The major change has been a broadening of choice and a move to the mass market. In terms of health, instead of private or restricted springs Spa now has public facilities and instead of simple drinking or immersion there is a wide range of health and beauty procedures. In terms of socialization, there has been a build-up of supplementary recreation and support activities, a greater variety of accommodation, and more peripheral services. Most notable among these is the regional context in which Spa is now promoted. It is no longer sufficient to sell Spa alone, it needs to be sold as part of a distinctive regional package, one that can be enjoyed to the full by those who have their own cars or come on a tour. The regional package is seen as a way to encourage more visits and longer stays.

It is reassuring to return to one of the origins of resort development, to find it still recognizable as a resort destination and still earning a good livelihood from this same, but much changed, sector of the tourism industry. Naturally, it has experienced peaks and troughs as society's needs have changed, tourists' expectations have grown and it has been caught up in some major calamities which we call 'world wars'. Along the way it has had to re-invent itself; either by renovating and upgrading its period buildings to meet new standards and expectations, or by broadening its appeal with the addition of events like the Belgium Grand Prix Formula-1 race and combining with the region to present a combined attraction to more mobile tourists. But it has survived and evolved into a beautiful heritage centre in a scenic region. It now offers a tranquil oasis of health therapy within the frantic post-industrial age of Western Europe.

Waikiki, Hawaii, USA

The long-term evolution of a resort destination can provide several twists and turns, but there is always that combination of constancy and change, even if it is located in a very different part of the world from Spa and linked to another century. Such is the case of Hawaii's resort area of Waikiki, on the island of Oahu. This tropical paradise is a child of the twentieth century, which has grown and prospered due to the technological advances of that century, but it has been endangered also by the growing conformity of our global economy.

The isolation and relative expensiveness of Hawaii which would normally deter significant growth and development has not stopped it evolving into one of the world's major resort destinations, because it is the 'Aloha' state and is special to many people. Waikiki receives an average of 72 000 visitors a day, which represents 44 per cent of the state's total

visitors (State of Hawaii, 2003). About 43 per cent of Waikiki's visitors are international, but this statistical definition fails to take into account the US mainland visitors who to a large extent are sufficiently foreign and distant travellers to qualify as 'international visitors' to this part of their country. In 2002 Waikiki had an accommodation inventory of 31 717 units, most of them being full-service hotel rooms. 'Directly and indirectly, the small one-square-mile area of Waikiki can be associated with supporting about 11% of all civilian jobs in the state and 12% of state and local tax revenues' (State of Hawaii, 2003: 7).

When Waikiki started out as an international beach resort in the 1920s Honolulu was a popular destination for ocean liners plying the Pacific Ocean. These ships, small by today's standards, brought wealthy and influential visitors who looked forward to a long stay visit after a crossing of several days. Many were drawn to the Waikiki area, now a suburb of Honolulu, because of its attractive beach, the surf, its views of Diamond Head and its two luxury hotels – the Moana Surfrider and the Royal Hawaiian. The elegant style of this early resort environment can be seen in old photographs and posters and in today's Sheraton Moana Surfrider and Royal Hawaiian hotels which have been restored to their original glory (Figure 1.2).

The arrival of jet airliner travel changed everything and that can be seen most clearly in the spread of tourism throughout Oahu and the style of hotel that emerged in Waikiki after 1965 (McDonald, 1999). In addition to the island's natural attractions of the beach and surf, the cultural and heritage attractions around Oahu became more developed, such as the Polynesian Cultural Center on the north shore and the Battleship Arizona memorial in Pearl Harbour, which has recently been joined by the Battleship Missouri to symbolically mark the beginning and end of World War II for the USA. Entertainment started to focus on pop culture and was associated more with Hollywood's version of Hawaiian culture, as exemplified by the Elvis Presley films and some Hawaii-based television shows. As its popularity grew and customers changed new accommodation had to be built and international chains started to build fine resort hotels alongside Waikiki's sweeping beach, while nearby a local hotel company 'Outrigger' developed less expensive accommodation with more of an Hawaiian style and feel.

In the process of this development Waikiki followed Butler's (1980, 2006) Tourist Area Life Cycle curve, shifting from his 'exploration' stage to 'stagnation' or beyond according to some local observers. By the 1990s, some 25 plus years after the start of Waikiki's mass tourism,



Figure 1.2 Early resort hotels of Waikiki, Hawaii.

the resort destination was beginning to loose visitors and some considered it was starting to tip into the 'decline' phase of the Butler model. One such person is the past mayor of Honolulu, Jeremy Harris, who claims 'By the end of the '80s, tourism was already hurting. Waikiki the economic engine of the state was looking tired and run down' (Harris, 2004: 86). However, a study of resident attitudes by Sheldon and Abenoja (2001: 442) suggests 'residents have made the affirmative choice to live in Waikiki and (still) hold favorable attitudes towards tourism'. They conclude that a critical step to revitalizing Waikiki and any mature destination is to identify the local culture and sense of place and include the residents in such a process. This is exactly what has been happening in Waikiki.

In 1998 the state's Economic Revitalization Task Force recommended the establishment of a Joint Waikiki Task Force to focus attention on this area and to help restore its competitiveness in an increasingly competitive global market which was offering more and more tropical paradise destinations. The Joint Waikiki Task Force was created and viewed as a platform to enhance public and private investment and initiatives. The Waikiki Improvement Association is a public-private sector partnership, designed to 'keep Waikiki on the top of the S curve wave' according to its president Rick Egged (2005).

The Association started out by asking its members from the travel industry, supporting businesses, the community and public sector three key questions:

1. What would differentiate Waikiki from the growing number of similar destinations around the world?
2. Why did they think Waikiki is no longer an automatic 'top of mind' consideration by world travellers?
3. How are they going to ensure that whatever plans they made were going to be brought to life?

The answers to these important questions would have an impact on Waikiki's future as a sustainable long-term destination, one that could continue to draw visitors thousands of kilometres to its shores in the face of increasing travel costs, terrorism and growing competition.

The group's answer to the first question was that Hawaii has a distinctive culture and history in addition to the attractive environment and climate of a tropical paradise. The history of the Polynesian people's

arrival, their early struggles, their encounters with the Cook expeditions and later the American business barons, and more recently Hawaii's significant role in World War II and subsequent Asian conflicts has left a unique historic-cultural presence on these islands, and particularly on the central island of Oahu. One clear sign of this is the multi-racial composition of modern Hawaii's population, which is now a blend of American, Asian, Pacific and European people who now exceed the indigenous Polynesian population, where there has been much intermarriage leading to the delightful self-description of Hawaii as a 'chop suey' community. What fosters such an inclusive feel to these different groups who have migrated to the island is the Polynesians spirit of 'Aloha', a single word that symbolizes welcome and love. It is hard to describe the warmth of a Hawaiian welcome, especially from those of Polynesian descent, but in a service environment it transcends the standard greetings and service levels of most destinations. With this history and spirit the Waikiki Improvement Association felt it had a distinctive and unique base on which to build its future tourism.

Their answer to the second question was to raise the awareness of this cultural and historic sense of place in the minds of potential travellers. It was felt that local customs and history had become subsumed by the power of global business practices and the selectivity of the global media, both of which tended to favour standardization over local diversity. To restore the balance it was considered that the tourism product of Waikiki should stress the cultural and social features of Hawaii, rather than the standard American lifestyle that could be experienced back on the mainland and increasingly elsewhere around the globe. There are now cultural markers and regular heritage tours throughout Waikiki.

The answer to the third question was to start with a small and simple physical problem, before tackling the larger and more fundamental issues. By tackling something specific which upset a lot of people, locals and tourists, it was hoped that the positive and visible outcome would symbolize a new era of sustainable tourism planning and development had arrived. One of the obvious areas to start was to clean up the waterfront areas of Waikiki and to make it a more attractive area for walking. Now the sidewalks /footpaths have been enlarged and landscaped to provide a more appealing walking space and environment.

To achieve the above goals the Waikiki Improvement Association needed both internal consensus and outside support. It has managed to achieve this task and in the process released a local community energy