Turning competitors into customers: Factors to be satisfied in order to gain industry support from outside of a vertically integrated tourism value chain.

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Abstract

The tourism industry has undergone consolidation through vertical and horizontal integration. Despite this consolidation integrated companies require support from outside of the integrated value chain. Non-integrated supporters are conflicted as the integrated companies requiring support are often direct competitors.

The research methodology used to gather the required data was a qualitative research design. The 23 face-to-face interviews were conducted in South Africa, Germany and The United States of America at senior management level in non-integrated tourism organisations. Interviews were focused on the identification of factors which would cause or mitigate conflict, enhance trust and cooperation and would result in support of the integrated company. The questionnaire was designed and piloted by the researcher and the areas of importance identified through the literature were channel management, price, power, trust and cooperation.

Twelve factors were identified which would minimise conflict, enhance trust and cooperation and result in support when consistently displayed. It became evident was required by companies outside of the integrated value chain was the improvement of existing competitive positions, strong relationships with the integrated company along with openness in negotiations and communications. Lastly, the integrated company was expected to behave in an ethical manner with reputation and the quality of the experiences offered being important factors when deciding if support would be given.

Declaration

I declare that

Turning competitors into customers: Factors to be satisfied in order to gain industry support from outside of a vertically integrated tourism value chain

is my own, unaided work and that the sources I have used or quoted have been indicated and acknowledged by means of complete references. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University.

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List of Abbreviations

ASGISA	Accelerated and Shared Growth Initiative of South Africa
Destination	Physical accommodation, transport and services located within a country
GDP	Gross domestic product
IBTO	Inbound tour operator
OBTO	Outbound tour operator
RSA	Republic of South Africa
TA	Travel agent
UNWTO	United Nations World Tourism Organisation
USA	United States of America
Integrated Company	A company which is vertically or horizontally integrated
WTTC	World Travel and Tourism Council

Definition of Terms

Disintermediation	The pushing out of an established middleman from the market (Chircu and Kauffman, 1999)
Reintermediation	The establishing of middleman in the market (Anckar, 2003)
Integration	Is seen as the controlling of the resources and inputs into the business (Mpoyi, 2003)
Vertical integration	The change in an assets ownership between the relevant upstream and downstream managers where the profits accrue to a new owner (De Fontenay and Gans, 2005)
Channel management	Is the strategy employed by a firm to make its products offerings available through one or more channels (Coelho and Easingwood, 2004)
Reward power	The ability to reinforce behaviour by either rewarding positive consequences or removing negative ones (Rezabakhsh *et al*, 2003)
Coercive power	The ability to punish unwanted behaviour (Rezabakhsh *et al*, 2003)
Sanction power	Term used when reward and sanction power are combined
Legitimate power	Is based on internalised values and roles which prescribe that a more powerful actor has a legitimate right to influence the other party (Rezabakhsh *et al*, 2003)
Referent power	An actor serves as an object of identification for others as a consequence of respect and esteem (Rezabakhsh *et al*, 2003)
Expert power	One actors assumption that another actor is better informed (Rezabakhsh *et al*, 2003)

Trust	Exchanges which are delivered on as promised between the parties on a consistent basis (Romaniuk and Bogomolova, 2005; Omar and Williams, 2005)

1   INTRODUCTION TO RESEARCH PROBLEM

Most worldwide tourism takes place between the months of June through September of each year. The tourism industry is considered to be highly seasonal as the most popular months of travel are associated with developed countries' holiday periods namely school, religious and annual. Current statistics indicate that over 50 percent of the 800 million travellers' trips are recorded as leisure, recreation and holiday travel. The importance of tourism to sub-Saharan Africa is evident when it is taken into consideration that two point nine percent of worldwide tourists visit the region. This growth is set to continue at approximately nine percent a year and generate in the region of United States Dollars (USD) 14.5 billion in receipts (UNWTO, 2006).

The tourism sector in sub-Saharan Africa has been called a high growth industry, which by 2016, will offer approximately 10 566 million jobs or nearly seven percent of all the jobs in the region and contributing approximately eight point two percent of the regions Gross Domestic Product (GDP) (D'Angelo, 2007). To see the importance of tourism to South Africa one only needs to look at South African Government initiatives like the Accelerated and Shared Growth Initiative (ASGISA), where tourism has been identified as a key pillar and focus area in the governments commitment to halve unemployment and accelerate South Africa's economy (South Africa, 2005).

What are the forces currently influencing the tourism industry. The industry itself is undergoing structural changes due to disintermediation caused by the internet, acts of terrorism and increased competition (Wynne, C., Berthon, P.,

Pitt, L., Ewing, M. and Napoli, J, 2001; Coelho and Easingwood, 2004). The response by the industry to these challenges has been the vertical and horizontal integration of companies (integrated companies) in order to own more of the value chain. This enables integrated companies to control quality and bring economies of scale to areas of the business where margins are being reduced due to increased competition (Anckar, 2003; Law and Lau, 2004; Chemla, 2003).

Herein lays the challenge as integrated companies need support from non-integrated companies located outside of the integrated value chain, in order to achieve the economies of scale required (Mpoyi, 2003). This is due to the integrated companies' inability to fully utilise and fill each level of the integrated value chain (Fingleton, 1997; Bucklin, 1997 and Heavner, 2004). Conflict has occurred as companies outside of the integrated tourism value chain withholding business from integrated companies who are perceived as a threat and business is redirected into areas where non-integrated companies' feel they have allies. In addition shelf space is reduced as are the numbers of promotions for integrated companies products or services and the non-integrated companies push up the overall cost of products and services (Potzl, 2000).

1.1 Research problem

Wynne *el al*, (2001) described the traditional tourism value chain as consisting of the destination (including physical accommodation, transport and services);

inbound tour operators (IBTO), outbound tour operators (OBTO), travel agents (TA) and the tourist or consumer. This is visually depicted in Figure 1: Tourism value chain and industry structure; and has been adapted for use in this research context (Wynne *et al*, 2001).

Figure 1: Tourism value chain and industry structure
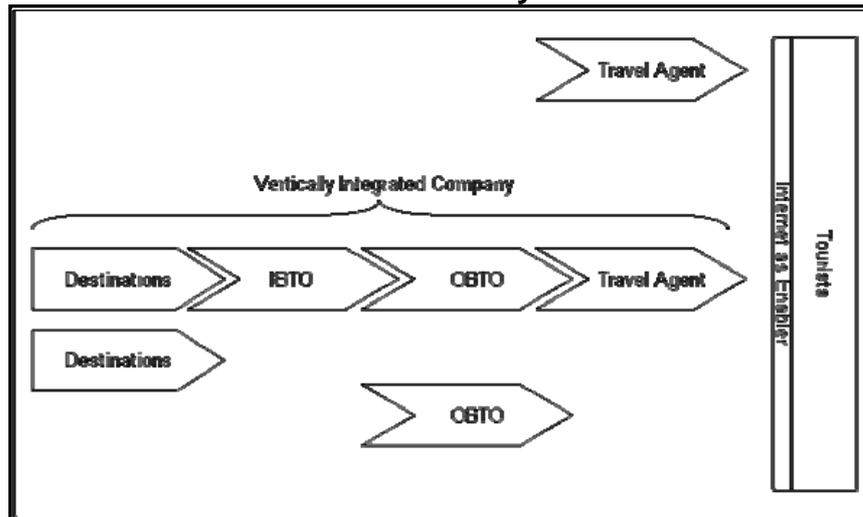
Buhalis (2000) showed that the OBTO and IBTO are powerful forces in the value chain and have a large influence in the destinations being supported as they hold large amounts of space, demand very specific terms, conditions and better rates. Conflict occurs once more as undue pressure is placed on the destination as the rates and allocations of space are often not negotiated with the best interest of all parties in mind. The latter is especially true in destinations which have high concentrations of product offering virtually unlimited choice. Destinations are able to mitigate a lot of IBTO and OBTO power if they are supported by a number of different IBTO and OBTO or if the market in which they operate is not overly concentrated with product.

1.1.1 A power shift

The influence of the internet on the tourism industry needs to be kept in mind. By using the world-wide-web effectively companies are able to operate out of any country and therefore ensure borderless operations. More itineraries are also being done over the internet with only the complex itineraries being left to the intermediaries to be fulfilled (Lewis and Talalayevsky, 1997; Wynne *et al*, 2000). The power has shifted away from the value chain, the TA in particular, and into the hands of the consumers, as they are able to gain access to a plethora of information on the destinations themselves; booking their holidays, hotels, flights and the like directly and bypassing levels of the value chain (Wynne *et al*, 2000; Anckar, 2003; Law and Lau, 2004; Lewis and Talalayevsky, 1997; Buhalis, 2000).

Wynne *et al* (2001) concedes that the role of the intermediary will not disappear altogether and the intermediaries will find ways in which to re-insert themselves in to the value chain (Lewis and Talalayevsky, 1997). With the consumer being able to access the entire value chain each level of the value chain becomes an imperfect substitute for other levels (Fingleton, 1997). The latter, combined with the amount of information available leads to a change in the industry structure and has resulted in a change in the nature of competition within the tourism industry (Coelho and Easingwood, 2004).

The disintermediation described has resulted in conflict at each level of the value chain as each level serves the same set of customers, causing businesses to compete both on price and with subsequent levels of the value chain reducing overall profitability (Coelho and Easingwood, 2004).

1.1.2 Consolidation in tourism

Keeping the previous in mind the tourism industry along with other industries and markets in today's global environment are also highly sensitive to violence and terrorist activities (Andrews, 1987). Events like September 11, 2001 caused a 34 percent decline in domestic travel within the United States of America (USA) alone; and a 23 percent decrease in international travel which resulting in substantial losses throughout the value chain. These worldwide losses were an estimated 559 000 jobs and a USD 51 billion decrease in spending on tourism (Blake & Sinclair, 2002). Tourism companies, realising their vulnerability, embarked on a drive to bring costs down within their operating environments through consolidation and integration (Anckar, 2003; Law and Lau, 2004; Chemla, 2003). This, combined with the widespread use of technology, has resulted in some intermediaries no longer being recognised as a cost effective distribution channel with vast numbers of companies openly seeking the support from more profitable, direct channels (Anckar, 2003; Law and Lau, 2004)

The South African tourism industry too has undergone large amounts of consolidation with large companies being represented in the full vertical value chain and are now also integrating horizontally (Tourvest, 2007).

1.1.3 Conflict

To gain the economies of scale needed, vertically integrated companies need to obtain support from other levels of the value chain, but as already noted

each level of the value chain is able to bypass other levels depending on the resources available to that business. The challenge for the integrated company is their inability to rely solely on business from within its own operations to generate the volumes required. This necessitates support from non-integrated companies outside of the integrated companies' value chain (De Fontenay and Gans, 2005).

Fingleton (1997), Bucklin (1997) and Heavner (2004) point to conflicts which arise as a result of the exertion of power and the resulting trust issues. These conflicts may be the reluctance to purchase from a competitor due to the same sets of customers being served, or the perception of being placed at a price disadvantage by the integrated company. Conflicts also occur around who owns the customer (Coelho and Easingwood, 2004; Heavner, 2004).

The key area of focus is therefore to assess how an integrated tourism company is able to engage with businesses outside of its own structure in order to garner support into its operation whilst at the same time minimising the conflict and building trust.

1.2 Aim of research

The aim of this research project is to identify factors or actions which can be implemented by integrated tourism companies in order to gain support from tourism companies located outside of the integrated tourism value chain.

These factors would be identified by focusing on tourism companies who specialise in the promotion of tourism to Africa.

1.3 Research objective

In order to achieve the aim of this research project the objectives were to:

- Identify areas of conflict around price and trust

- Identify the dominant forms of power used in the interactions between integrated and non-integrated companies

- Assess how cooperation can be facilitated between integrated and non-integrated companies

- Provide a list of key factors which would need to be consistently displayed by integrated tourism companies in order to garner support

1.3.1 Research questions

To achieve the aim and objectives the following research question was posed:

> *Which factors should an integrated tourism company consistently display in order to enhance trust, facilitate cooperation and thereby ensuring support from companies outside of its structure?*

1.3.2 Subsidiary research questions

To be able to answer the research question additional research questions were asked:

- Which types of power dominate the relationship between integrated and non-integrated companies?

- Is conflict minimised because the integrated company controls a scarce resource?

- Does support of an integrated company only occur when terms can be dictated by the non-integrated company?

- Does fairness on the part of the integrated company lead to the formation of trust and result in support?

- Does the formation of trust begin with the main contact in an integrated company?

- What are the types of cooperation which can be used and will result in decreased conflict?

1.3.3 Previous research

In January through May of 2007 a review was conducted of the peer reviewed journals on the Sabinet, ABI, Business Source Premier and Emerald databases. Approximately 60 journal articles of relevance were located which pertained to tourism, power, trust, cooperation, conflict theory, channel management and vertical integration. There was limited previous research which could be located that integrated all the main themes of interest pertaining to this research and tourism.

The main peer reviewed articles which were used for this research can be seen in Table 1: Journal article review.

The evidence from Table 1: Journal article overview; shows there is currently little international research or research within South African applicable to tourism, in particular tourism relating to Africa, and how support can be garnered from outside of an integrated tourism value chain.

Table 1: Journal article overview

Topic	Authors
Trust, Power and Control in Trans-Organizational Relations	Bachmann (2001)
Relationships in the Distribution Channel of Tourism: Conflicts between Hoteliers and Tour Operators in the Mediterranean Region	Buhalis (2000)
Downstream competition, foreclosure, and vertical integration	Chemla (2003)
Multiple Channel Systems in Services: Pros, Cons and Issues	Coelho & Easingwood (2004)
Vertical Integration in the Presence of Upstream Competition	Cooper, Froeb, O'Brian & Vita (2005)
Supplier relationship management: a framework for understanding managerial capacity and constraints	Cox, Lonsdale, Watson and Qiao (2003)
Stakeholder Learning Dialogues: How to Preserve Ethical Responsibility in Networks	Daboud & Carlton (2002)
Corporate reputation: What do consumers really care about?	Page and Fearn (2005)
Issues in Direct Channel Distribution: A Comparison of Selling via the Internet in the Airline Business and The FMCG industry	Potzl (2000)
Consumer Power: A comparison of the Old Economy and the Internet Economy	Rezabakhsh *et al* (2006)
Variation in brand trust scores	Romaniuk and Bogomolova (2005)

1.4 Motivation for research

The research is relevant within the South African and sub-Saharan tourism environment due to the current consolidation which is taking place within the high growth South Africa tourism industry and due to tourism being identified as a key area of focus for the South African government.

The problem appears to centre on the establishment of a mutually beneficial relationship between all the parties involved and which will not result in either the integrated and or non-integrated companies feeling compromised.

1.5 Research methodology

The research method chosen was exploratory in nature. By doing a qualitative study it allowed for a greater understanding of the problem based on words and observations (Zikmund, 2003).

The methodology chosen was seen to be the best suited to meet the previously stated research objectives; being the identification of specific factors which need to be consistently displayed in order to garner support from outside of a vertically integrated tourism value chain.

1.5.1 Data collection methods

In this research project the following data collection methods were utilised:

- Depth interview

- Observations

- Questionnaire

- Sampling

- Secondary data

The data obtained by the data collection methods were cross referenced to enhance consistency. During the course of the research word association and sentence completion was used in order to gauge the respondents' interpretation and understanding of the areas of focus (Zikmund, 2003).

It is recognised that each of these methods has their own particular strengths and weaknesses and by comparing the data collected from each method a more comprehensive result would be achieved.

1.5.2 Data collection instruments

Data was collected by the use of the following means:

- A review of the literature on tourism, channel management, price, power, cooperation and trust

- Depth interviews with senior tourism professionals of companies which are not integrated

- Questionnaire which collected basic demographic information on each of the respondents and which served as a guided during the course of the face-to-face interviews

2 THEORY AND LITREATURE REVIEW

2.1 Introduction

The areas of focus within the literature reviewed will be to explain terminology already introduced in the first chapter and a focus on the challenges and competitive characteristics of the tourism industry. In addition the aspects of power, trust and cooperation will be discussed.

This section begins with the defining of certain areas which have been covered but not defined in the previous chapter in order to facilitate understanding and contextualise the industry in which the research occurred.

2.2 The competitive dynamics of tourism

The competitive landscape is best discussed, analysed and understood using the framework put forward by Andrews, which incorporates Porters five forces model (1987). This will exclude the structure of the industry as this has been covered.

2.2.1 Technology

The influence of technology in the tourism industry needs to be understood from two aspects: the consumer and tourism businesses at various levels of the value chain.

2.2.1.1 The consumer:

Technology in the form of the internet allows the consumer to gain access to a plethora of information on destinations, product and services within the destinations and as highlighted previously has caused a power shift into the hands of the consumer and away from the tourism value chain (Buhalis, 2000).

2.2.1.2 The tourism businesses:

Technology has benefited tourism companies as each level of the value chain is able to gain access to both consumers and tightly guarded consumer information (Anckar, 2003).

In addition the implementation of technology through live booking and availability systems is creating value efficiencies which reduce costs and enhance consumer and channel relationships (Sultan & Rohm, 2004). The use of technology is seen as a source of competitive advantage because of the reduction in costs on the administration side of a business. It leads to efficiencies in quoting and increases the speed at which the confirmation of services can take place and is therefore considered an essential tool with which to improve the overall competitiveness of the tourism business (Sultan & Rohm, 2004; Tourvest, 2007; Wynne *et al*, 2000).

2.2.2 Industry

To fully understand the tourism industry one needs to understand its structure:

2.2.2.1 The Threat of New Entrants:

Barriers to entry are considered to be low. This is made possible because an individual with relatively small amounts of knowledge on the destination is able to set up a website and then choose an IBTO partner in the destination itself. In doing this the incumbent is able to gain access to product, competitive pricing, experience and the knowledge needed to compose expert itineraries. These new companies are usually home based and because of low overheads are able to be very competitive (Law & Lau, 2004; Martin, 2004; Lewis & Talalayevsky, 1997; Wynne *et al*, 2000). The additional competition generated results in lowered industry profits and little value being added as businesses start competing on price (Chemla, 2003).

2.3 Disintermediation

Disintermediation is defined by Chircu and Kauffman (1999) as the pushing out of an established middleman from the market. Lewis and Talalayevsky (1997) illustrate that as more information becomes available the higher the likelihood that disintermediation will occur which will result in changing industry structures (Coelho and Easingwood, 2004). The evidence suggests that the current value chain is essentially no longer the best or most profitable for the industry but is maintained because it is historical and because of the related people issues (Coelho and Easingwood, 2004). When disintermediation occurs channels are

transformed, bypassed or obliterated whilst at the same time allowing other forms of reintermediation by new or existing intermediaries (Anckar, 2003). The conflict caused by disintermediation is seen as a natural evolution of the industry as the participants in the value chain fight for a place therein (Coelho and Easingwood, 2004). In order to combat the influence of disintermediation tourism companies have integrated themselves vertically and horizontally.

2.4 Vertical integration

Integration (vertical or horizontal, forward or backward) in the services industry is seen as the controlling of the resources and inputs into the business (Mpoyi, 2003). De Fontenay and Gans (2005, p. 552) define vertical integration as the "change in [an] assets ownership between an upstream and downstream manager" where the profits from the asset accrue to a new owner.

As the levels of uncertainty in an industry increases, increased levels of integration occur (Mpoyi, 2004). De Fontenay and Gans (2005) state integration occurs from the more competitive segment into the less competitive, whether it is forward, backward or horizontally. Integration as a strategy is currently being employed by large Southern Africa players like Tourvest and the Cullinan Group (Tourvest, 2007; Cullinan (2007). The biggest players have invested in product offerings in the destination and is establishing or buying travel agents and or e-commerce capabilities to ensure a presence at each level of the value chain with the goal being to capture a larger portion of the travellers' wallet (Tourvest, 2007).

Concerns regarding the effect integration has on competitiveness within industries have been expressed in the literature but it has been shown that vertical integration is said not to be anti-competitive unless it causes competitors to have a lower quality or higher prices (Cooper, Froeb, O'Brian and Vita, 2005). Evidence shows the latter rarely happens, is tried or is successful (Elliott, Godby and Kruse, 2003).

2.5 Channel management

As the tourism industry consolidates and other intermediaries re-insert themselves into the value chain the importance of managing these channels becomes clear. Channel management is a strategy employed by a firm to make its product offerings available through one or more channels (Coelho and Easingwood, 2004). This however is not without its difficulties as Chemla (2003) shows that when an upstream firm has limited bargaining power then it is in the companies best interest to intensify downstream competition by using multiple channels. Coelho and Easingwood (2004) illustrate that in drawing on multiple distribution channels conflict begins to occur due to competition which begins to take place on price.

The following strategies are offered by Coelho and Easingwood (2004) to reducing conflict when there is competition taking place through multiple channels namely:

- Charging the same price in the market place

- Paying of commission to intermediaries when a product and or services are purchased directly

- Creating of separate companies to deal with different channels

Along with the conflict which results from multiple distribution channels, vertical integration and disintermediation other areas have been identified which generate conflict between stakeholders in the tourism industry namely price, power, trust and cooperation.

2.6 Price

With vertical integration allowing companies to "realise substantial economies of scale and scope, [to] eliminate competition, and to reduce the market transaction costs" (Mpoyi, 2003, p. 44) they are also able to reduce the price. In addition as the economies of scale are realised Chemla (2003) indicates that an integrated company will tend to favour its own downstream operations by allowing for improved pricing. It is not all good news as the decreased pricing results in conflict with other channels because of the price differences (Coelho and Easingwood, 2004) especially if there is more than one price in the market place.

In addition to the latter price competition occurs as consumers can actively compare pricing in the market place with the help of the internet which changes the nature of the buyer power from the intermediary to that of the consumer. This again will become a concern and an area of conflict in the tourism industry should there be more than one price available in the market place, especially if

the lower price is offered by the vertically integrated company which places its competitors at a price disadvantage (Coelho and Easingwood, 2004).

2.7 Power

To identify the bases of power applicable in the tourism industry as well as how they are used, the following definitions of the bases of power as put forth in Rezabakhsh, Bornemann, Hansen and Schrader (2006) and buyer-supplier relationships as used in Cox, Lonsdale, Watson and Qiao (2003) will be used.

2.7.1 Power in buyer-supplier relationships

Rezabakhsh *et al* (2003) adapted the power bases as used by French and Raven in 1959. They are:

2.7.1.1 Reward power

Reward power is seen as the ability to reinforce a desired behaviour by either rewarding positive consequences or removing negative ones.

2.7.1.2 Coercive power

Coercive power is the ability to punish unwanted behaviour.

Going forward these first two sources of power have been grouped together and referred to as sanction power.

2.7.1.3 Legitimate power

Legitimate Power is based on internalised values and roles which prescribe that the more powerful actor has a legitimate right to influence the other party. Should a tourism company be providing significant support, the relevant parties within that business will exert influence to ensure the best rates are received, along with requests for a larger number of allocations for rooms and more favourable payment conditions (Buhalis, 2000).

2.7.1.4 Referent power

Referent power is said to be held when an actor serves as an object of identification for others as a consequence of respect and esteem.

2.7.1.5 Expert power

One individuals assumption that another actor is better informed is termed expert power. With the experts' information and facts being accepted accordingly.

> **Research question 1:** Which types of power dominate the relationship between integrated and non-integrated companies?

Rezabakhsh *et al* (2003) work on power and its uses highlight a number of findings which could answer the proposed research question:

- The supporting firms exit strategy (use of sanctioning power) is dependant on the number of alternatives available. Therefore if choice is limited due to location of the product or service or due to legislation, conflict will be minimised as sanction power is lessened

- A challenge highlighted is the ability to trust information found on the internet and the potential quality of the operation being dealt with. By giving credibility to ones competitors at different levels of the value chain an increase in both referent and expert power will work in the favour of the referring business

In addition to the above, and for the purposes of this study, it is important to add Cox *et al* (2003) buyer-supplier relationship types in understanding powers contribution to the causing or minimisation of conflict. Cox *et al* (2003) suggests that buyer-supplier relationships are buyer or seller dominated, interdependent and independent. These relationships are centred on the division of surplus value in favour of the buyer or the supplier and that through cooperation it would be possible to bring costs down and therefore be a good alternative to outright competition.

Using the latter as the starting point tourism businesses are able to do business at arms length or collaboratively. Cox *et al* (2003) views arms-length relationships as those in which companies only transact with the relevant contractual information. Whilst the collaborative approach looks at ways in which the companies involved reduce costs and or increase the functionality of the product. If this occurs then the cooperative experience is enhanced especially when the companies involved develop shared norms and values. A careful balance is required as the relationship may begin to benefit either the buyer or supplier and once again become power dependant, not cooperative.

2.7.2 Linking power and tourism

Potzl (2000) indicates that if the consumer influence does not sit with the intermediary then the power will sit with the destination. The consumer influence is said to sit with the destination in two cases:

- When what is being asked for is a scarce resource and there are only a few alternatives available to the consumer or to the intermediary
- When there are high barriers to entry in order to establish competitive product or services in the destination

A revenue sharing model appears to be the more beneficial approach for intermediaries and integrated tourism companies to pursue, especially if differences in pricing are only due to the overall quality of the travel services, levels of knowledge and information provided by the intermediary (Chircu and Kauffman, 1999; Cox *et al*, 2003; Law and Lau, 2004).

It has been shown that over time power is maintained by using sanction and reward power whilst conflict is minimised through the encouraging and use of behaviours which increase participation and support (Schul and Babakus, 1988; Cox *et al*, 2003). Therefore by using more cooperative techniques the conflict in the tourism value chain may be lessened.

Research question 2: Is conflict minimised because the integrated company controls a scarce resource?

Research question 3: Does support of an integrated company only occur when terms can be dictated by the non-integrated company?

2.8 Trust

Trust is seen as the exchanges which are delivered on as promised between the parties concerned (Romaniuk and Bogomolova, 2005) on a consistent basis throughout their interactions (Omar and Williams, 2005). Larger companies, who have more market share and who are more established in a market or destination, are said to be trusted more by the consumer than smaller companies are (Romaniuk and Bogomolova, 2005). This is said to be due to the fact that the larger company's names are mentioned more often in the market place, and are, according to Bachmann (2003), more forthcoming because of their stronger position relative to the other industry players. Page and Fearn (2005) noted that a good reputation counts when it comes to making a decision as to whether a company should be supported or not. In addition to the size of the company and the amount of market share it garners another central theme is the price and quality of the product offered are deemed as important factors determining whether a company is seen as ethical or not. A company's ethicality is also determined by the way the business behaves towards its customers; or if the services offered are characterised as being overpriced. Fairness towards customers is seen as the most important aspect when an assessment is made on whether a company is ethical or not (Page and Fearn, 2005).

Research question 4: Does fairness on the part of the integrated company lead to the formation of trust and result in support?

2.8.1 Trust and power in cooperation

Trust and power are generated at the interpersonal level and either one or the other will dominate the relationship (Bachmann, 2001). Two elements which are said to build and enhance inter-company trust are personal trust and system trust. According to Bachmann (2001) the financial and legal frameworks are called system trust and the trust which is generated by face-to-face interactions, personal trust. Bachmann (2001) highlights that trust relies on people to behave how they are expected to behave, and is considered more positive than power. Power works on a more negative assumption because of the threat of sanctions.

Daboub and Carlton (2002) state that in the tourism industry, which is recognised as being relationship orientated, one would expect that trust, through cooperation and the establishment of shared goals and values, would lead to reduced conflict and greater support.

Research question 5: Does the formation of trust begin with the main contact in an integrated company?

Research question 6: What are the types of cooperation which can be used which will result in decreased conflict?

2.9 Summary

The literature review supports the integration which is currently taking place in the tourism industry internationally and within South Africa caused by uncertainty and economic downturns. As this integration will continue it is therefore pertinent to gain an improved understanding of the forms of power which are used by the various tourism industry players throughout the value chain when dealing with companies outside of their business. Central to this is an understanding of the role which trust plays, at what level the trust occurs and how it can be built, maintained and used to enhance relationships throughout the tourism value chain regardless of whether the company is part of an integrated value chain or not.

3 RESEARCH QUESTIONS

From the literature reviewed one can see that the research question has not been answered.

> ***Which factors should an integrated tourism company consistently display in order to enhance trust, facilitate cooperation and thereby ensuring support from companies outside of its structure?***

In order to answer the main research question the following subsidiary research questions should be answered.

3.1 Subsidiary research questions

1. Which types of power dominate the relationship between integrated and non-integrated companies?

2. Is conflict minimised because the integrated company controls a scarce resource?

3. Does support of an integrated company only occur when terms can be dictated by the non-integrated company?

4. Does fairness on the part of the integrated company lead to the formation of trust and result in support?

5. Does the formation of trust begin with the main contact in an integrated company?

6. What are the types of cooperation which can be used which will result in decreased conflict?

4 RESEARCH METHODOLOGY

4.1 Introduction

The research method used to derive the data required to answer the main and subsidiary research questions was accomplished through a predominantly qualitative research design (Zikmund, 2003). What follows is a description of the method used in this approach.

4.2 Methodology

The research was conducted using a combination of qualitative and quantitative techniques using semi-structured face-to-face interviews (Zikmund, 2003).

A combination approach was used as some quantifiable data was required in order have data relating to an organisation size, degree of speciality and the number of years the participants were in the industry. More importantly the position of the respondent in the organisation. This was recorded should the research be replicated.

The qualitative approach, which formed the largest portion of the research, was used to garner a greater understanding, rather than precise measurement of the areas being researched (Zikmund, 2003). This approach allowed for probing and clarification on the focus areas pertaining to trust and factors which promote trust, the types of power used, how it was used and under which circumstances; as well as the interplay between the constructs. This allowed

meaningful characterisations and interpretations of the data using deductive reasoning (Zikmund, 2003).

The form of qualitative, exploratory study chosen was the depth interview. According to Zikmund (2003) the depth interview method chosen would allow for access to quick information and for the probing of areas which needed to be elaborated on. The latter became important to the study as research was done outside of South Africa. As the researcher was the interviewer the approach allowed for a better understanding of the different phrases or terms used by international respondents. Clarification was asked for during the interview if statements were not understood or meanings unclear. If there were questions which were unclear to the interviewee the interviewer was able to rephrase questions thereby keeping the essence of the question. The latter was accomplished through the use of word association and sentence completion (Zikmund 2003)

4.3 Population

The population were worldwide IBTO, OBTO and TA located in South Africa, Germany and the United States of America. The companies were not integrated in any way and specialised in selling Africa as a destination. The reason for choosing such a broad population was due to the markets not having the same concentration ratios of African specialist travel companies. The nature of competitive dynamics in those countries may as a result be different.

The markets chosen are South Africa's most important international source markets for tourism and in 2006 the following arrival numbers were recorded:

256 517 arrivals from Germany and 254 757 arrivals from the United States of America (South African Tourism, 2007).

4.4 Unit of analysis

The unit of analysis were the opinions of senior managers, product managers, product directors and business owners of the various types of companies in the tourism value chain located in South Africa, Germany and the United States of America. In addition the companies selected were not vertically or horizontally integrated in any way.

The reason for choosing to have the unit of analysis at this level is because it is at this level of the organisation where it is decided which partners, products and services will be used or supported in the destinations the companies sell. The view points and insights of these individuals were the most pertinent to the research.

4.5 Sampling frame

A worldwide data base of African specialist tour operators and travel agents exists which at the time of doing the research included 3700 individual worldwide company contacts. Of these 70 percent, or 2590 companies, were not integrated in any way. The latter was established through research on the internet regarding the company structure and history. Where this information was not available industry professionals were consulted regarding the businesses. Industry professionals in this context are business owners and or

international sales managers whose focus is on the selling of Africa related services or products into the applicable international markets.

4.6 Sampling method

The selection of potential interviews was purposive and non-random in nature during the first stages of the research process and once the database lists had been cleaned a quota sample technique was used. The following strategic approach was followed:

The database was segmented by country of focus (South Africa, Germany and the United States of America) and exported into three different Excel spreadsheets showing and included the company, physical address, contact person and contact email address. For the United States of America database all companies outside of New York City were excluded due to time constraints faced and distances between various centres around the USA being so vast. In Germany the areas of Munich, Frankfurt and their surrounds were used as a predetermined itinerary was in place and the research was being conducted around that itinerary.

Each spreadsheet was carefully cleaned with the vertically and horizontally integrated companies being removed from the data.

With the data cleaned to reflect the above mentioned parameters the database for South Africa had 538 companies, whilst Germany and USA had 27 and 32 companies respectively. To see a sample of the South African database

please see Appendix A: South African sample database (All personal information was removed from the sample database to ensure anonymity). The companies were given a number as well as having a random number generating algorithm inserted at the base of each of the databases, thereby ensuring each company had an equal chance of being selected. A quota sample technique was used to obtain a sample of 23 companies to ensure 23 interviews within the prime markets of South Africa (13 interviews – two TA and 11 IBTO), Germany (six interviews – two TA, four OBTO) and The United States of America (USA) (four interviews – one TA, three OBTO).

Using the random number generator a sample was generated per country to get the required quota of TA, IBTO and OBTO. If a company declined to be interviewed then the same technique was used until a replacement had been found in the correct category.

4.7 Research instruments used

A questionnaire was designed to test a combination of attitude, feelings and behaviour. It consisted of a set of nine quantitative questions and 26 open ended questions and was the main tool used to collect the needed data.

The quantitative questions were centred on the following areas:

- The number of years in the tourism industry (interval scale)

- Gender (nominal scale)

- Age bands (interval scale)

- Country in which the business operates (nominal scale)

- The position within the company of the interviewee (nominal scale)

- Type of tourism company (nominal scale)

- Number of employees in the company (interval scale)

- Whether the business was in someway integrated (nominal scale)

The open ended questions were used as a guideline to ensure all areas of specific interest, as identified during the literature review, were covered.

A copy of the questionnaire can be seen in Appendix B: Questionnaire.

The questions were selected through the analysis of the literature reviewed. The questionnaire was split into four sections. General questions which were introduced at the beginning of the interview to place the interviewee at ease and prompt their thinking about the challenges faced in their business and the tourism industry. Other areas of the questionnaire were based on the areas of trust, power and cooperation. The structure of the questionnaire ensured that although an open interview format was being conducted that the conversation and subsequent data collection centred on specific topics relating to the research questions. It is acknowledged that there would be overlap in some of the data collected.

Two pilot tests were conducted with IBTO's located in Johannesburg, South Africa. They matched all the criteria previously required but did not form part of the research as they are personal acquaintances of the researcher. After the first interview was conducted changes to the questionnaire were made as it was felt that there was too much repetition. The feedback from the

interviewees suggested that because some of the questions asked were similar in nature it indicated to the interviewee that previous answers were perceived to be incorrect or inadequate and would result in a different answer, increasing the chances of response bias. To reiterate these interviews were not used in the final data collection and analysis as the elements of the questionnaire were altered with no significant probing being done in certain areas.

4.8 Data collection

Interviews were set up to take place during times convenient for the respondents and scheduled to last between 30 minutes and one hour. All interviews were done face-to-face with only the interviewer and interviewee present.

The first portion of the data collected was the quantitative information. The interviewer described the process which would be followed with any questions posed by the interviewee being answered truthfully, in an attempt to encourage open dialogue throughout the interview. Respondents were reassured those responses would be treated as confidential and that all references to people's names and companies would be left out of the final report. It was then requested if the interview could be recorded using a digital voice recorder.

If agreed, the recorder was started with the country in which the interview was taking place, the interview number and type of business recorded.

4.9 Data analysis

With the research being exploratory and descriptive in nature the analysis involved identifying themes, patterns and elements which consistently came to the fore during the interview. Zikmund (2003) terms this deductive reasoning.

In addition to the recording, interview notes pertaining to the interview were drawn up and included specific observations in the analysis (See Appendix C: Observation Sheet Example).

Deductive reasoning was used to interpret the data obtained through the research process (Zikmund, 2003). To assist in making the data easier to use and interpret a frequency table was constructed. These listed key terms and the frequency with which each construct was mentioned during the course of the interviews. If a construct or key word was mentioned more than once even during other aspects of the interview it was captured. The number of times each response was recorded was then tallied per market (South Africa, Germany and USA) and included a grand total.

The relevant responses were grouped around the research questions whilst similar constructs were grouped around key words like trust, integrity and referent power. The latter was accomplished through the use of the definitions and information obtained from the literature reviewed and served as a basis for comparison. The data was then transformed into rank order tables around the research questions which listed the commonly used terms and constructs in each market and a grand total. This formed the basis of the visual analysis and interpretation (Zikmund, 2003).

At the end of this process there were 116 constructs and 25 key terms listed. These terms and frequency counts can be seen in Appendix D: Key Terms and constructs.

4.10 Assumptions

In order to analyse the data two assumptions were made.

Firstly, the forms and bases of power described in the literature have been studied on the inter-personal level and not necessarily inter-organisational. It was used in this setting, as the assumption was made that the decisions to support any integrated company would be made by specific individuals in the organisation, like the business owner of a smaller business, product director or product manager in bigger companies and the power bases would therefore still be of relevance.

Secondly, Page and Fearn's (2005) discussion on trust and reputation refer to the importance of good reputation when it comes to making decisions on whether to support a company. This primarily deals with business-to-consumer relationships and the assumption was made that the central ideas would also carry over to business-to-business relationships.

4.11 Research limitations

Although the research approach was well formulated and executed certain limitations of the research needs to be acknowledged.

- As the research was primarily qualitative in nature the data cannot be generalised to the tourism industry

- Research findings are limited to international outbound tourism from Germany and the USA and inbound tourism in South Africa

- The researcher has not received any formal training as an interviewer

- Due to the language and diction differences between South Africa, Germany and the USA the interpretation and understanding of the questions by the respondents may have been affected. This may be particular true in Germany where English is not a first language

4.12 Possible sources of bias

Due to the data gathering technique used the following sources of bias may be a factor (Zikmund, 2003):

- Response bias

- Deliberate falsification on the part of the interviewees

- Unconscious misrepresentation from the interviewees

- Interviewer bias

5 RESEARCH FINDINGS

In the following chapter the research findings will be discussed in terms of the data collected through the use of the previously mentioned data collection instruments.

5.1 Data collection

During the process of setting up the 23 face-to-face interviews there where 10 refused interviews in South Africa, three refused interviews in Germany and two refused interviews in the USA.

In the interviews two individuals refused permission to allow the interview to be recorded, one on South Africa and one in Germany.

The interviews were aimed at senior managers or business owners within the companies targeted and this objective was successfully met. To see the levels at which the interviews took place see Figure 4: Position held. A comprehensive list of the respondents and their positions with the companies interviewed please refer to Appendix E: List of Respondents.

Of the 23 interviews conducted the longest interview lasted 53 minutes and 13 seconds whilst the shortest duration interview was 19 minutes and one second. The average duration of the interviews are listed in Table 2: Average length of interviews conducted:

Table 2: Average length of interviews conducted

Number of interviews conducted	Average length in minutes
23	33.46

It was found during the course of the research that some of the questions asked of the German respondents had to be rephrased. This was done without losing the core intentions or altering the meanings of the questions. In these instances a sentence completion technique was used.

5.2 Analysis of closed-ended questions

At the completion of the data collection 23 interviews had been conducted. Thirteen of these interviews were conducted in South Africa, six in Germany and four in the USA.

The interviews were coded through the use of content analysis. Using the interview data frequency counts were done followed by the creation of rank order tables. The constructs and themes identified were mapped back to the literature in order to be able to answer the research questions.

5.2.1 Demographic information

The industry experience of the participants was vastly different with the least amount of industry experience recorded as three years and the largest amount of industry experience recorded as 33 years. Both these respondents were located in South Africa.

The average length of time spent in the industry was 18.7 years in South Africa; 15.2 years in Germany and 11.8 years in the USA. The number of years across the three countries in the tourism industry averaged in at 16.5 years.

The gender split by country can be seen in Figure 2: Gender of interviewees

Figure 2: Gender of interviewees
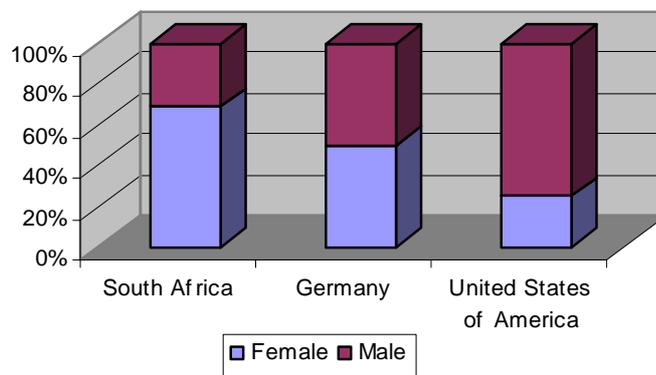
The split of interviews per market is recorded in Figure 3: Country in which the business operates, and equals the number of interviews per market as initially outlined at the start of the research process.

Figure 3: Country in which the business operates
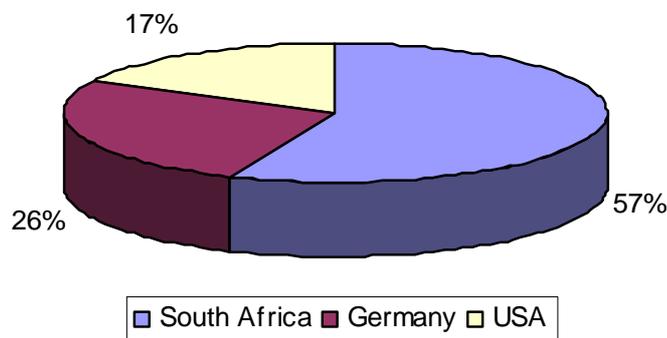
Participants across all three countries of focus were between the ages of 36 and 45 years old.

The positions of the individuals interviewed can be seen in Figure 4: Position held; with the 'other' in the table being that of president.

**Figure 4: Position held**
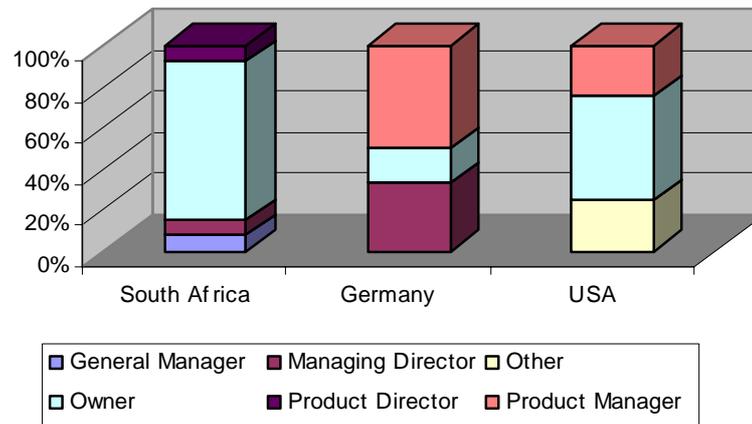
Figure 5: Indicates the proportion and number of companies interviewed from the tourism value chain. The researcher noted there were no companies represented at the destination level.

Figure 5: Type of Tourism Company
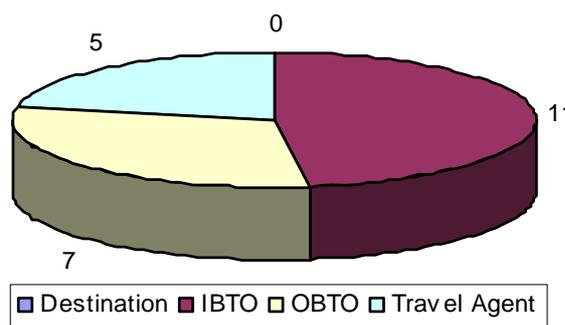
The average company size was between one and 10 employees in all three markets. The exact split can be seen in Figure 6: Number of staff employed.

Figure 6: Number of staff employed
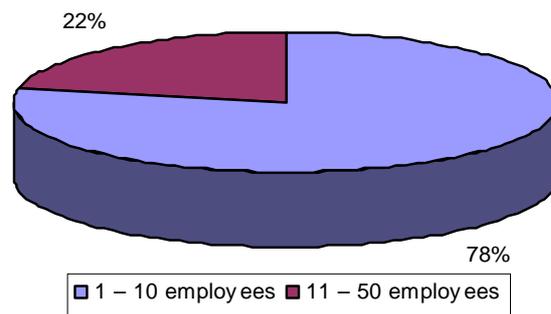
5.2.2 Price sensitivity and conflict by destination and business location

In Table 3: Price sensitivity and conflict by destination; the column representing the number of companies' signifies the number of companies selling a specific combination of product and or destinations (the information pertaining to the number of destinations sold was obtained during the course of the interview by asking of question eight of the questionnaire which can be seen in Appendix B: Questionnaire. The totals under the conflict column indicate the number of companies which expressly said they did not want to use the services or product of an integrated company during the course of the interview, these companies may however still be using the product. Price sensitivity was ascertained through comments made during the course of the interview. These businesses indicated that the best price was essential to compete or the business competed on price.

Table 3: Price sensitivity and conflict by destination

Destinations Offered	Number of Companies	Number who Experienced Conflict	Number who are Price Sensitive
Africa	1	1	1
Africa & Far East	1	0	0
Asia, South Pacific, South America & Africa	1	0	0
East Africa, Southern Africa, Europe & South America	1	0	0
Kruger National Park & Zimbabwe	1	1	0
Morocco, Spain, Portugal, Turkey & RSA	1	1	0
Namibia, Botswana, Kenya, USA, France & Southern Africa	1	0	0
Southern & East Africa	1	1	0
Southern Africa	6	0	3
Southern Africa & Tanzania	1	0	0
Sub-Saharan Africa	4	0	1
Whole World	4	2	3
Total	**23**	**6**	**8**

Of more relevance to the areas of price sensitivity and conflict was the actual location of the business. (Refer to Figure 7: Conflict and price sensitivity by country of origin).

Figure 7: Conflict and price sensitivity by country of origin
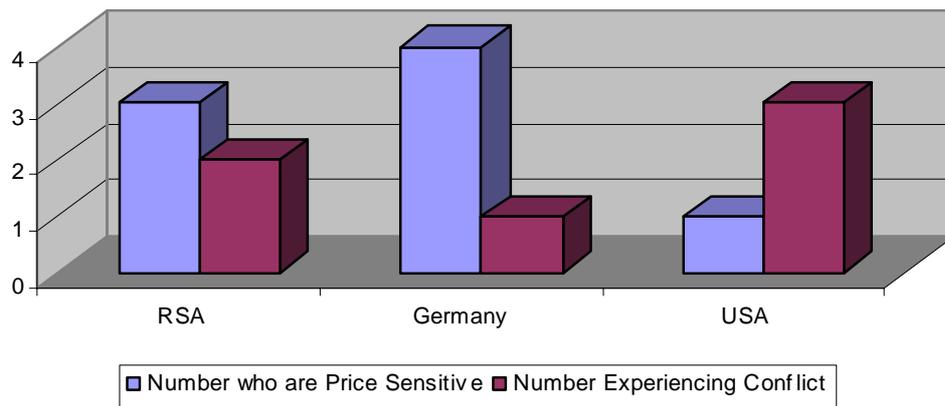
Only two of the 23 companies interviewed (both South African) felt they would not, under any circumstances, work with a competitor. There were five company representatives who would apply some kind of pressure which came in the form of a request for improved rates.

5.2.2.1 Important quotes

"If you demand better rates or conditions and then don't deliver [the support] then it affects your credibility when you do need something." – South African Inbound Tour Operator

5.3 Data analysis clustered around research questions

The analysis was done through the completion of a frequency analysis of key words and phrases which came to the fore during the interviews. The comprehensive list of constructs, themes and frequency analysis done for South Africa, Germany and USA can be seen in Appendix E: Key terms and constructs.

Research question 1: Use of power

Which types of power dominate the relationship between integrated and non-integrated companies?

5.3.1.1 Number of constructs

The original list was narrowed down to 21 constructs whose content involved the use of power.

5.3.1.2 Narrowing down the content

During the course of the literature reviewed the bases of power were defined. With that literature in mind the constructs were narrowed firstly down into use of power and thereafter the specific bases of power; namely: sanction power, referent power, legitimate power and expert power. The 21 specific constructs were then split into the four areas of power as identified in the literature.

5.3.1.3 Obtaining the table headings

The heading of each table heading were based on the relevant bases of power which was reflected in the literature reviewed.

Table 4: The use of sanction power

The use of sanction power								
Rank order				Constructs	Number of hits			
Total	RSA	Germany	USA		Total	RSA	Germany	USA
1	1	2	1	Provide information which is essential to the guest's stay	17	10	5	2
2	4	1	1	Off-sell because the client trusts the company and will accept alternatives	13	5	6	2
2	2	3	3	Vote with feet if they feel disadvantaged	13	8	4	1
4	3	4	3	Cannot use pressure because we are too small	9	6	2	1
5	5			Will not sign cheques for bookings made with competitors	1	1		

5.3.1.4 Table analysis

Sanction power was defined as "the ability to reinforce a desired behaviour by either rewarding positive consequences or removing negative ones" (Rezabakhsh *et al*, 2003, p.5). In the tourism environment the use of sanction power was used by the tourism professionals studied in response to an integrated competitor.

The most overt expression of sanction power was supplying of only the essential information to the integrated company about guests.

If an integrated company was going lose the support it had then this was not expressed or communicated to the integrated company, business was just diverted to other companies.

Companies were convinced that due to the strength of the relationship with clients it was possible to talk them into other product and in certain cases even other destinations. The data indicates that South African companies would be more inclined to divert business as it was felt the company was not big enough to exert any other form of pressure and that there was always an alternative available.

5.3.1.5 Important quotes

"If we feel we are being disadvantaged then we will turn to their [integrated companies] competitors, everyone has competitors no one in the market is a monopoly." – USA Outbound Tour Operator

"Some people think they are incredibly important and have the best place on the continent, I can and do off sell." – South African Inbound Tour Operator

Table 5: The use of referent power

The use of referent power								
Rank order				Constructs	Number of hits			
Total	RSA	Germany	USA		Total	RSA	Germany	USA
1	1	1	1	Use if VI understands the business (clients business and markets they operate in)	38	22	6	10
2	2	2	2	VI company has an established reputation	15	10	3	2
3	3	3		We trust the VI company	6	4	2	
4	4	4	3	If you support then you deserve the rate	4	2	1	1

5.3.1.6 Table analysis

Referent power is said to exist when an actor serves as an object of identification for others and is a consequence of respect and esteem (Rezabakhsh *et al*, 2003). Referent power in the research was found to only pertained to the integrated company being supported and served as a justification as to why non-integrated companies provided support. The biggest reason why a company would support an integrated company in this context was if the business of the supporting company and the markets within which it operated were understood. Secondary in this regard was the reputation of the integrated company. A perception of an integrated company's reputation was obtained through personal dealings with the integrated company, customer feedback and through interactions with business leaders of similar non-integrated companies. This was consistent across all three markets studied.

5.3.1.7 Important quotes

"You can say you are the best but people will ask around and form an opinion based on those conversations." – USA Outbound Tour Operator

Table 6: The use of expert power

The use of expert power								
Rank order				Constructs	Number of hits			
Total	RSA	Germany	USA		Total	RSA	Germany	USA
1	1	2	1	Use if VI understands the business (clients business and the market)	38	22	6	10
2	3	3	3	Only provide information which is essential to our guests stay	17	10	5	2
2	2	6	3	Add more value than VI company	17	13	2	2
4	8	1		Have more knowledge (destinations and markets operate in)	16	6	10	
5	4	5	3	We have an established reputation	15	10	3	2
6	6	7	3	Bigger companies are not service orientated	13	9	2	2
7	7		2	Use what is in the best interest of the client	12	7		5
7	5	8	8	Use VI company because of the specialisation	12	10	1	1
9	9	4	8	Match guests with the right experience	8	3	4	1
10	9		3	Seen as independent which is an advantage	5	3		2
11		8		Product knowledge in VI sits with the product manager and staff in business have limited knowledge	1		1	

5.3.1.8 Table analysis

Expert power relates to one actors assumption that another actor is better informed (Rezabakhsh *et al*, 2003).

Expert power was both a motivating factor for using an integrated company as it understood the respondents business and markets; and because the product and service offered are the best in a particular area and best suited to a particular client. Expert power was also seen as a source of competitive advantage for the non-integrated companies being studied as advertising was usually word of mouth or through client referral.

The data suggests the bigger companies are perceived as being unable to offer specialist support or the service needed. As the integrated company had to push business through its own value chain the perception was the integrated company would not necessarily do what is in the best interest of the client. Knowledge of the destinations in non-integrated firm is felt to be superior to that within integrated companies. This was particularly relevant within the German and South African interviews. It does need to be noted that USA respondents felt a better service can be offered because an objective call can be made to where guest should be staying.

5.3.1.9 Important quotes

"Clients are more demanding as there is more information out there; people are looking for judgment not information." – USA Outbound Tour Operator

"We can provide a better service as we are not beholden to a specific provider."
- USA Travel Agent

Table 7: The use of legitimate power

The use of legitimate power								
Rank order				Constructs	Number of hits			
Total	RSA	Germany	USA		Total	RSA	Germany	USA
1	1	2	1	Cannot use pressure because of size	9	6	2	1
2	2	2	1	Support the people who support you	8	5	2	1
3	3	1		Apply pressure in the firm of requests better rate	7	4	3	
4	5	4	1	If you support then you deserve the rate	4	2	1	1
5	4			Cannot demand rates if you are not supporting	3	3		
6	6			If you demand and don't deliver it affects your credibility	1	1		
6	6			Would apply pressure if we are working on big projects	1	1		

5.3.1.10 Table analysis

Legitimate power is described as being based on internalised values and roles which prescribe that the more powerful actor has a legitimate right to influence the other party (Rezabakhsh *et al*, 2003).

The most common response to question 15 of the questionnaire was pressure could not be used because of the size of the respondents company. It was felt only a request could be made for a better rate. It was however expected that should support be given to an integrated company then a better rate is deserved and expected.

5.3.1.11 Important quotes

"If you demand better rates or conditions and then don't deliver [support] then it affects your credibility when you do need something." – South African Inbound Tour Operator

5.3.1.12 Research question 1 answered

The types of pressure exerted by integrated companies in respect to the respondent companies are a combination of referent and expert power. However the use of power by the respondents business on the integrated company was expert, referent and sanction power. Non-integrated companies' see its own size, ability to specialise in specific destinations and being able to expertly match clients with specific types of experiences as something an integrated company is unable to offer (expert power). In addition to the latter non-integrated companies position themselves as a source of knowledge for the customers and control the client experience (referent power). Being seen as independent and being able to make a judgement call in conjunction with the client on which experience, accommodation and types of accommodation are be best suited to the guests needs. Sanctions take the form of steering clients away from product and are closely tied to expert power.

> **Research question 2: Conflict and scarce resources**
>
> Is conflict minimised because the integrated company controls a scarce resource?

The focus was on the sources of power for the integrated company.

5.3.1.13 Number of constructs

There were nine constructs of importance which related to the sources of power for the integrated businesses.

5.3.1.14 Narrowing down the content

Through a frequency count the constructs were narrowed into areas which related to the sources of power for integrated companies.

5.3.1.15 How information was ordered

The information was ordered by ranking the terms which came to the fore during the interviews and coding in the various markets.

Table 8: Sources of power for vertically or horizontally integrated companies

Sources of power for vertically or horizontally integrated companies								
Rank order				Constructs	Number of hits			
Total	RSA	Germany	USA		Total	RSA	Germany	USA
1	1	1	1	Use if VI understands the business (clients business and the markets they operate in)	38	22	6	10
2	2	3	5	VI company has an established reputation	15	10	3	2
3	4	2	2	Only use VI company if there is no alternative	14	7	4	3
4	2	7	7	Use VI company because of their specialisation	12	10	1	1
5	7	3	2	Avoid using VI company if can but do what is in the best interest of the client experience	10	4	3	3
6	5	7	5	The VI has beds we don't own	8	5	1	2
7	5		7	Have to use them because there is a demand for what they offer	6	5		1
7	9	5	2	Use competitors in areas where there are limited alternatives	6	1	2	3
7	7	5		There is no limited product in Southern Africa	6	4	2	

5.3.1.16 Table analysis

Evident from Table 8: Sources of power for vertically or horizontally integrated companies; is that the easiest source of power and way to secure business outside of the value chain is for the integrated company to understand the non-integrated companies' businesses and markets. This was consistent across all three the markets.

Specialisation by the integrated company was the next most important construct and closely related to reputation. The German and the USA respondents felt the integrated company would be used if there was no alternative and if it was in best interest of the client experience (the experience is related to cost or in country accommodation and or service experience).

5.3.1.17 Important quotes

"Between you me and the lamp post we would not use [company] but we have to because there is a demand for their lodges." – South Africa Inbound Tour Operator

"In those areas where [company] has the best product on offer we will use them. What matters is the client experience, it does not matter if they are a competitor or not. If they can provide the best client experience I am happy to work with them." – USA Outbound Tour Operator

5.3.1.18   Research question 2 answered

The sources of power for integrated companies do appear to be based around the controlling of a scarce resource, which could include specific product and services owned, or through the specialization in specific geographical areas or spheres of operation of the integrated company(e.g.: safari operator). The businesses outside of the vertically integrated value chain also control a scarce resource, namely specialisation and knowledge which manifests as a key value propositions because of size and ability to act as an independent intermediary.

Research question 3: Support and the dictation of terms

Does support of an integrated company only occur when terms can be dictated by the non-integrated company?

5.3.1.19   Number of constructs

Constructs were grouped into six key areas relating to the dictation of terms (Table 9: Dictating terms and conditions).

5.3.1.20   Narrowing down the content

Content was narrowed down to the six main factors relating to the dictation of terms.

5.3.1.21   Obtaining the table headings

The table heading was based on the research question, and related to the literature reviewed.

5.3.1.22 How information was ordered

The information was rank ordered in Table 9: Dictating terms; around the six key constructs and then summed together and rank ordered.

Table 9: Dictating terms

Dictating terms								
Rank order				Constructs	Number of hits			
Total	RSA	Germany	USA		Total	RSA	Germany	USA
1	1	2	1	Cannot use pressure because of size	9	6	2	1
2	2	2	1	Support the people who support you	8	5	2	1
3	3	1		Apply pressure in the form of request for better rates	7	4	3	
4	5	4	1	If you support then you deserve the rate	4	2	1	1
5	4			Cannot demand rates if you are not supporting	3	3		
6	6			If you demand and don't deliver it affects credibility – don't demand	1	1		

5.3.1.23 Table analysis

The key analysis coming from Table 9: Dictating terms; is that terms are not dictated to an integrated company. The reason for this was due to the non-integrated company's size and it was felt not enough business was given to the integrated company. It was implied that if the respondents were giving support to the integrated company then the better rate would be given. Common to all

the markets was support would be given to integrated companies if there is reciprocal support of the non-integrated company.

5.3.1.24   Important quotes

"Your [integrated company] job is not just to get a head-in-a-bed it is also to make us look good, if that does not happen I am not coming back for a second helping." – USA Travel Agent

5.3.1.25   Research question 3 answered

Standardised terms and conditions were considered to be a standard platform off which to work.   The strength of the relationship was considered more important and will be explored further in the sections follow.

Research question 4: Fairness and trust

Does fairness on the part of the integrated company lead to the formation of trust and result in support?

To understand what was meant by fairness a number of areas were probed during the course of the interview as to what was deemed acceptable behaviour and related to being considered fair by the non-integrated company.

Table 10: Understanding fairness and trust

Factors relating to fairness								
Rank order				Constructs	Number of hits			
Total	RSA	Germany	USA		Total	RSA	Germany	USA
1	1	1	1	Openness	73	49	7	17
2	3	2	2	Ethical	32	19	6	7
3	2		5	Negotiable	26	22		4
4	4	4	5	As long as both parties benefit	18	13	2	3
5	5	3	3	Being able to compete on price (being comparable not cheaper)	17	9	3	5
6	6	4	5	Treat the people in the business like you want to be treated incl. clients	11	6	2	3

5.3.1.26   Number of constructs

Three core themes and three ancillary constructs were identified. The themes of openness were made up of eight constructs, ethical behaviour of four and negotiable of three. The three constructs were individual factors which did not fit into the themes identified.

5.3.1.27   Narrowing down the content

The initial content was based the areas relating to price, consistency of behaviour and how people are treated. The other areas which are said to lead to trust, like reputation were not included in this section and during the course of the interviews reputation was not linked to the concept of fairness. Between

the markets there were eight common constructs (see Table 11: Themes pertaining to trust).

Table 11: Themes pertaining to fairness

Theme or construct	Meaning
Dealing with in a fair manner	• Both parties need to benefit • Price consistency throughout channels • Integrated companies not giving their own brand preferences over the non-integrated companies • Integrated companies wont attempt to exclude the non-integrated company from the relationship
Openness	• Listen to feedback given by non-integrated companies to improve customers experience • Management assisting and being available to non-integrated company in problem solving • Being open to negotiation
Ethical	• Not contacting non-integrated companies' clients directly

5.3.1.28   Obtaining the table headings

The table headings were derived through the literature and research question.

5.3.1.29   Table analysis

Fairness and the concept of fairness differed by market. The German and USA respondents were similar regarding what was viewed as being fair. The top themes were openness, acting in an ethical manner and being able to competing on price. The areas which drew the most debate were integrated

companies approaching non-integrated companies clients directly and or attempted to cut the non-integrated companies out of the relationship. The second area was that the integrated company should not offer more than a single price in the market and protect each level of the value chain.

The final area was that of management within the integrated company being available to non-integrated companies to problem solve as needed and taking note regarding customer experiences with their product or service which result in improvements.

5.3.1.30   Important quotes

"Companies have a way of doing business and have guidelines of how they should operate. An ethical company employs ethical people, you know who these companies and people are and you support those companies." – South African Inbound Tour Operator

5.3.1.31   Research question 4 answered

Fairness was related to a number of terms predominantly around transparency (openness) being prepared to negotiate and acting in an ethical manner. Respondents indicated that if integrated companies are consistently doing the right thing in the areas raised then trust would be fostered and support given.

> **Research question 5: Individual trust**
>
> Does the formation of trust begin with the main contact in an integrated company?

The research question was approached from two angles one being that of the literature reviewed on Page and Fearn (2005); where a company's behaviour was perceived as fair as the most important determinant of support. Secondly the literature reviewed on Daboub and Carlton (2002). They postulated that the establishing of shared values and goals would lead to greater support. This process was primarily driven through the strength of the relationships between the relevant parties.

5.3.1.32   Number of constructs

The number of constructs was narrowed down to nine which centred around relationships and more importantly between which parties those relationships should reside.

5.3.1.33   How the content was narrowed down

The content was narrowed by relating the constructs to the theory base established in the literature review. The specific questions which helped identify the relevant constructs were questions 10, 11 and 12 which related to trust and specific individuals within that business. Table 12: Where relationships should reside; depicts the constructs of importance.

5.3.1.34   Obtaining the table headings

The table headings related specifically to trust, relationships and what the respondents were looking for in the integrated companies which would foster these relationships.

Table 12: Where relationships should reside

Where trust and relationships reside								
Rank order				Constructs	Number of hits			
Total	RSA	Germany	USA		Total	RSA	Germany	USA
1	1	2	1	Relationship with people you work with on a regular basis	27	16	5	6
2	3	3	3	Trust is with company first, individuals in the company second	12	7	3	2
3	4	3	2	Level of the relationship depends on what is needed to e accomplished	11	5	3	3
4	2	6		Personal relationships throughout the business	9	8	1	
5	7	1		Good relationship with a manager	8	2	6	
6	6		4	Companies have a way of doing business: Ethical company = ethical individuals	5	4		1
6	4			Important who you know	5	5		
8		3	4	Loyalty is too an individual	4		3	1
9	8			Relationship must at least be at the sales manager position	1	1		

5.3.1.35   Table analysis:

Strong relationships in South Africa and the USA were expected between people the non-integrated company worked with on a regular basis. Specific mention was made of sales people, the team that looked after reservations or who were at the coal face of the business. The respondents in both countries also felt that relationships higher up in the organisation depended on what needed to be accomplished. It was felt that at these lower levels challenges could be successfully addressed if staff were empowered to do so.

The German market was different in this regard as the relationship for them needed to be at management level first and then the people in the organisation with whom they interacted on a regular basis. Important across all three markets was that the respondents must trust the business as whole. The German and USA markets felt more loyalty to specific individuals within integrated companies as these individuals understood the business and were prepared to go out of their way to assist when required.

5.3.1.36   Important quotes

"If a person works for company A and goes to company B, the chances are we will follow them. They understand our business and our clients." – USA Outbound Tour Operator

"Relationships with key people are critical because it helps in the delivery of services, standardized terms and conditions are assumed." – USA Outbound Tour Operator

5.3.1.37 Research question 5 answered

Respondents looked for shared values which could be seen as having access to the best possible rate and offering a quality product or service.

Relationships with the main contacts in an organisation did appear to facilitate trust between the non-company and the integrated company. The company itself was also assessed through the interactions with staff of the integrated company. These interactions served as a proxy for the rest of the business and the strength of the relationship enabling the respondents to effectively problem solve and negotiate depending on what is needed to be achieved.

Research question 6: Cooperation

What are the types of cooperation which can be used which will result in decreased conflict?

The research question was designed around the work of Bachmann (2001), and Daub and Carlton (2002). The previous research question additionally formed the base for this research question as it covered relationships and the formation of trust.

5.3.1.38 Number of constructs

After grouping similar terms around key words there were 19 constructs listed. This was narrowed down from a total of 30 terms.

5.3.1.39 Narrowing the content down

The content was narrowed down by using the literature reviewed relating to the work of Daub and Carlton (2002) and Bachmann (2001). The constructs were devised through content analysis and a frequency count.

5.3.1.40 Obtaining the table headings

The literature reviewed and information obtained during the interviews around cooperation and which forms of cooperation led to the reduction of conflict.

5.3.1.41 Table analysis

Similarly, the respondents from the three markets indicated that the best way for an integrated company to cooperate with the non-integrated company would be to improve the competitiveness of the non-integrated company. Competitiveness was said to be improved by stimulating demand in the market place and providing a product of such good quality that it enhances the overall quality of the non-integrated companies offering, engendering the non-integrated company to its clients. In addition cooperation meant being accessible and being honest.

Attention needs to be drawn to number five, where 15 out of the 23 companies interviewed felt that it was not possible for an integrated company to actively shape or grow a business. The factors which were considered to be cooperation were secondary behaviours like referring business, stimulating consumer demand or providing better rates, thereby increasing competitiveness.

Table 13: Enhancing cooperation

Cooperation outside of the value chain results in decreased conflict								
Rank order				Constructs	Number of hits			
Total	RSA	Germany	USA		Total	RSA	Germany	USA
1	1	1	1	Increased competitiveness	109	74	25	10
2	2	2	1	Understand the business (clients and the industry)	38	22	6	10
3	3	3	3	Creating awareness	27	18	5	4
4	4	5	6	As long as both parties benefit they will be used	18	13	2	3
5	5	4	6	Cannot directly shape or grow business	15	9	3	3
6	5	12	3	Be available, especially when there are challenges – accessible	14	9	1	4
6	9	5	3	Shared values	14	8	2	4
8	5	5	9	Transparency (being upfront and honest)	13	9	2	2
9	5		9	Openness (open communication between parties)	11	9		2
10	9		13	Ability to step back from a challenge and deal with customer outside of terms and conditions	9	8		1
11	12	5	13	Support the people who support you	8	5	2	1
12	11		13	Will use if they help business grow	7	6		1
12	13	5	9	Effective dealing with problems	7	3	2	2
14	15	5	9	Help problem solve	6		2	2
15		5	6	Refer business	5	2	2	3
16	15		13	Must not compete for the same customer	3	2		1
16	13			Listen to feedback	3	3		

5.3.1.42 Important quotes

"The only way they [integrated companies] can help me is if they give me the highest commission." – German Outbound Tour Operator

"I don't think it is possible for a competitor to help you grow your business. What they want in return is intrinsically consistent un-to-themselves." – USA Outbound Travel Agent

"When someone refers business to you, you take it as a huge compliment and we would be inclined to use them more – it engenders loyalty." – USA Outbound Tour Operator

5.3.1.43 Research question 6 answered

Cooperation is seen by the non-integrated companies as secondary factors like providing improved rates, stimulating demand and ensuring the clients' experiences are consistent with the information in the market place. On a whole the non-integrated companies did not believe that integrated companies could directly grow the business through cooperation. The integrated companies would only attempt to grow the business for its own gains. Non-integrated companies would be interested in cooperating with an integrated company if they have shared goals.

5.4 Summary

From a consolidation point of view and keeping the data gathered pertaining to the previous research questions in mind; Table 14: Other factors determining support; outlines all the factors of importance which should be consistently displayed in order to gain industry support from outside of a vertically integrated value chain. This answers the main research question posed namely:

Which factors should an integrated tourism company consistently display in order to enhance trust, facilitate cooperation and thereby ensuring support from companies outside of its structure?

Table 14: Other factors determining support

Other factors leading to support of a vertically/horizontally integrated company								
Rank order				Constructs	Number of hits			
Total	RSA	Germany	USA		Total	RSA	Germany	USA
1	1	2	6	Increased competitiveness	128	87	28	13
2	2	1	1	Quality of product	117	64	31	22
3	3	3	7	Unique selling point	88	51	26	11
4	4	5	2	Fairness	83	49	14	20
5	6	4	4	Quality of relationship	79	45	20	14
6	4	8	3	Openness	73	49	7	17
7	7	7	4	Knowledge	63	41	8	14
8	8	9	8	Shared values	49	33	6	10
9	9	6	9	Choice of alternatives	40	22	9	9
10	11	9	11	Ethics	32	19	6	7
11	12	12	13	Creating awareness	27	18	5	4
12	9		13	Negotiable	26	22		4
13	15	17	10	Client experience	22	11	3	8
14	13	17	16	Reputation	20	14	3	3
14	15	13	12	Referring business	20	11	4	5
16	14	13	17	Perceived failings of Competitors	19	13	4	2
17	15		13	Flexibility	15	11		4
18	18	17	19	Honesty	13	9	3	1
19	19	17	17	Trust	12	7	3	2
20	20	13	19	Disintermediation	8	2	4	1
20	23	9	19	Competitiveness	8	1	6	1
22	21	13		Professionalism	6	2	4	
23	21	17		Operating conditions	3	2	2	

6 RESULTS DISCUSSION

6.1 Introduction

To be able to contextualise the results from the interviews the data obtained is compared to the literature reviewed in both the first and second chapters of this report. Differences have been noted between the three markets of RSA, Germany and USA in which this study was carried out. This resulted in some of the factors identified which will decrease conflict being market dependant.

6.2 The competitive landscape by market

One of the major differences between the three markets is those concerning the value chain and how parties outside of the vertically integrated value chain make use of integrated companies.

6.2.1 Germany

Figure 8: Business flow in the German market; depicts how OBTO's and the TA make use of the services of an integrated company. Data obtained in the interviews and as referenced in Figure 7: Conflict and price sensitivity by country of origin; and Appendix E: Key terms and constructs under the increased competitiveness term of association; one can conclude German consumers are price sensitive. It is acknowledged that findings cannot be generalised to the whole German market and hence reference is only made to the customers of the non-integrated businesses interviewed. It was made

known that if integrated counterparts had a better rate in the market place then the OBTO would make use of its services, even at the same level of the value chain.

The absence of conflict is due to two things: Firstly; the OBTO, because of the current legislative environment; has to include the vouchers or information of all the companies used to book services. This was made abundantly clear when a respondent remarked "Under German Law we are not permitted to sell others products under our name".

Secondly, the German respondents felt, that on the whole they were more knowledgeable than their integrated counterparts (as evidenced in the rank order on the use of expert power in Table 14: Other factors determining support). They perceived themselves as adding more value to the consumer and results in the consumer returning to the company when it comes to the booking of complex itineraries.

These finding are consistent with the findings of Rezabakhsh *et al* (2003) around conflict being minimised due to legislation.

Figure 8: Business flow in the German market
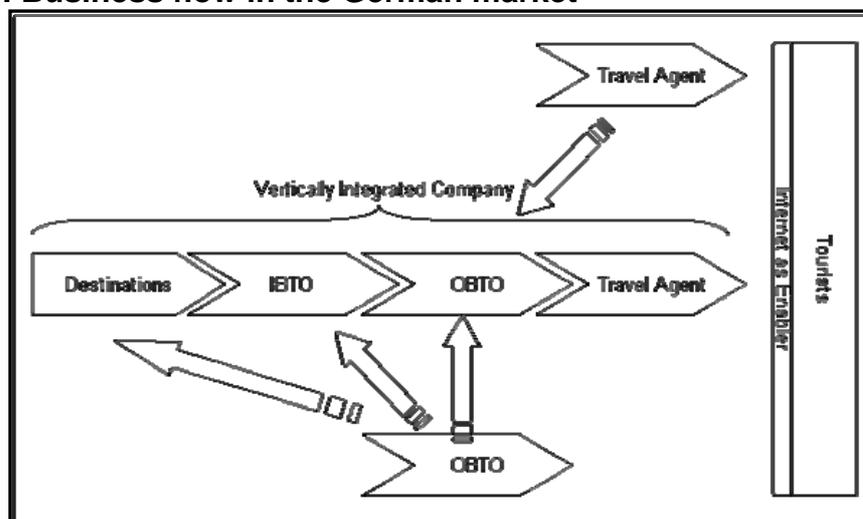
The internet although popular is used predominantly as a source of information by the consumer. Once the initial research has been done or destinations compared then the reservation is made with an OBTO or TA. One German OBTO put it best when it was stated "In the German market the internet is purely a tool to get information and only really used for easy things like hotels and not for complex destinations, they [consumers] don't trust it". The latter is consistent with the findings of Rezabakhsh *et al* (2003), Lewis and Talalayevsky (1997) and Wynne *et al* (2000). Rezabakhsh *et al* (2003) point to a luck of trust in the internet and that it would be used for information purposes whilst Wynne *et al* (2000) and Lewis and Talalayevsky (1997) finding are that complex itineraries are still booked with an intermediary.

6.2.2 South Africa and the United States of America

The flow of business through the respective channels in RSA and USA are identical. The companies interviewed only support the downstream operations of integrated companies. Figure 9: Business flow in the RSA and USA markets depicts this graphically.

Figure 9: Business flow in the RSA and USA markets
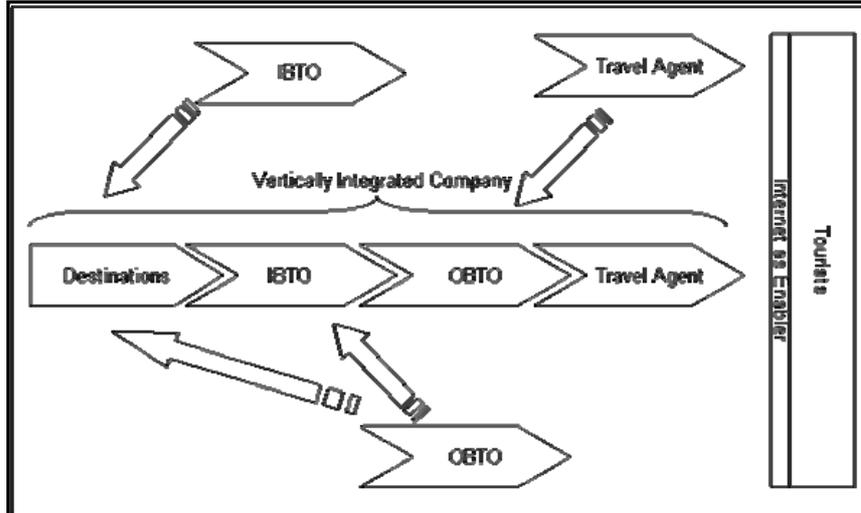
Consistent between the two markets is the perception that non-integrated companies add more value than integrated companies' because of specialisation in specific destinations. What appeared to drive this is the perception that integrated companies are not service orientated based on experiences with the integrated company (See Appendix E: Key terms and constructs – failings of competitors).

The one area of difference between RSA and the USA is that RSA companies interviewed had a better understanding of the markets and clients in which it operates in comparison to the integrated company. This was attributed to the size of the integrated organisation and the inability to be as focused as the respondents businesses (See Appendix E: Key terms and constructs – USP of business).

Keeping in mind that in South Africa there are 538 non-integrated Africa specialist companies competing for business into Southern Africa one would expect competition on price. Contrary to the findings of Chemla (2003) the research shows that in RSA competing on price is not a significant factor

causing conflict as evidenced in Figure 7: Conflict and price sensitivity by country of origin.

With the above in mind it is now possible to look critically at the research questions and discern an answer to the main research question.

6.3 Isolating factors of importance

In isolating the factors of importance, in order to solve the research question, the collection of data was approached by tracking the literature reviewed on channel management, price, power, trust and cooperation to the data collected during the course of the 23 interviews in RSA, Germany and USA. Deductive reasoning, comparisons and insights of the researcher were used in order to gain the understanding needed on the areas being researched.

6.3.1 Research question 1: Use of power

Which types of power dominate the relationship between integrated and non-integrated companies?

The purpose of question 1 was to:

1. Identify the power bases of relevance (Rezabakhsh *et al*, 2003)

2. Identifying relationships collaborative or arms-length (Cox *et al*, 2003).

The two bases of power which the integrated companies leverage off against the non-integrated companies are referent and expert power. The constructs

which made up these bases of power please refer to Table 5: The use of referent power and Table 6: The use of expert power. The most common 'use' of referent power for the integrated company is being able to position itself in the market as an expert of the non-integrated companies clients and markets. Respondents did not want integrated companies to offer advice on its markets. What is wanted through the understanding of the market, and how clients travel, is the amending of terms and conditions or adaptation of the product experience to be best matched to fulfil the consumers' expectations.

Next in importance to flexible terms are the reputations of the integrated companies'.

Reputation in this context is not geared towards the consumer experience but more about the reputation the integrated company has with the trade. Reputation is made up of a number of constructs including fairness when dealing with the trade, delivering on promises made, ethical behaviour and the consistent delivering of a quality product and service. An integration company's reputation is developed through conversations held between business leaders of non-integrated companies at the same level of the value chain. The importance of reputation is typified by a comment made by a USA outbound operator when it was stated "you can say you are the best but people will ask around and form an opinion based on those conversations". Table 5: The use of referent power; shows the importance of reputation.

Expert power is closely linked to referent power for the integrated company in that the integrated company is expected to understand the non-integrated companies customers and markets. There are two areas within Table 6: The use of expert power which appears to be at opposite ends of a continuum. The

first is integrated companies are used because of specialisation whilst the counter to that is that non-integrated companies see themselves as being more knowledgeable.   The first construct was common in the RSA interviews and related to integrated companies which run services and or products in specific areas and who are established as the leading or dominant provider.   The second construct pertained to the German and RSA interviews.   Where the respondents felt at the same level of the value chain being IBTO or OBTO the integrated company falls short and not seen as a competitor to them.

The power bases which could be assigned to the non-integrated companies' centred around three of the bases of power, being sanction, referent and expert power (Table 4: The use of sanction power; Table 6: The use of expert power and Table 5: The use of referent power).

Sanction power (Table 4: The use of sanction power) is not overtly used by respondents and integrated companies would literally only find out there is a problem because the respondent would just withdraw support.   The two most common uses of sanction power are to only provide certain amounts of information to the integrated company about guests.   The second and most detrimental form of sanction is off-selling the consumer to other products or areas.   The latter drew the most emotion from the respondents.   A USA outbound tour operator remarked "if we feel disadvantaged then we will turn to their [integrated companies] competitors, everyone has competitors, no one in the market is a monopoly".   When asked what was considered to be disadvantaged the respondents concluded the main considerations are not

being treating fairly, approaching clients directly and not providing a comparably competitive rate.

Flexibility and understanding of the needs and markets of the non-integrated company is important and a South African IBTO remarked "some people think they are incredibly important and have the best place on the continent, I can and do off sell".

Respondents' expert power and referent power is seen as a value proposition and could be used as leverage over the integrated companies. A South African IBTO commented in this regard that "my sales force is everyone I have ever done business with", highlighting that because of the value added and knowledge possessed that the word of mouth referral business generated is better than any advertising a big company can do or prices obtained. This is seen in Table 6: The use of expert power; where the respondents' knowledge, reputation with the consumer and service orientation was perceived to be better than the integrated company. The reason for the perception of being a better service provider is size related and as a result the smaller competitor has a better understanding of the consumer, matching the consumer to the right experience, products and or services. A USA OBTO commented "clients are more demanding as there is more information out there; people are looking for judgement not information".

The research brought to the fore a combination of arms-length and collaborative partnerships which coexisted in the same relationship. The collaboration centred on the referral of guests to the respondents and the

respondents providing guest feedback to the integrated company to improve the experience offered to the consumers. The arms length relationship centred primarily on providing limited personal information to the integrated company about guests. It was acknowledged by the respondents that once the consumers were using the integrated product, personal information could be obtained by the non-integrated company whilst the withholding of information served no importance other than perceived security.

The findings above agree with the finding of Cox *et al* (2003) who saw relationships centring on the division of surplus value as being more collaborative and better than outright competition. This was also consistent with the findings of Chircu and Kauffman (1999) where the best choice which could be made being that of a revenue sharing model instead of outright competition.

Table 15: Factors identified from research question 1

Factors to be satisfied by integrated companies to gain support
• Need to understand the intricacies of the market they want support from
• Be recognised as the downstream specialist
• Establishment of partnerships which are collaborative
• Have a good reputation in market place

6.3.2 Research question 2: Conflict and scarce resources

Is conflict minimised because the integrated company controls a scarce resource?

This research question relates to the theory of Potzl (2000) who concludes that support is be given to the integrated companies if a scarce resource is

controlled, which in this case is a product or a service which is seen to be a specialist in a specific area.

The analysis of Table 8: Sources of power for vertically or horizontally integrated companies; revealed many similarities between the markets. Common is the need for the integrated companies to understand the business and non-integrated companies markets; and the use of integrated companies due to there being limited or no alternatives in the destination, or because it was in the best interest of the consumer. An American respondent summed it with the statement "in those areas where [company] has the best product on offer we will use them. What matters is the client experience, it does not matter if they are a competitor or not. If they can provide the best client experience I am happy to work with them".

The scarcity of the resource does not relate to product in South Africa but was more relevant to product and services offered in the surrounding countries were because of legislation, product was limited or operating conditions meant it was more difficult to establish additional competitive product or services. This is consistent with the findings of Potzl (2000).

Despite the limited product or services a number of respondents felt that there was no limited product in Southern Africa and would off sell if required to another destination with one South African IBTO saying "some people think they are incredibly important and have the best place on the continent, I can and do off-sell".

Table 16: Factors identified from research question 2

Factors to be satisfied by integrated companies to gain support
• Create demand for product and or services in market place • Position themselves as the dominant provider in a destination*

*Other factors identified thus far, and which are highlighted in the remainder of the chapter is linked and just being the dominant provider is not enough to garner support on its own.

6.3.3 Research question 3: Support and the dictation of terms

Does support of an integrated company only occur when terms can be dictated by the non-integrated company?

Research question three is closely linked with the previous research question. It has been noted non-integrated companies have alternatives to using an integrated company's product or services (Table 4: The use of sanction power). Support for integrated companies was definitely not related to the respondents being able to dictate terms as evidenced in Table 9: Dictating terms. What is evident in this regard are respondents felt unable to dictate terms because of the size of the business, or the perception that not enough support was being provided to be able to leverage pressure. What is evident is the high value placed on relationships with the constructs 'support the people who support you' ranking second highest. A degree of trust is evident where support is already being given and the integrated company thereby ensuring the rate deserved is given.

The findings concur with those of Schul and Babakus (1998) and Cox *et* al (2003) that support occurs when behaviours are encouraged which increase participation and support

Table 17: Factors identified from research question 3

Factors to be satisfied by integrated companies to gain support
• Identify and foster working relationships with partners in markets of operation

6.3.4 Research question 4: Fairness and trust

Does fairness on the part of the integrated company lead to the formation of trust and result in support?

Table 11: Themes pertaining to fairness; outline the areas of importance and identifies the constructs which make up the identified themes of openness, ethical behaviour and fairness.

In all three markets openness was seen as the most important area of consideration. The most important construct in this regard, especially for the RSA respondents, is the need for the integrated companies to be open to negotiation.

The areas in which negotiation is important to non-integrated companies are being able to negotiate outside of the terms and conditions, which form the basis of the contractual dealings between the companies. A South African IBTO said "being flexible is important, if you are sitting with empty beds then manage your business better. You know who it is that lets you down but blanket terms and conditions don't work". Being able to negotiate on rate under

certain types of circumstances was also important, a price sensitive respondent in South Africa said "when I come and say I know my rate is [rate] which I understand but for this piece of business provide me with a better rate".

The next most important area of importance is that members at all levels of the organisation are available to help problem solve, and do so effectively (both in time and that the conclusion is satisfactory to both the non-integrated company's guests and the business). Relating very closely to this is the requirement by the respondents that the integrated company be upfront and honest, especially if an identified problem will affect the quality of a guests experience, or if the problem was caused by the integrated company. Respondents made it clear that it must be known the integrated company has tried everything in its power to assist.

The openness spoken about above was closely tied to the ethical behaviour of an integrated company and affected the reputations of the integrated companies when it was got wrong. The most important in this regard was the business should not directly contact guests as evidenced in Table 11: Themes pertaining to fairness; thereby attempting to bypass the intermediary.

The non-integrated companies acknowledged it is not possible to request that integrated companies not compete for the same customers with one South African IBTO remarking "Everybody competes for the same customers, it's a dog eat dog business. How can we expect [integrated company] not to compete with us? That's arrogant. We need to make sure our tour operating business is better than theirs". Because of the value added by the non-integrated company it did not see itself competing directly. The challenge comes in where guests are approached directly, the same respondent said

"One of the problems we have is that people who own product and tour operator pinch clients, we've known that for a long time and as a result we try not to use them".

Part of the analysis centred on price where the respondents looked for a comparable price (except in Germany who wanted access to the best price) ensuring the pricing in the market place is consistent. The latter is consistent with the strategies put forward by Coelho and Easingwood (2004) regarding pricing. The latter can be seen in Table 10: Understanding fairness and trust and Appendix E: Key terms and constructs – increased competitiveness.

A German respondent regaled a story about a hotel visited and was kept waiting by the general manager for nearly an hour. It was felt that treatment like that would also be experienced by guests. As a result all the business was withdrawn from the hotel. Treating the respondents the same way guests would be treated came up in just under half the interviews conducted as a factor of consideration when choosing partners (See Appendix E: Key terms and constructs – Fairness).

Staff were often seen as a reflection of the business itself as indicated in Table 12: Where relationships should reside; and it was noted that "companies have a way of doing business and have guidelines of how they should operate, an ethical company employs ethical people, you know who these companies and people are and you support those" (South African IBTO).

The findings are consistent with the literature by Page and Fearn (2005) who found unethical behaviour by companies was seen as the way it would behave towards customers.

Table 18: Factors identified from research question 4

Factors to be satisfied by integrated companies to gain support
- Display openness in dealings with partners   - Operate in an ethical manner   - Be negotiable on rates and terms and conditions with good supporters of the business   - Ensure price competitiveness of partners chosen in the market place   - Treat the customers to the business the same way their clients will be dealt with

6.3.5 Research question 5: Individual trust

Does the formation of trust begin with main contact in an integrated company?

Bachmann (2001) was the theoretical base used which focused on the domination of either power or trust in interpersonal relationships. The terms and conditions are the equivalent of Bachmann's (2001) system trust whilst face-to-face interactions and relationships represented personal trust if the interactions were consistent over a period of time.

Secondly the work of Romaniuk and Bogomolova (2005) was used which postulated that a company which has been in the market place and has more market share is trusted more.

The results from Table 12: Where relationships should reside; indicated relationships with people who the respondents interact with on a regular basis

is important. Trust of a competitor starts with the main contact in the organisation. However the role of the integrated company is still very important in that if the integrated company is not trusted then the chances are that the individuals working for the company will not be trusted either (as evidenced in Table 12: Where relationships should reside). The availability of individuals in the integrated company when the non-integrated companies need assistance is highlighted as relationships are based on what needs to be accomplished.

The findings agree with the findings of Romaniuk and Bogomolova (2005) in that the company's reputation is a precursor to whether the individuals in the business are trusted.

Terms and conditions in Germany were seen to be equally as important as the relationships, especially when the relationships were seen as weak. But in both South Africa and Germany the terms and condition are a means for an integrated company to manage its dealings with companies which it does not work with on a regular basis. Of overriding importance in this regard is the relationship. An interview with a German OBTO summed this up it was remarked "If you are focused on adding value then the relationship is significantly more important than standardized terms and conditions. If you are into moving numbers then terms and conditions become the important consideration". This appears to run contrary to the theory taken from Bachmann (2001) as both system and personal trust play equally important roles and neither one appears to dominate.

Table 19: Factors identified from research question 5

Factors to be satisfied by integrated companies to gain support
• Trusted in the market place
• Supporters need access to all levels in the organisation
• Supporters need personal relationships with the people they work with on a regular basis.

6.3.6 Research question 6: Cooperation

What are the types of cooperation which can be used which will result in decreased conflict?

The research question was selected by focusing on the theory which came to light through the literature reviewed on Bachmann (2001), and Daboub and Carlton (2002). One of the key findings by Bachmann is (2001) in his work on trust and power was that trust is facilitated when people behave how they are expected to behave. The subsequent data attempted to draw out the behaviours which would facilitate trust and enhance the relationship. Daboub and Carlton's (2002) findings were ratified through the research as it was shown that should interactions be relationship orientated and based on shared goals and values then trust would enhanced. It has already been established that relationships are of importance. Therefore if the integrated companies share certain goals and values then conflict would be minimised.

Table 13: Enhancing cooperation; shows that the overwhelmingly dominant construct which will enhance cooperation across all the markets studied was if the integrated company improved their supporters' competitiveness.

This could be done through the following means:

- Giving comparable if not better rates than they would get by booking directly

- Saves the non-integrated company time

- Enhance the non-integrated companies offerings

- Help facilitate travel which assists in learning about the destination

Table 20: Factors identified from research question 6

Factors to be satisfied by integrated companies to gain support
- Improve competitiveness of non-integrated company   - Understand non-integrated company's market and clients   - Create awareness for integrated companies product and services   - Mutually beneficial interaction   - Availability of management to address challenges   - Open and honest (Transparency)   - Open communication   - Open to negotiation   - Refer business

6.4 Summary

The factors which have been identified in the answering of the subsidiary research questions enable the answering of the main research question:

> ***Which factors should an integrated tourism company consistently display in order to enhance trust, facilitate cooperation and thereby ensuring support from companies outside of its structure?***

The information which was obtained through deductive reasoning from Table 4 through Table 14, and grouped together under themes identified in Appendix E:

Key terms and constructs. The constructs have been highlighted throughout the chapter and correspond with the literature reviewed as identified factors which need to be consistently displayed in order to enhance trust, facilitate cooperation and thereby ensuring support from companies outside of its structure are:

Table 21: Factors which enhance trust and cooperation

Factors	Rank Order
Improve competitiveness of partners in the market place	1
Identify and foster working relationships with partners in markets through quality relationships	2
Fairness in dealings	3
Display openness in dealings with partners	4
Be recognised as the downstream specialist	5
Be positioned as the dominant provider in a destination	6
Operate in an ethical manner	7
Create awareness and demand for product and services	8
Be negotiable on rates and terms and conditions with good supporters of the business	9
Have a good reputation in market place	10
Refer business	10
Availability of management to address challenges	12

7 CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

This chapter covers the purpose of the research, highlights the research findings and areas for further research.

7.2 Purpose of research report

The purpose of this research was to identify factors or actions which should consistently displayed by an integrated tourism company in order to enhance trust, facilitate cooperation and thereby ensuring support from companies outside of its structure.

7.3 Conclusion of the research findings

The summary of the research finding per research question is covered hereafter.

7.3.1 Subsidiary research question 1

Which types of power dominate the relationship between integrated and non-integrated companies?

The common bases of power identified in both integrated and non-integrated companies are referent and expert power. The use of sanction power is not openly used by the non-integrated companies and because of the way it is

used it will not be detected by an integrated company unless through the active monitoring of support levels.

The use of legitimate power by non-integrated company on an integrated company was not evident.

7.3.2 Subsidiary research question 2

Is conflict minimised because the integrated company controls a scarce resource?

Overt conflict is minimised through the controlling of scarce resources. A non-integrated company will still use, although begrudgingly, the products or services of an integrated company if the product quality, service, guest experience, openness, fairness and reputation are questionable or inconsistent. This is true even in areas of limited choice but the non-integrated company will actively seek out and off sell to other destinations and product where possible.

When the product quality and guest experience offered by the integrated company is exceptionally good, or located in a particular area where there are no alternatives, then the product and or services will still be used by non-integrated companies especially if they compete on the basis of their destination knowledge and value which they are able to add. This is particularly true if demand has been generated for the product at consumer level by the integrated company.

7.3.3 Subsidiary research question 3

> Does support of an integrated company only occur when terms can be dictated by the non-integrated company?

Because of the size of the non-integrated companies relevant to their integrated counterparts, and their perceived lack of support for the integrated companies products or services; non-integrated companies do not feel they are in a position to dictate terms. What non-integrated companies want to see dominating the interactions between the companies is the relationship, not the terms on which the contracts are based.

7.3.4 Subsidiary research question 4

> Does fairness on the part of the integrated company lead to the formation of trust and result in support?

Perceived fairness in the way the integrated company deals with the non-integrated firm on a regular basis does contribute to the formation of trust, which would lead to support.

Fairness by the integrated company comprises of:

- Openness of communication and preparedness to negotiate

- Perceived ethicality of the integrated company based on past interactions and reputation in the market place and which is affected by dialogue between professionals of non-integrated companies

- Perception that competitive rates have been made available to the non-integrated company. Rates need to be comparable and pricing levels

need to be consistent across all channels. They should also be based on support and the level within the value chain at which the non-integrated company is based

7.3.5 Subsidiary research question 5

Does the formation of trust begin with the main contact in an integrated company?

Trust is facilitated through a combination of interaction with people throughout the business and by the company's reputation in the market place being perceived as fair. The company's reputation in the market place is a proxy of how the staff who works for that company will behave.

Trust can be gained by allowing access of the non-integrated company to all levels of management in the integrated company. Any matters discussed need to be resolved with the best interest of the non-integrated company and its guests in mind.

7.3.6 Subsidiary research question 6

What are the types of cooperation which can be used which will result in decreased conflict?

The types of cooperation which facilitates support and decreases conflict are mostly ancillary. Non-integrated companies do not want interference in the business due to the perception that an integrated company would only act with its own interests at heart.

Cooperation is facilitated through mutually beneficial interactions and includes:

- The improvement of the competitiveness of a non-integrated company by providing better rates, provision of a consistent quality product and service

- Driving awareness at consumer level

- Referring business and not approaching a non-integrated companies clients

- Openness to negotiate and through open lines of communication

7.3.7 Conclusion of research report

> ***Which factors should an integrated company consistently display in order to enhance trust and facilitate cooperation with companies outside of its structure?***

The factors identified, when displayed consistently by an integrated tourism company will result in support (see Table 21: Factors which enhance trust and cooperation) and have been incorporated into the model below. The model is meant for use by an integrated company, and when used in conjunction with other market diagnostic tools should assist in identifying market expectations and current areas for improvement, in order to enhance trust and facilitate cooperation with non-integrated companies.

Figure 10: Conflict assessment tool
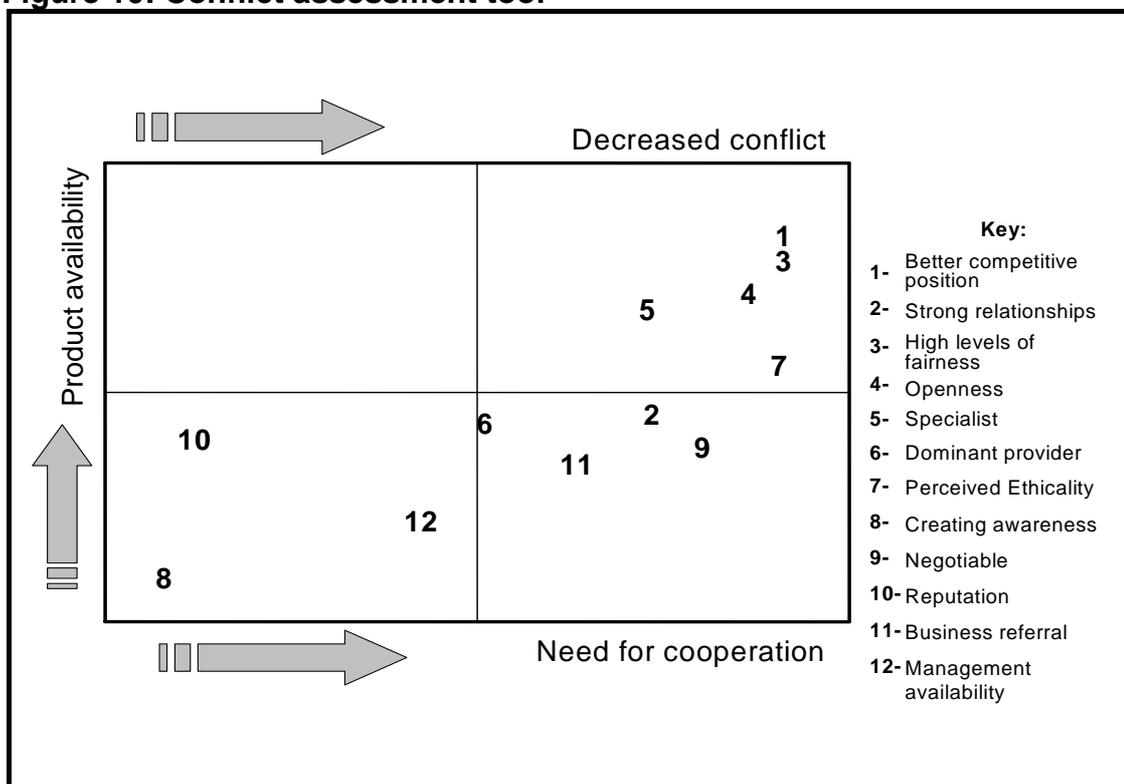
Notes on Model:

- The model is speculative in nature due to the way the factors were positioned. Points eight and 10 were placed in positions where there is a low need for cooperation and realistically could be placed anywhere on the 'product availability' axis. This is because regardless of the amount of product available a company would still build its reputation and create product awareness as part of the normal day-to-day marketing operations. Secondly, the companies interviewed from the German market competed on price first and then on added value, whilst the USA and RSA competed first on added value whilst price was distinctly secondary. These market differences were hard to differentiate out of the model.

- The remaining points were placed in the matrix using deductive reasoning and in order as set forth in the rank order table

The assessment tool aims to provide integrated tourism companies a way in which to position the business under current market conditions. The tool will indicate which factors of importance should be focused on in order to foster support and lessen conflict outside of the integrated tourism value chain.

The assessment tool is utilised as follows:

- The vertical axis depicts the increase in the availability of product or number of services available within a destination

- The lower axis labelled cooperation depicts the increased need for cooperation as the amount of product or number of services in the destination increases.

- The upper axis shows that as the integrated tourism company includes more of the factors identified then the amount of conflict experienced by non-integrated tourism companies should decrease

- The factors are placed on the matrix to depict which factors should be present as the need for cooperation increases and the amount of product available in a destination increases. As more of the factors are included by the integrated company the less conflict should be experienced

- An assessment carried out by the integrated tourism company through conversations with or through a survey of non-integrated tourism company's, will allow the integrated company to firstly identify factors already displayed and then allow the integrated company to be positioned on the grid

- The more up and to the right of the current position which are not currently being displayed by the integrated tourism company, will allow the integrated company to increase the levels of cooperation with non-integrated tourism partners whilst and at the same time reduce the amount of conflict experienced outside of the vertically integrated tourism value chain

As the factors are related they cannot be seen as operating in isolation to one another.

7.4 Recommendations for future research

This research report focused on the factors which should consistently be displayed by an integrated tourism company which specialises in Africa related tourism, in order to enhance trust and facilitate cooperation with companies outside of the integrated structure.

The scope of this report was limited to the non-integrated tourism companies interviewed in South Africa, Germany and The United States of America whose focus are the promotion of tourism to Africa. The research showed differences in the market characteristics between the three countries. Future research can focus on a quantitative study in these African focused tourism markets to discern if the same factors can be identified and therefore generalisable. If findings can be generalised then research could be done to see if the same factors would hold true in other spheres of tourism and other industries which have undergone integration; for example the printing industry. Additionally, should the findings be generalised then the model put forward could be validated to all industries in which integration plays a factor and support is required outside of the integrated structure.

Findings are limited to certain aspects of the tourism value chain and did not focus on the direction in which integration occurred. Research can be done to ascertain if the direction and degree of integration plays a factor in mitigating or generating conflict.

7.5 Conclusion

As long as there is uncertainty in the tourism industry and competition continues to intensify, integration by companies in order to capture greater portions of the tourism value chain will continue. In addition, unless integrated African focused companies are able to fill its integrated value chain, support will be required from firms located outside of the vertically integrated value chain. That being the case integrated African focused companies need to understand the causes of conflict and what will motivate companies outside of the structure to support them.

The research indicates that to minimise conflict, increase support and cooperation with tourism companies outside of its structure; attention needs to be given to how the integrated companies' interact with these companies. In addition to the reputation of the integrated company; and outside of regular marketing functions which generates demand and awareness in the market place for its product or service. The integrated company is expected to improve the competitiveness of its partners, foster good working relationships so that all parties benefit, consistently promote fairness in its dealings with the integrated company, openness to negotiation and operate in an ethical manner which will not compromise or lose the non-integrated company clients.

The research indicates that if those factors are consistently applied in the dealings with potential supporters, then conflict would be minimised, trust and cooperation enhanced and support given to the integrated tourism company.

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9 APPENDICES

9.1 Appendix A: South African Company Sample Database

	Company	Industry	Tel	Add 1	Add 2	Email	Country
168	Eurica Travel	Tour Operator					South Africa
169	Euro Africa Tours and Travel	Tour Operator					South Africa
170	Events in Africa	Tour Operator					South Africa
171	Eventing Africa.com	Tour Operator					South Africa
172	Excape Tours	Tour Operator					South Africa
173	Exclusiv Safaris	Tour Operator					South Africa
174	Exclusive Safaris	Tour Operator					South Africa
175	Exclusive Air Safaris	Tour Operator					South Africa
176	Executive Breakaway Tours	Tour Operator					South Africa
177	Explore Plus Travel and Tours	Tour Operator					South Africa
178	F1 Grand Prix Tours	Tour Operator					South Africa
179	Fairfield Tours	Tour Operator					South Africa

180	Falcon Africa Safaris	Tour Operator					South Africa
181	Fantasia Tours	Tour Operator					South Africa
182	Far and Wild Safaris	Tour Operator					South Africa
183	FC LogCon	Tour Operator					South Africa
184	Feeling Tours and Safaris	Tour Operator					South Africa
185	Ficinius African Adventure Corp.	Tour Operator					South Africa
186	Firecloud	Tour Operator					South Africa
187	Fish Eagle Safaris	Tour Operator					South Africa

9.2 Appendix B: Questionnaire

A Confidential Interview conducted amongst Top Travel Executives on Industry Competition

Closes Ended Questions				
Interview Number				
Country	Republic of South Africa		United Stated of America	Germany
Years in Tourism				
Gender	Female		Male	
Age Group	18 – 25	26 – 35	35 – 45	46 – 55	56 +
Position in Company	MD	Owner	Product Manager	General Manager	Other: _____
Company Position in Value Chain	Travel Agent	Outbound Tour Operator	Inbound Tour Operator	Destination: _____	
Number of Employees	1 -10	11 – 50	51 – 100	101 +	
Part of Parent Company	Yes* If yes terminate interview		No * Continue with Interview	

Open Ended Questions
Generic Questions

Question 1	How has the industry changed over the last 10 years?
Response Summary	
Question 2	What do you feel the current challenges are which players like yourself have to grapple with?
Response Summary	
Question 3	How important are your partners in the destination itself to your business and why?
Response Summary	
Question 4	How do you o about choosing your partners in the destination?
Response Summary	

Question 5	Do you utilise products and/or services of companies who you would consider competitors? If so why?
Response Summary	
Question 6	What are the important considerations before you would consider using a competitor's products or services?
Response Summary	
Question 7	How important is it to you that the other service providers do not compete with you for the same customers?
Response Summary	
Question 8	What other destinations does the business sell?
Response Summary	
Questions on Trust	
Question 9	Will you support a company if they target the same customers as your business? If so why?
Response Summary	
Question 10	Which is a more important consideration: Standardised operating conditions and pricing structures or a good relationship with key people in the business? Why is it more important?
Response Summary	
Question 11	How important is it to trust key individuals in the business you are supporting? Why?
Response Summary	
Question 12	What kind of actions on the part of these key individuals leads to trust?
Response Summary	
Question 13	Do you feel you are able to offer the same quality of service or product if the services or product are owned by your competitor?
Response Summary	
Question 14	If you sell the same product that is owned by your competitor, do you think you will be able to compete on price? What is the evidence thereof?
Response Summary	
Questions on Power	
Question 15	Do you ever use pressure when contracting or negotiating terms and conditions?
Response Summary	
Question 16	Under what circumstances?
Response Summary	
Question 17	What kind of pressure would you apply?

Response Summary	
Question 18	What if they own a lot of the product or offer the best product and service in a specific area?
Response Summary	
Question 19	Under what conditions will you use a vertically integrated firm?
Response Summary	
Question 20	To your mind what do you consider to be "consistent pricing"?
Response Summary	
Question 21	How consistent do you think pricing is in the market place?
Response Summary	
Questions on Collaboration	
Question 22	Would you consider working with a competitor or giving them more business if they help you grow your business?
Response Summary	
Question 23	What kind of actions would you expect them to take in that regard?
Response Summary	
Question 24	Do shared goals and values result in support? What kind of goals?
Response Summary	
Question 25	If you currently support competitors how much information do you give them pertaining to your guests?
Response Summary	
Question 26	Do you think a competitor is able to help in generating business for you? Why do you feel this way?
Response Summary	

9.3 Appendix C: Observation Sheet Example

Interview 10 – South African Tour Operator

Observations:

South Africa is popular and despite the perceptions in the international market place about the country, the operators clients (who are high nett worth) see the country as high value and not worried about the crime, disease etc in SA. The biggest challenge is seen as the amount of accommodation available and as a result, being able to choose the right one. This results in the use of properties which from experience, are seen as reliable. Partners are seen as essential to the business as it must be a smooth service from start to finish because it affects the operators reputation as they rely on word of mouth.

Partners are chosen because of their size and the amount of time they have been around. If the experience is good then they will be used again, if not then try someone else. The longer they have been around relates to reputation of the business.

Competitors are used but do not see them as competitors because they compete differently. They compete on service whilst integrated companies compete on cost and they (non-integrated company] are seen as inflexible.

Before they use a competitor they must offer a consistently good quality product as they advertise (reputation and consistency), make the client feel as special as the TO does when dealing with the client/guest.

They do not like having to compete for the same client but it is quite seldom this happens because of the service they offer to the client. Size business is small and therefore this allows them to compete far better than a bigger organisation as it is more personalised. Happy to support competitors because the channels they work through are different even though they are targeting the same customers.

The TO sees relationships as exceptionally important (clients are not price sensitive) and must have access to key people in an organisation and trust them to get things done as they promised they would and therefore assist them in providing a improved service.

Relationships are not just driven from the individual level but through the organisation, being driven from the top. Does not mind where the relationship sits as long as people deliver. It is important to have faith in the people you are dealing with them.

Being able to compete on price is still important but price offered should allow them to price at or below retail (rack) price. If can't compete in that fashion then would send business elsewhere.

Pressure is not used because of the importance placed on relationships so negotiation is the first choice.

Will use competitor product if the product is good or the competitor has what they need and .the relationship is good with small operators like themselves.

For an operator like themselves they do not want to grow the business on their own or with help as it would erode their USP (personal service). If they wanted to grow the business then they would want the competitor to offer improved rates or better value to give them broader market to focus on.

It is essential they have shared goal and values with the competitor and want them to look after their clients' interests, offer the same service on a consistent basis with product which meets expectations promised and advertised.

The amount of information is minimal unless it will be in the best interest of the client.

9.4 Appendix D: Key Terms and Constructs

Term of Association	Constructs	Total	RSA	Germany	USA
Choice of Alternatives	Have beds that we don't own	8	5	1	2
	Have to use them because there is a demand for what they offer	6	5		1
	Only if have to because there is no alternative	14	7	4	3
	There is no limited product in Southern Africa	6	4	2	
	Use competitors in areas where these is limited alternatives - need accommodation	6	1	2	3
Client Experience	Avoid using it if have to but do what the in best interest of the client experience	10	4	3	3
	Use what is in the best interest of the client	12	7		5
Competitiveness	Offer any product they can offer it is about how value is added	1	1		
	Cannot compete on price	7		6	1
Creating	Support the people who support you	8	5	2	1
	Training of staff	3	3		
	VI drive demand/create awareness is only way to help grow business	8	5	1	2
	Support the people who support you	8	5	2	1
Disintermediation	Internet makes value chain unimportant	8	3	4	1
Ethics	Don't contact customers directly (effects reputation)	16	8	5	3
	Integrity	10	6	1	3
	Not going to approach client directly	5	4		1
	Cannot believe them that you would have the best interests of the business at hand	1	1		
Fairness	As long as both parties benefit they will be used	18	13	2	3
	Being fair	3	2		1
	Consistency in price regardless of channel	2		2	
	Don't give their own brands preferential treatment	3			3
	Treat the people in the business like you want to be treated inc clients	11	6	2	3
	Wont cut them out of the relationship	7	4	2	1
	As long as both parties benefit they will be used	18	13	2	3
	Give the business then deserve rate	4	2	1	1
Fairness/Increased competitiveness	Being able to compete on price (being comparable not cheaper)	17	9	3	5
Flexibility	Be easy to work with	3	3		
	Being adaptable to their needs	12	8		4
Honesty	Have sustainable environmental practices & treat staff well	1	1		
	Honesty	12	8	3	1
Increased competitiveness	Facilitate educational	1	1		
	Get a better rate by using the competitor	16	11	5	
	Give the best price	6	5	1	
	Offering things they cant because of size	8	5	3	
	Provide with competitive rates	17	15	2	
	Saves time/made easy	10	9		1
	Give better price	8	4	4	
	Will use if it enhances their own product to better their own offering	19	13	3	3
	Give them a reason to sell	1	1		
	Depends what you have to give back in return	6	1	4	1
Knowledge	Accurate answers to questions - knowledge	3	3		
	Product knowledge and knowing what you sell intimately	7	3	1	3
	Understand the business (clients business and the industry)	38	22	6	10
	Use because of their specialization	12	10	1	1
	Provide with right marketing information	3	3		

Category	Item				
Negotiable	Ability to step back from a challenge and deal with customer needs outside of terms and conditions	9	8		1
	Flexibility of terms and conditions because of the levels of trust	11	8		3
	ad-hoc is important being able to renegotiate	6	6		
Openness	As much information as possible to better the client experience	3	1		2
	Listen to feedback	3	3		
	Help problem solve	6	2	2	2
	Effective dealing with problems	7	3	2	2
	Openness (open communication between all parties)	11	9		2
	Transparency (being upfront and honest)	13	9	2	2
	Be available especially when there are challenges - accessible	14	9	1	4
	Being open to negotiation	16	13		3
Operating	T&C are as important as relationships	5	2	3	
	T&C are more important than relationships	0			
Perceived Failings of competitors	Big companies do not have knowledge outside product manager	1		1	
	Bigger companies are not service orientated	13	9	2	2
	Competes as the VI company has higher overheads	5	4	1	
Power	Not big enough to apply pressure	2	2		
	Apply pressure in the form of requests for a better rate	7	4	3	
	Big projects business would apply pressure	1	1		
	Cannot use pressure because we are too small	7	4	2	1
	Cant demand if you are not providing support	3	3		
	Don't use pressure because it is not good for the relationship	7	4	1	2
	If you demand and don't deliver it affects credibility - don't demand	1	1		
	Not big enough to apply pressure	2	2		
	Off-sell because the client trusts the company and will accept alternatives	13	5	6	2
	Vote with feet if they feel disadvantaged	13	8	4	1
	Who our supporters are is not the concern of the company we are supporting	1	1		
	Will not sign cheques for bookings made with competitors	1	1		
	Provide information which is essential to guests stay	17	10	5	2
	Will not use our competitors	2	2		
	Will not say no	1	1		
Professionalism	Professionalism	6	2	4	
Quality of Product	Consistency in product offering	32	15	10	7
	If product does not do what it is supposed to do then no point in the relationship	2	2		
	Offers value for money (money being spent is spent wisely)	13	9	2	2
	Quality of product / service	26	14	6	6
	Service (deliver on promises made) - being honourable	32	17	8	7
Quality of Relationships	Turnaround times	12	7	5	
	Relationship with people you work with on a regular basis	12	6	4	2
	Good relationships with a manager lead to better prices	8	2	6	
	Important who you know	5	5		
	Level of the relationship depends on what is needed to be accomplished	11	5	3	3
	Loyalty is too an individual,	4		3	1
	Nature of business demands that personal relationships are important	5	4	1	
	Relationship must be at least sales manager position	1	1		
	Relationship with people you work with on a regular basis	15	10	1	4
	Relationship needs to be reciprocal	9	4	1	4
	Personal relationships throughout the business	9	8	1	

Referring Business	Refer business (either to operator or back to if contact directly)	5			2	3
	Refer business (either to operator or back to if contact directly)	13		9	2	2
	Support them if they send business	2	2			
Reputation	Established reputation	15	10	3	2
	Companies have a way of doing business an ethical company means individuals will be ethical	5	4			1
Shared Values	Cannot directly shape or grow business	15	9	3	3
	Shared values	14	8	2	4
	Have similar values (looking after their needs, ethical)	6	5	1	
	Must not compete for the same customer	3	2		1
	Will use if they help business grow	7	6		1
	Not requesting intrusive information (not asking for telephone numbers, email address)	4	3			1
Trust	Trust is with company first individuals in that company second	6	3	1	2
	Trust the business	6	4	2	
USP of Business	Add more value	17	13	2	2
	Complexity of destination	8	4	3	1
	Have more knowledge (destinations and markets deal in)	16	6	10	
	Match people with experience	8	3	4	1
	Offer a more personalized service	23	14	4	5
	Seen as independent which is an advantage	5	3		2
	Superior service	11	8	3	

9.5 Appendix E: List of Respondents

Respondents Name	Company Name	Position	Business Type	Location
Tom Robins	Qt Africa	Owner	Tour Operator	South Africa
Heidi McGowan	Marimba Travelworks	Owner	Tour Operator	South Africa
Inna Pogulis	Sure Lloyds Travel	Owner	Travel Agent	South Africa
Sally Moon	Journey Beyond	Product Director	Destination Management Company	South Africa
Andrew and Svetlana Koncheva	Zenith Tours and Safaris	Managing Director	Destination Marketing Company	South Africa
Verity Cherry	Spiral Horn Tours and Safaris	Owner	Tour Operator	South Africa
Karl Langa	TWS Travel	Owner	Destination Marketing Company	South Africa
Stuart Ingles	Pulse Africa	Owner	Destination Marketing Company	South Africa
Janet Jorgensen	Horizon and Perspectives	General Manager	Tour Operator	South Africa
Vanessa MacPherson	The General Safari Company	Owner	Tour Operator	South Africa
Klara Vlorek	Czechafrica Travel Services	Owners	Tour Operator	South Africa
Elsbeth Louw	International Conferences and Tours	Owner	Travel Agent	South Africa
Tracey Woodland	African Sojourn	Owner	Tour Operator	South Africa
Johnny Kusnadi	Infinity Reise Consulting	Product Manager	Travel Agent	Germany
Andrea Munster	Jacana Tours	Product Manager	Tour Operator	Germany
Oliver Haas	Afrika Plus Reisen	Product Manager	Tour Operator	Germany
Liane Merbeck	Abendsonne Afrika	Owner	Travel Agent	Germany
Ellen Speilberger	Bush Legends	Owner	Tour Operator	Germany
Viva Hintz	Safari Aktuell	Owner	Tour Operator	Germany

Joel Zack	Heritage Tours	Vice President	Tour Operator	United States of America
Daniella Bonnano	Absolute Travel	Product Manager	Tour Operator	United States of America
Richard Nigosian	Bond Street Travel	Owner	Travel Agent	United States of America
Tee Faircloth	FM Allen	Owner	Tour Operator	United States of America