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USING DECISION-PROCESS ANALYSIS IN OPTIMISING PROBLEM SOLVING IN TOURISM MARKETING

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Abstract: For the range of problem situations belonging to tourism marketing, specific methods and techniques have been designed with the aim of making these situations easier to resolve. In addition to using such methods and techniques, it is possible to optimise the quality of resolving problem situations in tourism marketing through consistent adherence to the stages constituting the decision-making process in its broader sense. In analysing problem situations in marketing through the stages of decision-making, focus is placed on the client as the consumer of services in tourism. Such an approach has been realised in several tourism enterprises in Croatia in concrete cases in the field of promotion and procurement as a part of the marketing function. Overbooking and the level of communication among employees are standard problems encountered in hotel companies. The study has shown that the lack of communication within and between company levels is the reason why these problems are greater than they should be. The theoretical aspects of the decision process have been applied to the case of purchasing commercial goods, providing a better understanding of the process of purchasing commercial goods.

Key words: marketing, decision-making stages, communication, purchasing goods.

Sažetak: OPTIMALIZACIJA RJEŠAVANJA MARKETINŠKIH PROBLEMA U TURIZMU ANALIZOM TIJEKA ODLUČIVANJA. Za niz problemskih situacija koje spadaju u marketing u turizmu razrađene su specifične metode i tehnike koje su usmjerene kvalitetnijem rješavanju takvih situacija. Uz te metode i tehnike moguće je optimalizirati kvalitetu rješivosti problemskih situacija marketinga u turizmu i dosljednim sljedenjem faza koje karakteriziraju tijekom odlučivanja u širem smislu. Analiza problemske situacije u marketingu kroz faze odlučivanja je usmjerena na klijenta kao korisnika usluga u turizmu. Takav pristup je realiziran na konkretnom primjeru u nekim poduzećima u turizmu Hrvatske i to na području promocije i nabave kao dijela marketinške funkcije. Overbooking i razina komunikacije među zaposlenicima u hotelskom poduzeću je jedan od standardnih problema u hotelskim poduzećima. Istraživanje je pokazalo da upravo pomanjkanje komunikacije među istim i različitim razinama unutar poduzeća uzrokuje veće probleme nego što bi oni zapravo trebali biti. Nadalje su na primjeru nabavke trovačke robe primjenjeni teorijski aspekti procesa odlučivanja čime je postignuto bolje razumjevanje promatranog procesa nabave trgovačke robe.

Gljučne riječi: marketing, faze odlučivanja, komunikacija, nabavka robe.

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INTRODUCTION

Linking basic business functions, decision-making is a process that relates to all other functions as well. It is the essence of the managerial role. The decision process ends in taking a decision.

With regard to the goal set, either one that is most frequently assigned or one we have taken at our own initiative, there are several possible solutions or lines of actions we can take in solving a problem or reaching a goal.

The decision-making process can evolve in a number of ways. This paper will focus on the basic model of decision-making with emphasis on some of the elements of the advanced decision-making model. Namely, the basic model starts with the current state, provides for the necessary preparations which lead to a state in which a decision can be made, and ends with carrying out the decision to reach a given future state, that is, to accomplish the objective set forth.

An advanced understanding of decision-making takes into consideration all the stages relevant to the process; it looks into what took place before and after a decision was taken, and it examines the various factors that influence decision-making.

Decision-making in business is one of the most important activities of managers, and there are as many examples that can be used to illustrate and explain this process, as there are types of business decisions.

The concrete problems analysed in this paper include:

- the problem of purchasing commercial goods,
- the problem of promotion, and
- the problem of overbooking.

These problems form an essential part of the business decisions made by most companies, including hotel companies.

In some problems, decision-making will be analysed according to process stages; in others, according to specific factors. Namely, the purpose of this study is to show how decision-making can be improved by applying theoretical knowledge about the basic features of the decision process with the factors that influence the process. The impact of factors is a result of the complexity and multi-disciplinary aspect of decision-making, which guide and, to a certain extent, determine the outcome of the process.

Considering the significance of the problem situation of overbooking and communication among employees within a hotel enterprise, a careful study has been made of both situations based on the data obtained from a survey conducted with a part of the staff at "Riviera Holding LC" of Poreč.

1. OVERBOOKING, COMMUNICATION AND DECISION-MAKING

1.1. Overbooking

Overbooking refers to making more bookings for a given period than the number of accommodation units available in an establishment.

For companies engaged in providing accommodation services to perform well, overbooking is a strategy employed to ensure maximum occupancy rates of accommodation capacities.

Namely, if the enterprise were to make only the number of bookings corresponding exactly to its accommodation capacity, it would be operating at a loss. Statistics show that 8 – 10 per cent of guests cancel their reservations at the last minute, when it is far too late for the accommodation establishment to do anything about it, that is, when the booking office is closed for reservations for that specific period. Thus, this 10 per cent of “lost” bookings represents an irreplaceable loss, because it is extremely difficult to book accommodation capacities in a short period of time. This makes overbooking an essential strategy for companies engaged in booking accommodation capacities.

Although overbooking is a necessity in accommodation establishments to ensure maximum performance, it is also a source of trouble when it actually happens. When overbooking does occur, it means the accommodation establishment is faced with the situation of accommodating 8 – 10 per cent more guests than its capacities will allow for. This means finding alternative solutions that will keep the guests satisfied and enable the establishment to keep its reputation. Guest satisfaction is generally achieved through price compensations (discounts) or by providing higher-class accommodation at the same price.

Generally speaking, however, if a company is managed in a responsible and professional way and if communication within the company flows in a responsible and professional manner, overbooking is a situation that should occur very rarely or almost never.

1.2. Communication

Hymes defines communication as follows: Simply put, communication (lat. *communicare*, make common) is the exchange of information, ideas and feelings using verbal and nonverbal means adjusted to the social nature of a situation (Fox, 2001:13).

With communication being one of the fundamental conditions to the life of an individual within a community and one the pillars of human interaction, it should be noted that there is more than just one form of communication. The most obvious form that immediately comes to mind is verbal communication, which includes all forms of lingual communication such as talking, singing, quarrelling and even being silent. Although some linguists consider silence to be a form of nonverbal communication expressed as the absence of speech (Fox 2001:23), in verbal communication silence conveys a message of its own.

It is well known that there is no such thing as perfect communication, that is, the ideal transfer of a message for speaker to listener. Nevertheless, even such an imperfect message is all that is needed for people to understand one other, with more or less success.

Don Moyer reports that in communication, it is impossible to neglect a listener’s individual experiences, ideas and associations, which impact on his perception of the message’s flow. Despite this, the sender does not cease to hope that his audience will understand the message in the way he intended it to be understood. Perhaps, suggests Moyer, the best strategy to take in communicating is to be prepared that your audience will indeed misunderstand you. And do not insist that, as the sender, your meaning is necessarily the correct one. Sometimes, what your audience hears is much more interesting than what you have to say. (Moyer 2004:140)

There are two basic models of communication in business or communication conducted within a company: formal communication and informal communication.

At the Hotel "Riviera" the fundamental model of hierarchy, that is, the hierarchical pyramid of *formal communication* is arranged in the following manner: The position of hotel general manager is the highest instance at which orders are given. In the network of formal vertical communication, the general manager issues orders and assignments and passes them on to the Front Office Manager (FOM) at daily meetings. The FOM in turn passes them on to the heads of the reception desk, housekeeping, maintenance, restaurant and others. Each department head conveys information to the staff responsible for executing orders. This example illustrates how information branches out as it descends the hierarchical pyramid. What is not evident at first glance, however, is how the volume and reliability of information declines as it descends from level to level. In vertical formal communication, the volume of information lower-level employees receive also depends upon message screening, a tactic some managers use in the hope of maintaining their authority.

Horizontal formal communication takes place among same-level employees in a company. Its purpose is to keep employees as well informed as possible in the shortest time possible. It serves to clear up any misunderstandings and to encourage discussions regarding any likely differences in comprehending assignments, information and so on. This type of dialogue among same-level employees is vital, because communication is never the perfect transfer of a message from sender to recipient especially when this message passes through several levels in vertical communication before it reaches the level where horizontal communication begins. If a hierarchical pyramid does appear in horizontal formal communication, it is not a construction imposed from without, but rather the result of good manners, customs, etc (for example, an expression of respect towards senior colleagues).

When formal horizontal communication at the lowest level has ended and tasks have been completed, all assignment reports, impressions, remarks and ideas in the form of feedback ascend the hierarchical pyramid to leadership positions. This should be the case providing formal vertical communication is functioning properly without any obstacles. Rarely, however, can this model be found in practise, and almost never, in its ideal and theoretical form.

The term *informal communication* implies that this is a type of communication that does not have a predetermined form. The informal communication model is a complete contradiction of the model of formal communication, because it encourages employees belonging to different levels, different departments, and even different companies to communicate with each other. Taking every possible route but the formal one, informal communication is most often used to convey information about how individual employees perceive the company, the roles of their superiors and subordinates, as well as their own role in process functions.

Many reputable companies encourage and maintain informal models of communication, because, in addition to transmitting a considerable amount of "grapevine" communication, this system can also be used to convey information of importance to the company. One of the most important features of informal communication is that it can be used to gain the trust of employees, to motivate workers, or simply to promote closer cooperation among employees.

The tourist trade is based on communication, meaning that the key to success rests on the versatility of communication. In this, priority is focused on improving

communication within a company, because to achieve guest satisfaction all matters must be settled, arranged and communicated before the guest arrives.

1.3. Analysing data gathered via questionnaire at the tourist company “Riviera holding” LC, Poreč

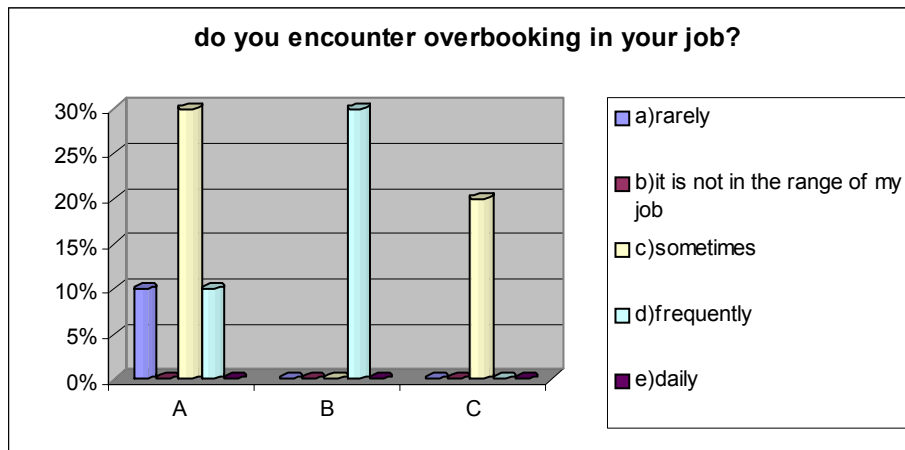
1.3.1. Hierarchical structure of respondents participating in the survey

Table 1: Qualification pattern of respondents.

Qualification	Number of respondents
Secondary school qualifications (A)	4
Two-year post-secondary school qualifications (B)	4
University qualifications (C)	2

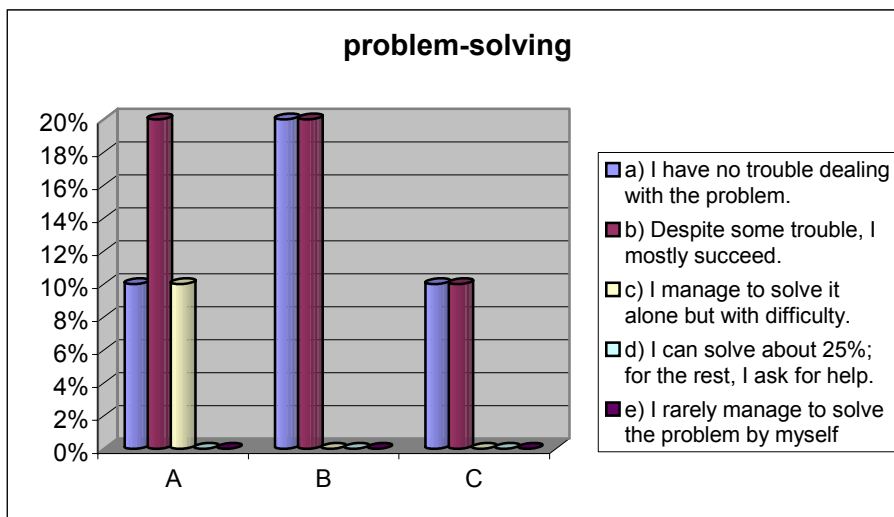
1.3.2. Overbooking

Graph 1. Respondents and overbooking



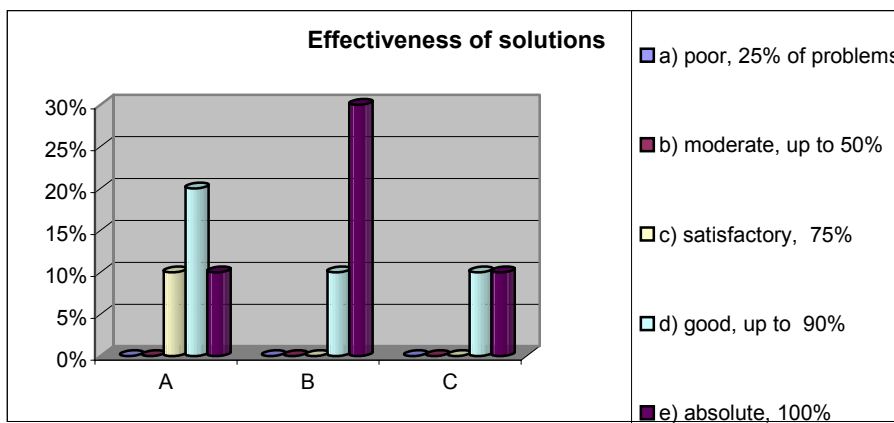
Most respondents with secondary school qualifications (A) and university qualifications (C) (30 per cent and 20 per cent, respectively) sometimes encounter overbooking in their jobs, whereas most respondents with two-year post-secondary school qualifications (B) (30 per cent) frequently encounter cases of overbooking.

Graph 2. How respondents handle the problem of overbooking



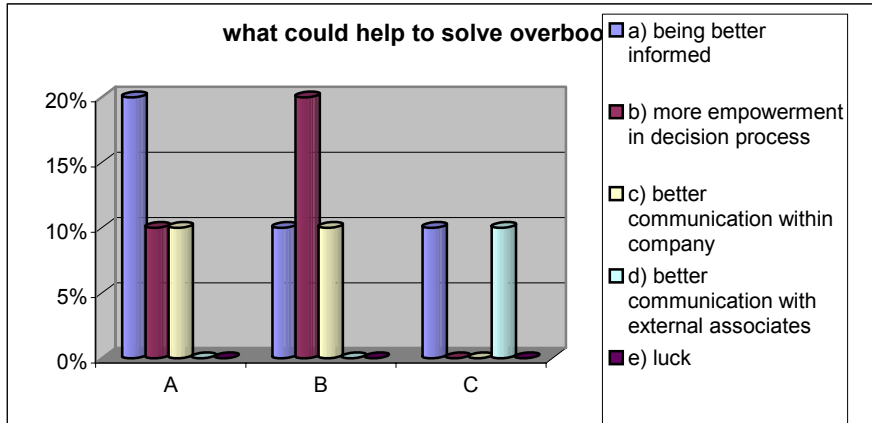
Only 10 per cent of respondents find it difficult to handle the problem of overbooking, although they do manage to solve it. Over 50 per cent of respondents have no trouble in dealing with this problem.

Graph 3. The effectiveness of solutions provided by respondents in solving problems



In dealing with the problem of overbooking, the solutions provided by all respondents are successful in solving 75 – 100 per cent of all problems. The solutions provided by 20 per cent of respondents with secondary school qualifications (A) can solve up to 90 per cent of all problems, and the solutions chosen by 30 per cent of respondents holding two-year post-secondary school qualifications (B) are effective in all problems (100 per cent).

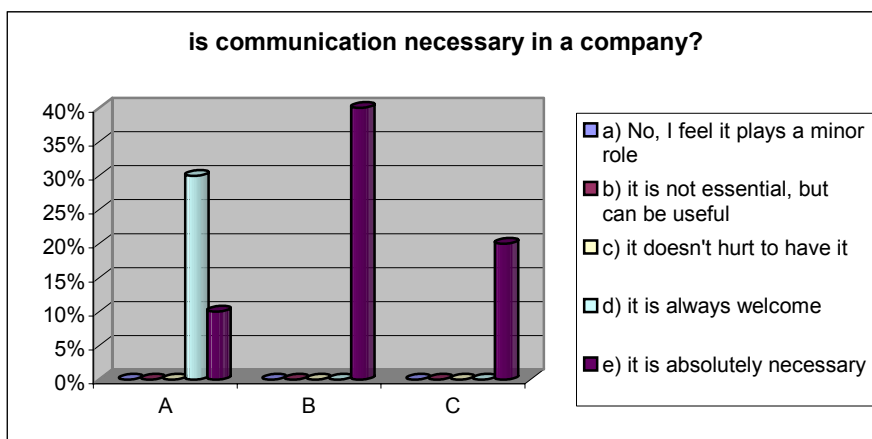
Graph 4. Measures respondents believe could help the decision process



About 20 per cent of respondents with secondary school qualifications (A) would like to be better informed; 10 per cent would like to have more empowerment in decision-making; and 10 per cent would prefer better communication within the company. In sample B (respondents with two-year post-secondary school qualifications), 20 per cent of respondents would like more empowerment, whereas an equal percentage (10 per cent) are divided between better communication within the company and being better informed. In sample C (respondents with university degrees), 10 per cent would like better communication with external associates, and 10 per cent would prefer to be better informed.

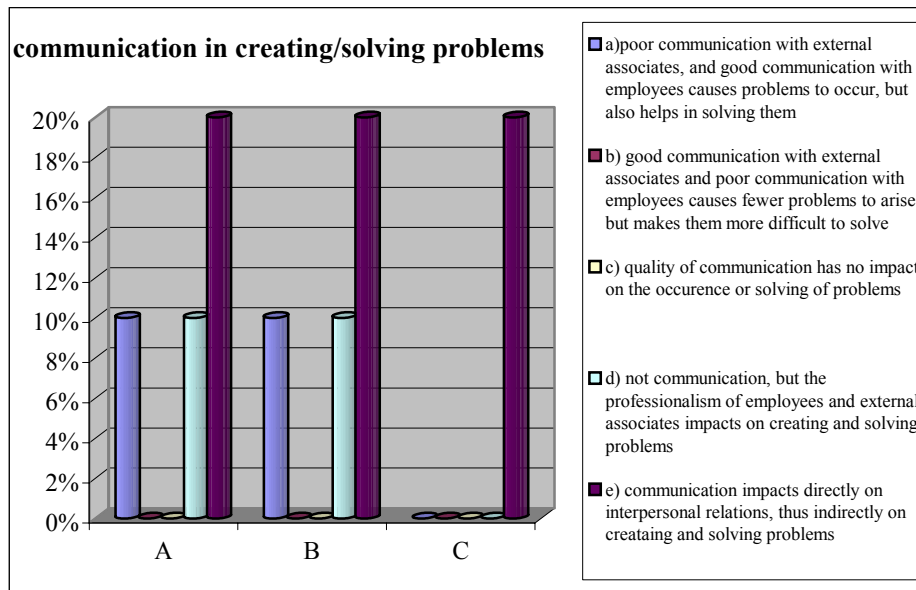
1.3.3. Communication

Graph 5. Necessity of communication within the company



Data processing reveals that 30 per cent of respondents feel communication within a company is always welcome, whereas 70 per cent considered communication to be absolutely necessary.

Graph 6. The impact of communication on the occurrence and solving of problems



This graph is specific, because it deals with two potential problem areas: one, focusing on the impact of communication on creating problems, and the other, focusing on how this same communication can help in solving problems.

The majority of 60 per cent of respondents suggests that communication impacts on interpersonal relations and through these relations it influences the creation of problems; in the same way, communication can become a mitigating factor when it comes to solving problems. About 20 per cent of respondents feel that problems are easier to solve if the level of communication within the company is at a satisfactory level, even if poor communication with external associates was the cause of the problem. Another 20 per cent of respondents consider that communication has nothing to do with creating problems, which can be efficiently solved only by dealing with them in a professional manner.

2. PURCHASING AND DECISION-MAKING

The problem of purchasing is analysed against the criteria of decision-making as a phase process. The case in question deals with the purchasing of goods, which poses a constant problem, and for this reason it is interesting to examine the problem-solving approaches available with respect to the individual phases of the decision

process. In understanding this issue, personal experience in daily operations is of the utmost importance in addition to various objective indicators.

The problem of purchasing is presented as the complexity of purchasing goods, affected by changes in the volume of business and the problem of finding the most favourable supplier. This is a recurring problem situation, because it repeats itself a number of times in a short period (for example, several times weekly). In applying the approach to decision-making in its broader sense, six stages emerge which involve:

- defining the decision issue,
- gathering information,
- formulating a model,
- developing alternatives for evaluation,
- evaluating alternatives,
- selecting an alternative and making a decision.

2.1. Analysing the purchasing problem

Problems in the purchasing process are linked to strong competitors appearing on the market with lower prices due primarily to the large volumes of goods companies purchase from suppliers and based on which discounts are granted (quantity discounts). Another problem involves large transport costs if it is up to the company to collect the goods from distribution centres or from suppliers

Problems and difficulties that arise are connected to uncompetitive prices. Changes in the volume of business, which lead to the need of gathering new offers, also impact on creating problem situations. Given an industry that cannot afford to neglect these changes, they must be addressed promptly and the problem solved quickly. Although this is a rather awkward problem, it can be solved to a certain degree of security. Having identified the problem and determined the objectives that solving the problem will achieve, the next step is to purchase favourably priced items in order to overcome the problem. The greatest drawback to the company is if it acts independently.

In solving current problems in purchasing, use can be made of information available in various specialised business journals such as *Obrtnički list*, *Poslovni magazin* and the Internet edition of the Croatian Official Gazette.

Because purchasing is a recurring problem, it can be solved using standard procedures. Purchasing problems most often occur on a weekly basis, because it is not possible to keep any substantial quantities of goods on stock. The original problem situation can be illustrated through the individual stages of decision-making in its narrower sense, which will help to make the situation clear in terms of defining, as well as solving, the problem.

The below analysis focuses on the problem of purchasing commercial goods.

Table 2: The problem of purchasing commercial goods

Decision process stages	Decision stages in the purchasing problem
DEFINING THE DECISION ISSUE	<ul style="list-style-type: none"> - in problems linked to purchasing commercial goods, the problem is identified at its onset, because customers want good service at favourable prices. The objective is to bring prices in line with the competition. - problems of purchasing commercial goods occur regularly over a period of time; they are not unexpected and are solved using routine procedures, that is, through business cooperation with the most favourable supplier. - when purchasing involves collecting the goods from the supplier, the prime objective is to eliminate undue expenses given the frequency of the problem (on a weekly basis) and the cost of transport and other costs linked to this problem.
GATHERING DATA AND INFORMATION	<ul style="list-style-type: none"> - in purchasing commercial goods, information is mostly gathered from suppliers. This is a low-risk case of decision-making. Information is largely available in the company's environment. - When purchasing goods, the company seeks to be well informed of the supply on the market, but this is usually done through suppliers submitting their offers. Decisions are made in conditions of complete certainty, because the problem does not occur unexpectedly and it has been solved repeatedly over an extended period. When it occurs, a developed model is in place to solve it.
FORMULATING A PROBLEM MODEL	<ul style="list-style-type: none"> - The problem occurs on a weekly basis and is solved using routine procedure. - The purchasing problem can be quantified in terms of costs. The quantity of goods needed cannot be easily predicted because of oscillations in sales.
DEVELOPING ALTERNATIVES	<ul style="list-style-type: none"> - There are as many alternatives as there are suppliers offering identical or similar items. The comparison method is used in choosing the most favourable offer received. - There is only one alternative available for purchasing fresh fruit and vegetables, because the company has a contract with a specific supplier.
EVALUATING ALTERNATIVES	<ul style="list-style-type: none"> - Alternatives are evaluated with respect to costs. Evaluation procedures can be programmed from this aspect only; they cannot be programmed from other aspects.
SELECTING AN ALTERNATIVE AND TAKING A DECISION	<ul style="list-style-type: none"> - In most cases, the decision is determined by contents and costs. - The decision always involves purchasing goods through the most favourable supplier who also delivers the goods. - As prices and conditions offered by suppliers can vary during the year, the decision does not always involve the same supplier.

The most important factors impacting purchasing decisions can be classified as internal subjective factors: the distribution of power, the organisation of work and management, and the participation of employees in the decision process; internal objective factors: the availability and structure of funds; and external factors: the marketplace, a country's social and economic system and community bodies.

2.2. Types of decision and purchasing

Every decision made is the result of the decision process and the efforts of the decision maker. The way decisions are classified depends on the classification criteria used. For the purpose of this study, decisions have been categorised according to the following criteria:

1. the type of problem situation: programmed and non-programmed
2. the level of decision-making: top, middle and low-level management decisions
3. their impact on the system: strategic, tactical and operational decisions
4. the degree of creativity: routine and innovative decisions
5. the participants in the decision process: individual, group or collective decisions
6. the decision-makers: proprietary, managerial and executive decisions
7. timeframes: decisions that have no deadlines, and decisions that must be made within a limited period.

Decisions relating to purchasing goods are programmed decisions because they are made in recurring situations.

With regard to the level of decision-making, purchasing decisions depend upon the organisational structure of the company and the size of the company.

Purchasing decisions can be classified as operational decisions.

Decisions about purchasing commercial goods are routine decisions, because the frequency of the problem and its routine nature determine the final decision.

In small companies, these are individual decisions, and in middle-sized or large companies, they are group decisions.

Depending upon the size of the company, the purchasing decision can be classified as proprietary, managerial or executive.

Decisions relating to purchasing goods are an example of decisions made in a limited period of time, because being routine decisions, they require an automatic response.

CONCLUSION

Research has shown that a tight link exists between the issues examined. Overbooking is a strategy that is essential in the tourist trade. Successfully solving problems arising from overbooking depends upon communication within a company. The analysis of a survey dealing with communication indicates that the lack of communication within and between various company levels is the reason why some problems are greater than they should be.

These problems can either continue to grow, or providing a communication channel is established at any level, it almost seems as if they solve themselves.

The objective of the study was to point to problems constantly encountering in the hotel industry and to examine problem patterns from the aspect of the decision process with regard to overbooking and communication. Failings in the system of solving certain problem themes have been identified in the paper.

The theoretical aspects of the decision process have been applied to the specific problem situation of purchasing commercial goods. This has provided a better understanding of the process of purchasing commercial goods by bringing together theoretical aspects and the actual situation.

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