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Fat Absorption in Commercial French Fries Depending on Oil Type and Coating

By Anish A. Parikh and Douglas C. Nelson

ABSTRACT

This study examines the effect of edible coatings, type of oil used, and cooking method on the fat content of commercially available French fries. In contrast to earlier studies that examined laboratory prepared French fries, this study assesses commercially available French fries and cooking oils. This study also measured the fat content in oven baked French fries, comparing the two cooking methods in addition to the comparisons of different coatings' oil uptake. The findings of this study were that the type of oil used did have a significant impact on the final oil content of the uncoated and seasoned fries. The fries coated in modified food starch and fried in peanut and soy oils had what appeared to be significantly higher oil content than those fried in corn oil or baked, but the difference was not statistically significant. Additionally, fat content in French fries with hydrocollidial coatings that were prepared in corn oil were not significantly different than French fries with the same coating that were baked.

Key Words: French fries, fat absorption, fat content, hydrocollidial coatings, frying

INTRODUCTION

In 1953 the J.R. Simplot Company patented the frozen potato French fry. Since that time, frozen potatoes consumption has steadily increased. In 1960, Americans consumed a yearly average of 7.6 pounds of frozen potatoes and 81 pounds of fresh potatoes (Buzby & Farah, 2006). By 1993, frozen potato consumption exceeded fresh (Buzby & Farah). According to the United States Department of Agriculture's (USDA) Economic Research Service (ERS), Americans ate 56.4 pounds of frozen potatoes in 2004, mostly French fries, and 46.5 pounds of fresh potatoes (2006).

Before World War II, French fries were rarely consumed because the preparation required peeling, cutting and frying. Without expensive machinery, making a French fry took much time; innovations in food processing techniques allowed centralized French fry production. Today, French fries are typically produced in a few central locations where they are frozen at -40 degrees and shipped to the point of consumption (Schlosser, 2002).

PREPARATION METHODS

Over 90% of United States French fries consumption happens in quick service restaurants (Buzby & Farah, 2006). French fries are primarily prepared by deep fat frying: an easy, fast, and relatively low cost process where heat is transferred and oil is absorbed by the food concurrently (Krokida et al., 2001). Factors affecting this process include the type and shape of the food, the temperature of the oil, and the type of pre-treatment. French fries can alternatively be oven-baked, which is perceived to be a healthier preparation method. Many French fry manufacturers provide directions for baking.

HEALTH IMPLICATIONS

In 2006, 35.3% of American adults were classified as obese. The last few decades, the population of individuals who are either obese or overweight in the United States has steadily increased (Ogden, Carroll, McDowell, & Flegal, 2007). It is well known that a surplus of saturated fat in diet is the chief contributor to high blood cholesterol, high blood pressure and coronary heart disease (Saguy & Dana, 2003). Consumer awareness of the links among food, nutrition, and health has led to interest in limiting oil consumption. In a survey of over 1,500 consumers, over half described themselves as "Fried Food Curtailers" or "Fried Food Avoiders" (Services, 2003).

During the deep fat frying method, oil not only serves as a heating medium but also absorbs into the food, increasing the total fat content. Several methods have been studied to reduce oil uptake in French fries: edible coatings, oil type, oil temperature and frying time. "Oven-frying" French fries is a growing trend in institutional foodservice, as it is considered a healthier alternative (Van Eijck, 2007; Weisberg, 2009; White, 2009). However, peer reviewed research supporting health benefits of baked French fries has been limited.

LITERATURE REVIEW

As consumer interest in low fat food increases, restaurateurs must adapt to meet customer demand. Oil type, oil temperature, frying time and edible coatings have the greatest affect on oil uptake, a major contributor to total fat content in deep fried foods. This study examines oil type and edible coatings effect on French fries. Baked French fries will also be examined to explore the greater picture of healthier food products.

Edible Coatings

Coatings are used on French fries to reduce oil uptake (Khalil, 1999). Hydrocolloids are an excellent coating because they exhibit good barrier properties to oxygen, carbon dioxide, and lipids (Albert & Mittal, 2002; Garcia et al., 2004; Mallikarjunan, Chinnan, Balasubramaniam, & Phillips, 1997; Martelli, Carvalho, Sobral, & Santos, 2008). Hydrocolloids used in French fries include proteins, cellulose derivatives, alginates, pectins, and starches (e.g. agar-agar, carrageenan, modified food starch). Incorporating low levels of hydrocolloids

such as powdered cellulose reduces oil uptake in fried foods (Ang, 1993; Mallikarjunan et al., 1997). Cellulose derivatives such as methyl cellulose, hydroxypropyl cellulose and hydroxypropylmethyl cellulose not only reduced oil uptake but also increased water retention during the frying process. Preserving water levels is important because moisture affects the mouth feel of fried food products (Albert & Mittal, 2002; Rimac-Brncic, Lelas, Rade, & Simundic, 2004). However, no studies have explored commercially available French fries. This study addresses this limitation by testing commercially available French fries with various coatings.

Frying Oils

Flavor and heat characteristics vary by oil, with significant effects on the end product (Warner & Mounts, 1993). Thus, care must be taken in deep fat frying oil selection. A good quality deep fat frying oil should be bland in flavor to avoid flavor transference. Oil should be stable at high temperatures; have a high smoke point, preferably over 400°F; and a flash point above 600°F (Mackay, 2000). Frying oil with low linolenic acids and high in monoenoic acids is desired because oils with high linolenic acids quickly degrade when exposed to frying conditions (Ruiz-Mendez & Mancha, 2003; Yaghmur, Aserin, Mizrahi, Nerd, & Garti, 2001). Currently, in foodservice establishments the main types of frying mediums are palm, olive, peanut, sunflower and soy oils (Kita, Lisinska, & Powolny, 2005). Although no studies have found the type of oil used to be a statistically significant factor in oil absorption, no studies have examined commercially available French fries (Hazebroek, 2000; Rimac-Brncic et al., 2004).

Many studies have investigated the effects of temperature on oil (Agblor & Scanlon, 2000; Du Pont, Kirby, & Smith, 1992; Kita & Lisinska, 2005; Kita et al., 2005; Moreira, Sun, & Chen, 1997; Rimac-Brncic et al., 2004; Ruiz-Mendez & Mancha, 2003; Saguy & Dana, 2003; Ufheil & Escher, 1996; Yaghmur et al., 2001). These studies found that the degradation of frying medium can greatly affect the oil absorption during the deep fat frying process. Oil degradation is caused by prolonged high temperature combined with the presence of moisture and oxygen and results in hydrolysis (i.e., hydrogen added to the oil), oxidation, and the changing of the chemical compound in fats. This converts unsaturated fats to saturated fats and changes the length of the fat molecules. The result of oil degradation is that more energy is required to heat the oil, lowered heat capacity, decreased surface tension, and increased contact time between the oil and food product (Mackay, 2000). Because, the effects of oil degradation have been established, this study will not be looking at this oil degradation as a factor in the analysis of the results.

Baking of French Fries

The Oxford English Dictionary defines baking as "cook by dry heat without direct exposure to flame, typically in an oven or hot surface" (Dictionary, 2004). At face value it seems that oven baking adds no additional fat to French fries. However, in a literature search conducted by the authors found only one peer

reviewed article that found that oven baked French fries had lower oil content than their deep fat fried counterparts. That article concluded that there was not a statistically significant difference in lipid content between baked French fries and deep fat fried French fries (Lloyd, Farkas, & Keener, 2004). However, anecdotal evidence shows that institutional food service has started to bake their French fries as a healthier alternative for their patrons (Van Eijck, 2007). The reason that baked fires have such high oil content is that the most often purchase frozen French fries have been par-fried. Par-frying is the process of deep fat frying potatoes until they are partially cooked; this inherently adds fat to the product.

Purpose of Study

An extensive literature search conducted by the authors found several studies on the effects of hydrocolloid coatings and oil types on fried foods (Albert & Mittal, 2002; M. K. Krokida, Oreopoulou, Maroulis, & Marinos-Kouris, 2001a; Mallikarjunan et al., 1997; Suárez, Campañone, García, & Zaritzky, 2008; Ufheil & Escher, 1996). However, in those studies the authors prepared the coatings specifically formulated to test the properties of certain compounds; as mentioned previously, restaurants often do not prepare their own French fries (Albert & Mittal, 2002; Ang, 1993; Garcia et al., 2004; Haase & Weber, 2003; Kita & Lisinska, 2005; Kita et al., 2005; M. K. Krokida et al., 2001a; M. K. Krokida, Oreopoulou, Maroulis, & Marinos-Kouris, 2001b). Because the average restaurant purchases their French fries commercially with coatings that are designed to extend holding times and improve flavor in addition to reducing oil absorption, the results of those studies may not accurately reflect the results seen in a restaurant operation. This study will evaluate coatings on commercially available French fries and aims to fill this literature gap by analyzing fat content in commercially available French fries.

The main purpose of this study is to examine the effect of edible coatings, type of oil used, and cooking method on the fat content of commercially available French fries. As oven baking French fries are gaining in popularity in response to consumers' demands for healthier products, it is important to look at the product's oil content rather than just the oil uptake. By including measures of the fat levels in oven baked French fries, this study offers a comparison of the two cooking methods in addition to comparisons of different coatings' oil uptake.

Methodology

French Fries

The authors investigated popular brands sold by a national grocery store and found that most French fry manufactures listed modified food starch as one of the ingredients in their coatings. Therefore, this study investigated modified food starch coatings used by various commercial French fry manufacturers. Considering the premise of this study, several brands of frozen French fries were

bought from a local restaurant supply store. The French fries used in this study were selected because they represent the three major classes of French fries available: coated with modified food starch, uncoated and heavily seasoned.

Cooking Methods

A commercial deep fat fryer was used to prepare the deep fried French fries. The fryer was filled with to the manufacturers' recommend fill line with oil. The frying basket was filled with a half-pound of French fries per batch. The oils that were chosen are peanut, corn and soybean oil. The oils used were selected for their variation in monoenoic and linoleic acids and differences in inherent stability as shown in Table 1.

Manufacturer cooking instructions were followed for each of the different French fries. The recommended oil temperature for all fries used in this study was 350°F (177°C). To reduce the potential impact of oil degradation, new oil was used and the order in which the different fries were cooked was rotated between trials. The cooking time was three minutes for both coated with modified food starch and uncoated French fries and 2.75 minutes for heavily seasoned French fries as recommended by the manufacturer.

A combination oven was used to prepare the oven-baked French fries the. The fries were placed on a sheet tray with 1 lb. of French fries and baked in combination mode for 12 minutes at 400°F (204°C) in accordance with manufacturers' instructions; this method of preparation is also used in previous studies.(Weisberg, 2009; White, 2009).

DATA COLLECTION AND ANALYSIS

The French fries were prepared either by deep fat frying or baking. After the fries were prepared each batch was frozen overnight on a sheet tray with with the temperature of the freezer set at 0°F (-18°C). The frozen samples were then ground with a Bamix® hand blender. The ground samples were placed extraction thimbles of known weight then weighed. The ground samples were then dried a gravity drier for 36 hours at 212°F (100°C). To determine moisture content drying the samples were weighed again. Fat content for the fries was determined by using a Soxhlet extraction method (M. Krokida, Oreopoulou, & Maroulis, 2000). The dry samples were placed in a Soxhlet and the fat was extracted with petroleum ether for six hours. The samples were again dried in a gravity dryer for two hours at 212°F (100°C) then weighed. Percent fat was calculated wet basis by subtracting the weight of the French fry solids and moisture content from the starting product then dividing it by weight of starting product. Analyses were conducted in duplicate. Experimental data were analyzed by analysis of variance (ANOVA). The Tukey test was used to make pairwise comparisons. Differences between samples at the 5% ($p \leq 0.05$) were considered statistically significant. All statistical analyses were performed using the SAS software program.

Table 1
Characteristics of Frying Oils

Fat Type	Lipid Content	Inherent Stability
Sunflower	High oleate	6.8
Canola	High oleate	5.5
	Low linolenate	
Soybean	High oleate	7.0
	Low linolenate	
Peanut	High oleate	3.7
High-oleic Sunflower	High oleate	1.9
	Low linolenate	
Corn Oil	High linolenate	5.8
	Low oleate	

RESULTS & DISCUSSION

Effects of Oil type

The effects of oil type, cooking method and hydrocolloid coating on the final oil content of French fries is shown in Table 2. To fully understand the impact of cooking, the percent moisture and solid content were also reported in Tables 3 and 4, respectively. The contents of the frozen fries as purchased are also included in the tables. They are labeled as "Par-Fried." This is to indicate that all fries used in this study had undergone the standard par-frying procedure prior to being frozen and packed for shipment.

Table 2.
Means of Fat (percent wet basis) in Different French Fry Coatings by Oil Type Used.

	Modified Food Starch	Uncoated	Seasoned
Peanut	0.083a	0.097a	0.079a
Soy	0.083a	0.058b	0.056b
Corn	0.063a	0.089a	0.051b
Baked	0.049a	0.059b	0.050b
Par-fried	0.052a	0.054b	0.037b

Note. Same letters in each column indicate that there were no statistically significant difference found ($p \leq 0.05$) between means.

The type of oil used did have a significant impact that final oil content of the uncoated and seasoned fries. While the fries coated in modified food starch and fried in peanut and soy oils had what appeared to be a significantly higher oil content than those fried in corn oil or baked, the difference was not statistically significant. The reason for this was the high variance between samples. Three additional analyses were performed on the frozen samples for the modified food starch coated fries because of the variance. However, the when those additional analyses were included there was no change is the results. The reason for the unusually wide variation is not readily apparent. All fries from each treatment were ground together prior to chemical analysis the variation should have been smaller. More study is needed to determine the reasons behind the vide variation for the modified food starch coated fries.

For the seasoned French fries, the fries cooked in peanut oil had significantly higher fact content (see Table 2). The other three cooking methods did not vary significantly from each other. While the difference was not statically significant, it appears that all method of cooking resulted in an increase in the fat increase compared to the par-fried or partially cooked fries. This does not necessarily mean that they absorbed more oil during the cooking process. No oil was used in the baking process but the fat content increased during cooking. The reason for this was that fries lost weight in form of water evaporation during cooking (see Table 3). As a result the oil accounted for a larger percentage of the final product as the weight of the fries dropped.

Table 3.
Means of Water Content (percent wet basis) in Different French Fry Coatings by Oil Type Used.

	Modified Food Starch	**Uncoated**	**Seasoned**
Par-fried	0.67a	0.69a	0.68a
Baked	0.53b	0.54b	0.47c
Soy	0.50c	0.52b	0.49bc
Peanut	0.49c	0.52b	0.50b
Corn	0.46d	0.54b	0.49bc

Note. Same letters in each column indicate that there were no statistically significant difference found ($p \leq 0.05$) between means.

The uncoated fries appeared to absorb the peanuts and soy oil during cooking, but not the corn oil. The fat content of the uncoated fries fried in corn oil had roughly the same fat content as the baked fries (see Table 2).

Table 4 contains the final solid contents after cooking. The total amount of solids was expected to be relatively constant during cooking. For the coated fries, very small amounts of the coatings came off during cooking. As

expected, in all case the solid content increased compared to the par-fried only fries as each of the fries lost moisture during cooking.

Table 4.
Means of Solid Content (percent wet basis) in Different French Fry Coatings by Oil Type Used.

	Modified Food Starch	Uncoated	Seasoned
Corn	0.48a	0.47a	0.46b
Baked	0.42b	0.40b	0.48a
Soy	0.41b	0.42b	0.45b
Peanut	0.43b	0.38c	0.42c
Par-fried	0.28c	0.26d	0.28d

Note. Same letters in each column indicate that there were no statistically significant difference found ($p \leq 0.05$) between means.

Effects of Coating

There was a significant difference ($p \leq 0.05$) between uncoated French fries and all other coatings (see Table 5), however, the modified food starch was only partially different from the uncoated. Uncoated French fries absorbed more oil than all other fries because there was no barrier for absorption.

Table 5.
Means of Oil Absorption (percent wet basis) in Different Cooking Methods by Coating.

	Peanut	Soy	Corn	Baked	Par-fried
Uncoated	0.097a	0.059a	0.088a	0.059a	0.054a
Seasoned	0.079b	0.056a	0.052b	0.050b	0.037a
Modified Food Starch	0.083b	0.083a	0.063b	0.049c	0.052a

Note. Same letters in each column indicate that there were no statistically significant difference found ($p \leq 0.05$) between means.

Commercially prepared French fries are par-fried; this means that regardless of preparation method used in a restaurant they will contain some fat. It is important to note that uncoated French fries and both types of coated fries, and par-fried only, did not have significantly different fat content than each other, due to the par frying. This study's findings clearly show that French fries absorbed more peanut oil than other types of oil. This could be due to its higher concentration of monounsaturated fats and lower concentration of

polyunsaturated fats. The mono unsaturated fats may have an easier time moving through the coatings (Mackay, 2000).

Seasoned French fries started out with a lower fat content than the other types of fries, however, after preparation both types of coated French fries had similar fat content. The findings also show that fries that are uncoated contain a greater amount of fat than either types of coated French fries after all types preparation including baking. The uncoated French fries had more fat after baking than the both types of coated fries because of moisture loss. This is likely due to the hydrocollidal coatings used on the coated French fries creating a barrier to moisture loss.

CONCLUSION

The type of coating and cooking method has an important role in the fat content of a French fry. The results of this study indicate that French fries prepared with a hydrocollidial coating have a significantly lower fat content than French fries which have no hydrocollidial coating. The implication of these results is that restaurants should discontinue the use of uncoated French fries.

Another finding from this study was, fat content in French fries with hydrocollidial coatings that are prepared in corn oil are not significantly different than French fries with the same coating that are baked. In a practical sense the seasoned French fries deep fat fried in corn oil had a fat content that was only .0011% greater than fries that were baked; while coated French fries deep fat fried have a fat content that was 0.0139% greater that its baked counterpart. It may seem counterintuitive that the difference of fat in baked and deep fried French fries is negligible. However, this effect happens because most of the French fries' fat content actually comes from being par fried during the manufacturing process. To lower the fat content the manufacturer should avoid par frying the French fries, however, this will worsen the texture of the fries greatly making this an unviable option (M. K. Krokida et al., 2001a; Suárez et al., 2008).

With no statistically significant difference and very little practical difference between baked French fries and corn oil deep fat fried, foodservice operators should be wary of changing their products for such little gains in consumer health. While the baked French fries seem intuitively healthier, they have a lower texture quality (Nonaka, 1980). Foodservice operators would do better by educating their customers that their deep fat fried French fries have better flavor while having only marginally more fat than their competitors "healthy" baked French fries. This would allow them to make their customers happy, while not needed to take on the capital costs of purchasing additional ovens, to bake French fries.

Table 6 shows the practical difference between 4oz of baked French fries and 4oz of traditionally cooked French fries. The difference between baked fries coated with modified food starch and French fries cooked in corn oil is only 1.58 grams of fat or approximately 14 calories. The difference uncoated fries cooked

in peanut oil and uncoated baked French fries, the group with the largest difference in fat, was about 40 calories or 2% of a 2000 calorie diet. In a practical sense 40 calories is less than half a banana.

Table 6.
Amount of fat (grams) in a four ounce serving of French fries

	Peanut	Soy	Corn	Baked
Uncoated	11.02	6.68	9.99	6.69
Modified Food Starch	9.40	9.41	7.11	5.53
Seasoned	8.95	6.40	5.80	5.68

Typically baked products are considered healthier than deep fat fried foods. Despite the fact that baked French fries had the least amount of fat; when compared to fries prepared in corn oil there were no statistically significant differences. This finding challenges the "healthy" status of baked French fries in popular culture. This is due to the par frying during the manufacturing process.

In order to provide consumers with healthier fries, manufacturers must increase research and development to find a manufacturing process that does not add fat to French fries. As this research shows foodservice operators are unable to significantly lower the fat content of French fries through preparation methods alone. Despite public view of baking as a health preparation method the capital expense required and the negligible health benefits of baking French fries within a restaurant suggest that the better strategy for healthier French fries is using French fries with hydocollidal coatings and avoiding frying oils that are high in saturated fats. Within the combinations of oils and French fries tested, uncoated French fries should be fried in soy oil and fries coated in modified food starch and seasoned fries should be prepared in corn oil to yield the lowest fat content. Operators should test their French fries with different oils to determine the combination with the lowest fat content.

Limitation and Future Research

This study examined only three types of commercial French fries, whereas the manufacturing process may differ in other French fry varieties. Additionally, only four types of cooking methods were used, French fry oil uptake may differ with other types of frying oils.

While the current study examined hydrocolloids coatings and preparation methods in French fries, other factors such as cook time, cook temperature, and oil degradation are factors that should be examined on commercially available French fries. Future research should be conducted on coatings that can better withstand oil absorption and making these coatings commercially viable. Furthermore, the type of fats being absorbed into the French fries should also be examined.

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Authentic Experiences Assessment Instrument: The Case of Millennial Students and Cultural Attractions in Central Florida

By Earney Francis Lasten and Randall S. Upchurch

ABSTRACT

Three types of authenticity were chosen to analyze cultural attractions—they were: staged or real authenticity, sensory authenticity, and existential authenticity. A group of millennium students that visited Orlando's cultural attractions from the University of Central Florida were part of this study.

Results show that the term "culture" is unclear among students. Also gender might play a role in determining what is perceived as "authenticity." In general the focus group discussion had a consensus that these three types of authenticity were the right ones to measured cultural attractions, people, and behaviors.

Key Words: staged authenticity, sensory authenticity, existential authenticity, culture, focus group

INTRODUCTION

The current study examines the concept of authenticity as applied to cultural attractions or theme parks. The issue of authenticity according to Hughes (1995) is indispensable in tourism studies. According to the American Heritage Dictionary (2000) – authenticity means "the quality or condition of being authentic, trustworthy, or genuine." Another way to label authenticity is that you could prove and verify somewhere, something, somehow about the 'real', beyond the shadow of a doubt, with all sincerity. For instance, a famous work of art was authentic because who actually constructed it could be proven and verified after a meticulous historical investigation, valuation, and appreciation. The essence of authenticity is best understood to the truthfulness of origins, commitments, sincerity, provenance, and devotions in 'people part of place, place part of behavior, and behavior part of people.'

Authenticity in a place of attraction can portray a real or staged experience. A person can validate that aspect of authenticity by using his or her five senses. The authentic experiences or end results for contentment and discontentment during and after visiting cultural attractions depends on existential authenticity.

The Orlando area is full of cultural attractions that are assumed to be of equal value for all ages (e.g. Disney, Epcot, SeaWorld, Universal Studios, and others). Promoters of theme parks try to sell authentic experiences to visitors in the form of slogans, vision and mission statements, brochures, online messages, bumper stickers, and media. For example, a theme park slogan at SeaWorld is

"Believe," (www.seaworld.com) and at Universal is "Jump into the Action" or "Feel the Rush of Adventure" (www.universalorlando.com). Disney has theme parks including MGM Studios, Animal Kingdom, Epcot, and Magic Kingdom; and for them it is—"make all your dreams come true in four uniquely themed parks, each with its own special version of Disney magic! Fantasy becomes real and reality becomes fantastic as you relive childhood memories and create new ones" (www.disneyworld.com). In all this fantasy, authenticity is clearly sensed as a promotional tool.

Authenticity is seen in various forms in the academic literature. There is also debate on the type of authenticity that best fit in the literature to explore and expand (Reisinger and Steiner, 2006; Belhassen and Caton, 2006; Steiner and Reisinger, 2006). Reisinger and Steiner (2006) suggested that scholars should abandon the usage of the term 'object authenticity' and Belhassesn and Caton (2006) disagreed with that notion, scholars can not just abandon a term or concept that continues to play such a significant role in the type of authenticity. The debate continues—Steiner and Reisinger (2006) did reply to Belhassesn and Caton commentary. However, the tourist is the best person to judge the "reality experiences" of authenticity or lack of authenticity (Redfoot, 1984). One way to see this—tourists at cultural attractions will take pictures because of what they perceived as authentic experiences (Redfoot, 1984). Among others (Cohen, 1979; Miracky, 2004; Peterson, 2005), Wang (1999) rethought conceptually the notion of the type of authenticity. He described three types of authenticity (i.e., objective, constructive, and existential). The purpose of this paper is to rethink and test the meaning of authenticity of Orlando's cultural attractions.

In this paper, the main problem to be investigated is—what types of authenticity do Orlando attractions project to guests? Is the experience real or staged, what sensory components do people use, and what is the feeling of being at attractions (or existential authenticity)? The aim of this paper is to conduct a focus group to help create a survey instrument to be used to measure authenticity of cultural attractions (including theme parks) in the Orlando area. In the end, an authentic assessment instrument can be used by other academics in different settings, countries, and for different audiences to measure the perceptions of authenticity.

LITERATURE REVIEW

Past researchers relate the term "authenticity" specifically to tourism (Cohen 1979; Wang, 1999). Wang (1999) suggested three types of tourism experiences: objective authenticity, constructive authenticity, and existential authenticity. According to Wang (1999), objective authenticity refers to the authenticity of originals. In addition, constructive authenticity refers to the authenticity expected onto toured objects by tourists or tourism producers in terms of their metaphors, prospects, preferences, beliefs, powers, etc. In other words, this type of authenticity deals with objects symbolically. Existential authenticity refers to a potential existential state of Being that is to be stimulated

by tourist behaviors (Wang, 1999). This type of authenticity signifies a unique state of being in which one is true to oneself (intra-personal and inter-personal authenticity dimensions).

According to Peterson (2005) the search of authenticity is constantly socially constructed and takes a number of forms to appear authentic; namely, authenticity through ethnic / cultural identity, elasticity of group membership, authenticity through status identity, seeking authentic experience, technologically mediated authenticity, and authenticity to constructed self. Thus, the usage of the term and search for authenticity is in a constant state of flux (Bruner, 1994) and unstable condition (Steiner and Reisinger, 2006). In a way, the 'culpability and innocence' of technology has changed the authenticity of place, person, and behavior. According to Cohen-Hattab and Kerber (2004), the rise of mass tourism and sophisticated technologies in cultural site construction, restoration, promotion, and anxiety association with post-modernism had contributed concerns related to authenticity in tourism studies. As noted, the theory of authenticity is unclear and an easy target for criticism (Starn, 2002). Some researchers have expanded their investigation specifically to the concepts of objective authenticity (Bruner, 1989; 1994; Chhabra, 2005; MacCannell, 1973, 1979; Taylor, 2001), constructive authenticity (Bruner, 1994; Tasci and Knutson, 2004), staged authenticity (Chhabra, 2003; Hunt, 2004; MacCannell, 1973, 1979), and existential authenticity (Bruner, 1994, 2001; Kim and Jamal, 2007; Steiner and Reisinger, 2006; Tasci and Knutson, 2004; Taylor, 2001). Chhabra (2005) defined authenticity in her literature review section broadly with variations among definers and determinants of authenticity. The aim of her research was to broaden the understanding of supplier perceptions through empirical and conceptual examination of authenticity in heritage merchandise. Kim and Jamal (2007) examined the authentic experience of repeat visitors who participated actively in a Renaissance festival. Their in depth interviews and observation took two consecutive years; the results of their primary research contradict the general view of cultural attractions as purely spectacle or inauthentic.

Wang (1999) suggested additional empirical research on the subject of authenticity and why certain tourists prefer one kind of authenticity compared to others and also reflect on the limits of the conception of authenticity. Authenticity is connected to an origin in time (Wang, 1999). In Wang's (1999) words, "there is no absolute and static original or origin on which the absolute authenticity of originals relies;" and in Bruner's (1994) words, "we all enter society in the middle, and culture is always in process."

Bruner (1994) and Wang (1999) think that the dilemma is that there is no fixed point of origin, and nothing is static, rather, change is constant and thus the perceptions of what is authentic continue to change.

History of authenticity

The proposition of the term 'authenticity' meant that epistemological experience was provable and verifiable. According to Plato, an ancient Greek philosopher, episteme or knowledge (428/427 BC – 348/347 BC) is a subset of that which is both true and believed. To discover the truth and what is believed, scholars used and explored the term authenticity to describe many fields in sociology, philosophy, anthropology (e.g., Harkin, 1995), heritage (e.g., Ehrentraut, 1993), historical theme parks (e.g., Moscardo and Pearce, 1986), music (e.g., Jones, Anand, and Alvarez, 2005; Peterson, 2005), education, art (e.g., Xie and Lane, 2006), assessment (e.g., Cohen-Hattab and Kerber, 2004), writing, motivation (e.g., Allerton, 2003), and cultural attractions (e.g., Xie and Wall, 2002). The search for authenticity is even part of people legacy (Pearce and Fagence, 1996). For example, in an individualism society academics want to know about the authenticity of people lives, such as: John F. Kennedy, Dr. Martin Luther King, and others. The term authenticity exists because of the history of many fields or events. Why is the term used in so many fields? As noted, it is because of the history. So, the search for authenticity is nothing new—and the search for authenticity will never end. Another search for authenticity was by a famous philosopher, René Descartes (1596-1650) who said 'Cogito ergo sum,' or 'I think, therefore I am' – meaning also 'I am aware of my inner voice, therefore I exist.' This strong sensation of self-immediacy brings an impression of truth telling. This is how Descartes proposed the inspiration of authenticity as an honest inner voice (true feeling and being). This core voice makes individuals feel and act responsibly.

Before Descartes' notion of 'Cogito ergo sum,' authenticity was developed through the status of society and from external sources such as rich realm, tribe fashions, arts, minerals, illusionist, spiritualist, and theology. On those sources cultural attractions are imitating the past and creating the present and the future. In Peterson's (2005) words, "if tourism promoters can reimagine the historical past of a country, they have also tried to reimagine the locus of popular mythical worlds." To learn more about the cultural authenticity, Peterson (2005) suggested one must consider places from the Neolithic to the 19th century. To Erickson (1995), authenticity as a term and as a concept has existed for centuries. However, it was not impressive and expressive as it is today. According to Bruner (1994), historical events need to be fixed, solidified and simplified.

Why is it so important to 'snapshot' history of authenticity in this paper? According to Wang's (1999) own words, "historicist conception of authenticity lies in the fact that the restless and infinite retreat of now will eventually make anything that has taken place in the world authentic." In a sense, 'real' cultural attractions were and are under construction. Some cultural attractions / experiences (or the seven wonders) are still intact to the tourist (e.g.,

the Great Pyramid of Giza, Hanging Gardens of Babylon, the Temple of Artemis, the Statue of Zeus at Olympia, Mausoleum of Maussollos, Colossus of Rhodes, and the Pharos of Alexandria). A unifying identity of the gravity and sense of antiquity (Peterson, 2005) is part of the many creative thinkers or marketers in today cultural attractions. A 'make believe' reconstruction of history can be found in Orlando; e.g., Medieval Times. To marketers and spectators, other forms of learning and reconstruction of history are seen through the exploration of old manuscripts and motion pictures (e.g., Braveheart 1995 and The Passion of the Christ 2004 directed by Mel Gibson). Of course there are more historical stories and objects of why today the consumers (tourists) and producers (e.g., marketers) are in constant search for authenticity. Things of our present become the history in the future.

Real / staged Authenticity (input of the place)

Based on the scheme of MacCannell (1976) balancing concepts of staged authenticity and tourist space, Cohen (1979) was inspired to describe four types of tourist situations (see table 1). The difference between Cohen (1979) and Wang (1999) was the 'situations' versus 'approaches' of authenticity. The Orlando cultural attractions have both situations and approaches of authenticity. According to MacCannell (1976) there are two ways of describing the real and staged authenticity at cultural attractions. One is the tourist place (e.g. the place of Disney) and the other is staged (e.g., Mickey on stage or off stage). The best rubric or conceptual framework of tourist situations is depicted by Cohen (1979) in Table 1. This rubric was empirically used by Moscardo and Pearce (1986) to examine visitors' perceptions of historic theme parks in Australia. They suggested that new criteria for authenticity need to be considered to a much broader scope; and that cultural attractions must be seen (part of sensory) as authentic by those motivated to visit one; and the situation should offer visitors a chance to appreciate (existential) the culture.

Table 1
Four type of tourist situations in cultural attractions / theme parks

Nature of the scene	Real	Staged
Real	(i) Authentic (Real Real)	(iii) Disagreement of authenticity (Real Staged)
Staged	(ii) Staged authenticity (Staged Real)	(iv) Contrived, artificial, manufactured, false, or fake (Staged)

Source: Cohen 1979:26

Two dimensions of tourist situations can be seen in Table 1: the first is the nature of the scene when a tourist enters an attraction and the other is the tourist impressions [and suspense] of the scene (Cohen, 1979). With the help of Cohen (1979) four types of tourist situations are defined as follows:

(i) *Authentic* of the real experience is a situation accepted by tourist 'in and out' of a cultural attraction. Youngsters at home or inside a theme park are likely to connect this way (authentic) about cultural attractions (e.g., especially some youngsters or first-timers believe SeaWorld is real and the act of the killer whale Shamú is real).

(ii) *Staged authenticity* is described by MacCannell (1976), in which the tourist attraction sets the stage for the scene for spectators, but the spectators or tourists are not alerted of the 'setup' and therefore accepts the act or scene as a real event. Cohen (1979) calls this situation the covert tourist space.

(iii) *Denial or disagreement of authenticity* is the opposite of staged authenticity. The scene is impartially real. In this area tourists had learned of the experience before dire situations that have purposely manipulated to mislead the visitors. The suspicion of stage authenticity is questioned.

(iv) *Contrived, artificial, manufactured, false, or fake* is a situation where the tourist is aware of the 'staging.' Cohen (1979) called this situation 'overt tourist space.' This is a situation of obvious staged authenticity (e.g., workers at a theme park see the logic of real 'fake;' this can happen to repeat visitors as well).

MacCannell (1976) built upon the work of Goffman (1959) by asserting that all tourist settings could be divided into either front or back staged regions. The social psychologist Erving Goffman (1959) explained his 'dramaturgy model' of the human character composed of internal regions of self-construction. Goffman (1959) hypothesized that all people are social actors, and each person has front stage and back stage settings. An example of front stage at a cultural attraction is the meeting place of multitude and guest or consumers and service persons to experience an "on stage" act (MacCannell, 1976) (e.g., Mickey Mouse on stage). The back stage is secretive at cultural attractions—it is the place where actors (e.g., person rehearsing in Mickey's costume) retire between performances to rest and to prepare for the next act (MacCannell, 1976). In the context of tourism, the tourist seeks out the social reality that requires some mystification; the tourists like to enter back stage regions of places (prohibited areas) because of the real intimacy and authenticity / experiences (MacCannell, 1979).

A real or staged (restricted area) tourist cultural attraction is a place of interest where tourists visit. Some examples include historical places, monuments, museums, art galleries, botanical gardens, zoos, buildings and structures, national parks and forests, theme parks, carnivals, ethnic closed-

societies (e.g., Amish), places of antique technology (e.g., antique radios) and cultural events. There should be a balance between what is real and fake (staged). Kelleher (2004) worried about how actual historical places may devalue as it becomes more difficult to distinguish between what is authentic and what is inauthentic (e.g., Disney Colonial Williamsburg). What matters is the quality of the authentic experiences.

The quality of the experience is also an important factor for the cultural attractions to take into account. Cole and Scott (2004) identified four major stages of experience, namely, performance quality, experience quality, overall satisfaction, and revisit intentions. Their results indicate that quality matters and promoters should emphasize more on this win win situation. Great experience quality of cultural attractions leads (benefits) to great experience of authenticity.

In all this, the tourist is trying to use five senses while experiencing an attraction. According to Cohen (1979), the tourists use the vision to judge the authenticity in cultural attractions; this proves as what he called the nature of the *scene* in his conceptual framework.

Sensory Authenticity (process of the person)

In Pearce and Fagence's (1996) own words "the work on the sensory qualities of places is at the heart of influencing the tourist experience and locates the subtle human reactions to settings on center stage in tourism research." After carefully analyzing the literature on the subject of authenticity, it is clear that one type of authenticity is still missing – 'sensory authenticity.' At this time there is no specific research on these combined terms 'sensory authenticity' in tourism journals.

Bonn et al. (2007) came close to this type of authenticity by exploring empirically the physical environment and atmospherics of four key heritage/cultural attractions in Tampa, Florida. They explored three key factors of cultural attractions: design factors (e.g., layout, color), social factors (e.g., persons within the attractions such as employees and visitors), and ambient factors (non-visual signs such as scent, sound, and illumination). At some Florida cultural attractions the ambience factor (e.g. color scheme, lighting, and signage) appears to have the strongest impact on visitors' perceptions, attitudes, intentions, and satisfactions; the design factors ranked second as essential and the social factor as least significant (Bonn et al, 2007). Bonn et al. (2007) saw the importance of sensory authenticity (i.e., affect of the five senses or mutisensory) to some extent; according to them visitors came to participate and interact, rather than simply looking at exhibits and reading the associated notations. However, it is important to distinguish between the five senses that set the tone or 'ambience' of the relevance in a cultural setting. Sensory authenticity is not "one size fits all phenomena."

Not all individuals use all their senses in theme parks (e.g., young and old ages, impairments or because of no interest of complete sensing); and the very same situation or location can have different meanings to different individuals associated with it (Stokowsky, 2002). Today it is believed that the authenticity of cultural attractions is not as important as long as tourists enjoy them (Cohen, 1995). The enjoyment involves participation of senses and movement. However, people are able to grant or reject the authenticity claim (Peterson, 2005) in any way possible. Complete sensing or judgment might be when tourists visit a cultural attraction by making use of the five senses: vision, hearing, touch, taste, and smell. To fulfill the sensory authenticity, tourists must ask during and after visiting a cultural attraction the following questions:

- Did I use my eyes to see the cultural authenticity experience?
- Did I use my ears to hear the cultural authenticity experience?
- Did I use my nose to smell the cultural authenticity experience?
- Did I use my mouth to taste the cultural authenticity experience?
- Did I use my hand to touch the cultural authenticity experience?

Stoffregen and Bardy (2001) questioned the assumption that perception is divided into separate domains of vision, hearing, touch, taste, and smell. They reviewed the implications of the assumption for theories of perception and understanding of the optic and acoustic arrays (ambient energy) that are available to the perceptual systems. Also Stoffregen and Bardy (2001) analyzed the relations between ambient arrays and physical reality. Authenticity of subjects and objects at cultural attractions can be real static or dynamic. Theme parks visitors are most of the time in constant motion. People move around at cultural attractions from one theme to the other; people receive and exchange cash for souvenirs at attractions that are considered authentic.

Personal property is often called a movable or immovable property. It is possible to own a piece of authenticity from a cultural attraction (place visited) in the form of a souvenir. Thus, by using the five senses, visitors can hold (possess) a piece of authentic experience. An example of a moveable sensory authenticity object in a theme park is a specific symbolic souvenir that identifies the park; another example is experienced in three or four dimensional movies at Universal Studios—people sensed the vibration, scene, audio, smell, and taste of the special effects. Anything that stays behind leaving the experience to be authentic or inauthentic after using the human "senses" is an example of immovable sensed property. One might say—you can move an authentic building, but you can not move an authentic land. One must first understand the nature and functions of authenticity before one can successfully undertake a quest for the truth.

To search for the 'total truth' on sensory authenticity is when one experiments with all five senses. According to Steiner and Reisinger (2006) places in the world account for different behavior that tourists' react to their tourism activities. For example, there is a difference when people use their senses in museums and theme parks. It is clear (unconsciously) that only a few senses are used at a museum; and it is clearer that one sense dominate over the others (i.e., the vision). In theme parks there are the possibilities to use (consciously) all five senses in different areas.

To understand a cultural attraction, visitors have to use and satisfy their 'sensors' (or senses). According to Stokowsky (2002), constructing a new sense of the place is typically done by

> "an individual's ability to develop feelings of attachment to particular settings based on combinations of use, attentiveness, and emotion. Despite the assumed positive values of a sense of place, critics point out that places are more than simply geographic sites – they are also fluid, changeable, dynamic contexts of social interaction and memory, and they "contain" overt and covert social practices that embed in place-making behaviors notions of ideology, power, control, conflict, dominance, and distribution of social and physical resources."

The next phase is the output of a tourist attraction and the resulting tourists' behavior.

Existential Authenticity (output of the behavior)

In this paper existential authenticity means the unbiased 'feeling and being' of a person in a place of attraction. When people visit a cultural attraction, it is not only a matter of investigating the facts or rationales to come to a coherent conclusion; it is about the feeling of being there. It is popular nowadays (e.g., especially in America society with impatient behaviors and demands) for people to forget to use most of their senses—instead people stressed more on feelings; e.g., a wife will ask her husband after existing a theme park—"how did it feel?" and not worrying so much if the food tasted bad and rain was unpleasant. Thus, a better question might be: based on feelings and beings, was the experience authentic or non-authentic? If the experience feels right (euphorically) – it is assumed to be authentic. The tourists have excellent potential to cultivate existential authenticity (Steiner and Reisinger, 2006).

To try to understand existential authenticity Steiner and Reisinger (2006) explored this type of authenticity. They examined how existential authenticity is understood by philosophers, psychologists, and scholars.

According to Wang (1999) existential authenticity refers to the dealing of existential state of being that is to be stimulated by tourist activities. Authentic experiences by the tourists are realized through the state of being

enlightened. Two concepts are derived form existential authenticity: intrapersonal authenticity (e.g., bodily feelings and self-making) and interpersonal authenticity (e.g., tourist communitas) (Kim and Jamal 2007; Wang, 1999).

Today, if a human being says something is authentic, it is typically not about being sincere or real; it is more on what feels right - apart from the truth of the condition. Taylor (2001) introduced the term 'sincerity' by way of comparing it to the notion of authenticity. According to him, sincerity is the cousin of authenticity and suggests the basis for a shift in truthful perspective.

The tourist at any cultural attraction has to be aware of the hyperreality that typified the inability of perception to distinguish authenticity from fantasy; especially in technologically advanced postmodern cultures or developed countries. The media nowadays (Internet, Television, Radio among others) can radically shape and filter the original event or experience being depicted – this fits the notion of hyperreality. Modern writers say that in hyperreality the reproduction is better than the original (Bruner, 1994). The emotions (of supply and demands) are "high" at Orlando cultural attractions. In today's world of fake sensations – this reflects and proofed to the millions of theme parks visitors. The successes of Orlando's cultural attractions are the constant simulacra. White (2005) asks the question of "Who needs nature when you can manufacture a superior, ersatz substitute?" Again, all these changes come to place because "we have become bored [and] we demand new experiences" (White, 2005). According to Bruner (1994) and White (2005), Eco Umberto an Italian medievalist, philosopher, semiotician, and novelist that coined the term hyperreality explained that

> "those instances [in which] the American imagination demands the real thing, and to attain it must fabricate the absolute fake'. It's a land where the demands and imagination of the consumer are always satisfied. It's a land where the fake can be better than the real thing. 'A real crocodile can be found in the zoo,' [Eco wrote,] 'and as a rule it is dozing or hiding, but Disneyland tells us that faked nature corresponds much more to our daydream demands… Disneyland tells us that technology can give us more reality than nature can" (White, 2005).

Martin Heidegger made a contribution to existential with his 1927 publication of Being and Time (it is from the German translation of "Sein and Zeit"). His beliefs from the past to recent times led him to rethink the most fundamental concepts underlying our thinking about ourselves. Accentuating the 'sense of being' (or dasein) over other understandings of the conscious existence. He disputed that explicit and concrete ideas form the bases of our perceptions, and that thinking about concepts leads to mystification at best. In other words, 'time' is only significant as it is experienced. An example is: the time it takes to drive to a cultural attraction, pay for entrance, and explore the authenticity of the

attractions can be real; but the concept of time by itself is not. So, existential authenticity exists from time to time (feelings and beings are 'ups' or 'downs'). Steiner and Reisinger (2006) think that the authenticity being discussed in the tourism literature may not be existential at all if compare to Heidegger logic. To Heidegger it is simply the being, doing, experiencing, and seizing or neglecting possibilities (Steiner and Reisinger, 2006). Existential is difficult to follow on itself. For that reason the authors will keep it simple to be understood by all people. In this sense it is the feeling and being at a cultural attraction. The question to ask is—Being in time at a cultural attraction did / does it feel authentic or not? Or one might say "it gave me the Goosebumps."

Why Orlando Tourist Attractions?

According to the Rosen College of Hospitality Management, a branch of the University of Central Florida located in the heart of the Orlando tourist attractions—Orlando has "the largest learning laboratory in the world for hospitality and tourism," (http://www.hospitality.ucf.edu/). According to the University one can benefit from studying in a city that boast 42 million visitors each year, that has 120,000 hotel rooms, 4,000 restaurants, and 75 theme parks and attractions. Thus, in Orlando one can learn and investigate about the authenticity (ersatz substitute) of theme parks and tourist attractions. The type of authentic experiences must be in existence (in place, in person, and in behavior), since the 'attraction attendance' runs into the millions. Something somehow (i.e., authenticity) must be the motive to attract so many visitors to so many tourist attractions in Orlando. The numbers speak for themselves; according to the Orlando/Orange County Convention & Visitors Bureau, Inc. the leaders in theme parks attractions brought an estimated 70 millions visitors (domestic and international) in 2005 (http://www.orlandoinfo.com). Table 2 depicts the numbers of Orlando's top 12 tourist attractions.

Table 2
Top 12 Orlando tourist attractions in 2005

Rank	Orlando tourist attractions	Attendance
1	Magic Kingdom	16,160,000
2	Epcot Center	9,917,000
3	Disney-MGM Studios	8,670,000
4	Disney's Animal Kingdom	8,210,000
5	Universal Studios at Universal Orlando	6,130,000
6	Islands of Adventure at Universal Orlando	5,760,000
7	SeaWorld Orlando	5,600,000
8	Busch Gardens Tampa Bay	4,300,000
9	Typhoon Lagoon	1,914,000
10	Blizzard Beach	1,778,000
11	Wet 'n Wild	1,340,000
12	Gatorland, Inc.	387,500
	Estimated Total	70,166,500

Source: http://www.orlandoinfo.com (Amusement Business Magazines)

It must be that the three types of authenticity play an important role to so many people visiting Orlando tourist attractions. Between the twelve tourist attractions, Magic Kingdom alone brings 23% of visitors to Orlando, followed by Epcot Center 14%, Disney-MGM Studios and Disney's Animal Kingdom 12%, and the rest about 40%. The research questions are: what is authenticity and cultural attractions? Also it is important to address how important the three types of authenticity are for participants in a focus group discussion.

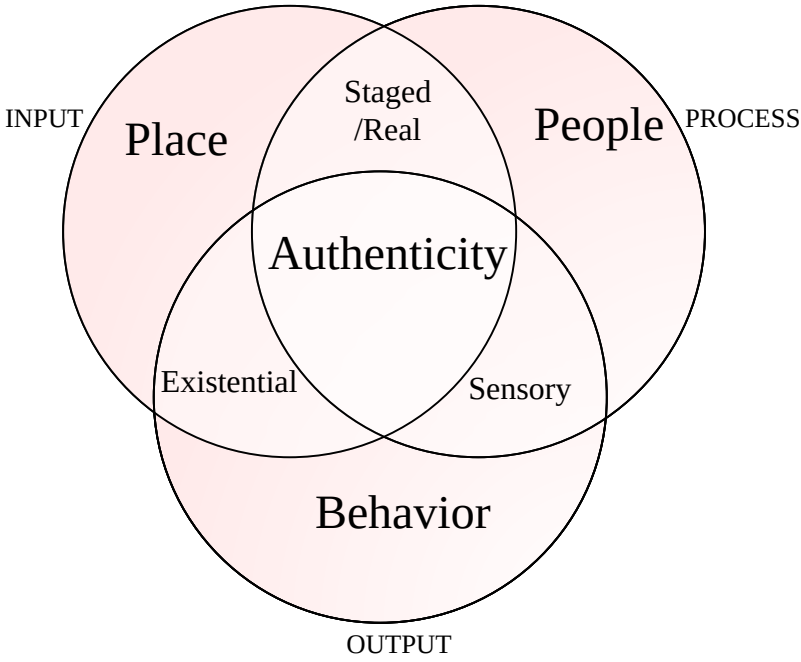
Methodology

Model Development

After analyzing the literature on the subject of authenticity, the authors have chosen to analyze three types of authenticity for cultural attractions. The types of authenticity were chosen due to their ease of understanding as well as their broad perspective on the topic of authenticity. For that reason, three simple types of authenticity are being analyzed by a focus group of millennium students. The three types of authenticity are: staged or real authenticity, sensory authenticity, and existential authenticity (in simple terms, meaning—feeling and being).

In Orlando's cultural attractions it is possible that one type of (cultural) authenticity could dominate over the others. For example, a tourist felt that a particular theme park attraction was categorized as staged authenticity without even using all five senses. Sometimes, without even visiting cultural attractions potential visitors looking at theme parks promotions (e.g., Disney billboards, TV commercials, on the Internet, or Brochures) might 'connect' with the 'day dream' of authenticity. In other words, the tourist might have a "déjà vécu" or already lived feeling and being without even experiencing a place of attraction. Authenticity can be found in a place, person, and behavior. These three components are interrelated. To find and discover the authenticity or total truth in Orlando tourist attractions, a person must be part of a place, place must be part of behavior, and behavior must be part of people or vice versa. A place of attraction creates or input curious phenomenons in the form of staged versus real authenticity for visitors to sense and feel the existential authenticity. A simplified figure of cultural authenticity for Orlando's cultural attraction is depicted below in Figure 1.

Figure 1
Simplified model of authenticity for Orlando's cultural attractions



Participants

The purpose of the study was explained to two different focus groups. The first group was 17 (5 females and 12 males) students and the second group had 19 (13 females and 6 males) students. Participants were asked to sign a consent form. It was important to ensure compliance with regulations regarding research involving human participants. The authors were part of the focus group discussions. The location for the meeting took place on a university campus in Central Florida. An introduction was necessary to clarify that all (participants) information will be kept confidential (the tape cassette will be destroyed). The authors functioned as the moderators during the focus group conversations (ground rules were established to make the discussion more effective). The duration was planned to last 1 ¼ hour per focus group. The three types of authenticity were explained and discussed—staged / real authenticity, sensory authenticity, and existential authenticity. The aim of conducting the focus group discussion was to discover what people comprehend and perceive by the term authenticity in tourism, and to see whether they thought it was a significant concept. It was important to evaluate the components of the three types of authenticity.

Materials

For the focus group discussion a whiteboard, tape recorder, computer, projector, chart-board, and a note taker were used as a means to stimulate and record the information accurately. The first part of the focus group meeting (after explaining and discussing authenticity) was to distribute a pilot survey (questionnaire) with 44 places or cultural attractions to choose from in terms of the three types of authenticity (the latter) (e.g., table 3). The participants were asked to comment and clarify the wording on the format and any ambiguities that were not understood. Participants were asked to checkmark (√) which cultural attractions they thought were authentic, staged, staged-real, or fake based on their experiences. In addition to that, they were asked to rank sensory authenticity on a scale of 1 to 5; for existential authenticity, they judged the behavior (i.e., authenticity felt good or bad).

It was important to understand participants' perceptions and interpretations of authenticity in Orlando's cultural attractions; also, the moderators asked them about the source of information for clarification of authenticity (i.e., online, offline, or experiences). There were eight questions (with follow-up questions) in the interview: (1) "what is a cultural attraction? What made you decide to you to visit a cultural attraction or theme park?" (2) Does the media help you decide to go to a cultural attraction? Do the media make the experience more authentic? And why do you think so?" (3) "Was it a pleasant or unpleasant experience? What factors were most important in making the experience positive or negative?" (4) "If you could change the authentic experience in any way, what would you change? Why would this change make a difference?" (5) From the three types of authenticity (staged versus real, sensory, and existential) which one do you think is most important (based on table 3)?

Why do you think so? (6) "Do you use all five senses in a cultural attraction? Which one dominates the most and why? Does it help the experience to feel more authentic?" (7) "As you all know it cost money to enter theme parks. Is the "staged versus real" an authentic experience worth the money? Why? For what do you pay for?" and (8) "How did you feel the very first time you went to a cultural attraction? How you feel today going to the same cultural attraction? Do you feel happy or unhappy (authentic behavior) at what the park has to offer? Why? What is your reason for going to a cultural attraction? Why?"

Table 3
Pilot survey format to the judge the authenticity of attractions

Cultural Attractions	Authenticity	Staged / Real √				Sensory was Ranked 1 - 5					Feeling √		Sources √		
Y/N	[a] Orlando's Cultural Attractions	Authentic	Staged	Disagreement	Fake	Vision	Hearing	Touch	Taste	Smell	Good	Bad	Online	Offline	Experienced

[a] Not all attractions were check marked (√), because not all places were visited by focus group members; This pilot survey was dropped due to the small numbers of participants; however it was significant to see the tendency that only a handful of Orlando's attractions were consider a cultural attractions (i.e., from 44 attractions in Orlando, Epcot Theme Park ranked first on the list).

The ATLAS.ti tool—computer software used mostly in qualitative research was part of this research. ATLAS.ti consolidates volumes of documents and keeps track of all notes, annotations, codes and memos in all fields that require close study and analysis. It also provides analytical and visualization tools designed to open new interpretative views on the research.

As facilitators of the questions and main interpreters of the research outcomes, a strong effort was made of leaving it up to the participants to let the answers flow as much as possible, and at times asked follow-up questions to make the answers become clearer and at other times to receive further input from other participants. This was done to prevent any misinterpretations due to the simple fact that both of the authors are foreigners and words and meanings may be interpreted differently. The authors were open-minded to feedback throughout both the sessions as to ensure that all areas and factors of the questions were covered.

*D*uring each focus group discussion a note-taker was assigned amongst the participants to take notes. The first focus group was video taped and recorded with a tape recorder in a special focus group room. The second focus group was recorded with a tape recorder in a classroom.

During the whole process of the qualitative research, the authors did not have any predicaments with race, gender, class, relationships with

participants, motive for conducting research, the experience with issues being research, and level of participation. The authors avoided asking "loaded" questions; participants were doing the talking. This research study were focused on the participants perception of the authenticity of Orlando theme parks and the participants were never asked any personal questions since that would not be of interest of the study's outcome.

Findings

A positive sign was that all participants have visited many of Orlando's cultural attractions. There was overwhelming group discussions on the subject of authenticity and cultural attractions. Participants discussed the subject with some guidance and without interruptions and preconception. The discussion lasted about 1 ¼ hour (just as planned) and was taped recorded and one session was video taped. The data gathered from the first part of the research (survey) were analyzed after the (second part) interview recorded (and written notes taken). All participants agreed upon that the survey was difficult to address—this in part on the amount of attractions available to judge authenticity. In addition, the definition of authenticity was unclear. Time was another factor. In addition, authenticity and culture are perceived and interpreted different among people. The results of the pilot survey were dropped due to timing, amount of questions, and a small amount of participants. The results would be statistically insignificant.

Answer on question # 1

At the start of the interview process, the focus groups discussions showed that the main defining feature of authenticity was though to be difficult to understand. There was debate about which attractions was meant to be 'cultural' as well. One participant expressed the following: "*I think you have to relate to some culture for it be an attraction*". The concept of cultural by itself varies among participants; so do authenticity. Participants said that museums are cultural attraction and a few said Disney is part of cultural attraction; they prefer Epcot theme park as a cultural attraction. In addition, the focus group expressed that cultural attractions has to be a place where you find a 'learning experience' or like as one participants expressed, "*Epcot is the only place you can go and drink around the world and walk around and have a beer from every single country [and] to see what they are all about.*" One participant expressed that international tourists think of Disney to be a cultural attraction and locals does think more symbolically of e.g., Mickey Mouse or Disney). According to the focus group it is all about branding to the citizens of the U.S.A.

Participants described why they go to a cultural attraction—they go to a cultural attraction to be a kid again or to take others, or immerse themselves (they have to see the attraction). Another motivation why they go to Disney is because of their children and at least once in their lifetime they considered to go to a cultural attraction like Disney (in other words, it is a 'must' see experience!).

Answer on question # 2

Media is definitely a source of information that sparks interests to visit an attraction. The focus groups agreed that media plays a great role in portraying good and bad advertising. It is only good if the place of attraction is safe (and bad means an unsafe environment). For example, if people die or get into an accident at a theme park it might hurt tourists' perceptions to visit the place of attraction—and media like the sensational news and this type of event definitely is part of "special news break." According to the focus group meetings, overall the media is doing a good job in showing or advertising authentic experiences of Orlando's attractions. Participants show a general consensus on question number two that media can effect perceptions of authenticity; however, according to them it is most important to find out about authenticity via "*word of mouth experience*" (i.e., people that have gone to parks before is more believable or credible than the media). Media helps people feel connected and "*you sort of get juiced up to go.*" However, sometimes media creates expectations through commercials that cannot be fulfilled and people get disappointed. According to one participant "*that is not being authentic and with that the media can let you down.*"

In addition, billboards are other options that help foreigners visit a theme park more than locals. Participants argued that it is more interesting to find Orlando's theme parks billboards publicity in other destinations (other than Orlando). Media opens more doors as one participant expressed: "*just not necessarily that you would like to go but it open up the options just the possibility that it is an option that I could go there or it is out there that I could visit these places… just not make me want to go gives me the knowledge of the places that are there and places like restaurant something like that—so, media helps…*" Another participant contradicts with "*… media don't say whether you wanna go or not just motivate you to go… I see attractions on TV and no way would I want to go there. So, I do not necessary say it motivates me but it kind of influences the decision.*" The authenticity that media portrayed sometimes does not tell the whole story; the media sounds just commercial as one participant disputed "*I would say it looks kind of more commercialized because you see it [-promotion of theme parks] on TV and now you go there it seems more … less realistic than what you see in the commercial before you go but it is the only way of advertising and seeing pictures of a pirates of the Caribbean or the Arabian nights that makes it seem a little bit more like it was created on TV before you go there.*" The media is very much staged and portray sometimes good and bad messages to the public, with new technology of today, the media can manipulate the three types of authenticity very easy.

Answer on question # 3

Participants expressed that visiting a theme park attraction for the first time was everything they wanted it to be—it made them cry even as an adult (they got the chills or goose bumps). Even children dreamed of their last wish. For example, Give Kids the World, a non-profit organization located in the heart of Central Florida (Kissimmee area) exists only to fulfill the wishes of all children with life-threatening illness and their families from around the world which

clearly helps with memorable-authentic and cost-free-experiences by visiting Central Florida attractions (http://www.gktw.org/).

One participant in the focus group meetings discussed that the customers' value system was important since "*the theme of the theme park if it is not interesting to you then it is negative but if it is interesting, then it is positive [and] the level of how good it feels is closely tied to how much I pay to get into the attraction.*"

Based on existential authenticity the experience at Orlando's attraction was / is mostly pleasant (at least more pleasant than going to a museum). The unpleasant parts was paying too much for an attraction, the money was not worth seeing the attraction, waiting in lines with nothing to do. Also, participants suggested that theme park managers should "*entertain*" people in lines somehow—they did not like to be bored by just waiting in line. Participants expressed that pleasant experience is all about if the people that work in attractions cared to meet the expectations; one participant said—"*you better make me feel good about paying the money and when a theme park did not, according to the perception of the customer provide good service!; I just paid $70 bucks to get in here and you better smile at least at me!*" Age and service did also matter as two participant stated "*at one point running around in a canoe in there [the attraction] is a small world after all and flying around in Peter Pan may do it for you but then eventually you want something else with a different theme that makes your heart raise.*" *Service matters because it is "really good about putting stuff in the line so at least you are keep [yourself] busy [and] not have to wait unnecessarily but entertainment throughout the wait [time].*" Wait-time according to one participant is about 45 minutes for someone to experience an attraction in theme park; it is difficult to wait so long in line especially when you have small children. In conclusion participants sounded impatiently if they have to wait too long in line for a three minutes experience; they wanted more for the money and wanted to feel amused most of the time.

Answer on question # 4

Participants were given the opportunity to suggest changes that they would do if they were in charge of a theme park. Factors such as keeping technology constantly updated were important in keeping business running. The communications of 'theme park message' to the customers should be sincere. One participant though that theme park is insincere and expressed "*if I knew that the ride is down before I got back in the car….*" Employees in cultural attractions should be informed ahead of time about issues that affect a customer experience. Participant stressed that "*employees should know what is going on everywhere in the park.*" Further concern was the cost of food and participant argued that sometimes the aspect of food is not what it tastes and it is not so cheap. Participants suggested that the vision is the most important sense; people perceive inauthentic experiences if the food tasted and or smelled bad.

Foreigners do have another perspective since they come from abroad with other expectations—they expect authenticity solo. Therefore, foreigners will be more demanding than locals of what they will like to change in terms of

authenticity. There were discussion on Kennedy Space Center; a few participants expressed that the experience is not authentic. In a sense, what is authentic is when someone (Being) is being in real space—the orbit. Thus, changes is important but according to one participant "*a lot of people come to Disney and you can not change that much there—there is no way you can get that many people through rides and stuff like you know the newer ones…*"

Answer on question # 5

Participants did consider the three types of authenticity important. The first person (male) expressed that staged authenticity was most important, the second sensory, and the third existential authenticity. Most females expressed that sensory and existential authenticity was most important (so gender matters in a sense). In addition, it all depends where someone goes; for example, if someone goes to a restaurant the type of authenticity that dominates the most is sensory authenticity or as one participant expressed—"*some places you know they are fake and you know they are staged but it sounds great and it meets your expectations were it feels authentic.*" The proposition of having these types of authenticity in the focus group meeting was a good idea, because participants contrasted and had variety responses. Sometimes the responses were similar. The three type of authenticity was important to all participants. It was so important that according to one participant "*in sensory authenticity such as smell it is the biggest part bringing memories…like a year ago I or maybe 10 years ago it brings back that smell that brings you back those memories that being right there can makes it more authentic.*" Another participant expressed "*I am part of Disney and I think sensory is the most important; I think it is very important just having that ambience if you really want authentic if you really want to do something that make you a part of it you have to feel the crowds where are you going.*"

Going to Disney or a cultural attraction is all about the experience and it might even help put 'stress' and 'sickness' away. One participant agreed with this notion when she expressed

"my stepmother…decided to come to Disney and like the whole week she was here she forgot about what she was going through and she kind of like you know it was all about her and she was happy and everyone around her were happy you know everyone was smiling everyone was having a good time and made her feel like a kid again; and not so much of being home schooled and you know with no hair. I think that is one of the best things they do … I guess a big corporation like Disney or any theme park does; I have got a few years back and we went to [the theme park] and we saw were they let them stay and things like that and it is just amazing what they [e.g., Disney] do and what people pretty much everyone there is a volunteer brings them food and everything and gifts. I forgot how many hundreds of thousands of kids and their families and they bring them in and their families I think it is awesome."

Sometimes people take for granted what a park has to offer because they do not use all there sensors (sensory). It is not always what you see, that smell, taste, touch, and hear in a scene of attraction.

Answer on question # 6

The more the discussion progressed, the easier participants found it to generate clear examples of authenticity. Participants expressed that it all dependent where you go to judge or find authenticity. One participant expressed "*it all depends of what attraction you go to.*" For example, if someone is experiencing the safari in Africa he or she might use his or her senses different from Animal Kingdom. Another expression from another participant was "*if it is the 3-Dimensional movie vision it is far more important, but if you are going to a restaurant smell and the taste would probably be the more important than what you can hear.*" Consensus amongst the participants were that vision was the most dominant factor among the five senses, follow by hearing, touch, smell, and taste. To one participant all components of sensory authenticity were equally important and expressed "*all are really important because when it comes to it, it has so many aspects to it like you wanna see food, smell food … have different kind of accents and languages you are not able to hear that like a physical attraction of a cultural attraction….*" Thus, the smell factor is also an important component of sensory authenticity, for example one participant expressed "*like when you walk into Starbucks the first time the first what hits you is the smell; it depends on theme parks and if you are a person that don't like 'cushy' things like I know a person that don't like to eat bananas because of the texture.*"

Another participant found that hearing is most important and in his own words said—"*I think hearing [is important] because if you close your eyes and hear a silent theme park would be pretty much useless you wanna hear the roller coasters in the background kids laughing and you can hear a million different noises within a certain radius of where you are that just lets you know that you are where someone is having fun or a crying baby in the background.*"

Sensory authenticity came up good in the focus group and should be part of the universal language. A problem is that not all five senses works for all people; for example one participant said—"*because some don't have all five senses I guess in the case of a blind person, hearing would be important and a deaf person being able to see. Disney is doing a great job at so if you are somewhat handicapped they make up for it because if you go to like bugs life [an attraction in theme park] and a bugs life is a 3-Dimension show and lets say you bad hearing problem you still get to visualize what is going on and you still get to smell the stinky bug.*" As noted, overall the three types of authenticity were important and should be consider by academics, marketers, managers, and consumers.

Answer on question # 7

In a way participants expressed that it is worth the money to spend at a cultural attraction in Orlando. One participant said: "*I think authenticity is huge with Bush Gardens and Sea World and you have these animals and you know they are real authentic—in the fact of value is when you are paying 60, 70, 80 dollars to go in.*"

Price or spend money in a cultural attraction depends greatly on age as one participant expressed in the focus group meeting; "*someone that does not have the money to travel to México can just visit Epcot Center and experience [in a sense some]*

Mexican flavor / culture." Some Orlando's cultural attractions portray history and culture from around the world, and if someone is too far, Orlando is the right place to go. There was some disagreement on for example Gatorland; one participant from South America expected more for the money. Therefore, for her the experience was not worth it. Another person from North America wanted to see gators and expressed that Gatorland felt authentic and it was worth the money. Thus, the age and culture factors of people can make a difference in perceptions and preferences when visiting a cultural attraction. Some participants worried about branding, they think attractions probably are worth going to at least once just to see what it is about, but they need to keep up with new 'products.'

Answer on question # 8

The very first time a participant went into an attraction in Orlando was much excited – it was like "*I can't wait to get there or the first time you see Mickey Mouse it the best thing since birth. Now, it is not the same—it feels not as excited as it was before; you go and see Mickey Mouse and you think of this creepy old guy in a suite trying to take a picture with you.*" In addition, participants felt that experiencing the real thing is more important than imitation. There was an example of Venice in Las Vegas versus Venice in Europe. When people go to the real thing, they do not feel the same anymore about the fake or staged. For someone that lives in Orlando expectations are different from someone that comes from abroad.

Over the years visiting a cultural attraction can be educated and answering pending questions. One participant expressed

"*I remember waiting there with my mom and I asked mom where do they put their fifth finger in a four finger glove [meaning Mickey House hand] and I was trying to figure that out and I still cannot figure out where they put it I know they have fiver fingers inside but where do they put unless the one inside only have four fingers. Now it is always good to know that there is someone miserable inside the costume [laughers]. You see them smiling and from everyone you know that is working there they are all just counting down minutes until they can go home. I was just wondering if they actually smile when you take a picture of them.*" This is a typical example of real staged or disagreement. According to participants, theme park should not loose the magic touch.

One last discussion was that the majority of participants work in a theme parks and the word cultural or culture was different (hard to understand) to most participants—because it has some connotation to it.

Proposed Survey Instrument

The proposed survey instrument that serves tourists' interpretation and perception of authenticity in cultural attractions is depicted in Table 4.

Table 4
Proposed instrument for measuring authenticity in cultural attractions

Types of authenticity ▶	Staged / real authenticity ▶	Sensory Authenticity ▶	Existential authenticity ▶	Sources
▼	Selection	Ranking	Selection	
Cultural attractions	Authentic, Staged, ▶ Denial, Contrived	Vision, Hearing, ▶ Touch, Smell, Taste	Feel and ▶ being	▼ On-line Off-line Experienced
Places (Input)		People (Process)	Behavior (Output)	
Authors	Cohen, 1979 (Situations)	Current study	Wang, 1999 (Approaches)	

The instrument to measure authenticity (in cultural attractions) deals with places, people, and behaviors. Experiences in theme park attractions can be authentic, staged, denial, or artificial. People or tourists are part of the attractions and they use (most of the time) their senses to perceive authenticity; the output for such an experience is called existential authenticity. Previous studies had identified staged versus real authenticity and existential authenticity in the tourism perspective (Cohen, 1979; Wang, 1999), however, sensory authenticity was not part of any study in the tourism context (with the focus of experiences in authenticity). It is important to note that sensory (i.e., five senses) plays a great role in perceiving the 'real' authenticity. People find out about cultural attractions and authenticity either online, offline, or in person. This instrument can rate and rank authenticity in all cultural attractions.

CONCLUSIONS

Based on the two focus groups discussions three types of authenticity were identified as likely to be relevant to tourist experience. There was discussion on cultural attractions as well. However, it seems that the term "cultural or culture" is not well understood. Specifically, they did not understand how cultural attraction and theme parks were discussed together. To avoid any misconceptions scholars should teach the aspect of 'culture' more broadly and diverse. In other words, people should be open-minded and have some synergy in expressing and perceiving authenticity in cultural attractions (and for that people should know the definitions of culture). Defining cultural / culture identity is an onerous task. There has been a great deal written about culture. There are various definitions of the term culture, which derives from the Latin *colera* which means to inhabit, cultivate, or honor. The diversity of definitions lies in the different purposes and uses depending on the discipline seeking to employ. In this study, it applied to attractions in Orlando. According to Groeschl and Doherty (2000), the term culture is used in a wide range of social sciences (e.g.

anthropology, sociology, and psychology); culture has consequently different meanings in the different fields. To mention a few authors that focused on the definitions of culture—Kroeber and Kluckholm (1952) identified 164 different definitions of culture; and Rendall and Whitehead (2001) identified 15 different definitions of culture. On the critic, side, according to Haring (1949) defining culture, "usually suffers from neglect of the canon of parsimony and from failure to consider carefully the nature of a scientific definition." According to him references and observations to culture is not clear and attempts to define such a term invite puzzlement no matter how impressive the logic invoked. Groeschl and Doherty (2000) on the contrary conclude that there are clearly connections in the different approaches and terms used to identify and define culture. According to them, continuing discovery and interdisciplinary efforts in investigating culture are creditable areas of focus for both academics and practitioners. Probably the most useable definition of culture is that provided by Kroeber and Kluckholm, (1952, p. 181) which describe:

> "Culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of actions, on the other, as conditioning elements of future actions." (Kroeber and Kluckholm, 1952, p. 181).

The approach of culture and authenticity permits the scholar of society to search for the enlightenment and common sense of the subject in itself. Authenticity is the 'son or daughter' of culture. The only way to distinguish and describe the types of authenticity is if people separate and describe themselves from places and behavior. As noted, there are three types of authenticity, namely staged / real authenticity, sensory authenticity, and existential authenticity. The present study shows that the demand for authenticity is homogeneously distributed.

The question is whether tourists seek authenticity in terms on the three types of authenticity (independently). Also, suppliers or marketers tend to focus more on staged versus real authenticity. Marketing is about place, promotion, people, and product / service (4 P's)—so if marketing is so important to attract customers, marketers should consider the three types of authenticity for the tourism industry. If people in the tourism sectors do have tendency to seek authentic experiences, then it seems foreseeable that the industry should try to accommodate to this type of requirement, making it easier for people to have what they sensed and feel as authentic experiences. There are three type of niche market for authenticity: a market for people that like real versus staged authenticity, a market for people that judge authenticity based on sensory and a market for people that are more emotionally oriented and based their authentic experiences on feelings. Gender might play a role as well in determining

authenticity. People can have a combination of all three, but one type of authenticity dominates over the others.

In conclusion, the authors prepared a proposition to discover if the three types of authenticity were the right ones to involve conceptually / empirically a focus group discussion. – it was the right choice since participants in the focus group discussion elaborated unbiased on the subject of authenticity and a general consensus was agreed upon that these types of authenticity are the right variables to measured cultural attractions, people, and behaviors.

Study Limitations

The size of the focus group may have an impact of the research findings; however, in larger focus groups there may be an issue with participants not feeling comfortable to speak their mind.

In addition, participants did visit only a few cultural attractions and participants were not aware of the words 'cultural and culture.' They perceived cultural attraction very different from theme park. According to MacCannell (1976, p. 23) words, "all tourists attractions are cultural experiences [and] when we talk in terms of a culture, we automatically suggest the possibility of a consensus." This might be the reason why people had a hard time to understand and link culture to authenticity. The diversity of definitions of culture lies in the different purposes and uses depending on the discipline seeking to employ. In this study it applied to attractions in Orlando. According to Groeschl and Doherty (2000), the term culture is used in a wide range of social sciences (e.g. anthropology, sociology, and psychology); culture has consequently different meanings in the different fields. Probably the most useable definition of culture is that provided by Kroeber and Kluckholm, (1952, p. 181) which describe:

> "Culture consists of patterns, explicit and implicit, of and for behavior acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including their embodiment in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of actions, on the other, as conditioning elements of future actions." (Kroeber and Kluckholm, 1952, p. 181).

The approach of culture and authenticity permits the scholar of society to search for the enlightenment and common sense of the subject in itself. Authenticity is the 'son or daughter' of culture. The only way to distinguish and describe the types of authenticity is if people separate and describe themselves from places and behavior. As noted, there are three types of authenticity, namely staged / real authenticity, sensory authenticity, and existential authenticity.

The present study did shows that the demand for authenticity is unpredictably distributed. Every single person is unique; people are not a machine and it is all right to be different, however, in other studies using these

types of authenticity you might have variability in statistics (-this might be no limitation in an empirical research). Thus, authenticity is perceived different no matter what.

Future Research

In future research an alternative approach might be to do a pre and post test (interviews) research of potential visitors to cultural attractions. It will be interesting to know about this type of research in bigger sample size (more people) and in other destinations. Analyses on advertisements could use the three type of authenticity since people find sources in places and portray different type of behaviors. The instrument has potential to be expanded in terms of different experiences such as visiting a museum. The three type of authenticity also work for other type of industry (besides tourism). This instrument works well in structural equation modeling, path analysis, and factor analysis.

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Characteristics of Small Hospitality Businesses:A Study in an Urban Setting in Turkey

By Atilla Akbaba

ABSTRACT

The aim of this study was to contribute to the growing body of knowledge concerning small hospitality businesses (SHBs) through an analysis of selected aspects of SHBs in an urban setting, namely Akcakoca, Turkey. Particular attention was given to the characteristics of businesses, finance, marketing, human resource management, involvement of residents in the industry, and management of SHBs. A sample of 72 businesses in Akcakoca was examined and their role in tourism was evaluated. The findings of this study reveal that SHBs carry significant deficiencies and inadequacies and face a common set of problems.

Keywords: Small hospitality businesses; Management; Akcakoca; Turkey

INTRODUCTION

The key role played by small businesses in the economy and society is emphasized by many researchers. Small businesses are well recognized and acknowledged as vital and significant contributors to economic development, employment, innovation, income generation and the general health and welfare of regional, national and international economies (Morrison et al., 2003; Ayyagari et al., 2007; Bengtson et al., 2009; Yolal et al., 2009). Because of the undeniable importance of small businesses, many international agencies worldwide (e.g., the World Bank, European Union) and national agencies within their countries (e.g., Regional Development Agencies in Turkey, KOSGEB- Turkish Agency for Improving and Supporting Small and Medium Sized Businesses) provide various kinds of support for developing small businesses. However, the experience shows that the support programs have failed to achieve the desired outcomes in the majority of cases, when the specific needs and characteristics of the targeted small businesses were not taken into consideration in shaping the programs (Baffoe, 2005; Dudensing et al., 2011).

It is known that small businesses represent a statistically significant proportion of national and international economies. For example, small businesses represent 98.4% of all businesses in Turkey (Avci et al., 2010), 99.7% of all employer firms in the United States (Small Business Administration, 2011), 99.7 % of all enterprises and around 70% of all jobs in Japan (JSBRI, 2011), 99.2% of all enterprises in the UK (BIS, 2011), and about 99% of all businesses in the European Union (Bengtson et al., 2009). These statistics are reflected within the tourism industry as well (Morrison et al., 2010). There is a broad consensus internationally that the tourism industry has traditionally been

characterized by small, independent, belong to the indigenous population, peripheral, seasonal, and often family-run businesses (Getz & Carlsen, 2000; Main, 2002; Russell and Faulkner, 2004; Bastakis et al., 2004; Dudensing et al., 2011; Jaafar et al., 2011). Despite the acknowledged importance of small businesses for the economies of countries and the significant role they play within the tourism industry, there is dearth of research on small tourism businesses and tourism (Ateljevic, 2007; Thomas et al., 2011). Same situation is true for hospitality industry as well. It is a well known fact that much of the hospitality industry is still dominated by small firms (Sweeney and Lynch, 2009), yet there is a continued absence of studies of SHBs (Main, 2002; Morrison, 2002; Alonso and O'Neill, 2009).

Thomas et al. (2011) conclude that small firms in tourism remain under-theorized and under-researched. They comment that the shortfall in research on small tourism firms is important as it often results in presumptions being made about small firms in particular settings which are misplaced. The limited academic research on small firms and their role in tourism has also resulted in some overly general conventional wisdom being perpetuated. Many of these can be seen in the literature. For example, it is often reported by the authors that one of the operational challenges hospitality businesses face is the shortage of skilled labor (Alonso & O'Neill, 2009). However, in a research they conducted on small hospitality businesses in a college town, Alonso and O'Neil (2009) found that shortage of skilled labor was not a challenge for the majority of businesses. Many researchers recently emphasize the need to challenge taken-for-granted assumptions and pre-understandings about small hospitality businesses. There is a growing consensus that the size of firm and its sectoral context are likely to be important influences on the phenomenon being studied. Morrison and Teixeira (2004) emphasize the benefits of researching beyond the general to the particular as in this research, with an industry sectoral focus within a specific type of location.

Small hospitality businesses are often less visible than larger ones in urban and resort environments, and have received little attention in these contexts (Williams, 2000). Although many common characteristics exist between small businesses in general, the milieu and the sector in which they operate should be taken into consideration when analyzing business performance, characteristics or managerial issues of small businesses. Getz and Carlsen (2005) argue that location and setting are important variables for tourism firms. The uneven spread of resources (for example natural or built attractions, customers, suppliers, labor, finance, tourism infrastructure, etc.) and degree of competition for those resources will impact on businesses in several aspects. As a consequence, there is a need for size- and sector-specific studies to explore the unique characteristics of SHBs. Morrison et al. (2010) explain this need by saying "a move to research below the surface level is recommended" (p. 744). Since there are only a few exploratory studies in the field, it can be said that research on SHBs had been ignored and there is a need for hospitality-specific research to understand the dynamics of SHBs (Lynch and MacWhannell, 2000).

Although it is widely accepted that the hospitality sector is dominated by small, owner-operated businesses, "family business" is an under-researched area in the hospitality industry (Li, 2008; Sweeney and Lynch, 2009). Tourism industry offers opportunities for easy entry into a number of business types, often small or micro in size, that appeal to sole proprietors and families (Getz and Carlsen, 2005) who are often less driven by growth and profitability and more by personal and lifestyle choices (Bosworth, 2009; Lashley and Rowson, 2010). Lashley and Rawson (2010) indicate that a high percentage of businesses in the tourism and hospitality sector are small firms, often family operated, is a common feature to be found across the globe. According to Getz (2004) the essence of family business is when a business is established with the needs and preferences of the owners and their families rather than for growth and profits. Previous research suggests that only one in eight small firms in hospitality sector has primary business growth aims (Lashley and Rowson, 2007). The majority of the business owners in the sector, on the other hand, hold a lifestyle ambition to own a business. Morrison and Teixeira (2004) emphasize the importance of identifying the business entry motivations of the SHB owners because these motivations impact on the awareness and perception of their development needs. Tourism lifestyle entrepreneurs are defined as tourism business owners actively seeking a different type of lifestyle whose motivations centre on quality of life and the local environment, so they are not as profit oriented as other growth oriented entrepreneurs (Bosworth and Farrel, 2011). Thomas (2007) notes that they do not always fit traditional models of business activity. On the other hand, previous research suggests that growth oriented business owners are more receptive to the potential for management development (Dewhurst and Thomas, 2003). Although it is widely accepted that the hospitality sector is dominated by small, owner-operated businesses, "family business" is an under-researched area in the hospitality industry (Li, 2008; Sweeney and Lynch, 2009).

One of the existing problems which compound the lack of theoretical and empirical data on small business-based research in hospitality industry is the cost of generating primary data on SHBs due to the paucity of secondary-based research sources on this issue in most countries. Given the scale of SHBs in most countries, sample surveys or regional studies are generally the only affordable sampling framework for most academic studies. Despite these weaknesses, there is a need for studies which build upon existing literature to establish the extent to which similarities and differences exist within and between countries in this vital area of hospitality research. Without an accurate knowledge base in this area, both the development of hospitality businesses and the contribution that research can make to policymaking, planning and the future prosperity of the industry will be impeded through inadequate information and analysis of the needs of the small business sector (Page et al., 1999).

The present study seeks to contribute to the growing body of knowledge concerning SHBs through an analysis of selected aspects of SHBs in Akcakoca, Turkey. Particular attention was given to the characteristics of

businesses, finance, marketing, human resource management, locals' involvement in the industry, and management of SHBs.

Definition of Small Business

From the review of literature on small businesses and tourism, it has been concluded that arriving at a common definition of small business is a major issue. Most of the studies in the field fail to specify the definition they employ. Few studies that draw a definition offer different approaches and there is not a consensus on what constitutes a small business. Morrison (1996, p. 400) defines the term as:

> "financed by one individual or small group and is directly managed by its owner(s), in a personalized manner…it is perceived as small, in terms of physical facilities, production/service capacity, market share and number of employees."

As indicated in this definition, there are various measures that can be used in identifying the size of a hospitality business. Number of employees, total salaries and wages paid in a certain time period, amount of capital, sales revenues, number of rooms/beds, existence of some facilities such as conference, banqueting and restaurant halls and their capacities, existence of ancillary services such as swimming pool, car parking, shops, etc. can be listed as major bases for classification. Among them, the number of employees is the most widely accepted and used measure (Thomas et al., 2011). In their study, Thomas et al. (1997, p. 9) defined small businesses as "one which employs fewer than 50 people". This represents a conflation of the European Commission's very small (or micro) enterprises (fewer than 10 employees) and small enterprises (between 10 and 49 employees) (European Commission, 2011). In Turkey as well, the most widely used measure in identifying the size of the businesses is the number of employees (Arslan, 2003). Though there are various definitions used by different institutions, when these definitions are analyzed, it can be seen that some institutions define small businesses as one which employs between 10 and 49 employees while others define it as employing fewer than 50 people. For example, The State Planning Organization and The Ministry of Industry and Trade both adopt the definition as between 10 and 49 employees, while KOSGEB uses the measure as fewer than 50 people (State Planning Organization, 2008; Dom, 2008; East Marmara Development Agency, 2010).

The present study employs the definition of small business used by Thomas et al. (1997). Using the same definition, since SHBs represent the largest part of the hospitality industry (Doherty et al., 2001; Main, 2002), makes it possible to capture a large proportion of hospitality businesses within the scope of this study. The tourism industry is dominated by small businesses (Getz and Carlsen, 2005; Morrison et al., 2010). In the United Kingdom (UK), the UK Department of Trade and Industry (2006) indicated that 95.6% of hotel and restaurant businesses employed less than 50 persons in 2005. In Australia, the

Australian Bureau of Statistics (2008) announced that 94.1% of accommodation businesses employed less than 50 persons in 2007. For the café and restaurant businesses, this percentage is higher (98.5%). A similar picture was seen when the situation in Turkey was analyzed. In Turkey, small businesses represent 98.4% of all businesses, (Avci et al., 2010), responsible for 47.1% of employment and contribute 14.1% of the overall value added (Oktay and Guney, 2002). The same situation is true for the hospitality industry. It is estimated that SHBs make up 91.6% of all Ministry of Culture and Tourism licensed and municipality licensed accommodation establishments in Turkey. This figure rises when other Ministry licensed hospitality establishments such as dining facilities, entertainment facilities and clubs are taken into account (Ministry of Culture and Tourism, 2011; TURSAB, 2011). Due to the fact that there are not any statistics available in Turkey on municipality licensed tourism establishments other than accommodation establishments, other SHBs such as restaurants, cafes, and bars/discotheques were not included in these figures.

Small businesses, when analyzed within the scope of national economies, carry great importance because they offer opportunities to create jobs, increase the total production and the variety of products with comparatively less investment, possess greater flexibility in following technological developments, help balance the development inequalities among the regions of the country, encourage personal savings, and they provide flexibility in adapting to changing economic conjuncture and keeping up with innovations (Thomas et al., 2011). Besides these common benefits, SHBs offer unique benefits to the region and the community in which they operate as well. SHBs provide employment for indigenous people, encourage economic diversity and stability, speed up the development of the region, and help increase the social development level and thus deserve particular attention (TAMU & TSOT, 1999).

Tourism in Akcakoca

Akcakoca, a town within the jurisdiction of Duzce province, is located in the west end of the Black Sea region of Turkey. Among all towns of the Duzce province Akcakoca is the largest and is the only town that has borders to Black Sea. Akcakoca is situated between Istanbul and Ankara, the most crowded cities of Turkey. When the driving distances are taken into account, it is almost in the middle of these two big cities, two hours to Istanbul and two and a half hours to the capital city of Turkey, Ankara. The above mentioned accessibility characteristics and the tourist attractions of Akcakoca distinguish the town from its competitors as a major tourism destination. The various attractions of the broader area include sandy beaches along 35 kilometers coastline, historic Genoese fort dating back to thirteenth century, caves, waterfalls, in-forest recreation sites, and historical buildings such as mansions, mosques, and Turkish bathhouses. Akcakoca is one of the three locations, along with Erdek and Amasra, where tourism activity has first started in Turkey. Due to its advantageous geographic location, close to the two major metropolitan centers Ankara and Istanbul, Akcakoca gained the reputation of a popular tourist

destination early in the 1950s (Okan, 1996). During the 1950s and 1960s, Akcakoca experienced a rapidly growing tourism development. Although there are no data that could provide a detailed insight about tourism activities in the area at that time, it is known that, the number of domestic and foreign tourists were so high that in order to meet the demand towards Akcakoca and provide accommodation for tourists, locals left their homes for tourists and spent the tourism seasons in their near village houses. Because the local people of Akcakoca are occupied with nut farming and spend the summer months in their villages working in the field, they use their village houses during summer. The majority of the houses in town are not in use during the summer months. First, to provide accommodation for tourists the unused houses of locals were utilized. This way, a bed capacity of 2500 was reached, an outstanding bed capacity for that period of time (Okan, 1996). In the following years, to meet the demands of continuously increasing number of tourists, along with the use of second homes, commercial initiatives such as guest houses, camping grounds, and hotels started to be built.

Growing tourist flows towards Akcakoca continued until the 1970s. During the 1970s, the demand towards the town started to decline rapidly. This was due to the reasons such as the planning and opening by the Turkish government of the Aegean and Mediterranean coasts of Turkey to tourism which are much more suitable when the length of tourism season is considered. Developing the transportation facilities that made it easier to reach those regions, offering inducement programs for tourism investments in those regions, comparative neglect of the Black Sea region, and the failure of tourism ventures that were run unprofessionally in Akcakoca in adapting contemporary management practices, all contributed to the collapse the town experienced in tourism.

The tourism industry in Akcakoca started to regain momentum after 1985, owing to the government's plans for introducing the Black Sea region to tourism and efforts of local administrations. Farming, manufacturing, commerce, and tourism sectors occupy an important place within the overall economic structure of Akcakoca. Among them, when their economic contribution to Akcakoca is taken into account, the tourism industry ranks as second following nut farming. Akcakoca relies heavily on the sun, sea, and sand tourism. As a consequence of region's climatic condition tourism activities are limited to only three months of the year, from June to August. During the remaining part of the year, aside from the weekend get-away kind of visits to the town, no noticeable tourism activities can be seen in the area.

There is a lack of reliable data on tourism activities in Akcakoca regarding domestic or international arrivals to the region, tourism receipts, employment in tourism, etc. Only available statistics are the estimates generated by the Akcakoca District Governor Tourism Bureau (ADGTB) about the number of visitors to the region. According to the ADGTB, in 2009, Akcakoca was visited by 90000 domestic and 7000 international tourists (ADGTB, 2010).

In 2010, Akcakoca had 464 beds in five properties (three hotels, one guest house, and one camping ground) with tourism licenses and 935 beds in 18 properties (10 hotels, seven guest houses, and one camping ground) with municipality licenses. When added up, the accommodation capacity of Akcakoca reaches 1329 beds in total.

In recent years, an interest has arisen in Akcakoca to rejuvenate tourism which has found support from all parties in the community. This desire to achieve development in tourism and bring back the tremendous success enjoyed during the two decades between the 1950s and 1970s has continually been expressed by local community, local administrations, the Town Council, and civil initiatives of the town. Besides the conferences and panel discussions held on how to improve tourism in Akcakoca, an annual event named the International Akcakoca Tourism, Culture, and Nut Festival was organized, and participation in the International South Mediterranean Tourism and Travel Convention has been achieved. It is a fact that the desire to improve tourism in the region does exist; however, there are several factors that must be considered and analyzed before forming a development strategy. The current and future market demand, characteristics of the region, the interest and support of the local community, the latest trends observed in tourism, performance levels of tourism ventures, and characteristics of the region's tourism industry are some of the vital factors to be taken into consideration. Among these factors, since it is a widely accepted fact that any successful planning requires accurate and reliable data on the present situation of the tourism industry and the SHBs are the backbone of this industry, data on the characteristics of SHBs in Akcakoca carry great importance. As noted earlier, the absence of data for the tourism of Akcakoca remains a continued weakness. In this context, the present study also seeks to produce data on performance levels of SHBs in this region.

Methodology

Given the absence of reliable data about the SHBs in Akcakoca, this study aims to produce comprehensive data that will give insight on the current situation of SHBs and form a base for future tourism planning activities in the region. A self-administered questionnaire was constructed to obtain the required data. The preparation of the questionnaire began with a review of literature. The relevant literature, survey instruments used in past studies, and information derived from the owners of SHBs provided the basis for developing the questionnaire. In constructing the survey instrument, the ones used by Thomas et al. (1997), Page et al. (1999), and Ateljevic (2007) were taken as a backbone. The insight drawn from the analysis of the pilot study that took place in the first phase of the research was also taken into account. The questionnaire was divided into four parts which were designed to gather data on the characteristics of businesses, finance, marketing, human resource management, locals' involvement in the industry, and management of SHBs.

A pilot study was undertaken to ensure that the wordings of the questionnaire were clear. Fifteen questionnaires were completed by the

owners/managers in the presence of researcher. Some problems were identified with the wordings and implications of some statements, so some minor revisions were made to avoid confusion.

The population of this study was the SHBs in Akcakoca, Turkey. A sampling frame was constructed from the lists provided by the Akcakoca Chamber of Trade and Industry, Municipality of Akcakoca, Akcakoca District Governor's Office, and Akcakoca Chamber of Tradesmen and Craftsmen. An investigation on these sources revealed that, there were approximately 120 SHBs operating in Akcakoca city centre, in the time period this research took place. All businesses that conformed to the sample selection criteria of size of operation (1-49 employees) and city centre location were telephoned, to ascertain their willingness to participate in the study. The main study was conducted from June to August of 2010. This period was deliberately chosen because some tourism businesses operate during the summer only. The self administrated questionnaires were distributed by the researcher to the businesses that accepted to participate and were filled out on premises in the presence of researcher. By utilizing this method, a total of 72 questionnaires were attained, resulting in 60% usable response rate. It is known that SHBs are usually reluctant to take part in research projects (Lee-Ross and Johns, 1997). The high response rate was achieved as a result of preliminary phone calls that were made to the owners/managers of each business. The Statistical Package for the Social Sciences (SPSS) version 15.0 was used to analyze the data. Descriptive statistics analysis was used to measure frequencies, averages, and percentages.

FINDINGS AND DISCUSSION

Profile of the respondents and businesses

The main profile characteristics of the 72 respondents and businesses surveyed are presented in Table 1. In terms of the person responding to the questionnaire, the gender distribution was 91.7% male, 8.3% female. This result is noteworthy, because many researchers have noted the preponderance of women operating small tourism and hospitality businesses and the evidence comes from many countries and regions (Buultjens and Cairncross, 2011; Skalpe, 2007; Walker et al., 2001). Getz and Carlsen (2005) argue that culture is likely to affect gender roles and determine who can be an owner or a manager in small tourism businesses. A survey conducted by Guerrier (2001) in the UK has revealed that the majority of hotel managers were men. The author comments that the typical career structure to general manager poses problems for women (and potentially men) with family responsibilities given that it usually requires geographical mobility and a willingness to work 'unsociable' hours. It is also known that tourism profession is often noted for its negative aspects, particularly for women (Faulkenberry et al., 2000). The gender distribution statistics obtained in this research may be interpreted as a consequence of these facts. The highest proportion of the respondents (41.7%) fell into the 46-55 year age group, followed by the 36-45 year age group (22.2%). The majority of respondents described themselves as the sole owner (75%) and joint owner (18.1%).

Remaining 6.9% of respondents were managers. These results show that the survey reached the target audience of business owners or managers who were able to provide a broad understanding of their businesses and involvement with tourism. There were two questions in the questionnaire to get information on whether the respondents were Akcakoca natives or not. Of the 72 respondents, 79.2% reported that they were Akcakoca natives while 20.8% said they were not. When joint owners or partners were considered, 15.3% stated that the other partners were Akcakoca natives, only 8.3% of the partners were not and 75% said that there were not other partners. This finding is not in accord with some studies in the literature. Thomas et al. (2011) stress that in many destinations small businesses are often owned by in-migrants. Some authors (see, for example, Shaw and Williams, 2004; Getz and Carlsen, 2005) have found high occurrences of domestic in-migrants establishing tourism businesses. In-migrant small tourism business owners display entrepreneurial behavior through pro-active attempts to integrate with other local businesses, using their contacts and experiences from outside the local area, adopting new technologies, exploiting market niches and investing in business development. They identify and utilize the local attributes that are most attractive to tourists, retain extra-local networks and inject capital into the local economy, introduce new forms of human and social capital that enhance the tourism sector (Bosworth and Farrell, 2011). On the other hand, the literature identifies many advantages of indigenous owned small tourism businesses. They tend to be more committed to expressing the local character of the destination and sustaining the local environment, they are more likely to offer opportunities for personal contact between hosts and guests, experiences which tourists value (Morrison, 2006). Local ownership ensures a higher income multiplier for destinations as well, as these businesses are more likely to buy from other residents and keep the income they earned in the local economy (Getz and Carlsen, 2005). Recognizing that both types of ownerships have particular value for tourism destinations, Bosworth and Farrell (2011) suggest that the right combination of these types can promote further development in the tourism sector.

In terms of the percentage of Akcakoca natives employed within hospitality businesses, the results showed that average 56.7% of employees were Akcakoca natives. The questions on the educational backgrounds of respondents showed that a major part of the respondents (51.4%) had a high school diploma; only 18.1% of the respondents had a university, college or graduate education. Doherty et al. (2001) found that 31.4% of small tourism business owner/managers in the UK had higher education. When the small hospitality businesses were taken into account, this figure was 26%. Guerrier (2001) indicates that hotel management is becoming more professional and there is more emphasis now on the business skills of the hotel manager and his or her ability to maximize yield. From this point of view, it can be said that the percentage of respondents who hold a university degree is low. The majority of the participants (55.6%) did not receive any kind of tourism education. Among those participants who stated that they had tourism education, 87.5% took the

one or two week short vocational training courses organized by local authorities. Another interesting finding is that only 43.1% said that they had had work experience in tourism before opening the business. 56.9% of the total respondents did not have any kind of work experience in tourism.

In terms of the characteristics of the businesses, a considerable proportion of the businesses were in operation for 15 years or more (37.5%). This finding is particularly significant as research suggests that a large percentage of small hospitality businesses struggle to survive long-term (Parsa et al., 2005). The majority of the businesses were serving whole year (88.9%). When the mod of operation was analyzed it could be seen that 80.5% were individual owned and 18.1% were jointly owned businesses. The remaining 1.4% which equates to one business checked the "Other" option and explained that it was a municipality owned business. It was interesting that there were not any chain affiliated or franchised businesses among those which responded the questionnaires. Respondents were asked to indicate if they had conducted a formal feasibility research prior to establishing the business. It was found out that only 13.9% of the respondents conducted a formal feasibility research while 86.1% did not. Of those businesses which conducted a formal feasibility study, eight (11.1%) said that the feasibility study was prepared by the owner of the business, one (1.3%) by a consultant, and one (1.3%) by the manager of the business.

Table 1
Profile of respondents and businesses (N =72)

Variables		Frequency (N)	Percentage of total (%)
Gender	Male	66	91.7
	Female	6	8.3
Age	25 and below	6	8.3
	26–35	10	13.9
	36–45	16	22.2
	46–55	30	41.7
	56 and over	10	13.9
Respondent is …	The sole owner of this business	54	75
	The joint owner or partner	13	18.1
	The manager of the business	5	6.9
	Other	-	-
Is respondent an Akcakoca local?	Yes	57	79.2
	No	15	20.8
Are other owners Akcakoca locals?	Yes	11	15.3
	No	6	8.3
	No other owner	55	76.4
	Don't know	-	-
Percentage of employees who are Akcakoca locals			56.7
Experience in tourism	Yes	31	43.1
	No	41	56.9

Education	No school education	-	-
	Elementary school	10	13.9
	Junior high school	12	16.7
	High school	37	51.4
	Junior college	1	1.4
	Bachelor's degree	11	15.3
	Master's degree	1	1.4
	Doctorate degree	-	-
Education in tourism	Yes	32	44.4
	No	40	55.6
Mod of operation	Individual owned	58	80.5
	Jointly owned	13	18.1
	Government owned	-	-
	Part of a chain	-	-
	Franchised business	-	-
	Other	1	1.4
Age of operation	3 years or less	12	16.7
	4 – 6 years	16	22.2
	7 - 10 years	10	13.9
	11 - 14 years	7	9.7
	15 years or over	27	37.5
Operation is in service …	Whole year	64	88.9
	Only in high season	8	11.1

In terms of the structure of the businesses, the majority (69.4%) were in the food & beverage sector, followed by the accommodation sector (30.6%). Business types are presented in Table 2.

Table 2
Primary activity of businesses (N = 72)

Activity	Frequency (N)	Percentage of total (%)
Hotel	12	16.7
Motel	-	-
Hostel	-	-
Guest house	7	9.7
Camping ground	3	4.2
Restaurant	28	38.9

When the motivations for starting a tourism business are analyzed it can be seen in Table 3 that 30.6% stated that they started this business because they wanted to be their own boss. 29.2% indicated that they enjoyed this kind of work and, at the same time, made a living out of it. A considerable proportion of respondents (13.9%) entered the tourism industry because of unemployment. Seven participants (9.7%) who marked the "Other" choice revealed specific motivations such as taking advantage of a business opportunity which suddenly arose, contribution to the promotion of Turkey, and utilizing an existing unused building that was perfect for tourism purposes. This finding is in line with Lashley and Rowson (2010) and Mottiar (2007) who explain that lifestyle motivations predominate in tourism. In the study by Page et al. (1999), enjoyment from the form of the work was the major factor (54%) motivating owners to establish small business ventures in tourism. The length of ownership is reflected in the degree of involvement in tourism which ranged from 38 years to less than one year. The average length of ownership was around nine years.

Table 3
Motivations for starting the business (N = 72)

Variables	Frequency (N)	Percentage of total (%)
To do what I enjoy doing while making a living	21	29.2
To make more money than by being employed	4	5.6
Because of unemployment	10	13.9
To have a pastime in retirement	1	1.4
To be my own boss	22	30.6
To show people that I own a business	2	2.8
Other	7	9.7

Contemporary hospitality research has extensively addressed many of the problems hospitality businesses face, including seasonality, uncertainty, high labor costs, low profit margins, competition, economic downturn and employee related problems (Nelson, 2001; Enz, 2004; Sunley, 2006). Furthermore, since SHBs have limited resources it is very hard for them to get informed about upcoming risks and opportunities, follow the changes in the industry, explore the market trends, and maintain a healthy growth. One approach which can be helpful for SHBs in overcoming such difficulties is creating a network with other small businesses, membership in tourism organizations and other business associations. Some 49 of the 72 (68.1%) businesses were members of local trade and professional organizations (e.g. the Akcakoca Chamber of Tradesmen and Craftsmen). This was followed by 19 businesses which were members of local tourism organizations (e.g. Akcakoca Tourism and Promotion Association). Only two businesses were members of national tourism organizations and one business belonged to an international organization, namely European Camping Grounds Clubs. Some 21 respondents (29.2%) did not have any kind of membership.

Employment in small hospitality businesses in Akcakoca

A range of questions were asked to examine the employment in small hospitality businesses. Respondents were asked to indicate how many full-time (defined as working 40 hours or more a week) and how many part-time employees they employed (defined as working less than 40 hours a week). The 72 businesses in the sample employed 554 full-time employees and 83 part-time workers in total. This indicates that the use of part-time workers was not a significant component of hospitality employment in Akcakoca case. To get a more detailed picture of employment, respondents were asked how many employees they employed during: normal trading, at the busiest time of the year and at the quietest time of the year. The results indicate that the number of workers employed by businesses during normal trading averaged 278 employees, which increased to 483 in the busiest months and dropped to 247 in the quietest time of the year. This indicates a significant variation in the working year between the peak and shoulder season with almost a 95% change in staffing requirements. This figure is considerably higher than the findings of Page et al. (1999) who reported that the change in staffing requirements was 65%. A question in this section of the questionnaire was asked to identify the busiest and quietest months of the year. The respondents indicated that the busiest months were June, July, and August; the quietest months were December, January, and February. To establish the degree of variation in employment requirements among the SHBs over the last year and forecast changes expected for the up and coming year, respondents were asked to consider if employment requirements had changed and if they expected any change for the next year. For the past 12 months, 70.8% of respondents felt that the number of workers had remained stable, with 18.1% feeling it had dropped and 11.1% commenting that it had grown. In terms of the expectation of changes over the next 12 months, 65.3% of respondents indicated that employment would remain stable, 25% felt it

would grow and 9.7% felt it would decline. When employers were asked about their recruitment methods, it was seen that a major part of the respondents (%56.9) used word of mouth to fill their vacancies. This is similar to Page et al.'s (1999) and Thomas et al.'s (1997) findings as can be seen in Table 4. For the present study, the second most frequently used method by small businesses (44.4%) was individual applications. 29.2% who marked the "Other" choice indicated that themselves or family members worked in the business and thus they did not feel a need to hire someone. These findings support Lee-Ross and Johns (1997) who state that small to medium-sized hospitality businesses employ few workers and the majority of their employees are family members, each one performing more than one job. It is interesting that none of the businesses used local or national press to seek employees. Another remarkable point to consider is that even though there are many schools offering tourism education in Akcakoca at varying levels such as vocational high school, junior college, college, and master's level that educate hundreds of students, only 10 respondents (13.9%) said that they hired students from those schools. The responses to this question reflect that cost seems to be an important consideration in hiring practices and planning or rationale in recruitment approaches were out of question. When the use of other recruitment methods was analyzed, one could see some major differences with the findings of other studies. The use of individual applications, local press and employment office methods differed significantly. Individual applications occupies a major part in the case of Akcakoca while it was null in Thomas et al.'s (1997) and Page et al.'s (1999) studies. The SHBs in Akcakoca did not use the local press for recruitment while other studies report that this method was used extensively in the UK and New Zealand settings. Moreover, Page et al. (1999) report that some 21.89% of respondents used employment offices to fill their vacancies while this figure is only 1.4% for Akcakoca. It can be said that the findings on employment are in contrast with Doherty et al.'s (2001) study. Doherty et al. (2001), conducted one of the most comprehensive studies on the UK hospitality industry, concluded that contrary to expectations, all sectors of the industry and the vast majority of the companies within these sectors have displayed a high level of sophistication in and considerable commitment to their human resources policies and procedures.

Table 4
Recruitment methods used by businesses (N = 72)

			Thomas et al. (1997)		Page et al. (1999)	
Methods	**Frequency (N)**	**Percentage of total (%)***	**N**	**%**	**N**	**%**
Employment office	1	1.4	-	-	65	21.89
Local press	-	-	525	39	77	25.93
Schools**	10	13.9	215	16	15	5.05
Consulting firms	-	-	-	-	-	-
Transfers from other businesses	3	4.2	-	-	-	-
Word of mouth	41	56.9	991	73	203	68.35
National press	-	-	-	-	16	5.39
Internet	1	1.4	-	-	-	-
Individual applications	32	44.4	138	10	23	-
Others	21	29.2				7.74

*The percentages do not sum to 100% because respondents could select more than one category.

**Page et al. (1999) used the term as 'Polytechnics' and Thomas et al. (1997) as 'Training Provider/College' which are similar in meaning.

Participation of Akcakoca locals in tourism businesses

Since it is known that local peoples' participation in tourism shows different motives in different stages of life cycles of destinations (Kreag, 2001), understanding the nature of the locals' participation as owners and employees carries great importance. On the other hand, the recruitment methods used by the tourism businesses in Akcakoca also showed that there might be a conscious inclination toward favoring Akcakoca locals in hiring practices. For these reasons, and to develop a greater understanding of the role of Akcakoca locals' participation in these businesses, a range of questions were included in the study. The first question was to find out whether the respondents were Akcakoca locals or not. 79.2% defined themselves as Akcakoca locals while 20.8% said they were not. Answers to the question about the owners of the businesses revealed that 80.5% of the businesses had only one owner and the remaining 18.1% were jointly owned businesses. Of these businesses 15.3% said that the other owners were Akcakoca locals while 8.3% were not. When asked if the businesses used Akcakoca culture as a feature to promote their tourism products, only 27.8% (20 businesses) used it in aspects of their advertising. In terms of the percentage of

Akcakoca locals in total personnel of the businesses, it was identified that approximately 57.2% of the employees were locals. When the variation in the structure of participation in total workforce from high season to low was examined, the respondents said that during peak season 38% of the employees were non Akcakoca locals while this figure drops to 29.6% during low season. During normal trading months the percentage of non Akcakoca locals was 30.9%.

Business operations

To examine respondents' perception of trends in their business over the past year, a number of indicators of business performance were examined. These were: the number of customers in the last year, average spending by customers, trends in turnover, net profit, quality of goods and services, level of productivity, number of successful new products, and creating employment for family members. Another question examined the expectations of respondents on the same indicators for the next year. Results of the answers given to these questions can be seen in Table 5. When the table is analyzed, it can be seen that the respondents were not happy with the past year. A large proportion of the respondents reported that the main trend for the business remained the same along these indicators with some noticeable exceptions. Although there was an increase in the number of customers (37.5%) and the number of successful new products (44.4%) in the last year, the overall business turnover (41.7%) and the net profit (43.1%) declined. In general, these results are in congruence with the findings of Page et al. (1999) that while the volume of business is increasing, visitor spending is not keeping pace.

In terms of the anticipations for the following year, it can be seen that most of the respondents were full of hope and expected huge increases along the indicators. For example, respondents stated that they expected an increase in the number of customers (76.4%), overall business turnover (69.4%), level of productivity (70.9%), and net profit (66.7%). On the other hand, a slight portion of respondents reported that they did not have a prediction along the indicators for the next year. Another finding that draws attention in Table 5 was that the respondents were sure and satisfied about the level of quality of goods and services. Last year some respondents (65.3%) maintained the level of quality and for the next year 41.7% stated that it would remain the same while 54.2% anticipate an increase in quality offered to customers. Small and medium-sized hotel businesses, especially in resort areas, rely on repeat business and they tend to differentiate their product by close attention to detail and personal service (Lee-Ross and Johns, 1997). These may be an explanation to concern of SHBs on quality.

Table 5
Performance indicators

Indicators	The last 12 months				The next 12 months			
	Increased	Remained the same	Decreased	Don't know	An increase	Remain the same	A decrease	Don't know
Number of customers	37.5%	34.7%	27.8%	-	76.4%	15.3%	4.2%	4.2%
Average spending by customers	9.7%	50%	40.3%	-	40.3%	45.8%	9.7%	4.2%
Overall business turnover	29.2%	29.2%	41.7%	-	69.4%	13.9%	9.7%	6.9%
Net profit	15.3%	40.3%	43.1%	1.3%	66.7%	16.7%	11.1%	5.6%
Quality of goods and services	34.7%	65.3%	-	-	54.2%	41.7%	1.3%	2.8%
Level of productivity	30.6%	56.9%	12.5%	-	70.9%	23.6%	1.3%	4.2%
Number of successful new products	44.4%	52.8%	2.8%	-	54.2%	41.7%	1.3%	2.8%
Creating employment for family members	15.3%	77.8%	5.6%	1.3%	52.8%	40.3%	-	6.9%

In conjunction with the subjective performance indicators, some objective performance indicators were also included in the questionnaire. Questions aimed at gathering data about the number of employees in businesses were objective performance measures. These data were presented under the employment heading. There were two other objective measures which asked businesses about their actual turnover and the extent to which their businesses were dependent upon tourism. Only 26.4% of the respondents indicated a figure representing their total turnover. Total turnover ranged from TL 5,000 per annum to TL 1,200,000 per annum. The average turnover was TL 149,440 per annum. This produces a total turnover of TL 2,317,000 for the businesses that answered this question. In terms of the proportion of businesses which estimated their income from Akcakoca residents, 59.7% of the respondents said that they were able to estimate the percentage of overall turnover from local residents. The average percentage was 35.1% while 64.9% of the turnover was generated from tourism. Looking at this result it can be said that although the businesses in Akcakoca rely mainly on tourism, they utilize the potential of local residents as a major source of their turnover as has also been identified elsewhere (Morrison, 1996; Page et al., 1999; Ateljevic, 2007).

The respondents were asked whether they saw any obstacles to the improved performance of their businesses. As Table 6 shows, 56.9% of respondents reported the government regulations as a major obstacle, followed by unstable conditions of the country (52.8%), and lack of customer demand (27.8%). It is noticeable that competition was not seen as an obstacle. The

participants who marked the "Other" choice (12.5%) stated that the local community of the region did not have good feelings toward tourism and consequently they did not provide sincere support for tourism. It is also noteworthy that employee related issues were not highlighted by the respondents. Only 8.3% of respondents considered these issues as a major obstacle. It is widely acknowledged in the literature that among all the problems facing the hospitality industry, attracting, retaining and motivating hospitality workers constitute fundamental concerns (Richardson, 2008; Alonso and O'Neill, 2009). A comparison with the findings of the UK research (Thomas et al., 1997) and New Zealand research (Page et al., 1999) reveals that there are some points that draw attention. Though competition was considered a major impediment in both countries, it was not the case in the present study where respondents indicated that competition from local companies and larger companies was not a noteworthy obstacle. On the other hand, government regulations and unstable conditions of the country were major impediments respondents indicated for Akcakoca, Turkey and these findings differ from other studies. Concern of the respondents about the unstable conditions of the country can be explained with the social and economic structure of the country and the reflections from the incidents witnessed in surrounding geographical regions (e.g. Iraq, the Middle East, formerly known Soviet Union countries, etc.). Lack of external guidance received relatively higher percentage compared to other two studies. Low membership of SHBs in tourism organizations and other business associations and insufficiency of support and guidance provided by the government can be regarded as reasons behind this concern. Respondents were asked whether they had sought to introduce any new capital into the business during the last 12 months. 55.6% said that they sought to introduce new capital (compared with 50% in the UK survey and 43% in New Zealand survey). When the sources of capital were analyzed, it was seen that the respondents did not have diversified sources. The capital sources used were their own funds (36.1%), banks (11.1%), family members (6.9%) and other businesses (1.4%). The results are similar to Page et al. (1999) study where the principal source of capital was the personal funds of the respondents (67%).

Table 6
Obstacles to improving business performance (N = 72)

			Page et al. (1999)		Thomas et al. (1997)	
Obstacles	**Frequency (N)**	**Percentage of total (%)***	**N**	**%**	**N**	**%**
Inflation	18	25	62	20.88	369	14.56
Labor costs	11	15.3	46	15.49	407	16.06
Interest rates	7	9.7	89	29.97	357	14.09
High rents or rates	17	23.6	94	31.65	655	25.85
Debtors/poor cash flow	11	15.3	38	12.79	104	4.1
Lack of external guidance on business development	10	13.9	17	5.72	54	2.13
Competition from local businesses	7	9.7	102	34.34	463	28.27
Labor productivity	1	1.4	11	3.7	57	2.25
Lack of skilled employees	5	6.9	32	10.77	222	8.76
Lack of customer demand	20	27.8	68	22.9	306	12.07
Government regulations	41	56.9	66	22.22	393	15.5
Limited access to finance	9	12.5	24	8.08	167	6.6
Competition from larger businesses	3	4.2	49	16.5	388	15.31
Unstable conditions of the country	38	52.8	-	-	-	-
Other	9	12.5	-	-	-	-
(Lack of motivated employees)	-	-	-	-	155	6.12

*The percentages do not sum to 100% because respondents could select more than one category.

Continuous improvement and high performance in Internet applications such as e-mail correspondence, website effectiveness, online marketing and bookings grow as a critical competitive factor (Olsen and Connolly, 2000), but industry and academics suggest the hospitality industry lags other industries in information technology (IT) implementation (Siguaw et al., 2000; Buick, 2003; Murphy and Kielgast, 2008). Examined with a tourism industry perspective, the use of IT will provide benefits such as reducing transaction, print and distribution costs, and enabling last minute changes, one-to-one customer interaction and broad market reach. Scaglione et al., (2009) revealed that Internet technologies have a positive impact on hotel performance. To gain some insight about the use of information technology in businesses, a question about computer usage was included in the questionnaire. As can be seen in Table 8, most of the respondents (73.6%) said that they did not use a computer within their businesses. The ones who had computers (26.4%) were

using them to make reservations (18%), to perform accounting functions (11.1%), to follow up business correspondence (13.9%), and to store customer data (8.3%). When these findings are compared, the first thing that strikes one's eyes is the high percentage of small businesses which do not have a computer in all three countries though this percentage is a bit higher in Turkey. Since information technology is now viewed as a vital business tool for organizations, it is expected that SHBs extensively utilize this tool. As Table 7 shows, the results from the UK and New Zealand studies are not too dissimilar to current study's findings with businesses most commonly using computers to undertake correspondence, accounting functions and to assist with cashflow planning. It is indicated in the literature that the low IT use by SHBs may stem from high costs, poor understanding of the technology, lack of training, traditional ownership, deficiency of rational management and marketing functions and management's short-term operational focus (Christian, 2001).

Table 7
Use of computer technology by businesses (N = 72)

			Page et al. (1999)		Thomas et al. (1997)	
Reason for using the computer	**Frequency (N)**	**Percentage of total (%)***	**N**	**%**	**N**	**%**
Accounts and book-keeping	8	11.1	136	45.79	484	19.1
Business correspondence	10	13.9	135	45.45	492	19.4
Cashflow planning/monitoring	1	1.3	84	28.28	265	10.5
Storing customer data	6	8.3	81	27.27	284	11.2
On-line ordering of supplies	7	9.7	12	4.04	109	4.3
Stock control	7	9.7	26	8.75	256	10.1
Reservations	13	18	38	12.79	173	6.8

*The percentages do not sum to 100% because respondents could select more than one category.

Marketing and small hospitality businesses

Previous small business literature suggests that marketing is not taken seriously by small firms (Coviello et al., 2006; Pelham, 2000) due to the perceived inappropriateness of market research and planning by the owners/managers (Blankson and Stokes, 2002). The findings of this study seem to confirm these conclusions indicated in the previous literature. Concerning the marketing aspect of businesses, only 10 respondents (13.8%) out of 72 said that they had a formal or informal marketing plan. Among them there was only one business which had a formal plan; the remaining nine businesses had informal plans. This figure was 58% in both the UK and New Zealand studies indicating that there is a huge gap in approaches toward planning. Page et al. (1999) argue that the high percentage in planning may be a result of adherence to such activities as stipulated by banks and other financial institutions. In the case of Turkey, banks, other financial institutions and government agencies which extend credits or inducements to

businesses require such formal planning activities and the present study indicates that in total 12.5% of SHBs receive funds; 11.1% from banks and 1.4% from government sources. However, the percentage of businesses which perform formal marketing plan is still very low. Although this concern toward planning may be related to the rapidly changing business environment within which the SHBs operate, such as Akcakoca where seasonality can adversely affect them in many ways, the education and knowledge levels and visionary outlooks of the owners or managers of the SHBs may be the major reason behind this attitude toward planning. When it comes to the time horizon for planning, it is seen that four respondents (5.6%) planned up to one year, one (1.4%) 1-2 years and five (6.9%) 3-5 years. In terms of the businesses' ability to conduct market research, it was seen that most of the businesses (86.1%) did not conduct any formal market assessment or research. Of the 72 businesses, three reported that they conducted research on visitor satisfaction, two on customer needs, two on possible new products/services, one on local competition, one on quality or customer service, one on effectiveness of marketing activities, and one on visitor numbers. These results are totally at odds with the findings of Thomas et al. (1997) and Page et al. (1999) which reported that the businesses were eager to conduct market research. Page et al. (1999) observed a high level of response to different components of the question on market research, ranging in 70-82% for specific items, and their findings were not dissimilar to results from the UK study of Thomas et al. (1997). When the findings of the current study were analyzed, a situation hard to understand arises at this point. On the one side, the respondents indicated the lack of demand (27.8%) as an obstacle for them to improving business performance (Table 6) and complain that the demand toward their business is in a decline (27.8%, see Table 5), on the other hand they do not try to utilize any of the advertising and promotion methods.

Table 8
Methods of advertising or promotion (N = 72)

Methods	Frequency (N)	Percentage of total (%)*
Brochures	23	31.9
Discounted prices	16	22.2
Local advertising	19	26.4
National advertising	2	2.8
Conventions	3	4.1
Merchandising	2	2.8
Sponsorship	4	5.5
Personal selling	1	1.3

*The percentages do not sum to 100% because respondents could select more than one category.

Respondents were asked to indicate which methods of promotion or advertising they had used within the last 12 months. The most frequently used method was brochures (31.9%) followed by the Internet (30.5%) and local advertising (26.4%). In Page et al.'s (1999) study, the most important source used was the local advertising (74%) followed by brochures (68%). Similar figures were produced in Thomas et al.'s (1997) study. When it comes to the use of the Internet (31% of businesses in New Zealand and 11% in the UK), it can be seen that this percentage is slightly higher in Turkey and in New Zealand. In the case of Turkey, this finding is surprising since the results have indicated that (Table 7) most of the respondents (73.6%) did not use a computer within their businesses. Another surprising point is that, 37.5% of the respondents said that they did not use promotion or advertising methods. The use of discounted prices (22.2% of businesses used this method in Turkey compared with 47% in New Zealand and 48% in the UK) is also an important method businesses have used. When the data obtained on advertising and promotion methods were examined, one can see that the data are fairly consistent with the findings of Thomas et al. (1997) and Page et al. (1999).

CONCLUSION

Within tourism literature, the neglect of research on tourism supply issues, especially on SHBs, is evident (Thomas et al., 2011). In light of the relative dearth of research on SHBs, this study aimed to provide a greater understanding of this prominent section, or submerged part of the iceberg, of the tourism industry by producing data on the characteristics of businesses, finance, marketing, human resource management, locals' involvement in the industry, and management of SHBs in an urban setting in the City of Akcakoca, Turkey. Thomas et al. (2011) argue that one of the fundamental weaknesses of the existing literature is the tendency to consistently conceive small businesses narrowly and almost exclusively in isolation of their wider social contexts. This paper has examined SHBs in a specific milieu within which they operate and attempted to draw conclusions by taking into consideration the surrounding factors. The Akcakoca data reveal that SHBs carry significant deficiencies and inadequacies and face a common set of problems. Though it can be said that the findings of this study are not significantly different from that of other studies found in the literature, there are some major points identified that should be considered. Since it was discussed in detail under the findings and discussion heading of this study, a list of prominent points were a high proportion of male owners, unemployment is a leading motivation to enter into the tourism industry, respondents' general educational level is very low, the majority of the participants did not have any kind of tourism education, a major part of respondents did not have any kind of work experience in tourism before opening the business, an amateurish structure in tourism and SHBs is visible from looking at the absence of any franchised or chain affiliated businesses, low interest in feasibility analysis, formal planning, marketing research, etc., and a low usage of information

technology. In a broader frame, low membership in tourism organizations and other business associations, major impediments in regulatory and economic environments such as government regulations, unstable conditions of the country, and lack of demand can be listed as major differing points. In the case of Akcakoca, the role of Akcakoca natives as workers and business owners was also examined which gives clues on some important issues such as participation in tourism and the impact of tourism on the community. This study has identified some of the dimensions of small business activities in a region of Turkey never researched before and attempted to develop a comparative approach where the data and similar research methodology exists. This approach would definitely contribute to tourism literature by paving the way toward developing generalizations and explanations, making comparisons and testing theories in an era globalization shapes the tourism industry.

Producing comprehensive data that will give insight on the current situation of SHBs and form a base for future tourism planning activities in Akcakoca was also among the aims of the present research. As it is known that SHBs constitute a major proportion of the tourism industry and play a prominent role (Morrison, 2002), deriving reliable data on all aspects of SHBs is vital for planning activities (Morrison et al., 2003). Such an effort would definitely help people or institutions in charge of planning activities with the challenge of properly planning the tourism industry whether on a regional or countrywide scale. In this regard, future research providing updated information of the state of SHBs could make a very positive impact. In addition, Alonso and O'Neill (2009) indicate that, in time of much economic uncertainty, it becomes vital for regional, state and national agencies to monitor small tourism businesses' performance, as they provide employment to very large number of citizens. From this point of view, in countries where the hospitality industry is dominated by small businesses, obtaining specific knowledge on all aspects of SHBs is a necessity for establishing models and explanations of how they contribute to the local and national economies.

In designing this study, efforts were made to minimize its limitations, however, it still needs to be addressed that the results of this study may not have been representative of the whole population, due to the fact that questionnaires were distributed to the participants who were willing to participate in the survey. Consequently, it can be said that the findings of the present research reflects the opinions of only the ones who were willing to fill out the questionnaires. Future studies can try to utilize alternative approaches to reach SHBs and elicit their participation voluntarily such as by getting support from local administrations, tourism organizations and other business associations or by providing some kind of incentive to those who participate in the study. The evolution witnessed in the employment structure of businesses is a significant topic. At the start of 2011, businesses with no employees accounted for 74.1% of all private sector businesses in the UK, an increase of 3.8% since the start of 2010 (BIS, 2011). The employment motives of SHBs, for example, proportion of part-time and full-time employees or having no employee at all, and the implications of the

employment structure remain an interesting area for researchers. Future research could also enlarge the scope of this study by covering more or different aspects of SHBs. In addition, since this study was conducted solely in Turkey, future research may also look at whether the findings of this research differ in other countries.

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Current State of Management/Union Relations in Hospitality Sector

By Helen LaVan and Marsha Katz

ABSTRACT

Labor management relations in the hospitality sector is an important aspect of effective management. Increasingly, unions are becoming proactive in organizing hospitality workers. This manifests itself in strikes, boycotts, picketing, sexual harassment complaints, and complaints to OSHA regarding safety and health workplace violations. This research monitors the current scene with respect to labor management relations and analyzes work issues that have been brought up for third-party resolution by NLRB staff or arbitrators. The study reports on 66 NLRB cases and 104 arbitration cases. Issues brought before the NLRB include mostly contract interpretations. In arbitration, there were mostly discipline issues, including work rule violations, disorderly conduct, poor performance and employee theft. Quite often, the proposed job action on the part of the employer was discharge. In NLRB cases, the employee usually prevailed, while in arbitration the employer usually prevailed.

Keywords: Hospitality, union organizing, arbitration, NLRB, union relations, discipline

INTRODUCTION

Management/union relationships in the hospitality sector are in a current state of revitalization. There are a number of reasons why the relationships can be characterized as revitalized: 1. Significant growth in workers needed in the hospitality sector will result in workers being more selective in their choice of employers. 2. Union organizing is increasingly militant and successful. 3. There are strikes, often wildcat strikes, and boycotts. 4. In response, management and unions in the sector are cooperating using neutrality agreements and corporate campaigns. 5. Low wage workers in the sector are vulnerable to health and safety problems in the workplace, which can be an impetus to organizing. 6. Third party arbitration is used to resolve workplace conflicts.

The hospitality sector is growing in the United States. Since 2002, the sector has grown approximately twelve percent while the rest of the economy has declined (Bureau of Labor Statistics, 2012). Though the hospitality sector had a decline between 2008 and 2009, there has been rapid growth and employment growth has slightly exceeded the employment levels pre-downturn. According the Bureau of Labor Statistics (2012), the Food and Beverage Serving and Related Workers Sector is expected to grow approximately 12% from 2010 to 2020. In

general, jobs in the leisure and hospitality sector of the U.S. economy will grow faster than the overall economy (Singh, Hu, & Roehl, 2007). See Table 1 for current distribution of workers within the sector.

Furthermore, over 20% of U.S. workers were employed in the retail and leisure and hospitality sectors, the sectors employing the largest concentration of low-wage workers. Food services and drinking places (the major component of the leisure and hospitality sector) were projected to grow more than any sector between 2006 and 2016, with an estimated increase of more than 1 million jobs over that period (Franklin, 2007; Weil, 2009). Furthermore, union membership is in a decline in the traditional industries that unions have previously been dominant, such as manufacturing because of outsourcing, relocation etc.

Union Organizing In the Hotel Sector

Thus, the unions see the hospitality sector as a viable target for unionization (Sherwyn, Eigen & Wagner, 2006). In addition, the Hotel Employees and Restaurant Employee (HERE) and UNITE merged to create UNITE HERE. Their goal was to organize with a new method. They intend to increase their membership by neutrality agreements and card checks. In 2006, UNITE HERE implemented their new UNITE to Win strategy. At that time, Hilton nationwide, Hilton New York and some operators in Chicago settled. (Sherwyn et al, 2006). In a particularly aggressive campaign, which HERE entitled "Hotel Worker Rising", hotels in certain cities have been targeted for organizing. These cities include Boston, Long Beach, Pittsburgh, Seattle, Toronto, and Washington, DC. HERE, which represents over 100,000 employees, includes the following hotels in its recent organizing successes: Omni New Haven and Hilton Boston (HWR, 2012).

Union Organizing In the Restaurant Sector

There have been recent reports of successful union organizing campaigns in restaurants. These include Hot and Crusty, a New York chain organized by an independent union -- Hot and Crusty Workers Association. This successful campaign was orchestrated in part by assistance from the Laundry Workers Center United. There were widespread labor violations, including overtime and minimum wage violations, non-compliance with health and safety codes, and sexual harassment and verbal abuse of female employees (Workers Win Historic Election, 2012).

Another organizing effort in the restaurant sector is a national campaign called Dignity at Darden. This campaign has the assistance of the Restaurant Opportunities Center in New York. The campaign is directed toward Darden, which is the world's largest full service restaurant chain. It includes restaurants with brands such as Capital Grille, Red Lobster, and Olive Garden. Workers have filed a class action lawsuit alleging wage theft, discrimination and poor working conditions (Workers Win Historic Election, 2012). There are also union

organizing efforts at Brick Oven Pizza and Palermo's Pizza--a manufacturer of fresh and frozen pizza (Pizza Company Feels Union Heat, 2012).

Unions have also targeted Starbucks and Jimmy John's are other restaurant chains that have been targeted for union organizing. The contention at Starbucks was that of low wages and unsafe working conditions. Starbuck workers have been organized by the Industrial Workers of the World. Recently, the union narrowly lost by two votes at Jimmy John's. There is no doubt that another union representation election will be held when it is allowable by the National Labor Relations Act (Smith, 2011).

The stance of unions has been that employers in the hospitality sector can be more successful with happy employees. Labor consultants agree and encourage employers to self-audit their restaurants, by checking diversity, wage and labor law and workplace safety conditions compliance. They also recommend enhanced communications with employees. They remind employers "that good employers who do right by their employees don't need a third party in their relationship" (Smith, 2011).

Furthermore, union organizing has taken a new approach. Unions are using traditional and social media, utilizing research and data, and working with religious and educational institutions in protesting and lobbying. Critics state that unions are not adverse to in intimidation or utilizing/manipulating facts in their favor (Smith, 2011).

Union Tactics: Strikes

On one hand, the incidence of strikes seems to be deceivably low. The Department of Labor Bureau of Labor Statistics only tabulates work stoppages if they involve more than 1,000 workers. Most hotel properties have fewer than 1,000 workers, and strikes at these properties are not officially tallied. Hence, officially there was only one hotel strike in 2010, against Hilton Hawaiian Village, lasting for five days. The Bureau of Labor Statistics did not officially count other strikes against Hilton, occurring at the same time, but at smaller properties and for fewer days. Many hotel strikes are not predictable, but can have a decidedly disruptive effect on operations and reservations. Additionally, these strikes can be viewed repeatedly on YouTube, in case one missed viewing the strike the first time. Videos regarding these strikes are available on YouTube: http://www.hotelworkersrising.org/video/?video_id=43 and http://www.hotelworkersrising.org/video/?video_id=41. However, in terms of the Department of Labor, these strikes did not occur or did not have a sufficient impact.

A common tactic that the unions used to exert pressure is to issue a warning of possible strikes. For example, in 2009, UNITE HERE Local 1 brought pressure by publicizing that possible strikes could disrupt events at five downtown Chicago hotels (Wernau, 2009).

Workers have struck for a variety of reasons. They strike for issues related to compensation. For example, workers at Hyatt Chicago struck because they did not want to settle for the same compensation package as the union had settled on in other Chicago hotels. Workers were also concerned about the treatment/overwork of housekeepers and the outsourcing of jobs to temporary workers. The union also desired a check card neutrality agreement.

Unions in San Francisco, LA and Washington, D.C. are coordinating strikes to put pressure on national chains in contract negotiations. Given a history where hotel workers in each city have generally fought individual battles against the multinational hotel chains, this is an impressive increase in aggressiveness in its national strategy. However, the real power of the move is that a key demand of negotiations in each city is for a two-year contract (Mitchell, 2007).

Strike Avoidance

There is variety of tactics used in the process of negotiation and in attempts to avoid strikes. These can be categorized broadly as labor peace agreements. One approach is to attempt to organize companies from the top down. Pressuring company ownership and management to agree to union demands before even approaching employees in the negotiation process is one method of attaining this. One type of labor peace agreements is a neutrality agreement. In these types of agreements, the company agrees not to oppose future unionization efforts, either at a particular property or perhaps nationwide. These agreements can be strict, requiring the company do nothing at all, to more limited ones, in which the company is allowed to express its opinion. In the former type, the company also allows union organizers access to the property, and perhaps provides the union with a forum to persuade employees to support the union. In the latter, more limited agreements, the company can correct misstatements of the union, respond to union provocations, or gives the union representative equal time (Mitchell, 2007).

Card check agreements, another form of a neutrality agreement, requires the company to recognize the union based on authorization cards alone. There is no union campaign and no secret union ballots.

While UNITE HERE is trying to expand its base, other forces are trying to avoid unionization. Many consultants have developed union prevention programs. Some go as far as giving a money back guarantee that they will be successful in keeping out unions. Many of these consultants specialize in various industries including the gaming and hospitality sector (Logan, 2006).

Boycotts

Employers have been using the economy as an excuse to eliminate jobs in the hotel sector, leaving many unemployed and creating unsafe working conditions for those who remain. As the economy improves, unions are intensifying their organizing efforts. As a part of union organizing tactics, unions

have been using boycotts of certain properties. An integrated strategy of boycotting is entitled "Hotel Workers Rising". The union has identified hotspots, cities in which hotels have been targeted for organizing. These cities include Anchorage, Boston, Chicago, Honolulu, Indianapolis, Long Beach, Providence, San Antonio, Los Angeles, Northern Virginia, Phoenix, Scottsdale, Pittsburgh, San Diego, San Francisco, Seattle, Toronto, Vancouver, and Washington DC (HWR Hot Spots, 2012).

The union has provided on its website the list of those individuals and organizations who have pledged to honor Hyatt boycotts called by workers at Hyatt properties nationwide. More than 3,000 individuals and organizations have already agreed not to do business with boycotted Hyatts.

Additionally, the union has on its website a list of targeted properties that should be boycotted. This list includes properties from most chains of hotels, including Hilton, Doubletree, Hyatt, Le Meridien, Marriott, Travel Lodge, Holiday Inn, Sheraton, Westin, and Tropicana. In addition, there is another list of boycotted hotels, which are entitled risk of dispute hotels. Risk of dispute is defined as there are current or looming labor disputes (Boycott List, 2012).

Currently, the Union has labeled Hyatt as the worst employer in the sector. They have sent out notices to event planners with the following note:

> "Avoid Hyatt . . . protests nationwide that have been known to create problems for events and attendees. Furthermore, thousands around the country have pledged to honor the boycott and would refuse to attend an event held at a Hyatt. These include women's groups, academics, elected officials, Jewish and other faith leaders, medical professionals, and nonprofit organizations are just some of the communities that have pledged support. .. Hyatt workers in several cities around the country have gone on strike multiple times—including for an entire week in September 2011—but the Hyatt labor dispute has also gone beyond formally declared strikes. Picket lines of hotels to urge a boycott can (and often do) happen *without* a strike or lockout. These actions can dramatically affect the quality of service, and can create an uncomfortable atmosphere for guests and attendees. Often, having an event in the middle of a labor dispute will adversely affect attendance. . . The best protection for your event is avoiding Hyatt." (Hyatt, 2011).

This tactic is a shift from 2004, when there was a widespread union strike, followed by a lockout by employers. That shutdown, plus a two-year boycott, severely affected San Francisco's tourism sector, which is one of the largest tax-revenue generators for city coffers (Aldax, 2009).

An example of a successful boycott was the American Sociological Association's boycott of the Chicago Hilton and Palmer Hilton hotels in 2011. More than 5,000 people were expected to attend the conference, which was

relocated. "Our members have been concerned that we meet in hotels where workers are treated properly in terms of wages and other working conditions," stated Sally Hillsman, the Association's executive officer (Wernau, 2010).

Neutrality Agreements and Corporate Campaigns

There is a variety of reasons why hotels agree to labor peace agreements, rather than enduring a strike or boycott. These include the fact that the union may have a credible threat of a strike or a boycott, which may be seriously affecting the company's business. There are many locations, including San Francisco, Chicago, and New York, which are much more pro-union than other parts of the country. Politicians in these locations, either at the local or national level, may be able to put pressure on employers to deal favorably with the unions. City councils may pass local ordinances requiring employers who do business with the city to recognize unions and/or deal favorably with them (Mitchell, 2007).

Employers may actually seek out the union for various business reasons. For example, unions are able to steer major conventions towards or away from certain localities. Employers in the gaming sector may find certain localities hostile to the establishment of a casino. Unions can be helpful in overcoming this resistance, by enumerating the number of new jobs that the casino may create. Alternatively, unions may offer direct financial assistance to certain properties, including financing new construction.

In addition, there is the tactic of a corporate campaign. A corporate campaign is a situation in which the unions persuade the Board of Directors, shareholders and/or other managers to adopt favorable policies towards unions in order to avoid negative publicity and boycotts. This also can have a positive effect on non-unionized employees. Unions may also put pressure on banks and other third parties who are friendly to it, to cease doing business with the particular targeted properties.

It is difficult to get information regarding corporate campaigns, since they tend to be private, often unwritten arrangements. One exception is Sodexo, a food service provider. It lists its relationships with every major union in the United States and Canada. Included in this list is HERE, which is the union assertively organizing hotels. This company administers over 300 union contracts. It also publicizes its collaboration with unions to benefit communities and customers (Labor Union Fact Sheet, 2012).

Strikes, boycotting and picketing are bad for business. Most people do not want to cross a picket line. The Congress Hotel in Chicago is a classic case. There has been picketing outside the hotel by UNITE HERE for quite a few years. "I wish I had known beforehand about the labor situation. I never cross picket lines." Customer comment, 2005).

In addition, these kinds of conditions, may keep good potential employees away. Since the employment trend in the hospitality sector is an

increase in the number of jobs available, there will be increased competition for skilled managers and employees. Staff may consider leaving for new opportunities that have better working conditions and/or higher pay, with less chance of conflict (Rose, 2012).

Worker Health and Safety in the Hospitality Sector

Worker Health and Safety in Hotels

Hotel housekeepers, in particular, are coming forward to share concerns about security problems and injuries that they sustain in their workplaces. Ninety-one percent of housekeepers reported having suffered work-related pain. Studies show that hotel workers have an injury rate that is 25% higher than experienced by all other service workers. Cleaning hotel rooms can lead to debilitating injuries, requiring surgery, physical therapy, or disability (Hotel Workers Rising, 2012).

OSHA recently warned Hyatt about housekeeper injuries in a letter stating what steps Hyatt has to take to reduce housekeeper injuries. The U.S. Occupational Safety and Health Administration (OSHA) has issued a formal Hazard Alert Letter to Hyatt Hotels, notifying the company of ergonomic risk factors faced by housekeepers in the course of their daily work. The letter recommends steps for Hyatt to take to reduce the ergonomic strain of housekeeping labor. The Hazard Letter concludes an OSHA investigation by of Hyatt properties nationwide, which was instigated by a major filing of injury complaints against the company in eight cities in 2010 (Hyatt Hurts, 2012).

This letter delineated safety practices with respect to room cleaning, bed making, and housekeeping stressors. The Hazard Alert Letter recognized the dangers of housekeeping work and identified simple remedies that Hyatt can implement across its U.S. operations. Remedies suggested include the use of long-handled mops and fitted sheets, to minimize the amount of bed lifting and straining housekeepers do daily.

The response of workers, according to one housekeeper is "For years, we have asked Hyatt to make simple changes that would ease the toll on our bodies," says a housekeeper at the Grand Hyatt in San Antonio, who has been injured cleaning rooms. "Now our voices are being heard, and the federal government is joining us in calling on Hyatt to make our jobs safer."

OSHA however did not consider the conditions sufficient to meet the evidentiary threshold case under the general duty clause, in which an employer has a general duty to protect workers in the workplace. Importantly, OSHA outlines Hyatt's responsibility to record worker injuries. In what might be viewed as a union substitution/avoidance strategy, Hyatt proposed to form an OSHA -- Hyatt alliance, in which OSHA and Hyatt work together to address ergonomic risk factors in the sector.

Sexual Harassment

In a study of sexual harassment charges filed with the EEOC, in a variety of industries, 14.3% of female and 2.8% of male leisure and hospitality workers experienced sexual harassment (Hersch, 2011). While this is not the highest rate for sexual harassment by sector, the sheer number of harassed workers is significant.

In a widely publicized case, the alleged sexual assault of a housekeeper in the Sofitel Hotel in New York has brought attention back to sexual misconduct sometimes experienced by housekeepers. The housekeeper, backed by the union, reported the assault by Dominque Strauss Kahn, a prominent individual. Other housekeepers are coming forward to share their experiences and to launch a campaign to publicize sexual misconduct. There were numerous incidents of picketing to publicize the sexual harassment of housekeepers. Hence, this percent of reported sexual harassment could actually increase (Housekeepers Are Organizing for Safe and Secure Workplaces, 2012).

Worker Health and Safety in Restaurants

Health and safety issues and wage and hour violations can be rallying points for union organizing in restaurants. According to a report issued by the Brennan Center for Justice (2007), there are numerous health and safety violations in restaurants. OSHA violations occur mainly in kitchens and include electrical dangers, inadequate fire safety, lack of cutting guards on machines, lack of slip mats, and lack of required ventilation. Wage and hour violations include failure to pay minimum wage and overtime and failure to compute the relationship between wages and tips correctly. There are also incidents of illegal deductions, nonpayment of wages altogether, and failure of the employer to pay payroll taxes or provide workers compensation insurance. Threatened retaliation to complaints about working conditions and attempts to organize include threats to call immigration, punishing the worker with poor schedules and retaliatory firing.

National Labor Relations Board

The National Labor Relations Board (NLRB) is an independent federal agency, whose role is to safeguard employees' rights to organize and bargain collectively with unions whom they choose. The agency also acts to prevent and remedy unfair labor practices committed by private sector employers and unions (NLRB: What We Do, 2012). Some of the issues that the NLRB typically deals with besides organizing are pay, working conditions, and to fix job-related problems (NLRB: Protected Concerted Activities**,** 2012). Some of these issues are particular to the hospitality industry are issues such as smoking (Graff, 2008) and the conflict between seniority and other bargaining agreement could create a conflict between the protections of the NLRB and the protections of the ADA (Donnelly & Joseph, 2012).

Arbitration

Though a small percentage of the total work force, unions play a major role in monitoring workforce conditions (Weil, 2009). Traditionally, employee conflicts have been settled through a variety of means, especially in unionized settings. Most union contracts have grievance procedures, which help resolve those workplace conflicts, when informal procedures fail. More than ninety percent of collective bargaining agreements between labor and management contained arbitration clauses (Gould, 2006). Only 19% of non-union firms have arbitration agreements (Dau-Schmidtt & Haley, 2006; Gould, 2006).

Thus, non-unionized employees, seeking redress, would have to revert to the judicial system for external resolution. Employees represented by a union do not have to find or pay for their own lawyer, nor do they need to worry about whether they will be able to recoup their legal expenses. Union officials are available to help employees assert their rights. In addition, usually cases are settled much sooner in arbitration than through the legal system (Yelnosky, 2007).

Appearance of employees in the hospitality sector is a major concern. The hospitality sector focuses more than most on employee appearance. Yelnosky (2007) noted the National Labor Board affirmed that appearance codes are mandatory subjects of bargaining. In addition, some unions successfully challenged discipline or discharge for failure to adhere to an appearance code under the just cause provision of their collective bargaining agreement. Another appearance issue that a union has successfully challenged was a company's no-beard rule. Other areas that arbitration has addressed in the hospitality sector are related to discrimination, hiring, not paying equal pay for equal work, ability to perform work, pregnancy issues, preferential treatment, hostile-work environment, disabilities and sexual harassment (Diltz & Samavati, 2007; Sherywn, 2010).

Methodology

The current research investigates the types of issues that have been resolved by ether the NLRB or by arbitration. The issues were identified by reviewing existing literature. The objective of the study is to discern which issues actually result in third party resolutions. Subsequently, it should lead to the minimization of third party resolutions in the future. The circumstances under which management prevails are also discussed.

Methodology

Data were collected on 170 actual, published NLRB and arbitrated cases in the hospitality sector. There were 66 NLRB cases and 104 arbitrated cases. Three different sources provided the cases: These sources were Bureau of National Affairs, American Arbitration Association and IntelliConnect. The NLRB cases provided information on union organizing and contract interpretation issues. The arbitration cases contain information on individual

behaviors, although some arbitration cases also contained contact interpretation. What was of primary concern was the types of behaviors and proposed job actions on the part of management. Case outcomes were also analyzed. The cases were from the years 2001 to 2010.

Results

Disputes in the workplace can be settled through the NLRB, if they involve challenges to the National Labor Relations Act. Cases in the hospitality sector brought before the NLRB between the years 2001 and 2010 were analyzed and the results are portrayed in Table 2.

Table 1
Number of Represented Employees in the Hospitality Sector

	Total Employed 2011*	# of Members		Represented by Unions	
Occupation and industry		Number*	Percent	Number*	Percent
Arts, entertainment, and recreation	2,107	111	5.3	121	5.7
Accommodation and food services	9,247	194	2.1	224	2.4
Accommodation	1,350	96	7.1	105	7.8
Food services and drinking places	7,898	98	1.2	119	1.5

Note: * In thousands

The distribution of NLRB cases in the hospitality sector is as follows: hotels 35, restaurants 14, casinos 10, food services 10, and resorts nine. The proposed actions are as follows: 18 involved discharge, four involved suspension, and two involved other discipline. NLRB cases tend to involve group rather than individual issues. Fifty-one of the cases involved group issues whereas only 11 involved individual issues. Essentially most cases involved contract interpretation. Unlike the arbitration cases, in which the employer prevails frequently, in NLRB cases the employee mostly prevailed. In our study, the employer prevails in only eight cases, the employee prevails in 40 cases and there were split decisions in 17 cases.

Table 2
NLRB Cases N = 66

Hotel		35
Restaurant		14
Casino		10
Food Service		10
Resort		9
Cruise		0
Proposed job action		
Discharge		18
Suspension		4
Discipline		2
Docking of pay		0
Change of job		0
Individual vs. group issue		
Individual		11
Group		51
Contract interpretation		55
Outcome	Employer	8
	Employee	40
	Split	17

In Table 3 is portrayed the types of behavior which resulted in arbitration. Challenges to the contract versus discipline of an individual or group of employees occurred in 63 cases. There were 75 contract challenges. This total is more than the 104 cases in the sample since some cases involved both discipline and challenges to the contract.

With respect to the discipline cases, work rule violations accounted for 28 cases. Disorderly conduct accounted for 20. There were 16 cases of poor performance and nine arbitrated cases of employee theft. Other types of behavior with smaller numbers of incidents include insubordination, drinking on

the job, assault and battery, bullying, discrimination, failure to report, smoking and overcharging customers.

With respect to arbitration cases involving contractual issues, 61 cases involved challenges to the grievance process, 23 cases involved management rights and 21 cases involved the computation of wages. In most of the cases reaching arbitration, the proposed job action on the part of the employer was discharge. This occurred in 54 of the cases. In an additional 11 cases, the proposed job action was suspension. Discipline, change of job, or docking of pay occurred in a small minority of the arbitration cases. Arbitration outcomes appear in table 3.

Table 3
Types of Arbitrated Issues and Case Outcomes N=104

Types of Behavior In Arbitration Cases	
Work rule violation	28
Disorderly conduct	20
Poor performance	16
Theft	9
Insubordination	6
Drinking on job	5
Assault and battery	4
Bullying	2
Discrimination	2
Failure to report	2
Smoking	2
Overcharging customers	1
Proposed Job Actions	
Discharge	54
Suspension	11
Discipline	7
Change of job assignment	4
Docking of pay	2

Employer Prevailing By Issue

Contract Issues

–Seniority--78%

–Benefits—not health or pension--67%

–Grievance process--63%

–Hours and overtime--50%

–Management rights--41%

–Wages--38%

--Health and pension—No disputes in our sample

Discipline Issues

–Poor performance--100%

–Disorderly conduct--70%

–Work rule violation--52%

Outcome		
	Employer	56
	Employee	28
	Split	19

Just how did management fare in the arbitration cases? The analysis indicates seniority outcomes were in favor of the employer in the 78% of the cases, benefits in 67% of the cases, the grievance process 63% of the cases, and hours and overtime 50% of the cases. Management was less likely to prevail when the contract issue related to management rights or wages. With respect to poor performance, management prevailed 100% of the time. It prevailed 70% of the time with respect to disorderly conduct and 52% of the time with respect to work rule violations. With respect to case outcomes overall, the employer prevailed in 56 of the arbitration cases, the employee in 28 and the decisions were split in 19 cases.

Main Contributions to Managerial Practices

The study contributes in two important ways: theoretical and practical. It adds to knowledge regarding how conflicts are resolved in the hospitality sector in the United States. It highlights what laws and what issues are resolved by either arbitration or litigation of such conflicts. .

There are important implications for managerial practice, in that while unionized employees only constitute a very small proportion of the hospitality industry, these employees may strike and otherwise hamper operations. The impact that these employees can have on customer service is not calculable. When unionized employees strike, these strikes are large and well publicized. It is likely that hospitality sector employees are the target for future organizing in that it is a relatively low paid, unskilled workforce. If employers know the types of employee concerns, good management practices would dictate that they would address them before there is the intervention of a third party, such as a union organizer or arbitrator.

The analysis suggests that when there are bases for discipline/discharge, arbitration will be the appropriate venue, assuming they cannot be resolved without third party intervention. For example, incidents of theft, insubordination, failure to report, work rules violations, and drinking tend to be resolved in favor of management. The research also includes contract interpretations, which were grieved. Knowing which contract provisions were problematic will enable the formulation of improved contracts in unionized work settings. Additionally, managers in unionized or non-unionized settings can avoid such employee relations issues in the future by having well-written policies, documenting appropriate and non-appropriate behaviors.

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A profile of travelers who are willing to stay in environmentally friendly hotel

By Michelle Millar and Karl Mayer

ABSTRACT

The purpose of this study is to describe travelers that have indicated they are willing to stay in green hotel in order to better understand the market segment. There is very little knowledge about these types of travelers, thus making it difficult for hoteliers to know how to create marketing campaigns that target them. Data were collected via an online survey company. Behavior characteristics provided a more distinguishing profile of the traveler than did demographics or psychographics. Most travelers were willing to pay the same amount for a green hotel as a traditional hotel. Implications, future research, and limitations are discussed.

Keywords: Green hotels; market segmentation; green consumer; environment; demographics

INTRODUCTION

Green consumers are typically referred to as consumers who seek products that have been created with the environment in mind (Webster, 1975). In the realm of travel and tourism, they are either referred to as green or environmentally friendly tourists, or ecotourists. There has been extensive research about the characteristics of ecotourists when they are engaged in ecotourism, but not for green tourists in a more general tourism context, or in relation to hotels (Dolnicar, Crouch & Long, 2008). In the lodging industry, studies that segment green tourists and try to understand their demographics, along with other psychographic characteristics, are very limited (Dolnicar, Crouch, & Long, 2008; Formica & Uysal, 2002; Kasim, 2004; Manaktola & Jauhari, 2007), thus making it difficult for hoteliers to know how to differentiate these travelers from other travelers, or to create marketing campaigns that target them specifically. Understanding the green consumer and who they are in the hospitality arena, despite the current popularity of the green consumer in the general marketing arena, is still relatively new (Kasim, 2004). The purpose of this study, therefore, is to describe, socio-demographically, psychographically, and behaviorally, travelers that have indicated that they are willing to stay in an environmentally friendly hotel.

The specific research questions are:

1. What are the age, income, education, gender, and marital status characteristics of travelers willing to stay in an environmentally friendly hotel?
2. What are the behavioral characteristics of travelers willing to stay in an environmentally friendly hotel?
3. What are the environmental attitudes of travelers willing to stay in an environmentally friendly hotel?

According to the United States Green Building Council, there are approximately 450 hotels online in the United States to receive their certification in Leadership in Energy and Environmental Design (LEED), with approximately 80 already certified. Hotels that have received LEED certification are examples of environmentally friendly hotels, and hotel guests are now seeking such accommodations when they travel (Clausing, 2008). It is unclear, however, who these traveler are. Characteristics of travelers willing to stay in an environmentally friendly hotel such as a LEED hotel will provide more insight about what may constitute a green consumer in the lodging industry.

Hotel owners or managers consciously position their hotel product in the marketplace in order to attract the clientele that is most appropriate for their hotel. They identify their clientele by segmenting their potential customers into groups based upon certain predetermined characteristics, such as the aforementioned demographics, behaviors, or attitudes. Marketing research in general has placed a particularly heavy emphasis on trying to understand the socio and psycho demographic characteristics of green consumers (Peattie, 2001), and to use those characteristics as segmentation tools. Hoteliers may use these segmentation tools to focus on guests they believe will find their product most suitable, and then create appropriate marketing campaigns to attract them. With increasing competition in the hotel marketplace in terms of creating products that cater to specific hotel guests (e.g., lifestyle hotels, boutique hotels), and with more hotels online to receive green certifications such as LEED, it becomes increasingly important for hoteliers to identify the segment of travelers that will be most attracted to their product versus other's products.

Trying to understand the green consumer is a means to understanding marketing efforts that may be used to attract such consumers, and is an area of focus that has been very popular in the marketing literature (Peattie, 2001). Understanding these characteristics of travelers in the lodging industry may help hotel marketers to better identify the segment they wish to target. In addition to addressing the paucity of research in relation to environmentally friendly travelers, the results of this study, using different traveler characteristics as segmentation tools, will provide hotel marketers with a profile of a specific market segment, namely that of environmentally friendly travelers, to which they can cater the marketing efforts of their green hotel product.

Literature Review

This section provides an overview of the literature relating to market segmentation research, in addition to different elements that may be used to segment a market; namely, behavior characteristics, such as involvement, and psychographics, such as attitude. Finally, a discussion about green consumerism is presented.

MARKET SEGMENTATION

Smith (1956) first introduced market segmentation as a strategy in the 1950's. He defined it as a strategy that "consists of viewing a heterogeneous market (one characterized by divergent demand) as a number of smaller homogeneous markets" (Smith, 1956, p. 6). Market segmentation enables one to better identify those smaller homogeneous markets. According to Kotler and Armstrong (2011), companies "divide large, heterogeneous markets into smaller segments that can be reached more efficiently and effectively with products and services that match their unique needs" (p. 190). This idea of segmentation is based on the assumption that all people are different and thus they have different needs and wants (Pulido-Fernandez and Sanchez-Rivero, 2010). It also helps a company answer the question: What customers will we serve? (Kotler and Armstrong, 2011).

Today, market segmentation in tourism has become a common practice for marketing strategy (Pulido-Fernandez and Sanchez-Rivero, 2010). Segmentation of tourists enables, for example, hoteliers to identify a particular type of tourist and design products and services that meet that tourist's particular needs (Dodd & Bigotte, 1997; Snepenger, 1987); it also helps hotel marketers create more effective marketing campaigns, and competitive advantage (Dodd & Bigotte, 1997). Tourists have traditionally been segmented in a variety of ways. Most studies in the literature have used either socio-demographic criteria for segmentation (Beatty, Kahle, Homer, & Misra, 1985; Crossley and Lee, 1994; Gitelson and Kerstetter, 1990; Hsieh, Leary, & Morrison, 1994; Legoherel, 1998, Mak and Moncur, 1980; Mok and Iverson 2000; Quiroga, 1990; Ross, 1997; Seaton, 1996; Spotts and Mahoney, 1991) or psychographic criteria (Gunter and Furnham, 1992; Lee and Sparks, 2007; Madrigal, 1995; Silverberg, Backman, and Backman, 1996). Kotler (1991) and Dolnicar and Matus (2008), however, identified four major categories into which tourists have been clustered: socio-demographic (age, gender, education, life cycle); psychographic (personality, life-style, values, motives); geographic (trip origin, trip destination); and, behavioral (user status, usage rates, tourist activities/experiences, willingness to pay). In general, socio-demographics are certainly the easiest and the most common way to segment tourists (Inbakaran & Jackson, 2005; Jackson, Inbakaran, & Schmierer, 2003). Other studies most often found, though, that other segmentation categories (i.e., geographic, psychographic, and behavior) were better tools for distinguishing one type of tourist from another (Inbakaran & Jackson, 2005). In the lodging sector of the tourism industry, segmenting tourists in any capacity, and trying to understand their demographics, along with other

psychographic characteristics, is very limited (Manaktola & Jauhari, 2007; Kasim, 2004).

INVOLVEMENT

Sherif and Cantril (1947) first introduced involvement theory as a concept that has now been extensively studied and adopted in the marketing arena (Park & Kim, 2010). The theory has been used to understand consumer behavior by way of segmenting groups (Wu, 2001), understanding the decision making process (Bunn, 1993; Dimanche, Havitz, & Howard, 1994), and creating an awareness of how information is processed (Lee, Herr, Kardes, & Kim, 1999). Involvement is most often defined as a person's perceived personal relevance "of an object based on her or her needs, values and interests" (Zaichkowsky, 1985, p. 342). A consumer's involvement with a product or service may affect the consumer's evaluation of that product or service (Lee & Lou, 1995). In this case, a hotel guest's involvement with the product (environmentally friendly hotel room) will depend upon how important the guest perceives the room to be to him or her personally. Essentially, they assess whether the product will benefit them in some way, or help them to achieve their personal goals in life (Celsi & Olson, 1988). As applied to this study, if the environmentally friendly hotel room is important to a hotel guest because the guest feels the room is similar to his or her personal goals or beliefs, then involvement with the room will be high.

One often-discussed type of involvement is enduring involvement, which occurs when a consumer has a high level of expertise about a product category (Lee & Lou, 1995). For example, if a potential hotel guest performs activities at home that are directly related to protecting the environment (i.e., recycling, use of energy efficient appliances), their level of enduring involvement with the environmentally friendly hotel room would be high because they have knowledge of the hotel room's attributes (they are familiar with them at their home). Thus, high enduring involvement, measured by the guest's involvement with protecting the environment at home, in theory, would lead to greater importance for a green hotel room.

Tourism researchers have used involvement theory in a limited capacity to study travel motivation (Clements and Josiam, 1995), leisure activities (Dimanche et al., 1994), and leisure product purchases (Celsi and Olson, 1988; Reid and Crompton, 1993). Amendah and Park (2008) found that consumers that were more involved with the environment were willing to pay more to travel to an eco-friendly travel destination. Others have used involvement as a behavioral segmentation strategy for tourists (e.g., Cai. Feng & Breiter, 2004; Fesenmaier and Johnson, 1989; Park & Kim, 2010). Park and Kim (2010) found involvement a better differentiator of a traveler's destination information search behavior on the Internet. Cai et al. (2004) found tourist's preferences for destination information varied depending upon their level of involvement with the destination. Involvement theory as a basis for segmentation of green travelers in the hotel sector appears relatively untouched.

ENVIRONMENTAL ATTITUDES

Understanding the general public's attitude towards the environment became prominent in the 1970's when air and water pollution became national concerns (Dunlap, Van Liere, Mertig & Jones, 2000). It has also become more prominent in recent travel and tourism literature (Formica & Uysal, 2002). One of the first studies assessing environmental attitude in a tourism context was that of Uysal, Jurowski, Noe, and McDonald (1994), while one of the first related to leisure activity was a study conducted by Noe and Snow (1990). The results of Uysal et al. (1994) indicated that concern for the environment was influenced by trip behavior, but not by the demographic characteristics of tourists. Dunlap and Van Liere (1984) found similar results. Formica and Uysal (2002) used environmental attitudes as a segmentation tool of travelers to Virginia; they determined that attitudes were a better segmentation tool than demographic characteristics of travelers.

Other studies have assessed ecotourist's attitudes towards the environment (Fennell & Nowaczek, 2003; Wurzinger & Johannson, 2006); hoteliers attitudes toward the environment (Bohdanowicz, 2005; 2006); hotel guests' attitudes towards a green lodging property's overall environmental policy (Manaktola & Jauhari, 2007); attitudes influence on leisure time (Bjerke, Thrane, & Kleiven, 2006; Wolch, 2004); resident attitude toward tourism development (Jones, Jurowski, & Uysal, 2000; Kaltenborn, Andersen, Neillemann, Bjerke, & Thrane, 2008), and recreational behavior's affect on environmental attitude (Jackson, 1987; Tarrant & Green, 1999).

GREEN CONSUMERISM

Many consumers realize that their purchases of products or services may have an impact on the environment (i.e., strong environmental attitude); thus, they are making purchasing decisions with this in mind. Known as green consumers, they are typically "female, pre-middle aged, with a high level of education (finished high school) and above average socioeconomic status" (Laroche, et al., 2001, p. 504). Specifically, a green consumer can be thought of as anyone whose purchase behavior is influenced by environmental concerns (Shrum, et al., 1995). The green consumer also recognizes that his or her consumption behavior has the power to change society (Webster, 1975).

In a tourism context, a green consumer is often referred to either as a green tourist or an ecotourist. Dolinicar and Matus (2008) distinguish between the two:

> Green tourists are defined as tourists who behave in a wide range of tourism contexts, whereas ecotourists behave in an environmentally friendly manner on vacation in the context of nature-based tourism. Ecotourists thus represent a subset of green tourists. (p. 320)

Dolnicar (2004) found "environmentally caring tourists" to be distinctly different socio-demographically and behaviorally from typical tourists.

Fairweather, Maslin, & Simmons (2005) also found socio-demographics a distinguishing characteristic of environmentally friendly tourists along with high pro-environmental attitudes and a willingness to pay a premium for green accommodations. Laroche, Bergeron, & Barbaro-Forleo (2001) found that many authors (e.g., Banerjee & McKeage, 1994; Brooker, 1976; Webster, 1975) agree that socio-demographics are less important than knowledge, values and/or attitude in explaining green behavior.

In a seminal study, Dolnicar et al. (2008) tried to determine who the green travelers were within the general tourist population. Based primarily on ecotourists, they identified 14 characteristics of environmentally friendly travelers from previous research that were grouped into four categories. The four categories were socio-demographic factors, behavioral characteristics, travel motivations, and other characteristics. Overall, they found that environmentally friendly travelers are generally defined as well educated with high-income levels, and have a desire to learn. They also found that gender was not a distinguishing characteristic, and further, that gender has not been extensively analyzed in other studies. The overall conclusion provided by Dolincar et al. (2008) was that virtually no information exists in relation to environmentally friendly tourists in a more general tourism population context.

In summary, hotel marketers use segmentation strategy to identify target markets, which in turn helps them create a competitive advantage, and appropriate marketing campaigns for their target. Tourists that are green, with strong psychographic characteristics (attitude) and who exhibit behavior characteristics that are friendly to the environment (involvement) may prove distinctive and attractive target markets for marketers.

Method

The sampling frame for this study was travelers who had spent at least one night in a hotel in the previous 12 months, and who were willing to stay in an environmentally friendly hotel. An environmentally friendly hotel was defined as one that has policies in place that help reduce the harmful impact the property might have on the environment. Data were collected via an online survey company called Qualtrics in the Spring of 2009. Potential participants were recruited for this survey from the database of nearly 4 million consumers and business panels that are representative of the U. S. population. Members of its panels had already agreed to be contacted for survey participation. An introductory email was sent to the panel members in search of people that have stayed in hotels while traveling for either business or leisure purposes.

The survey asked respondents about their demographic characteristics, specifically age, gender, income, education, and marital status. Behavioral characteristics were determined by asking respondents how may nights they had spent in a hotel in the past year, the type of hotel they typically accommodate, and their willingness (or not) to spend more for an environmentally friendly hotel.

To determine how involved (another behavior characteristic) the travelers were with the green hotel, the respondents to the survey were asked how many green activities they performed at home. They were given a list of seven activities (recycle cans and bottles; use energy efficient light bulbs; re-use plastic bags; recycle paper and cardboard; use low-flow water fixtures; use cloth grocery bags; and buy organic groceries) from which they could select all that applied to their behavior. Psychographic characteristics (attitudes towards the environment) were assessed using the revised New Ecological Paradigm (NEP) scale

The scale, redeveloped in 2000 as the New Ecological Paradigm (NEP) Scale, has been used by a number of researchers and has been proven a valid (e.g., construct validity, content validity, predictive validity, and known-group validity) measurement tool (Dunlap et al., 2000). It consists of fifteen statements about the environment that focus on attitudes about "reality of limits to growth, anti-anthropocentricism, the fragility of nature's balance, rejection of exemptionalism and the possibility of an ecocrisis" (Dunlap et al., 2000, p. 432). The statements relating to the limits of growth recognize that there are limits in the ecosystem to growth. The traditional view of anthropocentricism claims that man is "above" nature, and that nature is there specifically for man's use and exploitation (Weaver, 2001). Anti-anthropocentricism goes against this view. Statements in the NEP also cover issues that put man and nature in balance and on an equal playing field. The rejection of exemptionalism refers to the fact that people no longer believe that humans are "exempt from the constraints of nature" (Dunlap et al., 2000, p. 432). Finally, some NEP statements recognize that the notion of an ecocrisis, such as climate change, is prominent today. Respondents rated their level of agreement with each of the 15 statements using a 5-point Likert scale where 1 = strongly agree, 3 = unsure, and 5 = strongly disagree.

Results

Of the 571 responses received 282 (49.4%) of them were from women (Table 1). Twenty one percent of the respondents were 29 years old or younger, 23% were 30-39 years old, 27% were 40-49 years old, and 28% were 50 or older. Half of the respondents earned an income of $55,000 or less, with the most (28%) earning between $35,001 and $55,000. Eighteen percent of the respondents had a high school education or less. Thirty three percent had some college (took college classes but did not earn a degree), while 13% had earned an associates degree, 24% a bachelors degree, and 10% a graduate degree or higher. Over half (59%) of the travelers indicated that they were married.

Table 1
Demographic Profile of Travelers

Demographic Category		N = 571	
		Number	Percent
Age	29 or younger	120	21.0
	30-39 years old	133	23.3
	40-49 years old	155	27.1
	50 or older	163	28.6
	Total	571	100.0
Gender	Male	289	50.6
	Female	282	49.4
	Total	571	100.0
Education Level	High School or less	105	18.4
	Some college*	189	33.1
	Associates degree	79	13.8
	Bachelors degree	141	24.7
	Graduate degree or higher	57	10.0
	Total	571	100.0
Household Income	<$35,000	129	22.6
	$35,001 - $55,000	160	28.0
	$55,001 - $75,000	130	22.8
	$75,001 - $95,000	76	13.3
	> $95,000	76	13.3
	Total	571	100.0
Marital Status	Married	342	59.9
	Single	129	22.6
	Widowed, divorced, separated	100	17.5
	Total	571	100.0

Note. *Took college classes but did not earn a degree

Table 2 presents a behavioral profile of the travelers who responded to the survey. More than half (60%) of the travelers indicated that they had spent one to five nights in a lodging facility within the past 12 months. When thinking about the type of lodging facility they had typically stayed in, they indicated a mid-priced lodging facility most often (43%). Twenty two percent indicated full service properties while 21% typically stayed at economy service hotels. All but seven of the respondents performed at least one environmentally friendly activity at home. The most popular activities were recycling cans and bottles (84%),

using energy efficient light bulbs (82%) and re-using plastic bags (84%). The activities with the fewest responses were using cloth grocery bags (36%) and buying organic groceries (22%). Several participants also indicated, in response to an open-ended question, that they perform other environmentally friendly activities at home. The most often cited activity was unplugging appliances when not in use, followed by composting, using energy saving appliances, turning air conditioning up or heating down, and reusing items, such as paper, water, or towels.

Table 2
Behavior Profile of Travelers

	N = 571	
Characteristic	Number	%
Number of nights spent in a lodging facility in past 12 months		
1-5 nights	343	60.1
6-10 nights	140	24.5
11-15 nights	46	8.0
16-19 nights	17	3.0
> 19 nights	25	4.4
Total	571	100.0
Type of lodging facility typically stayed in		
Economy	120	21.0
Mid-Priced	244	42.7
Full service	127	22.2
Luxury/Resort	73	12.8
Other	7	1.2
Total	571	100.0
Environmentally Friendly Activity – Home *		
Recycle cans and bottles	481	84.2
Use energy efficient light bulbs	467	82.0
Re-use plastic bags	478	83.7
Recycle paper and cardboard	396	69.4
Use low-flow water fixtures	209	36.6
Use cloth grocery bags	204	35.7
Buy organic groceries	128	22.4

Note. *Totals under environmentally friendly – home are the number of respondents who indicated they performed each activity. Respondents could select more than one activity.

The respondents could also indicate that they were willing to pay either less, the same, or more for an environmentally friendly hotel room (Table 3). If they were willing to pay less or more, they were then asked how much less or more, either 5%, 10%, or 15%. Eighty percent of the respondents indicated that they were willing to pay the same. Almost 14% said they would be willing to pay more, while 5% indicated that they would want to pay less for an environmentally friendly hotel room. Of those willing to pay more, most were willing to pay up to 10% more, while of those who wanted to pay less, they wanted to pay up to 15% less.

Table 3
Travelers Willing to Pay for an Environmentally Friendly Hotel Room

		Frequency	Percent
Willing To Pay	Less	31	5.4
	Same	461	80.7
	More	79	13.8
	Total	571	100.0
How Much Less *	5%	6	1.1
	10%	9	1.6
	15%	16	2.8
How Much More**	5%	27	4.7
	10%	40	7.0
	15%	12	2.1

Note. * Shows only those respondents who selected "how much less".
**Shows only those respondents who selected "how much more".

In the NEP scale, eight of the environmental attitude questions are structured so that agreement to the statements represents a pro-ecological viewpoint, while seven questions are structured so that a pro-ecological viewpoint is represented by disagreement with the statement. Therefore, in order to assess internal consistency of these responses, the values were re-coded so that all high scores have the same meaning (Norusis, 2005). In this case, the higher mean value represents a higher pro-ecological attitude. The possible range of responses was from 1 - 5, with 3 representing a neutral viewpoint (i.e., "neither agree nor disagree"). A mean score greater than four would represent a strong pro-ecological view. In this study, the overall mean for the 15-item scale was 3.42. A summary of the travelers' environmental attitude scores, based on the NEP scale is presented in Table 4.

Reliability for the NEP scale was analyzed by assessing Cronbach's Alpha coefficient on all 15 statements for each traveler. The alpha result was

0.84, which points to both the unidimensionality and reliability of the scale. Since the NEP scale is a unidimensional scale (Dunlap, 2008), convergent and discriminant validity cannot be assessed.

Table 4
Travelers' Mean Values for the Revised NEP Scale (5-Point Scale)

Ecological Statement	N = 571	
	Mean	SD
We are approaching the limit of the number of people the Earth can support	3.13	1.08
Humans have the right to modify the natural environment to suit their needs*	3.24	1.05
When humans interfere with nature it often produces disastrous consequences	3.80	0.92
Human ingenuity will insure that we do NOT make the earth unlivable*	2.94	0.97
Humans are severely abusing the environment	3.86	0.98
The earth has plenty of natural resources if we just learn how to develop them*	2.24	0.97
Plants and animals have as much right as humans to exist	4.11	0.94
The balance of nature is strong enough to cope with the impacts of modern industrial nations*	3.56	0.95
Despite our special abilities humans are still subject to the laws of nature	4.10	0.71
The so-called "ecological crisis" facing humankind has been greatly exaggerated*	3.37	1.08
The earth is like a spaceship with very limited room and resources	3.31	1.00
Humans were meant to rule over the rest of nature*	3.17	1.17
The balance of nature is very delicate and easily upset	3.65	0.93
Humans will eventually learn enough about how nature works to be able to control it*	3.24	1.03
If things continue on their present course, we will soon experience a major ecological catastrophe	3.62	1.01
Overall Mean	3.42	0.55

Note. *Items were reverse-coded for analysis. SD = Standard Deviation

Discussion

The results of this study, although not generalizable to all green travelers or to the entire hotel industry, nevertheless offer some interesting findings for hotel marketers. In this particular case, managers may segment their market based on travelers that are willing to stay in an environmentally friendly hotel, and further refine that segment using other traveler characteristics. For example, the respondents indicated that they partake in a number of

environmentally friendly activities at home. It may be that the respondents in this study were more familiar with (i.e., had a high level of enduring involvement) the green hotel room because they incorporated some of those same attributes into their daily lives. If a potential hotel guest performs activities at home that are directly related to protecting the environment (i.e., recycling, use of energy efficient appliances), their level of enduring involvement with the environmentally friendly hotel room, and with the hotel product in general, would thus be high because they have knowledge of such a hotel room/product (they have something similar at their home).

This level of involvement may provide an insight into travelers, in particular the green traveler, that has been relatively untouched the in the hospitality arena. This applies to the segmentation of travelers by hotel management. Instead of focusing on socio-demographics such as gender or income, managers have the opportunity to tap into other qualities and characteristics that their hotel guests possess. As the hotel market becomes increasingly competitive, management must not only try to differentiate its product, but also try to attract new and different segments of the traveling population. Building a green hotel, or incorporating green practices into existing operations, is one way a hotel can do so. Understanding involvement enables hoteliers to identify the different segments that may or may not be interested in their green hotel product. Identifying different segments, in turn, enables targeted marketing strategies.

Another behavior characteristic that may help hotel management is that of the travelers' willingness to pay for a green hotel. Contrary to results of previous research (e.g., Clausing 2008; Responsible Travel, 2007) respondents in this study believed a green hotel room should not be priced differently than one that is not green. This is important for hoteliers to understand, regardless of the travelers' reason for traveling (business vs. leisure). There is a perception that a green hotel costs more to stay at than a non-green hotel. That perception may be driving potential guests away from a green hotel. A successful green hotelier will recognize this and price rooms accordingly and competitively.

In addition, when talking with industry experts, some claim that their guests wish to pay less for a green hotel room because the guest knows the hotel is saving money by not washing, for example, everyone's sheets everyday. Such guests feel that any savings should be passed on to them in a reduced room price. In addition, some guests believe a green hotel should be less expensive because they have the preconceived notion that green hotels do not have the amenities and services that guests are used to receiving in a traditional hotel. Conversely, there are those that are willing to pay more for a green hotel room because there is a preconceived notion that green hotels cost more than traditional hotels. This belief may stem from the fact that some products, such as organic foods, are considerably more expensive than their traditional counterpart. As the results of this study indicate, however, the travelers just want to pay the same amount. This is also important for the hotel industry to understand because it must be

careful not to alienate guests by charging too much, as has happened in the organic food industry, or charge too little and give the impression that the hotel does not offer all of the amenities of other "non-green" hotels.

Attitudes are one type of psychographic variable that gets at the heart of describing who a person is, and what they think, as opposed to socio-demographic variables that essentially describe physical characteristics of people. It is often said that understanding psychographic characteristics of customers leads to the ability to predict the behavior of said customer. If managers can predict how guests will react to certain marketing campaigns, for example, based on their attitudes, the managers would be able to create the ideal campaign for the ideal customer. What is interesting in this study, however, is that although the respondents indicated that they were willing to stay in an environmentally friendly hotel, their environmental attitudes were very indifferent. The mean pro-environmental attitude score was 3.42 (using a scale of 1 – 5, 3 being neutral), which, based on comparisons to previous studies utilizing the NEP scale, is considered low (Lück, 2003). This could be good news for hoteliers in that it may mean that they do not necessarily need to target just people with a strong attitude about protecting the environment. Instead, they could focus primarily on behavior characteristics, such as the aforementioned level of involvement, which may broaden their target market.

Finally, the collected socio-demographic characteristics of the respondents are not very similar to characteristics of the green consumers provided earlier, and do not provide a completely distinguishing profile of who an environmentally friendly tourist might be. Most of the respondents were not highly educated, nor did they have very high incomes. They were split equally between men and women and no age group dominated the results. The fact that these respondents did not meet the "standards" for being a typical green consumer may be good news for hoteliers, however. Hotel managers with an environmentally friendly hotel may not need to narrow down their market to find only those travelers that are typified as a green tourist. Instead they have a much broader market to target. In addition, focusing just on the green tourist as typically profiled may not be a segment of the travel population that is actually large enough to generate decent revenue (Dolnicar & Matus, 2008).

Conclusion

In summary, there were four major findings in this study regarding environmentally friendly travelers. One, socio-demographics are not a distinguishing characteristic for them. Two, psychographic characteristics also were not distinguishing because the overall environmental attitude score was neutral. Three, behavior characteristics were distinguishing; and four, the travelers were not willing to pay more for a green hotel

Although demographic and psychographic characteristics were not very distinguishing in this study, the behavioral characteristics (involvement and willingness to pay) may provide information to hotel marketers that can help

them target these guests. Future research could delve into this particular behavior, involvement, to understand how it may impact a guest's decision to stay in a hotel. The same may be said of other psychographic characteristics such as values or beliefs. Another area of inquiry would be to study the effectiveness of targeted marketing campaigns (aimed at groups with enduring involvement with a hotel product), when compared to campaigns targeted at customers in general.

Although this study was a start, there is still much to be learned about environmentally friendly travelers in order to meet their needs and expectations. Despite the growing popularity of going green in the hotel industry, there is a dearth of information about the profile of an environmentally friendly tourist. However, the results of this study offer some behavioral insight into the type of traveler who is willing to stay in an environmentally friendly hotel.

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Does Financial Performance Depend on Hotel Size? Analysis of the Financial Profile of the U.S. Lodging Industry

By A.J. Singh and Raymond S. Schmidgall

ABSTRACT

This research presents a financial profile of the U.S. Lodging Industry based on an analysis of 2,091 financial statements (fiscal year 2011) for individual hotels ranging in asset size of $500 thousand to $250 million. The study analyzes summary results of the financial position and profitability of hotels based on a common size analysis of Balance Sheets and Income Statements. Furthermore, the study analyzes 10 key performance benchmarks as measured by Liquidity, Solvency and Operating Ratios. The results of the study show a divergence in the hotel industry's financial performance based on the size of the hotel and by upper, median and lower quartiles of the study sample.

Keywords: Balance sheet, Income statement, Liquidity ratios, Solvency ratios, Operating ratios, financial performance.

INTRODUCTION AND STUDY CONTEXT

The three major financial statements (balance sheet, income statement and statement of cash flow) issued by lodging enterprises provide a considerable amount of financial and operating data. Management, being an internal stakeholder, depends upon this information to make tactical and strategic business-related decisions. External stakeholders, such as lenders and investors, rely upon the information for financing decisions. A review of the current profile of U.S. hotels at the property level will provide external stakeholders with an understanding of the risks and returns associated with investing in hotels. While financial statements are already available for publicly held lodging companies, they are not readily available for private hotel companies, especially at the individual hotel level. An analysis of the current financial profile of U.S. hotels will allow external stakeholders to assess the aggregate financial performance of the industry.

Literature Review

The early direction of research on financial ratios focused on the classification and reduction of a large number of ratios into a smaller subset. Pinches et al. used factor analysis to create dimensions of information in financial ratios. Pinches, Eubank, Milgro, and Caruthers (1975) and Chen and Shimerda (1981) summarized the results of past studies and highlighted seven groups of ratios: 1) return on investment, 2) financial leverage, 3) capital turnover, 4) short term liquidity, 5) cash position, 6) inventory turnover and 7) receivables turnover.

Chen and Shimerda (1981). Later, Schmidgall highlighted five groups of ratios in his Managerial Accounting for the Hospitality Industry text. Some research studies in the club and lodging segments of the hospitality industry have used his classifications, including DeFranco and Schmidgall (2009) and Singh and Schmidgall (2001).

A stream of research examining financial ratios from a behavioral perspective has studied the usefulness of ratio categories by various user groups. These studies, which examine the differences in the use of financial rations have examined usefulness either within an organization, between user groups, within an industry, or inter-industry. . In 1988 and 1989, two studies identified ratios considered most useful by financial executives in the lodging industry and analyzed differences in the importance of ratios between various user groups such as corporate executives, bankers, owners, and lodging general managers. The studies concluded that there were differences between these user groups. General managers found operating and activity ratios more useful than other user groups; owners considered profitability ratios more useful; corporate executives found liquidity ratios more useful than other user groups; bankers ranked solvency ratios higher than others; and financial executives ranked profitability, activity and operating ratios as most important. Schmidgall (1988, 1989).

Studies have covered various segments of the hospitality industry. Singh and Schmidgall (2001) surveyed lodging property-level financial executives to determine the importance of various financial ratios and the frequency of use. Operating, activity, and profitability ratios were the most used monitoring ratios. Youn and Gu (2010) studied non-gaming hotels and casino hotels to determine the impact of recession on financial performance. Their findings indicate that both groups experienced deterioration in the five major aspects of their financials. Schmidgall and DeFranco (2010) studied the club segment of the hospitality industry and determined that the most profitable clubs had significantly better solvency, liquidity and profitability ratios than the less profitable clubs. Mandelbaum and Lerner (2008) analyzed the financial performance of hotel spa departments to provide benchmarks for spa department managers. In their 2005 study, Kim and Ayoun examined the trend within four sectors of the hospitality industry. Their research revealed eight out of thirteen financial ratios were statistically different across the four segments.

Financial ratios studies in other industries include Shivaswamy, Hoban, and Matsumoto, who surveyed commercial loan officers and identified 19 key ratios they considered important when analyzing manufacturing firms and 14 key ratios for retail firms. Shivaswamy, Hoban, and Matsumoto (1993). Gibson studied the usefulness of financial ratios and identified comparative usefulness of ratios for accountants, bankers, and financial analysts. Gibson (1983,1985,1987).

Another set of lodging industry and general business studies have focused primarily on the application of ratio analysis. These application studies examined themes related to definition, explanation, interpretation, performance measurement, and benchmarks used to evaluate ratios. The studies include

Temling's article on measuring profitability. Temling (1985). Schmidgall and Singh's practitioner oriented article interpreted and explained the use of key lodging industry ratios. Damitio, Dennington, and Schmidgall's article explained three methods of analyzing financial statements, with ratio analysis being a key tool.

Lee (2007) examined financial leverage trends of US lodging firms from 1980 to 2005. The results suggest the industry median leverage ratio is more valid than the mean leverage ratio as a proxy for the lodging industry during recessionary periods, but not during the expansion periods.

Damitio, Dennington, and Schmidgall (1995) and Phillips (1999) performed a comprehensive review of the performance measurement literature and proposed a more holistic measurement framework for the hotel industry, which would consider internal processes, environmental influences, and strategic orientation. Performance management studies have also examined non-financial performance measures. This stream of research has recently become popular due to the introduction of the balanced-scorecard approach of performance measurement. Pioneered by Robert Kaplan and David Norton (1996), the approach takes a balanced approach to measure performance including both financial and non-financial measures. Douglas (2000). Gardiner (1995) reviewed the key financial ratios and emphasized their use based on a business's need to evaluate liquidity, solvency, asset efficiency, profitability, gearing, and market valuation, and Kristy defined and explained 14 key ratios for a credit manager. Each of these ratios was discussed in the context of their function, standard for evaluation, and information revealed. Kristy (1994). Giacomino, and Mielke analyzed data from electronic, food, and chemical industries to establish benchmarks for cash flow ratios for companies operating within these industries. Giancomino, and Mielke (1993). Finally, lodging industry consultants such as Smith Travel Research, Pannell Kerr Forster, and Horwath International regularly survey the industry to establish operating and profitability ratio comparables.

A review of the literature on ratio analysis reveals an evolution from studies that focused on classification to those that examine the usefulness (behavioral studies) and application of ratios. As such, the more recent ratio studies have shifted their attention to questions of importance, interpretation, the role of non-financial measures, establishment of ratio benchmarks, and more holistic performance measures. There have been no studies to date that analyze the financial profile of individual hotels on the basis of hotel size. As such, this study fills a vital gap in the literature by providing a descriptive analysis for external stakeholders (primarily investors and lenders) on the risk and return profile of the U.S. Lodging Industry. This is an important contribution because the recent financial crisis of 2008 and 2009 has made providers of capital to the lodging industry cautious. The analysis of results will provide some level of transparency on important performance and risk measures for those who are considering providing debt or equity capital to hotels.

Study Objectives

At its outset, this study had three primary objectives:

1. What are the differences in the financial position of U.S. Hotels based on Asset Size?
2. What are the differences in the operating performance of U.S. Hotels based on Asset Size?
3. What are the differences in the risk and return profile of U.S. Hotels based Asset Size?

Methodology

For the study, secondary data was used based on the annual statement studies published by Robert Morris Associates (RMA) for 2011. The database, which represents 762 industries, has been used extensively by credit risk professionals for the past 92 years and is considered an industry standard for financial data. The data comes directly from the original source (individual hotels for our study) as categorized under the North American Industry Classification System (NAICS-72110). The data is presented in the Common Size Format for Balance Sheet and Income Statement and the computation is based on a percentage of total assets and sales, respectively. The data also includes nineteen of the most commonly used ratios to include liquidity, coverage, leverage and operating.

For the current study the total sample size consisted of 2,091 hotel annual financial statements (Fiscal year, April 1-2010 to March 31-2011) based on a hotel size distribution as noted in Table 1 below.

Table 1
Distribution of Study Sample Based on Asset Size

Hotel Asset Size	Sample Size	Percentage
$0-500 Thousand	222	11%
$500- 2.0 Million	503	24%
$2-10.0 Million	1006	48%
$10-50 Million	283	14%
$50-100 Million	45	2.0%
$100-250 Million	32	1.0%
Total	2091	100%

The database has the benefit of being able to analyze the financial profile of an industry segment using proprietary data from private companies not normally accessible. However, it is important to understand the following limitations of the data set.

1. The data is not random but based on submission by RMA member banks that voluntarily submit raw data for companies in their loan portfolio.
2. Some samples may be small based on the total number of hotel firms for the industry. As such, they may not be representative of the entire industry.
3. Extreme statements could be part of the data set, which may disproportionately skew the industry composite.

Categories and Definitions of Financial Ratios for Current Study

The current study analyzed the current financial profile of the U.S. Lodging Industry based on an analysis of 10 commonly used financial ratios categorized as Liquidity, Solvency and Operating Ratios as defined below and outlined in Table 2

1. Liquidity Ratios: Ability of the company to meet short-term obligations.
2. Solvency Ratios: Ability of the company to pay long-term financial obligations.
3. Operating Ratios: Management's efficiency with regard to its operation.

Table 2
Categories and Definitions of Financial Ratios

CATEGORIES OF RATIOS	CALCULATION OF RATIO
LIQUIDITY RATIOS	
Current ratio	Current Assets/Current Liabilities
Quick ratio	Cash, Marketable Securities, Notes Receivable and Accounts Receivable/Current Liabilities
Sales to Working Capital	Sales/Net Working Capital (NetWorking Capital =Current Assets minus Current Liabilities)
SOLVENCY RATIOS	
Number of times interest earned	Earnings before Interest and Taxes/Interest Expense
Fixed Assets to Net Worth	Net Fixed Assets/Tangible Net Worth
Debt to Net Worth	Total Liabilities/Tangible Net Worth
OPERATING RATIOS	
Return on Equity	Profit before Taxes/Tangible Net Worth
Return on Assets	Profit before Taxes/Total Assets
Fixed Asset Turnover	Net Sales/Total Fixed Assets
Total Asset Turnover	Net Sales/Total Assets

Analysis of Results

Balance Sheet Analysis

The summary results presented in Table 3 provide the most recent financial position of 2,091 hotels in the United States, of which over 80 percent had Assets less than $10 million. When analyzing the balance sheet data based on asset size several differences are apparent in the Asset, Liability and Equity profile of these hotels.

Typically, cash and cash equivalents include cash in house banks, cash in checking and savings accounts, certificates of deposits, and marketable securities at market value. It is fiscally prudent to keep idle cash at a minimum level and invest the rest in short term money market accounts or high grade commercial paper. The average amount of cash and cash equivalents for U.S hotels is 8.5 percent of total assets. Hotels with assets from $2 million to $100 million seem to have a similar profile, with about 6 percent of their assets very liquid. However, the smallest hotels tend to have a much larger (28%) percentages of their assets in cash and cash equivalents.

Trade receivables, which may be interpreted as mainly accounts receivable, represent a very small percentage of total assets for the hotel industry (about 2 percent). As in the case of cash, the percentage of variation in accounts receivable between different size hotels is also narrow (1.4 to 3.5 percent). Very small hotels (assets less than $500,000) have about 6 percent of their assets tied up in receivables. This may partially explain their need to have a higher percentage of cash on hand.

Not surprisingly, inventories are not a significant investment, with an overall average of less than 1 percent for the industry. Even in the largest hotels, with assets over $100 million, they represent only 1.7 percent of the total assets. However, from a working capital management perspective one cannot discount its importance as it represents $1.7 million to $4.2 million in inventory valuation (or cash invested) for the largest hotels.

When analyzing the total current assets, it is noteworthy to observe that the 1,006 hotels with assets from $2-10 million had the lowest percentage of current assets to total assets (8.6%) as compared to the largest hotels, which had 16 percent of their total assets tied up in current asset accounts.

Being a capital intensive industry, fixed assets, which mainly include property, equipment and land, represents the largest percentage of total assets ranging from 43 percent of total assets for the smallest hotels to an industry average of about 75 percent. Some anomalies appear in the sample where hotels from $500 thousand to $10 million have a slightly higher percentage of fixed assets than the larger (with assets in excess of $10 million) hotels. However this could be a result of newer properties in the sample with less accumulated depreciation. The smallest group of hotels (with assets less than $500,000) have fixed assets equal to only 43 percent of their total assets.

Current liabilities include short term notes payable, current maturities of long term debt, trade payables, income tax payable and other current liabilities such as accrued expenses, bank overdrafts, and advance deposits. For the U.S lodging industry, the average current liabilities were 19 percent of the total liabilities and net worth. The largest percentage of current liabilities was carried by the smallest hotels at 57.6 percent, with the lowest percentage for hotels with assets from $2-10 million at 12.2 percent. Notes payable, current maturity of long term debt, and trade payables were 2.7, 3.6 and 2.4 percent respectively of the total.

On average, the industry had long term debt of about 66 percent with the smallest hotels at only about 28 percent long term debt. The largest hotels (assets greater than $50 million) carried about 50 percent long term debt and medium size hotels about 60-70 percent long term debt. Based on the most recent financial results as presented in Table 3, the smallest hotels had a negative equity position of -5.3 percent while the larger (assets greater than $50 million) hotels showed equity of about 23 percent. The negative equity position for the smallest hotels (sample of 222 hotels) is due to historical operating losses exceeding contributed equity.

Income Statement Analysis

A common size analysis the 2,091 most recent income statements in the RMA data base represents a tabulation of revenues and expenses of individual hotels for the fiscal year April 1, 2010 to March 31, 2011 (Table 4). The combined statements are based on the financial statements provided to commercial banks by individual hotel companies as part of their loan application process. As noted in Table 3, it does not appear that these hotels have food and beverage facilities as part of their operations as the gross profit is the same as net sales. The hotels across all asset sizes display very high operating expenses with an average of 86 percent. As a result, the average operating profit is only 14 percent. However, after deducting interest and other fixed charges such as property taxes and insurance (11.2%), the profit before taxes for this hotel sample was only about 3%. For the sample of hotels analyzed in this database, the largest hotels had losses while the smaller hotels had very marginal profits before taxes in the 3-4 percent range.

Table 3
Common Size Analysis of U.S. Hotels Balance Sheets Based on Asset Size

2011

ASSETS	0-500 M	500-2 MM	2-10 MM	10-50 MM	50-100 MM	100-250 MM	All
Cash & Equivalents	27.7%	7.8%	5.6%	5.8%	5.7%	8.4%	8.5%
Trade Receivables - (net)	6.3	1.8	1.4	2.0	1.8	3.5	2.1
Inventory	1.7	.5	.4	1.1	.7	1.7	.7
All Other Current Assets	2.2	1.5	1.3	1.9	3.7	2.6	1.6
Total Current Assets	37.8	11.5	8.6	10.9	11.9	16.1	12.9
Fixed Assets (net)	43.0	78.0	81.7	77.6	71.8	76.5	75.9
Intangibles (net)	6.6	3.6	3.3	3.7	3.8	3.0	3.8
All Other Non-Current Assets	12.6	6.8	6.4	7.8	12.4	4.4	7.5
Total Assets	100.0	100.0	100.0	100.0	100.0	100.0	100.0
LIABILITIES							
Notes Payable-Short Term	9.5	2.0	1.4	2.9	3.5	2.7	2.7
Cur. Mat.-L/T/D	2.2	4.5	3.2	3.7	3.6	8.8	3.6
Trade Payables	9.1	1.9	1.3	1.8	2.1	3.5	2.4
Income Taxes Payable	.3	.0	.0	.1	.1	.1	.1
All Other Current Liabilities	36.5	8.8	6.2	7.5	9.6	7.0	10.3
Total Current Liabilities	57.6	17.3	12.2	16.1	18.8	22.2	19.1
Long Term Debt	28.5	71.1	74.1	60.4	52.7	51.2	65.9
Deferred Taxes	.0	.0	.0	.3	.4	.3	.1
All Other Non-Current Liabilities	19.2	5.7	4.8	6.7	4.2	3.5	6.8
Net Worth	-5.3	5.9	8.8	16.5	23.9	22.8	8.2
Total Liabilities & Net Worth	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Sample Size	222	503	1,006	283	45	32	2,091

Table 4
Common Size Analysis of U.S. Hotels Income Statements Based on Asset Size

2011

INCOME DATA	0-500 M	500-2 MM	2-10 MM	10-50 MM	50-100 MM	100-250 MM	All
Net Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Gross Profit	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Operating Expenses	94.3	85.6	83.5	87.7	92.7	93.5	86.1
Operating Profit	5.7	14.4	16.5	12.3	7.3	6.5	13.9
All Other Expenses (net)	2.7	10.4	13.6	11.6	10.0	7.2	11.2
Profit Before Taxes	3.0	4.0	2.9	.8	-2.7	-.7	2.7
Sample Size	222	503	1006	283	45	32	2091

Analysis of Ratios

Tables 5 to 7 present 10 benchmark ratios commonly used to analyze the financial performance of the hotel industry categorized as Liquidity, Solvency and Operating ratios. Each ratio presented has been divided into four equal groups or quartiles. The quartiles are divided into upper quartile (top 25 percent); median (middle 50 percent) ,which represents the mid-point in the array of scores; and the lower quartile representing the bottom 25 percent. When interpreted vertically, the quartiles indicate the top quartile as being the strongest ratios and the bottom quartile as the weakest ratios. The ratios are also categorized as either linear or non-linear ratios. Ratios for which a higher number represents a stronger ratio and a lower number represents a weaker ratio are linear. An array that deviates from the ascending or true descending when its values change from positive to negative (low to high positive, followed by high to low negative) is nonlinear. For example, sales to working capital are a nonlinear ratio in that when the sales/working capital ratio is positive, the top quartile is represented by the lowest positive ratio. However, if the ratio is negative, the top quartile will be represented by the highest negative ratio. Other nonlinear ratios in the sample are fixed assets to net worth and debt to net worth ratios.

Analysis of Liquidity Ratios

Liquidity ratios gauge a hotel's ability to meet its current obligations such as payroll, accounts payable, short term debt and other payments due within one year. As such, the measurements of specific ratios such as current, quick, and net sales to working capital provide an operation with information on its liquidity position. Table 5 presents these ratios for the U.S. hotel industry based on the RMA sample and divided by asset classification.

First, the current ratio, which compares the hotel's current assets to their current liability, provides a rough indication of the hotel's ability to pay off its short term obligations if needed. In general, the higher the current ratio, the greater the buffer or cushion between the current obligations and the hotel's ability to pay them. While a stronger ratio shows by what amount the current assets exceed current liabilities, the quality of current assets is an important factor in analyzing this ratio. Furthermore, depending on who is analyzing the ratio, the interpretation may vary. In general, lenders prefer hotels to have higher current ratios while owners prefer to have a lower ratio. Sometimes, a high current ratio may not necessarily be good if it is primarily because of higher receivables (which could mean future collection problems). Based on the management's assessment of the current ratio, the ratio can be increased by pursuing different strategies such as securing long term loans, non-current asset sales, or new equity infusion. Similar to the current ratio, the quick ratio represents a stricter measure of liquidity as it selects only the most liquid current assets such as cash, cash equivalents, notes receivable and accounts receivable and compares them to current liabilities. This gives lenders and management the comfort level to see the hotel's true liquidity position if obligations have to be paid off quickly.

Based on an analysis of Table 5, it is clear that the top 25 percent of the hotels have strong current and quick ratios at 1.9 and 1.6, respectively. In this quartile the most liquid are the smallest hotels at over 2.0 while the larger hotels (assets greater than $50 million) have a quick ratio closer to 1.0. The picture begins to change when reviewing the liquidity position of the median in the sample, where the average for all hotels is .7 for current ratios and .6 for quick ratios. The bottom quartile is the weakest with a very low liquidity position of .20 as measured both by current and quick ratios.

Working capital (current assets minus current liabilities) represents the ability of the hotel to fund its current operations. However, when converting it to a ratio by comparing working capital to sales, one can measure the efficiency of the use of working capital. As a nonlinear ratio its interpretation is not intuitive. *The lowest possible positive ratio is the best and the lowest negative is the worst.* Typically when you have a small positive ratio the working capital is positive (more current assets to liabilities). If you have a small negative sale to working capital ratio it means that you have a large negative working capital (more current liabilities to current assets).

When analyzing the ratio in Table 5, it is clear that some of the smaller hotels tend to have very weak sales to working capital ratios. In the upper quartile the average is about $15 in sales for each $1.00 in working capital. However, for the smallest hotels, the ratio is $21 to $1.00 in working capital, which shows a higher trading multiple as compared to working capital and is a more vulnerable position from a creditor perspective. Interestingly, the median in the sample shows that smaller hotels have the best sales to working capital ratio as compared to larger hotels. The average for all hotels in the median level is -

30.3, with -5.8 for the lower quartile. This indicates that hotels at the lower quartile of the hotel sample have large negative working capital positions.

Table 5
Liquidity Ratios of U.S. Hotels Based on Asset Size: 2011

RATIOS	0-500 M	500-2 MM	2-10 MM	10-50 MM	50-100 MM	100-250 MM	All
Current – upper	2.6	1.9	1.9	1.8	1.6	1.6	1.9
Current – median	.9	.6	.8	.7	.7	.9	.7
Current – lower	.2	.2	.2	.3	.2	.4	.2
Quick – upper	2.4	1.6	1.6	1.3	1.1	1.2	1.6
Quick – median	.7	.5	.6	.5	.5	.7	.6
Quick – lower	.2	.2	.2	.2	.2	.3	.2
Sales / Working Capital – upper	21.3	17.8	13.9	11.0	8.4	15.8	15.2
Sales / Working Capital – median	-103.0	-24.8	-33.3	-19.7	-17.1	-86.5	-30.3
Sales / Working Capital – lower	-9.7	-5.6	-6.2	-4.1	-3.1	-4.7	-5.8
Sample Size	222	503	1,006	283	45	32	2,091

Analysis of Solvency Ratios

Solvency ratios measure the long term sustainability of a hotel organization. Typically this means an assessment of the firm's ability to pay its debts, the extent of debt financing compared to its total investment, or a relationship between debt and equity. High levels of leverage pose the possibility of bankruptcy in times of declining revenues and therefore present a risky profile of the company to investors and lenders. The solvency ratios analyzed in the RMA sample include the interest coverage ratio, fixed assets to net worth ratio, and debt to net worth ratios.

An analysis of the interest coverage ratios in table 6 indicates that the upper quartile has a strong coverage of 2.8 for the entire sample of hotels. This ranges from a high of 6.8 for the smallest hotels to 2.5 for the largest. The median in the sample also has a positive coverage ratio of 1.5. This is a good reflection on the performance of the hotel industry in 2011 and at the same time the fiscal responsibility of banks. At least for this sample it appears that lending institutions that reported this information did not over leverage their portfolios in most cases. The lower 25 percent of the loan portfolio have loans that could be at risk as the interest coverage ratio is only .6 and negative for some of the large assets.

The fixed assets to net worth ratio measures the extent to which the owner's capital (equity) has been invested in fixed assets (land, building and

equipment). A lower ratio indicates a proportionately smaller investment in fixed assets in relation to net worth and a better cushion for creditors in the case of liquidation. The sample indicates a fairly safe solvency profile for the upper quartile of hotels in the sample with a ratio of 2.5 and a narrow variation among hotels of different sizes. The median in the sample has a higher leverage of 8.8 while the weakest hotels in the sample actually have a negative net worth as the ratio is -8.2. It should be noted that the largest hotels in the lower quartile have a positive net worth but seem to be very highly leveraged with a ratio of 15.2.

Finally, the debt to net worth ratio (also known as the debt to equity ratio) shows the capital contributed by creditors as compared to owners' equity. A higher ratio indicates greater risk for the creditors, while a smaller ratio shows a safer position and better long term financial viability. From an owner's perspective, a higher debt to equity ratio has the potential to maximize returns and transfer investment risk to creditors. The data from the sample hotels indicates that the upper quartile of hotels has a debt to equity of 2.3, with a much smaller ratio (.6) for the smallest hotels. The highest debt to equity ratio for this quartile was for hotels with assets ranging from $2-10 million (3.3). The median debt to equity ratio for the sample was 10.5 but was mainly skewed by the sample of hotels for asset sizes of $500 thousand to $10 million (17.0 to 12.9 respectively). The weakest (potentially least solvent hotels) in the lower quartile had a negative net worth as noted in their negative debt to equity ratio.

Table 6
Solvency Ratios U.S Hotels Based on Asset Size: 2011

RATIOS	0-500 M	500-2 MM	2-10 MM	10-50 MM	50-100 MM	100-250 MM	All
EBIT / Interest Upper	6.8	3.0	2.5	2.7	2.7	2.5	2.8
EBIT / Interest - median	1.9	1.6	1.4	1.3	1.2	.9	1.5
EBIT / Interest - lower	.0	.7	.7	.5	.1	-.1	.6
Fixed Assets/ Worth - upper	.4	2.4	3.6	2.2	1.8	1.7	2.5
Fixed Assets/ Worth - median	2.3	14.3	11.7	6.6	3.4	3.5	8.8
Fixed Assets / Worth - lower	-1.6	-6.5	-8.8	-18.3	NM*	15.2	-8.2
Debt / Worth - upper	.6	1.9	3.3	2.0	1.2	1.2	2.3
Debt / Worth - median	4.3	17.0	12.9	7.6	2.9	3.9	10.5
Debt / Worth - lower	-2.9	-8.3	-10.9	-21.4	NM*	17.5	-10.0
Sample Size	222	503	1,006	283	45	32	2,091

* Not reported

Analysis of Operating Ratios

The operating ratios assess management's responsibility to optimize the assets invested and provide a satisfactory return to the owners. The ratios used to measure management performance in the RMA sample include return on equity, return on assets, fixed asset turnover and total asset turnover.

The return on equity measures profits before taxes to the overall investment made by the owner. As this ratio analyzes profits in conjunction with net worth (equity) a higher ratio does not necessarily mean higher profits but merely a higher return based on the amount invested by the owner. In the case of the upper quartile of hotels in the sample (Table 7), the average return on equity for hotels in the sample is 37.7 percent with the highest being the smallest hotels. The larger hotels had returns of about 12 percent with mid size hotels ranging from 24 to 32 percent returns in this quartile. Median returns for the sample of hotels were 9.6 percent with the lower quartiles providing negative returns.

Return on assets, the next ratio analyzed, measures the profitability of the hotel compared to its total assets (and therefore the effective management of all resources invested in the enterprise). In cases where the fixed assets are heavily depreciated the ratio may present distorted results. For the hotel sample analyzed, the average return on assets for the upper quartile was 6.3 percent, but only about 3-4 percent for the largest hotels. Compared to the assets invested, most hotels did not provide a good return on investments as the median was 1.3 percent (with the largest hotels providing negative returns). The lower quartile was negative across all asset sizes.

Finally, the fixed asset turnover and asset turnover ratios measures management's effectiveness in using its property and equipment (fixed assets) and total assets in generating revenues or driving the sales of the hotel. Generally, hotel firms that generate a higher proportion of sales to assets investment are viewed favorably by investors and lenders. The ratios for the sample of hotels analyzed are weak across all quartiles.

Table 7
Operating Ratios U.S. Hotels Based on Asset Size: 2011

RATIOS	0-500 M	500-2 MM	2-10 MM	10-50 MM	50-100 MM	100-250 MM	All
% Profit before Taxes / Tangible Net Worth - upper	120.0	47.0	31.7	24.1	11.7	11.7	37.7
% Profit before Taxes / Tangible Net Worth - median	29.2	13.0	10.4	3.3	3.5	-.8	9.6
% Profit before Taxes / Tangible Net Worth - lower	-3.1	-2.7	-5.5	-6.6	-12.2	-14.2	-5.2
% Profit before Taxes / Total Assets - upper	30.4	8.1	5.4	4.0	3.9	3.3	6.3
% Profit before Taxes / Total Assets - median	5.0	2.0	1.3	.3	-.5	-.7	1.3
% Profit before Taxes / Total Assets - lower	-7.0	-2.1	-2.2	-3.0	-3.8	-3.8	-2.5
Sales / Net Fixed Assets - upper	57.6	1.3	.7	.8	.9	1.0	1.1
Sales / Net Fixed Assets - median	13.5	.6	.5	.4	.5	.6	.5
Sales / Net Fixed Assets - lower	4.0	.4	.3	.3	.3	.4	.3
Sales / Total Assets - upper	8.0	.9	.5	.6	.6	.7	.8
Sales / Total Assets - median	4.1	.5	.4	.3	.5	.4	.4
Sales / Total Assets - lower	1.7	.3	.3	.2	.2	.3	.3
Sample Size	222	503	1,006	283	45	32	2,091

Conclusion and Implications of the Study

On the basis of the study sample analyzed for U.S. hotels, it does appear that differences exist in the financial position and operating performance of large versus small hotels. Furthermore, an analysis of liquidity, solvency and operating ratios for the industry revealed that in several cases the risk and return profile of the hotel industry varied based on asset size and quartiles for each hotel based on asset size. For the year analyzed (2011) the overall industry performance based on profitability, return on equity, and asset turnover was quite low. However, the industry as a whole generated adequate earnings to cover interest payments. With the exception of the lower quartiles, the industry's liquidity position was also satisfactory.

Results of the study point towards some salient implications for external financial stakeholders interested in understanding the hotel industry's current risk and return profile. This study will help them set some criteria for their lending and investment decisions. Furthermore, results of the study are also of value to

financial managers of hotels as they can benchmark their existing ratios with the computed results in the upper-median and lower quartiles of this study.

1. For lenders who make short term working capital loans to hotels, the study clearly reveals the low percentage of inventory and receivables maintained by hotels. As such, these will not serve as meaningful security for their short term loans. Lenders will most likely have to rely on the hotel's operating history and personal relationships as a surety on the repayment of these loans.

2. When making working capital loans to small hotels, lenders need to be cautious as small hotels also tend to carry the highest percentage of current liabilities and the lowest current ratios. Therefore, they may represent a repayment risk. However, across all size segments, hotels in the upper quartile have positive current ratios (1.6 to 2.6) and therefore represent a lower repayment risk.

3. From a solvency perspective, the hotel industry (based on this sample) appears to be prudently leveraged in 2011, with about 65 percent long term debt and strong interest coverage ratios for hotels in the upper and median quartiles.

4. From an investment return perspective, in 2011 there was a wide range of return on equity results. As such, management effectiveness and prudent use of leverage continue to be paramount value drivers for the industry. As a fixed asset intensive industry, the 2011 results of the total asset turnover ratio reflect the importance of driving revenue. With the exception of the smallest hotels, this ratio was less than 1 for all size segments.

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