



Winter Tourism: Feedback based Strategy and Service Quality





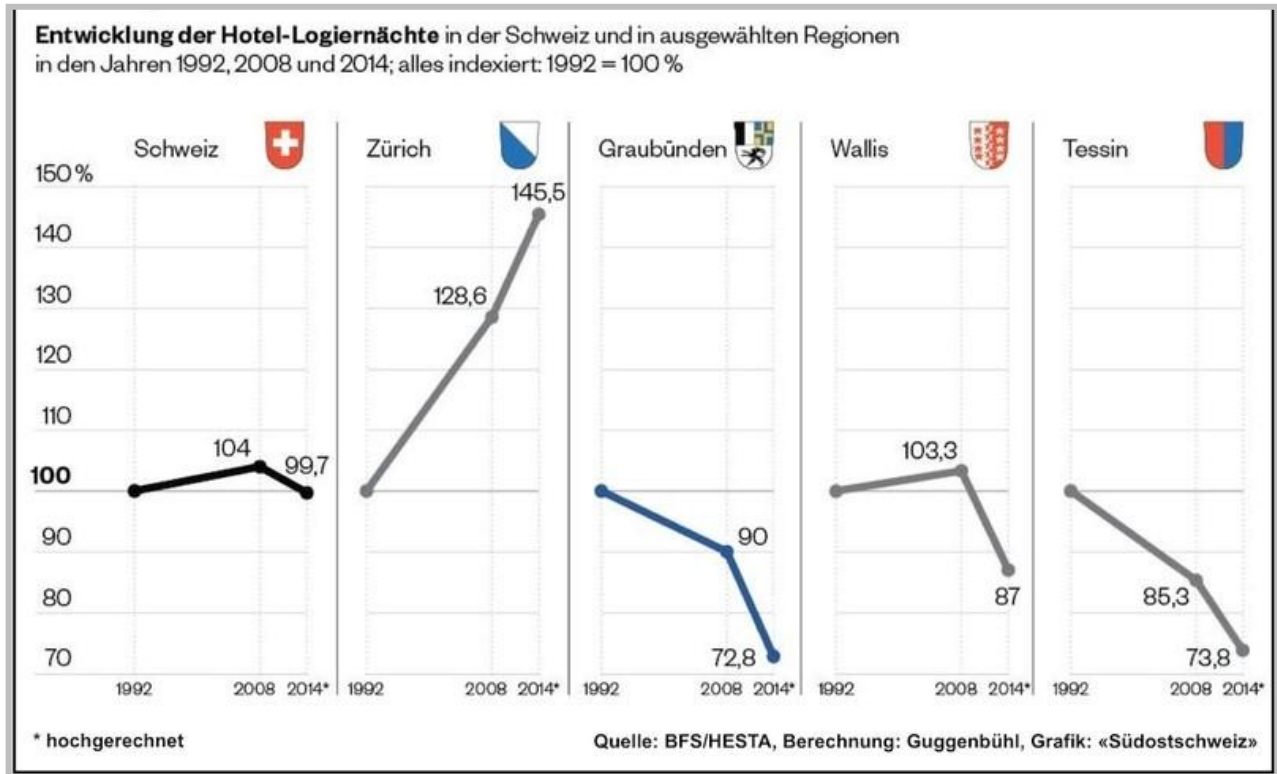
Contents

- 1 The Challenge..... 3
- 2 Futile efforts based on irrelevant feedback data 4
 - 2.1 Self praise and cronyism instead of turnaround 4
 - 2.2 Biased market feedback 4
- 3 Benchmarks: Whistler, Sun Valley, Jackson Hole..... 7
 - 3.1 Whistler/ Blackcomb: Rising cash flow 7
 - 3.2 Sun Valley: Leverage of the brand for the whole region 8
 - 3.3 Jackson Hole: “Values” as a means of recovery from the crisis of 2009 8
 - 3.4 Misleading Swiss guest surveys vs. “story told” feedback 9
- 4 Need for student fitness in research, marketing & strategy 12



Winter Tourism: Feedback based Service Quality

1 The Challenge



Swiss tourism is battling to hold the levels of recent years. In the seventies volumes were 1/3rd higher (as related to the total economic volume at that time: 50% higher). Skiing days have been decreasing since 10 years. Overnight stays in the Swiss Alps are down by 1/4th since 1992 whereas city tourism is increasing. The Swiss mountain transportation facilities are recording their worst year within the last quarter of a century. The large majority of all the installations make losses.



Winter sports boom elsewhere: Corporations such as **Vail Resorts** which in 2016 bought Whistler Blackcomb are commercially successful with continuous growth (Chart: Stock Feb. 2012-Feb. 2017) in both value and rentability.



2 Futile efforts based on irrelevant feedback data

2.1 Self praise and cronyism instead of turnaround

Even though government agencies in Switzerland intend to focus innovation, knowledge, cooperation and structural change in tourism the majority of the funds distributed follow the example of typical - e.g. agricultural - subsidies: Redistribution of wealth from structurally sound businesses sectors to structurally ill businesses, particularly in rural and alpine areas thus hindering structural change rather than promoting it. This also shifts wealth from urban to non urban taxpayers.



The canton of Wallis/ Valais intends to subsidy transportation facilities with CHF 15 Mio yearly. Thus investments will be based on subsidies rather than market success. No wonder stock values of corporations such as Téléverbier show a deplorable trend (March 2012-Jan. 2017)

Obviously a strategy as outlined by the former head of the Swiss Economic Policy Directorate, Aymo Brunetti¹, focusing on “premium services” and “premium quality” is not what local politicians from rural and alpine areas - overrepresented in the Swiss federal system - aim for. Their goals are income transfers to their electorate.

Market feedback should of course reflect quality and service deficits and allow for improvement strategies. However most market research data does not show the sorry state of Swiss tourism competitiveness. Faulty, most often biased data - particularly so called “satisfaction surveys” – appear to document that all is well. This is all the more misleading as macroeconomic² data prove otherwise.

2.2 Biased market feedback

As the Swiss tourism industry is losing ground in almost all of its mountain destinations it is obvious that feedback research should focus on customer experience, clients lost and promising market segments. Furthermore client satisfaction research should concentrate on emotion based, process oriented feedback rather than item based, abstract

¹ Hotel Revue, Nr. 7 / 12. Februar 2015

²

http://www.bakbasel.ch/fileadmin/documents/reports/bakbasel_bericht_tourismus_benchmarking_2016.pdf



“satisfaction” and importance scales. After all choosing a winter sport destination is a matter of branding, rebooking a matter of customer experience.

Furthermore social media platforms³ should have a large share in analyses rather than data extracted from biased questionnaires and non reliable surveys. If teaching material⁴ or major surveys⁵ are analyzed feedback quality appears unprofessional and outdated:

- Validity:

Rebooking and active references cannot be analyzed based on predefined, scaled items which push interviewees into a rational quasi expert mode. In ex post surveys clients will downplay negative experiences, resulting in inflated scores - be it out of resignation or frustration due to the wrong decisions they took regarding this destination. Positive experiences are downplayed too as they result in higher demands. Thus results are leveled towards mean values.

Validity needs open questions regarding experiences, particularly unexpected thrills and disappointments. Social media posts are the most valid expression of such customer experiences - in the guests own words, reflecting the mechanisms of reference booking (“word of mouth”).

Brand perception is decisive for booking and price acceptance. It also segments different types of guests. Different brand expectations result in different standards for enthusiasm and frustration: What may be O.K. for Grächen may not be O.K. for Saas Fee or Zermatt. So mean values of agglomerated data based on scaled answers level the relevant differences of fulfillment depending on different brand expectations. As in a guest survey of 2011 it is irrelevant to rate Randa, Täsch and Zermatt as if it was one destination. It would be equally irrelevant to compare the three destinations even if based on the same questionnaire.

Validity means measuring and analyzing one phenomenon for itself and comparing it with peers. Looking at agglomerated data means looking at data from different viewpoints taking into account that measuring the same way does not mean that results are comparable – not among locations neither between target groups.

³ The Social Media Benchmark Study of the “Walliser Tourismus Observatorium” 2015 explains it all: 83% of all travelers worldwide check social media before taking destination decisions. Nevertheless the researchers qualify Swiss tourism organizations regarding social media as “willing pupil(s)”. Mr. Eric A. Balet of Téléverbier thinks (<http://www.lematin.ch/suisse/moitie-societes-crever/story/19791742>) that without subsidies for transportation facilities “you kill the valleys”. With a “pupil” approach in social media the killing of valleys is already going on.

⁴ HTW Chur, Qualitätsmessung im Bündner Tourismus

⁵ Walliser Tourismus Observatorium, „Bei unseren Gästen nachgefragt“



- Reliability:

Anything that rationalizes customer experience, particularly “importance” questions and scales, increases the irrelevance of survey data.

Relevant data is individual, emotional and situation/ process based.

If data needs to be agglomerated then numerical relevance can be calculated with correlations between enthusiasm and clustered open responses. Multivariate statistical analysis will segment data instead of leveled information as it derives from mean values.

Scales where 1 is best are as misleading as (school grade) scales with 6 the best position. In some countries⁶ 1 is the best grade, in others it is 6. In the US grades are letters (A to E). 5 or 7 point scales will concentrate results around the middle of the scale. Europeans will read a horizontal scale from left (worst) to right (best). People from other continents read from right to left. So scales should be vertical with the “10” on top.

If scales need to be used there is only one international common denominator: A vertical 10 point scale.

Everybody knows what a “10” is. Ratings below 9 already signal competitive disadvantages because the difference between rebooking and “never again” lies within the last 5% of quality difference. Any smaller scale will not highlight competitive advantages or disadvantages.

- Representativity:

Wherever sizable amounts of money are involved - particularly with government sponsored programs or politically motivated “evaluations” representativity is masked by large numbers. However representativity is irrelevant if the wrong questions (validity!) are asked in the wrong way (reliability!).

Representativity can only be achieved with sampling methods that assure that response reflects the universe, the target group intended to measure. According to the laws of probability variance decreases only in minimal amounts once a sample size of N=300 is reached. So any sample size per analyzed target group above this number increases costs over

⁶ Distortions may also arise from faulty translations. “Faulty” not in the grammatical sense but depending on language mentalities. E.g. Americans answering “O.K.” actually express that something is fairly poor whereas “gut” for Germans means expectations matched perfectly. A “sehr gut” may cross their lips only with a truly extraordinary experience.



proportionally but does not increase precision to a relevant degree.

Representativity within the whole context of feedback related to quality means that the whole chain of the marketing process in tourism⁷ must be numerically measured in a continuous way – an extremely complex task due to the manifold interrelations of marketing efforts along the decision making process of target groups.

Excellent example of the uselessness of “evaluation” surveys are the projects related to the campaigns of valais promotion as executed by MIS and Link⁸ institutes: Not only is it extremely doubtful that the campaigns contribute to the betterment of the tourism industry as they only influence the very outermost sphere of the decision making process (awareness/ image) but furthermore are they unable to measure the effects of the campaign. At most they prove that the campaigns match image and self image.

Representative sampling in the context of interview based surveys is both extremely costly but nevertheless seeded with bias. Attractive alternatives are social media analyses and web relevance measuring. As both – social media platforms and web based information are of outmost importance in the decision making process it makes sense to measure right there.

3 Benchmarks: Whistler, Sun Valley, Jackson Hole

3.1 Whistler/ Blackcomb: Rising cash flow

Whistler/ Blackcomb is continually raising its EBITDA and EBITDA margin. Cashflow rose by a third within 5 years. **Ticket prices could be increased continually** at a rate of several percent, accounting for ca 50% of total revenue. Next biggest revenue driver is rental (18%) – 50% more important than food and beverage. Details see http://files.shareholder.com/downloads/MTN/4155400364x0x933005/F3A493E9-8F25-4CE5-96C3-242618888357/2017_Investor_Presentation_vFINAL.pdf

⁷ http://www.imp.unisg.ch/~media/internet/content/dateien/instituteundcenters/imp/factsheet_sgdm.pdf

⁸ Constantin, D., Standortmarketing für das Wallis, VSTM Managementseminar 2015.



3.2 Sun Valley: Leverage of the brand for the whole region

In 2009 Blaine County (ID) realized that the most important economic goal was to **“LEVERAGE THE SUN VALLEY BRAND”**. **Focusing** tourism has stopped the downturn in the recession following the crash of 2009 and now accounts for 60 over previously 46% of the total regional economy (see http://www.sunvalleyeconomy.org/sites/default/files/u3/Blaine_Co_Economic_Forum_Feb_2012_FINAL.pdf)

3.3 Jackson Hole: “Values” as a means of recovery from the crisis of 2009

Since the crash of 2009 **Jackson Hole**’s real estate sales have tripled). Among others the resort states the following strengths: (see <http://22in21.com/wp-content/uploads/2012/04/Nancy-Leon-SWOT-Analysis.pdf>)

1. Lifestyle, work/life balance attracts and keeps talent
2. Strong community for families – good public & private education, family involvement, sense of community
3. Educated workforce (50% of adults 25 and older have college degree)
4. Easy access to government offices and officials – state, county, town
5. Passion within the community results in strong dynamism. Local culture tolerates certain degree of risk taking
6. Sophisticated, worldly community for its size – engenders understanding, support for sophisticated businesses
7. Strong sense of stewardship, integrity, pride, caring about the community
8. translates into commitment & community spirit for business
9. JH has strong place & brand cachet, enhanced by high profile visitors (e.g. Annual Federal Reserve meeting).
10. Internet bandwidth – fiber optic.

8 out of 10 points are related to individual and social values, the latter more important, one point related to branding, one to e-connection. Aspects such as “innovation”, “productivity” government help and subsidies are not mentioned – neither “nature”, “mountains” or perfectly groomed runs: Other locations have it too and it is not considered an USP.



3.4 Misleading Swiss guest surveys vs. “story told” feedback

I have paid CD 115.- (nearly CHF 90.- but above a “psychological” mark of “100” for Canadian, American and Australian visitors) for a day pass at Whistler mountain. Australians actually consider Switzerland “cheap” but also complain that their high expectations are not met.

Item based guest surveys would neither detect, what turns Australians off at Swiss resorts neither why I have enjoyed the best winter vacations ever in Whistler and Jackson: This because such surveys produce the typical 80% “satisfaction” suggesting that all is well... (Process based surveys would actually show that guests lower their expectations accounting for the allegedly “high satisfaction”).

However a **“story told” feedback process** would highlight numerous cases of those values such as “sense of community”, “passion” and “sophistication” – the essence of service quality.



“Sniffler stations at the lift bases of Whistler Mountain



GPS locator systems for all children 12 years and younger to keep parents from worrying and keep children safe under every circumstance in US winter resorts.



Branding everywhere





Facilities (lodges, left: Restrooms)...



...to match the exclusive locations and the high value brand at Sun Valley



4 Need for student fitness in research, marketing & strategy

Even though subsidies will hold Swiss tourism up for a few years to come the tourism market needs well trained managers able to succeed in global markets. As the real world competes with the virtual world globally active tourism managers need the same qualifications as any management: Extensive know how regarding market interaction, relationship and quality development and the handling of web based platforms.

However what they really need most is business spirit paired with high individual and social values so that quality becomes a matter of heart.