



# Collaboration in Tourism Supply Chains

## *A Transaction Cost Economics Perspective*

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Module: Tourism Logistics in ASEAN, MBA in Logistics and Supply Chain Management  
16-17 March 2013, Chiang Rai, Thailand

# Acknowledgement



*The Strategic Scholarships for Frontier Research Network*

Office of the Higher Education Commission  
**Royal Thai Government**

Background

# Backgrounds

- Economic governance is determined by transaction cost.
- Hierarchy (firm) or Market.
- Hybrid form a.k.a. vertical (supply chain) collaboration.
- Minimising transaction cost offers the better supply chain performance.

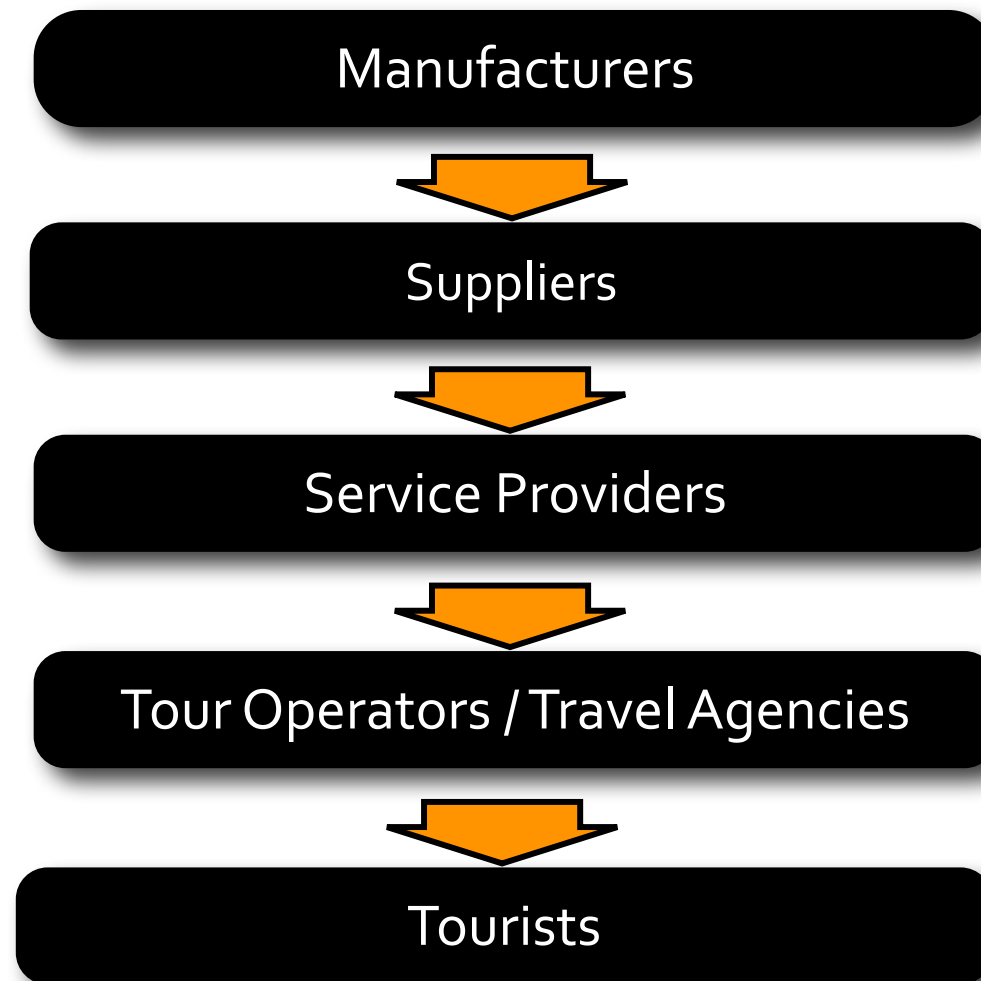
# Research Questions

1. What are the transaction costs of collaborations in the tourism supply chains ?
2. What are the factors affecting those costs of transaction ?

# Literature Review

# A Generic Tourism Supply Chain

*(Zhang et al. 2009; Piboonrungrroj and Disney 2009)*



# Supply Chain Collaboration

“At least two firms in the same supply chain work together to achieve their mutual goals.”

(Mentzer et al. 2001; Simatupang and Sridharan 2005)



# Transaction Cost Economics

*(Coase 1937; Williamson 2008)*

## Assumptions

1. Bounded rationality
2. Opportunistic behaviour

- Transaction cost (TC) exists
- TC is effected by uncertainty and asset specificity.
- TC determines a proper economic governance.

# Methodology

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- A (single) case study
  - *Non-chain hotel*
  - *Chiang Mai*
  - *April 2009*
- In-depth Interview with
  - *Food & Beverage Manager*
  - *Purchasing Manager*
  - *Director of Sales*

# Findings

# Hotel's Collaborations in TSC

	<b>Horizontal</b>		<b>Vertical</b>	
	Intra-sector	Inter-sector	Upstream	Downstream
<b>Objective</b>	Marketing	Marketing	Operations	Marketing
<b>Partner</b>	Hotels / Resorts	Restaurants / Passenger transport	Suppliers	Tour operators / Travel agencies
<b>Process</b>	Destination promotion	Package tour	<ul style="list-style-type: none"> <li>• Search,</li> <li>• Select,</li> <li>• Order</li> <li>• Replenishment</li> </ul>	<ul style="list-style-type: none"> <li>• Plan</li> <li>• Allotment</li> <li>• Book</li> </ul>
<b>Drivers</b>	Intense competition		Inventory cost, availability	Demand uncertainty
<b>Costs</b>	Communication / Planning / Meeting		Search cost, Quality checking	Communication

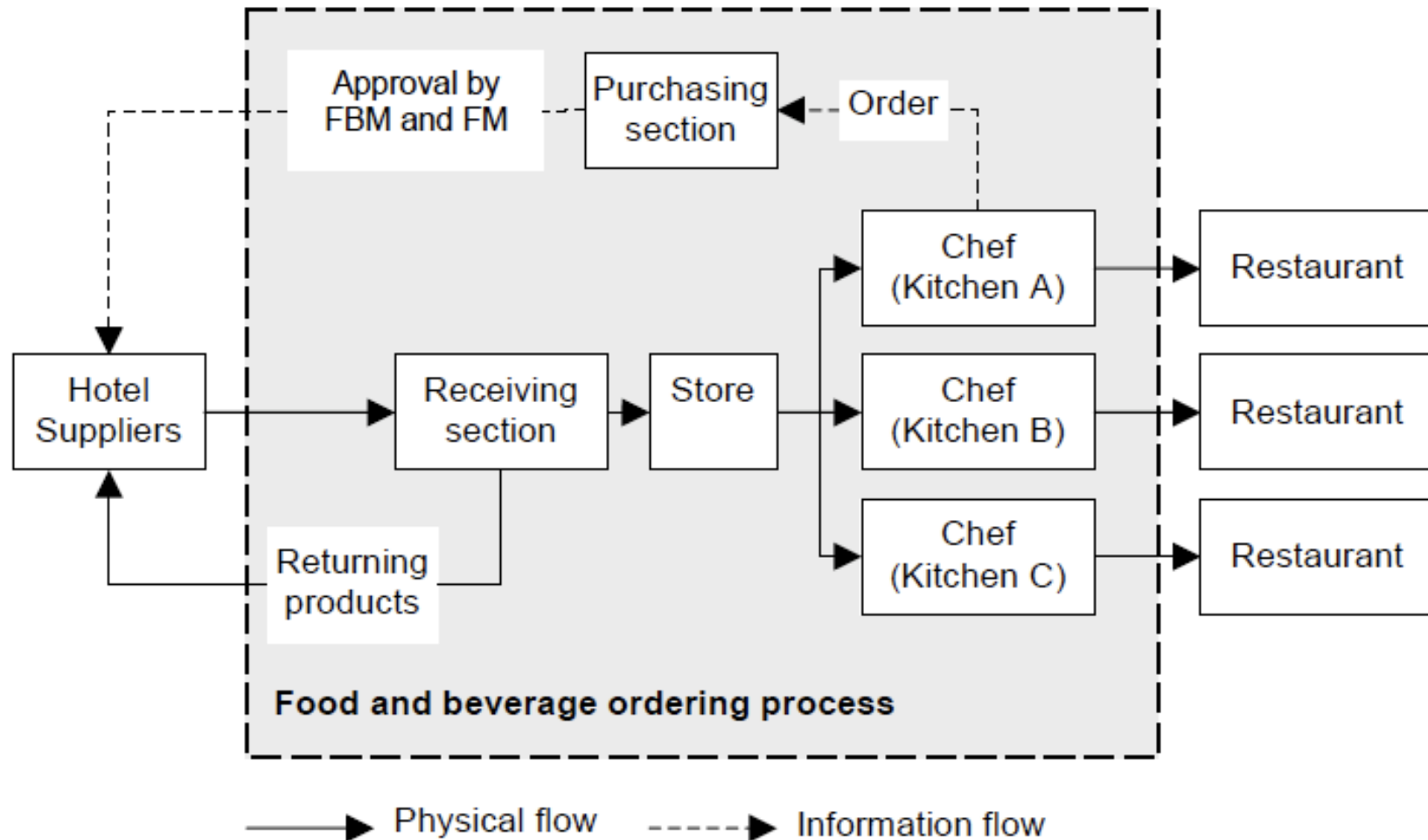
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# Food and Beverage Operations in the Hotel





# Conclusions

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- TCE's assumptions are hold in supply chain collaboration.
- Transaction cost = Search cost and Quality checking
- Inter-partner trust can reduce cost of transaction.
- Trust building by joint action and information sharing.

# Thank you



## Q & A