

EXPLORING THE EFFECTS OF DESTINATION'S POSITIONING ON HOTELS' PERFORMANCE: THE MILAN CASE

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The present paper investigates the link existing between the commercial mix, seasonality of destination and daily performance of hotel businesses. The choices made at city level form a commercial mix which, despite the differing emphases and specific features of single businesses, tends to mark the entire hotel industry. The Milan case, in particular, shows the capacity of trade fair events and business components to increase average room rates and occupancy. On the other hand, there is a resulting slackening in holiday periods and non-working weeks, when a low level of the average room rate and occupancy is seen. Empirical findings suggest the central role played by metamanagement strategy. For this reason the article proposes an approach to help destination managers to reduce the seasonalities on which to focus their lines of development.

Keywords: Urban destination, hotel businesses, performance, commercial mix, seasonality

JEL Classification: L83, M1, O1

INTRODUCTION

Numerous contributions have sought to answer a crucial question for researchers and managers: what factors influence business performances and, with specific reference to the theme of this paper, those of hotel businesses.

Our attempts to provide an answer have been made above all by exploring the link between external factors and the results reached.

Many studies tend to assume a national perspective, to construct broad samples enabling the generalisation of findings. However, the



contributions made at destination level point to the importance of local destination in moulding or influencing some features marking local business strategy – segments, seasonality, occupancy and prices.

The present contribution suggests the usefulness of: i) giving greater consideration to the link between destination and local businesses, ii) utilising archival data to measure performances, iii) arranging the most analytical information on a (daily) time basis to see the effects which independent variables have on objective performances, iv) making joint use of data collected through questionnaires and archival data.

The study proposes a performance analysis at destination level and at business level.

At destination level, the link existing between several indices of operating (Revenue per available room - Revpar) and financial results of the hotel businesses is analysed. This first analysis shows the relative homogeneity of the commercial mix (segments of clientele served) within the destination.

At business level, the link existing between segments of clientele served, seasonality and effects on occupancy and prices is analysed. Using daily data, the study makes it possible to identify five main seasonalities: i) weekday periods and holidays, ii) periods with or without trade fairs, iii) holiday periods with and without trade fairs, iv) week-day periods with and without trade fairs, v) working and non-working periods. Given the importance assumed by trade fair events, a further in-depth study was carried out, making it possible to segment the approx. 150 fair days into four different types – volume, price, success and days of less importance.

LITERATURE REVIEW

Performance and hospitality management

The performance issue has had numerous applications in the hotel sector. Above all, certain features of hotel businesses (Winata and Mia, 2005) make this industry a fascinating research field, together with the strong growth recorded by the industry in the past, growing competition (Brander Brown and Harris, 1998) and the existence of a spatial concentration (destinations) (Dredge, 1999).

Extensive bibliographical research has made it possible to identify two main research approaches.

The first stream, composed of a fairly small number of contributions, has sought to identify the characteristics which an effective, modern

system of indices ought to have. The starting point for almost all these contributions is a dissatisfaction with traditional indices, considered as excessively profit-based (Brander Brown and McDonnell, 1995), short term (Wilson and Chua, 1993), unbalanced (Harris and Mongiello, 2001), unsatisfactory for firms seeking a competitive advantage (Evans, 2005), past-oriented (Atkinson and Brander Brown, 2001), slightly market-oriented (Phillips and Louvieris, 2005), and non-holistic (Phillips, 1996). The new control panels proposed are generally constructed through the intrusive analysis of a limited number of cases and more or less explicitly refer to Kaplan and Norton's BSC (Evans, 2005).

A second stream of research has instead explored the link existing between the performances of hotel business and some features determining company strategy seen in a broader sense or the environment in which the business operates. It is a broad and growing stream of research. The studies conducted so far mainly utilise internal factors as independent variables (Øgaard et al, 2008), relating to numerous issues such as strategy (Claver-Cortés et al, 2007; Israeli, 2002), marketing (Koenig and Bischoff, 2005), production (Chen C.F., 2007) and organization (Alleyne et al., 2006). Only few contributions consider as independent variables both internal and external factors (Harrington, 2004).

Performances are almost always measured by jointly or separately using the financial and operating dimension (Claver-Cortés et al., 2007; Alleyne et al, 2006); the organisational dimension is, however, more seldom used (Øgaard et al, 2008).

The indices used to operationalise these dimensions are mainly: i) financial ratios (ROI, ROA, ROS, ROE), ii) occupancy, prices, Revpar, sales growth, customer satisfaction, iii) commitment and involvement.

Market orientation, seasonality and Revpar

According to the review conducted and the statements of the authors themselves, the work carried out by Jeffrey and Barden (2000a, 2000b) and by Jeffrey et al. (2002) are the only studies aimed at analysing "within-week fluctuations at the *daily level*" (our italics).

The empirical evidence relating to a sample of 91 firms (Jeffrey and Barden 2000a) and 279 firms (Jeffrey and Barden 2000b) in the UK confirm the close link existing between the segments of attracted clientele and seasonality. Thus, for example, firms operating in business markets have a greater weekly occupancy, while those specialising in the leisure market show weekend peaks. "The importance of market orientation in

explaining orientation in daily occupancy performance space is immediately confirmed ... Alone, it produces a level of explanation variance of 65%” (2000a, p. 185).

The use of daily data appears particularly promising to see the impact caused by events on business performances. According to their success level, events in fact attract new targets with specific seasonalities, increasing occupancy and/or prices.

Starting from the conclusions reached by the previous studies on daily occupancy (the commercial mix models seasonality), some hypotheses have been formulated with reference to the case in question. Previous studies above all underline the different seasonality marking the business and leisure segments. However, the impact which specific events - “bank holidays, local school holidays, occasional sporting events, one-off exhibitions or tourism promotions, unforeseen events, and even unreasonable weather” (Jeffrey and Barden, 2000a, pp.179-180) - can produce day-to-day variations in occupancy levels.

The present study has a threefold objective. First, the case of Milan is described as an example of a business destination with a strong seasonality derived from its “business and trade-fair” positioning in terms of tourist mix attracted. Second, a reflection is offered about the kind of implications that the positioning of the city has on the hotels’ performance and, in particular, the influence of trade fairs events is exploited in order to analyse in detail the impact of trade fair events on hotels’ performance.

Suggestions for the development of a consistent and successful local marketing strategy will be found in the last session of the paper.

BUSINESS TOURISM IN MILAN

Milan, located in Western Lombardy, is Italy’s largest city, with its metropolitan area accounting for a population of 7.4 million. It also occupies a significant position in the country’s tourism sector and has several strong points as a destination. Indeed, in Simon Anholt’s (2006) City Index, Milan is highly rated as a city of fashion, design, shopping and designer lifestyles, even out-ranking Paris on these dimensions. The city is the second most important Italian destination in terms of overnight stays, with a tourism capacity superior to the ‘stars’ of Italian heritage tourism such as Florence and Venice, even if it cannot operate at the same levels of the competing European cities such as Barcelona, Berlin or Vienna. The average expenditure of foreign tourists is higher than that in other large Italian tourist destinations and they are more likely to stay in

higher quality accommodation (54% of overnight stays are in 4 or 5 star hotels). At the same time, Milan's current positioning also reveals some crucial weaknesses. Milan's tourist industry remains stubbornly seasonal, with steep drops in occupancy levels in the months of April, August and December, and at weekends. This 'rhythm' is dictated above all by the trade fair activity; in this way Milan differs sharply from other tourist destinations whose seasonality has been successfully modified through appeals targeted to specific clientele segments. The average stay in Milan is shorter than that in Italian heritage destinations and in European benchmark destinations.

The weaknesses of Milan's current positioning can be attributed to its model of tourist development, which is based on strategies of single operators intent on exploiting business opportunities linked to the Milan Trade Fair, and to its lack of a unified destination strategy (De Carlo et al, 2009). In fact, the Milan trade fair, the second largest in Europe in terms of space, represents the principle attraction of the city; in stark contrast, the numerous cultural attractions of the destination remain marginal to its tourism offer. Unfortunately, however, the trade fair-centred positioning of the city reflects negatively on the clientele mix. It emerged from a research report on Milan (Sainaghi and Canali, 2009) that the business market constitutes the primary target for Milan. The trade fair alone accounts for 32%, whilst the leisure segment accounts for only 20% and the congress segment amounts to 4%, with a further 4% coming from other segments.

In detail, the *business* clientele is mainly attracted by the numerous firms operating in the city and the hinterland; we may recall that Lombardy and the province of Milan in particular have one of the highest ratios of business per thousand inhabitants in Europe. This segment is fairly transversal regarding star ratings (40% 3 stars and 39% 4 stars), prefers larger-sized structures (48%) and varies to a smaller degree in the different areas the city is divided into, although a greater concentration is found in the outlying districts (62%), located near to the ring roads and motorways (Table 1).

Table 1 Market orientation

Indicators	Milan	Stars		Location						Size		
		3 stars	4 stars	CE	CL	CSN	FC	PE		Big	Medium	Small
Sample	84	47	37	20	26	9	20	9		4	24	56
Commercial mix												
Business	40%	40%	39%	38%	37%	43%	32%	62%		48%	40%	37%
Trade-fair	32%	30%	34%	32%	33%	26%	41%	15%		31%	27%	35%
Leisure	20%	22%	18%	18%	22%	26%	16%	19%		11%	22%	20%
Congress	4%	2%	6%	6%	4%	3%	5%	2%		8%	5%	3%
Other	5%	6%	4%	6%	4%	2%	6%	2%		1%	6%	5%

The *trade fair* clientele is attracted by the numerous events organised by Fiera Milano, the public limited company in charge of the management of the two trade fair centres in the city. We may recall that Milan is the second destination in Europe, after Paris, for the number of fair visitors and visitors per sq.m. sold (EMECA data, 2007). The Fair has a wide, diversified portfolio of events, in most case able to attract a large public, made up of exhibitors and buyers. In 2006 the number of square metres sold was 1.9 million, while the number of exhibitors was 30,000 and the number of visitors over 5 million. In analysing this segment with regard to star ratings, an essential homogeneity is seen between 3-star (34%) and 4-star hotels (30%), while in area terms the hotels situated near the exhibitions centres (Fiera-City) show the most benefits (41%). The Fair however generates wide-reaching effects on all the structures situated in areas of the city, while smaller flows are seen towards outlying hotels (15%). Size-related data, however, do not reveal particular differences.

On the whole, the *leisure* segment has a smaller share (20%). Again in this case, no particular differences are noted for star ratings – 22% for 3 stars, 18% for 4 stars. Location shows a greater swing in values, with higher percentages on average for the Centrale-Loreto area (22%) where the main railway station is situated, and Città-Studi Navigli (26%), where many of the city leisure venues are concentrated. The other areas, however, while showing below-average percentages, have only slightly lower values, with the partial exception of Fiera-City (16%). The smaller importance of this segment is mainly linked to the city's image, mainly known as a business and trade fair destination.

The *congress* segment has a much smaller percentage (4%), similar to that of the residual item composed of other clients (5%).

This positioning has enabled the city to grow over the years, reaching a total of over 20,000 rooms.

STUDY METHOD

Given the importance of the trade fair sector for the city of Milan, four hypotheses have been formulated based on three segments: i) business, ii) trade fairs and iii) leisure.

The *business clientele* typically uses hotel facilities on weekdays and in working periods.

Hypothesis 1: on weekdays the Revpar value is higher than those for weekend periods.

The *fair clientele* follows the rhythms of the schedule of the specific event. Trade fairs are mainly scheduled for weekdays (67% in '06 and

63% in '07). The city has developed a rich portfolio reflected in approx. 150 days per year covered by events.

Hypothesis 2: in trade fair periods the Revpar value is higher than in non-fair periods;

Hypothesis 3: in holiday periods a higher Revpar is found compared with holiday periods without fairs;

Hypothesis 4: on weekday periods with fairs a higher Revpar is obtained than in weekday periods without fairs.

To explore the development of occupancy and prices in relation to the trade fair events and more generally to the seasonality of the destination, the study was started, aimed at acquiring *daily* data on occupancy, average room rates and revenues per available rooms. Given the confidential nature of the information and prompted by hotelier associations, attention was focused only on chain hotels, confirming their greater willingness to collaborate on research projects compared with independent businesses (often smaller in size). Moreover, chain hotels are considerate the most dynamic and innovative, as they have a wider range of characteristics and possibilities, such as their size, their location, or the type of tourism they cater for. Furthermore, the hospitality industry in Milan is growing faster thanks to the new openings of chain hotels. Request was made to all the chain hotels (40 hotels), obtaining data on 23 structures (57,5%). This sample is exclusively composed of hotels in the 4-5 star group. The average size of the sample is 206.04 rooms, compared with a city average, in the 4-5 category, of 133.16 rooms. The 23 hotels in the sample account for 32,35% of the total number of rooms in Milan (4-5 star) and 20.9% of hotels operating in the 4-5 star groups alone.

From a methodological point of view, this sample was useful for assessing the foundation of the previously formulated hypotheses. It is interesting to note that Jeffrey and Barden's study, with 91 cases, advanced conclusions relating to single types of destination by using a small number of observations. Thus, for example, the London occupancy analyses (2000a) were based on 8 cases, on "countryside: business" destinations on 7 firms, on "large town: centre" on 5 and on "seaside: other" on 4.

MEASUREMENT OF VARIABLES

On the suggestion of the hoteliers themselves and on the literature review, it was decided to focus attention on room prices, without VAT, excluding accessory income (F&B, SPA and congress centres), to make structures with various facilities more comparable. The firms supplied the

data requested for the year 2007. In fact, among other indicators, the business practice and literature in the field of hotel companies (Reichel and Haber, 2005) emphasize the centrality of three indicators: occupancy rate (OR), average room rate (ARR) and revenue per available room (Revpar).

The occupancy rate (OR) in terms of rooms or beds represents the capacity utilization and is an indicator of particular relevance to the analysis of the operational dimension (Espino-Rodriguez and Padron-Robaina, 2005). This indicator, in fact, measures the firm's ability to saturate its fixed capacity, managing seasonality (Koenig and Bischoff, 2003). The average room rate (ARR) is a synthetic measure of the average revenue per room and can be calculated in beds or, more commonly in urban destinations, in rooms. It is usually calculated by dividing room revenue alone - thus excluding revenues from other business services (food and beverage and other revenues) - and the actual number of rooms sold.

The Revpar (revenue per available room) is a synthetic indicator (Chung, 2000) that combines the perspective of the previous two indices, in fact, is calculated by dividing room revenue by the number of available rooms and not actually sold (as in the case of the MRA). The turnover is the product between the ARR and the number of rooms actually sold, the Revpar, therefore, is the product of occupancy rate (OR) and the ARR (Brown and Dev, 1999). In calculating this indicator we can focus solely on room revenues, or even consider the extra-income. In the present article, the analysis is limited on room revenues, as the ancillary revenues depend on the services actually offered by each hotel business and are, therefore, more firm-specific.

Once collected the data, it was possible to construct a database composed of 7,300 lines. Apart from the values of price, occupancy and available rooms, the columns also included the distinction between weekdays and weekends, and between working and non-working days. The latter include public and religious holidays and the period between mid-July and the end of August, when the main businesses and commercial activities in the city remain closed for the most part, considerably reducing the number of hotel rooms sold. The Milan Fair calendars are also given, indicating the name of the event for every trade fair day.

RESULTS

The results propose an analysis of the main seasonalities in the city of Milan, marked by a significant gap in Revpar, and a segmentation of trade fair events related to the repercussions they generate on the hotel sector.

Seasonality and performance

The empirical findings of the sample were used to carry out a first quantitative experiment (Table 2). All results were statistically significant ($p < 0.000$).

Table 2 Hypothesis and Performance Indicators in 2007

	# Days		ARR		OR		Revpar	
HP 1								
Midweek	209	57%	€ 126	111%	77%	135%	€ 98	151%
Weekend	156	43%	€ 114	100%	57%	100%	€ 65	100%
Total	365	100%	€ 122		69%		€ 84	
HP 2								
Trade fair periods	147	40%	€ 135	121%	75%	117%	€ 101	140%
Non trade fair periods	218	60%	€ 112	100%	64%	100%	€ 72	100%
Total	365	100%	€ 122		69%		€ 84	
HP 3								
Weekend with trade fair	80	51%	€ 128	133%	64%	131%	€ 82	174%
Weekend without trade fair	76	49%	€ 96	100%	49%	100%	€ 47	100%
	156	100%	€ 114		57%		€ 65	
HP 4								
Midweek with trade fair	67	32%	€ 142	121%	88%	122%	€ 125	147%
Midweek without trade fair	142	68%	€ 117	100%	72%	100%	€ 85	100%
Total	209	100%	€ 126		77%		€ 98	

ARR= Average Room Rate; OR= Occupancy Rate; Revpar= Revenue per Available Room

Focusing the attention on weekdays and weekends (*hypothesis 1*), we find substantial similarity of the average revenue per room sold (ARR) of respectively € 126 and € 114. By focusing on percentages, the average prices paid by customers in weekdays are higher than the ones paid during weekends by 11%. However, the occupancy gap is considerable: during weekdays 77% of the average capacity is used, while the value in weekends falls down to 57%. This gap explains the significant difference in Revpar, which increased from € 65 in weekends to € 98 in weekday (+51%). It can be concluded that the first hypothesis is confirmed: the destination's marketing strategy in terms of market segment attracted and

commercial mix originates a Revpar significantly (51%) higher during weekdays compared to weekends (Saturday and Sunday).

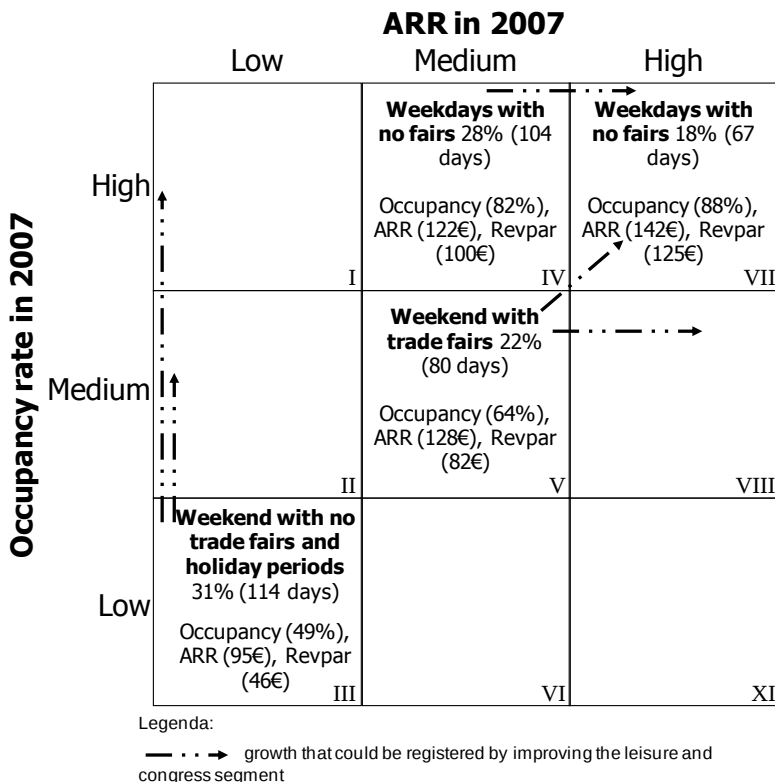
Since they are largely scheduled in advance, trade fair events tend to attract additional clientele segments to the city, favouring a growth in occupancy and prices. A higher than average Revpar value should therefore be seen (*hypothesis 2*). During the fair periods a room is sold at an average price of € 135, compared with € 112 in other periods (non-fair days), +21% in percentage terms. This means that the "premium price" originated from the Fair is important, but not so dramatic as is often claimed. Occupancy rate present a gap: the capacity is used during the fair at 75%, while in the remaining periods to 64%, creating a rather important gap in Revpar, which decrease from € 101 (fair periods) to 72 € (non fair periods). The second hypothesis is confirmed: during the days the fair Revpar is significantly higher (40%) than in non fair periods.

The first hypothesis suggested the city's weakness in the approx. 150 days occurring on weekends. The *third hypothesis* underlines the existence of a major gap during holidays according to whether they are trade fair days or not. The empirical findings suggest the foundation of these hypotheses. On weekends with fairs ARR present a premium price (33% more than weekends without trade fairs) and an increase in occupancy rate (64% compared to 49%). Revpar is significantly higher during weekends with trade fairs (€ 82) compared to weekends with non-trade fairs (€ 47).

Trade fairs represent a great opportunity for Milan, capable of generating a substantial price premium (*hypothesis 2*). However, the city also has a strong positioning in the business segment, which originates tourist flows and overnights especially during weekdays. So far, we analyzed the impact originated from the fairs during weekdays (*hypothesis 4*). The ARR recorded a sharp rise in prices (€ 142 - the highest value of the table) on the weekdays with trade fair events and just € 117 in the remaining days. The premium price correspond to 21%. As the average price paid by customers, so the capacity utilization recorded its highest value in the fair days (88%), while it falls to 72% on other days. Adding the price effect to the occupancy rate, a large differential volume in the different values of Revpar is created (125 € compared to 85 €). This confirms the fourth hypothesis: the fairs allow hotel's managers to increase significantly (47%) the value of Revpar even on weekdays.

Confirmation of the four hypothesis has made it possible to synthesize the existing relationship between the positioning of Milan and the performance of hotels (Table 3).

Table 3 Destination positioning and hotels performance



The absence of significant leisure components makes it particularly difficult to manage all the holidays and weekends with no trade fairs (cell III). Included in this quadrant are more than one hundred days (114), where there is a low ARR (95 €), symptomatic of a high-price competition between companies, that however does not allow to saturate the capacity (49%). It is not enough, the low prices to increase occupancy, it is necessary to configure a specific offer for the leisure segment, with the construction of ecotourism products, for example, shopping, design, culture, heritage.

On the contrary, in all weekends with trade fairs (quadrant V), there is a significant growth in occupancy (64%) and ARR (128 €). The Revpar (€ 82) is substantially twice the one of the cell III (46 €).

A second "attractiveness" of the model in Milan is the relief that takes the business clients on working days. The performance in cell IV show, in this case, high occupancy (82%) and a good level of the ARR (122 €).

Finally, the situation more positive is when the sum effect of trade fairs and business clients (quadrant VII), resulting in high occupancy (88%) and a high ARR (142 €).

TRADE FAIR EVENTS AND PERFORMANCE

Hypotheses 2, 3 and 4 showed the importance of trade fair events, able to generate a gap in Revpar (hypothesis 2) whether these events fall on holidays (hypothesis 3) or weekdays (hypothesis 4). The empirical evidence reported in the previous paragraph have documented the importance of the fairs. Fair days in 2007 were 147, during which time the occupancy of the hotel sample was, on average, of 75% (against an annual average of 69%) and the ARR was equal to € 135 (against an annual average of € 122).

These data describe a "fair-centric" positioning of the city. However, in the perspective of destination management, it is necessary to understand if the effect of trade fairs on operational performance is homogeneous or not. Table 4 segments the fair days, considering the impact on occupancy and ARR. We decided to focus the attention on fair days instead on single events because in one single day several events can be carried out. Moreover, the days in which the event takes place have not the same impact on hotels performance.

The data clearly show how the current fairs portfolio generate more substantial effects on occupancy - there are 85 fair days (53%) where occupancy is above average compared to 47 days (32%) where ARR is above average.

Considering together the two variables, you get four different situations we can pinpointed four different cases.

Fair-days in volume (cell I): 39 fair days (27%) are able to significantly increase the occupancy of the structure under consideration (90%), but not the ARR (113 €). The combined effect on Revpar is still in line - € 102, compared to an average of 101 € during trade fairs periods. Some examples of fairs in volume are represented by Grafitalia, Converflex Europe 2006, Discovery, Miwine, Bride Italy Collections;

Table 4. Segmentation of fair days

ARR trade fair days (135,07€)		
	Below average (100 days, 68%)	Above average (47 days, 32%)
Above average (85 days, 53%) Average occupancy rate trade fair days (75,1%) Below average (70 giorni, 47%)	Fair-days in volume: 27% (39 days) Occupancy rate (90%), ARR (113€), Revpar (102€)	Fair days in success: 26% (38 days) Occupancy rate (95%), ARR (178€), Revpar (168€)
	Non-relevant fair days: 42% (61 days) Occupancy rate (53%), ARR (105€), Revpar (56€)	Fair-days in price: 6% (9 days) Occupancy rate (63%), ARR (170€), Revpar (107€)

Fair-days in price (cell III): an above-average price is seen with, however, a lower occupancy. Theoretically, fair days should not appear, since according to the principles of revenue management, a higher price is fixed when a high saturation of production capacity is expected. In fact the number of fair days in price is very moderate at 9 days. 9 fair days (6%) have a high ARR (170 €), but a lower than average occupancy rate (63%), originating a Revpar also above average (107€ against 101€). The minor amount of “fair days in price” is consistent with the techniques of yield management: the prices are increased when and only when the forecasts on occupancy are high. Theoretically, therefore, this quadrant of the array should be empty. Fair-days in price are normally the beginning or end of major events (including the addition of more fairs), this explains why the management of this case has engaged an ARR greater than the average.

Fair days in success (cell IV): these are the fair days able to increase both above-average occupancy and price. 47 days fair is characterized by high occupancy rate (95%), a high ARR (178 €) and, consequently, a high Revpar (168 €). In percentage terms, 26% of fair days is part of this cell at the confluence of major events such as the “Salone del Mobile”, the “BIJOUX”, the “BIAS”, able to attract significant volumes of exhibitors and visitors. In many cases in the days of “success” different events take place simultaneously. For example, in the days the fair with the highest Revpar, events were held simultaneously “Salone del Mobile”, “Milano

International Antiques”, “Exhibition of furniture complement”, “EIMU.2006 “, “Living the bathroom”.

Non-relevant fair days (cell II): these are events which in average-terms do not increase either price or occupancy. This type of event is quantitatively the most important (61 fair days, representing the 42% of total fair-days). They originate a reduced impact on occupancy (53%), on ARR (105 €) and, consequently, on Revpar (56 €). Such events are very focused on specific targets and therefore do not allow to generate volume strategies, or they attract a large number of visitors (like the “Craftsman Fair”), but that are not sleeping in the city and therefore not originate impacts on the hospitality industry. These results, though at first sight paradoxical, is actually consistent with the business model of the hotels in Milan, where the exhibition segment coexists with other targets and especially with the business on weekdays.

CONCLUSIONS

This study makes it possible to outline some conclusions of a theoretic and empirical nature.

At *theoretic level*, several important implications emerge along three lines: i) relation between destination strategy and business performance, ii) price formulation theory, iii) seasonality study.

Regarding the link existing between marketing strategy at destination level and business performances, the case in question underlines a high, persuasive influence of the super-ordered strategy. The decisions taken at city level in fact shape a commercial mix which, despite the presence of different emphases and specificities of the single firms, tends to characterise the entire hotel industry, with slight differences according to quality levels and location.

Price is generally explained as the function of the quality levels (star rating), of affiliation (commercial brands), of size (number of beds and rooms) or location. The price gaps must be studied with reference to specific periods marked by a relative homogeneity, rather than to time averages (month, season or even year), where the effect of radically different price policies is added. This methodological attention is more important in the context of urban destinations, given the greater complexity of the commercial mix compared with leisure destinations.

The study of seasonality is normally explored by using the data from official tourism statistics, which are generally retrieved monthly. The empirical findings reported clearly show the slight effectiveness of this time segmentation in reading the commercial mix of an urban destination.

Practical implications can be divided as follows: implication at destination level and implication at company level.

Destination level: relevant are the suggestion that the present article can give to destination managers regarding the market segments to develop.

Within the exhibition segment, investments made in the new Fair of Milan (Rho-Pero) will allow to consolidate and develop the current competitive positioning of the city in this segment. The study has revealed the presence of several "successful" and "unsuccessful" fairs. One could consider a rationalization, a more effectively temporal distribution of fair events.

The leisure segment, representing 20% of rooms sold, is not able to avoid price competition in non-working days and non-fair days. To increase the number of tourists, specific events (sport and cultural) could be organised in order to generate large impact on the hospitality industry and provide a new image of the city, more linked to its heritage.

The congress segment now represents about 4% of rooms sold. Milan, thanks to Fiera Milano Congressi, could initiate a development of this segment, trying to put new events attracted in periods where seasonality is more difficult (typically non-working days). The potential for development of leisure and meeting events is substantial and can be largely capitalized by managing more closely some of the activities already in the city portfolio.

The development of the leisure and conference segments could move up the days now positioned within the third quadrant and/or encourage a shift to the right (increase ARR) to other product / market.

It is important for the city to use Expo 2015 as a lever to reach different objectives in terms of mix: i) further enhancing the high heritage assets, to increase leisure demand and thus facilitate the management of non-working periods and holidays without trade fairs, ii) develop a congress segment on condition that it overlap in a complementary fashion with current seasonalities, iii) favour the rationalisation and development of the fair portfolio, to reduce the number of less important fair days.

Company level: management should adopt more market-oriented strategies. The current low level of Revpar of non-working days with no fair will enable the industry to offer their hotel rooms - to be included in wider leisure offerings, conference or event - particularly at low and competitive prices.

Hotels with congress facilities could more effectively market their offer by launching cooperative relationships with businesses that provide ancillary services and support, with Fiera Milano Congressi and

specialized agencies (PCO) in order to get more of the small and medium size events organised by companies or associations.

Finally, with reference to the exhibition segment, is important to avoid any opportunistic behaviour and short-term decisions concentrated on a high ARR. It is important, rather, to optimize Revpar acting not only on price but especially on occupancy.

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