

The increased importance of competitor benchmarking as a strategic management tool during COVID-19 recovery

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Abstract

Purpose – While all recoveries are good, some are better than others with regard to their speed and/or magnitude. Many revenue-related key performance indicators (KPIs), such as comparisons to budgets and forecasts that were designed pre-pandemic to assess a hotel's or destination's performance are no longer valid. Therefore, the primary purpose of this conceptual paper is to highlight the need to peg financial-related KPIs relative to competitors' performance during and following a radical market disruption. The secondary purpose of this paper is to summarize advances reported in the literature and in the industry related to competitor benchmarking and accurately identifying competitor sets.

Design/methodology/approach – This conceptual paper synthesizes research from disparate sources to offer a series of recommendations to the industry regarding best practices for developing and monitoring revenue-related KPIs during pandemic recovery. Such KPIs will be different based upon hospitality or tourism sector but must be largely founded upon benchmarking off comparable operations.

Findings – Industry disruptions triggered by COVID-19 underscore the need (1) to increasingly utilize competitor-based revenue KPI benchmarks; (2) to have reliable competitor benchmarking data more readily available for use by hotels and destination marketing organizations (DMOs) and (3) for both hotels and DMOs to more accurately identify their competitive sets.

Originality/value – The recommendations offered in this paper are anchored with appropriate theories and empirical research; and as a consequence, offer guidance for the industry for KPI formulation during and following the pandemic.

Keywords Balanced scorecard, Benchmarking, Key performance indicators, Pandemic recovery

Paper type Conceptual paper

Introduction

Hypothetical scenario A: In the first quarter of 2021, if Hotel X records revenue per available room (RevPAR) of US\$58.20. Is this result positive or negative?

The answer to this question lies in the hotel's key performance indicators (KPIs). Most hotels have a RevPAR KPI goal established in advance of the focal time period. The RevPAR KPI is one metric in a bundle of KPIs often organized according to a framework such as a KPI scorecard – often termed a balanced scorecard (Fatima and Elbanna, 2020). The hotel's senior leadership can use an array of forecasting techniques to set the RevPAR KPI goal.



Nevertheless, even the most sophisticated forecasting models will be far from accurate if a COVID-19 vaccine is expected but not delivered or vice versa.

Hypothetical scenario B: In the first quarter of 2021, if Destination Y records bed tax revenues of US\$1.2M. Is this result positive or negative?

The answer to this question is the same as the answer provided in scenario A only within the context of a destination marketing organization (DMO) as opposed to a hotel property. Many destinations also employ balanced scorecards to set and monitor KPIs (Sainaghi *et al.*, 2019; Vila *et al.*, 2010).

The intended role of the above scenarios is to illustrate that establishing goals for business volume KPIs during and following a radical market disruption is tricky and often unreliable. Therefore, the primary purpose of this conceptual paper is to highlight the need to peg financial-related KPIs on the balanced scorecard relative to competitors' performance during and following a radical market disruption. For instance, in the context of the above scenario A, a Q1 RevPAR = US\$58.20 is a positive result if competitors are running lower RevPAR s. However, such competitor benchmarking is only achievable if: (1) reliable competitor data is available and (2) entities have accurately identified their primary competitors. Therefore, the secondary purpose of this paper is to summarize research advances reported in the literature and in the industry related to competitor benchmarking and accurately identifying competitor (comp) sets. These objectives are achieved in this conceptual paper by reviewing and integrating findings from disparate streams of research to inform the topic at-hand.

Theoretical foundations of the balanced scorecard

Developed in the early 1990's by Kaplan and Norton, the balanced scorecard approach is a performance management system in which an organization's KPIs are organized according to four categories (Kaplan and Norton, 2005, 2001). The four categories – sometimes termed perspectives – can be summarized as follows (Weber and Schaffer, 2000; Figge *et al.*, 2002).

Financial perspective: measurement of actual performance against KPIs used to measure a firm's economic success.

Customer perspective: measurement of actual performance against KPIs used to gauge the firm's customer satisfaction and value proposition.

Internal process perspective: measurement of actual performance against KPIs used to assess the efficiency and effectiveness of internal processes.

Learning and growth perspective: measurement of performance against KPIs needed to put systems in place to attain success in the other three perspectives.

To reiterate, the entire balanced scorecard system is structured around defining goals (KPIs) in the above four areas and gauging success with regard to attaining those KPIs. As reviewed by Fatima and Elbanna (2020) the balanced scorecard system is widely used in the hospitality and tourism industry and receives its theory-based anchoring from stakeholder theory. Stakeholder theory entails identifying stakeholders [for example: investors, customers, employees] and defining strategies to meet their expectations (Hansen and Schaltegger, 2016). Through satisfying stakeholders, improved products/services, relationships and reputation will be achieved (Fatima and Elbanna, 2020; Hansen and Schaltegger, 2016).

While the entire balanced scorecard system is germane to the strategic management of hotels and destinations, as previously stated, this paper focuses upon the impacts of the COVID-19 pandemic on the formulation of KPIs in the financial perspective component of the scorecard.

COVID-19 and the increased importance of competitor benchmarking in forecasting financial performance on the balanced scorecard

There are many types of forecasting models in the hotel business, some more complex than others. A general category of forecasting models is termed advance booking or pick-up models. Generally speaking, this type of model gauges the increments of future reservations and aggregates those increments into realized demand (Lee, 2018). Such modeling, however, has many variations (Zakhary *et al.*, 2008). For example, additive pick-up models assume that reservations on hand (ROH) on a particular day before arrival are independent of final arrivals. Multiplicative models, on the other hand, assume that current booking levels are proportional to final arrivals (Zhang, 2018).

The academic literature contains a sizable body of hotel forecasting studies. Chen and Kachani (2007) combine exponential smoothing and advance booking models; whereas, Lee (2018) constructs a non-homogeneous Poisson process that incorporates information such as early and late booking patterns. In addition, in recent years, various machine learning approaches have been applied to hotel forecasting (Zhang, 2018). Most recently, O'Neill *et al.* (2020) apply Monte Carlo simulation to hotel forecasting and extol some potential advantages associated with this probabilistic approach. Beyond the application of advanced data modeling techniques, the industry faces an accelerating rate of change which calls for needing high-frequency data and utilizing unconventional indicators for clarity. For example, the government mandates of social distancing for flattening the curve of COVID-19 spread resulted in 316 million Americans being influenced by these regulations. As a result, unconventional, open-source data sets, such as mobility analysis which enables location data from users' devices (with their consent) became a source for future trajectory scenarios during the COVID-19 pandemic (<https://www.google.com/covid19/mobility/>, accessed 21 August 2020).

Such advances in forecasting and open-data source mobility analysis (Zhang *et al.*, 2019) are useful in informing KPI goals for items such as occupancy, average daily rate (ADR) and RevPAR. Nevertheless, during and following a radical market disruption, KPI goals might be unreliable even when informed by the most sophisticated forecasting modeling procedures. In fact, such modeling can be tricky with high margins of error with uncertainty being at its height. Similar logic applies to DMO's visitor volume KPI benchmarks as well. Major market disruptions such as the COVID-19 pandemic deem it very difficult to reasonably predict visitor volumes, let alone their spending. As a consequence, performance relative to a comp set seems to be a more valid KPI diagnostic than a comparison to a predetermined forecast. Based upon this logic, the following fundamental premise is offered:

Fundamental premise #1: Industry disruptions triggered by COVID-19 underscore the need to increasingly utilize competitor-based revenue KPI benchmarks.

COVID-19 and the need for reliable competitor benchmarking data

Effectively utilizing competitor information for benchmarking purposes relies upon the assumption that reliable competitor data is available to hotel and destination practitioners. Regarding the hotel sector, in the late 1980s and early 1990s a number of hotel operators increasingly expressed their desire for 3rd party companies, such as Smith Travel Research (STR), to provide competitor data (Haynes, 2016). Daily call-arounds that many hoteliers had been employing until that time were cumbersome, yielded potentially inaccurate data and were suspected by some to be in violation of US federal antitrust regulations. On the other hand, if a 3rd party company could aggregate data according to a comp set then US federal antitrust regulations surrounding the potential for price fixing are no longer thought to be violated.

Today STR is the largest global company in providing services for hotels to compare their performance against their self-identified comp sets. STR currently collects data from approximately 67,000 hotels around the globe (<https://str.com/data-insights/resources/faq>, accessed 17 July 2020). While STR originated in the US, an agreement with PriceWaterhouseCooper's in 1998 and HotelBenchmark in 2008 facilitated the company's global expansion (Malley, 1998; Office of Fair Trading, 2008).

STR's subscription services allow for use of a number of benchmarking indices. Examples of indices include occupancy relative to the identified comp set [market penetration index]; ADR relative to the identified comp set [average rate index] and RevPAR relative to the identified comp set [revenue generation index]. Nevertheless, despite the global expansion of STR, it is important to realize that, as of summer 2020, such growth extends their data sharing coverage to less than 10 percent of the world's more than 700,000 hotels and resorts (<https://www.condorferries.co.uk/hotel-industry-statistics>, accessed 19 July 2020). The way that STR's data sharing programs are designed relies on the need for the competitors of a focal hotel to also share their data with STR. These statements are not intended to be a criticism of STR because they are perhaps the most ubiquitous provider of such services in the industry. The intent of these statements is to highlight the fact that many(most) of the world's hotels do not have accurate competitor data available for the purpose of assessing whether the magnitude and speed of their pandemic recovery efforts are effective within the context of given market conditions. In fact, a study conducted by Köseoglu *et al.* (2016) finds that many hoteliers are not well-versed in collecting or utilizing competitive intelligence for strategic decision-making.

In addition to the aforementioned issues with hotel competitive intelligence, benchmarking data available for use by DMOs is being altered as a result of the COVID-19 pandemic. Often times, DMOs define their target markets through a combination of customer analysis through digital marketing, product inventory and survey methodologies (Saqib, 2019; Zins, 2014). With the advancements in technology in the last decade, the array of data sources to define destination source markets and competition have been quite extensive. While there is no universal way of determining competitive sets, the pandemic is reshaping destinations' source markets thereby altering the structure of competition. As social distancing and mask enforcements continue, travel mobility will be undermined with consumers traveling to close-by destinations with health and safety in mind. This mindset will likely result in micro travel for a while (Gössling *et al.*, 2020; Wen *et al.*, 2020). The COVID-19 pandemic will determine the course of tourism travel behavior from micro to regional then macro levels. As a result, the competitive landscape will change over time and requires the need for re-evaluation.

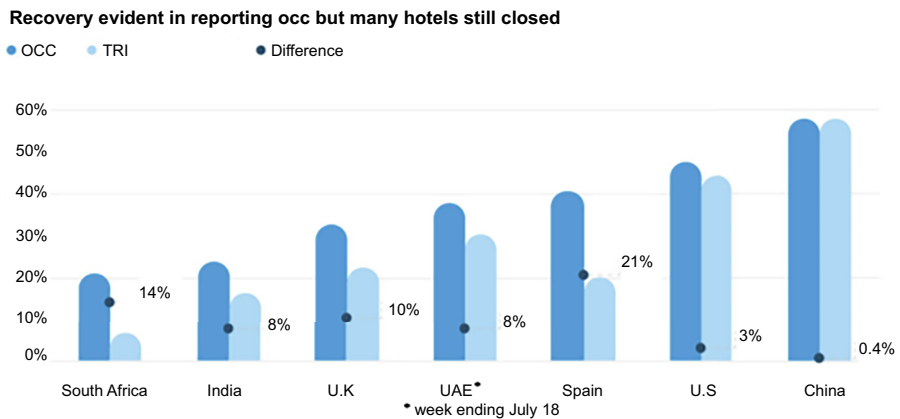
The final point to make in this section is that temporary hotel closures are further compounding competitor benchmarking for both hotels and DMOs (<https://str.com/data-insights-blog/tale-two-occupancies-total-room-inventory-vs-str-standard>, accessed 20 August 2020). That is, if a hotelier or DMO operator learns that a competitor's occupancy rate is 55%, it is often unclear whether that metric was tabulated including only operating hotels or also hotels temporarily closed due to the pandemic. Such confusion deems it even more difficult to benchmark relative to competitors. For this reason, as seen in Figure 1, STR has created a new diagnostic during the pandemic termed as total room inventory (TRI), which includes a destination's entire room inventory regardless of current operations. STR has stated that they intend to report both standard occupancy metrics and TRI until the pandemic recedes.

Fundamental premise #2: Industry disruptions triggered by COVID-19 highlight the need to have reliable competitor benchmarking data more readily available for use by hotels and DMOs.

COVID-19 and the need for accurate identification of competitive sets

Properly employing competitor information for benchmarking purposes hinges upon the assumption that hotel and destination practitioners know what they are measuring and who

Figure 1.
Illustration of standard
occupancy relative to
total room
inventory (TRI)



Source(s): STR.2020 © CoStar Realty Information, Inc

they are competing against. While on the surface, such a statement seems obvious, research indicates that hotel industry competitive sets (AKA comp sets) are not always well-constructed (Hoisington 2016; Webb and Schwartz 2017; Zhang, 2018). By analyzing STR data and TripAdvisor data, for example, Zhang (2018) finds a low match between hotel management's and customer's perceptions of a focal property comp set.

Ever since the early years of competitor data sharing services such as those provided by STR, it has been known that competitor identification is a function of strategic choice and of which competing alternatives are perceived as substitutes (Day and Nedugadi, 1994; Kim and Canina, 2011). Stated differently, which alternatives are seen by the consumer as substitutes. At a rudimentary level, product type can be used to inform decisions regarding comp set inclusion / exclusion. It might be difficult, for instance, to contend that an economy hotel should be included in a comp set with a luxury property. A significant limitation, however, associated with relying upon product type for comp set determination is that not all cases are as clear cut as economy versus luxury. In reality, there are many different product-type classification systems in the industry brought forward by a myriad of stakeholders (e.g. AAA, Forbes, government-based classification hotel rating systems outside the US, online travel agencies, STR, etc).

Because it is not always possible to rely upon product type classification for comp set identification, Kim and Canina (2011) demonstrated that comp sets can be constructed by performing cluster analysis using ADR. The logic anchoring this approach is that "items with similar attributes tend to sell for similar prices in a competitive market (Kim and Caninia, 2011, p. 22). Cluster analysis is more flexible than purely identifying a comp set based upon price segmentation because cluster analysis does not predetermine cut-off points for inclusion but instead uses statistical analysis to form clusters (Anderberg 2014). The overarching finding in this cluster analysis-driven study is that lodging properties in comp sets formulated through cluster analysis are more similar with regard to ADR and RevPAR than when comp sets are structured according to product-type classifications (Kim and Canina, 2011).

Mohammed *et al.* (2014) conducted a study that encompassed interviews with hotel executive-level management and a survey of hotel guests to examine comp set identification. The findings of this study outline the following steps in comp set identification: (1) defining the corporate identity of the hotel; (2) scanning the market for potential competitors and (3) matching and choosing hotels with similar corporate identities (Mohammed *et al.*, 2014, p. 29). This study, along with a number of others conducted on the topic of comp set identification,

converge around the notion that there is a combination of five factors that largely determine comp sets: product offering, price, location, geographic proximity, size and segment (Baum and Lant, 2003; Matthews, 2000; O'Neill *et al.*, 2004). None of these factors, however, are clear cut in comp set identification (Mohammed *et al.*, 2014).

Figures 2 and 3 offer two hypothetical scenarios to illustrate how comp set identification is often not straightforward. In Figure 2, the focal hotel is an independent boutique property that is more upscale than the three chain-affiliated hotels present in the same town. *Hotel A* and *Hotel B* are mid-scale chain-affiliated properties, but *Hotel C* is affiliated with an economy chain. *Hotel H* is an independent hotel offered at a similar price-point as the focal hotel but is located in a town 35 miles away. In this case, is *Hotel C* or *Hotel H* more suitable for comp set inclusion? Stated differently, in this particular case, does geographic proximity trump hotel class similarity or vice-versa?

In Figure 3, the focal property is a chain-affiliated mid-scale hotel in a particular town. There are four other mid-scale hotels located in the same town affiliated with other chains. All five of these properties (the focal hotel and *Hotels A-D*) are within a 3-mile driving radius. In a neighboring town 10 miles away, however, *Hotel G* is a mid-scale chain-affiliated property that is branded with a sub-brand of the same chain as the focal hotel. As such, the tens of thousands of members of the chains loyalty program can earn / redeem reward points at

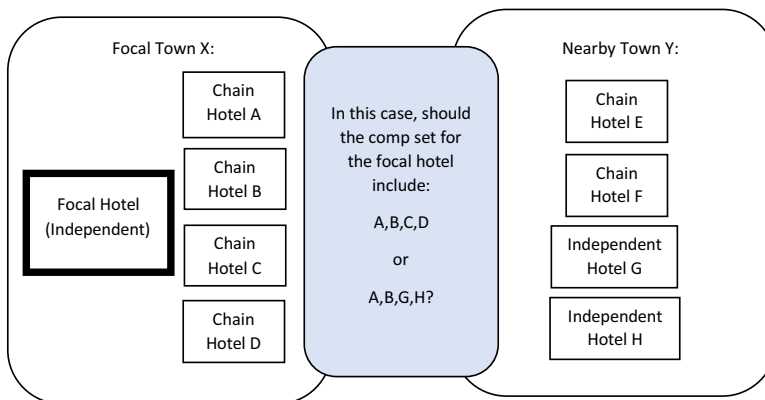


Figure 2.
Comp set design –
confounding factor is
independent status vs.
geographic proximity

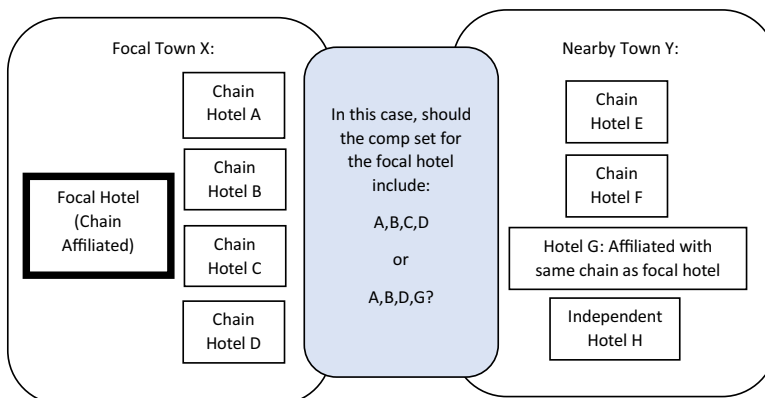


Figure 3.
Comp set design –
confounding factor is
common chain
affiliation vs.
geographic proximity

either the focal hotel or *Hotel G* when visiting the area. In this case, is *Hotel D* or *Hotel G* more suitable for comp set inclusion? That is, in this particular case, does geographic proximity trump common affiliation under a loyalty program or vice-versa?

To reiterate, the purpose of [Figures 2 and 3](#) is to illustrate how selecting the most suitable comp set is often not straightforward. In addition to the confounding factors identified in [Figures 2 and 3](#), other variables can also introduce complexity. For example, [Noone and Robson \(2016\)](#) demonstrate that guests' ratings on review sites significantly influence travelers' hotel choice set; therefore, the question emerges whether such reviews influence a property's inclusion/exclusion in hotel comp sets? In a different study, [Lien et al. \(2015\)](#) show how brand image can play a significant role in online hotel bookings; consequently, it seems plausible that branding/brand image intervenes in influencing consumers' consideration sets – and respective firm identification of comp sets.

Further confounding hotel comp set identification is the fact that some hoteliers may not accurately identify direct competitors because they are overly incentivized to outperform their comp sets without adequate oversight with how they are identifying competitors. [Webb and Schwartz \(2017\)](#), for instance, demonstrate how some hotel managers were likely including or excluding their own properties in their STR comp sets on an opportunistic basis to bolster their own hotels' metrics.

Accurately identifying direct competitors for benchmarking purposes in the DMO arena is equally challenging. DMOs will continue to depend on a spectrum of data sources to measure their efforts daily using small, big, infrequent, frequent, micro to macro data. DMOs often utilize triangulation and their expertise of the market in attempts to define their comp sets ([Saqib, 2019](#); [Zins, 2014](#)). As stated in the previous section, however, the complexity surrounding accurate comp set identification has been compounded for DMOs because pandemic-driven shifts in source markets have altered the structure of the competition. When/if a COVID-19 vaccine becomes widely available, the pace at which comp sets morph again is unknown and will depend upon numerous situational factors.

A data-led decision-making process is becoming the norm for sophisticated destination marketers and managers. It can be likened to informed intuition or solving a mystery puzzle. Similarly, Marissa Myers, the former CEO of Yahoo, is known for her extensive use of data and utilizing them for decision-making. Reid Hoffman, the founder of LinkedIn, describes this process during the Masters of Scale podcast as “Marissa is well-known for her intense use of data when she makes decisions. Indeed, it has been the target of much criticism. But what people overlook is that she's not making choices based solely on the data she collects. Each table of data she builds is like a diving board. The higher she builds it, the wider the view and the bigger the splash when she jumps” [1]. There is no one-size-fits-all approach to decision-making, illustrated here by Marissa Myers. The challenge lies in how high the data tables hoteliers or DMOs will build for efficiency and agility and utilize them with a creative mindset in a post-pandemic marketplace to understand competitiveness.

Fundamental premise #3: Industry disruptions triggered by COVID-19 bolster the need for both hotels and DMOs to more accurately identify their competitive sets.

Conclusions and an agenda for future research

Both hotels and DMOs use a variety of KPIs, often expressed on a balanced scorecard, to diagnose their performance. All KPIs gauge actual performance on a given KPI metric relative to a predetermined goal or benchmark. This conceptual paper concludes that even the most informed and sophisticated forecasting techniques can often produce unrealistic revenue-related KPI goals during or following a radical market disruption such as the COVID-19 pandemic. Such unrealistic KPI goals stem from high levels of noise and uncertainty in the marketplace. For example, as of summer 2020, even the world's leading

infectious disease experts do not agree upon when a COVID-19 vaccine will be widely available and whether such a vaccine will be effective in stopping the spread of the virus and reinvigorating travel and tourism sectors of the economy (Le *et al.*, 2020; Shin *et al.*, 2020).

Such uncertainty increases the need to formulate revenue-related KPI goals not only by using various forecasting techniques but also by pegging some KPI goals relative to competitors' performance. For instance, instead of having the KPI goal of Q1 RevPAR above \$US61.30, the KPI goal could be to exceed the Q1 RevPAR achieved by the comp set. Designing such KPIs pegged to a comp set, however, mandates that: (1) reliable comp set data is available; and (2) the comp set has been accurately identified.

Related to the conceptual logic brought forward in this paper, an area for further research entails competitors not only sharing their actual performance information but also their forecasts. That is, Schwartz *et al.* (2017) found that a data sharing service that exchanges actual performance information as well as forecasted information could significantly improve the accuracy of forecasted business levels for a hotel property. Such a data sharing service could aggregate the data for the entire comp set so as not to over-identify strategic intelligence proprietary to a particular property. Research, however, is needed to determine how such a data sharing service could effectively be designed and what (if any) drawbacks might be associated with such forecast sharing.

Another avenue for future research involves further incorporating relevant 3rd party-generated economic indices into forecasting models used to establish KPI goals. O'Neill and Ouyang (2020), for example, find that gross private domestic investment (GPDI) is a potentially effective predictor of lodging demand. GPDI is the portion of GDP generated by private business investment (O'Neill and Ouyang, 2020, p. 240). Within the context of this paper, if 3rd party-generated forecasts or prognostications of such economic indices gauge the likelihood of events such as the release of an effective COVID-19 vaccine, then such indices can help inform KPI goals.

Because a critical component of this paper addresses accurate comp set identification, it is prudent to identify future research extensions related to this task. Gao *et al.* (2018) conducted a study in which they demonstrate techniques for identifying comp sets in the restaurant sector through mining online reviews. They perform comparative relation mining to construct a *competitive index* and a *dissimilarity index*. Because online reviews are equally (or more) prevalent in the hotel sector relative to the restaurant sector, further research extensions are warranted to advance the use of online review text-mining for the purpose of comp set identification in the hotel sector. In a similar vein, online travel agencies (OTAs) that populate sidebars during searches with information such as "*past customers who viewed this hotel also viewed these properties*" [or similar messages] also present opportunities for refining methodologies surrounding comp set identification.

In the past, tracking cookies held some potential for increasing the accuracy of comp set identification by monitoring which Internet sites a consumer visits after visiting the focal website. However, changing cookies and data privacy regulations will likely diminish the existence of third-party cookies and encourage the use of first-party data sets. In a post-cookie world, there are solid indications of changing scale of data sets, mastering these data sets and connecting data sets through multi-method, multi-faceted approaches. Therefore, 2020 has become a critical year for digital tourism in setting up new benchmarks and new methods.

In light of these changes, future research can examine the role of technology in understanding the changing paradigm, KPIs and benchmarks. With third-party cookies going away by the end of 2020, privacy regulations changing on a routine basis and most importantly the profound impact of COVID-19 on the hospitality and tourism industries, the accelerating change is inevitable. 2020 is a year of reset where strategic priorities are redefined; sustainability has become the new norm, and destination management and marketing practices are increasingly bridged together.

As previously mentioned, the business volume / revenue-related KPIs focused upon in this paper are typically one category on a KPI scorecard. For instance, the balanced scorecard framework first introduced by Kaplan and Norton (2005) incorporates four categorical areas for KPIs: Financial Perspective [addressed in this paper], Internal Business Perspective, Innovation and Learning Perspective and Customer Perspective. In other words, while this paper focused upon revenue-related KPIs, it is prudent to note that both lodging providers and DMOs typically have baskets of KPIs that extend past revenue-focused ones (Elbanna *et al.*, 2015; Sainaghi *et al.*, 2013). Some destinations, for instance, have KPIs that assess local residents' quality of life. While outside the domain of the current paper, future research might consider how systematic competitor benchmarking systems can be applied to other categories of KPIs such as a standardized index for measuring quality of life that can be comparable between destinations.

The COVID-19 pandemic has shaken the global economies with catastrophic impact particularly in the tourism industry: possible scenarios of 60-to-80% decline in international arrivals and loss of US\$910 billion to US\$1.2 trillion in tourism export revenues in 2020 (<https://www.unwto.org/news/covid-19-international-tourist-numbers-could-fall-60-80-in-2020>, accessed 22 August 2020). With government restrictions on travel to ensure health and safety of individuals, the travel industry operating with a limited capacity, over-supply and the recent societal issues of inequality and injustice, the need for a holistic approach in order to build resilient and sustained tourism economies is perhaps increasingly important for the industry. Gretzel *et al.* (2020) recently encouraged tourism researchers to rethink the industry paradigm and unleash future possibilities through a technological transformation with a critical, creative and transparent approach. The hospitality and tourism industries have already restarted this process by readjusting their priorities and strategies. For example, Tourism Portugal re-shifted its tourism marketing to de-marketing efforts with a message, Can't Skip Hope amid the pandemic (<https://www.youtube.com/watch?v=IFIFkGV207A&feature=youtu.be>, accessed 22 August 2020). In this campaign, an inspirational video with the message of hope advised travelers it is time to stop for a while, refocus for all, respect one another and hold on to the feeling of hope of travel tomorrow. Similarly, Wynn Resorts Ltd. paid \$75.7 million to its US employees in salaries, tips and benefits during the lockdowns and business closure in Las Vegas and Boston in recent months ([https://wynnresortslimited.gcs-web.com/news-releases/news-release-details/wynn-resorts-limited-reports-second-quarter-2020-results?field_nir_news_date_value\[min\]=](https://wynnresortslimited.gcs-web.com/news-releases/news-release-details/wynn-resorts-limited-reports-second-quarter-2020-results?field_nir_news_date_value[min]=), accessed 22 August 2020). This public company aims to focus on financial success but also has invested in the Wynn brand, culture and safety standards that will likely bolster future success.

In this vein, future research could further examine the sustainability of destinations and hospitality operations with a more comprehensive approach, not a singular mindset that is highly vulnerable to future shocks. A holistic perspective calls for critical thinking around strategy, paradigm shift and growth in a meaningful way benefitting the livelihoods and well-being of people and places. The unprecedented disruption of how we live, work and travel provide us with opportunities for transformational business processes and the attainment of organizational goals. While the domain of this paper is the financial perspective of the Kaplan and Norton (2005) scorecard framework, future research can consider the use of alternative KPIs for the following perspectives:

Customer perspective:

The COVID-19 pandemic has introduced an expanded view of customers for tourism destinations. Traditionally, DMOs have promoted travel to an external audience: travelers who live outside the community. The pandemic, placing travel at a halt, has prompted some

destinations to re-evaluate the definition of a typical customer. Residents who live in the community have transformed into primary customers during the recovery phase. Hospitality operations have focused on taking care of people: both employees and customers as their top priorities with health and safety in mind. Health, safety, sentiment, satisfaction, quality of life and quality of place have become alternative KPIs.

Internal business perspective

Traditional operational goals that help organizations to achieve customer objectives in the near term is perhaps transforming into a long-term view given the broader shifts in supply with contactless service, need for cooperation and most importantly re-defining shared success for the community and local identity. Strategic objectives supporting people, businesses and destinations may increasingly be becoming the new norm to measure alternative KPIs such as the environment. For example, Iceland recently created a \$650 million tourism investment acceleration incentive to support infrastructure at national parks and protected areas to prepare the industry for future demand (<https://grapevine.is/news/2020/03/31/icelandic-government-passes-26-billion-isk-covid-19-action-package/>, accessed 22 August 2020).

Innovation and learning

Efficiency, agility and speed are synonyms for today's knowledge-driven network economy. One area of development is the digital transformation. Technology-enabled solutions and human capital, as accelerators of change, will spur innovation at all levels. Hospitality marketing scholars (e.g. Ali, 2017) have also encouraged the use of multi-method and new methods, such as big data, artificial intelligence, machine learning and network analysis to further the discipline. The COVID-19 pandemic impact on the digital analytics industry is immense. It is forecasted to grow by an annual compound growth rate of 15% in the next two years (<https://www.marketsandmarkets.com/Market-Reports/covid-19-impact-on-analytics-market-11024881.html>, accessed 22 August 2020). The future of the industry will be largely data-led and technology-driven with humanity at the forefront.

The future-focused paradigm shift, adoption and application are an essential order of business for hospitality and tourism professionals. Consequently, innovative benchmarking methods and integration of alternative KPIs will likely encourage a practical foundation to transform the future of our industries and create opportunities for best outcomes for people, places, along with profits.

Business and human endeavors are systems. We tend to focus on snapshots of isolated parts – and wonder why our deepest problems never get solved.

(https://www.goodreads.com/author/quotes/21072.Peter_M_Senge, accessed 22 August 2020)
Peter Senge, Systems scientist, founder of the Society for Organizational Learning.

Note

1. Quote adapted directly from: https://mastersofscale.com/wp-content/uploads/2018/10/mos-episode-transcript_-marissa-mayer.pdf

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