

Déjà Vu: Why Firms Respond More Than Once To A Competitor Action

by

Kathleen Ann Tully

B.B.A., University of Notre Dame, 1985

M.B.A., Old Dominion University, 1993

Submitted to the Graduate Faculty of
Katz Graduate School of Business in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy

University of Pittsburgh

2006

UNIVERSITY OF PITTSBURGH

Katz Graduate School of Business

This dissertation was presented

by

Kathleen Ann Tully

It was defended on

January 18, 2007

and approved by

Dr. Ravi Madhavan, Associate Professor, Katz Graduate School of Business

Dr. John Camillus, Professor, Katz Graduate School of Business

Dr. Laurie Kirsch, Associate Professor, Katz Graduate School of Business

Dr. Phyllis Coontz, Associate Professor, Graduate School of Public and International Affairs

Dissertation Advisor: Dr. John Prescott, Professor, Director of the Doctoral Program, Katz

Copyright © by Kathleen Ann Tully

2007

Déjà Vu: Why Firms Respond More Than Once To A Competitor Action

Kathleen Ann Tully, PhD

University of Pittsburgh, 2007

Why does a firm respond to a competitor's action as it does? Prior to this grounded theory study, there was no transparency, the black box of competitive response remained dark. Using a series of three embedded case studies and examining eighteen competitive responses, this study has illuminated the processes connecting the inputs and outputs related by previous content based research in competitive response. One pattern that quickly emerged was multiple responses to competitive actions/trends. Understanding why firms pursue multiple responses and what does and does not constrain their choices became the focus of this research.

To widen the beam of light, this study takes a broader view of competitive response recognizing that, from an Austrian viewpoint, all responses - imitation, modified imitation or novel - can erode the advantage created by the initiating firm. To control for rival hypotheses, the participating firms were all in the same service industry characterized by high visibility that maximizes awareness and minimizes response uncertainty. Emerging from this study are five response processes, all with the potential to produce multiple responses. These processes are differentiated by their triggers, which include perceived survival threats, performance below expectations, trends with and without revenue opportunities and trends with an impact to firm identity. This study also revealed the response pressure mechanism in which a delay in the firm's main response and a looming penalty for not responding within a response window were

found to generate interim responses. Implications from this study include: an initial understanding that how a firm responds depends on the triggers; a firm may respond more than once to a competitor action; responses come in all shapes, sizes and frequencies; the number of responses is dependent on the response pressure mechanism; and how a firm responds is molded by its perceptions, its current and aspired identities, and the customer appeal of the initial action. Though this study must be replicated in additional contexts to ensure generalizeability, a final contribution of this research is to demonstrate the complementary value of process and content research to allow the full picture of competitive response to take shape.

TABLE OF CONTENTS

TABLE OF CONTENTS	VI
LIST OF TABLES	XI
LIST OF FIGURES	XIII
PREFACE.....	XV
1.0 INTRODUCTION.....	16
1.1 OVERVIEW OF EXISTING RESEARCH	19
1.2 METHODS OVERVIEW	22
1.3 SUMMARY OF FINDINGS AND OPPORTUNITIES FOR FURTHER RESEARCH.....	26
1.3.1 Why do firms choose multiple responses to a competitor action or industry trend?	29
1.3.2 What constrains the firm's response decisions and what does not?	34
1.3.3 Social mechanisms present in the processes	37
1.3.4 Integrating these findings into the knowledge base	39
1.4 PRACTITIONER BENEFITS	43
2.0 COMPETITIVE RESPONSE RESEARCH TO DATE: A VIEW FROM OUTSIDE.....	45
2.1 COMPETITOR ATTACK (ACTION) ATTRIBUTES	49

2.2	CONTEXT.....	52
2.3	INITIATING FIRM CHARACTERISTICS	56
2.4	RESPONDING FIRM CHARACTERISTICS	59
2.5	RELATIVE INTERDEPENDENCIES BETWEEN RESPONDING AND INITIATING FIRMS.....	62
2.6	RELATIVE INTERDEPENDENCIES BETWEEN THE COMPETITIVE ACTION AND THE RESPONDING FIRM.....	67
2.7	DECISION PROCESS CHARACTERISTICS IMPACT ON RESPONSE FORM SELECTED.....	74
2.8	OPPORTUNITIES FOR FURTHER DEVELOPMENT OF RESPONSE KNOWLEDGE	80
3.0	RESEARCH METHODS	83
3.1	PRELIMINARY INTERVIEWS	85
3.2	RESEARCH DESIGN.....	87
3.3	THEORY BUILDING METHODS	88
3.4	INDUSTRY SELECTION	90
3.5	POCONO MOUNTAIN RESORT INDUSTRY	94
3.6	FOCUSING ON NEW PRODUCTS/SERVICES.....	96
3.7	PARTICIPATING SUPER-RESORTS IN THE POCONO MOUNTAINS	97
3.8	DATA COLLECTION METHODS	99
3.9	MEASURING PERCEPTIONS	112
3.10	DATA CODING.....	114
3.11	DATA ANALYSIS.....	115

3.12	VALIDITY AND RELIABILITY SUMMARY.....	117
4.0	CASE 1. WOODLOCH PINES RESORT	120
4.1	KID’S CAMPS AT SKYTOP LODGE AND SMUGGLER’S NOTCH RESORT125	
4.2	AUTOMATED CHECKOUT TREND IN THE RESORT INDUSTRY ...	129
4.3	SPA TREND IN THE RESORT INDUSTRY.....	133
4.4	THE ADDITION OF A CONFERENCE CENTER BY SKYTOP, SPLIT ROCK, THE SCRANTON HILTON, AND POCMONT.....	137
4.5	DISCOUNTING TREND IN THE RESORT INDUSTRY	140
4.6	INTRODUCTION OF GAMBLING IN THE CATSKILL MOUNTAINS OF NEW YORK	144
4.7	RESULTING PROPOSITIONS AND MODEL.....	152
4.8	INSIGHTS PROVIDED BY EXTANT LITERATURE	161
5.0	CASE 2. CAESARS POCONO RESORTS	170
5.1	HONEYMOONER AND MIDWEEK COUPLES TARGETING TREND177	
5.2	SPA TREND.....	181
5.3	GREEN ROOM TREND	183
5.4	DESSERT TOPPINGS BAR OFFERED BY PONDEROSA STEAKHOUSE 186	
5.5	ONLINE RESERVATIONS TREND	189
5.6	GAMBLING IN THE CATSKILLS AND PENNSYLVANIA	192
5.7	OVERVIEW OF RESULTS	196
6.0	CASE 3. SKYTOP LODGE	201

6.1	HIGH SPEED INTERNET TREND.....	207
6.2	AUTOMATED AND INTEGRATED PROPERTY MANAGEMENT SYSTEM212	
6.3	ADDITION OF DEDICATED CONFERENCE CENTER BY SPLIT ROCK, FERNWOOD, AND THE SCRANTON HILTON.....	216
6.4	DISCOUNTING TREND.....	219
6.5	ONLINE RESERVATIONS TREND	222
6.6	SPA TREND IN THE INDUSTRY	224
6.7	RECAP OF FINDINGS	230
7.0	CROSS CASE ANALYSIS	237
7.1	PROPOSED MECHANISMS WITHIN COMPETITIVE RESPONSE DECISION MAKING PROCESSES.....	262
7.2	INTEGRATING THE FINDINGS INTO THE COMPETITIVE RESPONSE KNOWLEDGE BASE	269
8.0	CONTRIBUTIONS.....	274
8.1	WHY DO FIRMS CHOOSE MULTIPLE RESPONSES TO A COMPETITOR ACTION OR INDUSTRY TREND?	275
8.2	WHAT CONSTRAINS A FIRM’S RESPONSE DECISIONS? AND, WHAT DOES NOT?	277
8.3	MANAGERIAL IMPLICATIONS.....	279
9.0	SUGGESTIONS FOR FUTURE RESEARCH.....	282
	DATA COLLECTION INSTRUMENTS.....	285
	5 YEARS OF POCONO INNOVATION	310

CASE STUDY PROTOCOL	317
CODING REFERENCES	336
10.0 BIBLIOGRAPHY	340

LIST OF TABLES

Table 1. Instigating products/services and trends and responding resorts interviewed.....	24
Table 2. Methodological differences between current study and prior research.	84
Table 3. Woodloch Pines - Preliminary Interviews.	86
Table 4. Participant Resort Facts.	97
Table 5. Instigating products/services, resort responses and ratings.	103
Table 6. Woodloch Pines: Main Study Interview Schedule & Topics.	109
Table 7. Caesars Pocono Resorts: Interview Schedule & Topics.....	110
Table 8. Skytop Lodge: Interview Schedule & Topics.....	110
Table 9. Steps taken to promote study validity and reliability.	118
Table 10. Woodloch Pines response chains.....	122
Table 11. Lieberman & Asaba's (2006) model expectations and actual Woodloch responses.	164
Table 12. Caesars Pocono Resorts Response Chains.....	173
Table 13. Propositions to validate and improve in the Caesars Pocono Resorts case.	175
Table 14. Revised response chain propositions following second case study.....	198
Table 15. Skytop response chains to be evaluated.....	203
Table 16. Propositions generated by Woodloch Pines and Caesars Pocono Resorts cases.....	203
Table 17. Skytop response chain propositions.....	233
Table 18. Propositions that emerged from case studies.....	246

Table 19. Final propositions from study.....	260
--	-----

LIST OF FIGURES

Figure 1. Components of resulting process models.....	18
Figure 2. Resulting Response Decision Processes.....	28
Figure 3. Mechanisms at work in response processes.	39
Figure 4. Categories of factors influencing competitive response for existing literature discussion.....	49
Figure 5. Existing research predicting imitation as a response.....	50
Figure 6. Rogers (1995) Innovation Diffusion Process in Organizations.....	70
Figure 7. Theory building process in use.....	90
Figure 8. Performance below expectations.....	129
Figure 9. Failure of an earlier response.	132
Figure 10. When identity is activated.	136
Figure 11. Learning required to imitate.	139
Figure 12. Industry trend perceived to threaten firm survival.	144
Figure 13. Woodloch Pines Response Processes.....	155
Figure 14. Response chain process flows following Case 1.....	178
Figure 15. Revised performance below expectations chain flow.	181
Figure 16. Modified trend with revenue or performance enhancing opportunity chain.....	185
Figure 17. Revised trend with no revenue opportunities chain flow.	189

Figure 18. Revised response chain process flows following Case 2.	200
Figure 19. Initial response chain processes.....	206
Figure 20. Revised trend with identity impact for non-adoption response chain flow.....	210
Figure 21. Revised trend with revenue or performance enhancing opportunities response chain flow.	226
Figure 22. Revised response chain process model with Skytop changes highlighted	231
Figure 23. Final response chain process models.....	239
Figure 24. Status of response chain process model evaluations.	245
Figure 25. Mechanisms proposed in revenue or performance enhancing decision process.	263
Figure 26. Mechanisms proposed within response decision making processes.	265

PREFACE

I want to thank Dr. John Prescott for his continued support, guidance, and patience as I grappled with both ideas and data; Dr. John Camillus, Dr. Laurie Kirsch, and Dr. Phyllis Coontz for their direction and valuable suggestions regarding my use of qualitative methods. And thanks to Dr. Ravi Madhavan for his suggestions, questions, and insights throughout the process. Finally, I need to thank my family for their encouragement, cheerleading, and an occasional shoulder.

1.0 INTRODUCTION

In the competitive tug-of-war that takes place in industries worldwide, each participant strives to generate profits and to survive. Within this struggle are moves and countermoves, leaders and followers, alliances and opposition. The Resource Based View and the Austrian School both focus on this interaction, but from different perspectives. The Resource Based View focuses on how a firm can create a sustainable competitive advantage with an inward focus on developing rare and valuable resources and an external view on how to protect the supernormal profits generated by making the resource/capability difficult to imitate (Barney 1986, 1991; Collis 1994; Dierickx & Cool 1989; Peteraf 1993; Peteraf & Bergen 2003; Wernerfelt 1984).

The Austrian perspective, on the other hand, studies the disequilibrium created when a firm introduces a new combination, including rare, valuable, and difficult to imitate resources/capabilities into the market. According to this view, competitors are driven to respond to the introduction of a new combination of resources by a desire to share in the profits it generates (Ferrier, Smith & Grimm 1999; Hayek 1937; Jacobsen 1992; Kirzner 1997; Mises 1949; Schumpeter 1934). And, as responses occur, the responding firms chip away at the excess profits generated by the initiating firm, a conclusion empirically supported by the improved performance of responders (Lee, Smith, Grimm & Schomburg

2000; Makadok 1998; Smith, Grimm, Gannon & Chen 1991), until eventually all excess profits have been dissipated. Past research into competitive response has utilized large data sets of action and response pairs collected from secondary sources and focused on predicting imitation as firms chip away at an advantage. By analyzing the action and response pairs, the factors that contributed to a firm's response were inferred to play a role. But, the actual connection between the factors was not observed. This grounded theory study takes a different, though complementary methodological approach and is the first to venture inside the responding firm to gather firsthand data on the response decision processes. Thus, this study observes the actual connection between a competitor's action and a firm's response and begins to explain why firms respond as they do. This study is also unique in that it adopts a more expansive view of competitive response that includes imitation, modified imitation and novel responses, as well as the potential for responses to occur in combination. Overall, by forging the connection between competitor actions and all firm responses through the response decision process, a more comprehensive understanding of competitive response begins to emerge.

The components of the processes that emerged appear in Figure 1 and include: the study context, five resulting processes, main effects, moderators, and the resulting response sets. The context for this study was specifically chosen to control for a number of factors to eliminate rival hypotheses. A single industry in a single geographic location was selected to control industry and location variation between responding firms. Additionally, a high visibility service industry was chosen and only new product/service competitor actions were observed to maximize the responding firm's awareness and attention to the competitive action, while minimizing uncertainty regarding the product/service and facilitating response.

These measures eliminated rival hypotheses from the decision making literature relating to causal ambiguity and uncertainty, while also creating a positive environment for competitive response to occur.

A total of five processes emerged from this study, each with different triggers or main effects. The processes share the need for the responding firm to make at least one decision on how to respond, an action shaped by both main effects, including the reason the firm is responding, and moderating effects such as the firm's identity. Together these forces produce a response set or a collection of one or more competitive responses to a single competitor action.

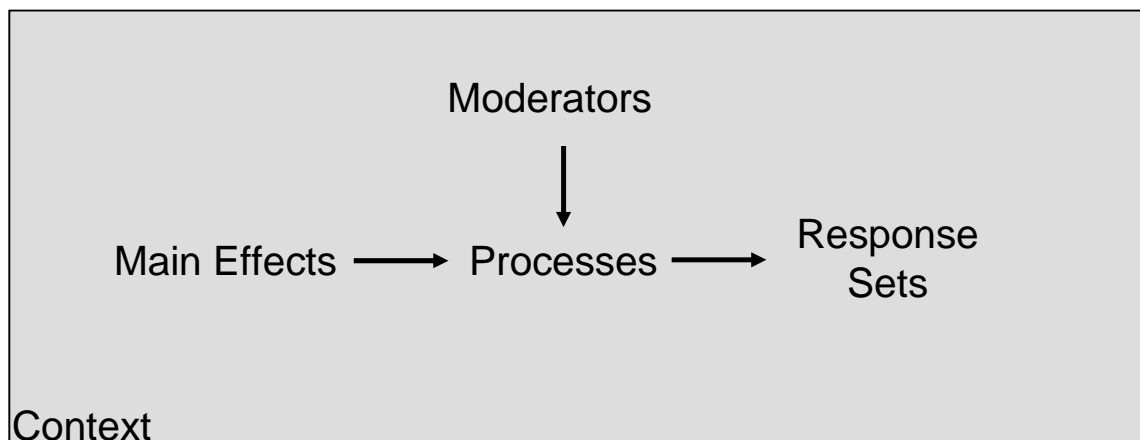


Figure 1. Components of resulting process models.

In the remainder of the introduction, an overview of this pioneering study will be presented, beginning with a review of the existing research on competitive response. A summary of the different research methods utilized in this study are presented next and followed by a review of the findings generated by the study and suggestions for further research. This chapter concludes with a discussion of the practitioner benefits of having a

better understanding of the response decision process, the triggers for the different processes, and the factors impacting them.

1.1 OVERVIEW OF EXISTING RESEARCH

The competitive dynamics stream of research within Strategy, based on the Austrian perspective, examines the dynamic interaction of firms in the marketplace and attempts by firms to create disequilibrium and reactions by competitors to share in or at least minimize advantages. Throughout this body of research, a tremendous effort has been devoted to understanding what drives response, response speed and response intensity, and what promotes imitation as a response (Chen 1996; Chen & Hambrick 1995; Chen & MacMillan 1992; Chen & Miller 1994; Chen, Smith & Grimm 1992; MacMillan, McCaffery & VanWijk 1985; Reddy & Holak 1991; Smith, Grimm, Chen & Gannon 1989; Smith et al. 1991). A focus on imitation as a response, given the Austrian foundation, is expected as imitation is the most direct way for a responding firm to participate in the instigating firm's profits. A result of this attention, however, is that little research has been done to date on other forms of competitive response, namely modified imitation and novel responses. Though they represent a less immediate assault on the initiating firm's profit stream, they can be equally or more devastating. Two researchers who adopted a broader view of competitive response include MacMillan (1988), who found that once firms viewed a competitive attack or trend as a serious threat, they responded using all types of responses; and Greve & Taylor (2000) who discovered that when a visible firm made a change, it triggered change throughout the industry and was dominated by non-imitative responses beyond the instigating firm's

geographic market. These researchers' findings suggest that there is more to competitive response than imitation and that imitation is just the tip of the iceberg.

The competitive dynamics research to date has also exerted a significant amount of energy identifying the factors associated with the various attributes of competitive response to allow its prediction. Most of this research has been content based utilizing quantitative methods. The actual reasons why a firm responds and how the response process unfolds have received less attention. MacMillan (1988), Ferrier (2001), and da Rocha and Dib (2002) are three exceptions. MacMillan (1988) studied how banks responded to the introduction of automatic teller machines (ATMs) and found that responders began with denial of the competitive advantage created by ATMs, and then launched a series of responses that were mere adjustments to their current strategies. Finally, upon realization of their ineffectiveness, the banks reacted with serious responses that included imitative and non-imitative responses. Ferrier (2001) also recognized the gap in attention to competitive processes and studied how firms compete over time by analyzing the sequential patterns of competitive moves between firms. Undoubtedly, some of the competitive actions were responses to a competitor's actions, though the study focused on all competitive action. Finally, da Rocha and Dib (2002) studied local responses to the entry of Wal-Mart into Brazil and documented four types of response including (1.) attempts to neutralize Wal-Mart's threat; (2.) imitation of Wal-Mart's business model; (3.) market expansion to become less dependent on Brazil; and (4.) mergers and partnerships to imitate Wal-Mart's size. As these studies reveal, non-imitative responses are frequently used and may be used in combination. And, they also hint at the rich discoveries and theory development opportunities available when the response process is studied.

One final point regarding these three response process studies is that only da Rocha and Dib (2002) peered inside the responding firms and asked why they reacted to Wal-Mart. The primary reasons they identified were the threat that Wal-Mart's size posed, the company's commitment and aggressive tactics, and Wal-Mart's customer appeal. As this study demonstrates, information that can assist in filling the process research gap must be obtained from the responding firm itself. This study will begin to fill this gap by asking responding firms the following research questions.

1. Why do firms choose multiple responses to a competitor action or industry trend?
2. What constrains a firm's response decisions?
3. What does not constrain a firm's response decisions?

These research questions also purposely do not limit the type of response, but embrace all responses, including imitation, modified imitation and novel responses. This more inclusive view was selected to resolve the gap in attention devoted to non-imitative responses and to construct more comprehensive response knowledge. The focus on multiple responses emerged during the first case study as the breadth and volume of data and observations produced by the in-depth interviews were voluminous, as is often the case with qualitative methods. As a result, the focus of this study and the first research question were further narrowed to investigate one of the more intriguing findings – the consistent occurrence of multiple responses to a single competitor action. Additionally, it was expected that the responding firm had specific reasons and influences that pushed it to launch or plan multiple responses. To develop theory capturing these factors, the

remaining research questions for this study were honed to focus on what influences the response process and its outcomes.

1.2 METHODS OVERVIEW

In order to understand what takes place within the black box that is the firm and to unearth why a firm responds as it does, case studies were selected to allow sufficient access to the firm and its processes in this grounded theory study. This approach is a departure from previous competitive response research in which large data sets of actions and suspected reactions were collected from secondary sources. Rather, in a complementary approach, this study is the first to focus on what occurs within the responding firm between the competitor action and the responding firm reactions to define the processes that produce the competitive responses.

Three firms participated in this research, which usually would provide insightful, though limited information with which to form theory. But, given that the research questions are focused at the competitive response level and not the firm level on analysis, the competitive response set becomes the logical unit of analysis. This embedded case study design allows for multiple occurrences of the unit of analysis within each firm and the opportunity for more observations in the study (Eisenhardt 1989; Yin 2003). Beyond providing more opportunities to view the response decision process, the embedded case study design also elevates the internal validity of the study with more chances for replication of observed relationships.

To ensure adequate access to the response decision process and the actual response decisions, and to promote the flexibility needed to adjust as the process was revealed, semi-structure in-depth interviews were used as the primary data collection method (Eisenhardt 1989; Yin 2003). These methods were then supplemented by a survey of the respondents to collect more objective information. Together, the use of qualitative methods combined with a strong research design provided an effective window through which to observe competitive response processes.

The industry selected for this research is the Pocono Mountain Resort industry, located in Northeastern Pennsylvania in a four county region the size of Delaware. The selection of this industry was made based on personal connections by the researcher, but also offered many advantages to the research design. First, competitive actions in the resort industry are very high in visibility due to its service nature and the high level of customer co-creation with its products and services. This context plays an important role in this study and represents a boundary condition. First, according to Kiesler and Sproull (1982), the more visible a threat, the more likely it is that it will be detected and responded to. Thus, the high visibility promotes awareness of and attention to a competitor's action, but also minimizes uncertainty as the information needed to construct a competitive response is accessible to the responding firm (Chen & Miller 1994; Gatignon 1984; Kiesler & Sproull 1982). Therefore, in this context, rival hypotheses from the decision making literature pertaining to uncertainty do not apply and have been structured away to elevate the validity of this research. To further enhance the visibility of competitor actions and to ensure attention, awareness, and minimal uncertainty within the response context, the study's

competitive scope was narrowed to focus only on new products and services. Because they are directly accessed by customers and would be promoted by the resort and mentioned in industry related news articles, these actions are the most visible within the competitive environment. Therefore, by focusing on new products and services in a resort industry, the competitive environment is not only primed for response, but simplified to eliminate competing hypotheses relating to attention, awareness and uncertainty, making this a promising industry for competitive response research.

Another benefit of selecting the Pocono Mountain Resort industry is that it is located in a limited geographic area that allowed many additional variables that could offer rival hypotheses to be controlled. This additional control further elevates the internal validity of the study. Among the variables controlled in this context are the economic environment and terrorism threat level in both the Pocono region and in its major customer bases (New York City, Philadelphia, Connecticut), the regulatory environment within Pennsylvania, and the weather, which is very important in the resort industry.

Table 1. Instigating products/services and trends and responding resorts interviewed.

New Product and Service Responses Investigated	Resorts Interviewed
Kid's camp service offered by Skytop Lodge and Smuggler's Notch	Woodloch Pines
Automated checkout trend	Woodloch Pines
Spa services trend	Woodloch Pines, Caesars Pocono Resorts, Skytop Lodge
Addition of a conference center by Split Rock, the Scranton Hilton, and Pocmont	Woodloch Pines, Skytop Lodge
Discounting trend	Woodloch Pines, Skytop Lodge
Gambling approval for the nearby Catskills, NY resort area	Woodloch Pines, Caesars Pocono Resorts
Honeymooner and mid-week couples targeting	Caesars Pocono Resorts

trend	
Green room program developed by Starwood	Caesars Pocono Resorts
Dessert toppings bar at Ponderosa Steak House	Caesars Pocono Resorts
Online reservations trend	Caesars Pocono Resorts, Skytop Lodge
Automated and integrated property management system trend	Skytop Lodge
High speed internet trend	Skytop Lodge

Three large resorts in the Pocono Mountain Resort industry were recruited to participate in this study. They are Woodloch Pines Resort, Caesars Pocono Resorts, and Skytop Lodge. And, even though they are located in the same area, these resorts are quite different. One is privately owned, two are publicly owned, one has a large corporate parent, one does not advertise, but has a phenomenally high annual occupancy rate, and the target markets served by these resorts cover the entire spectrum including families with children, couples, honeymooners, elderly groups, and corporate groups. Obtaining this variety in the study increases the confidence that the results obtained can be generalized beyond the Pocono Mountain Resort industry and represents greater external validity.

Data collection at the participating resorts occurred between July and September, 2004 and began with the most senior executive at the resort. That executive was asked to select six new products or services introduced by a competitor or present as a trend in the industry to which the resort either responded or was in the process of responding. To allow triangulation of the information provided, the executive was also asked to identify two managers who participated in each response decision to serve as experts. Forty five minute interviews were then scheduled with each individual to conduct the semi-structured interview for each response shown in Table 1. In total, 12 interviews were

held with 9 managers at Woodloch Pines, 11 interviews with 4 managers were conducted at Caesars Pocono Resorts, and 12 interviews with 6 managers occurred at Skytop Lodge to shed light on how these resorts shaped their responses to competitor actions or industry trends.

As the six responses were analyzed for Woodloch Pines, differences between response processes began to emerge in an inductive, explanation building process. Factors that resulted in separation between the response behaviors and influences were identified and modeled separately. Once a process model was developed, later responses were then compared to the predicted pattern in a pattern matching process and, if it followed the same process, the accuracy of the model was confirmed. If the model required modification to capture the observed process, the necessary changes were made as iterative explanation building continued, leaving confirmation to a later response. This iterative process continued throughout the eighteen responses in the three cases and produced the response processes, shown in Figure 2, that embody the factors that prod a firm to respond with multiple responses and affect their form.

1.3 SUMMARY OF FINDINGS AND OPPORTUNITIES FOR FURTHER RESEARCH

As Figure 2 depicts, five different response processes emerged, each driven by a different concern or goal, and represent the first mapping of competitive response decision processes. Three of the five processes are related to firm performance, ranging

from the opportunity to grow revenues to the need to avoid shuttering the firm. The fourth reason prompting response is customer appeal rather than revenue opportunities, while the fifth is associated with the resort's desire to maintain or further develop its identity. The knowledge generated by this study and embodied in the five response decision processes and how they inform each of the research questions will be reviewed in the following paragraphs. As the discussion continues, the common social mechanisms abstracted from each process will be assembled to provide a mid-level theoretical overview of the study findings. Finally, as the discussion concludes, the findings generated in this study will be compared and contrasted with previous research as they find their place in the competitive dynamics knowledge base.

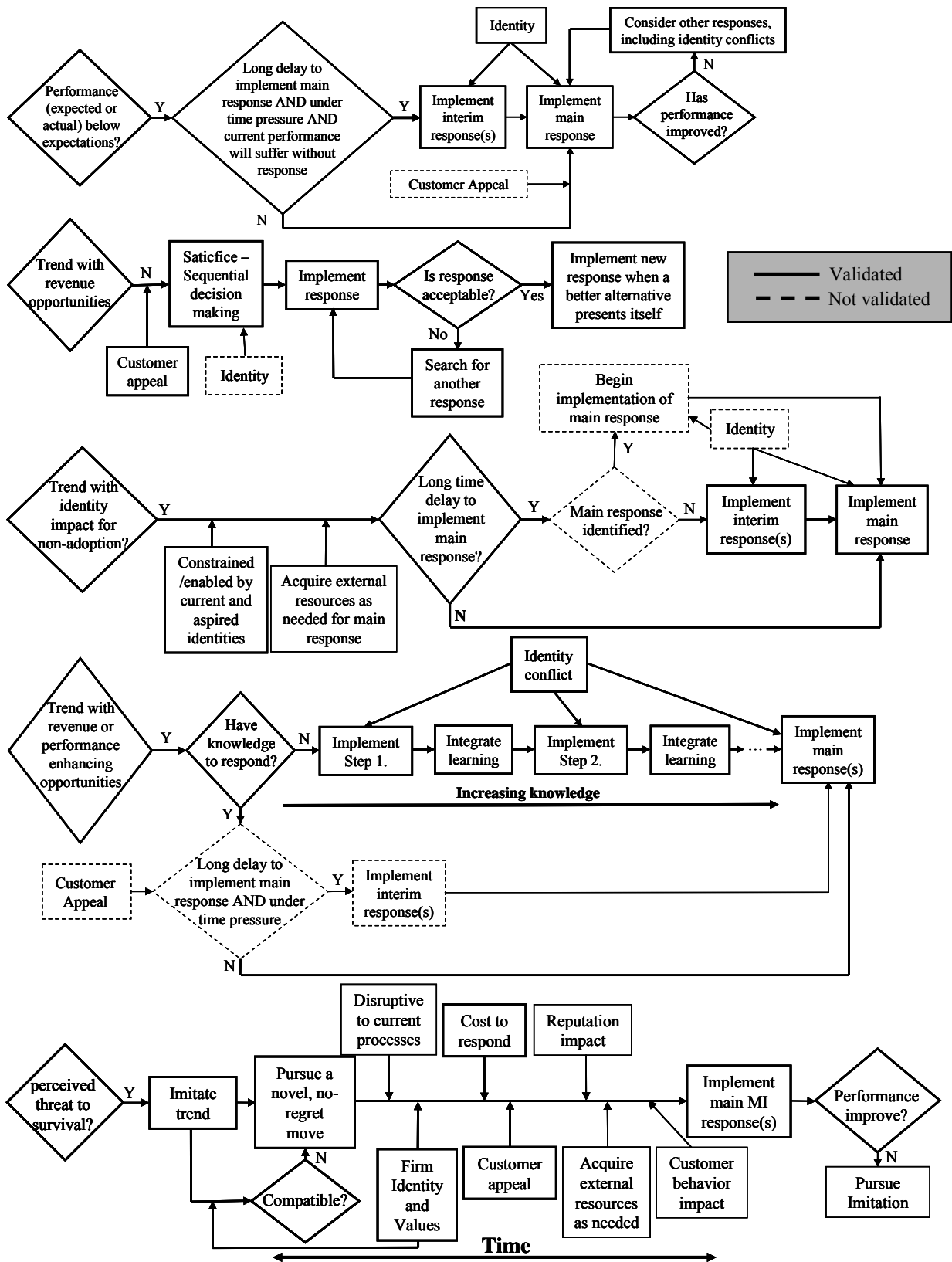


Figure 2. Resulting Response Decision Processes.

1.3.1 Why do firms choose multiple responses to a competitor action or industry trend?

Multiple answers to this research question emerged as response processes were mapped. Two situations in which multiple responses are generated occur when the firm is feeling performance pressure and has either not been meeting its expectations or has identified revenue or performance enhancing opportunities in a trend. These performance related triggers are the result of comparisons made by the responding firm to its competition. The first is a comparison between the responding firm's performance and its expectations. These expectations are shaped by how other firms, similar and different, are performing or have performed in the past. The underlying assumption is that if they can do it, so can the responding firm and represents a social proof mechanism. The second comparison is a direct assessment of the success of the initiating firm or a firm that has already adopted a trend to the responding firm. Again, the success measurements of the responding firm are based on the social proof mechanism.

In both performance triggered scenarios, three factors converge to produce interim responses. Initially, only a long delay to implement its main response was considered to be necessary to generate an interim response, but as additional interim responses using these processes were evaluated, the requirements were expanded to include a performance penalty for not responding sooner. This factor is at the core of competitive response as without a response, the firm cannot counter the competitive action or share in the profit stream it created. This penalty is also the likely source of the time pressure requirement as the responding firm attempts to avoid the loss or miss the

opportunity. If all three of these criteria are met, the resulting response chain will include at least one interim response, but may also include multiples as stop gap measures until the firm's main response is ready. Skytop lodge, for example, experienced time pressure to meet the high speed internet needs of corporate groups already scheduled at the resort. And, if it could not provide the amenity, the non-response penalty would involve lost corporate revenue. The resort had yet to select its high speed internet solution and, until that decision could be made and implemented, Skytop installed cable high speed internet in a few conference rooms, sometimes through windows, as an interim response.

The combination of a long delay in which to implement a response, time pressure, and the negative performance impact associated with not responding were conceptualized into an interim response pressure mechanism. Within this mechanism the social pressures associated with being a successful business and stakeholder expectations intersect and can produce interim responses if a sufficient and firm specific level of pressure is created. As the trigger for interim responses, the interim response pressure mechanism has its place in four of the five response processes generated by this study.

When the firm's current or aspired identity (Tajfel & Turner 1985) is activated by a competitor's action and the responding firm feels that its identity will be damaged if it does not imitate, multiple responses are also possible. This trigger corresponds to a firm's desire to protect its current identity and to add attributes as its model identity evolves, but also to advance it further in pursuit of the firm's identity aspirations. These goals, aspirations, and defense behaviors associated with a firm's identity can be

summarized into the identity advancement mechanism. And, as this name suggests, a firm is focused on advancing and protecting its identity and will strongly resist any situations that allow it to deteriorate or be damaged.

The only requirement for interim responses to occur in this situation appears to be a long delay to imitation. But, the remaining two requirements of a penalty for non-response and time pressure mentioned in the previous processes are likely baked into this scenario. Though identity damage does not necessarily have a performance implication, it likely disrupts the firm's strategy and damages the firm's self-esteem, which represents a penalty. And, the desire to avoid this penalty inspires a sense of urgency. Therefore, as with the previous response process, all three factors that contribute to an interim response being generated and embodied in the interim response pressure mechanism are once again present.

A final performance related source for multiple responses occurs when a firm believes that its survival is threatened by a competitor's action. In this special case, time pressure is definitely imbued in the situation and is created by the ultimate penalty of ceasing operations. The response pattern that emerged was consistent both times it was observed and began with imitation as the responding firm tried on the persona of imitating the competitor's action. If the persona was not compatible with the firm's identity (Tajfel & Turner 1985) or values, the firm selected a novel response as they evaluated other alternatives. In both cases, the novel response was also a no-regret move with no downside and only positive benefits (Courtney, Kirkland & Viguerie 1997) – e.g.

rolling out a guest appreciation gift for long-time guests. The response then continued with the implementation of at least one modified imitation response in which some portion of the instigating action was captured to ensure survival. The potential exists for this specific chain to be extended with additional responses if the responding firm's performance in light of the competitor's action does not improve.

Finally, despite the apparent conflict with the firm's identity and values, if the firm's death spiral continues fostered by the competitor's action, the firm is considering modifying its identity to allow imitation, sacrificing its differentiated position and imitating the competitor in order to survive. This last ditch effort to secure survival reflects a survival instinct mechanism present within the firm. And, just as in biology research, a firm will sacrifice everything in order to survive. This observation was previously made by Haveman (1992) as she analyzed how California credit unions jettisoned their Protestant values when facing their own extinction.

Time pressure played a consistent role in fueling interim responses in the previous decision processes, but its absence is required for them to occur when a firm does not possess the knowledge internally to respond. This situation occurred when Woodloch Pines proactively expanded its identity to include hosting corporate meetings. Without time pressure, the firm was able to take incremental steps to build its knowledge, as well as testing the appeal of individual characteristics of its final response. The result of this incremental knowledge building process is multiple responses building toward the firm's final imitative response.

The last competitive response situation that spurs multiple responses is not related to revenue, but is driven solely by customer appeal as demonstrated by other firms. Therefore, this response is also triggered by social proof. But, unlike the previous scenarios in which the responding firm faces interim response pressure, here the responding firm implements the first good alternative it identifies to satisfy an industry trend via sequential decision making (March 1994) and satisficing (March & Simon 1958, Nutt 1984; Pfiffner 1960) and dispenses with interim response. Multiple responses are, however, still a possible outcome and occur when this first solution either fails or does not generate the desired customer appeal, sending the responding firm back to the drawing board. Additional attempts are made to at least provide modified imitation, generating additional responses until the responding firm is successful. It is logical to surmise that the responding firm would temper the number of responses it generates by the lack of a positive revenue impact. This energy saving and cost control behavior may also extend to the decision making process and provides a potential explanation for the use of sequential decision making with satisficing (March & Simon 1958, March 1994; Nutt 1984; Pfiffner 1960). Though not specifically observed in this study, the behavior is often found within the practitioner world and is embodied in the quick and dirty decision making mechanism.

As the previous discussion reveals, many situations can create interim response pressure and trigger multiple responses. Given the pervasiveness of multiple responses, researchers, regardless of whether they are focused on processes or outcomes, should

expand their view and their methods to capture the full breadth of competitive response. By examining the full array of competitive response, we can gain a complete understanding of competitive dynamics.

1.3.2 What constrains the firm's response decisions and what does not?

The second and third research questions address what shapes how a firm responds. Within this study several moderators emerged as influential, though the dominance of two specific moderators – firm identity and customer appeal – was surprising. The details surrounding both of these moderators will be provided in the following paragraphs, as well as a brief review of moderators that made infrequent appearances.

A firm's identity as a moderator is present in all five process flows and emerged as one of the most powerful factors shaping how a firm responds to a competitor action (Tajfel & Turner 1985). This consistent presence is captured in the identity advancement mechanism and suggests that firms do not want to pursue a response that is out of character, a conclusion supported by participant resorts' stated concern for confusing their customers, alienating their guests, and going against their own values. And, this discipline holds until performance declines persist and other response attempts have fallen short. This observation coincides with Haveman's (1992) finding that when faced with their own extinction, firms will change anything, including their identity, to survive.

A final discovery related to identity is that a firm is not limited by its current identity when responding to a trend promising performance or revenue improvement opportunities. Rather, firms were able to proactively expand their identity by pursuing this trend as long as there was no conflict with their current identity. This situation was encountered only when the firm did not have the knowledge internally available to pursue the trend. The narrow applicability of this identity freedom is understandable, however, because if knowledge is already internalized within the firm, it has already become part of the firm's identity and would not represent an exception to it. This finding is also congruent with the proposed identity advancement mechanism as moving the firm's identity in a desired direction does not result in identity damage. Though this discovery remains to be replicated outside the Pocono Resort industry, it is a surprising outcome and hints that firms continue to grow and can embrace diversification as long as identity conflicts are avoided.

Another second powerful moderator present in two response decision processes is customer appeal. The first is a yet to be replicated concern for the appeal of the firm's main response with its customer base when performance is below the responding firm's expectations. In this case, appeal to the responding firm's customer base is essential in generating revenue and improving performance, and is likely a proxy for it. Additionally, customer appeal, though not necessarily to the responding firm's current customer base, is indirectly implied in the other responses where a revenue potential exists. Further research is necessary to untangle the roles of customer appeal and revenue opportunities in competitive response, though the value obtained from this separation would only be

realized when they occur separately, as in the response to a trend with no revenue or performance potential. In this response process, customer appeal is the lone instigator to the response. In the cases in which this process was executed, there was no hint of legitimacy concern (DiMaggio & Powell 1983), though they were expected to explain the decision. This response process, therefore, appears to be completely customer focused and, when replicated, offers the opportunity to separate these moderators.

The only process in which customer appeal does not have a direct or indirect presence via revenue is in responses where the instigating action activates the responding firm's current or aspired identity and triggers the identity advancement mechanism. In this response, it is all about the responding firm. But, the expectation is that, as the responding firm developed its current identity and identity goals, it considered their customer appeal and revenue potential. Additionally, if a trend exists in which other firms are pursuing an action, the expectation, via the social proof mechanism, is that they would not implement it unless it had a positive impact on their bottom line due to customer appeal. Therefore, though it remains unstated, customer appeal likely mediates the firm's identity in this and the other response decision processes in which the identity advancement mechanism is present.

Finally, a variety of moderators crowd in to shape a responding firm's modified imitation response when imitation conflicts with the firm's identity and values and the firm's survival is at stake. This response process was demonstrated and confirmed by one firm in this study and all of these moderators intruded on the decision, including

disruptiveness, cost to respond, reputation impact, customer behavior impact, customer appeal, firm identity and values, and the need to acquire resources. However, following the logic revealed by Haveman (1992) and confirmed here, all of these moderators may fade if the survival crisis deepens, including identity and values. The only moderators expected to survive are customer appeal as a proxy for revenue potential and the cost to respond. And, regardless of customer appeal, it is the latter that may push the responding firm to shutter its doors.

As these research questions reveal, response choices are shaped primarily by firm identity and customer appeal/revenue impact. But, when the firm's survival is at stake, only the latter factor remains.

1.3.3 Social mechanisms present in the processes

Each process that emerged was abstracted to identify the higher level social mechanisms at work within an organization. At this mid-level of theory, below the grand law level, mechanisms capture the confluence of forces and behaviors as outcomes are created. Though the actual outcomes produced by these mechanisms vary, the recurrent intersection of these social forces do not and are modeled in Figure 3. Within a context characterized by high visibility, high awareness and attention, and low uncertainty, the mechanisms that emerged within the response decision processes include: (a.) interim response pressure; (b.) social proof; (c.) identity advancement; (d.) quick and dirty decision making; and (e.) a survival instinct.

At this level of abstraction, several commonalities leap off the page. First, the social proof mechanism, whether through expectations or observing actual firm success, is responsible for triggering four of the five processes. The commonality, however, ends there as four diverse processes emerge based on a variety of factors ranging from the health of the responding organization to the revenue potential of the competitive action or trend. Also evident at this level is that interim response pressure emerges early in the response process and scripts the response behavior of the firm. And, if the pressure surpasses the responding firm's threshold, interim responses result. Finally, as mentioned in the previous section, the prominent role played by the responding firm's identity is visible in the identity advancement mechanism found in all five response processes. Of note, however, is that identity is not static. It can be changed, whether proactively expanded or modified by the firm's survival instinct, and represents a dynamic factor shaping how a firm responds to a competitor's action or a trend.

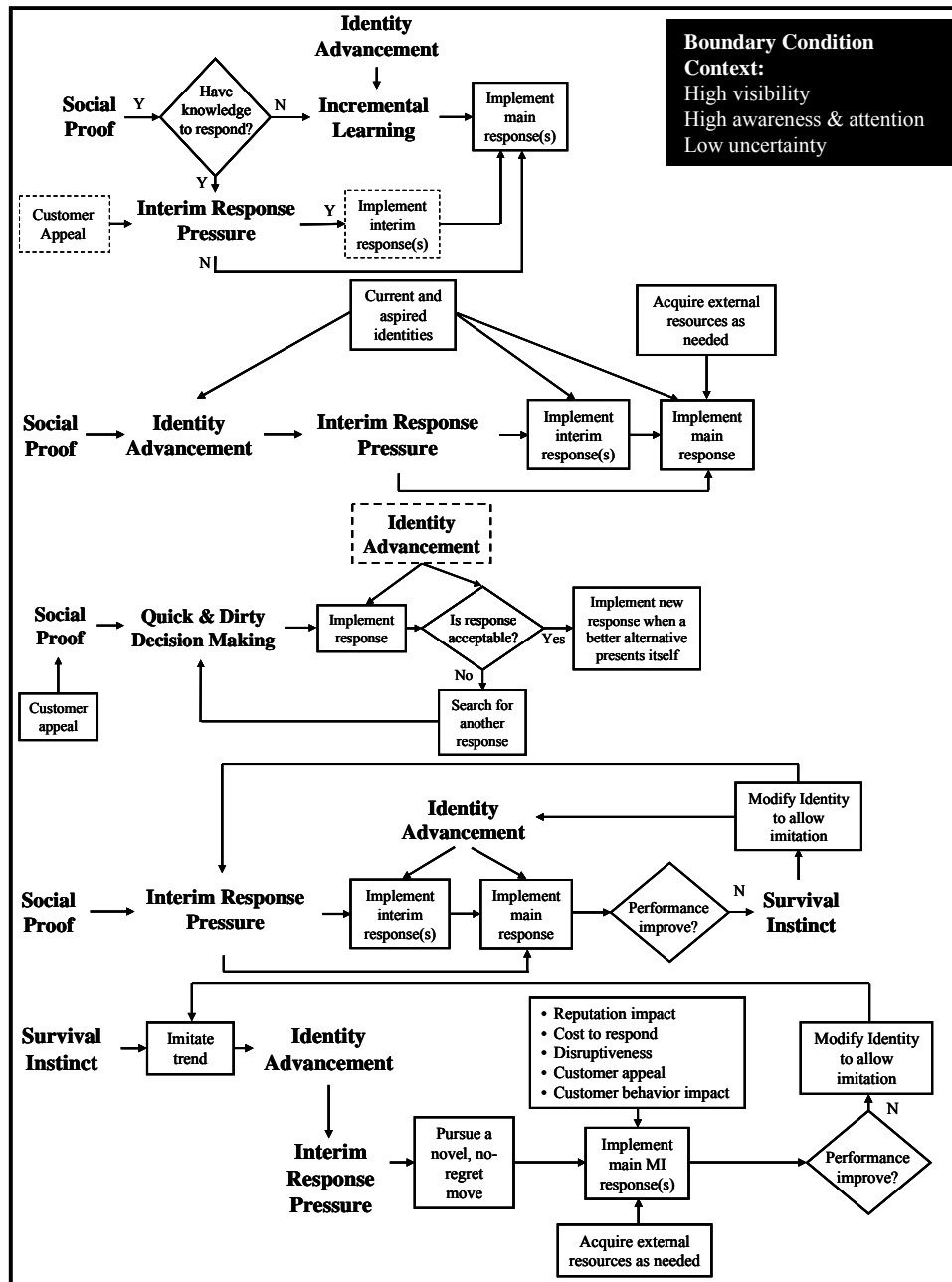


Figure 3. Mechanisms at work in response processes.

1.3.4 Integrating these findings into the knowledge base

To conclude this discussion, it is beneficial to compare what has been uncovered within the firm to what was observed externally by previous researchers exploring

competitive response to draw parallels and to identify opportunities for future research. First, many of the factors researched and the proxies employed to represent them are present in the response decision processes identified here. Among them are past performance, market (segment) growth and importance, perceived potential and customer appeal (Chen 1996; Chen & MacMillan 1992; Chen et al. 1992; da Rocha & Dib 2002; Miller & Chen 1994; MacMillan et al. 1985; Reddy & Holak 1991; Smith, Grimm, Chen & Gannon 1989); and the perceived threat or impact (Chen, Smith & Grimm 1992; Smith et al. 1989). These factors directly support the consistent presence of revenue and performance concerns that permeate the flows. Also reflected in the decision processes are response ease, ability to respond, action radicality and complexity, response disruptiveness, organizational complexity, and organizational slack (Chen 1996; Chen & Miller 1994; Chen et al. 1992; MacMillan et al. 1985; Miller & Chen 1994; Smith et al. 1991; Smith et al. 1989) that can either facilitate or create delays in implementing a firm's main response and trigger the need for interim and multiple responses. The further exploration of these and related factors such as absorptive capacity, visibility, incentives, and firm ambidexterity have the potential to further explain why firms pursue multiple responses.

Though it generated a significant amount of new knowledge, this study was limited in its scope and intentionally excluded a number of previously explored variables from evaluation. For example, only responses to new products/services were studied to ensure sufficient visibility (Chen & Miller 1994; MacMillan et al. 1985) to promote competitive response, effectively limiting instigating actions to strategic actions (Chen et

al. 1992; Miller & Chen 1994; Smith et al. 1991). Additionally, there is not much variation in firm age as all three participants are at least forty eight years old and sufficiently battle tested (Miller & Chen 1994). Also, because no large superpowers in the industry innovated, the influence of a much larger competitor (e.g. Wal-Mart) on the response process was not captured (da Rocha & Dib 2002). Further, because resorts tend to compete geographically (Baum & Mezias 1992), the influence of multi-market contact on the response process was also excluded. Finally, this study was conducted in a single geographically bounded industry, eliminating the influence of industry and environmental variables on the response process to prevent the intrusion of rival hypotheses and the erosion of internal validity (Miller & Chen 1994; Reddy & Holak 1991; Smith et al. 1989). All of these variables must be relaxed in future studies, offering a variety of research opportunities, to obtain a complete understanding of why firms implement multiple competitive responses to a single instigating action.

Finally, absent as moderators or mediators from the response decision processes but previously shown to hold promise are top management team experience and education (Smith et al. 1991); internal or external orientation (Smith et al. 1989; Smith et al. 1991); the market position of the responding firm (Reddy & Holak 1991; Smith, Grimm, Wally & Young 1997); in-group membership (Smith et al. 1997); irreversibility of the instigating action (Chen & MacMillan 1992; da Rocha & Dib 2002); and competitor reputation (da Rocha & Dib 2002). Though these factors did not appear, this study is only the first to map a firm's response process and many combinations of competitive actions and competitor identities (e.g. Wal-Mart) remain to be explored from

a process perspective. As a result, additional research is necessary to determine if these factors, as well as those intentionally held constant in this study, should take their place in a firm's response decision process and under what circumstances they become influential.

One final insight with implications for future research is the role played by firm perceptions. Woodloch Pines felt that having a high quality spa was essential to it becoming an "A" player in the resort industry and, as a result of this realization, utilized the trend with identity impact for non-response process. Skytop Lodge, on the other hand, is very similar to Woodloch and both resorts located the other in relatively close strategic proximity on price, quality, and breadth of services. Despite these similarities, Skytop also recognized the spa trend, but rather than activating its identity, Skytop viewed the spa trend as a revenue opportunity to be seized and followed that response process instead. The result of this divergence was the aggressive pursuit of a destination spa with interim steps taken to provide an intermediate level spa offering by Woodloch Pines and the creation of a spa on the top floor of the main resort building as an interim step by Skytop with a 10-year plan to develop a destination spa if the trend continues. Even though both resorts were responding to the same industry trend and they share many similarities, the individual firm perceptions were the deciding factor in the response process used and ultimately in how the firm responded. This finding makes the measurement of firm perceptions essential when studying competitive response, regardless of the methods used. Without including this subjective view as variable in future studies, conflicting results may arise even though all other factors may be equal.

1.4 PRACTITIONER BENEFITS

To ensure that this new knowledge is useful beyond academia, a review of the benefits this research provides from a practitioner's vantage point is appropriate. First, this study brings an awareness that a firm's responses may actually be a series of responses to be viewed and managed as a whole. This aggregate viewpoint allows the responding firm to make decisions with the entire response chain in mind rather than at a micro and less integrated level. By becoming aware of the processes and the factors that wield influence, the responding firm can also begin to take control of the process and to proactively manage the triggers and moderating factors to ensure that rational and high quality response decisions are made. Also evident in this study is the significant role played by the responding firm's perceptions, whether interpreting opportunities or threats. If a firm finds that, in hindsight, their perceptions are inaccurate, the impact of this error and its consequences can be assessed and a case made to improve the firm's environmental scanning and competitive intelligence skills and effort. Finally, as a firm plans a competitive attack on a market, it can use these processes to anticipate how a competitor may respond. This advance warning can allow the initiating firm to take steps to minimize the impact of a response or to prolong its implementation timeframe and maximize the period that it maintains sole control of the revenue stream. Overall, this stream of research is expected to be extremely beneficial to practitioners as it has the potential to enhance the quality of both competitive attack and response decision making as response process knowledge is developed.

In the upcoming pages, previous research conducted relating to competitive response upon which this study is built will be presented and will be followed by an extensive description of the research methods applied to reveal these findings. Each of the three case studies will then be examined with the findings from Woodloch Pines Resort shaping the initial response decision process models and the remaining two cases validating and further refining the processes. The discussion will continue with a comparison across the cases and a comparison to existing research to fully extract all discoveries made in this study. The document will conclude with a review of the contributions this study has made to the body of competitive response knowledge and to the practitioner knowledge base and identify opportunities to continue the research momentum begun here.

2.0 COMPETITIVE RESPONSE RESEARCH TO DATE: A VIEW FROM OUTSIDE

To begin an exploration of competitive response, the theoretical foundations upon which its research is based must be understood. The competitive battle between firms is governed by a combination of the Resource-Based view and Austrian Economics. Together they describe a firm's attempts to create a sustainable competitive advantage and competitors' attempts to erode it, respectively. According to the resource based view, to become a source of sustainable competitive advantage or at least a sustainable profit stream, a resource/capability must be rare, difficult to imitate and substitute, and must be of value to the customer (Barney 1986, 1991; Collis 1994; Dierickx & Cool 1989; Peteraf 1993; Peteraf & Bergen 2003; Wernerfelt 1984). And, there is solid empirical support for this viewpoint as individual firm differences, stemming from their unique collection of resources, were found to account for a high proportion of the variance in profit rates across firms (Brush, Bromily, & Hendrickx 1999; Chang & Singh 2000; Hansen & Wernerfelt 1989; Mauri & Michaels 1998; Roquebert, Phillips, and Westfall 1996; Rumelt 1991).

When considering a competitive action, firms attempt to design characteristics into it that will create a competitive advantage and generate a sustainable source of

positive rents. Using the introduction of a new product or service to a market as an example, if the initiating firm is in sole possession of the product/service, it is rare in the marketplace and creates a pseudo-monopoly for the initiating firm. Second, the generation of positive rents is a reflection of the product/service's value to customers and also serves to attract competitive attention (Coyne 1985; Day & Wensley 1988; Dube & Renaghan 1999, Peteraf 1993; Porter 1980). Finally, to protect its revenue stream, the initiating firm can employ isolating mechanisms such as patents, complexity, and resources that can only be developed over time to inhibit imitation by competitors (Porter 1985; Rumelt 1984).

Schumpeterian/Austrian economics addresses the dynamic portion of competition and suggests that the other competitors in the market will not sit idly by and allow supernormal profits to be taken by a competitor. Rather, they are driven to respond by the desire to share in those profits (Ferrier et al. 1999; Hayek 1937; Jacobsen 1992; Kirzner 1997; Mises 1949; Schumpeter 1934). Grimm and Smith (1997) defined a competitive response as, "a market move taken by a competing firm to counteract the initial competitive action," (p. 59). Given this motivation, therefore, it is not a question of if a competitor responds, but when (Grant 1991; MacMillan 1988; Smith & Grimm 1991). And, as responses occur, competitors chip away at the positive rents generated by the initiating firm, a conclusion empirically supported by the improved performance of responders (Lee et al. 2000; Makadok 1998; Smith et al. 1991), until eventually all excess profits have been dissipated. According to Schumpeter (1934), the market would then return to equilibrium. However, because responses may generate additional reactions

from other competitors and that firms may launch unrelated competitive moves in the midst of an action or reaction, equilibrium is likely only a theoretical construct.

To effectively extend a body of knowledge, the current body of competitive response research must be understood. The current literature relating to competitive response, including material from the Austrian, competitive dynamics, and innovation diffusion streams, will be discussed in this chapter, with specific attention given to gaps in the literature and opportunities to extend the knowledge base. To facilitate this discussion, findings will be organized into the factor categories impacting competitive response, as shown in Figure 4.

Prior to beginning a detailed review of the competitive response research, a discussion of patterns and gaps at the research stream level is appropriate. First, as demonstrated in Figure 5, there has been a focus on predicting imitation as the competitive response in existing literature. This form of competitive response is important because it represents an attempt by the responding firm to directly capture a portion of the initiating firm's above normal profits and to eliminate the competitive advantage generated by the initiator's action. As such, imitation as a response form and the factors that contribute to its selection must be understood. However, beyond imitation are modified imitation and novel responses that also have the potential to erode and surpass the advantage created by the initiating firm. Of course, by searching for factors that predict imitation, findings with a negative relationship with imitation shed light on potential relationships with modified imitation and novel responses. Several

researchers, however, have directly studied non-imitative responses and have begun to construct an early frame for future research (da Rocha & Dib 2002; Greve & Taylor 2000; Miller & Chen 1996a; Smith et al. 1991).

A second research stream observation is that the research methods used to collect data to support many of these evaluations utilized quantitative, content based analyses to uncover significant relationships. The title of this section, a view from the outside, was selected to communicate this prevalence. Recent studies by Ferrier (2001) and da Rocha and Dib (2002) have begun to address the process side of competitive response, following the early process model suggested by MacMillan (1988) in his study of Bank responses to the introduction of the Automated Teller Machine. Competitive response behavior is complex and many discoveries remain. But, in order to unravel the complexity and paint a complete picture of response, the views from outside and inside the responding organization need to be addressed and integrated. This study will attempt to add detail to the process view of competitive response with integration into the existing knowledge taking place in the cross case analysis.

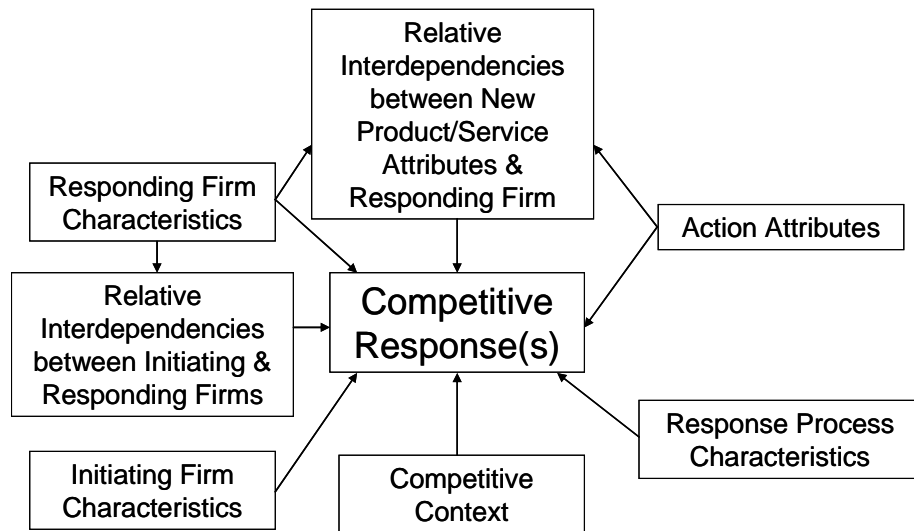


Figure 4. Categories of factors influencing competitive response for existing literature discussion.

2.1 COMPETITOR ATTACK (ACTION) ATTRIBUTES

The first category of factors hypothesized to impact a firm's response decision to a competitor's action is based on the attributes of that action. The specific characteristics that have been addressed in existing research include the success or production of positive rents generated by the action, its complexity, and its ease of piloting. The research supporting each of these characteristics will be reviewed in the following paragraphs.

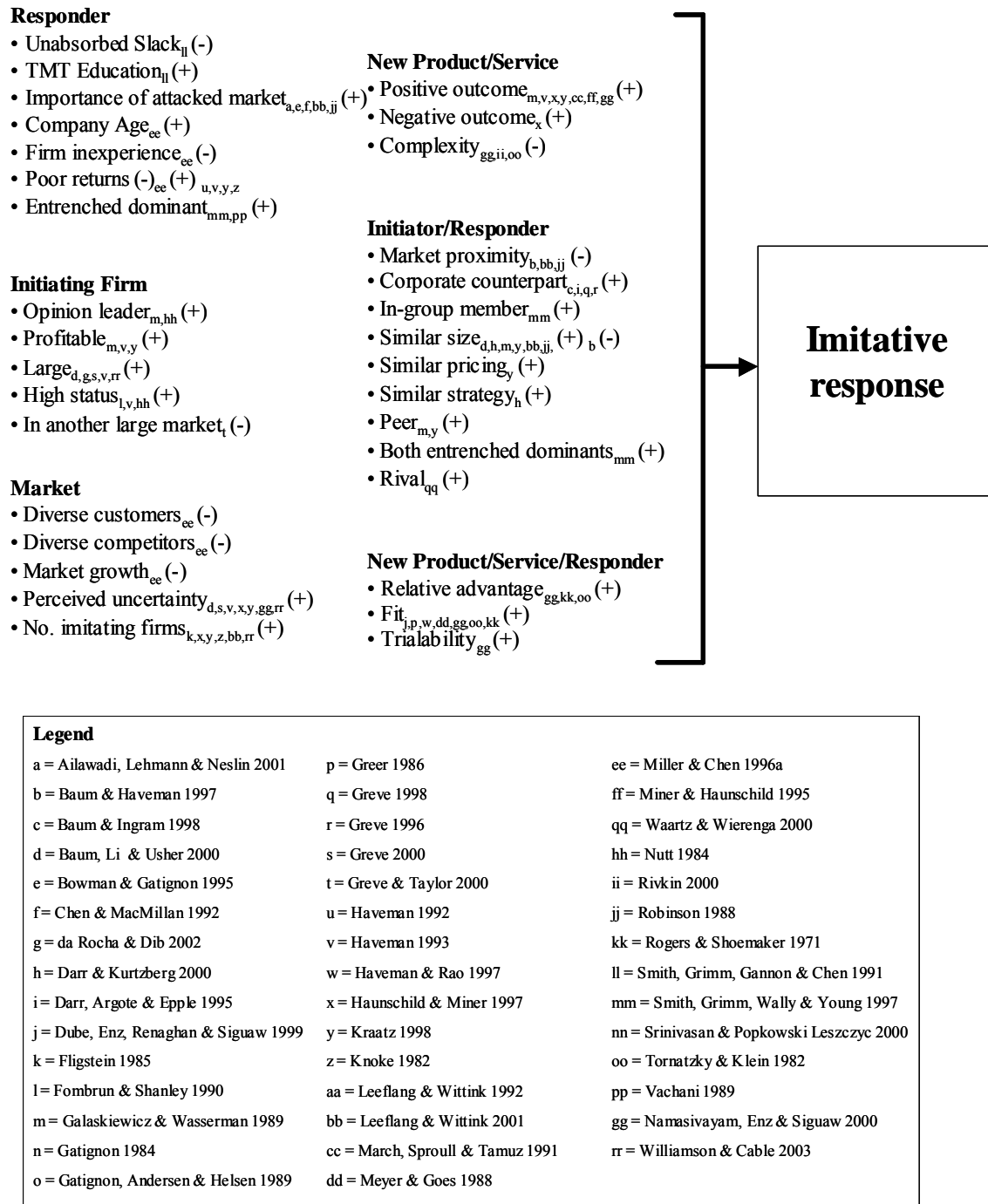


Figure 5. Existing research predicting imitation as a response.

Researchers have observed that firms tend to imitate the actions of firms whose outcomes are successful (Galaskiewicz & Wasserman 1989; Haunschild & Miner 1997;

Haveman 1993; Kraatz 1998; Miner & Haunschild 1995; Sproull, Tamuz & March 1991). This positive outcome is thought to reflect both its appeal to the firm's customers and the availability of excess profits in the resulting disequilibrium. Tested primarily as a predictor of imitation as a response, theoretically this motivation is not limited to produce imitative responses. Though modified imitation and novel responses may be less certain to achieve the same positive results, they also have the potential to surpass the initial action's performance. The factors that would combine to push a firm to choose these less studied responses have yet to be assessed.

Two additional attributes with an observed effect on competitive response were documented by the innovation diffusion research stream. This body of work is also one of the few streams to delve into the reasons why a responding firm may choose modified imitation as a response. In a continuation of his earlier theoretical work, Rogers (1995) proposed that innovation attributes may result in the modification of an innovation by a responding firm – the complexity of an action and the ease with which it can be piloted. When applied to a competitive response situation, a complex action requires that more detailed information be collected in order to successfully imitate it (Namasivayam, Enz & Siguaw 2000; Rivkin 2000; Tornatzky & Klein 1982). If the complexity makes untangling the action's components and their interactions more difficult, missing details may result in inadvertent modification with less certain customer appeal. This complexity may also make it difficult or uneconomical for a responding firm to dispel uncertainty with a pilot. Though the inability to reduce uncertainty by piloting an action may deter a firm from responding, it also has the potential to encourage modified imitation or novel responses if either possess less uncertainty or facilitate testing to reduce it.

An additional conclusion surfaced by this line of reasoning is that a responding firm may pursue an additional response if a response pilot is unsuccessful. The result would be multiple responses from a single firm, a conclusion not specifically addressed to date by diffusion researchers. The Strategic Management research stream, on the other hand, has begun to consider the potential for multiple responses. For example, though they were measuring the number of responses that a competitive move in the US Airline industry generated across the entire market, Chen, Venkataraman, Black and MacMillan (2002) specifically considered that multiple responses could be generated. And, though the intent of Chen and colleagues (2002) was to assess the impact of public awareness of a competitive action as a factor prompting single responses by competitors in the market, the potentiality was recognized. Given that Rogers' (1995) work was purely theoretical and that Chen et al. (2002) did not assess multiple responses levied by a single firm, the need exists within the research stream to specifically assess the role that complexity and the ability to pilot a new offering play in molding competitive response and to specify when an individual firm would pursue multiple responses.

2.2 CONTEXT

The context in which the initiating and the responding firm operate creates the box within which both firms operate, defining their options, their trajectories, and their possibilities. A firm may find that there is little protection from the prying eyes of competitors in a high visibility environment, whether due to government disclosure

requirements or high customer involvement in the creation and delivery of a service. Additionally, firms may benefit and suffer from competing in the context of a growing market. And, they may face an uncertain context as external and internal forces in the market threaten to introduce changes with unknown outcomes. Each of these contextual factors have been studied by competitive dynamics researchers and are either hypothesized to or found to impact a firm's competitive response. These effects will be examined in the following paragraphs.

A high visibility market makes protecting a competitive advantage a challenge because so much of what each competitor does can be observed by the competition and the visible portions copied in a response in this context, (Abubakar 2002; Bateson 2002; Bitner, Faranda, Hubbert & Zeithaml 1997; Blois & Gronroos 2000; Dube & Renaghan 1999; Gatignon 1984; MacDonald 1995; Mills & Morris 1986; Mills, Chase & Margulies 1983; Olsen, Tse & West 1998; Van der Aa & Elfring 2002) as numerous researchers have documented (Bharadwaj, Varadarajan & Fahy 1993; Greve 1996; MacMillan et al. 1985; Makadok 1998; Moskowitz 2001; Moskowitz, Itty, Manchaiah & Ma 2002; Namasivayam, et al. 2000; Smith et al. 1997). Further promoting response is that many of the traditional barriers to imitation are weakened or eliminated by high visibility. Smith et al. (1997) recognized this characteristic in the high visibility U.S. airline industry and commented, "There appear to be few barriers or impediments for firms in responding to the competitive actions of airlines..." (p. 155).

Which barriers are compromised and how does visibility erode their value? Among the barriers to imitation negatively impacted by high visibility are: complexity, learning curve, information protection, tacitness, causal ambiguity, stickiness, and strategic fit

(Barney 1986; Barney 1991; Dierickx & Cool 1989; Grant 1991; Kogut & Zander 1992; Lippman & Rumelt 1982; Nelson & Winter 1982; Polanyi 1983; Szulanski 1996; Wernerfelt 1984). Beginning with the complexity barrier, a high degree of customer involvement in the creation of a firm's products and services promotes a high visibility environment with their role likened to being a partial employee (Bateson 2002; Bitner et al. 1997; Larsson & Bowen 1989; Mills & Morris 1986; Mills et al. 1983; Schneider & Bowen 1995; Van der Aa & Elfring 2002). This extreme access shines a bright light on the complexities of the inner workings and processes, revealing the company's learning to date as it is embedded in the firm's products and processes. Therefore, this visibility also negates any protection from the need to traverse a learning curve and information spillover control. The presence of tacit knowledge as an informational barrier is also vulnerable to the customer because the way tacit knowledge is shared is through learning by doing (Polanyi 1983). And, unfortunately for the high visibility/high customer involvement firm, that is exactly what the customer does in creating the product/service.

Causal ambiguity, strategic fit, and the resulting stickiness associated with knowledge transfer, on the other hand, may provide some degree of protection from the competitive erosion of profits (Barney 1992; Dierickx & Cool 1989; Dube & Renaghan 1999; Lippman & Rumelt 1982; Szulanski 1996) despite high visibility and the prying eyes of the customer. But, to do so, processes and knowledge must remain ambiguous and unclear despite the customer's up-close vantage point with which to infer causality and relationships. The longevity of this protective barrier is, with repeat customer interaction, likely abbreviated as, through behavior and choice variations, the customer can collect more information about the internal cause and effect relationships to fashion conclusions. However, as long as the causal ambiguity and/or strategic fit can survive this close and repeated scrutiny in a high visibility

environment, competitors will find it difficult to respond with complete imitation, likely defaulting to modified imitation as a next best choice.

Uncertainty pervades most industry contexts and may emerge from a variety of sources including the threat of terrorism, government scrutiny, changing customer tastes, and/or competitor behavior. The neo-institutional stream of research proposes that the level of perceived uncertainty in the environment is positively related to imitation by firms in the market (Meyer & Rowan 1977), a conclusion supported by considerable research (Baum, Li & Usher 2000; Galaskiewicz & Wasserman 1989; Greve 2000; Haveman 1993; Haunschild & Miner 1997; Kraatz 1998; Meyer & Rowan 1977; Namasivayam et al. 2000; Williamson & Cable 2003). And, imitation in an uncertain environment is understandable as it appears to be the safest alternative for two reasons. First, the responding firm can assume that the initiating firm is in possession of proprietary information that resulted in the decision to act as it did. Second, the responding firm benefits from the initial experiences and outcome indications of the initiating firm's action, which reduces the uncertainty. And, because a modified imitation and a novel response would both still be shrouded in uncertainty, imitation becomes the more certain response choice. Thus, in a competitive response situation in which uncertainty is perceived in the market, current research suggests that imitation will be the dominant response.

Finally, a growing market is expected to reduce competitive behavior as participants focus on capturing new customers rather than taking them from each other (Porter 1980; Reddy & Holak 1991). This context suggests that competitors will be less likely to respond to each other, a conclusion that seems to explain the correspondence of

competitive non-conformity in a growing US Airline industry uncovered by Miller and Chen (1996a). Turning this relationship around suggests that imitation will abound in low growth industries, though this relationship has not been clearly evaluated.

2.3 INITIATING FIRM CHARACTERISTICS

Researchers in the neo-institutional school of strategy have investigated a number of initiating firm characteristics as pre-cursors to competitor imitation either in response to uncertainty in the environment (Meyer & Rowan 1977) or in search of legitimacy in the eyes of customers and stakeholders (DiMaggio & Powell 1983). Among the factors they considered are whether or not the initiating firm is profitable, large, an opinion leader, high in status, or a corporate counterpart of the responding firm (Baum & Ingram 1998; da Rocha & Dib 2002; Darr, Argote & Epple 1995; Fombrun & Shanley 1990; Galaskiewicz & Wasserman 1989; Greve 1998; Greve 2000; Haveman 1993; Nutt 1984; Rogers 1995; Williamson & Cable 2003). Each of these factors and their associated research will be discussed with an eye toward what questions remain to be answered.

Imitating a profitable firm seems to be intuitive and is a behavior that has found substantial empirical support (Galaskiewicz & Wasserman 1989; Haunschild & Miner 1997; Haveman 1993; Kraatz 1998; Miner & Haunschild 1995; Sproull et al. 1991). By imitating, the responding firm is hoping to become as profitable as the firm it is following. However, profitability represents the success of past decisions, an outcome that may not apply to a new competitive action. Still, the profitable firm may possess keen insights, good judgment and

valuable information sources that created the stream of good decisions that allowed the firm to become profitable, or at least this is what the imitating firm hopes. Thus, responding firms can be expected to imitate the competitive behavior of a profitable firm, possibly before the outcome of that action has even become apparent.

The imitation of large organizations (da Rocha & Dib 2002; Greve 2000; Haveman 1993; Williamson & Cable 2003) follows the same logic because organizations could not have become large without being profitable. Similarly, firms that are high in status (Fombrun & Shanley 1990; Haveman 1993; Nutt 1984; Rogers 1995) or are opinion leaders (Galaskiewicz & Wasserman 1989; Nutt 1984) have often achieved this standing in the industry based on past successes and, applying the same logic, will also attract firms to follow them. So, by imitating large, profitable, high status, and/or opinion leading companies, a responding firm is hoping to benefit from the resources and skills that the initiating company possesses and to ride their coattails to success through imitation. And, this strategy often pays dividends. A study by Lee, Smith, Grimm & Schomburg (2000) examined imitation's impact on competitive advantage and found support for the ability of second movers (those first to imitate the innovator) to share in the abnormal profits achieved by the innovator. Further, they discovered that the first mover advantage was completely dissipated by imitation by second movers and late movers (Lee et al. 2000). Though Lee and his colleagues focused on imitation, it is possible that non-imitative responses also eroded the initiating firm's lead.

Initiating firm size, besides indicating a history of success, also suggests that a wealth of resources can be devoted to the competitive action and indirectly implies the firm's commitment to the action. A study by da Rocha & Dib (2002) into why local retailers in

Brazil responded to the entry of Wal-Mart exposed size as one of the antecedents to their action. This case study cast a wider net for competitive responses and also revealed that the local firms pursued a variety of responses – imitation, modified imitation, and novel responses – in various combinations, also providing evidence for the occurrence of multiple responses. Upon documenting both multiple responses and the use of a variety of responses by a firm, future research can begin to reveal the drivers that contribute to the selection of one type of response over another and why a firm chooses to pursue multiple responses. Both goals are aspirations for this study.

According to existing literature, imitation can also be expected as the chosen response form if the initiator is a corporate counterpart of the responding organization (Baum & Ingram 1998; Darr et al. 1995; Greve 1998) as a parent organization attempts to maximize the revenue generated by its action before competitive responses whittle it away. Further, because both companies are part of the same parent, it is expected that formal and informal communication channels will exist between them to facilitate the transfer of the detailed knowledge required for imitation to occur (Darr et al. 1995). And finally, as both firms have the same lineage, it is likely that they have common overarching values, ensuring that the competitive action fits with the values of each corporate counterpart and supporting implementation.

2.4 RESPONDING FIRM CHARACTERISTICS

Many of the most scrutinized antecedents to response form selection have their source in the responding firm characteristics. Primary among them are the various indications of the responding firm's performance, specifically its past performance and its performance in key markets. Several other considerations round out the collection of antecedents studied by researchers as influential in determining how a firm responds, including local pride of ownership, unabsorbed slack, the education level of top management, and the firm's age. The foundations established by previous research into each of these factors and areas where additional research can contribute will be reviewed in the ensuing discussion.

The performance of the responding firm lies at the heart of competitive response, whether the motivation is to seek additional profits, protect a current revenue stream, or stave off bankruptcy. As a result, various measures of firm performance are expected to play a role in shaping a firm's response form selection. Among them is the firm's past performance, which determines where the firm stands with respect to its goals and aspirations and, if it is wanting, has been found to propel a firm to respond (Ferrier 2001; Miller & Chen 1994), primarily by imitating a profitable competitor (Haveman 1992; Heil & Helsen 2001; Knoke 1982; Kraatz 1995). An example of this behavior is found in research on the California Savings & Loan (S&L) industry in which, when faced with the possibility of being selected out due to a mismatch between the values upon which they were founded and the evolving commercial banking industry, Haveman (1992) found that firms will change just about anything and imitate successful firms when facing bankruptcy (Haveman & Rao 1997). Countering this conclusion are the results of a study by Miller and Chen (1996a) in which

poor performers were found to respond with nonconforming behavior. This contrary evidence suggests that the relationship between poor performance and competitive response is more complex and the influential factors that generated these unexpected results have only begun to be explored.

The health of a firm's performance in its most vital markets is another performance measurement that may guide response selection. A considerable amount of research has been conducted using proxies for the importance of the market attacked, specifically the number of responses instigated in the market (Chen & Miller 1994; Chen et al. 1992) and response speed (MacMillan, et al. 1985). And, imitation was found to be the response form of choice in an important market (Ailawadi, Lehmann & Neslin 2001; Bowman & Gatignon 1995; Chen & MacMillan 1992; Leeflang & Wittink 2001; Robinson 1988). Interestingly, the competitive response may not be triggered by a decline in an important market for the firm, but by the anticipation of a decline with the response leveling the playing field and serving as a signal of the responding firm's intent to defend its market position in the future. Though a significant amount of research has been conducted on signaling and response (Heil & Robertson 1991; Moore 1992; Mullins 1996; Schelling 1981), integrating a firm's perceptions, which may be inaccurate and illogical, is an area rich with potential for continued work with a process view.

A number of additional responding firm antecedents were promoted by researchers in the competitive dynamics and innovation diffusion streams. Their models and findings highlight the role that unabsorbed slack and local pride of ownership play in influencing the selection of non-imitative responses (Rogers 1995), while top management team education and firm age were found to promote imitation as a response (Miller & Chen 1994; Smith et

al. 1991). A discussion of each of these factors and the role they play in shaping competitive response will complete this section.

A study by Smith, Grimm, Gannon and Chen (1991) revealed that unabsorbed slack promoted a non-imitative response, a finding that is understandable given that resources must be available to conduct the more thorough search for alternatives necessary to identify and develop a non-imitative response. Alternatively, without available slack, firms become predisposed to select imitation as their response form and leverage the research and development already completed by the initiating firm (Smith et al. 1991). Much to the surprise of the researchers, this study also exposed that the higher the education of the firm's top management team, the more imitation was the preferred response form (Smith et al. 1991). The expectation was that more educated managers would be aware of a greater variety of solutions and would not have to fall back on imitation (Smith et al. 1991). But, a simulation study conducted by Schipper (2003) found that, in the long run, imitators are better off than firms that seek more innovative solutions, confirming that in the long run the better educated senior managers appear to be making the best response form decisions for their firms.

Firm age has long been suspected as a contributor to inflexibility and bureaucracy (Hannan & Freeman 1977), but in the competitive response literature its role has been murky. In a study by Miller and Chen (1994), regardless of a firm's age, competitive responses were launched. But, a later study by the duo (1996a) revealed that age negatively impacted firm nonconformity or contributed to conformity. Combining the results of these studies yields the expectation that, though older firms are just as likely to respond, they are more likely to do so using imitation as their response form. However, a closer inspection of the Miller and

Chen (1996a) study results may nullify this expectation. In light of the fact that older firms are often larger, industry leading enterprises with a history of success, they often set the trends and the norms for the industry. As a result, they create what other firms imitate. Thus, in a competitive response scenario, older firms may not truly have a predisposition to pursue imitation but rather are a victim of it, a pattern that future research will need to clarify.

The theoretical work of Rogers (1995) in the innovation diffusion stream provides the final responding firm characteristic, one that encourages the selection of a non-imitative response form – local pride of ownership. In this work, Rogers (1995) suggests that if the employees of a firm have a great deal of pride in their firm and its products or services, they are more likely to modify a competitor's action to put their own spin on it. Taking Rogers' (1995) thinking, to the extreme, if the intensity of a firm's pride is very high, it may push it to opt only for novel responses, if it responds at all. Though these propositions have yet to be put to the test, they represent theory development specifically targeted at non-imitative responses, an area of competitive dynamics early in its development.

2.5 RELATIVE INTERDEPENDENCIES BETWEEN RESPONDING AND INITIATING FIRMS

Researchers do not need to subscribe to contingency theory to recognize that the effect that some factors have on competitive response depends on others, whether as moderators or mediators. Strategy researchers have identified numerous antecedents to competitive response that are the result of the relative positioning between the initiating and

the responding firms and, as a result, must be re-evaluated as the identity of the initiating firm changes. The specific interdependencies between firms, including strategic proximity, size similarity, initiator is a rival, market position, and the number of firms that have already taken an action, have been identified as being influential in how a firm responds. Each of these variables will be attended to in this section.

The perceived similarity between the initiating firm and the responding firm on salient market attributes has been recognized by a variety of research streams as an important influence on the competitive response selected by a firm, though not always suggesting the same outcome. Evidence that imitation is the dominant response to similarity is found when the initiating and responding firms are peers (Galaskiewicz & Wasserman 1989; Kraatz 1998), have similar pricing (Kraatz 1998), and have similar strategies (Darr & Kurtzberg 2000). And, because strategic group membership (in-group) requires that firms be similar on several defining attributes, this similarity also appears to fuel the higher tit for tat imitation (Smith et al. 1997). Thus, there seems to be considerable support for imitation as a response if the initiating and responding firms are perceived to be similar in pricing, strategy, strategic group membership or are considered to be peers.

But, when considering similarities on dimensions that define an industry, imitation may not always be the best for firm performance. Similarity in strategies and pricing can pit firms against each other as they pursue the same customer making similarity or strategic proximity a potential rivalry trigger. A study conducted by Baum and Haveman (1997) in the Manhattan hotel industry provided evidence that firms make a conscious effort to limit the degree of localized competition in a market. Specifically, Manhattan hotels were found to differentiate themselves on size as they locate their hotel close to competitors of similar price

to allay the competitive tension between them (Baum & Singh 1994; Greve & Taylor 2000; Han 1994). Extending this behavior to a competitive response event would suggest that if the responding firm is strategically proximate to the initiating firm, then the responding firm may consciously choose modified imitation or a novel response to a competitor's action to diffuse the potential for rivalry. However, if the resulting rise in rivalry is not a concern for the responding firm, then a strategically proximate responding firm is compelled, as supported by research, to elect imitation as its response form (Leeflang & Wittink 2001; Robinson 1988). Therefore, earlier findings that seemed to offer conflicting response predictions may actually not be divergent if the responding firm's concern for rivalry is added to the model. The only conclusion that is certain is that additional research is necessary to reconcile these findings and to weave together the complex fabric of competitive interaction.

Have researchers identified any relative characteristics that consistently fuel competition? Baum and Haveman (1997) provided an answer to this question in a study of the Manhattan hotel industry in which he found evidence that firms compete more strongly with firms of a similar size. This finding confirms a theory proposed by Hannan and Freeman (1977) suggesting size as a consistent rivalry dimension. Further supporting this dimension is overwhelming empirical support for size as a key antecedent of an imitative response (Baum et al. 2000; Darr & Kurtzberg 2000; Galaskiewicz & Wasserman 1989; Kraatz 1998; Leeflang & Wittink 2001; Robinson 1988). As a result of these findings, the perceptions of relative size between the initiating and respond firms will be assessed for any influence on the response process and the selection of imitation.

An initiating firm, however, does not necessarily have to be similar to the responding firm to be considered a rival by them, rather designation as a rival is a subjective attribute

determined by the responding firm using its own criteria (Porac & Thomas 1990). The foundation for this designation lies more with being seen as a direct competitor of the responding firm based on the perception that both firms are targeting the same customer need (Peteraf & Bergen 2003). Rivalry between firms suggests that they will pay close attention to their counterpart's moves and are more likely to react to their actions (Porter 1980). A study in the Marketing research stream by Waarts and Wierenga (2000) found that imitation is the reaction norm when the initiating firm is deemed to be a rival, a conclusion solidified by evidence of the long run matching of pricing (Srinivasan & Popkowski Leszczyc 2000) and advertising (Gatignon 1984). However, this long run behavior is also indicative of a red queen interaction as rivals continuously try to outdo each other, expending considerable energy and resources while achieving few gains (Barnett & Hansen 1996). And, though imitation seems to dominate, in theory if a firm's goal is to outdo a rival, modified imitation and novel response forms may be preferred by the responding firm. Applying this logic to current theory expands our knowledge to not only expect imitation as the response form when the firm is considered a rival, but to anticipate that modified imitation and/or novel responses may also be present.

A study by Greve and Taylor (2000) assumed this stance and provides additional guidance on when non-imitative responses are likely. This study, conducted in the radio industry, found that if a firm in another large or nearby market makes a competitive move, more non-imitative responses are instigated in other markets. The authors believe this result indicates that the initial change in a nearby or large and, therefore, visible market was seen as an opportunity and not a threat that reverberated in the industry, triggering additional change of all forms, especially non-mimetic change (Greve & Taylor 2000). Further, this study also suggests that changes in one market foster changes throughout the industry and that

researchers should be attuned to these changes to begin developing industry level competitive dynamics theory.

The market position of both the initiating and the responding firms has also been found to play a part in determining which response form is selected by a responding firm (Smith et al. 1997). In a study of competitive reactions in the US airline industry, Smith and his colleagues (1997) found that firms that are longstanding leaders in their industry respond most often to the moves of other longstanding leaders in the industry, frequently with imitation (Vachani 1989). This prevalence of imitation as the response form may be due to the need to protect a significant market share from erosion or the reaction of a seasoned rival. Therefore, whether due to their relative positions as longstanding market leaders or to the underlying dynamics associated with this position, the responding firm is expected to be strongly predisposed to respond with imitation.

The neo-institutional stream of strategy is a source for another relative antecedent with an impact on how a firm responds. In particular, these researchers assert that the number of firms offering a new product/service, for example, may promote imitation (DiMaggio & Powell 1983). Neo-institutional theory proposes that, if a threshold number of firms offer a new product/service, then it becomes a customer expectation and, in order for a firm to be considered legitimate in the eyes of the customer, it too must offer the new product/service, or at least a portion of it (imitation or modified imitation) (DiMaggio & Powell 1983; Granovetter 1978; Granovetter & Soong 1988). And, the conclusion has received considerable empirical support - Fligstein 1985; Haunschild & Miner 1997; Knoke 1982; Kraatz 1998; Leeflang & Wittink 2001; Williamson & Cable 2003. But, the threshold number of firms required to associate a new product/service with legitimacy is a subjective

interpretation by the responding firm. As a result, the responding firm must evaluate the number of adopting firms in the industry and decide whether its threshold has been reached before it selects imitation or modified imitation specifically to achieve legitimacy. The role of this relative threshold and its influence on the response form selection has not been investigated within competitive response process research (Smith & Grimm 1991), though given the strong support it garnered in neo-institutional earlier research, imitation is an expected outcome.

2.6 RELATIVE INTERDEPENDENCIES BETWEEN THE COMPETITIVE ACTION AND THE RESPONDING FIRM

As a competitor makes a move in the marketplace, the responding firm must gauge the action's impact on it. For example, if the move targets a customer segment not served by the responding firm, it will likely not generate a response. On the other hand, if the competitive action is targeted directly at one of the responding firm's main customer bases, response becomes more of a certainty. This section will address the various antecedents of competitive response that lie at the intersection between the competitive action and the characteristics of the responding firm that shape how it responds. Among the interdependencies to be discussed are: the availability of the information required to respond; compatibility with firm values, identity (-ies), strategy and/or current activity structure; the firm's ability to respond; occurrence in a key market; appeal to responding firm customers; and improvement over the status quo. The existing research on each of these antecedents and their expected impact on how a firm responds will be reviewed in the following paragraphs.

First, a relative antecedent that has been the subject of considerable attention in competitive response literature is whether or not an action targets a key market for the responding firm and represents a threat to it. This antecedent has been evaluated directly (Ailawadi et al. 2001; Bowman & Gatignon 1995; Chen & MacMillan 1992; Leeflang & Wittink 2001; Robinson 1988) and found to induce firms to select imitation as their response. The driving motivation behind these responses is likely the need to protect a vital revenue stream and to demonstrate a commitment to defend its territory. Underlying this reaction, however, are two additional antecedents – the appeal to customers in the key market and the improvement over the status quo. First, a firm is more likely to feel threatened by an action (e.g. a new product/service) that has wide appeal to its customer base (Chen & MacMillan 1992; Chen & Miller 1994; Chen et al. 1992; da Rocha & Dib 2002; MacMillan et al. 1985; Schelling 1960; Smith et al. 1989) motivating a response. And, if there is broad customer appeal or it is anticipated, a responding firm can be expected to pick imitation as its response to satisfy its own customers and to protect or recapture the resulting revenue decline (Chen & MacMillan 1992; Heil & Walters 1993; Mansfield 1961). This conclusion is supported by a study by Meyer (1985) in which the high clinical value of a medical innovation was found to be a forceful driver in a hospital's decision to adopt (imitate). Alternately, if an action offers little customer appeal to its customers, a responding firm is less likely to respond (Schelling 1960), though it may to keep pace with a rival. In this case, if the firm responds, it will likely select either a modified imitation or a novel response rather than squander its limited resources on a product with little appeal.

How a firm responds when one of its key markets is attacked is also influenced by whether the competitor action, such as the introduction or enhancement of a product or

service, represents an improvement over the status quo (Namasivayam et al. 2000; Rogers & Shoemaker 1971; Tornatzky & Klein 1982). A slight improvement may be less likely to tempt customers to switch, but a significant advancement may result in an exodus of customers and a steep decline the responding firm's revenue stream. And, if this stream is an important source of revenue to the responding firm, significant support has been found for the pursuit of imitation to protect it (Ailawadi et al. 2001; Bowman & Gatignon 1995; Chen & MacMillan 1992; Leeflang & Wittink 2001; Robinson 1988). However, if a competitor's action represents a significant improvement over the status quo, the knowledge required to create it may be quite different from that possessed by the responding firm, a situation described by Rogers (1995) and addressed next.

Even if a competitive attack is in a key market, a responding firm may find that its ability to respond is affected by the availability of information with which to shape a response (Rogers 1995). If the environment is high in visibility, whether due to government disclosure requirements or high customer involvement, barriers to imitation become much less effective and the information required to fuel a response flows more freely. As such, the responding firm can respond at will with any type of a response. In a less visible environment, barriers to information may be much more formidable and the responding firm must make do with what scraps of information it can collect. In such an environment, modified imitation as a response, whether intentional or unintentional, becomes much more probable as a responding firm copies what it can see. If only the effect of a competitor action is visible, a responding firm may opt for a novel response to keep up until more information on the competitor's action becomes available. Research supporting the specific logic proposed by Rogers (1995) has not been conducted, though more aggregate units such as ease of response (Chen & Miller 1994), and simplicity of actions (Ferrier et al. 1999) have

been found to promote competitive response. Research by MacMillan, McCaffery and VanWijk (1985) found that complexity and radicality in a new product deters response. If the measurement were adjusted to perceived complexity and perceived radicality by the responding firm, however, they would more closely capture Rogers' (1995) lack of information available to respond.

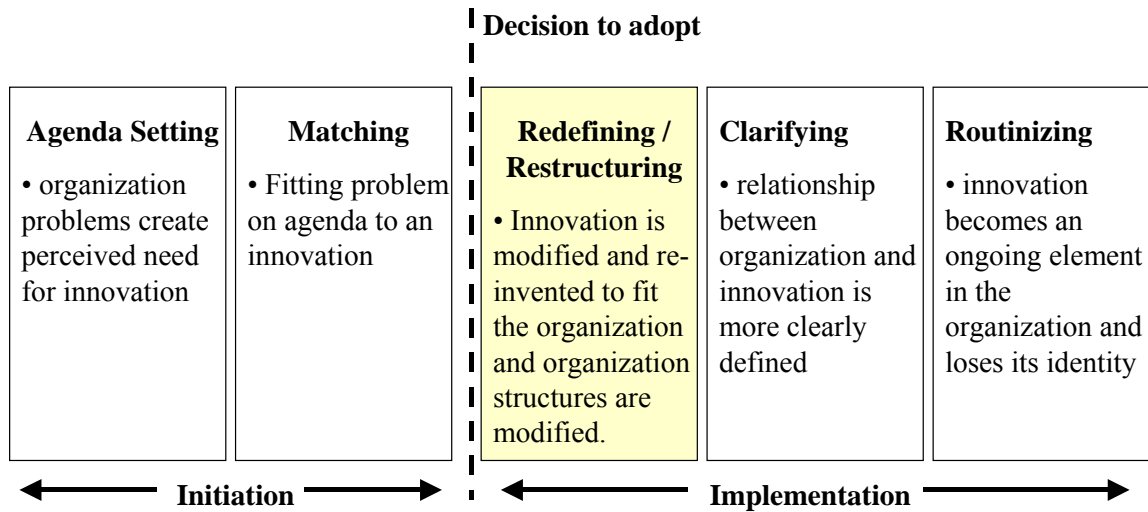


Figure 6. Rogers (1995) Innovation Diffusion Process in Organizations.

In addition to the selection of modified imitation as a response due to a lack of information to respond, Rogers (1962, 1995; also Van de Ven 1986 as cited in Rogers 1995) also theorized that firms may intentionally change a competitor's action to fit the organization as shown in Figure 6. This realization that fit with the responding firm plays a significant role in how a firm responds has been observed by Dube, Enz, Renaghan and Siguaw (1999), Haveman and Rao (1997), Namasivayam et al. (2000), and Tornatzky and Klein (1982). The fit between a competitive action and the values held by the responding organization is essential and a logical early litmus test for a responding organization because its entire organization, including its structures and strategies, reflect these underlying beliefs (Greer 1986; Namasivayam et al. 2000; Pfiffner 1960; Rogers 1995; Rogers & Shoemaker

1971; Van de Ven 1986 cited in Rogers 1995). An example of the influence of a firm's values in a competitive response scenario is demonstrated by Haveman and Rao's (1997) analysis of the California Savings & Loan industry. In this study, they found that the early California thrift organizations were initially unwilling to adopt the products and manners of commercial banks because they ran counter to the Protestant ethics upon which they were founded (Haveman & Rao 1997). Therefore, based on this logic and findings, if a competitive action is not congruent with the values held by the responding firm, it is more likely to select a non-imitative response, whether modified imitation or novel, that does not possess the same conflict.

Further complicating how a firm responds, not only will the firm's current identity and values influence its response, but also those to which it aspires. According to social identity theory, identification with a group requires that a firm align its values and behaviors with those appropriate for the group identity (Kogut & Zander 1996; Peteraf & Shanley 1997; Strang & Meyer 1994; Tajfel & Turner 1985). Therefore, depending on what identity (-ies) the responding firm desires to achieve, its behavior may be impacted by the norms associated with that identity (-ies) (Kogut & Zander 1996). In a competitive response situation, this logic suggests that if a competitor's action (e.g. new product/service introduction) is associated with an identity to which the responding firm aspires and imitation would move the firm closer to the group norms, imitation as a response form becomes a strong preference (Meyer & Goes 1988; Namasivayam et al. 2000; Mazzolini 1981). In this respect, the norms associated with an identity become a type of legitimacy and, as such, a similar imitative response is expected. If, on the other hand, a competitor's action runs counter to an identity sought by the responding firm, the responding firm may be expected to advocate either a modified imitation or novel response form if a response is pursued. Finally, if a competitor's

action does not activate its current or aspired identities, then how a firm responds would be determined by a combination of the other factors reviewed here.

Though a firm's activity structure reflects its strategy and identity, imitation of a competitor's action may not fit well within the firm's current activity structure, regardless of its fit with the firm's overall direction (MacMillan et al. 1985; Tornatzky & Klein 1982). If a competitive action requires a different activity structure to support it, implementation will be very disruptive as the responding firm must reshape its current processes and procedures or assemble additional activities. Thus, a firm is more likely to pursue imitation if an action fits easily in its current activity structure, and expected to pursue a modified imitation or novel response that provides a better fit if it does not.

Even though a firm may have the information to respond and the will to respond due to its fit with the organization, the firm must possess or have access to the physical resources to make response occur. Despite the fact that imitation requires fewer resources because the initiating firm conducted the research and development, some actions may still be beyond a firm's reach forcing it to consider modified imitation and novel alternatives that are within its means (Chen 1996; Schelling 1960). In some instances, however, imitation of a competitive action may only be temporarily out of reach due to other commitments, the time required to secure the necessary resources to respond, and the sheer number of steps that must be taken to introduce it (MacMillan et al. 1985), making imitation a delayed response. Until it is prepared to implement an imitative response, a responding firm may initiate additional responses involving modified imitation as a start and/or pursuing a novel response to bide time. Support for this behavior was provided by Leeflang & Wittink (1992) who found that imitation of a marketing action is often accompanied by additional responses using other

marketing instruments or novel responses. In later work, Leeflang & Wittink (2001) discovered via in-depth interviews that brand managers prefer to respond with imitation of the competitor's marketing action or with price. Combining the results of these two studies, it can be inferred that firms respond to the marketing actions of a competitor with a combination of imitation and novel response forms, with price as a typical novel response. This preference for price changes may be due to the ease and the speed with which a pricing change can be implemented, whereas other marketing mix changes, such as the imitation of a new product, may take significantly more time to execute. As a result, a price change or another easily implemented response may be a stopgap measure utilized until the intended firm response – imitation - can be mounted. These research results offer significant insights into what may be found as this study explores the process of how a firm responds.

Though research into the competitive response process has received sparse attention, several researchers have made significant contributions to its early progress. From this research, specific process expectations regarding how a firm responds can be identified. They include the potential for multiple responses (da Rocha & Dib 2002; Ferrier 2001; Leeflang & Wittink 1992; MacMillan 1988), only one of which can be an imitation. Second, the order in which these responses are implemented may be important as some may be preliminary responses implemented to bide time until the intended response is ready. Finally, MacMillan (1988) studied how banks in the United States responded to the automated teller innovation. In his process model, he proposed that responding firms will initially deny that a competitor's action has generated a competitive advantage. When reality intrudes again, the responding firms will pursue a series of actions by modifying and adjusting their existing strategy (MacMillan 1988). This behavior coincides with the need for a firm's responses to fit with its identity, strategy, and activity structure. Should these adjustments not even the

playing field, MacMillan (1988) suggests that responding firms will levy full blown counterattacks that may include, but are not limited to imitation. Each of these patterns in how a firm responds to an action by a competitor will be specifically evaluated and compared to the results that emerge from this study.

2.7 DECISION PROCESS CHARACTERISTICS IMPACT ON RESPONSE FORM SELECTED

To date, there has been a considerable amount of research completed surrounding the decision making process. And, because a firm's decision to respond is made like any other strategic decision, these findings may apply and influence how a firm responds to a competitive attack. The decision making characteristics specifically explored in this section are: firm attention distribution, sequential and simultaneous decision making, rule based decision making, threat level, and responding firm failure perceptions.

The first factor with the potential to influence how a firm responds is the distribution of its attention. Kiesler and Sproull (1982) found that for a firm to respond, it must first be aware of the competitor's action (Garg et al. 2003; Hambrick 1981; Kiesler & Sproull 1982; Ocasio 1997). Taking this awareness to a more detailed level is the attention distribution of the firm or to what does the firm pay attention. This antecedent, tested in various forms, has been found to be a significant predictor of a number of attributes of competitive response – competitive inertia (Miller & Chen 1994), more

complex competitive repertoires (Miller & Chen 1996b), competitive nonconformity (Miller & Chen 1996a), and response time (Smith et al. 1989). But, despite the significance of awareness on firm response (Kiesler & Sproull 1982), attention distribution has not been found to have a significant impact on response form (Smith et al. 1991). In earlier studies, researchers included firm attention in their models, aggregating it into external and internal attention variables with unexpected and conflicting results (Miller & Chen 1996b; Smith et al. 1991; White, Varadarajan & Dacin 2003). Together, these results indicate that the relationship between attention and response form may be more complex. To decipher this complexity, researchers could break attention into more detailed units and build on the findings of Day and Nedungadi (1994) and Narver and Slater (1990) who focused on the impact of customer attention. Besides the customer, a firm is expected to pay attention to its competitors, the general industry, and its internal workings (Day & Nedungadi 1994). If the attention paid to these four areas of a firm's competitive environment is measured, future researchers may unravel the complexity and provide guidance to practitioners on how their attention should be allotted to ensure high quality response decisions are made.

Another decision process characteristic with the potential to greatly affect how a firm responds is whether response alternatives are considered simultaneously or sequentially. Most researchers agree with the Carnegie model of decision making in which organizational decision makers are confined by their bounded rationality and utilize some degree of satisficing due to limited resources (March 1994; March & Simon 1958; Simon 1955). Based on these premises, if alternatives are evaluated sequentially rather than simultaneously, then the order in which they are considered becomes

important as the first good, though not necessarily best, alternative encountered is selected with satisficing (March & Simon 1958, Nutt 1984; Pfiffner 1960). Therefore, when sequential decision making is used in response decision making, the order in which a responding firm considers its alternatives may have a profound affect on how it chooses to respond.

Another potentially influential characteristic of the responding firm's decision process is whether or not it utilizes rule based decision making. Rule based decision making has been championed by March (Cyert & March 1992; March 1994; March 1997) and entails the comparison of a possible response to the firm's expected behavior based on its identities. In this process, the behavioral standards of the various identities of the organization – e.g. industry leader, family oriented, environmentally conscious – determine the firm's choice in a decision rather than allowing the choice to be made using a more rational evaluation of the consequences of each alternative (Cyert & March 1992; March 1994; March 1997). Combining a firm's identities with rule based decision making propels the firm to select imitation if a competitor's action activates the responding firm's identity, while modified imitation or novel responses can be expected if it opposes it. In addition to identifying the interaction of firm identity with rule based decision making as an antecedent impacting response form, March's (1994) work also suggests that this interaction may dominate all other factors to solely determine how the firm responds.

A third attribute of the decision process with the potential to shape how a firm responds is the threat level sensed by the responding firm and induced by a competitor's action. The perception can be, in increasing levels of severity, a problem, a threat or a

crisis. And, researchers have found that the threat level has a direct effect on the characteristics of the decision process (Anderson 1983; Milburn, Schuler & Watman 1983; Lentner 1972; Rogers & Shoemaker 1971; Staw, Sandelands & Dutton 1981) and ultimately how the firm responds. Each threat level and its influence on the response decision process will be examined next.

The best case scenario for a responding firm is to interpret a competitor's move as merely a problem to be resolved, a judgment associated with the use of more rational decision making methods, including the simultaneous consideration of alternatives. Though still faced with limited cognitive abilities and the use of satisficing when dealing with the problem, it is likely that the firm avails itself of its knowledge sources and pursues a balanced evaluation of the antecedents influencing the decision.

If a firm senses that a competitor's action is a threat to it with the potential to inflict harm, such as impacting an important market, the decision process characteristics are altered. Specifically, when encountering a threat, a firm begins to evaluate alternatives sequentially and to display threat rigidity (March 1994; Staw et al. 1981). As mentioned earlier, the use of sequential decision making makes the order in which alternatives are considered of vital importance. If a sub-optimum response is considered before a better option, its selection may erode the responding firm's position. The impact of threat rigidity on the decision process includes the consideration of only past responses and the centralization of decision making (Milburn et al. 1983; Lentner 1972; Staw et al. 1981). By focusing only on repeating past responses, the firm effectively excludes imitation and modified imitation (Staw et al. 1981). Centralized decision making may contribute to this preference as communication connections

to the lower levels of management and their ideas are severed or markedly reduced by the decision maker (Milburn et al. 1983; Lentner 1972; Staw et al. 1981). The effect of this final threat reaction on response form is unclear, though this study will remain attentive to the effect of firm perceptions on how it chooses to respond.

In the most extreme case, a responding firm may determine that the competitor's action has potentially disastrous implications for its future and represents a crisis (Billings, Millburn & Schaalman 1980; Lentner 1972). In a study of the Cuban Missile Crisis conducted by Anderson (1983), a number of characteristics unique to crisis decision making were defined. In addition to the continued presence of the sequential consideration of alternatives suggested by March (1994) and centralized decision making (Lentner 1972; Milburn et al. 1983; Staw et al. 1981), Anderson's (1983) analysis revealed that an organization's identity can be further clarified during the decision process as alternatives that potentially violate tacit values are considered (Anderson 1983; Welch 1989). Another notable finding was a greater concern for not failing by decision makers, rather than succeeding, potentially due to the significant damage failure would entail (Anderson 1983). A final nuance of crisis decision making behavior was added by Rogers and Shoemaker (1971) and includes an emphasis on the improvement made by the initiating firm over the status quo and represents a ruinous gap for the responding firm. The presence and impact of these decision process characteristics on how a firm responds have yet to be explored, though a concern with not failing could translate into a propensity to simply fill the gap and neutralize the relative advantage via imitation versus trying riskier alternatives with modified imitation and novel response forms. The act of clarifying the firm's identity may activate identity aspirations and trump all other considerations. Finally the use of sequential decision

making makes the order in which responses are considered important, though a preference for imitative or non-imitative responses cannot be inferred.

In addition to threat level, a second failure related characteristic with the potential to influence how a firm responds to a competitor's competitive action is the responding firm's perception that a competitor's action is its own failure (March 1994). This perception can be triggered by current or potential losses or the opportunity costs associated with not acting first. Among the unique process attributes introduced by a failure perception is a higher level of search (March 1994). Though beneficial alone, its benefits may be constrained by the centralization of decision making that occurs in a crisis and it runs counter to the consideration of only past responses in a threat condition. The perception of failure has also been associated with sequential decision making and, though more options may be available due to the higher level of search, a less optimal solution may still result if considered first. Finally, interpreting the situation as failure is expected to produce a decline in aspiration levels (March 1994). Though this change may not feel like a benefit to a responding firm, the reduction has the potential to curb the dominating effect of the firm's aspirations on the response decision process and allow a more complete assessment.

In summary, the proposed effect that the decision process characteristics have on how a firm responds to a competitive attack and whether they even apply have yet to be evaluated by researchers. This response process study may provide validation for the decision making process conclusions or suggest alterations that may provide even greater model accuracy for competitive response decisions.

2.8 OPPORTUNITIES FOR FURTHER DEVELOPMENT OF RESPONSE KNOWLEDGE

Considerable work in the area of competitive response has already been completed by researchers working in a variety of research streams, including competitive dynamics, innovation diffusion, Marketing, and decision making. Though significant advances have already been made in building competitive response knowledge, opportunities exist to close some of the gaps that presently exist. Each of these gaps will be identified and research opportunities will be discussed to conclude this chapter.

Opportunities for theory development and testing exist at the research stream level. At the beginning of the literature review, broadening the focus of research to include all types of competitive response, imitative and non-imitative alike, was proposed. This view is expected to create a full picture of competitive response as firms consider and pursue options in addition to imitation. The potential for multiple responses by a responding firm, identified by da Rocha & Dib (2002), Ferrier (2001) and Leeflang and Wittink (1992) dovetails with this broader response scope. Imitation can only be done once. If multiple responses are pursued, they would need to be either modified or novel responses. Together, these two perspectives have the potential to expand the competitive response knowledge base beyond imitation, adding both depth and dimension to what is known.

Complementing quantitative research methods with qualitative methods was also previously suggested as a way to not only corroborate the outward behavior of a firm, but

also to understand and verify what responses were pursued and why. One of the variables accessible by qualitative methods that have received modest attention so far by researchers is the responding firm's perceptions. The responding firm's view of the world is not necessarily logical or accurate, but it influences the firm's responses just the same. By understanding both the internal and external dynamics of the responding firm, more accurate models can be developed to predict competitive response.

A tremendous amount of work has been started and must be shepherded to completion. Specifically, additional effort is needed to clarify conflicting results, for example into the role the responding firm's performance plays in shaping response. Testing of developed theory must also be completed to solidify models and relationships, such as Rogers (1995) theoretical work. And, the consideration and testing of additional variables is necessary to complete the models, whether with direct effects or as mediators or moderators. Lastly, though researchers have uncovered a variety of significant relationships between variables and a firm's competitive response, the strength of these variables' impact in combination, which influences dominate others, and which ones play a moderator or mediator role has yet to be finalized. To accomplish this feat requires the synthesis of all significant variables into a single model and considerable testing.

One final response frontier that has received limited though valuable attention to date is how competitive responses transpire over time. Miller and Chen (1994) considered competitive inertia over time. Ferrier et al. (1999) analyzed changes in market share and leadership over a period of seven years. But, MacMillan's (1988) review of how banks responded to the arrival of Automated Teller Machines over time and Ferrier's (2001)

analysis of a firm's string of competitive actions directly evaluate competitive actions over time rather than assessing their residual evidence, a fact that may provide clearer results. Additionally, by observing how firms respond over time, insights as to the process of competitive response are also accessible. Extending this longitudinal view to competitive response would generate questions such as, is imitation of a rival accompanied by other responses, how does the effectiveness of the initial response shape future responses, and when are responses decided before the outcome of the instigating action is known? As these questions suggest, introducing a time element creates tremendous opportunity for the further development of competitive response knowledge.

This study aspires to add to the knowledge base of competitive response in several areas. First, as described in detail in the next section, by using qualitative methods to understand why the responding firms chose the response that they did, the process of competitive response will gain more clarity. Also, by adopting an internal view of the firm, all variables will be the firm's perceptions, adding greater richness to our understanding of competitive response. Further, this study will intentionally take a broad view of competitive response and include all forms of response – imitation, modified imitation, and novel responses – as these responses and their relationship to the initiating action are many times only visible when identified by the responding firm. Finally, by addressing how a firm responds and taking early steps to develop response processes, initial work to determine if and when variables dominate the decision, as well as the applicability of decision making theory can be evaluated. Taken together, this study has great aspirations for making significant contributions to the competitive response body of knowledge.

3.0 RESEARCH METHODS

As mentioned in the literature review, previous competitive response studies focused on predicting the outcomes of a firm's response decision based on observable and measurable attributes as inputs. This study represents a departure from earlier methods and is the first to venture inside the firm to connect the inputs to the competitive response outputs and to find out why a firm responds as it does. To accomplish this task, a complementary research approach, summarized in Table 2, was adopted that utilized case studies to provide detailed information on the responding firm's processes and reasons. Earlier competitive response studies also compiled large data sets of competitor actions and suspected firm responses gathered from secondary sources (Chen 1996; Chen & MacMillan 1992; Chen et al. 1992; Chen & Miller 1994; Ferrier 2001; Ferrier et al. 1999; Miller & Chen 1994; Miller & Chen 1996a; Miller & Chen 1996b; Smith et al. 1991). This study enlists the help of three firms to connect 18 competitor actions and the firm's responses, as well as to identify what shaped how it responded. This direct access resolves several methods challenges faced by competitive response researchers and provides a complementary viewpoint. Specifically, without the guidance of the responding firm, it was difficult to connect modified imitation and novel responses to the initiating competitor action. Additionally, the responding firm is also able to assist in connecting actions and responses regardless of the elapsed time in between them.

Finally, though the number of responses studied is limited, process data is accessible and is the focus of this study and provides the connective tissue between a competitor's action and a firm's responses.

Table 2. Methodological differences between current study and prior research.

	Previous Competitive Response Research	This Study
View:	Outside the box	Inside the box
Focuses on:	Response outcomes	Response processes
Methods used:	Quantitative	Qualitative
Data volume:	Large data sets	Small number of firms and responses
Data source:	Secondary sources	Primary sources
Responses studied:	Imitation	Imitation, modified imitation, and novel responses
Action and response connections:	Difficult if a significant delay between them	All responses are connected to competitor action
Questions addressed:	What?	How? Why?
Level of detail:	Low	Very high

This study breaks new ground by venturing inside the response box using a case study methodology with in-depth interviewing to reveal how and why a firm responds as it does and provides a complementary viewpoint to previous research. The details regarding the methods used to answer these questions will be reviewed in this chapter. This overview begins with a discussion of the methods and findings of a preliminary study, the research questions and areas suggested for research, and the research design crafted to study these questions, including the industry and participant selection. The data collection methods will then be recounted, followed by the steps taken to gauge participant perceptions. The data coding processes and data analysis methods utilized to understand why firms decide to pursue multiple responses will round out the methods

overview. Due to the validity and reliability concerns that persist in case study research, the specific steps taken to boost the validity and reliability in this study will be identified and discussed throughout the chapter with a table summarizing these measures found at the conclusion of the methods discussion in Table 9.

3.1 PRELIMINARY INTERVIEWS

In preparation for this study, twenty-two preliminary interviews were conducted with executives and managers at Woodloch Pines, shown in Table 3, that provided insights with which to focus the research questions for this study. The preliminary interviews addressed general topics in an effort to guide the development of research questions, including environmental scanning, the decision making process, competitor identification, awareness of competitor actions and firm innovation. After analyzing the initial interviews, it became apparent that the managers were aware of specific actions taken by their competition. The participants also identified multiple responses for specific competitor actions and trends including the arrival of Great Wolf Lodge, an indoor waterpark hotel competitor, and the imminent arrival of casinos with accommodations in the adjacent Catskills resort area. The interviews also highlighted the complex variety of considerations that influence how a firm decides to respond to its competitors and led to a focus on the process of competitive response in this study.

Table 3. Woodloch Pines - Preliminary Interviews.

Name	Position	Date of Interview
Anthony Manzione	Human Resources Manager	August 14, 2003
Bob Kiesendahl	Operations Manager	September 27, 2003
Bob McHugh	Director of Kitchen Operations	August 19, 2003
Brian Hoey	Clubhouse Manager, Woodloch Springs	August 15, 2003
Charlie Knapp	Director of Information Services	August 22, 2003
Fawn Glasgow	Administrative Director of Group Sales	August 15, 2003
Forest Goodenough	Housekeeping Manager	August 21, 2003
George Korb	Maintenance Manager	August 22, 2003
Heidi Hewlett	Marketing Manager	August 27, 2003
John Dodson	Dining Room Manager	October 10, 2003
John Kiesendahl	CEO, Owner	November 9, 2003
John Pillar	Director of Golf	November 10, 2003
John Sloane	Director of Bar Operations	November 9, 2003
Kathy Hummel	Group Sales & Banquet Manager	August 21, 2003
Tess Murray	Front Desk Manager	
MJ Sexton	Training Consultant	August 27, 2003
Rich Chapman	Assistant Manager, Social Department	August 19, 2003
Sue Guccini	Accounting Manager	
Lois Eltz	Director of Risk Management	October 13, 2003
Lynn VanBlarcom	Reservations Manager	August 21, 2003
Matt Kiesendahl	Clubhouse Manager, Woodloch Springs	September 29, 2003
Steve Kiesendahl	Director of Rooms Division	November 9, 2003

The first case study directed at competitive response was conducted at Woodloch Pines. Any material from the previous preliminary interviews specifically relating to the competitive response process was included in the case material. The discoveries that emerged from this case were voluminous, as is often the case with the rich data produced using these research methods. As a result, the focus of this study was further narrowed to

investigate one of the more intriguing findings – the consistent occurrence of multiple responses to a single competitor action. Further, it was expected that Woodloch Pines had specific reasons and influences that pushed them to launch or plan multiple responses. To develop theory capturing this behavior, the research questions for this study were honed to focus on the process that produces multiple responses. These research questions, which will guide the remainder of this study, are shown below.

1. Why do firms choose multiple responses to a competitor action or an industry trend?
2. What constrains the responding firm's response decisions?
3. What does not constrain a responding firm's response decisions?

3.2 RESEARCH DESIGN

The research questions for this study focus on competitive response processes, not the firm level of analysis. Therefore, the appropriate unit of analysis to facilitate the development of theory supporting these research questions is the set of competitive responses to a single competitor action or trend, whether it includes a standalone response or multiple responses. A hypothetical example of a competitive response set would be if a resort responded to a competitor's entry into their market with an indoor waterpark by adding an outdoor kiddie pool, lowering the rate for a family stay, and enhancing spa services. The first two responses are intended to enhance the responding resort's appeal

to families, while the third raises the resort's appeal to adults, with or without children, retired, and corporate customer markets.

The selection of a competitive response set as the unit of analysis transforms this study from a multiple case study into an embedded multiple case study because the potential exists for multiple units of analysis to be examined for each firm participating in the case study (Eisenhardt 1989; Bourgeois & Eisenhardt 1988, Yin 2003). A strength of this design is that firm variables are held constant as multiple occurrences of response sets are investigated, eliminating rival explanations relating to the firm and enhancing the internal validity of the study. The inclusion of multiple participants in the study also encourages validity as it allows the propositions induced early in the study to be replicated if the expected phenomenon is repeated in other cases. And, should varying results occur, the propositions can be further refined using iterative explanation building with the potential for replication as later responses are examined (Eisenhardt 1989, Yin 2003).

3.3 THEORY BUILDING METHODS

As described in the literature review of competitive response research, the study of response process is very early in its development and the inclusion of non-imitative responses as part of response also has little guidance. As a result, research into these questions will be inductive in nature, though findings will be integrated into the whole of

competitive response knowledge in a later chapter. To support the development of process theory surrounding the selection of multiple responses, the first case will be analyzed using theory building methods, specifically iterative explanation building (Eisenhardt 1989; Yin 2003), in which commonalities and differences in how Woodloch Pines responded and their reasons for doing so will be diagrammed. Repeated observation of an identified process within Woodloch Pines will confirm its existence, reducing the likelihood of the process occurring by chance or unintentionally and adding validity to the process. Differences in response processes will be modeled as a new process to be validated by a later response. To ensure that the processes were not over-engineered, as they emerged the analysis was sensitive to the potential to combine processes as interrelationships and similarities were identified.

The remaining two case studies included in this study utilized a combination of pattern matching and iterative explanation building to continue the theory development and validation (Eisenhardt 1989; Yin 2003). Pattern matching was initially used in the second and third cases and used the processes developed in the first case as templates to test their accuracy. If the process model is supported by the remaining cases, then replication will be claimed, elevating the external validity and the generalizeability of the findings. If deviations from the developed models are observed, then the models will be modified to incorporate the new evidence in a process of iterative explanation building (Eisenhardt 1989; Yin 2003). Any process that was changed to accommodate divergent findings required replication by another response before it would be considered valid. The diagram shown in Figure 7 presents the theory building process utilized in this study.

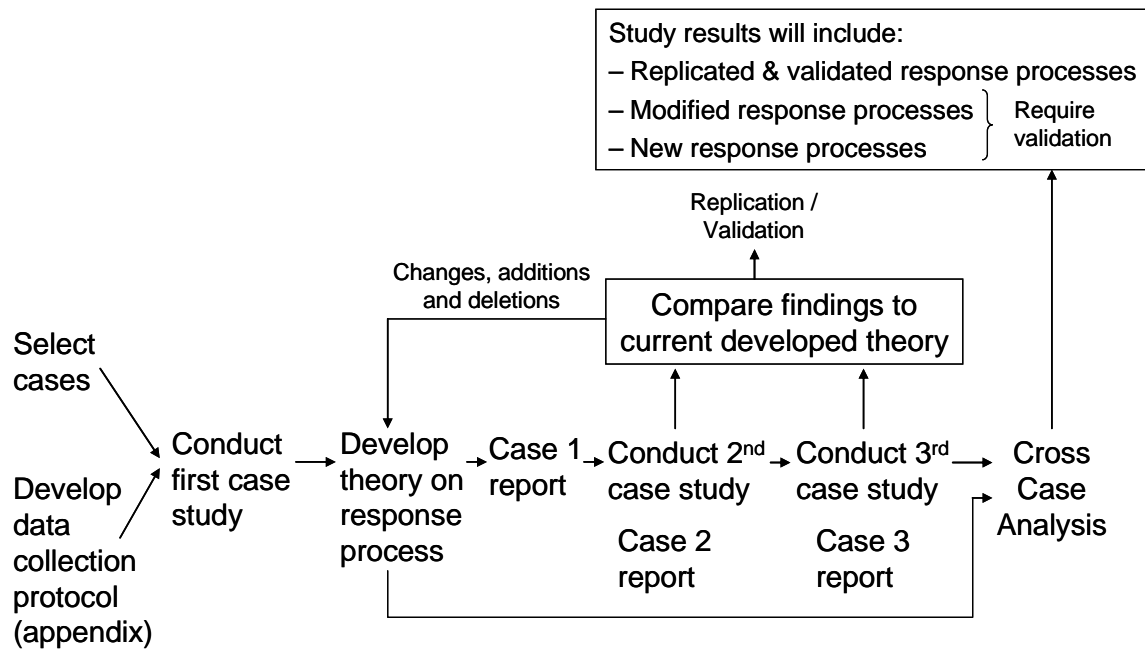


Figure 7. Theory building process in use.

Whether or not a firm generates one or multiple responses to be analyzed is dependent on a number of factors. As previously mentioned, one intuitive requirement for response is that the responding firm must be aware of the instigating competitive action taken by a competitor (Kiesler & Sproull 1982). And, characteristics of the industry and the competitive attack play a role in fostering or inhibiting this awareness. Both of these influential factors will be examined in the following sections as the industry selection is reviewed and the type of competitive attack studied is narrowed.

3.4 INDUSTRY SELECTION

Service industries, especially those with high customer co-creation, have been described as being high visibility and create greater access to the details of competitive

actions within an industry to facilitate response. According to Kiesler and Sproull (1982), the more visible a threat, the more likely it is to be detected and to generate a response. Thus, high visibility promotes both awareness of competitor's action and provides the information necessary to construct a competitive response (Chen and Miller 1994). The role played by visibility found additional support in a study by Haunschild and Miner (1997). In this study, the selection of an investment bank for an acquisition was analyzed with the expectation that, if the acquisition had a positive outcome, more firms would opt to use that investment bank. However, what they found was that it was the high visibility of the action/selection that fostered imitation as a response, regardless of whether the outcome was very positive or very negative (Haunschild and Miner 1997, Kiesler & Sproull 1982). As a result, a service industry with a high degree of customer co-creation is expected to have a higher probability of generating competitive responses to competitive attacks and should provide abundant competitive responses for study. This expectation is confirmed by the findings of a study set in the high visibility U.S. Airline industry by Chen and Miller (1994). In this study, the authors analyzed the combined role of visibility, response ease, and market importance in predicting the occurrence of competitive response in the high visibility airline industry and found that the presence of any one of these factors, including visibility, increased the chances of response (Chen & Miller 1994). Thus, high visibility industries are primed for competitive response. So, just as Makadok (1998) purposely selected a high visibility financial services industry in which to study the sustainability of first mover advantages, this study will intentionally choose a service industry setting with high visibility and high customer co-creation in which to study the competitive response process – the Pocono Mountain resort industry.

The selection of a service industry, specifically the Pocono Mountain resort industry, as the setting for this study is based on a personal connection to the area and to the resorts by the researcher and represents a sample of convenience. However, as this discussion will reveal, the Pocono Mountain resort industry is a prime environment in which to study competitive response. First, the hospitality industry is beset with very high customer co-creation of services. Dube & Renaghan (1999) commented that, “The hotel guest is in the midst of the ‘factory’ and is part of the production process” (p.30). As a co-creator, the customer interacts directly with the resort products and processes and can acquire a great deal of information due to his/her proximity. And, since a competitor can also be a customer, competitive details are more readily available in this setting, eliminating uncertainty and causal ambiguity surrounding competitive response and countering rival hypotheses relating to it. Smith et al. (1997), commenting on the high level of visibility found in another service industry - the US Airline industry, concluded that, “There appear to be few barriers or impediments for firms in responding to the competitive actions of airlines...” (p. 155). Thus, service industries in which co-creation by the customer creates high visibility ensures awareness and attention, minimizes response uncertainty and causal ambiguity, and makes the information needed to pursue imitation, modified imitation or a novel response readily available (Milliken 1987), and makes them an ideal setting for studying competitive response.

The hospitality industry itself also has a history of generating competitive responses. A study by Olsen, Tse, and West (1998) in the hospitality industry indicated that firms were quick to follow the competitive offerings of their counterparts, usually

within a few months, but at worst within a year. The resort industry subset also demonstrates a propensity for competitive response as exemplified by the actions and reactions of resorts in Wisconsin Dells, Wisconsin, as reported by Haralson and Coy (2002). In 1994 the Polynesian Resort installed waterpark play equipment indoors in order to sell more rooms during the long Wisconsin Winter, which they did. Eight years later there are eighteen resorts sporting expansive indoor waterparks. And, given the large capital outlays and lead time required to build a large indoor waterpark, the numerous competitive responses that occurred in this eight year span suggest that, in the resort industry, low response uncertainty exists and that participants not only pay attention to their competition, but respond vigorously and quickly to new products/services. This finding creates additional optimism for the selection of the Pocono Mountain resort industry as the setting for this study.

Studying competitive response in a geographically limited resort area like the Poconos within a brief timeframe also provides a number of advantages from a methods perspective. The main advantage is that a large number of rival hypotheses are eliminated as geographic and environmental influences are held constant. Specifically, the economic environment and terrorism threat level in both the Pocono region and in its major customer base locations (New York City, Philadelphia, Connecticut), the regulatory environment, and the weather, which is of central importance to the industry's performance. Additionally, industry level variables are also controlled, including tourism promotion at the state and Pocono level (Pocono Mountain Vacation Bureau) and the

inclusion of a hotel tax, all of which serve to eliminate rival hypotheses and to promote internal validity as to the source of variation.

3.5 POCONO MOUNTAIN RESORT INDUSTRY

Now that the case has been made for the selection of a single service industry with high visibility, a high level of customer co-creation, a history of competitive response, low response uncertainty, and high awareness, in a limited geographic area has been made, it makes sense to provide details on the industry itself. The Pocono Mountain resort area (Poconos) is located in the Northeastern corner of Pennsylvania and occupies 2,400 square miles, an area the size of Delaware, in Wayne, Pike, Monroe, and Carbon counties. Tourism is Pennsylvania's second largest industry and, in 1995, visitors spent over \$20.5 billion tourism dollars in the Commonwealth, over 5 percent of which was spent during the four summer months in the Poconos.

Visitors have been coming to the Poconos in droves since 1820, drawn by the fall foliage, fresh air, the abundant lakes for recreation and streams for fishing, and the heart shaped bathtub, long a symbol of the area's plentiful honeymoon facilities. The area hosts several 'super' resorts, characterized by tennis courts, basketball courts, an indoor gym, and swimming facilities (Squeri 2002). But for these resorts, that is just the beginning as they have added an enormous variety of activities for every age group and interest (e.g. bumper cars, skeet shooting, hiking, nightclub entertainment, children's

games). As a result, given that the modern vacation involves being busy (Squeri 2002), there are numerous co-production opportunities for guests at these super resorts, ensuring high visibility.

At the time the study was conducted in 2003 and 2004, the economic downturn facing the nation made its impact felt on the Pocono region with lower revenues expected each year. Revenues declined more slowly in the Poconos following the 9/11 attacks because they were within a short drive of two major metropolitan areas and could be reached without air travel. However, this trend waned in 2003 as hotels and resorts throughout the country aggressively lured customers to return with deep discounts. In light of the lower than expected revenues for 2003 and increased competition from vacation areas outside the Poconos, competition within the Pocono resort industry became more intense, as it had throughout the nation (Becherel & Vellas 1999; Dube & Renaghan 2000; Olsen & Connolly 2000; Olsen et al. 1998). This increase in competition was fueled not only by fewer available guests and guest dollars, but by better informed guests wielding greater power due to the internet (Olsen & Connolly 2000).

Given that the market in which the Pocono resorts compete became more competitive, it makes sense to identify with whom they competed. The lodging industry, by its nature, experiences primarily localized competition based on geography (Baum & Mezias 1992). Therefore, the Pocono resorts mainly compete against each other for guests seeking the region's benefits in a vacation - a short drive from Philadelphia and New York City, lakes and streams, and natural scenery. As a result, the increased level

of competition and its localized nature was expected to spur more competitive activity within the Pocono resort industry, including more competitive responses.

3.6 FOCUSING ON NEW PRODUCTS/SERVICES

To further increase the likelihood of competitive responses, the focus of this study was narrowed to address only responses to new products/services introduced by the competition or present in an industry trend. By focusing only on new products/services, which are developed for the customer and require his/her participation, the role of the customer as co-producer is assured. The visibility of the new product/service is also secure because firms need to educate and convince their potential customers of the value and appeal of any new products/services. As a result, they are likely to be prominently featured in the firm's advertising and website, enhancing their visibility to the competition (Gatignon 1984, Ferrier et al. 1999). Finally, by focusing on the introduction of a new product/service, this study is evaluating the reaction of firms to a strategic rather than a tactical action taken by their competition (Chen et al. 1992; Miller & Chen 1994; Smith et al. 1991). This attribute precludes the automatic responses that do not involve a conscious evaluation of alternatives. Therefore, by choosing to focus only on new products/services, not only is awareness maximized through visibility, but intentional decisions are required to create a response making them an ideal subset of competitive actions with which to study how firms respond.

3.7 PARTICIPATING SUPER-RESORTS IN THE POCONO MOUNTAINS

Three super-resorts in the Pocono Mountains agreed to participate in this study – Woodloch Pines Resort, Caesars Pocono Resorts, and Skytop Lodge. The participant resorts represent a sample of convenience as the researcher has a personal connection to both Woodloch Pines and Caesars, while the Owner and CEO of Woodloch Pines recruited Skytop Lodge to the study. All three resorts are longstanding competitors in this market with colorful histories and have witnessed generations of both guests and employees pass through their resorts. Each resort will be briefly described in the following paragraphs with a more thorough account found in the introduction of the resort’s case chapter. In addition, basic facts regarding each resort can be found in Table 4.

Woodloch Pines is the only sole proprietorship in the sample. The resort is owned by John Kiesendahl, a second generation member of one of the families that purchased a small boarding house in 1958 and turned it into a super-resort with professional dedicated managers and over \$40 million in revenues each year. Families have been vacationing at Woodloch Pines for generations and this loyalty creates an unheard of annual occupancy rate of between 83 and 87 percent, the highest in the Poconos and prompted the resort to maintain a waiting list for cancellations. And, this success has come solely through word of mouth as the resort has a tradition of not advertising.

Table 4. Participant Resort Facts.

	Woodloch Pines Resort	Caesars Pocono Resorts	Skytop Lodge
Year opened	1958	1955	1928
Number of rooms	160	734	193

Ownership	Private, sole proprietorship	Public, corporate parent Starwood	Private, corporation
Markets targeted	Families, retired groups, couples, corporate	Couples, families, some social groups	Families, couples, corporate
Annual occupancy rate	83-87%	45%	50% (estimate)
Weekend occupancy rate	100%	84%	100%
Waiting list	Yes	No	No
Vacation traditions	Yes	Yes, though less prevalent	Yes
Annual revenues average above	Over \$40 million	Cove haven alone over \$40 million	Almost \$12 million

Caesars Pocono Resorts began as Cove Haven Resort in 1955 and catered to honeymoon couples, dubbing its property as, “The Land of Love.” In 1969, they became the symbol of the Poconos when their heart-shaped bathtub, created by founder Morris Wilkins, was featured in a two-page spread in Life Magazine. Caesars purchased the resort in 1969 and soon purchased three more area resorts and converted them to reflect the Caesars opulence. Today, the four resorts – three couples only and one family resort – are called Caesars Pocono Resorts, and are now owned by Starwood Hotels and Resorts Worldwide. Annual revenues for Cove Haven alone top \$40 million, bolstered by Morris Wilkins’ latest creation, the seven foot champagne glass Jacuzzi tub.

Skytop Lodge was previously a private country club for wealthy families from nearby cities. Families would summer in the Poconos with the father commuting to the resort on weekends. In 1994, the last widow of these families passed away and Skytop almost went with her. Renovations and upkeep had grown lax and the resort was faced with a choice, shutter its doors or make the necessary investments to become a commercial resort. The Board of Directors for the resort chose the latter option and the stately stone building was

remodeled to provide larger updated guest rooms with modern amenities. Professional managers were hired to run the resort with Ed Mayotte, formerly of Walt Disney, currently at the helm. Additional changes made at the resort include the addition of the Inn housing 20 guest rooms, the creation of a spa on the top floor of the original building, the addition of a conference center wing, and the constant updating of the property and the resort's products and services. The end result of these changes, excluding the nearly completed conference wing addition, is revenue nearing \$12 million annually.

Overall, as this brief introduction suggests, the three participants are industry leaders with professional organizations who understand their market and how to be successful in it and have maintained this success for decades. They have also managed to outperform the industry with weekend occupancy rates above the hospitality average of just below 60 percent (Swig 2003; Hotel Online July 3, 2003). This extensive track record of competing and thriving also suggests that, at least historically, these resorts have likely made wise decisions regarding competitive response contributing to their success, making their response processes of particular interest for their instructional potential.

3.8 DATA COLLECTION METHODS

This study utilized a combination of quantitative and qualitative research methods with data collected through the use of brief questionnaires and more extensive semi-

structured in-depth interviews. Both of these instruments are found in Appendix A. Additionally, in order to build the chain of evidence to support construct validity, each question includes a reference to the construct it is meant to address (Eisenhardt 1989, Yin 2003). The questionnaire was used to gather objective facts, while the in-depth interview allowed for information on the more cognitive factors shaping the response chains to be explored. Specifically, this instrument assessed the responding firm's view of the competitive market, the competitor's new product/service, their belief about how it would impact their resort, and why they responded as they did, providing a fresh perspective on competitive response. The use of in-depth interviews also allows a competitive response researcher to overcome the previously mentioned obstacles that those using quantitative methods encountered. First, the responding firm is able to identify all imitation, modified imitation, and novel responses to a competitor's action, including those that are planned or in the process of being implemented. And, those competitive actions that are unrelated to a competitor's action and just happen to occur shortly after a competitor's action are discarded.

The data collection process actually began with obtaining consent by the most senior executive of each of the three resorts – Woodloch Pines, Caesars Pocono Resorts, and Skytop Lodge – to conduct the research. This consent was obtained in a telephone conversation and was followed by written documentation of the study, its goals, and the requirements for participating firms. Also included in this packet were materials to be used in the first meeting with the senior executive. Because this is an embedded case

study and multiple units of analysis are present in each case, the next step in the data collection process was to identify the competitive responses for the resort.

To facilitate response recall by the senior executive, a list of new products/services introduced by Pocono resorts in the previous five years was provided (provided in Appendix B). This list was compiled by reviewing all newspaper articles between January 1, 1998 and February 29, 2004 pertaining to Pocono resorts in several leading area newspapers – the Scranton Times, The Pocono Record, the News Eagle, and the Wayne Independent. Additional articles from large metropolitan newspapers in major customer centers for the Poconos - New York Times, the Philadelphia Inquirer, and the Washington Post - were also consulted. The use of newspapers as a source to identify new product/services in the industry is thought to be sufficient as the Pocono Mountain Vacation Bureau is very active in publicizing improvements and additions made to Pocono resorts. The five-year timeframe was selected to cover the period leading up to the first interview and recognized the long lead times required to execute more significant responses.

Also included in the information packet for the first meeting with the senior executive were two rating scales – implementation difficulty and strategic importance. The definitions and levels provided to the executive appear below. In order to ensure that any variation in how a resort responds when the response is difficult versus when it is easy and when the response is very important to the resort compared to when it is less so is captured, the senior executive was asked to identify one response for each level of the

two rating scales. With two rating scales and three levels in each, a total of six competitive responses could be identified. If fewer than six competitive responses were needed to meet this criteria, additional competitive responses were requested to obtain a total of six responses to investigate. Six responses were identified as a reasonable number of responses to assess variety in the resort's response processes without placing too great a burden on the participating resort.

Implementation Disruptiveness levels

- Low:** Only minor changes and disruptions were required at the resort to implement the competitive response. Ratings 1, 2, or 3.
- Medium:** Some significant changes and disruptions were required to implement the competitive response. Ratings 4, 5, 6, and 7.
- High:** A great deal of change and disruption were required to implement the competitive response. Ratings 8, 9, and 10.

Strategic Importance Levels

- Low:** The response is not expected to have a significant impact on the performance of the resort. Ratings 1, 2, or 3.
- Medium:** The response is expected to have a noticeable impact on the performance of the resort or will reduce expected or actual performance losses to another resort(s). Ratings 4, 5, 6, and 7.
- High:** The response is expected to have a large impact on the performance of the resort or will significantly reduce expected or actual performance losses to another resort(s). Ratings 8, 9, and 10.

Once the preliminary material had been received, an initial meeting was scheduled with the senior-most executive where the topic of competitive response and the

goals of the study were again described. During this meeting, six new products/services introduced by competitors or present as trends within the industry to which the resort responded were identified. These responses are shown in Table 5 with each level of the two response scales represented. During this discussion, the executive was also asked how the resort responded to each of these new products/services and why. This information provided an initial viewpoint on the competitive responses and through this discussion any differences in how the definitions were interpreted were resolved.

Table 5. Instigating products/services, resort responses and ratings.

New Product/Service or Trend	Competitive Response	Competitive Importance	Disruptiveness	Response Chain
Woodloch Pines Resort				
Kid's Camp	<i>1. Hire additional Social staff for support if children were at activities alone</i>	<i>M</i>	<i>M</i>	<i>MI</i>
	<i>2. Extend babysitting service to all-day</i>	<i>M</i>	<i>M</i>	<i>MI</i>
Automated Checkout	<i>1. Slip bills under doors and provided a drop box in lobby</i>	<i>L</i>	<i>L</i>	<i>MI</i>
	<i>Allow guests to call the front desk to verify bill and mail receipt</i>	<i>L</i>	<i>L</i>	<i>MI</i>
	Implement automated checkout via television using LodgeNet	M	M	I
Spa trend	4.0 Create	M	L	I

	restful areas for massage, provided by outside company 5.0 Bus guests to local spa 6.0 Local spa provides spa services at corporate house 7.0 Build a destination spa	L M H	L L H	MI MI MI
Corporate Center	1. <i>Purchase movable room dividers to create more corporate space and breakout areas</i> 2. Clear out Woodloch Pines for a corporate group 3. Build a Sales and Construction group building and moved them out of Springs clubhouse to free additional space for meetings. 4. Plan to build a corporate center	L H M H	L M M H	MI MI MI I
Discounting trend	▪ Offer discounts via postcards and email mailing list ▪ Introduce a loyalty gift basket ▪ Reduce rates published for slow periods in	M M M	M L M	I N MI

	brochure <ul style="list-style-type: none"> Offer more repeat guest appreciation discount weekends in brochure 	M	M	MI
Gambling in Catskills	1. Lobby with PMVB and other resorts to legalize gambling in Pennsylvania 2. <i>Complete long range plan</i> 3. Plan to bus guests to nearby casino if demand is present	M	L	I
		H	L	N
		M	M	MI
Caesars Pocono Resorts				
Honeymooner and mid-week couples targeting trend	Created a high-end honeymoon product, differentiated from other couples packages, tailored Sandals package to honeymooners	H	H	MI
Spa trend	Plan to build a spa at Paradise Stream	M	M	I
Green room program by Starwood	Planning on importing portions of the program	L	M	MI
Dessert toppings bar at Ponderosa Steak House	Ponderosa's toppings bar on steroids	L	L	MI
Online reservations trend	Added online reservations to website first through a third	M	L	I, I

	party, then internally			
Gambling in the Catskills (NY)	Taking steps to obtain a resort gambling license; planning to leverage rising real estate prices associated with legalized gambling	L	H	I, N
Skytop Lodge				
High speed internet trend	Added high speed internet via cable in a few conference rooms, then added wireless high speed internet throughout the resort	H	L	I, I
Automated and integrated property management system trend	Purchased and installed an automated and integrated property management system	M	H	I
Addition of dedicated Conference Center by Split Rock, Fernwood, and the Scranton Hilton	Added a dedicated Conference Center wing to the main building	H	H	I
Discounting trend	Discounted rates based on occupancy and added value by packaging services into a one price deal and enhancing and updating	L	L	I, MI, MI

	theme weekends			
Online reservations trend	Offered online reservations through the Pocono Mountain Vacation Bureau and the National Trust – Historic Hotels and then moved to an in-house system that was an option with the new property management system	H	L/M	I, I
Spa trend in the industry	Converted the 5 th floor of the main building to a spa and plan to build a destination spa	H	L (main building) H (destination spa)	I, MI
Note: Entries in italics were identified in interviews following the initial rating session. Three planned responses were cancelled during the interviewing process and removed from list.				

In addition to identifying the six competitive responses to investigate, the senior manager was also asked to identify two individuals who participated in the decision as to how the resort would respond. These individuals would serve as experts for each response. Two informants were requested for each competitive response to provide multiple sources for information on each response. By obtaining information from two sources, the response information could be triangulated between them, promoting validity in the responses. Throughout this study, if information regarding a response was not agreed to by both informants, it was not used.

One exception to this rule was made when, due to the tight control of decision making in Caesars Pocono Resorts' response to gambling, only the senior-most manager could serve as an informant. Because the response was underway at the time data was collected, it is not expected to encounter any recall bias. And, to validate the accuracy of this manager as an information source, the information he provided on other responses was compared to the second informant. Given that a very high degree of agreement was found, this manager was allowed to serve as a single informant for Caesars' gambling response.

To further supplement the study's validity, documents supporting or describing competitive responses were sought to further triangulate the response information, as guided by Eisenhardt (1989) and Yin (2003). Documents were extremely valuable because they were often written at the time the response decision was being made and, therefore, are free of retrospective bias or the tendency to recall events as more rational and linear than they actually were (Bernard, Killworth, Kronenfeld & Sailer 1984; Das & Van de Ven 2000; Golden 1992; Huber & Power 1985; Schwenk 1985). Among the documents of interest were meeting minutes, plans, activity schedules, advertisements, guide book descriptions, and information from the resort's website. Also elevating the validity of this study is the fact that a number of identified responses were still underway, also removing retrospective bias from the informant accounts of the responses. The result is that any non-linear, less than rational, and experimental aspects of the responses will be visible and can be incorporated into the response processes (Bernard, Killworth,

Kronenfeld & Sailer 1984; Das & Van de Ven 2000; Golden 1992; Huber & Power 1985; Schwenk 1985).

Interviews with each identified respondent were scheduled by the senior manager's administrative support person or by the researcher for a period of forty-five minutes for every response being discussed to ensure that fatigue did not become an issue. The list of interviewees, their positions, their response expertise, and the timeframes in which the interviews were conducted are found in Tables 5, 6 and 7.

Table 6. Woodloch Pines: Main Study Interview Schedule & Topics.

Name	Position	Response	Date of Interview
Julie Johansen	Front Desk Manager / Special Projects	Automated Checkout – in progress	July 29, 2004
Bob Kiesendahl	Operations Manager	Gambling – in progress Spa – in progress	July 23, 2004
Steve Kiesendahl	Director of Rooms Division	Kid's Camp Corporate Center – in progress Discounting – in progress	July 26, 2004
Charlie Knapp	Director of Information Services	Automated checkout – in progress	August 1, 2004
Fawn Glasgow	Administrative Director of Group Sales	Corporate Center – in progress	July 26, 2004
John Dodson	Dining Room Manager	Gambling – in progress	July 26, 2004
John Kiesendahl	CEO, Owner	Spa – in progress	July 26, 2005
Tess Murray	Front Desk Manager	Kid's Camp	July 22, 2004
Lynn VanBlarcom	Reservations Manager	Discounting – in progress	July 23, 2004

Table 7. Caesars Pocono Resorts: Interview Schedule & Topics.

Name	Position	Response	Date of Interview
Doug Wilkins	Area Managing Director, Pennsylvania	Green Room program – in progress, dessert toppings bar, gambling – in progress, online reservations, mid-week couples competition	August 1, 2004 August 24, 2004 August 27, 2004 August 31, 2004
John Warnagiris	General Manager Cove Haven	Green Room program – in progress, online reservations, spa services – in progress, mid-week couples competition	August 24, 2004 August 31, 2004 September 2, 2004
Morris Wilkins	Former Owner, CEO	Dessert Toppings Bar	August 16, 2004
Nick Nicolas	General Manager of Pocono Palace, Brookdale, & Paradise Stream	Spa – in progress	August 25, 2004

Table 8. Skytop Lodge: Interview Schedule & Topics.

Name	Position	Response	Date of Interview
Bob Baldassari	Sales Director	Wireless internet trend, Discounting, Conference Center – in progress	September 24, 2004
Dan Harris	Operations Manager	Property management system trend, Online reservations trend, Spa trend	September 29, 2004

		– in progress	
Ed Mayotte	President & General Manager	Property management system trend, Online reservations trend	September 23, 2004
Jim Siglin	Project Engineer	Wireless Internet trend, Spa trend – in progress	September 24, 2004
Kim Matthew	Activities Director	Discounting trend	September 23, 2004
Steve LaRosa	Controller	Conference Center – in progress	September 29, 2004

A detailed description of the data collection process to be used to gather data from these resorts is found in the Case Study Protocol. This document was developed to ensure consistency between cases and to increase the reliability of this study, as suggested by Eisenhardt (1989) and Yin (2003). The Protocol is also available in the Appendix C. Included in this document is information meant to help the researcher conduct effective interviews, including the research questions, the rationale for selecting the case study participants, a list of participants to be interviewed, how to gain access to them, a data collection schedule, where the interviews should be held, what the researcher should bring to each interview, and what approvals should be obtained from each interviewee. Finally, to facilitate recall by the interviewee, the interview questions were provided in advance along with a respondent survey that included the more direct, closed ended questions associated with the study.

3.9 MEASURING PERCEPTIONS

Within each of the in-depth interviews, a series of questions were asked to gauge the perceived strategic proximity of competitors to the responding resort. These questions were included to determine if those close in proximity were considered rivals and if their proximity influenced how the firm responded. Three dimensions were selected to locate each resort in the competitive space – price, quality, and breadth of services. These dimensions were chosen based on previous research in the hotel industry by Baum and Haveman (1997), the definition of a super-resort (Squeri 2002), and factors mentioned in the preliminary interviews with Woodloch Pines Resort. Baum and Haveman (1997) found that hotels in Manhattan differentiate to reduce localized rivalry using size and price dimensions. The price dimension was imported directly from this study. Size was excluded because it was rarely mentioned in the preliminary interviews as a factor that sparked attention. Breadth of services was included as the second dimension and was selected because it separates super-resorts from the rest of the Pocono hotel/motel industry (Squeri 2002). Additionally, it frequently emerged as a differentiating characteristic in the preliminary Woodloch Pines interviews. The third dimension, quality, was added as a strategic dimension as it too surfaced as a differentiating characteristic in the preliminary interviews and is also an industry differentiator, reflected in the star rating scale.

Perceptions as to the threat level perceived by the responding firm from a competitor's new product/service or trend were also assessed in the interviews. The level of harm a product/service is expected to inflict on the responding firm is

expected to shape how they respond (Chen et al. 1992; Smith et al. 1989). Drawing on the decision making literature, three degrees of threat level were identified. The first is a problem or a minor obstacle to which rational decision making is applied (March 1994; March & Simon 1958; Simon 1955). The second level is a threat and is associated with alterations to decision making attributes. Specifically, a narrowing in decision making participation, the sequential consideration of responses beginning with those requiring little change, and greater concern for efficiency have been documented (March 1994; Milburn et al. 1983; Staw et al. 1981). The final threat level is crisis, a designation in which the continued survival of the organization is called into question. This threat level is associated with a continuation of the threat decision characteristics with the added concern of not failing, a focus on the improvement over the status quo, and the further definition of the firm's identity (Anderson 1983; Lentner 1972; Rogers & Shoemaker 1971).

The comments made by interviewees throughout this study were coded into these three threat levels based on the words chosen to describe the impact of a competitor's action. Any mention of these words in the verbatim transcript of an interview were coded according to the category in which they reside. A table listing the words associated with each threat level is found in Appendix D. If a descriptor was used that did not appear in the pre-defined list, it was categorized according to the definitions that appear below.

Threat Level

- ♦ The crisis category includes words that suggest the situation is potentially life threatening for the organization or is capable of inflicting disastrous damage.
- ♦ The threat category covers words that imply that the organization is threatened by something external, whether by a situation or another organization and the anticipated damage level is not life threatening for the firm.
- ♦ The problem category contains those words that describe the lowest level difficulties and, though these difficulties may be due to another party or a situation, there is no threat implied in these words.

3.10 DATA CODING

In addition to classifying the responding firm's perceptions, the verbatim transcript of each interview, once validated by the interviewee, was coded at the sentence level using NUD*IST version 6.0 to identify text discussing or referring to response research variables found in previous research. Beyond coding the interviews, each competitive response was also coded as to whether it was imitation, modified imitation, or a novel response. The selection of these three categories was based on Grimm and Smith's (1997) definition of a competitive response as, "a market move taken by a competing firm to counteract the initial competitive action," (p. 59). As previously mentioned, this definition is not limited to imitation and the three categories were meant to capture the full diversity of competitive response. Specifically, modified imitation was included to cover any competitive response in which a key defining characteristic of the

instigating competitive action was intentionally changed or excluded in the response. A single category was selected to house these responses because slicing the responses into finer degrees of imitation is a slippery slope and would require a great deal of subjectivity. The specific definitions used to code each competitive response into a category appear below.

Imitation: Shares all key defining characteristics with the initiating organization's new product/service offering. This definition purposely allows for unintentional variations encountered during the implementation process and minor process modifications that do not change the character of the new product/service.

Modified imitation: Shares some or most aspects of the initiating organization's new product/service offering, but at least one key defining characteristic of the product/service has been intentionally changed and the change or changes are specifically mentioned.

Novel: The response has no intentional overlap with the initiating organization's new product/service offering as described.

3.11 DATA ANALYSIS

As the data was collected for Woodloch Pines, the unexpected pattern of multiple responses became evident. Why a firm selects multiple responses and how this decision is made became the focus of this study. And, to answer these questions, the qualitative data from the Woodloch Pines cases was analyzed through the exploratory process of pattern matching (Yin 2003). The stated influences, the reasons for each response, and how the responses were viewed were compared between competitive response chains. Pattern similarities between responses were considered to follow the same response

process and were used to craft a response decision process in an inductive explanation building process. This analysis method recognizes that no specific patterns are expected in how a firm responds and relies on iterations of an event to develop theory. Divergent processes, on the other hand, were modeled separately in another instance of iterative explanation building. Once a process model was developed, later responses were compared to the predicted pattern and, if it followed the identical response process, the process model was confirmed and the internal validity of the case soared with literal replication (Yin 2003). On the other hand, if changes were required to incorporate the additional response process attributes, another iteration of the model was developed and confirmation was left to a later response.

The process models that emerged from the first case, Woodloch Pines, were then compared to how Caesars Pocono Resorts and Skytop Lodge responded to their six new competitor products/services or trends and pattern matching and iterative explanation building continued. Finally, throughout the case analyses, the findings were compared to any rival hypotheses that existed in literature, whether they addressed the full chain or only a single response, to determine if any were refuted, supported, or suggested additional research. A summary of these comparisons is found in the cross case analysis later in the study.

Upon completion of the analysis for the third case, Skytop Lodge, many segments of the competitive response model had been replicated by other responses. Those that were not are thought to be less common response processes, e.g. gradual learning

response. Pursuing additional cases within the Pocono Mountain Resort industry was determined to be of lower value as the less common response processes may still not surface and replication had been already obtained for many of the other process paths. Additionally, no addition processes surfaced following the first six analyzed in the Woodloch Pines case and only minor enhancements were made by later responses, suggesting that theoretical saturation had been reached. Further, the limited geographic nature of the industry, the presence of many small competitors with few remaining large competitors to study, and the unique attributes of the industry potentially limiting generalizeability suggested that future testing in other industries would yield greater value and no additional case studies were pursued for this research effort.

3.12 VALIDITY AND RELIABILITY SUMMARY

Confidence in the accuracy of the response process models developed by this study depends upon the levels of validity and reliability built into it. Validity and reliability in case studies is always a concern among researchers and numerous steps were taken to address both in this study to maximize the possible contribution of this study to both academic and practitioner knowledge. In an effort to quell any residual concerns before each case is presented in detail in the next three chapters, the specific steps taken to enhance the various types of validity and to promote reliability, described throughout the methods section, are summarized in the following table.

Table 9. Steps taken to promote study validity and reliability.

Construct validity – using the correct measures for the concepts being studied
(a.) Triangulation was used to obtain confirmation of what was provided and to eliminate any individual informant biases as recommended by Eisenhardt (1989), Schwenk (1985) and Yin (2003).
(b.) Two respondents were selected to interview for each competitive response.
(c.) Documents written during the response process were sought as additional evidence
(d.) Several competitive responses that were still in progress were analyzed, which are not subject to retrospective bias
(e.) A chain of evidence was maintained to link the research questions to the case study protocol to the in-depth interviews and survey to the final case report via clear cross referencing. Again, this method was suggested by Eisenhardt (1989) and Yin (2003).
(f.) Interviewees were asked to review the verbatim transcripts of their interviews to allow for any corrections or additions to be made.
(g.) The resort's senior manager was asked to review a draft of the final case report to ensure that all of the facts in the case are accurate.
Internal validity – ruling out alternative or rival explanations
(a.) Use of an embedded multiple case study design provides multiple views of competitive response processes, while keeping firm variables constant. Also allows for replication of processes within and across cases.
(b.) Use of pattern matching and explanation building uses all data obtained in the studies to develop findings.
(c.) Comparison of findings to existing literature throughout each case study and in the cross case analysis.
(d.) Selection of a high visibility industry results in a high level of awareness and attention to competitors, eliminating these factors as influential in competitive response.
(e.) Selection of a high visibility industry creates a context that is low in response uncertainty, eliminating rival hypotheses pertaining it.
External validity – ensuring that the study results are generalizeable beyond the industry used in the study
(a.) Confining the study to a single industry in a limited geographic area allowed industry and environment variables to be held constant and eliminated as factors contributing to the response process differences.
(b.) Participation by large, professionally managed resorts creates commonality between the study firms and firms in other industries.
(c.) Resorts with very different ownership, histories, and target markets were included in the study producing replications of the developed process models. Suggests that the results are generalizeable to a variety of firms.
Reliability – providing the necessary information for the study to be repeated to achieve the same results. In a multiple case design, it ensures consistency between cases.
(a.) Development and use of a case study protocol outlining the data collection process details served as a guide for the three case studies and can be used to

recreate these findings.
(b.) The clearly documented chain of evidence should allow another researcher to track the case study conclusions from beginning to end and to recreate the study if desired.
(c.) A study database has been maintained that contains all materials collected for this study, including tape recorded interviews, completed surveys, interview notes, tables displaying the data, coded interviews, and model iterations.

Overall, the methods used in this study – ranging from the selection of an industry that is primed for competitive response that eliminates many rival hypotheses by controlling sources of variation to the rigor and transparency of the data collection and analysis steps - provide a strong foundation upon which the following case studies are built.

4.0 CASE 1. WOODLOCH PINES RESORT

As the first case in an inductive study, the data gathered from Woodloch Pines Resort will be used to fashion the initial response decision processes that capture why the resort pursued multiple responses for all of its competitive responses. Additionally, competitive response in all varieties, including imitation, modified imitation and novel responses, will be studied and modeled. The processes that emerge from the six responses studied in this case will be related to what has been proposed or observed in existing response literature to determine if support is provided. The twelve competitive responses in the remaining two cases will then be used to either confirm or further develop the response processes begun here.

Woodloch Pines Resort is a Pocono Mountain super-resort that participates primarily in the family market segment, but also pursues the senior citizen, couples, and corporate market segments to fill in the shoulder seasons when children are in school. The resort is privately owned, enjoys annual revenues in excess of 40 million dollars, employs professional managers, maintains a departmental structure, and is run by a family that has been in the business for 48 years. Founded in 1958 by the Kiesendahl and Kranich families, Woodloch Pines strictly adheres to its longstanding motto, “A Tradition of Excellence & Warm Hospitality,” and treats guests as if they were guests in their

home. As the resort grew, Woodloch chose not to advertise or pay travel agents in order to maximize their investment in the resort. And, these traditions continue today with word of mouth advertising from satisfied guests promoting the resort. The result is a resort that is 100 percent booked during the summer months, often with a waiting list, and maintains an unheard of annual average occupancy rate of between 83 and 87 percent. This satisfaction is also reflected in the significant number of families that have made coming to Woodloch during the same week every summer a tradition for generations. The family tradition is also present in the ownership and management of Woodloch. John Kiesendahl, founder Harry Kiesendahl's son, purchased the resort in 1981 and is joined in the business by his brother Steven and three members of the third Kiesendahl generation at Woodloch.

As its occupancy rate suggests, Woodloch has enjoyed unparalleled success in the Poconos and was selected three times by Better Homes & Gardens as "One of America's Favorite Vacation Resorts." Following 9/11, Pocono resorts encountered a surge in business, benefiting from being within a short drive of two major metropolitan areas – New York City and Philadelphia. But, beginning in 2003 performance began to trend slightly below Woodloch's historically justified high expectations. One factor that tempted guests away from Woodloch was aggressive discounting by resorts, cruises and airlines as they struggled to rebuild their business after 9/11. Even Walt Disney World was heavily discounting. The changing demographics of seniors also reduced occupancy. Previously, Woodloch frequently hosted senior groups for day trips and overnight stays. Today, however, seniors are staying healthy and independent much longer and few are

joining senior groups. The result is that as seniors in the groups pass away, their numbers are not being replenished by new members and Woodloch's senior business is declining. A final factor that is thought to have diverted guests elsewhere is the availability of amenities that Woodloch does not possess. Steven Kiesendahl, the Rooms Division Manager, commented that, "It was never even a question for years and then suddenly people are saying, 'Well no, we're looking for a place that has a kid's camp,' so click, we'll call the next place."

The six new products/services that were either introduced by a competitor or reflect a trend in the industry that Woodloch Pines responded to and were selected for investigation by the President and Owner of Woodloch are reflective of this competitive environment. The new products/services include:

- The offering of kid's camps by Skytop and Smuggler's Notch
- The automated checkout trend in the industry
- The spa trend in the industry
- The addition of a conference center by Skytop, Split Rock, the Scranton Hilton, and Pocmont
- The discounting trend in the industry
- The legalization of gambling and the approval of two casinos in the Catskills, NY

Table 10. Woodloch Pines response chains

New Product/Service	Description	Competitive Importance	Disruptiveness	Response Form Sets
Kid's Camp	1. Hire additional Social staff for support if children were at activities alone	7	4	MI
	2. Extend babysitting	7	4	MI

	<i>service to all-day</i>			
Automated Checkout	3. <i>Slip bills under doors and provided a drop box in lobby</i>	3	3	MI
	4. <i>Allow guests to call the front desk to verify bill and mail receipt</i>	3	2	MI
	5. Implement automated checkout via television using LodgeNet	6	7	I
Spa trend	1. Create restful areas for massage, provided by outside company	6	1	I
	2. Bus guests to local spa	3	2	MI
	3. Local spa provides spa services at corporate house	7	2	MI
	4. Build a destination spa	8	9	MI
Corporate Center	1. <i>Purchase movable room dividers to create more corporate space and breakout areas</i>	4	1	MI
	2. Clear out Woodloch Pines for a corporate group	8	7	MI
	3. Build a Sales and Construction group building and moved them out of Springs clubhouse to free additional space for meetings.	7	5	MI
	4. Plan to build a corporate center	10	10	I
Discounting trend	1. Offer discounts via postcards and email mailing list	7	5	I
	2. Introduce a loyalty gift basket	6	1	N
	3. Reduce rates published for slow periods in	7	5	MI

	brochure 4. Offer more repeat guest appreciation discount weekends in brochure	7	5	MI
Gambling in Catskills	1. Lobby with PMVB and other resorts to legalize gambling in Pennsylvania	6	1	I
	2. <i>Complete long range plan</i>	8	<i>1</i>	<i>N</i>
	3. Plan to bus guests to nearby casino if demand is present	7	6	MI
Note: Entries in italics were identified in interviews following the initial rating session. Three planned responses were cancelled during the interviewing process and removed from list.				

The responses launched by Woodloch Pines to these new products/services are shown in Table 10. One pattern that was immediately apparent is that Woodloch Pines responded with multiple responses to all six of the competitive actions. For every new product/service found in Table 10, there are at least two responses and as many as four that comprise the response chains. This observation is attributed to the use of in-depth interviews, which provided a window through which all of the related responses and their timing were visible. Of particular note are the less visible novel responses and the longer response chains that end in imitation. Without the assistance of responding managers, these responses would have been difficult to connect to the product/service that triggered them. And, it is this unexpected occurrence that gave this study its early direction and will be examined in more detail in the following sections as each new product/service to which Woodloch Pines reacted, the response chains that resulted, and the thought processes, circumstances, and factors that played a role in shaping them are reviewed.

4.1 KID’S CAMPS AT SKYTOP LODGE AND SMUGGLER’S NOTCH RESORT

A kid’s camp is a guest amenity in which parents can drop their children off at a secure and safe location where they can participate in structured activities with other children in a supervised environment. The parents do not have to remain with the child(ren) and are free to pursue other activities. Kid’s camps are very common at resorts in the Northeast and two resorts that Woodloch considers to be direct competitors, Skytop Lodge in the Poconos and Smuggler’s Notch in Vermont, both boast kid’s camps. Woodloch’s philosophy with respect to activities is that the family should play together and, given their historic success, this approach seems to have appealed to guests. A kid’s camp is diametrically opposed to this philosophy. Steven Kiesendahl, the Rooms Division Manager, observed that potential guests have recently begun to specifically ask for a kid’s camp and will not consider Woodloch without it. He estimates that, as a result of not having a kid’s camp, bookings have declined by approximately 5 percent. Given the recent decline in senior groups, the negative impact of the post 9/11 recession, and the aggressive pursuit of guests throughout the industry, the five percent loss is painful.

Woodloch’s ability to pursue a kid’s camp is limited in four ways. First, given Woodloch’s family focus, children frequently make up a large portion of the Woodloch guest population. During one typical week in the summer, Woodloch had 280 children between 7 and 12 years of age, 106 3 to 6 year olds, and 267 1 to 3 year olds staying at the resort. The amount of space necessary to provide a kids camp capable of housing over 650 children would be a resort unto itself. As Steven commented, “It’s

monumental.” Yet, Woodloch felt the pressure to not only keep up competitively, but to meet the needs of their guests. It is not uncommon for Woodloch Pines to be 100 percent occupied during the summer months. Adding a kid’s camp may attract additional guests, but there is no room for them, which represents a second limiting factor, though, these guests could re-build the waiting list recently eroded by the decline in business. A third factor that restricted Woodloch’s response was their philosophy that families stay together. Adding a kid’s camp may make some guests happy and bring the five percent of the potential guests to the resort, but it also has the potential to alienate current guests. Both Steven Kiesendahl and Front Desk Manager Tess Murray agree with John Kiesendahl’s comment that adding a kid’s camp would, “...change the complexion of the place.” And, as the kid’s camp product was discussed and the possible responses evaluated, according to Steven Kiesendahl, the importance of the value to them became clearer and they eliminated imitation as an option. But, the alternatives that they selected, identified as compromises by the managers, were congruent with their values. The two responses included (1.) increasing the social staff at activities geared to children in case the child is there alone; and (2.) introducing all day babysitters. Both of these responses are considered modified imitation as they meet the same need, but in a somewhat different way. In both responses, Woodloch staff would be providing supervision for children allowing parents not to be present, just as in a kid’s camp.

A final factor that limited Woodloch’s response is the time required to implement the responses. Given that the impact of the lost bookings occurred during a period of lower performance for the resort, Woodloch felt the pressure to respond to meet their

guest's needs and to return to their historic level of performance. Building a kid's camp would likely require purchasing additional land due to the amount of space required for so many children, the need for rain or shine activity locations, and current space limitations. This step alone would significantly delay the response as a seller would need to be enticed, funding would need to be identified and acquired, plans would have to be drawn up, and development would need to be approved by the County. And, according to Steven Kiesendahl, "We wanted to get something available to sell as soon as possible." The addition of Social staff and babysitters were less disruptive solutions and they could be implemented much faster. Selecting these modified imitation responses allowed Woodloch Pines to offer its potential guests a viable alternative with all day babysitters and create a safety net of more Social staff at children's activities, while conflicting less openly with its "families stay together" philosophy.

Increasing the social staff at children's activities was the first competitive response to kid's camps and was implemented in the summer of 2003. This response was not considered by the staff to be the main response to kid's camp, but more of an interim and unspoken option for families who observed the large number of staff at an activity and then felt comfortable leaving their children. This interim solution remains in place, but was joined by all day babysitters when the babysitting service was extended to all day and sold as an amenity at the beginning of 2004. And, this is potentially not the end of the response chain, despite the identified value conflicts. If the occupancy at the resort remains soft, managers have left the door open to consider other response alternatives, including imitation.

Stepping back from the details of this competitive response, several observations, diagrammed in Figure 8, can be made:

1. This set of responses was pursued to remain competitive in the marketplace and to meet a guest need.
2. Multiple responses were pursued with the first response serving as an interim response until the main response could be identified and implemented.
3. Woodloch considered responding with alternatives that openly conflicted with a closely held value, but was ultimately constrained by its values and chose options that were more palatable. As a result, modified imitation responses were selected.
4. Additional responses, including those that conflict with a closely held value, were identified as alternatives if performance does not improve.
5. The ability to respond quickly shaped the initial response, including pursuing an interim response 6 months before the main response was launched. But, the desire for a quick response did not remove options with a longer implementation window from consideration in the future.

The fourth observation generated by the kid's camp responses is consistent with the findings of Haveman (1992) in her study of the California Savings and Loan industry. In this study she found that a company will change everything to survive, including its closely held values and philosophies. Whether Woodloch Pines is actually facing a survival threat has yet to be seen, but what is important to the competitive response decisions is whether they think they are or whether continued performance below their expectations is sufficient to prompt a company to consider changing elements of its identity.

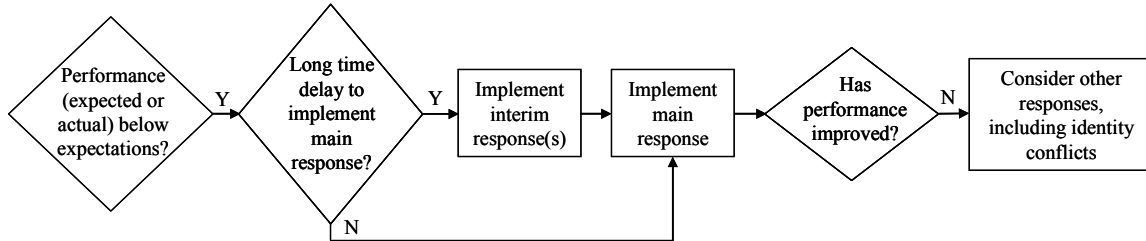


Figure 8. Performance below expectations.

4.2 AUTOMATED CHECKOUT TREND IN THE RESORT INDUSTRY

Woodloch Pines is located on the northern edge of the Pocono Resort area in Pike County and the setting is quintessential Poconos with lakes, trees, mountains, and few utilities beyond electricity outside of a sizeable town. As such, Woodloch's technology options have been limited by their availability in the rural setting. Additionally, because many of Woodloch's buildings and cottages, though well maintained, are pre-1980 they do not have the necessary wiring to support many in room technological advances. This was the case with automated checkout.

Woodloch Pines recognized the automated checkout trend in the hospitality industry through guest comments and managers' own exposure to it as they traveled. And, because there was already guest awareness, Woodloch anticipated that their guests would expect it to be offered by Woodloch. This expectation was likely enhanced by the fact that Woodloch's front desk area can be congested on checkout day, which also

happens to be check-in day for new arrivals. And, there was a consensus among the staff that implementing automated checkout would create a more positive checkout experience for their guests. Apart from the technology issues, there were two remaining issues that gave the resort pause. First, Woodloch Pines prides itself on its personal service. Automated checkout is devoid of personal contact and also eliminates an opportunity to gather feedback on the guest's stay. Second, given the high percentage of repeat business from year to year, the system would need to provide the guest with the opportunity to make a reservation for the following year and put down a deposit, potentially specifying that they would like the same room.

As Table 10 suggests, Woodloch has already implemented two responses and is in the process of implementing the third to automate checkout. The first modified imitation response was to provide express checkout and was technology-free. It involved printing the bills at the Front Desk and sliding them under the guest's doors. The guest could then fill them out, write in their credit card number for payment, and make a reservation and a deposit for the following year. Upon completion the guest would place the bill in a drop box in the Lobby. This solution immediately experienced difficulties because there are several standalone guest cottages with exterior doors that are tight with weather-stripping to keep out cold/warm breezes and guest bills. The service was eventually terminated. The next modified imitation option considered and implemented was not advertised to guests and was also a technology free alternative to automated checkout. In this ad hoc process, the guest would call the Front Desk and ask whether or not they had to come to the Front Desk to check out. Over the phone, the Desk Clerk would verify the bill with

the customer, make any arrangements for the following year and, if the guest agreed with the bill, the Front Desk would charge the credit card account provided at check in and mail the customer a receipt. This solution was somewhat disruptive, however, because it took the Clerk away from the Front Desk to handle a check-out by phone.

In conversations with the participants in this decision, finding an automated checkout solution was not associated with a lot of time pressure, despite being an industry trend, being widely available at other hospitality locations, and being a guest expectation. Given the personal service values of the organization, the threshold where not offering automated checkout would become a negative had not been breached. As such, it was only when the resort evaluated and selected to purchase LodgeNet to provide pay-per-view movies in the guest rooms, which included an automated checkout capability as a standard feature, that a response was again pursued. The Front Desk system was scheduled to be re-written for LodgeNet beginning in January of 2005 and minor modifications were added to allow the automated checkout feature to offer advance reservations, deposits, and specific room requests for the following year, allowing imitation to take place.

Combined with the minimal time pressure associated with this competitive response, it was also the only response chain in which sequential decision making was utilized (March 1994) suggesting that it may possess some unique characteristics. In this response, initial options that required technology were discarded due to rural limitations and search continued until one acceptable non-technology option was identified. The

second response was only sought out and implemented after the first response experienced problems and again involved the consideration of only one option. Charlie Knapp, the Director of Information Services for the resort, commented that this approach is, “...sometimes referred to as baptism by fire.” According to March (1994), this behavior is associated with a firm that feels threatened, a perception that causes the firm to deviate from its normal rational decision making style. However, the lack of time pressure associated with identifying and implementing a response, the assessment by managers that not having automated checkout would not deter any guests, and the firm’s acceptance of an ad hoc low technology modified imitation solution suggest the opposite. Rather than perceiving automated checkout as a threat, it appears indicate that Woodloch Pines views it more as a lower priority goal, potentially adding another dimension to March’s (1994) model.

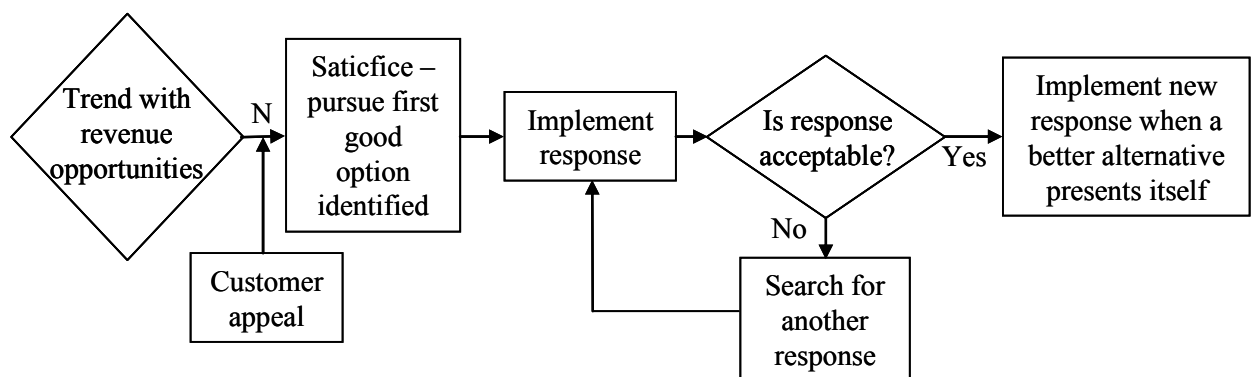


Figure 9. Failure of an earlier response.

As suggested by the previous discussion, the automated checkout response was considerably different from the kid’s camp response. Concern, time pressure, and the response’s impact on performance were factors driving the kid’s camp response, while none of these factors drove the multiple automated checkout responses. Additionally,

limitations within the resort's control played a large role in shaping the kid's camp responses (e.g. values), while they did not prohibit any of the checkout responses. Due to these stark differences, the automated checkout response will be modeled as a separate response type from the kid's camp decision with the multiple responses driven by the failure of the first response (Figure 9).

4.3 SPA TREND IN THE RESORT INDUSTRY

Similar to the automated checkout trend in the industry, Woodloch was also aware of the industry trend to offer spa services, however their response to this trend was quite different. As one manager commented about spa coverage in the press, "You don't have to be well read, just read a little bit and you're going to Steven and saying just about every other magazine that's out there for vacation and pleasure and enjoyment and then the conversation gets bigger and bigger and bigger." At the time the spa trend was well entrenched in the industry, Woodloch offered massages in a room over the racquetball courts and was unhappy with the quality of the amenity. They also deemed adoption of the trend as something they needed to do. As John Kiesendahl commented, "It was critical for all resorts, quality resorts, to have a spa facility." He later added that, "It was clear to us that in order to have the identity that we wanted... a spa connection was imperative." Without a spa, Bob Kiesendahl explained that it would "catch up to us and that we would stay a 'B' player when we should be an 'A'." Further, Bob indicated that it was necessary to "remaining viable in the marketplace, remaining marketable."

Given the importance of enhancing their spa amenities, Woodloch considered a number of options including providing spa treatments in the guest room and building their own small scale spa. They were then approached by long time guests of the resort, who also happened to specialize in managing destination spas, to form a partnership and create a destination spa at Woodloch. This option was above and beyond their original intentions, but they immediately saw it as, in the words of the owner, “A perfect fit.” Bob Kiesendahl added that, “I think we saw it as an enhancement of the experience we try to create.” The process of building a spa in a partnership was, however, counter to the way Woodloch normally pursued projects. Typically, Woodloch possessed the knowledge of how to manage the amenity. With the destination spa, they had to rely on their partners. But, the partnership also provided greater financial resources with which to pursue the project. The process of approaching banks and obtaining loans for the project, however, took longer than expected due to 9/11. Prior to the attack, the banks were very positive on the project, but after 9/11 they pulled back and became very conservative as the hospitality and travel industries wilted. Gradually the banks’ viewpoint brightened and Woodloch and their partners were able to obtain the \$32 million required to build a high end destination spa.

In the meantime, Woodloch created four peaceful massage rooms elsewhere in the resort as an interim response while the destination spa was in development. In addition, based on customer and group requests, creative ad hoc spa responses were implemented. Specifically, a local spa was hired to turn a group of rental homes on a cul-de-sac into a

progressive spa to meet a group's needs. Other groups were bussed to a local spa for spa services. And, in June 2006, Woodloch's main response to the spa trend, a \$32 million destination spa, will open.

Though providing spa services was a trend, the resort's reaction and responses were considerably different from the automated checkout industry trend response process. From the comments of several senior managers, it was evident that they believed that without higher quality and more extensive spa services as an amenity, Woodloch Pines' performance would suffer, potentially to the point where the resort was no longer marketable as a high quality resort. Though the performance impact was identified, the impact on the resort's identity appeared to be a far more pressing matter. The elevation of this factor is evident in manager comments in which an aspiration to be an 'A' player was expressed and that to remain a quality resort, they needed a spa. The recognition that the resort could move closer to its identity aspirations by pursuing a spa was energized when the idea and the means to build and operate a destination spa were presented. President and Owner, John Kiesendahl said, "It's a perfect match."

The driving role played by the resort's current and future identity in this response decision provides an example of rule-based decision making, a concept championed by March (Cyert & March 1992; March 1994; March 1997) that involves a comparison of a possible response to the firm's expected behavior based on its identity(-ies). In this process, the behavioral standards of the various identities or identity aspirations of an organization – e.g. industry leader, family oriented, environmentally conscious –

determine the firm's choice in a decision rather than allowing a more rational evaluation of the alternatives (Cyert & March 1992; March 1994; March 1997). And, March's (1994) work indicates that if a current or aspired identity becomes salient in a decision that rule-based decision making can dominate all other factors enabling or constraining the firm's response choices.

The opportunity to move closer to its aspirations dominated other factors that typically constrained Woodloch Pines in the past. Specifically, the knowledge required to design and operate a destination spa was not present in-house and pursuing the project of this nature was counter to the resort's culture. However, by joining the partnership, they were able to acquire the expertise externally. The external partnership also reduced another powerful constraint on Woodloch's response options, given its private ownership, as the financial requirements were shared with another group.

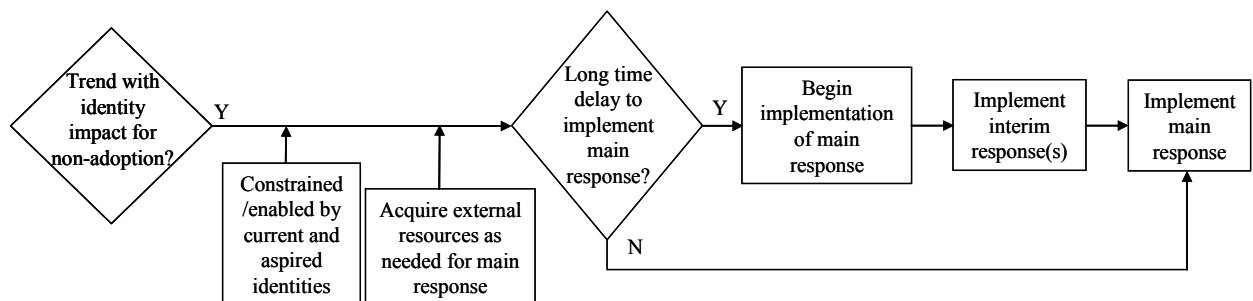


Figure 10. When identity is activated.

The response chain to the spa trend began with three interim responses, all of which were modified imitation, modeled in Figure 10. The first was to provide more peaceful massages (a spa service). The ad hoc progressive spa and bussing guests to a

local spa were the second and third responses and were also meant to fill in the gaps in Woodloch's spa amenities until the main response, the destination spa, was complete. The need for interim responses is a reflection of the time pressure that Woodloch felt to improve its spa amenity. In the kid's camp response, time pressure was the result of experiencing additional occupancy losses during a period of declining occupancy. When the decision was made to pursue the destination spa, however, the resort was experiencing very good performance and had yet to encounter a decline. This time pressure, therefore, seems to also be associated with the firm's identity and its potential to decline or improve based on the resort's response.

4.4 THE ADDITION OF A CONFERENCE CENTER BY SKYTOP, SPLIT ROCK, THE SCRANTON HILTON, AND POCMONT

As mentioned earlier, family resorts in the Pocono Mountains rely on other markets to sustain them during the shoulder seasons while children are in school among these markets are seniors, couples, and corporate groups. Without this business during the off-seasons, a resort would not be able to survive. Woodloch had previously targeted senior groups to sustain them during the shoulder seasons, but recognized the profitability of pursuing corporate groups and believed that their hospitality and their facilities would appeal to corporate guests. Then, after being introduced to Woodloch, these corporate guests could return with their families. To supplement their shoulder season volume, approximately ten years earlier, Woodloch began to pursue corporate groups on a very

small scale. One of Woodloch's main competitors, Skytop Lodge (another participant in this study) had chosen to pursue corporate groups as their main off-season market and Woodloch was able to witness their success. To accommodate larger groups, to increase profits, and to remain competitive in the corporate group marketplace, many of the Pocono resorts built dedicated conference centers replete with the latest technology, breakout rooms, and abundant meeting space surrounded by a resort setting. Skytop Lodge, Split Rock and Pocmont were among them. And, a new Hilton hotel and conference center had just been completed in nearby Scranton, Pennsylvania. Still, the calls from corporate meeting planners kept coming in to Woodloch. Because they were working corporate groups in during slower times and were limited in their group size by the meeting space available at the golf Clubhouse, however, they had to turn a lot of business away.

As the senior group business began to decline in 2004, the resort began to consider ways to better compete in the corporate group market and accommodate the larger, more profitable corporate groups to bolster their shoulder season volume. Steven Kiesendahl, Manager of the Rooms Division, described their intentions, "it's a new market and it's not our main market, but it's growing. Because the senior market is declining, we're really trying to use the corporate market to fill in the shoulder seasons." One of the responses considered was to build its own dedicated conference center. And, though it would equal the playing field, Woodloch's managers were concerned that the considerable expense to build it would take away from other projects. Further, Woodloch still considered corporate to be a new market for them and, despite their great success

with groups, they did not feel that they had the knowledge to manage large groups and make the corporate business a large part of their business. Constrained by their perceived lower level of corporate group knowledge, they pursued three modified imitation responses. These responses allowed Woodloch to quickly increase their meeting space so they could take larger groups and become more competitive and to increase their shoulder season occupancy and revenue in the short term. In the long term, each response was an experiment that allowed Woodloch to gain the experience and knowledge that will allow them to confidently pursue the final response in the chain, building their own conference center. The Corporate Group Manager, Fawn Glasgow, described the responses as a progression. “We’ve taken it in steps that we can manage. [These] steps are really not that different, they’re just stages of development, ...they were ways of going from one level to the next safely and securely.” This intent is shown in the response diagram in Figure 11.

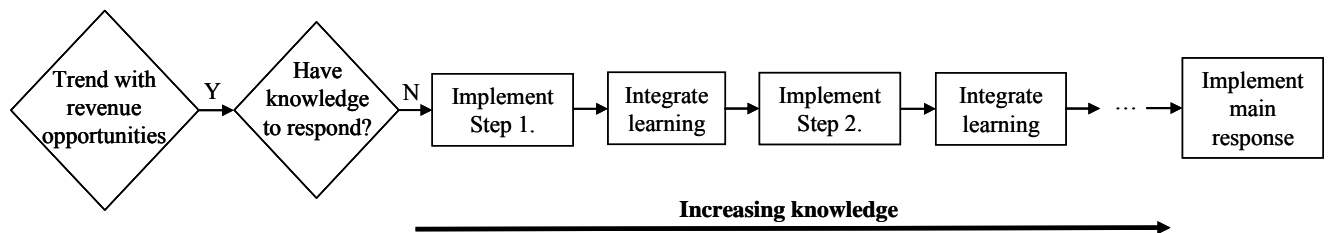


Figure 11. Learning required to imitate.

The first response Woodloch implemented was to purchase portable room dividers that allowed the resort to divide their space, to house multiple groups in the same area, and to create breakout rooms. The second response was to clear out Woodloch Pines for corporate groups. Previously, corporate groups had stayed in rental homes in Woodloch Springs. Housing corporate groups on the Woodloch Pines property had not

been done before and there was great concern that mixing corporate and family guests would be problematic. For example, to avoid distracting a corporate group from their agenda with families outside laughing and shouting as they make a human taco would require a great deal of coordination. In 2004, as “a test to see what happens,” according to Fawn, Woodloch combined corporate groups and family guests at the Pines with great success. Based on this success, specific midweeks at the Pines are now held open for corporate groups. The third response, scheduled for late 2004/early 2005, was to move the Real Estate and Sales departments for the private homes at Woodloch Springs out of the golf Clubhouse and into their own building. This move will open up even more space at the Clubhouse to be used for meetings and allow Woodloch to gain experience with even larger groups. The final response, imitation by building a conference center, is part of the long range plan for Woodloch and is included in future proposals for land development. Whether it is pursued or not will depend on the learning that takes place in each interim step taken by Woodloch and whether the decline in the senior and family markets persists.

4.5 DISCOUNTING TREND IN THE RESORT INDUSTRY

Following the 9/11 tragedy, people were reluctant to fly, which severely eroded occupancy levels at resorts like Walt Disney World and cruises that draw guests from around the world. To entice guests to return and to rebuild occupancy during the recession that followed, resorts across the industry began aggressively discounting.

Many Pocono resorts quickly adopted the trend, but Woodloch chose to wait a year hoping that the decline in the industry was temporary. However, the decline in senior business, accompanied by a decline in family business, the disappearance of Woodloch's longstanding waiting list and the expectation by prospective guests that Woodloch would discount generated concern for the resort's survival. This concern, coupled with guest feedback and comments from the reservation lines prompted Woodloch to respond. "To remain afloat, it's kind of what we had to do," Steven Kiesendahl explained. Another manager described the owner's concern.

"But I do think the family, the first time that the business got soft, it's a whole new experience and they're scared. John's not a person, if they said an A bomb just hit New York, John's reaction would be, you'd never know. He might go cry in a closet, but he would never ever up front give you a clue. But I can tell, just from their own body language they're very concerned."

The first response in the chain was imitation. According to Steven Kiesendahl, "If you don't do some sort of discounting right now in today's economy, you eventually will be closed." Discount postcards and emails were sent to guests on the resort's mailing lists. This was Woodloch's first attempt at discounting and they were uncertain of the outcome. Woodloch's response, though a test, seemed to be more of a reflexive response that was implemented due to the perceived peril of the resort to prevent the resort from falling further behind. Once imitation equalized the playing field, Woodloch was free to assess its impact on the resort's quality, reputation, and revenue and generate additional alternatives. As Lynn VanBlarcom, Reservations Co-Manager, described, "It was definitely trial and let's see what happens, jumping in feet first and hoping it's going

to work.” As senior management considered the effects of discounting, they recognized the importance of their numerous long time repeat guests to their success and wanted to thank them for their continued support and re-energize them to talk about Woodloch to their friends and acquaintances. They accomplished this by introducing thank you gift baskets. The baskets, containing Woodloch clothing, snacks, and souvenirs, were placed in the room for guests coming to the resort annually for 20 or more years. This response was determined to be a novel response to the discounting trend as it shares little in common with discounting and is focused on a narrow group of guests. Lynn echoed this conclusion, “[The loyalty gift basket] is something we’ve created on our own, we’re not imitating another resort...” Following this response, senior management developed a number of additional responses. Their selection, however, was constrained by a number of factors including (a.) a concern that their response would encourage guests to change their habits and wait until the last minute to book, forcing the resort to discount when faced with low occupancy; (b.) valuing long time guests and their negative reactions when late-booking guests receive a considerable discount while they pay full price for making reservations a year in advance; (c.) the conflict of discounting with the resort’s quality identity and Woodloch’s ability to deliver on its quality value with less revenue; (d.) the impact on the bottom line; and (e.) the need to respond quickly. These constraints are included in the response chain diagram shown in Figure 12.

In the meantime, the results of the resort’s discounting test were in. According to Steven Kiesendahl:

“...it definitely worked. It increased our occupancy, but our profits have been down. I think we may have overreacted slightly and I think we’re going to pull back a little bit, not eliminate, just not offer it quite as often or as quickly.”

- Steven Kiesendahl

Though this response remains in their arsenal, the last two responses were implemented with the next season’s brochure (Fall/Winter 2004/2005) and meet all the resort’s requirements. The responses included publishing lower rates during known slow periods throughout the year, allowing everyone to take advantage of them regardless of when they book, and adding more guest appreciation weekends, again during slower times, for guests coming for over five years.

This response chain, shown in Figure 12, differs from the others discussed to date in that the resort immediately pursued imitation when the survival of the resort was perceived to be at risk. The first response was meant to prevent the resort from getting further behind, while allowing the resulting conflicts with Woodloch’s values and identity to be analyzed. The second response was novel and can be considered to be a “no-regret” move, as described by Courtney, Kirkland & Viguerie (1997), with no downside. And, despite the perceived peril of the resort, Woodloch was able to find two final responses that allowed them to maintain their identity, values, and performance goals. The passage of time following the no-regret move, approximately six months, is also unique to this response and allowed the resort’s managers to identify responses that met all their needs.

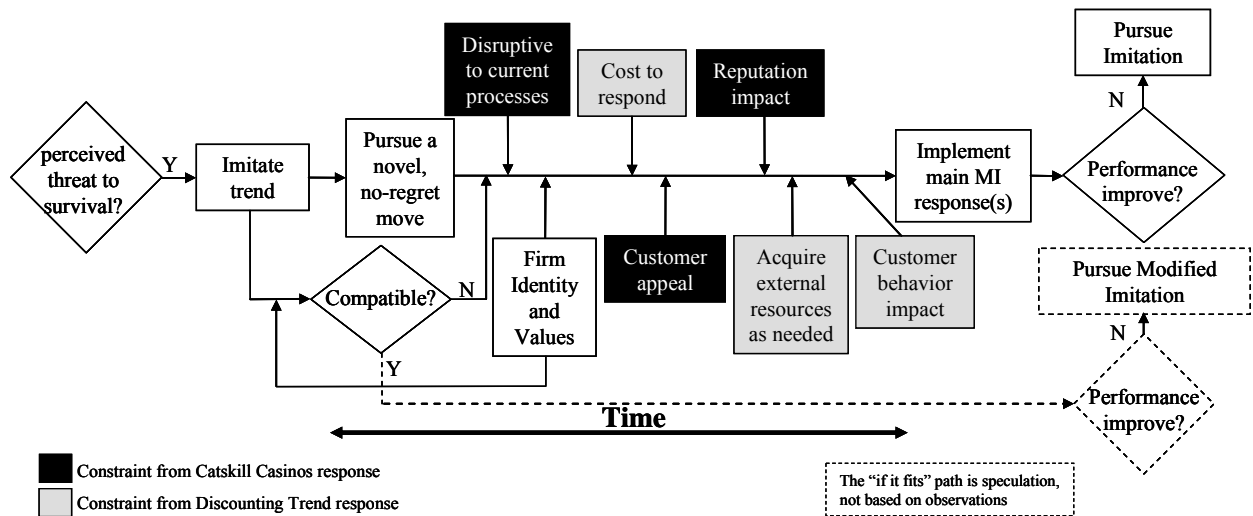


Figure 12. Industry trend perceived to threaten firm survival.

4.6 INTRODUCTION OF GAMBLING IN THE CATSKILL MOUNTAINS OF NEW YORK

Just North of the Pocono Mountains in Pennsylvania are the Catskill Mountains in New York. And, though they are very close geographically, their economic success could not be more different. While the Poconos have continued to thrive and to achieve significant economic gains and revenues, the resort business in the Catskills has fallen into disrepair with many shuttered resorts boasting of past success. To inject the region with capital and to restart its sagging economy, Governor Pataki signed a bill to allow gambling in the Catskills in casinos owned by Indian tribes. Development of the Catskill casinos is underway with three casinos in various stages of development. A joint venture between the Cayuga tribe and Park Place Entertainment to build a \$700 million, 3,000 employee casino is farthest along in development, while two additional casinos by

Empire Resorts and another big name casino developer in process. In total, 10,000 guest rooms are expected to be available in the Catskills, a mere 30 miles from Woodloch Pines. In response to New York approving gambling, Pennsylvania also approved it after years of consideration, well behind most other states. Currently, however, the process of introducing gambling into Pennsylvania has stalled. The commission that is responsible for managing the process has yet to define timetables for the various steps involved in awarding licenses and has suffered turnover in key positions.

From Woodloch's perspective, the anticipated arrival of casinos in the area is of great concern. John Dodson, the Dining Room Manager at the resort described the mood at the resort.

"The casino, it's like, "The casinos are coming." It was like bump, bump, bump, bump (Theme from Jaws). You could see, just the tone invariably change in the room, it's a lot more serious."

The seriousness is primarily driven by two factors described in the following quotes by Owner John Kiesendahl and his son, Operations Manager, Bob Kiesendahl.

"We need gambling? That throws over to this other thing. Do we need it? Don't we need it? I don't think we need it to be the best family resort in America. However, since we can't do families all year round, mid-weeks, there's other parts of the season – corporate and senior – that gambling may be important. And, if we don't have it or have it nearby, we could fail because of it, because those shoulder seasons are critical to our overall success. We don't make enough money in the family times to make this resort click."

– John Kiesendahl

“...but we do have some concern in the Catskills as far as the gambling topic. It looks like it’s, obviously it’s coming, whether it’s this upcoming year or two years from now. But, that’s for our senior market, which are our shoulder seasons in the Spring and the Fall. We are expecting that it will have a huge impact because it’s an amenity that that age group especially enjoys and looks for. And, in addition, typically in a casino setting the room rates or the rack rates are non-existent. They just want to get you in house so you can gamble and they make their money there. It’ll be interesting. It’ll be a major, major issue.”

– Bob Kiesendahl

The concern for the shoulder seasons pervaded the interviews, however never as seriously as in these two comments. The senior market for Woodloch Pines is already declining. With the introduction of a casino in a similar environment and location to Woodloch and its appeal to the senior market, the expectation is that seniors will at least split their trips between Woodloch and a Catskill casino. Further attracting seniors, as well as corporate groups and couples, will be the very low room rates that are subsidized by the gambling revenue. Woodloch Pines’ rates reflect the quality of the products and services delivered to the guest and cannot be significantly slashed without sacrificing quality. With the arrival of the casinos, Woodloch expects to have to reduce their shoulder season rates with minor reductions in quality in order to compete. And, even if they are successful in retaining seniors and corporate groups, the lower revenue will still leave the resort short of its revenue goals. And, Woodloch Pines is not alone in their concern for the impact of gambling nearby, the entire Pocono region stands to be

affected. And, this negative impact may be amplified if Pennsylvania continues to move slowly in their gambling licensing process, effectively removing imitation from the response set available to Pennsylvania resorts.

The first response implemented by Woodloch Pines was pursuit of imitation, similar to its response to discounting when the resort's survival was also perceived to be threatened. Though Woodloch Pines had previously been opposed to allowing gambling in Pennsylvania, they joined with the other resorts and hotels in the Pocono Mountains via the Pocono Mountain Vacation Bureau to lobby the state legislature to approve gambling. The reason for this shift in stance is best described by Owner, John Kiesendahl, in the following quote.

“Having the knowledge that we could do it makes it a 6 (in strategic importance) because if we find that, “Oh, all of our business is going elsewhere and we’ve got to have it,” at least if it’s legal in Pennsylvania, if we buy a license, we can have it.”

- John Kiesendahl

During the interviews associated with this case it was apparent that senior management at the resort was struggling to integrate gambling into the Woodloch identity and not finding much success. They were effectively trying on the casino identity and the possibilities of having a casino at Woodloch Pines, having a Woodloch casino nearby, and not having a casino at all. Evidence of this struggle is visible in the following comment from John Kiesendahl.

But it's a 10 (in disruptiveness) to do it because it's going to be expensive and involved and if we put it on-site someplace, where's it going to go? It's going to affect the way we serve our meals, it could affect every part of our program. So I am leaning right now away from the gambling thing and keeping it as a satellite (Woodloch casino) and making it transportation. I may have been more pro to putting it someplace here when we talked the last time, but I'm leaning more away from it now and saying, "See if we can do without it and if we find that everybody is lowering their rates so much and people are going there and the corporate groups are going and the seniors are going and we have to have it, then we'll deal with it. That's where we are right now.

– John Kiesendahl

And, just as in the Discounting response, the imitation response was followed by a novel, no-regret move (Courtney et al. 1997). In this case, Woodloch Pines conducted a long range strategic planning session in which the future direction of all things Woodloch was discussed and the strategic steps necessary to achieve that direction were identified and sequenced in a long range plan. Bob Kiesendahl felt that the anticipated arrival of casinos in the Catskills was responsible for the timing of this response, "We created a, this probably would have happened anyway, but we ended up, it sped us, it put into motion a master plan as far as where we're going into the future, both physically with the plant itself and also as a family what do we want to do."

Once imitation as an option was preserved for Woodloch with the approval of gambling in Pennsylvania and the novel, no-regret long range plan was developed, time allowed them to try on the casino persona and to fully evaluate the numerous constraints

to the response decision. Among the additional constraints, highlighted in Figure 12, are a conflict between gambling and its family resort identity and its values; the potential to lose current guests to whom gambling does not appeal; the disruptiveness of gambling to the current processes; the sheer cost associated with pursuing a casino; and their lack of casino management knowledge.

Similar to the kid's camp response, gambling does not match Woodloch's current values, its identity as a family resort or its aspiration to be the "finest family resort in America." And the process of considering gambling as a Woodloch amenity forced the owning family to re-evaluate and confirm their identity and their values. Bob Kiesendahl observed this process and commented, "I think we always had a pretty firm grasp on what we are and who we are, so I think that this made us, I think it forced us to look more closely at it, more deeply. We knew that we were so close and have close interactions with our customers. They tell us every day why they like coming here, so I think it's in our face all the time." And, the guests have been telling Woodloch that non-wholesome amenities, like gambling, do not belong at Woodloch. John Dodson feels that introducing gambling at Woodloch would transform it from a family resort to a casino and asks, "Would you go someplace with your kids to go gamble?" Though it is clear that the resort's identity constrains the response options available to it, an interesting factor is that, despite this clear identity conflict, imitation remains an option to be pursued if driven by the survival needs of the resort. The following quotes describe this situation. This is another example of Haveman's (1992) finding that when faced with poor

performance, everything is open to change, including the most closely held values and the identity of the firm.

“Gambling gives me a little tumble. It doesn’t quite fit, but I may have to do it because of the competitive environment. When they [casinos] start lowering their rates because they have gambling profits and I’m a corporate group and I want to go someplace, it’s a lot cheaper. And, you know what? They have brand new facilities and if you want to gamble, it’s there. That’s the kind of stuff that drives me on that, but that doesn’t fit into my overall goal. Sometimes you have to have those deviations.”

- John Kiesendahl

“We’re not going to have it on-site at this point due to the financial barriers and we don’t feel that it really fits into our culture based on our experience with Las Vegas, Atlantic City and what we know about it. That maybe, that may change, for right now that’s where we are.”

- Bob Kiesendahl

Another factor that constrains Woodloch’s ability to respond is the disruption that gambling would cause to the resort. According to members of the staff, everything would need to be changed due to the introduction of gambling, whether on site or off-site, from family activity schedules, to meal schedules, from transportation, to babysitting. Not only would there be expense and disruption associated with changing all of the resort’s routines, the large number of repeat guests who love the continuity and predictability of Woodloch from year to year would also be shaken. Even minor changes

to a traditional meal generate strong feedback. Changing all of the routines at Woodloch would definitely upset the guests and potentially alienate them and turn them away.

Finally, just as with the destination spa, the considerable expense and casino management expertise requirements for imitation would force Woodloch to seek funding and expertise outside the boundaries of the resort, a process described as being “totally alien to our way of doing business.” Additionally, though the current casino management companies are legitimate businesses, the reputation for cheating and mafia connections still haunts the industry and any partnership, both of which are opposed to Woodloch’s current values and have the potential to drive even more guests away. Lastly, the time required to identify and contract with a partner, to obtain the funding, to wade through the bureaucratic red tape to obtain a license, and to build the casino would be considerable. And, as Bob Kiesendahl pointed out, the potential is there that once they were finished, the gambling trend may no longer be a trend.

The main response decision tentatively identified in this ongoing response is that, should performance suffer once the Catskill casinos are open, bus trips to a nearby casino, regardless of New York or Pennsylvania, will be offered to guests. This response was determined to be modified imitation because the amenity of gambling is still being provided, just not at Woodloch Pines. And, though this solution still disrupts meals and activity schedules and requires transportation, it is more palatable to Woodloch’s guests and to the resort’s identity and values while ensuring the resort’s survival.

As mentioned throughout this analysis, Woodloch's response to gambling in the Catskills and discounting share many similarities (see Figure 12). Both trends/new products were perceived as potentially threatening the survival of Woodloch Pines. The response chains that emerged both began with imitation as both a test and as a step to prevent the resort from getting further behind the competition. A novel, no-regret move followed and, once the resort had time to consider the many constraints it faced and the remaining available options, modified imitation responses were chosen in both cases. Stepping back from the detail, the response chains are practically identical with only slight variations in the constraints, potentially due to differences between products/services. The duplicate imitation, novel, modified imitation response form pattern provides an example of replication within the resort. Whether this pattern exists outside of Woodloch Pines will be evaluated in the case studies to come. One final similarity is that in the discounting, gambling and kid's camp responses, despite the conflict with Woodloch's identity and values, imitation remains a possibility should it be required to preserve the resort's existence.

4.7 RESULTING PROPOSITIONS AND MODEL

The response processes that emerged from these six new product/service responses are aggregated in Figure 13. A comparison of these chains produces several noticeable differences that may provide additional information on what molded each chain. Specifically, the similarities and the differences associated with time, threat to

survival, identity, and the norms of the firm will be explored in more detail as propositions are developed.

A noticeable pattern in all of Woodloch's response chains is the presence of multiple responses. In several cases, Woodloch pursued multiple main responses to a competitive product/service (e.g. kid's camp), while in the spa and conference center responses Woodloch implemented interim responses until its main responses could be completed. In the spa response, gathering the funding and the permits necessary to build a destination spa took time, so interim modified imitation responses were implemented as stop gap measures until the resort was able to build and open its destination spa. In Woodloch's response to the Corporate Centers being built in the area, the interim responses were actually small steps to help the resort increase its corporate capacity, while allowing it to gain the experience with corporate groups it needed to feel comfortable pursuing its main response, a dedicated conference center. In both cases, interim responses were pursued when the resort's main response could not be implemented in the timeframe Woodloch desired for a response. This observation highlights the role of response time in shaping a response chain and leads to the following proposition.

W1: If a firm cannot implement its main response in the timeframe in which it would like to respond, it will execute one or more interim responses until the main response can be launched.

Specific patterns in the response chains also emerged when the survival of the resort was perceived to be threatened versus when it was not. In response to both episodes when resort continuity was threatened, Woodloch began with imitation of the new product/service, then pursued a novel no-regret move, and finally implemented or plans to implement its main modified imitation response(s). When not facing extinction, the resort had all options available to it, but only utilized imitation and modified imitation responses. As mentioned earlier, when facing a perceived threat to its existence by a new product or service, Woodloch immediately either imitated or took steps towards imitation so it would not fall further behind while it evaluated its options, including whether imitation fit with the resort's identity, values and goals. The novel no-regret moves were completed after imitation prior to selecting and executing its main responses. When its continuation was not in jeopardy, similar patterns or patterns in general were not evident. As a result, only the response behavior of a firm when its ongoing survival is in question can be modeled and is represented in the following proposition.

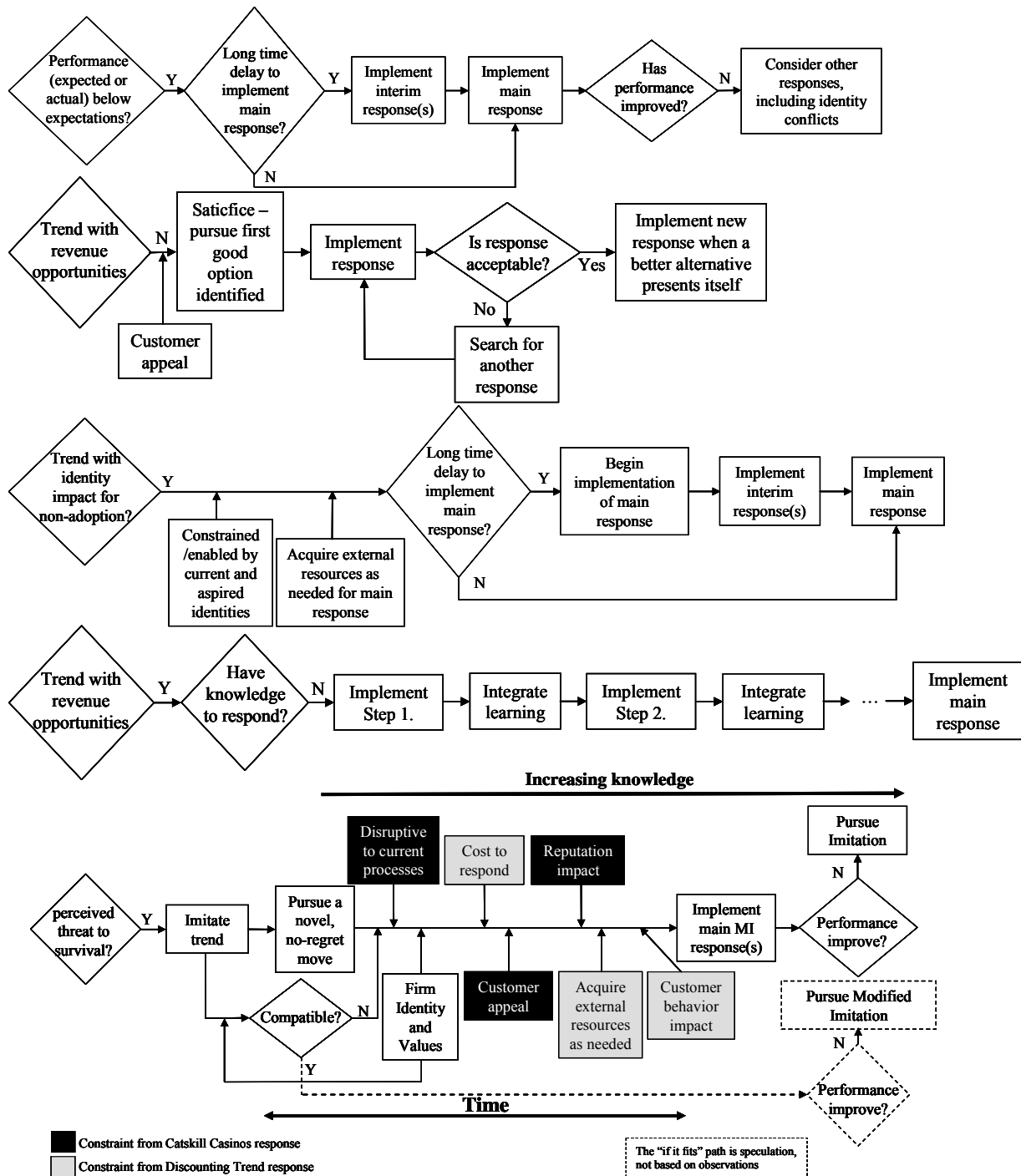


Figure 13. Woodloch Pines Response Processes.

W2: When a firm perceives that its survival is threatened, it will first pursue imitation followed by a novel no-regret move, and then commit to and implement its main response(s).

Propositions 1 and 2 are independent of each other and may be combined to allow interim responses until the main response can be implemented. For example, if Woodloch had committed to pursuing a casino at an off-site location, the delays in Pennsylvania licensing, the need to select a partner, the effort needed to acquire the necessary funding, and the time required to build a casino would create a substantial delay in their main response. As a result, the resort would be expected to lessen the impact of Catskill gambling by pursuing an interim response.

Identity is a powerful presence shaping a number of response chains in this study, while in others it becomes malleable. A promising factor behind its changing influence can be identified by comparing the chains. First, Woodloch's responses to the spa, the kid's camp and discounting trends all were shaped and constrained by the identity of the resort. In the spa response, the aspiration to be the finest family resort in the country and to maintain its position as a top resort drove the pursuit of a destination spa. The value that families play together is ingrained in Woodloch's identity and its history and was a factor in restricting the pursuit of kid's camp related options in their response. Finally, Woodloch's high quality resort identity was protected when response options that would have caused the resort to sacrifice quality to discount prices were discarded. When responding to the gambling trend and the new conference centers built by area resorts,

however, the resort's identity was open to change. But, the driver behind the potential and realized identity changes in these two response chains appear to be different, suggesting that multiple factors can encourage or force an organization to consider changing absolutely everything.

As described earlier, Woodloch's first response to gambling in the Catskills was to take the initial steps required for imitation by lobbying for legalized gambling in Pennsylvania. Following the passage of a gambling bill in Pennsylvania, Woodloch tried out the concept of adding gambling to its identity. And, though they later decided that they would not pursue adding it, they openly considered modifying their identity. In the case of gambling, the perceived threat to the resort's survival was cited by senior management as the cause of this willingness. And, as Haveman (1992) discovered, a firm that is facing its own demise will change absolutely everything, including its identity, in order to survive. This response chain affirms that finding. But, when deciding to enter the corporate business and take steps to increase their participation, the threat to the firm's existence was not present. Rather, a revenue opportunity in an area that Woodloch felt it could perform well spurred the proactive rather than reactive identity addition and represents an addition to Haveman's (1992) conclusion. Though there was concern that the corporate identity would overshadow the family identity, which kept the corporate group packages from being included in the resort's website, it did not restrict its addition. Part of the willingness to add corporate to its identity may be associated with the unique attributes of this response chain, including the pursuit of

revenue when survival is not threatened and the incremental learning approach taken by the resort. Unfortunately, which of these factors, if any, played a role in bringing identity into play cannot be determined without additional response chain variations to analyze. As a result, the following propositions must be left to later case studies to untangle.

W3: When a firm's existence is threatened by a competitor's action or trend, modifying the firm's identity and basic values becomes an option.

W4: When a firm identifies revenue opportunities by diversifying beyond its current identity and is not under duress due to poor performance, the identity of the firm may be pro-actively modified to include these opportunities.

Before moving beyond identity, the unique characteristics that emerged when the spa trend was closely associated with Woodloch's aspired identities must be explored. First, the spa response showed clear evidence of rule-based decision making with the firm's identity aspirations setting the rules. The motivating power of identity was also seen in its dominance over all other factors, including the norm of possessing in-house knowledge prior to pursuing a project. When identity was not activated in the corporate center response, the resulting chain was constrained by the norm and incremental learning was pursued to develop the required knowledge in-house before a corporate center would be developed. The only factor with the potential to derail identity aspirations is perceived failure because when facing possible extinction, identity becomes flexible. But, when a firm feels that it may fail due to a competitive product/service, the

first response was to imitate, which would satisfy the identity aspirations and not limit them. Thus identity maintains its dominance.

A final observation regarding the spa response is that when identity or identity aspirations became salient, imitation was pursued. In this case, however, the final response was classified as modified imitation as imitation was taken to an even higher level of quality or closer to the norm of Woodloch's aspirations when spa services became a destination spa. Because identity aspirations came into play in only one response chain, the following propositions that describe its attributes must be confirmed by future case studies.

- W5: When a firm's identity or identity aspirations become salient in a response, rule-based decision making will occur.
- W6: When a firm's identity or identity aspirations become salient in a response, rule-based decision making will overpower any constraining factors.
- W7: When a firm's identity or identity aspirations may be damaged by not adopting a trend, it will pursue imitation or an alternative that moves the firm even closer to the aspired norms.

Weakening of the norm of requiring in-house knowledge before an initiative can be implemented potentially has another source, time pressure. In the spa response,

Woodloch felt like they were behind and late to adopt the spa trend. The need to respond quickly and not tarnish their identity would not allow the gradual acquisition of spa management knowledge. Similarly with the gambling trend, given that the survival of the resort was considered to be threatened, the resort immediately took steps toward imitation so as not to get further behind. And, though they later discarded imitation as a poor fit with Woodloch, the time pressure of their initial response again trumped the norm of developing and/or possessing the knowledge to manage the gambling business internally. Extending this observation would suggest that the norms of new product/service adoption or development become optional when the organization is under time pressure, whether self inflicted, as in the spa response, or the result of competitor actions. The following proposition reflects this logic.

W8: When under time pressure to respond quickly, norms of new product/service adoption or development are weakened.

Capturing the logic observed in the corporate center response chain produces the next proposition.

W9: If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of modified imitation responses to generate incremental learning prior to implementing its main response.

Finally, while comparing the different response processes, several variables emerged as playing a significant role in shaping Woodloch's responses. And, though some of the response chains seem to logically flow into one another, no evidence was gathered to support any sequential conclusions and none will be drawn. This restriction is due to the potential for retrospective bias in which decisions that are recalled are viewed as occurring far more rationally than actually took place. As previously mentioned, several responses are still underway and would be free of retrospective bias. Unfortunately, there are not enough similar response chains to replicate the retrospective accounts. As a result, future case studies may want to investigate order, while this one may only identify those variables that shaped the response chains.

4.8 INSIGHTS PROVIDED BY EXTANT LITERATURE

As mentioned earlier in the literature review, most of the research conducted to date has been focused on predicting singular imitative responses. And, though this case study revealed multiple responses, an examination of how existing literature compares may enlighten these findings, expand our knowledge, and identify opportunities for future research.

A recent article by Lieberman and Asaba (2006) marries the information based and rivalry based drivers of imitation found in neo-institutional theory and uses environmental conditions to predict which driver will prevail. In their model,

information based imitation is expected to occur when there is a high level of uncertainty in the environment (Baum, Li & Usher 2000; Galaskiewicz & Wasserman 1989; Greve 2000; Haveman 1993; Haunschild & Miner 1997; Kraatz 1998; Meyer & Rowan 1977; Namasivayam, Enz & Siguaw 2000; Williamson & Cable 2003) or when the leader is not considered to be a rival, while rival based imitation is anticipated if the leader is a rival (Darr & Kurtzberg 2000; Galaskiewicz & Wasserman 1989; Gatignon 1984; Kraatz 1998; Leeflang & Wittink 2001; Robinson 1988; Smith et al. 1997; Srinivasan & Popkowski Leszczyc 2000; Vachani 1989; Waarts & Wierenga 2000). If the level of market uncertainty is used as a predictor, in four of the six response chains pursued by Woodloch, management assessed the level of uncertainty in their business to be higher. This uncertainty is captured in the following thoughts from Owner and President, John Kiesendahl.

“But, my feel has been shaken just in this year because of the 3 point drop in our occupancy and I don’t know that I’m feeling as confident as I was that this mid-week, and I don’t have a solution to this. Usually I can figure it out, but the competition is creating some different challenges and we have to think of things differently. We’re doing more different things”

- John Kiesendahl

And, since a trend is the result of a critical mass of adoptions rather than a specific competitor action, the initiator will be assumed not to be a rival or the response would have happened sooner rather than later. Therefore, if there is high uncertainty and a rival did not initiate the new product/service, then information based imitation would be

expected using Lieberman and Asaba's model (2006). If uncertainty is low and a rival initiated the action, then rival based imitation would be expected. And, if uncertainty is high and a rival initiated the action, imitation is still expected driven by either information or rivalry (Lieberman & Asaba 2006). The following table (Table 11) diagrams the expectations embodied in Lieberman and Asaba's model (2006) as well as the level of uncertainty and the response chains pursued by Woodloch.

As indicated in Table 11, imitation was part of five of the six response chains for Woodloch Pines. And, the one response in which imitation was not included was one that Lieberman and Asaba's model predicted it should be pursued. In the kid's camp response chain, Woodloch's identity and values were two of the constraining variables inhibiting imitation. This finding suggests that, though Lieberman and Asaba should be commended for combining the two neo-institutional schools of thought, the response decision process appears to be more complex and influenced by additional variables and research streams.

Table 11. Lieberman & Asaba's (2006) model expectations and actual Woodloch responses

Lieberman & Asaba (2006)			Actual Response Chains			
Rival?	Level of Uncertainty	Modeled response	New product/service	Woodloch Uncertainty	Woodloch Rival?	Woodloch response chains
No	n/a	Info based imitation	Auto Checkout	Low	Trend	MI, MI, I
			Spa	Low	Trend	I, MI, MI, MI
			Discounting	High	Trend	I, N, MI, MI
Yes	Low	Rival based imitation	Corporate Center	Low	Yes	MI, MI, MI, I
Yes	High	Rival or Info based imitation	Gambling in Catskills	High	Yes	I, N, MI
			Kid's Camp	High	Yes	MI, MI

When facing a highly uncertain environment and perceiving the resort's survival to be threatened (Gambling and Discounting), Woodloch began with imitation to prevent further deterioration of its position, an outcome that does correspond to Lieberman and Asaba's model prediction. And, though discounting was a trend, enough of its competitors, rivals and not, had already adopted discounting that Woodloch felt performance pain. Therefore, it might not be the rival as a source of the new product/service, but the rival's impact on the focal firm that prompts imitation as the initial response.

Another study that utilizes rivalry as a predictor of imitation in addition to modified imitation responses was conducted by Greve & Taylor (2000) in the radio industry. This research revealed that if a firm considers the initiating firm not to be a

rival, then it will consider non-imitative responses to respond. Given that all of Woodloch's responses include modified imitation in the response chain, while only half are due to trends with no rivalry, it appears that the relationship driving modified imitation as a response as part of a chain may be more complex. And, the reasons driving modified imitation early and late in a response chain or following other responses is yet to be explored, but has the potential to add additional density to the model.

Existing research on the impact of the complexity of a competitive action on the timing of response found in the innovation diffusion literature may contribute to understanding the observed response chains that end in imitation (Namasivayam et al. 2000; Rivkin 2000; Rogers 1995; Tornatzky & Klein 1982). This research stream is one of the few streams to explore modified imitation as a response, in this case due to the complexity of the original action. Extending this logic to multiple responses suggests that modified imitation may be implemented as an interim response as a way of testing and untangling the original action's complexity in a learning process prior to pursuing imitation.

Two of Woodloch's response chains end in imitation and are preceded by modified imitation – automated checkout and the corporate center. Both of these processes involved learning. In the case of automated checkout, two failed attempts to implement express checkout highlighted what would not work for Woodloch, before

imitation became a possibility. In this case, however, complexity was not the obstacle that prevented imitation, rather the availability of technology options that would not require re-wiring the resort was the obstacle. As a result, automated checkout does not seem to be an example of complexity, but an inability to respond. On the other hand, Woodloch's corporate center response, again ending in imitation after a series of modified imitation responses holds promise. Though pursuing a corporate center was not necessarily complex, Woodloch did not feel comfortable with its existing knowledge and utilized modified imitation responses to build the knowledge required for imitation. As such, it appears that the corporate center response chain demonstrates the impact of perceived complexity as a driver of multiple modified imitation responses followed by imitation. Modifying Proposition 10 to reflect this research:

W10: If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of modified imitation responses to unravel the complexity and generate learning prior to implementing its main response.

Returning to the automated checkout response chain, the factor that prevented imitation as a response was Woodloch's ability to respond rather than unknown complexity. Regardless of whether the ability to respond is limited by the firm's financial condition, resources, commitments, or technology limitations, the firm is unable to move forward with imitation until the obstacle is removed. In this case, the first two modified imitation responses represent interim responses implemented until the

technology obstacle could be removed and imitation realized at the end of the chain. This explanation provides additional support for the use of interim responses, support bolstered by both competitive dynamics and Marketing research (Chen 1996; Leeflang & Wittink 2001; MacMillan et al. 1985).

The fit of an initial action and response within Woodloch's identity and values framework played an important role in shaping responses when performance was below expectations and when the resort's survival was threatened. In the kid's camp response, for example, modified imitation was pursued because kid's camps are not congruent with Woodloch's identity or the value that families play together. And, when facing potentially lethal actions including discounting and gambling in the Catskills, Woodloch had to try on changes to its identity to ensure a fit. In both cases, Woodloch found that it was more comfortable completing the response chain with modified imitation. The innovation diffusion literature also recognizes the need to pursue modified imitation as a response when the initial action does not fit with the responding organization (Rogers 1995). Other researchers in this and other strategy research streams have found support for this requirement, including Dube, Enz, Renaghan & Siguaw (1999) in the hospitality industry (Haveman & Rao 1997; Namasivayam et al. 2000; Tornatzky & Klein 1982), providing support for its presence in the response processes.

Social Identity Theory provides support for the role of Woodloch's identity aspirations in shaping its response process when identity is activated and potentially threatened (Tajfel & Turner 1985). Specifically, identification with a group requires that a firm align its values and behaviors with those appropriate for the group identity (Kogut & Zander 1996; Peteraf & Shanley 1997; Strang & Meyer 1994; Tajfel & Turner 1985). And, if a new product/service offering by a competitor is associated with an identity that the responding firm holds or aspires to and imitation would move the firm closer to the group norms of this identity, imitation is expected as a response. This was the case in Woodloch's response to the spa trend. And, given the following comments from senior management, it is clear that having a spa was associated with an identity to which the Woodloch aspired.

"I think that eventually it would catch up to us and that we would stay a B player when we should be an A, especially with the rates and the prices, the costs that there is to stay at Woodloch, I think we need to be able to offer the top of everything, the best of everything that we possibly can."

- Bob Kiesendahl

Finally, considerable research has been conducted in the competitive response and related streams that suggest that a new product/service introduced in a responding firm's key market prompts imitation as a response (Ailawadi, Lehmann & Neslin 2001; Bowman & Gatignon 1995; Chen & MacMillan 1992; Leeflang & Wittink 2001; Robinson 1988). Based on the family and senior group markets being described as key to the year round success of Woodloch Pines, imitation would be expected to be present in

the response chains of any new product/service introduced in these markets. With respect to the six competitive responses studied, the kid's camp and gambling fall clearly in these markets with discounting impacting all markets. Imitation, however, was not present in the Kid's Camp responses due to its conflict with Woodloch's values. And, it was first in the gambling and discounting responses, but was eventually replaced by modified imitation responses as the resort's main responses. This conflicting evidence suggests that the determinants of imitation in a firm's response chain may involve the interaction of additional variables and offers an area ripe for further research.

5.0 CASE 2. CAESARS POCONO RESORTS

The response decision processes produced by the first case study will be put through their paces and either confirmed or further developed by the six competitive responses executed by Caesars Pocono Resorts. The variations that exist between Caesars and Woodloch Pines, which include a different ownership structure and primary customer market, will serve as a good test of the processes and contribute to their completeness and broad applicability.

Caesars Pocono Resorts include four resorts, three for couples only – Cove Haven, Pocono Palace, and Paradise Stream - and one family resort – Brookdale. Their legacy began with Cove Haven, which was founded in 1955 by Morris Wilkins specifically as a honeymoon resort. In 1963, Morris invented the heart shaped bathtub, which became an icon of the Poconos when, in 1969, Life Magazine had a two page spread of one of their rooms, including the tub. Unfortunately, the heart shaped bathtub was not patented, which allowed the idea to proliferate throughout the Poconos. Currently there are nine other resorts in the Poconos boast a heart shaped tub.

Also in 1969, Cove Haven was sold to Caesars Palace, though Morris Wilkins stayed on to manage the resort. Beginning in the 1970's, Caesars Pocono Resorts broadened its Pocono assets as they purchased couples resorts Paradise Stream in 1971

and Pocono Palace in 1976 and family resort Brookdale in 1983. The 1970's also saw an expansion of the resorts' target markets to include couples, no longer requiring that guests be married. With the addition of Brookdale, families were also added to its target markets. Ever the innovator, Morris Wilkins created a seven foot, two-person champagne glass Jacuzzi in the 1980's, this time patenting the design. It is now the unique symbol of Caesars Pocono Resorts.

In the 1990's, ITT bought Caesars, then sold Caesars Pocono Resorts to Starwood. And, though they are now part of an immense organization, the culture at Caesars Pocono Resorts remains a reflection of Morris Wilkins, now retired, and maintains its innovative and independent spirit. Doug Wilkins describes his uncle's unique talent and spirit below.

“Morris’ claim to fame was to turn something that was mundane into something that is special, that is sexy, that is spectacular. Taking a dessert, a plain vanilla, it’s almost a perfect metaphor, taking a plain vanilla soft ice cream lump and turning it into something special, turning it into art. That’s what Morris’ claim to fame was.”

“That’s the other beauty of Morris, he created things that the guests wanted and coveted, even if they didn’t think they did.”

“...The third beauty of Morris is that he was a trendsetter. I don’t know that it was because Morris came back with that from Ponderosa that day, but every resort that I know of has ice cream either through an ice cream parlor or ice cream served at a coffee bar, which is also big now.”

- Doug Wilkins
Area Managing Director

Other members of the Wilkins family have continued to play a role in shaping Caesars Pocono Resorts and continue the ideals upon which they were founded including Morris' sons Michael and Tom and nephew and current Area Managing Director of Pennsylvania for Starwood, Doug Wilkins.

Caesars Pocono Resorts are highly profitable and are a little gold mine in the Pocono Mountains. Annual revenues were, conservatively, estimated at over \$40 million for Cove Haven alone. Between 1999 and 2002, the resorts exceeded their performance expectations. But, competition heated up in the hospitality industry as competitors (e.g. cruises, Caribbean resorts) tried to lure customers back during the post-9/11 recession and 2003 performance fell short of expectations. In 2004, while this case study was being conducted, performance to date was again meeting expectations and the market prospects looked bright as both vacation couples and the family segments were growing. The honeymoon market continued to remain stable, as it has for years, influenced more by social trends than economic trends. And, though the number of honeymooners remains fairly consistent from year to year at 2.5 million, the number of competitors seeking their business has exploded. Doug Wilkins describes this phenomenon below.

“...competition for honeymoon business became fierce... [The Honeymoon Book] used to be as thin as this tablet and the travel section was three or four pages – the Poconos, maybe Hawaii and then a couple of places in the Caribbean. Now it's the Encyclopedia Britannica. It's thick.”

- Doug Wilkins
Area Managing Director

One challenge facing most resorts in the industry is the need to drive occupancy during the mid-week time periods when couples are at work and children are in school. A weekend occupancy rate of 84% and a mid-week occupancy rate in the mid-40's indicates that Caesars Pocono Resorts also faces this challenge. And, one of the segments that tends to stay for longer periods of time, including mid-weeks, are honeymooners. This led Caesars Pocono Resorts to respond to the increased honeymooner targeting trend by creating a specific honeymoon package and differentiating it from other couples packages at the resorts. This response, as well as the five others analyzed in this case study, appear in Table 12 along with the new product/service or trend that prompted the response.

Table 12. Caesars Pocono Resorts Response Chains.

New Product/Service or Trend	Competitive Response	Response Chain
Honeymooner and mid-week couples targeting trend	Created a high-end honeymoon product, differentiated from other couples packages, tailored Sandals package to honeymooners	MI
Spa trend	Plan to build a spa at Paradise Stream	I
Green room program by Starwood	Planning on importing portions of the program	MI
Dessert toppings bar at Ponderosa Steak House	Ponderosa's toppings bar on steroids	MI
Online reservations trend	Added online reservations to website first through a third party, then internally	I, I
<i>Gambling in the Catskills (NY)</i>	Taking steps to obtain a resort gambling license; planning to leverage rising real estate prices associated with legalized gambling	I, N

Interviews with managers at Caesars Pocono Resorts were conducted in August and September, 2004 using the same case study protocol as Woodloch Pines. Building on a family friendship of the researcher, Founder Morris Wilkins and Area Managing Director for Starwood, Doug Wilkins, were contacted and agreed to participate in the study. During the initial interview, Doug identified the six new products/services and trends to which Caesars Pocono Resorts responded, listed in Table 12. He also identified managers with knowledge of each of these responses for interviews. In five of the six responses, two managers were identified. However, the decision regarding the organization's response to gambling was very centralized and, at the current stage of the response, he was the only knowledgeable manager. As a result, validation of the information for this response was not possible. However, because the response was currently underway, it is thought to suffer less from historical distortion. Additionally, Doug Wilkins was a source for five of the six responses. Of his additional four responses that were verified, very little disagreement with the second source was found, increasing the likelihood that his recounting of the gambling response was also accurate. In total, eleven 45-minute interviews were conducted with four current or past managers of the resort including John Warnagiris, Manager of Cove Haven and Brookdale, Nick Nicholas, Manager of Paradise Stream and Pocono Palace, and retired founder, Morris Wilkins.

Each of the competitive responses identified in Table 12 will be examined in detail in the following paragraphs and compared to the expectations generated from the

Woodloch Pines case study and shaped into hypotheses. These hypotheses appear below in Table 13 and are diagrammed in Figure 14. If the Caesars response contradicts the Woodloch Pines hypothesis, the hypothesis will be modified to encompass the new response information and tested in the planned third case, Skytop Lodge. If the responses from Caesars support an existing hypotheses, then additional support will be added enhancing the generalizability of the finding. Finally, if new relationships surface in the Caesars responses, then additional hypotheses will be formed and tested using the Skytop Lodge case study.

Table 13. Propositions to validate and improve in the Caesars Pocono Resorts case.

Response Chain propositions generated in the first case study
W1: If a firm cannot implement its main response in the timeframe in which it would like to respond, it will execute one or more interim responses until the main response can be launched.
W2: When a firm perceives that its survival is threatened, it will first pursue imitation followed by a novel no-regret move, and then commit to and implement its main response(s).
W3: When a firm's existence is threatened by a competitor's action or trend, modifying the firm's identity and basic values becomes an option.
W4: When a firm identifies revenue opportunities by diversifying beyond its current identity and is not under duress due to poor performance, the identity of the firm may be pro-actively modified to include these opportunities.
W5: When a firm's identity or identity aspirations become salient in a response, rule-based decision making will occur.
W6: When a firm's identity or identity aspirations become salient in a response, rule-based decision making will overpower any constraining factors.
W7: When a firm's identity or identity aspirations may be damaged by not adopting a trend, it will pursue imitation or an alternative that moves the firm even closer to the aspired norms.
W8: When under time pressure to respond quickly, norms of new product/service adoption or development are weakened.
W9: If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of modified imitation responses to generate incremental learning prior to implementing its main response.

W10: If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of modified imitation responses to unravel the complexity and generate learning prior to implementing its main response.

Before embarking on an individual analysis of Caesars responses, which are found in the following sections, a comparison of Woodloch Pines and the Caesars Pocono Resorts and their overall response patterns is warranted. Woodloch Pines is family owned and family members mentioned that they felt considerable capital pressure in order to remain competitive. Caesars Pocono Resorts is owned by hospitality giant, Starwood Hotels and Resorts Worldwide. Given this parentage, Caesars Pocono Resorts can request corporate capital, tap corporate knowledge and resources, and benefits from a corporate safety net. This additional level of security and resources may have contributed to the abundance of single responses in this case as their survival was not perceived to be threatened nor did they feel pressured to implement interim responses. Unfortunately, Caesars is the only participant in this case study with a sizeable corporate parent. As a result, this hypothesized impact on perceptions will need to be tested in later case studies. This variety in participants, however, creates the potential to test hypotheses and to fill in logical gaps in the response portrait to make the developing theory more generalizeable.

5.1 HONEYMOONER AND MIDWEEK COUPLES TARGETING TREND

Caesars Pocono Resorts began with Cove Haven Resort, a resort dedicated to honeymooners and married couples. Evidence of this continued positioning is implied by the large heart-shaped sign at the top of the property notifying guests that they are entering, “The Land of Love.” Pressured by economics and social trends, Cove Haven and its newly acquired resorts began to accept unmarried couples as guests in the 1970’s. And, when asked if there was a special package for honeymooners, responded with kind variations of “no” that included, “every day is a honeymoon at Cove Haven.” And, as John Warnagiris, Manager of Cove Haven and Brookdale, describes, “Honeymoon is mid-week, it’s high end, it’s new business, and it is what we’re known for. ‘Oh, you’re that honeymoon resort.’ For years we ran away from that descriptive...”

Caesars’ decision to respond to the trend toward targeting honeymooners and other mid-week couples was prompted by performance. However, rather than facing a decline, the response emerged from continued slow growth. And, as suggested by Doug Wilkins comments, shown below, this slow rate of growth was below expectations.

Mid-week volume, with its occupancy rate in the mid-40's, was identified as an area ripe for organic growth. So, the decision was made to embrace their history and their identity and to create a differentiated honeymoon package to prompt this growth. Given that the response was so closely tied to the resort's history, it is not surprising that identity was clearly activated and played a role in shaping their response. In this case, however, identity did not inhibit their response, but re-affirmed that it was the right thing to do.

In the design of their high end, honeymoon package, Caesars looked to competitor Sandals for ideas. They modified the package that Sandals provides to couples reserving their highest end room, making it their own by tailoring it to honeymooners and by including their signature champagne glass Jacuzzi in the accommodations. The design of a new product that included dedicated concierge service, a time capsule, and horseback riding took a considerable investment of time and resources as new processes were designed and implemented, though Caesars did not feel pressured to respond quickly nor did they feel pressured to levy interim responses.

This response and its drivers most closely correspond to the performance is below expectations process developed from Woodloch's kid's camp response and shown in Figure 14. Both resort responses were initiated by performance, expected or actual, that was below expectations. The next decision, relating to the response delay, suggests that Caesars would have implemented interim responses given the time required to develop a

honeymoon package. But, Caesars did not pursue interim responses as expected, suggesting that this response is somehow different. As mentioned above, Caesars felt no time pressure to respond quickly or within a specific timeframe because they were not influenced by the pressure of declining occupancy, while Woodloch's was. And, it was this absence of time pressure that erased the need for interim responses, despite the delay in implementing the main response. It also appears that the time pressure to respond was lifted by the fact that current performance would not suffer if the resort did not respond. As a result, the first decision will be modified to include two additional requirements for the generation of interim responses, that current performance will suffer if no response is executed and the existence of time pressure. This logic is also summarized below in Proposition C1.

C1: If a firm does not encounter a delay implementing its main response, experience time pressure and face a loss from non-response, then no interim responses will be generated.

The role that identity played in shaping Woodloch's kid's camp responses and in affirming the introduction of a differentiated honeymoon package by Caesars is also not captured in the response process. To capture this influence, identity will be added as a modifier shaping both interim responses, as evidenced by Woodloch's responses, and main responses as both Caesars' and Woodloch's responses demonstrate. The revised response process appears in Figure 15. Finally, the honeymoon package offered by Caesars has been a huge success and was quickly rolled out to all three couples resorts. Given this outcome, no additional responses were necessary, adding a terminus to this

specific response. But, as all the managers at Caesars Pocono Resorts echoed, they never stop looking for opportunities to delight their guests.

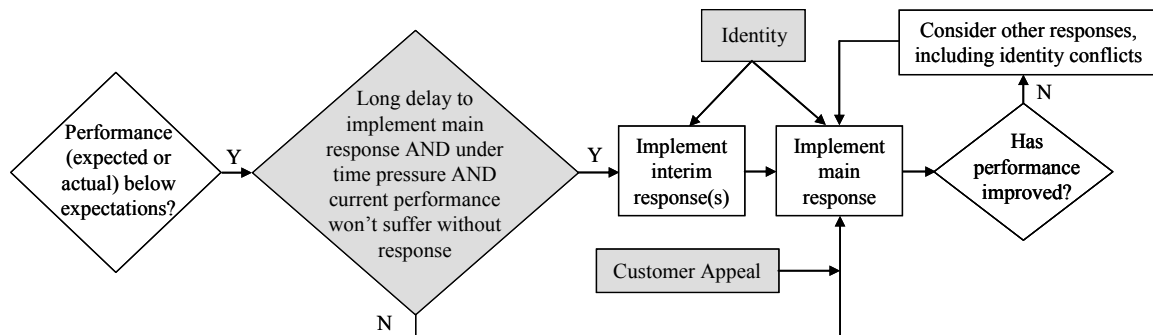


Figure 15. Revised performance below expectations chain flow.

5.2 SPA TREND

Caesars Pocono Resorts became aware of the spa trend through industry publications and managers' own personal travel. Despite longstanding awareness of the trend, pursuit of the spa trend was driven by a continued lower than expected and desired occupancy rate at one of the four resorts. A space in need of renovation at the resort was chosen to house the new spa. And, as in Woodloch's response to the trend, a range of spa options were initially discussed ranging from offering very basic salon services to building a high end destination spa services. Caesars specifically chose to shy away from a destination spa given that their clientele has typically never been to a spa and may be more comfortable with traditional spa services as an introduction. The main concerns for the decision makers were that the spa services appeal to guests and that the spa conforms

to their quality standards. Once the resorts' values and opulent Roman identity weighed in, limiting the spa to basic salon services was rejected. Caesars opted for imitation of commonly available spa services. Prior to implementing the response, Caesars had to present the idea to and receive approval from Starwood for the project due to its capital requirements. Thus, Starwood became the decision maker for this response. Caesars was in the process of finalizing the design of the space with an architect when, after being struck by lightning, the building was destroyed by fire. Despite this additional delay, no interim responses are being considered as Caesars prepares to re-make their spa case to Starwood and pursue building a spa space from the ground up.

The pattern of this response mirrors Caesars' response to the trend to target mid-week couples, which clarified the role of firm identity, time pressure, and the impact of non-response on current performance on the response chain. Even after fire further delayed their plans, Caesars did not feel any time pressure and interim responses were not considered. This lack of time pressure is again accompanied by the belief that, without a spa, occupancy at the target resort is expected to remain stable. Therefore, this response provides confirmation that without time pressure, a performance decline with non-response, and a delay in response implementation that a firm will opt not to invest in interim responses. This missing downside with non-response may also allow Caesars to choose the trends they adopt based on their appeal to their customers rather than feeling as if they must find some answer to counter a decline regardless of its customer appeal. In order to investigate this relationship, the following proposition will be tested using Caesars additional responses, as well as the third planned case.

C2: If non-adoption of a new product/service trend will not negatively impact current performance, a firm will only pursue imitation or modified imitation if there is customer appeal and the response fits the firm's current identity.

5.3 GREEN ROOM TREND

Though the green or environmentally conscious room management trend has been sweeping the hospitality industry, the source for Caesars response is its parent, Starwood. Each year Caesars Pocono Resorts has Six Sigma goals in which they are required to import a specific number of projects for implementation. One of the projects that was initially rejected in its entirety by Caesars was the Green Room Program. This decision was due to its conflict with the organization's luxurious and opulent identity. As Doug Wilkins suggests, "...they're here at a resort and the last thing we want to do is remind them that the environment is polluted. You know they're here to get away, [for] romance, fun, and entertainment." Caesars is now reconsidering the green room program and planning to import only select portions of it, specifically those that do not conflict with their identity, which is clearly modified imitation. The ability to pick and choose which parent innovations they implement and to be non-standard is due to Caesars' non-Starwood branded identity. As long as Caesars Pocono Resorts does not assume one of the Starwood brand names, they will continue to have the option of selecting modified

imitation as their response to corporate innovations and policies and investing in what fits with their own unique identity.

As the selection of modified imitation to a money-saving trend suggests, identity and the organization's values played a role in shaping Caesars response. Unlike the previous responses, however, this response chain was initiated not by performance below expectations, but by the need to meet goals set by a parent. It is logical to assume that these goals are established to encourage performance improvements. A response chain process currently exists for revenue opportunities. There is, however, no apparent need to limit this chain to only revenue opportunities as cost reductions and non-monetary performance improvements, e.g. customer satisfaction, also benefit the firm. Consequently, the qualifying criteria for this chain will be expanded to include all performance enhancements.

The first determinant of a response chain in this flow is whether or not the responding firm possesses the knowledge to respond. In Woodloch's corporate center response, they did not and opted to pursue incremental learning through a series of interim responses. Caesars also does not immediately possess all of the required green room knowledge, but rather than developing it on their own, they can turn to their parent to provide this knowledge. This availability allows Caesars to proceed directly to their main response. This alternate response path has been added to the flow and is shown in Figure 16.

When Woodloch began to pursue the learning required to build and successfully run a corporate center, they were specifically not limited by their corporate identity and it was allowed to expand to include providing services for corporate groups. As mentioned above, Caesars was limited by its opulent, reality-suspending identity from pursuing the full complement of green room options. The reconciliation of these two scenarios may lie with the fact that housing corporate guests was not in direct conflict with being a family resort, but limiting guests and bringing reality into Caesars destroys or at least tarnishes the illusion fundamental to their identity and history. Based on this observation, identity conflicts will be added as a moderator affecting each response, whether it is incremental or the organization's main response. This modification is shown in Figure 16.

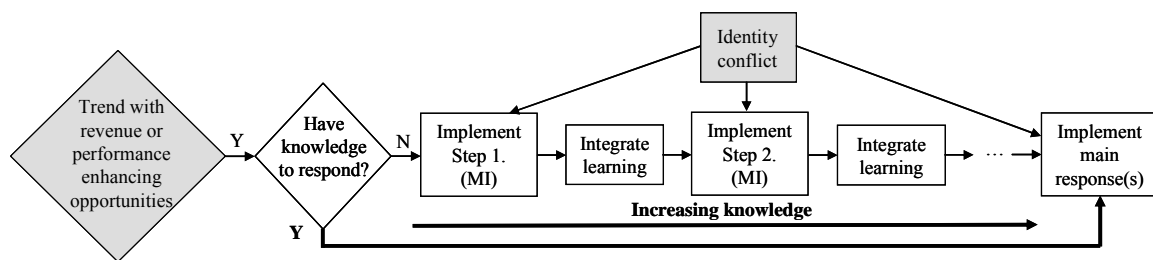


Figure 16. Modified trend with revenue or performance enhancing opportunity chain.

As with the previous responses analyzed for Caesars and the corporate center response by Woodloch, there was no evidence of implementation time pressure and no damage to current performance if a response was not completed. In this case, however, the role of delay in generating interim responses is absent. The determinant of interim responses is replaced by whether or not the responding firm possesses the required knowledge to do so. However, this only applies to the incremental learning response. There is no obstacle that prevents a firm, with the available knowledge for their main

response, from selecting to also invest in interim responses if the main response is distant. But, until this event is observed, it will remain only a logical possibility and not become an additional factor shaping a firm's response chain.

5.4 DESSERT TOPPINGS BAR OFFERED BY PONDEROSA STEAKHOUSE

Founder Morris Wilkins ate at a Ponderosa Steak House restaurant and left with an idea for his resorts that has become a beloved amenity at the four all-inclusive resorts. Once Morris saw it, the appeal of a dessert toppings bar to his guests drove the decision to offer it at Caesars. As an all-inclusive resort, the toppings bar would be part of the package and, therefore, was not a source of revenue. As with the previous responses, the extravagant identity of the Caesars resorts shaped their response and encouraged the pursuit of modified imitation. As Doug Wilkins described, they took a dessert toppings bar and, "put our own spin on it," by including at least 35 items.

Without revenue opportunities, this response seems to parallel the trend without revenue opportunities response chain process originated by Woodloch's automated checkout response. Both responses were driven by customer appeal and both opted for the first good option they identified. Woodloch's initial responses were limited by technology barriers, while the Caesars response was influenced by its identity. Though management of the technology barrier is embedded in the satisficing decision, identity

will be added as a moderator to the initial response selection (Figure 17). Identity was specifically not added as a moderator to the response search if the outcome was unacceptable for two reasons. First, though a logical possibility, it has yet to be observed as an actual influential factor. Second, the firm's identity may have produced the unacceptable response and an exception made for later responses.

Because a dessert toppings bar is fairly simple and uncomplicated, incremental learning steps were not required and Caesars reacted with a single response. And, because the outcome was a tremendous success, the process terminated though, as mentioned earlier, matching the process diagram, Caesars never stops looking for opportunities to delight their guests.

Unlike previous responses, Caesars did encounter time pressure to implement its "world famous" toppings bar. But, rather than being driven by the potential for performance declines, the source of the pressure was Morris himself. It is his belief that, "People who are here tonight who are not benefiting from the dessert bar because we are floundering and trying to figure it out, we owe them an apology." Therefore, the relationship between a lack of downside and no time pressure remains valid.

Finally, an attribute associated with Woodloch's automated checkout response that was not modeled relates to the decision making process itself. Contrary to the expectations proposed by March (1994), Woodloch utilized sequential decision making its response decision, though not prompted by perceptions of threat as March theorized.

Sequential decision making was also evident in the dessert toppings bar response as only one response option was considered, determined to be acceptable with Caesars spin applied, and pursued. Both sequential response decisions share many similarities. First, there was no revenue opportunity associated with either response. Second, this is the only response chain process in which positive customer appeal is the sole driver. Given these factors, sequential decision making can be justified because the response decision is not worth the time and effort required to generate and assess multiple options. The fact that there was no time pressure or negative impact on current performance may also have played a role. But, because these attributes are found in a number of other response chain processes that do not demonstrate sequential decision making, it is unlikely that they influenced the decision making style. As a result, it appears that either being solely driven by customer appeal, having no revenue opportunities, or the combination of the two produced the sequential decision making. But, in order to untangle which of these factors is responsible, additional responses must be studied that include these factors in various combinations. Unfortunately, as in the Woodloch Pines case, only one occurrence of sequential decision making is present. Consequently, further analysis must wait for additional competitive responses in later cases that utilize sequential decision making.

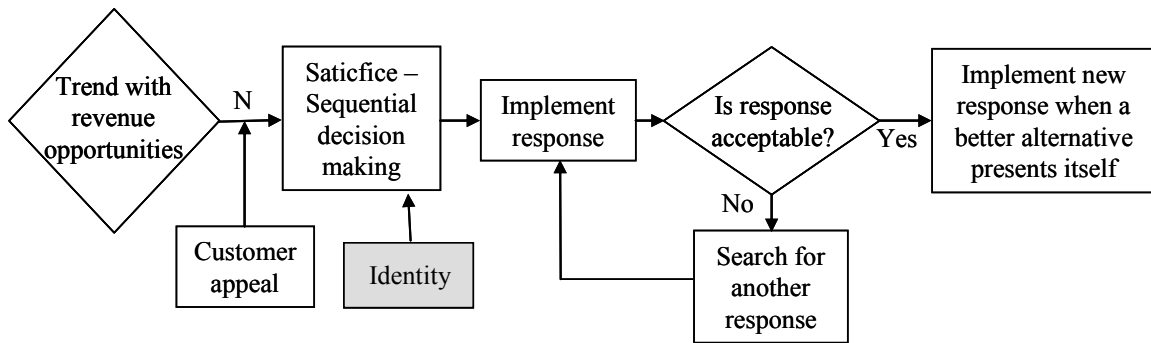


Figure 17. Revised trend with no revenue opportunities chain flow.

5.5 ONLINE RESERVATIONS TREND

Of the six responses studied for Caesars Pocono Resorts, only two of them involved response chains with multiple responses. Caesars response to the online reservations trend generated one such chain. In this chain, both responses were deemed imitation as they provide the same functionality to the potential guest. In the 1990's, Caesars Pocono Resorts launched a website that provided potential guests with information about their resorts, their activities, specials and rates, directions, and the phone numbers to call for reservations. Described by Doug Wilkins as a “natural evolution,” Caesars pursued online reservations. Unfortunately, at the time they decided to pursue it, they were limited by the technology available for their all-inclusive package oriented system and chose, as an interim response, to utilize a third party provider coordinated by the Pocono Mountain Vacation Bureau, to provide the online reservation

service. Once their in-house system provider had an online reservations module available, Caesars obtained it and moved the process in-house as their main response.

Encountering technical obstacles is not unusual when dealing with emerging technology, especially in rural communities with less extensive infrastructure. Woodloch Pines encountered such obstacles when they tried to pursue automated checkout and Caesars encountered it here. One difference between the two, however, is that Caesars researched multiple options prior to selecting the third party vendor. Once an online reservations module was available for their system, however, they demonstrated sequential decision making by immediately pursuing it without evaluating any other options. Due to the investment already made in their current computer system and their satisfaction with it, finding a tailor made response solution and deciding to pursue it as a better alternative to the third party provider cannot really be classified as less than optimal decision making even though it appears to be sequential. As a result, this decision will not be considered satisficing and compared to the previous response process.

To determine which process to compare this response to, the drivers behind Caesars' response to the online reservations trend must be considered. First, Caesars did not view online reservations to be a trend that, if they did not adopt it, would cause them to lose guests. Therefore, it was perceived to have no downside to current performance. And, once again, it was associated with no response time pressure. The online reservations trend was instead viewed to be another available channel through which to

reach potential guests and, as such, it represented an opportunity to promote additional growth and improve performance. Specifically, Caesars expected to be able to reach younger guests, who dominate the honeymoon business, and those who were more technically savvy by offering online reservations. Therefore, the appropriate response chain process to use for comparison purposes is the trend with revenue or performance enhancing opportunities.

The trend with revenue or performance enhancing opportunities response process indicates that, when a firm does not have the knowledge level to respond, it will take incremental steps to generate learning until sufficient knowledge has been accumulated to allow the firm to implement its main response. This process corresponds to the description of the pursuit of online reservations as a “natural evolution” for their website. Taking a broader view, adding online reservations through a third party and then using their own system could be considered to be two incremental steps in the resort’s overall response to the internet trend following the development of a website as a first step. And, learning occurred during this evolution. Specifically, the third party experience taught Caesars about the cost structure, volumes, and what did and did not work in online reservations. Learning that, when an online reservations module was offered by their current systems vendor, supported their decision to acquire it and to begin applying their newly developed knowledge in-house. Therefore, taking a broader view, Caesars’ response to the internet trend seems to closely parallel the trend with performance enhancing opportunities flow.

One difference between the corporate center response by Woodloch that shaped the trend with revenue or performance opportunities and Caesars response to the broader internet trend is that in Woodloch's case, the main response that they were working towards, a corporate center, was known. In Caesars responses, the main response is not known as their responses and the internet in general evolved together. The interesting point is that the response process is the same in both cases, only the response patterns differ. Though Woodloch pursued incremental modified imitation, each of Caesars responses were imitation of what was known at the time as the internet itself developed and features and functions emerged, explaining how an imitative response can be repeated. This observation is captured in the following proposition.

- C3. A responding firm can pursue multiple imitation responses if the product/service to which it is responding is evolving at the same time.

5.6 GAMBLING IN THE CATSKILLS AND PENNSYLVANIA

The final competitive response to be analyzed for Caesars Pocono Resorts is to one of the same new products/services that Woodloch Pines responded. In both cases, the resorts generated multiple responses, but their responses were quite different. Because a competitive response chain is unique to the responding firm itself and reflects its perceptions, strategy and resources, diversity of response is expected. But, this response is a good test of how comprehensive the initial response processes generated

from the six Woodloch Pines response chains are and offers the opportunity to improve their comprehensiveness.

The arrival of gambling in the Catskills generated a variety of perceptions and responses in the Poconos. Given that the Catskill casinos will be only 30 miles from Woodloch and appeal to their shoulder season guests, Woodloch expects their performance to decline when the casinos open, potentially to the degree that their survival is threatened. Caesars Pocono Resorts takes the opposite viewpoint and sees gambling as a revenue opportunity. Doug Wilkins expressed the firm's position as, "If we can make money in it, we're interested in it." Further, managers at Caesars have repeatedly communicated to their staff that their decision to pursue gambling is not driven by future performance concerns associated with gambling as the comment below indicates.

We've been very careful to communicate to our associates, our team members that this is not a Hail Mary. We don't need this license to grow our business. Don't be disappointed if we don't get it, because there is a very strong possibility that we won't get it. Same thing, we haven't really made it openly public to our guests because we don't want to, again, give them a sense that if they don't get this... It's really not the end of the world if we don't get it.

1. Doug Wilkins
Area Managing Director

Driven by their opportunity view, Caesars has taken a number of initial steps toward imitation, including voting for the Pocono Mountain Vacation Bureau to lobby for legalized gambling in Pennsylvania. Woodloch Pines also took this initial step, but found that gambling could not be reconciled with the resort's current identity to continue

towards imitation. In Caesars case, though they believe that not all of their guests may be happy about the addition of gambling at the resorts, they see gambling as a very good match to their resort identity, values, and amenities.

The process to obtain a gambling license in Pennsylvania remains undefined following passage of the gaming bill as the state government encountered numerous delays as it plans the introduction. As they wait for the state to identify their next steps, Caesars has publicly expressed an interest in pursuing one of the resort gambling licenses and is currently lining up their assets to complete the application process once it is defined. Taking these steps is meant to demonstrate their commitment to obtaining a license to the state and to the competition. Further supporting their commitment is Caesars' Starwood parentage, as the ability to purchase a \$5 million gaming license is unquestioned.

The response process that matches Caesars revenue and growth aspirations with gambling is clearly the revenue or performance enhancing opportunity flow. The first decision point shaping this process is whether or not the responding firm possesses the knowledge required to levy a response. Though learning may be required with respect to managing gaming, Caesars cannot start the process of learning through its own experience until they are issued a license. And, after investing \$5 million to obtain the license and incurring the time and expense required to develop a casino, it does not make economic sense to gradually pursue gaming. Rather, it is expected that Caesars will immediately implement its main response of offering gambling. To prepare for their

response, Caesars can initiate vicarious learning (Baum & Ingram 1998; Darr et al. 1995; Ingram & Baum 1997a, 1997b; Miner & Haunschild 1995) by tapping casino management knowledge in Starwood, by hiring the necessary talent in the market, or by partnering with a firm possessing the required knowledge. Therefore, the necessary knowledge to manage a casino will be available and Caesars will be able to proceed directly to its main response of offering gambling once it is granted a license.

In addition to pursuing imitation, Caesars Pocono Resorts are also planning to implement an additional novel response, leveraging its increased real estate values when gaming arrives in the Poconos. Though this response is still being planned and few details were shared, Caesars views it as an additional revenue opportunity created by the gambling trend in Pennsylvania. This response is not an interim response, but a second, independent response to be implemented regardless of whether or not Caesars is granted a resort gaming license. And, because the resorts had already chosen imitation as their response, eliminating modified imitation as a response, the only other viable responses are novel. Caesars already possesses the knowledge of the real estate industry through gained through their own history and possessed by Starwood. As such, this second main response can also be immediately implemented without traversing the incremental learning process. In order to recognize the potential for multiple main responses in a response chain, the process will be modified to make main response plural in this chain. Again, though there appears to be no reason why multiple main responses could not be pursued in parallel, the fact that they have yet to be observed in other responses may

indicate the presence of unrecognized barriers. As a result, this modification will only be made to the revenue or performance enhancing response flow.

Finally, this response chain, as with the previous five responses, does not include an interim response. Despite the uncertainty of the process of obtaining a resort gambling license in Pennsylvania, Caesars dismissed completing any interim responses, reflecting its perception of no downside to non-adoption and reaffirming to its staff that obtaining a gambling license is not critical to the resorts' future. This finding is a sixth occurrence of the relationship between no perceived negative impact on current performance associated with non-response and no interim responses, providing substantial support to the relationship. The opposite relationship, however, between a downside and interim responses remains to be evaluated in a future case study.

5.7 OVERVIEW OF RESULTS

The response chain processes and hypotheses, revised for the findings in this case, appear in Figure 18 and Table 14, respectively, with all additions identified in bold. The Caesars Pocono Resorts case put three of the five processes to the test – trends with and without revenue opportunities and performance below expectations. Each sustained minor modifications, but endured the assessment quite well. Overall, the Caesars Pocono Resorts case filled in additional pieces of the response chain process including identifying

additional criteria required to bypass interim responses, defined alternate paths around interim responses, and highlighted the role of a firm's identity in shaping its response chain.

Given Caesars' mega-hospitality parent, the case was not able to shed further light on response chains when firm survival is threatened. Also, Caesars did not encounter a trend with identity implications for non-adoption. Consequently, these two chains will seek their first test and all five processes will pursue validation with the six responses in the third planned case study of Skytop Lodge.

Caesars' lineage, as mentioned early in this case, may have contributed to the abundance of single response chains it produced. Starwood offers a corporate safety net for Caesars Pocono Resorts and has deep pockets and tremendous knowledge upon which Caesars may draw. The impact of the parent on Caesars' response chain processes may include no perception that their survival is threatened by a competitor or the environment, the absence of time pressure in responses, and not having to traverse a learning pathway unless the response knowledge is evolving in unison. Propositions that embody these musings are found below. These affects, however, are not uniformly available from any parent. Rather, there must be similarities between the participant and the rest of the corporate family for shared knowledge to be useful - e.g. Baum & Ingram (1998) and Darr, Argote & Epple (1995). Unfortunately, because Caesars is the only participant with a related, in this case hospitality, parent and sibling organizations, these propositions

cannot be validated until future research includes participants with characteristics that allow these propositions to be explored and enhanced.

- C3. If the responding firm has a parent organization with considerable resources and deep related knowledge...
1. single responses will dominate its response chains;
 2. multiple responses will only occur if the product/service is evolving in parallel or if the main response is accompanied by novel responses;
 3. the responding firm will not encounter time pressure to respond unless from internal sources;
 4. the responding firm will not select a deliberate, incremental learning path in any response process;
 5. the responding firm will never perceive that its survival is threatened unless its parent's survival is threatened.

Table 14. Revised response chain propositions following second case study.

Revised response chain propositions following second case study (revisions in bold)	
W1:	If a firm cannot implement its main response in the timeframe in which it would like to respond, it will execute one or more interim responses until the main response can be launched.
C1:	If a firm does not encounter a delay implementing its main response, experience time pressure and face a loss from non-response, then no interim responses will be generated.
W2:	When a firm perceives that its survival is threatened, it will first pursue imitation followed by a novel no-regret move, and then commit to and implement its main response(s).
W3:	When a firm's existence is threatened by a competitor's action or trend, modifying the firm's identity and basic values becomes an option.
W4:	When a firm identifies revenue opportunities by diversifying beyond its current identity and is not under duress due to poor performance, the identity of the firm may be pro-actively modified to include these opportunities.
W5:	When a firm's identity or identity aspirations become salient in a response, rule-based decision making will occur.
W6:	When a firm's identity or identity aspirations become salient in a response, rule-based decision making will overpower any constraining factors.
W7:	When a firm's identity or identity aspirations may be damaged by not adopting a trend, it will pursue imitation or an alternative that moves the firm even closer to the aspired norms.
W8:	When under time pressure to respond quickly, norms of new product/service adoption or development are weakened.

W9:	If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of modified imitation responses to generate incremental learning prior to implementing its main response(s).
W10:	If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of modified imitation responses to unravel the complexity and generate learning prior to implementing its main response(s).
C2:	If non-adoption of a new product/service trend will not negatively impact current performance, a firm will only pursue imitation or modified imitation if there is customer appeal and the response fits the firm's current identity.
C3.	A responding firm can pursue multiple imitation responses if the product/service to which it is responding is evolving at the same time.
C4.	If the responding firm has a parent organization with considerable resources and deep related knowledge... <ul style="list-style-type: none"> - single responses will dominate its response chains; - multiple responses will only occur if the product/service is evolving in parallel or if the main response is accompanied by novel responses; - the responding firm will not encounter time pressure to respond unless from internal sources; - the responding firm will not select a deliberate, incremental learning path in any response process; - the responding firm will never perceive that its survival is threatened unless its parent's survival is threatened.

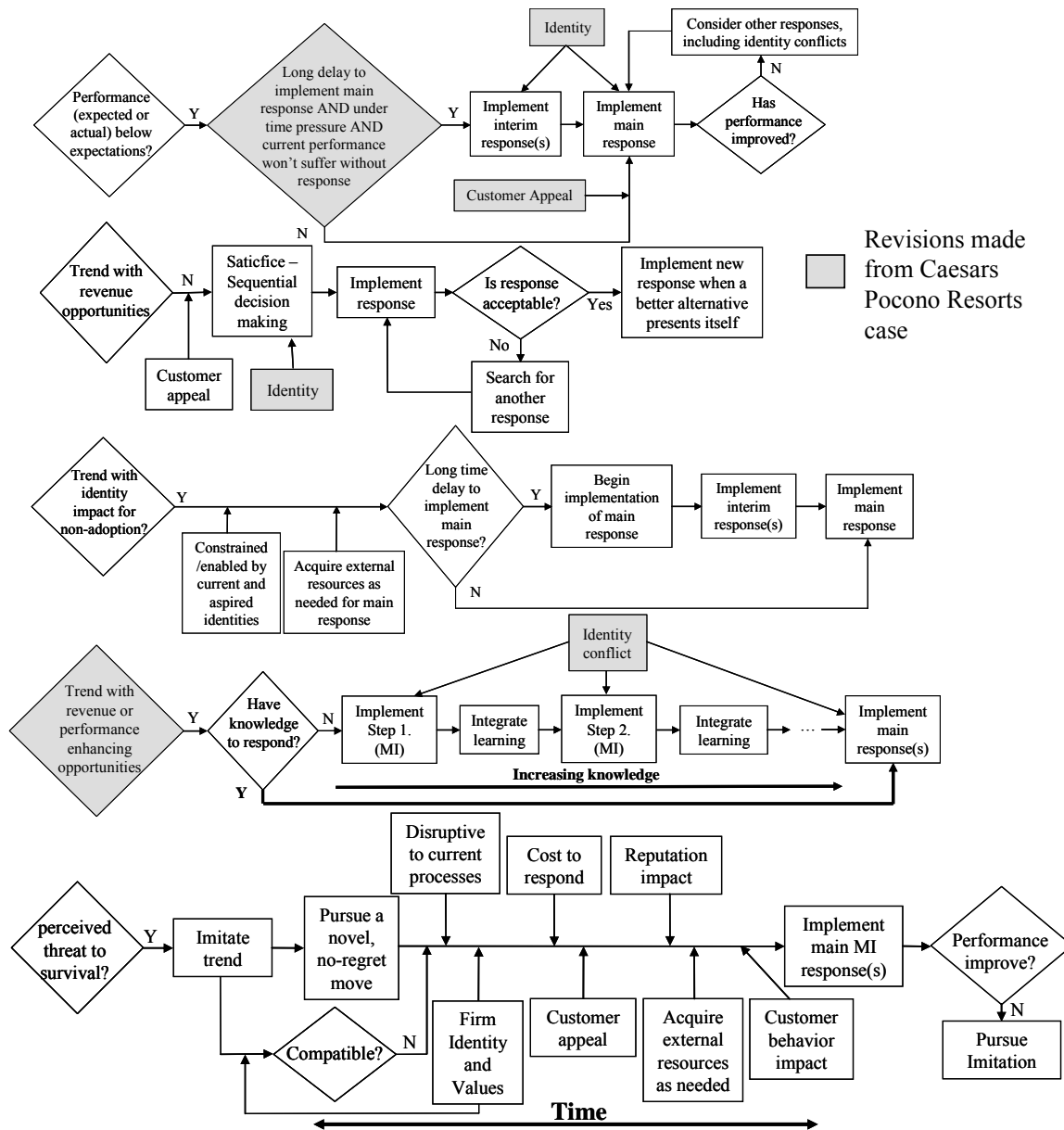


Figure 18. Revised response chain process flows following Case 2.

6.0 CASE 3. SKYTOP LODGE

The decision processes as they emerged from the Caesars Pocono Resorts case will undergo continued refinement and validation as they are compared to the six response decision processes demonstrated by Skytop Lodge. And, though Skytop competes in the same primary customer market as Woodloch Pines and they responded to several of the same competitive actions and trends, Skytop's own perceptions influence their responses. This potential for similarities and differences will provide a good test of whether the proper factors have been identified as shaping a firm's response(s), whether variation can be accommodated, and if the processes are unique to one or both of the resorts already evaluated. Again, if differences arise between Skytop's response flows and those modeled, the modeled processes will be further tuned to incorporate the additional insights in a process of iterative explanation building.

Skytop Lodge is the final participant in this study. Located in Canadensis, Pennsylvania, it is closer to the heart of the Poconos and Route 80 than the other two resorts. It also has a unique history. Skytop began as a private club in 1928. Similar to the resort portrayed in the movie *Dirty Dancing*, families would come to Skytop for the summer with the husband working in the city during the week and returning to the resort for weekends. Generations grew up at Skytop, a tradition that continued until about 1994

when the last widow passed away. At this time, Skytop's survival was also threatened as they had to re-invent themselves and become a public hotel, re-vitalize the resort, and catch up to its new competition in the region.

In the decade since, Skytop has made great strides in establishing itself as one of the leading resorts in the Northeastern United States. And, to properly gauge its progress and to measure any distance remaining between it and its competitors, Skytop regularly benchmarks a variety of regular and ad hoc metrics with its defined competitive sets through a market research firm. The leisure competitive set is regional and includes the Hotel Hershey, Mohonk Mountain House, SeaView Marriott Resort, the Otesaga Resort, Sagamore and Nemaquin. In the Poconos the leisure competitive set includes Split Rock Lodge, Fernwood Resort, and Woodloch Pines. The corporate group competitive set includes the Hotel Hershey, the Marriott SeaView, Split Rock Lodge, Fernwood Resort, the Dolce Conference Centers, the Hyatt Chesapeake and a new property in the Vernon Valley/Great Gorge area of New Jersey. This practice provides Skytop with a regular view of the affect of competitive changes at its competitors. One of the competitive responses investigated in this case study, the addition of a conference center by Skytop, was the direct result of an ad hoc guest rooms per square foot of conference room space metric in which Sktyop found that it was far behind the competition and often resulted in full meeting rooms with remaining open guest rooms. This competitive response chain, as well as the other five analyzed in the following sections, are found in Table 15. Of note is the mix between single and multiple responses in the chains to be explored. The

current response chain processes and hypotheses to be tested and further developed by these six responses appear in Figure 19 and Table 16, respectively.

Table 15. Skytop response chains to be evaluated.

New Product/Service by Competitor or Trend	Skytop Response Chain	Response Forms
High speed internet trend	Added high speed internet via cable in a few conference rooms, then added wireless high speed internet throughout the resort	I, I
Automated and integrated property management system trend	Purchased and installed an automated and integrated property management system	I
Addition of dedicated Conference Center by Split Rock, Fernwood, and the Scranton Hilton	Added a dedicated Conference Center wing to the main building	I
Discounting trend	Discounted rates based on occupancy and added value by packaging services into a one price deal and enhancing and updating theme weekends	I, MI, MI
Online reservations trend	Offered online reservations through the Pocono Mountain Vacation Bureau and the National Trust – Historic Hotels and then moved to an in-house system that was an option with the new property management system	I, I
Spa trend in the industry	Converted the 5 th floor of the main building to a spa and plan to build a destination spa	I, MI

Table 16. Propositions generated by Woodloch Pines and Caesars Pocono Resorts cases.

Propositions to be evaluated in Skytop Case
W1: If a firm cannot implement its main response in the timeframe in which it would like to respond, it will execute one or more interim responses until the main response can be launched.
C1: If a firm does not encounter a delay implementing its main response, experience time pressure and face a loss from non-response, then no interim responses will be generated.

W2:	When a firm perceives that its survival is threatened, it will first pursue imitation followed by a novel no-regret move, and then commit to and implement its main response(s).
W3:	When a firm's existence is threatened by a competitor's action or trend, modifying the firm's identity and basic values becomes an option.
W4:	When a firm identifies revenue opportunities by diversifying beyond its current identity and is not under duress due to poor performance, the identity of the firm may be pro-actively modified to include these opportunities.
W5:	When a firm's identity or identity aspirations become salient in a response, rule-based decision making will occur.
W6:	When a firm's identity or identity aspirations become salient in a response, rule-based decision making will overpower any constraining factors.
W7:	When a firm's identity or identity aspirations may be damaged by not adopting a trend, it will pursue imitation or an alternative that moves the firm even closer to the aspired norms.
W8:	When under time pressure to respond quickly, norms of new product/service adoption or development are weakened.
W9:	If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of modified imitation responses to generate incremental learning prior to implementing its main response(s).
W10:	If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of modified imitation responses to unravel the complexity and generate learning prior to implementing its main response(s).
C2:	If non-adoption of a new product/service trend will not negatively impact current performance, a firm will only pursue imitation or modified imitation if there is customer appeal and the response fits the firm's current identity.
C3:	A responding firm can pursue multiple imitation responses if the product/service to which it is responding is evolving at the same time.
C4:	<p>If the responding firm has a parent organization with considerable resources and deep related knowledge...</p> <ul style="list-style-type: none"> – single responses will dominate its response chains; – multiple responses will only occur if the product/service is evolving in parallel or if the main response is accompanied by novel responses; – the responding firm will not encounter time pressure to respond unless from internal sources; – the responding firm will not select a deliberate, incremental learning path in any response process; – the responding firm will never perceive that its survival is threatened unless its parent's survival is threatened.

Interviews with managers at Skytop Lodge were conducted in September, 2004

using the same case study protocol as Woodloch Pines and Caesars Pocono Resorts. The researcher was introduced to Ed Mayotte, President/General Manager of Skytop, by John Kiesendahl, the owner of Woodloch Pines. Ed was contacted and agreed to have Skytop participate in the study. Due to an unexpected scheduling conflict, Ed was unable to participate in the initial interview, but asked the Controller for the resort, Steve LaRosa, to stand in. Given that Steve manages the budget, he is also in a good position to view the competitive responses that Skytop has, is, or will pursue. Additionally, Steve participates in the senior management meetings and has participated in response discussions, regardless of whether they required funding. Steve identified the six new products/services and trends to which Skytop responded, listed in Table 15. He also selected managers with knowledge of each of these responses for interviews. Scheduling of these interviews was completed by the researcher with 45 minutes allotted for each response with a total of 6 Skytop managers participating.

In a number of instances, there was some disagreement between the two managers identified for a response as to the impact(s) of non-response and the full set of drivers for a response. In all cases, to ensure validation, only those impacts or drivers that were agreed upon by both interviewees were used. In the following sections, the processes associated with each competitive response will be evaluated using the triangulated information obtained from Skytop managers. They will be followed by a recap of how the proposed response processes fared and a description of all changes that were made.

6.1 HIGH SPEED INTERNET TREND

A location in the rural mountains of the Poconos pays dividends in ambiance, however it also creates problems when it comes to technology as options that are regularly available in larger cities diffuse much more slowly in rural areas due to a lack of infrastructure. This barrier was evident as Woodloch Pines pursued automated (express) checkout and as Sktyop sought to provide high speed internet service to its guests.

Skytop was driven to respond to this trend by several factors. First, it promised high speed internet service in a conference contract for a pharmaceutical company and it was also promised in later conferences scheduled for its new conference center wing. At a higher level, it is evident that high speed internet is required by many corporate groups and if it is not available at Sktyop, they expect lost sales and future performance to fall below expectations. Bob Baldassari, the Marketing Director for Skytop describes this logic below. Additionally, Skytop wants to position itself and its new conference wing as high quality and state of the art. Without high speed internet, they will also fall short of one of the norms associated with this identity.

“..At that point, when we know that it is part of what they are considering when they make a decision as to where to go, where to stay, then we know that it's important that we don't have it.”

- Bob Baldassari
Director of Sales & Marketing

The identified drivers suggest that two response chain processes may apply – performance below expectations and trend with identity impact for non-adoption. However, as described in the Woodloch Pines case, resorts participating in the family market must pursue another market to fill in occupancy while children are in school and during the shoulder seasons of spring and fall in order to survive. In Skytop’s case, they target corporate group business to fill this role and a performance decline in this vital market would be harmful at best and survival threatening at worst. Given the critical importance of the corporate market to Skytop, the performance driven flow is expected to supersede the identity driven response, though both will be explored to determine if they produce the same response chain.

Early in the identity impact for non-adoption process, it is apparent that Skytop’s identity aspirations shaped their response decisions, but unlike Woodloch’s pursuit of a destination spa, there was no need to acquire external resources such as funding or expertise. Both response chain flows then address whether there will be a long delay to implement the resort’s main response. The answer to both questions is yes due to the slow diffusion of technology to rural Pocono areas. However, the performance driven response chain process places additional requirements that must be met to promote interim responses. Specifically whether the resort is under time pressure and whether performance will suffer without a response. As described earlier, Skytop is under time pressure due to previous contractual commitments to provide high speed internet service and expects to lose sales without it. Thus, regardless of which response process is utilized, both predict Skytop’s interim action as it moves toward its main response.

In order to meet its immediate obligation for a pharmaceutical company meeting, Skytop wired a few conference rooms with high speed cable, sometimes by running the wiring through a window. This was the only available option at the time, it was the quickest way to meet the need, and it was considered to be an interim solution because other technologies had made their way to nearby larger towns and were expected to be available to rural properties within a few years. A comparison of this response process to what is modeled surfaced two changes to the identity impact for non-adoption flow. First, an oversight in the initial construction of the process is that, though the response process is driven by firm identity and identity aspirations, it is not included as a moderator of the responses. This omission has been remedied in the revised process found in Figure 20. Additionally, this process assumes that the main response will take a long time to implement and, in Woodloch Pines' case, the destination spa did. However, that is not the case in Skytop's response. To resolve this conflict, an additional decision point will be added that asks whether the main response has been identified and will take a long time to implement. If the answer to both of these questions is yes, then the firm may begin implementation of its main response prior to initiating its interim response. If the answer is no, as in this case, the firm will proceed directly to implementation of its interim response.

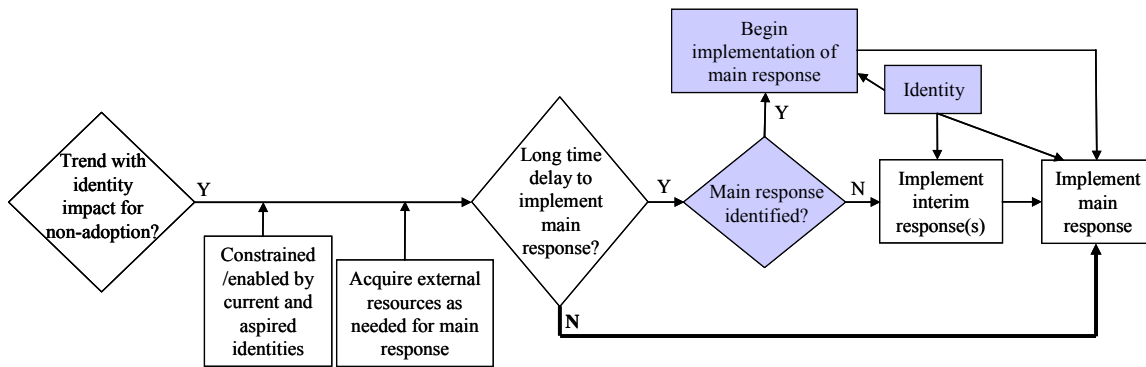


Figure 20. Revised trend with identity impact for non-adoption response chain flow.

Approximately eighteen months after the interim cable response was implemented and during the construction of the new conference center, Skytop evaluated three now-available options as their main response to the trend – high speed cable, DSL, and wireless high speed internet via a T-1 phone line. Cable was quickly discarded as the main response due to wiring issues and frequent extended outages that disrupted group meetings. Jim Siglin describes this issue below.

“The fact that cable wasn’t as reliable. There were a number of cases where we had meetings going on and all of a sudden it just went out, whether it was because of something in here or whether it was external to, a problem that was in our general area. Right away they go to Bob or one of his people complaining that, “Here we are in the middle of this meeting...” So that didn’t... I would say there were a number of times that it happened, it wasn’t just once here and there.”

- Jim Siglin
Project Engineering Manager

Ultimately, Skytop selected wireless high speed internet because it was simple and minimally disruptive to install compared to the need to re-wire all of the guest rooms with the other options. Further, the identity moderator highlighted a potential conflict

between the resort's identity as a historic hotel and offering state of the art technology. But, the fact that the hardware required to provide the wireless high speed internet is not very noticeable throughout the resort minimized the visibility of the conflict and its role as a constraining factor.

Wireless high speed internet was implemented three months prior to these interviews and Skytop has been very satisfied with the results. The selection of a wireless solution, however, has raised some security concerns with firms holding meetings at Skytop. As a result, though high speed cable was initially considered to be an interim response, it will continue to be offered as an option in the meeting rooms. And, as Skytop completes more permanent wiring, high speed cable has remained to become a second main response.

Returning to the response chain flowcharts, both of the processes being considered predict Skytop's main response implementation. Even though the performance decline was expected to be dominant, both processes proved accurate suggesting that, despite minor process differences, they are shaped by similar questions and forces. The outcome of this trial is that the performance driven response chain flow survived another test and was again validated without further modification. The identity driven response flow was also checked and sustained minor modifications requiring additional cases to attest to its validity. Finally, both of the responses in Skytop's response chain were identified as imitation as both met the same guest need. Though this occurrence was initially unexpected as the analysis of cases began, it is now evident that

when dealing with evolving technology, whether in online reservations or internet service, imitation can be pursued twice as separate and distinct responses, providing supporting evidence for proposition C3.

6.2 AUTOMATED AND INTEGRATED PROPERTY MANAGEMENT SYSTEM

For years, Skytop operated using a manual property management system, though they eventually adopted a system that matched their boutique property attributes. This system was in use for fourteen years with no upgrades. The result of this aging system was that the resort did not portray the look or performance that their customers expected. Specifically, the confirmation letters were generic forms with information filled in and little customization, while account charges were made by hand on tickets that were signed by the customer and then re-keyed into the system. The re-keying associated with account charges from around the resort resulted in numerous billing errors, tarnishing the customer's overall view of their Skytop vacation. Dan Harris describes the problems faced by Skytop below.

“...I think their perception would have been altered. ...it's a part of their stay that's, it's more of an internal management system and I think when they come to the property, again as I told you when they drive up to the front gate, that whole guest interaction process with our

doorman, bellman, front office, food & beverage, housekeepers, and then back out, if that is a seamless stay and it's a positive stay, that will keep them coming back I think. Now with billing problems, I think if there are repeated billing errors and we're whacking people's credit cards all the time, that's a big problem."

"Well, the effect that we were experiencing a whole lot of problems with late charges and efficiency, clerk errors. Really, the whole look and feel of the property has changed. We're more of a, it just didn't look very professional."

"...it just didn't have pizzazz. If you're a traveler and one of our guests and well traveled, it didn't have the look of what we wanted. You look at a confirmation letter now and it's basically a LaserJet confirmation that you get with a lot of information on there, where with our old system we had a preprinted form that you just pumped through a printer and it was very generic looking and it didn't look appealing."

- Dan Harris
Lodge Operations Manager

Additional errors were introduced as reports generated by supporting systems were also re-keyed into the property management system. The last straw that forced Skytop to respond to the trend was that related systems (e.g. telephone system) would no longer support their property management system and Skytop either had to upgrade it or lose support for additional systems. A number of vendors and solutions were identified through the annual hotel show, industry publications, and input received from a technology consultant. In June of 2003, Skytop implemented an automated and integrated property management system and is in the process of making final adjustments to various processes and features.

The drivers for this response included, as mentioned above, the loss of support for related central systems if the property management system was not upgraded. Additionally, there was an identity impact for non-adoption as the image generated by current system with its generic and low tech confirmation letters and processes did not match Skytop's desired high quality and regional leader identity. Further, it was a customer expectation of resorts at that level (identity). Though a possible minor performance impact was mentioned, customer satisfaction was also identified as a driver due to its impact on the guest experience. Without this system, not only would there be an identity mismatch, but errors would reduce customer satisfaction and potentially result in lower future occupancy.

The possible response chain processes associated with these drivers include the same two as in the high speed internet response – trend with identity impact for non-adoption and performance below expectations in which customer appeal directly affects one response path. However, in the interviews regarding this response chain, identity related issues surfaced rather frequently and surpassed customer satisfaction concerns. Further, Skytop considered responding to the trend for five years before making the decision. Had there been a serious impact to occupancy in the resort's primary markets groups, the decision to respond would likely have occurred in a much shorter timeframe.

Utilizing the revised flow shown in Figure 20, the pursuit of a new property management system was enabled by the firm's identity and, as a public company, Board approval was required to obtain the necessary capital to acquire the system (external

resources). There was no significant delay in pursuing the new property management system, though the resort was not pressed for time as indicated by the five year timeframe in which the decision to respond was made. This lack of time pressure eliminated the desire for interim responses. And, in June 2003, Skytop moved to acquire a property management system that matched their needs and their high end identity to complete the process, successfully validating the new path.

What is interesting is the difference in the time perceptions of the participating resorts with respect to identity response chains. Woodloch Pines felt that not possessing higher quality spa facilities was such a threat to their identity that the five years required to obtain funding and nearly finish developing a high end destination spa was too long of a delay and several interim responses were pursued. Skytop, on the other hand, considered replacing their property management system with one that better reflected their high end identity and their professionalism for five years before pursuing their main response without any intervening responses. This difference highlights an important attribute of competitive response – response chains are not objective, but subjective and completely dependent on the perceptions of the responding firm. In future research, whether quantitative or qualitative, researchers should attempt to measure or at least infer the perceptions of the responding firm in order to properly assess and attribute firm behavior.

6.3 ADDITION OF DEDICATED CONFERENCE CENTER BY SPLIT ROCK, FERNWOOD, AND THE SCRANTON HILTON

As mentioned earlier, Skytop relies on corporate groups to fill in their all-important mid-weeks and shoulder seasons. And, to ensure that it remains competitive, benchmarking is regularly conducted against competitive sets, including those serving the corporate market. One of the ad hoc metrics measured for this competitive set, which includes Split Rock and Fernwood, was square footage of meeting space per guest room. This metric revealed that Skytop had fallen behind its competitive set and explained why, even though all of its meeting rooms were booked, Skytop still had open guest rooms. And, without additional meeting space, they were turning down business, similar to Woodloch Pines.

Though one manager suggested that Skytop's survival hinged on adding a conference center, this concern with survival was not corroborated by the second source, leaving "the opportunity to increase our business," according to Bob Baldassari, as the main driver of this response. Turning to the trend with revenue or performance enhancing opportunities process found in Figure 19, Skytop's extensive experience with managing corporate groups allowed them to accumulate the knowledge necessary to pursue imitation and build and manage a conference center. As a result, they were able to proceed directly to their main response of building a dedicated conference wing attached to the main building without any interim responses. In the process flow, the main response is moderated by an identity conflict, if one exists. And, leisure guests of Skytop

perceived one and were concerned that Skytop was moving away from leisure and toward corporate markets. Bob Baldassari describes the situation below. Given that Skytop had participated in both markets for so long and both are vital to the resort's success, a clarification rather than a conflict of identity was perceived by managers and the conference wing development proceeded, validating the modeled response chain path.

“We also looked at it for the negative impact it would have on our leisure business. Would our leisure guests think that we were heading out in the direction of conferences as opposed to vacations? And we have been asked that question and our response is, “No, we are already in the conference business and have been. We are looking at adding it as a way of separating our two markets to allow our leisure guests to enjoy the amenities of the Main Lodge and our group guests to have a place where they can conduct their meetings.”

- Bob Baldassari
Director of Sales & Marketing

Though Skytop wanted to capture the additional revenue, because they were not making up for lost revenue, they did not feel any pressure to respond within a certain timeframe. Rather, they managed the building schedule so the noisiest part of the construction process was done during the off-peak times for the resort to minimize guest impact and throughout noise was minimized between Noon and 2pm when children were napping.

Skytop's decision not to pursue interim responses appears to also be the outcome when the criteria found in the performance below expectations process is applied – long delay to implement, time pressure, and performance will suffer without a response. But, a valuable question is whether, when revenue opportunities are present with the

knowledge to respond, interim responses will ever be chosen. According to prospect theory (Dutton & Jackson 1987; Kahneman & Tversky 1979; Whyte 1986), if the decision is framed as making up for a loss, as it would be in responding to a performance decline (actual or expected), the firm will adopt a risk-taking stance, while if framed as a gain or a revenue opportunity, the firm will act more conservatively. Applying this logic to competitive response processes, a risk taking stance can be likened to a more aggressive response using interim responses to close the gap as quickly as possible. A conservative response, on the other hand, would correspond to the less time pressured and more methodical implementation of the firm's main response. And, regardless of which path in the revenue opportunity process is chosen, neither resort exhibited a time pressured, risk-taking stance. Whether this relationship, expressed below as proposition S1, remains valid will be determined by the outcome of future comparisons of revenue opportunity and performance loss response chain processes.

S1: When responding to pursue revenue opportunities, a firm will not implement an interim response unless specifically to enhance its learning for the main response.

An alternative explanation to be explored is that the lack of time pressure felt by Woodloch Pines as they traverse the steps in the learning path may be a reflection of the fact that corporate groups are not one of their main markets. If they were one of Woodloch's main markets or if Skytop did not possess the requisite knowledge to respond, it is possible that time pressure would emerge or the responding firm would seek external resources to provide the knowledge. One potential modification for future consideration is whether "in a main market segment" is interchangeable with "have

knowledge to respond,” because, if the market is primary or critical for a firm, it is likely that the responding firm’s knowledge would be highly developed. This argument is summarized in proposition S2. Only analysis of additional revenue or performance enhancing opportunities can answer this question and determine whether prospect theory or knowledge/main market attributes determine the response behavior of firms.

S2: When responding to pursue revenue opportunities, a firm will only pursue an interim response if the competitor’s action or trend is in one of its primary markets.

6.4 DISCOUNTING TREND

The combination of the impact of September 11th and its resulting recession and the aggressive discounting that the entire hospitality engaged in to lure guests back resulted in lower occupancy in Skytop’s family segment, one of their main markets as it accounts for 35 percent of their business. Kim Matthew describes the double impact below.

“I think it has to do with occupancy. You know the one thing that’s kind of tough, 9/11, which affected business, was happening at the same time as the whole discounting thing. It’s hard to define what you’re climbing back from, are you making a climb back from the whole discount thing or, I just feel that all business is off globally because of 9/11.”

- Kim Matthew
Activities Director

The decline in occupancy, the potential to lose additional business without a response to discounting and customer requests and expectations of discounting all combined to prompt Sktyop to answer the trend. Given that by not meeting customer expectations, future occupancy can be expected to decline, all three drivers suggest a performance decline. And, because Skytop did not mention in their interviews that they felt the resort's survival was in jeopardy from discounting, the most severe performance decline process - perceived threat to survival – did not apply, leaving only the performance below expectations process.

The first decision that shapes this response chain determines whether interim responses are perceived to be necessary. And, in this case, though they felt time pressure to respond and believed that performance would suffer without a response, Sktyop was able to implement two of its three main responses rather quickly – discounting via e-postcards and packaging. Consequently, no interim responses were needed. The third response – enhancing and updating their theme weekends – took longer to arrange, but the implementation delay was due to their location later in the resort calendar rather than an obstacle.

Skytop's packaging response involved combining what were typically a'la cart services into a pay one price package and offering it for less than the total a'la cart price or effectively offering the customer more for less or providing a greater value. The same is true of the theme weekend response in which activities, programs, and special guests

were updated and added as guests received more for the same price. In both of these responses, Skytop did not discount their basic rates, protecting the quality of their resort product and their quality identity. Thus, both were deemed to be modified imitation because they provided a similar value for the customer, but were not reductions in the resort's pricing.

As evidenced by the two modified imitation responses, the quality identity and reputation of Skytop are very important. To ensure that the discounting response did not cheapen or devalue their product, a discounting floor was determined to maintain the resort's average daily rate metric. Kim Matthew and Bob Baldassari describe their concerns below.

"I don't think we should be the budget place."

- Kim Matthew
Activities Director

"...we were concerned where would we settle when it was all over. Would we sell? What's it going to do the rate? Will we still be able to maintain our, the quality of our product, because we don't want to, we would try to not have it be, we don't want someone to come here and not experience Skytop the way it should be because that in discounting is not worth it. I mean you have a customer that's walking away not being satisfied... We don't want to cheapen it. It's a perspective thing. People will look at it and say, "It's only \$180, \$190 a night, how good can it be? You're getting all this including meals, this beautiful building, what's up?"

- Bob Baldassari
Director of Sales & Marketing

At the time the interviews to support this case study were conducted, Skytop and the Poconos were still feeling the effect of the recession. But, the three responses Skytop implemented were improving the resort's performance in this environment allowing the response process to finish, though they were looking forward to returning to their non-discounted and unpackaged pricing. And, as in previous responses, Skytop's response chain when performance was below their expectations conformed to the proposed process, providing still further validation of its accuracy, at least in the Pocono resort setting.

6.5 ONLINE RESERVATIONS TREND

Skytop's experience with the internet closely parallels that of Caesars Pocono Resorts. They began offering online reservations by going through third party vendors, specifically through the Pocono Mountain Vacation Bureau site and, congruent with their identity, the National Trust Historic Hotels website. During their experiences with third parties, Skytop learned how time intensive it is to manage third party inventory and sales. The opportunity to offer them on their website and bring online reservations processing in-house was presented as an option when Skytop purchased their integrated automated property management system. Caesars' situation was slightly different, they already owned the property management system and purchased the online reservations module once it became available.

Skytop viewed online reservations as an additional channel that opened up further revenue opportunities for the resort. They also hoped to gain efficiencies by eliminating the commission paid to the third party providers. Again, the drivers parallel those identified by Caesars Pocono Resorts. Caesars' response path was evaluated using the trend with revenue opportunities process. Lengthening the response window view, Skytop's utilization of third parties to provide online reservations capabilities would be their first response and their first exposure to the amenity. As such, it is expected that Skytop began with little pre-developed knowledge of this service. But, as mentioned above, they learned through their experiences with the acquisition of the online reservations module for their property management system as the culmination of that learning (so far) and their main response.

As depicted in the process diagram appearing in Figure 20, identity conflicts have the ability to shape Skytop's responses. However, no identity conflicts were identified by interviewees. Rather, offering online reservations through the National Trust's Historic Hotels website not only conforms to the resort's historic, old-world grandeur identity, but strengthens it, completing a confirmation of the learning path of the revenue opportunity process model.

Skytop's responses were both classified as imitation. This non-intuitive combination of responses is identical to Caesars' responses and is the result of their knowledge, the technology, and the internet evolving simultaneously and provides

additional supporting evidence for proposition C3. One drawback of responding to a rapidly evolving technology trend is that the organization may possess a great deal of uncertainty about where it will eventually lead and what the firm's main response will eventually be. Only the learning achieved during what became interim responses can dispel the uncertainty. So far, the learning path of this response has been successfully validated twice using responses to new technology and hindsight. As additional responses are evaluated that possess the same or similar drivers, it will be interesting to identify whether differences arise between response chain behavior when the firm knows where it is going – Woodloch's Conference Center – versus when it does not – rapidly evolving technology.

6.6 SPA TREND IN THE INDUSTRY

Skytop is the third participant in this study and the third to respond to the spa trend, which offers the opportunity to not only compare response chain processes, but also how three different resorts respond to the same trend. Skytop identified the spa trend through guest requests for spa services and seeing it at other properties, and through observing that demand had quickly outstripped the limited services they offered in three small rooms with little ambiance.

Skytop viewed spa services as a revenue opportunity and an amenity for which they need to keep pace with their competitive set. Additionally, one respondent mentioned that, by pursuing their planned main response of a destination spa, the response would enhance the resort's identity and expose Skytop to a whole new market, though this driver was not validated. The only confirmed driver, therefore, is ultimately the pursuit of revenue, though occupancy declines could potentially arise as every member of their competitive set offers extensive spa services.

As mentioned above, Skytop's planned main response is a destination spa, a response that is above and beyond the industry's typical spa services and deemed to be modified imitation. It is also not an imitation of Woodloch Pines as Skytop explained that they had already chosen their destination spa response when they became aware of Woodloch's project.

An early determinant of the response chain is whether or not Skytop possesses the knowledge to develop and manage a destination spa. Though they had little experience with spas, this limitation, however, received very little attention. The distraction may have been due to the fact that Skytop's managers already knew that they could not pursue a destination spa in the near term. They were in the middle of building their conference wing and briefly entertained doing both simultaneously. Jim Siglin recounts his reaction below.

“...At one time Ed wanted to build the spa and the conference center at the same time and I said, “You’ve got to be crazy.” It would be more than we could handle.”

- Jim Siglin

Project Engineering Manager

As an alternative, Skytop scheduled the destination spa where it would fit into the capital improvement plan for the resort, four years in the future. The delay is due to the need to finish the conference wing and then build a road to the spa location and upgrade the sewer lines and the power grid to support it. Even though the destination spa was planned for the future, Skytop felt pressured to respond with enhanced services in the interim. To meet this need, Skytop built out storage space on the top floor of the resort’s main building and turned it into a spa with expanded services and an expansive view.

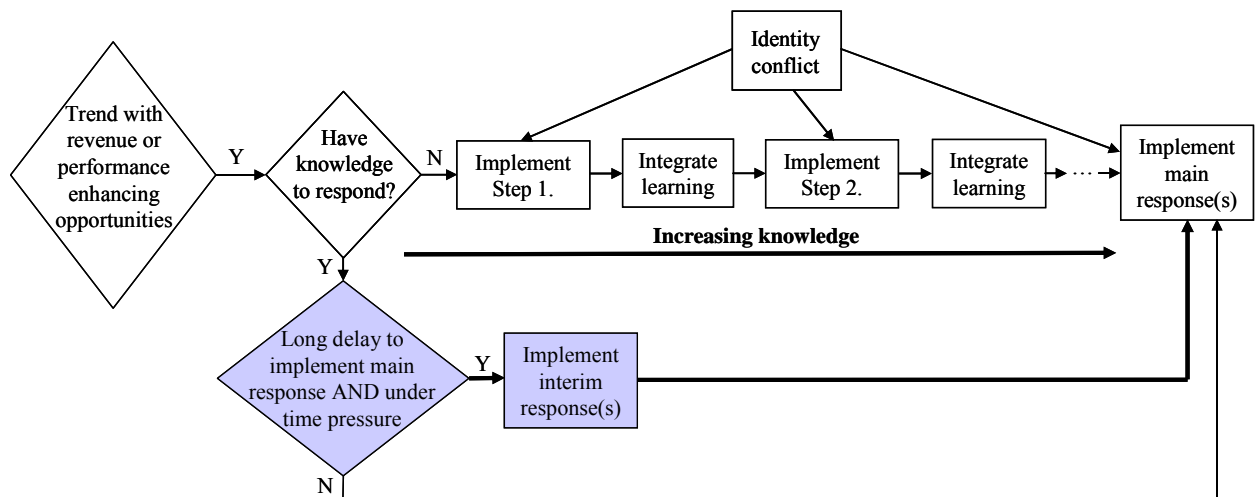


Figure 21. Revised trend with revenue or performance enhancing opportunities response chain flow.

According to the current iteration of the trend with revenue opportunities process, there is no scenario that would produce an interim response without the specific intent to learn and then it would be without time pressure, which did not apply to Skytop’s

situation. To incorporate this additional response behavior, a decision point will be added early in the flow to determine whether an interim response(s) not specifically for learning should be generated. The criteria, taken from Skytop's drivers, will include a long delay to implement the main response and the presence of time pressure. No consensus was reached on the impact of non-response on future performance, but neither respondent felt a negative impact was imminent. Therefore, the current performance will suffer without response requirement, found in the performance below expectations interim response decision, will be excluded unless it is uncovered in a later response. The revised revenue opportunity process appears in Figure 21. But, if an anticipated decline in current performance did not create the time pressure Skytop experienced, what did? The answer to this question is that customer demand greatly outstripped the supply of spa services at their current spa location and customers were insistent. To incorporate this source of time pressure, customer demand/appeal will be added as a modifier to the interim response decision point.

At present, there are no limitations that prevent the interim response and the learning steps leading to the main response from occurring in parallel. But, though it may not be the primary reason for choosing a response, learning will still be generated from the interim response experience and can be applied to the main response. Dan Harris describes their useful learning from their imitative response in the following quote.

“Well, we knew we wanted to add the suites upstairs and then we decided to drop in the spa as a temporary fix. And we wanted to make sure, it was almost like a pilot like we talked about before, to make sure that

we had the demand to build a spa and what type of spa should we build? Are we going to have 23 treatment rooms, are we going to have 15? What's going to fill up using the clientele that we have today. So really I'm measuring on a daily basis all of the occupancy of all of the rooms up there and the kind of revenue that they're bringing in. It's going to tell us how we should build this new building."

- Dan Harris
Lodge Operations Manager

Earlier in the analysis of Skytop's response to the addition of conference centers by several competitors, the applicability of prospect theory to the trend with revenue opportunities and performance below expectations processes was mused. This questioning was the result of not observing an interim response, classified as an aggressive risk-taking behavior, when revenue opportunities were present and frequently observing them when performance losses existed or were expected. Skytop's spa trend response behavior seems to contradict this proposition (listed as proposition S1) as an interim response, judged to be risk taking, was generated when revenue opportunities were being pursued. The only potential moderator that may rescue prospect theory's application is the potential role that the resort's identity played in shaping the response. Though neither interviewee mentioned that identity played a role in deciding to implement an interim response, the fact that all of the competitive set members identified by Skytop as peers, offer broad spa services may have been identity surfacing. In retrospect, this response should have generated further probing during the interview process. But, given that it was not explored further, the role of identity, described in proposition S3, can only be considered a possibility. Another option, found in proposition S4, is that the need to keep up with its competitive set was based on falling

behind the competition and the drive to keep up to avoid future losses. Unfortunately, this is the only occurrence of an interim response by a firm seeking a revenue opportunity, leaving future research to take up the question of whether prospect theory applies to competitive response behavior.

S3: When responding to pursue revenue opportunities, a firm will only implement an interim response not specifically meant to enhance its learning when the main response is needed to maintain its identity norms.

S4: When responding to pursue revenue opportunities, a firm will only implement an interim response not specifically meant to enhance its learning when it feels it has fallen behind its competition

Skytop's spa response does lend credence to proposition S2 that asserts that when pursuing revenue opportunities, an interim response will only occur if the new product/service is located in one of the firm's main markets. Given that spa services appeal broadly across markets, including the family and corporate segments that make up Skytop's primary markets, the proposition predicts Skytop's response behavior.

As mentioned earlier, all three resorts responded to the spa trend in the industry. And, they did so using three different paths in the same response chain process. This variety may hint that there are no patterns within the responses. But, the fact that the logic and the drivers reflect a combination of influences found in other response chain processes suggests that the three paths are feasible. The determination of whether feasibility corresponds to reality, however, cannot be determined without additional

responses and must be left to future competitive response research to validate and further enhance this process.

6.7 RECAP OF FINDINGS

The six competitive response processes analyzed in this case study served to test three of the five response process models – performance below expectations, trend with identity impact for non-adoption, and trend with revenue or performance enhancing opportunities. The resulting response chain process models that emerged from this study are shown in Figure 22. The performance below expectations process was tested with both paths successfully validated. Skytop's response to the high speed internet trend verified the interim response path, while discounting confirmed the path leading directly to Skytop's main responses.

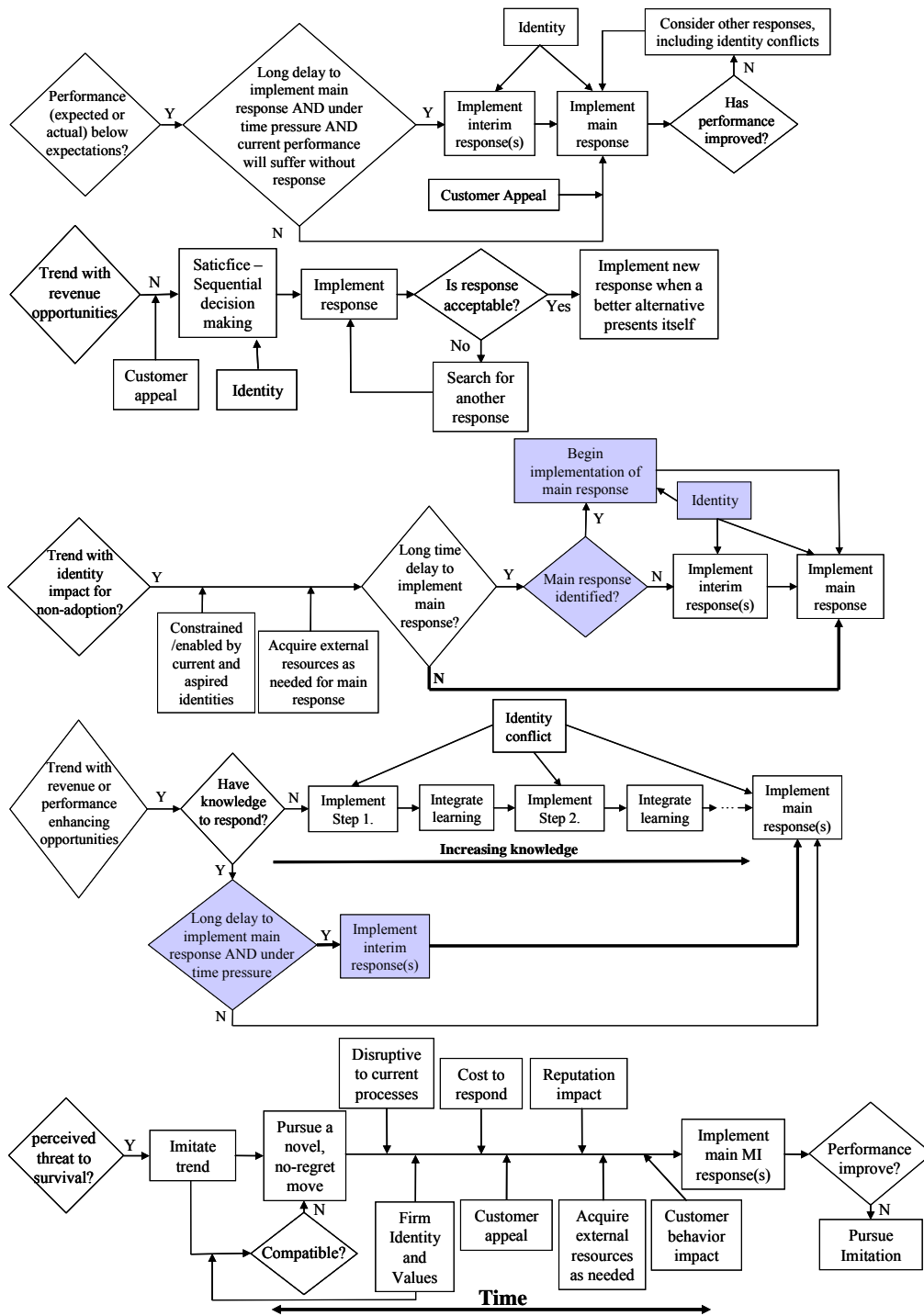


Figure 22. Revised response chain process model with Skytop changes highlighted

The trend with identity impact for non-adoption response chain process was put through its paces in a comparison with the performance driven response in the high speed

internet response analysis. This review identified two changes to the flow, changes that were later verified by Skytop's property management system response.

The trend with revenue or performance enhancing opportunities received the most scrutiny in this case as it applied to three of Skytop's response processes. The response process associated with online reservations successfully tested the incremental learning path in the model, while the conference center response verified the direct, but not time pressured path to Skytop's main response. A third time pressured interim path was added to the model by the spa response. This was the only interim response captured in this case study and, as a result, validation of the proposed process will need to be provided by future research.

Three propositions were added for testing by this case study and future response process research, while one new addition was already discarded as it ran counter to the findings from a later Skytop response. The four new propositions appear in Table 17. The first two emerged from the conference center response, while the last two were produced by the spa response analysis. The spa analysis is also responsible for refuting the first proposition that hypothesized that, in accordance with prospect theory, an interim response other than to enhance learning in preparation for the main response, will not be pursued in a revenue opportunities response process. The addition of an interim response path complete with time pressure not for the purpose of learning was added after being observed in Skytop's spa response, providing disproving evidence for the first new proposition.

Table 17. Skytop response chain propositions.

New response chain propositions generated in the Skytop case study	
S1:	When responding to pursue revenue opportunities, a firm will not implement an interim response unless specifically to enhance its learning for the main response. Disproving evidence found in Spa response.
S2:	When responding to pursue revenue opportunities, a firm will only pursue an interim response if the competitive product/service or trend is in one of its primary markets. Confirming evidence found in Spa response.
S3:	When responding to pursue revenue opportunities, a firm will only implement an interim response not specifically meant to enhance its learning for the main response when the main response is needed to maintain its identity norms.
S4:	When responding to pursue revenue opportunities, a firm will only implement an interim response not specifically meant to enhance its learning for the main response when it has fallen behind its perceived competition.
S5:	A response chain will include a single response when the responding firm does not encounter a long delay for its main response or time pressure and possesses the knowledge necessary to pursue its main response, regardless of response chain process.
S6:	If a competitive move poses a more serious threat to the responding firm, it will pursue multiple main responses to ensure success by attacking the threat on multiple fronts.
S7:	If a set of responses do not require a large resource commitment, including time, to develop and implement, then multiple main responses will be produced.

Finally, the content of each of Skytop's response chains will be examined. Analysis reveals that two single response chains occurred in the property management system and conference center responses. Three chains that included an interim and a main response were uncovered in the high speed internet, online reservations, and spa responses. And, one chain – discounting – included a series of three main responses. Each of these sets and what they can tell us about competitive response will be explored in the following paragraphs.

First, the two single response chains were characterized by the absence of a long delay and time pressure. Additionally, Skytop possessed the knowledge necessary to respond to both the property management system trend and the addition of conference centers by competitors. Though the conference center lies in one of Skytop's main markets, responsible for 15 percent of revenues, the property management system crosses all market boundaries and cannot be connected to any one market, major or minor, as a shaping factor. Finally, comparing the response chain processes used for the two responses reveals that different processes produced the single responses – the trend with identity implications and revenue opportunity processes. The only commonality that can be deduced from this comparison is found in proposition S5 and is defined by two attributes that are missing and one that is present – long delay, time pressure, and knowledge, respectively.

S5: A response chain will include a single response when the responding firm does not encounter a long delay for its main response or time pressure and possesses the knowledge necessary to pursue its main response, regardless of response chain process.

Second, a comparison of the three response chains that display an interim and a main response reveals that first was due to the combination of a delay in the resort's main response and time pressure to respond – spa, – while the remaining two were technology driven – high speed internet and online reservations. Though both technology responses utilized the revenue opportunity response chain process and produced a series of two imitative responses, the two technology responses are still not identical. The high speed

internet response experienced time pressure due to contractual commitments, while the online reservations response did not. The spa response, on the other hand, utilized the future performance is below expectations flow. The main commonalities to result from this exercise is that the technology responses shared technology as a source, were perceived as a revenue opportunity, produced a series of imitative responses and, when the response began, did not have a clear idea of where the responses would eventually lead. Together, these responses provide support for proposition C3 that emerged from Caesars' online reservations response.

Skytop's discounting response chain was unique in that it included a series of three main responses. Other ways in which this response was different that may hint at its origins include the perception conveyed in interviews that discounting was a more serious challenge than the others and involved a level of uncertainty the others lacked. This may have prompted Skytop to attack the problem on multiple fronts and resulted in three main responses. Additionally, all three responses had shorter implementation timeframes when compared to construction and did not require many resources to assemble. Where these responses were costly was after implementation as revenues were claimed on the back end. Since there is only one response containing multiple main responses, it cannot be compared to other responses in this case and the following propositions must wait for the cross case analysis in the next section for validation and development.

- S6: If a competitive move poses a more serious threat to the responding firm, it will pursue multiple main responses to ensure success by attacking the threat on multiple fronts.
- S7: If a set of responses do not require a large resource commitment, including time, to develop and implement, then multiple main responses will be produced.

7.0 CROSS CASE ANALYSIS

The cross case analysis is the culmination of the three individual case studies. In the previous three chapters, the results of one case were used to build on the previous one. During this construction process, however, comparisons were not made across all three cases to surface additional patterns, differences, and nuances. This is the purpose of the cross case analysis. Following this evaluation, the resulting processes will be abstracted to identify proposed social mechanisms at work within the competitive response decision process. Then, in order to integrate these findings into the broader knowledge base, the resulting processes will be compared to the earlier content based research on competitive response to determine if their findings are reflected in the internal firm response flows, providing further confidence in their accuracy. Finally, the status of the individual response paths within the processes will be reviewed to determine if they have been replicated or if it must be sought from future case studies.

This study began with the recognition that firms will often generate more than one response when responding to a new product/service in the marketplace. The Woodloch Pines case study, set in the Pocono Mountain resort region of Pennsylvania, began the effort to model the processes that result in response chains that may include one or more responses. The propositions and process models that emerged from the Woodloch Pines

case were then put to the test and further developed by two additional resorts in the Poconos – Caesars Pocono Resorts and Skytop Lodge. This section is the culmination of those tests and will include a review of the evolution of the process models and their verification status. Additionally, each of the propositions will be reviewed to determine whether they have been successfully tested. Finally, throughout all three cases, as observations appeared to correspond to previous research or theories, these connections were brought out. To complete the integration of this study's findings with the current body of knowledge, previous research predicting imitation referenced as the study was being positioned will be re-visited to highlight whether any of the factors found to predict imitation are reflected in this study's results.

The current iteration of response chain process models at the end of the study appears in Figure 23 with a summary of which paths were validated found in Figure 24. Tracing the evolution of the first process, performance below expectations begins with its creation based upon Woodloch Pines' response to the addition of kid's camps by Skytop and Smuggler's Notch. It was then tested by Caesars' targeting of mid-week couples and honeymooners response that led to the addition of requirements to the interim response decision and the creation of a direct path to the firm's main response. This new pathway was tested by Caesars' spa response and confirmed, though the addition of customer appeal as a modifier requires that the path undergo additional validation. Skytop was able to successfully provide this needed validation in its discounting response, while it also confirmed the interim response pathway with its high speed internet response chain.

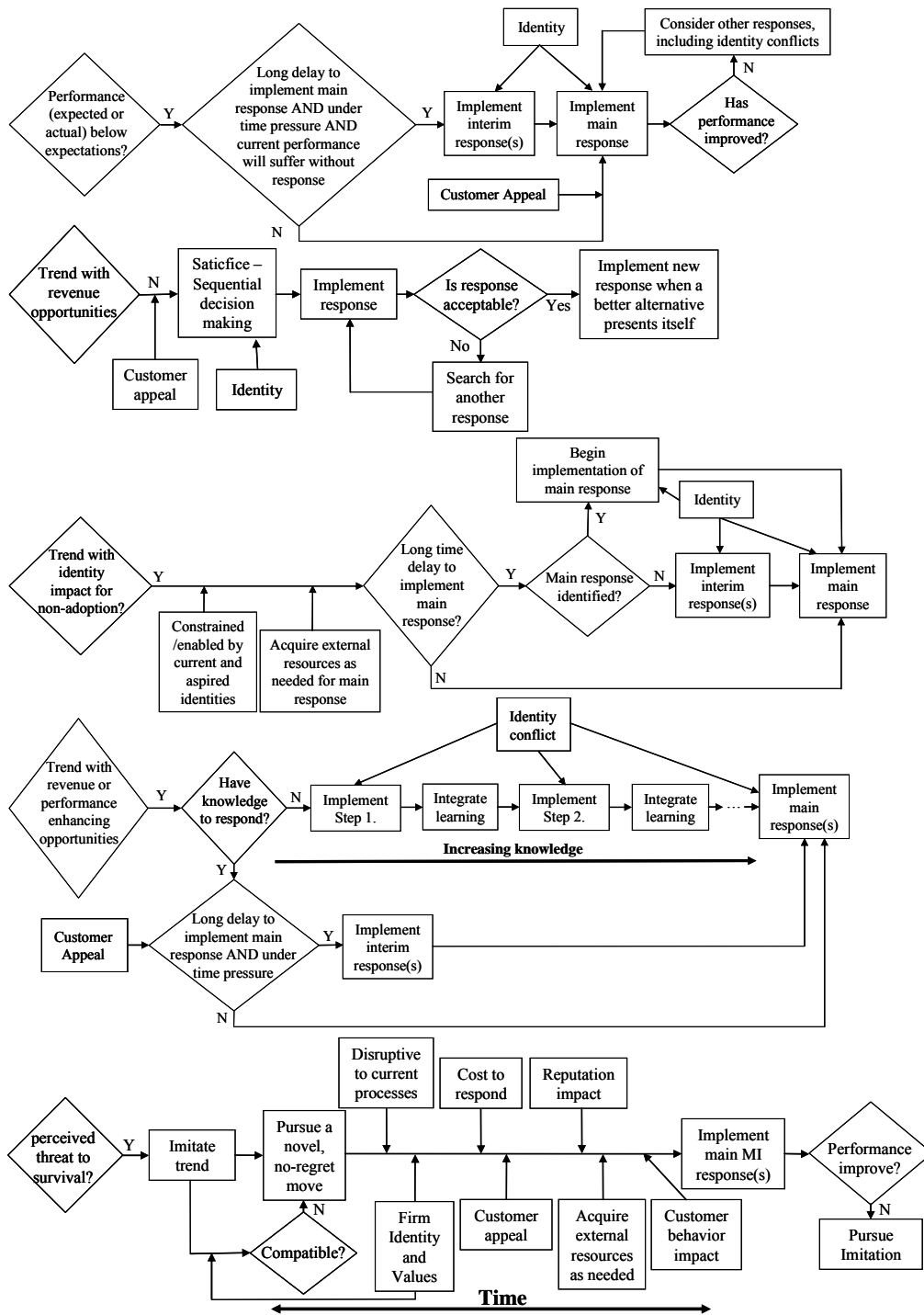


Figure 23. Final response chain process models

Overall, this was a well worn response chain process and, following enhancements resulting from the Caesars case, two Skytop response chains were able to provide validation for the model. However, given that all of the tests have occurred within the Pocono Mountain resort industry, additional verification in additional industries is necessary to ensure the model is generally applicable.

The second response chain process involved the circumstances of a firm pursuing a trend without revenue opportunities. Though it may seem illogical, such responses are often found when a trend becomes widely accepted and without it a firm appears illegitimate. In this case, the process was developed from Woodloch's response to the automated (express) checkout trend and was based solely on customer appeal. Caesars confirmed that the process is in use with its dessert toppings bar response, while adding the identity of the firm as a moderator of the firm's response choice. This process was not utilized in the six responses pursued by Skytop, therefore requiring validation by future research.

Associated with this process is the presence of sequential decision making, documented by March (1994) as occurring when a firm is threatened. In the Woodloch Pines case it was proposed that sequential decision making also occurs when the decision/response is lower in priority and exhibits no time pressure and no decline in performance due to non-response. Further, satisficing is identified as being an appropriate decision making method in this situation because investing the time and effort into researching and selecting an alternative is not worth it given that the response

does not yield additional revenue. Caesars' dessert toppings bar response mirrored the sequential decision making and its associated attributes, providing confirmation of their co-existence and potential relationship. Also of note, providing indirect support for the non-revenue producing attribute is the fact that sequential decision making did not occur in any other response chain process. In general, the modeling relating to the usage of sequential decision making is quite promising, though additional testing must be completed to determine if these attributes can predict sequential decision making and what that relationship looks like.

The trend with identity impact for non-adoption draws heavily on Social Identity Theory (Tajfel & Turner 1985) for its motivation, which predicts that imitation will be pursued by a firm if the action will move it closer to the norms of its current or aspired identity (Kogut & Zander 1996; Peteraf & Shanley 1997; Strang & Meyer 1994; Tajfel & Turner 1985). This process is the result of Woodloch's response to the spa trend, which they felt was required to maintain their status as a high quality resort. The process was modified by Skytop's high speed internet response chain, though the omissions were only identified as the process was being compared to the performance below expectations process. As a result, the pathway was not actually vetted by the high speed internet response. The route that leads directly to implementation of the firm's main response was confirmed by Skytop's property management system response, though the remaining paths remain to be validated.

Woodloch's response to the spa trend was interesting in that it began with imitation, but then took their response to a new level as they pursued building a destination spa. This response was classified as modified imitation, but it really is "imitation plus" where all the features of imitation are included and then additional features are added. Skytop also began with imitation as it built out the top floor of its main building and plans to build a destination spa in approximately 2008 once it has completed the conference wing and upgraded the necessary infrastructure to support the project. The factors that push a firm to respond with imitation plus could not be separated from the various response processes and must be addressed by future researchers, though potential factors to be explored include an evolving identity norm, a "red queen" interaction (Barnett & Hansen 1996) or even escalating commitment by decision makers (Whyte 1986).

The trend with revenue or performance enhancing opportunities got a lot of mileage in this study. In total, seven responses shaped this process and it is considered to be one of the most developed of the five models. The initial path prescribed that a firm take incremental learning steps toward its main response when it did not initially possess the knowledge to respond. This developmental path was also noticeably free of time pressure. Validation of the learning pathway was provided by Skytop's and Caesars' online reservations responses, though because the responses co-evolved with the technology, the fact that the initial response pursued was an interim step was only visible in hindsight when a more-final response was implemented. The direct path to the main response, available when the responding firm had the knowledge to do so, was added by

Caesars' green room response and was again accompanied by a lack of time pressure. This pathway received validation from Caesars' gambling and Skytop's conference center responses. Caesars' response actually involved two main responses, one imitation and one novel. To reflect this occurrence, main response in this process was made plural. But, because no logic was added to the process that shaped whether multiple main responses were chosen, the decision was made that no validation of this change was required. The third and final pathway in the process was added by Skytop's response to the spa trend. This route has yet to be verified as it was the only revenue opportunity response to pursue an interim response not specifically meant for learning and characterized by the presence of time pressure generated by customer appeal in the study.

One of the most unusual results in this study was uncovered in the first case and created the fifth response chain process. Woodloch Pines perceived that its survival was threatened by the discounting trend in the industry that served to erode their waiting list and apply downward pressure on their occupancy. Embodied in the flow is a common response chain that emerged and included the response pattern imitation, novel, modified imitation, modified imitation. Unlike other processes in which identity is a moderating factor, identity plays a more central mediating role in this process. The firm's final modified imitation responses are molded by a number of factors that range from the availability of external resources to the impact on current procedures, to the response's affect on customer behavior. Given this complexity, it was surprising to find that the process, including several modifiers and the specific response pattern were validated by Woodloch Pines' response to the impending arrival of gambling in the Catskills. Neither

Caesars nor Skytop perceived that their survival was threatened in their six responses, so additional verification within the industry is not available. Given the uniqueness of this finding, validation beyond Woodloch Pines is required to demonstrate that the model can be applied generally.

Considerable progress has been made in these three case studies toward developing response chain process models. A number of the response pathways have been validated (indicated in Figure 24). However, in order to provide convincing evidence of their generalizability, they must be ported to other industries to ensure that any eccentricities within the Pocono resort industry are removed and to obtain further development.

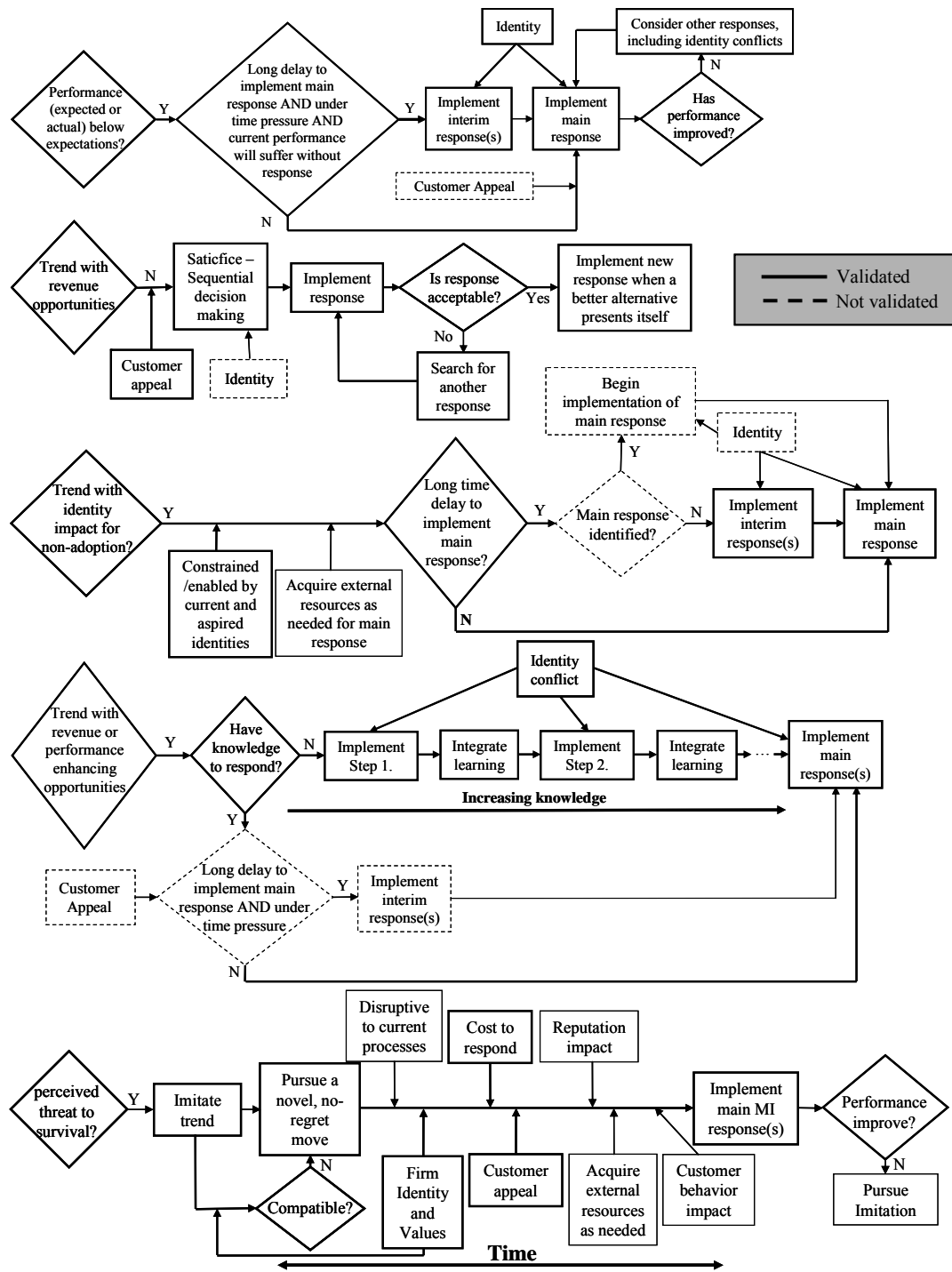


Figure 24. Status of response chain process model evaluations.

Table 18. Propositions that emerged from case studies.

Summary of Study Propositions	
W1:	If a firm cannot implement its main response in the timeframe in which it would like to respond, it will execute one or more interim responses until the main response can be launched.
C1:	If a firm does not encounter a delay implementing its main response, experience time pressure and face a loss from non-response, then no interim responses will be generated.
W2:	When a firm perceives that its survival is threatened, it will first pursue imitation followed by a novel no-regret move, and then commit to and implement its main response(s).
W3:	When a firm's existence is threatened by a competitor's action or trend, modifying the firm's identity and basic values becomes an option.
W4:	When a firm identifies revenue opportunities by diversifying beyond its current identity and is not under duress due to poor performance, the identity of the firm may be pro-actively modified to include these opportunities.
W5:	When a firm's identity or identity aspirations become salient in a response, rule-based decision making will occur.
W6:	When a firm's identity or identity aspirations become salient in a response, rule-based decision making will overpower any constraining factors.
W7:	When a firm's identity or identity aspirations may be damaged by not adopting a trend, it will pursue imitation or an alternative that moves the firm even closer to the aspired norms.
W8:	When under time pressure to respond quickly, norms of new product/service adoption or development are weakened.
W9:	If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of responses to generate incremental learning prior to implementing its main response(s).
W10:	If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of responses to unravel the complexity and generate learning prior to implementing its main response(s).
C2:	If non-adoption of a new product/service trend will not negatively impact current performance, a firm will only pursue imitation or modified imitation if there is customer appeal and the response fits the firm's current identity.
C3:	A responding firm can pursue multiple imitation responses if the product/service to which it is responding is evolving at the same time.
C4:	If the responding firm has a parent organization with considerable resources and deep related knowledge... (a.) single responses will dominate its response chains; (b.) multiple responses will only occur if the product/service is evolving in parallel or

<p>if the main response is accompanied by novel responses;</p> <p>(c.) the responding firm will not encounter time pressure to respond unless from internal sources;</p> <p>(d.) the responding firm will not select a deliberate, incremental learning path in any response process;</p> <p>(e.) the responding firm will never perceive that its survival is threatened unless its parent's survival is threatened.</p>
S1: When responding to pursue revenue opportunities, a firm will not implement an interim response unless specifically to enhance its learning for the main response.
S2: When responding to pursue revenue opportunities, a firm will only pursue an interim response if the competitive product/service or trend is in one of its primary markets.
S3: When responding to pursue revenue opportunities, a firm will only implement an interim response not specifically meant to enhance its learning for the main response when the main response is needed to maintain its identity norms.
S4: When responding to pursue revenue opportunities, a firm will only implement an interim response not specifically meant to enhance its learning for the main response when it has fallen behind its perceived competition.
S5: A response chain will include a single response when the responding firm does not encounter a long delay for its main response or time pressure and possesses the knowledge necessary to pursue its main response, regardless of response chain process.
S6: If a competitive move poses a more serious threat to the responding firm, it will pursue multiple main responses to ensure success by attacking the threat on multiple fronts.
S7: If a set of responses do not require a large resource commitment, including time, to develop and implement, then multiple main responses will be produced.

The propositions describing unique combinations and potential combinations of response factors that emerged from this research are located in Table 18. The naming convention corresponds to the case that generated the proposition to facilitate tracking the logic's source and enhance reliability. Unlike the previous analysis, many of the propositions include logic that spans across all of the response chain processes and, therefore, are more generalized in their applicability. Each of the propositions listed in Table 18 will be examined in the following section.

Proposition W1 was developed in the Woodloch Pines case study and is accompanied by its negative version in proposition C1 from the Skytop case study. After reviewing the applicability of this pair of propositions, they were found to adequately separate the sixteen responses that apply. In this instance, only the two responses with no revenue opportunities that utilized sequential decision making in a trial and error approach to response were excluded since there was no consideration of interim responses as satisficing was the selection criteria. Proposition W1 emerged from Woodloch's kid's camp response, but found validation in its spa, automated checkout, conference center, discounting, and gambling responses; Skytop's spa, high speed internet, and online reservations; and Caesars' online reservations response. In this collection, there are several responses based on emergent technology in which interim responses were only recognizable in hindsight – Skytop's high speed internet and online reservations and Caesars' online reservations. Even when these responses are excluded because interim responses were not intentionally selected, confirmation is still provided by the remaining five responses. Proposition C1 was generated from Caesars' honeymooner and mid-week couples targeting response and found support in its gambling, green room, and spa responses, as well as in Skytop's conference center, property management system, and discounting responses. Overall, these two propositions received overwhelming support from the responses in these three case studies. But, to further demonstrate their broad applicability, they should be applied to case studies in other industries for further evaluation.

The impact of threats to a firm's survival is captured in proposition W2. This proposition was generated by Woodloch's gambling and discounting responses and describes the unique pattern of responses that make up these chains – imitation, novel, modified imitation. Though Woodloch's gambling response confirmed the pattern observed in its discounting response, the other two participating resorts did not perceive that their survival was threatened preventing additional verification. And, though this is a good start and presents an intriguing finding, in order to rule out the pattern as unique to Woodloch Pines, this proposition must be tested and further developed in additional case studies in other industries.

Proposition W3 was also generated from Woodloch's gambling and discounting responses, but is actually a slight modification of Haveman's (1992) hypothesis. In her study of the California Savings & Loan industry, Haveman (1992) found that when a firm faces its own extinction (population ecology), it will change everything in order to survive, including its most deeply held values. The change introduced in proposition W3 is that it is the perception of a survival threat that drives the reaction, though the basic logic remains intact. As a result, Woodloch's two responses provide further evidence supporting Haveman's (1992) finding and attest to its generalizability in other industries.

The possibility of a firm pro-actively expanding its identity is presented in proposition W4 and was generated by Woodloch's conference center response and confirmed by Caesars' pursuit of gambling. In both of these cases, the resorts were pursuing revenue opportunities rather than responding to performance issues. In

Woodloch's case, the resort is working to become a more mainstream corporate group participant, while Caesars is interested in adding gaming to its identity. Again, to demonstrate its broad applicability and gain acceptance, this proposition must be exported and tested in other industries.

Identity also plays a role in the next two propositions – W5 and W6. These two propositions apply March's (1994) rule-based decision making concept to competitive response processes. In rule-based decision making, the behavioral standards of the various identities or identity aspirations of an organization – e.g. industry leader, family oriented, environmentally conscious – determine the firm's choice in a decision rather than allowing a more rational evaluation of the alternatives (Cyert & March 1992; March 1994; March 1997). Proposition W5 proposes that rule-based decision making will occur when identity becomes salient, while the W6 indicates that identity rules will overpower any other constraining factors. The applicability of this theory to competitive response processes was identified in the Woodloch Pines case study as rule-based decision making was apparent in comments similar to those appearing below during its response to the spa trend.

“It was critical for all resorts, quality resorts, to have a spa facility.”

- John Kiesendahl

“It was clear to us that in order to have the identity that we wanted... a spa connection was imperative.”

- John Kiesendahl

“Without a spa, [it would] “catch up to us and that we would stay a ‘B’ player when we should be an ‘A’.”

- Bob Kiesendahl

At the time these interviews were conducted, the response was still underway as ground had just been broken for the destination spa. Entering the response in the middle may have allowed the researcher to see the actual decision making process without the rationalization that occurs with retrospective recall (Bernard, Killworth, Kronenfeld & Sailer 1984; Das & Van de Ven 2000; Golden 1992; Huber & Power 1985; Schwenk 1985). Identity was also a driving factor in Skytop’s response to the property management system trend, but rule based decision making was not apparent. The Skytop interviews, on the other hand, occurred one year after the new property management system had been installed. This time span may have provided enough time for rationalization to erase any remnants of the less rational rule-based decision making. In order to effectively test March’s (1994) rule-based theory in a competitive response setting and provide occurrences to test propositions W5 and W6, interviews must be conducted while the identity-driven response is in progress.

Proposition W7 is the last of the identity propositions and is a reflection of Tajfel & Turner’s (1985) Social Identity Theory (Kogut & Zander 1996; Peteraf & Shanley 1997; Strang & Meyer 1994). Applying this theory to firms suggests that a firm will get as close as possible to the norms of the identity it possesses or pursues. The norm consists of a collection of attributes that define the central image or goal, though it may or may not correspond to an actual company. Dissecting proposition W7, the first portion describes a situation where non-adoption damages the firm’s identity. This situation

would occur if the trend is associated with the evolving norms of the firm's current or aspired identity. If a firm does not keep up with the new norms of the identity, it slips farther away from its goal. To maintain its current identity position, the proposition suggests that the firm will pursue imitation or go beyond imitation, previously described as imitation plus, if the intent is to move even closer to the norm. Proposition W7 was developed from Woodloch's desire to maintain its high quality resort identity and remain an "A" player and felt that it needed to enhance its spa services to achieve it. They began with imitation to return the resort to the current norm, but then took the extra step of building a destination spa to move even closer to its desired identity. Skytop noticed that the impression their property management system gave guests, through correspondence, procedures, and errors, did not correspond to the high quality image it maintained. To address this problem, Skytop imitated the industry trend and purchased a state-of-the art system that will allow the resort to provide a higher level of service to the guest and convey the quality of the resort in more customized looking correspondence. Of course, when applying Social Identity Theory to business, the competitive response chains that prompted the creation of proposition W7 can also be interpreted as simple competitive behavior and an attempt to one-up the competition. However, using Woodloch as an example, many of the resorts, at least in the Poconos, against whom Woodloch competes (e.g. Skytop, Villa Roma) did not have developed spa services at the time they made their response decision. Additionally, competitive tit-for-tat does not necessarily explain why, in this case, Woodloch displayed rule-based decision making. Though Skytop's response provided confirmation for this proposition, additional testing must be carried out in other

industries to give further weight to this proposition and the application of Social Identity Theory to competitive response.

When responding to the spa trend in the industry, not only did identity seem to drive Woodloch's response, but the time pressure it felt to respond resulted in longstanding norms for the resort being set aside. Specifically, under time pressure, Woodloch turned to an external group, its partners in the destination spa response, to provide resources and expertise. This behavior is captured in proposition W8. Also, had they continued to pursue gambling, Woodloch indicated that external partners with funding and expertise would have been needed. Prior to these responses, Woodloch had a very self-reliant stance in which they only pursued projects in which the expertise to manage them was present in-house. In their conference center response, Woodloch was able to begin developing the necessary expertise in-house through a series of learning steps, providing the source for proposition W9. This solution, however, was only made possible by the lack of time pressure, a benefit the spa and gambling responses did not possess. Unfortunately, the remaining two resort cases did not provide any additional evidence – pro or con. In Caesars' case, they did not experience time pressure in any of their six responses. Skytop, on the other hand, experienced time pressure, but has not pursued a project that they could not complete with in-house knowledge and resources. However, just as Woodloch was forced to go external for assistance in its destination spa, Skytop is planning to begin building a destination spa in 2008. If it continues to feel time pressure with this response, it is possible that Skytop may also tap external parties to

assist in their response. However, until that time, this proposition has not been validated and further testing in other industries is required.

As mentioned above, without time pressure, Woodloch was able to take an incremental approach to begin to develop the knowledge required to pursue its conference center response. This behavior is captured in propositions W9 and W10. Proposition W9 suggests that the behavior can be solely driven by the need to develop knowledge, while W10 indicates that complexity in a main response will also drive an incremental learning response to allow the complexity to be understood. Initially the propositions indicated that modified imitation responses would be pursued, but that limitation seemed unnecessary as long as the incremental steps taken to reach the main response provided required learning. As a result, the modified imitation requirement was removed. Two responses traversed the incremental learning path on their way to a main response – Caesars’ online reservations and Skytop’s online reservations. However, as mentioned previously, the interim responses in both of these cases were only identified as interim responses in hindsight as a better main response was identified as technology evolved. And, these interim responses, though they produced learning that was applied to the main response, were not specifically chosen to provide the learning necessary to reach their main response. Consequently, though they appear to provide support for proposition W9, they will not be counted due to their lack of learning intent and validation will need to be provided by additional research.

Proposition C2 emerged from Caesars' honeymooner response and describes that with no performance penalty for non-adoption, customer appeal and the firm's identity will shape the firm's response chain into imitation and/or modified imitation responses. The appeal of a honeymoon package combined with its natural fit with Caesars' identity produced this proposition. And, support for it ran throughout all three cases with imitation, modified imitation or both resulting from Caesars' dessert toppings bar, spa, and gambling response; Woodloch's automated checkout response; and Skytop's discounting and conference center were all driven by customer appeal and fit with the resort's identity. The opposite of this proposition is not, however, supported. Specifically, Woodloch Pines is gradually pursuing a conference center despite its current identity conflict, though it hopes to resolve the conflict by proactively adding corporate groups to their identity (proposition W4).

The response chains explored in this study included several that were the result of technological trends – Woodloch's automated checkout, Caesars' online reservations, and Skytop's high speed internet and online reservations. Three of these chains include multiple occurrences of imitation, an event summarized in proposition C3. Unless it is known that technology is evolving during the responses, pursuing imitation twice without the first attempt identified as a failure does not make logical sense. But, in the online reservations and high speed internet responses, the technology advances and product development presented new options to the resorts after they implemented what they thought was their main response. And, given the learning that occurred from what then became interim responses (e.g. Skytop found that cable high speed internet experiences

frequent outages) allowed the resorts to evaluate the new technology and make a second imitation response decision, providing evidence in support of the proposition. Woodloch's automated checkout response chain – modified imitation, modified imitation, imitation – seems to run counter to what is proposed. But, once it is revealed that the first two responses did not involve technology at all and were deemed to be less than successful, it is clear that Woodloch's response does not provide contradictory evidence. Additional validation in other industries experiencing technological development would provide even greater credence to this proposition.

Proposition C4 was created based on a comparison of the attributes of Caesars' response chains and its processes to those of Woodloch Pines and Skytop. Differences were anticipated given that Caesars' has a parent (Starwood) with tremendous resources and deep hospitality knowledge available to them. This proposition is an attempt to capture those observed differences. Among the notable distinctions uncovered are that Caesars never experienced time pressure in their responses and never felt compelled to select an interim response, they never felt their survival was threatened, and they never specifically chose a path to achieve incremental learning. Unfortunately, Caesars was the only participant in this study with a corporate parent in possession of considerable resources and knowledge. As a result, testing of the impact of having a munificent corporate parent on response chains and processes will need to be tested in a later study that includes multiple participants with this attribute, preferably in a different industry to provide additional contrast.

Propositions S1 through S4 involve the revenue opportunities response process and the triggers that push a firm to choose one of the modeled pathways. The first proposition was developed after observing that the resorts did not experience time pressure when responding to pursue revenue opportunities. Without time pressure, the resorts were able to take deliberate steps toward their main response, categorized as a conservative approach when compared to more rapid, high pressure interim responses. And, as discussed in the Skytop case, this behavior matched prospect theory (Dutton & Jackson 1987; Kahneman & Tversky 1979; Whyte 1986). Applying prospect theory to competitive response suggests that if a decision is framed as making up for a loss, as it would be if responding to a performance decline, the firm will adopt a risk-taking stance, while if framed as a gain or a revenue opportunity, the firm will act more conservatively. This proposition remained intact until the last competitive response analyzed for Skytop – spa. In this response, though pursuing revenue opportunities available with the spa trend, Skytop chose to pursue a destination spa, but was unable to start it for four years due to other projects required to precede it. In the interim and under time pressure generated by customer demand/appeal, Skytop chose to install a spa on the top floor of their main building and provide a counter example to proposition S1.

Though Skytop's spa response contradicts S1, it provides support for S2 as the spa would appeal to guests in both of Skytop's main markets – family and corporate. But, Woodloch's corporate center response does not support S2. As mentioned earlier, corporate is not one of Woodloch's main markets, they focus on family and senior groups. Yet, they chose the incremental learning path to their corporate center main

response. Given this contrary occurrence, the proposition should be modified to exclude interim responses specifically meant for learning to limit qualifying responses to the single path being tested. Unfortunately, no further qualifying responses remain and validation must be obtained from future research.

Proposition S3 contains the learning exclusion that S2 needs to incorporate. It addresses the role of identity in prompting an interim response, while S4 references falling behind its perceived competition as the driver behind interim responses when pursuing revenue opportunities. Proposition S3 is hypothetical and is not based on a specific response, but given the potential role of identity to have influenced Skytop's need for an interim spa solution, similar to Woodloch's response, the proposition was added but has yet to be tested. Proposition S4, on the other hand does reflect a stated reason for Skytop's response. Specifically, benchmarking results from its competitive set indicated that all of the resorts had enhanced spa services and that Skytop had lagged behind. Rather than being driven by identity, proposition S4 suggests that the interim response was pursued to keep up. This collection of propositions received very little testing in the three case studies, though what testing did occur helped provide clarification. Summarizing these results, proposition S1 was refuted, S2 was also refuted and modified, S3 is theory only and has not been observed to date, and S4 has yet to be validated.

There are a number of qualifying requirements for proposition S5 to apply and a single response to result – no delay, no time pressure, and available knowledge. But, it

applies to all of the response chain processes and does so successfully. Support for this proposition is found in Caesars' honeymooner, spa, green room, and dessert toppings bar. But, given that Caesars has a large parent providing support, the question is whether support for this proposition is the result of Starwood's presence. However, support for this proposition is also found in Skytop's property management system and conference center responses, effectively eliminating Starwood as the source. One point that this proposition does not mention is that a responding firm can pursue more than one main response when it has these attributes as demonstrated by Skytop's discounting and Caesars' gambling response chains. As a result, this proposition will be modified to read as follows:

S5: (revised) A response chain will include only main responses when the responding firm does not encounter a long delay for its main response or time pressure and possesses the knowledge necessary to pursue its main response, regardless of response chain process.

The next pair of propositions attempts to get at why a firm would pursue multiple main responses. As mentioned above, Skytop's discounting and Caesars' gambling response chains were two such responses. Additionally Woodloch's discounting and kid's camp responses qualify with the S5 conditions removed. In three of the four responses, the motivating force of a decline or anticipated decline in performance was present, providing early support. The fourth response, Caesars' response to gambling, however, refutes the proposition as gambling was presented as a revenue opportunity

rather than a performance decline. As a result, proposition S6 will need to be reformulated to better capture the factors that trigger multiple main responses. Proposition S7 will also need to be re-tooled as Caesars' gambling response also dooms its theory that small resource commitments will result in multiple main responses. Fulfilling the application requirements for a gambling license alone is expected to require an investment of resources, building a casino and responding to the changing real estate environment once it arrives only add an exclamation point. As these unsuccessful propositions indicate, there is still a lot of work remaining in untangling the forces that create multiple main responses, as well as in response dynamics in general. The list of surviving propositions and their status for future research follows in Table 19.

Table 19. Final propositions from study.

Final Propositions	Validated in Study?	Validated in other industries?
W1: If a firm cannot implement its main response in the timeframe in which it would like to respond, it will execute one or more interim responses until the main response can be launched.	Yes	No
C1: If a firm does not encounter a delay implementing its main response, experience time pressure and face a loss from non-response, then no interim responses will be generated.	Yes	No
W2: When a firm perceives that its survival is threatened, it will first pursue imitation followed by a novel no-regret move, and then commit to and implement its main response(s).	Yes	No
W3: When a firm's existence is threatened by a competitor's action or trend, modifying the firm's identity and basic values becomes an option.	Yes	Yes, Haveman (1992), California S&L industry

W4: When a firm identifies revenue opportunities by diversifying beyond its current identity and is not under duress due to poor performance, the identity of the firm may be pro-actively modified to include these opportunities.	Yes	No
W5: When a firm's identity or identity aspirations become salient in a response, rule-based decision making will occur.	No	No
W6: When a firm's identity or identity aspirations become salient in a response, rule-based decision making will overpower any constraining factors.	No	No
W7: When a firm's identity or identity aspirations may be damaged by not adopting a trend, it will pursue imitation or an alternative that moves the firm even closer to the aspired norms.	Yes	No
W8: When under time pressure to respond quickly, norms of new product/service adoption or development are weakened.	No	No
W9: If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of modified imitation responses to generate incremental learning prior to implementing its main response(s).	No	No
W10: If the responding firm is not under time pressure to respond quickly and does not feel confident in its knowledge level to respond with desired imitation, then it will pursue a series of modified imitation responses to unravel the complexity and generate learning prior to implementing its main response(s).	No	No
C2: If non-adoption of a new product/service trend will not negatively impact current performance, a firm will only pursue imitation or modified imitation if there is customer appeal and the response fits the firm's current identity.	Yes	No
C3. A responding firm can pursue multiple imitation responses if the product/service to which it is responding is evolving at the same time.	Yes	No
C4. If the responding firm has a parent organization with considerable resources and deep related knowledge... (a.) single responses will dominate its response chains; (b.) multiple responses will only occur if the product/service is evolving in parallel or if the main response is accompanied by novel responses; (c.) the responding firm will not encounter time pressure to respond unless from internal sources;	No	No

(d.) the responding firm will not select a deliberate, incremental learning path in any response process;		
(e.) the responding firm will never perceive that its survival is threatened unless its parent's survival is threatened.		
S2: When responding to pursue revenue opportunities, a firm will only pursue an interim response not specifically meant to enhance its learning for the main response if the competitive product/service or trend is in one of its primary markets.	No	No
S3: When responding to pursue revenue opportunities, a firm will only implement an interim response not specifically meant to enhance its learning for the main response when the main response is needed to maintain its identity norms.	No	No
S4: When responding to pursue revenue opportunities, a firm will only implement an interim response not specifically meant to enhance its learning for the main response when it has fallen behind its perceived competition.	No	No
S5: A response chain will include only main responses when the responding firm does not encounter a long delay for its main response or time pressure and possesses the knowledge necessary to pursue its main response, regardless of response chain process.	No	No

7.1 PROPOSED MECHANISMS WITHIN COMPETITIVE RESPONSE

DECISION MAKING PROCESSES

Abstracting the processes that emerged from this research to a mechanism level of theory not only creates for simplified processes, but also facilitates the identification of similarities across the processes. The benefits, however, extend beyond this study as theorizing at the mechanism level also permits these findings to be more easily extracted from the details surrounding it and promotes the identification of commonalities across

other research. In a discipline where the focus has been on the differences between studies and theories, theorizing at a mid-level abstracts away many of the details that separated researchers, allowing higher level connections to be made and for a higher level strategy theory to be woven together.

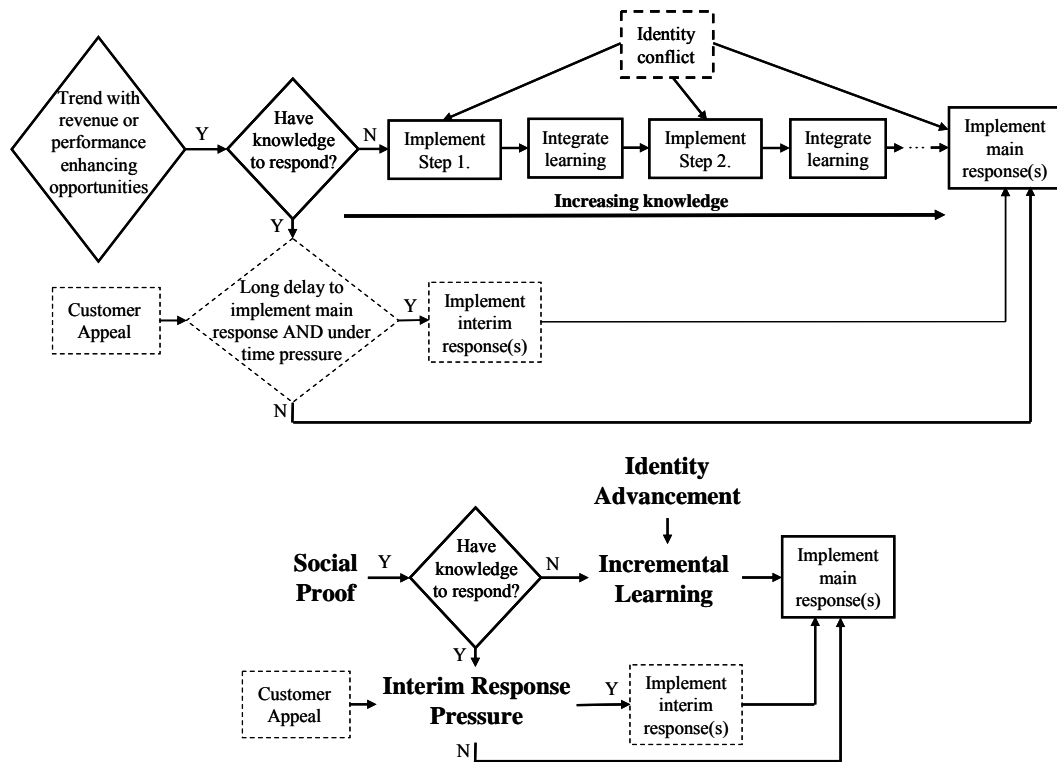


Figure 25. Mechanisms proposed in revenue or performance enhancing decision process.

One of the most well tested processes within this study appears in Figure 25. One of the elements present that is repeated in three other processes is the decision whether interim responses are needed. This decision was abstracted to create the interim response pressure mechanism. Whether this mechanism is activated depends on whether there is a long delay to implement the firm's main response, if they are under time pressure, and whether there is a penalty or loss associated with not responding. Whether or not the firm pursues an interim response depends on whether the level of interim response pressure exceeds its threshold and spurs the firm to action.

A second mechanism found in this process is the incremental learning mechanism in which the firm was able to gradually develop the knowledge required to execute imitation well through a series of experiments and trials. This mechanism captures the incremental approach to strategy proposed by Quinn (1978) and advanced by Camillus (1997). This mechanism was not activated often in this study due to the presence of time pressure, though it may be more common in studies of the pro-active expansion of a firm's identity and in process work in diversification

A third mechanism present in this process is the trigger, social proof. This mechanism was proposed by Hedstrom (1998) and is the demonstration by another firm of the success of an action and inspires imitation. In this process, it is the lure of revenue or performance enhancements that attracts the attention of the responding firm and moves them to action. One variant introduced here is that though the responding firm may consider imitation as a response, it may also pursue modified imitation or novel responses. With its foundation in watching other firms and their success, the social proof mechanism is at the heart of competitive response. This mechanism is activated when a competitor is able to capture supranormal profits and, upon witnessing their success, other firms respond in an attempt to share in the profit stream. The importance of the social proof mechanism in this study is evident in its repeated appearance in the remaining processes shown in Figure 26. However, its importance is also expected to emerge in the repeated presence of the social proof mechanism in other competitive response studies viewed at the mechanism level.

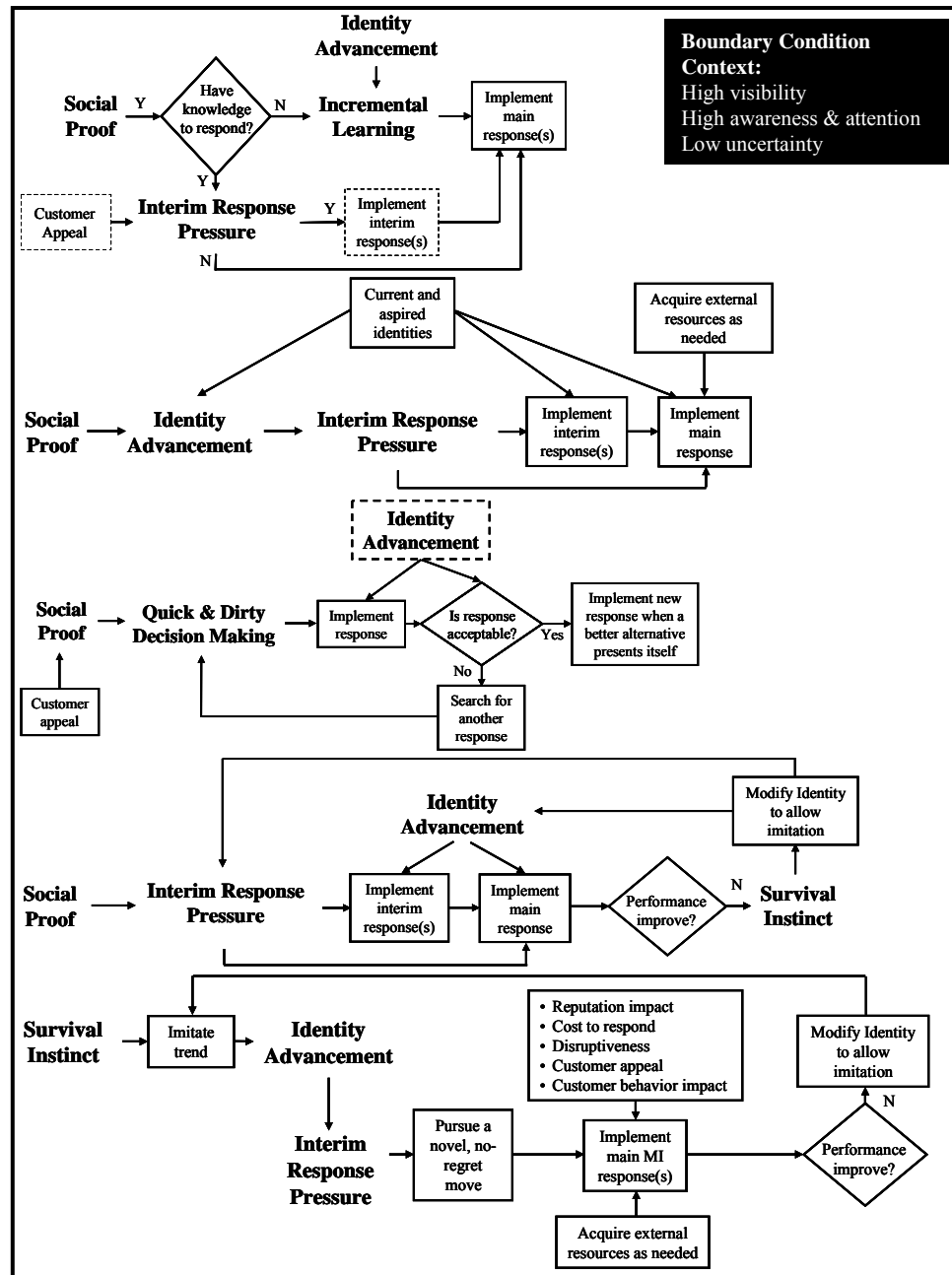


Figure 26. Mechanisms proposed within response decision making processes.

The second process shown in Figure 26 also begins with social proof, but the process only takes hold when the identity advancement mechanism is activated. This process is an abstraction of the trend with identity impact for non-adoption process. For an identity impact for non-adoption to exist, other firms with a similar identity to the responding firm must have already adopted the trend and demonstrated their success with

it for it to become part of their identity. As a result, the process is depicted in Figure 26 as beginning with the social proof mechanism.

The identity enhancement mechanism embodies the commitment by the responding firm to protect their current identity and to move toward their aspired identities. The use of the word advancement in the name of this mechanism is meant to reflect the fact that a firm is open to maintaining and advancing their identity, but will strenuously resist any deterioration of it. In this process, the identity enhancement mechanism is a main effect and triggers the responding firm to action. It is also present as a moderating factor in the other four processes. This consistent presence reflects the overarching concern expressed by managers in all three resorts with confusing and alienating their customers if their choices do not fit with who they are. The pervasiveness of identity's role in competitive response, however, has not previously been recognized within the research stream. Given these findings, future research should incorporate identity to further define its role in competitive response.

The third process models the trend without revenue opportunities response decision. And, though it does not produce revenue, the social proof mechanism once again is placed at the beginning of the process. Its inclusion is meant to reflect that, though it does not generate revenue, it has been shown by other firms to have customer appeal as a measure of success. This success was recognized by other firms in the industry as evidenced by its emergence as a trend. A new mechanism, quick and dirty decision making, appears in this process and reflects the lack of revenue associated with

the trend. This mechanism not only reflects decision making with incomplete information, but it represents intentionally incomplete information and is frequently used within the practitioner world. Through satisficing, the firm opts to accept the first option that meets the basic criteria of the trend rather than investing more time, effort, and resources to identify more possible responses. Without a revenue stream, the investment in this trend must be controlled and minimized. The quick and dirty decision making mechanism captures this effort.

A firm's survival instinct mechanism appears in the final two processes. This mechanism is based on the responding firm's perception that it is on the brink of bankruptcy. Based on this perception, the firm becomes willing to change everything and do anything in order to survive. Included in this behavior is the willingness to change the most fundamental aspect of the firm, its identity. As the first four processes depict, identity persists as a modifier of competitive response until the firm faces its own extinction. At this point the managers do not question their past choices of identity and values, but rather focus only on what must be changed in order to survive. Implied in this logic is that the responding firm then looks to other successful firms for guidance or social proof on what their identity needs to be in order to survive. This mechanism was not specifically observed in this study, but may emerge in research of firms facing their own demise.

The final process is triggered by concern for the responding firm's survival and the activation of the firm's survival instinct. Though it only appears at the beginning of

this process, it remains active throughout. Very early in the process, the responding firm responds with imitation of the competitor's action. This response seems to be pursued automatically, with less evaluation rigor, and is meant to prevent the responding firm from falling further behind as it tries on the action for fit. At this point, the responding firm activates its identity advancement mechanism to determine if the response supports or advances the firm's current identity. If it does not, imitation as a response is terminated as the responding firm resists damaging its identity and confusing its customers. Rather, the responding firm pursues a series of novel and modified imitation responses in an attempt to capture a portion of the profit stream without compromising its identity. However, just as in the previous process, if these efforts fail and the responding firm is still in peril, the firm's identity is modified to allow imitation with the hope that full participation in the profit stream of the initiating competitor will save the firm.

The survival instinct mechanism was likely activated by the California Savings & Loans (Haveman 1992) and it was likely active in numerous other studies within the competitive response literature. However, in order to assess whether a mechanism was active, process and perception information from the responding firms must be available. Given that many of the previous competitive response studies were content based and that process information was not captured, mechanisms can only be hypothesized. In future research, however, process data can be collected and used to not only make the black box more transparent, but to begin to knit together the various streams of literature within Strategy to create a more cohesive discipline.

7.2 INTEGRATING THE FINDINGS INTO THE COMPETITIVE RESPONSE KNOWLEDGE BASE

To complete this analysis, it is appropriate to re-visit the previous competitive response research that predicted imitation, diagrammed in Figure 5 of the introduction, to determine if any of the factors found to predict imitation are visible and can be connected to the response processes and propositions produced by this study.

Two of the factors – positive outcomes from the new product/service (Galaskiewicz & Wasserman 1989; Haveman 1993; Haunschild & Miner 1997; Kraatz 1998; Sproull, Tamuz & March 1991; Minter & Haunschild 1995; Waartz & Wierenga 2000) and poor returns by the responding firm (Haveman 1992; Haveman 1993; Kraatz 1998; Knoke 1982; Sproull, Tamuz & March 1991) – correspond to the revenue opportunities and performance below expectations response chain processes, respectively. The earlier research found that positive outcomes were associated with imitation and poor returns were found to promote imitation and non-imitation (March et al. 1991). This study uncovered that the full spectrum of responses - imitation, modified imitation, and a novel response – resulted when the new product/service was associated with positive outcomes. And, when the responding firm's performance was perceived to be below expectations, the Pocono resorts responded with a combination of imitation and modified imitation. Together, these results imply that additional complexity surrounding these drivers is waiting to be untangled in future research.

The role of the responding firm's identity is associated with several factors that contribute to imitation beginning with the fit between the new product/service and the responding firm (Dube et al. 1999; Greer 1986; Haveman & Rao 1997; Meyer & Goes 1988; Waartz & Wierenga 2000; Tornatzky & Klein 1982; Rogers & Shoemaker 1971). Possessing a strategic position near the initiating firm (Baum & Haveman 1997; Leeflang & Wittink 2001; Robinson 1988), sharing a similar strategy (Darr & Kurtzberg 2000), having a similar pricing strategy (Kraatz 1998), and considering the initiating firm to be a member of your in-group (Smith et al. 1997) all speak to having a similar strategic view as the initiating firm, which was also found by previous studies to predict imitation. Fit with the responding firm's identity, values, and philosophy was frequently part of the response chain processes in this study and played a prominent role in shaping responses, though in no case did it dictate what type of response was pursued – imitation or other. However, falling behind competitors (who may have gained this designation by having similar strategic positioning) was cited by Skytop as one of the factors that led them to respond to the spa trend first with imitation and then with modified imitation/imitation plus providing some corroboration to the earlier findings. This support also extends to research into a peer (Galaskiewicz & Wasserman 1989; Kraatz 1998) or rival (Namasivayam et al. 2000) label for the initiating firm as factors promoting imitation.

The importance of the attacked market to the responding firm was found to prompt imitative responses by Ailawadi, Lehmann & Neslin 2001; Bowman & Gatignon 1995; Chen & MacMillan 1992; Leeflang & Wittink 2001; and Robinson 1988. And, though this factor was found to produce imitation in the present research, it was also

found to result in modified imitation in Woodloch Pines' kid's camp response, to be replaced by modified imitation in Woodloch's gambling response, and to be accompanied by modified imitation in Skytop's and Woodloch's discounting responses. This variety suggests that the attacked market is a vital piece of the puzzle, but there are additional factors at work that must be identified and integrated to fully capture the complexity of competitive response behavior.

Drawing on the neo-institutional stream, high levels of market uncertainty were associated with imitative responses (Baum et al. 2000; Greve 2000; Haveman 1993; Haunschild & Miner 1997; Kraatz 1998; Waartz & Wierenga 2000; Williamson & Cable 2003). What the current study found, however, is that uncertainty tended to make resort manager's uncomfortable and concerned for the survival of their resort. Woodloch Pines was the only resort to voice these concerns for survival, as this comment by a Woodloch manager about the Owner's concern reveals:

“But I do think the family, the first time that the business got soft, it's a whole new experience and they're scared. John's not a person, if they said an A bomb just hit New York, John's reaction would be, you'd never know. He might go cry in a closet, but he would never ever up front give you a clue. But I can tell, just from their own body language they're very concerned.”

Paralleling researcher findings relating to imitation, this study uncovered that when a firm feels that its survival is threatened, a unique response chain emerges that begins with imitation. In both instances, the response chain continued and imitation was followed by a novel no-regret move and at least one modified imitation response. But,

since these results were associated with only one resort, additional research is required to further validate these findings and to connect them to earlier research outcomes.

The number of firms that have already imitated a new product/service trend was found by researchers to be associated with imitation as a response (Fligstein 1985; Haunschild & Miner 1997; Kraatz 1998; Knoke 1982; Leeflang & Wittink 2001; Williamson & Cable 2003). The role that the number of adopting firms played in this study was non-existent. Rather, the diffusion of a new product/service was channeled through the customer and reflected in customer demands and appeal. One of the factors that shaped Woodloch Pines and Skytop's corporate center and discounting responses, Skytop's spa response, Woodloch's kid's camp and automated checkout responses, and Caesars' spa and dessert toppings bar responses was customer demand and the revenue opportunities associated with it. And, though imitation appears in many of the response chains connecting this study to the earlier body of work, modified imitation is also present suggesting that additional nuances remain to be discovered.

Finally, a response pathway that specifies incremental learning is included in the revenue opportunities response chain process and leads to a main response that may or may not be imitation. In the three response chains examined in this study, however, all of them ended in imitation. This learning pathway may be sought by firms that have an inexperienced top management team (Smith et al. 1991) or when facing a complex new product/service (Waartz & Wierenga 2000; Rivkin 2000; Tornatzky & Klein 1982), though both sets of studies found that a negative, not a positive relationship existed with

imitation. But, the responses utilizing the learning pathway in this study were able to pursue incremental learning due to a lack of time pressure. It is possible that the earlier body of research studied responses that did not have this luxury, prompting the responding firm to pursue something other than imitation. Though this comparison leaves many questions unanswered, it highlights the importance of combining content and process research to knit together what has been discovered so far, to identify the opportunities yet to be realized, and to provide a multi-dimensional view of competitive response in the future.

8.0 CONTRIBUTIONS

Though the findings unearthed in this study require testing in other industries to confirm their generalizeability, considerable new knowledge emerged from this grounded theory study. First, this is the first research that ventured inside the black box of competitive response. By utilizing a case study approach and qualitative methods, a complementary viewpoint to the large dataset content based research was provided. Additionally, this study expanded the concept of competitive response to include imitation, modified imitation and novel responses and developed specific propositions and processes that indicate when they are expected. Also, the drivers behind multiple responses to a single competitor action were explored and with three necessary and sufficient criteria identified – a.) a time delay before firm's main response can be implemented; b.) the presence of time pressure; and c.) a penalty for non-response. Finally, in an effort to develop mid-level theory, the processes identified in this study were abstracted to surface the social mechanisms present. Several existing mechanisms were identified, including social proof, incremental learning and the survival instinct (biology). In addition, the interim response pressure mechanism, which includes the three criteria mentioned above, and the identity advancement mechanism were found to be present and pervasive in the response decision processes. Finally, by theorizing at this

level of abstraction, the findings of this study can be more easily linked to other strategy research and can contribute to the development of a cohesive theory of strategy.

A more detailed summary of the theoretical contributions made by this study, organized by research question, is presented in the following paragraphs. This chapter concludes with a review of the implications of these findings to the practicing manager.

8.1 WHY DO FIRMS CHOOSE MULTIPLE RESPONSES TO A COMPETITOR ACTION OR INDUSTRY TREND?

Five competitive response decision processes were identified in this study and of the five, all of them are capable of producing multiple responses to a single instigating action. There are three primary requirements that, when they occur simultaneously, were found to push a responding firm to seek interim responses, creating multiple responses. The first is a long delay until the firm's main response can be implemented. This finding is logical because if a firm's main response can be executed, an interim response would not be necessary. Numerous iterations of multiple responses added that the existence of a revenue or performance penalty for non-response and the presence of time pressure, likely due to the impending penalty, as requirements. These three requirements are only explicitly stated in the response process used when a firm's performance is below its expectations. But, they are implied in the logic of several others. Specifically, the trend

with revenue opportunities response flow mentions the presence of a delay to the main response and the existence of time pressure. The penalty for non-response is found in the trigger for this response process, the loss of potential revenue or performance enhancements associated with participating in the trend. Similar logic applies to the trend with identity impact for non-adoption. The only stated requirement for interim responses in this flow is a delay for non-response. The remaining two requirements are associated with the potential for damage to the firm's identity and the time pressure to prevent it.

Within these processes, however, is one response decision path that will create multiple responses, but is driven by the lack of time pressure rather than its presence. When a firm identifies a trend with revenue or performance enhancing opportunities and does not possess the internal knowledge to pursue imitation or modified imitation, as long as it does not feel pressure to immediately participate in the revenue stream, the firm will execute multiple responses. Each of the interim responses will be modified imitation and represent incremental learning for the responding firm as skill and knowledge are developed with each characteristic of the competitive action. The response set concludes with imitation once the internal knowledge is present to support full implementation.

The two remaining processes will also produce multiple responses, but for very different reasons. If a firm perceives that it is facing a threat to its survival, it initially pursues imitation to ensure that it does not fall further behind and to try on the competitive action for fit. Multiple responses occur when imitation is deemed incompatible with the responding firm's identity and values and imitation is abandoned.

These additional actions include a novel response, typically a no-regret move with no downside, followed by modified imitation as the responding firm attempts to participate in at least a portion of the revenue generated by the new combination. Finally, when a firm identifies a trend with great appeal to its customer base, but no revenue opportunities and attempts to imitate it or at least a portion of it, multiple responses are possible when the initial response(s) fail to capture the trend. Stated another way, failure triggers multiple responses.

One final observation that emerges from the overall identification of five response processes with the potential to generate multiple responses is how many situations are capable of producing multiple responses and how common the occurrence may actually be. Given this realization, future research on competitive response and interaction should be sensitive to this potential and include the necessary steps and measures to identify and study them to ensure that the full array of competitive response is captured in theory.

8.2 WHAT CONSTRAINS A FIRM'S RESPONSE DECISIONS? AND, WHAT DOES NOT?

Two primary constraints were identified as shaping how a firm responds – the identity of the firm and customer appeal. The firm's identity was present as a moderating factor in all five response decision processes. Additionally, a trend with an identity impact for non-adoption arose with its own unique response process, providing support

for the strength of firm identity as suggested by Tajfel and Turner's (1985) Social Identity Theory. And, the power of identity and firm commitment to it remains intact unless response does not improve sagging performance. At this point, firms were found to consider alternatives that were in stark contrast to their identity and values when the other option was extinction. This observation coincides with Haveman's (1992) finding that firms will change everything in order to survive.

A firm's identity will also become inert in the responding firm's decision when the initial competitive action does not activate its current identity. If the firm decides to pursue imitation in this situation, identity will not constrain the decision. However, if the firm's current identity is or becomes salient during the response decision, its influence will be felt. This moderating relationship suggests that a firm can proactively expand its identity, for example through diversification, as long as the response does not conflict with the firm's current persona.

Customer appeal is another influential moderator in the response decision process and is present in four of the five processes. This finding is not surprising given that customer appeal is expected to generate revenue and many of the response processes begin with revenue or performance implications. Revenue is not required, however, to instigate a response. One of the decision processes is driven solely by customer appeal without any revenue potential. However, the extent of the effort a firm will make to create the trend without revenue to offset the investment is likely limited, an attribute that

may prompt the use of sequential decision making and satisficing as response alternatives are considered (March & Simon 1958, March 1994; Nutt 1984; Pfiffner 1960).

Finally, a host of moderators were identified as influencing a firm's search for a modified imitation response when it perceives its survival to be threatened and imitation is not compatible with its identity and values. Included in this list are response disruptiveness, cost to respond, the need to acquire external resources, the firm's identity and values, the impact to the responding firm's reputation, the impact to customer behavior and customer appeal. However, as the perceived threat to survival becomes an actual threat, it is expected that many of these moderators will fade in their potency with the exception of customer appeal, a key to generating revenue, and the cost to respond. And, it is this last moderator that may cause a firm to close its doors permanently. Additional research is needed to solidify these expectations, though to be accurate will require that a researcher be in the right place at the right time to observe the decision process. Capturing the decision details after the fact may not be possible if the firm disbands.

8.3 MANAGERIAL IMPLICATIONS

To the practitioner, this research provides a number of insights. First, it brings an awareness that a firm's responses may actually be a series of responses to be viewed and

managed as such. This aggregate viewpoint allows the responding firm to make decisions with the entire response chain in mind rather than at a micro and less integrated level. Second, the drivers of the response chains, the firm's perceptions, can be proactively managed and validated to ensure that high quality decisions are made. Third, the sources that promote less optimal sequential decision making can be identified with specific interventions designed to promote more rational decision making when appropriate. An understanding of the factors that constrain a firm's response chain is a fourth practitioner insight. By becoming conscious of the role of firm identity and customer appeal as they shape competitive response, a firm can evaluate the constraint's importance and whether it should influence the response decision.

From a competitive viewpoint, by understanding the triggers of response and the response chains that emerge, a firm can predict the response behaviors of its competitors and take the necessary steps to minimize the impact of a response or prolong its implementation to maximize the period that above-normal profits are collected. Finally, if a practitioner observes its competitor starting down one of the response paths, the behavior may indicate how they perceive a new product/service. And, once in possession of this information, the observing firm can predict a competitor's future response behavior and use this knowledge to maximize the life of its own advantage.

Given the findings and the response decision process flows produced by this study, its contribution to practitioners and the competitive response knowledge base is substantial. This study ventured inside the responding firm, often in the midst of

response, to generate greater understanding of the competitive response process. This internal perspective not only produced the first mapping of response decision flows, addressing a gap in process research within the competitive dynamics stream, but its internal perspective provided a unique view in competitive response literature. In conjunction with these advances, this study considered the full array of competitive response, imitative and non-imitative alike. And, it sought to not only document but explain why a firm generates multiple responses, a behavior that now appears to be quite common, but was previously unexplored. Finally, the new ground broken by this grounded theory research has opened up numerous avenues for future research with non-imitative and multiple responses, made a case for including the internal perceptions of the responding firm in research design, and taken steps to create a more complete understanding of competitive response.

9.0 SUGGESTIONS FOR FUTURE RESEARCH

The response chain processes and the propositions that emerged from this study of eighteen competitive responses across three super resorts in the Pocono Mountain resort region of Pennsylvania represent just the beginning of a more in-depth and multi-dimensional exploration of competitive response. As indicated in the cross case analysis, though validation was obtained for numerous response chain paths and propositions within this study, all of the findings must be further scrutinized to ensure that they are not purely due to their industry and/or geographic context and to verify their broad applicability. Among the environments that hold promise to validate and further develop these results are more global industries with multi-national participants, newly emerged industries, high-velocity industries (Eisenhardt 1989), those experiencing hypercompetition (D'Aveni 1995), and industries with less visibility (e.g. manufacturing).

This study focused solely on new product/service introductions or trends, but the potential exists for numerous other sources of triggers and competitive response chain processes to be identified. Among the competitor behaviors/trends that may broaden our collection are entry into a new market, entry into a new geographic region, the opening of a new distribution channel, and a significant process improvement or automation. Exits

from a market, region or distribution channel also provide discovery opportunities. Finally, multi-market contact between competitors could also be analyzed using a trigger/response chain process lens to further clarify when responses will be triggered, what those responses may be, and whether multiple responses will ensue.

As mentioned earlier, one of the revelations of this study is that competitive responses often occur in multiples, a discovery made possible by the use of qualitative methods. It is possible that the earlier content research into imitation, cited in the introduction, only revealed part of the response chains. Given that these responses occurred in the past, drivers, moderators, mediators, and other responses may be sanitized by the retrospective bias of respondents. Therefore, the option of adding follow-up interviews to the earlier research is unavailable. The only alternative then is to weld the qualitative and quantitative methods together as the standard for the competitive response research stream, allowing what has yet to be discovered to be attacked from two perspectives and leading to more rapid progress.

Finally, more research is also needed into the constraints shaping responses to not only determine which constraints are present, but under what conditions they become flexible. Is it only when the survival of the firm is threatened or when a revenue opportunity is present or are there other situations in which a constraint's influence is lessened? The interaction between these varied constraints also deserves more attention and offers the opportunity for researchers from different research streams to partner in

research and to continue the process of knitting strategy research together to form a coherent and integrated discipline.

APPENDIX A

DATA COLLECTION INSTRUMENTS

A.1 PRELIMINARY IN-DEPTH INTERVIEW SCRIPT

- 3 Introductions
- 4 Purpose of study
- 5 Confidential
- 6 Tape recording permission

- 7 Please describe your current responsibilities.

Demographics

- 8 How long have you been with the resort?
- 9 Have you worked in any other areas of the organization prior to your current position?
- 10 Have you worked at any other resorts prior to coming here?
- 11 Have you worked in any other industries besides hospitality prior to coming here?
If so, what are they and how long did you work there?

Recent changes at the resort

- 12 Please describe any changes that have been made to the resort's existing products and services in the past 5 years.
- 13 Have any new products/services been offered?

The competition

- 14 What resorts do you consider to be your competition?
- 15 Why do you think each of them is your competition?

Current competitor innovations

- 16 Have any of your competitors recently added or changed any products, services or assets (innovations)?
 - What were they and who added them?
 - Do you think they'll generate value for that resort?
 - How did you determine their value? (research?)
 - Do you think this innovation can be a source of competitive advantage for the resort?
 - How did you/resort become aware of the innovation? (source, etc.)

The Decision to Respond Process

Competitors are always trying to outdo each other to gain an advantage. When a competitor makes changes to the products and services offered at their resort, the competition must decide whether or not to react and how to do so.

Responses underway or any recent responses

- 17 Is the resort currently in the process of evaluating a competitor's new product or service and determining whether or not to respond?
- 18 Has the resort recently implemented a response to a competitor's new product or service?
- 17. If yes to either question, please describe the following:
 - Please describe the innovation and the innovator.
 - How did the organization become aware of the innovation (source, etc.)?
 - **Please describe the process by which this decision to respond was made.**
 - Who participated – decision makers & input?
 - How quickly did the organization begin to evaluate the innovation?
 - How was the value of the competitor's innovation determined?
 - Over what timeframe was the value determined (longer time, reduces uncertainty, do they continue it)?
 - What was your role in this process?
 - Were multiple meetings involved? Why?
 - Over what period of time was the decision to react made?
 - How does information from formal and informal channels enter the decision process?

- **Please describe how the decision on the shape of the response was made.**
- Who participated – decision makers & input?
- How quickly was the shape of the response determined?
- Multiple meetings?
- What was your role in this process?
- What was the selected response?
- When will the change be implemented?
- How was this schedule determined? Reasons behind timing.
- Do you think the response is/will be hard to implement. Please rate it on a scale of 1 to 10 with 1 as not difficult and 10 as very difficult.
- Are there measures in place to measure the effectiveness of your response? (or a plan for them?)
- If so, what measure(s) will be used? How will it be collected? How often will it be collected?
- Will (is) the impact of your response on the competitor be measured?
- If so, what measure(s) will be used? How will it be collected? How often will it be collected?
- Do you think your competition is aware of your response to their change?

New Competitors

- 19 Are there any new or soon to arrive competitors that you consider to be competition?
- 20 Why do you consider each to be competition?
- 21 How did you become aware of their products and services? (sources, etc.)
- 22 Are any of their products or services a potential source of advantage in the market?
- 23 How did you determine the value of the products/services?
- 24 Do you think that their advantage will last? Why or why not?
- 25 Did you share your information and thoughts regarding the innovation with anyone at the resort? Why?
- 26 Please describe the process.
 - With whom did you share it?
 - Why them?
 - How did you share it? (formal or informal channel)
 - How long before you had an opportunity to share the information?
 - What do you think will happen to the information?
 - When do you think action will be taken?
- 27 Are there any changes currently underway or recently implemented to respond to the arrival of a new competitor? If so:
 - How did you become aware of their plans to enter the market? Their products and services? (sources, etc.)
 - How quickly did the organization begin to evaluate the impact of the new competitor?
 - How was their threat valued?

- Over what time period was the impact determined (longer time to decrease uncertainty)
- **Please describe the process by which this decision to respond was made.**
 - Who participated – decision makers & input?
 - Did you share your information and thoughts regarding the innovation with anyone at the resort? If so, please describe the process. (with whom, why, when.
 - How quickly did the organization begin to evaluate the innovation?
 - How was the value of the competitor's innovation determined?
 - What was considered in the decision – ex. Difficulty of response?
 - Over what timeframe was the value determined (longer time, reduces uncertainty, do they continue it)?
 - What was your role in this process?
 - Were multiple meetings involved? Why?
 - Over what period of time was the decision to react made?
 - How does information from formal and informal channels enter the decision process?
 - **Please describe how the decision on the shape of the response was made.**
 - Who participated – decision makers & input?
 - How quickly was the shape of the response determined?
 - Multiple meetings?
 - What was your role in this process?
 - What was the selected response?
 - When will the change be implemented?
 - How was this schedule determined? Reasons behind timing.
 - Do you think the response is/will be hard to implement. Please rate it on a scale of 1 to 10 with 1 as not difficult and 10 as very difficult.
 - Are there measures in place to measure the effectiveness of your response? (or a plan for them?)
 - If so, what measure(s) will be used? How will it be collected? How often will it be collected?
 - Will (is) the impact of your response on the competitor be measured?
 - If so, what measure(s) will be used? How will it be collected? How often will it be collected?
 - Do you think your competition is aware of your response to their change?

- 28 There are several innovations in the Pocono Resort Industry that may generate a response from participants in it. They include the following:
- Casinos in the Catskills – 3 Indian Casinos were approved for the Catskills. First - Park Place Entertainment and a Mohawk Indian tribe in Monticello, NY. Potentially family resorts with added benefit of gambling.
 - 2004 Indoor water park hotel slated to open, Great Lakes Companies (Great Wolf). Also Indian ruins on its building site.
 - Art galleries in resorts

- Pocono Manor adding another golf course
 - Adding nature trails and hiking
 - Becoming a “green” resort
 - High end spa services – Pocono Manor (is your spa a reaction?)
 - Caesar’s Brookdale offers special menus to its customers.
 - Were your adventure courses for teams and executive development an innovation for the area or a reaction (Shawnee has them too).
27. Please evaluate whether or not you believe these innovations will provide the innovating resort with an advantage in the marketplace?

General Response Process

28. Did or are any of these innovations generating a response from your resort?
If so, please describe the following:
- How did the organization become aware of the innovation (source, etc.)?
 - **Please describe the process by which this decision to respond was made.**
 - Who participated – decision makers & input?
 - How quickly did the organization begin to evaluate the innovation?
 - How was the value of the competitor’s innovation determined?
 - Over what timeframe was the value determined (longer time, reduces uncertainty, do they continue it)?
 - What was your role in this process?
 - Were multiple meetings involved? Why?
 - Over what period of time was the decision to react made?
 - How does information from formal and informal channels enter the decision process?
 - **Please describe how the decision on the shape of the response was made.**
 - Who participated – decision makers & input?
 - How quickly was the shape of the response determined?
 - Multiple meetings?
 - What was your role in this process?
 - What was the selected response?
 - When will the change be implemented?
 - How was this schedule determined? Reasons behind timing.
 - Do you think the response is/will be hard to implement. Please rate it on a scale of 1 to 10 with 1 as not difficult and 10 as very difficult.
 - Are there measures in place to measure the effectiveness of your response? (or a plan for them?)
 - If so, what measure(s) will be used? How will it be collected? How often will it be collected?
 - Will (is) the impact of your response on the competitor be measured?
 - If so, what measure(s) will be used? How will it be collected? How often will it be collected?

- Do you think your competition is aware of your response to their change?

Monitoring the Competition

- Do you keep track of the competition's new products & services?
30. How do you do it?
- What sources do you use to get your information? (people or things, formal or informal communications, friends, suppliers, customers, associations, publications)
 - Friends & Acquaintances – Where? Their role? How frequently talk?
 - Did you ever share information about the operations at a former resort employer with anyone here at the resort? With whom, why, and how?
 - Did any of your employees previously work at a resort? If so, did they ever share information about the operations at their former employer's with anyone here at the resort? With whom, why, and how?
 - What industry journals do you or a member of your staff review regularly? How often reviewed? How is information from these journals shared?
 - What newspapers and magazines do you or a member of your staff review regularly? How often reviewed? How is information from these sources shared?

Customer Feedback

- Do you receive customer feedback in your position?
- If so, what types of customer feedback do you receive?
- In what form do you receive it?
- How often is it received?
- Do you or your employees actively seek it or is it volunteered?
- What do/did you do with it? (sharing process)
- How frequently do you share customer feedback information?

A.2 MAIN SEMI-STRUCTURED IN-DEPTH INTERVIEW QUESTIONS WITH CONNECTIONS TO PREVIOUS RESEARCH VARIABLES

Research Interview with: _____

Resort: _____

Date & Time: _____

Questions regarding the resort's competitive responses to:

1. _____
2. _____

Interviewer:

- 3 Introductions
- 4 Review purpose of study and benefit to resort
- 5 Affirm confidentiality of interview
- 6 Obtain tape recording permission
- 7 Identify competitive responses to be discussed

General Questions...

1. Given the duties of your job, do you purposely allocate part of your time to monitoring the competition at the expense of other activities? (slack)
2. How much time are you supposed to allocate to monitoring the competition? How much do you usually spend? (slack)

Resort identity and values... (identity, values, strategy, defined/realized rules)

3. From your perspective, what does _____ (resort) aspire to be?
4. What are _____'s (resort) goals?
5. How do you want customers to describe _____ (resort)?

Pocono resort industry... (determine rivals, initiating firm chars, failure)

6. What resorts do you consider to be _____'s (resort) competition?
7. Why to you consider each to be your competitor?

Competitive Response

A competitive response is an action taken by your organization as a result of the actions of a competitor, whether the competitor's action has a positive or a negative impact on your organization. The actions implemented in your organization in response can be a complete imitation of the competitor's action, involve only copying parts of the competitor's action, modifying the competitor's actions, complement the competitor's action, and/or be completely unrelated to the competitor's action. The magnitude of a response can also vary. An example of a low magnitude response might be introducing the same aprons as another resort or restaurant after seeing them. A higher magnitude competitive response would be implementing price discounting in response to a competitor's price discounting actions. A final example would be responding to the introduction of room service by a competitor by providing longer meal hours.

Competitive Response Questions: Response 1

(Note: this is a template of the questions to be asked if the response being investigated is/was to a competitor's action)

8. Why did _____ (focal resort) decide to respond to this action by _____ (initiating firm)? (open ended question about response motivations considered)

9. Do you consider _____ (initiating firm) to be: (Initiating firm characteristic antecedents, hints of failure, rival/direct competitor, hazard level in description)

(a.) a leader in the Pocono resort industry? _____

a leader in the national resort industry? _____

Have they been in this position for a long time? _____

(b.) profitable? _____

(c.) large? _____

(d.) an opinion leader? _____

(e.) high in status? _____

10. What impact do you think this product/service addition or change will have on your resort? (open ended question about location in key market, appeal to customers, revenue potential, no failure goal)

Follow up on all resort segments identified by senior manager from list – families, couples, retirees, business groups, leisure groups, weddings, banquets, other.

- what segments impacted?

- customer appeal?

- revenue potential?

11. Have you revised your expectations or goals downward in any customer markets as a result? (decline in aspiration levels)

12a. Is this product/service comparable to something that _____ (focal resort) currently offers? (identifying the status quo, hints of failure perception)

12b. Is it a significant improvement over what you currently offer? (improvement over status quo, hints of failure perception)

13a. Do a lot of resorts and/or hotels nationwide offer this new product/service? (number of offering firms vs. threshold – not a trend)

13b. Do many resorts and/or hotels in the Poconos offer this product/service? (number of offering firms vs. threshold – not a trend)

14. Is it something that you think your resort should do? Why or why not? (open ended question about drivers of response given who already offers the product/service)

15. Is this product/service addition or change something that you could pilot or implement on a small scale very easily? (ease of piloting)

16. Did management ask you or another employee to spend time searching for response alternatives for your resort(s)? (higher search level)

17. How have you decided to respond (can be multiple) **or** what possible responses are being considered so far? (response form coding)

Response:	Response:	Response:

18. How would you classify each of your responses – imitation, modified imitation, or novel – where modified imitation is the intentional modification of an attribute of the product or service and a novel response has no intentional overlap with the initiating firm's product or service?

ρ imitation	ρ imitation	ρ imitation
ρ modified imitation	ρ modified imitation	ρ modified imitation
ρ novel	ρ novel	ρ novel
ρ operations improvements / efficiency	ρ operations improvements / efficiency	ρ operations improvements / efficiency

19. Who made or will make this decision? (centralization of decision making)

20. What reasons were/are being considered when _____ (focal resort) chose this action/these actions as your response? (drivers of response form)

21. Where are you in the process of responding to this new product/service? (Can be anywhere from haven't considered it to response already implemented) (determine if retrospective recall or in progress)

22. Evaluate all antecedents – these questions will be asked if not already mentioned in the respondent's comments. These questions address the remaining antecedents not already covered in interview.

- a. Was the success the competition gained from this new or modified product/service considered? (produced positive rents)
- b. Are you unsure of the impact of the new or modified product/service? (market uncertainty)
- c. Was the negative impact on any of your market segments considered? (located in key market, appeal of new product, revenue potential)
- d. Was your firm's current performance a factor? (past performance, decline in key market)
- e. Were you concerned with the initiating firm gaining ground on or surpassing your resort? Why? (rival/direct competitor)
- f. Does their similarity in price, quality, or breadth of services matter? (strategic proximity)
- g. Did the fact that a similar sized resort implemented it make it important for you to do? (similar size)
- h. Do you think that customers expect you to offer this new product/service? (number of offering firms vs. threshold, appeal of new product)
- i. Do you think you might lose guests if you do not have it? (appeal of new product, located in key market)
- j. Did you need to _____-ize (focal firm) it before you would consider adopting it? (local pride of ownership)
- k. Does this product/service move you towards what your resort aspires to be? (compatibility with firm values and identities)
- l. Were you already aware of this aspiration or was it only brought up during the decision process? (identity defined as progress)
- m. Does this product/service fit with your resort's values? (fit with values)
- n. Were you already aware of this value or was it only brought up during the decision process? (identity defined as progress)
- o. Does this product/service move you towards your goals? (fit with strategy)

p. This response was already identified as being (low/medium/high) in disruptiveness for your resort to implement, which may be due to the need to change procedures, hold additional training, revise forms and documents, and/or redesign your tasks and workflows. Were alternatives that required less change within your resort considered first? (local alternatives considered first)

q. Were alternatives that required less change considered first? (local alternatives considered first)

r. What were your biggest concerns in making this decision? (look for a an emphasis on perceived relative advantage and hints of not failing)
- improvement over status quo?
- not failing?

s. Have you responded to other competitor actions in this manner before? (consider only past responses)

t. When is (or was) this response planned to be implemented? (ability to respond, potential for multiple responses)

u. What influenced this schedule? (ability to respond)

v. If not planned, what is delaying this response? (ability to respond)

w. Was your ability to respond within a certain timeframe a factor in choosing your response(s)? (potential for multiple responses and reasons for them)

x. If the response is distant or unscheduled, are there any other changes planned in the interim? (multiple responses and reasons for them)

y. If multiple responses, did the delay needed to pursue your main response play a role in deciding to pursue other interim responses? (multiple responses and reasons for them)
- to lessen the impact?

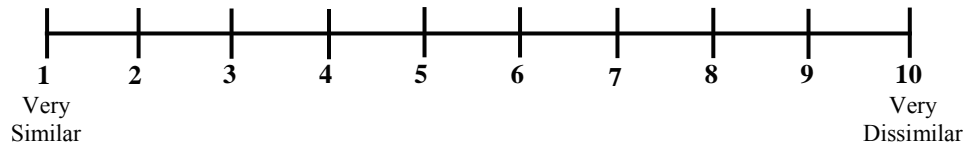
23a. How was this decision made? (look for rule based attributes)

23b. Were a lot of alternatives identified and considered? (level of search)

23c. Were the alternatives very different from one another or were they close variations of each other? (local alternatives, level of search)

- or -

Please rate how different the various alternatives were from each other on a scale from 1 to 10 with 1 being very similar to 10 being very dissimilar.



23d. Were a number of ways to respond mentioned at the same time or was one option mentioned and evaluated and another one mentioned only if the first one was rejected? (sequential or simultaneous)

23e. Were there any comparisons made between:

3 alternatives and values? (fit, rule based)

4 alternatives and identities? (fit, rule based)

5 alternatives and goals? (fit, rule based)

6 between alternatives? (simultaneous or sequential, rule based)

Briefly investigate the following questions if time permits

24a. Were any possible alternatives rejected in the decision process? (Yes/No)(other antecedents considered and anti-antecedents)

24b. If yes, what were they?

Response:	Response:	Response:
ρ imitation	ρ imitation	ρ imitation
ρ modified imitation	ρ modified imitation	ρ modified imitation
ρ novel	ρ novel	ρ novel
ρ operations improvements / efficiency	ρ operations improvements / efficiency	ρ operations improvements / efficiency

24c. Why were they rejected? (compatibilities, implementation difficulty)

--	--	--

Competitive Response Questions: Response 2

(Note: this is a template of the questions to be asked if the response being investigated is/was to an industry trend)

25. How did your resort(s) determine that this was a trend? (trend vs. threshold)
26. Why did your resort(s) decide to respond to this trend? (trend vs. threshold, open ended question regarding driving antecedents)
27. Do many resorts in the Poconos offer this product/service? (threshold vs. trend, located in key market, appeal of new product, revenue potential)
28. Is it something that you think your resort should do? Why or why not? (open ended question as to drivers of a trend response, trend vs. threshold)
29. If you do not offer this product/service addition or change, what impact will it have on your resort overall? What will the impact be on your individual customer areas? (located in key market, appeal of new product, revenue potential)

Follow up on all resort segments identified by senior manager from list – families, couples, retirees, business groups, leisure groups, weddings, banquets, other.

- what segments impacted?
- customer appeal?
- revenue potential?

30. Have you revised your expectations or goals downward in any customer markets as a result? (decline in aspiration levels)
- 31a. Is this new product/service comparable to something that _____ (focal resort) currently offers? (determine status quo, hints of failure perception)
- 31b. Is it a significant improvement over what you currently offer? (improvement over status quo, hints of failure perception)
32. Is this product/service addition or change something that you could pilot or implement on a small scale very easily? (ease of piloting)
33. Did management ask you or another employee to spend time searching for response alternatives for your resort(s)? (higher search level)
34. How have you decided to respond (can be multiple) **or** what possible responses are being considered so far? (response form coding)

Response:	Response:	Response:

35. How would you classify each of your responses – imitation, modified imitation, or novel - where modified imitation is the intentional modification of an attribute of the product or service and a novel response has no intentional overlap with the initiating firm's product or service?

ρ imitation	ρ imitation	ρ imitation
ρ modified imitation	ρ modified imitation	ρ modified imitation
ρ novel ρ operations improvements / efficiency	ρ novel ρ operations improvements / efficiency	ρ novel ρ operations improvements / efficiency

36. Who made or will make this decision? (centralization of decision making)

37. What reasons were/are being considered when _____ (focal resort) chose this action/these actions as your response? (open ended question as to drivers of response form)

38. Where are you in the process of responding to this new product/service? (Can be anywhere from haven't considered it to response already implemented) (retrospective recall or ongoing)

39. Evaluate all antecedents – these questions will be asked if not already mentioned in the respondent's comments. These questions address the remaining antecedents not already covered in interview.

a. Are you unsure of the impact of the new or modified product/service? (market uncertainty)

b. Was the negative impact on any of your market segments considered? (located in key market, appeal of new product, revenue potential)

c. Was your firm's current performance a factor? (past performance, decline in key market)

d. Do you think that customers expect you to offer this new product/service? (trend vs. threshold, appeal of product)

e. Do you think you might lose guests if you do not have it? (appeal of new product, located in key market)

- f. Did you need to _____-ize (focal firm) it before you would consider adopting it? (local pride of ownership)
- g. Does this product/service move you towards what your resort aspires to be? (fit with identity, values)
- h. Were you already aware of this aspiration or was it only brought up during the decision process? (identity defined as progress)
- i. Does this product/service fit with your resort's values? (fit with values)
- j. Were you already aware of this value or was it only brought up during the decision process? (identity defined as progress)
- k. Does this product/service move you towards your goals? (fit with strategy)
- l. This response was already identified as being (low/medium/high) in disruptiveness for your resort to implement, which may be due to the need to change procedures, hold additional training, revise forms and documents, and/or redesign your tasks and workflows. Were alternatives that required less change within your resort considered first? (local alternatives considered first)
- m. What were your biggest concerns in making this decision? (improvement over status quo, concern with not failing)
 - improvement over status quo?
 - not failing?
- n. Have you adopted other industry trends before? (consider only past responses, local pride of ownership)
- o. Is there a certain threshold level that you look for or how do you determine when it's time to respond? (trend vs. threshold)
- p. When is (or was) this response planned to be implemented? (ability to respond, multiple responses)
- q. What influenced this schedule? (ability to respond)
- r. If not planned, what is delaying this response? (ability to respond, multiple responses)
- s. Was your ability to respond within a certain timeframe a factor in choosing your response(s)? (ability to respond, multiple responses)
- t. If the response is distant or unscheduled, are there any other changes planned in the interim? (ability to respond, multiple responses)

u. If multiple responses, did the delay needed to pursue your main response play a role in deciding to pursue other interim responses? (multiple responses, ability to respond)
 - to lessen the impact?

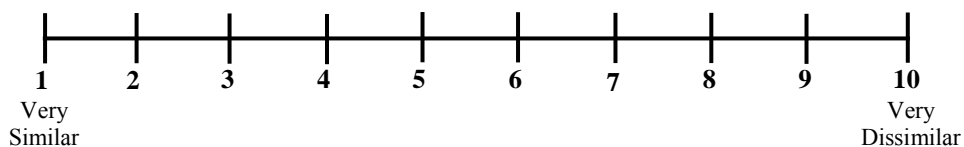
40a. How was this decision made? (look for rule based attributes)

40b. Were a lot of alternatives identified and considered? (level of search)

40c. Were the alternatives very different from one another or were they close variations of each other? (local alternatives considered first, level of search)

- or -

Please rate how different the various alternatives were from each other on a scale from 1 to 10 with 1 being very similar to 10 being very dissimilar.



40d. Were a number of ways to respond mentioned at the same time or was one option mentioned and evaluated and another one mentioned only if the first one was rejected? (sequential or simultaneous)

40e. Were there any comparisons made between

7 alternatives and values? (fit, rule based)

8 alternatives and identities? (fit, rule based)

9 alternatives and goals? (fit, rule based)

10 between alternatives? (simultaneous or sequential, rule based)

Briefly investigate the following questions if time permits

41a. Were any possible alternatives rejected in the decision process? (other antecedents considered and anti-antecedents)

41b. If yes, what were they?

Response:	Response:	Response:
ρ imitation	ρ imitation	ρ imitation
ρ modified imitation	ρ modified imitation	ρ modified imitation
ρ novel	ρ novel	ρ novel
ρ operations improvements / efficiency	ρ operations improvements / efficiency	ρ operations improvements / efficiency

41c. Why were they rejected? (compatibilities, implementation difficulty)

--	--	--

A.3 RESORT SURVEY FOR SENIOR MANAGER WITH VARIABLE EXPLANATIONS

Senior Manager Structured Competitive Response Survey

General Background

1. What year was this resort started? _____ (firm age, adjust wording as needed)

2a. Does your resort have a parent organization? _____ (ask if not known, corporate counterparts)

2b. If so, what is it's name? _____ (ask if not known, corporate counterparts)

2c. Please identify what other businesses they own? (ask if not known, corporate counterparts)

3a. Please indicate the percentage of your revenues obtained from each market segment, summing to 100 percent, in the space provided. (adjust as needed for respondent, key markets in terms of revenue)

3b. Please indicate whether you think each market segment in which your firm participates is shrinking, remaining steady, experiencing slow growth, or growing rapidly. (market growth rate)

Customer Segments	% of Revenues	Growth rate
ρ Family segment?	_____	_____
ρ Couples only segment?	_____	_____
ρ Retiree segment?	_____	_____
ρ Business group segment?	_____	_____
ρ Leisure group segment?	_____	_____

ρ Other?	_____	_____	_____
ρ Other?	_____	_____	_____
ρ Other?	_____	_____	_____
Total		100%	

Performance

4. Would you consider your resort to be a longstanding leader in the Pocono resort industry? (Yes/No) _____ **(adjust as needed, market position – entrenched dominant?)**

5. Please briefly describe your organization's performance as compared to expectations for each year since 1998? **(past performance)**

1998. _____

1999. _____

2000. _____

2001. _____

2002. _____

2003. _____

2004 so far. _____

6. Please indicate which, if any, customer segments under-performed or experienced a decline during any year between 1998 and the present with a checkmark next to the segment as shown below. **(past performance, potential decline in aspiration level)**

Underperforming or declining Segments

ρ Family segment?

ρ Couples only segment?

ρ Retiree segment?

ρ Business group segment?

ρ Leisure group segment?

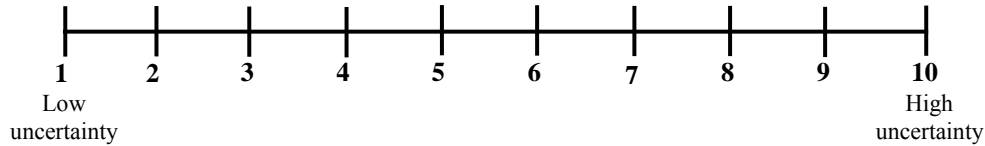
ρ Other? _____

ρ Other? _____

ρ Other? _____

Industry

7. Please rate the level of uncertainty that you believe is present in the overall Pocono resort industry using the scale provided below, where 1 is very low uncertainty and 10 is very high uncertainty. (**perceived market uncertainty**)



Thank you for taking the time to complete this survey!

A.4 INTERVIEWEE SURVEY WITH VARIABLE EXPLANATIONS

Structured Competitive Response Survey

You have been identified by _____ (senior manager) as a good person to speak with regarding the actions your resort(s) took in response to the following competitor actions or trends.

1. _____
2. _____

In preparation for our discussion, scheduled for _____, please answer the following survey questions and bring the completed survey to our meeting.

Background Information

1. _____ What _____ is _____ your _____ title?
_____ (identify
area of organization)
2. How many years have you been with _____ (focal resort)? If under a year,
please _____ provide _____ your _____ answer _____ in _____ months.
_____ (degree of socialization
into culture for values and identity)

3. Please briefly describe your current responsibilities. (areas of expertise for response)

4. Who do you report to? (locate in organization, assist with centralization of decision making)

5. What is the highest level of education you received? If you are working towards a degree, please indicate your progress. Please identify any associated majors or concentrations. (TMT education)

6. What percentage of your time each month, summing to 100 percent, do you estimate that you spend focused on: (attention dispersion)

<hr/>	(a.) the customer;
<hr/>	(b.) the competition;
<hr/>	(c.) the general hospitality industry;
<hr/>	(d.) how things run at _____ (resort)?
<hr/>	
100%	

7. Please describe the criteria you use to decide whether or not you should defer a decision about implementing a change or introducing a new product or service to your manager. (determine general centralization of decision making when compare to who made response decisions)

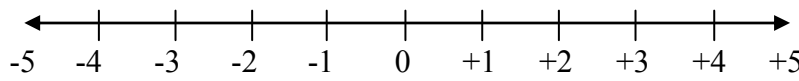
Competitive Response 1:

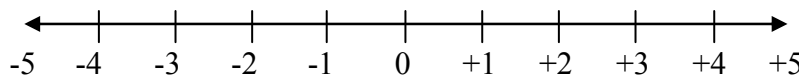
(Note: this is a template of the questions to be asked if the focal firm responded to the actions of a competitor)

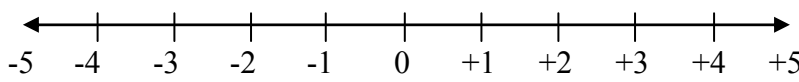
Please answer the following questions about _____ (initiating firm) and the impact or potential impact of their _____ (initiating product/service action) on your resort.

8. Would you consider _____ (initiating resort) to be a peer to _____ (focal resort)? (Yes/No)
_____ (position in market)

9. Please rate how _____ (initiating resort) compares to _____ (focal resort) by circling the appropriate number on the scales provided below for three dimensions – price, quality, and breadth of services/activities. On the following scales, zero is the same as _____ (focal resort), +5 is much higher than _____ (focal resort) and –5 is much lower than _____ (focal resort). (strategic proximity)

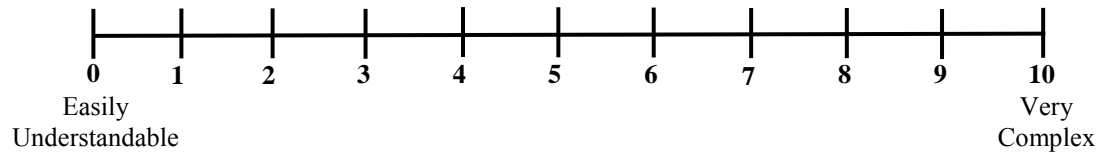
Price: 
Much Lower Focal Resort Much Higher

Quality: 
Much Lower Focal Resort Much Higher

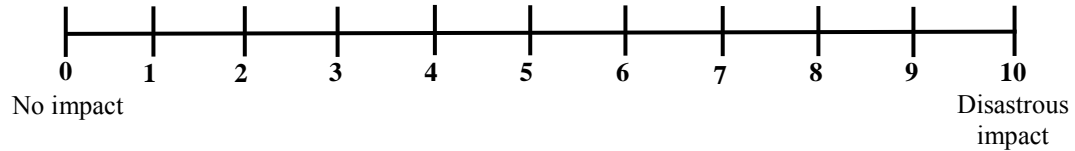
Breadth of Services/Activities: 
Much Lower Focal Resort Much Higher

10. Is _____ (initiating resort) similar in size to _____ (focal resort),
larger or smaller?
_____ (size similarity)

11. Is the product/service addition or change implemented by _____ (initiating firm) very complex, easily understandable, or somewhere in between? Please indicate your answer by circling the appropriate number on the following scale. (complexity)



12. On the following scale, please rate the potential financial performance impact this product/service addition or change has had or may have on your resort. (hazard level)

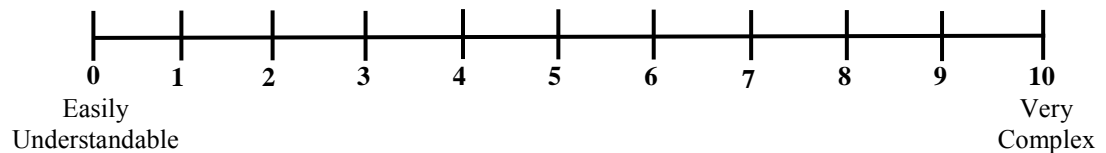


Competitive Response 2:

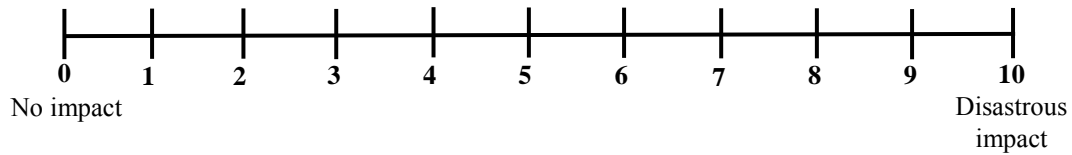
(Note: this is a template of the questions to be asked if the focal resort is responding to an industry trend vs. a specific competitor's actions)

Please answer the following questions regarding your resort's changes in response to _____ (describe the trend).

13. Is this product/service trend very complex, easily understandable, or somewhere in between? Please indicate your answer by circling the appropriate number on the following scale. (complexity)



14. On the following scale, please rate the potential financial performance impact this product/service trend has had or may have on your resort. (hazard level)



15. Is this trend evident in the North American hospitality industry? (Yes/No/Unsure)
_____ (extent of trend – mention N. America to include Caribbean)
16. How many resorts or other hospitality providers in the Pocono region have already implemented this new product, service, enhancement, or modification? Please circle your response. If your response is B, please also indicate the name of the hospitality provider. (extent of trend in Poconos. Also identify if reacting to 1 specific Pocono adopter)

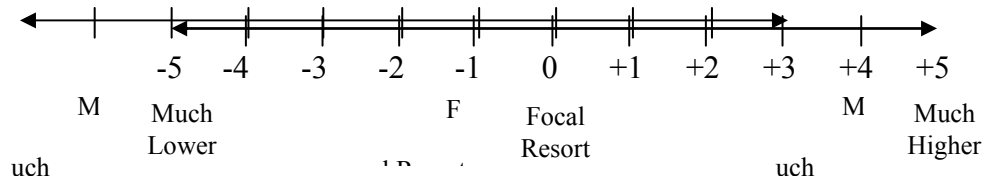
- a. 0
- b. 1 _____ (Pocono hospitality provider)
- c. 2-4
- d. 5-7
- e. 8+
- f. Unsure

If your response to 16 was B, please answer the following questions about the hospitality provider you indicated. Otherwise, proceed to the end of this survey.

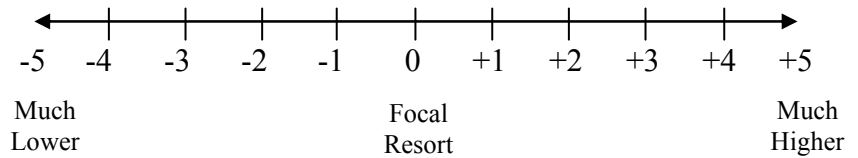
17. Would you consider this Pocono resort to be a peer to _____ (focal resort)?
(Yes/No) _____
(position in market)

18. Please rate how this Pocono resort compares to _____ (focal resort) by circling the appropriate number on the scales provided below for three dimensions – price, quality, and breadth of services/activities. On the following scales, zero is the same as _____ (focal resort), +5 is much higher than _____ (focal resort) and –5 is much lower than _____ (focal resort). (strategic proximity of initiating resort)

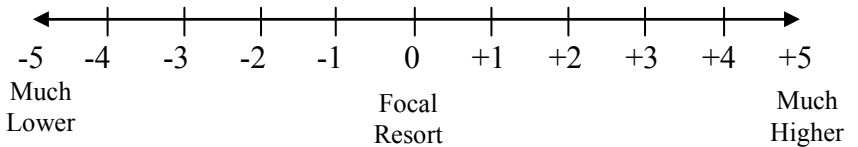
Price:



Quality:



Breadth of
Services/Activities:



19. Is this Pocono resort similar in size to _____ (focal resort), larger or smaller?

(size similarity)

Thank you for your time!

APPENDIX B

5 YEARS OF POCONO INNOVATION

New Product/Service Offerings in the Pocono Mountain Resort Industry
...as reported in the local press
Current through August 15, 2004

1998

Date	Resort	New Product/Service Description
2/25/98	Skytop	Began displaying the work of artist Peter Salmon in the east wing gallery.
3/12/98	Pocmont	Added 5,000 square feet of conference room space and a 10,000 square foot ballroom.
6/19/98	Fernwood	Added a new amusement center that includes bowling.
		Added a food court with a Dunkin' Donuts, Pizza Hut and TCBY
		Opened Legends at Resorts nightclub, Gladys Knight scheduled to perform.
		Opened nature trails on the property.
9/11/98	Blue Berry Mountain Inn	Listed as a green hotel by Green Hotels Association. They do not use formaldehyde filled fiber board, they installed chemical free carpeting, use ozonates in their pool vs. chlorine, composting, recycling, use low flow plumbing, provide hair product dispensers and bins for recycling, keep sheets on beds one extra day.
6/28/98	Skytop	Opened a florist at the resort.
		Added a French deli.
		Focusing on papering top executives. Added a secluded 20-room inn on the golf course between the front and back nine for corporate guests with meeting rooms separated by soundproof doors and walls to decrease distractions.
		Provide adventure courses and experiential learning for business groups.

1998 (continued)

Date	Resort	New Product/Service Description
		Included walking sticks in each closet of the new inn.
		Included golf umbrellas in each closet of the new inn.
		Placed a small safe in every room (new at resorts).
		Provide bedside reading in every room. Books range from bear hunting to relationships.
8/10/98	Pocono Palace	Added a new 32,000 square foot recreation facility
8/15/98	Shawnee Inn & Golf Resort	Reclaimed the PGA Golf championship (Shawnee Open)
		Increased the difficulty of the course.
		Double cut the greens and used a roller.
12/1/98	Shawnee Inn & Golf Resort	Held its 1 st Festival of Lights decorating competition for charity

1999

Date	Resort	New Product/Service Description
1/13/99	Mountain Manor Inn & Golf Resort	Recognized by Chamber of Commerce for its environmental efforts including recycling, composting, using ice-skating rink's thermal energy to heat pools and buildings.
2/15/99	Skytop	Resident naturalist, John Serras, will lead a series of nature walks on the resort's 5,200 acres.
		Uses its property to preserve wildlife.
4/5/99	Shawnee Inn & Golf Resort	Held an Easter egg hunt and an Easter Bunny visit for the kids.
6/25/99	Resort at Split Rock	The owners of the Resort at Split Rock bought the Mountain Laurel Resort. Will turn it into a resort and spa concentrating on health and fitness.
10/4/99	Hillside Inn	Hillside Inn was recognized for its Christian commitment and service by AME Zion Church.
10/29/99	Brookdale	Lennox Lewis is training at Brookdale for his next fight. Won the last two fights when he trained there.
12/20/99	Birchwood	Birchwood asked the Pennsylvania Department of Transportation if it could re-open the airport on its property.
		Announced the possible development of a Tao Center for conferences teaching Taoism.

2000

Date	Resort	New Product/Service Description
1/1/00	Great Lakes Co.	Great Lakes Company announced that they will build the Great Wolf Lodge, a 400-room hotel with an indoor waterpark. 1/24/04 – broke ground, target opening in the Fall 2005 with a 400-room resort. \$92 million project. Log cabin style.
1/1/00	Brookdale	Brookdale offers special menus.
1/12/00	Skytop	Skytop was recognized for its environmental commitment by the National Audubon Society.
		Skytop is a member of the National Audubon Society's Cooperative Sanctuary Program.
4/8/00	Pocmont	Pocmont will begin offering a new Broadway style musical review on 4/21.
	Pocmont	Pocmont announced that it will begin offering a Grand Buffet on Fridays.
5/27/00	Pocmont	Pocmont completed building an activity center with a rifle range and trap shooting.
5/27/00	Quiet Valley Farms	Quiet Valley Farms has piglets, lambs, and a calf for petting.
11/28	Pocono Manor Inn & Golf Resort	Received a zoning approval to add a new golf course.

2001

Date	Resort	New Product/Service Description
1/1/01	Great Lakes Companies	Native American stone structures are discovered on the Great Lakes Companies' resort site.
3/18/00	Buck Hill Inn	Buck Hill Inn (not currently open) may be haunted.
5/3/00	Split Rock Resort	Split Rock Resort adding 9 more holes to their 18 hole golf course.
6/10/00	Fernwood Hotel & Resort	Fernwood signed a contract with SFX Entertainment to bring national top name entertainment to Legends at Resorts nightclub.
6/10/00	Fernwood Hotel & Resort	Fernwood will offer children's shows at Legends at Resorts nightclub.
	Fernwood Hotel & Resort	Fernwood will add holiday shows to their Legends at Resorts nightclub.

2001 (continued)

Date	Resort	New Product/Service Description
12/24/00	Shawnee Inn & Resort	Shawnee is planning to add an art gallery
		Shawnee Inn is expanding its meeting space to 16,000 square feet.

2002

Date	Resort	New Product/Service Description
2/10/02	Howard Johnson	Howard Johnson's opens a comedy club in the motel. (Becomes a Holiday Inn Express later in the year)
2/10/02	Cove Haven	Cove Haven offers its Forever Lovers frequent visitor program.
3/28/02	Fernwood	Fernwood recycles.
4/1/02	Skytop	Skytop announces its plan to build a new state of the art conference center.
4/5/02	Shawnee Inn & Golf Resort	Audubon International recognizes the Shawnee Inn & Golf Resort for its conservation practices on their golf course. Shawnee is the first in the Poconos to trade a highly manicured look for a natural one.
7/20/02	Shawnee Inn & Golf Resort	Shawnee Inn & Golf Resort is one of fourteen places to host an iSight video camera for Accuweather websites. Only two sites in Pennsylvania, the other is in State College. Provides electronic postcards.
9/02/02	Brookdale	Brookdale shows outdoor movies
		Brookdale has stocked its lake with fish, one of which is tagged and worth \$1000 if caught.
10/21/02	Hillside Inn	The Hillside Inn is completely smoke free.
11/21/02	Pocono Manor	Plans to build a deck next to a constructed waterfall and offer alfresco dining.
		Opening the Laurel Spa with top of the line services and products.
		Plan to offer wellness weekends.

2003

Date	Resort	New Product/Service Description
1/21/03	Fernwood	Chef Gary Edwards invited to cook at Governor Rendell's inauguration and is planning new ideas for his Fernwood menu.
5/1/03	Woodloch Pines Resort	Completed construction on a new outdoor kiddie pool with sprinklers, fountains and slides.
5/6/03	Resort at Split Rock	Richard Simmons will host a Mother's Day Weekend at The Resort at Split Rock.

2003

Date	Resort	New Product/Service Description
5/8/03	Clarion Hotel	The Clarion Hotel added a business center with free internet access.
	Pocono Manor	Pocono Manor has become an Orvis certified lodge.
		Added 21-station sporting clay course designed by Neil Chadwick, the “Jack Nicklaus” of the sporting clays world. 120 acre, mile-long course designed to simulate field shooting, each of the stations designed to simulate a different bird flight or animal behavior. (8/30/03; 5/9/04)
		Added Orvis-endorsed catch-and-release fly-fishing program that uses 2/5 miles of a private stream stocked with trout. Pocono Manor has 5 Orvis-endorsed fly-fishing guides. (8/30/03; 5/9/04)
		Pocono Manor has an Orvis store. (8/30/03; 5/9/04)
	Resort at Split Rock	The Resort at Split Rock added a 10,000 square foot golf cart barn.
		The Resort at Split Rock is adding 9 more holes of golf.
	Pocmont Resort & Conference Center	Pocmont Resort & Conference center added internet access to 39 rooms.
		Installed circuit training equipment in its fitness center.
		Added fitness testing services at its fitness center.
		Introduced aquasize into its fitness programs.
		Added yoga.
	Shawnee Inn & Golf Resort	Introduced a golf academy with instruction.
5/31/03	Hillside Inn	Hillside Inn opened Odetta’s Piano Bar & Restaurant.
6/13/03	Hillside Inn	The Hillside Inn is creating an African art gallery called, “Masai: A Gallery Devoted to the Treasures of Africa” with high quality original art from Africa for sale.
8/13/03	Chateau Resort & Conference Center	Hosted the Pocono Mountains Film Festival
8/16/03	Caesars Pocono Resorts	Caesars Pocono Resorts completed its 3-year capital donation commitment to Pocono Medical Center, they contributed a total of \$30,000.
10/1/03	Tannersville Inn	Portions of “Searching for Bobby DeNiro” film shot at Inn.
10/1/03	Caesars Pocono Resorts	Portions of “Searching for Bobby DeNiro” film shot at the resorts.

2003 (continued)

Date	Resort	New Product/Service Description
10/1/03	Chateau Resort & Conference Center	Portions of “Searching for Bobby DeNiro” film shot at the resort.
10/27/03	Tannersville Inn	First 100 blood drive donors at Northampton Community College received complimentary certificates for their early bird special at the Inn.
10/27/03	Brookview Manor	Marty Horowitz was rated 6 th out of 15 in the “best chef” category of Arrington Publishing’s “Book of Lists” competition.

2004

Date	Resort	New Product/Service Description
1/14/04	Fernwood Resort	Partnered with the Pocono Environmental Education Center and the Delaware Water Gap National Recreation Area. They take measures to ensure that the daily operations of the resort have environmentally sound principles. They encourage guests to save energy and water through the “Project Planet Program.”
1/18/04	Skytop Lodge	Skytop is building a \$12 million business conference center to keep it competitive in today’s market. It will be a 9,000 square foot state of the art conference center due in December 2004 (5/9/04) housing 2 ballrooms (4,300 and 2,700 square feet), a dedicated boardroom, a deluxe spa, a new dining room and kitchen, and 30 additional guest rooms. They will provide wireless internet access and state of the art audio/visual equipment and will meet the sound and lighting standards of the Association of Conference Centers.
1/24/04	Shawnee Inn & Golf Resort	Considering plans to build a classy new hotel and conference center either on (a.) Depue Island; (b.) on top of its ice skating facility; or (c.) as an addition to the existing Shawnee Inn. No formal plans submitted yet. (1/27/04)
5/1/04	Woodloch Pines Resort	Introduced bumper boat activity.
5/4/04	PA Gambling	5 companies are vying to provide gambling at PA racetracks – MTR Gaming group Inc, Magna Entertainment Corp, Centaur Inc, Isle of Capri Casinos Inc., Penn National.
5/9/04	Cranberry Manor B&B	Added a 16 foot gazebo
5/9/04	Caesars Pocono Resorts	Added pillow-top mattresses, DVD players, and Bose wave radios with CD players to its guest rooms.
5/9/04	Pocmont Resort	Added a Pizza Grille serving unique and gourmet pizzas.

2004 (continued)

Date	Resort	New Product/Service Description
5/9/04	Stroudsmoor Country Inn	Executive conference suite is due to be completed in June and will be equipped with the latest technology, privacy, and a dedicated staff.
6/1/04	Woodloch Pines Resort	Opened a new full scale golf driving range.
6/30/04	Monticello Raceway	Slot machine gambling opens. Facility has \$24 million in video lottery machines.
7/5/04	PA Gambling	Slot machines approved at racetrack locations by PA legislature and signed by Governor Ed Rendell. PA will have more slot machines than any other state except Nevada.
8/1/04	Woodloch Pines Resort	Broke ground to build a \$32 million, 60 room destination spa.
8/10/04	Wirth Companies	Wirth Companies is looking for land along Interstate 80 to build a 403-room resort with a 68,480 square foot indoor waterpark with a 10-story water slide designed to look like a lighthouse.

APPENDIX C

CASE STUDY PROTOCOL

Antecedents of Response Form: What Prompts Imitation, Modified Imitation or Novel Competitive Responses?

Case Study Protocol

**Kathleen Tully
University of Pittsburgh
251 Mervis Hall
Pittsburgh, PA 15260
(w) 412.648.1646
(h) 412.373.2895
Email: gotully1@msn.com**

Overview

In the competitive tug-of-war that takes place in industries worldwide, each participant strives to generate profits and to survive. Within this struggle are moves and countermoves, leaders and followers, alliances and opposition. The Resource Based View and the Austrian School both focus on this interaction, but from different perspectives. The Resource Based View focuses on how a firm can create a sustainable competitive advantage with an inward focus on developing rare and valuable resources and an external view on how to protect the supernormal profits generated by making the resource/capability difficult to imitate (Barney 1986, 1991; Collis 1994; Dierickx & Cool 1989; Peteraf 1993; Peteraf & Bergen 2003; Wernerfelt 1984).

The Austrian perspective, on the other hand, studies the disequilibrium created when a firm introduces a new combination, including rare, valuable, and difficult to imitate resources/capabilities into the market. According to this view, competitors are driven to respond to the introduction of a new combination of resources by a desire to share in the profits it generates (Ferrier, Smith & Grimm 1999; Hayek 1937; Jacobsen 1992; Kirzner 1997; Mises 1949; Schumpeter 1934). And, as responses occur, the responding firms chip away at the excess profits generated by the initiating firm, a conclusion empirically supported by the improved performance of responders (Lee, Smith, Grimm & Schomburg 2000; Makadok 1998; Smith et al. 1991), until eventually all excess profits have been dissipated.

C.1 Overview of Existing Research

The competitive dynamics stream of research within Strategy, based on the Austrian perspective, examines the dynamic interaction of firms in the marketplace and attempts by firms to create disequilibrium and reactions by competitors to share in or at least minimize advantages. Throughout this body of research, a tremendous effort has been devoted to understanding what drives response, response speed and response intensity, and what promotes imitation as a response (Chen 1996; Chen & Hambrick 1995; Chen & MacMillan 1992; Chen & Miller 1994; Chen, Smith & Grimm 1992; MacMillan, McCaffery & VanWijk 1985; Reddy & Holak 1991; Smith, Grimm, Chen & Gannon 1989; Smith, Grimm, Gannon & Chen 1991). A focus on imitation as a response, given the Austrian foundation, is expected as imitation is the most direct way for a responding firm to participate in the instigating firm's profits. A result of this attention, however, is that little research has been done to date on other forms of competitive response, namely modified imitation and novel responses. Though they represent a less immediate assault on the initiating firm's profit stream, they can be equally or more devastating. Two researchers who adopted a broader view of competitive response include MacMillan (1988), who found that once firms viewed a competitive attack or trend as a serious threat, they responded using all types of responses; and Greve & Taylor (2000) who discovered that when a visible firm made a change, it triggered change throughout the industry beyond the instigating firm's geographic market and was dominated by non-imitative responses. These researchers' findings suggest that there is more to competitive response than imitation and that many fascinating discoveries await.

The competitive dynamics research to date has also exerted a significant amount of energy identifying the factors associated with the various attributes of competitive response to allow their prediction. Most of this research has been content based and used quantitative methods. The actual reasons why a firm responds and how the response process unfolds have received much less attention. MacMillan (1988), Ferrier (2001), and da Rocha and Dib (2002) are three exceptions. MacMillan (1988) studied how banks responded to the introduction of automatic teller machines (ATMs) and found that responders began with denial of the competitive advantage created by ATMs, and then launched a series of responses that were mere adjustments to their current strategies. Finally, upon realization of their ineffectiveness, the banks reacted with serious responses that included imitative and non-imitative responses. Ferrier (2001) also recognized the gap in attention to competitive processes and studied how firms compete over time by analyzing the sequential patterns of competitive moves between firms. Undoubtedly, some of the competitive actions were responses to a competitor's actions, though the study focused on all competitive action. Finally, da Rocha and Dib (2002) studied local responses to the entry of Wal-Mart into Brazil and documented four types of response including (1.) attempts to neutralize Wal-Mart's threat; (2.) imitation of Wal-Mart's business model; (3.) market expansion to become less dependent on Brazil; and (4.) mergers and partnerships to imitate Wal-Mart's size. As these studies reveal, the frequency of non-imitative responses becomes apparent when the process of competitive response is studied. And, they also hint at the rich discoveries and theory development opportunities available when process is studied.

One final point regarding these three response process studies is that only da Rocha and Dib (2002) peered inside the responding firms and asked why they reacted to Wal-Mart. The primary reasons they identified were the threat posed by Wal-Mart with its size,

commitment, and aggressive tactics, and Wal-Mart's customer appeal. As this study reveals, information that can assist in filling the process research gap and answering the why questions is readily available within the responding firms. Researchers need only to ask:

1. Why do firms choose multiple responses to a competitor action or industry trend?
2. What constrains a firm's response decisions?
3. What does not constrain a firm's response decisions?

As shown in the research questions listed above, this study will continue to address the gap in competitive response research by asking why a firm decides to respond as it does to its competitors. Also apparent is that this investigation is not limited to a specific type of competitive response, but embraces all responses, including imitation, modified imitation and novel responses. This more inclusive view was selected to resolve the gap in attention devoted to non-imitative responses and to construct more comprehensive response knowledge. Finally, the focus on multiple responses emerged during the first case as the breadth and volume of data and observations emerged were voluminous, as is often the case with the rich data produced using these research methods. As a result, the focus of this study was further narrowed to investigate one of the more intriguing findings – the consistent occurrence of multiple responses to a single competitor action. Further, it was expected that Woodloch Pines had specific reasons and influences that pushed them to launch or plan multiple responses. To develop theory capturing this behavior, the research questions for this study were honed to focus on the process that produces multiple responses.

C.2 Methods Overview

In order to understand what takes place within a firm as it determines how to respond to a competitor's action, case studies were selected to allow sufficient access to the firm in this grounded theory study. But, with the research questions focused on competitive response, the competitive response is the logical unit of analysis, not the firm. The result of combining the two is an embedded case study design in which multiple observations of the unit of analysis in each case can occur. This design not only provides more opportunities to view the response decision process, but also elevates the internal validity of the study with more changes for replication. To ensure adequate access to the process and to promote the flexibility needed to adjust as the process is revealed, semi-structure in-depth interviews were used as the primary data collection method and were supplemented by a survey to collection more objective information. Together, the use of qualitative methods combined with a strong research design should provide an effective window through which to observe competitive response processes.

The industry selected for this research is the Pocono Mountain Resort industry located in Northeastern Pennsylvania in a four county region the size of Delaware. The selection of this industry was made based on personal connections by the researcher, but also offers many advantages to the research design. First, the resort industry is very high in visibility due to its service nature and the high level of customer co-creation with its products and services. This is important from a competitive response standpoint because, according to According to Kiesler and Sproull (1982), the more visible a threat, the more likely it is that it will be detected and responded to. Thus, the high visibility promotes not

only awareness of a competitor's action, but also makes the information needed to construct a competitive response more available to the responding firm (Chen & Miller 1994; Gatignon 1984; Kiesler & Sproull 1982). To further enhance the visibility of competitor actions, the study's competitive scope was narrowed to focus only on new products and services because they are directly accessed by customers and would be promoted in advertisements, announced on the resort's website, and covered in industry related news articles. Therefore, by focusing on new products and services in a resort industry, the competitive environment is primed for response, making this industry promising for competitive response research.

Another benefit of selecting the Pocono Mountain Resort industry is that it is located in a limited geographic area and allows many variables that could offer rival hypotheses to be controlled. The selection of an industry in which to study competitive response allows industry variables that could offer rival hypotheses to be held constant, elevating the internal validity of the study. Additionally, because the Pocono Mountain Resort industry is confined to a small geographic region, many environmental variables are also controlled, including the economic environment and terrorism threat level in both the Pocono region and in its major customer bases (New York City, Philadelphia, Connecticut), the regulatory environment within Pennsylvania, and the weather, which is very important in the resort industry.

Three large resorts in the Pocono Mountain Resort industry were recruited to participate in this study. They are Woodloch Pines Resort, Caesars Pocono Resorts, and Skytop Lodge. And, even though they are located in the same area, these resorts are quite different. One is privately owned, two are publicly owned, one has a large

corporate parent, another does not advertise, but has a phenomenally high annual occupancy rate, and the target markets served by these resorts cover the entire spectrum including families with children, couples, honeymooners, elderly groups, and corporate groups. Obtaining this variety in the study increases the confidence that the results obtained in this study can be generalized beyond the Pocono Mountain Resort industry and represents greater external validity.

New Product and Service Responses Investigated	Resorts Interviewed
Kid's camp service offered by Skytop Lodge and Smuggler's Notch	Woodloch Pines
Automated checkout trend	Woodloch Pines
Spa services trend	Woodloch Pines, Caesars Pocono Resorts, Skytop Lodge
Addition of a conference center by Split Rock, the Scranton Hilton, and Pocmont	Woodloch Pines, Skytop Lodge
Discounting trend	Woodloch Pines, Skytop Lodge
Gambling approval for the nearby Catskills, NY resort area	Woodloch Pines, Caesars Pocono Resorts
Honeymooner and mid-week couples targeting trend	Caesars Pocono Resorts
Green room program developed by Starwood	Caesars Pocono Resorts
Dessert toppings bar at Ponderosa Steak House	Caesars Pocono Resorts
Online reservations trend	Caesars Pocono Resorts, Skytop Lodge
Automated and integrated property management system trend	Skytop Lodge
High speed internet trend	Skytop Lodge

Table C1. Instigating products/services and trends and responding resorts interviewed.

Data collection at the participating resorts occurred between July and September, 2004 and began with the most senior executive at the resort. That executive was asked to select six new products or services introduced by a competitor or present as a trend in the industry to which the resort either responded or was in the process of responding. To

allow triangulation of the information provided, the executive was also asked to identify two managers who participated in each response decision to serve as experts. Forty five minute interviews were then scheduled with each individual to conduct the semi-structured interview for each response shown in Table C1. In total, 12 interviews were held with 9 managers at Woodloch Pines, 11 interviews with 4 managers were conducted at Caesars Pocono Resorts, and 12 interviews with 6 managers occurred at Skytop Lodge to shed light on how these resorts shaped their responses to these products or services.

Field Procedures

Data Collection

This study will utilize qualitative methods with triangulation to sketch a multidimensional view of the antecedents that prompt specific competitive response forms. Data will be collected through the use of a brief questionnaires directed at the senior manager and each interviewee to collect background information and basic facts associated with the case using closed ended questions. Semi-structured interviews will also be held with the senior manager and each interviewee. Their statements will be corroborated, when possible with firm documentation, meeting minutes, reports, advertisements, guide book descriptions, and website information. These sources not only provide another view of the competitive response decision and its antecedents, but that view is free of the retrospective bias that plagues historic recall. Further limiting this bias will be the discussion of competitive responses that are currently in progress for which retrospective bias has yet to develop.

The selection of a semi-structured interview format utilizing open ended questions was made to ensure that the relevant antecedents are discussed, while allowing serendipity to offer surprises. Each interviewee will be asked numerous questions regarding the antecedents present for one or two competitive responses undertaken by the organization. Given the sheer number of antecedents to be explored and the potential for fatigue as questions are repeated, the decision was made to limit the number of responses explored with each individual to ensure that the depth of information was obtained while preserving its validity. To further enhance the validity of the data, documentation corroborating the individual's account will be sought with the organization. If it is unavailable, the competitive response will need to be addressed in an interview with another participant in order to provide this validation. In order to determine the number of competitive responses to be discussed and whether or not a second account of a response is needed, supporting documentation will be pursued in the preliminary stages of the case and evaluated prior to scheduling the semi-structured interviews with the participants at the resort. A more detailed step-by-step description of the data collection process follows.

1. The senior manager of the participating organization will be mailed a preliminary questionnaire to collect basic information on the resort, its background, and the industry. This questionnaire will also take the senior manager through the identification of competitive responses that his/her organization has undertaken, will undertake, or is considering. Supporting this identification process will be a list of new product/service offerings in the Poconos for the period beginning January 1, 1998

through the present. This list will be included with the questionnaire. In addition, a list of the questions to be discussed in the preliminary interview with the senior manager will also be provided to allow the senior manager to prepare his/her thoughts.

2. The preliminary meeting with the senior manager will be scheduled.
3. The researcher will conduct an initial meeting with the senior manager in which the organization's competitive responses are reviewed. If the manager had difficulty identifying competitive responses, the researcher will lead him/her through a series of questions regarding changes at the resort to try to uncover any additional responses. Once the list of responses has been finalized, the senior manager will be asked to rate each response according to the disruptiveness of implementing the response at the focal resort (low, medium, high) and the competitive importance of mounting that response to the focal organization (low, medium, high). Upon completion of this step, the senior manager will be asked to identify who in the organization participates in competitive decision making for the organization, himself/herself included, and which of these individuals would be most knowledgeable about each response.
4. Any available documentation will be obtained from the participating resort and reviewed by the researcher to determine which competitive responses will need to be discussed in two interviews and which ones can be corroborated with documentation.
5. The researcher will then select competitive responses representative of the different levels of disruptiveness and competitive importance to ensure that a range of antecedents is covered. Additionally, based on the availability of documentation to

corroborate interview statements and their areas of response expertise, the interviewees will be matched with the competitive responses for their interview.

6. Each interviewee will be mailed a preliminary questionnaire containing a number of questions about the initiating firm(s) for their assigned responses and one question about the impact of the action on the organization. The cover letter accompanying the questionnaire will introduce the interviewee to their two competitive responses. Also included in the packet will be a list of the questions to be covered in their interview to allow them to prepare their thoughts.
7. Interviews will then be scheduled either through the senior manager's office or directly with the interviewee, as suggested by the senior manager. The interview duration is targeted to be 1.5 hours.
8. Semi-structured interviews will be held with each identified interviewee at the resort site. All interviews will be recorded if approved by the participant.
9. All interviews will be transcribed from the recording.
10. A transcript of each interview will be provided to the interviewee to allow for any errors to be corrected and for additional information to be provided as desired by the individual.
11. Both the in-depth semi-structured interviews and the array of documents will be coded to support the identification of antecedent patterns and blind spots addressing all five research questions.

Supporting the competitive response identification process assigned to the senior manager of the resort, a master list of the new product/service offerings in the Pocono

resort industry will be prepared and provided. The list used to steer the preliminary interviews at Woodloch Pines covering the period between January 1, 1998 and August 1, 2003 is found in appendix 2 of the proposal document. These new products/services were identified by reviewing all newspaper articles between January 1, 1998 and February 29, 2004 dealing with Pocono resorts in several leading area newspapers – the Scranton Times, The Pocono Record, the News Eagle, and the Wayne Independent – for articles describing any of the area resorts. Additional articles from large metropolitan newspapers in major customer centers for the Poconos - New York Times, the Philadelphia Inquirer, and the Washington Post - were also utilized. This timeframe was selected to cover five years prior to the start of exploratory interviews that shaped this study due to the long lead times required to imitate more significant industry offerings. This document will be updated to include all new product/service offerings reported on up to the date the interviews begin at each participating resort organization. If additional new product/service offerings are brought up during the interview process, they will be added to the list for that case and all future cases. The use of newspapers as a source to identify new product/services in the industry is thought to be sufficient as the Pocono Mountain Vacation Bureau is very active in promoting improvements in the Pocono resorts through the media and the addition of a new product/service is a very newsworthy event in market.

Scheduling and a completion timeframe

Each in-depth interview should be scheduled for ninety minutes. The participating organizations may have significant preferences as to when the interviews are held – day of the week, time of day, or date. Specifically, Skytop requested that interviews be conducted beginning the week after Labor Day as their guest volume begins to decline following the holiday as the school year begins. Due to the dispersed location of these resorts and the long commute required to reach them, multiple interviews should be scheduled per day, if possible, with no more than three per day to ensure that the researcher is fresh and not overwhelmed by data.

Data collection for all three participating resorts is expected to be completed by early 2005. A detailed schedule for the collection of data from each resort is provided in the table below.

Super-Resort	Start Date	Completion Date
Woodloch Pines Resort	6/1/04	6/15/04
Caesars World	7/16/04	8/22/04
Skytop Lodge	9/6/04	11/6/04

Detailed field instructions

- 3 Required field resources include note paper, the list of semi-structured interview questions, the list of new product/service offerings in the Poconos, a small tape recorder, cassette tapes for the interview, extra cassette tapes, an a/c adapter for the tape recorder, extra batteries for the tape recorder, and several pens.
- 4 Prior to conducting the interview, spend a few quiet moments reviewing the interview questions and reflecting on the questions from the subject's point of

- view to determine any areas of potential confusion and to develop appropriate examples.
- 5 A quiet location away from the subject's normal work environment is preferred for an interview, though it may not always be available. Resorts can be very noisy places. If you must interview the subject in their work environment, be certain to maintain the train of thought when interruptions occur so that the interview can be resumed once the subject's attention is regained. Further, place the volume setting on the recorder at a medium level and place the recording device as close to the individual and as far away from noise sources as possible.
 - 6 At the start of the interview, the researcher should introduce herself and describe the purpose of the study and how it can potentially benefit the participating resort to gain buy in from the subject. The interviewer should also assure the subject that his/her responses are confidential, that the subject will be allowed to review his/her interview transcript to make corrections and additions, and how this process will be handled to ensure confidentiality.
 - 7 As you are setting up for the interview, place the tape recorder on a work surface near the subject with the volume set at the halfway point, but be certain to ask the subject's permission to record the interview prior to beginning recording.
 - 8 As the interview progresses, if an interesting topic or tangent emerges, follow it. The scheduling of the interview is such that time should be available to follow serendipity.
 - 9 At the conclusion of the interview, remind the subject that you will be providing them with a verbatim transcript for their review. Also, request the subject's

- permission to ask a few follow up questions should they be necessary as the case evolves. Before departing, provide the subject with your card in case they have questions or would like to provide additional insights.
- 10 After finishing the interview, take a few quiet moments to write down general impressions of the interview; any unusual, unexpected, or conflicting information; any analysis ideas, and contemplate how the information from this interview supports or modifies any emerging patterns.
- 11 Contingencies – In the event that a subject is unexpectedly not available for their scheduled interview, re-schedule the appointment directly with that individual if they are available. If not, work through the owner/manager's staff or with the individual as appropriate to reschedule. In the event that the research questions/motivation of the study changes, identify the additional questions that need to be asked and to whom the questions should be directed. Then, schedule a follow-up meeting with those individuals.

Research Questions

Each of the detailed research questions addressed by this study will be discussed in the following paragraphs along with the probable sources of evidence necessary to evaluate each.

4.3.1.1.1.1 Why do firms choose multiple responses to a competitor action or industry trend?

Data sources: The verbatim interview transcripts from interviews will be coded for references to research variables. Two respondents were interviewed for each competitive response to allow for triangulation.

4.3.1.1.1.2 What constrains a firm's response decisions?

Data sources: The verbatim interview transcripts from interviews will be coded for references to research variables. Two respondents were interviewed for each competitive response to allow for triangulation.

Data sources: The verbatim interview transcripts from interviews will be coded for references to research variables. Two respondents were interviewed for each competitive response to allow for triangulation.

Guide for the Case Study Report

Case Study Report Outline

A. Introduction

1. Identify gaps in the literature
2. Define research questions
3. Summarize research methods
4. Overview of study results
5. Review study contributions and future research opportunities
7. Provide an overview of the paper's structure

B. Competitive Response Research to Date

1. Theoretical Underpinnings

1.0 Imitation and its impact on the sustainability of abnormal profits – RBV

2.0 Why response occurs (all forms) – Austrian/Schumpeterian

2. New product/service characteristics
3. Context
4. Initiating firm characteristics
5. Responding firm characteristics
6. Relative interdependencies between initiating and responding firm
7. Relative interdependencies between the new product/service and the responding firm
8. Decision process characteristics and its antecedents

D. Proposed Research Methodology

1. Preliminary interviews
2. Research design
3. Theory building methods
4. Industry selection
5. Pocono Mountain Resort industry
6. Focusing on new products/services
7. participating super-resorts
8. Data collection methods
9. Measuring perceptions
10. Data coding
11. Data analysis
12. Validity and reliability

E. Case Results

- Competitive response 1
- Competitive response 2
- Competitive response 3
- Competitive response 4
- Competitive response 5
- Competitive response 6

F. Contributions

G. Opportunities for future research

H. Appendices

1. Preliminary semi-structured interview questions
2. New product/service offerings
3. Case study protocol
4. Semi-structured interview questions for proposed study
5. Coding
 - a. Response form coding – words and phrases
 - b. Threat level coding – words and phrases
 - c. Failure perception coding – words and phrases
6. Study timeline

Case study database: How information will be organized

For each individual case, the case documents will be organized as follows:

Interview data:

Verbatim transcripts of the in-depth interviews and meeting notes will be arranged alphabetically by the subject's last name and arranged by interview date with earlier interviews appearing first.

Micro-cassettes of interview recordings will be stored together, grouped by resort.

Document data:

Meetings

The minutes from regularly scheduled meetings for the resort will be organized by meeting and, within the meeting, by meeting date with earlier meetings appearing first. Minutes from ad hoc meetings will be placed in an ad hoc meeting section and organized by meeting date, beginning with earlier meetings.

Reports

Any annual reports, plans, and routine reports generated throughout the year may provide another source for information on antecedents. These documents should be organized by date. If multiple reports are generated for a specific time period, they should be grouped by date, then by department as they may provide a time sensitive view of the antecedents.

Resort Activity Schedules

Resort activity schedules will be organized by date distributed to the guests to establish the resort's product/service timeline.

Advertisements & Website Printouts

Any available advertisements and website printouts will be arranged by resort.

APPENDIX D

CODING REFERENCES

D.1 RESPONSE FORM CODING CRITERIA

When an interviewee describes a competitive response, whether as an alternative or as a selected course of action, the response form will be coded according to the following criteria:

- ♦ Imitation: Shares all key defining characteristics with the initiating organization's new product/service offering. This definition purposely allows for unintentional variations encountered during the implementation process and minor process modifications that do not change the character of the new product/service.
- ♦ Modified imitation: Shares some or most aspects of the initiating organization's new product/service offering, but at least one key defining characteristic of the product/service has been changed.
- ♦ Novel: The response has no overlap with the initiating organization's new product/service offering.

D.2 THREAT LEVEL CODING – WORDS AND PHRASES

Threat Level – Words & Phrases

Crisis	severe	Threat	slump
adversity	shock	alarm	struggle
bust	startling situation	alarm bell	threat
calamity	surprising	alarm clock	trial
casualty	situation	alert	tribulation
cataclysm	thin ice	antagonistic	warning
catastrophe	tragedy	attack	wicked situation
clutch	turning point	blow	
crash	unexpected	brutal situation	
crisis	situation	caution	
critical	unforeseen	chasm	
critical moment	situation	clash	
critical point	unpredictable	collision	
crunch	situation	conflict	
deadly situation	urgency	confront	
demolition	wreck	contrary	
desolation		danger	
destruction		defiance	
devastation		depression	
dire		endangerment	
disaster		fight	
dollar crisis		formidable	
doomed		friction	
emergency		hairy situation	
fatal		harassment	
fatal situation		hazardous	
final warning		situation	
financial crisis		hostile	
grim		hostilities	
grim situation		intimidation	
house of cards		knife	
imperilment		mean situation	
jeopardy		menace	
lethal situation		opposing	
malignant		opposition	
peril		persecution	
pinch		quicksand	
precarious		recession	
situation		resistance	
ravaged		risk	
ruin		risky	

Problem

aggravation
annoyance
bad news
baffle
barrier
blemish
block
bollix
bother
call into question
catch
challenge
compete with
complaint
complex situation
confusion
contend with
contention
contest
contrary to
cramp
crimp
demand
difficulty
dilemma
dispute
disruption
dissent
dogging
drawback
exacting situation
exception
fix
fly in the ointment
foul up
gum up
hamper
hang-up
hard situation
headache
hitch
hounding
impediment
inquiry
issue

jam
lesson
louse up
misfortune
mishap
monkey wrench
mystery
no picnic
not easy
nuisance
obstacle
pain in the neck
pest
pickle
plight
predicament
problem
puzzle
quandary
query
question
race
riddle
rival
rough situation
scrape
snafu
snag
stew
stumbling block
ticklish situation
tough situation
tricky situation
trouble
vie
worry
wrangle

D.3 FAILURE PERCEPTION WORDS AND PHRASES

Failure

Achilles heel
chink on one's armor
crack
defect
deficiency
fail
failing
failure
fault
flaw
frailty
hole
imperfection
inadequacy
infirmity
rift
shortcoming
vulnerable place
weak point
weakness

10.0 BIBLIOGRAPHY

- Abubakar, B. 2002. Developing a framework for understanding a tourism service setting: An exploratory study. *Services Marketing Quarterly*, 23(3): 17-32.
- Ailawadi, K.L., Lehmann, D.R. & Neslin, S.A. 2001. Market response to a major policy change in the marketing mix: Learning from Procter & Gamble's value pricing strategy. *Journal of Marketing*, 65(1): 44-61.
- Anderson, P. A. 1983. Decision making by objection and the Cuban missile crisis. *Administrative Science Quarterly*, 28: 201-222.
- Barnett, W. P. & Hansen, M. T. 1996. The red queen in organizational evolution. *Strategic Management Journal*, 17: 139-157.
- Barney, J. B. 1986. Strategic factor markets: Expectations, luck and business strategy. *Management Science*, 32: 1231-1241.
- Barney, J. B. 1991. Firm resources and sustained competitive advantage. *Journal of Management*, 17: 99-120.
- Bateson, J. 2002. Are your customers good enough for your services business? *Academy of Management Executive*, 16(4): 110-120.

- Baum, J.A.C. & Haveman, H. 1997. Love thy neighbor? Differentiation and agglomeration in the Manhattan hotel industry, 1898-1990. *Administrative Science Quarterly*, 42: 304-338.
- Baum, J.A.C. & Ingram, P. 1998. Survival enhancing learning in the Manhattan hotel industry, 1898-1980. *Management Science*, 44(7): 996-1016.
- Baum, J.A.C., Li, S.X. & Usher, J.M. 2000. Making the next move: How experiential and vicarious learning shape the locations of chains' acquisitions. *Administrative Science Quarterly*, 45: 766-801.
- Baum, J.A.C. & Mezias, S.J. 1992. Localized competition and organizational failure in the Manhattan hotel industry, 1898-1990. *Administrative Science Quarterly*, 37(4): 580-604.
- Baum, J.A.C. & Singh, J.V. 1994. Organizational niches and the dynamics of organizational founding. *Organization Science*, 5: 483-501.
- Becherel, L. & Vellas, F. 1999. A Word of Conclusion. In F. Vellas and L. Becherel (eds.), *The International Marketing of Travel and Tourism: A Strategic Approach*, 301-315. London: MacMillan Press.
- Bernard, R.H., Killworth, P., Kronenfeld, D. & Sailer, L. 1984. The problem of informant accuracy: The validity of retrospective data. *Annual Review of Anthropology*, 13: 495-517.
- Bharadwaj, S. G., Varadarajan, P. R. & Fahy, J. 1993. Sustainable competitive advantage in service industries: A conceptual model and research propositions. *Journal of Marketing*, 57: 83-99.
- Billings, R.S., Milburn, T.W. & Schaalman, M.L. 1980. A model of crisis perception: A theoretical and empirical analysis. *Administrative Science Quarterly*, 25: 300-316.

- Bitner, M.J., Faranda, W.T., Hubbert, A. R. & Zeithaml, V. A. 1997. Customer contributions and roles in service delivery. *International Journal of Service Industry Management*, 18(3): 193-205.
- Blois, K. & Gronroos, C. 2000. The marketing of services. In K. Blois (ed.), *Oxford Textbook of Marketing*, 500-516. New York: Oxford University Press.
- Bourgeois, L. J. & Eisenhardt, K.M. 1988. Strategic decision processes in high velocity environments: Four cases in the microcomputer industry. *Management Science*, 34(7): 816-835.
- Bowman, D. & Gatignon, H. 1995. Determinants of competitor response time to a new product introduction. *Journal of Marketing Research*, 32(1): 42-53.
- Brush, T.H., Bromily, P. & Hendrickx, M. 1999. The relative influence of industry and corporation on business segment performance: An alternative estimate. *Strategic Management Journal*, 20: 519-547.
- Camillus, J.C. 1997. Shifting the strategic management paradigm. *European Management Journal*, 15(1): 1-7.
- Chang, S.J. & Singh, H. 2000. Corporate and industry effects on business unit competitive position. *Strategic Management Journal*, 21: 739-752.
- Chen, M.J. 1996. Competitor analysis and interfirm rivalry: Toward a theoretical integration. *Academy of Management Review*, 21: 100-134.
- Chen, M.J. & Hambrick, D.C. 1995. Speed, stealth and selective attack: How small firms differ from large firms in competitive behavior. *Academy of Management Journal*, 38: 453-482.

- Chen, M.J. & MacMillan, I.C. 1992. Nonresponse and Delayed Response to Competitive Moves: The Roles of Competitor Dependence and Action Irreversibility. *Academy of Management Journal*, 35: 539-570.
- Chen, M.J. & Miller, D. 1994. Competitive attack, retaliation and performance: An expectancy-valence framework. *Strategic Management Journal*, 15: 85-102.
- Chen, M.J., Smith, K.G. & Grimm, C.M. 1992. Action characteristics as predictors of competitive responses. *Management Science*, 38: 439-455.
- Chen, M.J., Venkataraman, S., Black, S.S. & MacMillan, I.C. 2002. The role of irreversibilities in competitive interaction: Behavioral considerations for Organizational Theory. *Managerial and Decision Economics*, 23: 187-207.
- Collis, D.J. 1994. Research note: How valuable are organizational capabilities? *Strategic Management Journal*, 15: 143-152.
- Courtney, H., J. Kirkland, and P. Viguerie. 1997. Strategy Under Uncertainty. *Harvard Business Review*, 75, 6: 66-79.
- Coyne, K. P. 1985. Sustainable competitive advantage – What it is, what it isn't. *Business Horizons*, 29: 54-61.
- Cyert, R.M. & March, J.G. 1992. *Behavioral Theory of the Firm (2nd edition)*. Cambridge, MA: Blackwell Publishers.
- da Rocha, A. & Dib, L.A. 2000. The entry of Wal-Mart in Brazil and the competitive responses of multinational and domestic firms. *International Journal of Retail & Distribution Management*, 30: 61-73.

- Darr, E.D., Argote, L. & Epple, D. 1995. The acquisition, transfer and depreciation of knowledge in service organizations: Productivity in franchises. *Management Science*, 11: 1750-1762.
- Darr, E.D. & Kurtzberg, T.R. 2000. An investigation of partner similarity dimensions on knowledge transfer. *Organizational Behavior & Human Decision Processes*, 82(1): 28-44.
- Das, S.S. & Van de Ven, A.H. 2000. Competing with new product technologies: A process model of strategy. *Management Science*, 46: 1300-1316.
- D'Aveni, R.A. (1995) Coping with hypercompetition: Utilizing the new 7S's framework. *Academy of Management Executive*, 9(3): 45-57.
- Day, G.S. & Nedungadi, P. 1994. Managerial representation of competitive advantage. *Journal of Marketing*, 58: 31-44.
- Day, G. S. & Wensley, R. 1988. Assessing advantage: A framework for diagnosing competitive superiority. *Journal of Marketing*, 52: 1-20.
- Dierickx, I. & Cool, K. 1989. Asset stock accumulation and sustainability of competitive advantage. *Management Science*, 35: 1504-1511.
- DiMaggio, P. J. & Powell, W. W. 1983. The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48: 147-160.
- Dube, L. & Renaghan, L.M. 1999. Sustaining competitive advantage. *Cornell Hotel & Restaurant Administration Quarterly*, 39: 27-33.

- Dube, L. & Renaghan, L.M. 2000. Strategic approaches to lodging excellence. *Cornell Hotel & Restaurant Administration Quarterly*, 40(6): 16-26.
- Dube, L. & Renaghan L.M. 2000. Creating visible customer value. *Cornell Hotel & Restaurant Administration Quarterly*, 40(1): 62-72.
- Dube, L., Enz, C.A., Renaghan, L.M. & Siguaw, J. 1999. Best practices in the US lodging industry. *Cornell Hotel & Restaurant Administration Quarterly*, 40(4): 14-27.
- Dutton, J.E. & Jackson, S.E. 1987. Categorizing strategic issues: Links to organizational action. *Academy of Management Review*, 12(1): 76-90.
- Eisenhardt, K.M. 1989. Building theories from case study research. *Academy of Management Review*, 14: 532-550.
- Eisenhardt, K.M. 1989. Making fast strategic decisions in high velocity environments. *Academy of Management Journal*, 32(3): 543-576.
- Ferrier, W. J. 2001. Navigating the competitive landscape: The drivers and consequences of competitive aggressiveness. *Academy of Management Journal*, 44(4): 858-877.
- Ferrier, W. J., Smith, K. G. & Grimm, C. M. 1999. The role of competitive action in market share erosion and industry dethronement: A study of industry leaders and challengers. *Academy of Management Journal*, 42: 372-388.
- Fligstein, N. 1985. The spread of the multidivisional form among large firms, 1919-1979. *American Sociological Review*, 50: 377-391.
- Fombrun, C. & Shanley, M. 1990. What's in a name? Reputation building and corporate strategy. *Academy of Management Journal*, 33: 233-258.

- Galaskiewicz, J. & Wasserman, S. 1989. Mimetic processes within an interorganizational field: An empirical test. *Administrative Science Quarterly*, 34: 454-479.
- Garg, V.K., Walters, B.A. & Priem, R.L. 2003. Chief executive scanning emphases, environmental dynamism, and manufacturing firm performance. *Strategic Management Journal*, 24: 725-744.
- Gatignon, H. 1984. Competition as a moderator of the effect of advertising on sales. *Journal of Marketing Research*, 21: 387-398.
- Golden, B.R. 1992. The past is the past – or is it? The use of retrospective accounts as indicators of past strategy. *Academy of Management Journal*, 4: 848-860.
- Granovetter, M. 1978. Threshold models of collective behavior. *The American Journal of Sociology*, 83(6): 1420-1443.
- Granovetter, M. & Soong, R. 1988. Threshold models of diversity: Chinese restaurants, residential segregation, and the spiral of silence. *Sociological Methodology*, 18: 69-104.
- Grant, R.M. 1991. The resource-based theory of competitive advantage: Implications for strategy formulation. *California Management Review*, 33(3): 114-135.
- Greer, A.L. 1986. Medical conservatism and technological acquisitiveness: The paradox of hospital technology adoptions. In J.A. Roth & S.B. Ruzek (eds.), *Research in the Sociology of Health Care*, Volume 4, 185-235. Greenwich, CT: JAI Press.
- Greve, H. R. 1996. Patterns of competition: The diffusion of a market position in radio broadcasting. *Administrative Science Quarterly*, 41: 29-60.

- Greve, H. R. 1998. Managerial cognition and the mimetic adoption of market positions: What you see is what you do. *Strategic Management Journal*, 19: 967-988.
- Greve, H. R. 2000. Market niche entry decisions: Competition, learning, and strategy in Tokyo banking, 1894-1936. *Academy of Management Journal*, 43: 816-836.
- Greve, H. R. & Taylor, A. 2000. Innovations as catalysts for organizational change: Shifts in organizational cognition and search. *Administrative Science Quarterly*, 45: 54-80.
- Grimm, C.M. & Smith, K.G. 1997. *Strategy as action: Industry rivalry and coordination*. Cincinnati, OH: South-Western College Publishing.
- Hambrick, D.C. 1981. Specialization of environmental scanning activities among upper level executives. *Journal of Management Studies*, 18: 299-320.
- Han, S.K. 1994. Mimetic isomorphism and its effect on the audit services market. *Social Forces*, 73(2): 637-663.
- Hannan, M.T. & Freeman, J. 1997. The population ecology of organizations. *American Journal of Sociology*, 82: 929-964.
- Hansen, G. S. and Wernerfelt, B. 1989. Determinants of firm performance: The relative importance of economic and organizational factors. *Strategic Management Journal*, 10: 399-411.
- Haralson, B. & Coy, J. 2002. Hotel waterparks grow throughout Midwest, product ready for national expansion. *Hotel Online*, (April 2).
- Haunschild, P. R. & Miner, A. S. 1997. Modes of inter-organizational imitation: The effects of outcome salience and uncertainty. *Administrative Science Quarterly*, 42: 472-500.

- Haveman, H.A. & Rao, H. 1997. Structuring a theory of moral sentiments: Institutional and organizational coevolution in the early thrift industry. *The American Journal of Sociology*, 102: 1106-1652.
- Haveman, H. 1992. Between a rock and a hard place: Organizational change and performance under conditions of fundamental environmental transformation. *Administrative Science Quarterly*, 37: 48-75.
- Haveman, H. 1993. Follow the leader: Mimetic isomorphism and entry into new markets. *Administrative Science Quarterly*, 38: 593-627.
- Hayek, F. A. 1937. Economics and knowledge. *Economica*, 3: 33-54.
- Hedstrom, P. 1998. Rational imitation. In P. Hedstrom and R. Swedberg (eds.), *Social Mechanisms: An Analytical Approach to Social Theory*, 306-327. New York, NY: Cambridge University Press.
- Heil, O.P. & Helsen, K. 2001. Toward an understanding of price wars: Their nature and how they erupt. *International Journal of Research in Marketing*, 18: 83-98.
- Heil, O.P. & Langvardt, A.W. 1994. The interface between competitive market signaling and antitrust law. *Journal of Marketing*, 58: 81-96.
- Heil, O.P. & Robertson, T.S. 1991. Toward a theory of competitive market signaling: A research agenda. *Strategic Management Journal*, September/October: 403-418.
- Heil, O.P. & Walters, R.G. 1993. Explaining competitive reactions to new products: An empirical signaling study. *Journal of Product Innovation Management*, 10: 53-65.

- Huber, G.P. & Power, D.J. 1985. Retrospective reports of strategic-level managers: Guidelines for increasing their accuracy. *Strategic Management Journal*, 6: 171-180.
- Ingram, P. & Baum, J.A.C. 1997a. Chain affiliation and the failure of Manhattan hotels, 1898-1980. *Administrative Science Quarterly*, 42: 68-102.
- Ingram, P. & Baum, J.A.C. 1997b. Opportunity and constraint: Organizations' learning from the operating and competitive experience of industries. *Strategic Management Journal*, 18: 75-98.
- Jacobson, R. 1992. The 'Austrian' school of strategy. *Academy of Management Review*, 17: 782-807.
- Kahneman, D. & Tversky, A. 1979. Prospect theory: An analysis of decisions under risk. *Econometrica*, 47: 263-291.
- Kiesler, S. & Sproull, L. 1982. Managerial response to changing environments: Perspectives on problem sensing from social cognition. *Administrative Science Quarterly*, 27: 548-570.
- Kirzner, I. M. 1997. Entrepreneurial discovery and the competitive market process: An Austrian approach. *Journal of Economic Literature*, 35: 60-85.
- Knoke, D. 1982. The spread of municipal reform: Temporal, spatial and social dynamics. *American Journal of Sociology*, 87: 1314-1339.
- Kogut, B. & Zander, U. 1996. What firms do? Coordination, identity, and learning. *Organization Science*, 7: 502-518.
- Kogut, B. & Zander, U. 1996. What firms do? Coordination, identity, and learning. *Organization Science*, 7: 502-518.

- Kraatz, M. S. 1998. Learning by association? Interorganizational networks and adaptation to environmental change. *Academy of Management Journal*, 41: 621-643.
- Larsson, R. & Bowen, D.E. 1989. Organization and customer: Managing design and coordination of services. *Academy of Management Review*, 14: 213-233.
- Lee, H., Smith, K. G., Grimm, C. M. & Schomburg, A. 2000. Timing, order and durability of product advantages with imitation. *Strategic Management Journal*, 21: 23-30.
- Leeflang, P.S.H. & Wittink, D.R. 1992. Diagnosing competitive reactions using (aggregated) scanner data. *International Journal of Research in Marketing*, 9: 39-57.
- Leeflang, P.S.H. & Wittink, D.R. 2001. Explaining competitive reaction effects. *International Journal of Research in Marketing*, 19: 119-137.
- Lentner, H.H. 1972. The concept of crisis as viewed by the United States Department of State. In C. F. Hermann (Ed.), *International Crises: Insights from Behavioral Research*, 112-135. New York: Free Press.
- Lippman, S. and Rumelt, R. 1982. Uncertain imitability: An analysis of interfirm differences in efficiency under competition. *Bell Journal of Economics*, 13: 418-438.
- Lieberman, M.B. & Asaba, S. 2006. Why do firms imitate each other? *Academy of Management Review*, 31:366-385.
- MacMillan, I. C. 1988. Controlling competitive dynamics by taking strategic initiative. *Academy of Management Executive*, 11: 111-118.

- MacMillan, I.C., McCaffery, M. L. & Van Wijk, G. 1985. Competitor's responses to easily imitated new products – exploring commercial banking product introductions. *Strategic Management Journal*, 6: 75-86.
- Makadok, R. 1998. Can first-mover and early-mover advantages be sustained in an industry with low barriers to entry/imitation. *Strategic Management Journal*, 19: 683-696.
- Mansfield, E. 1961. Technical change and the rate of imitation. *Econometrica*, 19: 741-766.
- March, J. B. & Simon, H. A. 1958. *Organizations*. New York: Wiley.
- March, J. G. 1994. *A Primer on Decision Making: How decisions happen*. New York: The Free Press.
- March, J.G. 1997. Understanding how decisions happen in organizations. In Z. Shapira (Ed.), *Organizational Decision Making*, 9-32. Cambridge: Cambridge University Press.
- Mauri, A.J. & Michaels, M.P. 1998. Firm and industry effects within strategic management: An empirical examination. *Strategic Management Journal*, 19: 211-219.
- Mazzolini, R. 1981. How strategic decisions are made. *Long Range Planning*, 14: 85-96.
- Meyer, J. & Rowan, B. 1977. Institutionalized organizations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83: 340-363.
- Meyer, A. D.(1985. Hospital capital budgeting: Fusion of rationality, politics and ceremony. *Health Care Management Review*, 10(2): 17-27.

- Meyer, A. D. & Goes, J. B. 1988. Organizational assimilation of innovations: A multilevel contextual analysis. *Academy of Management Journal*, 31: 897-923.
- Milburn, T.W., Schuler, R.S. & Watman, K.H. 1983. Organizational crisis. Part II: Strategies and responses. *Human Relations*, 36: 1161-1180.
- Miller, D. & Chen, M. J. 1994. Sources and consequences of competitive inertia: A study of the US airline industry. *Administrative Science Quarterly*, 39: 1-23.
- Miller, D. & Chen, M. J. 1996a. Nonconformity in competitive repertoires: A sociological view of markets. *Social Forces*, 74: 1209-1234.
- Miller, D. & Chen, M. J. 1996b. The simplicity of competitive repertoires: An empirical analysis. *Strategic Management Journal*, 17: 419-439.
- Milliken, F.J. 1987. Three types of perceived uncertainty about the environment: State, effect and response. *Academy of Management Review*, 12:133-143.
- Mills, P.K. & Morris, J.H. 1986. Clients as 'partial' employees: role development in client participation. *Academy of Management Review*, 11: 726-735.
- Mills, P.K., Chase, R. B. & Margulies, N. 1983. Motivating the client/employee system as a service production strategy. *Academy of Management Review*, 8: 301-310.
- Miner, A.S. & Haunschild, P.R. 1995. Population level learning. *Research in Organizational Behavior*, 17: 115-154.
- Mises, L. V. 1949. *Human Action*. New Haven: Yale University Press.

- Moore, M.C. 1992. Signals and choices in competitive interaction: The roles of moves and messages. *Management Science*, 38(4): 115-154.
- Moskowitz, H., Itty, B., Manchaiah, M. & Ma, Z. 2002. Learning from the competition II: A case history dissecting in-market quick-serve restaurants communications through conjoint analysis. *Food Service Technology*, 2: 19-33.
- Mullins, J.W. & Walter Jr., O.C. 1996. Competency, prior performance, opportunity framing and competitive response: Exploring some behavioral decision theory perspectives. *Marketing Letters*, 7(2): 147-162.
- Namasivayam, K., Enz, C. A. & Siguaw, J. A. 2000. How wired are we? *Cornell Hotel & Restaurant Administration Quarterly*, 41(6): 40-48.
- Narver, J. C. & Slater, S. F. 1990. The effect of a market orientation on business profitability *Journal of Marketing*, 54: 20-35.
- Nelson, R. & Winter, S. 1982. *An Evolutionary Theory of Economic Change*. Cambridge, MA: Harvard University Press.
- Nutt, P. 1984. Types of organizational decision processes. *Administrative Science Quarterly*, 29: 414-450.
- Ocasio, W. 1997. Towards an attention-based view of the firm. *Strategic Management Journal*, 18(Special Summer Issue): 187-206.
- Olsen, M. D. & Connolly, D. J. 2000. Experience-based travel. *Cornell Hotel & Restaurant Administration Quarterly*, 41(1): 30-40.
- Olsen, M. D., Tse, E. C. Y. & West, J. J. 1998. *Strategic Management in the Hospitality Industry (2nd edition)*. New York: John Wiley & Sons.

- Peteraf, M. A. 1993. The cornerstones of competitive advantage: A resource-based view. *Strategic Management Journal*, 14: 179-190.
- Peteraf, M.A. & Bergen, M.E. 2003. Scanning dynamic competitive landscapes: A market-based and resource-based framework. *Strategic Management Journal*, 24: 1027-1041.
- Peteraf, M.A. & Shanley, M. 1997. Getting to know you: A theory of strategic group identity. *Strategic Management Journal*, 18 (Summer Special Issue): 165-186.
- Pfiffner, J.M. 1960. Administrative rationality. *Public Administration Review*, 20: 125-132.
- Polanyi, M. 1983. *The Tacit Dimension*. Gloucester: Peter Smith: 1-26.
- Porac, J.F. & Thomas, H. 1990. Taxonomic mental models in competitor definition. *Academy of Management Review*, 15: 224-240.
- Porter, M. E. 1980. *Competitive Strategy*. New York: The Free Press.
- Porter, M. E. 1985. *Competitive Advantage*. New York: The Free Press.
- Quinn, J.B. (1978) Strategic Change: "Logical Incrementalism." *Sloan Management Review*, Fall, pp. 7-21.
- Reddy, S. K. & Holak, S. L. 1991. The effects of market structure characteristics on competitive reaction intensity: A longitudinal analysis. *Marketing Letters*, 2: 293-308.
- Rivkin, J.W. 2000. Imitation of complex strategies. *Management Science*, 46: 824-844.

Robinson, W.T. 1988. Marketing mix reactions to entry. *Marketing Science*, 7(4): 368-385.

Roquebert, J. A., Phillips, R.L. & Westfall, P.A. 1996. Markets vs. management: What 'drives' profitability? *Strategic Management Journal*, 17(8): 653-664.

Rogers, E. M. & Shoemaker, F. F. 1971. *Communication of Innovations: A Cross-Cultural Approach*. New York: The Free Press.

Rogers, E. M. 1995. *The Diffusion of Innovations, (4th Edition)*. New York: The Free Press.

Rumelt, R. P. 1991. How much does industry matter? *Strategic Management Journal*, 12(3): 167-185,

Rumelt, R.P. 1984. Towards a strategic theory of the firm. In R. Lamb (Ed.), *Competitive Strategic Management*, 556-570. Englewood Cliffs, NJ: Prentice Hall.

Schelling, T.C. 1960. *The Theory of Economic Development*. Cambridge, MA: Harvard University Press.

Schipper, B.C. 2003. Imitators and optimizers in Cournot oligopoly. Job market paper.

Schneider, B. & Bowen, D.E. 1995. *Winning the Service Game*. Boston: Harvard Business School Press.

Schumpeter, J. 1934. *The Theory of Economic Development*. Harvard University Press, Cambridge, MA.

- Schwenk, C.R. 1985. The use of participant recollection in the modeling of organizational decision process. *Academy of Management Review*, 10: 496-503.
- Simon, H.A. 1955. A Behavioral Model of Rational Choice. *Quarterly Journal of Economics*, 69: 99 – 118.
- Smith, K. G. & Grimm, C. M. 1991. A communication-information model of competitive response timing. *Journal of Management*, 17: 5-23.
- Smith, K. G., Grimm, C. M., Chen, M. J. & Gannon, M. J. 1989. Predictors of response time to competitive strategic actions: Preliminary theory and evidence. *Journal of Business Research*, 18: 245-258.
- Smith, K. G., Grimm, C. M., Gannon, M. J., & Chen, M. J. 1991. Organizational information processing competitive responses and performance in the U.S. domestic airline industry. *Academy of Management Journal*, 34: 60-85.
- Smith, K. G., Grimm, C. M., Wally, S. & Young, G. 1997. Strategic groups and rivalrous firm behavior: Towards a reconciliation. *Strategic Management Journal*, 18: 149-157.
- Sproull, L.S., Tamuz, M. & March, J.G. 1991. Learning from samples of one or fewer. *Organization Science*, 2: 58-70.
- Squeri, L. 2002. *It's Better in the Poconos*. University Park, PA: The Pennsylvania State University Press.
- Srinivasan, S. & Popkowski Leszczyc, P.T.L. 2000. Marketing share response and competitive interaction: The impact of temporary, evolving and structural changes in prices. *International Journal of Research in Marketing*, 17(4): 281-305.
- Staff Reporter. 2003. Quarterly trends in the hotel industry. *Hotel Online*, July 3, 2003.

- Staw, B. M, Sandelands, L. E. & Dutton, J. E. 1981. Threat-rigidity effects in organizational behavior: A multilevel analysis. *Administrative Science Quarterly*, 26: 501-524.
- Strang, D. & Meyer, J.W. 1994. Institutional conditions for diffusion. In W.R. Scott, J.W. Meyer and Associates (eds.), *Institutional Environments and Organizations: Structural Complexity and Individualism*, 100-112. Thousand Oaks, CA: Sage.
- Swig, R. 2003. Some stability has returned to the hotel sector, but its staying power is in question. *Hotel Online*, May 2, 2003.
- Szulanski, G. 1996. Exploring internal stickiness: Impediments to the transfer of best practice within a firm. *Strategic Management Journal*, 17: 27-43.
- Tajfel, H. & Turner, J.C. 1985. The social identity theory of intergroup behavior. In S. Worchel & W.G. Austin (eds.), *Psychology of Intergroup Relations (2nd edition)*, 7-24. Chicago: Nelson & Hall.
- Tornatzky, L.G. & Klein, K.J. 1982. Innovation characteristics and innovation adoption-implementation: A meta-analysis of findings. *IEEE Transactions of Engineering Management*, 29: 28-45.
- Vachani, S. 1989. Strategic responses of multinationals to competition from developing-country cottage firms. *International Marketing Review*, 7(3): 31-47.
- Van der Aa, W. & Elfring, T. 2002. Realizing innovation in services. Scandinavian *Journal of Management*, 18: 155-171.
- Waarts, E. & Wierenga, B. 2000. Explaining competitors' reactions to new product introductions: The rules of event characteristics, managerial interpretation and competitive context. *Marketing Letters*, 11(1): 67-79.

- Welch, D.A. 1989. Crisis decision making reconsidered. *Journal of Conflict Resolution*, 33: 430-455.
- Wernerfelt, B. 1984. A resource-based view of the firm. *Strategic Management Journal*, 5: 171-180
- White, C.J., Varadarajan, R.P. & Dacin, P.A. 2003. Market situation interpretation and response: The role of cognitive style, organization culture, and information use. *Journal of Marketing*, 67: 63-79.
- Whyte, G. 1986. Escalating commitment to a course of action: A reinterpretation. *Academy of Management Review*, 11(2): 311-321.
- Williamson, I.O. & Cable, D.M. 2003. Organizational hiring patterns, interfirm network ties and interorganizational imitation. *Academy of Management Journal*, 46: 349-358.
- Yin, R. 2003. *Case Study Research (3rd Edition)*. Beverly Hills, CA: Sage Publications.