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Strategic Dynamics of Mergers and Acquisitions in the Tourism and Hotel Industry: Insights, Challenges, and Opportunities

Denis Prevolšek[A]

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Abstract

Mergers and acquisitions (M&A) serve as strategic mechanisms for growth, resource optimization, and competitive positioning, particularly within the dynamic and diverse tourism industry, including the hotel sector. This case study synthesizes insights from five research papers to analyze critical factors influencing M&A in subsectors such as hotels, travel agencies, and cruise companies. Using a meta-analytical methodology, the study explores themes including determinants of success, the impact of institutional environments, strategic decision-making, and temporal perspectives on performance outcomes.

Findings highlight the pivotal role of payment methods (cash versus stock), with cash payments generally preferred in stable environments for reducing uncertainty and enhancing trust. Institutional and regulatory factors significantly influence payment strategies and post-merger success. Resource criticality drives strategic decisions, such as vertical integration in the hotel and cruise sectors, while partnerships mitigate risks in high-stakes scenarios. Although M&A activities often result in short-term financial volatility, effective post-merger integration and resource optimization, exemplified by methodologies like Data Envelopment Analysis (DEA), lead to long-term efficiencies and profitability.

Practical recommendations for managers include aligning payment methods with institutional contexts, prioritizing detailed integration plans, leveraging alliances to mitigate risks, and tailoring strategies to the unique needs of specific subsectors such as hotels. Academically, the study contributes to the understanding of M&A by synthesizing diverse methodologies and addressing underexplored areas, such as the dynamics of hotel-sector efficiencies. While recognizing limitations, including reliance on secondary data and a narrow scope, this research offers actionable insights and paves the way for further exploration of evolving trends in M&A strategies across the tourism industry.

Keywords: *Mergers and acquisitions (M&A); Tourism industry; Payment methods; Institutional environments; Strategic decision-making; Resource optimization; Post-merger integration*

[A] PhD student at the University of Rijeka, Faculty of Tourism and Hospitality Management, Ika, Croatia & Valamar Riviera, Poreč, Istria, Croatia
[*] Corresponding Author: denis.prevolsek@valamar.com

Introduction

Mergers and acquisitions (M&A) have long been recognized as strategic mechanisms for organizational growth, resource optimization, and competitive positioning. The tourism industry, encompassing sectors such as hospitality, travel agencies, cruise companies, and broader service industries, provides a fertile ground for exploring the dynamics of M&A. While M&A strategies in the tourism sector are shaped by shared principles of financial prudence and strategic alignment, their execution requires a nuanced approach tailored to the unique challenges and opportunities of each subsector.

Research on strategies for corporate growth, particularly through mergers and acquisitions (M&A), has expanded significantly since the 1960s (Canina et al., 2010). The global hotel industry has undergone notable consolidation, especially since the 1980s, driven by both offensive and defensive motives. Offensive drivers, such as market share expansion, contrast with defensive strategies aimed at enhancing negotiation power against online travel agents (OTAs) like Expedia and Booking.com, which hold increasing influence within the hospitality ecosystem (Pohlman, 2017). Environmental changes also accelerate consolidation, including competition from disruptive innovators like Airbnb, intensifying rivalry among hotel chains, and the adoption of asset-light strategies focused on franchise or management contracts (Li, Singal, 2019). Beyond environmental pressures, M&A also offer critical advantages, particularly through synergies. These include cost reductions via economies of scale, operational integration, and loyalty programs that enhance brand value and customer retention (Clark, 2018). Additional benefits identified include technological and marketing synergies, increased profitability, and better access to capital, especially when acquiring financially stable or undervalued companies (Jargon, 2018). Positive outcomes, as Novak (2000) notes, include greater market power, product diversification, higher stock valuations, and improved return on investments. In the hotel industry, studies such as those by Hsu and Jang (2007) and Sheela and Negpal (2013) highlight that acquired companies often fail to achieve positive financial results from M&A processes, as evidenced by metrics like Return on Assets (ROA) and Return on Equity (ROE). Similarly, Ferraz Lucerne (2017) points to a neutral impact of M&A on financial performance. However, contrasting conclusions suggest a need for further research to clarify discrepancies and better understand the dynamics of M&A in this sector. Some studies demonstrate mutual benefits for both acquiring and target companies. For instance, Canina et al. (2010) emphasize the importance of identifying best practices at all stages of the M&A process, particularly integration and resource management. Saunders et al. (2009) stress the role of leadership and cultural integration, recommending cultural audits prior to M&A to enhance integration success.

The integration phase is widely recognized as crucial in mergers and acquisitions (M&A) and a key driver of value creation. However, it is often overlooked by strategists and managers, who focus more on M&A motives and execution strategies (Angwin, Meadows, 2015). Kroon et al. (2022) also highlight integration as key to acquisition success. They state that effective integration balances "hard" (control-focused) and "soft" (collaboration-focused) approaches. While hard integration leverages authority to align tasks, excessive control risks resistance and loss of autonomy. Soft integration prioritizes culture, collaboration, and autonomy but requires trust-building. Successful integration demands a dynamic balance to achieve synergies while minimizing employee resistance. In line with mentioned, Chang et al. (2014) point to the fact that integrating information systems (IS) or technology (IT) is one of the most complex aspects of M&A. IT integration enables knowledge sharing and reduces delays or disruptions in operations.

IS integration plays a critical role in M&A processes, yet it is often undervalued and overlooked. Integration managers are essential to the success of M&A efforts, as they accelerate the integration process, provide structure, foster social connections, and enable short-term wins—all while navigating complex situations and bridging cultural and organizational gaps (Ashkenas & Francis, 2000).

Despite the growing volume of literature on mergers and acquisitions (M&A) in tourism, there remains a lack of integrated, comparative analysis across different subsectors such as hospitality, travel agencies, and cruise companies. Existing studies often focus on isolated cases or single variables, without offering a holistic view of how institutional, strategic, and methodological factors intersect. To address this gap, the objective of this case study is to synthesize findings from five empirical studies and extract actionable insights that can guide both academic inquiry and managerial practice. The study aims to identify key determinants of M&A success, examine the influence of contextual variables, and evaluate methodological approaches used to measure post-merger outcomes in the tourism sector. The rationale for analyzing these studies lies in their collective ability to illuminate key trends, determinants, and outcomes of M&A strategies while offering practical and theoretical contributions.

Methodology

This study employs a synthesized meta-analytical methodology to explore and integrate insights from five distinct research papers on mergers and acquisitions (M&A) in the tourism industry. By combining findings from sector-specific studies, the methodology facilitates a comprehensive understanding of M&A dynamics across the diverse subsectors of tourism, including hospitality, travel agencies, cruise tourism, and integrated hotel chains.

Selection of Studies: A systematic selection process identified five key studies that focused on M&A activities in specific tourism subsectors. Studies were chosen based on their unique contributions to understanding critical factors such as payment methods, institutional determinants, performance outcomes, and post-merger efficiencies. These are:

1. Chatfield, H. K., Chatfield, R., & Dalbor, M. (2012). *Returns to Hospitality Acquisitions by Method of Payment.* Journal of Hospitality Financial Management, 20(1), 1–16. (Indexed in Scopus)
2. Coelho, A., & Castillo-Girón, V. M. (2020). *The Medium of Exchange in Mergers and Acquisitions: The Cases of Travel Agencies and Tour Operators.* Administrative Sciences, 10(4), 97. (Indexed in Scopus; Emerging Sources Citation Index via Web of Science)
3. Dogru, T., Erdogan, A., & Kizildag, M. (2018). *Marriott Starwood Merger: What Did We Learn from a Financial Standpoint?* Journal of Hospitality and Tourism Insights, 1(2), 121–136. (Indexed in Scopus)
4. Penco, L., & Profumo, G. (2019). *Mergers, Acquisitions and Alliances in the Cruise Tourism Industry.* Tourism and Hospitality Research, 19(3), 269–283. (Indexed in Scopus; ESCI in Web of Science; Q1 per Scimago)
5. Amar, O., et al. (2024). *Unveiling the Potential of Hotel Mergers: A Hybrid DEA Approach for Optimizing SectorWide Performance in the Hospitality Industry.* International Journal of Hospitality Management, 116, 103620. (Indexed in Scopus; SSCI via Web of Science)

Selection criteria included relevance, methodological rigor, and representativeness of subsectors within the tourism industry.

Key themes were identified across the studies, such as: (1) determinants of M&A success; (2) the role of institutional environments; (3) strategic decision-making processes; (4) temporal perspectives on performance outcomes.

Findings

In this section authors present the findings from the studies in a tabular format, summarizing the focus areas, key insights, methodologies employed, and practical implications for industry stakeholders. This structured approach aims to bridge theoretical insights with actionable strategies for optimizing M&A processes in the tourism sector.

Table 1. *Key Insights from Meta-Analysis of Mergers and Acquisitions in the Tourism Industry*

PAPER	FOCUS	KEY INSIGHTS	METHODOLOGY EMPLOYED	SIGNIFICANCE OF METHODOLOGY	PRACTICAL IMPLICATIONS
Chatfield et al., 2012	Payment methods in hospitality M&A	Cash payments result in significant financial gains; stock payments face market skepticism. Cash payments signal stability and confidence.	Event study	Measures immediate market reaction to M&A announcements, allowing precise evaluation of how payment methods influence investor confidence.	Use cash payments to reduce market uncertainty and improve financial outcomes.
Coelho & Castillo-Girón, 2020	Institutional determinants of payment choice in travel agencies and tour operators M&A	Economic freedom and shareholder protections drive cash payments; riskier contexts favor stock. Cultural and regulatory differences influence strategy.	Logistic regression	Quantifies how institutional and regulatory environments statistically affect strategic choices of payment methods.	Align payment methods with institutional environments for strategic advantages.
Dogru et al., 2018	Short- and long-term market reactions	Short-term losses highlight integration risks; long-term profits validate the merger. Brand synergies help recover initial financial volatility.	Event study, content analysis	Combines quantitative market response with qualitative insights, linking financial outcomes to strategic and integration factors.	Focus on long-term integration to realize the financial potential of M&A deals.
Penco & Profumo, 2019	Strategic decision-making in cruise M&A	Vertical integration improves competitiveness; alliances mitigate high-risk scenarios. Mimicry is common in oligopolistic markets.	Multiple case studies	Provides in-depth understanding of sector-specific strategic behaviors, useful in complex, competitive environments like cruise tourism.	Leverage vertical integration for resource-critical activities; use alliances to manage risk.
Amar et al., 2024	Efficiency optimization post-merger	DEA identifies optimal partners; efficiency savings can exceed 80%. Even efficient firms benefit from planned mergers.	Data Envelopment Analysis (DEA)	Quantifies operational efficiency by comparing input-output ratios, guiding strategic resource allocation in merged firms.	Employ hybrid DEA approaches to optimize post-merger resource allocation.

Source: authors' research

Discussion

Across the selected studies, a few commonalities emerge. First, the emphasis on payment methods (cash vs. stock) is a recurring theme, highlighting their importance in predicting financial outcomes and market reactions. While cash payments are generally preferred for reducing uncertainty (Chatfield et al., 2012; Coelho, Castillo-Girón, 2020), stock payments are favored in riskier or resource-intensive acquisitions. The studies also underline the importance of institutional and regulatory environments, which significantly influence the outcomes of M&A strategies.

Another shared finding is the role of resource criticality in driving strategic choices. Industries such as cruise tourism emphasize partnerships or alliances to mitigate risks and acquire complementary resources (Penco, Profumo, 2019). Conversely, sectors like hospitality focus on efficiency optimization through mergers, leveraging synergies to achieve long-term performance gains (Amar et al., 2024).

Divergences emerge in the temporal perspectives on performance outcomes. For example, Dogru et al. (2018) highlight the financial volatility and negative short-term impacts of M&A announcements, whereas Amar et al. (2024) demonstrate significant efficiency and profitability improvements over the long term. Additionally, strategic behaviors vary across sectors; the oligopolistic nature of the cruise industry fosters mimicry in decision-making, while the hospitality industry prioritizes innovation and analytical approaches such as DEA to optimize post-merger operations.

The methodologies employed across the selected studies differ in their strategic applicability and feasibility for organizational use. Event studies are well-suited for publicly traded firms, offering insights into market reactions to M&A announcements. Logistic regression provides predictive value but depends on access to detailed institutional data. Case study approaches, as seen in Penco and Profumo (2019), offer practical relevance for analyzing complex strategic behaviors in sector-specific contexts. DEA, applied by Amar et al. (2024), enables firms with operational data to assess efficiency and optimize post-merger performance. These methods offer valuable frameworks for organizations seeking to evaluate and guide M&A strategies.

Conclusion

The exploration of mergers and acquisitions (M&A) in the tourism industry highlights the strategic complexity and sector-specific nuances that define these transformative processes. By synthesizing insights from five key studies, this case study reveals critical determinants of M&A success, including the choice of payment methods, the influence of institutional environments, and the pivotal role of integration and efficiency optimization. This study synthesizes key insights from multiple research papers, providing a comprehensive understanding of the strategic dynamics of mergers and acquisitions (M&A) in the tourism sector.

The evidence suggests that the long-term success of mergers and acquisitions in the tourism sector depends less on the deal structure itself and more on the quality of post-merger integration and alignment with institutional contexts. Integration emerges as a decisive factor in value creation, particularly when it balances operational control with cultural sensitivity and trust-building. Sector-specific nuances also shape outcomes—data-driven strategies such as DEA in hospitality demonstrate substantial gains in efficiency, while vertical integration and alliances in cruise tourism mitigate resource-related risks. These analyses show the importance of a strategic, evidence-based approach that adapts M&A execution to the unique characteristics of each subsector. To achieve lasting benefits, tourism companies should look beyond short-term financial fluctuations and focus on long-term operational synergy and institutional alignment.

Practical Recommendations for Managers:

- *Payment Methods*: Prioritize cash payments where financial stability is a concern and the market environment is uncertain. Align payment choices with the institutional and regulatory frameworks of the target market to reduce risk and enhance trust among stakeholders.
- *Post-Merger Integration*: Develop detailed integration plans early in the M&A process, with a focus on leveraging synergies to achieve long-term operational efficiencies. Regular monitoring of integration outcomes can mitigate the risks of initial financial volatility.
- *Strategic Partnerships*: In resource-critical and high-risk scenarios, consider alliances and partnerships as alternatives or complements to full acquisitions. For example, vertical integration in cruise tourism can enhance resource management, while alliances mitigate exposure to market fluctuations.
- *Sector-Specific Approaches*: Tailor strategies to the characteristics of each subsector. The hospitality sector benefits from data-driven methods, such as hybrid DEA approaches, to optimize resource allocation. In contrast, industries like cruise tourism require adaptive strategies that reflect competitive behaviors and oligopolistic market dynamics.
- *Balancing Short- and Long-Term Goals*: While short-term financial pressures are unavoidable, ensure that strategic decisions prioritize long-term value creation. This requires balancing immediate market reactions with sustained efficiency and profitability improvements.

By integrating these recommendations, managers can navigate the complexities of M&A in tourism with greater confidence, aligning strategic objectives with the unique demands of their industry.

Practical Implications for Managers

Managers in the tourism industry can derive several actionable lessons. For instance, careful consideration of payment methods aligned with the institutional environment can mitigate risks (Coelho, Castillo-Girón, 2020). Emphasizing post-merger efficiency and integration planning (Amar et al., 2024; Dogru et al., 2018) ensures long-term success, while leveraging vertical integration and alliances enhances competitiveness (Penco, Profumo, 2019). Ultimately, managers must balance short-term financial pressures with long-term strategic objectives to realize the full potential of M&A.

Contributions to Academic Literature

This case study enriches the academic discourse by synthesizing diverse methodological approaches—including event studies, DEA, and logistic regression—to offer a comprehensive view of M&A in tourism. It highlights underexplored areas, such as the strategic dynamics of cruise industry alliances (Penco, Profumo, 2019) and the application of hybrid DEA methodologies in hospitality (Amar et al., 2024), paving the way for future research into sector-specific M&A strategies.

Limitations of The Study

This study synthesizes insights from five selected research papers, which may not fully capture the diversity of M&A activities across all tourism subsectors or global markets. The reliance on secondary data and distinct methodologies could limit the generalizability and comparability of findings. Additionally, the analysis reflects a snapshot in time, and future research is needed to explore evolving trends and broader contexts.

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