



RELATIONS, ASSESSMENT METHODS AND DEVELOPMENT STRATEGIES IN TRAVEL INDUSTRY

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Abstract *The main goal of this paper is to analyse the tourism development strategy, which is the art of selecting and optimizing resources and means that any travel company may have at its disposal, in order to achieve one or more progress objectives, imposing the location, timing and the conditions of the "competitive struggle" to its competition. The research methodology consists of an inventory and analysis of assessment methods, as well as of the identification of strategy types (market penetration, retention and loyalty) of the travel industry, all being meant to support tourism and the success of the companies operating in this field. In principle, these methods and strategies are designed to offer alleged advantages, fully observing the quality standards of tourism products. This connection is not always real, but the preference for these strategies is prevalent among American managers, as well as the European ones. The research should result in identifying certain strategies in the travel industry; likewise, it considers that any individual working in this field should know when and how to apply them in order to bring profits to the tourist organisation he belongs to.*

Key words:

Tourism, Assessment,
Strategy, Travel industry

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Introduction

Nowadays, tourism is incontestably an integral part of daily life. Even if people travelled since ancient times to take part in the Olympic Games or in Knight Tournaments, tourism became a mass phenomenon only a few decades ago. The positive effects of tourism are diverse: people have the opportunity to make their dreams come true, to diversify their knowledge by coming into contact with other cultures and ways of life. From an economic point of view, in many countries the tourism industry is a source of substantive revenues. The position it holds, that of creating development opportunities to other economic branches as well, entitles it to be considered one of the most significant industries in the world. As a modern mass phenomenon, travel has a rather short history, closely linked to the development of the public transportation means – railways, steamboats, modern buses and planes. The various accommodation units developed alongside transport systems, starting with inns and continuing with hotels, motels, summer and winter resorts and others. Although technological changes, economic property and other conditions play an indispensable role in the travel industry, social changes are presently the most important factors that influence people's travel behaviour.

Once certain development strategies and policies are implemented, they should be paralleled by strategies meant to maintain tourist products and services on the market. The selection of these strategies depends on the internal structure of the organisation, on the nature of the companies involved, on the competitive environment and on long and

short-term objectives. Tour operators invest massively in promoting their packages, and then they invest in maintaining them on the market. Their maintenance on the market directly affects the earnings and profits of the agencies/tour operators.

1. Travel industry strategies. Brief outline

The characteristics of the tourism market generate particular problems in the management of businesses in this field. One of the specific problems is that related to demand fluctuation and, implicitly, of activities. Designing a business strategy in tourism means to determine the way the market evolves depending on the fluctuations of the demand for tourism products. When carrying out activities specific to tourism, one needs a strategy corresponding to the long-term goals of the organisation. *The strategy contributes mainly to:*

- Defining the characteristics of the action market;
- Identifying risks and opportunities;
- Assessing competitors' activity;
- Identifying the type of tourist needs manifest on the market;
- Determining the number of tourists that keeps the organisation profitable;
- Percentage of added value;
- Establishing the type of employees the organisation needs.

Another aspect that should be stressed in this context is that the strategy of approaching international tourism market has a certain life cycle, independent from that of the organisation,

since the latter cannot change alongside the business strategy, and the organisation cannot be restructured whenever the plan changes. In other words, the international tourism market strategy is more stable than the business plans, this being the reason why the issues related to attracting, retaining and satisfying international tourists, and not only them, require special attention. The technological characteristic is another variable with various significances for the tourism market approach strategy, which may refer to:

a) technological changes – taking into consideration the environment where the organisation operates, any manager must foresee technological changes, the way how they affect the organisation. An example of changes could be the computer reservation system or the microwave ovens. These changes influence not only the number of employees and type of required skills, but also the tourists and their options for certain holidays;

2. Methods of assessing strategies of tourism organisations

Another issue evinced by tourist practice is that related to the modalities/practices of assessing strategies. And this because cases are apparent when, although the managers designed efficient and coherent strategies, their enforcement was almost impossible mainly because of individuals' mentality, lack of real authority of the managers, lack of congruence of objectives and actions, inexistence of action programmes etc. Consequently, the rigorous designing of the modalities of action in order to attain the objectives is highly important. Among the modalities of action there are:

- policies, procedures, plans;
 - changes in organisational structure;
 - training of a certain segment of employees to attain objectives;
 - change implementation without affecting existing policies.
- Then, in order to be successful, the strategies must be correlated with the following promotion policies:
- Designing an identity (what is the tourist product?; its consistency?);
 - Clarifying product intangibility (the tourist product cannot be tested before it is purchased and this is where the competence of the promoters steps in);
 - Diminishing risk presumption (correctly and completely informing the tourist to lessen risk fears);
 - Influencing the decision-making process;
 - Determining personal expectations in concordance with the cultural environment (for example: the few authentic locations related to Prince Vlad Țepeș (Vlad the Impaler) are included in a small number of tourist products that are medium and highly specialised);
 - Intervening on attitude and behaviour (any promotional policy aims at influencing the attitude and behaviour of the audience).

Strategy selection depends on the internal structure, nature of the organisations involved, competitive environment and long and short-term goals. The operations of the tourism organisations are characterised by a high degree of vertical integration. Their major role is to connect sellers and buyers to tourist services that are to efficiently create or expand the markets. This requires relations with:

- travel agencies, which sell most of the products (certain tour operators sell their products directly to consumers);
- hotels and transport companies;
- tour operators that put together the service packages provided by airlines, accommodation service providers, local transport companies and, in some cases, companies that organise local trips or rent cars.

3. Typology of travel agency strategies

Several types of strategies can be adopted depending on the size and specific features of the tourism market:

A. Dynamics of tourism market determines three types of strategies:

1. *growth* – adopted by growing organisations, that develop their production and sale, influencing consumer's demand;
2. *maintenance* – it applies when the organisation operates on a saturated market or when the available resources are limited;
3. *restraint* – used when the market is regressing or the organisation is changing its profile or orient itself towards other markets or products. This type of strategy is the expression of the survival of the organisation over a limited period of time and does not reflect the spirit of marketing, being only a temporary solution in extreme situations.

B. The structure of the tourism market imposes the following strategies:

1. *undifferentiated* – when the organisation addresses the market in a global manner without taking into account its various segments. That is why it is called *unsegmented marketing*, is less indicated in the current stage and does not reflect marketing vision. It is used by some organisations during the initial phase of market penetration, or by those that hold a monopoly position on the market, or during shortage periods when the market accepts anything when the demand exceeds the supply;
2. *differentiated* – practised by the powerful organisations that address particular segments, in keeping with their specific character. Due to the heterogeneous nature of the demand, the organisation can offer several products that correspond to the requirements of segments and not of all consumers. It can be used on less segmented markets as well as on the markets with numerous segments. It is called *segmented marketing* and reflects the marketing optics;
3. *concentrated* – addresses a single segment or a small number of segments in order to use the available potential to the maximum and to ensure a strong stability in zones or market profiles where the organisations have consolidated their position. It is a typical position strategy.

C. The changes in the tourism market lead to the following strategies:

1. *active* – practised by powerful organisations which are preoccupied to renew and improve their activity and assume the role of inducing change directions and pace, influencing and shaping the market. It is based on market knowledge

and forecast, has an anticipating character and is meant to influence and shape consumer's behaviour sustaining its own interests on the market.

2. *adaptive* – aims at keeping abreast with the changes occurring in the environment, which it must anticipate in order to make the necessary changes before they occur on the market;

3. *passive* – reflects the expecting conduct of the organisation with a low potential that cannot afford a market research project. That is why it aligns itself to changes promptly or with a certain delay, adjusting its activity after it identified the changes on the market. The activity of the organisation is based on imitations or licence/patent acquisitions which helps it survive.

D. Market exigencies allow the adoption of strategies of:

1. *high exigency* – applied by prestigious, well-equipped organisations, that aim at meeting most sophisticated requirements in order to maintain a favourable image before their consumers;

2. *medium exigency* – applied by organisations with a modest potential, addressing a market with highly different buyers;

3. *low exigency* – used in certain conditions characterised by high demand as against supply and a poor competition among suppliers.

E. The level of market competition offers two strategy alternatives:

1. *offensive* – practised by powerful or big organisations that must be aggressive and aim at increasing their market share through sales volume and number of consumers;

2. *defensive* – applied by organisations with a poor potential and a marginal position that aim at defending themselves against the powerful; depending on circumstances, they may have in view the preservation of their market share when competition is strong, or the limitation of their market share, especially when they change their production structure.

The selection of the strategic alternative depends on the position the organisation holds on the market, each tending to have an ever more advantageous position as to competitors (Popa *et al.*, 2006).

Any organisation chooses a strategy in accordance with each criterion, combining strategic alternatives that correspond to its interests and possibilities and to the specific market conditions, thus adopting a *complete strategy* as an aggregate of variants. Certainly, the strategy will be modified from one stage to another whenever the objective and subjective conditions that determined them change, or when the set goals are achieved.

Likewise, an organisation will simultaneously adopt several strategies since it operates on several markets, each with its specific features, adopting a basic strategy as well as a *backup strategy* for situations with a predictable evolution.

4. Strategies maintaining the tourism organisation on the market

Once certain promotional strategies and policies are implemented, the organisation must have strategies of maintaining its tourist products and services on the market. The selection of these strategies depends on the internal structure of the organisation, on the nature of the companies involved, on the competitive environment and on long and

short-term objectives. Tour operators invest massively in promoting their packages, and then they invest in maintaining them on the market. Their maintenance on the market directly affects the earnings and profits of the agencies/tour operators.

Modalities of maintaining the organisation on the market:

Early booking: has the advantage of buying tourist services at better prices, the services being reserved long before the actual travel. The advantage consists of substantive discounts for early booking and, in some cases, of limit cancellation periods close to the travel date.

Price-related strategies are applied: psychological price (lower prices).

Last minute booking: the strategy is once again related to prices, which are lowered. This time there is no free of cost cancellation date and no booking changes are permitted.

Irrespective of technique category, there are universally applicable instruments in order to obtain the expected results:

- *price reduction* is universally valid both for products and services and for commodities being acknowledged as the most powerful instrument of attaining commercial goals. It is universally applied in the tourist industry in all domains and subdomains, being highly successful. Alongside their guaranteed success, in tourism these economic instruments generated product categories such as "late bookings", "late goers", "last-minute bookings", "low-cost" etc.

- *loyalty vouchers*, offer discounts for loyal customers or for partners' customers;

- *incorporated alternative prices*, offer product added value at the same price (example: in hotels, accommodation in double rooms at single room rates);

- *bonuses* ("3 in 1", 25% free of charge);

- *adjacent services* (usually include deluxe or exclusivist services such as limousine, chauffeur, luxury products or special conditions, personalised specialised conditions; example: welcome parties, rare products etc.);

- *protocol gifts* (often personalised promotional items: bags, clothes, wallets, key rings, mugs, T-shirts or items for children).

In principle, all these elements and strategies are designed to offer alleged advantages, fully observing product quality norms. Presently, the tourism industry boasts a genuine advantage business, launched on the market under the form of promotional sales. This business is based on low prices, services or goods added to already existing products. This business is known as the business selling promotional advantages, and is highly developed in the United States. In Europe, this business is considerably moderate as compared to the American one, being based mostly on incentives, unlike the American market which is based on rather pragmatic factors, such as price or quantity/size.

5. Government strategies applicable to tourism organisations

The aging west European populations represent an extraordinary growth potential for the Romanian spa resorts that want to launch themselves on this market, particularly those specialising in the treatment of rheumatic ailments:

- in 2030, the persons over 60 years of age will represent more than a quarter of the population of France, as to 20% nowadays; neither Germany nor the Scandinavian countries manage to ensure a renewal of generations;
- in 2030, those over 60 will represent 37 to 38% of the population of Germany and 30 to 31% of the population of the northern countries;
- this evolution relies on an average life span in constant progression: 75 years for men and 83 years for women in France.

Social programmes or the programmes for elderly people developed in the United States to provide travel opportunities to social categories with low incomes. In the USA there are approximately 37 million members of the clubs offering such programmes. Usually, these programmes run at the beginning, the end or off-season in the destination areas. To be able to participate in such a programme one does not have to be a pensioner, for instance, the difference charged for non-seniors being very small, while the provided services are the same. Many of the social or senior programmes do not have prices differentiated by age.

A competitive *spa tourism* is practised in animated spa resorts, with facilities and a medicalised approach: the concept of "thermal towns". Central and eastern Europe has a genuine culture in this domain, as it is the case in Russia, Hungary or the Czech Republic. Cures are medicalised and the resorts are "multi-purpose". Techniques include baths, mud treatments and cures in salt mines. A special attention is paid to scientific research and the development of new treatments.

Holiday tickets represent the most "popular" measure taken to prevent crisis effects. The first measure taken by most of the European countries affected by the financial crisis is to ask for foreign support for bank recapitalisation. The system used to "boost" and promote national tourism can become a solution to assist the European countries that are confronted with serious problems caused by the financial crisis.

Conclusions

The characteristics of the tourism market generate particular problems in the management of businesses in this field. One of the specific problems is that related to demand fluctuation and, implicitly, of activities. When carrying out activities specific to tourism, one needs a strategy that should correspond to the long-term goals of the organisation.

The tourism industry is one of the industries strongly affected and conditioned by seasonality: summers are spent at the seaside, while the ski slopes all over the country are operational only in wintertime; arrivals register spectacular increases during conferences, conventions, fairs, meetings of major importance etc.

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