

DEVELOPMENT OF A MARKETING STRATEGY FOR THE DEVELOPMENT OF THE TOURISM INDUSTRY ON THE BASE OF COMPETITIVE ADVANTAGES

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Abstract. The development of the tourism industry requires the search for new solutions in the field of strategic planning, which presents new tasks that require consideration of the impact of competition on the choice of a marketing strategy. Growing competition and the need to take it into account in the formation of competitive advantages lead to the search for new approaches to the problem of planning and management of the tourism industry.

Therefore, the basis of choosing a marketing strategy for the development of a tourist enterprise should be the level of its competitiveness, and the formation of a marketing strategy for the development of the tourism industry should be based on existing and formed competitive advantages, their uniqueness and inimitability.

Keywords: competitive advantages, tourism product, competitiveness, tourism industry. development strategy.

The current nature of international trade in the field of tourism indicates growing competition between countries, which is determined, first of all, by the parameters of global demand for tourist services and their characteristics. The main tourist flows are formed in the most developed countries, in particular in the USA, EU countries, Canada, Australia, and Japan. Today, these countries are the main importers of tourist services in the world. At the same time, there is a trend of the dominant direction of tourist flows from the North to the South. This is primarily because these countries are located mainly in the temperate climate zone, which is characterized by a rather cool winter and a long spring-autumn period. These circumstances determine the need for residents of the temperate zone to use vacations to choose southern tourist destinations. This trend is observed both for intra-regional and international exchanges.

Another regularity is that most tourist flows are mutual exchanges between developed countries. According to international statistics, countries that are the main

importers of tourist services are also the main exporters. At the same time, about 2/3 of international tourist trips go to developed countries. Tourists visit those countries about which they are aware, and which provide services according to their perceptions of quality and high level of safety.³⁰⁴

An important feature is also the intra-regional tourist exchange, the share of which is approximately 70% of all international tourist trips, a significant part of which is made up of tourists from neighboring states. Visiting neighboring countries is mainly due to good knowledge of the culture, traditions, and life of neighboring countries, awareness of the quality of services, and, most often, personal reasons for traveling (visiting relatives and friends, obtaining certain economic benefits, etc.).

So, with a limited number of consumers with high purchasing power, with a constant increase in the variety of tourist offers, we can state the fact of increasing competition in the field of international tourism.

Different tourist companies are in direct competition with each other. However, in the field of international tourism, the tourist product in the consumer's perception not only has certain useful properties but is also closely related to the country. In the field of material consumption, the country of origin of the product also has a certain importance in the mind of the consumer. Most often, it is for consumers a symbol of high quality and an optimal combination of consumer properties. Often, it is these perceptions of the consumer that are of decisive importance when choosing a particular product. But still, the defining characteristics of product competition are, first, the consumer properties of the product.

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³⁰⁴ Zaika S., Kharchevnikova L. (2022) The role of innovations in the development of tourism, p.77.

³⁰⁵ Ibid.

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The level of domestic prices relative to world prices is an important element for the evaluation of a country by a potential consumer. This indicator can be considered an element of economic motivation. Lower domestic prices for basic goods and services, primarily of a tourist nature, are viewed by the consumer as favorable, thereby increasing the attractiveness of this country.

Transportation costs determine the level of additional costs for moving the consumer to the country of destination. The economic proximity of the country and the low level of transport costs (especially air travel) increase the potential tourist's ability to make a tourist trip to this country.

The increase in tourist flows to the Mediterranean countries and developing countries from South-East Asia, Africa, and Latin America is due to the appearance in Europe and the United States of low-cost airlines, which offer a significant reduction in the cost of air flights.

The reputation of the country is closely related to the set of ideas of the potential consumer about the host country, which is formed under the influence of some reasons that are related to both the internal perception of the country by the potential tourist and external influence on him through the media and other communication channels. The country's reputation is negatively affected by unsatisfactory social and criminal situations, natural disasters, and anthropogenic disasters.³⁰⁶

The infrastructure of tourism and the high qualification of personnel are closely related to ensuring the quality of services and their safety. Tourism infrastructure includes two main components: public infrastructure – roads, and other communications; specialized tourism infrastructure – hotel, transport, rest and recreation facilities, etc. At the same time, the level and condition of tourism infrastructure must meet quality and safety standards, and technical and technological requirements.

Qualification of personnel is also important in the field of tourism. Service consumption is carried out in the form of communication. The level of qualification of service personnel depends on the perception of the quality of the tourist service

³⁰⁶ Smith M. (2014) Health, tourism and hospitality: spas, wellness and medical travel, p. 234.

and, as a result, the degree of consumer satisfaction. Training of personnel for the field of tourism involves the training of specialists from a wide range of specialties in the field of hotel business; managerial and technical personnel; translators, tour guides, and instructors in various fields of tourism.

It should be noted that the attractiveness of the country for foreign tourists is not formed immediately but reflects the general level of socio-economic development of the country, its position in the international arena, and the adaptation of the national economy to the needs of international tourism. The attractiveness of the country is a kind of mirror of the competitiveness of the tourist offer to the potential market. At the same time, the perception of tourist attractiveness will be different for different markets.³⁰⁷ Consumers who have a higher degree of awareness, personal experience, and motivation will evaluate the attractiveness of the destination country as more significant and weightier for them in choosing a place of rest and leisure. On the other hand, this concept cannot be considered static. The country's attractiveness can decrease for various reasons (environmental disasters and catastrophes, wars and terrorist acts, economic and social upheavals, changes like international relations, etc.).

An important place in the research of international competition in tourism is occupied by the question of determining the competitive position or position in the foreign market. The competitive position is considered the relative level of control over the market by the firm in comparison with competitors. Regarding international competition only at the level of countries, this definition can mean the share of the target market occupied by the tourist offer of the exporting country. The competitive position of a tourism exporting country is not static, moreover, it differs for different segments of target markets and different products.

The state of the competitive situation and the dynamics of its changes are influenced by various market forces. At the same time, the model of "five competitive forces" proposed by M. Porter deserves special attention. According to this model, in any branch of the economy, the essence of competition is expressed by five forces: the threat of the appearance of new competitors; the threat of the appearance of substitute goods or services; the ability of suppliers to bargain; the ability of buyers to bargain; the rivalry between existing competitors.³⁰⁸ An analysis of the five forces operating in a specific market helps to determine a country's competitive position and develop appropriate strategies aimed at maintaining or strengthening it.

M. Porter proposes to consider as new competitors not only the tourist offer of new countries, which quite actively seek to enter the traditional markets of tourist service importing countries, but also the new offers of already existing competitors. The effect of this power is quite tangible now. Suppliers, which M. Porter considers

³⁰⁷ Witt S.F. (1991) *The Management of International Tourism*, p. 92.

³⁰⁸ Porter M.E., Kramer M.R (2006), *Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility*, p. 78-92.

the third force, in the field of tourism are companies that form a supply through the production and provision of tourist services. These include national tour operators, hotels, catering enterprises, transport companies, etc., which are considered enterprises of various sectors of the tourism industry and related industries. Buyers are not only final consumers but also intermediary companies that ensure the sale of various tourist products that constitute the tourist offer of the exporting country in the studied market.³⁰⁹

The influence of these forces and the ability of the tourism industry of the exporting country to interact with them and respond to their changes form the basis for achieving a stable competitive position in the studied markets. At the same time, the competitive position of a country exporting tourism services can change very quickly under the influence of environmental factors that do not depend on the efforts spent and the strategies used.

Therefore, the ability to gain, maintain and strengthen a competitive position in the markets determines the concept of competitiveness. The competitiveness of the national tourism industry is based to a large extent on its structure, organization, and ability to produce a tourism product that meets the requirements of the target market. Important elements affecting the level of competitiveness of the tourism industry are its ability to quickly adapt to changing conditions, the presence of well-established and effective coordination of the efforts of all its participants – both state bodies and organizations, and private producers of services and tourist consumption goods, activity in the achievement of strategic goals. Usually, the concept of competitiveness is considered from the point of view of the product in comparison with similar products of competitors. Identifying competing offers, determining their strengths and weaknesses, and similarities and differences between their properties and characteristics allow you to assess the competitiveness of your offer and decide on the differentiation or development of a new product.

The formation and achievement of competitiveness are carried out by using competitive advantages. The use of unique opportunities provided by the geographical location, cultural and historical heritage, and natural resources, as well as the technological and innovative development of the country, create the same unique competitive advantage. At the same time, competitive advantages are not always unique. Most competitive advantages are quickly lost precisely because they are universal. Therefore, the task of constantly taking into account the driving forces of competition, developing strategies that strengthen the position in foreign markets, significant differentiation of the tourist offer, and improving the technical, technological, and organizational level of the national tourism industry are important for the formation of a competitive offer and strengthening of competitive positions in foreign markets.

³⁰⁹ Porter M. E. (1998) *Clusters and the New Economics of Competition*, p. 84.

The process of globalization of the world economy significantly affects the state of competition in international tourism. Thanks to this process, opportunities to enter foreign markets are significantly increased, access to production and management technologies is facilitated, and new states and certain regions are attracted to the sphere of international tourist exchange. Competition in international tourism is constantly intensifying.

This fact presents tourism businesses with new tasks in the development of the national tourism industry, which require considering the impact of international competition on the choice of strategic priorities and strategic planning.

The scientific approach to the concept of "competition" was established by the classical school of economic theory, represented by A. Smith and D. Ricardo. They viewed competition as a natural process that encompasses all economic activity and can be limited only by subjective factors. They formulated the model of competition, which later received the name "perfect competition", which, according to A. Smith, is the main force in the distribution of resources and benefits.

Investigating the issue of international trade considering the differences in costs for the production of the same product in different countries, A. Smith proposed some provisions called the theory of absolute advantages. Based on these provisions, A. Smith expressed considerations about which goods are profitable to export and which to import. According to this theory, a country exports a good if its production costs are lower than in other countries. Developing the views of A. Smith, D. Ricardo developed the idea of market development, considering the functions of the model of perfect competition in the long run. D. Ricardo owns the theory of comparative advantage, according to which market forces themselves will direct the country's resources to where they can be applied most productively. This means that a country can import any good, even if it can produce it independently and at low costs if it produces other goods with even greater efficiency.

D. Ricardo proved the need for mutually beneficial trade between countries based on their specialization in the production of one or another product. Thus, the classical theory laid the foundations for understanding competition in trade and formulated the concept of competitive advantages.

The ideas of comparative competitive advantage were developed in the 20th century. taking into account changes like international trade and the international division of labor, as the development of social and economic relations. The model of perfect competition did not explain all the features of competition as such and focused only on one of the types of competition – price competition.

A modern modification of the theory of comparative advantages is the theory of the ratio of production factors. According to this theory, different countries are endowed to varying degrees with the factors of production: labor, natural resources, land, and capital. If a country is oversupplied in any one factor, such as lower-wage labor, then the production of labor-intensive goods in that country will be more

profitable. Such a country will export labor-intensive goods and import, for example, capital-intensive ones. The founders of this theory are E. Heckscher and B. Olin. Based on factor analysis, they formulated the foundations of modern ideas about the direction and structure of commodity flows in international trade. Later, the American economist E. Samuelson developed the mathematical conditions for factor ratios. This model of international trade, called the Heckscher-Ohlin-Samuelson theory, explains:

- the structure of international trade, therefore, plays an important role in the development of a competitive strategy;

- causes of differences in international prices, including natural, technological, historical, traditional, etc.;

- sources of comparative costs of different levels, i.e. ratio of value properties of production factors;

- sources of comparative advantages based on the ratio of factors – competitiveness is higher, the higher the presence of one or another factor in a country.³¹⁰

Later, the development of the theory of comparative advantages led to the demarcation of the understanding of the category "capital". Such types as human capital, physical capital, and knowledge capital were distinguished. However, the Heckscher-Olin Samuelson neoclassical model has its limitations. According to M. Porter, there are many contradictions in the existing structure of exports and imports, which cannot be explained from the point of view of the concept of comparative advantages considering production factors.

M. Porter's theory of competitive advantages is the answer to most of today's requirements. As the basis of the theory of competitive advantages, M. Porter laid the so-called "national rhombus of competition", consisting of four elements (determinants). He considers the following as determinants:

- factor conditions, i.e. specific factors (qualified workforce of a certain profile or infrastructure), which are required for successful competition;

- demand conditions, that is, what is the demand for products and services offered by this industry;

- related and supporting industries, that is, the presence or absence of related or supporting industries in the country, competitive on the international market;

- company strategy, structure, and competitors, that is, what are the conditions in the country that determine how companies are created and managed, and what is the nature of competition in the market.³¹¹

According to M. Porter, competitive advantages are formed based on the mutual action of all four determinants. Competitive advantage based on one or a

³¹⁰ Witt S.F. (1991) *The Management of International Tourism*, p. 92.

³¹¹ Porter M.E. (2008) *On Competition*, Harvard Business School Publishing, p. 43.

combination of two determinants is possible only in industries with a strong dependence on natural resources that do not require the widespread use of complex technologies and skills.³¹² However, such an advantage is short-term, temporary, and can be easily lost.

According to M. Porter's theory, all factors can be divided into basic and developed. The main factors include natural resources, climatic conditions, geographical location, low-skilled labor, and debt capital. Advanced factors include modern infrastructure, highly educated personnel, technologies, and inventions. M. Porter draws attention to the fact that developed factors are of the greatest importance for competitive advantage, but most of the time their achievement requires the presence of relevant basic factors.

The second-factor classification criterion is the level of specialization. There are two types of factors: general and specialized. Common factors can be used in a wide range of industries. Specialized factors are narrowly involved in several or one industry. Specialized factors create the basis for a long-term competitive advantage, they can be purposefully created, and for their appearance, the presence of general factors is necessary. In addition, it is important to distinguish the origin of the factors, that is, whether they are factors of natural origin, whether they arose because of the development of the country, or whether they were created artificially.

Domestic demand also significantly affects competitiveness in the foreign market. Qualitative rather than quantitative characteristics of demand are more important for competitive advantage. To achieve national advantage, the following are important: segmented demand structure; demanding and discerning buyers – as a reflection of developed needs, standards of quality and reliability; anticipated needs of buyers – earlier emergence of needs in the domestic market compared to other countries. If a country's buyers are discerning and demand allows predicting both domestic and international needs, then the size of demand in the domestic market and the nature of its growth can strengthen the country's competitive advantage. Important parameters are the amount of demand, the number of independent buyers, the rate of growth of demand in the domestic market, and the early saturation of the market.

In addition, M. Porter highlights the ability of the process of internationalization of demand to form a competitive advantage. As characteristics that determine the internationalization of demand in the domestic market, he singles out: mobile or multinational buyers – transnational companies that are consumers in the domestic market, countries that can distribute goods and services of national producers in new markets, mobile consumers traveling in other countries, contributing to the emergence of new consumers in them (which is important for the tourism industry); the influence of the manufacturer on the requests of foreign

³¹² Porter M.E., Kramer M.R (2006), *Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility*, p. 78-92.

consumers – the needs that exist in the domestic market are transferred to foreign buyers. The latter also testifies to the significance of the influence of cultural ties, tourism, sports, etc. on the formation of demand abroad. In this connection, the role of informatization of society should be noted, which contributes to faster and more effective promotion of tourist products, both domestically and internationally market.

The influence of related and supporting industries and their competitiveness form a competitive advantage in the tourism industry. The higher the competitiveness of individual elements of the entire chain involved in the formation and operation of the industry, the stronger its competitive advantages in international trade. M. Porter, investigating the interrelationship of various industries, proposed a cluster approach, which considers the industry in close relationship with related and supporting industries in the form of an economic cluster.

The strategy, structure, and rivalry of firms are the fourth determinant that determines the competitiveness of the industry. Studying this influence, M. Porter shows how effective management and marketing, the choice of an appropriate structure, the ability to change and adapt to new conditions, as well as competition and its degree in the domestic market affect the formation of competitive advantages in foreign markets.³¹³

Considering M. Porter's theory regarding the tourist industry, some features of its application should be determined.

The offer formed by the tourism industry is a set of tourist products that are intended for different categories of consumers. The motives for tourist trips are diverse, the categories of tourists and the nature and duration of their stay in the destination country are also different.

Speaking about the determinants of competitive advantage, it is necessary to highlight the following specifics. As the fourth determinant, it is necessary to consider the national tourism industry, although by definition it is an interdisciplinary complex, including the activities of state tourism authorities and their specialized agencies.

In the development of tourism and the formation of its competitive advantages, natural factors such as geographical location, climatic conditions, natural landscape, animal and plant life, and cultural and historical heritage are of great importance. These factors shape the specialization of the tourist offer and ensure a certain level of tourism in the country. However, to achieve and maintain a competitive position, developed factors are important – modern infrastructure, both tourism and general; high qualification of tourism personnel; specialized factors – to ensure the functioning of such types of tourist enterprises as hotels and restaurants, sports and health complexes and other producers of tourist services that require modern qualifications of an international level. Therefore, when forming strategic development programs for each type of tourism, its own set of factors that provide competitive advantages must be determined. The high degree of differentiation of the

³¹³ Porter M. E. (1998) Clusters and the New Economics of Competition, p. 84.

tourist offers and the relative simplicity of modifying this offer, its adaptation to different needs determines the need for wider use and creation of high-order factors to achieve a strategic competitive advantage. This is what determines the significant success of developed countries in international tourism. At the same time, it is very important to ensure the availability of tourism infrastructure and its products on the domestic market.

So, for the tourism industry, the construction of communications with the target market is important in the formation of competitive positions. Both the construction of sales systems and promotion programs are important. Communications in tourism are almost the only means of presenting a tourist product, its properties, and its usefulness. Of course, communications do not provide competitive advantages in the market, but they are a necessary condition for the formation and maintenance of demand for a tourist product.

The formation of a marketing strategy for the development of the national tourism industry should be based on existing and formed national competitive advantages, their uniqueness, and inimitability, and considering various factors. At the same time, a long-term competitive advantage can be achieved only by well-coordinated actions of all four determinants of the "national rhombus of competition".

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