

FORMATION OF TOURISM BUSINESS COMPETITIVE ADVANTAGES ON THE MESO-ECONOMIC LEVEL

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ABSTRACT

The article reports that the development of tourism and recreation sector and the sharpening of struggle for clients gives a new and different meaning to the enterprise's activities, focusing them on social demand but on human needs too. Factors affecting the competitiveness of services are identified and classified into two groups: external (information, social-demographic, financial-economic, science-technical, innovative, investment, legal, native-ecological, institutional, external economic) and internal (qualifications and personal qualities, strategic planning system, price policy, technological capabilities and resource potential, accounting and monitoring systems, marketing strategy), - which enabled to represent systemic interaction between the parameters of the development of social-economic environment, market activities and the rate of utilization of circumstances accompanying providing goods.

Keywords: tourism, recreation, competitiveness, social-economic system, region, competitive factors.

INTRODUCTION

In response to increased competition every tourism and recreation sector enterprise should develop its own methods of forming competitive advantages, which could allow to compete more effectively for consumers.

MATERIALS AND METHODS

Despite the existing diversity of views on the subject in question, we cannot consider some theoretical, methodological and application aspects of the building and increase of competitiveness in the tourism and recreation sector to be fully developed. The issues of formation of competitive advantages need to be further detailed and deepened. We used different methods and techniques of economic research: monographic, calculation, statistical and mathematical methods (summary, comparison, grouping, graphic) within a systemic approach.

RESULTS

Factors affecting the competitiveness of services

During the examination of either tourism and recreation services market or the market in general, the question about competitive environment arises. In order to constantly attract a specific segment of consumers, it is necessary to identify, to find, or to invent something that could generate a continuous interest of a wide range of persons with sufficient income or a narrow range of persons with a high level of income [1, p. 46].

Competition among different firms is very strong in Russia.

Every year new competitors, each one with its unique characteristics, advantages, experience, its new products and services, enter the market. Each company has its own niche in the market.

The main factors affecting the competitiveness of services are presented in Fig. 1.

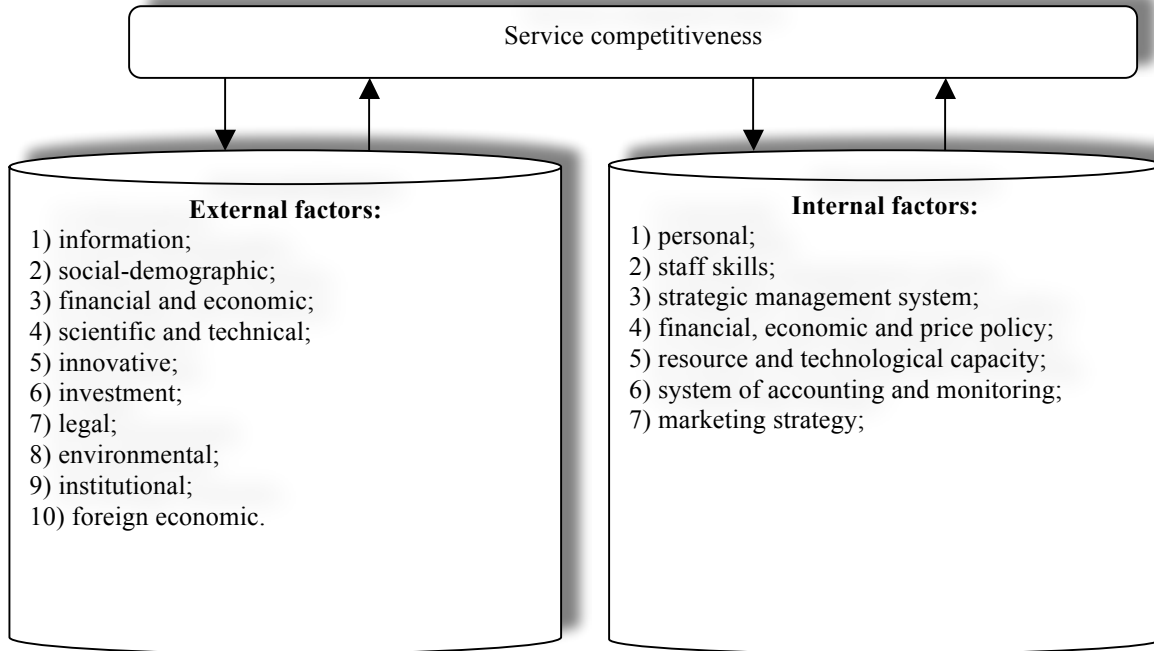


Figure 1. Factors affecting the competitiveness of services

The first group of factors includes the socio-economic characteristics of environment, that are outside the sphere of influence of a tourism and recreation sector enterprise.

The second group (internal factors) consists of factors forming competitive advantages of the enterprise, which include different aspects of market activity, and characteristics reflecting the extent to which the circumstances accompanying the provision of services are exploited. Among internal factors, resource and technological capacity has a vital role, being involved with the technical level of delivered services and the technology of their delivery.

According to Z.G. Zaynasheva [3, p. 15-20], the most important factors of the competitiveness of tourism and recreation sector enterprises are:

- streamlined organizational structure of the market;
- ability of an enterprise to continuously improve service delivery;
- implementation of marketable new services;
- use of advanced technologies;
- improving the quality of services;
- management of the value chain;

- development of human resources;
- continuous improvement of business, assets and intellectual potential management.

With the increase of competition for resources and markets, the attention of modern researchers has been more and more focused on the concept of “competitive advantages”.

The activities of tourism and recreation sector enterprises, as is known, are significantly affected at the micro level by various environmental conditions. Thus, in accordance with the fundamental research of M. Porter, the level of competitiveness is largely linked to the economic environment, which is characterized by four major determinants of competitive advantages [4, p. 55-59]:

- factor conditions, most important among which are physical resources, human resources, technological, innovative, capital resources and infrastructure;
- demand conditions;
- related and supporting industries, competitive in the international market;
- firm strategy, structure and competition within national market.

These factors can be used to study the ways in which competitive advantages of a tourism and recreation sector enterprise are formed. For example, new systems of services production and sales require a certain flexibility, which is dictated by a high dynamics of individual market segments, where the service life cycle is short enough and where the customers with high purchasing power and different preferences require the quality and the variety of the services offered. At the same time, the profile and specifics of each enterprise, the level of its material and technological base development, the nature of its assets, particularities and level of organizational and management technologies, as well as the content of its strategic goals and their relevance to market conditions play an important role in the building of its competitiveness.

Thus, competitive advantage is the object of management and the goal of the enterprise activities, but also an element of potential of an enterprise, which represents its unique tangible and intangible resources.

3.2 Bibliographical review on the economic content of the term «competitive advantage»

We use the term «competitive advantage» to refer to a considerable superiority in strategy and tactics of providing innovative services to better meet the needs of the population, and to maximize profits. In view of the systematic approach, the most noteworthy classification of competitive advantages is one that is based on a number of grounds: source of origin (since the external factors reflect the totality of the conditions, to which service sector enterprises adapt, and internal factors define the possibility and effectiveness of the adaptation process), stability level, business profile, area of activity, validity period, reproducibility, security level and the level of innovativeness (Table. 1).

Table 1 - Classification of competitive advantage of services

№	Classification criterion	Group of competitive advantages
1	Sources of origin	External, internal
2	Stability level	Stable, partially stable, unstable
3	Business profile	Innovative, marketing, informative, economic,

		technical etc.
4	Validity period	short-, medium-, and long-term
5	reproducibility	Poorly reproducible, easy-to-reproduce
6	Security level	Possession of a license, patent, certificate
7	The level of innovativeness	Absolute, modernized, modified, complex
8	Area of activity	Location, partnership (business connections), goodwill etc.

Besides the proposed classification of the competitive advantages, the relationship between the conditions of competitiveness and criteria for their evaluation becomes critical (Fig. 2). The state must create the favorable conditions for business activity of service sector enterprises, but the enterprise's potential depends on skills, experience, creativity and responsibility of its management who has to undertake effective measures improving the competitiveness of the services offered.

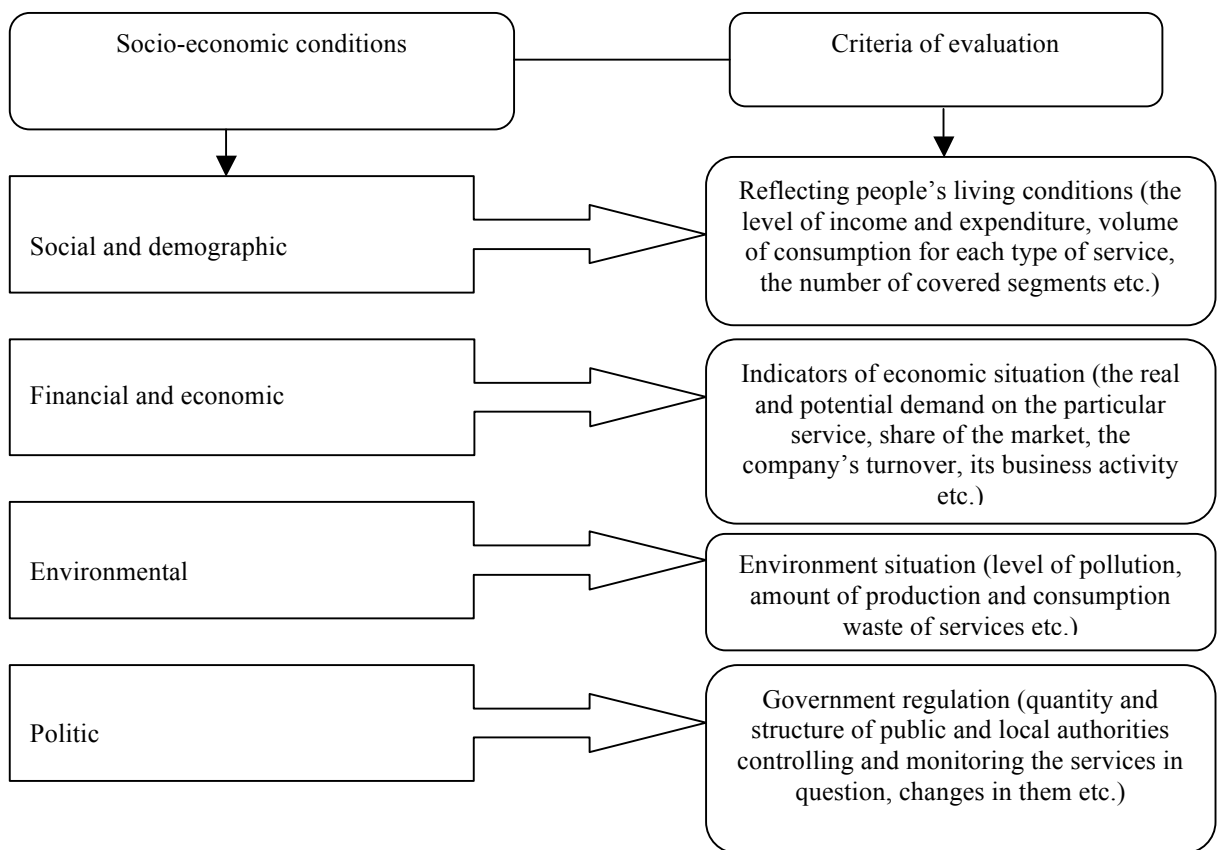


Figure. 2. Relationship between competitive conditions and criteria of evaluation

From the point of view of marketing theory, the concept of «competition» is closely related to human needs that are specific to different cultures and people. P. Dixon [5], for example, uses the term of competitive rationality to refer to the process of making marketing decisions on the saturated market. The theory of competitive rationality studies a rational marketing behavior of the enterprise, interacting with the consumer, during the exchange process in a constantly developing highly-competitive market. In the theory of competitive rationality marketing decisions have some special features: the need to meet constantly growing consumer needs which requires focused efforts to improve quality of products representing the highest customer value; the need to reduce costs while maintaining the required quality; the interest in improving decision-making processes related to the creation of distinctive competitive advantages.

The theory of competitive rationality is currently popular among specialists and is used to develop applied technologies of forming competitive advantages. For example, I.G. Safonova [6, p. 63-77] states that a competitive advantage is «a customer value connected to the product and encouraging to buy it, in other words, the product's characteristics and properties creating a certain superiority of the enterprise against competition».

With this understanding, the competitive advantage is comparative, relative, not absolute in character, since it can only be assessed by comparing the characteristics affecting the sales efficiency in relation to the specific conditions and causes [7, p. 21-23].

Thus, a competitive advantage is an object of strategic management, the basis and purpose of the economic strategy of the enterprise operating in a competitive market, as well as an element of strategic potential, representing unique tangible and intangible resources of the business entity.

System approach to forming competitive advantages of a service sector enterprise

Key areas of forming competitive advantages in the tourism and recreation sector are: innovation in services, quality of services and consumer's behavior management.

The achievement of competitive advantages through the innovations in the services market is classified as follows [8, p. 36-38]:

1. Significant innovations in the production of tourism and recreation services. The tourism and recreation services must be completely new for the existing market.
2. A range of new tourism and recreation services, complementary for already available ones.
3. Tourism and recreation services new for the given market, obtained by repositioning on the new market segments.
4. Enhanced tourism and recreation services quality obtained as a result of the production line development. This is the most common type of innovations related to changes in properties or characteristics of services production.
5. Modified selling style of existing tourism and recreation services. This is the smallest innovation, although it can be quite noticeable.

It should be noted that today an increasing number of analysts, by emphasising on improving efficiency, quality, infrastructure, economic capitalization, developing new markets (and other indicators of economic performance), associate the concept of «competitiveness» and «competitive advantage» with such concepts as «distinction», «unique», «originality» and «individuality», which describe the totality of distinctive features, allowing to achieve both brand awareness and competitive advantages in the methods

of achieving the objectives. This is due to the fact that the enterprise's ability to compete and beat the competition gives to the enterprise the best opportunity to retain the existing customers, attract new ones and win new markets.

Hence, in economics the competitiveness is considered, first of all, the possession of unique properties creating competitor's advantages. Modern forms of competition (considered as economic confrontation) abound in ways to achieve competitive advantages, reflecting the «classical» idea of marketing, representing the process of achieving success as a battle for victory, where the «end justifies the means».

We can distinguish the next features, appropriate to the process of competitiveness formation:

The process of forming competitiveness is characterized by the following principles:

1) The highest competitiveness of an enterprise producing and selling competitive goods or services is achievable only with the optimal realization of the competitive potential, caused by different extent of impact of external factors.

2) The process of forming and realizing the competitive potential of national manufacturers is influenced not only by general trends in the world economy, but also by a set of political, economic, social and other factors prevailing in Russia in this historical period.

3) In terms of modern theory the competitiveness of an enterprise is regarded as a category consisting of two groups of factors:

- The ability of the enterprise to rapidly increase its operational efficiency (increasing the staff productivity, with special concern to scientists, and improving equipment throughput, value for money and use of other resources),
- The ability of the enterprise to develop and implement a unique strategic vision of its development, which simultaneously creates formidable barriers for potential competitors (building security barriers). Moreover, this group of factors is becoming more dominant which can be a source of serious problems for the effective development of the economy as a whole in the future.

Based on understanding of these key features, the following requirements to the development of mechanisms to improve the competitiveness can be formulated [10, p. 65-69]:

1) Competitive strategy should be derived from an analysis of the current competitive situation, forecast of its effects and, above all, the definition of market niches where competition is absent or low;

2) Methods to achieve a competitive status should be based on a strategy with clearly defined objectives and include a set of interlinked measures and consistent actions;

3) Developing recommendations to improve the existing mechanism to stimulate competitiveness, a special attention should be paid to the trends specific to the world economic system.

Organizational and economic bases of competitiveness of services consist in the formulation and solution of a number of interrelated and interdependent tasks concerning the peculiarities of the tourism and recreation sector, and including setting goals, analysis of factors of internal and competitive environment, choice of competitive strategy, development of a set of specific measures, staff motivation and measures implementation, control over the implementation of measures, strategy adjustment according to changes in internal and competitive environment.

Evaluation of internal and competitive environment of a tourism and recreation sector enterprise, which can be carried out using the method of expert estimation, is the basis for setting goals and developing competitive strategies.

DISCUSSIONS

The strategy of market segmentation seems to be the most suitable for the tourism and recreation sector enterprise, since it presumes that an enterprise constantly seeks to effectively meet the demand of certain segments of consumers, minimizing costs and offering low prices and high quality service at prices higher than average.

Reasonable pricing and price policy of an enterprise determine in many respects the competitiveness of services.

Pricing and policies for setting prices on services are one of the most important factors for sustainable development of tourism and recreation sector. Pricing is one of the most difficult problems for tourism and recreation sector, because, on the one hand, the price depends on market conditions, but, on the other hand, the price level affects the volume of supply and demand of services. Price policy can be developed for a long-term and can be adapted to changing market conditions.

The systematic approach to the analysis of this problem reveals the factors which have the most significant impact on the pricing process. In a monopolistic competitive environment of the analyzed sector of the economy, the formation of prices for services is influenced by the current structure of demand, competitors' prices and expenses of the enterprise. Despite the peculiarities of the studied activity the most balanced approach to pricing is the one that establishes the following main stages: setting objectives of pricing; definition of demand; costs estimation; analysis of competitors' prices and products; selection of pricing methods; fixation of the final price. Pricing tasks are determined by selected competitive strategy.

From the viewpoint of systematic approach, the classification of factors by their source of origin is the most important, since these are factors of external environment that reflect the totality of conditions to which the services are adapted. Internal factors define both possibility and effectiveness of the services adaptation process. The state should create favorable conditions for enterprises' and population's activities, and the possibilities depend on the skill level, the initiative and responsibility of enterprise's management who need to effectively direct the personnel and to supervise production.

To justify the priorities of the structural policy, reflecting the specific regional circumstances and needs, the cluster method is used for ranging industries according to the criteria of usefulness. We can distinguish the following stages in the expert procedure of multi-purpose optimization of the economic structure of the region [11, p. 36-41]:

- preparation of initial information about the object and the subject of research in the system of national accounts;
- selection of individual experts and expert groups;
- choice of evaluation criteria and indicators of usefulness;
- calculation of quantitative and qualitative values for each sector of the economy and different forms of economic activities;
- determining the specific weight of each of the selected criteria;

- calculation of the comparative impact of each sector of economy on the further development of the regional economy.

CONCLUSION

From a methodological point of view, «competitiveness» is a complex, synthetic concept [12-19]. The analysis shows that it consists of several groups of factors that affect the status and development of the production system: technology of the basic and auxiliary production; technology of enterprise management system; the economic and political influence of the environment on the production system; the level of technical and economic training of personnel; level of science and technology development in the sector of main and related activities of the enterprise; saturation of each particular market sector; economic potential, attracted to the system (economic attractiveness, capital, resources).

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