



## The Tourism Industry Competitive Potential Management

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### Abstract

The tourist branch enterprises competitiveness aspects are considered in the article. Major strategic opportunities for the development industry as well as disadvantages are specified. The competitiveness indices of the countries, which are formed in the components and are consolidated into the subindex, are singled out. The changes in the positions of Ukraine and some countries of the world in the competitiveness index in the tourism sector are analyzed. The properties of competitive advantages are considered and divided into internal and external ones.

**Keywords:** competitiveness, development, industry, management, tourism

### 1. Introduction

The strategic goal of tourism development in Ukraine is to create a national tourist product that is competitive on the world and domestic markets. The main purpose of the tourism industry is: to expand the volume of domestic tourism and increase the scale of inbound tourism, on this basis to ensure the integrated development of resort areas and tourist centers, taking into account the population socio-economic interests, conservation and restoration of natural areas and historical and cultural heritage. To achieve this goal, in conditions of managing on the principles of sustainable and balanced development, the enterprise competitive policy becomes the driving force of economic growth.

### 2. Main body

The Concept of Tourism Development until 2022 specifies the need to create a national tourism product that is competitive on the international market, able to meet the tourist needs of the country's population as much as possible, and to ensure the integrated development of regions on this basis while maintaining ecological balance and cultural heritage. The Strategy for the Development of Tourism and Resorts declared the need to form a national tourism product competitive on the domestic and global markets based on rational use of tourism resources, natural environment preservation and national cultural heritage restoration, and promotion of tourism and resorts development [5].

The competitiveness of the subjects of the tourist business lies in their ability to use effectively their potential and resources aimed at a successful commercial result, while respecting the balanced development of the territories. The entire territory of the state is characterized by favorable conditions for carrying out various types of tourism activities and the availability of a variety of recreational resources that provide rest and treatment to the population. Natural reserves form the coasts of the Black and Azov Seas, relief, water (about 70 000 rivers, 3 thousand natural

lakes and 22 thousand artificial reservoirs), plant, animals and forest resources. Ukraine occupies the leading place in the world in terms of the level of provision with unique tourist (about 150 000 monuments of culture, history and nature, 39 cities, over one thousand years old) and resort and recreational resources (about 500 sources of various mineral waters). On the territory of the state there are about 3 thousand rest and recreation institutions, about 4,600 collective accommodation facilities. Deposits of mineral and radon waters, as well as therapeutic muds that are part of the recreational potential of Ukraine, have not only domestic but also international significance. In Ukraine, 11 national natural parks, 15 state reserves, aboretums, and monuments of landscape art belonging to nature protection territories have been created.

Tourist and recreational opportunities of Ukraine cause great interest among representatives of the international tourism industry, however, tourist resources and the potential of the state are used inefficiently. According to the tourism industry competitiveness rating, compiled by the World Economic Forum, Ukraine ranked 88th in terms of tourist attraction in 2017 and received an assessment of 3.5 points out of seven possible. This research is conducted and published every two years in close cooperation with a number of leading international organizations such as the World Travel Organization (UNWTO), the World Travel and Tourism Council (WTTC), the International Air Transport Association (IATA), the International Union protection of nature (IUCN) and others. The competitiveness index of countries in the sphere of travel is compiled according to a number of indicators, is formed from 14 components and is combined into 4 subindex, characterizing the favorable environment in the country for tourism development, public policy, infrastructure and available natural and cultural resources (Table 1).

**Table 1:** Subindex of the competitiveness of countries in tourism

Subindex name	Characteristics, which the subindex includes
Subindex "Favorable environment"	business environment; health and hygiene;

	security level; infrastructure of information and communication technologies.
Subindex "Infrastructure"	infrastructure of air transport; infrastructure of land and water transport; tourist infrastructure.
Subindex "State policy and the creation of favorable conditions"	prioritization of the sphere; international openness; environmental sustainability; price competitiveness.
Subindex "Natural and cultural resources"	natural resources; cultural resources and business trips.

Rating analysis provides an opportunity to assess competitiveness in the tourism industry and identifies obstacles that hamper the sphere sustainable development.

All these factors make it independent in its choice and, therefore, more rational.

The modern consumer chooses either mass tourism products that are characterized by comparatively low prices and decent quality (Turkey, Bulgaria, Cyprus), or more expensive products of well-known tourist regions (Italy, France, Spain, Greece), combining elements of cognitive and beach tourism.

The main feature of the modern consumer is a clear and pragmatic approach to the selection of the tourist product of the territory, based on the forecast of future expenses and the voluntary desire to carry them. In turn, the manufacturer of the territorial tourist product is focused on maximum sales during the "high season" at the most affordable prices. However, the season duration in the main tourist and resort centers is about four months. This

contributes to the use of the wide-spread resort strategy - "to exhaust everything to the maximum from the season" and, accordingly, leads to a sharp rise in price of all goods and services, and ultimately - to the growth of vacation prices, which the consumer does not intend to agree with. So, the problem of pricing is a key regional problem, in the solution of which all economic entities of the region and local self-government bodies should be interested.

It is expected that all the above mentioned measures will contribute to the creation of a regional tourism product and its effective sale in the tourism products market. In addition, it should be emphasized that the factors that are oriented towards tourism represent a significant component of the competitiveness of the tourist region. They are inextricably linked with the space in which they function, and often have a unique character. They play a decisive role in the formation of a regional tourist product. All these factors determine the fact that from the investor to the consumer (the tourist) you can achieve income.

In comparison with the available estimate for 2013, when Ukraine occupied 76th place out of 140 countries, 12 positions were lost (Table 2.).

If the population that is being studied consists of several groups, in this case group indices (subindex) and aggregate index, that is, a common index, can be reduced. The contribution of the tourism industry of Ukraine by experts is estimated at 1.3 billion US dollars or 1.4% of GDP, the Ukrainian market tourism sector employs 214.4 thousand people or 1.2% of the total number of employees.

**Table 2:** Change in the positions of Ukraine and some countries of the world in the competitiveness index in the tourism sector

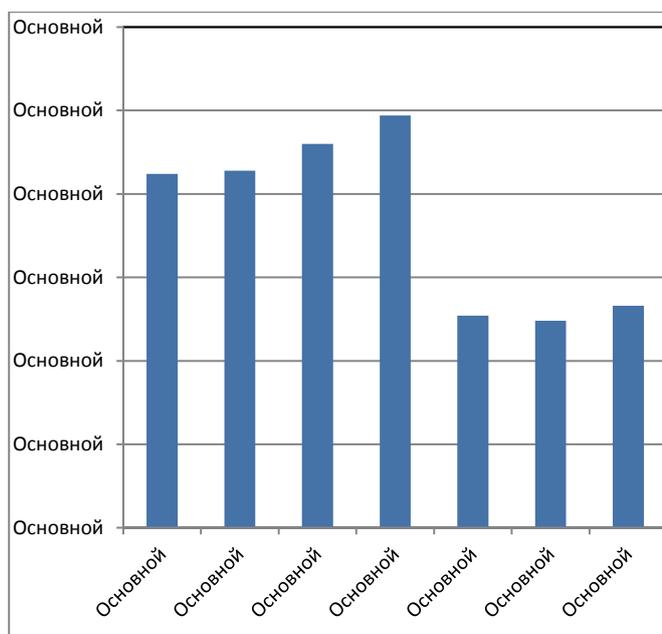
Year of study and number of countries in the ranking	Country of study							
	Ukraine	Jordan	Egypt	Georgia	Oman	Israel	Poland	Turkey
2007(124)	78	46	58	66		32	63	52
2008(130)	77	53	66	72	76	35	56	54
2009(133)	77	54	64	73	68	36	58	56
2011(139)	85	64	75	73	61	46	49	50
2013(140)	76	60	85	66	57	53	42	46
2015(141)		77	83	71	65	72	47	44
2017(136)	88	75	74	70	66	61	46	44

The main reason for the tourist unattractiveness of Ukraine, which require significant investments are modernizing the tourist infrastructure, preserving and reproducing the cultural and natural potential, architectural and historical monuments, is the low level of the country's economic development, the legislation, political threats and legal insecurity of tourists.

Among the problems that hinder the development of the tourism industry in Ukraine, it should be noted the decrease in the population solvency; moral and physical aging of tourism infrastructure; the decline of the tourism culture and recreation in general; increase in the cost of transportation services; service low level; weak interest of investors, caused by low return on investment in the industry; lack of competent promotion of the national tourist product for both domestic and foreign buyers; the Crimea annexation and military-political actions in the east of Ukraine, etc. The present situation correction is impossible without developing and implementing effective models of development of economic relations in the tourism industry, which, in turn, involves attention to the formation and realization processes of the tourism industry potential as one of the most important problems of improving the organizational and economic mechanisms of sector regulation. It requires fundamentally new approaches to determining the role and place of tourism potential in shaping the development strategy of the domestic economy. The crisis situation that emerged in late 2013 and early 2014 led to the devaluation of the hryvnia, a deficit in the balance of payments, a reduction in the foreign direct investment inflow, reduction of Ukraine's investment ratings, which limited access to external capital markets, the Ukrainian capital withdrawal due to

political instability, to a critical level, the growth of public debts, a decrease in business activity of domestic enterprises. The tourism industry, which is experiencing hard times, because of fluctuations in the foreign exchange market, was no exception. Because of the sharp devaluation of the national currency, outbound tourism became unattainable for many people.

According to the information provided by the State Border Guard Service of Ukraine, 12,700,000 foreign tourists visited Ukraine in 2014, compared to 2013, their number decreased by half - to 1,200,000 people, and in 2016 the situation began to improve, the flow of tourists began to grow and amounted to 13, 3 million people (Fig. 1). The number of tourists who visited Ukraine in 2017 increased by 8.7%. As the Ministry of Economic Development and Trade notes, the number of tourists in 2017 traveling for personal purposes increased by 300,000 compared to 2016.



**Figure 1:** Changes in the level of visits by foreign tourists in Ukraine in 2010-2016.

This situation is connected with a difficult political and economic situation, since most countries do not recommend their citizens to visit Ukraine because of the events in the East. Although in connection with the devaluation of the hryvnia for foreigners, rest in Ukraine has become more accessible. Most of the tourists who visited it in previous years were Russian, and the number of Russian citizens who visited Ukraine was constantly growing until 2013. So, in 2010 about 8000000 Russian citizens entered the country, and already in 2013 their number for the year amounted to almost 11000000. The next 2014 the number of Russians who wished to visit Ukraine decreased almost 4 times - up to 2500000 people, and in 2015 -2016 years, their number was a little more than a million a year.

Currently in Ukraine it is advisable to develop domestic tourism, offering inexpensive short-term tours. In order to increase the volume of entry flows of foreign citizens to the territory of Ukraine, it is necessary to conduct explanatory work on the travel safety. The systematic approach to the implementation of public policy in the field under investigation is important. A stable hryvnia and a growing economy are the guarantee of a well-coordinated and effective work and domestic tourism industry development.

The essence of competitive advantages is more fully manifested through their properties. The first property is their comparative, relative nature, so the competitive advantages of enterprises should be determined by comparing the most significant characteristics of their activities. The second property of competitive advantages is their attachment to specific conditions and reasons (geographical, temporary). So, a product that has an advantage in price in one geographic market may not have this advantage on the other. Another property of competitive advantages is their vulnerability to the influence of heterogeneous factors. Competitive advantages inherent dynamism, that is, a change in time, which is described by the concept of the life cycle, according to which the development process and the subsequent decline of competitive advantages is divided into several stages (becoming, gaining, disappearing). Competitive potential is a set of parameters that determine the ability of an enterprise to function effectively in the market in the future. To ensure the competitiveness of tourist enterprises, it is important to have the use and maintenance of a permanent competitive advantage over a long period of time, which have characteristic features: value for consumers, feature or uniqueness, duplication complexity for competitors.

Competitive advantages of the enterprise are such characteristics or properties that provide the enterprise with an advantage over visible competitors. Components of competitive advantages of tourist enterprises are the advantages of a tourist product, which can be connected either with high quality of tourist services or with lower prices for them, which is consistent with the accepted enterprise market strategy. Priority factors determining the competitiveness of the tourist product, utility for the potential buyer, price and innovation, and the evaluation criteria are the result of production and implementation, the conditions and culture of service, as well as the availability of services for the buyer [9].

According to sources of emergence, the competitive advantages of the enterprise are divided into internal and external one. Internal advantage is a characteristic of the enterprise internal aspects, which includes: the level of costs, labor productivity, organization of processes that exceed the similar characteristics of priority competitors. Internal advantages are the basis of the overall competitive advantage of the enterprise.

Internal competitive advantages are as follows:

- production (labor productivity, cost-effectiveness of costs, provision of material and technical resources);
- technological (modernity, flexibility of technological processes, use of scientific and technical progress achievements)
- qualification (modernity, flexibility, structuredness)
- management (staff motivation, efficiency and effectiveness of quality management, procurement and marketing processes)
- innovative (introduction of new technologies, products and services, availability and introduction of know-how);
- investigative (enterprise market culture, traditions);
- economic (solvency, liquidity, profitability, profitability);
- geographic (location, proximity to sources of material and human resources, markets, transport routes and distribution channels).

External competitive advantages are based on the ability of the enterprise to create more significant values for the consumers of its products, creating opportunities to better meet their needs, reducing costs or improving efficiency. External competitive advantages orientate the enterprise to the development and use of certain internal advantages and provide it with stable competitive positions, since they focus on purposeful satisfaction of the needs of a particular group of consumers.

The external competitive advantages of the company are as follows:

- information (the extent to which the enterprise is aware of the state and trends of the market development, the operation of forces and the conditions of the surrounding business environment, the behavior of consumers and competitors);
- constructive (technical characteristics of products, design);
- Quality (the level of product quality according to consumers' estimates);
- Behavioral (the degree of dissemination of the marketing philosophy among employees of the enterprise to meet the needs of consumers of specific target markets)
- conjuncture (market conditions, competitive environment)
- service (level and quality of services);
- image (general views of consumers about the company and its sale offer, popularity)
- price (level and possible price dynamics);
- sales (order book, methods and methods of distribution of products);
- communication (channels and ways of disseminating information about the enterprise, the feedback availability) [6].

The development of tourism at the present stage should be based on the fundamental principles of sustainable development, which provides for rational use of natural resources and harm reduction to the environment. It is through sustainable development that we can develop the economy in our country on an innovative basis. In 2014, President of Ukraine Petro Poroshenko, speaking of the important role of sustainable development of the state, noted that

all reform projects should be integrated into a holistic strategy of sustainable development - in the "strategy 2020". Implementation of reforms, according to Poroshenko, will seriously consider the issue of Ukraine's membership in the European Union till 2020. An example of the reforms can serve as a new strategy for the development of Lviv region for the period until 2020. Already from 2013 it is being developed on the principles of sustainable development. According to the strategy of sustainable tourism development its the main task in any territory is to cause a minimal impact on natural complexes located within its boundaries [4].

Sustainable development is the general concept of the need to strike a balance between meeting contemporary human needs and protecting the interests of future generations, taking into account their needs for a safe and healthy environment [10].

The sustainable development concept is based on the following principles:

the present needs of mankind should not deprive the same opportunities for future generations;

the limitations that exist in the field of the exploitation of natural resources are relative;

it is necessary to satisfy the elementary needs of all people;

it is necessary to improve the condition and living conditions of those who use excessive monetary and material resources with the ecological capabilities of the planet, in particular with regard to the energy use;

the size and rate of population growth should be coordinated with the production potential of the earth global ecosystem changing [2].

Ensuring the sustainable development of the state is accompanied by the creation of the socio-ecological and economic system secure state for the livelihoods of society and every human being, in particular for present and future generations.

In Ukraine there is a high and in many respects not realized tourist potential. The main problems that hamper the tourism development are the military conflict and occupation of individual territories of the country, the Crimea annexation, political and economic instability, legislative unsettledness, corruption, insufficient level of tourism infrastructure development, a significant investment deficit, the lack of a general concept of state and regional strategic tourism development policy. For the tourist business successful development it is necessary to stabilize the political, economic situation in the country, to improve legislation and create favorable conditions for the financing of tourism facilities. The tourism business of Ukraine, having important competitive advantages, has all the prospects for effective functioning.

### 3. Conclusion

The modern literature review in the field of competitiveness of tourist enterprises in Ukraine showed certain problems of their unattractiveness for investors. Country competitiveness was assessed through factor analysis. The index of competitiveness of countries in the travel sphere is determined by indicators formed by 14 components and combined into 4 subindex. Subindex characterizes the favorable environment in the country for the development of tourism, public policy, infrastructure and available natural and cultural resources. The definition of four integrated subindexes is an important step in understanding the perception of the tourism competitiveness.

The analysis allows to reproduce different types of destinations and tourists of different nationalities in order to confirm their

tastes. It is also advisable to investigate the impact of other types of stakeholders, such as hospitality services.

The analysis of the results showed that it is currently advisable in Ukraine to develop domestic tourism, offering inexpensive short-term tours, in order to attract different population segments.

Therefore, in subsequent studies it is possible to conduct a detailed analysis of descriptive results that were not disclosed in this paper.

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