

**зл. ас. д-р МИЛЕНА ФИЛИПОВА**

**ЮГОЗАПАДЕН УНИВЕРСИТЕТ „НЕОФИТ РИЛСКИ“, БЛАГОЕВГРАД**

## **СПЕЦИАЛНИ ХАРАКТЕРИСТИКИ НА СТРАТЕГИЧЕСКИТЕ БИЗНЕС ПОЛЕТА В ТУРИЗМА**

### **SPECIAL FEATURES OF STRATEGIC BUSINESS FIELDS IN TOURISM**

**Chief Assistant Prof. Dr. MILENA FILIPOVA**

**SOUTH-WEST UNIVERSITY “NEOFIT RILSKI”, BLAGOEVGRAD**

**Abstract:** The major goal of this paper is to reveal the opportunities for positioning of strategic business fields in the tourism enterprise. To this regard the essence of the strategic business fields is clarified. The criteria for the formation of strategic business fields applied in practice are also studied: according to the type of products offered, according to consumers' needs, according to the peculiarities of the particular regions, based on the sales channels available, based on the technologies used for the establishment of an assortment “umbrella” and mixed (two- or three-dimension) models, e.g. Customers – Areas – Products. The major research methods used in this work are the methods of analysis and comparison.

**Key words:** strategic business fields, tourism company, positioning, management decision

#### **Introduction**

Used mainly in military science the concept “strategy” has quickly invaded and gained positions in economic life throughout the last decades of the past century. In economics it is used to express processes in connection with the establishment and consumption of available and potential capacities of a business organization, which while counteracting the challenges of environment implements its enterprising goals and in the long run – achieves the desired result.

Even if later the strategic thinking invaded the tourism industry and became an irreplaceable attribute, a significant feature of the modern notion of the hotel-keeper, restaurant-keeper and tour operator of enterprise. Strategic management in tourism is established as an orderly, logically motivated and methodologically grounded system. It pursues goals defined in the long term, related to the overall management, guidance and adaptation of the tourism company in a specifically defined environment.

Strategic planning in tourism applies the concept of strategic planning in regard to the tourism enterprise. It substantiates the

management decision to be adopted in order to “produce” attractive tourism products and services meeting the customers' needs, the frames within which they are to be planned and finally – who their particular consumers are. Strategic planning places the focus of management efforts on the issues of competitive advantages of the tourism enterprise. As far as its means of economic and management “interventions” are limited, the tourism enterprise has to utilize them in a way ensuring sufficient market chances while allowing the occurrence of some justified business risks.

#### **1. Essence of the strategic business fields**

The search for differentiated ways to apply the strategic “recipe” brought the researchers of the 1970's to the idea of strategic positioning of the enterprise on separate **business fields**. They were defined as strategic as they are a sphere of business activity, in which the defined strategies are “absorbed” and it becomes their actual implementation. Some authors associate the strategic business fields (SBF) with the strategic factors of success

or with the concept of the “strategic business units” implying respectively different more or less “fine” nuances.<sup>1</sup> Other authors make a clear difference between strategic business fields and strategic business units, emphasizing that the strategic business units make a notable market offer but require coordination with some other activities in regard to markets and/or resources. Unlike them the strategic business field is autonomous to a large extent: the strategic business fields do not share any markets or resources with other businesses.”<sup>2</sup>

We can talk of strategic business fields when there is an independent use of resources that meet their competitive advantages. In some cases it is possible for the companies to re-organize in a way letting them to divide the shared resources and this way the business units are intentionally transformed into business fields. That is purposeful when it can be expected that the increase in motivation or results could compensate for the possible losses of costs or synergies resulting from the division of resources. But such a possibility is not taken into consideration upon the initial definition of strategic businesses, it can occur later in the course of discussion and evaluation of the strategic options.

**The strategic business unit** is a business having a key significance for the corporation success with a notable market offer, but the strategy of which should be adjusted to the strategies of the other business units within the corporation, as they are operating on the same market and/or are sharing the same resources....

**The strategic business field** is a business having a key significance for the corporation success, the strategy of which can be planned independently as it has an independent market offer and does not share to a significant extent any markets

and/or resources with some other business within the corporation.<sup>3</sup>

The definition of strategic business fields as relatively independent parts of the corporation shows that there is only a small interdependence and synergy potential between them. In fact, the business field is a company within the company. The strategic business units present a particular marketing proposal within the frames of the strategic business field, or for a small company – a particular marketing proposal within the company itself. With their market-based interdependence and/or shared resources they are relatively tightly connected to other business units within the business field or the small company.

Based on the aforementioned we can summarize that the SBF are relatively differentiated and independent from one another product-market combinations for which specific result components are typical and individual and competent evaluations and conclusions are made.

## 2. Formation of strategic business fields

The strategic business fields are formed based on the implementation of various criteria. The following are used in practice:<sup>4</sup>

- Segmentation depending on the type of products offered;
- Segmentation depending on the customers' needs;
- Detailing of fields depending on the specificities of the individual regions (regional attribute);
- Definition of strategic fields based on the existing sales channels;
- Differentiation based on the technologies applied for the creation of the assortment “umbrella”;
- Mixed (two- or three-dimension) models, for example Customers - Areas - Products – combinations, etc.

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<sup>3</sup> The same, p.128- 129

<sup>4</sup> For this issue refer to Hax S., Majluf N., Strategisches Management, ein integratives Konzept aus dem MIT., 2 Aufl, Campus Verlag, Frankfurt/M, 1991; Grünig R., Kühn R., Process-based Strategic Planning, Springer, 2005

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<sup>1</sup> Küspert A., Bildung und Beurteilung strategischer Geschäftsfelder, Bern, 1991, p.425-434

<sup>2</sup> Grünig R., Kühn R., Process-based Strategic Planning, Springer, 2005, p.127

It is difficult to determine the most suitable criterion among these for determination of a "clear" strategic field. In a large tourism company the differentiation is adequately homogenous and at the same time problematic.

The definition of the strategic business fields according to the **type and character of the tourism products and services offered** follows the logic of implementation of the sales policy of the tourism company. There are numerous possibilities and classification attributes, differentiating a given tourism product or service (or a group of products and services) from some other one. The following variants of tourism products can be used:<sup>1</sup>

- recreational
- massive;
- product designed for tourists demanding luxury ;
  - only for married, only for single or combined for married and single customers ;
- business;
- medical and prophylactic ;
- cultural – cognitive;
- specialized;
- cruise;
- for children, young people, adults and combined for people of all ages.

The tourism products and services can be divided into typical (essential), secondary (accompanying) and neutral.

However, it should be taken into consideration that the practice of pack planning of products and services, as well as of general supply, hampers a lot the correct definition of one or several business fields segmented within the meaning of the criterion studied. It is very difficult to identify homogenous fields and bearers of responsibility according to which differentiated strategies shall be applied: starting from taking of decision for the

creation of the tourism product, passing through the stage of "construction and development", then –promotion and innovation, and at the end coming to the protection against copying by the part of the competitors and the model of a new assortment "umbrella".

With the segmentation of the fields **according to the type and needs of consumers** a maximum grade of proximity to the market realities is achieved. On the other hand nowadays the customers have and demonstrate more or less homogenous needs. The unification of needs presumes consolidation and purposefulness of the activities of the managers in tourism. As a rule they ought to know their customers and to understand their problems.

With a view to the clarification of the issue of strategic business fields' formation according to the tourism customers' type and needs it is necessary to specify that the consumers in tourism and those travelling for recreation or entertainment shall be called tourists. „**The tourists** are temporary visitors whose stay at the place of visit exceeds 24 hours and can be classified with the following activities:<sup>2</sup>

- recreation, entertainment, rest, health, religion, sports, knowledge gaining
- business
- family reunions
- mission or meeting.”

Based on the definition presented above we can identify the following groups of customers in tourism:

- Bulgarian tourists
- Foreign tourists
- Tourists travelling within Bulgaria
- Tourists travelling abroad
- Tourists undertaking holiday travels:
  - in summer
  - in winter
- Tourists undertaking non-vacation travels:
  - for business purposes
  - conferences, seminars, training

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<sup>1</sup> For details on the products supplied by the tourism companies in Bulgaria refer to the results of the research carried out in Grancharova B., Segmentation of Market and Economic Benefits for the Companies Offering Tourism Products, B., 2003, 156-158

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<sup>2</sup> Technical Handbook on the Collection and Presentation of Domestic and International Tourist Statistics, WTO Madrid, 1981

- for medical purposes
- to visit friends or relatives
- to visit a villa, country house or a property in some other settlement
- Tourists undertaking group travels
- Tourists undertaking individual travels
- Tourists with high personal incomes
- Tourists with low personal incomes
- Tourists undertaking long-term travels
- Tourists undertaking short-term travels
- Tourists travelling by car
- Tourists travelling by bus
- Tourists travelling by train
- Tourists travelling by air plane, etc.

Without entering into details in regard to the preferences to one or other form of grouping, it has to be emphasized that the segmentation based on categories of customers brings a greater essential and practical advantages as compared to the determination of the strategic fields depending on the variety of sales in tourism. Its advantages could be systematized, as follows:

- **The relevant independency of the individual strategic fields is preserved.** A tourism company would not deal, for example, with the group of "individual customers with high personal income", if no "confusing" signals and problems come from the environment (national economy or international economic exchange) that threaten the precise identification of the customers and this way put obstacles in the way of the implementation of an autonomous strategy in that business field.

- **The segmentation as per groups of customers has become a relatively steady management activity.** This is due to the so-called effect of "attachment", i.e. the customers having long-term relations with the tourism company would hardly change it, especially if it offers attractive packs of products and services, notwithstanding that their contents (as volume types) is known. Hence, the reliable identification of the customers provides better conditions and opportunities for

elaboration of one or several strategic fields based on the attribute studied. In other words the preferred approach can be formulated, as follows: ***from segmentation of the customers to definition of the strategic fields, provided with an extensive range of tourism products and services.***

The effect of the customers' "attachment" for the tourism company has to be supported and stimulated. From the positions of the strategic management of tourism it should be studied as a variety of relations and interests, resp. as a unique of demonstrated social and economic behaviour of the tourism company and of the customer. In practice it is easier and more efficient to identify new needs based on the types of customers than to reveal them based on the range of tourism products and services offered.

The definition of the strategic business fields based on the types of tourism products and services has the following disadvantage – **the complexity of the tourism products and services and their mutual interweaving.** When they are supplied individually or in a pack the tourism company is led by the determination to satisfy as a complex and in full the needs shown. But along with this positive focus of activities there are "shifting" and "penetration" of goals between two or more defined fields. If, for example, the tourism company has established an increased demand for business trips for a particular circle of customers if compared to a preceding period, the competence for meeting such the increased demand are not based only and exclusively in the "Business trip" field. As a consequence there will be a transformation to the field of "non-vacation travels". In practice there is a possibility of a lack of correspondence between the claims from the "outside" (the customers' needs) and the operative readiness "inside" (the co-ordination of these fields in the given example).

In regard to the large tourism companies with an international business the

**segmentation of the strategic fields based on the regional attribute** is in force. The global regard to the market (international and national) however breaks to a large extent the principle of homogeneity. Each country or a group of countries are unique with regard to their natural, cultural and social profile. The countries differ in regard to the risk potentials they generate, as well as in regard to their legislation.

The use of "Regional dislocation of markets" criterion reduces to a large extent the significance of the other two criteria, described above: the segmentation based on the product and services and on the customers. However there are reasons for the acceptance of those criteria as far as the place of the particular tourism enterprise is established on the international market along with its competitive power. But there is one more thing to be taken into account – the circumstance that the difference between the individual markets is progressively deleted, as the activities "merge" into one another and their description by the means of the classical definitions (e.g. for a market of the hotel product, market of the restaurant product, market of the tour operator's product) is very difficult and to a large extent - conditional.

Through the combination of three criteria – customers, areas and products – the universal commercial banks have established a three-dimensional model referred to as **CAP model (Customers - Areas - Products - Model)**.<sup>1</sup> It provides for the formation of more than three strategic fields taking into consideration the advantages of each of the criteria included into this combination.

The general type of the CAP model for the definition of the strategic banking business-fields could be adjusted to the tourism enterprise and could be analyzed

based on the exposition of the particular marketing and business philosophy it pursues (the adjusted model is shown on Fig.2.). Within this sense the following will be of significance:

- The range of sales and the technology with which the tourism company produces, offers and innovates its products and services;

- The achieved degree of identification of the attended and potential customers (according to the purpose of travels and the nature of the recreational and tourism activities, the tourists' origin, social-demographic features of the tourist flow, the type of transport means, the duration of holiday and travel, etc.);

- The state policy in regard to the marketing orientation of the country and its priorities – the traditional markets or new ones;

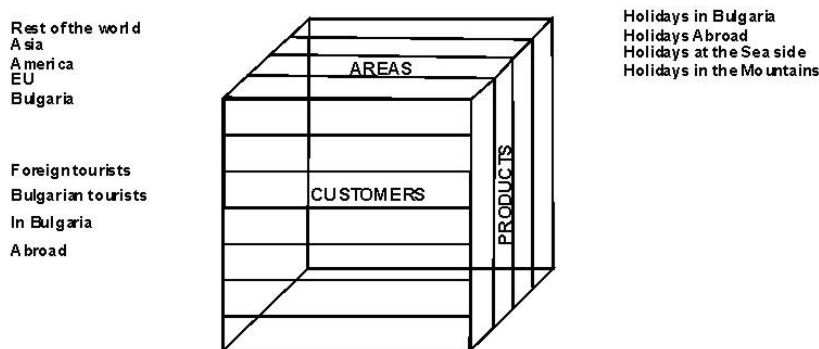
- The legislative conditions for the investment of foreign capitals, resp. for the establishment of joint ventures in tourism;

- The skill of the top managers and of the operating management of the tourism company in the conduct of a flexible policy in the situation of a loyal competition, etc.

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<sup>1</sup>For details of the CAP model of the commercial banks, refer to Schmid P. Stragesches Bankmarketing zur Betreuung multinationaler Unternehmungen, Verlag Paul Haupt, Bern, 1990, p. 117- 118

**Figure 2. CAP model of a tourism enterprise**



**Source:** Adjusted for the tourism enterprise after Schmid P. Stragesches Bankmarketing zur Betreuung multinationaler Unternehmungen, Verlag Paul Haupt, Bern, 1990, p. 118

An exemplary list of businesses or spheres of business activities in tourism that can be defined as SBF is given below:

- Family and single holidays at the sea coast in Bulgaria for Bulgarian tourists ;
- Family and single holidays in the mountains in Bulgaria for Bulgarian tourists ;
- Family and single holidays at the sea coast in Bulgaria for foreign tourists;
- Family and single holidays in the mountains in Bulgaria for foreign tourists ;
- Family and single travels within the European Union ;
- Family and single travels to America ;
- Family and single travels to Asia and the rest of the world ;
- Business trips within the country and abroad ;
- Travels within the country and abroad for the purpose of participation in conferences, seminars, training courses ;
- Travels within the country and abroad for medical purposes ;
- Travels within the country and abroad for cultural-cognitive purposes ;
- Cruises.

This list presents the definable SBF. Of course, not all of the tourism companies define all these fields (or are capable of doing it). They are consolidated in a narrower range or are less in number depending on the tourism business implemented – hotel-keeping, restaurant-keeping, tour operator's and travel agent's business, on the financial resources the tourism enterprise operates with, on its organizational structure and other criteria.

### Conclusion

The tourism enterprises will have a marked interest in investing their financial, technological and intellectual resources in the strategic fields promising higher incomes. However, such a management decision should be preceded by determination of expenses, revenues and risks of already defined fields. In other words they should be assessed and positioned. As a conclusion it could be said that each SBF has relatively independent goals, its own strategies and programs for undertaking one or other particular step. The strategic business fields are deemed a basic level of strategic planning. Their purpose is to develop appropriate types of

business to facilitate the achievement of goals of the tourism company. Thus competitive units are established that play		an important system-forming role for the definition of priorities of the tourism enterprise
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