

SCTMG 2020**International Scientific Conference «Social and Cultural Transformations in the
Context of Modern Globalism»****ASSESSMENT OF TOUR OPERATORS COMPETITIVENESS
BASED ON INNOVATIVE PRICING STRATEGIES**

Shmarkov Mikhail Sergeevich (a)*, Shmarkova Larisa Ivanovna (b),
Shmarkova Elena Alexandrovna (c)
*Corresponding author

(a) Orel State University named after I.S. Turgenev, Orel, Russia, turexpert888@yandex.ru

(b) Orel State University of Economics and Trade, Orel State University named after I.S. Turgenev, Orel, Russia,
shmarkova_lara@mail.ru

(c) TourExpert LLC, Orel, Russia, turexpert888@mail.ru

Abstract

In the Russian tourism market, there is intense competition between tour operators, the operating conditions of which in the international tourism market are continually changing. Strengthening competition and reducing the solvency of the population creates a real need to develop competitive advantages by improving pricing strategies for the sale of tourism products. In this regard, the analysis of the forms and means of competitive actions of major players in the tourism market is of great scientific and practical interest. Of interest are leading tour operators, especially the implementation of their price decisions and strategies as a tool for market positioning and a reasonable assessment of their competitiveness levels. The article is devoted to the study of market activity and the identification of the modern picture of the competitive positioning of leading tour operators in the Russian tourism market. The subject of the survey is the tools to enhance sales policy and new approaches to pricing to increase the competitiveness of tourism organizations. The work is devoted to the analysis of modern pricing strategies of tour operators, used by them for increase the attractiveness of tourism products formed and sold by them, to identify types and systematize information about the tariffs they use; building based on their analysis of assessments of the levels of competitiveness of tour operators working in the areas of outbound tourism. The results of solving similar problems are presented in this paper and can be used by interested parties.

2357-1330 © 2020 Published by European Publisher.

Keywords: Tour operator, tour product, sales, price, tariff.



This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial 4.0 Unported License, permitting all non-commercial use, distribution, and reproduction in any medium, provided the original work is properly cited.

1. Introduction

Today in the tourism sector, there are ratings, among which are "Current ratings of Banco," "TOP-10: Large tour operators of Russia, rating of the best and most reliable". According to the ratings, it can be considered that at present, the Russian tourism market has identified tour operators leading in the areas of outbound tourism, between which there is fierce competition. Under the influence of the competitive environment, criteria are formed for the quality of tourism services, pricing strategies and methods for their implementation, prices, volumes and sales technologies are determined. There is increased competition between key players in the tourism market and a decrease in the solvency of the population. These circumstances determine the need for tourism organizations to use effective mechanisms to increase competitiveness, develop and implement pricing strategies, taking into account rapidly changing market conditions. It is not enough for the client to provide an exciting offer as a tour product, service. It is necessary to convince him that this proposal is beneficial to him. The price of a tourist product has become the main lever to attract the attention of customers and build their loyalty. All kinds of ways to lower prices are a tool in the "war" of advertising mechanisms.

2. Problem Statement

Much attention is paid to the analysis of the problem of pricing, expediency, and effectiveness of price decisions by organizations in the tourism market in the scientific literature. In particular, the authors characterize the methods and models of pricing management at tourism enterprises (Ivanova, 2015; Vives & Jacob, 2009), consider the pricing of a tourism product as a tool for adapting to a flexible market (Buiga, Stegorean, Chis, & Lazar, 2017), analyze price strategies of tour operators and methods of differentiating price offers (Alegre & Sard, 2015; 2017), study the effects of the perception of price stocks and their impact on consumer loyalty (Campo & Yague, 2008), study the impact of dynamic price volatility on revenue maximization (Abrate, Nicolau, & Viglia, 2019), build optimization model and offer pricing management process concept of tourism enterprises, based on the use of dynamic programming techniques (Sagalakova, 2016). In general, we can state the fact that ideas, methods, and models reflect conceptual approaches to the problems considered by researchers. At the same time, intensive transformations of the tourism market, new approaches to the formation (Chemodurova & Shmarkova, 2018), the promotion (Shmarkov & Shmarkova, 2012) and the implementation of tourist products entailed the need to develop new, often unique marketing solutions. In particular, the answer may be the establishment of individual prices, calculated taking into account many constantly changing factors. The use of base prices by tour operators, fixed even for short periods, has become unprofitable in turbulent markets. Widely tested dynamic pricing strategies entail price instability and the need to put up a variety of special offers: promotions, bonuses, discounts, special conditions. Moreover, "advanced" consumers can quickly and easily compare prices of identical tourism products offered by different tour operators (Shmarkov & Shmarkova, 2012) and choose their preferred ones. Identification and analysis of aspects of the implementation of new price decisions of tour operators and approaches to pricing will allow identifying and outline the picture of their real market positioning and determine the levels of competitiveness.

3. Research Questions

The subject of the research is the activation of sales policy and new approaches to pricing to increase the competitiveness of tour operators.

4. Purpose of the Study

The study aims to analyze the modern pricing strategies of tour operators, used by them for increase the attractiveness of tourism products formed and sold by them, to identify the types and systematization of information about the tariffs they use, building based on their analysis of assessments of the levels of competitiveness of tour operators.

5. Research Methods

The research materials are necessary and dynamically updated information presented on the website of tour operator organizations and in their tour product booking systems. The empirical base of the study includes the results of many years of experience of the authors in the sale of tourism products, statistics provided by the Banco information service, a media holding engaged in marketing research in the field of tourism (Banco's current ratings). The authors relied on the synergy of practice and system-structural analysis of indicators and pricing trends in the Russian tourism market. For the study, the results of studying complex relationships, highlighting the most important signs and properties, comparative and correlation analysis are used.

6. Findings

Traditionally, the assessment of the level of competitiveness is understood to mean some relative total characteristic of the differences between products (services) and those offered by competitors. An essential role in its formation is played by price competition since the results of market activity depend on the success of the price policy. Pricing in tourism involves the determination of a set of base prices (strategic level) and costs at which tourism products are sold based on a specific market situation (tactical level). Currently, the variation in prices for identical tourism products and dynamic pricing technologies are widely used by tour operators as instruments of market competition. Pricing decisions are made taking into account consumer demand and its seasonal fluctuations (Shmarkov & Shmarkova, 2012), the influence of external factors (Shmarkov & Musalitina, 2016) and the actions of competitors, the image of a tourist organization.

Consumer demand in the tourism sector is very variable, depending on many factors (economic, geopolitical). In connection with this, there is a need for tour operators to apply different promotions, discounts, bonuses, which allow them varying prices for tourism products adequately. Currently, tour operators are actively using special offers and special tariffs (conditions) when selling tourism products for specific dates of arrivals to stimulate sales. The expansion of the tariff grid allows attracting the attention of consumers and increasing the competitiveness of offers.

Of particular interest is the study of the forms and contents of pricing strategies of the most active tour operator companies in the tourism market. It is advisable to identify the leading tour operators in the most popular areas of tourism to solve this problem.

We have studied the popularity ratings of tourism destinations for the summer season of 2019, compiled by the Banco information service based on interviews with representatives of 503 travel agencies of the capital region on the professional website TourDom.ru. According to this rating, the following tourism destinations became leaders among Russian consumers in popularity: Turkey (25.8 %), Greece (18.5 %), Spain (12 %) (Banco current ratings; Tourism destinations popularity rating – the result of the summer season 2019). In these areas of tourism, scores of preferences for cooperation between travel agencies and leading tour operators were identified (Table 01). In Table 1, the first seven lines of the top ten of each classification were taken into consideration since the following lines of published ratings were not filled.

Table 01. Ratings of preferences for the cooperation of travel agencies with tour operators.

No.	Turkey	Percentage of respondents, %	Greece	Percentage of respondents, %	Spain	Percentage of respondents, %
1	ANEX Tour	21,7	Mouzenidis Travel	21,7	ANEX Tour	21,6
2	Coral Travel	16,2	TEZ TOUR	14,3	Coral Travel	
3	TUI Russia	13,4	Biblio Globe	13,4	TEZ TOUR	13,1
4	Pegasus Touristik		Coral Travel	12,7	TUI Russia	10,9
5	Biblio Globe	10,2	TUI Russia	7,4	Sunmar	9,4–9,7
6	TEZ TOUR	9,6	ANEX Tour	6,0 – 6,2	Biblio Globe	
7	Sunmar	8,0	Pegasus Touristik			Pegasus Touristik

We assign each tour operator in a specific direction of tourism according to the rating values in the order they follow in table 1. We summarize them in three areas of tourism. The total rating estimates of the level of competitiveness of tour operators are presented in the table (Table 02).

Table 02. The values of the total rating assessments of preferences for cooperation between travel agencies and tour operators in the summer season of 2019

Tour operator Direction	ANEX Tour	Coral Travel	TUI Russia	Pegasus Touristik	Biblio Globe	TEZ Tour	Sunmar	Mouzenidis Travel
Turkey	10	9	8	8	7	6	5	–
Greece	5	7	6	5	8	9	–	10
Spain	10	10	8	6	7	9	7	–
Total summary ratings	25	26	22	19	22	24	12	10
Relative ratings for collaboration preferences, K_1	0.96	1	0.85	0.73	0.85	0.92	0.46	0.38

These are indicators of the demand for their services as suppliers of tourism products in three areas of tourism: Turkey, Greece, Spain.

Relative ratings are calculated as the ratio of the respective total scores to the maximum rating of 26.

Thus, the tour operators that received the highest ratings were identified – this is Coral Travel, ANEX Tour, TEZ Tour, TUI, Biblio Globus, Pegas Touristik. These tour operators offer tours in all three areas of tourism under consideration.

The "close" values of the resulting total rating estimates indicate intense competition between the leaders of the tourism market and the real need to use new tools to further stimulate the interest of travel agencies and consumers in the sale of tourism products. Such a tool to increase competitiveness was the original price decisions of tour operators, in particular, tariff plans that affect the price of a tourist product.

We have identified the types of tariffs used by tour operators, their specifics and conditions, which can be systematized as follows:

- Basic prices (standard tariff) – the basic tariff of tour operator organizations used in the formation of tourism products. The tax assumes a basic commission of 6-10% with the possibility of increasing if certain conditions of the tour operator are met; understands loyal payment terms. Actual costs incurred in case of cancellation of booked and confirmed tourist products are calculated individually, the amount of actual expenses incurred is indicated in the agency agreement;
- Superior Commission (increased commission) – a tariff that involves the receipt of an additional percentage of the commission when booking tourism products (if necessary to stimulate demand for specific tourism products);
- Early booking – this price reduction is implemented, taking into account discounts provided by partners mainly by accommodation facilities. Early booking is used for increase the depth of sales. Perhaps an additional commission of travel agents in case of fulfillment of certain conditions of tour operators. For example, these are special conditions and short terms of payment, booking for a designated number of nights or specific hotels. During the validity period of the tariff, it is possible to make changes to reserved applications. But at the end of its validity, changes are not allowed. You can change the form only by rebooking it at the current price, as a rule, at a higher price. Cancellation of the reservation at the end of the promotion period, but before the start of the tour is carried out, as a rule, with 100 % of actual costs incurred;
- Promo – this is a promotional tariff, which implies a reduction in the price of a tourist product due to a decrease in the base commission fee of a travel agent. In some cases, a reduction in costs for tourist products is justified by living in an economy or promo room. During the validity period of the tariff, changes to booked and confirmed applications are possible for an additional fee. A complete change of data or replacement of tourists is considered by the tour operator as 100 % cancellation of the confirmed tour and booking a new one;
- Discount (additional discount) and SALE are tariffs implying an increase in sales due to a decrease in the base price of a tourist product. The amount of the agency commission is usually

kept at the base level. During the validity period of the tariff, changes to booked and confirmed applications are possible only for an additional fee;

- Extended stay promotion is a promotion of extended stays, and Stay-pay reduction is a discount on hotel stays. These tariffs provide a decrease in the tourist product price due to an increase in the residence period or a decrease in the daily price accommodation. The amount of the agency commission is usually kept at the base level;
- Special tariffs: Daily Offer (daily offers), Happy weekend (happy weekend), and other types of taxes – these are tariffs aimed at stimulating sales by lowering prices for tourism products. Valid for the indicated period and on special payment conditions. The size of the commission is maintained at the base level. In some cases, the commission is reduced by 1–2 %. During the validity period of the tariff, changes to booked and confirmed applications are possible only for an additional fee;
- Sales & Smiles (additional bonuses) – this is the accrual of rewards for travel agents, that is, subject to the conditions and terms of payment, another interest is charged on the cost of the tour.

The results of the study of the practice of applying tariffs by leading tour operators are presented in the form of a generalized tariff grid, presented in Table 3.

Table 03. Tariff grid of leading tour operators

Tour operator Types of tariffs	ANEX Tour	Coral Travel	TUI Russia	Pegasus Touristik	Biblio Globe	TEZ Tour
Basic prices (standard tariff)	+	+	+	+	+	+
Superior Commission	+	+	+	+		
Early booking	+	+	+	+	+	+
Daily Offer	+	+	+	+	+	+
Happy weekend				+		
Discount				+		
SALE		+	+	+		+
Long stay promotion		+		+		
Stay-pay reduction		+		+	+	
Promo	+			+		
Sales & Smiles				+		

Thus, tour operators use different tariff lines, the variations of which are indicated in the reservation systems of tour operators, and are regularly updated. To identify the most attractive tariffs, we surveyed travel agents. Their preference for the use of taxes was evaluated on a ten-point scale, and the following criteria were selected: price attractiveness for consumers, increased travel agent commission, availability of bonuses for agents, loyal tariff conditions (not hard on payment terms, standard cancellation conditions.). Table 4 presents the results of the ratings.

Table 04. Types of tariffs and their ratings

Tariff Type	Rating
Early booking	10
Daily Offer	9
Promo	8
Discount	7
SALE	6
Superior Commission	5
Sales & Smiles	4
Happy weekend	3
Stay-pay reduction	2
Long stay promotion	1

Points corresponding to the tariffs used were assigned to tour operators. The calculation of the total rating assessments of the preference for using tariffs is presented in Table 5. Having mapped the tour operators the corresponding ratings for using different taxes and summing them up, we obtain the total rating ratings of the attractiveness of their price decisions.

Table 05. Types of tariffs and their ratings

Tour operator	ANEX Tour	Coral Travel	TUI Russia	Pegasus Touristik	Biblio Globe	TEZ Tour
Types of tariffs	Points					
Superior Commission	5	5	5	5	–	–
Early booking	10	10	10	10	10	10
Daily Offer	9	9	9	9	9	9
Happy weekend	–	–	–	3	–	–
Discount	–	–	–	7	–	–
SALE	–	6	6	6	–	6
Long stay promotion	–	1	–	1	–	–
Stay-pay reduction	–	2	–	2	2	–
Promo	8	–	–	8	–	–
Sales & Smiles	–	–	–	4	–	–
Total points:	32	33	30	55	21	25
Relative Estimates of Tariff Usage Preference, K2	0.58	0.60	0.55	1.00	0.38	0.45

Using the data of Table 2 and Table 5, we analyzed the indicator of the level of competitiveness of tour operator companies K in the summer season of 2019. For this purpose, multiplicative ratings are constructed:

$$K = K_1 \times K_2, \quad (1)$$

where K1 – relative rating estimates of cooperation preferences, K2 – relative ratings of tariff preference.

Based on the results obtained, a diagram of assessments of the levels of competitiveness of tour operators is constructed (Figure 1).

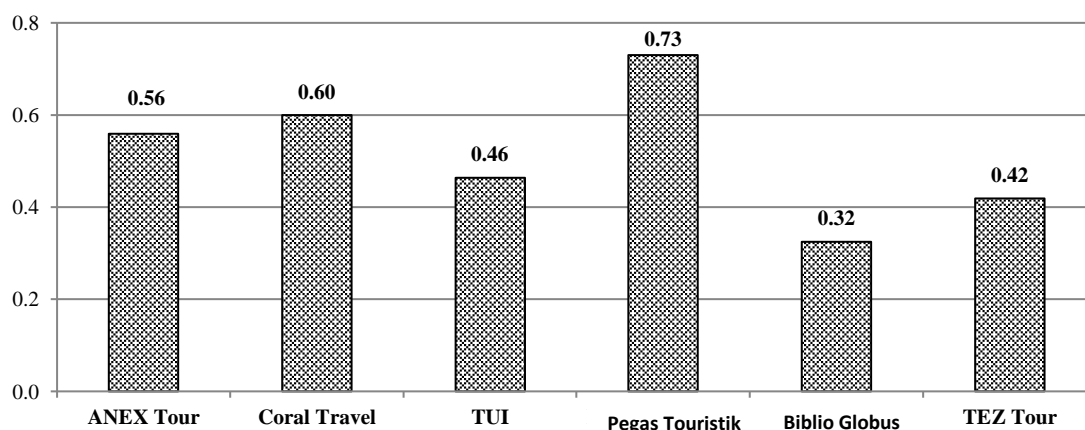


Figure 01. Values of assessments of the levels of competitiveness of tour operators

Thus, taking into account the identified valuation values, it can be argued that the tour operator Pegas Touristik has clear advantages in implementing pricing strategies. Somewhat inferior to him Coral Travel and ANEX Tour. Less flexibility in pricing is demonstrated by TUI, TEZ Tour, and Biblio Globus.

7. Conclusion

We have analyzed strategies for the formation of offers and prices for tourism products implemented by tour operators in the summer season of 2019 in the most popular tourist destinations among Russians: Turkey, Greece, Spain. Based on the processing of official statistics:

- Summary and relative rating assessments of preferences for cooperation between travel agencies and tour operators were built (based on the study of similar ratings for the most popular tourist destinations in the summer season of 2019);
- The types and specifics of the implementation of tariffs by tour operators are identified (based on the results of a study of their market activity), a classification of taxes was proposed;
- The level of interest of travel agents in the price decisions implemented by tour operators – duties were revealed. It is established that not all price decisions of tour operators find a response in retail. However, the broader and more diverse the line of tariff plans formed by the tour operator, the higher the consumer loyalty to the tour products they offer;
- Relative estimates of the preference for using tariffs (price decisions of tour operators) are calculated;
- Estimates of the level of competitiveness of tourist operators were built.

An interesting fact is that the correlation coefficient between the values of relative rating estimates of cooperation preferences (K1) and relative ratings of choice for using tariffs of tour operators (K2) is – 0.6. This correlation testifies to more active competitive actions and the area of price decisions of tour operators less demanded by retail and confirms their desire to involve travel agents in cooperation with additional shares.

In the tourism market, the competitive position of tour operators is mostly determined by the attractiveness of the tour products they formed, the difference in their prices and conditions of sale from similar offers of competitors, the advantages in terms of compliance with consumer expectations, the

successful implementation of price strategies, the adequacy of the market situation and the breadth of use of price maneuvers. Their forms are constantly changing and enriching. The paper summarizes the innovative practice of implementing the price strategies of tour operators in the Russian tourism market. The study allowed identifying their positioning and presents the results of the assessment of the indicator of the level of competitiveness of tour operators.

The results of the study are useful for specialists engaged in tourism activities, including companies included in the rating. The results are helpful for students who are training and improving their qualifications in the direction of preparing Tourism.

Taking into account the modern transformations of the Russian tourism market, the authors intend to continue research into the technologies for organizing tour operator activities in the domestic tourism industry. These issues are in the focus of the attention of the government and priority tourism and business development programs. At the same time, price decisions in this sector are still not as flexible as in the outbound areas of tourism. The development of pricing strategies should be adapted to the domestic tourism product. For developing pricing strategies, it is advisable to take into account both the positive experience of the tour operators in the outbound areas and the risks, including those which are not justified and which have caused many bankruptcies of tour operators.

Acknowledgments

The Russian Foundation for Basic Research supported the study, project No. 19-010-20035.

The authors thank the Russian Foundation for Basic Research, which supported the project No. 19-010-20035 on the organization and holding of the I International Scientific and Practical Conference "Integrating Tourism into the Economic System of the Region: Prospects and Barriers" as part of the Forum "Development of the Tourism Industry in the Context of Global Market Changes". As part of this event, a representative audience of Russian and foreign scientists and practitioners managed to discuss a wide range of issues related to the development of tourism and the improvement of the activities of tourism organizations. We thank the information service "Banco" for the opportunity to operate with up-to-date statistical data reflecting current trends in the tourism market.

References

- Abrate, G., Nicolau, J. L., & Viglia, G. (2019). The impact of dynamic price variability on revenue maximization. *Tourism Managem.*, 74, 224–233. <https://doi.org/10.1016/j.tourman.2019.03.013>
- Alegre, J., & Sard, M. (2015). When demand drops and prices rise. Tourist packages in the Balearic Islands during the economic crisis. *Tourism Managem.*, 46, 375–385. <https://doi.org/10.1016/j.tourman.2014.07.016>
- Alegre, J., & Sard, M. (2017). Price strategies by German and British tour operators in Mallorca. *J. of Hospital. and Tourism Managem.*, 33, 93–102. <https://doi.org/10.1016/j.jhtm.2017.09.012>
- Buiga, A., Stegorean, R., Chis, A., & Lazar, D. (2017). Pricing of the tourism product: a tool for entrepreneurs to adapt to a flexible market. *E & M Ekon. a Managem.*, 20(1), 172–186. <http://hdl.handle.net/11025/25714>
- Campo, S., & Yague, M. J. (2008). Tourist Loyalty to Tour Operator: Effects of Price Promotions and Tourist Effort. *J. of Travel Res.*, 46(3), 318–326. <https://doi.org/10.1177/0047287507303975>
- Chemodurova, S. S., & Shmarkova, L. I. (2018). Dynamic packaging as a tool to increase the competitiveness of a tourism company. *Bull. of OrelGIET*, 2(40), 63–68.

- Ivanova, V. V. (2015). The methodology of pricing management at tourism enterprises. *Market. and Managem. of Innovat.*, 4, 41–48.
- Sagalakova, N. (2016). Target controlling method of the pricing process in tourism enterprises. *Newsletter of Kyiv National Univer. named after Taras Shevchenko. Ser. Econ.*, 179, 32–38.
- Shmarkov, M. S., & Musalitina, M. S. (2016). The influence of geopolitical factors on the development of the tourism market and the activities of companies. *Bull. of OrelGIET*, 2(36), 134–139.
- Shmarkov, M. S., & Shmarkova, L. I. (2012). Analysis of the evolution of seasonal fluctuations in the characteristics of the activities of tourist companies and forecasting their development. *Bull. of the Belarusian-Russ. Univer.*, 4(37), 144–154.
- Vives, A., & Jacob, M. (2009). Dynamic pricing for online hotel demand: The case of resort hotels in Majorca. *J. of Vacat. Market.*