



# **Strategic Management: Ensuring Competitive Advantage and Survival in Tourism**

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## **ABSTRACT:**

There has been spectacular boost in volume of tourism at domestic as well as international level. Consumer needs and consumer behavior has been a driving force for up-and-coming varied tourism products. An upsurge of small as well as large scale tourism firms has intensified the competition among products as well as destinations within a country as well as similar ones outside the country. Forecasting and pre-planning are the major tools for meeting the consumer demands. This fierce completion has led to innovations at various levels of the tourism system. A better product increases the market share of the organization ensuring its future viability and steady economic benefits. This paper has discussed the role of strategic management in perceiving customer problems and pre-designing of appropriate solutions; which are then sold as tourism products.

**Keywords:** Tourism, Strategic Management, Consumer Problems, Competitive Advantage

## **INTRODUCTION :**

The fierce competition in tourism industry at international as well as regional level has compelled the management to re-evaluate their business styles. Strategic Management can lead to a boost in the performance of an organization by providing it a competitive edge over others.



This paper discusses the ways in which strategic management can provide competitive edge and ensure survival of an organization. Strategic management has been defined as “the skill of making or carrying out plans to achieve a goal.” (Merriam Webster online dictionary) Strategy involves a thoughtful process of decision making and implementing the necessary actions to achieve long term goals or objectives. Strategy is a web of decision interlinking external environment with the organization. It has a significant role in organization structure and its overall performance (Hambrick, 1980; Mintzberg 1978). It is a long term planning for optimum utilization of resources to meet the futuristic goals of an organization. In short Strategy provides an outline to the development of a firm along with guiding and correcting the course of action from time to time to align the efforts of the organization with its goals.

The concept of Strategic Management was in conception in 1960’s which matured in 1990’s; starting from a very basic need for budgetary control to further moving into complexities of strategic management via long range planning and strategic planning. Strategic management is a complex yet very important tool. Strategic management starts with a statement of clear and well defined objectives of the tourism organization, followed by a forecast about future of business. Then the resources and actions of the organization are directed to achieve the preset goals of the organization.

Tourism is a fast paced industry and has numerous subsidiary services; it has a significant impact on the economy of a country. So for proper development of Tourism in a country and for successful implementation of a strategic plan collective efforts from all the integrated tourism services are required. As per Mintzberg (1994), strategic planning has to be flexible and not rigid, which comply well with the fast paced scenarios of tourism emerging out of ever changing customer needs and customer problems. A wide array of objectives drives a Tourism organization. A few of them are common to almost every business activity and are of utmost importance, namely

- Contributing to the parent economy
- Earning Foreign Exchange
- Employment generation



Though there several other objectives such as ensuring sustainable development, environmental conservation etc. Strategic planning is required at different levels such as International, national, regional as well as local to ensure rightful development of Tourism industry as a whole. Strategic planning is required to coordinate the efforts of tourism industry of a country to fulfill all such objectives. Careful planning can lead to resource maximization thereby strengthening the economy. Strategic management is also necessary to tackle the problems arising from tourism activities such as acculturation, negative environmental impacts, over tourism etc while simultaneously laying out a plan for customer satisfaction. It helps in formulating stern policies to curb the negative impacts of touristic activities arising out of irresponsible tourism,

The lightening advancements in technology has made it easier to forecast and preplan but still strategic management holds great importance especially in a phenomenon which is human centric. The ultimate goal of a business is to attain fruitful results with bare minimum efforts and stumpy investment. All this can be attained by choosing best strategies to gain competitive advantage. The most essential activities of any organization are its strategic thinking and strategic management (Evans, Campbell and Stonehouse, 2006). For giving a competitive edge in business, centric strategy is necessitated to match the “environmental resources” with the organization (Porter, 1980, 1985, schaffer, 1987). Complex nature of tourism services and fast changing external forces provide negligible time for adapting to changing trends and customer preferences. Therefore it is not possible to generate value added services or products and to acquire human resource at short notices, strategic management thus helps in sustainable development and steady profits.

The survival and earning potential of an organization is by and large influenced by the market position and competitive place of an organization.

Emergence of Special Interest tours in past decade provides a clear insight into the role of Ultimate Selling prepositions in carving out a niche in the market. Market share of a tourism organization is dependent on the attractiveness or uniqueness of the product or service on offer. Market share has a positive correlation with the competitiveness of the tourism organization. Larger the market share of an organization, diverse is the



experience of the firm in the specific area. Future viability of a tourism organization holding a strong current position in the market requires advance preparations for innovations and designing of solutions for perceived customer problems to rule out the chance of loss of market share.

Customer requirements are the major strategic pointers of the competitive health of an organization. A customer problem has variety of solutions based on the management style and time of occurrence of the problem.

Strategic planning enables a firm to design solutions for perceived customer problems and sell these solutions. On average tourism organizations operate on small scale and have little inclination towards research and development. The long range perspectives of a tourism organization emphasize on distinguishing and specifying the customer needs and turning them into solutions with flexibility to incorporate changes if necessary. These changes are much more than mere development of new products. The desired changes can be introduced in any element of the business system; product, production process, market share, distribution channel, technology used or after sale services etc.

Strategic management enables the managers to enhance their competitiveness by solving customer problems through innovations. Innovations can be introduced into any step of the entire process such as planning a tourism product, designing a tourism product, pricing, advertising and marketing etc. More innovative and cleverly designed products often enhance customer satisfaction, say for example a person might not indulge into a yoga tour to a city whereas an intricate package of wellness tour consisting of yoga on banks of a river, naturopathy in the lap of nature etc might gain the attention of a wellness seeker. Customer needs Innovations also lead to reselling of a tour package for example initially a tour package to Haridwar was sold as a pilgrim product but innovations has moulded Haridwar into a well sought destination for wellness tourism, spiritual tourism as well as a destination for adventure sports.

**Conclusion:** Strategic management leads to strategic pointers, which in turn give a hint of customer needs and their problems. A good manager uses this knowledge to design solutions for these problems and sell these solutions as tourism products. Good



Innovative products increase the market share hence imparting a competitive edge to the organization. The competitive position of the tourism organization is directly related to its sales and profits in earnings. Apart from monetary gains worthy products increase the goodwill of the organization in the industry and amongst the consumers sprouting loyalty.

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