THE SWOT ANALYSIS IN BUSINESS ACTIVITY PLANNING OF THE TOURISM ENTERPRISE

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SWOT analysis is one of the most well-known strategic management tools and is used in practice by tourism enterprises to guide the strategic decision in choosing an option that matches a rational framework. Before managers define their effective strategy to gain a competitive advantage, they need to carefully look at the situation of the tourism enterprise's competitiveness, which involves assessing the environmental and organizational factors which influence the company's ability to compete. Thus, the tourism enterprise's offer must be perceived by the consumer tourists as the most attractive from the point of view of the quality and price policy. Through this article, the author argues the need to use the SWOT analysis in the strategic planning activity of the tourism enterprise to ensure competitiveness in relation to the competitive environment.

Keywords: SWOT analysis, tourism, tourism enterprise, internal environment, external environment, strengths, weaknesses, opportunities, threats.

Analiza SWOT este unul din principalele instrumente ale managementului strategic, aplicat în practica întreprinderilor turistice în luarea deciziei strategice importante. Înainte ca managerii să definească strategia efectivă pentru a obține un avantaj competitiv, este necesar ca ei să analizeze cu atenție competitivitatea întreprinderii turistice, care include o evaluare a factorilor organizaționali interni și externi, ce influențează abilitatea întreprinderii de a concura. În acest caz, propunerile întreprinderii turistice ar trebui să fie percepute de către consumatorii turiști ca fiind cele mai atractive din punct de vedere al calității și al politicii prețurilor. În articolul dat, autorul argumentează necesitatea utilizării analizei SWOT în planificarea strategică a activității întreprinderii turistice, pentru asigurarea competitivității companiei în raport cu mediul concurențial.

Cuvinte-cheie: analiza SWOT, turism, întreprindere turistică, mediu intern, mediu extern, puncte forte și puncte slabe, oportunități, amenințări.

SWOT-анализ является один из основных инструментов стратегического менеджмента, который используется в практике туристских предприятий для принятия важного стратегического решения. Прежде чем руководители определят стратегию эффективного действия, для получения конкурентного преимущества перед конкурентами, им необходимо внимательно изучить конкурентоспособность туристского предприятия, которая включает в себя оценку внутренних и внешних организационных факторов, влияющих на способность компании конкурировать. В этом случае, предложения со стороны туристского предприятия должны быть восприняты туристами как самые привлекательные в плане качества и ценовой политике. В этой статье, автор подтверждает необходимость использования SWOT-анализа в стратегическом планировании деятельности туристического предприятия для обеспечения конкурентоспособности компании по отношению к конкурентной среды.

Ключевые слова: SWOT-анализ, туризм, туристское предприятие, внутренняя среда, внешняя среда, сильные и слабые стороны, возможности, угрозы.

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The actuality of the subject

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Increase in the sales volume on the international tourism market makes the world's tourism industry to become a more attractive sector for the business environment. World Tourism Organization statistics show an increase in tourist traffic in 2016 by 32% more than in 2010. Under these conditions, competition among tourism market players is becoming harder [12].

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The problem currently facing the business environment is to find strategic solutions for survival. Thus, entrepreneurs in order to develop a business in the tourism field must strike a balance between the opportunities of the tourism market and their own abilities and means, harmonizing their resources, capacities and objectives in accordance with the external environment.

Under these circumstances, the SWOT analysis as a tool of strategic management can guide the tourism company in choosing a direction that corresponds to a rational activity framework, thus facing the competitive environment. All of these argue the actuality of the research theme.

The purpose of the research is to study and analyze the problems related to the use of the SWOT analysis in the planning of tourism business activities. The area of research is covered by the specificities and dimensions of the world tourism industry, which require an in-depth approach to its specific concepts.

The theoretical and methodological support of the investigated theme is provided by the work of the scientists who have researched in this field and have demonstrated the effectiveness of using the SWOT analysis in the strategic planning related to the activity of commercial enterprises in general and of tourism enterprises in particular.

Applied methods

When writing this article, the author used 3 research methods as follow:

Fundamental research has allowed the elucidation of current trends in strategic planning, reflecting the prerequisites for proven change in the field of research, thanks to the implementation and use of the SWOT analysis. Fundamental research included investigations in the form of theoretical studies which led to the formulation of some scientifically substantiated conclusions.

Research for development aimed to use those processes and devices which can directly influence the practical work of the tourism industry. In order to address the diversity of issues that the tourism industry has encountered, a wealth of specialized literature and general interest has been used, a variety of comparative research and analysis tools that highlight the complexity of the SWOT analysis as a generator of benefits in the tourism business.

Applicative research was tasked with providing data for directing practical work to increase methodical work. This provides practical support in the knowledge of the functioning of the tourism enterprise as a subject of the national and international tourism market.

Relevance of the article. The research and development of this theme gave the author the opportunity to generalize certain conclusions on this topic and, consequently, to propose the tourism business environment through the lectures organized at the Higher Tourism and Hospitality School within the AESM, the need to use the SWOT analysis in the planning of the strategies activity.

Results and discussions

In order to define the strengths and weaknesses of an enterprise as an actor of the tourism business environment, we can use the SWOT analysis. SWOT analysis is a technique that a tourism enterprise can use to assess its internal environment in detail, identifying its strengths and weaknesses as well as the external environment, identifying opportunities and threats from the outside in its business process.

The acronym SWOT comes from English and means: STRENGHTS, WEAKNESSES, OPPORTUNITIES and THREATS. Strengths and weaknesses come from inside, while opportunities and threats – from outside.

The limitations of the SWOT method result from the internal-external opposition and the good antithesis. The analysis is based on the net distinction between the internal environment, usually identified as managed in a hierarchical manner and the external environment, with which the realities of the enterprise are of tourist market segmentation. This distinction does not allow accurate capture of the management of the internal space, which knows other regulations than the hierarchical ones, nor the management of the external space, which is much wider than the tourism enterprise market [1].

The first steps in making a SWOT analysis consist in defining the objectives pursued. The objectives should be as explicit as possible and accepted by all decision-makers. Once the objectives have been identified, the SWOT analysis can also be carried out with a view to identify correctly the components:

- > strong points => attributes from inside the tourism enterprise that participate in the achievement of the established objectives;
- > weak points => attributes within the tourism enterprise that hinder the achievement of the proposed objectives;
 - > opportunities => external factors ensuring the achievement of the established objectives;
 - threats => external factors that prevent the achievement of the proposed objectives.

Strengths and weaknesses are the internal factors of the tourism enterprise, over which the company has a certain control and influence. The internal environment of the tourism enterprise refers to all elements that are firm and controllable. An enterprise's internal business analysis seeks to identify strengths and weaknesses compared to its competitive environment. Strengths are the basics for which the tourism business proves its absolute and relative superiority to competition in terms of service quality, practiced prices, ancillary services, location, skilled and experienced staff, technological superiority, aggressive promotion. Weaknesses are the weak points of competitors.

Analysis of strengths and weaknesses is done at the level of the tourism enterprise by analyzing the commercial, financial, productive and organizational capacities, each element being considered to be a major or a minor force, a major or a minor weakness.

It is important for each tourist company to periodically assess its strengths and weaknesses. This can be accomplished by completing a form that will include the elements relating to the commercial, financial, productive and organizational capacity of the enterprise. The tourism company must constantly seek to maximize strengths and minimize the influence of weaknesses on its activity.

Even if it is assumed that there is a separation of the internal environment, fixed on the SW axis – strengths and weaknesses, from the external one, fixed on the OT axis – opportunities and threats, when assessing forces and weaknesses, respectively, of opportunities and threats, the appreciation implies a comparison with the significant elements in the external environment or, respectively, a reference to a particular model of the internal environment or a course of action desired by the decision-makers. In addition, modern organizational approaches assume that the touristic enterprise is an open system, so the exclusion of mutual reporting of the internal and external environment may prove counterproductive for the analytical purposes of the discussed instrument.

If internal and external factors are divided into two distinct groups, then they can be combined in four ways. Here are four categories of strategies with the following features [2]:

- 1. SO strategies use tourist enterprise forces to take advantage of tourism market opportunities. Strategies are aggressive and aim to create an edge over competitors.
- 2. ST strategies use the tourism enterprise's forces to reduce the threat of unfavourable situations. Threats and risks that may have a negative impact on the enterprise's activity are diminished or even avoided by using diversification strategies. The problem is to choose the right direction for diversification or the optimal alternative for the enterprise.
- 3. WO strategies use opportunities to improve their internal characteristics or avoid weaknesses. These are reorientation strategies and are characterized by redirecting human, financial and informational resources to create new tourist products imposed by the tourism market.
- 4. WT strategies aim to avoid the threats of the external environment in the conditions where the tourism enterprise's weaknesses are predominant. When the enterprise's position on the tourist services' market is unfavourable, it approves a defensive strategy in order to survive and mitigate losses.

Because most tourism businesses have characteristics that can generate combinations in all four ways, it will result that strategies from all the combinations mentioned above need to be sustained.

The understanding of the way necessary to build the combination must be based on the idea that the tourism company will approve a strategy adapted to the external environment or adjusted to the essential elements of the internal environment to those of the outside environment. According to this, a good strategy is that exploiting forces and opportunities, neutralizing weaknesses and avoiding threats. The "good" rating means that the result is materialized in optimizing economic performance. The "match" between the tourism market and the resources needed by the enterprise implies maximizing profitability as the only competitive advantage available.

The Russian author V. Cvartalinov, while analyzing the activity of tourism enterprises, highlighted a multitude of strengths and weaknesses that may appear within them, on the one hand, and a variety of opportunities and threats specific to their environment, on the other. In his opinion, we need to highlight the following [10]:

- ✓ Potential internal strengths distinctive skills, adequate financial resources, high level of staff qualification, well-designed functional strategies, technology ownership, cost advantage, organizational flexibility, product innovation capability, etc.
- ✓ Potential internal weaknesses unclear strategic direction, lack of key competences, poor distribution network, inability to self-finance, relatively high unit costs to competitors, etc.

- ✓ Potential external opportunities meeting the needs of additional customer groups, entering new markets/ segments, vertical integration, removing trade barriers, rapid market growth, etc.
- ✓ Potential external threats the entry of some transnational tourist enterprises on the tourist market of the Republic of Moldova, able to operate at lower prices for tourism products and services, the slow growth of tourist markets, changing the consumers 'tourists' preferences, imperfect tourism legislation.

The literature has numerous models of analysis that are claimed, at least by label, to be S.W.O.T. The seven steps that embody a complete strategy-building process in Heinz Weichrich's view, presented in his paper "Administration: A Global Perspective of Empiricalism", are as follow [3]:

- 1. company identity: geographical area, competitive situation, management orientation;
- 2. identifying and evaluating environmental factors;
- 3. preparing a forecast and assessing the future;
- 4. carrying out an audit of possibilities in a functional approach of the enterprise;
- 5. enunciating strategic solutions or options;
- 6. choice of strategies;
- 7. preparation of application plans.

At the start of a S.W.O.T. analysis, it is assumed that several preparatory steps were taken, according to Heinz Weichrich's model, as a result of which the following requirements were set:

- the enterprise's mission should be described as detailed as possible, explaining the strategic vision at the time of the analysis;
- the defining elements of the company's internal environment must be grouped into functional areas such as production, marketing, personnel, etc.
- the defining elements of the enterprise's external environment should be grouped as follows: the overall situation of the branch, the competitive environment, the product diversity, the consumer's absorption capacity.

Separation of elements of the internal environment into strengths and weaknesses, as well as the external environment in opportunities and threats is extremely necessary, even if they will later suffer certain changes of forms under the pressure of the conjuncture of the tourist services market.

All particular forms of S.W.O.T. are based on the qualitative or quantitative form of the model. The qualitative form consists in making lists of elements with certain characteristics. In the first phase we will analyze the interesting elements of the internal and external environment, chosen as significant for the tourism field, then list the strategic suggestions resulting from each element combination of the internal and external environment [5].

The analysis of the existing situation is the starting point in establishing the tourism business activity strategy. Tourism businesses that want to make fundamental decisions on specific topics, use the SWOT analysis in the following cases:

- in strategic forecasting;
- in annual planning;
- when faced major difficulties to be solved;
- when he wants a radical change in his work.

According to the famous American specialist Philip Kotler, the following general considerations are taken into account in the overall internal analysis [11]: financial capacity, incorporating capital availability, cash flow and financial stability;
productive capacity including production greaters.

- productive capacity, including production means and qualified workforce;
- organizational capacity, which includes planning, organizing and coordinating the activity, motivating the employees, controlling the results;
 - commercial capacity, which is highly dependent on marketing potential and actions.

Managers should be aware of the fact that in the day-to-day activity of the tourism businesses an important role lies with external factors, that is, macro-environment.

Macro-environment refers to the general environment in which the tourism enterprise operates and is attributed to the following categories of factors: socio-cultural, economic, political, legal, natural and technological [4].

Due to the fact that the external environment changes are usually uncontrollable and can affect the activity of the tourism enterprise, this analysis must be the starting point of any activity planning. Thus, by analyzing the external environment, it is possible to identify those elements, which may constitute threats and must be foreseen and avoided by the tourist enterprise.

The threat or constraint may be a hindrance as a result of an unfavourable trend or development of the environment in which the tourism enterprise operates, and the absence of defensive market action would result in a deterioration of sightings or profits. Many tourist business executives carry out analyzes of their own activities, but they often do not distinguish and do not separately treat items that come from outside the firm. Threats and constraints must be related to the weaknesses of the firm.

At the same time, the external environment is also characteristic of the elements that represent opportunities or favourable opportunities to be followed by the enterprise.

The opportunities on the tourist market exist when there are unsatisfied needs or desires, and the tourist enterprise has the interest and the ability to satisfy them. Favourable opportunities may exist on the market according to: size, economic climate, demographic growth, increased purchasing power, competitors' weaknesses. Tour operators who have made use of these opportunities and have made it worthwhile have been able to benefit from them and become leaders in the tourist services market.

The first condition to success is to analyze continually the competition environment in which you operate. Under these circumstances, in order to evaluate our competitors' offer of products and services we need to know them very well. It is useful to establish an identity card of the competing tourism enterprise. Identity card is a document that allows the synthesis of a large number of information about a company. It can be an important mean of analysis and comparison of the own tourism enterprise with competing companies. This could include the following elements:

a) Identity elements:

- geographic location;
- legal status;
- historic;
- trademark;
- tourism destinations operated.

b) Position held on the tourism market:

- the market share and its evolution;
- the relative market share (which measures the distance from the main competitor);
- the image of the enterprise on the tourism market;
- customer loyalty to the enterprise.

c) Adopted strategy:

- short and long-term goals;
- target destinations;
- market segments addressed to them;
- positioning on the market.

d) Specific elements:

- assortment diversity of tourism products and services;
- practiced prices;
- qualities of tourism products/services;
- additional offered services;
- promotional actions taken.

e) Potential:

- human resources;
- financial resources;
- material resources;
- technological resources;
- information resources;
- logistics resources.

If we are to analyze the competitive environment of a tourism enterprise, we must take into account the market share in relation to the main competitors. The market share allows the expression of the stake held by a particular tourism enterprise, on a particular tourism product or destination with which it operates. The calculation formula which can be used to determine the market share is as follows:

$$CPi = \frac{Vi}{V}x100 = \frac{CAi}{CA}x100$$

Cpi = market share;

V = volume of sales of products for the "x" tourism destination on the market;

Vi =sales volume of the analyzed tourism enterprise;

CA = total turnover on the "x" product market of the respective tourism destination;

CAi = turnover of the analyzed tourism enterprise.

Conclusions

The SWOT analysis is particularly useful in the current context, being one of the main managerial tools that can contribute to enhancing the competitiveness of the national and international tourism business, thus facing the competitive environment in which it operates.

The widespread mentality of entrepreneurs is that it is not necessary to do the SWOT analysis because it is perceived that all the problems are related to the tourism industry, which is a wrong idea. Regularly performing the SWOT with all subtleties can have a beneficial effect on the systematisation of ideas and, as a consequence, increases the performance of the tourism enterprise. The model of the SWOT analysis for the planning of tourism business activities, in the author's opinion, can be presented as follows: *Annex 1*.

Under these circumstances, making a SWOT analysis should be the starting point for formulating objectives appropriate to the situation of the tourism enterprise and its relations with the external environment. The objectives and strategies set for the planning horizon will aim at developing the strengths of the tourism enterprise, removing or correcting weaknesses, exploiting favorable opportunities and avoiding or diminishing threats to the external environment.

The need for SWOT analysis should not only occur when things start to go wrong in the tourism business. SWOT analysis should be done on a regular basis, thus gaining a good understanding of the tourism enterprise, market trends, competition environment, all of which are the starting point for establishing the company's future strategies.

For an efficient use of SWOT it is necessary to know its limitations both theoretically and practically. SWOT analysis is not a universal panacea or an element to match any discussion on a strategic management topic. Even if at the end of a critical analysis it is considered that its use also has acceptable aspects, the warning signal indicates that it should be used with caution [6].

The quality of the SWOT analysis is questionable if we take into account the different points of view of the tourism experts:

- the method allows to identify some questions that would otherwise not have been asked and is an irreplaceable starting point in substantiating the strategy;
- the method risks limiting the assessment of the real situation in which the enterprise is located, as practice has shown that the "essential" is often not included in the plans or situations developed by the managers;
- the method is just a model of analysis used to give some form of analyzes that are frequently made by managers of tourism enterprises.

When we want to appreciate the usefulness of the SWOT method and the reasons for its success for a tourism enterprise, we need to consider at least two trends:

- managers collect information from inside the enterprise rather than from its environment;
- managers often fail to take into account potential risks, or remove "unpleasant" information.

In spite of what has been said, the SWOT analysis, however, provides an initial orientation on the range of strategies that offer the most reasonable outlook.

Proposals and recommendations

In order to determine which strengths and weaknesses of the tourism business should be paid a special attention for their development or correction, assessment levels may be used. Each strength will be analyzed both in terms of its intensity and importance for the success of the tourism business. Thus, in our opinion, it is necessary to assess the strengths and weaknesses of the tourism enterprise in the following ways:

- ✓ Intensification of strengths needs to be measured with a five-level differential scale, from 1 very low to level 5 very high. Also, the importance will be measured through a three-tier scale: high importance, medium importance and low importance.
- ✓ The utility of analyzing the strengths and weaknesses of the tourism enterprise increases in comparison with the core competitors. By using such a comparative analysis, the basic strengths of own tourism enterprise can be highlighted. These competences refer to the strengths over which the tourism company overcomes its competitors and need to be developed, as well as the weaknesses

- which have to be mitigated or removed.
- ✓ In order to determine the extent to which the strengths are basic, distinctive in relation to competitors and to determine their strategic importance, the tourism enterprise have to be analyzed, from the perspective of the following criteria, the core competencies identified:
- *Property*. Professional knowledge and skills belong to individuals who are the member of the staff of the tourism enterprise. They are not the property of the firm. Basic skills due to human resources can be lost by taking over from specialists by competitors.
- *Durability*. Consumers-tourists' preferences are constantly changing. If the tourism enterprise is not flexible enough to modify the situation on the tourism market and does not have the capacity to adapt to the changes generated by its external environment, then it loses its competitive advantage.
- *Portability*. Certain tangible resources of the travel business can be acquired by its competitors, as is the case of fixed assets (office, transport, etc.). Other resources, especially intangible (brand image, company reputation, etc.) cannot be easily transferred.
- Imitability. Structure of tourism products through basic components can be often copied by competitors.

At the same time, we must note that the attractiveness of the tourism enterprise's involvement on a tourism destination is determined by the relationship between opportunities and threats of the external environment. The ideal situation is when there are more opportunities than threats.

Under these circumstances, the analysis of opportunities and threats in the external environment implies their classification according to the impact they have on the tourism enterprise.

Thus, development of the matrix of opportunities should involve the following steps:

- ✓ Identification of opportunities the tourism company offers to the external environment;
- ✓ Measuring the profitability of showing each favorable occasion in the planning horizon, using a differential scale with nine levels, from 1 very low profitability to 9 very high profitability;
- ✓ Location of each identified opportunity, in the corresponding dial of the matrix, according to the two coordinates considered.

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Annex 1

SWOT analysis evaluation scheme for the tourism enterprise

The strengths of the tourist enterprise:

- 1. Availability of necessary human, financial, material and informational resources;
- 2. Statute of a leading tourist enterprise;
- 3. Trademark recognized in the tourism services market;
- 4. Excellent location of the office;
- 5. Exploitation of technological and informational innovations;
- 6. Using modern marketing techniques and tactics;
- 7. Permanent assurance of quality standards;
- 8. Cost advantages over competitors;
- 9. Effective advertising;
- 10. Long-term experience in tourism;
- 11. Organizational Performance Management;
- 12. Functional organizational culture;
- 13. Consumer outlet;
- 14. High productivity;
- 15. Availability of tourist products and services requested on the tourism market;
- 16. Good supply management.

The weaknesses of the tourism enterprise:

- 1. Insufficient or lack of human, financial, material and informational resources;
- 2. The absence of a known trademark;
- 3. Lack of a concrete strategy of activity;
- 4. Incorrect location of the office;
- 5. Lack of permanent tourism service providers;
- 6. Low profitability;
- 7. Inefficient organizational management;
- 8. Lack of professionalism among the employees of the company;
- 9. Contradictory corporate elements of the various subdivisions of the tourism enterprise;
- 10. Reduced range of tourism products and services;
- 11. Unfavourable picture on the market;
- 12. Narrow distribution network;
- 13. Inefficient advertising;
- 14. High production costs compared to competitors;
- 15. Insufficient technical equipment.

Opportunities for the tourist business:

- 1. Liberalization of the visa regime for the citizens of the Republic of Moldova in relation to the EU member states.
- 2. Possibilities for capitalizing on the new tourist destinations;
- 3. Diversifying the range of tourism products and services;
- 4. Eliminating trade barriers in attractive foreign tourism markets;
- 5. The emergence of new air operators on the tourist market and Law-cost routes;
- 6. Tourism legislation adequate to the requirements of the tourist market;
- 7. Availability of low-cost tourism products through specialized sites;
- 8. Value Added Tax Facilities;
- 9. Increased rhythm of tourist market growth.

${\bf Constraints \, / \, Threats \, for \, \, the \, \, tourist \, enterprise:}$

- 1. Market penetration of strong competitors from the outside;
- 2. Increased sales of substitute tourism products;
- 3. Enhance on-line reservations by consumer-tourists and organize holidays on their own;
- 4. Declining market growth rate;
- 5. The unfavorable impact of the exchange rate;
- 6. Economic stagnation;
- 7. Decrease in purchasing power of national currency;
- 8. Changing consumer-tourist preferences towards traditional tourist destinations;
- 9. State introduction of conditions that require additional financial effort.
- 10. Imperfect tourist legislation.

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