The development of framework for assortment policy on the tourism services market in Ukraine

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The paper provides results of comparative analysis of the level of tourism activity in world and Ukraine based on official statistics. The author has made the proposals related to the ways of enhancing marketing of tour operators and travel agencies. The paper grounds proposed approaches to the identification and accurate formulation of company’s assortment policy on the tourism services.

Keywords: tourism, marketing, management, assortment policy, efficiency.

Problem grounding. Tourism continues to be one of the best positioned economic sectors to drive inclusive socioeconomic growth, provide sustainable livelihoods, foster peace and understanding and help to protect our environment. However, the sector is facing several major challenges as safety and security concerns and the temptation to build new barriers to travel; the technological revolution; and charting a course toward sustainable development.

The development of tourism services market in Ukraine brings a huge amount of problems, practical solution which is very difficult because of the lack of appropriate theoretical developments. One of the most urgent problems at this stage is the problem of formation of travel agencies assortment policy to increase tourism demand and attractiveness of Ukraine in international tourism flows.

Practice shows, that the assortment policy of travel companies is formed haphazardly and inefficiently. In the absence of an effective policy product structure under the influence of various environmental factors tends not meet the demand of customers adequately. As a result, travel companies face reduced level of customer service, reduced the number and volume of turnover, worse performance of the company. Only through optimal assortment policy developed on the basis of marketing, the company can function effectively.

Analysis of recent researches and publications. This problem in developed market economies have been paid much attention. So today’s scientific researches should be based on the findings of renowned foreign authors like Ph. Kotler, G. Armstrong, J. Saunders, V. Wong [1], Chandler A. D. [2] Steiner G. [3]. However scholars mainly depict fundamentals of product policy and rarely reveal accurate issues of concrete business. So the level of theoretical elaboration of problem of product police development for the specific areas such as travel activities still is insufficient. This determines the relevance, and therefore, the objective need for further development of theoretical and methodological foundations and development of practical recommendations for the management of product policy in the travel business.
The aim of the paper is to develop and justify progressive elements of product policy for business entities in Ukraine travel market.

Main findings. World outbound tourism spending dynamic is very encouraging. International tourist arrivals in 2016 grew for the seventh consecutive year to reach 1.235 million, a sequence of uninterrupted growth not recorded since the 1960s (figure 1). As reports UNWTO Secretary-General, people continue to have a strong appetite for travel and this benefits many countries all around the world, translating into economic growth, job creation and opportunities for development [4].

Figure 1. Structure of international tourist arrivals in 2016

The strongest growth was recorded in the Africa and Asia and the Pacific regions. In 2016 expenditure from major outbound markets reflect increasing demand for international tourism across the world, as reported in the latest UNWTO World Tourism Barometer [5]. China continued to lead international outbound tourism. With a 12% increase in spending, followed by the United States, Germany, the United Kingdom and France as top five spenders (table 1).

Among the largest 50 source markets, there were countries that recorded significant growth in spending in 2016: Vietnam (+28%), Argentina (+26%), Egypt (+19%), Spain (+17%), India (+16%), Israel and Ukraine (both +12%).

The conducted analysis of Ukraine travel market revealed that along with the increase of inbound and outbound tourists (figure 2), revenues of Ukraine travel companies significantly increased from UAH 4,797,731 thousand in 2015 to UAH 11,522,520 thousand in 2016 [6], operational income grew in 8.4 times and reached UAH 2,378,460 thousand.

Figure 2. Inbound and outbound tourists flows in Ukraine [6]

The State statistic service of Ukraine reports [6] that the network of tourist business as legal entities as individual entrepreneurs in 2016 amounted to 3506 business units, up 324 units more than in 2015. The most numerous category in the structure of tourist activities network is travel agents, that totals to 80% of business units. The number of tourists – citizens of Ukraine, served by tourist business units during the year of 2016 was more than 2.5 million people, foreign tourists – 35 thousand people (in 2015 respectively 2.0 million and 15 thousand). For the vast majority of tourists (85%) the main purpose of the trip was leisure and recreation (figure 3). Most visitors (77%) preferred hotels, foreigners amounted to 13% of hotel guests.

The development of tourism product policy should be based on common definitions and contain special techniques to catch tourism market peculiarities. So, we assume that, the range of products is a set of species, varieties and cultivars, united on some basis [7]. There are industrial and commercial range of products. Product

<p>| World's top tourist destinations and tourism spenders in 2016 [5] |
|---------------------|---------------------|---------------------|---------------------|</p>
<table>
<thead>
<tr>
<th>Country</th>
<th>Number of international tourist arrivals, mln</th>
<th>Country</th>
<th>Amount of international tourism expenditures, US$ bln</th>
</tr>
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<tbody>
<tr>
<td>France</td>
<td>84,5</td>
<td>China</td>
<td>261</td>
</tr>
<tr>
<td>USA</td>
<td>77,5</td>
<td>USA</td>
<td>122</td>
</tr>
<tr>
<td>Spain</td>
<td>68,5</td>
<td>Germany</td>
<td>81</td>
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<tr>
<td>China</td>
<td>56,9</td>
<td>UK</td>
<td>64</td>
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<tr>
<td>Italy</td>
<td>50,7</td>
<td>France</td>
<td>41</td>
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range is range of goods produced by industrial and agricultural agencies. Typically, producers produce a narrow range of products, allowing them to introduce advanced production technology, improve product range, improve their quality.

The trading range is a range of goods to be sold in the retail trade network. It includes a range of products manufactured by many companies, and is divided into two product categories: food and non-food products.

Each of the sectors is divided into product groups, which include products that combine a number of features:

1. Uniformity of raw materials (metal products, leather, glass, etc.);
2. Consumer (sports, business, clothing, etc.);
3. Degree of difficulty range [8].

An important feature is the classification of particular properties. So, given the limited terms of implementation, the need for special modes of storage products are divided into perishable and non-perishable.

Commodity groups are divided into commodity subgroups, which include similar goods. Each subgroup consists of products of different kinds. Given division of products into groups, subgroups and types usually distinguishes group and intra group (expanded) range of products. Group portfolio is a list of product groups. Intra (detailed) range is a range of group detail on specific types and varieties of products.

These two concepts, in turn, are closely associated with the concept of breadth and depth range. This latitude range of products is determined by the number of product groups; and depth – by the number of product varieties within the product group. The more goods of different

![Figure 3. Structure of tourists flow by the trip purpose [6]](image)
items in this product group, the range is deeper and the more different product categories in the store, the range is wider.

By the frequency of demand products are divided into three groups:
– everyday – most often purchased goods;
– periodic demand – goods purchase are carried out periodically;
– unusual demand – durable goods, whose service usually exceeds five years.

In addition, a group of seasonal items, whose implementation is carried out in certain periods (seasons) of year.

Goods purchase can be stable (stable) or subjected to some (including sudden) fluctuations. Given this, products are divided into the following groups: stable demand; products, demand for which is prone to sharp fluctuations; strongly worded demand; alternative demand; pulse demand.

Product range formation is the process of selection of groups, types and varieties of products in accordance with demand. Product range formation is carried out continuously at all levels of the goods movement – from production to consumption. A necessary condition for efficient business is an optimal range of products for travel companies. Therefore, correct, scientifically substantiated product range formation is an important function of commercial service of travel businesses.

Travel company may form product range based on assortment sheet. An assortment tour sheet describes group structure and intergroup range of products. Thus for each defined product travel agency may offer range of tours for travelers. Assortment tour sheet should be composed by two steps.

In the first phase company may establish the range of products. The basis for its definition is marketing research in the target market, conducted by travel agencies.

In the second phase company may calculate the number of varieties of each type of product, so assortment list is determined by the number of varieties of goods required due to the demands of travelers.

Developed assortment lists of travel companies products should be adjusted to reflect changes in consumer demand, social and political factors in tourism destinations, production policy of major travel and transport companies and other factors.

The main purpose of creating the required assortment lists for travel agencies is control of the completeness and stability range of tours in accordance with conducted agreements with tour operators.

To contribute to an assortment lists in the travel business of sufficient and stable range, travel agency must regularly monitor whether for all products included in the assortment list contracts with tour operators are signed. Assortment tour sheet in major depends on company’s assortment policy.

The economic concept of “assortment policy” should take essential place in the management of travel company to enable competitiveness and good performance. To develop scientifically grounded assortment policy of tourism business unit manager may consider the notion of “politics” as general line for decision making. Generally it is formulated at the level of senior management of the company for a long period and designated to preserve the sustainability of goals and mission and to prevent the adoption decisions that do not meet the requirements of long terms goals. According to B. Berman and Jh. Evans [9], assortment policy is the policy of defining the product range of goods sold and services rendered with accordance to company’s capabilities, opportunities, suppliers and partners, market demand, risk, seasonal demand conditions and price trends, etc.

S. Garkavenko argues, that assortment policy should allow to ground a course of management action. It should provide answers to questions about the product range and management, supporting competitiveness in proper product segments [10]. Assortment policy gains particular sense for travel market as consumers impose requirements to quality of travel services.

Assortment policy is important part of the overall business strategy. Some agencies seek to optimize portfolio by narrowing the breadth and depth reduction. They sell only the most popular and driving commodity groups and within groups – the most popular tours. This policy reduces expenses and accelerate turnover. For example, if tourism manager find that in product group, consisting of 10 tours, only 4 tours give 80% of turnover, it is likely that other 6 tour will be excluded from the assortment range. The logic of this decision is clear: do not invest and work in most of the product groups, which makes only 20% of turnover; better focus on rapid trade turnover.

The decision to narrow the range in this example is quite logical, but it is not the only possible commercial logic. Other agencies, by contrast, will certainly deal with all 10 names of tours. These are agencies that announce their
tour range as wide and extremely deep, almost exhaustive range.

The breadth and depth of the range must be selected on the basis of common goals and objectives, which poses a travel agency, and, of course, benefits consumers.

Problems with balance range are more complicated. The modern trend is selling all products "under one roof", so often managers do not have to think about whether this product or product group meet general focus range, and whether they can be sold profitably. Business performance can be enhanced not only the exclusion of product range, but also the addition of new products.

It should be noted that the profitability of trading a particular tour should not be interpreted too narrowly – as commission only or the difference between the sale price and its purchase costs. A wider view on profitability can be expressed as: does trading of this tour increase the profitability of agency as a whole, if it is decided to include (or not include) in this product range? In many cases the decision on the breadth, depth and consistency range managers founded on such a broad and reasonable approach.

In practice, the concept does not always yield the total playing its proper role in matters related to the range. Often the decision to include a range or revocation of a product leaders take based on habit or tradition, imitation competitors, or simply based on intuition. But the decision about the range should not be based only on profitability, profitability as the only criterion; such decisions should be the result of a comprehensive review and analysis.

Assortment management is an activity aimed at bringing the range with the requirements of its rationality. The main controls is to establish requirements for the rational range, determining product policy organization. Requirements rationality range vary depending on market conditions (solvency of the buyer, socio-economic, socio-cultural, legal characteristics of environmental organizations).

The purpose product range – the most complete satisfaction of consumer demand. There are general and specific factors shaping range. General factors that influence the formation of industrial and commercial range, there is a demand and profitability. Special factors in the formation of the industrial range is raw material and technical base of production, scientific and technological progress.

Rational portfolio of products – a major factor in the competitiveness of agencies in the presence of a large number of manufacturers and sellers of similar goods. It is formed by the selection of species, varieties, brands of products other than novelty modification level of quality, price, terms of demand, typology of consumers (consumer segment group).

Assortment policy is aimed at building an optimal structure of assortment, price policy. It is based on consumer requirements for certain groups of customers (segments) and the need for efficient use of financial resources.

Achieving compliance range is based on demand of planning and forecasting. Manager should take into account, on the one hand, the market a new product range, on the other hand – the nature of demand. The projections should reflect the structure of demand for products based functional effect, price, type and brand sizes.

Work on the product range is complicated by the following factors:
- large latitude range of goods;
- the need to take into account legal requirements of compulsory servise range;
- the inability to accurately calculate the real needs of the population;

Therefore, forecasting and assortment planning can only be short-term.

Formation range can be made by different methods and approaches depending on the scale of sales, properties of goods, commercial and social objectives and challenges facing the company.

If there are a large number of proposals from tour operators products assortment can be formed the most famous brands. Sales only major brands guaranteeing sales volumes, cost savings to stimulate demand, but requires a flexible pricing policy, as many competitors, which reduces profits.

The range of products can be formed with lesser-known brands, providing a low level of competition in this market segment, allows maintaining high profits at low retail prices, but creates the need for financial costs to attract customers and stimulate sales. You can select the following key areas of product range catalog.

Reduced range – quantitative and qualitative change in the range of low-cost, low-quality goods that are not in demand by consumers. The reasons for the reduction range may fall in demand, the lack of proposals losses or low profitability in the production or sale of certain goods.

Expanding the range – the quantitative and qualitative changes basket of goods due to
increase in breadth, fullness and novelty product quality. The reasons that contribute to the expansion of the range, is to increase the supply and demand, high profitability and the sale of goods, the introduction of new products.

Deepening range – quantitative and qualitative change in the range of products through the development and supply of new brands or modification. The reason for choosing this area is the high saturation of the market, the desire to reduce the risk of release of goods at low novelty presence known in demand brands, lack of organization to produce new types of products.

Update range – quantitative and qualitative changes in the state set of goods, characterized by increase in novelty.

Improving the range – the quantitative and qualitative changes set of products to improve rational range.

The optimal product portfolio is one of the main components of marketing, which directly affects the sales activities, it is important to achieve competitiveness in the market.

Actively developing large tour operators who have significant financial resources and can afford to experiment on assortment block: enter a range of new products in large volume to work with producers of “unnecessary” tours and, guided by its own network sales statistics, generate assortment matrix to open new outlets.

For example, some national retailers form the portfolio as follows: as a basic range of new distribution network set list of items suitable for parameters store the most balanced assortment – “reference” trading network in which according to the standards periodically works on the introduction of new products.

Added to the basic range of positions as, most sold and found the statistics in the trading network as a whole is checked that all the items on the list include the mandatory range, this range adapted to store commercial equipment features and calculations. Consideration of the range in terms of its presence in products of different price range is important in acute competition to keep all classes of customers, answering their income and personal preferences.

An important task – working range ordered structure. In order to determine the optimal ratio of different product groups that are part count in a certain category, overseas businessmen wastes BCG matrix and ABC-analysis.

The classic tool aimed at studying the structure of the range – a "ABC-analysis." This method is used to analyze the effectiveness of the implementation of various product groups and comparing the efficiency of individual products within a product line. If the analysis of the depth of trading range, which contains 20 items, the first four give 80% of sales, the next four – provide 10% and all other accounts for the remaining 10%, it is fairly typical pattern.

The strategic goals of assortment management can be described as follows:

– maximum satisfaction of all target groups of consumers while increasing the efficiency of interaction between business units on travel service market;
– formation of trading range that will provide a competitive advantage for the company and on this basis will maximize profits in the long term;
– retaining a share on the consumer market and moving into other market segments;
– forming a certain image of the company and ensuring a high level of customer service;
– strengthen the financial position of the company;
– increasing the market value of the company and so on.

Tactical objectives of assortment management, in our opinion, are:

– the formation of the current and future product policy, respectively on the demand of consumers;
– forming a specific range corresponding to the parameters of chosen niche and consumer characteristics;
– the establishment of areas to expand the range to meet the needs that change;
– improvement relationships with other business units on travel service market;
– ensure sufficient breadth, depth and stability of tour range;
– ensuring a balance in cash flows;
– regulation size and structure of advances and acceleration of cash turnover;
– ensuring growth in sales and profits;
– keeping maintenance costs to a minimum;
– optimization of structure of sources covering goods with a view to ensuring the financial viability;
– risk management.

Efficient operational assortment management can be performed on the following objectives:

– forming a basic range considering the complexity of consumption;
– the distribution of certain groups and subgroups in terms of consumer goods complexes;
– updating and adjustment of tour range;
– organization of economic relations, monitoring their implementation;
– organization of advertising and information on the range;
– the rational use of merchandising and promotion;

**Conclusion.** Thus, we may conclude that assortment policy must be based on an integrated approach and provide some action for the appropriate guidelines. So assortment policy of business unit on travel service market may be based on the following principles:

– adequacy, providing a regulatory nature of product policy of the company in general. Indeed, assortment policy establishes a link between the demands of the market on the one hand and opportunities of companies – on the other. But this is only "outside" of principle. Its "inner" part covers business capacity of tour operator. Based on direct and closed loop feedback assortment policy regulates the development of the whole business, constantly compare its ability with consumer request and market dynamics;

– flexibility of assortment policy, which includes complex solutions for revealing business opportunities. If the assortment policy will not be fully open to new ideas and methods, it will turn into something inviolable and will not stimulate the development of the company. Based on this principle, it should be noted that company may focus on the consumer market;

– synergy in marketing decisions; this means that the nomenclature of tours must be intrinsically linked and some types of products and services should complement each other;

– coordination and complexity. The complex nature of product policy means that the system measures and approaches to assortment management should focus on the formation of competitive assortment model to ensure strong position on the market.

Well-grounded assortment policy enables achievement of long term goals of travel agencies and tour operators, links together country-components of commercial strategy and enhance efficiency of business on national and world travel service market.

**REFERENCES:**