

MANAGEMENT SOLUTIONS FOR ADAPTING THE ACTIVITIES OF TOUR OPERATORS IN THE CONDITIONS OF A DYNAMICALLY CHANGING MARKET - THE THOMAS COOK CASE

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Abstract: The introduction of computer systems for management, advertising, distribution and communications are contributing to the general changes in the tourism industry. On the one hand, their entry is related to the lowering of the costs of offering and selling tourist products and services, and on the other hand, transactions between people and organizations are carried out through them, regardless of the distance. The increased turnover of information and communication technologies has a drastic impact on market processes and structures of demand and supply in all tourism sectors.

More and more tourist services are offered on the so-called electronic market, and more and more destinations have web pages, social network profiles, etc., from which the potential visitor could inform himself, plan, book and purchase a particular Tourist service. Electronic commerce is based on the fusion of information and communication technologies with business, marketing and sales, as the media used for communication and interaction is the global network (Internet), corporate and local networks around the world.[7]

In general, e-commerce in tourism consists of business transactions that are implemented through telecommunication systems - the Internet. And tourism is a classic example of how the electronic marketplace can change the structure of an industry.

The purpose of this article is to examine the contemporary challenges in the activity of tourist operators in the conditions of a turbulent market. For the purpose thus set, the following tasks have found their solution: the characteristics of the electronic market have been examined, the main problems have been identified, and possible solutions have been given.

In conclusion, the need for management solutions guaranteeing the adaptation of the activity of tour operators, taking into account the dynamic changes of our time, is substantiated.

Keywords: tour operators, dynamic changes, management decisions, adaptability, electronic market.

1. INTRODUCTION

The huge volume of information attracts people with suggestions for choosing travel or business trips. New technologies provide unlimited opportunities to independently plan a holiday or travel abroad without resorting to the services of a travel agency or tour operator.

There is almost no travel service anymore that cannot be done online. Globalization drives the growth of tourism, through global electronic and communication technologies and networks, as well as through global media. With the help of electronic technologies, a fast working and very economical system is provided for booking transport, hotels and services in all corners of the globe. Through the Internet, the modern man can explore hundreds of destinations and sights offered in different parts of the world. The use of the global network increases the competitive environment and increases the chance of choosing a destination and achieving a greater match between the needs and personal taste of the tourist. [4]

Through the electronic market, a higher degree of satisfaction and a relatively lower price of the tourist service is achieved. To this effect can be added the possibility of significantly greater awareness of the conditions and services, and this, in turn, increases the demands of tourists and the responsibility of those offering tourist services. Consumers today want to be stimulated, entertained, educated and challenged. They are constantly looking for new and new brands that will "dazzle" their senses, touch their hearts, provoke their minds, i.e. looking for experiences. "Individual consumer needs such as convenience, personalization, experiences, environmental sustainability and social connections have come to the fore." [5]

Digitalization is a factor that is seriously changing information flows and the ways in which hotels and customers interact. Also, digital technologies are proving to be at the heart of providing the shortest path to reach customers. A distinctive feature of digital technologies is that they enable much more targeted and easy access to users of various products and services, as well as create entirely new business models. They enable the digitization of routine processes, information gathering, and prototyping shortens the innovation process. [6] Also, through them it becomes possible to develop the capacity of employees at different levels in separate functional areas, decision-making based on actual data obtained from customer relationships, as well as the location of production in different production units.

The new mobile devices, in the form of smartphones and tablets, are seen as the result of the convergence processes between mobile phones and personal computers, and the new devices are easy to manage and enable access to information and communication at any time and from anywhere in the world. . [3] For a more complete understanding of convergence processes, the scientific literature states that it is the unifying unit through which all types of signals are distributed: television, radio, fixed and mobile phones, the Internet, as a result of which forms a qualitatively new information transmission environment. [2]

In many ways, the Internet represents globalization. Globalization further activates this multiplicity of communities and heterogeneities as people move, travel and interact more".[1]The globalization of financial markets, the transfer of incredible amounts of money in seconds around the world, would not be possible at all without modern technology. The enormous growth of trade is another element of economic globalization, resulting from the greatly reduced costs of transportation and the ability to transport goods and people much more quickly. This is especially true in the service industry, where products such as software or databases (current hotel/transport bookings for example) can be sent from one end of the world to the other in seconds. The Internet has long overtaken television, radio and print media as a means of information for vacation planners, and the percentage of people using the Internet to put together their ideal vacation without resorting to the services of a tour operator or travel agency is growing remarkably every year. Against this background, it is normal for not only hoteliers, but also tour operators and travel agencies to comply with newer and more modern ways of advertising and selling, namely the Internet space.

As a rule, the intervention of the tour operator appears in the majority of the elements of the tourist trip. As a result, conditions and opportunities are created for impacts on the consumer value and quality of the product offered by the tour operator in the process of its consumption. [5]

2. PROBLEMS, LESSONS AND THE RESTART OF TOURISM

The problem Internet

One of the biggest mistakes of tour operator Thomas Cook was that they forgot the old rule of mandatory adaptability. While everyone else realized the advantages and the huge influence of the electronic network and the electronic market on tourism and tour operator activity, "Thomas Cook" passed them by with haughty arrogance.

It was only in 2017 that the tour operator announced a corporate partnership with the American equivalent of the online booking company Booking, better known in Bulgaria. By then, however, not only was it too late, but the company still continued to rely more on its brick-and-mortar locations and phone service.

Instead of cutting costs, Thomas Cook continued to operate more than 600 offices worldwide, most of which were located on the main shopping streets of megacities, where rents are rising more and more every year. Each of these stores contributes not only staggering rent, but also bills for staff, electricity, materials, etc. And so while the rest of the booking business was moving headlong online and cutting costs, they were swelling just as headlong in Thomas Cook's accounts.

By being slow to adapt to the digital environment, the company missed the opportunity to include the so-called Millennials (also known as Generation Y) among its customers. Spending most of their time in front of a computer, phone or tablet, a huge portion of customers in this age group were lost to Thomas Cook.

In the age of technology, the huge volume of information and the possibility to explore hundreds of destinations all over the world with just a few clicks, totally change the face of the tourism industry. Almost no one goes to the office of a travel agency anymore, given that they have instant access to information about conditions, availability, prices, etc., from the comfort of their own home; from the computer at work, in front of which he dreams of his next days off; and even from the beach, cocktail in hand, enjoying the current vacation and planning the next one. In the Internet space, distance and time do not matter, which makes the whole process indescribably easier in today's hectic everyday life.

The problem – package prices

Along with the emergence of the electronic market and the opportunities it offers, the market for package prices or so-called total price travel is shrinking more and more.

In the words of the managing director of Pace Dimensions (a consulting firm that advises travel companies on how to adapt to the digital world), Tim Davies - "The market for package prices for a vacation has shrunk dramatically because it is so much easier for consumers to choose the individual elements that they want in their vacation, and also to find them at a very good price". He also believes that Thomas Cook is choosing to remain just an outdated tour operator instead of targeting the modern ways of thinking of its customers and is adamant that the old market will die and if other tourism dinosaurs continue to ignore this fact, they will follow his fate. [8]

The truth is that companies like Booking, Airbnb and others in the digital space are giving customers a different and greater choice. They are not limited to the big and well-known destinations, but also offer a choice in the smallest

and unknown corners of the world. With the help of the Internet, people now have the opportunity to do their own research and find new destinations and increasingly interesting adventures for them. The package business is in no way related to the logic of the new market.

The executive director of the media company "Skift", Rafat Ali, states that the other problem is the seasonality of the package services. So when a season turns out to be bad - be it because the summer was too hot or because a key market - like Egypt - turns out to be problematic, it inevitably affects the cash flow of a company like Thomas Cook.

The problem – own airline

At the beginning of the early years of the new century, Thomas Cook began to move into the airline business. The company slowly absorbed the airline "Condor" - which until then was a subsidiary of Lufthansa. In 2003, the company started operating with its own airline "Thomas Cook Airlines". It is based in the United Kingdom and operates 34 aircraft traveling to 82 destinations.

Many experts point to this decision as the main source of Thomas Cook's problems.

"It's hard to run a travel agency, and it's even harder to run an airline. Experience from one business does not always transfer automatically to managing the other. Both processes are complex and independent in their own way." commented Mr Kerby of the Association of Tourist Advisers.

Running an airline is no easy job. They initially have significant fixed and operating costs, so most of the revenue is paid to external suppliers or internal costs. Yes, there are many successful airlines. There are also many successful travel agencies. But combining them makes things much more complicated. Carriers like Thomas Cook do not have the flexibility that a standalone company can have. Because the airline is affiliated with the travel agency, it doesn't offer the same kind of scheduling options that independent companies have.

It is also particularly difficult to operate an airline in Europe, where the market is full of low-cost airlines such as Ryanair and EasyJet, which offer convenient flights at much lower prices.

In addition, Thomas Cook's business model, which sees large peaks in the summer and dips in the winter, makes maintaining its own airline a major challenge. Having planes but no passengers for them during the quiet months, combined with the already huge costs of crew, maintenance, airport taxes, etc., makes the situation even more worrisome.

Now imagine what happens to an airline that has no flexibility and offers far fewer travel options in its schedule; it works mostly in the summer, and practically hibernates in the winter and operates in a highly competitive market – the perfect storm.

The problem – Brexit

Back in May 2019, Thomas Cook's chief executive, Mr Fankhauser, warned that serious losses were expected as many UK customers decided to postpone their holiday plans, worried by Brexit uncertainty. All this just after the heat wave of 2018 (one of England's warmest summers on record) hit the company hard as a huge number of potential customers chose to stay at home rather than travel abroad.

The uncertainty of the market and the constantly falling value of the pound led to very serious problems for most companies connected to the United Kingdom, but for "Thomas Cook" they were one of the last straws in an already overflowing cup of problems.

3.RESTORATION OF THE ACTIVITY OF "THOMAS COOK" AND "NECKERMAN REISEN"

THE THOMAS COOK BRAND

On Wednesday, September 16, 2020, just one year after declaring bankruptcy, British tour operator Thomas Cook reopened, but online.

How does this happen? The Chinese Conglomerate "Fosun" bought the trademarks of "Thomas Cook" for the sum of 11 million pounds. [9]

The company's new business model is built on commissions collected from flight, hotel and car rental transactions. Websites and social media accounts are re-licensed by the Civil Aviation Authority (CAA) and users are protected by the authorities - the government's financial protection scheme Atol, run by the CAA.

Half of the staff employed by Fosun are ex-Thomas Cook employees, including many of the senior team, as well as technical and customer support specialists. The company announced that, launching in the midst of the Coronavirus pandemic, working from home proved to be the better option.

According to the new site, the New Thomas Cook: "Our website allows you to package your own holiday. You leave when you want, for as long as you want. And with thousands of hotels to choose from and more flights and airlines than ever before, your well-deserved getaway can be whatever you want it to be." . This in itself shows that the new owner has learned from the mistakes of the old one. This time, the company is not only keeping up with the Internet fashion, it is completely based on the electronic market. The problem of the lack of flexibility created by the package prices is also solved by offering the client the opportunity to personally choose each of the elements of his

holiday. Instead of limiting the customer to only one (own) airline, he now has "more choices than ever". Leaving the "Brexit" problem in the rear view mirror and with a view to what many are calling "the end of the pandemic", it seems that the "New Thomas Cook" will have all the conditions for ever greater success going forward.

4. NECKERMANN REISEN BRAND

One of Germany's best-known travel brands, Neckermann Reisen, has made a long-awaited comeback three years after former parent company Thomas Cook filed for bankruptcy.

Annex Tourism Group acquired the rights to the brand back in late 2019, but while a quick return was expected, those plans were delayed due to the coronavirus pandemic. At the beginning of this year, however, just in time for the 60th anniversary of Neckermann Reisen, the brand returned to the market with a portfolio of about 1,000 hotels, mostly in top destinations such as Spain and Greece. Turkey and Egypt. Holidays to Bulgaria, Italy, Croatia, Portugal and Tunisia are due to be included during the season, and "car" trips to Germany, Austria and Switzerland are already on offer.

The popular German travel brand is relying on its brand recognition among customers, a wide range of value-for-money holidays and attractive commissions for travel agencies to regain its position in the European market. It is also important that the company maintains its traditional positioning as a broad-based tour operator aimed at families and "adults".

In the meantime, travel agencies will largely be the ones on whom it will depend whether the return of the tour operator is successful or not. Neckermann integrates into the Annex commission scheme with a basic sales commission of 10%, rising to 13% for agencies with bookings totaling €390,000 or more. Regarding the reserved attitude of some of the German travel agencies towards Neckermann, Michael Nickel - the managing director of the company, stated that "Neckermann Reisen" has always been successful and profitable and is not to blame for the insolvency of Thomas Cook Group".

He also commented that "Of course, the hotels lost money due to the bankruptcy of Thomas Cook, but they do not blame us for this and are convinced that the brand will bring them additional guests."

5. RESTARTING TOURISM POST-COVID

When the pandemic shut down borders, hotels, restaurants, and pretty much everything else along with them, the outlook for tourism even in a post-Covid world was dire. There was talk of minimalism, or less and more individual travel, boutique destinations and sustainable products. Some even predicted the end of mass tourism.

Well, nothing like that happened. Two years later, even before the last omicron wave had died down, tourism was noticeably starting to recover - largely as we know it.

After the long months of lockdowns, social distancing, masks and restrictions in general, the thirst for travel, socialization and pleasure is huge. And with the opening of borders and the dropping of more and more anti-epidemic measures, the forecasts of world organizations are more than optimistic. According to some analyses, it is possible that the sector will reach full recovery this year. However, this will largely depend on challenges such as China's conservative anti-Covid policy and the war in Ukraine. [10]

The war with Ukraine is definitely another stone in the wheel of the recovering sector. As if the pandemic wasn't enough, now the war will hamper tourism to some extent. Its effect is not limited only to the lack of Russian and Ukrainian tourists, which is felt by many destinations, but especially strongly in Bulgaria. It also brings indirect negatives for tourism. With the closure of Ukrainian and Russian airspace, flights between Europe and East Asia are longer and more expensive, further complicating the already difficult economic situation due to the pandemic.

Still, people's desire to travel again is so compelling that it will largely offset these difficulties. A report by the World Travel and Tourism Council (WTTC) released in April indicated that the travel sector will not only return to its pre-pandemic level relatively quickly, but will also continue to grow at a steady and steady rate of around 5.8% on average annually. In addition, according to the report, 126 million new jobs will be created in the sector over the next ten years. (See Tables 1 and 2)

Table 1: Contribution of tourism to world GDP (2019 – 2023)

	In percent	In trillions:	Annual rate:	Change
2019	10,3%	\$ 9,6 trillion	+4,7%	
2020	5,3%	\$ 4,8 trillion	-50,4%	
2021	6,1%	\$ 5,8	+21,7%	

		trillion	
2022 г.	8,5%	\$ 8,5	+43,7%
		trillion	
2023 г. forecast	10,3%	\$ 9,6	+14,3%
		trillion	

Table 2: Jobs in the tourism sector (2019 – 2023)

	Jobs in millions:	Annual change
2019	330 million	+8,7 million
2020	271 million	--62 million
2021	289 million	+18,2 million
2022 г.	300 million	+11 million
2023 г. (прогноза)	330 million	+30 million

Source: World Tourism and Travel Council (WTTC)

The European Tourist Commission (ETC) believes that the demand for travel in 2022 will be only 20% below pre-pandemic levels. The list of destinations already showing good pace and expected to register high numbers of tourists includes Greece, Iceland, Spain, Portugal and France. According to ETS, a powerful factor for the recovery of the sector in Europe will continue to be domestic tourism for the countries, which saw large-scale development last summer.

If things really develop in the direction described by the aforementioned analyses, much better times are ahead for tour operators and the entire tourism industry. However, this does not mean that success is guaranteed for everyone. Now more than ever, travel agencies need to pull together and do their best to deal with huge competition, understaffing in the sector, galloping inflation, soaring oil prices, fear and countless other modern challenges and more. to survive, but also to reap success in the conditions of a dynamically changing market.

6. CONCLUSION

The Internet is the key to success. Technology is becoming more and more a part of the human world and nothing happens anymore without being photographed, published, tagged, blogged, vlogged, tik-tok-ed, uploaded to Facebook, Instagram and what else? And if until a few years ago a huge part of the population did not detach from the smartphone, computer or tablet, the pandemic made the rest join. In a world where the "home office" and online school have become the new normal, the development and implementation of information technology in the tourism sector is a key factor for survival.

The best formula for success is to increase sales and reduce costs, and the easiest way to make this happen is by using the e-marketplace. Tour operators must find every opportunity to attract visitors and make their offers attractive. The dynamics of the global tourism market are driving the use of ever-evolving software applications in tourism management, communications, advertising, promotion, distribution and services.

The perspectives related to the integration of online reservation systems in the activities of travel agencies are definitely positive, since the electronic business in tourism will continue its dynamic development.

Some of the most important benefits of implementing online booking systems are:

- The ability to reduce marketing and sales costs;
- Direct access to potential customers;
- The ability to optimize decision-making time;
- Making sales at any time of the day and from any part of the world;
- The elimination of intermediaries, through direct supply and sale to end users;
- The ability to provide much more and more easily accessible information to potential customers;
- The availability of ready synthesized information about real and potential buyers, according to their behavior pattern when viewing the site;
- The ability to conduct marketing research on trends in the tourist market and monitor competitors
- Expansion of the product range, innovations, specialization of the offered services and many others.

The implementation of online booking systems is vital to survive in the highly competitive environment of both domestic and international markets. Sales depend not only on the product, but also on its distribution. Many trends remain ignored by our travel agencies, but this should not happen. Among them, the most significant is the booking of accommodation and travel online.

In the conditions of economic crisis and uncertainty caused by countless changed governments and even more lockdowns, customers are looking for the best deal and they are looking for it online.

This publication is funded by the project n 437/2022 “climate and balneological tourism in the south-east black sea coast as a management decision for change of the standard sea tourist product in conditions of crisis, faculty of public health and health cares, “asen zlatarov” university, burgas, bulgaria.

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