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## ENTREPRENEURSHIP IN TOURISM AND CULTURE



**Project BSB-1130**  
**"Tourism, Cultural Heritage and Creativity"**

**Joint Operational Program**  
**"Black Sea Basin 2014-2020"**  
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*The main objective of the project is to contribute to the development of innovative creative tourism and cultural products based on the local cultural heritage.*

*The handbook aims to support and encourage the launch of startup businesses in the field of tourism and cultural heritage, crafts and arts. The handbook covers topics such as generating a business idea, getting acquainted with the entrepreneurial process and principles of entrepreneurial management, as well as marketing of tourist products.*

## 1. Introduction to Entrepreneurship

Entrepreneurship is a special type of economic activity based on initiative, responsibility and innovative entrepreneurial idea geared towards developing economic growth and gaining profit. An entrepreneur is a person who carries out a special type of enterprise called "entrepreneurship" - taking on and developing a new initiative, carrying out its successful development and getting financial benefits from it.

In a broader sense, entrepreneurship is defined as a specific factor of social reproduction that provides the necessary dynamics in the reproductive

process by creating new, more effective combinations of factors of production / land, labor, capital, ideas, information, business networks/

The word derives from "undertake something", i.e. to start doing something that could be executed successfully.

Nowadays, it is popular to define newly founded companies as StartUps. The word derives from the English: **startup** or **startup company** and literally means "**starting**" company with a short history of its main activity. The term was first used by Forbes in August 1976 and by Business Week in September 1977. The concept has become fully integrated in the business jargon in 1990s.



Today, the term “Startup” refers to a commercial project based on a certain idea and requiring financing for its development. However, it should not be confused with a small or a large starting company in its initial phase as defined in the recent past and is not synonymous with it. The difference is that the startup represents a modern organization, a group of creative, proactive, innovative and ambitious people who share a common goal - to create something new and different. “The startup is a company created to grow quickly. Not every company that is recently registered and launched makes it automatically a startup though. Just as the startup does not necessarily have to deal with technology or take risky investments.”

“The only requirement, to call a company a 'start-up', is its growth potential,” Steve Blank concludes.

In the past entrepreneurship has been linked to the cultivation of land and the sale of the production which has subsequently led to the establishment of factories during the industrial revolution. However, nowadays there are different and modern types of entrepreneurship depending on the business sector and type of activities. Some of the new areas of entrepreneurship in the 21st century are entrepreneurship in the digital sector, social entrepreneurship, green entrepreneurship, entrepreneurship in education, art and health.

## 2. The Generation of a Business Idea

Successful business starts with a good business idea.

The elements of a good business idea are:

- It utilizes our skills and experience;
- It gives us the opportunity to leverage activities we find pleasant;
- It's built on a real case, business-friendly idea;
- What we should avoid:
- Never target an activity we do not like;
- Try to copy someone else's business that looks successful; a small community can only support a limited number of companies with the same type of business.



Ask yourself the following questions:

- Is there any demand for such product or service, and who could potentially buy them?
- How many companies produce a similar product or service offerings?
- Would the demand be high enough to ensure reasonable profit for all of us? Is there a guarantee that we can consider future expansions?
- Will my business be differentiated and sustainable enough to attract many customers in the long run?

- How do we find the right business idea?

Further actions to consider:

- We analyze objectively our specific interests, skills and experience
- We prepare a list of all business ideas
- We align business ideas with our interests, skills and experience
- We analyze the strengths and weaknesses of appropriate business ideas
- We choose the most suitable business idea
- We shortlist the “favorable” business ideas

There are enterprises that offer products or services that are in the stage of "maturity" or "decline". Certain products or services are in their initial phase of implementation; therefore, there is enough room for us to start a business offering the same products or services. The way to guarantee the discovery of a good business idea is to find **market niches and gaps** in the supply and demand.

**“Market niches”** are considered those products or services that many consumers are looking for, but:

- either they can't find them on the market
- or they are not satisfied with what they find

***And don't miss out on something very important:***

Get marketing materials of products and services abroad and see if any of them could have a local market.

### 3. Design Thinking

Design thinking is a methodology for developing business ideas that puts consumer experience and engagement at the center.

Design thinking allows for the generation of innovative business solutions. The first appearance of the term was associated with the American economist,

psychologist and Nobel laureate Herbert Simon in 1969. The secret to Design Thinking is empathy. Essentially it is about putting the consumer at the heart, instead of looking at possible posed by specific circumstances or technologies. This process will include:

**Defining the problem**

**Generating ideas**

**Creating prototypes**

**Generating Feedback**

**Testing**

**Continuous Learning and Improvement**



Design thinking helps us answer four main questions when developing a new business idea:

**How does the idea look like?**

**What would happen with this idea if?**

**What makes that idea appealing and attractive?**

**How does it actually work?**

Every successful innovation begins with an accurate assessment of the existing business environment.

First of all, we need to identify the opportunity for developing our own business. At this stage we need to study the consumer needs of potential customers by getting acquainted with their lives, needs and problems. We need to explore the values of our potential customers that determine their user behavior. We need to create an idea map based on the assessment of the current situation.

*Attention!* The main idea should be at the center of our map.

**What would happen with this idea if?**

At this stage, we generate different scenarios and hypotheses about what the desired future would look like.

Here we use two main tools:

- **Brainstorming**

Take a sheet of paper and a pen and write down as many ideas as you can. At this stage you want to welcome as many ideas as possible with no limit to their number.

- **Development of concepts**

At this stage, we use the ideas generated by the brainstorming stage and we cluster them into buckets in order to formulate concepts and scenarios.

Since we've developed different ideas, now we need to prioritize them.

### **What makes that idea appealing and attractive?**

Among the different concepts developed, now we have to pick the ones with the highest impact.

We have to ask ourselves the following question when choosing:

*Under what conditions could this hypothesis become a real good business?*

At this stage, we use two main tools:

- **Testing our Assumptions**

We need to select and analyze key factors that can lead to failure or success.

- **Rapid prototyping**

We need to formulate a business concept with tangible business outcomes that can be explored and tested.

### **How does it actually work?**

It is now time to put the idea into practice.

The first step is to have conversations with real potential customers. There is no better way to minimize risks than involving real customers in the design of the idea.

At the final stage we have to test the idea in real environment! During this stage, we should not try to protect our prototype, but to modify it according to the results.

## **4. Entrepreneurial Skills and Competences**



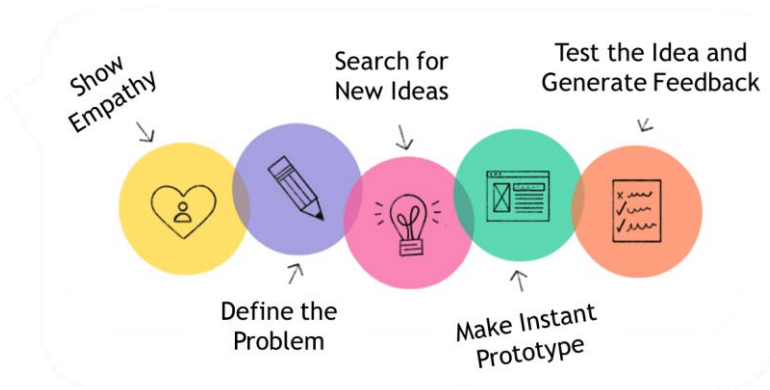
The qualities and skills that an entrepreneur needs to be successful are acquired and developed. There are also personality traits and qualities that are innate and make it easier for a person to become an entrepreneur.

Entrepreneurial behavior is mastered and developed through competences that provide the basis for vital business skills. Through practice, prospective entrepreneurs can apply key business knowledge and use their competences to acquire basic business habits. With sufficient practice, these habits become the “driving force” of successful entrepreneurial endeavors.

Important personality skills needed by future entrepreneurs are:

- Risk taking skill - "The biggest risk is not to take any risk... In a world that is changing very quickly, the only strategy that is doomed to fail is where one takes no risks. "- Mark Zuckerberg (the creator of Facebook)
- No fear of failure - “When you take risks, you will understand that there are times when you succeed, and there are times when you fail, but both are equally important.” - Ellen DeGeneres (TV host) <http://comac-medical.com> <http://divacare.org/>
- Skill to bounce back, learn from mistakes and move on- “Don't worry about your failures, learn from them and start again.” - Richard Branson (businessman)
- Adaptability - “It is not the strongest or the brightest that survive, but those who best adapt to change.” - Charles Darwin (English scientist)
- Problem solving skills - “We cannot solve problems we face today with the same level of thinking we had when we created them.” - Albert Einstein (creator of the theory of relativity)
- Confidence - “No matter where you come from, your success is determined only by your own confidence and will.” - Michelle Obama (First Lady of the United States)
- Innovative Thinking - "Capital is not so important in business, even experience isn't that important. You can have both. But it is Ideas that matter! "- Harvey Firestone (founder of Firestone Tire & Rubber Co.)

- Leadership - "The best leader is not necessarily the one who does the best things. This is the man who makes others do the best things." - Ronald Reagan (40th President of the United States)
- Communication and presentation skills - "Money will come to you through other people. So be sociable. Unsociable people too rarely become rich" - John Rockefeller (US entrepreneur)



The required business competencies by future entrepreneurs are:

- Financial Acumen - Financial acumen is defined as the set of financial knowledge and skills that support awareness of financial risks and opportunities, making rational and informed decisions.
- A number of studies point to the direct positive relationship between financial literacy and the well-being of the individual.
- Fundamentals of the economy - Before starting a business, it is good to know the basic economic concepts of microeconomics, market mechanism and market equilibrium, price setting and distribution of goods in society.
- Preparation of a business plan - The business plan is a document summarizing the intentions of an enterprise for a particular mission. Business plans are used for management and planning within the enterprise, as well as to persuade investors to finance the venture.
- Fundraising - The prospective entrepreneur should know where to find funding for his/her business idea. This can happen through: loan

from friends and relatives, bank loan, EU funding, business angels, crowdfunding, etc.

- Digital Competences - Digital competences are vital for the 21st century labor market and for starting a business. More and more startups are digitally connected regardless of whether their area of activity is in the creative, educational, commercial sector or working on a social cause. Basic digital competencies start from the ability to perform internet search and online shopping through the use of Microsoft office to create your own website and social media profile for the business.
- Conducting business meetings - This is an important skill, especially when meetings are with potential investors.

## 5. Entrepreneurial Process

The entrepreneurial process can be divided into the following phases:

- Research, discovery of an entrepreneurial idea /innovation/
- Creating a business plan
- Funding
- Project management and implementation
- Enterprise growth and development

*The factors influencing the entrepreneurial process are, on the one hand, personal, social, and organizational characteristics and, on the other hand, they represent the elements of the external environment.*

According to Y. Koev, the decision to start your own business involves considering and resolving many complex and often controversial issues. Viewed and decided over time, they can be united by the idea of entrepreneurship as a process. The entrepreneur in tourism not only needs to find his/her idea, but also to see it as a specific good (product or service); to look for its place in a specific market; to provide resources for its creation and production; to develop a detailed action plan; to consider the legal form for its business; to look for the best place for the placement of its business; to hire employees, to choose the most suitable structure for its management, etc.

The different activities and stages distinguished in the entrepreneurial process do not always take place in the exact sequence we like or as in theory. In reality, some of the activities often take place or are carried out

simultaneously, which greatly challenges the work of the entrepreneur, increases his / her workload and reduces the time required for the realization of the idea. Considered as a means of describing and explaining the entrepreneur's efforts, the entrepreneurial process can be divided into 12 steps. These are:

- Selection of type of activity;
- Decision to set up your own business;
- Discovery of a new idea or a new product;
- Assessment of the possibilities and limitations of the new product;
- Creation of the new product;
- Analysis of the external environment;
- Entrepreneurial analysis of resources;
- Localization of entrepreneurial activity;
- Institutionalization of the activity;
- Development of an entrepreneurial plan;
- Management of the entrepreneurial activity;
- Closure of entrepreneurial activity.



*There are several important conclusions to be drawn from the presented entrepreneurial processes for entrepreneurs in the field of tourism, as follows:*

- The social environment with its characteristics i.e. access to information and resources, attitude to freedom, accepted norms in society, etc., is the main determinant of the entrepreneurial behavior. The social environment has an impact on the entrepreneur's motives for entrepreneurial enterprise, and subsequently on his / her behavior in the tourist organization;
- Apart from the social environment, it is evident that for the successful entrepreneurial endeavor in tourism there are other factors of vital importance such as the individual characteristics of the entrepreneur - their moral judgement, empathy, faith in themselves, emotional

responsibility, positive thinking, forward-looking thinking and other characteristics of the entrepreneur.

- The institutional mechanisms play a very important role for the formation of moral judgments of entrepreneurs, norms, practices, models of entrepreneurship, etc. elements, namely: government policies in support of tourism, innovation policy in the sector, investment strategies for the development of the tourist product, etc. Therefore, the entrepreneurial spirit in any sphere, especially in the field of tourism, is formed with the help of institutions from the social environment, and entrepreneurship as an individualistic process is established and developed through them.

## 6. Entrepreneurial Management

### 6.1. The essence of entrepreneurial management

Changes in economies and social structures since the 1980s necessitate the application of **modern management technology in the management of human resources**. It is important to note at the outset that the principles of entrepreneurial human resources management can be applied in any organization - both business and non-profit, small or large. The organizational culture and the actions for the implementation of organizational processes are important.



At the same time, a key point in technology itself is **innovation or the discovery of a new idea**, with its diverse forms and manifestations.

In essence, the entrepreneurial management of human resources is expressed in the manager's ability to build such an organizational environment that will stimulate the "birth" of innovative ideas. However, at the core of the technology that it compasses key processes like career development, training, motivation and improvement, etc., **is the systematic approach**.

In other words, entrepreneurial management in people management is a kind of system that is designed deliberately (not by accident) to generate innovative ideas and perhaps more importantly - to convert those good ideas into a great result. It is the systematic implementation of this process that transforms a "traditional" organization into an "entrepreneurial" one.

## 7. Entrepreneurial Culture

## Definition of “Entrepreneurial Culture”

Entrepreneurial culture is a complex phenomenon - the intersection of two social systems. As a result, academic research finds two diametric approaches (schools of thought) in investigating this phenomenon. First school of thought - the economists, analyze entrepreneurship as a variable, largely independent of the cultural factors of the environment. The second school of thought comes from non-economists who study the manifestation and fundamental role of culture in the field of economics and entrepreneurship in particular.

Thanks to the increased recent in-depth research on the subject, the shared academic opinion managed to bridge down perspectives recognizing the importance of cultural factors in entrepreneurship, within which people pursue their entrepreneurial opportunities. In parallel, research on forms and manifestations of entrepreneurial culture (EC) also identifies the impact of modern entrepreneurs on the formation of a new culture.



Despite the numerous and significant achievements on the subject of entrepreneurial culture and the growing interest in it, the concept and its specificity still give rise to polemical questions on the part of the scientific and academic community. One of the reasons for this is that the concept of entrepreneurial culture is still not clearly defined. This is rooted in the fact that the term is an intersection of the disciplines of **entrepreneurship and culture**.

As a result of the evolutionary development of cultural theory and entrepreneurship, the foundations of the integrated theory of entrepreneurial culture are laid in time. The entrepreneurial culture is defined as:

- “The influence of different social forces such as ethics and morality, norms and values that form the framework within which people pursue entrepreneurial opportunities”<sup>1</sup>;

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<sup>1</sup>Falin, G. Das Netz weiter werfen - fuer eine neue Kultur unternehmerischen Handels. <http://www.entrepreneurship.de>. 2006.

- “Entrepreneurial culture is what the entrepreneur does and the ways in which he/she protects his/her actions”<sup>2</sup>.

Besides being a phenomenon with specific levels of manifestation, entrepreneurial culture is also an approach to explaining entrepreneurship. Although the integration of sciences - entrepreneurship and culture - has a long history, there is skepticism about the approach of entrepreneurial culture - the extent to which culture is able to explain the rational entrepreneurial behavior.

This is because for a long-time the cultural aspect of entrepreneurship has been explored not in *essence*, but as *an environment* of entrepreneurial events. It was not until the early 1980s that culture began to be explored as part of the management, organizational or entrepreneurial process itself, and not as a prerequisite for it.

Probably, this is the reason why the concept of entrepreneurial culture emerged in the modern scientific sense in the 1980s, although the topic is as old as human civilization. Probably, this is the reason why in scientific publications there are two distinct trends revealing the nature of the magic word combination: the *entrepreneurial culture as part of the entrepreneurial process and the entrepreneurial culture as an environment for the entrepreneurial process*. As a consequence, in our modern times there are three distinct directions in the study of the theory and practice of entrepreneurial culture, namely:

- The first one is the *socio-cultural approach*, where the entrepreneurial culture is analyzed as an integral part of the general social culture of society. It is a mirror image of the latter and its diminished pattern of thinking and behavior.
- The second one is called *personality-cultural approach*. Here the entrepreneurial culture is analyzed as a specific culture different from the general social culture; it is a value characteristic of the specific entrepreneurial thinking and behavior.
- The third interpretation is *an integral approach*. It is based on the understanding that entrepreneurial behavior is influenced by the socio-cultural conditions resulting from the environment, but also by the unique culture lived by the entrepreneur in the entrepreneurial process.

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<sup>2</sup>Walzer, M. Interpretation and socio-economic criticism. Classical and humanistic. Sofia, 1999

Based on the above, it is evident that the entrepreneurial culture has a variety of forms of manifestation. These forms are interconnected and their interaction makes the entrepreneurial culture a multi-layered and complex phenomenon.

## 8. Marketing of tourist products

### 8.1. Introduction

All small and medium-sized enterprises in the tourism sector need basic knowledge of marketing in order to successfully manage their business. Marketing is traditionally defined as a set of activities that are aimed at creating profitability in the work of the enterprise; they are used to direct the flow of products and



services from the producer to the consumer (customer). But we should immediately add that marketing represents the vision of the tourist product, reflected in the customer's point of view, because the product on the market provides added value for consumers. In a free market, there are so many suitable products that it is vital to establish a lasting relationship with the customers / consumers. This necessitates the creation of a new marketing model - the Customer Relationship Management. For nearly 10 years it has been the reason for global changes in the structures of corporations, their functional processes, their information systems and especially in communication, service and sales to customers.

### The Four Ps in the Tourism Business

The main types of marketing policies in tourism are related to marketing objectives. The different objectives according to their nature, significance and period of implementation are achieved through a set of tools that are applied or acting in combination on tourists and are therefore known in theory as the Marketing Mix. The Marketing Mix model is the same for all business sectors, but there is a different way of applying it in tourism by increasing the number of different tools. The 4th P's theory is created by Philip Kotler and Gary Armstrong and includes the following elements: **product**, **price**, **place (distribution)** and **promotion (advertising of the marketing product)** as a component of the communication policy of each company. In the field of tourism, the following elements are added:

- **People** - The staff, the team providing the product;



- **Physical evidence - Built objects, material evidence of the possibility of the product to be delivered and used: the hotel building, the interior, the equipment, the furniture, etc.**
- **Process - The process, which articulates how services are provided as a combination of activities**

In addition to the skills to produce, trade and advertise, there are some basic skills that every investor or entrepreneur needs to run their business successfully. At the beginning of the 21st century, fierce competition in the market connected the successful development of the business with the need for new knowledge with universal application in areas such as: marketing and sales; effective utilization of scarce resources in order to maximize results in the specific market environment; communication skills through state-of-the-art computer systems and others.

### **Do not produce goods and do not offer services that you cannot sell!**

Marketing is often described as an activity leading to finding out what people need as consumers and meeting their needs at a profitable price! The marketing of the 21st century includes mainly skills in designing the precisely needed and sought-after product or service; developing and fixing the price of the product or service; deciding where and how to sell it; communicating and advertising the goods or service to traditional and potential customers. Sales are the life blood of any organization as business without sales puts the company out of business!

The sales activities, including those in the tourism sector, include:

Finding customers; offering the goods or service to the client; commercial negotiations; delivery of the goods or performance of the service; getting payments; being able to provide after-sales service, and in the case of tourist services - maintenance of the equipment and facilities in the hotel, restaurant or transport activity. To summarize everything so far:

The focus of the traditional model of the four P's (Product, Price, Place, Promotion) is shifted to the customer, who is at the center of the decision making process by the companies.

*The economic race today is no longer about who will make a better product with a lower cost or original distribution, but about who will make the customer happy and loyal to a product or a brand. This creates a customer-oriented strategy, which with its 4 Ps is at the service of the customer.*

## 8.2. Market Segmentation

Preparations for marketing activities should start with targeting the right target group or market segmentation. Each SME (small and medium enterprise) should identify specific groups that are most likely to become its customers, rather than targeting everyone.

Market segmentation is an attempt to identify specific homogeneous groups of visitors and develop and implement marketing programs specifically designed for their needs.

Market segmentation should be carried out according to the following criteria:

- Purpose of the travel and time during which the trip takes place - leisure / entertainment; visiting relatives, friends; business trips; season specific travel and weekend breaks;
- Personal profile - income, age, residence, gender, social status;
- Special interests and preferences;
- Previous travel experience, motivation to travel;

## 8.3. Marketing Research

Marketing research represents the link between tourism companies and their markets.

Tourism companies do not know their customers personally until they arrive. That is why they conduct surveys to determine who their customers are, what their needs are and the type of products and experiences they expect.

First and foremost, tourism companies can use information collected by public sector organizations: local and regional tourism councils, tourism associations, national statistical institute, tourist information centers. What else could you do to get an accurate view of your product users and visitors?

- Ask your guests how they found out about your business and write down your answers to gauge the effectiveness of your advertising.
- Collect a database with the names and addresses of your customers and periodically analyze their profiles;
- Offer your guests satisfaction surveys; regularly analyze the findings on a regular basis;

- Complete a visitor survey tailored to your organization's needs;

Another important element of the consumer survey is the employees' feedback. In many organizations, customer information can be obtained from the employees themselves. Employee input can come through regular service quality sessions and a suggestion book. The fact that their opinions are taken into account and valued will further motivate them and make them feel important to the company.

Good understanding of the demand in tourism nowadays becomes an important competitive advantage of tourist enterprises and destinations. In English, information and awareness about tourism demand and tourism development and related studies are often referred to as "tourism intelligence". Among the meanings of the term "intelligence" are: information, data or news; intelligence or comprehension.

*The main focus areas when analyzing the tourist market are: "Who buys, how he/she buys, when he/she buys, where he/she buys and why he/she buys."*  
(Kotler)

Tourist demand can be defined easily as the number of actual or potential tourists, i.e. people who are already on a trip or can take it.

#### **8.4. Marketing Activities**

As it has already become clear, all the activities of a tourism company must be tailored to the perceptions, needs and wishes of customers.

Only after you have acquired information about your customers can you start planning an effective marketing campaign.

The gathered information can be used in starting a new business or targeting new market niches. In any case, the service package must meet their needs and expectations. In a broad sense, marketing can be described through four main types of activities:

- Targeting the right target group
- Customer Survey
- Planning and implementation of the marketing mix
- Monitoring the actions and progress of the competition

#### **8.5. Marketing Plan and Marketing Mix**

After the small and medium-sized enterprises in the tourism industry have identified the main characteristics of the potential customers, they should develop a marketing plan that meets the needs and desires of current and future customers. The marketing mix concept represents a major part of the marketing planning process. For marketing to be successful, it must include the four key elements:

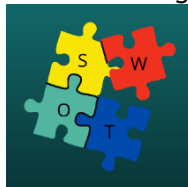
- Tourist product
- Price of the tourist product
- Placement (distribution) and
- Promotion (advertising the marketing product)

Knowing what **PRODUCT** to offer to your customers is a fundamental element of marketing plan, if there is no product, there can be no plan. The planning and the design of the product shall include the answer to the following questions:

- What product will be offered?
- What are its unique attributes and advantages?
- How will this product meet customer needs?
- How will quality be maintained and monitored?

SWOT analysis is the first and main step for the development of a successful product. It contains an analysis of the existing product according to its:

- S- Strengths
- W- Weaknesses
- O-Opportunities
- T-Threats - Risks



Every **SME** in tourism has to decide what key attributes and features of a product will be assessed. Evaluations must be based on two factors:

- Perceptions of guests; What an owner thinks about his / her own business is irrelevant, it is what he / she offers to the target segment tourists that matters.
- Performance and characteristics compared to the competition. By performing a SWOT analysis, the manager should try to identify the strengths of its products compared to those of the competition.

## 9. Tourist product

The tourist product is a combination of different types of services that meet the diverse needs of people.

The tourist product is actually a combination of tangible and intangible components: resources and attractions; conditions and infrastructure; services and activities; perceptions and values that bring benefits, and are attractive to groups of consumers in satisfying their motivations and expectations about spending their free time.

The tourist product is characterized by a process of development and imposition according to the established marketing norms. The introduction of innovations in the basic elements of this type of service is therefore essential for the successful supply and stimulation of demand for the tourist product. Innovations should be developed and implemented in the process from inception of the tourist product to its final realization, in the marketing of the tourist product, in its management and supply.



Tourism services occupy a predominant place in the tourism product. They are complex in nature but can be grouped in two directions: basic tourist services (food, accommodation and transport) and additional services - sports, medical, entertainment, cultural and others. Meeting tourist needs requires a wide variety of services. The main tourist services meet secondary needs but are of primary importance for tourists. In

modern tourism, however, their relative share decreases at the expense of additional services.

Today, the competitive advantage in the tourism business can only be successfully achieved through diverse and quality additional services, which make sense of undertaking a tourist trip, enrich and diversify the leisure time.

**A basic concept in product analysis is the life cycle:** This is the period all the way from launching the idea of creating a new product or improving an existing one all the way to its disappearance from the market due to the exhaustion of its ability to satisfy the respective needs.

All products, just like humans, grow, thrive and decline. Tourism products, which are strongly influenced by fashion trends and changes in tastes, must always keep pace with changes in demand. Hotels and restaurants are recommended to update their appearance and interior every 5-7 years.

## 9.1. Price

The price does not necessarily have to have a financial dimension, but it could be an integral part of the product's positioning. It indirectly provides information about the nature, quality and competitive advantages of the product. The price is influenced by *three* main factors:

- The market demand: the price is primarily determined by the type of visitors we want to attract.
- Competition: the price is also determined by the competition available. The strength of the "market price" may force different firms to work towards parity pricing policies.
- Costs: prices are based on costs that differ for the tourism SMEs concerned, but usually include: distribution and promotion costs, salaries (often the largest cost in the tourism business), research and product development costs, construction, repair and maintenance costs, etc.

**How to determine the exact price?** Once we've assessed the three main factors, we can form our price as follows: We calculate the minimum price we need to get to cover our costs. We also calculate the upper limit, maximum price, considering competition, costs, and guest expectations. **We choose a price midway between them.**

## 9.2. Place (Distribution)

Every tourism company that has built a successful product with the right price should take care of its proper promotion and accessibility to the customer. There are *four* methods of distributing products to the end-users:

- At the place of consumption: when the tourist is located in the area of the tourist company. The customer arrives "at the door" to make a reservation or purchase.
- Through direct advertising in the country/region where the user is located, for example through an internet site. Tourists increasingly book their holidays and trips from their home or from the computer in the office. Information technology is an extremely important tool allowing small tourist organizations to take advantage of the opportunity to advertise directly to customers where they are located.
- Through intermediaries such as travel agencies and/or tour operators. In most cases, small businesses providing accommodation and catering services do not participate in the package offers for mass tourism, but

there is a possibility that some of these products may be distributed through brochures by specialized tour operators (e.g. wine tourism, wineries).

- Through local intermediaries in the area where the hotel/restaurant is located. This type of dissemination can be done through Tourist Information Centers (TICs). They are a good opportunity for small tourism companies to promote and distribute their products.

### 9.3. Promotion (Advertising)

The main form of communication with consumers is ADVERTISING. It is essentially a paid form of active communication using the mass media.

Basic functions of the advertising:

- To promote, present the company's products
- Stimulate demand
- To counteract competitors' advertisements
- Increase sales

Stages of the advertising campaign:

- Determination of advertising purpose;
- Creating an advertising platform;
- Preparation of advertising budget;
- Designing an advertising message, slogan, tagline;
- Conducting an advertising campaign;
- Evaluation of its effectiveness.

Internet marketing, as one of the most used means, has the following characteristics:

- Allows small and newly created businesses to reach users from all over the world.
- The speed at which marketing activities are carried out is much higher and the price much lower than traditional marketing.
- It provides new methods and tools to measure the effectiveness of marketing activities and enables to monitor customer behavior in

order to make the necessary adjustments in the approach of the company.

- Allows personalization;
- Allows businesses to provide web-based services to their customers and partners 24 hours a day, 7 days a week.

Traditional forms of advertising are already in decline. Consumers have developed apathetic or negative attitudes towards them. Classic advertising communication: from the seller through the media to all potential buyers is exhausted under the pressure of the Internet. There is a dialogue between sellers and buyers on the Internet. The Internet offers the biggest variety of advertising tools. You can choose one or more of the following forms:

- Banner - is a visual element with advertising content displayed within the webpage of the media advertiser. Advantages: the banner can be updated continuously and is flexible in terms of structure and content.
- Multimedia advertising - uses classic forms of advertising - video and audio clips, relying on the advantages of the Internet as a channel. It relies entirely on the user's desire to see/hear the ad because it is activated only by clicking (download).
- Content advertising - advertising through text containing a hyperlink to the advertiser's page. It is often underestimated by advertisers, although its effectiveness with quality content and sharp messages is very high.
- Mini-Sites and Intermediate Integrated Pages - created for a specific ad campaign; usually it is a static page with a maximum of 4-5 links. It is used to promote individual products and services offered by the same advertiser. The corporate site of the tourism company contains a database with the entire product range, and the mini-sites and intermediate pages advertise a specific product at a specific time. The objective is the imposition on the market of the advertised product and a gradual increase in sales.
- Email marketing - it uses emails to reach both target groups and specific users. Personalized communication between an advertiser and a customer is made.

A successful and money-saving form of advertising on the Internet is the development of a joint page with companies and organizations representing the tourism industry in your region. Sometimes advertising the tourist



destination through an attractive website will bring you more customers than just your tourist enterprise.

### Problems related to selling products on the Internet

Different strategies are used to successfully sell different products on the Internet that attract or encourage customers to buy. If certain “rules” are not followed, you may never make a sale. You should strive to avoid any of the following issues: Poor design; poor text format selection; too many ads; using too many effects; lack of contact and feedback platforms; inappropriate ordering of information; too many unnecessary product explanations that do not interest the buyer; slow loading - lack of meta tags and description; difficult navigation.

How do we avoid such mistakes? Before we start the website, let's sit down and think about the vision of our site and how we will provide the information to the customer. The presentation of information is a very important element in online sales. Every detail matters and it is important to find the best way to present and structure the information. Here is a small example, in order to foster customer trust, it is good to leave a personal data.

The last elements of the marketing mix that are key for the tourism product:

#### 9.4. Additional elements of the Marketing mix: staff, material base, service (People, Physical evidence, Process)

- The staff - this is the team providing the product; the material base - these are the material evidence of the possibility of the product to be delivered and used; the hotel building, the interior, the equipment, the furniture, etc.; the service - the way of providing the services as a combination of activities.

PERSONNEL, FACILITIES, SERVICES and the way services are provided as a set of activities are crucial for the overall product of the tourist enterprise.



The

behavior and attitude of the staff are particularly important in tourism services. In tourism, human capital plays a critical role on shaping customer's impressions of the overall product.

Customers develop their impressions about the overall tourist product through all interactions with the staff.

Often this is their first and most lasting impression. It is important that your employees are well trained to work according to the standards established by the company, to have the necessary communication skills, to feel engaged in achieving quality of service.

## 10. The 12 New Trends in Travel and Tourism

We have started witnessing 12 new trends that have emerged in tourism industry in 2022 and beyond.

The travel industry is constantly changing depending on tourists' desires for new experiences, rapid global technological advances, climate change and other dynamic trends and events.

World statistics registered the highest number of international tourist trips in 2018, not only as a top achievement in recent decades, but as an absolute all-time record. In 2022, the World Tourism Organization (UNWTO) predicts that the sector will undoubtedly be facing major challenges and changes leading to disruptions in the upcoming period with the period of COVID-19 slowly fading away.

Therefore, new emerging trends in tourism have already been outlined, which can help tour operators and other service providers in the sector to recover and renew their businesses success predictable and certain as we gradually go back to normal.

World experts outline 12 trends in travel that will emerge in the tourism industry, both in 2022 and beyond.

We will look at them separately, as outlined below:

1. Entertainment trips
2. Automated systems
3. Mobile Reservations
4. Personalized Trips
5. Traveling by leveraging technology
6. Sustainable tourism
7. Active ecotourism
8. Life Changing Trips

## 9. Adventure Tourism

### 10. Wellness trip

### 11. Trips with longer duration

### 12. Holiday close to home

## 10.1. Entertainment Trips

These are business trips combined with a wide range of entertainment. This is a growing tourist trend where business travelers expand their business trips to include entertainment events. Experts predict that remote working will continue to gain popularity, and there will be an increase in the remote workforce. Although business trips returned in 2021, it is believed that the trend will explode in the near future.

These business trips, combined with additional entertainment, can be pre-planned, whereby customers organize their vacation within the same period of their business trip. Companies that sponsor them can also offer their employees interesting tourist experiences during their business trips.

On the other hand, this usually leads to an extension of the time for the secondment. Once workshops, professional conferences, and other work commitments are over, business travelers can decide to extend their stay and get acquainted with the destination.

## 10.2. Automated systems

Gone are the days when we used the phone to make a reservation speak directly to the tour operator or enter the travel agent's office for a face-to-face negotiation.

Digitization has led to an exponential increase in online bookings. Not only did this make tourism advertising cheaper, but it made tourists more satisfied and preferring the online reservation process.

## 10.3. Mobile Reservations

Another important aspect of digitization is that every 2 out of 5 online bookings are made via mobile devices, i.e. all smartphone owners are particularly valuable for the following reasons:



- They spend 50% more on excursions and events on each trip.
- They undertake an average of 2.9 times more excursions on a business trip.
- After their trip, large majority of them take their time to provide reviews and feedback online.

#### 10.4. Personalized travel

The sales department should take into account the behavior, preferences and previous choices of tourists. Personalization is also important when it comes to taking part in a trip or participating in an event. Offering diverse and engaging experiences tailored to the travelers' diverse needs provides an opportunity for stronger tourist satisfaction and repeat business.

#### 10.5. Traveling by leveraging technology

Digitalization and mobile bookings are trends with a future in the tourism sector. The new emerging technologies will continue to influence travel in many other ways.

These technologies are key to developing trust and confidence of current and future travelers leading to increase travel in the future.

The five best technologies that would increase travel security are:

- Mobile apps that provide news and alerts about travel hazards (44%)
- Self-service accommodation (41%)
- Contactless mobile payments, e.g. Apple Pay (41%)
- Automated flexible cancellation options (40%)
- Mobile uploading of necessary information (40%)



Innovative offers such as virtual tours, video experiences and online master class trainings have also gained popularity.

#### 10.6. Sustainable tourism

Promoting sustainable tourism practices and environmental initiatives is important for the stable development of the tourism industry.

More and more tourists embrace “green” thinking and take responsible journeys that promote respect and care to the local environment.

Sustainability is not related only to the environment, but also encompasses a positive impact visitors leave on people, culture and destination’s local economy.

### 10.7. Placing a focus on active ecotourism

Active ecotourism is another trend that has emerged in response to calls for more sustainable and responsible tourism. It promotes the combination of a passion for travel with direct involvement in the care and protection of the local environment.

People are very keen on exploring outdoor experiences and practicing all relevant activities, including hiking, cycling and kayaking. Mountain, rural escapes and seaside retreats are expected to become particularly popular.



### 10.8. Adventure Tourism

There is a rising demand for travel that offers unique experiences that are quite rare in life and create a strong emotional connection with exotic culture or exquisite nature. This is in contrast with the mass tourism vacations in crowded places.

### 10.9. Life Changing Trips

This is a new tourist trend that is rapidly gaining popularity. Also known as “transformative tourism”, this type of tourism is not only related to leisure travel but sets the ambitious goal of changing once life.

An example of this trend is “volunteer travel”, which has gained popularity with plenty of altruistic universal experiences. Travelers go on holiday, where they also spend time on volunteer missions and charity activities in the destinations they visit.



When opting for a life-changing tourism, travelers can also choose a wellness holiday to devote themselves to and/or join a yoga course, immerse

themselves in a destination with beautiful nature, or attend a training in a local craft to acquire an interesting new skill, taste organic food.

### **10.10. Wellness trips**

These types of trips are for those tourists looking for a rewarding experience aimed at achieving and maintaining excellent health and a sense of well-being, longevity and harmony in life. A great way to promote wellness tourism and promote the culture of local communities is to include a helicopter tour, a paragliding flight, or some fun adventure. It is an excellent chance for personal growth, overcoming fears, expanding horizons and mastering a new range of skills.

### **10.11. Trips with longer duration**

As the international travel demonstrates signs of recovery, tourists started again to dream of long-distance travel. The average stay of 3.8 nights is expected to increase to 5-7 nights. This provides a sufficient reason for longer travel destinations considering the rising popularity of remote working (work from home).



### **10.12. Holiday close to home**

Holidays in the home country or near home without going abroad are becoming more popular. Usually this includes day trips to see local attractions and do interesting activities. This type of vacation is ideal for people who feel the need to escape from their homes but want to avoid the current provisions of Covid-19 when crossing borders.

### **Conclusion**

The Entrepreneurship is activity for the creation and management of modern business. The other importance of managing business in the 21st century is **managing change!** This also means looking for new effective promotional tools that will increase your sales, but also improve your image and enable a better positioning in the tourism market.

***Entrepreneurship is  
Challenge  
and a never-ending change!***



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