

## Competition Strategies In Accommodation Enterprises

İlker Çarıkçı, İbrahim Çetintürk

*Süleyman Demirel University, Isparta, Turkey*

E-mails: *ilkercharikci@sdu.edu.tr, ibrahimcetinturk@sdu.edu.tr*

### Abstract

In this research, the competition strategies applied by accommodation enterprises to provide a competitive advantage are considered in terms of Porter's (1980) generic strategy.

The current literature has been reviewed and it has been found that the studies on this issue are inadequate. Porter's competitiveness model and competition strategies are explained in the first part of the study. In the second part, the competition strategies applied by accommodation enterprises are analyzed.

**Keywords:** Accommodation Enterprise, Strategy, Competition Strategies.

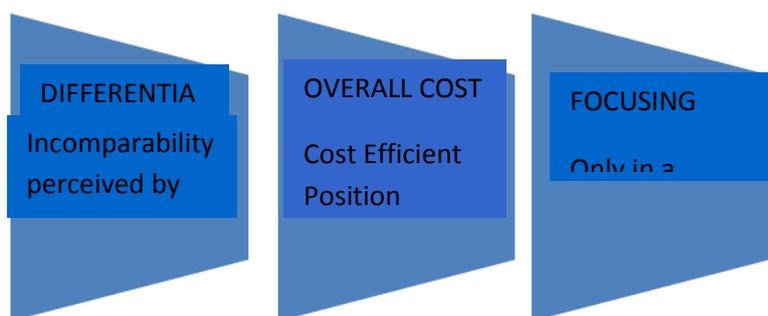
### 1. INTRODUCTION

The need for determining an ideal strategy for the enterprise is increasing day by day in the sectors in which the enterprises maintain their operations in 21th century global economy and competitive environment. The competition strategy in a sector that is quickly affected from the world conjuncture and that is unlimited such as tourism; is possible with the development of long term and decisive competition strategies rather than random decisions and developments (Bahar and Kozak, 2005:149,150).

Factors such as the compelling competition in the accommodation sector, the changeable and inelastic structure of demand and the high level of the rate of employee assignment require the enterprises to have a competition process that can comply with the dynamic and changeable conditions continuously and rapidly. (Kaya, 2010:27).

In the study made by Yamin, Gunasekara and Mavondo, the relation between the generic strategy, competition advantage and organization performance is examined (Yamin et al, 1999:161). There are three general strategy approaches that will be successful to exclude other rivals in the sector. These are overall cost leadership strategy, differentiation strategy, focusing strategy (Porter, Translated by: Gülen Ulubilgen, 2000:43,44).

Figure 1: Three general competition strategies



Porter, Translated by: Gülen Ulubilgen,2000:43,44).

The hotel enterprises composing the basis of tourism sector in our day define several strategies to gain competitive advantage by getting differentiated from their rivals. Accommodation enterprises can apply one or more of Porter's Generic competition strategies to gain competitive advantage in the tourism sector. In this study, the competition strategies applied by accommodation enterprises to gain competitive advantage is evaluated in terms of Porter's (1980) generic strategies.

## 2. COMPETITION STRATEGIES

The word strategy was formed with the combination of "stratus" (army) and "ago" (managing, guiding) words of Ancient Greek. While some authors claim that the word is lexicalized from the Latin "stratum" word etymologically, it means road, line, and watercourse. The lexical meaning of strategy is "to provide action uniformity for a purpose, to send, to guide, to take" (Karabıyık, 2005:11,12; Kaya, 2010:28).

The best strategy for a certain company is a completely unique structure that reflects its specific conditions. Beside this, we can define three general strategies consistent in it to form a position that can be defended at the most general level and long term and to exclude the rivals in a sector. Overall cost leadership, differentiation and focusing (Porter, Translated by: GülenUlubilgen,2000:43,44).

The companies have started to apply different competition strategies with the increasing competition. This situation makes it hard for the companies to survive against compelling competition conditions while increasing the dynamism of the enterprise in the sector. The general strategies approach of Porter is the approach to exclude the companies in the sector (Özkan, 2007:58).

Three strategies that are consistent in their selves have been determined to gain long term competitive advantage in a sector and maximum income according to Porter (Akgündüz, 2007:33). Overall cost leadership,aims to decrease the total costs to minimum and gain an advantage in comparison to the rivals by strictly controlling cost and general expenses in every stage of product, service and production of the enterprise.Differentiation, is gaining of an important competitive power by the enterprise by differentiating the product, service, price or marketing method it offers. Focusing is a strategy in which the enterprise aims to gain competitive power by focusing on a specific intermediary group, region or geographical

market rather than the whole of the international tourism market (BaharandKozak, 2005:150,151).

### **2.1. Overall Cost Leadership Strategy**

This strategy is related with the low-cost production and income over the sectoral average provided by the enterprise (ÜlgenandMirze, 2007:258). The material costs of food and beverage sales is an issue attached much importance in the hotel management sector around the world. The calculation of the cost of food and beverage sold is same in hotel management sector as in all other sectors. Accommodation enterprises can achieve cost leadership especially with a successful cost control.

### **2.2. Differentiation Strategy**

In this strategy, the enterprise achieves higher income in comparison to its rivals by offering its products and services in a different way and in higher prices than the other similar products and services (ÜlgenandMirze, 2007:258). The enterprise tries to be the only company that has exclusive features for its customers in its sector and to obtain some features that are considered important by the customers by exceeding the expectations of the customers in the differentiation strategy. Differentiation is composed of several properties distinguishing the product from the others, the flashiness, design, safety, quality and durability of the product and the additional customer services (Eren, 2000:289,290). The results of the study “The Effect of the Inner Design of Hotel Bedrooms on Perception-Behavioral Performance of the Users by Yıldırım,Akalın and Çağatay” have clearly asserted that the differences in the inner design of two classic hotel bedrooms have an important effect on the perception-behavioral performance of the customers. According to this, it is seen that although the dimensional size of Example A (23,98 m<sup>2</sup>) is smaller than of the Example B (26,04 m<sup>2</sup>), it is perceived more positively due to its inner design characteristics( Yıldırım, AkalınandÇağatay, 2008:182). It is understood in the study that the different inner design in hotel rooms cause difference on the perception of customers.

### **2.3. Focusing Strategy**

Focusing strategies are composed of low cost and cost focus strategies performed for limited part of customers and differentiation and differentiation strategies composed of limited customer target. The most important features of the companies that implement focusing strategies are their desire to be among limited customer target (Eren, 2000:296,297). The enterprises that focus on the product and services that are oriented for the target customer group selected by the enterprises and that can meet their requirements can limit the platform on which the competition strategies are to be implemented and increase the effectiveness of their strategies (ÜlgenveMirze, 2007:267).Target market strategies (Russian market, German

market etc) can be an example of the focusing strategies implemented by the accommodation enterprises.

### 3.COMPETITION STRATEGIES IN ACCOMMODATION ENTERPRISES

Accommodation industry is composed of accommodation, food and beverage operations (Kasavanaand Brooks, 1991:3). The needs such as accommodation, food and beverages benefited by the tourists during their journey take place among the necessities. Today accommodation enterprise management is defined as an industry that expands all over the world with its producers and customers (KandampullyandSuhartanto, 2000:346).

Today, change for a hotel management is formed according the competitive environment it takes place in and the competition strategies it develops to survive in this environment. The most important features that distinguishes the tourism which is gaining importance day by day from the other sectors is that it is service-weighted and consequently the product of tourism is invisibly abstract (Coşar, 2008:47).

Many hotel managers make research to determine the best strategy to increase the performance of their enterprise (Fernando et al.,2005:22). It is understood in Table 1 that generally differentiation strategy, then cost leadership and focusing strategy is emphasized in the generic competition strategy researches of Porter (1980) that take place in the literature related with accommodation enterprises (FevziandOkumuş, 2009:240).

**Table 1: Researches on the competition strategies of accommodation enterprises**

<b>Researcher(s)</b>	<b>Results</b>
<b>Kim nad Oh (2004)</b>	Hotel managements should use three strategies to be successful in the competition strategies.
<b>Dube and Reneg (1999)</b>	Focusing on a strategic position in the market and differentiation strategy is recommended.
<b>Chathoth and Olsen (2005)</b>	Low cost, product ranging and focusing on the market strategies are recommended.
<b>Oral and Kurgun (1998)</b>	It is recommended that pricing without concession from quality can be used as competition strategy.
<b>Robert and Share (1996)</b>	Pricing, sales development, marketing planning and active human resources management is recommended.
<b>Hunt and Beden-Fuller (1995)</b>	Differentiation strategy is recommended.
<b>Poon (1989)</b>	Specializing and differentiating strategies are recommended.

(Fevzi and Okumuş, 2009:241,242).

The growing role of enterprises having activities in tourism in the economy of the country and the high profit margin provided by the tourism sector to the enterprises has caused an increase in the number of hotel managements and formation of a competitive environment. Due to these reasons, the enterprise should keep its costs minimum and adjust its prices according to the other enterprises that have activities in the same sector (DidinandKöroğlu, 2008:114). Touristic enterprises can have advantages against their rivals by decreasing their cost through management, system and technologies they will use in the product and service production (Oral andKurgun, 1998:23). Cost leadership means the superior competition by minimizing the costs in the enterprises. As increasing the profitability of the enterprises does not only mean high price policy, decreasing the costs in the enterprise is also used as the control of general expenses. UsalandKurgun (2003) define as fixed and variable costs when considering the costs in tourism enterprises. In the technical estimation method which is one of the methods used in distinguishing the costs, the hotel housekeeping chief always follows the material used in relation with it his/her part and the changes in the costs related with them. So he/she can determine the fixed costs that are not related with occupancy rate in the enterprise. Again in pricing for cost which is among the pricing methods applied in the enterprise, the sales price is composed by adding a percentage rate to the cost of the product. The highest expense item following the personnel expenses in the enterprises is the food and beverage expenses. In this framework, the regular cost control operations performed in the kitchen and service department provide allow competition in decreasing the costs of the enterprise and in better conditions.

Hotels should make differentiations and make innovative income-generating implementations to have competitive advantage both among each other and against rival destinations. Recently a new product or service is composed almost every day in hotel management. Accordingly the life of the current product and services are shortened. The hotel managements should compose a unit or a department related with innovative implementations in the enterprise, ask for the opinions of its guests and employees, closely follow the innovations in the sector and always make innovations to catch these developments (DurnaandBabür, 93,94).

Enterprises should compose the differences that distinguish them from their rivals. The enterprises should prefer services that are demanded by the customers and not offered by the rival enterprises when determining the product differences. For example an enterprise targeting young people can make a difference by offering “romantic vacation” Uygur, (2007) has discussed the product differentiation for enterprises as differentiating with physical features, differentiating with settlement place, differentiating with personnel, differentiating with service and differentiating with image. Differentiating with physical feature is that the enterprise has an architectural structure unique to it. Differentiation of boutique hotels from other enterprises with their architecture, design and decoration is an example for this type of differentiation. In differentiating with service, the processes composing the tourism marketing combined components are discussed. Purchasing of a unique service by the customer in the hotel can be an example. In differentiating with personnel, as tourism enterprises are labor-intensive facilities the kindness, elegancy, respectful-careful-reliable attitudes of the personnel can be considered among the factors affecting the preference of the

guests of the same enterprise again and again. Differentiating with settlement place, one of the reasons that the enterprises in Belek county of Antalya are more preferred than the enterprises in the other centers of attraction (Side, Alanya, Kaş, Kemer) is the position (being close to the airport and the centre of the city). In differentiating with image, the emotional tie between the enterprises and their customers and the position of the enterprise among the recommended enterprises can be given as example.

Touristic enterprise can have competitive advantage by focusing on certain market shares rather than choosing the whole market as target. Oral andKurgun (1998) has collected the strategies for focusing on a specific market under four main titles in the study they performed:

- Being the leader of the market,
- Maintaining the market share,
- Enlarging the market share,
- Following the market.

Focusing can be used in choosing the targets which is the least defenseless or in which the rivals are the weakest (Porter, Translated by: Gülen Ulubilgen,2000:43,44).

#### **4. RESULT**

The highest expense item following the personnel expenses in the enterprises is the food and beverage expenses. In this framework, the regular cost control operations performed in the kitchen and service department provide allow competition in decreasing the costs of the enterprise and in better conditions.

Enterprises should compose the differences that distinguish them from their rivals. The enterprises should prefer services that are demanded by the customers and not offered by the rival enterprises when determining the product differences.

Touristic enterprise can have competitive advantage by focusing on certain market shares rather than choosing the whole market as target.

In case a there is an intense competition in the market of accommodation, the managers of the enterprises firstly should give more importance to composing unique product in the sector, observing labor intensely, strict cost and general expense control, dividing the target market as geographical/regional, differentiating the product and service and focusing on markets in which the rivals are in the weakest position to be the leader.

#### **REFERENCES**

AKGÜNDÜZ Yılmaz, (2007), Otel İşletmelerinin Uyguladıkları Rekabet Stratejileri: İstanbul'da Faaliyet Gösteren 5 Yıldızlı Otel İşletmeleri Üzerine Bir Araştırma, Çanakkale Onsekiz Mart Üniversitesi Sosyal Bilimler Enstitüsü Turizm İşletmeciliği Anabilim Dalı, Çanakkale.

BAHAR, O. ve KOZAK, M., (2005), Uluslararası Turizm ve Rekabet Edebilirlik, Ankara: Detay Yayıncılık.

COŞAR Yeşim, (2008), Otel İşletmelerinde Rekabet Üstünlüğünü Etkileyen Faktörler: Yöneticiler Üzerine Bir Araştırma, Anatolia: Turizm Araştırmaları Dergisi, Cilt 19, Sayı 1,.

DİDİN Saliha ve Çağrı Köroğlu, (2008), Konaklama İşletmelerinin Satışlar Maliyetler Bakımından Rekabet Edebilme Durumu ve Gelecekte Beklentileri, ZKÜ Sosyal Bilimler Dergisi, Cilt 4, Sayı 7, ss. 111-120.

DURNA Ufuk, Serap Babür, Otel İşletmelerinde Yenilik Uygulamaları, Uluslararası Alanya İşletme Fakültesi Dergisi Cilt 3 - Sayı 1, ISSN:1309-1522

EREN Erol, (2000), Stratejik Yönetim İşletme ve Politikası, Beta Basım, İstanbul.

FERNANDO J. Garrigos-Simon; Daniel PalaciosMarques; YeamduanNarangajavanaCompetitiveStrategiesandPerformance in Spanish HospitalityFirms, (2005), International Journal of ContemporaryHospitality Management, ISSN 0959-6119, Cilt 17, Yayın 1, pp. 22 – 38

KANDAMPULLY JayandHsin-Hui Hu, (2007), Do HoteliersNeedToManageImageToRetainLoyalCustomers, International Journal of ContemporaryHospitalityManagament, Vol.19, No:6.

KARABIYIK Hörüşen, (2005), Rekabet Stratejileri ve Türk Bankacılık Sektörü Uygulaması, Zonguldak Karaelmas Üniversitesi Sosyal Bilimler Enstitüsü İktisat Anabilim Dalı Yüksek Lisans Tezi, Zonguldak.

KASAVANA Michael L. ve Richard M. Brooks, (1991), Managing Front Office Operations, EducationalInstitute, Library of CongressCataloging inPublication Data, The United States of America.

KAYA İsmet, (2010), Konaklama İşletmeciliğinde Stratejik Yönetim Süreci: Kavramsal Bir Yaklaşım, KMÜ Sosyal ve Ekonomik Araştırmalar Dergisi 12 (18): 27-35, ISSN: 1309 - 9132

ORAL Saime ve Hülya KURGUN, (1998), “Turizm Sektöründe Rekabet Stratejileri”, Uluslararası Turizm Pazarında Rekabet Stratejisi Aracı Olarak Fiyatlandırma, Erciyes Üniversitesi Matbaası, Kayseri.

OKUMUŞ Fevzi ve AVCI Umut (2008), Turizm İşletmelerinde Çağdaş Yönetim Teknikleri, Detay Yayıncılık, Ankara.

ÖZKAN R.Bilgen, (2007), Rekabet Stratejileri Ve Örnek Bir Sektör Analizi, Marmara Üniversitesi Sosyal Bilimler Enstitüsü İktisat Anabilim Dalı İktisat Teorisi Bilim Dalı, Yüksek Lisans Tezi, İstanbul.

PORTER Michael E. Çeviren:GülenUlubilgen, (2000), Rekabet Stratejisi, Sistem Yayıncılık, İstanbul.

3<sup>rd</sup> International Symposium on Sustainable Development, May 31 - June 01 2012, Sarajevo

USAL Alparslan and Osman Avşar Kurgun, (2003), Turizm İşletmelerinde Maliyet Analizleri, Detay Yayıncılık, 2. Baskı, Ankara.

UYGUR Selma Meydan, (2007), Turizm Pazarlaması, Nobel Yayın, 1.Basım, Ankara.

YAMİN Shahid, FelixMavonda, Gunasekaran, (1997) A study of competitivestrategy, organisationalinnovationandorganisationalperformanceamongAustralianmanufacturingcompa nies, Int. J. ProductionEconomics" 52, 161 172

YILDIRIM Kemal, Aysu AKALIN, Kubulay ÇAĞATAY, (2008), Otel Yatak Odalarının İç Mekân Tasarımının Kullanıcıların Algı-Davranışsal Performansı Üzerine- Etkisi,Politeknik Dergisi, Cilt:11 Sayı: 2 s.175-185.