

## SECTION 1. PROBLEMS OF MODERN ECONOMICS: FROM BASIC RESEARCH TO APPLIED TASKS

*Skorobogatova T.N., Vakhovska ya M.Yu.*  
**LOGISTIC SERVICE SYSTEMS IN TOURISM: MAIN FEATURES**

*Skorobogatova T.N., Vakhovskaya M.Yu.*

The main characteristics of logistics production systems and logistics service systems have been compared (among the latter, the main focus is on the relevant systems in tourism). It is proved that, in contrast to the logistics production system, the consumer service cycle in tourism generally does not require reduction. The goal of the system here is the most complete satisfaction of consumers through providing various types of services.

Keywords logistic service system, logistic production system, logistics tree, tourist service.

Undoubtedly, logistics is one of the most critical trends in the modern economy. At the same time, it is indisputable that the most important task of logistics is creating systems of various levels. As indicated by the group of authors, "logistics is the philosophy of adaptive survival of complex systems through the interconnection of complex elements among themselves, thereby determining the integrity of these systems" [1].

To date, there are quite a lot of publications dedicated to logistic production systems, the same cannot be said of logistic service systems. The turn to the service economy determines the need to develop theoretical and conceptual provisions concerning these systems. Logistic service systems are particularly evident in tourism. This article is dedicated to the specifics of such systems.

One must agree with the said group of authors that the role of material production in public life is enormous. But the authors identify material production as a "permanent source of social renewal" [1]. In our opinion, this role primarily belongs to the service sector. This circumstance determines the even greater weight of service systems, in particular, logistic service systems in tourism.

Recall that in the logistic service system, unlike the logistics production system, the main flows are the flows of consumers, and the remaining flows play a service role in reference to them. In this connection, we can state that logistic service system brings to the fore the implementation of logistical functions of customer service with increasing values of such parameter as the value (utility) services for the consumer, while the efficacy of performing the function of orders management affects the transformation of several streaming options – time, space, and value to the consumer [2]. These systems show close ties between producers and users of services, and formal ties often develop into informal ones. Unlike logistic production systems, consumer relations here take precedence over supplier relations [3]. At the same time, depending on the type of services, there are permanent relationships, being more often of discrete nature in tourism.

In material production, systems may have a relatively closed nature (for example, a military factory). Logistic service systems are open to the environment (based on [3]). The external objective factors (macro-environment factors) mostly affect the logistic service system operation, rather than the functioning of the logistic production system. Traditionally, the activity of such a system in tourism is determined by natural factors. Serious changes in the systems activity are required due to coronavirus pandemic, which has significantly reduced consumer demand with consumer priorities shifting towards holiday safety, the possibility to order/change services or dates promptly with full refund [4].

It is known that logistic systems are created at different levels. In terms of integration, the emphasis is on systems that go beyond the enterprise (micro-level) to the meso- and macro-level. In the service sector, most systems (in particular, logistic service systems) are limited to the meso-level; in material production, where logistics production systems operate, the scope of action is wider.

However, influenced by globalization, logistic service systems have already entered the macro level in tourism and its constituent or related activities:

- international travel operators, including such as Coral Travel, TUI Group, Pegas Touristik, Mouzenidis Travel, etc., which have their own hotels at the best beaches, opportunities to organize excursions to memorable and historical places, holiday tours to the bordering countries, entertaining events, departures from various cities [5];

- based on 2019 data, the Russian market had "22 international hotel operators with the leading Accor Hotels, Radisson Hotel Group, Marriott International, IHG, Hilton Worldwide. By 2023, at least three more operators of the upper price segment are to enter the market – Jumeirah Group, Mandarin Oriental Hotel Group and TASIGO" [6];

- in the QSR segment (from English Quick Service Restaurant) - these are Starbucks coffee shops, McDonalds, KFC, Burger King restaurants etc., many of which at the global level have opted for personalised service [7].

At the regional level, logistic service systems (mesosystems) can be created on the basis of logistic trees which is obvious in tourism. Recall that the logistics tree is understood as an expanded service complex that integrates related services producers and resource providers [8], where the company providing accommodation services is the central point (see [9, pp. 315-330] for more information about logistics tree). The objective of creating a logistics tree is to provide consumers as fully as possible with the necessary tourist products and all types of services. Let's clarify that along with the target ones (which may appear as wellness, sports, sightseeing, and other services according to the tour) and basic (accommodation, food, transportation), tourists require additional (transportation and excursions in excess of those provided by the tour), as well as related services: trade, household, banking, communications, etc. [10]. The more extensive the logistic tree, the wider the range of services provided to tourist consumers.

The complex nature of the tourist service raises the issue of the quality of all its components, among which the transportation of tourists holds a special place. Properly organized and coordinated activities on tourists relocation maintains a high level of their satisfaction with the tourist service as a whole. This finally can serve a source of secondary demand for a tourist product - both based on positive feedback from tourists, and as a result of turning tourists into regular clients of a particular tourist site or accommodation facility [11].

The logistic production system objective is to deliver as quickly as possible products of the specified quantity and required quality to the destination specified by the consumer. The issue solution determines the need to reduce the number of mediators, which is realistic under transition to a digital economy that allows interacting in the digital area. Therefore, the logistic production system is aimed at compression, and the logistic service system – at branching.

A comparison of two logistic systems of different industry affiliation (the service sector is represented by tourism) is shown in Table 1.

Table 1 - Comparison of logistic service system in tourism and logistic production system

Parameters	Logistic system	
	production	service in tourism
Main and accompanying flows	Material; HR, financial, information	Flow of consumers (tourists, in our case); HR, material, financial, information
Spatial arrangement of system elements	Direct, extended or complete supply chain at regional, national or international level	At regional level (mesosystem) – a logistic tree. On a larger scale – restaurant and hotel networks
Entity in focus	Usually a manufacturing company	For logistic tree – in most cases, an enterprise providing accommodation services. In hotel and restaurant chains - relevant administration
Customer relations	With rare exceptions – formal	Formal ties often transform into informal
Optimization direction	Compression when expanding the range of partner functions	Branching
The impact of natural factors on system functioning	Insignificant	Significant

Source: developed by authors.

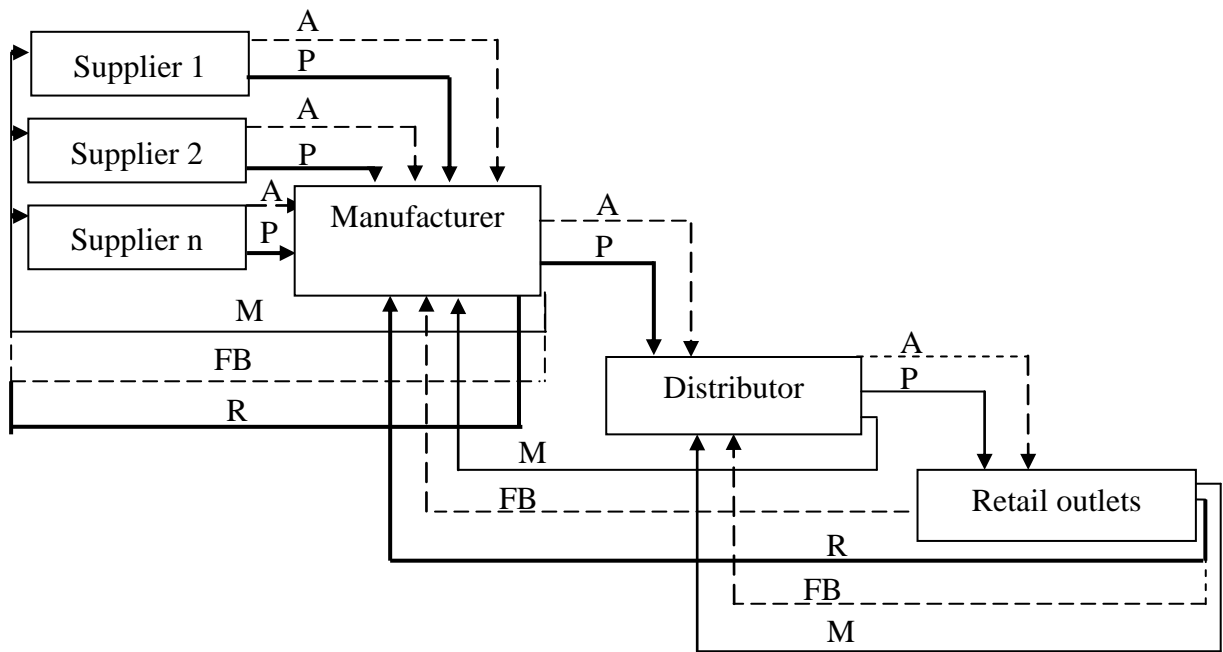
Usually, in logistic production systems, the material and related flows movement occurs between raw materials and components suppliers, manufacturing plant, distributors, and retail outlets. The work of the logistics production system can be aggregated as the following cycle (production cycle) on the example of the FMCG segment (from English Fast Moving Consumer Goods) – food, partially household chemicals, cosmetics, as well as cigarettes and alcohol (Fig. 1):

- 1) procurement of material resources by the manufacturing enterprise from suppliers (information and financial flows transform into material);
- 2) processing material resources and obtaining finished products (transforming material flow of resources into material flow of finished products with increase in its value);
- 3) finished products distribution according to retail chains/outlets requests (transforming material flow of finished products through implementing logistics functions and operations on it with changes in its parameters and increase in value);
- 4) the receipt of finished products for sale and purchase by consumers (the impulse of the information flow, the material flow transforms into financial). The shorter this cycle, the faster funds turn around, which brings extra profit to the enterprise.

The reverse material flow in the described system are damaged, unsuitable for production material resources, finished products with defects or expired shelf life. The reliability, timeliness and speed of the information flow accompanying financial and material flows are indicators having a major impact on processes implementation in logistic production systems. Feedback received from the end user plays an important role in a highly competitive market. By nature of interaction and flow movement, the described cycle on the example of the FMCG segment differs is not much different from the cycles of production and sale of other goods, with the exception of increased requirements for the speed of logistic processes – here, the material flows intensity is much higher than similar indices in any other industry [12].

Operation of the logistic service system in tourism is reflected in the following cycle (tourist service):

- 1) the information flow generated through information resources by accommodation facilities, travel agents and tour operators, triggers the entry of tourist flows with the corresponding financial flow, into the system;
- 2) tourist service, during which a financial flow is added to the system;
- 3) exit from the system of tourist flows of a qualitatively new level of TF 2 (in aspects of health, education, etc.) and tourists who interrupted their holiday due to various reasons TF'2 (dissatisfied with services, due to illness, etc.). In this aspect, the positive or negative nature feedback from ex-tourists is of particular importance (Figure 2).



Legend:

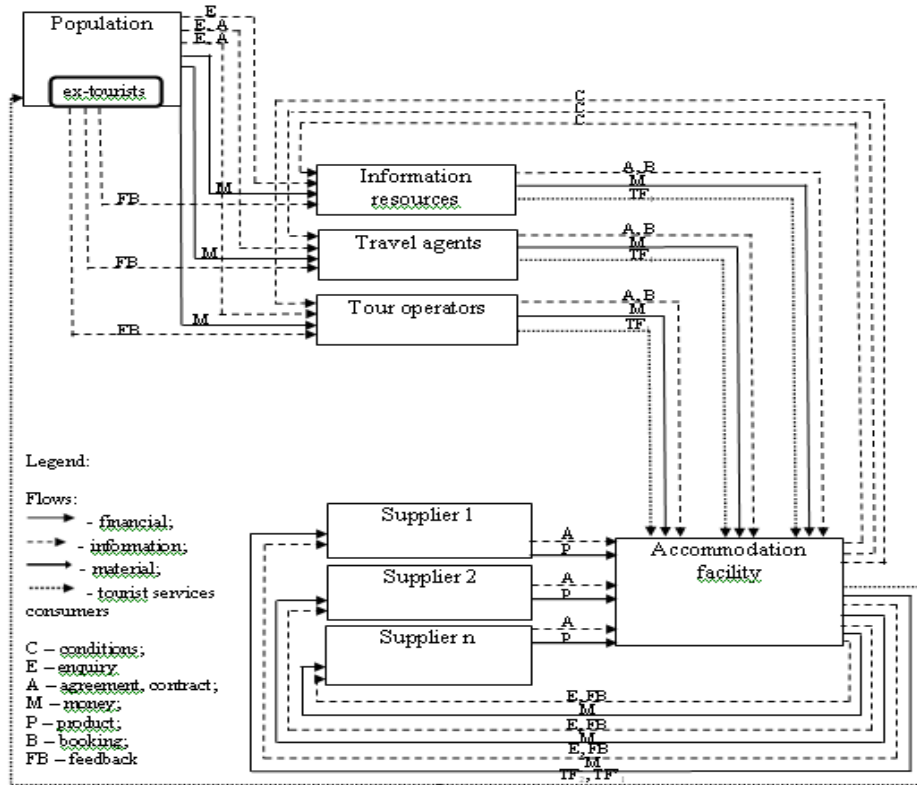
Flows:

- - financial;
- - - -> - information;
- - - -> - material;
- .....> - tourist services consumers

- C – conditions;
- E – enquiry;
- A – agreement, contract;
- M – money;
- P – product;
- R – exchange, refund;
- B – booking;
- FB – feedback

Figure 1 - Various flows in logistic production systems on the example of FMCG segment

Source: compiled by the authors based on [12].



Legend:

Flows:

- - financial;
- - - -> - information;
- - - -> - material;
- .....> - tourist services consumers

- C – conditions;
- E – enquiry;
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- FB – feedback

Figure 2 - Flows of various types in logistic service systems on the example of the tourism industry

Source: developed by authors

It should also be noted that tourist services, including targeted, basic, additional and related services, are impossible without implementing traditional logistic functions with material flow (supply of resources, their transportation, warehousing, inventory management, etc.) in the logistic tree, indicating the production cycle in intangible production, "invested" in the cycle of tourist service.

In case of additional services, while maintaining the importance of the efficiency of their provision, the solvency of each tourist and the cost of each service becomes an important factor. In some cases, it is more expedient to lengthen the cycle in general, and it is more profitable to provide more services (per user) to a smaller number of tourists - when these are exclusive services designed for solvent and sophisticated tourists expecting high-quality service. And in the case of the middle and economical segment, the "scale effect" is triggered – then it becomes more profitable to provide at least one or two additional paid services of low cost to each tourist.

Special attention needs to be paid to tourists servicing using "all inclusive" system, the presence of which is often a crucial factor for tourists when deciding on the choice of an accommodation facility, for example, for a beach holiday. Such tourists, as a rule, are less likely to purchase additional paid services, believing that they should use all options of their package.

The tourist flow specificity is explained by its human nature: first, almost everyone can be a tourist, i.e. this market is potentially inexhaustible, it is constrained not so much by accommodation and infrastructure facilities, as by seasonality, environmental stress and unforeseen circumstances (natural disasters, pandemics, etc.), while proper segmentation is important; secondly, almost every object of the tourist flow, unlike objects of material flow, can be a source of:

- additional financial flow to the logistic service system in the form of payment for additional services;
- information flow in the form of feedback from the logistics service system, comments in information resources, in personal communication with representatives of travel agencies and tour operators (both positive and negative);
- extra costs of the logistic service system, for example, due to the need for quarantine when detecting diseases or when tourists are dissatisfied with services, starting from the view from the room to the demand for refund in case of early departure, etc.

Obviously, the impact of the coronavirus pandemic on logistic service systems was unprecedented, especially in the tourism sector. "The key trends of 2020 were the predominance of short but frequent trips over rare and long (a week or more) or vice versa — a holiday of more than 14 days. Also, new types of recreation were born: "bleisure" (business +leisure) and "jleisure" (job+leisure) – on-the-rest work, resulting in long trips for three or more months to warm regions and forest areas becoming more popular. Experts predict that in 2021 these trends will only intensify, and the directions themselves will be on the wave of popularity for a long time. If borders remain partially closed, prices may increase mainly in the middle and premium segment by 15-20%, and in the economy segment prices should remain the same, since demand for this segment is decreasing each year" [4]. No doubts, these trends have an impact on the functioning of logistic service systems.

Summing up, we note that in both cases there is a transformation of the main flow: material - in the logistic production system, the flow of tourists - in the relevant logistic service system. In the first case, the transformation is clearly evident; in the second case it is not much seen externally and is rather internal in nature, expressed in the level of tourist's satisfaction and the subjective value (usefulness) of the tourist product for him.

Therefore, the turn to service economy requires the development of theoretical and conceptual provisions concerning logistic service systems. Especially clear such systems are reflected in tourism which determines the relevance of the study. Unlike the logistics production system where the main point is the material flow, the main flow here is the flow of service users (in our study, tourism services consumers). Both systems demonstrate transformation of the main flow. But logistic production system has a vivid transformation, while the logistic service system it mainly of internal (and not always obvious) character. Logistic service systems differ in building close ties between producers and services consumers, often growing from formal to informal.

At the regional level, the spatial arrangement of logistic service system elements has an impact on the logistic tree which is most clearly manifested in tourism. The system development is aimed at logistic tree branching. This situation meets the expanded range of services provided to consumers, and, accordingly, to their fuller satisfaction, which leads to an increased consumer loyalty and profit growth of the tourist enterprise.

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*Garchuk I. M.*

## STRATEGIC MANAGEMENT OF THE ORGANIZATION: CONCEPTS AND APPROACHES

*Garchuk I. M.*

### Abstract.

The strategic management system in modern conditions acts as one of the most important factors in the activities of organizations. Modern concepts of strategic management take into account the results and conclusions of the original concepts, the differences between corporate, business and functional strategies, developed methods of their creation and analytical interpretation of their impact on the results of organizations. In the works of scientists, the conceptual foundations of strategic management and its functions, the relevance of strategic management and planning, their features, approaches, methods and technologies for the development and implementation of the organization's strategy are determined. The modern theory of strategic management is very extensive, it has many directions, mutually exclusive views and concepts. The article discusses some of them.

Key words: strategic management, concepts, theories, organization, strategy, approaches, concept, processes.

### Introduction.

A strategic approach to the company development was the case back in the 20-30s of the last century, the terms "strategic management" and "strategic planning" were widely introduced into the practice of Western management in the 60s of the last century and were evolving over the first thirty years of their history. The passion for strategic planning methods in the 60s and 70s was later replaced by some refraining from it followed by the revitalization of methods and theories of strategic management and planning already in the 90s. American and European scientists, representatives of managerial consulting structures persuaded managers to use a various strategic theories. During the period of economic growth or recession, many of the management tools were effective for some time, but sooner or later, when applied as a "universal approach", they did not give results. In the end, each approach was replaced by the next more promising methodology [1].

There are hundreds of models in which an attempt was made to formalize the processes of strategic management and planning, their diversity, numerous theories, schools and trends were described in monographs, articles and textbooks. All this makes it difficult to build a logical chain of concepts and categories of all numerous opinions. Some focus on the process itself, during which the company develops and implements its strategies, while other approaches provide arguments in favor of specific methods for strategy identification. All approaches have at least one common point – the focus is made on strategy.

Large contribution to the formation and development of strategic management was made by representatives of various Western schools I.Ansoff, P.Doyle, P.Drucker, B.Karlof, J.Quinn, H.Mintzberg, T.Peters, M.Porter, K.Prahalad, G.Simon, A.Strickland, A.Thompson, G.Hamel, D.Hussey, A.Chandler, K.Andrews, and others.

For domestic companies, the methods of strategic management are new one side, and well known on the other side. Long-term planning in the economy and five-year plans were the basis of the economic activity of Soviet enterprises. At the same time, modern methods of strategic management and planning, adequate to market conditions and a rapidly changing external environment, were less known to heads of enterprises. But since the mid-90s of the 20th century and in the first years of the 21st century, methods and technologies of strategic management and planning have been used in domestic practice.

The works of many Russian scientists address the issues of strategic management and planning. Studies of O.S. Vihansky, A.L. Gaponenko, V.V. Glukhov, V.I. Goncharov, L.G. Zaitsev, A.I. Ilyin, Yu.A. Malenkov, A.P. Pankruchin, A.N. Petrov, A.A. Petrosov, M.I. Sokolov, R.A. Fatkhutdinov, define the conceptual foundations of strategic management and its functions, the relevance of strategic management and planning, reveal the essence and content of strategy concept and its types.