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Formation of an algorithm for assessing the strategic risks of a travel company when entering the international market

Ye Meihong

Graduate Student,
Peoples' Friendship University of Russia,
117198, 10/2 Miklukho-Maklaya str., Moscow, Russian Federation;
e-mail: 1032218921@rudn.ru

Damir F. Kudryakov

PhD in Economics, Associate Professor,
Peoples' Friendship University of Russia,
117198, 10/2 Miklukho-Maklaya str., Moscow, Russian Federation;
e-mail: kudryakov-df@rudn.ru

Abstract

The paper shows that the assessment of strategic risks is an important step for a travel company that plans to enter the international market. This allows one to identify potential threats and opportunities associated with a new market and develop strategies to reduce them. In particular, the company can take various measures to develop approaches to minimize losses associated with the economic crisis in the partner country, changes in legislation, political instability or natural disasters. The assessment of these risks will allow the company to develop measures to reduce risks and protect its interests. Strategic risk assessment also helps a company understand its strengths, weaknesses, and opportunities to grow in a new market. Among other things, such tools allow one to identify the potential for expanding one's services or attracting new customers. It is concluded that the assessment of strategic risks is a necessary step for a travel company when entering the international market, which helps it make informed decisions and protect its interests. At the same time, the proposed algorithm allows to reduce the impact of risks on the travel company.

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Keywords

Tourism business, international tourism market, entering a new market, risk management, risk reduction.

Introduction

At present, it is an accepted position in the scientific literature that the tourism business is one of the most risky types of economic activity. According to some experts, the reason for this is that its product cannot be attributed to one type of activity. So, the offer of the travel agency includes the services of hotels, transport, entertainment industry, catering, beauty salon services and much more. Each of these types of economic activity is associated with direct interaction with consumers, and depends on a combination of different types of risks.

In a broad sense, tourism is defined as a situation where people stay outside their usual environment for less than a year for recreation, business, and treatment. Globally, the share of travel and tourism in world GDP, according to 2021 data, is 5.8 billion dollars. At the same time, according to international data, this industry is one of the highly profitable. However, it is this industry that is affected by the risks of changes in the economic situation to a greater extent. Thus, the COVID-19 pandemic has radically affected the global tourism market and brought a new understanding to the nature of the activities of travel companies. So, in 2020, compared to 2019, the tourism services market decreased by almost 2 times – from 9.63 to 4.78 billion dollars. At the same time this reduction was even more significant in some tourist destinations. The number of tours to African countries decreased over this period by more than 6 times. According to 2022 data, in general, the global economy has not reached the level of 2019, unlike other types of economic activity. According to experts, the reason for this is the growing international political crisis. That is, in addition to the global factor of the pandemic, the tourism business is affected by a significant number of other factors, each of which can cause the cessation of activities of travel companies. Therefore, their systemic evaluation is a significant area of research. Therefore, the formation of effective management tools for managing the risks of a travel company, especially in the situation of entering new international markets, is a significant direction in the development of applied scientific research.

Main content

In the most general sense, risk management is a process that must be carried out in all types of economic activity. Obviously, even minor risks can cause not only short-term losses, but also the possibility of a company's survival in the long run.

The author agrees with the position proposed by various researchers that risk is the uncertainty of conditions that may lead to the fact that the goals of companies may not be achieved within a certain period and at certain costs [Chang, Shen, Li, 2019]. Companies or organizations in the course of their activities are constantly faced with risks of a different nature, which in the most general sense can be divided into internal and external. External risks refer to factors that are outside the organization, but may affect its activities. Such risks include economic crises, political instability, natural disasters, and changes in legislation.

Internal risks are associated with the internal processes and activities of the organization, which can lead to negative consequences. Such risks include violations of internal procedures, personnel errors, financial fraud, technical failures, etc.

It is obvious that different approaches need to be applied to assessing and finding ways to reduce the impact of internal and external risks.

The global tourism market continues to develop despite unfavorable trends in the global economy, becoming increasingly important for the economies of many countries. The growth in the number of tourists and tourism income stimulates the development of infrastructure, the creation of new jobs and

an improvement in the quality of life of local residents.

One of the main trends in the development of the global tourism market is an increase in the number of trips abroad. However, there is a growing trend towards eco-tourism and travel related to health and well-being, which is the reason for the popularity of "green" types of tourism associated with hiking, horse riding, and health-related.

In addition, the global tourism market continues to integrate, which leads to an increase in international tourist flows and the creation of new opportunities for tourism development. In general, the development of the global tourism market indicates that people are increasingly eager to travel and discover new places. This creates opportunities for the economic and social development of many countries and regions, and also promotes cultural exchange and understanding of international relations.

However, the development of tourism is systematically limited by a number of infrastructural and institutional factors. One of the main restrictions on the development of the global tourism market is the negative impact on the environment. Mass tourism can lead to water and air pollution, destruction of ecosystems and disruption of natural balances.

In addition, tourism can have a negative impact on local communities and cultures. For example, the mass arrival of tourists can lead to the commercialization of cultural objects and the distortion of the traditions and customs of local residents.

Another constraint to the development of the global tourism market is the high cost of travel for many people. Some countries and regions may not be accessible to tourists due to high prices for flights, accommodation and other services.

In addition, political and social conflicts can also limit the development of the global tourism market. For example, military conflicts, terrorist threats and political instability can lead to the closure of borders and a decrease in the number of tourists in certain regions.

A number of these risks can be assessed at the level of strategic analysis and planning, but some of them are stochastic, their occurrence and impact cannot be predicted. For example, they include such risks as the level of crime, a high level of unforeseen expenses, the risk of infectious diseases, environmental problems, natural disasters and man-made disasters, military and political conflicts, and changes in migration laws.

The systematization of research in the field of risk assessment of tourism activities in the international market has made it possible to formulate a list of risks that companies may face when entering new international markets and which may affect strategic profit opportunities:

1. Political risks: changes in the political situation in the country may lead to border closures, sanctions or other restrictions, which may adversely affect the entry into a new market in the tourism industry.

2. Economic risks: Economic crises, currency fluctuations and inflation can reduce the purchasing power of tourists and affect the demand for the services of a travel company.

3. Competitive risks: other efficient travel companies may already be operating in the new market, which may lead to a decrease in market share and lower profitability.

4. Cultural risks: a lack of understanding of local cultural characteristics and customs can lead to conflicts and negative attitudes of local residents towards a travel company.

5. Security risks: an unfavorable criminal environment, terrorist threats and natural disasters can affect the safety of tourists and lead to a reduction in demand for the services of a travel company.

6. Logistics risks: insufficient infrastructure and transport problems can make it difficult to reach and provide services to tourists, which can affect the company's reputation.

In general, entering a new market can be a risky move for a travel company, however, an optimal, systematically developed strategy and risk analysis can help minimize potential negative consequences.

Based on the list of these factors, we formulate an algorithm for assessing the strategic risks of a travel company when entering the international market:

1. Studying the political and economic situation in the countries where it is planned to enter the international market.
2. Assessment of the level of tourism infrastructure in these countries, as well as possible problems with the availability and cost of services.
3. Analysis of possible risks associated with environmental problems and negative impacts on local communities and cultures.
4. Assessment of the level of competition in the international tourism market, as well as possible problems with promoting the product and attracting customers.
5. Assessment of possible risks associated with changes in the political and economic situation in countries where it is planned to enter the international market.
6. Development of a risk minimization and management strategy, including the selection of optimal countries for entering the international market, product adaptation to the requirements of local conditions and cultural characteristics, as well as the development of mechanisms to protect against possible risks.

Conclusion

Thus, the assessment of strategic risks is an important step for a travel company that plans to enter the international market. This allows one to identify potential threats and opportunities associated with a new market and develop strategies to reduce them. In particular, the company can take various measures to develop approaches to minimize losses associated with the economic crisis in the partner country, changes in legislation, political instability or natural disasters. The assessment of these risks will allow the company to develop measures to reduce risks and protect its interests.

Strategic risk assessment also helps a company understand its strengths, weaknesses, and opportunities to grow in a new market. Among other things, such tools allow one to identify the potential for expanding your services or attracting new customers.

In general, strategic risk assessment is a necessary step for a travel company when entering the international market, which helps it make informed decisions and protect its interests. At the same time, the proposed algorithm allows to reduce their impact on the travel company.

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Формирование алгоритма оценки стратегических рисков туристической компании при выходе на международный рынок

Е Мэйхун

Аспирант,
Российский университет дружбы народов,
117198, Российская Федерация, Москва, ул. Миклухо-Маклая, 10/2;
e-mail: 1032218921@rudn.ru

Кудряков Дамир Фяритович

Кандидат экономических наук, доцент,
Российский университет дружбы народов,
117198, Российская Федерация, Москва, ул. Миклухо-Маклая, 10/2;
e-mail: kudryakov-df@rudn.ru

Аннотация

В работе показано, что оценка стратегических рисков является важным этапом для туристической компании, которая планирует выход на международный рынок. Это позволяет выявить потенциальные угрозы и возможности, связанные с новым рынком, и разработать стратегии для их сокращения. В частности, компания может предпринять различные меры к тому, чтобы разработать подходы к минимизации потерь, связанных с экономическим кризисом в стране-партнере, изменениями законодательства, политической нестабильностью или природными катаклизмами. Оценка этих рисков позволит компании разработать меры по снижению рисков и защите своих интересов. Оценка стратегических рисков также помогает компании понять свои сильные и слабые стороны, а также возможности для развития на новом рынке. В том числе такие инструменты позволяют выявить потенциал для расширения своих услуг или привлечения новых клиентов. В заключение делается вывод о том, что оценка стратегических рисков является необходимым шагом для туристической компании при выходе на международный рынок, который помогает ей принимать обоснованные решения и защищать свои интересы. При этом предложенный алгоритм позволяет снизить воздействие рисков на туристическую компанию.

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Ключевые слова

Туристический бизнес, международный туристический рынок, выход на новый рынок, управление рисками, сокращение рисков.

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