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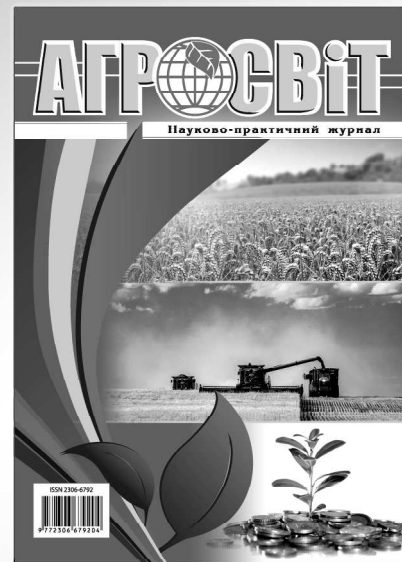
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BLUE AND RED OCEANS IN THE TOURISM INDUSTRY: BOUNDARIES AND COMPETITION RULES

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БЛАКИТНІ ТА ЧЕРВОНІ ОКЕАНИ У ТУРИСТИЧНІЙ ГАЛУЗІ: КОРДОНИ ТА ПРАВИЛА КОНКУРЕНЦІЇ

The study found that both "blue ocean" and "red ocean" strategies exist in the tourism industry, which are implemented through boundaries and competition rules that business entities must consider to ensure their effective functioning and high performance. Thus, the research is aimed at identifying the peculiarities of forming such boundaries and competition rules. The results of the study showed that in the tourism industry, red ocean strategies are focused on competition with existing players, which is mostly manifested through price reduction and the development of new tourism products. In turn, blue ocean strategies allow businesses to go beyond the traditional tourism market and attract new clients by providing services aimed at enhancing the ecological sustainability of tourism, developing new tourism formats, utilizing innovative technologies, automating the processes of booking and selling tourism services, organizing thematic events, festivals, concerts, excursions, etc. It has been proven that each of the red and blue ocean strategies in the tourism industry tends to create various types of monopolies, based on specific rules and boundaries of competition. These concepts are related because competition rules can be used to control and regulate the boundaries of monopolies and competition environments. In the blue ocean, there are competition rules, but they are generalized, aimed at preventing abuse of market monopoly position, avoiding unfair competition, protecting intellectual property rights, and other forms of competition. If competition rules are considered in terms of the requirements for fulfilling these conditions, they are oriented towards creating monopolies based on innovation. The study has shown that competition boundaries are loud and necessary for controlling and regulating the boundaries of such a monopoly. In the red ocean, competition rules are designed to win over competitors, rather than seeking new markets or creating new products. In total, competition rules in the "red ocean" are oriented towards creating monopolies based on the ability to control prices and supply volumes on the market. In addition, in the "red ocean" strategy, competition boundaries are rigidly limited but are established depending on the desire to win over competitors.

У межах дослідження констатовано, як "блакитний океан" так і "червоний океан" у туристичній галузі, це стратегії, реалізація яких спрямовується кордонами та правилами конкуренції, які мають бути враховані суб'єктами бізнесу, щоб забезпечити їх ефективне функціонування та високу результативність. Відтак дослідження орієнтоване на визначення особливостей формування таких кордонів та правил конкуренції. За результатами дослідження констатовано, що в туристичній галузі стратегії червоного океану орієнтовані на конкуренцію з існуючими гравцями, що здебільшого проявляється через зниження цін та розробку нових туристичних продуктів. У свою чергу, стратегії блакитного океану дозволяють бізнесу вийти за межі традиційного туристичного ринку та залучити нових клієнтів, шляхом надання послуг, спрямованих на підвищення екологічної стійкості туризму, розробки нових форматів туризму, використання інновацій-

них технологій, автоматизації процесів бронювання та продажу туристичних послуг, організації тематичних подій, фестивалів, концертів, екскурсій тощо. Доведено, що кожна із стратегій червоного та блакитного океанів в туристичній галузі тяжіє до створення монополій різних типів, орієнтуючись на специфічні правила та кордони конкуренції. Ці поняття пов'язані тим, що правила конкуренції можуть бути використані для контролювання та регулювання кордонів монополій та середовища конкуренції. У блакитному океані наявні правила конкуренції, але вони мають узагальнений характер, спрямований на запобігання зловживанням монопольною позицією на ринку, уникнення недобросовісної конкуренції, захист прав інтелектуальної власності та інших форм конкуренції. Якщо розглядати правила конкуренції через призму вимог для виконання цих умов, вони орієнтовані на створення монополій, існування яких ґрунтується на інноваційності. У дослідженні доведено, що кордони конкуренції є гучки і потрібні для контролювання та регулювання кордонів такої монополії. У червоного океану правила конкуренції мають забезпечити перемогу над конкурентами, а не на пошук нових ринків або створення нових продуктів. У сукупності правила конкуренції у "червоному океані" орієнтовані на створення монополій, існування яких ґрунтується на можливостях здійснювати контроль над ціною та обсягом пропозиції на ринку. Крім того у стратегії "червоного океану" кордони конкуренції є жорстко обмеженими, але встановлюються залежно від прагнення до перемоги над конкурентами.

Keywords: strategy; monopolies; business entities; tourism service; effectiveness.

Ключові слова: стратегія; монополії; суб'єкти бізнесу; туристична послуга; результативність.

PROBLEM SETTING (DESCRIPTION OF THE PROBLEM BEING ANALYZED IN GENERAL AND ITS CONNECTION WITH IMPORTANT ACADEMIC OR PRACTICAL TASKS)

In the tourism industry, the term "blue ocean" is used to describe a market where there is no competition or very weak competition. This can be an area with an insufficient number of tourism services or locations that are remote or difficult to access for many tourists. In such cases, companies that provide tourist services can easily find customers and generate profit. At the same time, a "red ocean" describes a market with high competition, where companies that provide tourist services are competing for customers. This can be an area with popular tourist destinations that are crowded with various companies trying to attract tourists with their services. In such cases, competition can lead to a drop in prices and a decrease in profit for companies operating in the industry.

It should be noted that companies that want to be successful in the tourism industry must consider both blue and red oceans and develop their strategies accordingly to their boundaries and rules of competition. For example, companies that operate in blue oceans can focus on developing new tourist destinations and attracting new customers. Companies that operate in red oceans should focus on creating a unique proposition that will help them stand out from competitors and attract new customers.

THE ANALYSIS OF THE LAST RESEARCH AND PUBLICATIONS IN WHICH THE SOLUTION TO THIS PROBLEM IS BEGUN

Currently, among the studies devoted to exploring the peculiarities of the functioning of business entities under the conditions of implementing "blue ocean" and "red ocean" strategies in various sectors of the economy, the works of Kochkin N., Medvedev I., Kudenko N.V., Melnyk T.S., Snihur I.V., and several others authors can be

distinguished. These scholars play a leading role in examining the theoretical and practical principles of applying the innovative strategy of the blue ocean, as well as assessing the effectiveness of the strategy using the Direct Policy Matrix (DPM). These works are the basis for authors to identify previously unresolved aspects of the general problem of defining the boundaries and rules of competition applicable to business entities operating in blue and red oceans. However, while these works outline the basic features of such boundaries and limits, they do not contain sufficient data to determine their content specifically in the tourism industry, which has its own peculiarities of functioning, driven by the focus on providing tourists with the opportunity to rest and enjoy new experiences in the places they visit. This has led to the choice of the research topic and direction, as well as its overall relevance, considering the decisive role of blue and red ocean models in creating prerequisites for the rapid development of business entities in the tourism industry.

Formulating of article purposes (the purpose of the study). The purpose of the article is to identify the peculiarities of establishing boundaries and competition rules that arise when applying the blue ocean and red ocean strategies in the tourism industry.

The paper's main body with full reasoning of academic results. Within the framework of the study, it's stated that both the "blue ocean" and "red ocean" in the tourism industry are strategies, the implementation of which is directed by their borders and rules of competition. These components should be considered by business entities to ensure effective functioning and high efficiency. What is specific is that such boundaries and rules of competition are formed based on the characteristics of "blue ocean" and "red ocean" strategies in the tourism industry (see Fig. 1).

According to the data in the figure, it is evident that the red ocean strategies in the tourism industry often focus on competition with existing market players, by lowering

prices to attract customers, developing new tourism products based on existing services but with qualitatively new characteristics (an example is the improvement of existing tourism services offered on the market), expanding the geography of services, including new places in tourist routes, and so on. At the same time, the "blue ocean" strategy allows a business entity to go beyond traditional tourism and attract new customers who value eco-friendliness and sustainability. One example of such a strategy in the tourism industry could be the

provision of services aimed at enhancing the ecological sustainability of tourism. For instance, a company can develop an innovative eco-tourism program that includes responsible behavior in the natural environment, waste disposal, and other measures to reduce the impact on the environment. Other examples of "blue ocean" strategies in the tourism industry may include:

- 1) developing new tourism formats that simplify travel and make it more accessible;
- 2) creating tour packages for new markets (such as local tourists or families with children);
- 3) using innovative technologies to improve the quality and convenience of tourism services;
- 4) implementing creative and unconventional approaches to attract tourists, such as organizing themed events, festivals, concerts, tours, and etc.;
- 5) streamlining and automating the booking and sales processes of tourism services through internet technologies and electronic payment systems;
- 6) opening new tourism routes and destinations that were previously inaccessible or underdeveloped.

According to the content of modern research, each of these strategies tends to create monopolies of various types, based on specific competition rules and boundaries. These concepts are related in that competition rules can be used to control and regulate the boundaries of monopolies and the competitive environment.

Authors are guided by understanding of competition rules as a set of laws, policies, and practices that regulate competition in the market in order to ensure a level playing field for all participants, protect consumer rights, and create favorable conditions for economic growth. Actors refer to the understanding of the boundaries of competition as limits or restrictions that are established in the market to limit competition. These boundaries can be physical, such

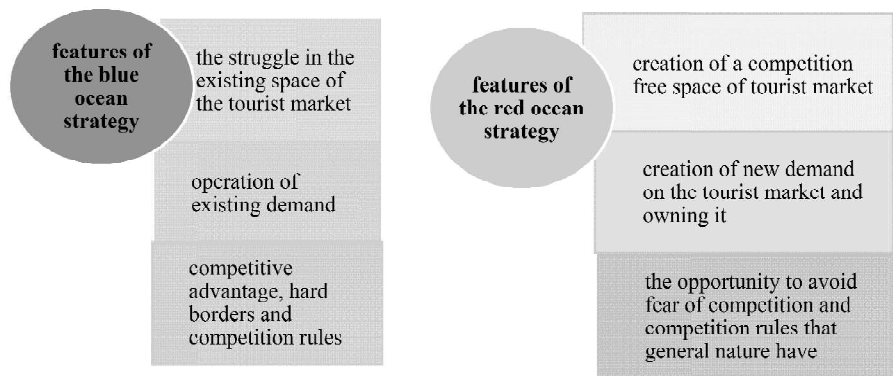


Fig. 1. Specification of features of "blue ocean" and "red ocean" strategies in the tourism industry

Source: formulated based on [1].

as geographical borders, or legal, such as patents or copyrights. Competition boundaries can also be established by the government to ensure fair competition in the market.

In particular, in the "blue ocean" strategy in the tourism industry, competition boundaries are not rigidly defined and poorly regulated, and specific competition rules are absent because they are yet to be established (as illustrated by Figure 2).

Accordingly, such competition rules in the "blue ocean" of the tourism industry can be used to create monopolies, based on innovation, as well as to control and regulate the boundaries of such a monopoly.

Thus, regarding competition rules, in the "blue ocean," it can be noted that they do exist but have a general character aimed at preventing abuse of a monopolistic position in the market, avoiding unfair competition, protecting intellectual property rights, and other forms of competition. If we consider competition rules through the prism of requirements for meeting these conditions, they can be expressed in the following regulations [1—2; 4—5]:

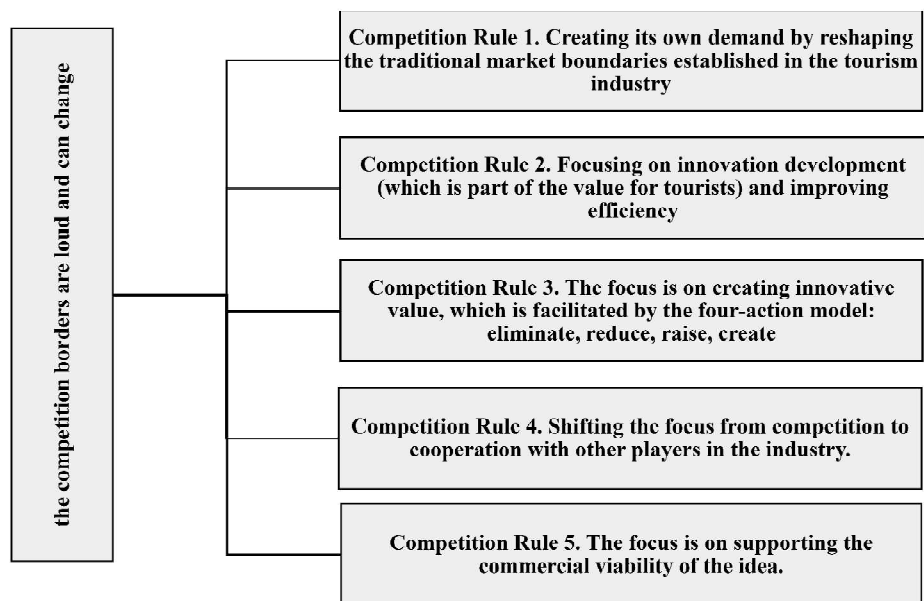


Fig. 2. Rules and borders of competition in the "blue ocean" of the tourism industry

Source: formulated based on [1—2; 4—5].

1. Creating its own demand by reshaping the traditional market boundaries established in the tourism industry. For instance, efforts can be directed towards attracting new market segments that have not been adequately served before. This can be achieved by developing new tourism packages for different categories of tourists such as families with children, elderly people, young couples, and so on.

2. Focusing on innovation development (which is part of the value for tourists) and improving efficiency. Companies should be prepared to introduce new innovations that are of interest to tourists (such as new travel formats, services that simplify travel, environmentally sustainable services, etc.) that can improve their services and ensure competitiveness in the market.

3. The focus is on creating innovative value, which is facilitated by the four-action model: eliminate, reduce, raise, create. This value involves balancing a unique proposition where novelty, usefulness to potential customers, and costs are in equilibrium.

4. Shifting the focus from competition to cooperation with other players in the industry. This means that instead of fighting for market share and competing for customers with other players, companies can look for joint opportunities to create new markets and make the industry more efficient. In the tourism industry, for example, companies can collaborate to create new routes, joint advertising, develop joint loyalty programs, and other initiatives that will contribute to market growth and improve customer service.

5. The focus is on supporting the commercial viability of the idea. Business entities must adhere to a strategic sequence of usefulness for the customer, acceptable cost, expenses, and utilization (risks associated with the business model).

The boundaries of competition in the "blue ocean strategy" in the tourism industry are fluid and can be adjusted or limited by:

- the government (to ensure fair competition in the market);

- the business entity (to ensure openness to the use of new technologies and innovations in providing tourist services). Business entities can adhere to competition rules and collaborate with each other, but it is also important to develop their own innovative solutions to attract customers and occupy a niche in the tourism services market. Business entities that successfully use new technologies and innovations that add value to provide better services and attractive offers can go beyond direct competitors who use old technologies;

- the cultural specifics. Related to the peculiarities of a particular country or region, including language, culture, and traditions. Business entities operating in this region should be familiar with the cultural specifics and appropriate norms of behavior to avoid misunderstandings with local residents and tourists.

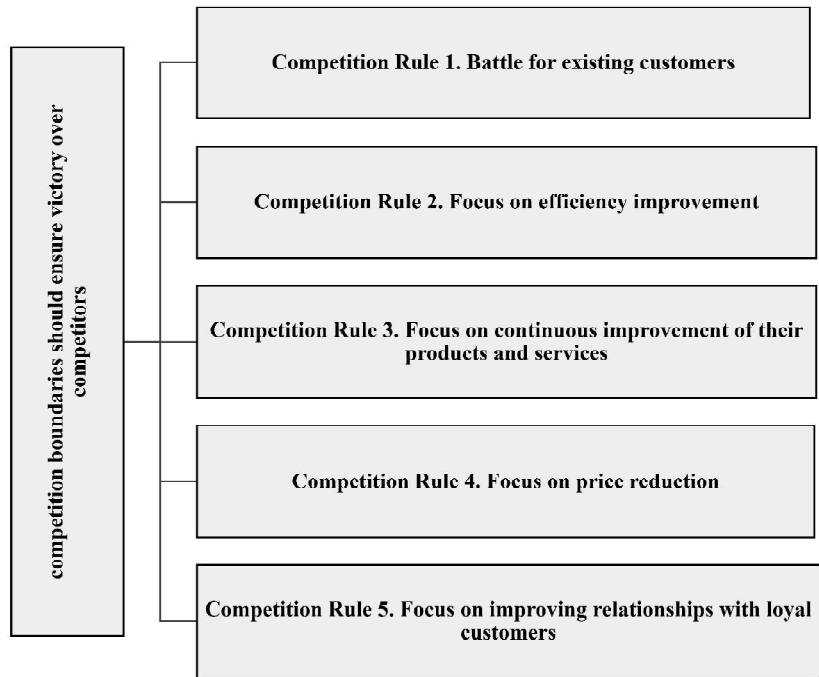


Fig. 3. Rules and borders of competition in the "red ocean" of the tourism industry

Source: formulated based on [1—3; 5].

In the red ocean, competition boundaries are strict and regulated, and specific competition rules are clearly established (as illustrated in Fig. 3).

Accordingly, competition rules in the "red ocean" of the tourism industry can be used to create monopolies based on the ability to control the price and supply volume on the market, which guarantees the ability to maximize profit, as well as to control and regulate the boundaries of such a monopoly.

Therefore, regarding competition rules in the red ocean strategy in the tourism industry, they should ensure victory over competitors rather than searching for new markets or creating new products. If we consider competition rules through the prism of requirements to fulfill these conditions, they can be expressed in the following regulations:

1. Battle for existing customers (business entities focus on poaching customers from their competitors);

2. Focus on efficiency improvement (business entities increase productivity and reduce costs to increase their profit).

3. Focus on continuous improvement of their products and services (business entities direct their efforts to make their services better than their competitors to gain an advantage in the market).

4. Focus on price reduction (business entities direct their efforts to adopt a low-price strategy to attract more customers and increase their market share).

5. Focus on improving relationships with loyal customers (business entities direct their efforts to retain customers who already use their services).

A specific list of competition rules in the red ocean strategy is not exhaustive. In fact, the volume of rules increases with the number of competitors. In the red ocean strategy, competition boundaries are strictly limited (as the market is saturated and numerous competitors are present, all operating in the same market) and are determined by the following factors:

1. Limitations dictated by price wars (businesses and their competitors compete on price by offering discounts and other promotional activities).

2. The need to reduce costs (businesses and their competitors offer similar products or services with lower costs to gain a larger market share).

3. Limited productivity (businesses and their competitors strive to increase their productivity to increase their market share and improve their financial performance).

4. Limited innovation space in which businesses and their competitors create new products and services that can change the dynamics of the market and provide them with an advantage over their competitors.

5. Limited information space in which businesses and their competitors compete for consumer attention using marketing campaigns and other advertising methods.

In fact, in the "red ocean", the boundaries of competition are established depending on the desire to win over competitors and include the struggle for existing customers, based on available limits for improving efficiency, improving products and services, prices, and relationships with loyal customers.

CONCLUSIONS FROM THIS STUDY AND PROSPECTS FOR FURTHER EXPLORATION IN THIS AREA

Based on the research results, it has been found that in the tourism industry, red ocean strategies are oriented towards competing with existing players, which is mostly manifested through price reduction and the development of new tourism products. On the other hand, blue ocean strategies allow businesses to go beyond the traditional tourism market and attract new customers by providing services aimed at increasing the ecological sustainability of tourism, developing new tourism formats, using innovative technologies, automating booking and selling processes for tourist services, organizing thematic events, festivals, concerts, excursions, etc. The authors emphasize the following conclusions:

1. Each of the red and blue ocean strategies in the tourism industry tends to create monopolies of various types, guided by specific rules and boundaries of competition. These concepts are related in that competition rules can be used to control and regulate the boundaries of monopolies and competitive environments.

2. In the blue ocean, there are rules of competition, but they have a generalized character aimed at preventing abuse of a monopoly position in the market, avoiding unfair competition, protecting intellectual property rights, and other forms of competition. If we consider the rules of competition through the prism of requirements for meeting these conditions, they can be expressed in the following regulations: creating their own demand by reconfiguring traditional market boundaries formed in the tourism industry, focusing on innovation and efficiency, aiming to create innovative value; and supporting the commercial viability of the idea. Taken together, the rules of competition in the "blue ocean" of the tourism industry can be used to create monopolies based on innovation. However, the boundaries of competition are flexible and can change, but they exist because they are necessary to control and regulate the boundaries of such a monopoly.

3. In the "red ocean" of competition, the goal is to ensure victory over competitors rather than searching for new markets or creating new products. If we consider the rules of competition through the requirements to meet these conditions, they can be expressed in the following regulations: fighting for existing customers, focusing on efficiency improvement, a constant drive for product and service improvement, and so on. In fact, the volume of rules increases with the number of competitors. The set of rules in the "red ocean" is aimed at creating monopolies, which are based on the ability to control the price and volume of supply in the market. In addition, in the "red ocean" strategy, competition boundaries are strictly limited, but they are established based on the desire to win over competitors and include the fight for existing customers, within available limits for efficiency improvement, product and service improvement, pricing, and relations with loyal customers.

The prospects for further research in this direction make it possible to outline the taxonomy of models for expanding beyond the traditional tourism market and attract new clients.

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