

SPECIFICS OF TOURIST PRODUCT

Any definition is limited and limitation is never precise. That is why not a single science and especially social sciences do not provide “completed” definitions. The description accepted today may be rejected 50 years later.

Several centuries ago “goods” were defined as inanimate property (in Georgian “**khvastagi**”) and the property (“khvastagi”) itself – as any possessions and belongings (according to the Dictionary by Sulkhan-Saba Orbeliani).

In the twentieth century with regard to the development of production and trade, “goods” were defined as the product of work designed for sale, while property – the totality of things and various values in somebody’s ownership [5]. The term “product” (Latin) simultaneously existed – thing, substance which is the result of work; products (Latin) - the totality of results or individual result of production activity [5].

According to the above mentioned definitions, goods are characterized by two features: use value and exchange value. Use value is determined by its utility and does not exist without it. Under all economic systems, the wealth in natural terms is a particular number of things which satisfies various demands of people, i.e. use value is the public form of the wealth. Exchange value is determined by the ratio of the amounts of different use values.

Goods represent the set of useful properties things. It combines all the elements which satisfy material needs of a consumer [10]. One can satisfy particular need by means of goods. Everything that satisfies demand or needs and is supplied to the market in order to attract attention, be sold or used [9]. Goods can be anything, service, product, idea, etc. which satisfy material and mental needs and is brought to the market to be exchanged [2].

As for the product, it is the outcome of work, economic activities of a person and is presented in material (material product) or in ideal, information form (intellectual product), or in terms of completed work and service [1, 3]. According to the traditional definition by this and the majority of other authors, a product has only use value and does not have exchange value.

But when we speak about the quality as the bundle of technical, economic and aesthetic characteristics of a product, which determine the level of its availability, the English equivalent for it is the “quality of products” [1].

According to the Explanatory English-Georgian Dictionary of Marketing Terms, Goods refer to material products such as soap, television set etc, and product refers to anything what can be offered to the market to attract attention, be purchased, used and what satisfies demand or need.

According to the foreign authors, the term **product** is defined as an idea, physical entity (a good), a service, or any combination of the three that is an element of exchange to satisfy individual or business objectives [11].

According to the definitions given in the international statistics of the WTO [8], goods imply only physical products; commercial services category is defined as being equal to services minus government services, which, in its turn, is divided into: transportation services, travel, and other commercial services.

Transportation services cover sea, air and other including land, internal waterway, space and pipeline transport services that are performed by residents of one economy for those of another and that involve the carriage of passengers, the movement of goods (freight), rentals (charters) of carriers with crew, and related supporting and auxiliary services.

Travel includes goods and services acquired by personal travelers, for health, education and other purposes, and by business travelers. Unlike other services, travel is not a specific type of service, but an assortment of goods and services consumed by travelers. The most common goods and services covered are lodging, food and beverages, entertainment and transportation, gifts and souvenirs.

Other commercial services comprise communication, insurance, financial, information, licensing, etc. services.

In modern Georgian literature the term “goods” has two implications: the first is a narrow meaning of “goods”, i.e. physical goods which correspond with the English term: “goods”, and the broader meaning of goods which correspond with the term “product”. But in everyday economic life, in the activities of banks and firms, the term product is used to characterize the broad range of goods and services, while the term “goods” is used only in narrow meaning, as physical (material) goods. As for the tourism, both in literature and in everyday life, the term “tourist product” is used. While tourist goods imply physical goods needed to carry out tourist activities.

According to Medlik, **tourist product** in a narrow sense is what tourists buy, e. g., transport or accommodation, separately or as a package. In a wider sense, an amalgam of what the tourist does and of the attractions, facilities and services he/she uses to make it possible. From the tourist’s point of view, the total product covers the complete experience from leaving home to return. As distinct from an airline seat or hotel room as individual products, the total tourist product – be it a beach holiday (vacation), a sightseeing tour or a conference trip – is a composite product [9, 168].

According to Phillip Kotler, **tourist products** include room in a hotel, holiday on Hawaii Islands, Potatoes “Free” in McDonald’s, traveling by bus around historical places, etc. In complex terms it comprises core product, related product, additional product and product in a boarder sense [10].

The basic product of tourist industry is tourist service. It includes a range of services. Among them the most important are: accommodation, foods, transportation and targeted services. They may be offered to the market as one complex tour, or each independently. Except for the basic tourist service, there are related services, such as banking, insurance, and communications. Their importance is permanently rising and becoming more diversified. Except for services, tourist products comprise several goods too, such as souvenirs, special tourist equipment, food, etc.

The success of commercial activities in tourist market, first of all, depends on the attractiveness of tourist products, but at the same time tourist product is the combination of various complex elements.

In practice, the basic tourist product is represented in terms of complex service – a standard combination of services which is sold to tourists as one package. The necessity to satisfy some kind of demand underlies any tourist product.

Table 1 shows transformation of tourist production by the end of XX century which is manifested in a high level of individualization and elasticity. It became possible to regulate the tourist product quality worldwide and consumers became highly developed and solvent [11, 36].

A certain manifestation of tourist product is tourist centres and their services which represent dynamic formations and as all products (goods) are characterized by the life cycle. Their life cycles are largely different. Government policy in tourism field, presence of competitors and other factors may enhance or impede the progress of various stages of the cycle. There are examples of resorts that seized development at some stage.

The American scientist, S. Plogue made a significant contribution to the study of tourist centres. He argued that each development stage of tourism sites corresponds to a certain number of visitors. At the early stage of formation, tourist centre attracts allocentrics, with the adventurous character common to them. At the development and strengthening stage, allocentrics are replaced by middle-centrics, and at the end of the life cycle (stagnation and fall) - by psychocentrics who prefer a peaceful style of living [7, 153].

Table 1

Development of the tourist production system

| Characteristics | Tourism - XX century | Tourism - XXI century |
|----------------------------|---|--|
| Production concept | Mass tourism | Flexible travel and tourism options |
| Products | Rigidly packaged, mass and standardized holidays. Mass markets | Holidays: Flexible Segmented Personalized Environmentally-friendly |
| Production tools | Tourism packages Charter flights Franchises “Brand” holidays Offices, hotels, tourism centers | Yield management ¹ Specialized tour operators Competing destinations Independent holidays Greater role played by suppliers and agents |
| Organization of production | Economies of scale are very important; Demand is anticipated, but future | Economies of scale Flexibility |

¹ Yield management is the process of understanding, anticipating and influencing consumer behavior in order to maximize yield or profits from a fixed, perishable resource (such as airline seats or hotel room reservations) [14].

| | | |
|------------------------------|---|--|
| | capacity is required; “Holidays are saved”, just in case | Proximity to the market Diagonal integration |
| Human resources and training | Seasonal labor Huge turnover of labour Work reputed to be badly paid Little labour flexibility | Multifunction, specialized and satisfying work with a value-added component |
| Marketing | Mass marketing Mass advertising | Maximum personalization |
| Clients | Inexperienced Apparently homogeneous Sun fanatics Predictable Motivated by price | Experienced Independent and flexible Different values Mature and responsible |
| Quality | Undifferentiated | Adjusted, monitored by the individual, importance placed on the process rather than the function |

Except for supporters, there are also opponents for tourist product life cycle conception which consider that the beginning of each stage cannot be precisely defined and the evolution of tourist product is greatly influenced by external factors, such as economic situation of the country, inflation rate, consumer life style. We can agree to the opinion that it is impossible to provide strict and concrete identification of tourist product life cycle stages, but we believe that it is very useful and essential to identify tourist product life cycle stages and use the outcomes when making strategic decisions.

The following four characteristics are common to tourist product which distinguish services from material goods: intangibility, inseparability of production and consumption, changability and impossibility of preservation. Therefore, tourist product principally differs from ordinary product. Namely, it is not related to such concepts as delivery, storing, accumulation. Besides, production and consumption of a tourist product usually coincide with each other in time and space. Tourist product is characterized by other features too, such as seasonal prevalence, geographical distribution, etc.

Trade is known to be the form of commodity circulation which ensures movement of goods from producers to consumers through sales and purchases [4]. We can refer the same to tourist product, only with one exception – consumers move towards tourist products to purchase (book or buy in advance) and consume it in a place.

Proceeding from the above, we can refer to tourist product the same only with a small difference: it is impossible to demonstrate tourist product in advance. It is only possible to show model or video and photo materials.

Traveling and tourist industry products do not exist, until they are sold. When selling a tourist product, it only represents a piece of information in computer reservation system. Unlike from the majority of consumer products, such as TV sets, photo cameras and automobiles, tourist product cannot be examined, until we make the decision to buy it.

Of course the goal of many tourist firm leaders is to sell products directly to the consumers without intermediaries and economize on commission costs. Nowadays, many organizations make Internet the central part of their distribution strategy as they realize that it enables them to save large sums of money. Availability of information material, knowledge of firm personnel about it and upon request its presentation to the customers represent the main requirements of creation and successful realization of tourist product in the market.

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