

## **The diversifying strategy of market and tourism product as a mechanism to face the negative reflections of tourism sector -analysis of international experiences-**

إستراتيجية تنوع المنتج السياحي و تنوع الأسواق كآلية لمواجهة الانعكاسات السلبية لحساسية القطاع السياحي واستجابته للتقلبات الاقتصادية و السياسية – عرض و تحليل تجارب دولية-

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### **Abstract:**

*This study aims to review the negative repercussions of the tourism sector's sensitivity and responsiveness to negative variables and how it is affected by economic, security and media fluctuations, as well as to find strategic marketing solutions to the problem of sensitivity and negative repercussions resulting from it.*

*Our problem is how to avoid the negative repercussions of the tourism sector's sensitivity and economic fluctuations, then we will present international experiences that have been significantly affected by security or economic disturbance. Through our study, we found that tourism demand is determined by physical, psychological and behavioral factors, and control of tourism markets is through a competitive marketing mix that is formulated appropriately and flexibly.*

**Key words:** *economic crises; security fluctuations; tourism sensitivity; Marketing flexibility*

**JEL Codes:** *A12 ؛ F52 ؛ L83 ؛ .M31.*

### **ملخص:**

تهدف هذه الدراسة إلى استعراض الانعكاسات السلبية لحساسية القطاع السياحي واستجابته للمتغيرات السلبية و درجة تأثره بها وبالتقلبات الاقتصادية و الأمنية والإعلامية ، كما تهدف إلى إيجاد حلول تسويقية إستراتيجية لمشكلة الحساسية والانعكاسات السلبية الناجمة عنها.

إشكالتنا كيفية تجنب الانعكاسات السلبية لحساسية القطاع السياحي و للتقلبات الاقتصادية، و قد تم عرض لتجارب دولية تأثرت سياحتها بشكل معتبر نتيجة اضطرابات أمنية أو اقتصادية.

توصلنا من خلال دراستنا إلى أن الطلب السياحي يتحدد بعوامل مادية و عوامل نفسية وسلوكية ، وأن التحكم في الأسواق السياحية يكون من خلال مزيج تسويقي تنافسي وصياغته بشكل مناسب و مرن.

**الكلمات المفتاحية:** *أزمات اقتصادية ؛ تقلبات أمنية ؛ حساسية القطاع السياحي ؛ مرونة تسويقية*

**تصنيف جال:** *A12 ؛ F52 ؛ L83 ؛ M31.*

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## **1. INTRODUCTION**

The World Tourism Organization (WTO) of the United Nations expects annually growth by 3.9% for the global tourism in 2030, as it expects the growth of this sector during the same period by 4.4% annually in emerging economies, but these predictions are not stable due to the lack of controlling over all the factors that were established our study, as tourism is the service sector that responds most to economic, security and political fluctuations.

Among the most important characteristics that cannot be neglected while formulating a tourism marketing mix for a country or a tourist destination is the sensitivity of the tourism sector and its rapid response to economic, cultural and security variables.

Tourism institutions with their different types cannot be in a better competitive position without their ability to study economic realities and market fluctuations and develop scenarios based on different possibilities. Several international experiences have shown a decline in the performance of the tourism sector affected by political or economic fluctuations.

Through our research, we will present the decline in tourism revenues in Tunisia, specifically during the political movement of 2011, after that the tourism sector noticed gradual improvement, so that in 2010 the number of tourists coming to Tunisia reached 6.9 million tourists, and the number decreased to 4.8 million tourists in 2011. The decline rate is estimated at 30%. As for tourism revenues, it was \$2.65 billion in 2010, down to \$1.81 billion in 2011, recording a decrease of 46.4%, according to data and indicators of the Tunisian Ministry of Tourism.

We will also discuss tourism in Egypt and its impact on the political shifts in the same period, and how the tourism sector is very sensitive to the surrounding changes, then we will present the Turkish experience in dealing with the shock of the Corona crisis (COVID-19) and its impact on the tourism sector and its new programs that target an accelerated growth despite the epidemic because of its reliance on medical tourism for being the least sensitive, and finally we address the Moroccan tourism sector and it is affected by the economic crisis, focusing on the impact of alternative tourism that resists the economic and political changes and shocks.

Through our study, we aim to develop solutions or alternatives in advance, that can absorb the shock and adapt it to the changing circumstances before the crises occurrence.

Tourism investments are characterized by the size of their cost and the length of the profit recovery period, in addition to the risk element. For example, an investor establishes a tourist complex, hotels, restaurants, and parks in a desert, mountainous, rural, or beach area. After the start of the activity, some news is spread it may be rumors that tourists are exposed to risk, the news can change the destination of thousands of tourists heading towards the tourist destination, so we decided to raise the following problem:

**How can the diversify strategy of tourism product and markets be adopted as a mechanism to confront the negative reflections to the tourism sector's sensitivity and its response to economic fluctuations to be more flexible and adapted to this latter?**

## **2. The preventive strategy against the repercussions of economic and security fluctuations on tourism sector – based on international experiences:**

The tourism sector is closely linked with the security environment surrounding it. Any criminal act that may threaten the tourist himself or his property in a confined focus of a tourist country may change the behavior of many potential tourists and push them to think about a safer tourist

destination and even rumors about unsafety and unsecured place may lead to the same results, and this is due to of the type of tourism's sensitivity and its inflexibility and adaptation according to the changes taking place, therefore the following points clarify the reasons of the tourism sector's affection by negative variables (kime & shailya, 2020, p. 332):

- Tourism needs planning in order to establish tourism infrastructure, planning needs data, forecasting and foresight, and forecasting can only be in a stable and safe environment.
- The implementation of the planned projects can only take place in a stable legal environment resulting from political stability and state institutions.
- Lack of security means that fear prevails, whether from the investor's side, or the simple tourist from the other side who spends days wandering and traveling within the country.
- Stability and security is a fertile environment for investment in the rest of the sectors, knowing that the tourism sector is a horizontal sector that can only develop by relying on the sectors of agriculture, industry, trade, transport, communications, services, education and culture. The security environment is necessary to support the tourism sector.
- The state that controls its security and political environment is the one that has stronger relations with the other countries of outside world, which will attract market segments from its societies to become part of its tourism markets.

There are also other aspects that illustrate the relationship between security stability and tourist influx (bouchemma & chahb, 2018,p321):

- Influencing the tourist's behavior that depends on his comfort and safety and the safety of his property.
- The impact on attracting tourism investments: the rational investor does not throw his money in an unstable and unattractive environment, but rather searches for the most secure and secure opportunities for sustainable profits.
- Tourism development and comprehensive development are significantly affected by security unrest: The tourism sector depends on the extent of the growth of the rest of the sectors, as it is a horizontal sector that depends on the rest of the economic, cultural, religious, political, historical and geographical activities.

During this component, we will review four (04) standard international experiences (Tunisia, Egypt, Turkey, and the United States of America), which highlight the following main points:

- The sensitivity of the tourism sector to any economic, political or security variable.
- Types of tourism were significantly affected, and other types were affected with a slight impact (there are types of tourism that are more flexible and adaptive to external variables and economic fluctuations)
- Emerging tourism will be affected more than developed tourism, which will be affected spatially, temporally and materially.
- Solutions and policies used to get out of the crisis and adaptation strategies.

### **2.1.Repercussions of the security disturbances in Tunisia on the tourism sector and the treatment strategies of the tourism crisis:**

Tourism in Tunisia plays an effective role in the economic and social development processes, but the political and security instability has seen in the political arena has had a significant impact on

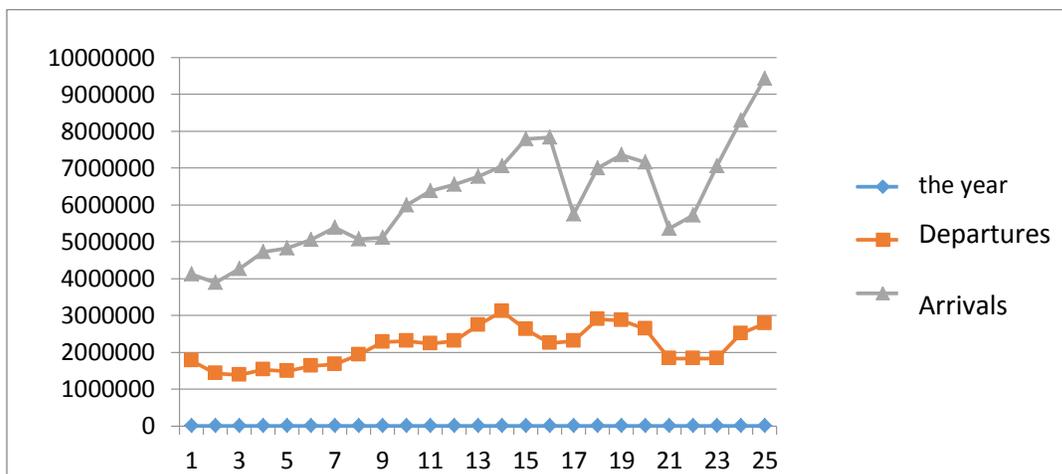
the flow of foreign tourists and the movement of tourism investments. Where Tunisia has tourism potentials and facilities, including the geographical location, climate, cultural environment, infrastructure development and tourism services.

However, the movement has seen by Tunisia in recent years and the resulting political fluctuations and security disturbances led to an impact on the volume of tourism flows of foreign tourist arrivals, and also led to a decline in the volume of foreign investments, which had a negative impact on the economic growth rate.

Through our presentation of the Tunisian experience, we seek to study the impact of the security environment and political instability on the efficiency of the tourism sector through the index of tourists' number in addition to the index of tourism investment activity and revenues.

The following figure shows the impact of the Tunisian tourism sector on the popular movement, through a comparison between this two years (2010 and 2011) through the index of the tourists' number, as well as its impact on the terrorist attacks in western Tunisia in 2015 and the difficulty and of its slowness recovery after that.

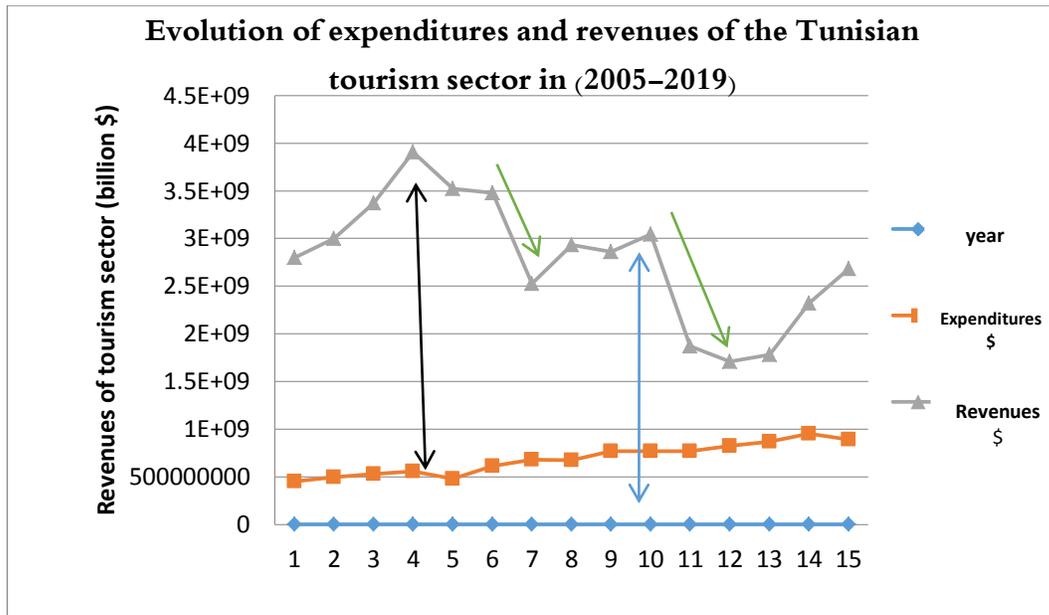
**Figure (01): The development of departures and arrivals tourists to Tunisia in (1995-2019)**



*Source: international bank DATA 2020 (indicators of sustainable development – Tunisia)*

**PS: the numbers on the horizontal axis correspond to the years from 1995 to 2019 respectively.**

**Figure (02): Evolution of expenditures and revenues of the Tunisian tourism sector in the period (2005-2019)**



*Source: international bank DATA 2020 (indicators of sustainable development – Tunisia)*

**PS: the numbers on the horizontal axis correspond to the years from 2005 to 2019 respectively.**

Through the graph, it is clear that the Tunisian tourism sector known two prominent shocks during the last two decades that affected revenues. The first shock was in 2011 at point 6, when a significant decline in revenues was recorded from 3.477 billion dollars to 2.529 billion dollars, as a result of the popular political movement that Tunisia has seen, which predicted a decline in the security and safety of tourists, which made many of them leave Tunisia and some change their destination from Tunisia to another country.

As for the second shock is clearly show a sharp decline in revenues and tourists, at point 12 that refers to the year 2015, and this is after the terrorist attacks in western Tunisia, when tourism revenues fell to their lowest levels in three (3) decades, recording 1.706 billion dollars.

Through what we have seen before in our study, we can say that the security disturbances are more dangerous to the tourism sector than the political instability.

Many partial indicators of the competitiveness of the Tunisian tourism sector have declined and despite that and the security instability, Tunisia has tried to restore the competitiveness of its indicators and re-consider the tourism sector by paying attention to other indicators, most notably are the price competitiveness, the infrastructure services, the technological and information environment, Air transport, health and hygiene index.

**2.2. Tourism security support mechanisms**(kafi, 2009, p. 329):

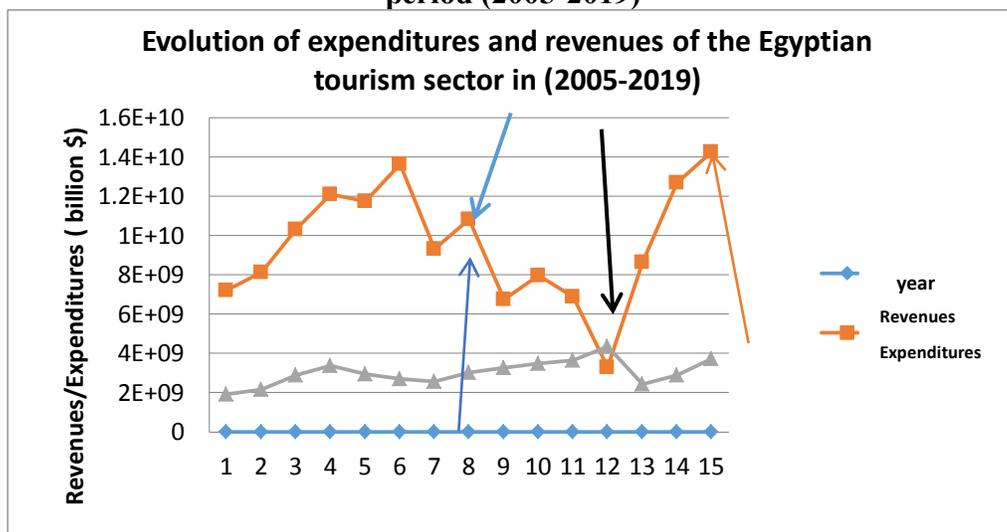
- Protecting tourist sites by supporting the security services with competencies.
- Spreading tourism and security awareness.

- Paying attention to tourist’s security and safety throughout the period of his presence.
- Preparing programs, brochures and publications on security plans.
- The need for the international community involvement in order to impose peace and security in the world.

**2.3 - Repercussions of the security disturbances in Egypt on the tourism sector and strategies for dealing with the tourism crisis:**

In order to understand the impact of security, social and political confusions on the tourism sector’s stability, we present a chart showing the development of the Egyptian tourism sector's expenditures and revenues.

**Figure (03): Evolution of expenditures and revenues of the Egyptian tourism sector in the period (2005-2019)**

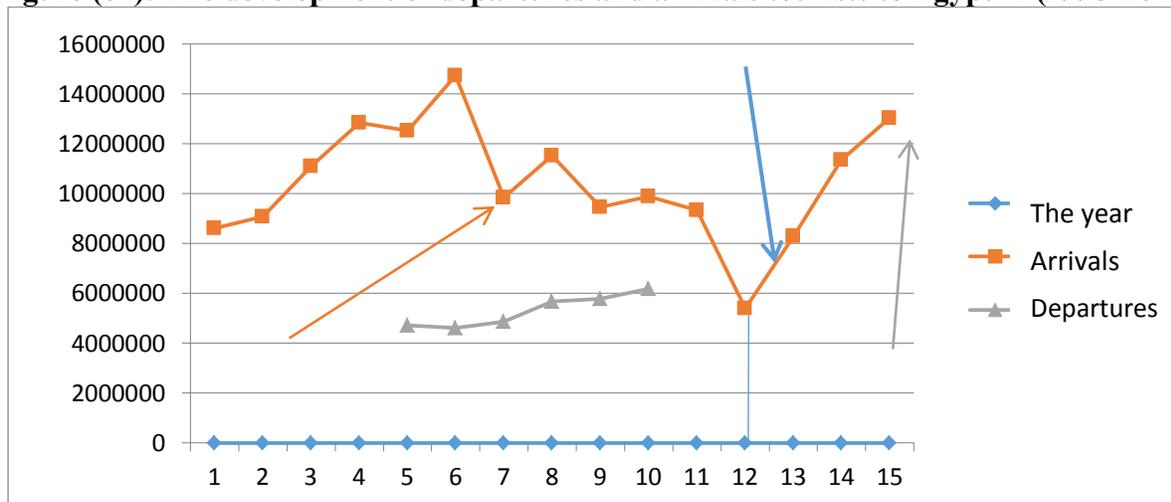


*Source: international bank DATA 2020 (indicators of sustainable development – Egypt)*

**PS: the numbers on the horizontal axis correspond to the years from 2005 to 2019 respectively.**

The graph above show the stable growth of the revenues of the Egyptian tourism sector between the year 2005 at point 1 and the year 2010 at point 6, then we record a sharp initial decline in 2011 due to the unstable social and security conditions, and with the lack of focus of tourism efforts on advertising and marketing, we notice at point 8 that refers to the year 2012, an attempt to re-emerge the tourism attraction, but this was not matched by investments or marketing and tourism spending as it is shown in the graph, so the weak supply of the sector led to another decline of tourist arrivals and tourism revenues, as shown in the following figure:

**Figure (04): The development of departures and arrivals tourists to Egypt in (1995-2019)**



*Source: international bank DATA 2020 (indicators of sustainable development – Egypt)*

We notice through the curve that the first drop in the number of tourist arrivals to Egypt was in 2011 as a result of security instability, as well as in 2016 as a result of the political changes taking place in the country, so we find that the tourism sector is the first that suffering from security and political disturbance.

**2.4. The repercussions of the Covid-19 epidemic on the Turkish tourism sector and strategies to treat the tourism crisis:**

Since the Covid-19 (Corona) epidemic that affect negatively the influx of tourists to turkey and disrupted its plans, it has drawn up a road map to be followed up by the Ministers of Foreign Affairs, Tourism and Health, with the aim of promoting medical tourism and periodic evaluation of measures that increase the flow of patients and beauty enthusiasts to its hospitals, after the epidemic disrupted its plan to receive 57 million tourists for the year 2020, after it attracted 51.7 million tourists in (2019), with revenues amounting to \$34.5 billion. The number of foreign tourists in Turkey did not exceed 10 million during the first eight months of 2020 according to a statement by the Turkish Ministry of Culture and Tourism, including 2,16,553 Turkish tourists residing abroad.

The data issued by the tourism authorities in Turkey added that the impact of the Corona epidemic on medical tourism was less than what happened to other tourism sectors, because what Turkey offers in terms of price discounts and the progress it has witnessed, preserved relatively the influx of patients who book for a week or three nights in Turkey. They spend and tour during the treatment period, to sites, restaurants and attractions.

Turkey has also established a new tourism program that targets rapid growth in the flow of tourists and revenues, despite the obstacles and repercussions of the Corona epidemic.

Turkey was targeting revenues of about 40 billion dollars, but the continuation of fears, especially in light of rumors about other waves of the epidemic and other advanced types of the Corona epidemic, greatly affected the influx of tourists, as hopes and numbers declined.

In contrast, the reliance on medical tourism has increased, with revenues reaching \$1 billion for the year 2020, although expectations were more than \$3 billion, to reach about \$10 billion out of the \$75 billion that Turkey relies on from the tourism sector in 2023 during the centenary of the country's founding.

The Turkish tourist guide did not expect that the number of tourists this year would reach more than 13 million, with revenues that may reach about \$15 billion, considering that Turkey "has exceeded leading countries by receiving tourists this year", after the government plan to further improve the Safe Tourism Certificate program, which aims to calm health concerns. So that more than 4,500 Turkish establishments have obtained international accreditation, health and strict requirements at airports have led to the completely uninterrupted tourists, as happened in many countries. So, The Ministry of Health decided to ease restrictions and receive patients, as tourists come for treatment.

Turkey began to focus on the medical tourism sector, in conjunction with the gradual opening up and the return to normal life, so it opened several hospitals during the Corona outbreak.

The director of the "AK Deniz" tourism company in Istanbul reveals that tourists' reservations for the purpose of treatment have begun to return to Turkey, indicating that "tourists from Russia, Europe and the United States (USA) are more than the Arab Gulf", because of The cheap costs in Turkey, which do not reach 50% of the costs Treatment in Europe and the United States and that prompted many patients to choose Turkey as a destination for medical tourism.

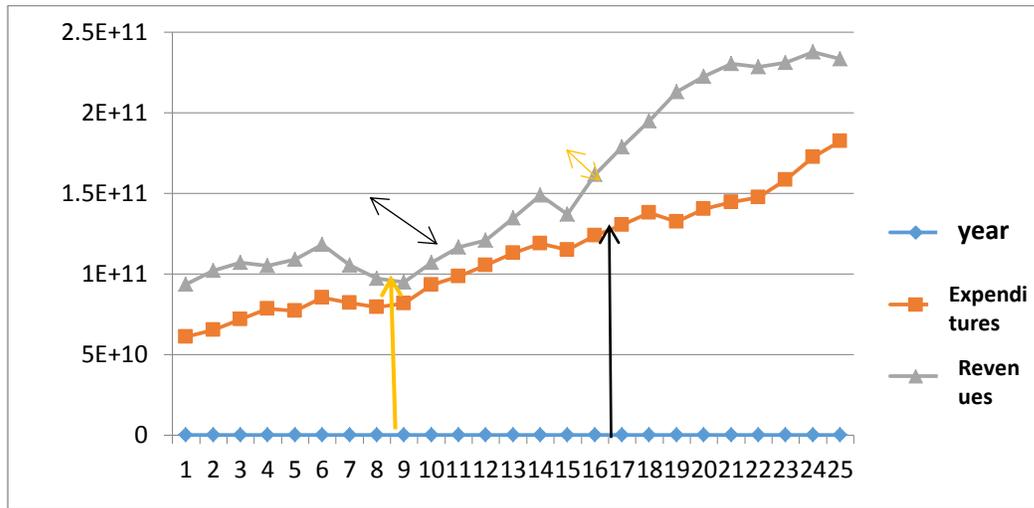
During the outbreak of the Corona epidemic, Turkey opened three hospitals as part of its efforts to revive medical tourism. After the opening of the "Ataturk Airport" and "SanjakTepe" hospitals to medical tourism, the medical city was opened in the Basaksehir region, which will contribute to revive medical tourism, according to Turkish officials (Turkish tourism minister, 2021).

### **3.The development of tourism revenues of United States of America and how it affected by the attacks of September 11, 2001 and the financial crisis of 2008:**

Through this element, we will try to track the tourism movement of the USA and the volume of its activity through the revenue index, trying to highlight two critical points to reach important results that are: the impact of security threats on the tourism sector then the impact of crises and economic fluctuations on tourism revenues and activity sector.

We will first present some figures and the development of tourism in the USA during the last 25 years through the following figure:

**Figure No. (04): Evolution of expenditures and revenues of the American tourism sector (1995-2019)**



*Source: international bank DATA 2020 (indicators of sustainable development – USA)*

**PS: the numbers on the horizontal axis correspond to the years from 1995 to 2019 respectively**

Through the curve, we notice two setbacks, a first drop in tourism revenues in 2001, that is, after the September attacks, which contributed to a decline in tourism sector revenues for a relatively long period of 4 years, after which the sector resumed its activity, and a second drop after the 2008 mortgage crisis, which quickly restored the tourism sector. After that, it recovered, which indicates that security threats are the most harmful to the tourism sector from political unrest or economic crises.

The US tourism sector was not greatly affected, as in both Egypt and Tunisia. The curve expressing revenues or the number of arrivals did not witness a shock or free fall, and this explains our hypothesis that the developed tourism sectors are not greatly affected by shocks, as they recover quickly from them.

The number of arrivals after the events of September 11 did not decrease as much as the decrease in revenues, and this is due to the marketing plan represented in reducing prices and facilitating entry in order to encourage polarization or at least avoid diverting many tourists from the tourist destination, and this is what happened

#### 4. Study results and discussion:

Through our analysis of the previously presented experiences, we can reach an arrangement tourism’s types according to the sensitivity of each type towards negative external variables:

**4.1- Hospital and health tourism:** The hospital tourist or who wants to travel for treatment is almost sure of his decision and cannot cancel or delay the trip or change the destination easily, for example in the presence of indicators such as the Covid epidemic, tourist give an important priority to treatment.

Previously, there was no response or significant impact on medical tourism revenues and tourism flows in Turkey during the period of tourism stagnation that the world has seen during the Covid-19 period.

**4.2- Religious tourism:** Religious tourism is considered one of the most important types of tourism that is resistant to external changes, as tourists go to religious tourist places in order to obtain spiritual comfort, so more than 22% of tourism movement in the world is religious visits, especially visiting holy places (Mustapha, 2003, p. 44).

**4.3- Business tourism and sports tourism:** Through our results, we can say that business tourism is relatively resistant to security and economic changes that would affect the tourism movement, because businessmen have follow up on their business and investments, or to meet with their partners or contract Business deals, for example. Followed by sports tourism, which was not affected by security or economic changes such as the 2008 crisis, but was clearly affected by the Covid 19 crisis.

- There is an inverse relationship between insecurity and tourist flows. Whenever the security situation is disturbed, this contributes to the departure of visitors, in addition to the decline of arrivals for tourism.

- Security threats are the most harmful to the tourism sector from political disturbance or economic crises.

**4.4-** Some types of tourism that are highly affected with economic and security fluctuations, and we mention among the most affected tourism, leisure tourism, exhibition tourism, cultural tourism, discovery tourism and getting to know people, and there are types of tourism that can quickly adapt to the volatile situation, especially in developing countries, including historical tourism, shopping tourism, sports tourism, and exhibition tourism.

Other types of tourism that have resistance to external influences, including business tourism, medical tourism, and religious tourism, because the reason behind the decision to travel is strong and we can consider it necessary in the life of the tourist financially, healthily, spiritually, or psychologically.

## **5. Conclusion**

Despite the development of research and forward-looking studies in all economic fields, the possibility of surprise and uncertainty is possible, and this is due to the connection of economic activities, interests, and economies of countries with each other and with the surrounding factors, whether they are political, social, or biological, such as the Corona epidemic, security, or others. Therefore, the most weakness economic activities are affected by the nature of their sensitivity, especially the tourism sector or some types of tourism.

In order to enhance the resilience of the tourism sector in front of shocks and external factors, some countries have taken proactive preventive measures, such as Turkey and its focus on the most solid and adaptive types of tourism, such as medical tourism, or the United States of America, which aimed to maintain the number of arrivals while sacrificing the volume of revenues, which is an effective marketing strategy It depends on reducing the prices of goods and services while maintaining the policies of the remaining elements of the tourism service marketing mix (7 ps) and strengthening some of them by raising expenditures such as promotion, distribution and operations.

We conclude that major economies and their tourism sectors are not greatly affected by economic shocks, or at least not the same impact of tourism sectors in emerging economies. The best example is comparing America and Turkey to Tunisia and Egypt.

## **6. Suggestions**

Through the case study and presentation of international experiences in dealing with the repercussions of political, economic and security crises (health threats), we came up with the following suggestions:

- The need of diversifying tourism markets geographically, demographically, and stratified in order to diversify income sources, and enhance opportunities, which is the followed strategy by Turkey in compensating for losses resulting from the repercussions of the Covid-19 crisis on the tourism sector.
- The need to diversify the tourism product without limiting it to only leisure, cultural, coastal or desert tourism, because the tourist in this case is at his entertainment period and he is absolutely free in deciding the destination tourist trip without barriers and conditions, so the traveller to a foreign country for treatment does not have many options, here we ensure the need to adopt other types of tourism that are considered necessary, such as medical tourism, followed by business tourism, religious tourism, then sports tourism.
- The need to set flexible prices for tourism services that are adaptable according to demand, and can even be used within the policy of the tourism marketing mix as publicity and as a catalyst to return the number of tourists who have leave the country during shocks and crises, like what we have seen in the American experience in maintaining the number of arrivals, so the slogan was losing money and not tourist customers.
  - Using tourism advertising and media as a weapon against rumors and their spread about the security situation, stability, and the safety of the tourist, and publishing real, positive pictures about the tourist destination and the security environment that may change the behaviour of potential tourists by using of the most widespread and influential media.
- The number of arrivals after the events of September 11 did not decrease as much as revenues decreased, and this is due to the marketing plan represented in reducing and adapting prices (making prices more flexible and responsive to change in demand) and facilitating entry in order to encourage polarization or at least avoid diverting many tourists from the tourist destination, and here it is possible to propose facilitating entry procedures with seasonal discounts related to recession periods.

## **7. Study prospects**

During our research and collecting references, information and data in order to complete this work, several problematics came to our mind that could be addressed in the future as studies can enrich the economic fields, especially in developing the tourism sector. We mention some of them as topics in the following points:

- Developing and diversifying local tourism as a strategy to avoid the currency bleeding and the outflow of foreign investments.
- Studying the 7 PS and the most influential element on the purchasing decision in the short and medium term. (A case study on a sample of tourists)

- Presentation of the partial competitiveness of the Algerian tourism sector in the Mediterranean and the Maghreb (strengths and weaknesses, opportunities and threats).
- The customer buying strategy as a mechanism to upgrade the tourist demand for Algerian tourism, quantitatively and qualitatively.
- Activating media and advertising tourism in targeting new markets.
- Entry policies with a new tourism product for new tourism markets - Studying the launch phase and marketing strategies.

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