Ways to Improve Strategic Planning within the Tourist Industry (in the Case Study of the Republic of Kazakhstan)

Balzhan Shilibekova\textsuperscript{a}, Bakyt Syzdykbayeva\textsuperscript{a}, Sayat Ayetov\textsuperscript{a}, Rina Agybetova\textsuperscript{a} and Assel Baimbetova\textsuperscript{a}

\textsuperscript{a}L.N. Gumilyov Eurasian National University, Astana, KAZAKHSTAN

ABSTRACT

Kazakhstan has a great tourist potential, but it is still partly fulfilled. That is why very important to find the weakness in the state’s policy and to develop this industry in the best way. The aim of the research is to formulate a hypothesis with regard to the possible content of measures to improve the strategic planning and marketing methodology in relation to the specific nature of entities within Kazakhstan inbound tourism industry, recreational potential of Kazakhstan and objectives of its development set forth by the Government of Kazakhstan. As the main method of research were chosen the data collection and its further analysis. The primary data were collected by polling managers of the companies-members of Kazakhstan inbound tourism industry, who had previously participated in the development of strategies and/or in the strategic management process. The characteristic features have been analyzed and the reasons for the systemic imperfection of analytical procurement, related to strategic planning processes in marketing, have been identified. The article represents the results of the poll among the managers of companies involved in Kazakhstan’s inbound tourism industry which was conducted by the authors. It is suggested that the use of multi-agent technologies as a new conceptual approach to solving the problems of analytical procurement concerning marketing strategy should be employed.

KEYWORDS

Marketing strategy, analytical procurement, domestic tourism industry, agent-based simulation

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Introduction

Kazakhstan currently ranks 78th place in the world for the export of tourism services (Travel & Tourism Economic Impact Reports, 2015) and approximately 10% of the able-bodied population is employed in the Kazakhstan tourism industry. However, the impact of the industry on economic growth
absolutely does not correspond to the recreational tourism potential of the republic: the gross value added, produced by the enterprises in the national tourism industry, accounted for only 1.4% of GDP.

Regardless of newly implemented programs the Republic still remains largely unattractive to foreign tourists. According to the availability of hotels and tourism related businesses, the price and levels of the tourist services within Kazakhstan are insufficiently competitive on the world market and inferior to foreign competitors. High accommodation prices are the result of low occupancy, an underdeveloped competitive environment and a focus on business travelers.

Some Kazakhstani experts think that the situation existing in the industry is a consequence of insufficiently effective governance and a weak elaboration of the strategic development mechanisms. Recommendations for the development of the tourism industry, developed in Kazakhstan over the past decade within the traditional scientific approaches, have not become a basis for the advanced development of the tourism industry (Zhudkoblinova, 2014; Karimova, 2015).

Nowadays, a transition to the qualitatively new approaches and methods of socio-economic development is carried out in Kazakhstan; implementation of this Concept requires a significant reduction in the number of self-employed people, by creating hundreds of thousands of highly paid jobs on within the Kazakhstan labor market in addition to the existing positions; one of the few, if not the only sectors of the Kazakhstan economy where in the coming years this will actually be possible is the hospitality industry/inbound tourism sector.

Thus, currently, Kazakhstan economy faces a challenge – an actually existing contradiction between the practice of strategic planning and management created at Kazakhstan companies of inbound tourism industry and state bodies, and the tasks to modernize Kazakhstan society and national economy.

**Literature Review**

The goal of marketing is to influence the decisions of a potential consumer (Lewis, 2013). Trying to influence the behavior of buyers so that they chose certain brands and products, marketers collect vast amounts of information and process it, introducing various forms of analytical reports on their clients. These operating processes are based on many years of collective experience. The way of allocating multimillion-dollar investments in product development, innovation, communication and the development of customer service depends on the well-established models of analytical procurement of marketing strategies.

In recent years quite a lot of recommendations and suggestions have been published concerning the proper ways and methods of arranging/improving this process in the tourist industry (Robinson, Lück & Smith, 2013; Frochot & Batat, 2013).

Numerous marketing research studies in the sphere of tourism were devoted to the search for the benefits of taking a behaviors-to-evaluations perspective in tourism and customer research. For example, the general theory of guest evaluations of service design/performances by A. Woodside and M. Kozak (2014a, 2014b) is widely known; such the author’s speculation that complexity theory holds great promise in improving understanding of guests’ evaluations of their service experiences. However, in addition to the impressive
“very diverse background both in terms of their research fields and their countries of origin and focus” (Kozak and Kozak, 2013b) and “various aspects of tourist behavior, from need-recognition to post-consumption” (Kozak and Kozak, 2013a), one cannot fail to pay attention also to another rather important circumstance.

Many competent experts write that the traditional marketing has not always been effective already, and often only a creative breakthrough can help promote the product on a fragmented market crowded with similar goods: “the cost of mass marketing is constantly increasing, and its efficiency is reducing – 75% of new products, services and companies fail” (Shynkarenko, 2006).

It is characteristic that one of the contemporary authors of Russian marketing textbooks directly writes in his doctoral dissertation: “The theory of marketing suffers a crisis. This assessment is not an exaggeration, since a set of the problems faced by the theory is a direct consequence of the serious shortcomings in the prevailing scientific approach. The facts show that we can talk about such a significant drawback of traditional marketing as its relative scientific and practical limitation arising from the abstraction, which is understood as the detachment of the theoretical foundations of the traditional marketing from the object of study” (Godin, 2007).

The symptoms of this crisis are described by different authors as follows:

- the real reasons why people act one way or another still remain a mystery otherwise failure of sales of new products would not make 80-90 percent, and the advertising costs would be absolutely effective (Frei & Morriss, 2012);
- in marketing they speculate on what affects people’s behavior and then they compose the ‘rules’ on the basis of these speculations; marketing structures are based on a very dangerous delusion that people know exactly what mental mechanisms govern their decisions and actions, and can describe them; everyone who is successful in marketing, for a long time have understood that the achievements of psychology of individual and collective human behavior came to ‘blind spot’ marketing area (Barden, 2013);
- unlike natural sciences, where numerous observations result in the generation of a hypothesis, in marketing at first truth-resembling assumptions are formulated about how people make economic decisions, and then these assumptions are extrapolated to the other provisions; however, no matter how slim these hypotheses may seem, they happened to be almost entirely wrong – people make decisions without being aware and even not comparing the different categories of products; they are not isolated from other people who influence their decisions (as well as the memory of their own past actions), and it cannot be said that people’s preferences and their ideas about the value of the product fail to depend on what surrounds them at the time of purchase (Lewis, 2013);
- the research of Fournaise Marketing Group showed that of 1,200 interviewed CEO in in North America, Europe and Pacific part of Asia 80% believe that marketers are “too disconnected from financial realities of the companies’ and 78% consider that they “too often lose sight what their real job is” (Fournaise Marketing Group, 2014).

The results of the literature review induce us to pose the following questions of the research:
1. What is the relationship between the basic scientific foundations and practical development of marketing strategy in the companies affiliated with Kazakhstan inbound tourism industry? Do inconsistency and the systemic imperfection of concepts concerning service marketing and strategic planning influence Kazakhstan inbound tourism industry?

2. What conclusions relating to the prospects for improving the strategic planning and marketing methodology can be made based on the revealed regularities of marketing strategy development practice in the companies affiliated with Kazakhstan inbound tourism industry?

**Methodological Framework**

In our case the research is aimed at searching for the new scientific ideas to improve the methodology for development of marketing strategies at various levels for the entities of Kazakhstan inbound tourism industry.

In other words, the aim of the research is to formulate a hypothesis with regard to the possible content of measures to improve the strategic planning and marketing methodology in relation to the specific nature of entities within Kazakhstan inbound tourism industry, recreational potential of Kazakhstan and objectives of its development set forth by the Government of Kazakhstan.

The primary data were collected by polling managers of the companies-members of Kazakhstan inbound tourism industry, who had previously participated in the development of strategies and/or in the strategic management process. This poll was carried out by the author in January-March 2015. The interview devoted to the study of respondents’ assessments of the level of strategic planning in their companies was conducted by telephone. The content of the interview script is semi-structured with open questions (Blumberg, Cooper & Schindler, 2011). This choice was determined by the peculiarities of the respondents: these were colleagues, friends (and friends of their friends) who have shown interest for the interview script offered by the author.

There are four main ethical issues of survey research methodology: respondents’ privacy, voluntary participation, the exploiting of surveys and pseudo surveys, the misuse of survey results. It is also important to note that since some of the respondents requested anonymity for them, a decision was made to protect identity of the respondents who had participated in the interview. (Saunders, Lewis & Thornhill, 2009) The condition for respondents’ participation in the interview was non-disclosure of personal data and the companies in which they work.

The sampling frame for the study was chosen in accordance to the research objectives and taking into consideration the time and budget constraints. It comprised of 55 sentences about participation in the interview. In total 46 respondents took part in the research. We have been convinced that throughout the research process, a researcher needs to consider a number of ethical issues that might arise. Generally speaking, research ethics refers to the researcher’s behavior in relation to the respondents’ rights.

**Data, Analysis, and Results**
The main results of the research (due to the limited amount of the article volume only the basic results are presented here: respondents’ choice while answering the 5 main questions and short comments).

As we can see, most companies have the strategy, but only 3 respondents evaluated it as “quite efficient”.

Figure 1. The format of responses to the question: Was the complex of basic strategies used when developing the strategy in your company? Source: (Developed by the author).

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Figure 2. The format of responses to the question: Are the algorithmic principles and procedures of strategic planning described in books on specialized subjects followed when developing the strategy in your company? Source: (Developed by the author).
It is rather noteworthy that all three respondents who previously positively rated their company’s strategy, noted that “there was no need for” following algorithmic principles and procedures of strategic planning. In general, the results of the discussion on the first two questions showed that the problem defined by us for this research actually exists. The discussion of the ways to solve it attracts the significant interest among the respondents. More than 10% of the interview participants preferred to use their own wording (response option “other”) while answering the questions.

Figure 3. The format of responses to the question: Has your company addressed consulting services when developing its strategy? Source: (Developed by the author).

As the discussion of this question demonstrated, most respondents agreed that in recent years really effective methods of strategic analysis, planning and management have been created not by theoreticians but by empiricists, successful entrepreneurs. Then the consulting industry offers anybody who wants to implement best of these methods for value. In other words, “knowledge brokering” and “prediction markets” are a kind of inevitable evil which is difficult to avoid in the business-community. However, when the conversation drifts not to business in general, but to one’s own company, the respondent’s relation to the majority of consulting companies is extremely negative.

The respondents were told about publications of Western researchers who demonstrated using numerous examples that it is “a common practice” for the “professionals” in the West when:

- “improprieties are associated with the publication of inaccurate forecasts” (Mauduit, 2012),

- there is fudging of research data according to market indicators presented by companies; causality is inferred from correlation; single explanations are
fragmented when trying to identify the proportion of one factor (Rosenzweig, 2007),
errors are made when using Excel tools, which became “everyday reality” (Long, 2013).
These examples set off strongly negative reaction among the respondents.

Figure 4. The format of responses to the question: Was the set of basic strategies used when developing the strategy in your company? Source: (Developed by the author).

This question has not aroused much interest at first. However, the information that not so long ago M. Porter and J. Happelmann (2014), the gurus of strategic management, publicly admitted the fallacy of using a limited set of standard (“sample”) strategies and called everyone to move to a qualitatively different approach, sparked strong interest, as well as their new definition of strategy.
Figure 5. The format of responses to the question: Does scientific understanding of the nature of competition in neoclassical economic theory respond to the realities of doing business for your company? Source: (Developed by the author).

Thus, as we can see, according to most respondents’ opinion, theory and practice of strategy planning exist as if “in different dimensions”; respondents are constantly faced with the system irregularity of the traditional methodology and the procedures of marketing strategy development in their practice.

Therefore, there is a rapid change in both the structure of industries and the rules of competitive struggle, which has ceased to be the implementation of antagonistic aspirations of disparate and independent market participants, and, in contrast, is a result of their social interaction (Zelizer, 2005; Callon, 2006).

Accordingly, the last definition of the strategy differs from that given in textbooks published in the 80s. Now the strategy is “the search and development of individual, unique way of competitive struggle; the development of a new special type of value, and not an attempt to produce the same kind of value (goods) just better; it is not the result, but a never-ending process” (Huggins & Izushi, 2012).

That is, the strategy choice is a choice of one direction out of the myriad of possible options (“strategic alternatives”). This choice should be made for sure; to facilitate the selection, of course, you can come up with a list/classification of possible “typical strategies”. But it does not follow in practice that when developing a strategy one should stick to a “model” list once made up by someone, because a strategy is first and foremost a unique mode of action, a set of rules for decision-making (and subsequent programming), which the organization follows in its activities. The main value of strategy is in its uniqueness, in that “earlier no one had gone that way”. Its development is done “here and now”, as for “yesterday” and “tomorrow” quite different strategies were and will be the best possible for the organization, perhaps, and it must begin with an understanding of their own, individual and unique list of alternatives to “path selection”.
This implies, firstly, that the development of the marketing strategy should be understood not only as the development of “a clear program of action” (the use of information technologies and special software enables you to automate this process), but rather as inventing a new set of rules for making decisions, a set of alternatives for selecting a unique mode of action, such as a new symbolic product positioning; new organizational system (corporate culture, internal environment of the organization), which would provide timely and dynamic painless change of these new product strategies.

Second, the information base of marketing strategy analytical support can no longer be a retrospective linear analysis of the market development in the past (the tendencies and trends of past years can change its direction at any time).

As noted by M. Porter and J. Happelmann (2014), in a situation where the boundaries of sectors are redrawn and new sectors of the economy appear, the relationship with traditional business partners and competitors are formed quite differently, companies have new prospects, they are confronted with new threats and begin to have new roles - we need a new approach to the analytical support of marketing strategy based on the processing of huge amount of data generated by a new type of equipment.

The greater the uncertainty, the more distributed nature is inherent in decision-making processes and the more often unplanned events occur – the lower is the efficiency of the existing systems, which are unable to make decisions independently and automatically readjust to changes in the environment. In addition, any modification of decision-making patterns in traditional systems is a very complex and time-consuming process and requires highly skilled executives, which makes the development and operation of the systems considered extremely costly. Therefore, the traditional description of the socio-economic system based on making the hierarchy of its subjects, ensuring a strict sequence of the execution of management operations to implement a centralized solution and detailed control, gives way to a presentation of the system as an agent-oriented, in which there is no centralization and targets of individual agents can be of irrational character.

A new approach to the problem of rapid information processing in decision-making processes is associated with multi-agent technologies which received an intensive development in the last decade, at the intersection of artificial intelligence methods, object-oriented programming, parallel computing and telecommunications. This technology is based on the concept of an “agent”, software entity, capable of perceiving the situation, making decisions and communicating with its own kind (Nigel, 2004).

In recent years the MAS concept has been more and more widely used in various fields. MAS is widely used as the methodology of mathematical modeling of social and economic systems of varying complexity (Murthy & Krishnamurthy, 2009; Niazi & Hussain, 2011; Naldi, Pareschi & Toscani, 2010; Salamon, 2011).

As a conceptual framework for the creation of data operational processing system for analytical support of decision-making processes when developing and implementing marketing strategy in the national tourism industry we offer to consider the tourism industry as the multi-level MAS, in activities of which the following basic rules are followed:
- depending on what system level the agent interacts at, it can serve both as the center, and the active element (the agent’s property of heterogeneity),
- it is accepted that agents act in the visual deterministic world establishing the optimal transition strategy from one state to another,
- agents’ strategies are determined by the influence of endogenous and exogenous factors,
- all agents are reflexive with reactive tactics and rational in their behavior (optimizing the measure of usefulness of their actions),
- some agents have the property of heterogeneity,
- the agent’s awareness structure is based on general knowledge, which is usually asymmetrical,
- when developing models and participatory decision-making mechanisms the agents’ interaction in the system is consistent with the meta-agent’s position which has the “right of the first move” and has the opportunity to “assign” its own strategy.

The MAS meta-agent for the analysis support of marketing strategy of the national tourism industry (MAS TI) is an authorized central state body having authority to regulate the tourism industry, the so-called “authorized moderator”.

MAS TI agents’ classes (characteristic groups) are:
- “local public authorities” which all, in one way or another, have an impact on the provision of tourism services,
- “enterprises of the tourism industry”: tour operators and travel agencies involved in the organization of inbound and domestic tourism, as well as organizations providing such services as the promotion of tourist services in different markets, accommodation/residence, transportation, showing attractions, entertainment, professional organizers of business events, personnel education and re-training, etc.
- “tourism services consumers”.

At each level of agents’ interaction we will explore active systems, singling out management body among the agents – the center and management entities – active elements, as well as setting the preferences of the agents for permissible sets of states. For each subsystem (levels) we shall design models and mechanisms of organizational and economic cooperation as a set of formal and informal rules for decision-making by agents in the form of constraints that put specific value of management action for each status of the agent.

The presence of cooperation mechanisms at every level of the system performance makes it possible to synthesize marketing strategy formation of the national tourism industry and meet the challenges of coordination and optimization of MAS TI agents’ actions.

The task of determining optimal strategies for MAS TI meta-agent’s actions comes to the designing the active system status models at every level of this system functioning, to synthesizing mechanism of a coherent interaction between the agents and the optimal management solution choice on this ground.

We will develop agents’ behavior model based on the concept of Nash equilibrium – this is the name for the complex of strategies in game theory
selected by players, in which no player can unilaterally change his strategy and
get a better payoff when other members do not change their solutions.

In this regard we consider only non-cooperative games, and adopt the
hypothesis of benevolence – the assumption that the agent chooses the most
advantageous for the meta-agent alternative out of the plurality of equally-preferred ones from its point of view.

At the stage of setting a goal – identifying agent’s strategies – the choice of
planning framework is made with the help of which a plan for each agent is
assigned.

Dynamic active subsystems with related periods of operation are singled
out:
- subsystem 1: “enterprises in the tourism industry” – “consumers of tourism
  services”,
- subsystem 2: “local government bodies” – “enterprises in the tourism
  industry”.

This creates the possibility to adjust agents’ strategies during the multi-
period learning process (games).

The problem of search for the optimal, in respect of resource spend,
trajectory of realization of agents’ strategies is solved when the target trajectory
is prescribed. Each period of the system functioning may include several stages.

**Conclusion and Discussions**

At present there is no consensus among experts about understanding the
essence of the marketing strategy, as there are no generally accepted and
universal approaches to its development. New approaches to strategic planning
regulation in marketing are formed in the course of a scientific animated
discussion determined by the extremely low efficiency of conventional formalized
rules and procedures of strategic marketing analysis and the practice of
marketing strategy formation.

We believe that the goal of our research has been achieved, the hypothesis
for future research has been formulated and substantiated as follows: under
conditions of global economic instability, the diminution in demand and stiffer
competition in the tourism market, the development of marketing strategies in
the inbound tourism industry requires a qualitatively different level of
analytical support, which can be achieved by using information and computer
technology and mathematical modeling of processes in the tourism industry as a
multi-level, multi-agent, socioeconomic, natural and cultural system.

This approach allows developing an information system that provides not
only the generation of new product strategies and symbolic positioning of the
national tourism industry product, but also a dynamic and timely change of
these strategies.

**Disclosure statement**

No potential conflict of interest was reported by the authors.

**Notes on contributors**

Balzhan Shilibekova holds a Master degree and now is a PhD Candidate at L.N.
Gumilyov Eurasian National University, Astana, Kazakhstan.
Bakyt Syzdykbayeva holds a PhD in economics and now is professor at L.N. Gumilyov Eurasian National University, Astana, Kazakhstan.

Sayat Ayetov holds a Master degree and now is a PhD Candidate at L.N. Gumilyov Eurasian National University, Astana, Kazakhstan.

Rina Agybetova holds a Master degree and now is a Senior Lecturer at L.N. Gumilyov Eurasian National University, Astana, Kazakhstan.

Assel Baimbetova holds a PhD in economics and now is an associate professor at L.N. Gumilyov Eurasian National University, Astana, Kazakhstan.

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