

STUDYING TOURISM FROM BUSINESS PERSPECTIVES

G'ofurova Vasila Odiljon qizi

Tashkent State University of Economics

Bachalour degree student

Abstract: As a multifaceted sector, tourism encompasses a wide range of activities, including travel, hospitality, recreation, and cultural experiences. From bustling urban centers to serene natural landscapes, tourism offers diverse opportunities for businesses to thrive. This article aims to explore the various dimensions of tourism from a business perspective, focusing on key concepts such as marketing, management and finance.

Key words: marketing mix, strategic planning, finance, turnover, mass tourism, profits, return on investment.

The travel and tourism industry is not merely about vacations and leisure; it encompasses a diverse array of activities, services, and businesses that fuel economies, create jobs, and shape the way we explore the world. In recent years, the tourism industry has faced numerous challenges, including economic fluctuations, environmental concerns, and the impact of global events such as the COVID-19 pandemic. These factors have prompted businesses to adapt and innovate, highlighting the importance of resilience and sustainability in tourism operations. By examining tourism through a business lens, stakeholders can better navigate these complexities and capitalize on emerging opportunities. In order to tackle these problems and issues tourism companies should consider other sectors. First, marketing concepts provide insights into why people travel as well as possible approaches to meeting their needs as they travel. Second, management concepts provide insights into the processes needed to meet societies and visitors current and future demands. Third, financial concepts provide the tools needed to understand, design, and supply profitable levels of visitor services. By combining

knowledge from each of these perspectives, a basic understanding of tourism fundamentals can be developed.

Marketing: Studying tourism from the marketing approach provides valuable insight into the process by which tourism organizations create and individual visitors obtain desired goods and services. Everyone who has either worked in or used tourism-related services knows that customers (visitors and guests) can be very demanding. The more you know about these travelers and how to meet their needs, the more successful you will be as a hospitality and tourism professional. In fact, individuals and organizations who attempt to understand and meet the needs of these visitors successfully are practicing what is called the marketing concept, an organizational philosophy centered around understanding and meeting the needs of customers. Meeting visitor needs relies on a complex set of tools and techniques that is referred to as the marketing mix. The marketing mix consists of four variables that are often called the four Ps of marketing: product, price, place, and promotion. Product refers to the good or service that is being offered. Price is the value of the good or service. This value is the amount of money that will be paid as well as the time “given up” to obtain the good or service. Place includes the location and the activities that are required to make the good or service available to the visitor. Finally, promotion refers to all of the activities that are undertaken to communicate the availability and benefits of a particular good or service. Marketing theorists have coined a variety of phrases to describe the philosophy of an organization.¹

Management: Management furnishes additional tools and techniques to serve visitor needs successfully. Management, just like marketing, is essential to the continued success of all organizations, both public and private. The study of management provides a unified approach to planning, organizing, directing, and controlling present and future actions to accomplish organizational goals. Basically, management is the common thread that holds any organization or

¹ Burns, A. C., and Bush, R. F. (2010). *Marketing Research* (6th ed.). Upper Saddle River, NJ: Pearson/ Prentice Hall.

activity together and keeps everyone moving in the same direction. For example, managers working for the Forest Service must decide how many people can comfortably use a campsite and when and where new campsites should be built. Government planners and administrators must make decisions about the desirability and necessity of new or expanded highways, airports, and shopping facilities. Restaurant managers must decide how many employees are needed to provide high-quality service and, at the same time, make a fair profit. Resort managers must decide whether or not to expand and what level of service to offer. Think back to that trip you were asked to plan earlier in the chapter, and you will begin to see how all of the management functions must fit together to have a successful experience. The process might go something like this. After you mentioned the possibility of renting a cottage at the beach to enjoy some sun, surf, and sand, several of your friends asked if they could go with you. The first management function used in putting this trip together is planning: where to go, how to get there, and how many will go. Once these decisions are made, the next function used is organizing. You are using the organizing function when you assign someone to search the Web for more information and decide who will make reservations, who will buy food and refreshments, and who will call everyone to make sure each person shows up on time on the day of departure. The next logical step you would use in putting together your trip would be the directing function. You are directing as you answer questions and coordinate all of your planned activities. Finally, you will use the controlling function. You are controlling as you check maps, directions, itineraries, and reservations to ensure the success of your trip. Although the activities may be more complex, managers in all tourism-related activities are constantly going through the same types of processes.

Finance: Studying tourism from a financial approach provides a basic understanding of how organizations manage revenues and expenses. To continue operating and providing services, tourism organizations must strive to generate revenues in excess of expenses or effectively and efficiently use the financial

resources they have been allocated. Even nonprofit and government organizations are being called on to generate more of their own funding and to gain better control of their expenses. By definition, a business is an organization operated with the objective of making a profit from the sale of goods and services. Profits are revenues in excess of expenses. They are used as a common yardstick to represent financial performance and are the ultimate measure of financial success. However, some tourism organizations such as governmental agencies, museums, visitors and convention bureaus, and hotels associations may be classified as nonprofit. Even though they may not technically operate with a profit motive, most still strive to generate revenues in excess of expenses. For simplicity, we will use the generic term business in our discussion of financial concepts. To use and communicate financial information, a common language must be spoken. That language is known as accounting, which is often called the “language of business.” Accounting is an activity designed to accumulate, measure, and communicate financial information to various decision makers, such as investors, creditors, managers, and front-line employees. One of the purposes of accounting information is to provide data needed to make informed decisions.

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