THE TYPES OF THE SINGLE-BUSINESS TOURISM COMPANIES IN EUROPEAN UNION

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Purpose The purpose of present research was to determine the types of the activities conducted by the single-business European tourism enterprises.

Design/methodology/approach The research was performed in the fourth quarter of 2014. The data was gathered for the 127 tourism companies listed in Europe. Data source covered the stock exchanges’ databases.

Findings Most of the European tourism companies concentrated fully on the core business (56%). The single-business companies in most cases were represented by hotels, sport companies, and travel agencies. Among the multiple-business companies, most conducted 2 supplementing activities.

Research limitations The main limitation covered the fact that only the main markets of the stock exchanges were verified. The tourism companies listed on the alternative ones were omitted.

Originality/value The paper fulfills the knowledge gap concerning the activities of the single-business tourism enterprises in Europe.

Keywords: tourism enterprise, complementary activities.

Introduction

The contemporary economy of the European Union relies strongly on the tourism industry [WTTC 2014]. Tourism contributes not only to the gross domestic product, but also to the employment [Ernst & Young 2013]. During the economic downturns the expenditures on tourism are among the first to be limited. Therefore, tourism enterprises have a role of the barometer of the whole economy. However, the companies contributing to the tourism industry are strongly differentiated from one another. Therefore, the purpose of this research was to determine the types of activities conducted by the single-business European tourism enterprises.

The research was performed on the data from 127 tourism companies listed on the main stock exchanges in Europe. The data was gathered for the fourth quarter of 2014. It was synthesized in the form of figures. The research indicated that less then a half of tourism companies differentiated their fields of activities. Furthermore, the most commonly implemented activities in the single-business tourism enterprises were: hotels, sport enterprises, and “others”.

The paper is organized as follows. Firstly, different types of tourism enterprises, as well as different diversification strategies are discussed. Secondly, the method of the research is outlined. Thirdly, the research outcomes are provided. Finally, the conclusions are delivered.

Tourism enterprise

Large companies in the developed economies of North America, Europe and Japan are usually strongly diversified. However, the strategy of diversification, may result in the decreasing value of the firm. It is due to the fact that diversified companies trade at a discount relative to non-diversified firms [Campa, Kedia 2001]. The decision of the firm to refocus on the core business is usually positively valued by the market. On the other hand, the more the firm diversifies its fields of activity, the more it is resistant to the economic downturns. Therefore, diversification is an important decision for all kinds of enterprises, including the tourism ones.

Probably, the most accepted classification of tourism companies covers: accommodation for visitors, food and beverage servicing activities, passenger transportation, travel agencies and other reservation activities [UNWTO 2010]. The first type constitutes an absolute necessity, as tourists need a specific place to stay overnight. However, the accommodation facilities need a specific place to stay overnight. However, the accommodation facilities are strongly differentiated from one another, and range from luxury five-star hotels to cheap hostels [Golembski 2007]. Also, some facilities do not limit themselves to the accommodation services, but offer food serving, recreation services, spa, swimming pools, fitness centers, etc. [Rapacz 2007] The food and beverage servicing activities form the second category. The nature of such companies is slightly different from the accommodation ones due to the fact, that the important part on the demand stems from the local residents and non-visitors. The facilities are strongly differentiated from one another. The full-service restaurants, self-service ones, take-aways, street vendors, bars, and cafeterias are among the most popular facilities. Passenger transportation is the third category of tourism companies. It is considered to be one of the tourism-characteristic ones. However, the travelling does not always assume that the tourist should buy the service from an organized provider. Tourists may use their own means of transportation (car, motorcycle, boat etc.). If bought from the provider, transportation usually constitutes an important share of the total tourism expenditure. The last category covers travel agencies and other reservation activities. These specialized facilities help tourists to plan and organize their trips [Konieczna-Domańska 2008]. They act as the intermediaries, selling a certain service at a certain moment in time, provided by others. However, they may also offer their own services as: guiding services, accompanying tours etc. Travel agencies may sell both individual services and the whole packages.

Method

The purpose of this research was to determine the types of activities conducted by the single-business European tourism enterprises. The research was performed on the main markets of the main stock exchanges in European Union participating in the World Federation of Exchanges and
Federation of European Securities Exchanges [FESE 2014; WFE 2014]. On the 32 stock markets under investigation 127 tourism enterprises were identified. The time scope covered the fourth quarter of 2014. Only the publicly available data published in the databases of stock exchanges was used. It was analyzed and summarized in the form of figures. The results of the analysis are delivered in the next chapter.

Results
This chapter presents the results of the research. Firstly, the number of the complementary activities (CAs) conducted in the multi-activity tourism firms is analyzed. Secondly, the dominant types of activities managed by single-business firms are presented.

Most of the companies in the studied sample conducted a single activity. Thus, the companies were focused on the core business. It was the case of the 73 enterprises. The remaining 54 companies conducted more than one activity. Thus, their actions were more diversified.

The further analysis was focused on 54 companies operating in multiple businesses. The number of the complementary activities was strongly differentiated, and ranged from one to five. The data is presented on the figure 1.

Most of the tourism companies, which operated in several businesses, conducted two complementary activities (n=28). There were 14 companies, which complemented their core business with a single activity. Ten companies handled three CAs. The cases of more than three complementary activities were rare. Only two companies differentiated strongly their actions by operating on 6 fields in total.

The last step of the analysis covered the types of activities the single-business companies concentrated on. The types of the complementary activities were strongly differentiated, and ranged from one to five. The data are presented on the figure 2.

Among the 127 tourism companies under investigation, 73 conducted a single activity. The most represented category among the single-activity firms was hotels - represented by 17 entities. The second most represented activity was the sport enterprises, represented by 8 entities. The third most represented category included the travel agencies, casinos and restaurants, each represented by 6 firms. In the studied sample the category of “others” was mentioned 21 times. The category mainly covered online activities, cultural actions, and different kinds of activities supporting the flow of tourists. The gambling activity was not mentioned.

Conclusions
The tourism enterprises are one of the main contributors to the European economy. The present research was aimed at determining the types of activities conducted by the single-business European tourism enterprise.

The research was performed on the sample of 127 tourism companies listed on the main European stock exchanges during the fourth quarter of 2014. The results indicated that 56% of the entities were focused on a single core business. Among the 127 companies under investigation, the 54 carried out some complementary activities. Most of them operated in two or three fields in total. Among the single-business firms, the most represented were the hotels, sport firms, and the “others”.

The goals of the research were reached to a large extent. However, the research was not free of limitations. The main one was that only the main markets of stock exchanges were analyzed. The tourism enterprises listed on the alternative ones were omitted. Therefore, further research should also cover the multilateral trading facilities.

References:
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