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INTRODUCTION

The next Scientific Journal 'Service Management' vol. 6 presents the typical issues of service sector management. Next two volumes are being published. The time of publishing is in the second half of 2011.

In 2010, the Scientific Journal achieved the individual categorization of Ministry of Science and Higher Education – 6 points.

As a Scientific Editor of Scientific Journal 'Service Management' I would like to invite all Polish academics interested in fields of services, to submit articles, which present results of service management research. The main issues of Scientific Journal are:

- Socio-economic Policy in Services,
- Enterprise Service Environment,
- Strategic Management,
- Financial Management,
- Marketing Management,
- Customer Relationship Management,
- Human Resources Management,
- Innovation Management,
- Logistics Management,
- Enterprise Service Management,
- Regional Management,
- Production Management in Enterprise Service,
- Capital Management in Enterprise Service,
- Enterprise Service Value Management,
- Risk Management,
- Information Management,
- Quality Management,
- Knowledge Management,
- Tourism Management.

You can find detailed information – http://www.wzieu.pl/?y=4502&yy=6590.

In July 2011 in Poznań the Third Conference will be organized by The Poznań University of Economics (The Department of Services Management) in cooperation with The Szczecin University (The Management and Economics of Services Faculty). I would like to invite everybody who is interested in issues of service sector management (http://www.uslugi.ue.poznan.pl/index.php?sct=1&mod=group&att_id=111).

Aleksander Panasiuk

Chapter I

SOCIO-ECONOMIC POLICY IN SERVICES

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MANAGEMENT OF CONDOMINIUM – LEGAL CONSTRUCTION COMPARATIVE VIEW

Introduction

Nowadays apartments as parts of buildings are becoming a more and more popular form of ownership. The reason for this is the fact that they are cheaper than detached houses. Moreover the space in urban areas is decreasing very fast. That is why the part of a building as a separate unit is a more convenient form of ownership. Such apartments are situated in a complex which is called a condominium.[1] The ownership right to the individual unit is connected with share in the common part of a building and ground.[2]

The common part of real property is destined for the common usage but it cannot be unlimited. A condominium is a specific type of co-ownership under separate legal regulations. In the case when there are at least a few co-owners of the common parts of a condominium conflicts may arise as to the usage of the property. Rules should be established in order to avoid uncertainties.

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[1] The condominium is a system of separate ownership of individual units in multiunit project, S.H. Gifis, Law Dictionary, New York 1996, p. 93.

[2] There are some differences in a legal construction in the continental law and common law but basic structure is nearly the same.

As to the common part of a condominium two points are crucial. The first one is the question of responsibility for running current matters referring to management of real property. The second point concerns a person who is authorized for representation of owners in legal turnover. Most of legal systems create a special institution for representation of owners.[3] This is an association (sometimes called a union of co-owners) which has its bodies (a general meeting and a board of directors). There are still some doubts about a legal position of this institution. The opinions spread from the point which denies an existence of the association as a separate entity to the point which accepts that the association of co-owners is a legal person. Despite the disputes a general tendency is to strengthen the position of the association as itself. Additionally most of legal systems require appointment of a managing agent. He is not a part of an organizational structure of the association but shall be treated as a third party.

1. Management of the common part of a condominium in the Polish law

Under the Condominium Act of 1994,[4] two types of a condominium are distinguished. The first one is a small condominium which consists of seven or less units. The second type, which is called a big condominium, consists of more than seven units. A manner of management depends on the above mentioned categories.

The way of management of a small condominium is governed by the Polish Civil Code. The rules directly refer to ordinary co-ownership (art. 195 k.c.) but may be applied to special forms of co-ownership including the common parts of a condominium respectively. The practice shows problems with interpretation of those rules.

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[3] German law introduced an association (*die Gemeischaft der Wohnungeigentümer*). The owners are members of the entity which is called an association or union (*Verband*).
In French law this association is a legal person (*syndicat de copropriete*, art. 6 loi). The same legal construction was introduced Austrian Legislative Body. It is said in § 2 point 5 Law on The Apartment Ownership that the association has legal capacity in the scope of mangement of real property; (*Bundesgesetz über das Wohnungseigentum*, hereinafter called: Ö/WEG, BGB1 2002, pos. 70).
In British Law this institution is called *commonhold association* (The Commonhold and Leasehold Reform Act 2002, hereinafter called: *The Commonhold Act 2002*).

[4] Polish Law on Condominium 1994, Journal of Law, consolidated text 2000, No 80, item 903 with amendments.

A big condominium management is governed by The Condominium Act which comprises the mandatory rules. Under this legal act there are two ways of management. The first manner of management consists in appointment of a managing agent who shall be a professional. The second manner of management consists in election of a board of directors which is an executive body of the association. A member of this body may be an owner or a third party beyond a circle of owners.

The main difference between a member of the board and an agent is that the member of the board does not need to have professional skills whereas the agent has to be a professional. He is required to have a certificate. This document is granted by the Minister of Infrastructure. The person who applies for the certificate must pass an exam and be an apprentice for at least six months. Details of the procedure are regulated in an executive ordinance.

Generally speaking there are two ways of management. However it is not clear enough if a third option, so called mixed way management, could be considered. Some academics accept that co-owners may chose the third option.[5] It may be applied in the situation when a board of directors order the full service or particular actions connected with management of a property to an agent. It should be admissible, however seems disadvantageous for owners to order only part-sevice because the agent takes responsibility only for his own actions (sic! who takes care of a complex service on the property).

Only the contract on a full-service of real property can be qualified as a real estate management contract. It shall be concluded with a certified agent exclusively. The contract covering some of the actions referring to this service can be treated only as a mandate contract or even an unnominated contract and does not require appointment of a professional agent. It entails limited scope of liability for damages caused by the agent who performs only part-service. Obviously the interest of co-owners is better protected under a management contract.

[5] M. Nazar, *Ustawa o własności lokali*, Lublin 1995, p. 77; R. Dziczek, *Prawo mieszkaniowe*, Warszawa 2008, p. 256.

2. Management of the common part of a condominium in the German law

Under the German law the rules referring to a condominium are governed by the Condominium Act of 1951.[6] In this legal system an institution for representation of owner's interest is an association (V*erband*). Each current owner of an apartment is a member of the association. The association has its bodies like a general meeting and supervisory council. Under the German law an agent is also needed. Owners cannot exclude such a way of management from the contract. They are banned from direct management. The supervisory board only support and supervise the agent.

The association is a participant of legal turnover but is represented by the agent. The supervisory board is not authorized to make acts in law with few exceptions (compare the scope of authorization for directors board under the Polish law).

The German law does not state who can be an agent. It is generally accepted that he can be a solo entrepreneur or other commercial company or commercial partnership. But it is not compulsory for them to have professional skills.[7] In the case of committing a tort or more serious crime on a property the agent may be dismissed from his post because of the lack of trust. It is agreed that for a big condominium the agent has to be a professional but for a small condominium one or more owners may be appointed as the agent. They do not need to be professionals. The reason for this is that an owner attends his own property with greater carefulness.

As it has been mentioned above the German law distinguishes two legal institutions. First one is a condominium association. The second one is a managing agent. The condominium association takes action on its own account although the scope of actions does not go beyond its entity. So that it is treated as a consumer. The association may still appoint a professional agent who is a third party in the contract on management of real property with the association. He is paid for his service.

As to the legal position of the agent we should distinguish two points. Firstly the agent performs the function to which he was appointed. Secondly the

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[6] German Law on The Apartment Ownership and Lease, 1951 (*Gesetz über das Wohnungseigentum und das Dauerwohnrecht von March 1951*, hereinafter called: WEG, (BGB1 1951, Nr 13 with amendments).

[7] G. Jennissen, *Wohnungseigentumsgesetz. Kommentar*, Köln 2008, p. 709.

agent is a party in the management contract. The agent may be dismissed from his function any time but it is not tantamount to annulment of the contract. The grounds for the latter should be examined. It may happen that a condominium association is sued by an agent for breaching contractual provisions.

3. Management of the common part of a condominium in the British law

In the common law system a long-term lease had prevailed for centuries so that condominiums are not so common as in other European countries. Gradually the position of those institutions in the British system has been changing lately and now ownership of an apartment in a condominium seems to be a much stronger right than a lease.

In Great Britain a new law was introduced, *The Commonhold and Leasehold Reform Act 2002*, hereinafter called to as *The Commonhold Act 2002. A* commonhold in land is a ground on which a building with separate units is situated. This subject should be registered in the Land Registry. There is no need to establish a *commonhold asssociation* until one or more units (but not all) has been sold because at least two owners are necessary to apply a motion for registration of a common hold association.

As we compare the legal regulations with previously mentioned legal systems, the first difference is that the new subject is created by a decision of the Register Court while in the German or Polish law the association is created by virtue of law and entrance to the register is not needed. Precisely, it is created on the date when the first unit has been sold.

The second difference is that the British *commonhold asssociation* is an owner of the common part of real property, both land and a building, whereas in the continental legal systems the owner of a unit (flat) is a co-owner of the common part of a property. Under the British law the owner as a member of the association has share in the common hold association equal to the value of his flat.[8]

The manner of management in the association is based on *The Commonhold Act 2002* but the issues which are not regulated in this act go under *the*

[8] Generally speaking the size of share is determined by the value of an apartment but there are differences in particular countries.

Company Act 1985. The bodies of association are a general meeting and board of directors. The directors are appointed. It is not stated clearly in the provision what number of directors in the board and their qualifications are required. There is no division of a commonhold but it seems admissible for a small commonhold, with no more then six units, to have one director although the upper number is unlimited by the provisions.[9] As to qualifications the director in a small commonhold is ordinarily drawn from a circle of members and he does not need to be a professional but if a third party becomes the director he shall be a professional.[10]

Additionally, according to the article 77 of the articles of association the director has the power on behalf of the commonhold association to appoint and enter into a contract with a managing agent. The director remains bound to supervise the agent. Appointment of an agent is optional. It is a third difference in comparison with the German (or Austrian) law, regulations of which require appointment of an agent.

In the United States there is no federal law but similar legal institution appears in state legal acts. The legal construction is similar to the British commonhold but is called a condominium.

4. Management of the common part of a condominium in the Swiss law and Austrian Law

The legal construction of the right to an apartment seems to be quite different but the rules regarding management of a common property are similar to the German law. The ownership of an apartment is regulated in the Swiss Civil Code.[11] Under the Swiss law an agent is needed too. It is a mandatory rule. He is a central figure of management. He is elected by a general meeting of owners. It is really important to avoid a lack of agent. There are various reasons for this, for example faulted circumstances or non faulted obstacles. In such a case each owner, regardless of the value of his share, is entitled to demand appointment of

[9] G. Fetherstonhaugh, M. Sefton, E. Peters, *Comonhold*, Oxford 2003, p. 131.

[10] *Ibidem*, p. 45 and 131.

[11] "The ownership of flor" (*der Stockwerkeigentumer*) is governed by the *Zivilgesetzbuch* (*Zivilgesetzbuch*, hereinafter called: ZGB/Swiss.).

the agent before the court. The court applies this provision only in exceptional cases. The owner who demands it should call a general meeting. If the general meeting does not appoint a new agent in an effective way the decision is taken by the court.[12]

The agent may be a natural person or an entrepreneur. The law does not impose possession of professional skills as a legal requirement. There is a consent that if the agent is a member of the association it is not necessary for him to have professional skills whereas from a third party who is the agent the higher lever of qualifications is expected. Such a person should be a professional.[13] Some doubts could arise in connection with a conflict between individual interest of the agent and condominium's interest. It is not banned to order the service (for example recovery of a building) to a company to which the agent is personally related. However all the circumstances must be disclosed to make this legal relationship clear.

In the Austrian legal system we meet a condominium association too but its legal position is stronger than in the German and Swiss systems. In the Austrian law it is a legal person. The election of the agent is obligatory, too. According to § 19 Ö/WEG the agent may be a natural person or legal entity.[14] The name and the address of his seat must be registered in the appropriate land register. It is for protection of a third party concluding a contract or taking any other action against a condominium association. Similarly to the German and Swiss law a condominium has to be managed by an agent continually. In order to avoid a vacate the Swiss law provides the provision on a temporary agent.

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[12] H. Basler, N.P. Vogt, T. Geiser, *Zivilgesetzbuch*, *Kommentar*, Helbing Lichtenhah 2007, Bd. II, p. 1278.

[13] K. Baader-Schüle, *Praktische Probleme der Nutzniessung an Stockwerkeigentums-Antailen*, Züricher Studien zum Privaterecht 197, Schulthess 2008, p. 80.

[14] Austrian Condominium Law (*Bundesgesetz über das Wohnungseigentum. Wohnungseigentumsgesetz 2002*, BGB1 2002, point 70, called hereinafter Ö/WEG).

PRAWNA KONSTRUKCJA ZARZĄDZANIA NIERUCHOMOŚCIĄ WSPÓLNĄ
UWAGI PORÓWNAWCZE

Streszczenie

Polski ustawodawca stoi obecnie przed poważnym zmianami dotyczącymi modelu instytucji odrębnej własności lokalu i sposobu zarządzania nieruchomością wspólną. Przedstawiony przegląd rozwiązań występujących w innych systemach prawnych może okazać się pomocny w dokonaniu właściwego wyboru. Konkluzje płynące z analizy przestawionych regulacji prawnych zawartych w badanych systemach prawnych są następujące:

1) W żadnym z analizowanych systemów prawnych nie ma podziału na małe i duże wspólnoty mieszkaniowe, z wyjątkiem polskiej ustawy, która różnicuje je ze względu na liczbę znajdujących się w nich lokali. Jako wniosek *de lege ferenda* – należałoby ujednolicić rozwiązania prawne w tym zakresie.
2) Należy zastanowić się nad wzmocnieniem pozycji zarządcy, który powinien być powoływany obowiązkowo, niezależnie od wielkości wspólnoty mieszkaniowej. Kwestią otwartą jest natomiast, czy dla małych wspólnot można odstąpić od wymogu profesjonalnego zarządcy na rzecz sprawowania tej funkcji przez jednego z właścicieli. Jest to powszechnie akceptowane w innych systemach prawnych.
3) W większości systemów prawnych wspólnoty są zobowiązane do powołania obligatoryjnie funduszu remontowego. Jest to ważne dla sprawnego funkcjonowania wspólnoty mieszkaniowej, ponieważ zapewnia jej fundusze na duże inwestycje remontowe. Środki pochodzące z zaliczek są w tym zakresie niewystarczające. Ustawa nie powinna jednak narzucać wysokości składki. Powinna być ona ustalana przez właścicieli na podstawie wartości i wieku budynku.
4) Istnieje ogólna tendencja do wzmacniania pozycji wspólnoty mieszkaniowej w stosunku do indywidualnych praw właściciela lokalu. Celem jest osiągnięcie stanu równowagi między sytuacją prawną wspólnoty a właścicielem lokalu; nie chodzi o uprzywilejowanie wspólnoty mieszkaniowej.

Chapter II

MARKETING MANAGEMENT

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THE TRADITIONAL AND MODERN SYSTEM OF SERVICING SERVICE CUSTOMERS

Introduction

A service is directly related in time with its rendering process and the person rendering it. Thus there is a little probability of unification of quality standards of a service process. In the same time the customers taking part in the service process can shape the purchased service on their own, so they have a chance to receive a product fitting their preferences to a maximum extend, as they become a part of the service by active participation in the process. The customers can choose: offers, firms, people they want to have contact with. On the other hand the service providers, especially those persons that are in direct contact with a customer, become, by their work, the part of the service in the final shape of the process. The difficulty in describing and clearly presenting the concept of the whole process of service rendering is a very important barrier for actions aiming at creation of proper service process and at improving the quality of current offer. The key to solve this problem is a service provider's ability to objectively describe the process and present it in such a way: employees, cus-

tomers and managers: know what the essence of the service is, understand their role in the rendering process and know all the stages and service functions.[1]

1. Base elements of customer service process

There can be three levels of customer service distinguished. Keeping a service on a professional level demands understanding: the expected level, the achieved level and the extra level.

The expected level is made out of needs and hopes of a customer who contacts a firm. His expectations are connected with certain schemes, created on the basis of the previous experiences and imaginations. These expectations are patterned after market standards. Certainly a customer does not want to achieve less, does not want to be treated worse than usual.

The achieved level is determined by rules, the scope of a service and employer demands, for instance the way of introduction in a phone call, informing and solving customer's problems according to some established procedures. The achieved level means also the types of products and services available for customers and condition of rendering those services according to the procedures.

The extra level is a service that a customer did not expected and that was not included in the rules and expectations of employer, for instance: proposing the personal help in a particular matter although it is not the obligation of a company, interest in matters concerning customer and recognizing customer. The extra service is a gift for customer without any occasion. Quite often these kinds of gestures are remembered for a long time and although people not always speak about them, they value them a lot. The extra level of service is especially important in modern market condition as products offered by different companies tend to become similar and the role of customer service in wining the market becomes more and more important. Thus it is often spoken about the necessity of implementing a radical marketing for rendering services and servicing customers. The radical marketing assumes breaking the schemes and established rules.

The example of radical marketing can be the Marriott hotels chain, which connects marketing and operational systems. More and more detailed segmenta-

[1] *Marketing usług*, ed. A. Styś, PWE, Warszawa 2003, p. 79.

tion is coming to a point where each segment consists of one element. This type of approach is already implemented in the service sector. The Marriott hotels chain bought the Ritz-Carlton chain, which has been practicing registering wishes of its best customer in a special database for a long time. For instance, if a customers wishes 6 boxes of tissues in his room, this fact will be remembered and while next visit of this customer the tissues will already be in the room. If only grapes had been gone from a plate given to a customer, the next time he will receive for of this fruit. The only difficulty is to keep discretion during gathering data about customers. Marriott hotel chain has its own system of preferred customers. It has a name of Prizes for Special Guests. The system is supposed to include the individual needs of customers, especially concerning marketing activities. The system allows registering the information about the services a particular customer used. The system can deliver information about the customers' expenses but it does not inform about the actual rendering of a service. The company uses this system for registering changes in the way of using services by a customer. For instance if the frequency of staying in Marriott has visibly decreased, the company tries to contact the customer and find out whether he switched to competition. Combining the operational system used by Ritz-Carlton and marketing system used by Marriott will make the individual approach to customers even deeper.[2]

Services have also a time dimension. They last for a certain time, while a service provider undertakes (often together with a customer) different actions. Usually those actions should be realized in a certain sequence. The order of the activities and their completeness decide about the customers' judgment about the service. An important criterion is also keeping the time of rendition of all activities, including the time of rendering start, the time of rendering particular activities and the time of complete rendition of a service. One of the most important sources of success of service companies seems to be the ability to plan and skillfully realize the service process. This process cannot be completely free as some elements may become missed by personnel while others may be unnecessary prolonged. Additionally some new, disturbing circumstances may appear during the process. If a company cannot foresee them and propose counteractions against them it sets its employees to the critical comments of customers

[2] K. Storbacka, J.R. Lehtinen, *Sztuka budowania trwałych związków z klientami* (*Customer Relationship Management*), Oficyna Ekonomiczna, Dom Wydawniczy ABC, Kraków 2001, p. 147.

and consequently causes some stress for its employees. Certainly such situations also make customers less wiling to choose this company again in the future.

The considerations presented above point out to the necessity of projecting the service process. The design of the service process is done in a shape of scheme including all actions undertaken during rendering the service, the sequence of actions and also the time of each action. Thus, there can be distinguished in the scheme of the service process:[3]

- **the points of dialogue with customers** (e.g. the employees may be forced to inform the customer about the delay in rendering the service; they should be then prepared to start such a conversation and limit the customer dissatisfaction);
- **the points of employees' choice** (some stages demand judgment and evaluation form the employees; the right judgment and evaluation determine the next steps of service rendering process; while trying to achieve such situation the company should focus particular attention on employees training in identified areas);
- **critical points**, where things can go wrong; these are those phases of the process, which have to biggest statistical probability of a problem appearance; identification of such points enables designing ways of counteracting them, which means preparing actions making possible the efficiency of the service process).

On the other hand perceiving the service process form the point of view of the factors, which are parts of the customer service allows distinguishing three main elements that are presented on figure 1.

The condition of all these actions is the properly trained personnel, who perceive the high quality of service according to the customer demands, as the main goal. The service sector has the advantage of personal contact of personnel with customer. Unfortunately it is also a thread for a company as bad personnel or poorly rendered service may definitely change the customer's opinion about the company.[4]

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[3] J. Mazur, *Zarządzanie marketingiem usług*, Difin, Warszawa 2002, pp. 184–186.

[4] A. Payne, *Marketing usług*, PWE, Warszawa 1996, p. 219.

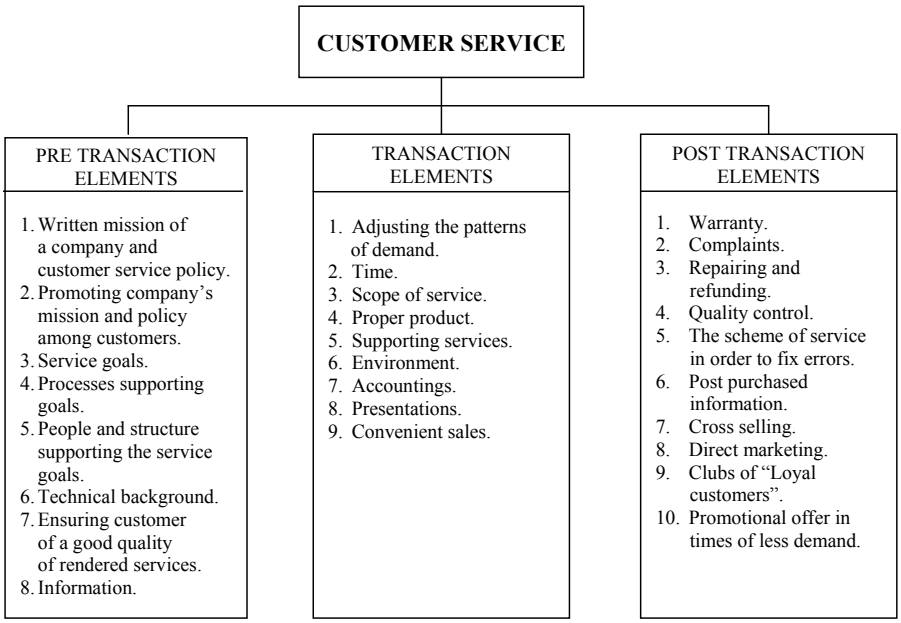

Fig. 1. Customer service elements

Source: A. Payne, *op.cit.*, p. 218.

The right attitude of employees from the customer service department should include several elements:

- responsibility – commitment in customer servicing, keeping the service at one desk, not leaving without proper support, quick response time, keeping words, punctuality, reliability,
- kindness – positive attitude, treating customers nicely, creating nice atmosphere, perceiving the problem through customer's eyes, willingness to solve customer's problems,
- respect for customer – treating the customer as a important person, taking customer's matters and problems seriously, patient, individual approach to each person, ability to apologize if necessary, respecting customer's time,
- professionalism – ability to fully inform customers, perfect knowledge of a company and its offer, efficiency in working, ability to advise customers, taking care of customer's satisfaction,

- good relations – stressing that the customer's satisfaction is important, interest in customer, anticipating customer's expectations, taking initiative.
- availability – adjusting working hours to the needs of customers, quickly answering the phone-calls, quickly reacting to customer's words.

The high level of customer service makes possible increasing the company's profits and building the image of a company that is customer-oriented. According to many research companies perceived as offering high customer service level are more profitable than those with a lower level of servicing. Also, it has been proven that companies offering high level of service develop faster by 8%, offer their products with prices higher by 7% and their profitability is 12% higher comparing to those companies with lower service standard. There are at least two reasons for this fact: 1) high customer service commits to the increase in market share, 2) high customer service lowers the scale of loosing company's customers.[5]

2. Directions of modern customer service

In the early days of marketing it focused mostly on developing distribution channels. It resulted in breaking direct relations between producer and customer. Information had to be gained via intermediaries or conducting marketing research. The typical distribution channels are presented in figure 2.

[5] *Marketing. Sposób myślenia i działania*, ed. J. Perenc, Wydawnictwo Naukowe Uniwersytetu Szczecińskiego, Szczecin 2001, p. 278.

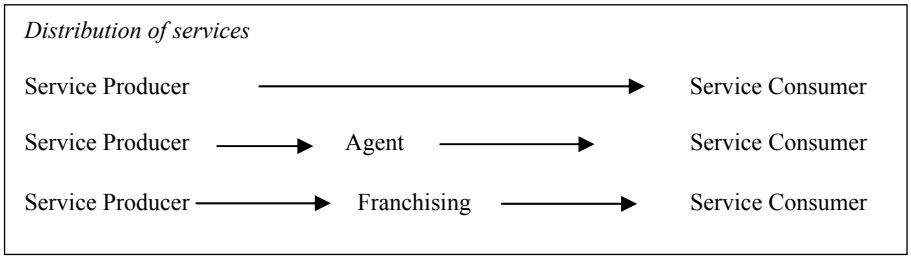

Fig. 2. Typical channels of service distributions

Source: *Marketing. Sposób myślenia i działania*..., p. 259.

The main areas of interest were the conception of channels accessing customers. Traditional marketing created a barrier between service producers and their customers; service producers learned about needs of its customers only from intermediaries. The responsibility for keeping contacts with customers was passed on departments of marketing and sales, which separated producers from consumers even more.[6] The necessity of building relations with customers was one of the main reasons which leaded to the development of alternative distribution channels,[7] which are for example:[8]

1. Network marketing, which essence is directing the proper offer to the final user via the network of salesmen, without the traditional intermediaries. Additional condition is the exclusivity – products sold in network marketing cannot be sold in retail. The customer benefits out of network marketing are: lower prices of offered products and proper adjustment of service to the needs of each customer.
2. Direct marketing – selling via post. The direct marketing entered a new level in the beginning of 90's due to the telecommunication and electronic usage. The offer of companies offering direct marketing is differenced, both

[6] K. Storbacka, J.R. Lehtinen, *op.cit.*, p. 18.

[7] The choice of traditional or modern distribution channels depends on the service offered. The wide scope of distribution channel can be found for example in banking, where such channels can be distinguished as: branches, phone sales, post sales, ATMs, home banking, internet banking and indirect channels such as agencies of financial intermediary, virtual financial institutions, branches of other banks, leasing companies, insurance companies, post offices, credit intermediaries.

[8] *Marketing. Sposób myślenia i działania*..., pp. 278–279.

in the range of products and in the range of prices. From the point of view of a customer it is important to keep prices on competitive level and keep up promises about the quality of a product.

3. Internet, which is mainly used as a way of communication in sales (both acquiring information about the product and placing orders). However in the case of some services in can be also used as a service rendering channel (e.g. e-learning).

The development of Internet started a new era in building relations with customers. On the one hand due to the search engines customers can find marketing offers faster and make immediate contact. On the other hand Internet has caused a great improvement in communication, which became truly interactive and quick. For instance, in the case of opening a bank account instead of waiting for proper forms to be sent by a regular post, a customer can quickly download the forms and send them back by e-mail. As the result the time of waiting for the response is shorter, the adjustment of services becomes better and in some cases the positive attitude towards some companies increased.[9]

One of new, fast spreading systems of customer services is the concept of CRM (Customer Relationship Management) program. The idea of CRM became more famous and is more often used than popular in the recent days ERP or MRP II. The central role in the concept of CRM is the idea of a process, which delivers value of a customer. The improvement of customer relationship demands deep knowledge of these processes. When considering the whole process, the importance of particular transaction has less meaning. According to CRM concept the most important issue is not maximizing profit form a single transaction but the cooperation with a customer, which aims at building a long-term relation. Another important rule of CRM is perceiving a product as a process. From this point of view differencing products means the same as differencing processes, which opens unlimited possibilities for building different relations with a customer. The third assumption of CRM is connected with the scope of company's responsibility. It is not enough to fulfill the customer's needs, even if the customer is satisfied. The long-lasting relation can be build only when a company takes the responsibility for constant improving the process and is able to create new possibilities of creating value for customer.[10]

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[9] J. Dyche, *CRM. Relacje z klientami*, Helion 2002, p. 27.

[10] K. Storbacka, J.R. Lehtinen, *op.cit.*, pp. 19–20.

Due to its competences a company can improve the process of creating value and thus achieve competitive advantage. It means that competences are more important than the product. A company has to be able to effectively use its competences for creating value for customers. The traditional approach to marketing assumes that the value distribution process means delivering products to customers. From the CRM point of view both the company and the customer mutually create value. If the center of the service is relation with a customer, what is most important is not distribution but creating relations. Adopting CRM means implementing two main changes in a company: on one hand the focus moves from each particular transaction to relations with customers and on the other hand focusing on product is replaced by focusing on competences.[11] Both changes are presented on figure 3.

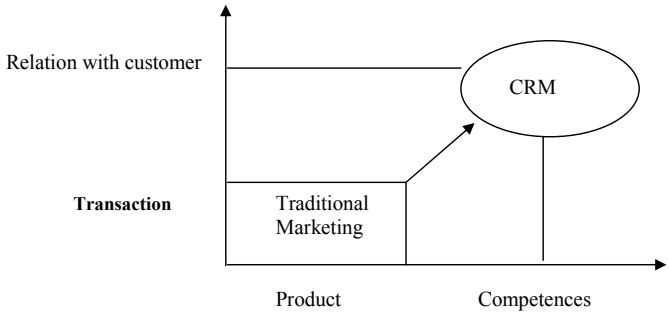

Fig. 3. The development of competences and sales during the whole period of relations with a customer

Source: K. Storbacka, J.R. Lehtinen, *op.cit.*, p. 27.

The figure 3 presents the way form the traditional marketing to CRM. The new objective becomes building efficient relations with customers and acquiring necessary competences. Due to the efficient connection between companies they do not have to work out all necessary competences on their own. The information technology allows deep specialization and acquiring ne-

[11] *Ibidem*, pp. 26–27.

cessary know-how from partners. CRM also assumes that a company increases its competences from its customer as well. The ability of acquiring knowledge from relations with customers allows implementing new competences in relations with other customers. Thus it is important to evaluate new and existing customers also form the point of view of how much a company can learn from servicing them. The relations with customers should be treated as a valuable capital: they should be developed and constantly improved.[12]

TRADYCYJNY A NOWOCZESNY SYSTEM OBSŁUGI NABYWCÓW USŁUG

Streszczenie

W artykule przedstawiono zmiany w systemach obsługi klienta, które mają miejsce w ostatnich latach. Używając podstawowych elementów obsługi klienta jako punktu wyjścia, zostały zaprezentowane wybrane kierunki nowoczesnej obsługi klienta. Szczególną uwagę poświęcono systemom CRM, które wymagają dwóch podstawowych zmian w filozofii działania przedsiębiorstwa: odejścia od produktu do kwalifikacji oraz odejścia od skupiania się na pojedynczych transakcjach na rzecz budowania relacji z klientem.

[12] *Ibidem*, p. 27.

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ROLE OF PROMOTION IN MANAGEMENT OF A LOCAL GOVERNMENT UNIT ON THE BASIS OF SELECTED COMMUNES IN THE PROVINCE OF PODKARPACKIE

Introduction

The changes introduced during the last years in the concept of management of a local government unit recognised the necessity to implement marketing instruments, among which the most significant is promotion. It is an important and at the same time the most visible element of marketing actions taken within a local government unit that follows both from the assumed aims and the possibilities of using various instruments and actions.

The starting point for any promotional actions is to establish the aims that are to be indispensible to fulfil the overall marketing assumptions of a local government unit. Their cohesion is an indispensible condition of efficiency and effectiveness of promotional actions. The sources for establishing a promotional activity are always informational needs, existing on both sides of the market exchange: demand and supply. A customer needs information in order to realise that there are various alternative products. Relating to local government units its main aim of promotional actions is to inform potential purchasers about a local offer as well as encouraging and persuading them to buy particular subpro-

ducts and establishing the identity and strengthening a positive image of a given unit.[1]

In order to achieve the assumed aims, there would be needed a set of promotional instruments among which, each local government unit selects their proper combination, paying attention to their own financial abilities and the aim of marketing actions. Often, however, the promotional activity is limited to basic promotional materials i.e. folders, leaflets or organising occasional events or concerts, resigning from more professional forms such as radio or television advertisements. It must be emphasised that many local government units, including small rural communes, omit promoting their values in their actions e.g. touristic values or limit themselves to the minimum in that capacity. The example constitutes a few, mostly small communes from the Province of Podkarpackie, which in spite of having rich natural or cultural values, promote them to the outside in a very limited manner.

The aim of this study is to present the scope and scale of incorporating promotion in the management of a local government unit. On the basis of theoretical discussions relating to the specificity of promotional actions at the level of a commune, there was presented an assessment of the level of using promotion in selected communes of the Province of Podkarpackie.

The studies, by means of a survey questionnaire, were conducted in the first quarter of 2009 in 30 communes from the Province of Podkarpackie, on the sample of 300 dwellers. The respondents were selected basing on the principles of a non-random sampling due to their age and education.

1. Specificity of promotional actions at the level of a local government unit

Promotion in local marketing shall be defined as the entirety of actions connected with communication of the local government unit with the environment, encompassing informing on the region, encouraging on its attractiveness and persuading to purchase or consume local subproducts.[2] In practice, promotion of a local government unit relies on proper and efficient informing of cus-

[1] B. Gajdzik, *Promocja w gminach – teoria i praktyka*, „Marketing i Rynek" 2000, No. 10, p. 20.

[2] M. Florek, *Podstawy marketingu terytorialnego*, Wydawnictwo Akademii Ekonomicznej w Poznaniu, Poznań 2006, p. 143.

tomers, addressees (local community, investors, tourists, labour force and the families coming from the outside of the commune) on the local product and actions of the local authorities.[3]

With reference to a local government unit, promotional actions must have a specific nature because, as it is emphasised by G.J. Ashworth, H. Voogd, in promoting regions there is no offer of the product established in response to the market needs but there are customers sought, who are interested in the product of specific, defined and presented features.[4]

In the promotional strategy of a local government unit, it should be emphasised to identify advantages i.e. the powers that rely on (in certain existing market determinants) finding a purchaser:

- in the subject dimension by means of identifying what could be an attractive product in the market of local offers,
- in the object dimension by means of identifying, who generates advantages of a local government unit (it is created by its existence, activity, specific characteristics etc.) and who holds the advantages of a local government unit and concurrently may decide on their use for promotional aims.[5]

The specificity of promotion within a local government unit also results from the specificity of target markets that encompass both dwellers and other persons or entities not necessarily connected with a given unit.

In the literature of the subject there is mostly specified:

a) promotion to the inside – directed at internal target markets connected with a given local government unit. Among individual recipients there are mostly dwellers and residents, among institutional recipients there can be e.g. members of local authorities, local entrepreneurs, local organisations and institutions, representatives of local lobbies etc.;

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[3] B. Pilarczyk, A. Bernaciuk, *Miejsce promocji w strategii gminy o szczególnych walorach przyrodniczych*, in: *Marketing terytorialny. Możliwości aplikacji, kierunki rozwoju*, ed. H. Szulce, M. Florek, Wydawnictwo Akademii Ekonomicznej w Poznaniu, Poznań 2005, p. 279.

[4] G.J. Ashworth, H. Voogd, *Selling the city: Marketing Approaches in Public Sector Urban Planning*, Belhaven Press, London 1990, p. 65.

[5] M. Czornik, *Promocja miasta*, Wydawnictwo Akademii Ekonomicznej w Katowicach, Katowice 1998, p. 55.

b) promotion to the outside – directed at external target markets, not connected with a given local government unit. Among individual recipients there are mostly national and foreign tourists, transients or potential dwellers, among institutional recipients there can be e.g. local authorities, investors, national and international institutions, competitive regions etc.

As well as the set of marketing instruments used by a local government unit has its specificity. Among the advertising forms used in practice, there are mostly guides, brochures, catalogues and folders. The advertisement of a place may also encompass daily newspapers, specialist magazines, billboards, radio, television or the Internet what means that it is practically used at the level of big units. However, personal sales as form of promotion has considerable significance in relation to these subproducts which sales is performed by means of direct contact of the contractor with the customer (e.g. administrative services) or in case of highly-priced subproducts which purchase is connected with difficulties in making a decision on purchasing such services (e.g. touristic services). The level of attractiveness of products for purchasers is increased thanks to so called sales promotions that allows for periodical increase in the value of sold services within a given unit. Among the promotional instruments at the level of a local government unit, particular role is played by public relations – planned and permanent attempts aiming at creating and maintaining reciprocal knowledge between a local government unit and external or internal recipients of its marketing actions".[6] The aim is to create, establish and expand social trust for a unit. PR constitutes a kind of communication towards the inside (with the region society) and towards the outside, in order to seek acceptance for various projects developed by local authorities. Activity in the scope of PR shall rely on maintaining contact with media, broadcasting the activity of the local government, maintaining good relations with investors, neighbouring communes, higher schools and other organisations as well as establishing positive relations with commune dwellers. That is why it is assumed that in promotion where the subject is a region (territory), the choice of PR as a tool is completely justified.

Practice of many Polish cities or communes presents that despite the fact that possibilities of applying promotional instruments in local units are limited,

[6] J. Olszewska, *Wizerunek jako narzędzie kształtowania przewagi konkurencyjnej gminy*, „Marketing i Rynek" 2000, No. 11, p. 17.

the restrictions result from few financial resources assigned for marketing as a whole. The scope of using proper instruments depends on the specificity of a given unit, however it shall be emphasized that this set is permanently evolving and is not enriched with new tools (direct marketing, Internet promotion tools). Important actions that are favourable in establishing the image of a local government unit also include the use of visual presentations e.g. logo, characteristic colours, emblem, flag as well as hymn, song, advertising slogan, territorial (architectural) symbols, marking of roads and streets. These instruments allow for the increase of popularity of a local government unit and gain positive connotations.

Apart from traditional forms of promotion, local government units use specific promotional instruments, supporting their identity. The example relies on organization of various type of events and undertakings, sometimes rather specific, which attract different groups of recipients. Such events encompass all forms of activity relating to organising events or actions of economic, sports, political and cultural character and their specificity relies on their interactive character. Traditionally organised cyclic festivals, contests or reviews combine undertakings with specific cities and regions (so called events marketing).

2. Assumptions and role of promotion in development of communes within the framework of the Development Strategy for the Province of Podkarpackie

In comparison to other parts of Poland, the Province of Podkarpackie has different conditions of management, which result from considerable differentiation of natural, socio-economic, infrastructural, ecological and historical conditions. The most significant features differentiating the region of Podkarpacie in comparison to other Polish regions rely on natural and landscape values and rich historical and cultural heritage, along with many monuments and local folklore. It particularly pertains to rural areas, characterised by the fragmented structure of agricultural farms, what exerts a negative influence on their profitability and encourages to seek alternative income sources, including in the scope of agrotourism. However, single actions of certain people is not enough, it is necessary to gain support from local authorities, by means of initiating and directing local undertakings.

The actions aiming at improving the competitiveness, in the scope of investing attractiveness of the communes from the Province of Podkarpackie, pursuant to the assumption of the Development Strategy for the Province of Podkarpackie shall be accompanied with cohesive promotional actions, creating a positive economic image of the region of Podkarpacie. Specific nature of promotional actions refers to the communes possessing natural touristic values, especially to these units that despite high potential possibilities, have not developed the touristic function within their area. Development of tourism in the conditions of the market economy requires the use of marketing instruments, encompassing the offer of proper products, taking promotional and distributional actions and establishing the prices of the offered touristic products.

The strategic aim of marketing actions, pursuant to the assumptions of the Development Strategy for the Province of Podkarpackie is to create an integrated system of marketing and promotion in Poland and beyond, including the regional system of touristic information and creating a touristic image of the province. Such actions shall be combined with development of research on the touristic market of the region of Podkarpacie along with market segmentation for particular touristic products and their positioning. The effect of such actions shall include enhancement and promoting of the touristic image as well as adjusting forms and manners of promotion and its scope to selected consumers of the regional touristic product.

A significant element supporting the process of establishing the image is to create a brand product constituting the unique element of a given commune, differentiating it in comparison to others. With reference to the communes of the province of podkarpackie these are traditional meals or local, minor craftsmanship.

Previous years brought vigorous actions in the scope of marketing development at the level of local government units from the Province of Podkarpackie, as a result, they are more professional and differentiated actions promoting unique values of the Province of Podkarpackie, its cities, communes and counties. The instruments and actions are directed both to the outside of a local government units and to the inside, for dwellers, entrepreneurs and office clerks. It must be emphasised that many forms of promoting activity of Podkarpacie is more and more often used and noticed, however, their promotional popularity leads to negligence in the scope of establishing and applying other marketing instruments, what may not bring the aimed marketing effects. In order to strengthen the image and local development, cohesive marketing concept may

also contribute considering the course of such phenomena within the environment of the local government unit.[7]

3. Assessment of activity of the communes from the Province of Podkarpackie in comparison to survey results

Marketing practice provides for that even the best product that is marketed may end up in failure if it is not properly promoted, exposing its attractiveness and uniqueness. This situation also pertains to each local government unit, including the commune – as the smallest unit of the territorial division. It shall be also emphasised that the development of a certain image of a commune may last many years and can be connected with great expenses, due to the necessity of encouraging marketing addressees to a given attitude towards the offer of the commune. Among these addressees, special attention shall be paid to commune dwellers because they form the local government unit and it shall exist so long as its dwellers would like to live and work there. Marketing instruments used by a commune shall be mostly aimed at establishing in dwellers the feeling of affiliation to the local society and should be noticed by the dwellers and positively perceived. Assessment of promotional activities in 2008 year of the selected communes within the Province of Podkarpackie in the opinion of the surveyed dwellers presents table 1.

Table 1. Promotional activities of communes in the opinion of the dwellers of the Province of Podkarpackie (in %)

Statements under assessment	Answers in Likert scale 1–7 where 1 means absolutely no, 7 – absolutely yes)						
	1	2	3	4	5	6	7
Commune conducts intensive promotional activities (e.g. folders, catalogues etc.)	3.7	17.0	20.7	21.2	17.7	17.7	2.0
Commune organises many events promoting the unit (e.g. festivals, festive events etc.)	2.3	10.1	9.3	11.4	25.3	34.3	7.3
By promotion the authorities establish systematically a positive image of the commune	2.3	7.3	8.3	22.7	33.7	22.0	3.7

Source: own calculations on the basis of survey research.

[7] S. Makarski, W. Kuźniar, *Marketing w zarządzaniu jednostką terytorialną*, Wydawnictwo Uniwersytetu Rzeszowskiego, Rzeszów 2009, p. 172–173.

The conducted studies revealed that commune dwellers has various opinions on the promotional activities within their commune. On average, each fifth respondent cannot express the opinion on that issue, the greatest knowledge the surveyed have in relation to organising different events, festivals or anniversary commemorations which are well perceived and highly rated. Even less than half of the surveyed share the opinion that their commune conducts intensive promotional activities, however, the majority of them claims that by means of promotion there is systematically established a positive image of the commune.

Awareness of the dwellers in the scope of marketing activities of local government units is often dependent on their personal characteristics, among which, the important role is played by the education of the surveyed. This issue relating to communes from the Province of Podkarpackie presents table 2.

Table 2. Average assessment of promotional activities of communes in the scale 1–7 with regard to the education of the dwellers (in %)

Statements under assessment	Total	Education			
		primary	vocational	secondary	higher
Commune conducts intensive promotional activity (e.g. folders, catalogues etc.)	3.9	3.9	4.3	3.8	3.7
Commune organises many events promoting the unit (e.g. festivals, festive events etc.)	4.8	5.3	4.8	4.8	4.6
By promotion the authorities establish systematically a positive image of the commune	4.6	4.3	4.7	4.6	4.5

Source: Own calculations on the basis of survey research.

Analysing the average of rates with regard to education of respondents there are not significant differences on the scale of the conducted promotional activities. Only in relation to the organised events and festivals it can be noticed that along with an increase in education, there are greater quality expectations, the highest level of satisfaction is expressed by the persons with the lowest education.

Promotional actions used within a local government unit are aimed at passing information, symbolic contents relying on the most significant features of the region for the recipient. It can be developed in many ways and various means of communication. Knowledge of the dwellers concerning the used promotional actions in the surveyed communes within the province of podkarpackie with regard to education presents table 3.

Table 3. The most frequent forms of communication of authorities with the environment in the opinion of dwellers (in %)

Specification	Total	Education			
		primary	vocational	secondary	higher
Informational tables	73.3	66.7	70.1	74.7	69.0
System of own publications	59.7	41.7	56.7	59.3	63.8
Computer networks (electronic publications, Internet)	42.3	8.3	32.8	46.7	44.8
Sponsorship of various undertakings	29.7	25.0	28.4	28.7	31.0
Contacts of authorities with media	17.7	8.3	22.4	14.7	22.4
Organising fair and exhibitions	9.3	8.3	9.0	9.3	8.6

Source: own calculations on the basis of survey research.

The studies reveal that the most popular form of communication of the local authorities with local people are in the surveyed opinion – informational tables which was mentioned by three out of four of the surveyed. It is traditional, typically informational form of communication, directed mainly at internal addressees from the territorial offer. Similar function is performed by the system of own publications, which was mentioned by more than half of the surveyed. The studies revealed that proportionally hardly noticed by dwellers are modern forms of communication of the authorities with internal and external target markets as less than half of the respondents pointed at the use of computer networks which popularity increases along with the education level of the respondents. Along with an increase of education there is a greater awareness of the dwellers in the scope of sponsoring by the commune various undertakings and greater interest in the books, folders or catalogues issued by the commune.

Conclusion

Nowadays, promotion is the most common and most consciously applied instrument by local government units. Depending on the type of the promoted product there is applied a certain set of tools and measures. In the Province of Podkarpackie being distinctive i.a. due to its touristic values, well organised promotional actions give the possibility of attracting tourists even from very distant places and favour attracting investors both external and internal ones. Moreover, promotional actions at the level of a commune stimulate dwellers to be active in the scope of taking various forms of entrepreneurship, developing infrastructure and improving their qualifications etc.

Implementing promotional actions within a local government unit, it is possible to use all primary promotional instruments, i.e. advertising, sales promotion, personal promotion and public relations. Despite the fact that each of the aforementioned instruments can be developed with the use of various means of communication, in practice, some part of communes use only basic promotional forms such as folders, catalogues or local commune newspapers. There is proportionally few, in the opinion of respondents, forms of promotional communication using the most popular and modern carriers such as television or the Internet. Profound significance in this capacity have actions directed at establishing a proper image, thanks to which a commune may not only gain acceptance and trust of dwellers but also attract investors or tourists.

Promotion at the level of a local government unit is particularly important with regard to development of touristic services which give the opportunity of multifunctional development of rural areas in the Province of Podkarpackie. Taking decisions on purchasing a given service or lot, tourists or investors choose a certain territory, in order to influence their decision-making process it is necessary to promote a certain commune through such features as values, attractions, climate, development or image.

ROLA PROMOCJI W ZARZĄDZANIU JEDNOSTKĄ TERYTORIALNĄ NA PRZYKŁADZIE WYBRANYCH GMIN WOJEWÓDZTWA PODKARPACKIEGO

Streszczenie

W artykule przedstawiono wybrane zagadnienia związane z istotą i znaczeniem promocji w zarządzaniu jednostką terytorialną. Wskazano, że ze względu na specyfikę produktu terytorialnego także działania promocyjne mają często specyficzny, zróżnicowany charakter, uzależniony przede wszystkim od założonych celów marketingowych oraz możliwości finansowych konkretnej gminy czy miasta. Często jednak aktywność promocyjna ogranicza się do podstawowych materiałów promocyjnych, to jest folderów, ulotek czy organizowania okolicznościowych festynów bądź koncertów, rezygnując z bardziej profesjonalnych form, jak reklama radiowa czy telewizyjna.

Na tle rozważań teoretycznych zaprezentowano ocenę stopnia wykorzystania promocji w wybranych gminach województwa podkarpackiego w opinii mieszkańców. Wyniki badań ankietowych przeprowadzonych w 2009 roku na próbie 300 respondentów wskazują, że aktywność promocyjna na poziomie badanych gmin została oceniona na ogólnie średnim poziomie. Najbardziej popularną formą komunikowania się władz samorządowych z lokalną społecznością są w opinii badanych tablice informacyjno-ogłoszeniowe oraz system wydawnictw własnych. Ważną rolę w kształtowaniu wizerunku pełnią także w opinii badanych różnorodne imprezy, festyny czy obchody rocznicowe. Stosunkowo słabo są natomiast dostrzegane przez mieszkańców nowoczesne formy komunikowania się władz lokalnych z otoczeniem.

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CHOOSING A STRATEGY OF CONCENTRATION AS A BASIS FOR BUILDING COMPETITIVE ADVANTAGE BY ADVERTISING AGENCIES OPERATING ON LOCAL MARKETS

With regard to the article topic, the market for advertising services was characterized by the following entities. On the supply side there are advertising agencies, to which were qualified operators satisfying the following conditions: the agency is an independent body to both the payer and to the media, provides services related to the planning and execution of promotional campaigns on behalf of other companies and institutions.[1]

Due to the market and impact of advertising agencies can be divided into the local, regional, nationwide, international and global. This division is conventional but characteristic for discussed industry.

On the demand side of the market for advertising services there are small and medium-sized enterprises,[2] which through its significant size, intensive development, and the need for promotional activities possess also important purchasing power on advertising services.

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[1] W.J. Wiktor, *Promocja systemu komunikacji przedsiębiorstw z rynkiem*, Wydawnictwo Naukowe PWN, Warszawa 2003, p. 44.

[2] Defined by: The Law of 2 July 2004 on freedom of economic activity, DzU No. 173, pos. 1807.

Observation of behavior of discussed market operators have led the author of the article to the formulation of the following conclusion: in the activities of entities belonging to the SME sector is observed gap between the expectations of contracting advertising services, and the level of services actually performed by advertising agencies.

Given the importance of the SME sector and its potential, lack of concept of services expressed by advertising agencies over a longer period of time may cause the marginalization of advertising services and assign them only to the area of large companies. From the perspective of small and medium-sized enterprises, lack of professional support in the implementation of promotional activities can reduce or slow the development of this sector especially in the context of opening up foreign markets and increase the degree of competitiveness.

In this context, the content of the article is an attempt to find the platform of understanding between discussed entities while recognizing, that the driving force of this solution should be operators occurring on the side of service providers, advertising agencies.

1. The competitive position of operators in the sector of advertising agencies

When making an application in terms of Porter's way of functioning of advertising agencies, you may notice a certain regularity. Taking into account the achieved level of profitability and market share of advertising services, you can determine the type of competitive strategy, and predict possible future changes in the orientation of advertising agencies.[3]

In the area designated by the high rate of profitability and increasing market share there are advertising agencies operating in the area of differentiation strategies.

To the group of these market players belong first of all international network advertising agencies. According to what has already been presented the international network agencies, entering the Polish advertising market, established performance standards of functioning of operators offering advertising

[3] M. Porter, *Strategia konkurencji. Metody analizy sektorów i konsumentów*, PWE, Warszawa 2000, p. 40.

services, and set standards of advertising services offer. High profitability of the agencies received through the network:

- developing an appropriate composition of components selected according to the current market demand of buyers,
- developing effective and unique advertising products, predict future trends and changes in the orientation of actions of served customers,
- implementation of innovations in both the process of customer service and advertising services offer,
- special attention to the resources first of all human capital and skills development of workers at all levels,
- introducing the necessary changes in both the structure of the organization and reconstruction agencies offer services in crisis situations.

With the consequences of action, the experience accumulated through years of working in international advertising markets, network advertising agencies have the capabilities and potencial necessary to use a strategy of differentiation. Accordingly, most of them use a favoring strategy following the path of "improvement" in selected area of disclosure powers. Network advertising agencies serve primarily large companies in this mainly foreign concerns and Polish entrepreneurships mainly form sector of mass consumption.

Criteria for market-sharing recipients mainly concern:

- range of activities – the market for mass production,
- the need for promotion – complex range of promotional budget,
- market activity and the phase of the company life cycle – the preferred market expansion or repositioning of products/services.

Focusing on the above criteria for the selection of purchasers of advertising services allows advertising agencies to maintain high profitability of business, while improving ongoing activities in the range of the offer, which become determinants reinforcing the position in relation to other competitors.

As the number of potential buyers of the services offered by a network advertising agencies is limited, the market share grows usually slower than profitability. Within this group, network advertising agencies fight for the budgets of potential buyers basing their arguments on the following factors:

- fixed image of the agency,
- shaped brand,
- innovative way of providing the process,

– innovative approaches to solving marketing problems reported by the purchaser of those services.

Typically, the composition of determinants is based on a combination of developed, characteristic features of the image with the quality determinant curring in the offer or process of servicing. This shaped composition allows the network advertising agencies to distinguish from other players in the sector and strengthen its position in the area of use of differentiation strategies.

Another group of advertising agencies in this sector are the operators aspiring to the position, which occupy on the international market network advertising agencies. This group includes agencies which, through its employees or founders come from network advertising agencies, have the experience and professional knowledge necessary for providing advertising services of high quality, but due to the lower potential, limit their activity to a specific area of competence. Agencies belonging to this group tend toward a strategy of specialization, searching determinants especially in the area of preparation of advertising a product or an innovative approach to promoting the use of tools.

For their actions they are seeking primarily for recipients who are committed to innovative and often innovatory approach to the presentation of their products/services. Mostly they are larger companies that carry out activities related to refreshing the image of the company/product or introduce new products/services. Because of the fact that the number of companies purchasing such services is lower compared to number of other potential recipients, market share and profitability of the listed advertising agencies is less than the foreign network agencies, and their place in the figure is indicated between the area described by the strategies of differentiation and concentration. The transition to the area of differentiation strategies for this discussed group of advertising agencies will be possible at the time of strengthen determinants of the image among a group of customers served by the network advertising agencies as well as in the case when the selected determinants in the area of quality of advertising services will be so strong that a potential customer will pay for it a higher price.

A third area of competing operator of the market for advertising services is an area designated on the one hand by the relatively low level of profitability and changing from very small to relatively high market share. This area is characteristic for operators implementing strategies of concentration. Given the competitive relations prevailing in the market of advertising services, the num-

ber of companies offering such services and the division of characteristic for discussed market of group of advertising agencies, it should be noted that the majority of subjects is assigned to an area designated by the strategy of concentration. Following arguments are calling for this:

- advertising agencies, especially local have limited resources, both capital and human to shape a clear composition of determinants of the offer of advertising services, for which the provider is able to pay a high price;
- companies with substantial advertising budgets are usually looking for partners for cooperation among agencies with formed and recognizable image, because it is a certain guarantee of appropriate use of financial resources assigned for advertising activities,
- specificity of functioning of enterprises supplying products of mass consumption requires experience and knowledge also in the area of creation of promotion strategy, and this forces the advertising agencies to follow the changing preferences of consumers and constantly searching for new solutions in the field of communication with the market,
- the majority of potential recipients belong to a group of small and medium-sized enterprises, which demonstrate specificity of actions and show a different demand for advertising services than the large and often recognizable companies.

According to the earlier analysis of the advertising market in Poland, the most active providers of advertising services are small local agencies that have limited resources and capabilities of conducting several projects at the same time, taking into account various areas of business services.

Use the strategy of concentration by local and regional advertising agencies can take place in two directions:

a) The concentration of activities in one market segment and specialization in a chosen area of offered services. Activities of advertising agency that follow indicated direction should be focused on raising the profitability of taken actions through improvement of knowledge concerning needs of participants in a market segment, and matching them to the appropriate level of offered advertising services. Increase of expertise should reduce the sensitivity of the recipients on offered by advertising agencies prices for conducted the services.

b) The concentration of activities in the selected area, which may include more than one segment of the market on the assumption that there is similarity between these segments eg. due to the type of final consumer market. Advertising agency serving a larger number of providers may offer lower prices for advertising services and increase its potential market share.

First action in the strategy of concentration indicates the possibility of increasing the level of profitability at the expense of a smaller market share, in the latter case, the increase in market share will take place at the expense of a higher level of profitability. In both cases, skillful action and wise matching of individual areas of action is required in order to properly exploit the advantages of using the strategy of concentration.

2. Use the strategy of concentration for building market advantage by the local advertising agencies

Choosing a strategy of concentration as a basis for building the concept of service companies of the SME sector due to the following conditions:

- there are segments on the market of buyers with differentiated needs, both in terms of using tools in promotion of ongoing marketing activities as well as using the services of advertising agencies,
- potential of market of buyers expressed by the number of enterprises operating in the SME sector offers opportunities for selection of such composition of the offer of advertising services, which will be noticed by potential buyers,
- selection of areas of specialization in reference of selected segments of the market of buyers, can limit the actions of competitors,
- limiting areas of actions for selected segment of the market and specialization enable following the changes appearing in the functioning of the entities on both the supply and demand side, what will have a positive influence on easier adaptation to new conditions,
- implementation of innovative solutions for local and regional advertising agencies is easier within a segment of the market than the whole of its territory.

A development and detail of the above described project is model of the concept of servicing the SME sector by advertising agencies containing:

- competitive strategy chosen as the basis for building the model,
- selected on the basis of marketing research market segments (indicate segments that were separated on the basis of the earlier surveys of the SME sector),
- elements of adaptation of the advertising agencies to the needs of SMEs in the areas of: advertising the product, offer advertising services, and quality of service advertising,
- appropriate marketing communication and appropriately shaped and friendly image of advertising agencies.

If analyzing the model described above, one should return to earlier presented characteristics of the market for advertising services. Both entities remaining on the supply and demand side of described market show significant differences which directly affects the formation of the relations existing between the negotiating relations existing between ordering and advertising services contractors.

Differentiation among advertising agencies affect the position of different actors and the bargaining power of buyers in relation to advertising services. In the case of the SME sector diversification is even more pronounced, as shown by studies carried out and how important it influences the behavior of these operators in the market of advertising services.

Characteristics of these entities showed the possibility of using the strategy of concentration as a basis for building a model and an element of ordering negotiating relations between actors of the supply side and demand in the market for advertising.

Specify the model is the concentration of advertising agencies on the needs and expectations expressed by isolated segments of the market and match them to suitable areas for the specific characteristics of advertising services. In this approach to:

- Segment I, it is necessary to construct the appropriate service product based on the change being the core of an advertising service that is, move the center of gravity from creation on an appropriate mix of tools of promotion supporting marketing activities of enterprises from discussed segment.

- Segment II, it becomes necessary to pay special attention to quality of customer service. Understood, as the efficiency, accuracy, effectiveness of implementing the advertising services by employees of advertising agency. Equally important for the participants of indicated segment is made available by the ad agencies wide offer of both ATL and BTL services. In this sense, the benefits for the recipient can be seen in efficient customer service and a wide range of advertising services.
- Segment IV is an important support in the area of consultancy and implementation of promotional activities. Participants of Segment IV are expressing interest in cooperation with advertising agencies but the most serious barrier is the lack of competent people to undertake joint activities, in addition to the dominant role of business owner is often difficult to establish cooperation between the parties. Benefits for Segment IV can be discerned among, access to knowledge, experience of agency staff in the area of using promotion tools as well as taking over role of marketing department of discussed enterprises by ad agencies.
- Segment V, comprehensive service designed to empower participants in the segment on the local market action. Advantage of cooperation with the advertising agency for companies belonging to this segment is primarily effective action on the separate, limited market, taking into account the low cost of the promotional activities.
- Segment III has not been included because companies belonging to this segment express a negative attitude and unwillingness to cooperate with the advertising agency.

Appropriate way of communication of operators offering advertising services for SME sector is the enclosing element of activity of advertising agencies in discussed model. Application of the strategy of concentration forces the selection of appropriate communication tools, while determining adequate understanding of the intentions expressed by the ad agencies. As a result, both the manner of communication and the quality of relationships built during the provision of services by advertising agencies affect their image among small and medium-sized enterprises, which consequently shapes the purchasing needs of the SME sector for advertising services.

WYBÓR STRATEGII KONCENTRACJI JAKO PODSTAWY DO BUDOWY PRZEWAGI KONKURENCYJNEJ PRZEZ AGENCJE REKLAMOWE DZIAŁAJĄCE NA RYNKACH LOKALNYCH

Streszczenie

Sektor agencji reklamowych w Polsce ma określoną specyfikę. Dominującą pozycję od początku zajmują sieciowe agencje reklamowe, które wyznaczają standardy oraz reguły funkcjonowania podmiotów oferujących usługi reklamowe. Rodzime agencje reklamowe, w tym lokalne podmioty stanowiące znaczącą przewagę liczebną, nie są w stanie zagrozić pozycji podmiotów zagranicznych. Aby zapewnić sobie pozycję na rynku oraz możliwości rozwoju, agencje lokalne powinny właściwie zdiagnozować sytuację w branży i wykorzystać strategię koncentracji do budowy swojej przewagi rynkowej.

Chapter III

LOGISTIC MANAGEMENT

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CLUSTERS AS A SYMPTOM OF DEVELOPING FUNCTIONS OF LOGISTICS IN REGION

Introduction

Porter's theory complemented by the European researchers[1] as well as the studies of subject-matter literature and outcomes of research by numerous research institutes reveal that the end of the 20th and the beginning of the 21st century was the starting point of the so-called cluster initiatives. They have become a tool for devising a variety of means and resources in order to increase competitiveness of companies by supporting the existing and creating new cluster structures.[2]

The countries of the European Union initiated particularly dynamic development of the new clusters as part of the Lisbon Strategy and Regional Development Programmes. The research conducted at the beginning of the 2000s and experiences of the first European cluster designers allowed formulating the principles of the cluster-based policy. Its main purpose was to establish EU programmes that allow allocating some of the structural funds for organisatio-

[1] A. Sosnowska, S. Łobejko, *Klastry a zrównoważony rozwój. Efektywny model funkcjonowania klastrów w skali kraju i regionu*, ekspertyza dla ITE w Radomiu, Warszawa 2007 (typescript).

[2] *Europejska sieć doskonałości na rzecz zarządzania, współpracy i promocji klastrów*, PARP, Warszawa 2008.

nal, educational, planning and advisory services to support cluster development. Particular countries, following EU's general principles and guidelines, emphasise various aspects of their cluster oriented policy.[3]

Review of subject-matter literature as well as practical experiences connected with organisation of clusters in Europe, suggest, that after the year 2000, new cluster structures have been created as part of projects proposed by local authorities or organisations mediating between the sphere of science and entrepreneurs. Also, through consulting firms and, less frequently, as entrepreneurs' own initiative. This particularly applies to companies operating in high technology disciplines which require regular supplies of knowledge from research institutions. In eight countries of the European Union, the CLOE project (Clusters linked over Europe) has been launched. Its main aim is to enable participating nations to share experiences and exchange relevant information in order to facilitate management of clusters.[4]

1. Types of clusters and their participants

One of the principal motivations behind global scale research on clusters is to establish a complex typology of local systems of production. The current attempts to classify this phenomenon, have failed to define it accurately. Generally, two groups of clusters, based on different kinds of developmental aspects, have been recognised;

1. Techno Clusters which are linked by positive value, high technology-oriented and strongly connected with renowned universities and research institutions, where they often originate from.
2. Traditional Clusters (Historical) based on know-how and knowledge accumulated over many years and even generations. Their technological orientation is limited as is their co-operation with research centres.

[3] *Ibidem*.

[4] *Ibidem*, p. 9.

In relation to several common characteristics defining the concept of a cluster, in practise they can be identified as the following forms:

- Geographically concentrated economic activity of a group of companies from the same or similar field, which are often connected with scientific institutions, such as academies and research centres.
- Vertically integrated production chains, namely, a selected group of sectors; where the neighbouring stages of the production process comprise the centre of the cluster. This form often incorporates scientific institutes, business-related services and intermediate bodies.
- Whole sectors or economic branches that constitute clusters themselves, for instance – chemical or agricultural cluster.
- Specific form of relations between subjects whose cooperation is based on trust and transfer of knowledge. This form may or may not be geographically concentrated.

With regards to the level of integration and innovation of the environment of a given region, several types of network organisations with enterprise participation can be identified. Regional cluster is the basic type; it is characterised by concentration of independent enterprises, which operate within the same or similar field, and are located in close spatial proximity. The more elaborate kind of network may be referred to as *the regional network of innovation.* Here, the organisation and co-operation between participants are more advanced; mutual relations are based on trust, shared standards and conventions. This also serves the purpose of encouraging and supporting the progress of innovation.

In the second half of the 1990s there appeared a correlated concept which defines organisation of enterprise network within a region, called *Regional Innovation System*.[5] The innovation system is a structure located within a given geographical territory, supported by administrative activities, and containing innovative networks and institutions closely linked by mutual interaction and cooperation, which is to ensure increased competitiveness of the firms located within the system. Such network comprises research institutes, higher education schools, technology transfer centres, chambers of commerce, banks, investors, local government and government agencies, sole enterprises and their networks

[5] *Regional cluster in Europe*, European Commission, Observatory of European SMEs 2002, No. 3, p. 14.

as well as industrial clusters.[6] This means that clusters of firms are supported by a well-developed infrastructure of intermediaries and creators of innovation who are responsible for diffusion of knowledge and technology. Services offered by those institutions correspond with the particulars of the predominant industry of a region, which also refers to clusters operating there.

Clusters may be formed by small and medium-size companies from manufacturing and services sectors as well as high-tech and traditional technology sectors.[7]

Clusters, as shown by examples, may emerge in all branches; traditional, modern, in industry, services and agriculture. They are characterised by various levels of innovation and varying sizes as it difficult to indicate which dimensions are ideal for a cluster.[8]

The above typology of clusters is unquestionably incomplete. The economic environment in which clusters develop significantly affects their characteristics as well as dynamics of their development.[9]

It is essential to note that terminology presented by specialists investigating the phenomenon of clustering does not sufficiently reflect the fact that cluster is essentially **a symptom of developing function of logistics**, as demonstrated by, for instance, the character of relations between its participants.[10] According to the author, it is therefore appropriate to employ the term **logistic cluster**.

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[6] P. Cookie, G. Schienstock, *Structural Competitiveness and Learning Regions*, "Enterprise and Innovation Management Studies" 2000, Vol. 1, No. 3, p. 273.

[7] M. Bucka, *Rozwój klastrów a konkurencyjność małych i średnich przedsiębiorstw*, in: *Konkurencyjność i potencjał rozwoju polskich metropolii – szanse i bariery*, red. S. Korenik, K. Szołek, KPZK PAN, Biuletyn 214, Warszawa 2004, p. 198.

[8] It has to be noted, however, that national, and especially international clusters, are significantly different from local and regional clusters. More: M.J. Enright and I. Ffowcs-Williams, *Local partnership, clusters and SME globalization*, Workshop 2. OECD. Conference for Ministers responsible for SMEs and Industry Ministers. Bologna, Italy, 14–15 June 2000, kttp://www.oecd.org/dataoecd/20/5/2010888.pdf.

[9] *Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce w latach 2003–2005*, ed. A. Rybnicka, A. Tokaj-Krzewska, Polska Agencja Rozwoju Przedsiębiorczości, Warszawa 2006.

[10] A broader view of this idea and supporting arguments have been presented by the author in the following section of this chapter.

2. Logistic functions in a cluster – the issue of coordinating activities

As part of its characteristics, network cluster utilises information and information technology networks in order to conduct common tasks agreed by the participants of the cluster and to sustain contacts with customers and regional environment. The network allows rapid exchange of information between participants and execution of organisational and coordinating functions. **The coordinator** (**coordinating organisation**) initiates projects aimed at development and modernisation of cluster's activity, raises financial means for accomplishment of innovation projects, sustains contacts with local authorities and external environment of a cluster. The presence of the coordinator and the networking character of cluster organisation permits shifting from the traditional model of geographical proximity of enterprises belonging to a cluster to inclusion of organisations situated outside the region, provided that they share economical goals with the cluster.

The presence of the coordinator (the leader) should be regarded as **the function closely connected with logistic proceedings in a cluster**. The function consists in co-ordination of full range of activities and setting direction for cluster's development. It also involves establishment of partnerships among participants and execution of other tasks. This is particularly important in a situation when two subjects which have been in competition with each other, merge and this involves insecurity resulting from the lack of trust.

Coordinating activity in a cluster consists in creating appropriate interpersonal relations which should be preceded by following processes:

- shaping the network of enterprises,
- promoting innovation and new technologies,
- assistance in running the business,
- creating the brand of the region,
- promoting the creation of so-called 'spin-off firms'.

Activity considered as promoting the creation of spin-off firms is particularly important from logistics perspective as they bring into existence logistics firms which will deliver a variety of services to members of the cluster. Consequently, it should decrease the level of logistics costs for the cooperating subjects.

The role of the leader is clearly a logistics function as it is required to perceive the cluster as a whole and monitor its performance. The logistics connec-

tions among participating firms can take various forms. One of them is regional cooperation, which can be defined as **purposeful collaboration in various aspects**, with participating subjects, which are located locally (or regionally). Participation in the cluster initiative is an example of such cooperation.

Polish subcontract companies that, from logistics perspective, often perform handling roles face the substantial challenge of **developing integrated platforms of cooperation**. This is linked to the appearance of new enterprises resulting from high intake of foreign capital in the form of direct foreign investments.

The principles of creating a network cluster assume that entrepreneurs will actively participate in the planning process as well as in constructing the cluster structure. This type of activity should manifest itself in voluntary affiliation of entrepreneurs, participation in creating data base, concerted application for means to finance infrastructural investments, evaluation of tasks undertaken by cluster leaders, cooperation with regional and local authorities with regards to communication between the cluster and its environment.

Currently, clusters regarded as a display of developing logistics functions have become particularly important among theoretical researchers, politicians, entrepreneurs, and other participants of the market. Such interest, especially among entrepreneurs, has been motivated by measurable effects of this type of organisation. Benefits and achievements of cluster initiatives have been recognised in networks operating in traditional, low innovative brands (Northern Italy, Germany, Switzerland, etc.) and similarly, in high innovation sectors, where research and development activity is well advanced (Silicon Valley, Sophia Antipolis, Cambridge, etc.), as illustrated by numerous examples all over the world.

3. Cluster creation with regards to regional benefits

Cluster creation and their existence is based on mutual benefits of cluster participants. Nonetheless, the participation includes entrepreneurs as well as broadly understood local environment, which constitutes the source of cluster's power. The local environment contains strategic resources, which enable the

cluster to achieve commercial competitiveness in external markets.[11] Both theoreticians and practitioners concerned with problems of regional development agree that **expansion of cluster initiatives stimulates numerous positive impulses for the region**.

Modern clusters that are created in the countries of the European Union are seen as means of raising regional innovation. Their creation is frequently initiated by regional authorities and considered as an essential component of regional development strategies, where public factor plays a vital role. The process of cluster construction has also commenced in Poland, after its accession to the European Union, and it has become one of the priorities of regional development strategies.[12]

According to the author, when considering the aspects of regional benefits, it is crucial to note the importance of **balanced regional development**.

Among various strategic targets, application of the principles of balanced development constitutes one of the general priorities of modern economic policy within the whole of the European Union, the country and the region. With regards to enterprises and cluster organisations, balanced development is understood as association of economic, ecological and social targets in order to achieve a satisfying result for the enterprise, the community and natural environment. At the same time, internationalisation and globalisation of economy represent the premises of the application of the balanced development in this sense, and prompt enterprises to undertake pro-ecological and pro-social actions.

Therefore, balanced development can be seen as the highest goal, which assumes linking of the strategic targets of the cluster and enterprises. The mentioned targets ought to correspond with the principles of regional policy employed by the European Union.[13]

It is important to note that the policy of cluster creation in regional structures constitutes a solution to the imperfections of the market system. It aims to

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[11] Z. Przygodzki, *Procesy terytorializacji przedsiębiorstw – w poszukiwaniu zasobów specyficznych w regionie łódzkim*, Komitet Przestrzennego Zagospodarowania Kraju PAN, Warszawa 2005, pp. 172–179.

[12] Here we may refer to the Operational Programme Innovative Economy, which initiates and supports creation of cluster organisations in Poland. Such experiences are also shared by other European countries: European Network of Excellence.

[13] *Strategy of Balanced Development for Poland to the year 2005*, internet sources, Ministry of the Environment.

develop a new and more competitive economic structure, which may increase the rate of economic and social progress of regional subjects, which may contribute to creation of new employment opportunities and higher standard of living.

KLASTRY JAKO PRZEJAW ROZWOJU FUNKCJI LOGISTYCZNYCH W REGIONIE

Streszczenie

Nowoczesnym przejawem współpracy firm w nasilających się procesach globalizacji są klastry, które stają się dla nich drogą do zapewnienia rozwoju i ekspansji rynkowej. Jednocześnie budowa klastrów staje się źródłem korzyści dla regionu, w którym powstają.

Klastry obejmujące różnorodne branże, zarówno tradycyjne, jak i nowoczesne, w przemyśle, w sektorze usług oraz rolnictwie są w istocie rzeczy przejawem rozwoju funkcji logistycznych.

Kluczową kwestią w organizacjach typu klastrowego jest problem koordynacji działań, funkcja lidera klastra. Jest ona szczególnie ważna z punktu widzenia logistyki – na przykład gdy firmy logistyczne świadczą różnorodne usługi logistyczne na rzecz uczestników danego klastra.

Rozwój inicjatyw klastrowych wyzwala wiele pozytywnych impulsów, szczególnie korzystnych dla regionu. Wśród nich znaczenie ma dążenie do zapewnienia zrównoważonego rozwoju. Stanowi to zarazem nadrzędny cel, który pozwala połączyć cele strategiczne klastra i przedsiębiorstw z założeniami polityki regionalnej prowadzonej w krajach Unii Europejskiej.

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RELATIONSHIPS IN SUPPLY CHAIN

Introduction

The supply chain is defined as cooperating in different functional areas exploration, extraction, production, trade, service companies and their clients, with stream of goods, information and finance flowing between them.[1] M. Christopher says that supply chain is a net of organizations connected with suppliers and customers, which are committed to different value creating processes and activities.[2] Therefore the supply chain can be analyzed from horizontal structure point of view (the number of tiers across the supply chain) and also from vertical structure point of view (the number of suppliers or customers represented within each tier),[3] so in the supply chain is it possible to find different types of relationship between companies.

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[1] J. Witkowski, *Zarządzanie łańcuchem dostaw*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2003, p. 17.

[2] M. Christopher, *Logistyka i zarządzanie łańcuchem dostaw*, Polskie Centrum Doradztwa Logistycznego 2000, p. 14.

[3] D.M. Lambert, M.C. Cooper, *Issues in Supply Chain Management*, "Industrial Marketing Management" 2000, 29, p. 71.

1. Types of supply chain relationships

J. Otto defines relationship as a long-term and progressive process, which is sequence of previous single-transaction, conductive to mutual, profitably, multiple buy-sell acts.[4] M. Holmlund describes performed in time function levels of interactions between companies. In accordance with this levels relationship ensues after action, episode (several interconnected actions), sequence (interrelated, correspondingly grouped episodes), then after relationship occurs a partnership level.[5] Relationships between buyer and seller include:[6] partner selection process, defining purpose of relationship development, setting relationship boundaries, value creation process and relationship maintenance. Relationships can be created on the one hand on macro level – relationships between company and different subjects on market such as government, suppliers, dealers, customers, and on the other hand on micro level – between company and its client.[7] Relationships can be created also in the different areas:[8]

- structure – relation or integration of supplier and customer structure or operational activity (process, technology, people, strategy etc.),
- brand equity – customer's loyalty to brand,
- professional – motives of professional relations come from customer conviction of supplier professionalism (competence, company culture, quick response to environmental changes),
- private – relationships come from customers preferences, who want cooperate with chosen people,
- information and control systems – client access to supplier systems,
- value – customer expectation of value which is offered by supplier,
- zero option – relationship comes from situation when company can't choose other partner (most often in public institutions).

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[4] J. Otto, *Marketing relacji. Koncepcja i stosowanie*, Wydawnictwo C.H. Beck, Warszawa 2004, s. 70.

[5] M. Holmlund, *Analyzing business relationships and distinguishing different interaction levels*, "Industrial Marketing Management" 2004, 33, p. 281.

[6] T.L. Powers, W.R. Reagan, *Factors influencing successful buyer-seller relationships*, "Journal of Business Research" 2007, 60, p. 1235.

[7] J. Otto, *op.cit.*, p. 70.

[8] I.H. Gordon, *Relacje z klientem. Marketing partnerski*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2001, pp. 149–155.

Relationships between individual client and business customer can't be uniform, because of differences of clients and business market in area of products, market structure, distribution channel, purchase decision motives, partnership between buyer and seller, mutuality principle, unilateral partnership or brand equity.[9] Because of these differences relationships in supply chains are concluded on two levels: between manufacturer and customer (retailer) and between manufacturer and his supplier. Relationship between manufacturer and customer (retailer) characterizes uncertainty in the downstream market, rapid changes in the consumer demand for product design and volume needs. In relationship between manufacturer and supplier main problem are different, individual goals these companies, that may cause non-performance manufacturer demand for volume of delivery which is needed to production.[10]

Relationships according to formalization degree can be divided into soft relationships (repeated transactions on B2C market) and hard relationships (formal repeated transactions on B2B market, which are base to market strategic alliances).[11] Moreover relationships can be classified as internal relationships (inside company among people, departments and functional units) and external relationships (in network between companies).[12]

2. Relationship management from company to supply net

Relationship management between company and its clients, suppliers and employees is supported by ERM system (Enterprise Relationship Management). Definition of ERM can be performed as a business strategy for value creation. This strategy is not based on cost containment, but on the leveraging of network-enabled processes and activities to transform the relationships between

[9] *Ibidem*, p. 158.

[10] K.H. Wathne, J.B. Heide, *Relationship Governance in a Supply Chain Network*, "Journal of Marketing", January 2004, vol. 68, p. 74.

[11] *Budowanie związków z klientami na rynku business to business*, ed. O. Witczak, CeDeWu.pl, Warszawa 2008, pp. 17–18.

[12] T. Ritter, I.F. Wilkinson, W.J. Johnston, *Managing in complex business networks*, "Industrial Marketing Management" 2004, 33, p. 175.

the organization and all its internal and external constituencies in order to maximize current and future opportunities.[13]

Next system – PRM (Partner Relationship Management) enables relationship management between two companies in distribution channel. PRM allows to better manage interdependent activities and resources by providing for the continual exchange of relevant information and automating numerous tasks related to channel process flows. PRM enables channel partners to coordination efforts between them to achieve an operational integration. This technology lets companies organize joint actions such as marketing campaigns, account servicing and management, online sales, online collateral delivery, information exchange, online training and certification, online product and pricing updates, automated lead distribution monitoring and performance evaluation.[14]

Relationship management in supply chain supports SCM system (SCM Supply Chain Management), which points out division of relationship between company and its supplier and company and its customer. SCM contains among others two systems: SRM (Supplier Relationship Management) and CRM (Customer Relationship Management). Integration of both systems allows supply chain to apply ISRMS intelligent customer–supplier relationship management system.[15]

SRM objectives include identification of key accounts and creation of effective strategy of relationship management with them.[16] SRM enables procurement cost reduction, build collaborative supplier relationships, better manage supply bases, improve bottom line with innovative offerings and a faster time to market. SRM integrates activities in whole company thanks to offering automating goods and services procure-to-pay processes.[17]

CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship

[13] J. Galbreath, *Success in the Relationship Age: building quality relationship assets for market value creation*, "The TQM Magazine" 2002, Vol. 14, No. 1, p. 19.

[14] A.R. Zablah, W.J. Johnston, D.N. Bellenger, *Transforming partner relationships through technological innovation*, "Journal of Business & Industrial Marketing" 2005, 20/7, pp. 356–357.

[15] K.L. Choy, W.B. Lee, V. Lo, *Development of a case based intelligent customer – supplier relationship management system*, Expert Systems with Applications 993-12/8/2002, pp. 1–2.

[16] http://www.sas.com/offices/europe/poland/software/srm.html.

[17] http://www.sap.com/solutions/business-suite/srm/index.epx.

marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders.[18]

Treating relationships as business processes allows to manage net relationship (including supply chains relationships). This approach is enabled by BRM (Business Relationship Management). Business relationships can be created between company and its customers, suppliers, complementors (complementary product suppliers cooperate in the form of joint promotion, distribution agreements or as a innovation partners) and competitors (collaboration between companies).[19]

Solution which assures complex relationship management in supply net is TRM (Total Relationship Management) – integrated system, strategy and philosophy of management. TRM highlights the role of quality and customer service, the impact of the external environment on business rules, performance, relationships and networks, communications and interactions with suppliers, distributors, dealers, and employees in different departments performing different functions, customers and other collaborators. An integrated relationship management (TRM) points out the interrelation between the efficiency, effectiveness, productivity and profitability of the organization's operations and activities.[20] Figure 1 performs the House of TRM (HTRM).

The HTRM suggests that continuous quality improvement is not just for product or service. All subjects involved in HTRM should arrange priority on continuous quality improvement by managing all internal and external business relationships, processes and activities.[21]

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[18] A. Payne, P. Frow, *A Strategic Framework for Customer Relationship Management*, "Journal of Marketing", October 2005, Vol. 69, p. 168.

[19] T. Ritter, I.F. Wilkinson, W.J. Johnston, *Managing in complex business networks*, "Industrial Marketing Management" 2004, 33, pp. 176–177.

[20] Mosad Zineldin, *Total relationship and logistics management*, "International Journal of Physical Distribution & Logistics Management" 2004, Vol. 34, No. 3/4, pp. 289–290.

[21] *Ibidem*, p. 300.

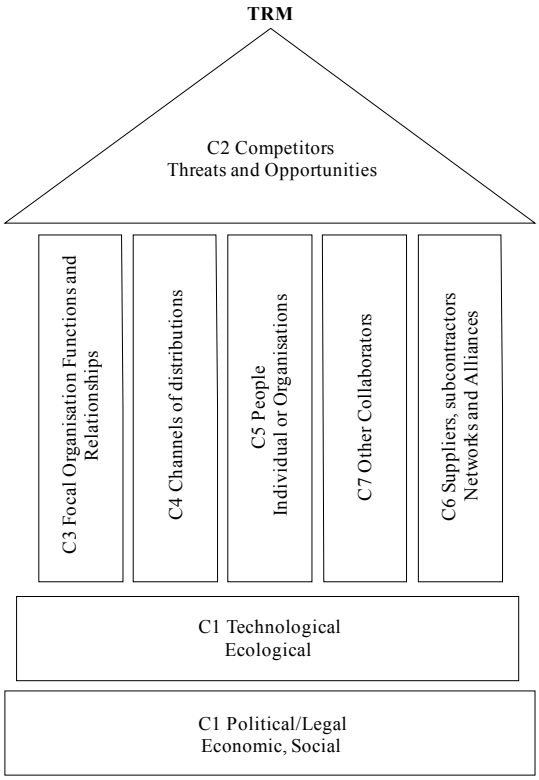

Fig. 1. HTRM – an integrated approach: the 7Cs model

Source: Mosad Zineldin, *op.cit.*, p. 296.

Figure 2 presents all relationship management systems, which are mentioned in article.

Strengthening relationships in various dimensions between companies, resulting in decreasing of total costs, which are analyzed form the supply chain' or the supply net' point of view, not single company. Value added effect is balanced by SRM and CRM systems, moreover TRM conception is useful for balancing flows in all supply net.

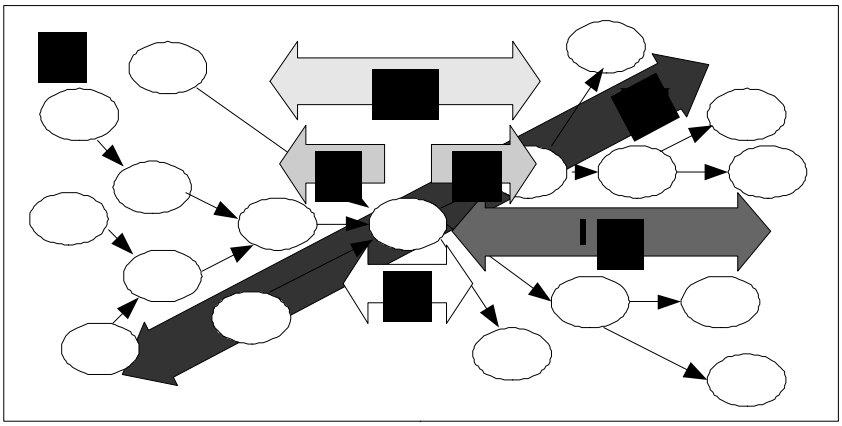

Fig. 2. Relationship systems in supply net

Source: own elaboration.

3. Partnership in the supply chains

Traditional relationship with supplier (maximum supplier exploit, subordinate supplier to our company and gain control of them, communicate reduced information, avoid connection and long-term contracts and as well fuel competition by submitting single order), provides to conflict on the market and win-lose situation.[22] Currently between companies there is popularized idea of partnership. The integrated supply chain partners can count on many advantages from their cooperation for example:[23] lower operational costs, increase sale possibilities (sale stabilization), efficiency investments which are adjusted to all supply chain demands, possibility of customer service maximization, effective re-design process, responsibility for time to market, indirect control of management process, operational replacement (vendor management inventory), market or product segmentation, stock reduction, effective information management in all channel. Partnership can be interpreted as a creation of business relationship between supply chain links based on trust, risk and benefits sharing, which

[22] D. Kempny, *Logistyczna obsługa klienta*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2001, pp. 281–282.

[23] I. Dembińska-Cyran, M. Jedliński, B. Milewska, *Logistyka. Wybrane zagadnienia do studiowania przedmiotu*, Uniwersytet Szczeciński, Szczecin 2001, pp. 21–22.

provide to additional synergic effects and competitive advantage.[24] D. Kempny explains partnership term as a long-term, relatively permanent relationship between at least two links of supply chain, which is based on trust, information exchange, cooperative risk and benefits sharing, what suggests new quality in contacts and communication between business participants.[25] Partnership approach basis on bond and relationship, strategic future thinking, joint action in operational and strategic area, win-win situation, unity of goals, common communication and dialogue, ongoing on-line contact, high degree of trust, long-term contracts, mutual benefits and also individual access to customers.[26] R.M. Kanter performs eight lines of successful partnership "8I":[27] Individual excellence – partners contribute to relationship individual values, Importance of common long-term goals, Interdependence between partners and joint assets and skills improvement, Investment – mutual investing between partners, Information – partners share information, Integration between partners on all organization levels, Institutionalization – formal status of relationship and clearly defined responsibility and decision processes, Integrity – honesty in relationships and mutual trust. Partnership is influenced by factors:[28] accordance, coordination, support from executive management, corporate governance balance, business behaviors understanding, sharing benefits and risk, commitment, joint action, communication quality and length of relationships.

Partnership bond is defined in literature as co-markership. This term means also conception of operational cooperation between suppliers and customers, philosophy and partnership technique conceding process oriented approach such as JIT or BRP.[29] Co-markership realization demands following requirement: horizontal integration of logistics net, holistic approach to business organization, basing on core production and technology components, operational activities and products design, suppliers reduction, creating common informa-

[24] J. Witkowski, *Zarządzanie łańcuchem dostaw*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2003, p. 34.

[25] D. Kempny, *op.cit.*, p. 280.

[26] J. Szpon, I. Dembińska-Cyran, A. Wiktorowska-Jasik, *Podstawy logistyki*, Stowarzyszenie Naukowe Instytut Gospodarki i Rynku, Szczecin 2005, p. 109.

[27] R.M. Kanter, *Collaborative Advantage: The Art of Alliances*, "Harvard Business Review" 1994, Vol. 72, No. 4, p. 100.

[28] A. Krejner-Nowecka, *Jakość partnerstwa a sukces outsourcing'u w przedsiębiorstwie*, in: *Przedsiębiorstwo partnerskie*, ed. A. Romanowska, M. Tracki, Difin, Warszawa 2002, p. 124.

[29] D. Kempny, *op.cit.*, pp. 270–272.

tics system, transferring outsourcing and process management to specialized partnership enterprise.[30]

Last link of supply chain contains individual clients. Creating relationship and bond between company and client is defined as clienting. Nowadays clienting enhanced high quality in clients contacts, changed in partnering (oriented to creating original quality solutions for concrete clients and building bond with client by giving him not only product but also satisfaction).[31] Partnering has application also in vertical relationship within a supply chain, but is purposed especially for retailers. Retailers should consider both types of partnering: strategic partnering (on-going, long-term interfirm relationship for achieving strategic goals, which delivers value to customers and profitability to partners) and operational partnering (as-need, short-term relationship for obtaining parity with competitors).[32]

Conclusion

Many factors have influence on supply chains and supply nets relationships efficiency. These factors are first of all: reputation, performance satisfaction, trust, social bonds, comparison level of the alternative, mutual goals, power/interdependence, technology, non-retrievable investments, adaptation, structural bonds, cooperation and commitment.[33] Along with IT development relationship between companies have changed, evaluating from traditional relationships, through electronically-enhanced and virtual relationships to electronically-mediated, market, electronically-based and cyber-market relationships.[34]

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[30] D. Kempny, *Co-markership: zarządzanie dostawami w biznesie przyszłości*, Materiały konferencyjne Logistics '98, *Zarządzanie łańcuchem dostaw*, Katowice 1998, Vol. II, p. 176. (compare: P. McHugh, G. Merli, W.A. Wheeler, *Beyond Business Process Reengineering*, J. Wiley & Sons Inc. 1995, p. 101).

[31] J.S. Ławicki, *Partnering. Nowa jakość w kontaktach z klientem*, Wydawnictwo Kurier Press i WSB, Szczecin–Gorzów Wielkopolski 2003, pp. 21–23.

[32] J.T. Mentzer, S. Min, Z.G. Zacharia, *The Nature of Interfirm Partnering in Supply Chain Management*, "Journal of Retailing" 2000, Vol. 76, No. 4, p. 550.

[33] T.L. Powers, W.R. Reagan, *op.cit.*

[34] J. Zolkiewski, D. Littler, *Future business relationships – traditional, electronic, virtual or hybrid?*, "Telematics and Informatics" 2004, 21, pp. 186–187.

Changes in relationship management are caused not only by new informatics and telecommunication technology but also by process of globalization. Relation efficiency improvement may be supported by virtual management, which is aided by models of virtual global marketing organizations: Shared Partnership, Core/Satellite, Virtual Value Chain, Integrated Firm and Electronic Market.[35] To keep pace with market changes there are created new relationship management systems which cover not only single company but also supply chains and supply nets and implemented many changes in existing software enabled this management.

RELACJE W ŁAŃUCHACH DOSTAW

Streszczenie

W artykule przedstawiono problematykę związaną z zarządzaniem relacjami w łańcuchu i sieciach dostaw. Omówiono różne rodzaje i obszary zawiązywania relacji, a także dokonano przeglądu i charakterystyki systemów zarządzania relacjami stosowanych przez przedsiębiorstwa. Opisano także tworzenie relacji partnerskich między przedsiębiorstwami oraz między przedsiębiorstwem a klientem.

[35] Ch. Speier, M.G. Harvey, J. Palmer, *Virtual Management of Global Marketing Relationships*, "Journal of World Business" 1998, 33 (3), pp. 265–268.

Chapter IV

SERVICE ENTERPRISE MANAGEMENT

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THE ENTERPRISES OF BUSINESS SERVICES SUBSECTOR IN THE ECONOMIC RECESSION CONDITIONS

Introduction

Emerging currency crises, financial or debt, often for decades, defines the situation of the market players in different countries, and increases the degree of linkages in the global economy that encourages the transmission of cyclical impulses.

Although in the last few years have seen the weakening of the amplitude of fluctuations, including shortening the duration of the recession, the question still remains up to date about the possibility of state influence on short-and long-term economic growth and the effectiveness of counter-cyclical policy. Achieving positive outcomes depends on proper selection of economic policy instruments, which should combine elements of stabilizing and pro-growth. This is not an easy task in the increasingly globalized world economy. Under these conditions, some economists reject the assumption about the possibility of making the state the dynamics of economic processes, stressing that the causes must be sought in the cyclical characteristics (essentially) of a market economy. Some of them indicate that the sources of economic crises are the result of state activities, while others on the impulses arising from the external sector and international trade. Cyclicality of economic processes affects the international competitiveness of their economies. Changes in economic growth strongly

affects all the actors in the economy. Fluctuations determine not only the labor market situation (eg. unemployment), but also the financial market. This affects the decisions of households in the size range of consumption and savings. Fluctuations determine the behavior of enterprises, i.a. changes in inventory levels, utilization of production factors and the size of new investments. Variability of the business environment, leading some companies into bankruptcy, and for others is a challenge – it gives the possibility of market entry and development.

1. Reasons for economic recession

Each free-market economy develops in a cyclical manner. This phenomenon was discovered in the nineteenth century by a french economist C. Juglar then developed by many other researchers. At the beginning of the twenty-first century in the economies of countries, based on free-market processes, there was a parallel with many types of fluctuations and business cycles. These can be very short fluctuations of financial markets, seasonal fluctuations, fluctuations in the medium-term or very long cycles associated with social movements and technological change. Among macroeconomists still current is also discussion about the sources of economic crises. Numerous theories of the business cycle differ in the attribution of more or less the role of individual factors of an external or internal.[1] One theory of the economic cycle (and recession) is **the H.P. Minsky's theory** of investment imbalances and financial instability, which is used to explain the causes of **the global crisis** of 2007.[2] As the base for this theory is the Keynesian model assumes that the business cycle is endogenous. According to the Minsky's model, after a period of recession, companies are taking a conservative strategy in relation to funding. By contrast, together with the improvement in economic activity and with the increase in the number of successful ventures, decision-makers in the data traders are increasingly willing to take risks in order to provide a larger potential gains from investments. This trend in the markets, causing expansion of bank credit markets. With the escala-

[1] To external factors include: wars, elections, technical breakthroughs, the price of oil, the discovery of new deposits and other valuable raw materials. Internal factors resulting from the economic system.

[2] W. Nawrot, *Globalny kryzys finansowy XXI wieku. Przyczyny, przebieg, skutki, prognozy*, CeDeWu, Warszawa 2009, p. 15.

tion of the trend, there is greater number of non-bank financial intermediaries, or it comes to monetary growth. Creates a creature defined by Minsky as "**the euphoric economy**".[3] This creature is based on the faith of both borrowers and lenders, as to the success of projects. Increasing the level of bank debt, declining liquidity of enterprises. As a secondary effect, there is increasing interest in financial instruments with a high liquidity. Then the level of liquidity of banks decreases (in terms of ratio of debt to assets of the bank). Finally, banks are very vulnerable to external events, often of a random.

The main cause of the crisis in the United States was "the U.S. central bank policy to stimulate economic development by maintaining low interest rates, which led to flooding of low-cost money market and the inadequate regulation of mortgage lending market and the moral hazard may be due to the lifestyle of American society based on loans, consumption and low savings rate"[4].

The financial crisis in the United States was reflected in **the economic downturn**, the effects were significant in the whole world, though different in different countries, sectors and even enterprises. In many ways the crisis dealt with by individual operators. Are the industries for which the crisis is very severe, such oases, which are celebrated much more gently. This second group includes companies providing business services.

2. Object of activity of enterprises delivering business services

Companies providing business services are very different object of activity. The classification used at international level by United Nations (ISIC) identifies **business services** with section K, consisting of five divisions[5]:

- division 70 – real estate,
- division 71 – renting of machinery and equipment without operator and renting of personal and household goods,
- division 72 – IT,
- division 73 – R & D activities,

[3] H. Minsky, *Can 'it' happen again? Essays on instability and finance*, M.E. Skarpe, New York 1982.

[4] Prepared on the basis: W. Nawrot, *op.cit.*, p. 24.

[5] *ISIC rev. 3.1. code K, Detailed structure and explanatory notes*, http://unstats.un.org, 12.01.2008.

– division 74 – other business services (e.g. activities legal, accounting, architecture, advertising, recruitment, cleaning plants).

Business service companies involved in property maintenance, therefore, provide **professional services** (e.g. accounting and law), IT services, **services with high added value** (e.g. management consultancy), **services for employees** (e.g. recruitment, outplacement, temporary work) and **business support services**, including services with **low added value** (e.g. cleaning, security). Despite many differences, there are common characteristics for this group of services, which are:

1. Criterion for defining the concept of business services is the type of customers to whom such services are addressed. These services are directed not to end consumers but rather to companies.
2. They shape the competitiveness of enterprises, inter alia, through profits associated with quality and innovation, resulting from the interaction between supplier and customer service.
3. Most of the business services can be implemented internally within the enterprise or cause (through outsourcing) firm specialized external.
4. Business services are generally based on knowledge of a large service provider or high technology or both of these factors simultaneously.
5. The pattern of grandiosity is dominated by microenterprises.
6. They are often family businesses.

It is therefore a specific group of companies, which in its own way, responding to changes in economic prosperity.

3. Possible effects of economic recession for the enterprises of business services subsector

The financial crisis started in 2007 is likely to be more-loving to the world economy than previous crises (although there is still the question arises how the financial crisis will translate into an economic crisis). This is due, inter alia, the fact that he arrived at the downturn in the U.S. – the economy is dependent on which many other countries. The crisis of global dimensions, even though he had no direct source in Poland, influenced significantly the situation on the financial market in Poland, acting in its threat to the development of the whole economy. **Poland economy** felt the effects of **the financial crisis** indirectly, by:

– global economic downturn,
– loss of confidence among financial institutions,
– greater uncertainty in the foreign exchange market transactions.

It is especially noticeable in the credit market, where there was a rapid tightening of the criteria for granting loans and an increase in the cost of raising money on capital markets for households and businesses. Not without significance is also growing at a fast pace financial crisis in Baltic countries and Hungary, and the collapse of economic growth in Russia, Belarus and Ukraine, as well as financial institutions in these countries. At the same time worth emphasizing is the specificity of the polish economy. Manifestations of the crisis in the first place were visible on the capital market, then the bank, and now we are dealing with signals slowdown in the real economy"[6].

Despite this, up 90,61% of the entrepreneurs of the SME sector, which includes companies providing business services, believes to survive the crisis, even if it will last longer than one year. Up 41,73% does not see the impact of the crisis on the financial situation of company, and 7% even seen a increase in revenues due to the crisis. These companies also seek savings declare but not by dismissing employees or reducing salary[7]. Most vulnerable to the crisis proved to be the company providing transport services – 44% of firms said that the crisis had affected their situation, until at the tenth, therefore, conside-red out of business. In the best situation were other service providers (mainly business services). In this case, felt the effects of the crisis less than 30% of companies[8].

In terms of studies that it might seem that small businesses do not fear the crisis, and some of them even sees in it its chance. Their **chances in a crisis** may see a company providing business services, which results from at least several reasons:

– business services companies are mostly microfirms, which can quickly and efficiently adapt to new market situations than large enterprises,

[6] *Działania Ministerstwa Gospodarki na rzecz stabilności i rozwoju*, 5 projekt z dnia 9.03.2009 r.

[7] Firmy.net study conducted on 5–6 March 2009, a sample of 2310 enterprises of the SME sector (86.54% were micro-enterprises) in Poland.

[8] Ministerstwo Gospodarki. Departament Analiz i Prognoz, *Trendy rozwojowe sektora MSP w ocenie przedsiębiorców w drugiej połowie 2008 roku*, Ministerstwo Gospodarki, Warszawa 2009, nr 1.

- subsector of business service is not dependent on credit as much as housing,
- the nature of this subsector make it special, that it is not significantly dependent on the rapid changes in demand such as trade,
- the market of large companies will slow down many valuable employees who previously were not interested in working in the micro-enterprises. By contrast, small firms previously could not afford for the employment of highly qualified waiting while high salaries, which now may be unlikely,
- crisis can only lead to decline in demand for selected business services. Entrepreneurs may temporarily reduce marketing expenses but less strongly forego the legal or accounting service,
- the economic downturn may contribute to the growth of interest in advisory services because of difficult economic conditions, knowing the business owner may not be enough. This applies for example, drawing up business plans necessary when applying for a loan, taking over companies, offer the investor presentation, applying for funding from the EU,
- the company will seek various methods to reduce costs. One of them is the provision of electronic services, and business services are particularly suited to this,
- together with the financial crisis, called a crisis of confidence, came the need to develop and validate the reliability and proper legal services, taxation, marketing company that helps build confidence in the market.

Way to fight the crisis may be a variety of services. Increasingly being met because a small family company that offers customers several types of business services such as legal services, tax advisory, human resources, language translations, conducting the secretariats. Comprehensiveness can offer easier to respond to market needs, is also less appreciable change in the demand for specific types of services.

Nevertheless, the financial crisis for companies providing business services may arise as **a threats** like:

- the possibility of crowding out by big, strong capital companies that are already on offer differentiated business services,

- the need to reduce prices of their services due to pressure economically weaker recipients,
- pessimistic expectations customers for the future. Lack of optimism reduces the initiative of entrepreneurs, and this may inhibit the expansion of the range of services.

The overall conclusion is that the enterprises of business services subsector can expect both opportunities and threats arising from global financial crisis, but it nevertheless appears that the chances prevail.

Conclusions

The financial crisis in the U.S. affected the Polish economy. Even at the beginning of 2008, the majority of Polish economists argued that the minimal trade between the Polish and the United States and real estate prices in Poland, which was at a lower level than the EU average, ensure economic stability. That has not happened, which confirms the situation of companies providing business services that are trying to find a new economic reality. One solution seems to be the next obvious perception of the risks that result, the benefits that can create. Interesting solution, which is way to fight the crisis is to build a new business model that offers customers a variety of business services. Ability to provide additional services often gives the company a competitive advantage, and further reduces its vulnerability to cyclical changes. Business services are characterized by the fact that the fall in demand for one type of service is often offset by an increase in demand for other services.

PRZEDSIĘBIORSTWA PODSEKTORA USŁUG BIZNESOWYCH W WARUNKACH RECESJI GOSPODARCZEJ

Streszczenie

Kryzys finansowy w Stanach Zjednoczonych wpływa na polską gospodarkę. Jeszcze na początku 2008 roku większość polskich ekonomistów twierdziła, że znikoma wymiana handlowa między Polską a Stanami Zjednoczonymi oraz ceny

nieruchomości w Polsce będące na niższym poziomie niż średnia unijna gwarantują stabilizację gospodarczą. Tak się jednak nie stało, co potwierdza sytuacja przedsiębiorstw świadczących usługi biznesowe, które próbują się odnaleźć w nowej rzeczywistości gospodarczej. Jednym z rozwiązań zdaje się być dostrzeganie – obok oczywistych zagrożeń z tego wynikających – korzyści, które można wykreować. Interesującym rozwiązaniem, będącym sposobem walki z kryzysem, jest zbudowanie nowego modelu przedsiębiorstwa oferującego klientowi różnorodne usługi biznesowe. Zdolność świadczenia dodatkowych usług często daje przedsiębiorstwu przewagę konkurencyjną, a dodatkowo zmniejsza jego podatność na zmiany koniunktury. Usługi biznesowe charakteryzują się bowiem tym, że spadek zapotrzebowania na jeden rodzaj usług często jest kompensowany przez wzrost popytu na inne usługi.

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STRATEGIES OF OPERATION DIVERSIFICATION IN THE SECTOR OF TRADE AND SERVICES

1. Strategy of diversification

Diversification is a form of company's operating strategy and marketing strategy. The definition of diversification is variously understood in the literature and is generally described as variation of economic activity with simultaneous resignation from the production specialization. The diversification of production should be understood as differing the production assortment by company, what in consequence leads to the implementation of strategy of lowering the risk of economic activity and avoiding responsibility for possessing dominating and monopolistic position on the market.[1]

Diversification is a process aiming at widening the range of company's operation, occurring in the diversity of final products, produced by the company.[2] Diversification means entering the new sectors of economy and widening or increasing variety of produced goods and kinds of provided services, applied technologies and methods. As it was already mentioned, diversification is one of the methods of reducing the operation risk by reducing dependence on one

[1] *Kompendium wiedzy o handlu*, ed. M. Sławińska, Wydawnictwo Naukowe PWN, Warszawa 2008, p. 53; *Nowy leksykon PWN*, Wydawnictwo Naukowe PWN, Warszawa 1998, p. 411.

[2] M.E. Porter, *Strategia konkurencji*, PWE, Warszawa 1998, p. 48.

product, target market, fluctuations in economic situation in one branch. Diversification directly leads to the enlargement of objective range of company's operating and may refer to the changes of:

- products (services) produced by particular company,
- markets, on which company sells its products (services),
- recipients,
- suppliers,
- research and development base,
- sources of financing,
- applied technologies.[3]

Diversification strategy consists in differing the products of particular company, implementing the new products, creating the parameters of already existing products, improving sale system, methods of customer service. Therefore, production diversification are not only processes of product modification, consisting in their improvement and upgrading or in introducing varieties of existing products. It means an increase of production variety accompanying by an increase of variety of serviced markets[4] (e.g. in the segmentation system).

As it results from the above, diversification strategy directly forms the company's products, especially by the width of assortment and quality parameters.

Processes of wide and deepen operation diversification, related especially to the assortment variation, are visible in the trade and service sector. Considering practical conditions of diversification in services, entering the new assortment sectors of the market (which were the domain of service companies operating in totally different sectors till then) by trade and service companies, become more and more popular. More stable forms of joint activity of entities from that sector are listed below:

- financial market (banks and insurance companies),
- information market (post and telecommunication),
- tourists services market (touristic conveyances and hospitality).

However, clients of service companies are offered services entering new markets, different from companies' basic operation.

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[3] Z. Pierścionek, *Strategie rozwoju firmy*, Wydawnictwo Naukowe PWN, Warszawa 1998, p. 264; A. Nalepka, *Restrukturyzacja przedsiębiorstwa. Zarys problematyki*, Wydawnictwo Naukowe PWN, Warszawa–Kraków 1999, pp. 53–55.

[4] Z. Pierścionek, *op.cit*., pp. 264–265.

The aim of the paper is a presentation of the range of service activity of trade and service company in the field of offer diversification with consideration of entities operating on the traditional market (by means of physical service points) as well as on the virtual (in the Internet) one. There are also pointed out tendencies occurring in this field, that my lead to emergence of multiservice providers. The issues of deepen diversification of economic activity of trade and service companies are going to be considered. Entities from that sector include offer of the other service branches to their service assortment. There comes to the gradual universality of service sectors and penetrations of services. Basic criterion that enables taking up mentioned activities is multi functionality of service points and virtualization of the economy.

Newly implemented range of services is directly related to the level of service quality. Estimation of the products quality is made by means of group of features, which describe the product. A significant problem for further considerations is existence of two aspects of quality, namely made quality (the one which can be consumed by client) and offred quality – declared by producer before sale (by description of service's guaranteed features). Mentioned issue is particularly important in providing services and results directly from the difficulties with service standardization. For the needs of diversification strategy creation in trade and service sector, offered quality should be a direct subject of interest. This category is basis for service diversification in the quality approach.

Thus, a significant criterion completing assortment diversification of the service companies operation is quality. Quality is an independent criterion that divers the range of led activity by means of adjusting services with varied quality parameters to recognized market segments. Service companies while providing a diverse range of services, implement services from other branches creating a special quality for consumer by availability of services from many branches by one service provider and through one distribution system. Thus there is a possibility of deeper adjustment of the offer to the particular clients and individualization of clients' service process.

The range of conducted considerations is related to the issues of creation of trade and service companies' strategy and refers to the decisions connected with resignation form specialization strategy (unification and concentration on

the one kind of activity[5]) for diversification strategy. In practice it often means penetration of assortment form different branches in an intern structure of the trade and service sector.[6] This phenomena is mostly visible in the operation of:

- shopping centers,
- hypermarkets,
- postal operators.

2. Shopping centers and hypermarkets

A starting point for description of diversification processes in trade and services operation is operation of huge entities, namely shopping centers and hypermarkets.

Organizational forms of diversified form of service operation are shopping centers (actually the centers of trade and services), where different traders and service providers present their offer in similar conditions.

Shopping center is a group of varied trade and service retail units usually run by different companies, which constitute one unit in regard of trade, assortment, service, construction and structure, organization and administration, group adjusted to complex customer service.[7]

The most common practice in shopping center organization is localization of a hypermarket (namely self-service shop with the area of more than 2500 m^2 where food products of all branches and non-food products of many branches are sold) as the biggest shop in it. Assortment is characterized by: great width (the number of product groups in the assortment) and depth (the number of products within product group).[8]

Thus, hypermarket operates, mainly in trade, by means of sale of groceries, commodities and other products. It also enters operation field of some service sectors, namely gastronomy (fast food in the food section), bank services (pay-

[5] *Kompendium*..., p. 52; B. Pokorska, E. Maleszy, *Integracja przedsiębiorstw handlowych a procesy konkurencji*, PWE, Warszawa 2005, pp. 59–64.

[6] A. Panasiuk, A. Tokarz, *Specyfikacja i klasyfikacja usług*, in: *Współczesna ekonomika usług*, ed. S. Flejterski, A. Panasiuk, J. Perenc, G. Rosa, Wydawnictwo Naukowe PWN, Warszawa 2008, pp. 44–45.

[7] *Kompendium*..., p. 127.

[8] *Ibidem*, p. 126, 131.

ments on bank accounts in checkout, credit card servicing), touristic intermediation, (sale of tourists packages) telecommunication services (possibility of prepaid cell phones support in checkouts), fuel distribution, car service, accompanying services (preparation and supply of flowers and gifts, photographic services) and others.

Part of the activity in diversified area of shopping center remains in the competences of hypermarket, other forms of services are provided by other entities. The most often met kinds of services are: gastronomy, banking, money exchange, insurances, tourism, transport (including local conveyances), telecommunications, post, entertainment (cinema, playground for children, events and presentations), recreation (bowling, fitness), medical services (advices at optician), education (language schools), tailor services (i.a. in clothes shops), hairdressing and beauty services, laundry services, interior decoration services, rental services (films, appliances, clothes), car service (car wash, service).

It should be remembered that within the structure of shopping center there are may companies that operate on their own account. Part of the activity is supervised by the main shop which is a hypermarket. It can be also stated that entity that manage shopping center can independently provide some services by means of own service points, by capital related entities or by cooperating entities. Then, the hypermarket become a multiservice company, not only due to the place of service providing but also due to the fact of being a direct provider of those services.

3. Post

One of the first service branches which started an adaptation of diversification strategy in a large scale was post. Those processes were popularized among the West-European public postal operators in 80. of XX century, in Poland at the end of 80., actually since 1992 when Polish Post became an independent market entity.

The structure of diversified service offer of postal service market operators comprises:

a) services related to the transfer of information, material and nominal values (traditionally provided by postal operators);

b) services related to the market intermediation, provided for institutional entities, based on services in the post offices, e.g. bank operations;
c) other services, that use material and cadre potential, provided by means of post offices as well as by means of operator's whole exploitative system:[9]
   – other bank services,
   – services for mail-order companies, (storage, preparing consignments),
   – products distribution,
   – telecommunication services,
   – money exchange,
   – subscription of magazines,
   – photographic services,
   – insurance services,
   – tourists services (sale intermediation, activity in the field of hospitality),
   – games of chance servicing,
   – delivery of flowers and gifts,
   – video and DVD rental services,
   – passenger transport tickets distribution (including urban transport),
   – distribution of tickets for cultural and sport events,
   – market researches conducting,
   – support in charity activities.

Postal operators enter the wide field of services of trade and service sector. Big chain of post offices (the biggest chain in Poland) is a decisive factor of access to the market and formation of demand on the wide range of services, as well as partners' own services. Post can be described as multi-service provider, however many available services are not noticed by individual customers in the post office. It should be remembered that part of the offer is performed within the infrastructure of postal operator.

[9] A. Panasiuk, *Usługi pocztowe. Rynek i marketing*, Wydawnictwo Naukowe PWN, Warszawa 2003, pp. 46–50, 126–154.

4. Other service branches

Diversification of operation is noticeable also in other service branches. Companies from those braches do not provide as wide range of services as shopping centers, hypermarkets or post, nevertheless they offer services that do not belong to the branch they represent. The signs of diversification strategy formation are visible in traditional forms of customer service (service points) as well as in the companies' virtual operation. Some examples are listed below:

1. Banking – capital market services, insurances, cellular telecommunications, trade.
2. Tourism – transport, insurances, trade, recreation and sport.
3. Hospitality – wide range of services because all services offered to the hotel guest are recognized as hotel services.[10]
4. Telecommunications – trade in telecommunication appliances, radio and television program broadcasting, entertainment.

A basis for that kind of operation is physical service point or website.

5. Synthetic presentation of diversification strategy in trade and service sector

The range of diversification strategy of entities of trade and service sector is presented in the table 1.

The forms of operation in chosen service branches presented in the table indicate, in an ideal way, the processes of diversification of service companies operation. In the conditions of economic development and growing competition it should be expected that the range of services offered by service providers will be constantly deepen and widen. It will be a basis for creation of multi-services companies.

[10] According to the Act of tourists services of 29 September (unified text), DzU 2004, No. 223, pos. 2268.

Table 1. The range of strategy of operation diversification of trade and service companies

Services / Branch	Trade	Conveyances	Postal	Telecommunication	Touristic	Hospitality	Gastronomy	Bank	Insurances	Medical	Entertainment	Sport	Living	Personal
Trade														
• Shop with significant area	**X**				x		x	x	x					
• shopping center*	**X**	x	x	x	x	x	**X**	**X**	x	x	**X**	x	**X**	x
Transport		**X**		x	x	x	x		x		x		x	
Post	x	x	**X**	x	x	x	x	**X**	x					
Telecommunications	**X**			**X**							x			x
Tourism	x	**X**			**X**	**X**	**X**	x	**X**	x	**X**	**X**	x	x
Banking	x			x	x			**X**	**X**					
Insurances									**X**	x				x

* Refers to the range of activity of shops placed in shopping centers.
X – basic range of activity.
x – accompanying services.

Source: self-composed.

6. Multi-service provider

As it was mentioned before, diversification processes can lead to the emergence of service organizations with the wide range of assortment, so called multi-service providers. Market functions of multi-service provider could be reduced to the market activities realized by Centers of Joint Services. Centers of Joint Services are form of outsourcing service of business sector entities and

provide for that entities following services: book keeping, purchases, human resources, customer relations, research and development, IT.[11]

The operation of multi-service provider can be directed mainly at the individual customer service but it simultaneously can provide services for institutional customers. The range of operation can comprise services presented in the table 1 and also the assortment groups of services.

Multi-service provider can operate within two model organizational approaches:

a) as one economic entity providing, by means of service point (or chain of points), many own services – the range of services would be limited then;
b) as one entity of direct contact providing own services and as middleman enabling availability of services of may other service providers. It could use his own service points (physical or websites).

A kind of presented concept can be cooperation of many service providers, owing the chain of service points, by mutual offer exchange. That kind of activity is noticeable in the tourism sector – in intermediation of sale of tourists offer. It can also occur in the financial market (banks and insurance companies). There is a possibility of providing services competitive in particular branches. In the financial sector it is widely accepted form, e.g. insurance agent or financial adviser present to their customers assortment of services of many service providers, often directly competitive.

That kind of cooperation can be observed also in the offer of service entities' offer operating in the Internet.

Multi-service provider, by means of its access points, enables using wide range of services, adjusting service points (physical or virtual) to different types of services. That solution could lead to the trials of competition limitation and market monopolization, but first of all it could significantly limit the costs of operation. There is a possibility of creation of competitive advantage by means of offer integration of the companies from trade and service sector[12]. Moreover,

[11] J. Kalinowski, K. Lipka, *Centra usług wspólnych. Szansa przyciągnięcia kolejnych inwestorów do Polski*, www.paiz.gov.pl (5 January 2009).

[12] B. Pokorska, E. Maleszy, *Integracja przedsiębiorstw handlowych a procesy konkurencji*, PWE, Warszawa 2005, pp. 18–22.

building a closeness between multi-service provider and consumer[13] by means of interactive marketing cause the creation of customer's loyalty.

STRATEGIE DYWERSYFIKACJI DZIAŁALNOŚCI W SEKTORZE HANDLU I USŁUG

Streszczenie

Jednym ze sposobów kształtowania strategii działania i strategii marketingowej przez przedsiębiorstwo jest dywersyfikacja działalności. Jest to proces zmierzający do poszerzania zakresu działania przedsiębiorstwa, wyrażający się zróżnicowaniem produktów finalnych produkowanych w przedsiębiorstwie. Celem opracowania jest przedstawienie zakresu działalności usługowej podmiotów rynku handlu i usług w zakresie dywersyfikacji oferty, z uwzględnieniem podmiotów działających na rynku tradycyjnym (przez fizyczne placówki usługowe) i wirtualnym (w środowisku internetowym). Zakres prowadzonych rozważań wiąże się z problematyką kształtowania strategii przedsiębiorstw handlowych oraz usługowych i dotyczy decyzji związanych z odchodzeniem od strategii specjalizacji (unifikacji i koncentracji działalności na jednym formacie działalności) na rzecz strategii dywersyfikacji działalności. W praktyce oznacza to przenikanie się asortymentu poszczególnych branż w strukturze wewnętrznej sektora handlu i usług. Przejawy tych działań można zaobserwować przede wszystkim w działalności centrów handlowych, sklepów wielkopowierzchniowych (hipermarketów), operatorów pocztowych.

[13] T. Domański, *Strategie rozwoju handlu*, PWE, Warszawa 2005, pp. 220–226.

Chapter V

FINANCE MANAGEMENT

SCIENTIFIC JOURNAL

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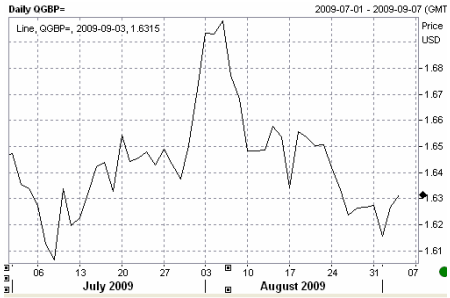
OLIWIER ORYLSKI

FOREIGN CURRENCY EXCHANGE RISK MANAGEMENT IN A SERVICE ENTERPRISE

1. Understanding the nature of foreign currency exchange market

The problem with foreign currency exchange (FX) is mostly met while we travel, buy things or do business abroad. Let us suppose a US tourist wanting to book a room in London on September of 2009. In order to do that he needs to buy GBP/USD.[1] The chart shows how much would the price for GBP differ.



Picture 1. Price of GBP for USD

Source: Reuters.

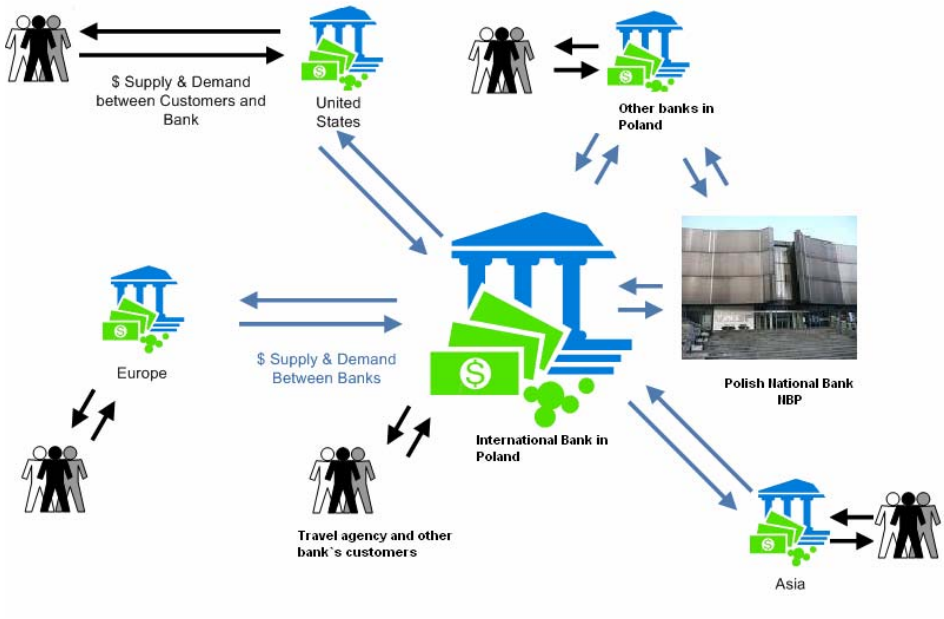
[1] Meaning that he buys Great Britain Pound for United States Dollar – GBP/USD. This currency pair describes the quotation of two currencies, where the first is the base, and the second is the quote currency. GBP/PLN currency pair is commonly called the Cable which refers to the name of the Transatlantic Cable laid under the Atlantic Ocean in 1858, which was communicating UK with the USA in order to send messages between London and New York exchanges that were trading both GBP and USD.

From that example we can see how much exchange rates variance can affect the costs of a single transaction. For global companies[2] or governments, operating on a larger scale these changes become very significant and can generate risk that can implicate losses or even bankruptcy.[3] In order to successfully manage currency risk it is necessary to fully understand how the FX market works. Currency exchange rates are so volatile because they respond to all significant news and events from the global markets. Market is the people who make investment decisions considering that news, and because people tend to overreact, the market is so changeable. Lets take an example of a Polish travel agency, its main currency is the polish zloty (PLN), but since it takes reservations in hotels in many countries it must deal in other currencies as well. Let's take the United States dollar as an example. Travel agent goes to an international bank in order to buy dollars. The bank trades dollars for zlotys with its clients. How many dollars does the bank need? It needs enough to satisfy its customers' need for dollars plus some reserves. But what happens when the bank starts getting too little dollars in relation to that bank's customers' demand for them. The simple solution is to simply raise the price of the dollar in terms of payment in Polish zloty. When the travel agency comes in to exchange dollars for zlotys, bank starts giving more zlotys per dollar. This increases the number of zlotys that the bank pays for each dollar raising the exchange rate of dollars for zlotys. Suppose the bank still gets fewer dollars than it needs – maybe some US company operating in Poland buys dollars to send overseas as dividend to their American owners. The local bank communicates via Internet with other banks and trades dollar for zloty with them. It calls another bank that happens to have an exporter customer that sells a lot of goods to US and has a lots of dollars. So the customer goes, to local bank to exchange dollars for zlotys. Because the bank doesn't have enough zlotys on hand to satisfy the business that bank readily agrees to exchange zlotys for dollars with first bank. But it also knows that the Polish government wants to keep the exchange rate of zlotys for dollars low, so that exports to the United States raises and imports

[2] For example travel agencies, money transfer companies or universal banks.

[3] Example of companies gone bankrupt because of unexpected foreign currency rates were the polish shipyards that sold ships for USD and paid for resources in PLN. When USD/PLN rate become lower than expected contracts on building ships that were nominated in USD the rate of return of these investments became negative, the contracts generated losses causing bankruptcy at the end.

lowers. To carry out the government's policy of lowering the exchange rate of zlotys versus dollars, the central bank would buy dollars for zlotys from its currency reserves. Just the fact that NBP has that possibility to satisfy the Polish government's will to lower the exchange rate of zlotys for dollars holds it between certain levels. This means that the exchange rate that bank sets and travel agencies approve will be determined by the total demand from customers and other banks. This exchange rate will be mostly equal to the rate set by other banks. The exchange rate that bank sets depends on demand on both its customers and other banks customers that the bank trades with. If the bank offers less dollars per zloty than other banks, then those banks will buy dollars from it until its rates becomes equal.

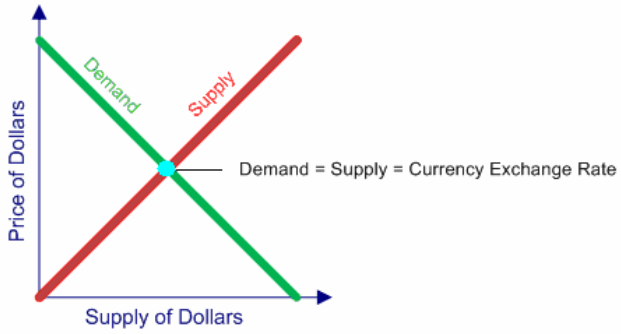


Picture 2. Graphical presentation of FX market

Source: own elaboration.

So this is how demand and supply actually work setting the real currency rates. The demand and supply of currency ultimately come from the people;

even when countries set monetary policy by their central banks, they do that to satisfy the needs of their citizens; banks simply equalize this supply and demand all over the world by trading with each other. This means that that we can apply the following laws to currency prices: 1. When, at the price ruling, demand exceeds supply, the price tends to rise. Conversely when supply exceeds demand the price tends to fall. 2. A rise in price tends, sooner or later, to decrease demand and to increase supply. Conversely a fall in price tends, sooner or later, to increase demand and to decrease supply. 3. Price tends to the level at which demand is equal to supply. 4. An increase in demand, or a decrease in supply will tend to raise the price for a short period at least. Conversely a decrease in demand, or an increase in supply will tend to lower the price for a short period at least.[4]



Picture 3. Supply and demand curve for USD

Source: own elaboration on the basis of H.D. Henderson, *Supply and Demand*, *1922*.

2. Elements of fundamental and technical analysis

Knowing the mechanism the market it is possible to successfully try to forecast the future directions of FX rates changes on the basis of fundamental and technical analysis. We can define the fundamental analysis as a study of all

[4] H.D. Henderson, *Supply and Demand*, *1922*.

economic factors that can influence foreign exchange rates in the order to try to forecast future exchange rates. Fundamental analysts observe the market knowing the rule of cause and effect. Every event on the world market has an impact on future supply or demand that determines exchange rates. Hence, proponents of fundamental analysis try to ascertain the future supply and demand by analyzing various economic indicators and other economic data which would affect the supply and demand of each currency in relation to others. The information that should be analyzed, in relation to future currency rates, are those describing the economies of currencies countries. The most important ones are those that affect the economies growth rate, inflation rate, interest rates and, as an effect, rate of return of investments.

Table 1. Economic indicators proposed by author to be analyzed – part 1

Name	Publication frequency	Interpretation
Interest rates	Quarterly	Countries monetary authorities set the interest rates to limit the inflation or to stimulate growth. The higher rates the higher exchange rate of the country/market.
Beige Book	8 times a year In US	Summary of Commentary on Current Economic Conditions from the view of Fed.
GDP	Quarterly	The total value of goods and services produced in a country. The bigger the more „bullish" investors are.
CPI	Monthly	Indicator of inflation rate. Acceleration of this indices is signal of possible change in monetary policy
Nonfarm payroll employment, unemployment rate	Monthly	Indicators of state of the labor market. Which are the signals of economy's conditions? The bigger employment the better sentiment of investors.

Source: own elaboration.

These key indicators are compared to other countries and from that come exchange rates between their currencies. Economies that are expanding and growing rapidly tend to draw foreign investments from around the world, seeking investment opportunities with high rates of return. Foreign investor will need to buy local currency in order to do that, causing increase of demand for it which will rise the exchange rate. Rapidly expanding economies distinguish

growing inflation rate, its central banks main role is to limit it (some also have to limit the unemployment) with their monetary policy by increasing the interest rates. High interest rates draw money from abroad where investors seek opportunities to gain high rates of return, they judge the risk of the countries political and economical instability and if it is insignificant they buy countries currency and invest in on the local market. One of those transactions is *carry trade* that involves borrowing money on the market with low interest rates (for example US with presently reference rate in an interval 0–0,25 %) and investing them on the market with higher rates (for example Poland with presently reference rate 3,5%) in order to do that investors need to buy zlotys for borrowed dollars, sell USD/PLN.

Table 2. Economic indicators proposed by author to be analyzed – part 2

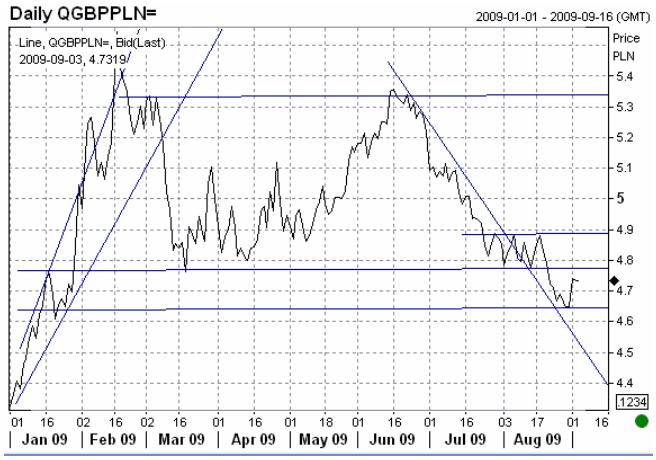
Retail Sales	Monthly	Personal consumption expenditures (PCE) represent 2/3 of US GDP. So retail sales, is very important for estimating GDP.
Housing Starts	Monthly in US	Housing is the economy's most interest rate sensitive sector. It often experiences large swings in activity in response to changes in the expected level of long-term interest rates such as those on mortgages.
Industrial Production/ Capacity utilisation	Monthly	Industrial production is the "corner stone" of GDP growth it provide useful information about it. Capacity utilization informs us in how many percent the industrial production is developing under its potential or not.
Climate in business indices	Monthly	Many institutes do research with the companies on their future development perspectives. Such indices are: IFO, ZEW in Germany, University of Michigan index in US, WWK in Poland, PMI, most markets.
Stock indexes	Daily and real-time	DJ, WIG20, HangSeng, Nikkei are good measures of global sentiments. Growth means that investors will buy currencies from emerging markets, such as PLN.
Commodity Prices	Daily and real-time	The higher prices for commodities such as metals. Means that there is a bigger demand for means of production. Especially important when trading "commodity currencies".
M2	Weekly and monthly	Money supply published by monetary authorities if it grows this is a signal of future inflation increase.

Source: own elaboration.

Because inflation, interest rates, and investments rate of return are the most important factors that influence and determine exchange rates it is important to observe the economic indicators that give many information about those factors, they are the ones that fx traders observe with great attention and have the biggest weight on their investment decisions, if the published indicators differ significantly from the market consensus the traders will revise their investment strategies causing changes in the rates. So the key to successful forecasting the exchange rates with the usage of fundamental analysis is to know the publication of all relevant economic indicators schedule in relevant economies, observing them and understanding their significant role. Economic indicators, published periodically, measure significant factors of the economy, many of which affect, or are affected, by the supply and demand of the domestic currency. More, central banks rely on economic indicators to formulate monetary policy, which can have a significant effect on foreign exchange rates. Most important are described in the tables.

Technical analysis is the use of past prices and trading volume of financial instruments to forecast future prices. Unlike fundamental analysis it does not take into account any published indicators, it is based on a concept that all relevant data are already discounted and included in a price. Technical analysts believe that main makers of price moves are the *greed* and *fear* of *uninformed investors* which can be recognized because they all follow the same patterns. Basing on a concept that history tends to repeats itself. The best way to observe and to look for these repetitive patterns is to analyze charts of prices throughout the time and trade volume. The most basic and most important pattern is the trend. The trend is the direction the price moves over the time. It is a tendency of price movements. We have an uptrend, a down trend and sometimes a horizontal trend.[5] We can use resistance lines and support lines on the charts in order to recognize trends. The resistance lines are drawn throughout the local minimums of the prices, whereas the support lines are drawn throughout the local. In most of the cases prices tent to stay in so called trend canals that is between support and resistance lines. Examples of trend channels are shown on a picture below.

[5] Called the *whipsaw market* because of the shape of formations. It is very hard to forecast which way the market will go after that trend ends.



Picture 4. Support and resistance lines drawn on a daily GBPPLN chart
Source: own elaboration on the basis of data from Reuters.

One of main methods of forecasting future prices is the analysis of charts. Charts are graphical presentations of price information of currency pairs over time. Charts can also show volume of trades. Besides allowing the technical analyst to easily spot patterns and trends, the main benefit of charts is the presentation of price and volume over a period of time, which could be used by fundamental analytics to observe how the market has reacted to specific events described earlier. Market volatility can also be easily gleaned from charts. Charts can help the management to decide on selling and buying moments, and at what prices to place stops to reduce risk.

3. Future currency cash flows currency exchange rate hedging

Say that our hypothetical travel agency wants to sell holidays in other country that start in 9 months from now, so in order to do that it books rooms in hotels in advance to get better deals and to calculate prices of holidays for its customers. That way the agency generated some future cash flow of unknown currency rate: the agency pays for hotel in foreign currency and the customers

pay the agency for it with the local currency. The agency calculated prices for its customers on a very assumption that the exchange rate will stay the same. This generates risk. When the currency in which the hotel prices were nominated goes up, in relation to currency in which agency sells holidays, it would mean that the price of hotel is higher than the customers paid in their currency, 'eating' the agencies profit and possibly generating unlimited losses. The agency can hedge that cash flow by entering a forward contract that allows it to exchange a certain sum of currency on agreed date on agreed rate.

FX Forward is a tailor made deal where a customer agrees, usually with a bank, to exchange a certain amount of currency on a specified day in the future for a specified forward exchange rate.[6] FX forward is a set of tree deals made at the same time: a deposit, a loan and a FX spot exchange. Suppose our agency wants to secure future cash flow of x Euro, and buys Euro for zlotys for a specific date. It does a forward transaction, and agrees to buy x EUR/PLN with a future delivery for a future rate agreed today. So the bank does 3 transactions with it at the same time: It lends the agency enough zlotys to buy x Euro for a spot exchange with a return date settled, sells the agency Euro for zlotys, so the agency can put euro x that it bought for a deposit with a maturity date settled. When the maturity date comes the agency gives zlotys and gets Euro for a forward exchange rate agreed in the past. The forward exchange rate consists of FX spot exchange rate between these two currencies and the difference between interest rates of these two currencies where one is borrowed and one put on a deposit. The calculation of a forward exchange rate is shown in a formula below.

$$ForwardRate = SpotRate * \frac{(1+r_q)^n}{(1+rb)^n},$$

r_q = Interest Rate of Quote Currency,
r_b = Interest Rate of Base Currency,
n = Number of Compounding Periods.

[6] Definition on the basis of K. Jajuga, T. Jajuga, *Inwestycje instrumenty finansowe, ryzyko finansowe, inżynieria finansowa*, Wydawnictwo Naukowe PWN, Warszawa 2005.

Exchange rates change constantly, so forward prices are being usually quoted as the difference in "pips"[7] – forward points – between the current exchange rate. When the base currencies country has higher interest rates than the quote currency it means that the forward points are subtracted, when the base currency has lower interest rates than the quoted (like USD, EUR/PLN or GBP/PLN) then we add them.

ZARZĄDZANIE RYZYKIEM WALUTOWYM W PRZEDSIĘBIORSTWIE USŁUGOWYM

Streszczenie

Każda działalność gospodarcza niesie ze sobą różnego rodzaju ryzyko. Jednym z nich jest ryzyko kursowe. Celem niniejszego opracowania jest ukazanie mechanizmów funkcjonowania globalnego rynku walutowego oraz zaproponowanie sposobów zarządzania ryzykiem wiążącym się z funkcjonowaniem na nim. W pierwszej części autor ukazuje w ujęciu mikroekonomicznym, na przykładzie biura turystycznego, jak funkcjonuje globalny rynek walutowy oraz jak globalnie podaż i popyt na waluty określają ich ceny. Następnie prezentuje elementy analizy technicznej oraz fundamentalnej jako sposób prognozowania przyszłych kursów walutowych w celu optymalnego zarządzania bieżącą pozycją walutową w przedsiębiorstwie usługowym. Na koniec opisuje, jak za pomocą transakcji typu FX forward przedsiębiorstwo usługowe może zabezpieczyć swoje przyszłe przepływy pieniężne, eliminując ryzyko kursowe.

[7] "Pips" are also reffered as "ticks". In currenciy rates 1 pip equals 0,0001.

Chapter VI

TOURISM MANAGEMENT

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DOES ANYTHING ELSE MATTER BUT PRICE? TENDERS EVALUATION CRITERIA IN PUBLIC CONTRACTS FOR BUSINESS TRAVEL AND TOURISM SERVICES

Introduction

Travel and tourism not always mean "the holiday" and "pure", jobfree pleasure. A significant part of tourism is related to non-leisure purposes. At the moment thousands of travellers worldwide *undertake work related activities at a location temporarily away from their normal place of residence and work* as business travellers and/or tourists[1]. Business travel and tourism represents one of the oldest forms of tourism and it is concerned with people travelling for purposes which are related to their profession[2]. Generally, these terms focus on those business people, who make day trips (business travellers) or longer and stay away from home for business purposes at least one night (business tourists)[3].

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[1] J.M. Carroll, W.A. Kellogg, M.B. Rosson, *The task-artifact cycle*, Cambridge, UK: Cambridge University Press 1991.

[2] R. Davidson, *Business Travel*, Addison Wesley Longman 1994.

[3] J. Swarbrooke, S. Horner, *Business Travel and Tourism*, Butterworth-Heinemann, Oxford 2001.

Business travel comprises individual business travel (presentations, consultations, one-to-one meetings), group meetings (seminars, conferences), incentive trips, exhibitions and corporate hospitality[4].

Business travel and tourism as a quite massive phenomenon is big business due to employees involved, expenditures, income generation, and frequency of the events being held. Therefore it is the core of the tourism market for many leading destinations. For many hotels, airlines, venues and for most travel agents, business travel is the very important sector (e.g. in terms of revenue) [5].

Business travel market consists generally of buyers-clients and/or intermediaries (e.g. variety of business travel agencies and/or travel management companies, specialist agencies (e.g. making bookings or organizing events on behalf of the companies they service) and suppliers (destinations, venues, transportation providers, accommodation and catering providers, education and training providers, or wide range of ancillary services, like recreation and leisure).

Considering the demand-side of the business travel market, there are three main groups of buyers, namely, corporate, association and public sector. In the case of corporate buyer (private sector enterprise) the way business travel (board meetings, annual general meetings, corporate hospitality, exhibitions, incentive travel, product launches, sales conferences, team-building activities and training courses) is purchased, vary between organizations (e.g. depending on size and policy) but there is of course no any particular legal frames or governmental regulations of that activity.

Association buyers is a term that covers a multitude of different types of professional, trade, an interest, belief, or hobby associations, charities, religious organizations, political parties or trade unions[6]. Most of these organizations are non-profit making but they normally have to cover their costs. They usually, therefore, have very clear budgets for business tourism events which they must not exceed. Decisions about character of the events organized are often made by a committee.

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[4] R. Davidson, B. Cope, *Turystyka biznesowa*, POT, Warszawa 2003.

[5] J. Swarbrooke, S. Horner, *op.cit*., p. 16.

[6] T. Rogers, *Conferences: A Twenty-First Century Industry*, Addison Wesley Longman 1998.

The public sector is also heavily involved in organizing business tourism events. A typology of business travel and tourism reveals of course a variety of different forms. Among those listed by Swarbrooke and Horner[7] following types of business travel correspond to public sector (not exhaustive list):

- government employees travelling in the service of the state, e.g. diplomats,
- major international congresses and conventions,
- military service at places other than one's normal base,
- exhibitions and trade fairs,
- student and teacher exchanges,
- training courses,
- local, regional and national meetings and conferences.

The public sector buyers are mainly central and local government, statutory agencies and public administration. The specific is that they are often operating on very tight budgets.

Business events are increasingly organized using specialist intermediaries to plan and manage whole undertaking. In the case of public sector initiators of demand, supplier or intermediary selection are strictly described in legal regulations because they spend public money.

Take, for example, Polish reality, where public sector buyers operate in accordance with the Act of 29 January 2004 public procurement law[8] (hereafter PPL). According to Article 3 item 1 of PPL obliged to apply this Act are generally the public finance sector units, state organizational units not having legal personality and other legal persons established for the specific purpose of meeting needs in the general interest, not having industrial or commercial character and some specific associations of the public finance sector entities. According to that low mentioned above, buyers act as *awarding entities* and intermediaries or suppliers are called *economic operators* – providing their tenders. The PPL on Article 2 item 5 defines the best (most advantageous) tender, as that one providing the most advantageous balance of price and other criteria relating to the object of the contract or the tender with the lowest price.

[7] J. Swarbrooke, S. Horner, *op.cit.*, pp. 40–41.

[8] Journal of Law of 2007, No. 223, item 1655 (Dziennik Ustaw 2007, nr 223, poz. 1655).

Public contracts, having their object services related to business travel, seem to consider something more than only price in best tender evaluation and selection process.

All in there are many specific aspects of purpose, which determine the nature of the products offered within category of business travel[9], but it seems that quality issues is of the greatest meaning for every business customer.

Suppliers and intermediaries acting on the behalf of suppliers should identify the most desirable criteria and their significance for the sake of tender procedure and to complete the most advantageous offer.

Despite the popularity and meaning of the business travel industry, little has been written on the business travel services demanded by public sector buyers in Poland.

The purpose of this study was to determine what criteria for evaluation of tenders were most frequently present in the public tendering contract notices concerning business travel and tourism services? And, how price, as a criterion, corresponds to other, non-price related criteria and their relative significance for tender evaluation in that case?

This study examined the content of contract notices published by public sector buyers in order to determine the evaluation and selection criteria of tenders concerning business travel related services.

1. Method

Those economic operators who want to compete for the award of a public contract, can get primal information from contract notices. Take, for example, open tendering where the awarding entity commences an award procedure by placing the contract notice in a accessible place in its seat and on its website, and (due to the contract value) in the Public Procurement Bulletin, in Official Journal of the European Union, Tenders Electronic Daily, national newspapers or in a different manner[10]. The contract notice, among others information, shall

[9] V. Middleton, J.R. Clark, *Marketing in Travel and Tourism Butterworth-Heinemann Linacre House*, Jordan Hill, Oxford 2001, p. 16.

[10] *The Act of 29 January 2004 – Public Procurement Law*, Journal of Law of 2007, No. 223, item 1655, article 40.

contain[11] name and address of the awarding entity; type of the contract award procedure; definition of the object of contract and of the volume or scope of the contract; description of the conditions for participation in the award procedure as well as description of how compliance with these conditions is evaluated; criteria for evaluation of tenders and their significance. That mandatory issue for public sector awarding entities revealed a basic research material for the purpose of this study.

The population for the study was limited to the contract notices placed in the Public Procurement Bulletin, Tenders Electronic Daily, newspapers and on the official websites by Polish public sector entities during the year 2008, and all recorded in electronic database archives with online access.

Search for contracts using database archives was performed by types of contract (service) and branch i.e. *Tourism, leisure, hospitality, sport, culture and art*. Over one thousand records was found, analyzed and then selection, on the basis of the subject (title), of those contract notices relating to the business travel and tourism services (i.e. organizing conferences, exhibitions, training courses, hospitality and travel tickets delivery), was performed.

Content analysis[12] was used to examine contract notices (n = 174), according to the tender evaluation criteria determined by every awarding entity. Tender evaluation criteria shall be price or price and other criteria linked to the object of the contract (e.g. quality, functionality, technical parameters, use of best available technologies with regard to the impact on the environment, exploitation costs, after-sales service and period of contract performance, but shall not pertain to the characteristics of the economic operator (e.g. its economic, technical or financial credibility[13]).

So, categories for content, based on the examined tender evaluation criteria and by their significance, were expected to be generally price-related and other non-price or quality related categories which would be revealed during the study.

The content of the contract notices concerning the tenders evaluation criteria was categorized by the researcher, then arranged in order of frequency measured.

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[11] *Ibidem*, article 41.

[12] R.P. Weber, *Basic Content Analysis*, 2nd Edition, Newburry Park, CA: Sage Publications 1990.

[13] *The Act of 29 January 2004 – Public Procurement Law...*, article 91.

2. Results

The results of the study are based on the 174 public contract notices. All analyzed public contract award procedure were open tendering type. The content categories were classified according to the frequency of appearance in contract notices examined in order to demonstrate public organizations preferred business travel policy/strategies. The content analysis of the contract notices revealed 20 main evaluation criteria which are grouped according to their frequency of appearance. Table 1 illustrates the most frequently used tender evaluation criteria that awarding entities determined for the sake of public contract procedure.

Table 1. The most frequently used criteria for evaluation of tenders by Polish public sector buyers in 2008 concerning business travel services

No.	Tender evaluation criteria (significance)	Frequency of appearance (%)
1.	Lowest price (100%)	80,5
2.	Price (50%)	5,2
3.	Price (90%)	4,6
4.	Accommodation and catering conditions	4,6
5.	Price (60%)	4,0
6.	Programme attractiveness	3,4
7.	Trainer competence and professional experience	3,4
8.	Ticket cancellation period available before departure	3,4
9.	Price (70%)	2,9
10.	Quality of service offered	2,3
11.	Execution of an agreement conception	2,3
12.	Optimal trip planning	2,3
13.	Price (40%)	1,1
14.	Service availability (weekly working hours)	1,1
15.	Tickets provision time	1,1
16.	Price (80%)	0,6
17.	Price (30%)	0,6
18.	Price (10%)	0,6
19.	Special equipment and materials available	0,6
20.	Systems and service functionality	0,6

Source: own research.

The results revealed that 97,7% public sector awarding entities utilized price-related evaluation criteria with significance over 50% and more (up to 100%). The lowest price was determined, as only tender evaluation criterion, by 80,5% of public awarding entities. Other price-related criteria appeared with different significance (e.g. 90%; 80%; 70%; 60%; 50%, 40%, 30%, 10%).

In regard to non-price related criteria *accommodation and catering conditions* was determined only in 4,6% of examined public contracts that is in 8 cases. The second-most-used non-price evaluation criteria were: *programme attractiveness*; *trainer competence and professional experience*; *ticket cancellation period available before departure* – all determined by 6 awarding entities. Further utilized criteria concerned *quality of service offered*, *execution of an agreement*, *optimal trip planning* (determined in 4 cases), *service availability*, *ticket provision time* (2 cases), and *special equipment and materials available*, and *systems and service functionality* – each were determined only by one awarding entity. In all, 25,1% of the information included in contracts notices could be classified as non-price related.

All of the examined public notices were devoted to one of the following type of business travel: meetings 22,8% (41 cases, e.g. conferences, training courses, etc.), accommodation and catering 12,8% (23 cases), transportation services and tickets provision 63,3% (114) – including 6 cases of hotel reservations as well- and exhibitions 1,1% (2 cases).

With reference to the public sector buyers examined, contract notices devoted to business travel services were placed by entities representing several ministries, military entities, universities, sporting unions, and even Office of the Chancellery of the President.

3. Discussion

According to the literature, one can assume that awarding entities not placing quality related evaluation criteria are missing an opportunity to meet expectations of business travellers. However, business tourists often pay more for the use of the same hotels as the leisure travellers, because business travellers often need, or at least demand, better quality services or extra specialist facili-

ties, compared to the leisure tourists[14]. Davidson and Cope indicate the business travellers needs in terms of service i.e. effectiveness and quality of the travel products purchased, convenience, comfort, reliability, stress-free travel arrangements and prompt resolution of any service failure[15]. Moreover, Burton[16] listed several criteria for evaluation of tenders in case of the best intermediary selection, i.e. ability to open a branch office at the awarding entity headquarters; level of discount; service quality confirmed by the service quality standards certificate (e.g. ISO 9002); response time and reservation time offered, elasticity of service; suitability of service to a given business travel policy, payment conditions, saving of time and money proposals considering business travel.

Taken as a whole the contract notices indicated that majority of the analyzed awarding entities has determined price as a main criterion with 100% or with only little lower significance.

From the entrepreneur point of view interested in public contracts, such as this attitude, when the lowest price is the only criterion of tenders evaluation in the most analyzed cases, makes hard to offer business travel and tourism services on generally required high level. The circumstances like that make possibility of an appearance of entities which deliver lower level services and somehow deteriorate the business travel market or with time all branch will be brought into disrepute.

However under some conditions the lowest price tender could be the most advantageous one. Such a situation requires from awarding entities quite precise description of public contract subject, service features (i.e. considering its quality and delivering project of an agreement to be accepted) or setting the conditions for participation in the award procedure as well as description of how compliance with these conditions is evaluated[17] (i.e. service quality confirmed by the service quality standards certificate), all above assure somehow that every economic operator involved offering lowest price is able to satisfy particular public entity's needs.

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[14] J. Swarbrooke, S. Horner, *op.cit.*, p. 10.

[15] R. Davidson, B. Cope, *op.cit.*, p. 38.

[16] J. Burton, "Business Development and Account Management" 1999, Vol. I, GBTA, London.

[17] *The Act of 29 January 2004 – Public Procurement Law*, Journal of Law of 2007, no. 223, item 1655, article 40, item 7.

This study shows also that awarding entities very seldom determined non-price related tender evaluation criteria. They did so, maybe because they weren't well prepared and were afraid of tendering procedure complication. The higher significance is given to non-price criteria, the higher complication of the procedure one could expected. Selection of higher priced tender without good explanation could be questioned due to e.g. unreasonable public spending. As we are generally conscious, that many public sector organizations operate on tight budgets, especially in the time of governmental cuttings due to financial crises, the best tender selection based only on lowest price criterion is somehow understandable.

Nevertheless, some of the entities examined during the study took advantage of the non-price criteria evaluating tenders due to higher expectations about conditions under which the business travel and tourism services would be realized, even if the higher price was expected and then accepted. Generally the suppliers and intermediaries operating on the business travel market are expected to deliver top level services. The features, like hospitality conditions, programme attractiveness, trainer competence and professional experience, ticket cancellation period available before departure, precise execution of an agreement, ticket provision time or systems and service functionality, all rise the price. That situation may induce awarding entity to select higher priced tender.

Lowest price as only criterion seems to be enough in the case of quite simple subjects of public contract but for specialized services-like inevitably business travel and tourism are – require specific level of service. The price supplemented with the remaining non-price criteria, has enabled awarding entities to select business travel services that meet their requirements, as buyer, and consumer needs.

This study has also identified other areas for further study. Research is needed on the public contract notices content to determine the conditions for participation in the award procedure as well as how compliance with these conditions is evaluated, especially concerning quality of service and tender credibility. Another area of research to be examined is the satisfaction of the customers using services delivered by economic operators when price was the only tender evaluation criterion.

CZY COŚ POZA CENĄ MA ZNACZENIE? KRYTERIA OCENY OFERT W ZAMÓWIENIACH PUBLICZNYCH NA USŁUGI TURYSTYKI BIZNESOWEJ

Streszczenie

Podróże służbowe i turystyka biznesowa to obecnie duży rynek, na którym działają hotele, obiekty konferencyjne, linie lotnicze i wyspecjalizowani pośrednicy. Na rynku tym funkcjonują głównie trzy typy nabywców: korporacyjni, stowarzyszenia i podmioty z sektora publicznego. W przypadku tych ostatnich istnieje konieczność organizowania publicznych przetargów w celu wyłonienia najkorzystniejszej oferty na podstawie określonych wcześniej w ogłoszeniu kryteriów.

Badaniem objęta została treść ogłoszeń o przetargach, opublikowanych w roku 2008 przez krajowe podmioty sektora publicznego, dotyczących zamówień na usługi w zakresie turystyki biznesowej, w celu określenia, jakimi kryteriami oceny kierowali się najczęściej zamawiający i w jakiej relacji pozostawały kryteria cenowe do innych kryteriów niezwiązanych z ceną.

Wyniki przeprowadzonych badań ujawniły, iż znakomita większość podmiotów publicznych w postępowaniach przetargowych kierowała się najniższą ceną, nadając im największą wagę. Nie wykorzystywano więc możliwości oceny ofert przetargowych według kryteriów jakościowych czy funkcjonalnych, które wydają się być istotne z punktu widzenia cech produktów turystyki biznesowej i zadowolenia konsumentów – osób podróżujących służbowo.

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SHOPPING TOURISM OF GERMAN CONSUMERS IN SZCZECIN AND SURROUNDINGS IN LIGHT OF THE LATEST RESEARCH

Introduction

Tourism is regarded as one of the most important sectors of the economy nowadays. Factors such as globalization, access to different means of transport and vanishing European borders create favourable conditions for tourism to develop. Shopping tourism – a part of leisure tourism, plays an important role in the West Pomerania due to its Polish-German border location.

Shopping tourism has been associated with Eastern-European socialist economies over recent decades, when people from Eastern-block countries were travelling abroad to buy goods which were not available in their home countries. However, it is now observed that shopping tourism has become an important activity within the European Union countries and has been proceeding in different directions. The increase of shopping tourism of German consumers in Poland,[1] which was initiated by the accession of Poland to the European Union and the opening of the borders, has contributed to the success of shops and services like hairdresser's, dental practices or SPA situated in the Western Pomeranian Region. German consumers choose Polish shops which meet their expec-

[1] This should not be confused with the Germans who visit the West Pomerania (especially the seaside) during the summertime.

tations. These are shops which guarantee, apart from the high quality of goods or services and low price, German speaking staff, signs in German language and location near main roads leading to the border with Germany.[2]

For businesses to maintain this spending, it is crucial to know who their target customers are and to be able to expand their products and services to satisfy consumers' needs. Therefore The Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin, together with the Northern Chamber of Commerce in Szczecin have conducted four pieces of research concerning German consumers' preferences from 2004 to 2007[3] and most recently in 2009. Thanks to the results of the survey, entrepreneurs from the Western Pomeranian Region can gain practical knowledge about German visitors' shopping behaviour and expectations. The latest research conducted in 2009[4] deserves more attention because the results showed that a decreasing proportion of German shoppers who declare regular trips to Poland. To analyse this situation, it is worth comparing the results of the previous surveys conducted in 2004–2007 with the latest piece of research.

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[2] J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 01.07 to 30.08.2004 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres, smalls shops and markets in Szczecin and surroundings covering a sample of 200 Germans.

[3] *Ibidem*; J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 20.07 to 10.08.2005 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness form the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres, smalls shops and markets in Szczecin and surroundings covering a sample of 300 Germans; J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 18.09 to 30.09.2006 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres in Szczecin (*Galaxy*, *Ster*) and Dołuje marketplace covering a sample of 380 Germans; J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 16.07–24.07.2007 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres in Szczecin (*Galaxy*, *Ster*) and Dołuje marketplace covering a sample of 500 Germans, under the patronage of Central Statistical Office in Szczecin.

[4] J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 01.08–09.08.2009 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres (*Galaxy*, *Ster*) and Dołuje marketplace covering a sample of 464 Germans.

1. Shopping tourism as a form of leisure tourism

In the classification of the tourism movement shopping tourism is regarded as a form of leisure tourism, which consists of:[5]

- agro tourism,
- maritime tourism,
- entertainment tourism,
- shopping tourism,
- clubbing/party tourism,
- sex tourism.

According to the available literature shopping tourism is defined as tourist trips, where the main aim is to purchase goods and services (excluding tourist services). The essence of shopping tourism should be connected with the main reason of undertaking the trip. This is buying goods or products due to their originality, diversity or lower price or recreation in specific places, like shopping centers or marketplaces. But so called "shopping motive" is not restricted only to retail trade, but also covers the use of a variety of services, like dentists', hairdressers', beauticians' etc.[6]

Nevertheless, "shopping tourism" should not be confused with "tourists' shopping". Shopping and food expenditure represent a vast part of visitor spending in those countries / areas, which have tourist attractions. The importance of shopping and dining out provides a significant opportunity for retailers and restaurant operators to generate additional income. Therefore "tourists' shopping" means all purchases made by the people who came to a concrete place with the explicit aim of sightseeing. As opposed to shopping tourism, which is defined as travelling abroad with the aim to buy goods, which usually are difficult to unavailable, difficult to find, or inordinately expensive in one's home country, for personal use or reselling to compatriots.[7]

Shopping tourism usually takes place in urban and suburban areas, where big shopping malls, shopping districts or marketplaces are located. Shopping tourism is also typical for cross-border regions and duty-free zones, e.g. ferry

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[5] *Turystyka*, ed. W. Kurek, Wydawnictwo Naukowe PWN, Warszawa 2007, p. 196.

[6] Compare to: *ibidem*, p. 248.

[7] Compare to: A. Wessely, *Cultural Studies*, Vol. 16, No. 1, 1 January 2002, Routledge Taylor & Francis Group, p. 13.

cruises in international waters.[8] It is worth noting that shopping centres have been playing a more and more important role in shopping tourism recently. They are tourist attractions themselves and are treated as a form of spending spare time for whole families because they offer, apart from retail stores and supermarkets, restaurants, hairdressers' and entertainment such as movies, ten-pin bowling, childrens' playgrounds, concerts, competitions etc.

2. Selected findings of the survey

Low prices are still the most significant reason why Germans come to Szczecin and surroundings to do shopping (almost 63% of responses). To confirm this, over 46% of respondents indicated that that a high exchange rate of EUR to PLN is the most frequent impulse to go shopping in Poland. Less important is the greater choice of products and services (22,9%) and the quality (approximately 7%) – see figure 1. Lower prices have been playing a decisive role since 2004, which confirms the essence of the definition of shopping tourism – travelling abroad in order to buy cheaper goods.

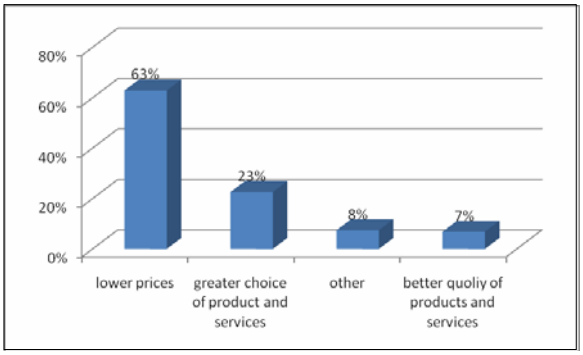

Fig. 1. Main factors determining the shopping tourism of Germans in Szczecin and surroundings in 2009

Source: own study based on the survey: J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 01.08–09.08.2009 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres (*Galaxy*, *Ster*) and Dołuje marketplace covering the sample of 464 Germans.

[8] This was practiced on the Oder Mouth where a ferry with a duty-free shop on board used to cruise between Polish Nowe Warpno and German Altwarp.

From the retailers' point of view it is important that German consumers believe the quality of service in the shops and service units in Szczecin and surroundings have improved recently – 41,4% of respondents declared this, while in the previous research the proportion of this kind of response oscillated around 23%. Nearly 36% admitted that it remained at the same level as in the past. Only 7,2% pointed out deterioration and approximately 16% could not define it.

Even though German consumers appreciate Polish quality of service, unfortunately they seem to come to Szczecin and surroundings more seldom than in the past. The findings of the latest survey conducted in 2009 show that compared to the previous years a lower proportion of German clients declared regular shopping in Poland at least once a month. The highest proportion of German consumers' arrivals was reported in 2004 – 82%. In the following years this proportion started to fall, but in 2006 and 2007 remained constant – 37%, while in 2009 it dropped to 32% – see figure 2.

As far as the factors determining the choice of shops are concerned, the latest survey shows that the service provided by German-speaking staff is still very important – almost 42% of answers. Over 36% indicated location near the German border. For almost 26% prices of sold goods are crucial and for nearly 23% the availability of a secured parking. It is worth underlining that these results covered the most frequent responses obtained in the previous surveys. The only difference was reported in the order – in the past a higher proportion of German shoppers paid attention to low prices and a secure parking facility. This can be explained by a change in Germans perception of the Polish reality. They are used to an advantageous exchange rate and low prices and probably less afraid of car theft.

German shoppers were also asked about the source of information which had the greatest influence on their choice of the shops and service points in Szczecin and surroundings. Still, compared to the previous surveys, the most powerful is the friends' recommendation – over half of the respondents declared this (this index exceeded 50% in 2004–2007 research). Most of the surveyed German consumers declared that they do their shopping in the same place – over 61%. Almost 31% didn't and 8% chose "it's hard to say".

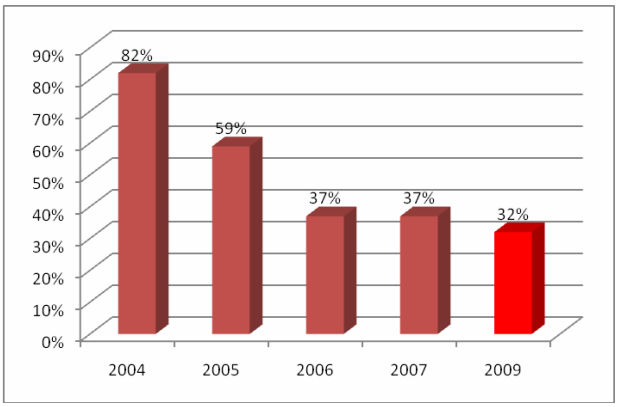

Fig. 2. Proportion of German consumers doing shopping in Szczecin and surroundings at least once a month in 2004–2007 and 2009

Source: own study based on the surveys: J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 01.07 to 30.08.2004 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from The Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres, smalls shops and markets in Szczecin and surroundings covering a sample of 200 Germans; J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 20.07 to 10.08.2005 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness form the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres, smalls shops and markets in Szczecin and surroundings covering a sample of 300 Germans; J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 18.09 to 30.09.2006 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres in Szczecin (*Galaxy*, *Ster*) and Dołuje marketplace covering a sample of 380 Germans; J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 16.07–24.07.2007 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres in Szczecin (*Galaxy*, *Ster*) and Dołuje marketplace covering a sample of 500 Germans, under the patronage of Central Statistical Office in Szczecin; J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 01.08–09.08.2009 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres (*Galaxy*, *Ster*) and Dołuje marketplace covering a sample of 464 Germans.

German clients prefer to do their shopping in both shopping centres (47% responses) and marketplaces (46,3%). The least popular are small shops (5,8%) and other places – 1%. It is interesting that since 2004 Germans have changed their preferences concerning the place where they usually do their shopping. After the accession of Poland to the European Union Community, German clients were eagerly visiting the Western Pomeranian marketplaces, especially those situated near to the Polish – German border (over half of the German clients were choosing marketplaces in the survey conducted in 2004). After getting used to the Polish reality and feeling assured of their safety in Poland, they started to go further to Szczecin in order to find shopping centres, which have become the most popular destination of German consumers in 2006 and 2007. Now is seems that marketplaces and shopping centres have a comparable proportion of regular customers – see figure 3.

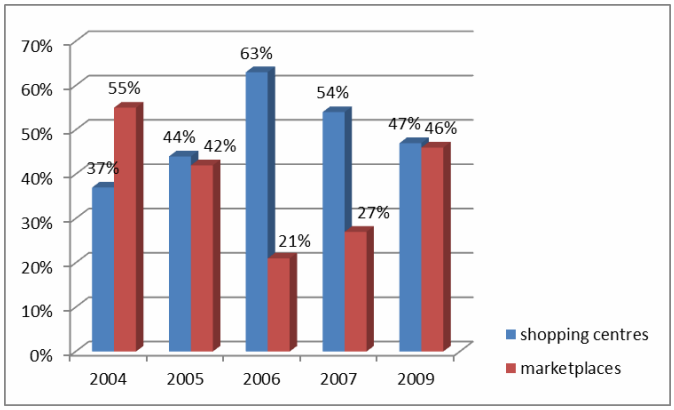

Fig. 3. The most popular shopping destinations of German shoppers in Szczecin and surroundings in 2004–2007 and 2009

Source: own study based on the surveys: J. Markiewicz, *Analysis of German consumers' preferences…, 2004, 2005, 2006, 2007, 2009.*

As far as the most popular type of Polish goods are concerned, German clients declared that they buy mainly food (64,2%), petrol (43,1%), clothes (15,5%) and cosmetics (11,9%). The findings are similar to those obtained in the previous surveys. This refers also to the services chosen by Germans. Since

2004 they have often been to Polish hairdresser's or beauty salons (33%) and eaten in Polish restaurants (49%).

It is worth analysing the portrait of average German consumers coming to Szczecin and surroundings for shopping. It is very interesting that the majority of respondents cover a distance of over 100 km to get to shops in Szczecin and surroundings. Almost 24% travel between 50 and 100 km – see figure 4. Germans were also asked about the name of the city/town where they came from. Those, who gave the answer, usually pointed out Neubrandenburg, Berlin and Rostock.

An average German consumer who does shopping in Szczecin and surroundings is in the 40 to 50 age bracket, earns within the range of 1001–2000 EUR (per month) and has vocational education.

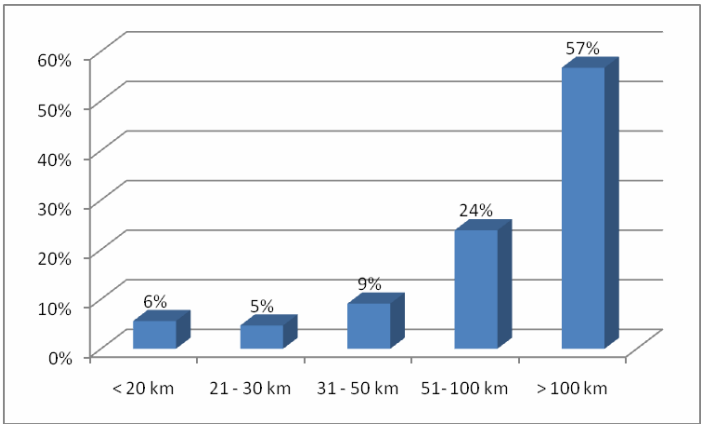

Fig. 4. Distance covered by German consumers who shop in Szczecin and surroundings in 2009

Source: own study based on the survey: J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 01.08–09.08.2009 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres (*Galaxy*, *Ster*) and Dołuje marketplace covering a sample of 464 Germans.

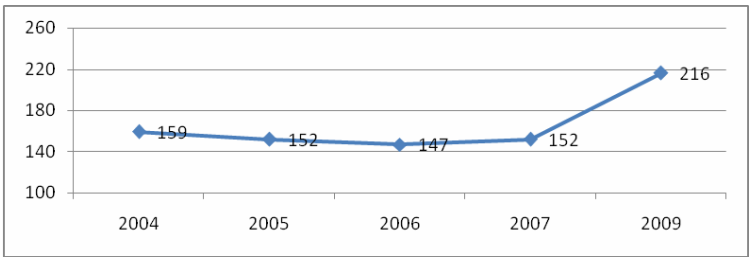

Fig. 5. Average amount of money spent by a German consumer during one day shopping in Szczecin and surroundings in 2004–2007 and 2009 (in EUR)

Source: own study based on the surveys: *Analysis of German consumers' preferences…, 2004, 2005, 2006, 2007, 2009*.

What is more, an average respondent spent 216 EUR during one day shopping in Szczecin and surroundings. Positively, the amount of spending on average has increased since the last survey was conducted – see figure 5. It is worth distinguishing the German shoppers considering the place where they usually do their shopping. It appears that the most prosperous go to *Galaxy* shopping centre – their average wages exceed 2000 EUR per month and they tend to spend 358 EUR for their shopping. It should be added that this is also the youngest group of German consumers – an average shopper is younger than 30 years old. Less wealthy and older Germans chose *Ster* shopping centre or marketplace in Dołuje.

3. Conclusions on the future of German shopping tourism in Szczecin and surroundings

According to the findings of the surveys *Analysis of German consumers' preferences* conducted in 2004–2007 and in 2009, the results have clearly proven that that lower prices have been a prime motivation for Germans to do shopping in Szczecin and surroundings for the last years. Proximity to the German border, availability of shopping centres, lower prices and an attractive exchange rate of EUR to PLN contribute to the development of German shopping tourism in Szczecin and surroundings. Therefore it is essential to consider why a lower proportion of German consumers have been regularly coming to Szcze-

cin and surroundings since 2004? This brings another question: what is the future of German shopping tourism to Szczecin and surroundings especially in the prospective of the accession of Poland to the European Monetary Union and the equality of prices?

Optimistically, the findings of the latest survey showed that German consumers spent more money than they used to spend a few years ago. They are also more satisfied with the quality of customer service, which they can experience in shops and service points in Szczecin and surroundings. But despite this and a high exchange rate of EUR to PLN[9], Germans do not visit Szczecin as often as in the past. Moreover, the prices have not increased significantly and they are still lower than in Germany.

One can conclude that Szczecin and surroundings have become less attractive for German consumers. If typical shopping tourism factors no longer work on German shoppers, maybe the solution would be to perceive Germans not only as a shoppers, but also typical tourists. This means to depart partially from the shopping tourism approach to the tourists' shopping approach. Less effective price competition should be gradually replaced by strengthening tourist factors, which could attract more German and other foreign visitors. This subject has a wider scope, which involves the matters such as:

- the strategy and the brand of Szczecin,
- convenient transportation system linking Szczecin with German cities (e.g. with Berlin),
- safety,
- ecology,
- open society.

As far as the strategy and the brand-building processes of Szczecin are concerned, it is worth noticing that the latest vision of the brand of Szczecin called "Floating garden 2050"[10] assumes strong direction towards ecology and modernity, which should affect all municipal investments. Even though the vision has aroused a lot of controversy among citizens, politicians and business groups, the latest survey *Analysis of German consumers' preferences 2009* referes to this vision. In the questionnaire there was a question: *What do you asso-*

[9] At the time of the latest research, the Exchange rate was 1 EUR = 4,13 PLN (average exchange rate by NBP).

[10] *Szczecin Floating Garden 2050*, see: http://www.szczecin.eu/marka/strategia_marki.

ciate Szczecin with? The aim of this question was to gain the knowledge on the Germans' opinion about Szczecin.

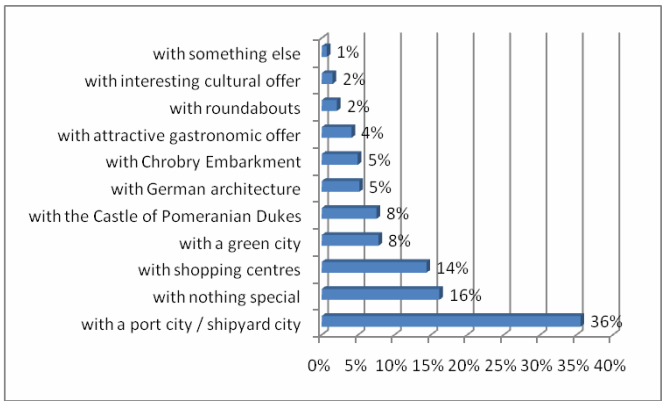

Fig. 6. The associations of Szczecin in Germans consumers' opinion, 2009

Source: own study based on the survey: J. Markiewicz, *Analysis of German consumers' preferences* – research conducted from 01.08–09.08.2009 by the Northern Chamber of Commerce in Szczecin and the Chair of Innovation Effectiveness from the Faculty of Management and Economic of Services of the University of Szczecin in the shopping centres (*Galaxy*, *Ster*) and Dołuje marketplace covering a sample of 464 Germans.

The most frequent responses gave rather pessimistic picture of the city, which is mainly associated with the port, shopping centres and nothing special. Moreover, Germans were also asked about their opinion as potential tourists in Szczecin, if the Floating Garden vision reflects their associations of Szczecin. Almost half of respondents could not give the answer, nearly 35% agreed and 15% did not. Taking into account the small proportion of answers associating Szczecin with a green city and the fact that around 65% could not or did not associate Szczecin with Floating Garden Strategy brings the conclusion that the new brand would not be easily identified by German visitors.

Summing up, the process of departing from the shopping tourism approach to the tourists' shopping approach will be neither short nor easy, but will demand the engagement of local authorities and business. The same with the

brand-building process, which is usually a long-term process and demands, first of all, the change in awareness of citizens themselves.

TURYSTYKA ZAKUPOWA NIEMIECKIEGO KONSUMENTA DO SZCZECINA I OKOLIC W ŚWIETLE NAJNOWSZEGO BADANIA

Streszczenie

W artykule oparto się na wynikach badań przeprowadzonych przez Północną Izbę Gospodarczą w Szczecinie wraz z Katedrą Efektywności Innowacji Uniwersytetu Szczecińskiego. Dzięki badaniom prowadzonym w latach 2004–2007 oraz ostatniemu badaniu z 2009 roku uzyskano istotne informacje na temat preferencji zakupowych Niemców przyjeżdżających do Szczecina i w okolice. Porównanie wyników badań z lat 2009 i 2004 pozwoliło na zaobserwowanie zmian, jakie w tym czasie nastąpiły. Wiedzę tę mogą w praktyce wykorzystać zarówno przedsiębiorcy działający w regionie, jak i władze samorządowe do kształtowania polityki regionalnej i strategii rozwoju. W artykule wskazano ponadto na istotę turystyki zakupowej oraz aktywności zakupowej turystów w kontekście kreowania marki Szczecina i okolic.

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CONCEPT OF A BRAND TOURIST PRODUCT OF THE BORDER ZONE

Introduction

Increased importance of the economic potential in the world contributed to increased functions of marketing and its adaptation for the new role it should play. Interest in marketing results from the fact that it is regarded among the basic instruments of management, which mainly influence the size of the global market and its behavior.[1]

Numerous data published by the UNWTO shows that tourism is one of the most dynamically growing economic sectors. In case of both domestic and foreign tourism, high sensitivity to the global economic situation can be observed in Poland, as well as e.g. related fluctuations in currency exchange rates. Hence, one of the ways to maintain the worldwide growing tendency for the number of tourist trips is more attention paid to the quality and innovative features of the tourist offer. Examples of actions aimed at this include development of brand tourist products.[2]

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[1] V.T.C. Middleton, *Marketing w turystyce*, National Tourism Promotion Agency, Warsaw 1996, p. 3.

[2] The strategic documents which point to the need and directions of development of brand tourist products are: *Strategy of Development of the National Tourist Product for Years 1996 –2011*; *National Development Plan for Years 2003–2006*; *National Development Plan for Years*

The aim of this article is to present a suggested process of developing a brand tourist product and the concept, developed basing on that process, of a brand tourist product of the border zone. Prior to realization of this aim, the notions of border zone and border zone tourism have been defined.

1. Border zone, border zone tourism – definitions

As the term "tourism" is frequently defined in reference books, describing its general meaning should not raise any doubt; all that may change depending on the needs is its range and capacity. Interchangeable use of notions like: border, near-border, cross-border area causes some confusion in terminology and results in insufficient recognition of the related phenomena and unambiguous definition of Polish notions **"strefa przygraniczna"** (**border zone**) and **"turystyka przygraniczna"** (**border zone tourism**). Thus, in order to classify the notions to some extent, they should be carefully analyzed.

Borderline (**pogranicze**) is described as an area located near the border dividing two regions; it can also be an area near the border of a country, which is also called **near-border area** (**obszar nadgraniczny**).[3] **Borderline area** (**obszar pograniczny**) is therefore a territory situated on both sides of the border, whereas **near-border area** (**obszar przygraniczny**) is a territory situated only on one side of the country border.[4]

T. Studzieniecki describes **near-border area** (**obszar nadgraniczny**) as ethnically and culturally diverse part of the country's territory situated on its edges near the border (area located within one country. **Near-border zone** (**strefa nadgraniczna**) covers the whole „area of communes at the country's

2007–2013 and Directions of Development of Tourism until 2015. The matters related to brand products in border zones of particular provinces also appear in local, regional and provinces' strategies of development.

[3] *Mały słownik języka*, ed. S. Skorupka, H. Auderska, Z. Łempicka, Polish Scientific Publishers, Warsaw 1968, p. 589.

[4] See: M. Więckowski, *Przyrodnicze uwarunkowania kształtowania się polsko-słowackich więzi transgranicznych*, PAN, IGiPZ, Geographic Publications No. 195, Warsaw 2004, p. 25; R. Prokop, *Charakterystyka i typologia pogranicza polsko-czeskiego pod względem potencjalnej aktywności i zainteresowań integracyjnych*, in: *Strefa pogranicza Polska–Czechy. Procesy transformacji i rozwoju*, State Research Institute, Silesian Institute in Opole, Opole 1996, pp. 39–45; A. Stasiak, *Badania pogranicza jako ważny element koncepcji zagospodarowania przestrzennego*, in: *Strefa pogranicza...*, pp. 9–13.

border or – at the sea border – along the shoreline. If the width of the so-defined near-border zone does not exceed 15 km, the area of communes adjacent to those at the border or along the shoreline is included in that zone.[5] T. Studzieniecki describes the area situated on both sides of the border using the notion of **borderline area** (**obszar pograniczny**). The notion **cross-border area** (**obszar transgraniczny**) or **area of cross-border cooperation** (**obszar współpracy transgranicznej**) is used in case of existing cooperation in the borderline area. Institutionalization of a cross-border area creates a new type of region, that is **euroregion**.[6] Thus, a **cross-border area** (**region**) covers entities linked with administrative and socio-economic relations on both sides of the border.[7] In terms of the territory, therefore, a cross-border area is a region belonging to two or more countries on both sides of the border.

To sum up, the notion of a near-border area, refers to the zone along the border between countries, but within one of these countries. The notion of a borderline or cross-border area, in turn, refers to the area on both sides of the border between countries, with the border running through it. Thus, a cross--border area consists of at least two near-border areas, one of each neighboring countries.[8]

There is also an issue of determining the width of a border zone. For the needs of euroregions, which are undoubtedly located within border zones, a belt 20–30 km wide has been distinguished. However, the Regulation (CE) No 1931/2006 of the European Parliament and of the Council of 20 December 2006, laying down the rules on local border traffic at the external land borders of the Member States and amending the provisions of the Schengen Convention, set the width of a border area to 30 km with a possibility of its extension to 50 km (art. 3).[9]

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[5] T. Studzieniecki, *Euroregiony jako obszary współpracy transgranicznej w Polsce*, in: *Gospodarka turystyczna wobec integracji i rozszerzenia się Unii Europejskiej*, ed. K. Sikora, D. Makiła, Scientific Journals of WPSTIH in Bydgoszcz No. 3, Higher School of Tourism and Hotel Industry, Bydgoszcz 2003, p. 43.

[6] T. Studzieniecki, *Turystyka transgraniczna – próba definicji i interpretacji*, in: *Unia Europejska a przyszłość polskiej turystyki*, Warsaw School of Economics (SGH), Institute of Tourism, Warsaw 2003, p. 324.

[7] M. Więckowski: *op.cit*., p. 25.

[8] A. Nitkiewicz-Jankowska, *Koncepcja markowego produktu turystycznego strefy przygranicznej województwa śląskiego*, Typescript of the doctoral thesis, Faculty of Management and Economics of Services of University of Szczecin, Szczecin 2009, p. 118.

[9] Official Journal of the European Union (L) No. 405/2006.

The **border zone** can thus be defined as an area situated within one country not further than 50 km away from the border. The area within a border zone allows for the type of tourism called border zone tourism. **Border zone tourism** is "the whole of relations and phenomena related to travel and stay of people traveling for various purposes (except for travels whose main reason is business activity or permanent stay in a visited location), as well as personal contact with the visited environment (natural, cultural or social), particularly including economic and social interactions between organizers of tourism, direct service providers, local residents and tourists" within the delimited border zone.[10]

2. Marketing concept in tourism

Basing on the definitions existing in the reference books, **marketing concept**[11] can be defined as "a peculiar philosophy of action creating the basis of socio-economic processes, consisting mainly in describing the demand profile of products, which can help (using marketing tools) to develop, market and strengthen consumers' awareness of products (both new and already existing) that meet their needs, and consequently contribute to gaining profits and getting ahead of competitors".[12]

V.T.C. Middleton points to various approaches to the role of marketing depending on various points of view of parties interested in commercial interaction, that is the customer and the producer.[13]

Because of mutual, frequently very complex, interactions between various entities, marketing of services requires different kinds of marketing methods, not only classic external marketing, but also internal marketing (based on the idea of relationship marketing created as a result of changing conditions of

[10] A. Nitkiewicz-Jankowska, *op.cit*., p. 79.

[11] See: Ph. Kotler, *Marketing. Analiza. Planowanie. Wdrażanie i kontrola*, Felberg SJA Publishing House, Warsaw 1999, p. 6; *Podstawy marketingu*, ed. J. Altkorn, Institute of Marketing, Krakow 2004, pp. 33–35; T. Kramer, *Marketing*, Katowice School of Economy, Katowice 1983, p. 17; *Kompendium wiedzy o turystyce*, ed. G. Gołembski, Polish Scientific Publishers, Warsaw–Poznań 2002, pp. 13–14; T. Kramer, *Podstawy marketingu*, Polish Economy Publishing House, Warsaw 2000, p. 9, 11.

[12] A. Nitkiewicz-Jankowska, *op.cit*., p. 22.

[13] V.T.C. Middleton, *op.cit.*, pp. 13–14.

functioning of companies in the times of globalization) and interactive marketing.[14]

Service marketing found wide use for the **concept of the marketing mix**, which is a collection of marketing tools used for achieving the assumed marketing objectives in the target market. The concept distinguishes a number of tools, initially described as 4P (*product*, *price*, *place* and *promotion*),[15] and later extended with another important element, that is *personnel*.[16] A. Payne adds three additional elements to the extended aspect: customer service, people and processes.[17] The four basic elements of the marketing mix, plus personnel and service process (technology of service, work efficiency, organization of service process) could be further extended with the material evidence (the look of the place, the look and location of service points, material goods in use). Along with the increasing purchasing awareness of customers, which resulted in increased requirements and the change of their sensitivity to marketing activities, the last few decades have seen changes in the use of particular instruments of the marketing mix.[18]

In the times of growing competition, the customer is an essential element of the global market, and the most important objective for the other parties of that market is to meet the customer's needs and ensure satisfaction with the purchased goods and services.

Cooperation of the tourist sector and self-governments at the local level should provide appropriate climate which will be recognized not only by local residents, but first of all by tourists. In case of tourism it is also necessary to work out a consistent system of economic tools encouraging cooperation in

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[14] See: B. Żurawik, W. Żurawik, J. Perenc, *Istota marketingu*, in: *Podstawy marketingu. Problemy na dziś i jutro*, ed. J. Perenc, University of Szczecin, Szczecin 2008, pp. 17–18; R. Furtak, *Marketing partnerski na rynku usług*, Polish Economy Publishing House, Warsaw 2003, pp. 21–22; *Marketing usług*, ed. A. Styś, Polish Economy Publishing House, Warsaw 2003, p. 75; T. Żabińska, *Marketing w rozwoju turystyki w regionach przygranicznych. Podejście relacyjne*, in: *Turystyka i gospodarka turystyczna w Polsce na tle procesów integracji europejskiej*, ed. A. Rapacz, Publishing House of Wrocław University of Economics, Wrocław 2003, pp. 130 –136.

[15] Ph. Kotler, *op.cit*., p. 89.

[16] *Marketing usług turystycznych*, ed. A. Panasiuk, Polish Scientific Publishers, Warsaw 2005, p. 68.

[17] A. Payne, *Marketing usług*, Polish Economy Publishing House, Warsaw 1997, p. 45.

[18] G. Rosa, *Działania marketingowe jako obszar konkurowania w usługach w świetle trendów zachowań konsumentów*, in: *Marketing przyszłości*..., pp. 234–236.

developing regional products, and to create the database-driven system of marketing information. The most important marketing objective for the regional community, especially in border zone regions, is development of strong and long-lasting relations between all entities and representatives of the local government, acting as a peculiar catalyst converter of all actions in the region.[19]

3. Brand tourist product

Tourist product is "everything a tourist buys that is related to a tourist trip, which includes both a set of goods and individual services as well as the package of related services, which are consistent and complementary, aimed at meeting the needs during planning a trip, the journey itself and the stay at the place of tourist reception".[20] The quality[21] of the service, which is frequently a subjective and relative category (thus contributing to the ambiguous definition and accuracy)[22] influences the possibility to develop a brand tourist product.

Brand in itself is a bundle of values and brand management dealing with external perception or concentration on the brand meeting customers' needs has become irrational, as the rapid growth of the service sector requires a more balanced approach (considering not only customers, but also employees). The success of brand products in the market results not only from their functional and emotional values, but mainly from the fact that they improve the standards of life.[23] Thus, the claim that "customers buy a product but choose a brand"[24] seems very accurate.

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[19] T. Żabińska, *op.cit*., pp. 130–136.

[20] See: A. Nitkiewicz-Jankowska, *op.cit*., pp. 121–137.

[21] **Quality** – is a set of properties and values of a given product of service, whose composition makes it distinguishable fro others, and the degree of satisfaction of customer's needs and demands is at a particular level. See: *ibidem*, p. 53.

[22] *Kompendium*..., pp. 368–369.

[23] L. Chernatony, *Marka. Wizja i tworzenie marki*, GWP Publishing House, Gdańsk 2003, pp. 19–21.

[24] M. Zboralski, *Nazwy firm i produktów. Marketing bez tajemnic*, Polish Economy Publishing House, Warsaw 2000, p. 29.

The most common definition of a **brand** describes it as a name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller and to differentiate them from those of competitors.[25]

Brand can therefore be defined as a bundle of offered functional benefits enhanced with additional values making the products easily recognizable for customers and distinguishable among competing offers, which allows for meeting the needs at a particular level of quality".[26]

Adjusting the product for current and future needs and requirements of customers may be called the product strategy which, besides the product, also consists of the brand.[27] Brand development should be preceded by describing the profile of product, which includes quality, the property that makes it possible for so-called brand products to be developed and function.

In case of tourist regions or areas of tourist destination, development of the **brand of the region** (or brand tourist products) and its positive image is related to a number of decisions and actions taken at the level of the local self-government. These actions will help to achieve a highly competitive position of a region by means of: easier accessibility of various external benefits, stronger attraction of investors, intensification of actions of local authorities for improvement of the conditions for companies functioning in the region.[28]

The marketing concept of development of brand tourist product should use actions characteristic for territorial marketing, which has a large impact on the growth of local tourist economy and may contribute to increased standards of life in a tourist region. One of the objectives of territorial marketing is creation of proper organizational culture and proper system of territorial connections,

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[25] See: Ph. Kotler, K.L. Keller, *A framework for marketing management*, Pearson Prentice Hall, New Jersey 2009, p. 151; Ph. Kotler, *Marketing*..., p. 410; J.Ch. Holloway, Ch. Robinson, *Marketing w turystyce*, Polish Economy Publishing House, Warsaw 1997, p. 118; H. Mruk, *Zarządzanie marką*, Poznań School of Management and Banking, Forum Naukowe Publishing House, Poznań 2002, p. 13; H. Mruk, I.P. Rutkowski, *Strategia produktu. Marketing bez tajemnic*, Polish Economy Publishing House, Warsaw 1999, p. 61; T. Kramer, *Podstawy*..., p. 107.

[26] A. Nitkiewicz-Jankowska, *op.cit*., p. 38.

[27] H. Mruk, I.P. Rutkowski, *op.cit*., p. 14.

[28] B. Meyer, *Kształtowanie wizerunku regionu turystycznego jako element tworzenia przewagi konkurencyjnej*, in: *Marketing przyszłości. Trendy – Strategie – Instrumenty. Media w kreowaniu wizerunku*, Scientific Journals of University of Szczecin No. 414, Szczecin 2005, p. 720.

that is use of some rules typical of relationship marketing (aware activities in the market connected to the relation with the customer).[29]

Product brand plays a very important part in the marketing concept of the region of tourist destination, as it helps to improve its image and additionally allows for creation of a competitive offer on the market which results in further economic, social and political consequences.

Very important part in the marketing concept of development of the brand tourist product is played by entities involved in creation of the tourist function of a region. These entities include: tourist companies, local and regional authorities, institutions of the market environment (occurring as partners of both private and public sectors, whose main objective is to support the processes of economic growth of a region), tourist administration and inhabitants of a region.[30] Use of territorial marketing with proper marketing tools by self-governments allows for development of the tourist function of a region, whose main role is to shape the image of the brand of a tourist region.[31]

Availability of brand tourist products, both in the spatial and local or linear aspect, is the most efficient form of promotion[32] of a region, which may become a competitive region.

4. The concept of a brand tourist product of the border zone[33]

While developing a brand tourist product, a concept should be used which can then be developed into a strategy so as to achieve a product which, following acceptation from recipients, could be called a brand product.

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[29] A. Niezgoda, *Marketing terytorialny w regionie turystycznym*, in: *Gospodarka turystyczna. Turystyka i gospodarka turystyczna w Polsce na tle procesów integracji w Europie. Euroregionalizacja. Konkurencyjność. Marketing*, ed. A. Rapacz, Publishing House of Wrocław University of Economics, Wrocław 2005, p. 73, 76–77.

[30] P. Zmyślony, *Koncepcja systemu turystyki w regionie jako podstawa programowania rozwoju regionów turystycznych*, in: *Turystyka w ujęciu podmiotowym i przestrzennym. Człowiek – Przestrzeń – Przedsiębiorstwo*, ed. G. Gołembski, Publishing House of Poznań University of Economics, Poznań 2006, p. 182.

[31] B. Meyer, *op.cit*., p. 721.

[32] D. Malinowska, *Markowe produkty turystyczne szansą wykreowania danego obszaru na przykładzie Puszczy Białowieskiej*, in: *Markowe produktu turystyczne*..., p. 114.

[33] See: A. Nitkiewicz-Jankowska, *op.cit*., pp. 138–148, 253–271.

A marketing concept of a tourist product of a region needs a lot of information regarding the place of tourist reception to be collected and processed according to an ordered scheme. The scheme, which could be described as "a process of development of a brand tourist product of the border zone" (fig. 1), gives a kind of directives which will cause the marketing concept of a brand tourist product for a given area to acquire justifiable strategy of actions.

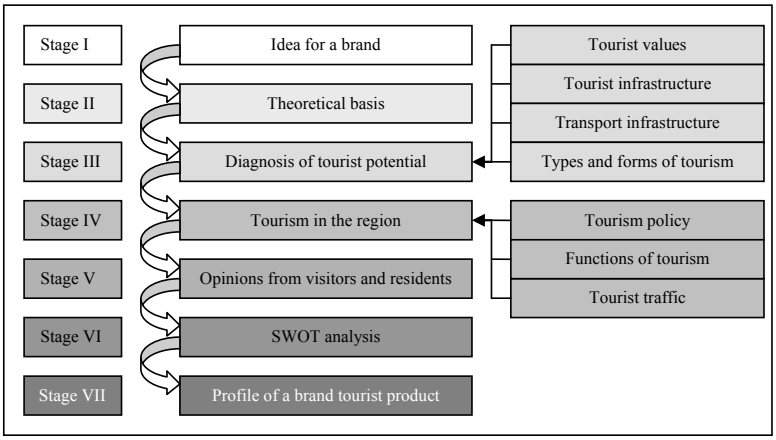

Fig. 1. Process of development of a brand tourist product of the border zone
Source: A. Nitkiewicz-Jankowska, *op.cit.*, p. 145.

The most important element of each concept of development of a new product is the idea (Stage I), which then has to be formulated and extended with the theoretical basis (Stage II). The next stage is working out the diagnosis of tourist potential (Stage III) which will allow to expose the main values and select the types and forms of tourism that have some foundations to be organized in a given area. Tourism will be facilitated with the existing tourist and transport infrastructure in the region. Another essential issue, which influences the profile of a brand product, is the level of development of tourism in a region, which will indirectly depend on the existing policy of tourism of the province and the country.

At this stage of development of a tourist product, it is essential to specify the direction in which tourism may develop in the light of existing strategic

documents for a given region and find out what entities and organizations of the tourist sector, carrying out the same activities, exist in the region. The existing tourist traffic, in turn, both among domestic and foreign visitors, allows for determining the function tourism plays in the analyzed region (Stage IV).

Tourist product which is to become a brand product not only has to present high quality of all elements that build up its profile, but also has to feature high level of satisfaction of needs of tourists and holiday-makers. Needs of tourists and holiday-makers and their opinions regarding strong and weak points of tourism in the place of reception should be recognized using a survey method (Stage V).

Basing on so-collected empiric material, the information should be processed and the SWOT analysis carried out for the researched area (Stage VI). The analysis will point to strengths and weaknesses of tourism in the region as well as opportunities and threats coming from its further development. So-collected information can give the basis for working out the profile of a brand tourist product of the border zone (Stage VII). This profile has been discussed on the example of the border zone of the Silesian Province; it consists of the following elements:

1. The core of the brand – natural values, culture and heritage:
   a) opportunities of rest and recreation,
   b) opportunities and different ways of learning about the region and making use of the cultural life,
   c) availability of the information about the region, its attractions and facilities.
2. Basic brand – people, tourist policy, tourist organizations, tourism-related investments:
   a) pointing to diversity of types and forms of tourism possible to apply in the border zone of the Silesian Province (rural – including agrotourism, culinary, health resort, sightseeing, cultural, post-industrial, qualified and business-related tourism) thanks to the existing tourist facilities and good transport availability,
   b) high quality of offered goods, including services,
   c) full information regarding the values of the place and possibilities of rest,
   d) intermingling cultures of near-border residents of Poland, the Czech Republic and the Slovak Republic – which favors organization of cultural events.

3. Extended brand – brand export:
   a) possible offers for particular customers,
   b) segmentation of offers, applying innovations,
   c) creation of promotional packages according to the customer preferences,
   d) integrated system of tourist information in the region and in the country.
4. Potential brand – brand tourist product as a stimulator of socioeconomic growth of a region:
   a) integrated system of tourist information with the Czech Republic and the Slovak Republic,
   b) possible cooperation regarding packages of tourist offers with entities from the Czech Republic and the Slovak Republic, as well as with other border zones,
   c) tourism as a drive for socioeconomic growth in the border zone of the Silesian Province.

The next step after determining the product profile is to work out the marketing concept of a brand tourist product of the border zone (fig. 2). The marketing concept of a brand tourist product of the border zone presented below is closely related to the scheme of development of a brand tourist product (fig. 1), which additionally emphasizes its essential function. It should be noted that the components of the model are closely related and shape one another, so that any changes to one element will sooner or later result in changes to the remaining elements.

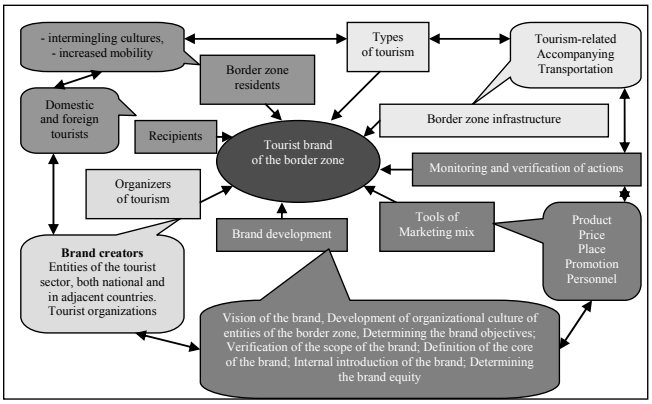

Fig. 2. The concept of a brand tourist product of the border zone

Source: A. Nitkiewicz-Jankowska, *op.cit.*, p. 147.

The above is a universal model and may be applied for other border zones. The created plan of actions and its realization should be monitored so that necessary changes can be introduced at right moments, which will make it possible for a tourist brand of a region to function and bring benefits to residents, tourist and companies.

Conclusions

Tourism stimulates the economic growth of a region, but only if it is organized in a thoughtful way and all actions are coordinated. High quality of offered services is a necessary element of tourism in the times of growing competition, also for border zones; development of brand tourist products of the whole zone or region is therefore a hard, yet not impossible, task. The process of diminishing importance of the border as an element separating different peoples, countries or tourist destinations, enabled actions aiming at working out common programs which are particularly activating for border zones.

The brand, being a bundle of functional and emotional values for both recipients and those who develop it, needs a strategic and sustainable approach, which has a double meaning in case of tourist products. Sustainable tourism is the way of managing the space where the principles of sustainable development are the factor of creating new types and forms of tourist traffic and have an impact on increased quality of recreation and life of people living in the area of tourist reception.

While creating the concept of a brand tourist product, four basic elements which make up its value should be kept in mind:

1. Services – offered by the whole border zone.
2. Personnel – high quality of offered services, qualified staff.
3. Environment – both external and internal, economic, social and natural.
4. Communication – use of the marketing mix tools.[34]

The presented concept of a brand tourist product of the border zone reveals the need to coordinate the actions at various levels. Implementation of the formulated concept will need a proper management system to be worked out in

[34] See: L. Chernatony, *op.cit.*, p. 73.

detail, in order to avoid chaotic and inconsiderate actions. Only directed and long-term actions make it possible to develop brand tourist products.

KONCEPCJA MARKOWEGO PRODUKTU TURYSTYCZNEGO STREFY PRZYGRANICZNEJ

Streszczenie

Jednym z najprężniej rozwijających się sektorów gospodarki jest turystyka, na co wskazują liczne dane publikowane przez Światową Organizację Turystyczną (UN WTO). W przypadku tak turystyki krajowej, jak i zagranicznej w Polsce zauważa się wysoką wrażliwość rynku na panującą na świecie sytuację gospodarczą i związane z tym na przykład wahania kursów walut. Zatem jednym ze sposobów utrzymania ogólnoświatowej tendencji do wzrastania liczby podróży turystycznych jest zwrócenie uwagi na jakość i innowacyjność oferty turystycznej. Przykładem zabiegów w tym kierunku jest kreowanie markowych produktów turystycznych.

Celem artykułu jest przedstawienie propozycji procesu tworzenia markowego produktu turystycznego oraz opracowanej na jego podstawie koncepcji markowego produktu turystycznego strefy przygranicznej. Osiągnięcie tak postawionych celów poprzedzone zostało zdefiniowaniem terminów strefa przygraniczna i turystyka przygraniczna.

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COOPERATION BETWEEN TOURISM INDUSTRY AND PUBLIC AUTHORITIES IN DISSEMINATION OF TOURISM INFORMATION
THE CASE OF WEST POMERANIA PROVINCE IN POLAND[1]

Introduction

Reducing the cost of obtaining information in the market and therefore asymmetry of information may lead to the more efficient outcome of market transactions, where both demand and supply side are better off. This is also true for tourism market where appropriate delivery of tourist information service can furthermore influence tourists' length of stay, spending and tourists' behaviour. Since its delivery may have an impact on the whole tourism economy, it is often considered as a public good and public authorities are expect to finance and maintain tourist information service. Still, some cooperation in frames of information exchange is usually performed. The purpose of this study is to evaluate public private cooperation level in dissemination of tourism information in West Pomerania Province in Poland.

The paper is organized as follows: First examined will be the role of government in the tourism market. Next described are theoretical essentials of

[1] This article is financed in frame of the scientific project no. N 114 1078 33 supported by Polish Ministry of Science and Higher Education.

provision of tourism information service and issues of public private cooperation in that process. Finally discussed are the findings of the study. Limitations and conclusions constitute the last part of the paper.

1. The role of government in the tourism market

Correcting market failure seems to be the clearest rationale for public intervention also in the tourism market. The literature discussing public intervention in tourism market is enormous. W. Freyer[2] justifying public involvement in tourism indicated four groups of reasons: political, economical, environmental and social. Similar reasons are given by J. Page, C. Hall[3] and J. Mundt.[4] R. Bochert[5] discussing the problem of public intervention in tourism has given seven reasons: positive and negative externalities, public goods, club goods, natural monopolies and socially desired and undesired goods (which are under or over produced by the free market), although some economist would classify the last two groups of reasons to externalities.[6] Proponents of intense government intervention expressing their rationales would stress the balance between benefits for tourists and needs of host community. According to S. Wanhill[7] "the rationale for intervention lies in the complex nature of the tourist product, which makes it unlikely that private markets will satisfy a country's tourism policy objectives to produce a balance of facilities that meet the needs of the visitor, benefit the host community and are compatible with the wishes of that same community". Strong public intervention is usually pronounced by authors that advocate sustainable development in tourism market. D. Weaver[8] enumerated several market failures in areas of quality control, certification and use of scarse resources

[2] W. Freyer, *Tourismus, Einführung in die Fremdenverkehrsökonomie*, Oldenburger Verlag, München 1991, pp. 273–275.

[3] J. Page, C. Hall, *Managing Urban Tourism*, Prentice Hall, London 2002, p. 100.

[4] J. Mundt, *Einführung in den Tourismus*, Oldenburger Verlag, München 2001, p. 427.

[5] R. Bochert, *Expansive Strategien im touristischen Incoming*, in: *Internationales Tourismus-Managment, Herausforderungen, Strategien, Instrumente*, ed. W. Pompl, M. Lieb, Verlag Vahlen, München 2003, p. 242.

[6] Comp. M. Parkin, *Microeconomics*, 8th edition, Pearson 2009.

[7] S. Wanhill, *Government assistance for Tourism SMEs, From Theory to Practice*, in: *Small Firm in Tourism, International Perspectives*, ed. R. Thomas, Elsevier 2004, p. 53.

[8] D. Weaver, *Sustainable tourism*, Elsevier 2006, pp. 110–174.

of tourism attraction and space. Another approach to justifying public intervention in the tourism market is to put all elements of total tourism product (tourism product of an area) to the traditional microeconomic matrix of consumption rivalry and excludability. The more 'private' a good is, the more public intervention is warranted (figure 1).

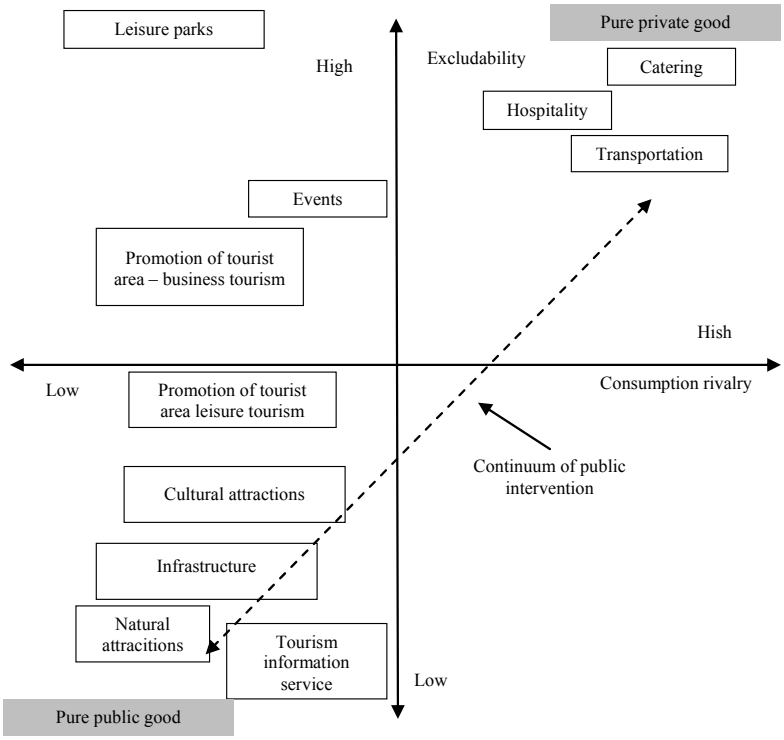

Fig. 1. Elements of total tourism product on the matrix of consumption rivalry and excludability

Source: A. Pawlicz, *Dobra publiczne i dobra klubowe na rynku turystycznym w aspekcie zrównoważonego rozwoju*, in: *Zrównoważony rozwój turystyki*, ed. S. Wodejko, Szkoła Główna Handlowa, Warszawa 2008, pp. 95–106.

R. Coase[9] in his famous article that awarded him a Nobel Prize wrote that "All solutions have costs and there is no reason to suppose that government regulation is called for simply because the problem is not well handled by the market or the firm". His view, however, did not seem to influence much of tourism research, where supporters of public solutions have a clear majority. C. O'Fallon[10] already in 1993 pronounced that in the tourism literature the need for public involvement is never questioned and acknowledge some debate about "public-private mix for the tourism sector". Contemporary they are still very few studies questioning public involvement in tourism especially in area of tourism attractions. One of few examples is R. Turner's[11] article which discussed the rationale for government provision of national parks in the United States. According to his paper, there are very few studies justifying public provision of national parks and no studies are conducted about spillover effects of visitation, the cost of provision of the parks and opportunity cost of using the land. Horner and Swarbrooke[12] enumerated several arguments against public support to tourism sector which include: public financed infrastructure benefits only a private sector in tourism, ignorance of opportunity costs and other development possibilities, reinforcement of the divisions between rich and poor, decision-makers' corruption, overoptimism and naïveté about potential benefits of tourism.

2. Cooperation between public and private actors in the tourism market

According to R. March and I. Wilkinson[13] "an individual firm's performance depends on more than what it does; it depends on the behaviour of others that it is connected to directly and indirectly. This is no more obvious than in

[9] R. Coase, *The Problem of Social Cost*, "Journal of Law and Economics" 1960, No. 3, pp. 1–23.

[10] C. O'Fallon, *Government Involvement in New Zealand Tourism: A Public Choice Perspective*, "GeoJournal" 1993, Vol. 29, pp. 271–280.

[11] R. Turner, *Market Failures and the Rationale for National Parks*, "Journal of Economic Education" 2002, Vol. 33, No. 4, pp. 347–356.

[12] S. Horner, J. Swarbrooke, *International Cases in Tourism Management*, Elsevier 2005, pp. 16–22.

[13] R. March, I. Wilkinson, *Conceptual tools for evaluating tourism partnerships*, "Tourism Management" 2009, No. 30, pp. 455–462.

the case of tourist destination that comprises many types of firms and other organizations contributing to the experience of tourists and to the general economic success of the region". Hence, tourism companies tend to cooperate with firms from tourism branch,[14] other enterprises and public authorities. Usually cooperation occurs in the value chain[15] and in places where collective action is needed, especially in promotion of tourism destinations.[16] Cooperation, which importance is often underestimated occurs in creating intangible parts of total tourism product such local atmosphere and tourist friendly ambiance.[17] Typical problems of public private cooperation process include: lack of mutual trust and understanding, low level of private involvement, myopic perspective of tourism enterprises in evaluating potential costs and benefits of tourism projects and, finally, private and political misunderstandings.

Providing tourism information is often regarded as a part of tourism promotion. However, in the literature, providing tourism information service is considered to be a public responsibility together with interpretation of cultural sites and an upkeep of infrastructure.[18]

3. Provision of tourism information service

D. Buhalis underlining the importance of information technology in tourism industry states "Unlike durable goods, intangible and variable tourism services cannot be physically displayed or inspected at the point of sale before purchasing, as tourism services are normally bought before the time of their use and away from the place of consumption. Tourism products are therefore almost

[14] Interesting form of alliances between tourism industry and credit card issuing banks is presented in: H. Chen, C. Tseng, *The performance of marketing alliances between tourism industry and credit card issuing banks in Taiwan*, "Tourism Management" 2005, Vol. 26, pp. 15–24.

[15] See for example: B. Šavriņa, D. Grundey, K. Bērziņa, *Cooperation – The Form of Sustainable Tourism Industry in Latvia*, "Baltic Journal of Sustaiability" 2008, No. 14 (2).

[16] See: A. Pawlicz, *Destination Promotion as an Example of Cooperation Between Private and Public Sector. Medium Baltic Cities Case*, "Scientific Journal Service Management" 2007, Vol. 1, pp. 257–266; A. Pawlicz, *Promotion of Cultural City Destinations as an Externality, Solutions in Selected Baltic Cities*, in: International Tourism Conference 2008, "Cultural and Event Tourism: Issues & Debates", Alanya, Turkey, pp. 762–777.

[17] Y. Grangsjö, *Destination networking. Co-opetition in periherial surroundings*, "International Journal of Physical Distribution & Logistics Management" 2003, Vol. 33, pp. 427–448.

[18] R. March, I. Wilkinson, *op.cit.*

exclusively dependent upon representation and descriptions".[19] The tourist's demand for information concerning tourism product prevails in the time before the journey begins or even before a decision to go for a holiday or business trip is made. However, tourists, especially those who are unfamiliar with a destination, will seek information also in the destination. At that stage tourists will rely on tourist information centres, signage, printed material and information from local tourism industry and citizens in a destination. Automatization of providing information to actual tourists is difficult to achieve, because of limited possible usage of internet during the trip. Moreover according to survey conducted by University of Heidelberg[20] many tourists are reserved against IT (information technology) assistance for their trip, because of "the lack of right IT systems available. PDAs (palmtops) are not powerful enough, laptops not practical, networking is too slow, the systems do not know where they are and there are just not the services available that could compete with the information in a book".

Tourists information centres (TICs), called sometimes "Welcome Centers" or "Visitors Centre" according to Encyclopedia of Tourism[21] "provide information and reservations for destinations and tourism enterprises. Run by local, regional or national organizations, they aim to facilitate the visit for consumers and to assist organizations to implement their policies, by increasing tourists' length of stay and expenditure or by discouraging them from visiting environmentally sensitive areas". This definition presents a TIC as an institution not only financed but also organized by an undefined tourism organization. Hence, TICs are just one channel through which necessary information reaches tourists. Services provided by TICs usually consists of: the distribution of informative material, gathering, storing and providing up to date visitor information. Sometimes TICs may act as an intermediary for local tourism enterprises (especially with hospitality industry) and sell souvenirs, postcards etc. TIC's service is provided for free, is expected to be neutral and, most importantly, its existence creates eminent externalities. Externalities may be expressed as an additional expenditure and an extra length of stay of tourists resulting from a visit

[19] D. Buhalis, *E-Tourism*, Prentice Hall 2003, p. 76.

[20] R. Malaka, A. Zipf, *Challenging IT research in the framework of a tourist information system* available in Internet at: http://interaction.zhdk.ch/projects/mobility2018/wp-content/uploads/2006/11/challenging_it_research.pdf DoA, 20.08.2009.

[21] *Encyclopedia of Tourism*, ed. J. Jafari, Routledge 2000, p. 307.

in a TIC. Hence, tourism information seem to have a certain features of public good and for that reason it is usually supported with public money.

TICs are founded by municipalities or local tourism organizations quite independently from each other. Even if National Tourism Organization develops a framework aiming at standardization of its service and signage it can hardly force local TICs to adopt its rules.[22]

Alas, studies exploring a relationship between tourism spending and an existence of a TIC in a destination are scarce. According to P. Tierney reporting on 1987 study in Colorado, USA "stopping at the TIC resulted in a 2.2 day average increase in length of stay and an estimated $ 1,026,000 additional spending".[23]

Extremely important function performed by a TIC is the possibility to influence tourists behaviour, *i.e.* even if a tourist after visiting a TIC will not spend more or stay longer in a destination, he might temporarily or spatially alter his spending pattern. This may lead to an enhancement of both his travel experience and sustainable development in a destination. Since efficiency of a TIC is very difficult to measure in terms of additional spending or desirable change of tourism behaviour, their performance is usually computed as a simple number of inquires from tourists. TICs can serve also as a place where a tourism research takes place so efficiency measurement can be a part of that process.

4. Tourism information service in West Pomerania Province

The purposes of this study are to assess the cooperation level and potential problems of cooperation between private and public actors in delivering tourism information services in West Pomerania Province (WPP). Data were obtained from surveys conducted with 30 representatives of local communes[24] (out of 114 in WPP) and 119 representatives of tourism enterprises in those communes. Research has been conducted in May 2009. Respondents evaluated different

[22] See: T. Karlíková, *Tourist information centre as a relevant assistant for regional development in area*, 2nd Central European Conference in Regional Science – CERS 2007, pp. 398–403.

[23] P. Tierney, *The Influence of State Traveler Information Centers on Tourist Length of Stay and Expenditures*, "Journal of Travel Research" 1993, Vol. 31, No. 3, pp. 28–32.

[24] *Polish-gmina*.

aspects of tourism information service, both digital and actual, in their communes.

TICs (tourism information centres) have been founded in 27 (out of 30) surveyed communes. Not surprisingly TICs were financed primarily by local authorities *i.e.* from the budget of a commune. Figure 2 shows the percentage of communes contribution to TICs budget.

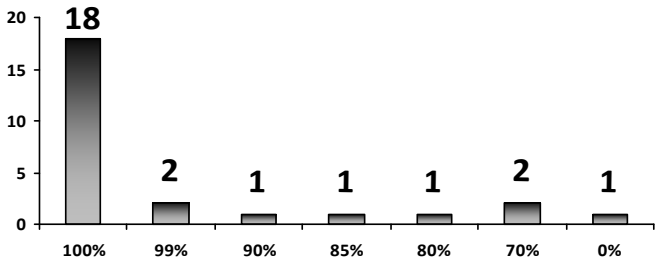

Fig. 2. Number of communes benefiting a given share of budget from communes contribution (n = 26)

Source: own research.

In most of surveyed (77%) communes a TIC is almost entirely (99%) or entirely financed from communes sources and an average value is 92%. Just in one case a TIC is financed by an independent branch organization. One respondent refused to answer this question.

It is to underline, however, that a commune still is, according to the study results, the most often chosen cooperation partner among tourism enterprises (57%). Figure 3 shows a number of companies that share product information with communes, counties, tourism organizations and other tourism enterprises.

It is to note that a substantial difference had been observed between micro enterprises and small enterprises (which account for 68% and 26% of all surveyed firms respectively). Among microfirms just 48% declared cooperation with a commune, while same ratio for small companies was 71% (a medium value is 68/119 = 57%).

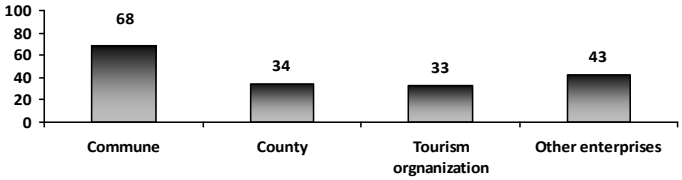

Fig. 3. A number of companies that exchanging product information with different partners (n = 119)

Source: own research.

Communities with an operating TIC, on the other hand, seem to be open to act as an intermediary. Almost all of them declare cooperation with accommodation establishments and more than a half with other tourism enterprises. Details are presented on the figure 4.

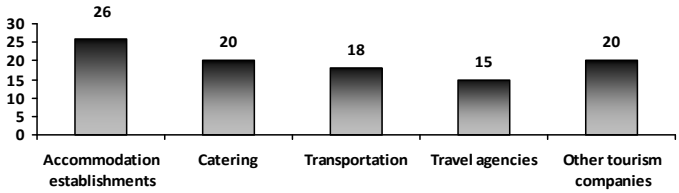

Fig. 4. Declared cooperation with different types of tourism enterprises by communes with operating TIC (n = 27)

Source: own research.

Although communes are ready to cooperate with tourism branch, investigated commune representatives didn't appreciate industry's contribution to the development of tourism information system in the community. Slightly more commitment, in the opinion of representatives of local authorities, to improvement of tourism information in the region have tourism organization. Local authorities, i.e. respondents themselves contribute mostly to the system (fig. 5).

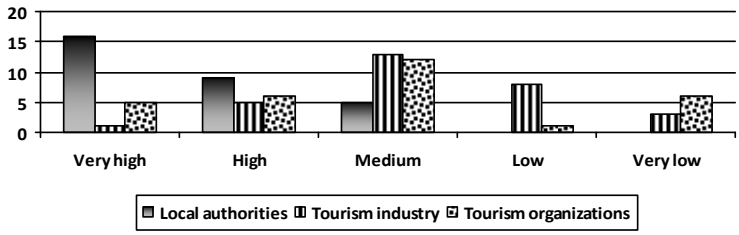

Fig. 5. Commitment of local authorities, tourism industry and tourism organizations to the development of tourism information system in the opinion of community representatives (n = 30)

Source: own research.

Improving cooperation between public and private actors in the tourism market is certainly a complicated process. Local authorities should create or include in the existing strategy which areas it pursues a cooperation and in which cooperation is not needed to fulfil its mission. Than some goals must be set and a structure of incentives created.

5. Limitations and conclusions

A cooperation between tourism branch and communes in West Pomeranian Province seem to be weak. However, a similar study in other regions would provide more insights to assess the level of cooperation in the province.

Tourism enterprises do not see a relationship between tourism information in a commune and their financial success. A shift to at least partial privatisation of TIC is therefore extremely unlikely. Moreover, some social and public financed campaigns that proliferate the knowledge about TIC role and benefits for local tourism industry may be necessary to conduct, in order to enlarge private involvement in TIC. It seems that mistrust is the biggest culprit of weak cooperation.

A study has been conducted only in communes endowed with natural tourism attractions where a level of cooperation tends to be high. The results must, thus, be only carefully generalized.

WSPÓŁPRACA PUBLICZNO-PRYWATNA W ZAKRESIE ŚWIADCZENIA INFORMACJI TURYSTYCZNEJ NA PRZYKŁADZIE WOJEWÓDZTWA ZACHODNIOPOMORSKIEGO

Streszczenie

Redukcja asymetrii informacji na rynku turystycznym może się przyczynić do bardziej efektywnego procesu wymiany, którego beneficjentami będą zarówno potencjalni turyści, jak i branża turystyczna. Budowa i utrzymanie centrów informacji turystycznej w literaturze uznawane jest za zadanie administracji publicznej. W artykule przedstawione zostały argumenty przemawiające zarówno za, jak i przeciw publicznemu finansowaniu informacji turystycznej. Rozważania teoretyczne opatrzone zostały wynikami badań empirycznych przeprowadzonych w roku 2009 w województwie zachodniopomorskim.

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COMPETITIVENESS FACTORS OF BIEBRZA NATIONAL PARK

Introduction

The tourism is still perceived as the domain having significant influence on the foreign, social and economic policy and other politician sector. It participates in shaping the balance of payments, stimulates society's job activity, as well as improves region's technical and social infrastructure. The state of tourism and its contribution in social and economic development depends on competitiveness of regions which is understood as the capacity for adjusting or maintaining the market's position and share over the time.

In the national plan of development for years 2007–2013 there is a strategic purpose referring to amplification of region's competitiveness[1]. In similar (sometimes even identical) tone it is also located in other strategic documents for development of Poland (for example: *National Strategy of Regional Development for years 2007–2013*, *Strategy of Tourism Development for years 2007–2013*) and numerous sector politics, reports, regional strategies, sector operating applications. Hence its advisable to carry out research of factors being competitiveness' stimulators.

[1] *Narodowy plan rozwoju na lata 2007–2013*, Warszawa 2005, p. 30.

1. Tourist competitiveness of the region

Competitiveness is the subject of interest and discussion of scientific centers, international institution and organizations, politicians, decision-makers of various levels of state and council administration as well as managers of companies operating in global and regional scale. In international and domestic literature any attempts of creating a uniform definition of competitiveness are judged critically and one of the main disadvantages of this approach is lack of common and agreed standpoint referring to a definition of a competitiveness and devising a model of regional tourist competitiveness.

The concept of competitiveness is being used for the estimation of the effects of various economic systems activity, mainly companies, but also products, sectors, regions and the national economy. Teichmenn[2] claims that competitiveness is a resultant of a combination of resources (natural or created by a human), processes (processing of possessed resources to economic effects) and economic rivalry with surrounding (domestic or international).

Regional tourist competitiveness is a multidimensional, complex and debatable discussion term. It involves competitiveness of companies of the tourist sector, attractiveness for tourists, competitiveness of the economic, social and culture environment. Hence competitiveness of the tourist region is being treated as a peculiar combination of competition of products, companies, sectors and whole regions – also considering their location, natural values and availability.

Experts taking up research of competitiveness usually limit themselves to the analysis of impact of each factor for competitiveness of the tourist region, for example the price level, environment's nature, tourist facilities or location. The attempt of comprehensive treating of the subject by preparation and practical application of a model of competitiveness tourist destination was undertaken by Dwyer, Forsyth and Rao[3] or Dwyer and Kim[4] and in Poland similar works

[2] E. Teichmenn, *Wschodnie pogranicze rozszerzonej Unii Europejskiej. Czynniki konkurencyjności*, Szkoła Główna Handlowa, Warszawa 2006, p. 15.

[3] L. Dwyer, P. Forsyth, P. Rao, *Destination Price Competitiveness: Exchange Rate Changes versus Domestic Inflation*, "Journal of Travel Research" 2002, No. 40, pp. 328–336.

[4] L. Dwyer, Ch. Kim, *Destination Competitiveness: Determinants and Indicators*, "Current Issues in Tourism" 2003, 6 (5), pp. 369–414.

were carried out by Grabowski team.[5] However first two studies refer to tourist competitiveness of the market of each country what considerably limits chances to implement the model to a regional or local level. Poland is divided into seven macroregions and as a results of that the level of data aggregation makes the transfer of results to a lower level (one province) justifiably questionable. Besides during regions delimitation economic criterion, determining force of the links and economic dependence between region's components (all subjects) – important for its functionality and further competitiveness analyses, was omitted.

In the national plan of development for years 2007–2013 the concept of competitiveness of the region was determined as a group of features deciding about attractiveness of the region from the point of view of capital investment or a dwelling place.[6] It might be the technological advantage or lower prices of products and services produced in the region comparing with other regions.

2. Goal and methodology of studies

National parks are marked by unique nature values due to the highest degree of their protection. Together with nature values within their bounds it makes the area potentially attractive. If, additionally, it is characterized by good tourist utilizing and residents' kindness than it has a great chance to change potential demand into real. However not all national parks are arousing a great interest among visiting. The number of tourists is oscillating from 2679 thousands (Tatrzański National Park) to 5 thousands (Narwiański National Park)[7]. With reference to above-mentioned a few research problems can be formulated:

- what kind of activity do tourists prefer in protected areas and whether it colliding with the protective function,
- what is the meaning of nature values during looking for a holiday destination,

[5] J. Grabowski, K. Barteczko, A. Wrzosek, *Analiza przewag konkurencyjnych polskich regionów na europejskim rynku turystycznym*, Instytut Koniunktur i Cen Handlu Zagranicznego w Warszawie, Warszawa 2003.

[6] *Narodowy plan rozwoju*..., p. 210.

[7] M. Byszewska-Dawidek & all., *Turystyka polska w 2007 roku. Układ regionalny*, Instytut Turystyki, Warszawa 2008, p. 43.

– what is an opinion about the state of tourist utilizing,
– what factors are crucial for competitiveness of national parks.

In the paper the author has focused on issues referring to one of the region's competitiveness elements, that is tourist attractiveness. Hence in June and July 2008 public opinion poll was taken within the area of Biebrza National Park (the park is visited by about 30 thousands of tourists yearly). The questionnaire contained 15 questions, including three of multiple choice. Questionnaire were being filled in by tourists in pollsters' presence. Small towns and bigger villages lying within park's border, including sleeping objects were chosen to carry out the poll. The part of questionnaire was filled in by people walking on tourist trails. One of the purposes of the questionnaire was to acquaint with tourists' opinion about factors determining competitiveness of the park. The questionnaire let estimate the quality of provided services and standard of the tourist base.

The research was comprised 187 persons. Most of them were women (52%) and men represented 48%. Respondents were prevailing at the age between 25–44 (57% of all polled), 22% were under 24 years and 20 % of polled were at the age between 45–60 (fig. 1).

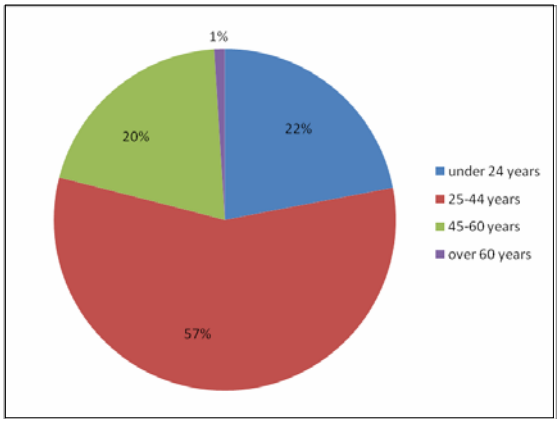

Fig. 1. Age of respondents

Source: author's study.

Every fourth respondent came from podlaskie province. From among tourists visiting the park mazowieckie province was represented most numerously (38%), next in order was warmińsko-mazurskie province (over 6%). Podkarpackie province was the only one that had no representatives within tourists filling the questionnaire. Taking into account tourists' education 59% of them had higher education, 33% secondary education and 8% primary education.

3. Factors influencing competitiveness of Biebrza National Park

Analysing competitiveness of national parks it is easy to notice their dissimilarity from the standard tourist region resulting from the fact that they are large limitations for business activity. Moreover the management function in national parks performs specially appointed organs, whose main goal is nature conservation. Although development of the tourism is merely an additional or complementary task in their basic activity, it is causing troubles though. Keeping in mind these impediments together with clients' high expectations of quality of travelling, services and information access, the growthing interests in these protected areas is even more surprising.

The Biebrza National Park (BNP) is located in north-eastern Poland, in podlaskie province. The park was established in 1993, and with a total area of 59 233 ha, is the largest Polish national park. The area of 3 936 ha is under strict protection including the Red Bog in Grzędy Forest District. This park is unique in Europe for its marshes and peatlands, as well as its highly diversified fauna, especially birds. It was designated as a wetland site of global significance and is under the protection of the RAMSAR Convention.

There are over 470 km marked trails within boundaries of Biebrza National Park. Water trails along the rivers have total length of 223,2 km, 8 bicycle trails with total length of 60.1 km, 14 hiking trails with total length of 164.1 km, 10 educational trails with total length of 25.2 km. There are watchtowers, observation platforms and interpretation boards placed along the trails.

The opinions of questioned tourists about the standard of tourist base and service quality in the area of Biebrza National Park confirm its weak competitiveness. Respondents gave most negative estimations to the commercial and cashpoints network pointing their poor availability (fig. 2). 28% of respondents were dissatisfied with quality of accessibility to shops while 34% gave a nega-

tive opinion about possibility of withdraw money form cashpoints. The cashpoints network got the least number of good marks and none of very good. The standard of roads and gastronomic base got only few better marks – most of them were average and almost every fifth mark was negative. The highest number of positive marks the respondents gave to accommodation base (opinion of 48% of respondents was well or very well) and marking of tourist trails (over 50% of respondents claimed that the trails were marked well or very well).

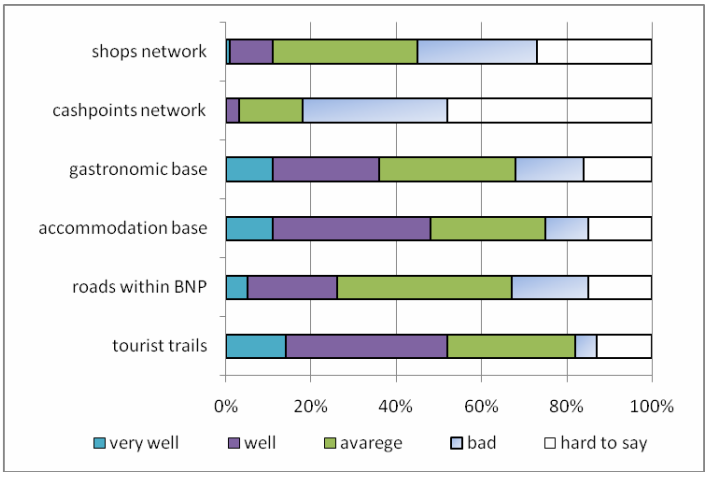

Fig. 2. Estimation of tourist base

Source: author's study.

Also the quality of service was evaluated austerely. Negative opinion were predominating during estimation of the quality of telephone, mercantile and postal services. Slightly better respondents have judged gastronomic services and organization of culture and sport-recreation events. Average and good marks were predominating in this field. Preparation of accommodation services and tour guide were judged best and over a half of respondents judged them well and very well.

It is necessary to mention that austerity of estimations is not only the effect of the disappointment or weak knowledge of this area, because for 60% of polled it was not first visit in this area. The majority of estimations results from

a good knowledge of the area. This fact allows to draw a conclusion that there are factors which attract tourists, despite low standards of existing tourist base, to the area of Biebrza National Park. The active tourism has been given most often as the main purpose of the arrival – 33% of answers (fig. 3). Natural experience was a second in order purpose that has been pointed (it was chosen by 18% of respondents).

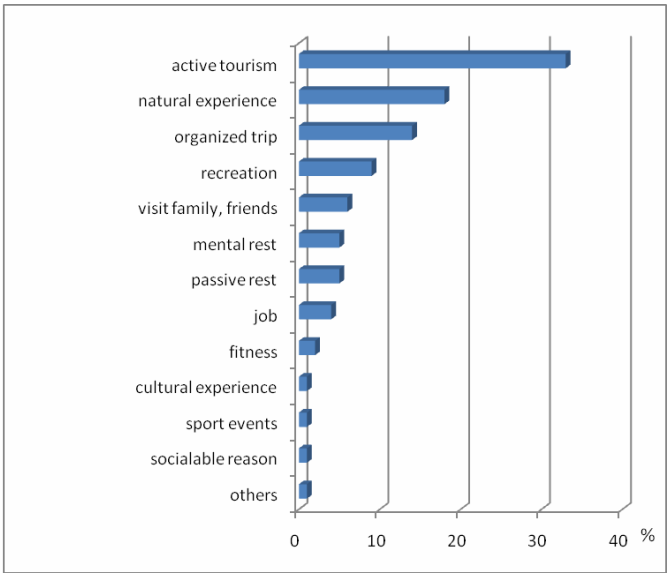

Fig. 3. Purposes of tourist's arrivals to Biebrza National Park
Source: author's study.

Purposes of the arrival are convergent with factors, which according to respondents' opinion decide about competitiveness of Biebrza National Park. Nature values have been the most often given factor (87%), i.e. natural distinctive feature of the protected area. The factor of safety or silence or calm has also been often pointed by tourists as the one that can be met in the field – 58% of indications. Silence and calm are natural advantages of the biggest national park in Poland (BNP) resulting from rather small intensity of the tourist traffic. Safety is perceived from perspective of a distance from the civilisation and its

threats. It is worth taking a note of the fact that the non-availability of the swampy area is perceived rather as the feature raising its attractiveness then a factor increasing the risk of health threat. Detailed effects were attached on fig. 4.

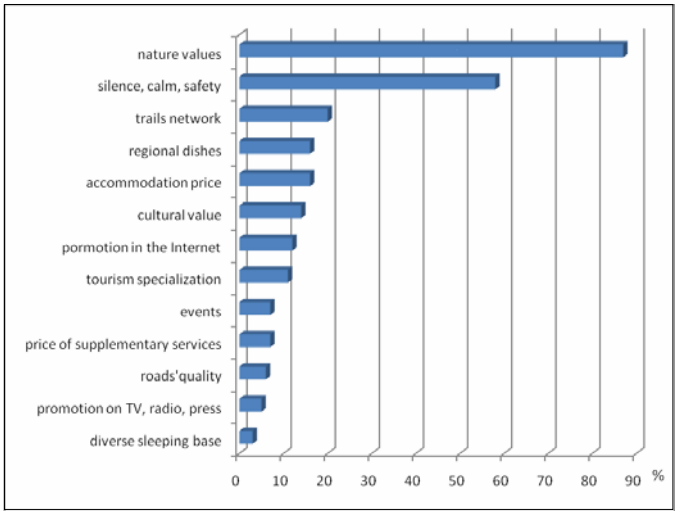

Fig . 4. Competitiveness factors of BNP In tourists' opinion (the sum answer exceed 100% because respondents could give Tyree factors)

Source: author's study.

Density of tourist trails was pointed as the third most important factor competitiveness – 20% of indications. It is noticeable that this factor was being given with the same frequency by tourists arriving here for the first time as well as by those who had already been there before. The same level of recognition of this feature among all tourists proves that tourist trail are being promoted well. At the same time it should be noted that only 30% of tourists for whom active tourism was the main purpose of their arrival have specified density of tourist trials as the BPN's competitiveness factor. The reasons for that are:

– the length of tourist trails has been a subject to considerable prolongation in national parks so they are not the element distinguishing the offer of these areas,

- persons practising the active tourism make a good information diagnosis before and they select areas that have suitable number of trails,
- at last for some people active tourism means walking on unmarked paths, picking mushrooms, watching birds and that kind of people do not use marked trails.

Smaller influence on tourists' decision whether to arrive to Biebrza National Park has the price of accommodation. Only for 16% of respondents it was the crucial factor deciding about competitiveness. The regional dishes, cultural values, promotion in the Internet as well as tourism specialization has been pointed equally rarely. It turns out that persons valuing silence and calm give smaller attention to comfort of the rest, the price of accommodation or regional dishes. It is surprising that tourists poorly evaluate on the scale of competitiveness such factors like prices of supplementary services, public communication availability (marked as roads' quality on figure 4) or promotion on TV, radio or press (in traditional mass media). This phenomenon results from the fact that trip to the areas of the national parks (not only BNP) is caused by desire of isolation, physical and psychological resting, searching of deep aesthetic experiences. The purpose of such a departure will be realized only when the holiday destination will be available to other tourists relatively weakly. It is possible to assertion that the weaker competitiveness of the protected area the higher certainty of the realization of purposes of tourist travel and the more complete satisfaction.

Conclusion

Resources of tourist' potential in Poland is documented in many studies[8] and it highlights country on the Europe tourist map however it does not influence on strengthening of competitiveness. The same phenomenon is being watched in regard to each region of whole country that have distinctive tourist

[8] *Analiza przewag konkurencyjnych Polski na międzynarodowym rynku turystycznym*, ed. J. Grabowski, Instytut Koniunktur i Cen Handlu Zagranicznego, Warszawa 2003; *Potencjał i gradacja wartości produktów turystycznych województwa*, Polska Organizacja Turystyczna, Warszawa 2008; *Kierunki rozwoju turystyki do 2015 roku*, Ministerstwo Sportu i Turystyki, Warszawa 2008.

attractions which are not able to take advantage of them in improving their own market position.

The assurance of high competitiveness of the region requires the efficient control of development with the use of all accessible tools. It results from the very essence of the tourism, whose character is being shaped by changeable in over the time tourist attitudes, but with the same evolving existing locally availability of tourist values and tourist utilizing. Incomplete know-how regarding to competitiveness factors and methods of regions competitiveness stimulation is important reason of the low competitive position.

Research carried out in the area of Biebrza National Park allowed to determine the meaning of nature values in creating the competitive advantage of the area. Such elements like price of offered services, diverse sleeping base, good promotion or quality of roads are of lower importance than natural environment for tourists resting within protected area.

CZYNNIKI KONKURENCYJNOŚCI BIEBRZAŃSKIEGO PARKU NARODOWEGO

Streszczenie

Konkurencyjność turystyczna regionu jest pojęciem wielowymiarowym, złożonym i wywołującym wiele dyskusji. Wiąże się zarówno z konkurencyjnością firm sektora turystycznego, atrakcyjnością dla turystów, jak i konkurencyjnością otoczenia ekonomicznego oraz społecznego i kulturowego. Stąd też konkurencyjność regionu turystycznego jest traktowana jako swoiste połączenie konkurencji produktów, firm, sektorów i całych regionów – także pod względem ich lokalizacji, walorów naturalnych i dostępności.