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# Crisis of Competition: A Conceptual Review of Hospitality and Tourism Industries

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*The hospitality and airline industries tend to be in a never-ending competition. This competition in many situations leads to a crisis with many forms such as price wars, emergence of a new competitor with lowered price products and competitors following fast-second strategy. So, this paper is a conceptual research that outlines these different forms of crisis of competition. Furthermore, it indicates how organizations face competition and how they set strategies for survival and coexist in the highly competitive market. This paper also overviews case studies from the hospitality and airline industry and their response to competition.*

**Keywords:** *crisis of competition, concept of competition, competitive position, price wars, fast-second strategy*

## Introduction

One of the main objectives of every firm is to sustain a competitive advantage. In fact, a significant amount of organizational resources is spent just trying to stay ahead of rivals. The competitive battles in which firms engage take place as firms vie for potentially incompatible positions. Alternatively, successful competitiveness often is the result of the ability to determine rational capability (through the strengths and weaknesses and a rigorous attack) to fulfill customer needs that are well defined through closeness to the market (Zigu 2018).

Price war is considered a situation that is triggered off when the supply of a company exceeds the demand for a certain category of products or services that leads to a competition between producers. Within the context of this scenario, companies may lose their customers due to the price-cut at the competitor's (Ali 2018). Price wars may happen between hotels due to a global economic crisis that may lower consumer demands for hotel rooms.

Emergence of a new competitor can form a crisis too. When a new competitor enters the market and offers a product or service at a lowered price, this leads to customers moving from the company to the competitor which puts a high pressure on companies in order to stand ahead of competitors. This can be seen in the case of emergence of Low-Cost Carriers (LCCs).

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Some companies do not like to enter the market with new product. Instead, they prefer to take the product of another company and modify it, add special or new features that is not found in the competitors. It is not necessary to be the first entrant in the market in order to win. Many second movers won against their rivals and built a strong competitive advantage which breaks a crisis to the competitors (Markides and Geroski 2005). Finally, companies can win the competition and survive through innovation and uniqueness (differentiation), rather than following a culture of continuous improvement and learning.

Accordingly, the aim of this paper is to overview the concept of crisis of competition and its different forms. It mainly focusses on discussing the crisis that happens due to the competition between the hospitality and tourism companies and not highlighting the different types of crisis. In addition, it addresses how organizations face competition and how they set strategies for survival and coexist in the highly competitive market. Furthermore, this paper overviews case studies from the hospitality and airline industry and their response to competition.

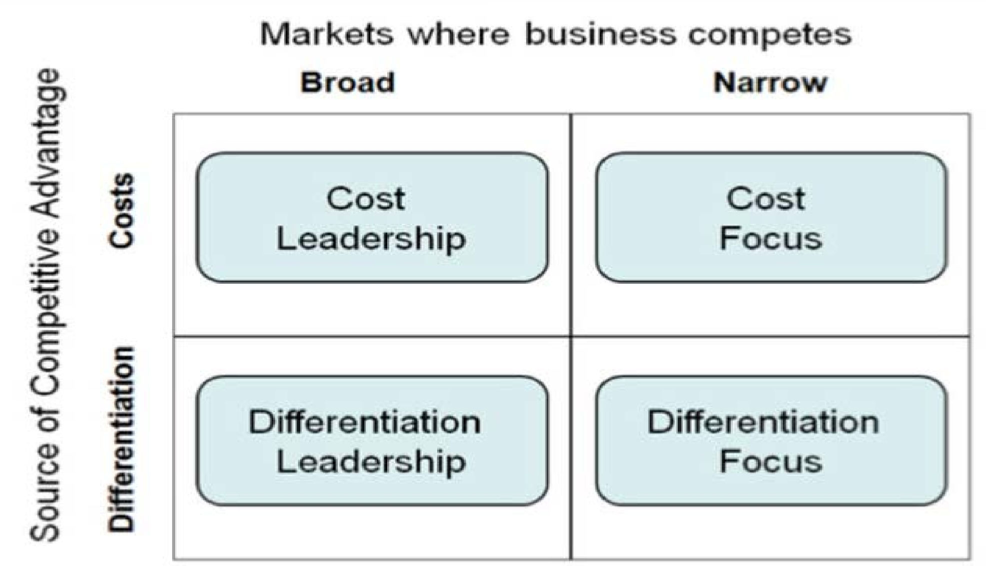
## Concept of Competition

As mentioned by Cambridge Dictionary (2021), "competition refers to a situation in which a company is trying to win something or be more successful than someone else". In other words, competition means the rivalry between two organizations or more selling the same products or services aiming to achieve more revenue, profit and market share. In order to achieve a competitive advantage over its competitors in the industry, companies define its long-term plan known as a competitive strategy. Its goal is creating a powerful position in an industry and generating a higher return on investment. This type of strategy plays an important role when the industry is very competitive, and consumers are provided with almost similar products (Rowley 1997, Zigu 2018).

Before setting a competitive strategy, a company must evaluate its strengths, weaknesses, opportunities and threats in the industry and further allocate a competitive weight. Understanding the current competition, studying the needs of customers, and evaluating their SWOT analysis. Companies can study and evaluate based on their market share, SWOT analysis etc., which would eventually help them drive business and sales revenue (Kim 2010, Theintactfront 2018). According to Porter (1985), competitive strategy is divided into four types; cost leadership, differentiation leadership, cost focus and differentiation focus, as illustrated in Figure 1. Without these competitive strategies, it is difficult for firms to sustain in the competitive industry (Krämer et al. 2016, Zigu 2018).

With cost leadership, the main goal of the firm is to become the lowest producer in the industry, and this is achieved by producing in large scale which enables the firm to attain economies of scale. For example, Micromax mobile phones provide good quality products at an affordable price which contain all the features which a premium phone like Apple or Samsung offers. High capacity utilization, good bargaining power, high technology implementation are the factors that are necessary to gain cost leadership (Rowley 1997, Kotler 2000, Kotler 2006).

**Figure 1.** *Porter's Competitive Strategies*




*Source:* The intact front 2018.

Based on the strategy of differentiation leadership, firm maintains unique features of its products in the market thus creating a differentiating factor. With this differentiation leadership, firms target to achieve market leadership. Firms charge a premium price for the products (due to high value-added features). For instance, BMW offers vehicles that are distinct from other car brands. BMW cars are more advanced, have better features and personalized services premium brand and quality, major distribution channels, consistent promotional support etc. are the attributes of such products (Rowley 1997, Kotler 2000, Kotler 2006).

Under the cost focus strategy, a firm concentrates on specific market segments and keeps its products low priced in those segments. Such strategy helps firm to satisfy enough consumers and gain popularity. Sonata watches focus on giving wrist watches at a low cost as compared to competitors like Rolex, Titan or Omega (Rowley 1997, Kotler 2000, Harvard Business Review 2001, Kotler 2006).

Finally, according to the differentiation focus strategy, firm aims to differentiate itself from one or two competitors, again in definite segments only. This type aims at meeting the demands of border customers who refrain from purchasing competitors' products only due to missing of small features. This is clearly a niche marketing strategy. For example, Titan watches concentrates on premium segment which includes jewels in its watches (Rowley 1997, Kotler 2000, Kotler 2006, Zigu 2018).

## Crisis of Competition

Internationalization can be regarded as an indication of competition as companies search for routes to grow and win market share from rivals at home and abroad. Competitive pressures are heavy across the tourism industry and they can be interpreted as a sign of good health, from which customers and other stakeholders' benefit. However, they may prove destructive, acting independently or in combination with other agents, and become a catalyst of crisis of competition, which is a form of commercial crisis (Henderson 2017).

Economic and financial crisis can lead to a fierce competition between organizations. For example, the global economic crisis that happened in 2008 reduced the number of international tourists that made a competition between hotels and airlines. Moreover, health pandemics such as the global COVID-19 health pandemic has significantly accelerated the dumping of hotels' rates to attract more customers that lead to competition crisis (Henderson 2017).

Crisis of competition may happen due to several reasons; price wars between two or more organizations, emergence of a new competitor that threats the profitability of an organization or the fast second strategy that some competitors adopt.

## Price Wars

Price wars are a temporary phenomenon; they are considered a result of competitive pricing interaction between hotels (Bungert 2003, Ali 2018). Price wars seem a lasting result of the nature of competition, demand, and technology (Morrison and Winston 1996). Slade (1989) stated that "price wars are severe only when demand falls". However, high possibility of price wars' outbreak is one of the factors that make the pricing of services more difficult (Boz et al. 2017).

The meaning of a price war is always tricky, for the prejudice and abuse of the process (Zhang and Round 2011). Grundey (2009) defined price war as" a term used as an indicator to the state of intense competitive rivalry accompanied by a multi-lateral series of price reductions. One competitor will lower its price, and then others will lower their prices too in order to match. If one of them reduces their price again, a new round of reductions starts". One of the main reasons of price wars is competitors' reactions when the firm cut its prices leading other firms to follow it (Hanna and Dodge 1995). According to Merriam-Webster (2021), price war is defined as a commercial competition characterized by the repeated cutting of prices below those of competitors (Viglia et al. 2016). Zhang and Round (2011) indicated that it is difficult to identify the reasons for price wars, when it really starts, how and when it ends.

Not every price cut is a price war (Elzinga and Mills 1999). There are two main conditions that should be fulfilled to state the term of price war: (1) one of the companies tries to win market share by using offensive pricing, (2) companies make price undercuts to fall below the level of profitability, at least for main competitors in the market (Kramer et al. 2016).

*Antecedents of Price Wars*

One of the antecedents of price wars is overcapacity. It is considered as a facilitator of price wars eruption. Sooner or later, corporations use the overcapacity to increase sales by price cutting (Heil and Helsen 2001, Kotler et al. 2006). Markets that attract many customers usually have a lot of competitors. The result is usually exceeding capacity, making price wars, and loss-loss situations for all competitors (Kotabe and Helsen 2010). Numerous hotels may cut prices as a natural response to overcapacity, but the results of these reactions can be destructive if continued for a long period (Bowie and Buttle 2004).

Fierce competition occurs when there are many competitors in the market without differentiated services. This causes price wars in the long-term and many customers may buy the cheaper one (He et al. 2016, Indounas and Roth 2012). The result could be a price war that may satisfy the consumer's but not the firm's needs. Many of the benefits to firms that offer high perceived quality, including more loyal consumer, more repetitive business, and less sensitivity to price wars (Krämer et al. 2016, Hsu and Powers 2002, Jain 2000).

Another antecedent of a price war is a financial crisis. Eichengreen and Portes (1987) defined financial crisis as "a disturbance to financial markets, associated typically with falling asset prices and insolvency among debtors and intermediaries, which ramifies through the financial system, disrupting the market's capacity to allocate capital within the economy. During financial crises; consumers make buying decisions according to the special offers, not the brands. The leading companies have launched price wars, which have a negative impact on their brands and positions (Grundey 2009).

Moreover, pricing decisions play two major roles in marketing. Price influences how much of a product that customers buy. Also, it influences whether selling the product will be profitable (Cant et al. 2006). The corporation may tend to price cut for various reasons such as if the corporation cannot increase the volume of sales through the activities of the sales team, nor get back its market share. Furthermore, the organization also tends to price cut for penetrating the market through lower costs (Kotler 2000). It is too attractive, quick and effortless to cut prices to deal with an instant deficit in sales volume (Doole and Lowe 2008). So, increasing sales volumes is one of the distinctive impacts of price wars. The customers tend to choose the company which offers low prices (Ansu and Kwarteng 2016).

Lastly, according to Londhe (2006), price sensitivity means "the ratio of the percentage response in the quantity sold to percentage change in price". Price sensitivity of customers will determine the extent that an organization will have in raising its price (Kumar and Meenakshi 2011). The risk of price wars increases when price sensitivity is high (Dowling 2004, Marn et al. 2004).

*Consequences of Price Wars*

Price wars may be good for customers, who can benefit from lower prices (Grundey 2009, Heerde et al. 2008). But, the cost of a price war is expensive for organizations (Smith 2012). The results of price cuts may lead to a negative image of the quality of the firm's products, less customer loyalty, weak competitive position (Kotler 2000), and the corporate's incapability to increase price again (Burnett 2008).

Consumers receive a negative image and mistrust towards business due to a price war (Hassali et al. 2013, Yannopoulos 2011). Price wars are risky as consumers will be usual to pay the discounted prices and hope to have the same prices in the next deals (Zeithmal and Bitner 2003). Also, price cutting may lead to persuading customers to purchase a product or service, on the other hand, this strategy can weaken brand loyalty (Dodds 2003). Furthermore, price wars may lead to damaging a brand's equity (Bungert 2003). Therefore, management should be very careful in reducing their room rates to impact on the reference price, even for short times (Viglia et al. 2016).

Price wars impact on the long-term profitability of all industries, especially the industries with oligopoly structures (Bowie and Buttle 2004, Lindstädt and Dietl 2010, Yannopoulos 2011). Ali (2018) stated that price plays a critical role in positioning. Price might use as a way that customers sentence the quality of product or service and also as a way that establishments attempt to position the quality of their services or products. Frequently, higher price with bundling values gets the company a strong competitive position. Contrarily, a lower price may weaken the competitive position of the firm (Kotabe and Helsen 2009). Undoubtedly, price wars reduce organizations' profits and contribute to their instability (Morrison and Winston 1996, Zeithmal and Bitner 2003, Smith 2012). Price war not only leads to lose profitability, but also it could lastingly damage a premium brand's competitive position (Kotler 2000, Yannopoulos 2011).

The loss of profitability and the weak competitive advantage of firms may be expected to result in bankruptcy. Bankrupt carriers could be the target of price wars designed to hurry their exit from the market (Morrison and Winston 1996). Likewise, market turmoil may lead some corporates to cut prices to get short-term monetary benefits. Lowering prices adds pressure to the survival of firms (Grundey 2009). Furthermore, it may lead organizations to exit from the market (Indounas and Roth 2012).

## Emergence of New Competitors

The emergence of new competitors results in an intense competition in the market. Once the new competitor enters a specific market, the traditional organizations must respond and alter their operations in order to remain relevant and survive (Raynes and Tsui 2018, Ali 2018). There are two types of emerging competitors. The first type is the competitor that lowers its prices which is obviously clear in the airline industry. The other one is a new competitor that has benefited from the products in the market, added some modifications and then entered the market. This is what is known as fast-second strategy.

In the early 1970's, new kinds of airline such as LCCs have emerged on different markets. Additionally, there was an increasing number of mergers, takeovers, and several types of alliance. The emergence of the (LCC had a great effect on the airline industry and the way that network airlines operated (Detzen et al. 2012). LCCs were nimble organizations that had clear future orientated strategies that could easily adapt to the changing market conditions. This was particularly important as it allowed for a sustained competitive advantage over rivals to be achieved (Pearson and Merkert 2015). At the core of LCC strategies were simple streamlined product offerings, high capacity aircraft, mono-aircraft fleets, and efficient crewing methods (Graham and Vowles 2006). The legacy carriers struggled to compete with these fast-moving carriers with their low overheads and high customer satisfaction. As a result, these network carriers had to significantly alter their own operations in order to remain relevant and survive (Raynes and Tsui 2018). Their response was the creation of a multi-brand strategy and an airline-within-airline "AWA" or what is known carrier within carrier "CWC".

Dual or multi-brand strategy is a response that has emerged as a result of intense competition and increased market saturation, which is forcing legacy organizations to look to innovation and new market segments in order to remain relevant and competitive (Raynes and Tsui 2018, Aaker and Joachimsthaler 2000). There is the potential for a considerable amount of risk to be involved in this kind of strategy, however, Detzen et al. (2012) suggested that this could be minimized if an organization understands exactly what it aims to achieve with a dual or multi-brand strategy, and what their own internal capabilities are.

In order to determine why the organization aims to develop a dual strategy and what their capabilities are, a SWOT analysis and a cost-benefit analysis are ideal methods of situational analysis (Markides 1999, Heracleous and Wirtz 2009). An organization can use this information to determine new market segments, additional customer needs, the ideal number of brands to offer, methods to spread risks across the brand portfolio, and achieve greater levels of operational efficiency (Aaker and Joachimsthaler 2000, Chan 2000, Heracleous and Wirtz 2009, Raynes and Tsui 2018, Markides 1999). Also, it can utilize this information in a strategic and targeted manner to develop a brand portfolio designed to achieve a competitive advantage. With a successful multi-brand strategy, an organization is able to offer products and services that meet the evolving needs of customers. Thus, improving loyalty and increasing market share (Aaker and Joachimsthaler 2000).

Organizations must take care to ensure that the multiple brands are complementary rather than competing. To do this, organizations must clearly define the scope of each of the brands to ensure there is minimal overlap. Moreover, these brands must avoid cannibalizing each other's target market, minimize the potential for confusion amongst customers through effective marketing, and not dilute their parent brands' values and earnings potential (Dev et al. 1995, Manga and John 2010, Shocker et al. 1994, Aaker and Joachimsthaler 2000). To minimize this risk, Batey (2008) and Morgan and Rego (2009) suggest that limited number of brands must be offered, and each brand should have its own clear market segments with no overlap. A multi-brand strategy that covers carefully selected market segments in a cost effective and efficient manner is a significant asset that can strengthen an organization's market position (Aaker

Joachimsthaler 2000, Dev et al. 1995, Raynes and Tsui 2018, Morgan and Rego 2009, Shocker et al. 1994).

The AWA or CWC strategy is considered another type of response taken by a number of airlines around the world to combat the aggressive growth of LCCs that followed the deregulation of the airline industry between 1970 and 2000 (Graham and Vowles 2006, Gados and Gillen 2008, Ramaswamy 2002). By creating an AWA, airlines would be able to deter the entry of LCCs into their home markets. They also decided to lower their own costs to a level which allowed them to compete more effectively against the new LCCs, whose operating costs could be up to 65% less than the legacy airlines (Doganis 2006, Graham and Vowles 2006).

The AWA strategy involves the creation of separate business units that mirror the operations of LCCs, target passengers that prefer low-cost providers and exploit the rapidly growing low-cost travel segment which mainline/legacy carriers had previously overlooked (Graham and Vowles 2006). This strategy offers four main potential advantages to the legacy carriers. Firstly, it might allow the airline to force down costs, especially of labour, to compete with LCCs. Besides, the AWA could be a more appropriate product for leisure or hub-bypass routes and thus function essentially as a sophisticated form of market segmentation in network expansion. Also, an AWA might permit pre-emptive market entry to stop an LCC entering the same market. Alternatively, an AWA could function as a direct competitive response to an LCC already operating in a market (Graham and Vowles 2006).

Examples of the most profitable AWAs from around the world include Jetstar, Silkair and Germanwings, all of them operate with a high level of independence from their parent airline (Graf 2005, Pearson and Merkert 2014), have modern fleets, compliment their parent airlines' route networks and have staff on separate contracts to their mainline counterparts.

The second type of emerging competitors is second-movers, or companies that are following fast-second strategy. Some companies prefer to enter the market with a new invention that has no similar product on the market (Buisson and Silberzahn 2010). These companies are after an approach called Blue-Ocean Approach. On the other hand, other companies wish to be innovators instead of inventors (Markides and Geroski 2005). They observe what is working in the marketplace and innovate it, to find a better way, do it better and then to go back to the market with that of improved offering, at perhaps even a better price (Buisson and Silberzahn 2010).

When a new line opens up potential new markets, everyone competing within those markets has a choice to make. Those who choose to move first are the pioneers who begin the process of establishing the new market. But historically, successful innovation is essentially a process that requires the linking of two different activities: the discovery and testing of a new product or service that creates an initial niche, and the transformation of the idea from a niche into a mass market.

In fact, many companies that choose to be pioneers exit the market pretty much as fast as they entered it. The fact that their presence in the market is not profitable— often it is very profitable, but on a scale appropriate to the market at the time that they are in. For example, though the 35mm still camera was invented by an employee of Germany's Ernst Leitz Company (now Leica), which introduced it in 1923, Japan's Canon is credited with being the innovator that created the mass market in the latter half of the 20th century (Buisson and Silberzahn 2010).

The first-mover approach refers to entering first into a new market and setting up a strong differentiation strategy, through which firms can create and dominate a new area where profits abound. Contrarily, companies should not try to become pioneers, but should rather target the newly created market in second position and colonize it (Markides and Geroski 2005).

Being the first mover has many disadvantages. The first mover may invest heavily in persuading consumers to try a new product, and second entrants would benefit from these informed buyers and would not need to spend as much on educating consumers. Second entrants can avoid mistakes made by the first mover. If the first mover is unable to attract consumers with their products, second entrants can benefit from this. They can reverse-engineer new products and make them better or cheaper. Second entrants can identify areas of improvement left by the first mover and take advantage of them. This can lead to a fierce competition between first and second movers (Harvard Business Review 2001, Markides and Geroski 2005)

Throughout the history, there are many examples to show that second market entrants became the big winners. For instance, Henry Ford did not invent the motor car, but when he saw the market opportunity afforded by the first clumsily built and expensive cars, he "innovated" the process for making them and, thus, brought cars to the masses. Moreover, the invention of the facsimile machine was credited to Scotsman Alexander Bain before the turn of the 20th century. However, it was not until the Japanese, as late-comers, developed and used this technology within their own business that the facsimile machine achieved popular use and success (Harvard Business Review 2001, Markides and Geroski 2005, Fast Second 2008).

## Examples of Industries Response to Competition

### *Case 1: Ritz Carlton Hotel*

Southeast Asia lay in a rough time in 1997, especially in the luxury product and service areas. The economy of this region was unstable, Indonesian forest fires caused great damage to the SMOG index, and tourism was clearly suffering. The economic crisis drastically reduced the value of the Malaysian ringgit to about half its value a few years earlier. The cost of a hotel room dropped along with the nose-diving currency. Hotels dropped their room rates even further. During this, all hotels in Malaysia entered a price war (Harvard Business Review 2001).

The Ritz-Carlton chose to steer clear of the fray. Instead of lowering the price to survive from the fierce competition between luxury hotels, McBride, the hotel's general manager, became creative. He greeted arriving flights with music, mimosas, and discount coupons. Passengers with reservations at other hotels began to defect to the Ritz at alarming rates. McBride provided his mobile phone number in newspaper ads so people could call him directly for reservations. Guests had access to a "technology butler" who could fix laptops and other electronic devices. Ritz offered a "bath menu" of drinks and snacks to he served along with butler drawn baths. Guests who stayed longer than five nights received an embroidered pillowcase. The result was that Ritz Carlton won the war (Harvard Business Review 2001).

*Case 2: Qantas Airways Group*

Qantas Group's operations were influenced by several events in both their external and internal markets. Externally, the terrorist attacks in the US in 2001 hindered airline demand for the USA which resulted in Qantas reducing its services and suspending its flights to New York. These flights later returned to normal service levels in 2002 (Qantas Airways 2002). Domestic services of Qantas's were also negatively impacted due to the large number of international travelers that connect onto to onward domestic flights. Bombings in Bali in 2002 heavily decreased demand to the city (Forsyth 2003). Air travel demand was also hindered in Southeast Asia and during 2003 and 2004 as a result of the outbreak of SARS and Tsunami. These resulted Qantas to reduce their flight operations by 20% across its international network in order to better reflect the lower demand for air travel. Some of the Asian routes most affected by SARS in particular faced reduced demand of up to 45% (Qantas Airways 2003). Huge marketing campaigns were undertaken in an effort to re-grow the affected markets through a number of campaigns such as, 'Back to Thailand' and SARS recovery fares.

The global financial crisis in 2008, the H1N1 virus during 2009 and sustained high fuel prices caused a widespread decline in passenger travel (Qantas Airways 2008). This led to a number of Qantas routes being suspended in order to increase operational sustainability. For routes that remained in service, a number were transferred to Jetstar (its low-cost subsidiary) in order to improve their respective operating performance (Qantas Airways 2009, Whyte and Lohmann 2015). It was these types of decisions and strategies such as allocating specific destinations to a specific airline within the group that has ensured the longevity of the Qantas AWA operation (Forsyth 2003).

Internally, bankruptcy of Ansett Australia during 2001 provided Qantas with an opportunity to grow significantly in a number of domestic and regional markets (Homsombat et al. 2014). Accordingly, Qantas Link responded to this opportunity by adding an additional five Bombardier Q300 aircraft and six Boeing 717 aircraft to its fleet to help fill the void (Qantas Airways 2002).

Positioning wise, Qantas has marketed itself as the premium airline and achieved this by focusing on continuous innovation, quality, reliability, and offering at least two if not three on-board classes of travel (Homsombat et al. 2014, Qantas Airways 2006). Firstly, Qantas implemented a number of innovations to remain ahead of neighboring competitors, such as individual in-flight entertainment for each passenger across all international classes of travel, sleeper seats and dining experience in its business class. On the ground, Qantas introduced a selfservice check-in option which reduced processing time to less than one minute, which proved popular with business travelers (Qantas Airways 2002, 2003).

In 2002, Australian Airlines was established as Qantas first AWA, its first AWA. It provided mono-class full service long-haul economy flights to leisure destinations in Asia (Forsyth 2003, Qantas Airways 2002). Its major aim was to operate flights that were previously served by mainline Qantas, as well as destinations that Qantas itself would not be able to achieve acceptable returns on. This airline-within-airline venture was independently managed from Qantas; however, it aimed to complement the existing Qantas services (Qantas Airways 2002). Due to the concentration of Australian Airlines' flights in the Asia, its performance was hindered by events including SARS in 2003, Indonesia travel warnings in 2002 and the Asian tsunami in 2004 (Qantas Airways 2005). Australian Airlines' operation ceased in June 2006 and was merged into the Qantas brand; many flights were later transferred to Jetstar (Qantas Airways 2006).

In May 2004, Qantas Group launched Jetstar as its second AWA. Jetstar at first was a domestic low-cost carrier operating a fleet of aircraft to major leisure destinations in New South Wales and Queensland. Jetstar's complemented existing Qantas operations, allowing the group to compete more effectively with LCCs such as Virgin Blue and Tigerair Australia, and provide the group with an airline in each of the two remaining core travel markets; short-haul and long-haul low-cost air travel flying to international leisure destinations, as well as opening up air travel to the new and rapidly growing price-sensitive/budget market segment (Homsombat et al. 2014, Qantas Airways 2003, Whyte and Lohmann 2015).

*Case 3: Starbucks, McDonald's and Dunkin' Donuts*

During the time that Starbucks added breakfast sandwiches in their menus and drive-through windows, they invaded into the territory of McDonald's (Halpern 2008). McDonald's decided to begin its coffee line in 2005, which was rated better tasting than Starbucks' in 2007 by Consumer Reports magazine (Halpern 2008). McDonald's premium roast was regarded as the "cheapest and best" (Reiley 2009). Starbucks recognized the threat and quickly joined the war with their marketing campaigns and improvements. One of their responses was announcing that they would drop the price of their iced coffees (Reiley 2009).

Decreased sales of premium coffee due to downturn have caused brands as Starbucks to offer lowered prices to attract customers. McDonald's took advantage of Starbuck's lagged sales to offer in all of its U.S. branches its McCafe line of espresso drinks (Associated Press 2015). McDonald's marketing campaign aimed at attracting consumers to choose their beverage as an affordable alternative to the more high-priced Starbucks products. Starbucks immediately countered by running an ad claiming that its drinks as higher in quality than its competitors, and more affordable than consumers might expect (Associated Press 2015).

In 2008, some McDonald's franchisees added billboards in sight of the Starbucks headquarters that simply marketing their coffee. Starbucks did not respond in kind, claiming that its customer base is different (Jargon 2009).

In 2010, Dunkin Donuts chose to enter the battle and offered a Free Iced Coffee Day in its locations. Starbucks counteracted by offering their Frappuccino at half price at the same time (Noorbaloochi 2010). In order to cope with Dunkin Donuts large cups, Starbucks has test marketed their new cups. These cups were taller and will fit in car cup holders, that are ideal for commuters (Johnston 2010).

*Case 4: JinJiang, Hilton and Viehost Hotels*

Asia is considered the leading continent in the world that was affected by the COVID-19 health pandemic, and thus its hospitality industry has encountered serious challenges (Hao et al. 2020, Sun 2020). Accordingly, there was a fierce competition between hotels in order to survive. Many hotels closed temporarily or permanently as they weren't able to survive such as some of Mecau Casino Hotels, Marriott Hotels and Wyndham Hotels. However, other hotels, such as JinJiang hotels, Hilton hotels and Viehost hotels, were able to put some strategies in order to survive in the competition (Liu et al. 2022). These strategies include reducing spending, lowering prices, featuring new services and technologies and advertising campaigns.

Similar to many other hotels, JinJiang added some specific services during the pandemic of COVID-19. They decided to use the robots, which were only used on greeting guests previously, to provide most services for consumers such as room cleaning and delivery. It also developed other special services such as pure rooms and in-room gym equipment. Besides, it also used online platforms to offer food delivery services for nearby people in order to effectively generate revenues for hotel (Liu et al. 2022).

For Hilton, the technology that other hotels have recently invested in during COVID-19 has been available for many years. Members of Hilton's loyalty program were already able to check in and out digitally. Hence, Hilton started to focus on how to ensure that customers could trust their entire brand to be clean and safe. Accordingly, they announced working relationships with other trusted brands that are producers of health, hygiene and nutrition products such as Reckitt Benckiser, Lysol and Dettol, and the Mayo Clinic (Kilgore 2020).

Viehost Vietnam hotel adopted focused on the cost-saving strategy in order to ensure that their financial capital would be sufficient for future operation. The hotel managed to reduce the useless investment and operating costs by suspending the buffet service in its restaurants and elevator operation. Furthermore, based on law that prevents hotels from hosting many consumers from staying in hotels, Viehost almost eliminated its campaigns and advertisements costs as they became useless. The notable service is the introduction of a paid quarantine service for foreign travelers to Vietnam (Hoang et al. 2021, Liu et al. 2022).

Regarding the previous case studies, it is obvious that hospitality and tourism companies are similar in the way that they may come up against different types of crisis that lead to a fierce competition in the market due to the threat of profitability loss and bankruptcy. But, the difference between them is that each company has its own approach and its own strategies in order to survive. During this period, companies are in what is known as "crisis of competition". Some of these companies will be in a position to stay steady in their place or even grow and develop their brand while others will lose their brand and position in the market.

## Conclusion

Every firm aims at sustaining a competitive advantage and staying ahead of competitors. For this reason, they depend on different approaches that may lead to the emergence of competition crisis. Based on the previous studies, it is found that there are two main different forms of crisis of competition; price wars and the emergence of a new competitor.

This research aims to highlight the concept of competition theoretically. Crisis of Competition and its different forms are also discussed. It has been argued that intensified competition can lead to a crisis as it slows down the accumulation of capital, reducing profitability and demand. Moreover, it posited that whenever a financial, political, environmental or health crisis happens, an intense competition arises between companies especially hospitality and airline companies in order to survive and keep their position in the market.

Price wars are the result of competitive pricing interaction between companies. The main cause of price wars is competitors' reactions when a firm cut its prices due to several reasons, the other firms follow it. These wars may be good for customers, who can always benefit from lowering prices. But, the cost of a price war can be too expensive for some organizations (Kopalle 2009, Spulber 2009).

Emergence of new competitors has two different forms; emergence of competitors with lower prices for products and services, and emergence of competitor depending on the fast-second strategy. Both forms can be almost risky for companies and may result in an intense competition in the market. For instance, the evolution of LCCs in the airline industry has negatively affected the operations of traditional carriers. Furthermore, companies that are following the fast-second strategy or who are known as second movers affect the first-mover companies as they can benefit from them, learn from their mistakes, add modifications and release an improved product (Fast Second 2008).

Nevertheless, every company deploys its own strategies in order to avoid bankruptcy and stay ahead in the market. Though markets can be unpredictable, companies depend on the facts to get a grasp of what is occurring. Thus, they must collect and analyze data continuously in order to uncover what is actually taking place in the market and decide how they can respond to competition with a plan that ensures success for them.

## Limitations and Further Research

Like any other research, this study is bound by some limitations. Firstly, this paper is a conceptual research that relies only on theories based on existing literature and this may be less fact-based and not reliable. Also, there are little or insufficient researches about this topic cited which adds pressure to conducting the research. Furthermore, time constrains limited the opportunity for gathering more information related to the topic. Future researchers can uncover other various forms of crisis of competition. They can also study the emergence of competition in different sectors other than the hospitality and airline industries. Finally, if this paper was conducted as a quantitative study rather than being a conceptual research, it would have more questionable reliability and validity.

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