

COMPETITIVENESS OF THE TOURISM DESTINATION IN THE GLOBAL ECONOMY

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Abstract

Advanced destinations that dominated the international tourism in the second half of the last century, are feeling now the effects of the slowdown in economic growth as well as the population aging. New demand is increasing namely in developing regions such as South and East Asia, Latin America and Russia. Sustainable competitiveness in comparison with new destinations as well as the ability to attract tourists from emerging markets is becoming key factors of success in the international tourism market. At the theoretical level a concept of the competitiveness of the tourism destination is developed as a response to changes in the status and role of tourism in the global environment. The aim of this paper is to evaluate the meaning of internal and external factors of tourist destination competitiveness in a global economy and to define key prerequisites for the creation of a long-term successful operation of the management and planning of tourism at the national as well as regional level. A comparative profile of European countries within the major internationally recognized ranking of competitiveness of destinations and national brands will also be monitored.

Key words: competitiveness, tourism, destination.

JEL Code: L83, M38.

Introduction

Despite the current volatility in the global economy tourism remains a steadily growing sector. Though, the dynamics of growth has been uneven depending on world tourist regions. Advanced destinations that dominated the international tourism in the second half of the last century, are feeling now the effects of the slowdown in economic growth as well as the population aging. New demand is increasing namely in developing regions such as South and East Asia, Latin America and Russia. In addition to changes in the distribution, the development of the tourism sector are also shaped by the on-going development of modern information and communication technologies, which are increasingly reflected in consumer

behaviour. Traditional shopping decision is gradually replaced by more flexible approaches preferred by the new generation of tourists. The aim of this paper is to evaluate the meaning of internal and external factors of tourist destination competitiveness in a global economy and to define key prerequisites for the creation of a long-term successful operation of the management and planning of tourism at the national as well as regional level. A comparative profile of European countries within the major internationally recognized ranking of competitiveness of destinations and national brands will also be monitored.

1 Approaches to measuring the competitiveness of tourist destinations

At the theoretical level a concept of the competitiveness of the tourist destination is developed as a response to changes in the status and role of tourism in the global environment. This concept is now a subject of numerous studies, analyses and rankings of international institutions (Cajka, 2006). Most experts agree that the prerequisites for achieving long-term competitiveness and growth performance are based on an effective combination of a wide range of inputs that include economic, political, cultural, natural, infrastructural and other factors (Mirvald, 2013). However, methodological approaches to the assessment of competitiveness differ quite substantially according to preference number and type of selected indicators, when it comes to individual authors (Usiak, 2013).

In the Czech Republic the issue of competitiveness regarding the management of tourist destinations has not been comprehensively elaborated in the literature nor in the strategic documents that are currently in force. (Palatková, 2011) and (Novacká, 2011) build their work on the concept of international competitiveness of the tourism industry. They apply the methodology of the World Economic Forum in case of the Czech Republic and Slovakia but they do not develop on that issue more.

In the foreign academic literature one can find a wide range of different methodological concepts that include approaches based on the significance of one or more fundamental factors. Recently the so-called multifactor models for the assessment of the competitiveness have been dominating. In the following text, several selected theoretical approaches will be examined. (Goeldner and Ritchie, 2003) considered as a key factor in the competitiveness of the destination the ability of that destination to maintain and increase its share on both the domestic and international tourism markets. (Snieška, 2008) widens the set of the determinants of competitiveness of tourism by political, environmental, social, cultural and other factors. He emphasises the importance of both social and environmental sustainability of

the sector, long-term orientation and image-building of the tourist destinations. (Dwyer and Kim, 2003) presented the so called model of competitiveness and sustainable development of tourist destination (CDS Model), where there are explicitly listed three main pillars of the competitiveness of the destinations: basic resources and the factors of attractiveness of tourist destinations (physical and geographical, historical, cultural, social and the so called real-time factors, which the authors define as large events with relevant impact on tourism), management of tourist destination (effective management, quality standards, etc.) and tourism market and sustainability of the sector (seasonality, brand awareness, consumer preference, social and environmental sustainability). (Enryght and Newton, 2005) distinguish two groups of the factors of competitiveness: the specific factors of the tourism market (architecture, history, the specifics of local population, cultural traits, events, museums, galleries, concert halls and theatres, night life of the city); and general business environment factors (price and qualification of the labour force, the level of retail development, technological progress, the strategy of local firms, political stability, anti-corruption policy, the quality of the educational system, the stability of exchange rates and consumer prices).

The currently published approach to measuring the competitiveness developed by (Dupeyras, 2013) recommends a harmonized system for measuring the competitiveness within the OECD countries. The authors define the competitiveness of tourist destination as the ability to optimize the attractiveness for residents and non-residents, to provide innovative services of good quality in tourism and to obtain a position in the international market while ensuring the efficient and sustainable management of resources and aids for the sector. According to (Dupeyras, 2013) the framework of competitiveness is divided into eleven core indicators: the direct share of tourism on gross domestic product; incomes from inbound tourism per visitor in relative terms; the number of overnight stays in all types of accommodation capacities; exports of tourism services; labour productivity in the tourism sector; the price level; visa policy; natural resources and biodiversity; cultural resources; visitor satisfaction and national strategies in tourism. The first four core indicators assess the economic and market outcomes of the tourism. The other seven indicators measure the inputs and the potential contribution of tourism competitiveness.

As the most sophisticated models one can regard the indexes of the competitiveness of tourist destinations. (Navickas and Malakauskaite, 2009) presented their own model of competitiveness measuring (Competitiveness Monitor Model), which is divided into eight sub-indexes. Those are as follows: index of price competitiveness (prices of hotels and restaurants, prices of goods and services, purchasing power parity), infrastructure

development index (road networks, rail transport, air transport and telecommunications, quality of drinking water, sanitation), index of environmental indicators (population density, the concentration of greenhouse gases, environmental policy), technological development index (internet index, telecommunications index and high- tech export), human resources index (population, education index), market openness index (visa index, the degree of openness of tourism and trade, fiscal factors), tourism index (participation in the tourism sector and the impact of tourism) and social development index (social development index, traditional and new media).

(Blank, 2013), published this year the third version of the Tourism Competitiveness Index (TTCI index) of the World Economic Forum, which is calculated on the basis of around 80 indicators, which are classified on a scale from 1 to 6 (6 = best rating) and are divided into three sub-indexes and fourteen pillars. A sub-index is called the Regulatory Environment for the Development of Tourism (where the pillars are: political rules and regulations, environmental sustainability, security, health and hygiene, preference of tourism industry). B sub-index is called Business Environment and Infrastructure (where the pillars are: infrastructure for air transport, land transport infrastructure, tourism infrastructure, and information and communication technology, cost competitiveness in tourism). C sub-index is called Human, Cultural and Natural Resources (where the pillars are: human resources, friendliness towards tourism, natural resources, and cultural resources).

The development of the tourism sector in given destinations is not determined only by internal factors of competitiveness, but also by the context of the global environment that affect the development at a local, regional or global level. (Blank, 2013) classify among the determinants of the global environment the following ones: economic cycles, political instability, inflation and exchange rates, population aging, terrorism, natural disasters, shifts in regional demand, digitization and the development of mobile technologies. The mentioned context of the external environment is perceived as a global factor. In contrast, the assumptions defined in the concept of competitiveness are considered as internal determinants of the competitiveness of the tourist destination.

A specific approach in terms of monitoring the country's competitiveness in the international environment represents the so called nation branding that has, among other things, impacts on the attractiveness of the country in the international tourism. Perhaps best known methodological approach to measuring nation branding is the so called Anholt-GfK Roper Nation Brands Index. This index is compiled through the preferences of almost 20,000 inhabitants in twenty states each year. A part of interviewing represents a set of 40 questions

on which the respondents express their perceptions towards the 50 countries of the world. The index includes six basic areas that are essential for measuring the image of the country and those areas include: export, government activities, culture and heritage, tourism, investment and immigration, and people.

Approaches to measuring the competitiveness of tourist destinations

The competitiveness and changing ranking of destinations and regions in the global economy will be further analysed on the basis of the statistics of the shares of the international tourism market (UNWTO), on the basis of the competitiveness ranking of the destinations of the World Economic Forum and on the ranking according the Anholt-GfK Roper Nation Brands Index (both indexes are explained in the preceding text).

Table 1 illustrates the regional distribution of international tourism by UNWTO methodology. This institution distinguishes five regions and almost twenty sub-regions. The structure of regional tourism by UNWTO does not correspond to the standard geographic breakdown. Europe Region includes, besides European countries, also the territories of the former Soviet Union, Israel and Turkey. Asia and Pacific Regions include the area from Iran, Japan up to Australia and New Zealand. In addition to traditional continents the Middle East Region is defined, which includes North Africa and the territories of Asia up to Iran. America Region as the only one corresponds to the geographic breakdown of North, Central and South America. Region Africa includes all African countries except those that are located in the Middle East Region (Jeníček, 2013).

Tab. 1: Share of international arrivals (%)

Region	1990	2009	2012
Europe	62	52	51
Asia and the Pacific	17	21	22
America	20	16	16
Africa	3	5	5
Middle East	2	6	6
Advanced Economies	68	56	53
Emerging Economies	32	44	47

Source: Tourism Trends and Marketing Strategies UNWTO (<http://mkt.unwto.org/en/barometer>)

As in the deployment of the global economy there are also significant changes in the geographical distribution of international tourism that cause the weakening of the global share of developed economies compared to emerging markets. Tables 1 and 2 show that during the period 1990-2012 the shares of developed economies in the international arrivals fell down from nearly 70 % to 53 %, according to the statistics by UN WTO. In contrast, the share of emerging markets and developing countries gradually increased, reaching 47 %. In the perspective of the next ten to twenty years one can expect the superiority of the share of emerging economies. Advanced destinations that dominated the international tourism in the second half of the last century, face the effects of economic slowdown as well as the decline in international competitiveness. From a regional perspective, we can monitor the drop in the shares of Europe and America Regions, both in international arrivals, as well as the incomes from tourism. While the Asia, Pacific, Africa and the Middle East Regions have substantially increased their shares of the international tourism market in the last twenty years.

Among the most dynamic areas of world tourism in the last five years were Southeast Asia, South Asia, South America, Sub-Saharan Africa, South America and Northeast Asia. In recent decades a long-standing fact that tourists in the regions of Europe and America generate more revenue per arrival than in emerging destinations has also been beaten. At present it is still true in case of underdeveloped Africa Region only. The average income of one international arrival in the Asia and Pacific Regions is comparable to America Region and exceeds Europe. In this regard the Middle East and Europe Regions achieved roughly comparable values.

Despite the downward trend, however, Europe remains the dominant region in the international tourism, given the long tradition of tourism and to some extent also the statistical distortions. They result from the high number of relatively small countries, located in the region of Europe and the increasing preference of the international tourism over the domestic one.

Tab. 1: Share of income from tourism (%)

Region	1990	2012	1990-2012 (change in shares)
Europe	58	52	- 6
Asia and the Pacific	14	23	+ 9
America	23	17	- 6
Africa	2	3	+ 1

Middle East	2	3	+ 1
Others	1	2	+ 1

Source: Tourism Trends and Marketing Strategies UNWTO (<http://mkt.unwto.org/en/barometer>)

In contrast, America Asia and the Pacific Regions have a greater share of domestic tourism. These tendencies can be demonstrated on the fact that the total volume of gross domestic product and generated employment in the tourism sectors are greater in the regions of Asia, Pacific and America and they go beyond the values achieved in Europe. The regional distribution of world tourism is influenced by selective, localization and realization preconditions for the development of tourism. Based on the results of Tourism Competitiveness Index (TTCI index) of the World Economic Forum, which is compiled on the basis of the analysed statistical data and surveys in three areas (regulatory environment for the development of tourism, business environment and infrastructure, and human, cultural and natural resources) one can conclude that the best conditions for the development of tourism continue to show the European destinations. The average ranking of European countries between the years 2009-2013 remains almost constant.

In the 2013 rankings within the top twenty most competitive tourist destinations there were thirteen from Europe, two American ones and five from Asia and the Pacific. Other regions did not get among the top twenty. In the given period (2009-2013), within the European regions and also globally, the first place was for Switzerland, which is assessed on top from the view of almost all the observed factors. In the current index, excellent levels are achieved in the categories human resources in the tourism, sector sustainability, and safety and hygiene standards. The only significant weakness is the price competitiveness of the destination, but it applies to the most developed European countries. Among other destinations consistently perceived as excellent ones (top ten) we will find Austria, Germany, France, Spain, Great Britain and Sweden. The only destinations in the region of Europe, which were not in the top fifty countries in the context of the tourism competitiveness index, are the post-Soviet countries (except the Baltic States) and some Balkan countries (Albania and Romania).

Asia and the Pacific Regions are characterized by considerable inequality in the ranking of individual economies. Singapore, Hong Kong, Japan, Australia and New Zealand rank among the top twenty countries analysed. Whereas Pakistan, Nepal and Bangladesh are in the second hundred of the list consisting of 140 countries. The top rated country throughout the region is currently Singapore, which primarily benefits from excellent transport and business infrastructure. It also has a very high level of human resources in the tourism sector and well-functioning public institutions as well as policies. The Middle East Region involves a

relatively heterogeneous group of countries in terms of the results achieved. Most destinations are located above the average in the score sheet, mainly due to the quality of the business environment and infrastructure. America achieves similar average ratings, but the layout of countries is different. The region includes two high-quality destinations that are included in the top ten (United States and Canada) but also the countries at the beginning of the second hundred in the list (Bolivia, Venezuela, Paraguay, etc.). When calculating the average value for America, Haiti was excluded. This country ranked in the last place out of 140 countries in 2013, but in 2009 it was not evaluated so there would be a statistical distortion of the average. In the recent years, Africa is steadily the worst rated region in the sector of tourism competitiveness index of the World Economic Forum.

Based on the average ranking in competitiveness of the World Economic Forum, the individual regions are placed as follows: Europe, Asia and Pacific, Middle East, America, Africa. When comparing the development of the competitiveness of the individual countries one can see that the only region that moved in a positive direction in the average ranking of the competitiveness index in the last four years was the Asia-Pacific Region. Here, we can see an increase of internal factors of competitiveness of the region. This corresponds to an absolute increase in arrivals and revenues from tourism, which was found on the statistical data for the last decade. Other areas either stagnated or slightly worsened their position (Middle East). Finally, it should be noted that in order to ensure the comparability of the partial methodological sources the division into regions was done according to the methodology used by UNWTO and not the one used by the World Economic Forum. A certain lag is noticeable in terms of price competitiveness and natural and cultural resources.

As noted above, another possible way of measuring the attractiveness of the country is the so called nation branding. Of course this approach does not have, in terms of the competitiveness of destination, such a distinctive explicitness as the TTCI index, but it represents another possible comparison. Probably the most famous index of this kind is the Anholt-GfK Roper Nation Brands Index, which has been in recent years consistently dominated by the developed economies of Europe, North America and Japan. The United States, Germany, Great Britain and France regularly occupy the highest ranks.

In our research we tried to find the relation between the city brand value and the average hotel prices in the cities. The regression and correlation coefficient analysis is used to analyze the relation. The F test confirms with the 95% probability the relation between the values of the CBI and Hotel Price Index. The critical value of the correlation coefficient is 0,312 with the

95% probability if $n=40$. The value 0,315 of the correlation coefficient confirms the correlation between the brand value of the city expressed by CBI and its average hotel price.

Conclusion

As in the deployment of the global economy there are also significant changes in the geographical distribution of the international tourism that cause weakening of the global share of developed economies compared to the emerging markets. From a regional perspective, we can observe the drop in the shares of the Europe and America Regions, both in international arrivals as well as in the revenues from the tourism. On the other hand, the Asia-Pacific, Africa and the Middle East Regions in the last twenty years substantially increased their shares of the international tourism market.

Among the most dynamic areas of world tourism in the last five years were Southeast Asia, South Asia, South America, Sub-Saharan Africa, South America and Northeast Asia. In recent decades a long-standing fact that tourists in the regions of Europe and America generate more revenue per arrival than in emerging destinations has also been beaten. At present it is still true in case of underdeveloped Africa Region only. The average income of one international arrival in the Asia and Pacific Regions is comparable to the America Region and exceeds Europe. In this regard the Middle East and Europe Regions achieved roughly comparable values. Traditional European and North American destinations still dominate the charts of the international competitiveness of tourism, but even here there was, in the last five years, observed a positive development in the Asia Pacific Region.

Emerging markets, however, are not only competing destinations but also a source of new tourists who do not represent low-income groups (in many cases the opposite is true). Theoretical concepts and policies in the field of tourism respond to relatively dynamic shifts through which international tourism is undergoing. Understanding and ability to react to changes in the structure, form and distribution of world tourism are becoming an important prerequisite for the design and management of an effective tourism policy at the national level. Sustainable competitiveness in comparison with new destinations as well as the ability to attract tourists from emerging markets is becoming key factors of success in the international tourism market. In addition to responding to new forms of organization and leisure travelling and business travelling there is one more vital issue for the traditional tourist destination: how to get and attract as many tourists from countries such as China, Russia, India, etc.

As shown in the analytical part above both City Brand Index and Saffron European City Brand Barometer have significant positive relationship with the average hotel prices.

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