

# **COMPETITIVENESS IN TOURISM - MODELS OF TOURISM COMPETITIVENESS AND THEIR APPLICABILITY: CASE STUDY AUSTRIA AND SWITZERLAND**

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**ABSTRACT:** Competitiveness concept has been adapted to tourism from different disciplines, containing also management and marketing. Our goal is to explain why in competitiveness concept are management, marketing and leadership important for success. The research is based on secondary sources dealing with the application of process innovations in tourism, especially with the studies of models of competitiveness in tourism (Poon's model, the WES model, the Dwyer's and Kim's model, Bordas model, the Crouch-Ritchie). Some of these models have been personally discussed with Prof. Brent Ritchie, Haskayne School of Business, Calgary. One of the most influential disciplines, which enriched competitiveness in tourism, was management. Strategic visioning concept includes the concepts of co-operation which have implemented some ideas of the Darwinian approach in managerial strategies. This concept has been fully imported in the concepts of co-operation and cross-border cooperation in order to be more competitive as a destination. In management concept, targeting directly strategy of how to be more competitive and the strategic visioning has become one of the most common. There has been used a method of content analysis of existing academic literature on competitiveness of tourism and models of competitiveness. The intent is to use examples and best practices from Austria or Switzerland (ranks at the first and second place in tourism competitiveness index) in order to find solution and good examples also for other countries in Europe and in the world. **Keywords:** competitiveness of destinations, models of competitiveness, management, marketing, partnerships in tourism, visioning

## INTRODUCTION

“While competitiveness and success are clearly distinct concepts, they are nevertheless significantly related” (Crouch & Ritchie, 2003, p.13). Success in tourism could be measured as the total amount of tourism receipts (revenues) and number of visitors. Market share is, however, not always the factor of the competitiveness. Competitiveness and its measurement incorporates multidimensional spectrum of

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indicators. The complexity and interdisciplinarity of tourism research has been fully developed in the epistemologies on tourist destinations.

As Getz (1986, p. 23) mentioned, “the study of tourism is enriched and yet complicated by the theoretical diversity. There are a number of descriptive, explanatory and predictive models which form the building block of theories and describe whole or subsystems”. Echtner and Jamal (1997) added that “the competitiveness body of knowledge relies on the broad paradigmatic umbrella”, which makes the understanding even more complicated.

The main purpose of this paper is to find different parallels in the concept of competitiveness and to focus on the explanation of major factors of competitiveness in tourism based on T & T (Travel and Tourism) competitiveness indexes and several models of competitiveness discussed by academics and practitioners especially with the aim to indicate which factors might be decisive and if time and development phase might have some influence on destination competitiveness ranking. Countries as Austria and Switzerland ranked for a longer period of time at the top places in competitiveness. For this reason our goal is to discuss some aspects of their competitive approach and reasons of their success.

## LITERATURE REVIEW

### *Onionskin taxonomy*

The multi-pillar approach represents the concept of the macro-environment influencing the competitiveness of destinations in tourism. As Crouch and Ritchie (2003, p. 80) stated, “the complex approach to the tourism destination competitiveness is captured within a term onionskin taxonomy”. The global forces shaping the challenges and opportunities of destination build up the corpus of the so called “onion” from layers surrounding a destination (enclosed in Fig.1).

This concept bears the signs of multidisciplinary in tourism. Ritchie and Crouch (2003, p. 80) divided the onionskin layers to three categories. As the most unstable group of factors, fluctuating the most rapidly during the period of time, have been defined by Ritchie and Crouch (2003, p. 80) “economic, political, and technological factors”. More stability and predictability bear the demographic and sociocultural forces; however, the relatively stable and reliable are the climatic, geographical, and environmental forces.

Onionskin taxonomy and its layers, representing epistemologies of plentiful disciplines amalgamated into tourism destination concept,

are an example of “working between the disciplines, blending various philosophies and techniques so that the particular disciplines do not stand apart, but are brought together intentionally and explicitly to seek a synthesis” (Leiper, 1981). Competitiveness is, for this reason, a multidimensional concept. Terminologies as destination and competitiveness have been used in different disciplines; as for example, geography, economics, marketing, sociology, and psychology. Tribe (2005, p. 650) mentioned creation of “clusters of interdisciplinary activities” and explained them in the case of creation of two modes and the interconnecting band between them. He continued that “interdisciplinarity generates an epistemology characterized by the explicit formulation of a uniform, discipline – transcending terminology, or a common methodology” (Ibid, p.650). Competitiveness of destinations, for this reason, needs to be defined and explained from the view of their own disciplines as well as tourism epistemologies.

#### *Concept of tourism destination*

According to Buhalis (1999, p. 97), “destinations could be explained as amalgams of tourism product, offering an integrated experience to consumers”. “Traditionally, destinations are regarded as well-defined geographical areas, such as a country, and island or a town (Hall, 2000; Davidson & Maitland, 1997).

A destination bears mutual meanings, and its perception depends on the tourist travel motivation, its perception, and marketing strategy. Important is how a destination is marketed globally. Destination means a macro country (consisting from more countries, a country, province, region, city or town, and the unique place as the national parks, falls, and lakes).

Porter (1998) defined these destinations as clusters or “geographic concentrations of interconnected companies and institutions”. Vanhove (2006) added that clusters could be understood as “a group of tourism attractions, enterprises, and institutions directly or indirectly related to tourism”. A synergy of different attractions, services in tourism, infrastructure, businesses, directly or indirectly related to tourism, is the typical feature of clusters. “Competition in tourism is mainly between clusters and not so much between countries (Bordas, 1994).

Tourists are motivated to achieve expected travel experience offered by a destination. Cooper, Fletcher, Gilbert, Shepperd and Wanhill (1988) defined destinations as the “focus of facilities and services designed to meet the needs of the tourists. “ Attractiveness (natural, man-made, artificial, purpose built, heritage, special events), accessibility (the entire transportation system comprising of routes, terminals and vehicles), availability of packages (pre-arranged packages by in-

termediaries and principals), activities, and ability to use the ancillary services (banks, telecommunications, post, newsagents, hospitals) are the precondition of a destination's competence to become a tourism destination. The expectations and desires of tourists have changed dramatically during the last decades, and many tastes and desires are embedded in the choice of destinations.

In the middle of the last century were the most popular destinations called as "first-generation destinations" with the typical high-societal atmosphere, fragmented tourism product offered by the individual tourism service providers. A location of these destinations was predominantly along the northern European coastline (England, France).

The second generation of destinations with a label "sand, sea, and sun" still survives and exists; however their ability to compete is behind a zenith. As the cited authors stated (Poon, 1993; Claver-Corte's, Molina-Azorin, Pereira-Moliner, 2007), these types of destinations are typical for the mass tourism and pursue a lack of product differentiation. This means that in the process of marketing segmentation, they offer the same product to all segments of tourists (undifferentiated product segmentation).

Mass marketing concepts, based on the price advantages and the large market share, do not cope with the new philosophy of success in tourism. Psychographic variables of the segmentation process, especially "life style, consumer preferences, and personality character" have gained more importance. Psychology and social psychology, applied in the concepts of tourism marketing, are visible in this explanation (multidisciplinary approach to tourism). Behavior segmentation is another example of looking at the differences among customers, and one of the concepts is a loyalty building.

Destinations labeled as the "second generation" types, have embedded the traditional model of the Ford mass production. The diversification and differentiation are foreign elements in this concept; typical is the rigid product or service offer packaged and sold by the tour operators. High product standardization simplifies the service provision; however, the effect and especially experience of tourists is not identical as if the product would be "tailored" to their needs.

In order to be competitive and fulfill the new desires of visitors, as the cited authors claimed above, "Neo-Fordist destination" had to be accepted. Crucial is the rapid interrelation of such destination with the outside world through the informative channels, strategic marketing approach, visionary attitude, and opening to the new ideas and concepts (based on new tourism perspectives and innovation techniques and devices, e. g. the use of new information technologies and information systems).

“Fundamental turning point in a research (and epistemology on tourism), conducted on resort (destination) cycles, was Butler’s model of lifecycle” (Wall, 2006, p. 197). As the author continued “the model was based on the product life cycle, tracing the evolution of the tourist market as manifested in the changing physical facilities and infrastructures of the destination. (Ibid, 2006).”

The concept is based on the chronological array of stages of exploration, involvement, development, consolidation, stagnation, and decline or rejuvenation. The last stages and their development depend on different factors, but Wall developed this idea based on Butler (2006, p. 198), and stated “as the area enters the stagnation phase, the peak number of visitors will have been reached. Natural and genuine cultural attractions will probably have been superseded by artificial ones. Capacity levels will have been exceeded, with attendant environmental, social and economic problems. The area will have a well-established image, but it will no longer be in fashion”.

The Kotler’s product life cycle model and his application in tourism means that probably the same innovations, improvements in marketing strategies in the stage of maturity (in Butler’s model probably development or consolidation stage) have to be taken into consideration. This model has been used in the academic discourses of many academics as Agarwal (1997), Shaw and Williams (1991), Tooman (1997), Douglas (1997), Choy (1992), Getz (1992), Ahmed and Krohn (1990), Cooper & Jackson (1989). The concept of destination life cycle contains the influence of cultural and environmental sustainability in order to be able to undergo a change. The deployment of all tools and strategies, also marketing and visioning, leads to the destination’s rejuvenation. Destinations in tourism compete, as Ritchie and Crouch pointed out, and that “competition between destinations plays a critical role in shaping the global tourism industry. Competitiveness is becoming even more important as tourism transition from old industry practice of mass marketing, standardization, limited choice and inflexible holidays to a greener, more individual, flexible and segmented approach” (Ritchie, Crouch, 2003; Dwyer & Forsyth, 2000).

#### *Concept of competitiveness in tourism*

Competitiveness concept has been adapted to tourism from different disciplines, especially from the management and marketing. As Crouch and Ritchie admitted (2003), “while many other paradigms have been the basis of books on tourism, we believe that, from a management perspective, the destination is the fundamental unit on which all the many complex dimensions of tourism are based.” To be able to understand all forces shaping the competitiveness and especially to define

competitiveness, it requires the continuous process of knowledge development. However, some basic epistemological concepts have been already developed. The process of developing models and knowledge on competitiveness is still open and not definite.

“Tourism destination competitiveness can be defined as a general concept that encompasses price differentials coupled with exchange rate movements, productivity levels of various components of the tourist industry and qualitative factors affecting the attractiveness or otherwise of a destinations” (Dwyer, Forsyth & Rao, 2000; Matias, Nijkamp & Neto, 2007). The sources used in destination’s tourism development create comparative and competitive advantage in tourism.

“Comparative advantage would relate to climate, scenery, flora, fauna, etc., while competitive advantage would relate to such items as the tourism infrastructure (hotels, events, attractions, transportation networks), the quality management, skills of workers, government policy, etc.” (Kim & Dwyer, p. 58). “Porter groups the factors of comparative advantage into the human resources, physical resources, knowledge resources, capital resources, and infrastructure” (Porter, 1990; Ritchie & Crouch, 2003). In other words, comparative advantage factors are created from the primary resources in tourism (mountains, spas, lakes, rivers, sea), secondary factors (infrastructure, superstructure), human and financial capital. These factors could be compared to the factors of production. The concept of factors of production has its origin in macroeconomics. The factors of production consist from the land (natural resources), labor (human capital), and capital (finances). Factors of the comparative advantage are the historical, cultural resources, and a size of the economy measured by the indicators as GDP (Gross domestic product) and GNP (Gross national product).

Comparative advantage is a measurement of the endowments, e.g. measurement of the available resources serving as a potential for tourism development. The deployment of these resources is the competitive advantage. Factors of competitive advantage are, for example, audit and inventory, maintenance, growth and development, efficiency, and effectiveness. More complex approach to the competitiveness of destinations defined different scholars, as for example, Buhalis (2000, p.106), who included into the definition of competitiveness the concept of sustainability of the local resources. He noted, “a destination competitiveness is a synergy of economic, social, and sustainability concepts”. Crouch and Ritchie (2003) added, “a successful destinations cannot spend their natural capital in order to be economically profitable”. This important turning point in being competitive and do not deplete for short-term success all resources, influences the epistemological base of destination competitiveness that has been established during the last 20 years.

Crouch and Ritchie (2003), emphasized this concept, by stating that “what makes a tourism destination truly competitive is its ability to increase tourism expenditure, to increasingly attract visitors while providing them with satisfying, memorable experiences, and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destination for future generations.” This definition contains all aspects of a competitive destinations expressed in the effectiveness and efficiency (economics), satisfaction of consumers – tourists (marketing approach), involvement of community (community building approach), and sustainability concept (protection of natural resources approach). Application of this definition in the competitiveness concept answers clearly the question why the mass tourism (old tourism) streams had to be replaced by new tourism developments.

One of the most influential disciplines, which enriched competitiveness of destination epistemologies in tourism, was management. Strategic visioning concept includes the concepts of co-operation which have implemented some ideas of the Darwinian approach in managerial strategies.

This concept has been fully imported in the concepts of co-operation and cross-border cooperation in order to be more competitive as a destination. In management concept, targeting directly strategy of how to be more competitive and the strategic visioning has become one of the most common. Shipley and Newkirk (1998) noted that “management thinkers have almost always talked about vision and it is more flexible way how to deal with an uncertain world.”

As Ruhanen stated (Ruhanen, Matias, Nijkamp & Neto, 2007), “the benefit of a strategic approach for tourism destination is that it forces destinations to look outside their artificial geographical boundaries and focuses on the external environment, something, which tourism destinations have not done well to date.” External environment could be understood as the boundaries of one state, a province, or a city. Cross-border co-operation, beneficial for both destinations, can be a good example of the strategic approach.

“Tourism destination strategic planning is designed to be deliberate and integrative and to allow and permit the destination to adapt quickly to changing situations and develop information, planning and control systems to monitor and respond to a change “(Cooper, 1995; Ruhanen, Matias, Nijkamp & Neto, 2007). A change means also the change of different concepts and models of destination competitiveness, which have been evolved during the last period of time.

*Models of competitiveness*

As tourism is a very diverse and multidisciplinary field, as has been already discussed, for this reason the models of competitiveness include a variety of factors. Porter (1980) developed a generic competitive model at the micro-level (for the enterprises). Poon's model considers the innovative processes, quality, and the prioritization of tourism in order to use the most significant factors of competitiveness. The WES model emphasizes the macro-economic level and tourism policy in competitiveness ranking. The price, its strategies; as one of the most important marketing tools; have been recognized as the main component of Dwyer's approach to the competitiveness.

Bordas model takes into account the perceived value and costs, and contains a strong marketing concept. The model, dealing with the destination policy, tourism management, planning, and marketing concept in the most comprehensive way, is the Crouch-Ritchie's model; however this model is not the last concept of the destination competitiveness. As Vanhove (2006) mentioned, "meanwhile Dwyer and Kim (2004) have developed a new model called "The integrated model of destinations competitiveness, which contains many of the variables identified by Crouch and Ritchie." The following discourse on models of tourism competitiveness develops deeper epistemological discourse on some basic concepts.

Crouch and Ritchie (2003, p.11) pointed out, that "today the notion of competitiveness is powerful and pervasive, receiving much of its expression in the business world through the writings of Professor Michael Porter and many others."

Porter's model was originally created for the business world and his diamond of competitiveness was used the business terminologies, as "the threat of entrants, suppliers, buyers (customers), the threat of substitutes, and competitive rivalry" (Vanhove, 2006, p. 103). In order to be profitable, a destination has to apply all five competitive forces. The destination and its value-added reward (return of investments) represent a success. In order to be profitable or bring some additional value, destination has to become a leader in the cost-benefit area, to imply a concept of differentiation in marketing strategy, to introduce the niche strategy of marketing.

Vanhove discussed some of these concepts (2006, p.103), and developed more by the application of these ideas to the tourism industry (2005, p.109). All five forces and their strength "influence profit of each sub-industry (e.g. tour operator, air carrier, theme park), where profit potential is measured in terms of long-run return on invested capital". This model has some negatives, e.g., does not reflect the concept of sustainability (unlimited deployment of resources to reproduce

products). For this reason, the model is more used in the industry and does not fit to a sensitive tourism environment.

Porter developed in his book "The Competitive advantage in tourism" a model that is much more applicable to the tourism environment. The cluster analysis is the decisive tool of this concept. "Porter claims that the success of a firm does not only depend on its strategy and positioning, but also on its being embedded in the environment" (Vanhove, 2005, p. 114). The more competitive is this environment, the better chances are to achieve a competitive advantage. Four main determinants have been used in this concept; and each of them plays an important role for the destination competitiveness.

Factor conditions are primary conditions for tourism development, as natural resources, cultural and historical places, infrastructure and suprastructure, and human capital. The main factor conditions in the industrial process are land, labor, and capital and here exists some analogy between the industry (production) and the "tourism industry". Demand conditions include such factors as the size and structure of the market, positioning at the markets, psychographic segmentation, and implementation of the innovative approach. Similar concepts have been applied in Austria and Switzerland, two highest ranking competitive destinations. Vanhove (2005) stated that "quality-conscious tourists exert constant quality control, pushing suppliers towards high-quality and attractively priced market segments."

Tourism and its performance as well as competitiveness depend on the co-operation of different sectors, private and public and the co-operation of the providers of tourism services. The competitiveness is significantly influenced by supporting industries; for example, safety (police), health protection (health care), quality of services, retail sector, security (public good offered by a public sector).

This concept creates a question, if tourism development has to be left in all aspects on market, or if a government has to intervene in specific situations. The events in the last decade revived a new discussion of the government's responsibilities to act more dynamically and strictly during the crises and disasters (for example terrorist attacks, epidemic disasters, etc.).

The concept of market structure, rivalry, organization, and strategy has been partially explained in while discussing the topics of strategic visioning. Poon's model is based on the concept of the old and new tourism approach. Poon criticized the orientation of Porter's model to the industrial sector rather than to the service sector (predominant in tourism). Innovation and differentiation are the main axis of this model. Remarkable idea is embodied in the division of two types of competitive strategies, e.g., strategy for enterprises in tourism and strategy for tourist destinations.

For the tourism industry players, the most important are factors as to “put consumer first, be a leader in quality, develop radical innovations, and strengthen strategic position” (Vanhove, 2006). Tourists expect a holistic experience and some value for their money. For this reason, a consumer and quality of this experience have to become the priorities. The author of the model discusses new approaches, a vision, and innovations. The innovation and differentiation are main ideas of this model. Learning and continual improvement of human capital skills lead to the best achievements.

Innovations are based on human’s knowledge (incremental innovation) and potential, e.g. tacit knowledge, but it is also the codified knowledge. Genuine local tacit knowledge could be a decisive point for the tourism enterprises in the process of competitiveness. This concept has been fully implemented and used in Switzerland in the hospitality enterprises. In tourism, “important seems to be the transfer of cultural knowledge” (Williams, 2007).

A holistic approach to the tourist experience refers to the perception of a complex product, not only the accommodation or catering services. Tourists are sensitive to the friendliness, clean environment, safety, and harassment. This holistic approach could be better understood in the discussion of strategies for tourism destinations; however the micro-level is also important.

Macro-level, or destination level, means tourism policy in a particular destination, usually at the different administration governance level. This concept is more complex and includes more tourism and non-tourism sector players. Blending of the public and private sector interests and governance influences a tourism policy and reveals the complexity of its implementation in a real life.

The complexity of the tourism system in each country and the organization, planning, and financing of tourism generates the different models and approaches. Countries with a highly developed private sector and tourism (dominant in the ownership of the tourism enterprises) usually do not intervene into tourism development the way as developing countries.

However, the recent experiences and historical events deepened this epistemology with a fact that in some cases the government’s support and leadership could be crucial. One of the reasons of such responsibilities is the form of a tourism product in destinations. The existence of public goods complicates the destination management process.

The successful destinations (countries, regions, clusters of attractions, cities) represent the model of success for the other destinations. Kozak (2004), Lennon, Smith, Cockerell and Trew (2006) discussed the idea of a transfer of the best practices based on benchmarking concept to the tourism settings.

Innovative approaches and practices of the most successful destinations represent the motivating factor. "Benchmarking has been used extensively by the public and private sectors as a tool to develop competitive advantage (Dorsch & Yasin, 1998; Lennon, Smith, Cockerell & Trew, 2006) and this process is a continuous, systematic process for evaluating the products, services and work processes of organizations that are recognized as representing best practices for the purpose of organizational improvement" (Spendolini, 1992a; Lennon, Smith, Cockerell & Trew, 2006).

A benchmarking approach in tourism has been used in one of the most successful tourism destination, Austria, couple years ago. Austria ranked 2nd in the tourism competitiveness in 2011; however in 2013 has moved to the 3rd place (Germany is 2nd). Poon's model, and especially its "plea for a transformation of the role of National Tourist Offices from promotion to product development deserves attention" (Vanhove, 2005, p. 122) has been used as a leading model in this country. The common denominator of the following three models and the Poon's model is a quality of services as a separate factor, or the transformed quality in the concept of a destination's image.

In WES model has been introduced a clear distinction between factors and indicators of a destination model. The most important are the macro-economic factors represented by the fiscal policy (taxation), monetary policy (exchange rate), cost of capital; supply factors (supply side in tourism represented by tourist attractions, superstructure, cost of these factors – prices); demand factors (marketing tools and their implementation); infrastructure, and the tourism policy factors (planning, financing). Similarities could be found in the Crouch and Ritchie's model.

The limitation of the model is that it uses the macro-economic factors; however it also discusses interesting ideas about the importance of a fiscal policy and taxation in tourism. The tourism taxes are important source of income; however, some taxes could be a factor of distortion, and they appear to be a problem for competitiveness. For example, all entry and exit taxes (visa /travel permits) have a strong impact on competitiveness.

The cost and the price factors have not been neglected in any of the above stated models. The next model underlines the price factor even stronger. The price competitive approach has been stated in the Dwyer's opinion and model (2000, Vanhove, p. 109) and Edwards (1995; Vanhove, p.109). Dwyer added that "a general concept that encompasses price differentials coupled with exchange rate movement, productivity levels of various components of the tourist industry and qualitative factors affecting attractiveness or other wise of destination." This concept contains a factor of quality, socio-economic, and demo-

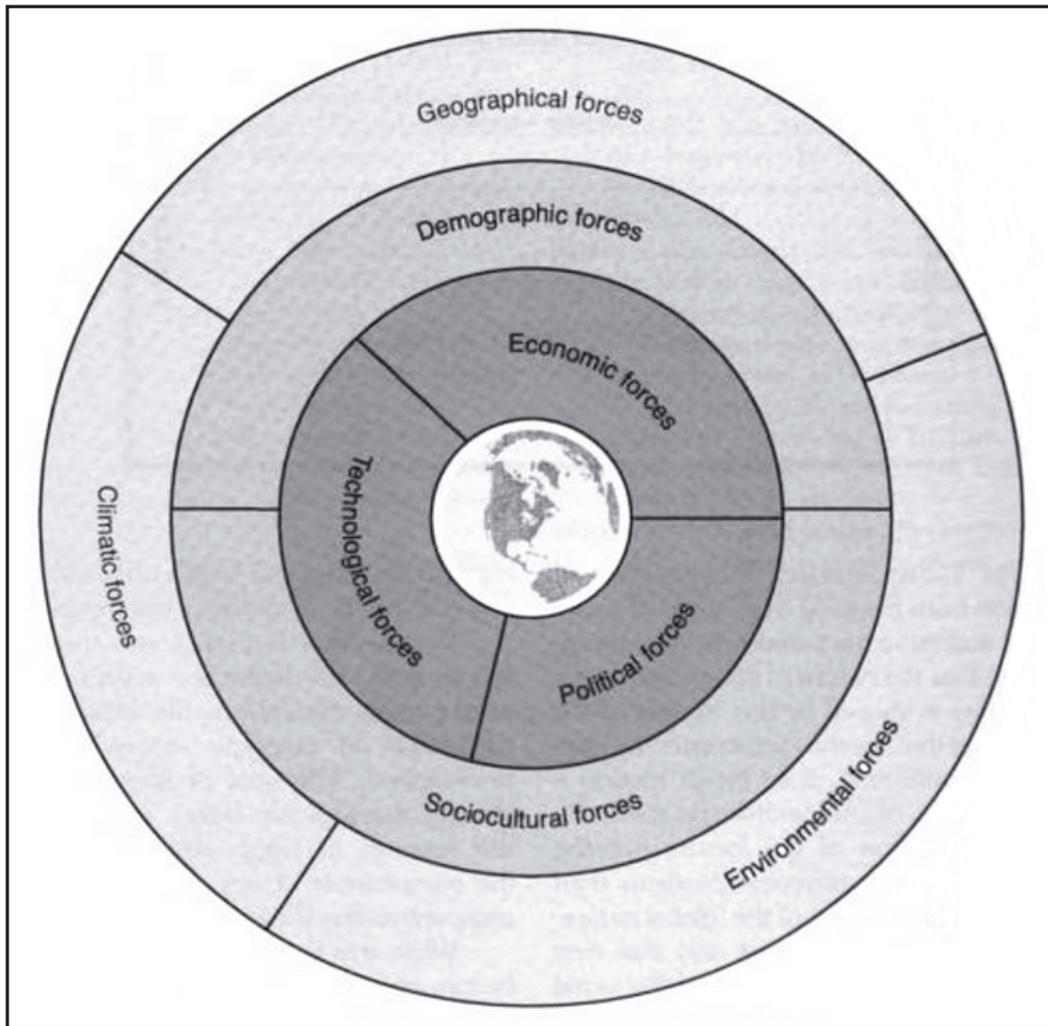
graphic factors. Quality factor is tightly related with image, which is the central point of Bordas model.

The Bordas model has some limitations, especially the orientation at the demand (marketing) in tourism industry and its application for the long-haul tourism destinations. Image plays the central role in this model and represents the perceived value. Interesting in this model is a fact, that the image has been created independently and without any connection to tourism. Vanhove (2006, Kozak, p. 108) explains, "in the case of a bad image, it is difficult to change it. Only the improvement of the supply side and the creation of new and/or upgraded products can be helpful." In marketing theory, image represents one of the most important marketing tools.

Second factor, influencing the tourism destination competitiveness, is the perceived cost. Vanhove (2006) explained a variety of cost classification as "the economic costs, the physical efforts, the psychological costs." Some types of these costs, especially psychological costs (hygiene, health care, risks), have been implemented as the indicators in the tourism monitor (TM), which will be briefly discussed later.

The Bordas model reflected to some interesting facts in competitiveness of tourism destinations; however its weakness is that the implementation of that specific model has not been fully tested. Questionable is also some limited orientation (one side orientation toward the marketing activities). Vanhove (2005) appreciated its complementarity, especially, that "the model underlines a number of factors neglected or underestimated in other approaches."

The most complex model is the "Ritchie and Crouch's Conceptual Model of Destination Competitiveness" As has been already discussed above, the model is based on two advantages - comparative and competitive and their implementation. Vanhove (2006) described the main division of the factors of comparative and competitive advantages as "the components of the model are the global macro (environment), the competitive (micro) environment, core resources and attractors, supporting factors and resources, destination policy, planning and development, destination management; and qualifying and amplifying determinants". This model contains and summarizes some of the above described models and approaches; however, despite the complexity and content richness, the model seems to be too complicated and not easily understood by some tourism policy representatives. The important factors in this model are a sustainability and a community approach. The economic and marketing factors have been wisely balanced with a sustainability approach. Environmental protection and sustainable behavior have been also introduced in some different concepts, for example in Poon's model in connection with a new tourism development (environmentally conscious tourism).



**Figure 1 – Onionskin taxonomy (Crouch & Ritchie, 2003, p. 80)**

The macro-environment (economic, climatic, geographical, environmental, demographic, social and cultural, technological, political) and micro-environment factors (suppliers, enterprises, intermediaries, customers, destinations, destination marketing organizations, supporting industries, and the other stakeholders) are parts of the holistic tourism system and their synergy is crucial for competitiveness. “An important conclusion is that there is an association between domestic rivalry among tourism enterprises and the creation of persistence of competitive advantage” (Vanhove, 2005; Porter, 1990).

Ritchie & Crouch (2003) defined the most important pulling factors as the main motivation indicators, and they were introduced as “the physiography and climate, culture and history, activities, special events, entertainment, superstructure, market ties (religion, ethnic root)” (Vanhove, 2005). These authors stated some interesting facts, which should be explained. Core attractions are crucial for destination competitiveness, however there are some exceptions. The existence of

one negative factor in the model influences the total outcome. Crouch and Ritchie used the example that many “economic giants and models of relative political stability, yet still have a modest appeal in many markets” (2003, p. 5).

The supporting factors of the destination competitiveness model are the infrastructure, accessibility (visa, airline access), facilitating resources (human and financial resources), hospitality (host and guests relations), tourism enterprise contributions, political will (allocation of scarce resources). Vanhove continues in the recapitulation of the qualifying and amplifying factors (2005, p.132), which have a moderate impact on destination competitiveness and have been developed in the Crouch and Ritchie’s model. These “situational conditioners are location, destination safety, destination cost level, destination interdependencies, destination image, carrying capacity “(Vanhove, 2005, p. 132).

The model is compound of two parts, a destination policy and development (DPPD) and destination management (DM). As Ritchie and Crouch (2003) stated, “DPPD is essentially an intellectual process that uses the information, judgment and monitoring to make macro-level decisions regarding the kind of destination. DM is more a micro-level activity in which all the stakeholders carry out their individual and organizational responsibilities on a daily basis in efforts to realize the macro-level vision contained in policy, planning and development”.

A highly competitive destination does not exist by chance (Vanhove, 2005; Crouch & Ritchie, 2003). Destination policy and development in tourism contain the economic/business management (strategic planning, marketing, business management, human resources management, environmental management). The model of destination management, contained in Crouch and Ritchie’s concept, include such factors as the organization, marketing, service quality, research, resource stewardship, crisis management, human resources, and financial capital.

At the end of the polemics on the Crouch and Ritchie’ model, the authors of the model stated that “while many other paradigms have been the basis of books on tourism, we believe that, from a management perspective, the destination is the fundamental unit on which all the many complex dimensions of tourism are based” (Crouch & Ritchie, 2003).

### *Tourism Competitiveness Monitor*

Theoretical models, stated above as a result of the extensive academic work, have been implemented in a practice by applying of the tourism competitiveness monitor. World Travel & Tourism Council uses the models and indicators to monitor the competitiveness of destinations. The Monitor contains eight indexes to monitor the competitive-

ness (price competitiveness index, human tourist index, infrastructure index, environmental index, technology index, human resources index, openness index, and social index). The competitiveness monitor serves for the measurement and forecasting of competitiveness, identifies the gaps in competitiveness performance, and compared the competitive advantages and disadvantages. The Travel & Tourism Competitiveness Index covers 140 countries and is based on the data from publicly available sources, international travel and tourism institutions and experts as well as the results of the Executive Opinion Survey conducted by the World Economic Forum and its network of partner institutes (research institutes and business organizations). The Travel & Tourism Competitiveness (TTCI) Index has been created from three sub indexes: the T&T regulatory framework sub index, the T&T business environment and infrastructure sub index and the T&T human, cultural, and natural resources sub index. Sub indexes are built by 14 pillars (Policy rules and regulations, Environmental sustainability, Safety and security, Health and hygiene, Prioritization of Travel & Tourism, Air transport infrastructure, Ground transport infrastructure, Tourism infrastructure, ICT infrastructure, Price competitiveness in the T&T industry, Human resources, Affinity for Travel & Tourism, Natural resources, and Cultural resources).

In comparison to the use of this method in the above mentioned models, the critical statements have been raised against the overestimating of the measurement of the country's overall competitiveness development rather than using it in tourism destination competitiveness concept. Parallel criticism has been aimed at the repetitiveness of some indicators, for example "tourism openness index", which could be included in the "tourism impact index". The existence of the index of tourism competitiveness and its implementation into the practice are important for the awareness of countries to become more competitive in tourism and not only be successful.

## METHODOLOGY

The secondary research approach has been applied for obtaining some examples of good practices from both countries – Austria and Switzerland as well as content analysis of existing literature dealing with models of competitiveness and explanation of models content. The results were also collected during a post-graduate study stay in Canada. Some ideas and topics were discussed with some academics as B. Ritchie (Haskayne School of Business, Calgary, Alberta) and Stephen Smith (University of Waterloo, Ontario), etc. The specific cases were also studied during a former research dealing with competitiveness of

tourism in Austria and Switzerland. The study is more conceptually based and uses some case studies collected during former research and personal communication with the tourism representatives and academics especially from Austria, but is predominantly on former secondary research and partly on empirical research. The former research interest and publications dealing with one of competitiveness component – tourism destination policy and financing (studied in both countries – Austria and Switzerland) has been partly incorporated into this research.

### *Findings and Discussion*

One area, where tourism changes penetrated and which is significantly embracing further development of tourism business and competitiveness, is consumer centric tourism marketing (CCM) based on the creation of a relationship (kinship) between a customer and tourism destination. CCM is one of relatively innovative approaches to marketing and branding. This type of relational marketing is highly focused at evoking of a strong loyalty relationship between a tourism destination and customers. A process of tailoring tourism services and offer to the demand of customers requires a sophisticated marketing and management approach and the existence of a skilled labour in tourism. Some countries, such as Switzerland and Austria, have based their tourism business and strategy on provision of highly sophisticated and strictly consumer-demand tailored tourism services.

### *Case study: Austria*

Austria ranks third in competitiveness of tourism, measured by the Tourism Competitiveness Index with such priorities as for instance “an example of quality in comparison to quantity“. Austria, similarly as Switzerland, was able to implement legislative and especially organizational changes in tourism (in the policy and management toward the innovation approach). The innovative tourism destination strategies and customer oriented marketing strategies have been designated as one of the most important approaches in Austrian tourism development strategies. State funding was primarily focused on development of standard of quality in tourism, especially in the service sector. Austria applied some guiding principles of success from the above stated models of competitiveness, especially Poon’s model of new tourism approach (service sector orientation), innovation, and differentiation. For this reason, both countries were able to build a positive image and reputation as countries with highly recognized and unique tourism product and tourism services. However, some other ideas mentioned in different models (Dwyer, Bordas) could be visible in the strategies

applied in successful countries as Austria. Dwyer encompassed besides quantitative factors as price also qualitative (soft factors) as attractiveness and image, reputation. Austria was able to build a strong image as one of the most stable countries in Europe with clean environment and high living standard. This might be based on factors, which were underlined as the competitiveness factors in Bordas model (factors of quality, socio-economic, and demographic factors). Creation of image and reputation seems to become one of the strongest tools of competitiveness in this period of time, especially in the time of turmoil, political instability, and economic crises. Austria and similarly Switzerland are two successful countries, which were able to establish their extremely positive image as stable and attractive destinations for tourism. Poon's model stressed the innovation and differentiation. Sustainability, social responsibility and respecting of demographic factors in the tourism product offer are strong competitive factors of Austrian tourism. For instance, the National Social Responsibility Index and the application of CSR (corporate social responsibility) in Austria is strongly supported by a government, and Austria is 12<sup>th</sup> among 180 countries in the world (ahead of Germany, Great Britain and France) in the implementation of CSR. Austria ranks 1<sup>st</sup> in health and hygiene, 1<sup>st</sup> in the quality of tourism infrastructure, 2<sup>nd</sup> in travel and tourism regulatory framework (innovative management based on clusters, partnerships and cross-border co-operation, etc.). Strong sustainability principles, innovations and social responsibility enabled to achieve an international success. Sustainable development means a synergy of a triadic enforcement of the environmental (ecological), commercial (economic), and social factors or pillars into development strategies. Sustainability, economic performance and quality of life are important pillars supporting competitiveness.

Tourism in Austria ([www.austriatourism.com](http://www.austriatourism.com)) is focused at three visions – technology, regionality and the visitor- host relationship (co-creation and prosumer principle building). Customer orientation, openness to foreign visitors and local stakeholder involvement are the best-practice capabilities of successful tourism destinations. One example of such activities is the regional cooperation management and linking Austria to the regions of neighbour countries as for example Hungary, Slovenia, Czech Republic, Slovakia, etc. An excellent example of the innovative approach, based on the new strategies of regional development and innovations, are so called learning regions. For this reason Austria, by applying the principles of regionality and co-operation with neighbour countries, was able to succeed. Network creation, learning partnerships with intercultural goals, cultural sensitivity and openness have created favourable conditions for Austria to be a strongly competitive country in the world in all aspects, not only in tourism.

*Case study: Switzerland*

Switzerland ranks 1<sup>st</sup> in the TTCI in Human Resources quality, 2<sup>nd</sup> in Safety and Security, Environmental Sustainability and 3<sup>rd</sup> in Ground Transport Infrastructure (after Hong Kong and Singapore) and was able to build a high quality service offer based on the co-creation principles and unique services in tourism. This means the improvement of so called relational marketing and branding as well as place marketing (image and reputation). Swiss tourism success is based on a horizontal, vertical and lateral co-operation of tourism businesses (predominantly privately owned) with the other tourism representatives (associations, sectors, etc.) and public sector representatives. A majority of enterprises in Switzerland are small enterprises, which as a source of higher transaction costs require stronger state interventions into tourism (regulations, legislation, tax incentives, etc.). Social responsibility and quality of environmental protection as well as the availability of qualified labour are major success factors of Switzerland. Stewardship of natural resources and land protection as well as the environment regulation are factors of success, which were stated in several models of competitiveness, for example in Poon's model. One of main campaigns during the last period was repositioning of summer tourism strategy for the years 2012- 2015 and the market segmentation strategy toward new markets (BRIC countries), especially India as one of most potential tourism destination and partner. Switzerland is one good example of destination, which has a long period of tradition as a stable island of prosperity and reputation. Contemporary customers are mostly looking at such values as the quality of life and clean environment, and the image and reputation of destinations is a strong factor because any negative information is spread out quickly via social media as Twitter, TripAdvisor, Facebook. For this reason, competitive countries have to be cautious about their image and reputation. Switzerland and also Austria implemented a very strong branding and loyalty building concept into their tourism strategies. One of the examples of a stronger loyalty building through branding is the individual and personal service offered to the clients (image built through high service quality in Switzerland) by the implementation of so called alternative lifestyle hotel services. A creative approach to service provision, which is highly personalized and built through a strong segmentation and by the application of psychographic factors, is one of new ways of doing tourism business in Switzerland. Another important factor, which influences Swiss reputation and ranking is the quality of educational institutions in Switzerland (11<sup>th</sup> pillar – Human Resources) and especially a quality of highly prestigious tourism educational institutions, for instance hotel schools as Ecole Hotelire de Lausanne, Swiss

Hotel Management School, Les Roches International School of Hotel Management, Ecole Hoteliere de Geneve, IHTTI School of Hotel Management in Neuchatel and the others. The quality of labour and the education in tourism are interrelated, and Switzerland similarly as Austria was able to apply the principles of innovations and competitive growth into their tourism strategies and economic and social development, which are important preconditions of competitiveness growth.

## CONCLUSION

Competitiveness of tourism destinations belongs to the core topics of tourism policy. Seven existing models of tourism competitiveness have been introduced and discussed; however as Ritchie and Crouch have stated (2003), “models should not be used to make decisions; they assist in decision making, but should not substitute for the role of the decision maker.” As Jennings stated (2007), “the research agenda of tourism is vast. It covers many items, ranging from macro (or meso-) economic research on the importance of tourism sector or ecological sustainability through to local or global quality of life to micro-behavioral research on motives or spending patterns of tourist.” The concept of competitiveness has been discussed and studied from the different sides and point of view and especially with the focus on tourism. The existing models are; however, quite useful in different economic scenario, not only tourism settings.

The most important factors, which influenced competitiveness of some leading countries in tourism as Switzerland and Austria, have been underlined and discussed. Both countries achieved an excellent ranking in tourism competitiveness monitor (T & T competitiveness indexes based on several factors, not only tourism bound factors). It seems that both countries could benefit from the ability to apply some strategic concepts of the above discussed models of tourism competitiveness (as for example Poon's or Bordas models) with strong social responsibility and quality of the environmental protection and image and reputation building. Branding and strong loyalty building through a provision of personally tailored services and sophisticated segmentation based on the psychographic factors are in this period of time very crucial strategic managerial decisions in order to be competitive. On the top of it, both countries have an excellent legislative, organizational and managerial framework of tourism business and tourism is one of the priorities of both governments. In conclusion, Switzerland and Austria are strongly focused on the quality of labour and the education of students who will be employed in tourism. This might

be one of the strong examples of the innovative approach to competitiveness and destination growth.

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*Submitted: 30th January 2014*

*Final version: 07th March 2014*

*Accepted: 28th March, 2014*

*Refereed anonymously*