

COMPETITIVENESS IN TOURISM: A THEORETICAL OUTLOOK

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ABSTRACT. Present-day, tourism is declared as one of the leading sectors of development, a major source of revenues, jobs and prosperity. Competitiveness is a key element of the tourism industry. The ability to compete in a rapidly growing world tourism market is a prime concern. Understanding competitiveness and performance in tourism and measuring it is challenging. Although a large amount of literature about tourism destination competitiveness has been produced, including measurement models applied, it is a topic that still offers an important range of debate.

This paper aims at presenting the progress of research on tourism competitiveness term and tries to provide a general framework that could be expanded to further study. Since the 1990s, research efforts have been conducted towards developing a theoretical and conceptual basis for competitiveness assessment. Many researchers have applied the competitiveness theory as a critical concept to explain tourism development, destination management and tourism strategies.

The paper concludes that, in spite of the various attempts to explain the competitiveness in tourism, the literature is still confronted with the ambiguity of the concept and the complexity of its elements, which are difficult to measure.

Key words: Tourism, Destination, Competitiveness, Destination Awareness

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Introduction

In the last decades, travel and tourism and the related network have proven to be significant factors of economic growth, contributing 10.2% to global GDP in 2016, an increase for the sixth consecutive year and accounting for 1 in 10 jobs in the world (WTO, 2018). Research shows that for every 30 new tourists that go to a destination, a new job is created. (WEF, 2017)

Destination competitiveness is one of the main areas of interest and research, a key concept of the tourist industry, over which researchers and practitioners have not yet reached a consensus on how it should be defined. The term competitiveness is used on a large scale, both in the professional and academic environment. Today, the notion of competitiveness is strong and widespread, with origins in the writings of Michael Porter (1980, 1985, and 1990).

The notion of destination competitiveness should be consistent with the concept of competitiveness in economics. It is widely accepted that economic growth and competitiveness involve a complex interactive process of social, political and institutional development (Dwyer and Kim, 2003). Scott and Lodge (1985) viewed competitiveness as “a country’s ability to create, produce, distribute and/or service products in international trade while earning rising returns on its resources”. They also consider that this ability is “more and more a matter of strategies, and less and less a product of natural endowments” (Ritchie and Crouch, 2003). For Newall (1992), competitiveness “is about producing more and better-quality goods and services that are marketed successfully to consumers”.

Dwyer and Kim (2003) present competitiveness as a multi-faceted concept associated with three major groups of thought that are:

- a) Comparative advantage and/or price competitiveness perspective,
- b) A strategy and management perspective,
- c) A historical and socio-cultural perspective.

The World Competitiveness Yearbook (IMD, 2000) examines competitiveness in terms of four fundamental forces that “are often the result of tradition, history or value systems and are so deeply rooted in the ‘modus operandi’ of a country that, in most cases, they are not clearly stated or defined.” The four dimensions used are attractiveness versus aggressiveness, proximity versus globality, assets versus systems, and individual risk taking versus social cohesiveness (Ritchie and Crouch, 2003).

Many researchers have applied the competitiveness theory as a crucial approach to explain destination management and performance, tourism strategies and development. The literature on the competitiveness of tourism destinations has focused on the sustainability of the place while maintaining a favourable market position towards other destinations. According to OECD “tourism competitiveness for a destination is about the ability of the place to optimise its attractiveness for residents and non-residents, to deliver quality, innovative, and attractive (e.g. providing good value for money) tourism services to consumers and to gain market shares on the domestic and global market places, while ensuring that the available resources supporting tourism are used efficiently and in a sustainable way” (OECD, 2013).

The main purpose of this study is to review the progress of research on tourism competitiveness term and to outline the multiple aspects that influence it. There are several issues that need to be addressed in understanding and measuring the competitiveness of tourism destinations.

An audit of the literature (empirical studies, literature review articles, case studies, books, conceptual papers and so on) reveal the importance and evolution of the tourism competitiveness concept.

The evolution of competitiveness in tourism

Over the years, the researchers have tried to explain the concept of competitiveness in relation to the tourism destination. Studies on the development and management of tourist destinations have multiplied lately, with the aim of providing viewpoints and guidelines to some of the questions and challenges that destinations encounter. Since the '90s, research efforts have been aimed at developing a theoretical and conceptual basis for understanding competitiveness. However, the literature still faces the unclearness of the concept and the puzzling of its elements, which are difficult to measure.

The discussion dates back to the first studies that came out in the mid-1970s by Goodrich (1977, 1978), Mayo and Jarvis (1981) and goes until nowadays, with an increase in the number of studies published on the subject of competitiveness of the destination and its elements around the years 1990s. Although a large volume of research about tourism competitiveness has been produced over the last two decades, the literature review reveals that there is no complete definition of competitiveness that is commonly agreed and has full and perfect content. An evaluation of the literature indicates that much has been written about the competitiveness between different tourist destinations, either at regional, national or international level. According to Bordas (1994), competitiveness is established between destinations and tourism organisations rather than between countries, because of the different aspects and characteristics of destinations in a country. This depends

entirely on how much a destination is more popular than its country. However, according to this approach, each geographical part of a country may be in individual competition with other similar foreign regions on the basis of facilities, cultural and natural heritage and history. (Kozak and Baloglu, 2011)

However, a full analysis of the competitiveness of a destination did not receive widespread recognition in the tourism literature (Pearce, 1997). An early definition of the competitiveness of the destination is given by Chon and Meyer (1995) as a reformulation of the concept of competitiveness in the economy (taken from *Global Competition: The New Reality. Report on the President's Commission on Industrial Competitiveness, 1985*), as follows: "the competitiveness of the destination is the degree to which it can, under free and fair market conditions, produce services that meet the taste of international markets, while simultaneously expanding the real income of its employees (citizens)". This assertion shows that both quantitative and qualitative indicators are essential in defining the term of destination competitiveness. (Kozak and Baloglu, 2011).

Competitiveness in the tourism industry has moved from international competitiveness and between companies to competitiveness among destinations due to the impact of globalisation. Unlike as for a certain manufactured product, competition between tourism destinations has a different structure. The competitiveness can be influenced by customer expectations, motivation, past experiences, location and accessibility (Kozak and Baloglu, 2011).

Linked to the notion of destination competitiveness are numerous variables. These include objectively measured variables such as visitor numbers, market share, tourist expenditure, employment, value added by the tourism industry, as well as subjectively measured variables such as "richness of culture and heritage, quality of the tourism experience, etc. (Dwyer and Kim, 2003)

The destination competitiveness research considers two main approaches: conceptual and empirical. The literature reveals a variation in defining, understanding and measuring competitiveness. The first tourism competitiveness studies, between 1977 until 2000, focused their research mainly on tourists' perceptions (regarding facilities, attractions, accessibility, prices, etc.). Beginning with researchers Enright and Newton in 2004 and Lopez, Navarro and Domingues (2004), they evaluated the destination competitiveness based on the performance, analysing several economic factors and indicators. Currently, there is limited information regarding the connection between the tourism performance and the destination competitiveness.

Over the years, competitiveness studies were carried out by several researchers (e.g. Goodrich, 1977; Haahti and Yavas, 1983; Edwards, 1993; Driscoll, Lawson and Niven, 1994; Chon and Meyer, 1995; Pearce, 1997; Dwyer, Forsyth and Rao, 2000; Kim, 2000; Buhalis, 2000; Dwyer and Kim, 2001; Yoon, 2002; Ritchie and Crouch, 2003; Enright and Newton, 2004; Bahar and Kozak, 2007; Kozak, Baloglu and Bahar, 2010), but the most comprehensive study so far is that of Ritchie and Crouch (2003) who applied the competitiveness of the services industry to the context of tourism destinations based on countries, industries, products and companies. In this respect, the possibilities of a destination that ensures a high standard of living for its citizens is the competitiveness of that destination.

To better illustrate the variety of tourism destination competitiveness approaches, few of them are presented, in chronological order, in Table 1:

Table 1. Tourism competitiveness approaches

Author	Definition
Pearce (1997)	‘Destination development techniques and methods that can systematically analyse and compare the different attributes of competing destinations within a planning context.’
Hassan (2000)	‘The destination’s ability to create and integrate value-added products that sustain its resources while maintaining its market position relative to competitors.’
d’Hauteserre (2000)	‘The ability of a destination to maintain its market position and share and/ or to improve upon them through time.’
Go and Govers (2000)	‘Competitiveness is an arising strategic value and the destination competitiveness represents the success in integrated quality management.’
Dwyer, Forsyth and Rao (2000a)	‘Tourism competitiveness is 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 destination.’
Yoon (2002)	‘Competitiveness represents innovation and continuous change.’
Dwyer and Kim (2003)	‘Destination competitiveness is linked to the ability of a destination to deliver goods and services that perform better than other destinations on those aspects of the tourism experience considered to be important by tourists.’

Source: Own elaboration based on Kozak & Baloglu (2011) and Dwyer & Kim (2003)

Some studies have tried to estimate the competitive position of tourism destinations from the perspective of using *quantitative measures* (i.e. Papatheodorou, 2002; Mangion, Durbarry and Sinclair, 2005). This group of researchers analysed the secondary data, such as prices, number of tourist arrivals, duration of stay and revenues. The second group of studies examined the tourism competitiveness by using *qualitative measures* (e.g. socio-economic and socio-demographic profiles of tourists, level of satisfaction or complaints, quality of staff working in tourism, the quality of tourism facilities and services) and applying direct comparison (i.e. Driscoll, Lawson and Niven, 1994; Yoon, 2002; Enright and Newton 2004, 2005). It is also necessary to mention the existence of studies using both quantitative and qualitative assessments (Campos-Soria, Garcia and Garcia 2005).

The definitions offered in the literature provide both a micro and a macro connotation of competitiveness. Crouch and Ritchie (1999) believe that micro and macro (global) environment are the general factors that influence the competitiveness of a destination. The advantage of this model is its superiority in considering the role of destination management and entrepreneurs. (Kozak and Baloglu, 2011)

Conclusions

The brief review of the literature on tourism destination competitiveness revealed that none of the definitions that have been asserted is entirely satisfactory, as they do not provide a comprehensive approach of the various aspects that the notion of competitiveness encompasses. Within this research stream, the authors explored the possibility of applying concepts and theories about the management of organisations to the study of destinations. Understanding and measuring

the competitiveness in tourism raises a great interest, but the available information shows that there is still a need to explore the concept from the different perspectives relevant to the specific contexts.

Some researchers focused on the methodology while others tried to expand the competitiveness theory using different attributes and research criteria. However, a major issue involves the integration of objective and subjective features of competitiveness. An important aspect for further research is to explore the possibility of incorporating qualitative factors into the construction of competitiveness models. There seems to be a common opinion that economic prosperity and tourism performance are important issues for further research on the competitiveness of tourism destinations.

Based on the studies of the researchers it can be concluded that the competitiveness of tourism destinations is a multi-faceted, evolving concept influenced by many factors.

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