# TOURISM DESTINATION COMPETITIVENESS- BETWEEN TWO FLAGS

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ABSTRACT

The study aims to provide a better understanding of destination competitiveness and elements that affect competitive position of a tourism destination. The research is design as a comparative study of Slovenia and Serbia. For analysing a competitiveness of mentioned destinations, the Integrated model of destination competitiveness was used. The results showed that both destinations are considered to be more competitive in its natural, cultural, and created resources, but less competitive in the destination management and, according to the Integrated model, demand conditions. Based on these findings, relevant proposals are made in order to improve competitive positions of destinations.



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# I. INTRODUCTION

The continuous development of new tourist destinations and the growth of the existing ones impose the need for continuous and responsible destination management in order to achieve and maintain an appropriate level of competitiveness. Tourism competitiveness is an ability of destination to meet visitor needs on various aspects of the tourism experience (Ritchie, Crouch, 2003) which means that competitive position of a destination on the tourism market, depending on which and how well the destination resources are managed. Thus, destination's competitiveness can be advanced if there are adequate matches between tourism resources and management of the destination and this is simultaneously the guiding principle of the study.

In order to achieve proper matches between tourism recourses and management strategies, it is necessary for the industry and government to understand where a country's competitive position is the weakest as well as strongest. In addition, it is helpful for both industry and government to know how competitiveness is changing and why these changes are occurring (Dwyer, Forsyth & Rao, 2000).

The main aim of this study is to answer the following questions: What are the main weaknesses of the tourism industries of these two countries and how could their competitive positions be improved? In order to provide answers to the research questions, the authors applied an Integrated model of destination competitiveness created by Dwyer et al. (2003) to Serbia and Slovenia. The authors decided to research and compare the competitiveness of two mentioned destinations because these countries were former states of Republic of Yugoslavia till 1991, when Slovenia became an independent state. As former states of Yugoslavia, these two countries have great geographical, historical, and cultural similarities. However, the two countries are assumed to have different level of competitiveness, but encounter the same obstacles while striving to achieve better competitive position.

This research has been designed as a comparative study of Slovenia and Serbia. By providing a cross-country analysis of the drivers of tourism industry competitiveness, we intend to provide the industry with useful comparative information that could be used as an important benchmarking tool for making decisions related to tourism industry development. Additionally, the analysis provides an opportunity for the tourism industry to highlight to national policymakers the obstacles to tourism competitiveness that require policy attention, in order to improve the environment for developing the tourism industry on the national level.

# II. DESTINATION COMPETITIVENESS AND INTEGRATED MODEL OF DESTINATION COMPETITIVENESS

In recent literature, the analyses and measurement of tourist destination competitiveness have attracted increasing interest (Alavi & Yasin, 2000; Crouch & Ritchie, 1999; Enright & Newton, 2004; Kozak, 2002; Ritchie & Crouch, 2000; Ruhanen, 2007; Mihalič, 2000; Thomas & Long, 2000; Kim & Dwyer, 2003, Hassan, 2000; Kozak & Rimmington, 1999; Dwyer et al, 2011). However, the most detailed work undertaken by tourism researchers on overall tourism competitiveness is that of Crouch and Ritchie (1994, 1995, 1999) and Ritchie and Crouch (1993, 2000). According to the mentioned authors, destination's competitiveness is defined as a country's ability to create added value and thus increase the national wealth by managing assets and processes, attractiveness, aggressiveness and proximity, and thereby integrating these relationships within an economic and social model that takes into account a destination's natural capital and its preservation for future generations (Ritchie & Crouch, 2003).

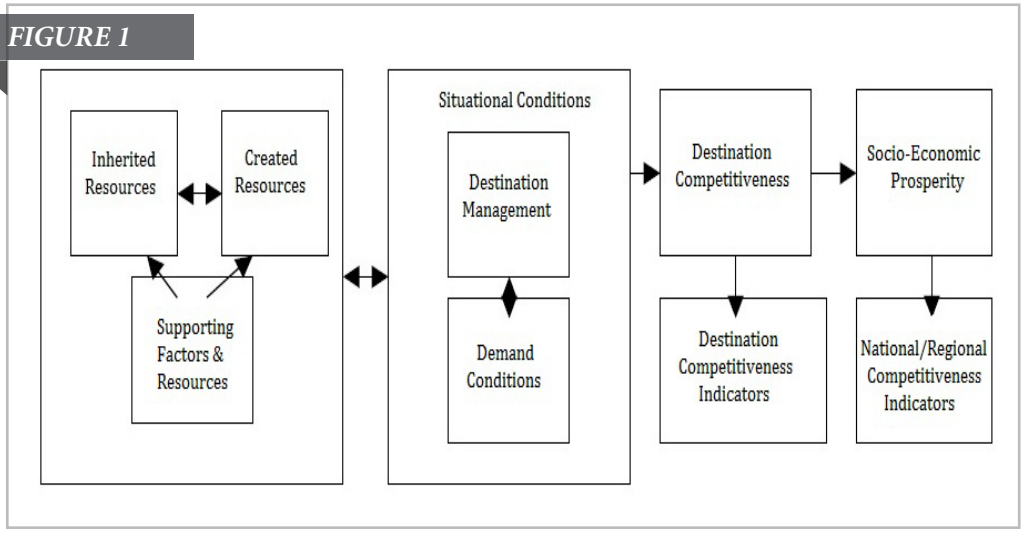
In 2003 authors Ritchie and Crouch presented a version of their competitiveness model: a Conceptual Model of Destination Competitiveness. Later, based on the Conceptual Model of Destination Competitiveness, authors Dweyer et al. (2003) developed a Integrated model of destination competitiveness. The model displayed as Figure 1 brings together the main elements of national and firm competitiveness as proposed in the wider literature (Porter, 1990; Moon, Peery, 1995; Waheeduzzan, Ryans, 1996) and the main elements of destination competitiveness as proposed by tourism researchers (Buhalis, 2000; Hassan, 2000; Mihalic, 2000). Space limitations preclude a more detailed discussion of the background literature on competitiveness (but see Dwyer, Kim, 2003). The model contains many of the variables and category headings identified by Crouch and Ritchie (1994, 1995, 1999) and Ritchie and Crouch (1993, 2000) in their comprehensive framework of destination competitiveness but differs in some important respects.

From the perspective of our study, the Integrated model was the most relevant because it brings together the main elements of destination competitiveness, it provides a realistic display of linkages between various elements opposite to Crouch and Ritchie model. Additionaly, this model provides a useful distinction between inherited and created resources, and the category management– an important issue of our research – which includes all relevant determinants that shape and influence a destination.

Finally, according to its authors Dwyer et al. (2003) „the model seek to capture a set of indicator that can be used to measure the competitiveness of any given destination. Ideally, the model should be used to compare the performance of different destinations worldwide in respect of competitiveness". For detailed discusion on differences between two mentioned models see Dwyer and Kim (2003).

INTEGRATED MODEL OF DESTINATION COMPETITIVENESS:
THE MAIN DETERMINANTS

*FIGURE 1*




SOURCE: Author

The Integrated model defines the six main categories of competitiveness as shown in Figure 1: inherited resources (INH), created resources (CRE), supporting factors and resources (SUP), destination management (MAN), demand conditions (DEM) and situational conditions (SIT).

Inherited and Created Resources allocated their own box, as well as Supporting Factors and Resources. These three boxes are in turn, grouped within a larger box. Together, these factors provide the various characteristics of a destination that make it attractive to visit and the foundations upon which a successful tourism industry is established. Together, they provide the basis for destination competitiveness (Dwyer, Kim, 2003).

Destination Management includes the factors that can enhance the appeal of the core resources, attractors, strengthen the quality and effectiveness of the supporting factors, and best adapt to the situational conditions (Crouch, Ritchie 1999). The model contains a separate box for Demand Conditions. This category comprises three main elements of tourism demand-awareness, perception, and preferences. Situational Conditions are forces in the wider environment that define the limit, or influence the potential of destination competitiveness. These forces can moderate, modify or mitigate destination competitiveness by filtering the influence of the other groups of factors and thus may be positive or negative in their influence on competitiveness (Dwyer, Kim, 2003). There seem to be many types of such factors, e.g. location, micro and macro environment, security and safety, and price competitiveness (Gomezelj & Mihalič, 2008).

The box representing Destination Competitiveness is linked to the box Destination competitiveness indicators, which are created based on the six main categories as shown in the Figure 1. Further, box Destination competitiveness is connected to the boxes Social-Economic Prosperity and National/Regional competitiveness Indicators indicating that, according to the authors of the model, the destination competitiveness is itself an intermediate goal toward a more fundamental aim of socio-economic well being for residents. Indicators of national/

regional competitiveness, which derives from socio-economic prosperity, are referring to key macroeconomic variables including productivity levels in the economy, aggregate employment levels, per capita incomes, rate of economic growth etc.

In respect to the main aim of this study, the authors decided to eliminate two boxes of the original model: Social-economic prosperity and National/Regional Competitiveness Indicators. Namely, socio-economic prosperity of the destination is not taken into study because it refers to a long-term maintenance of competitiveness on the international tourist market and on that basis achieving economic prosperity of a destination. However, since the goal of this study was to identify the current weakest and strongest points of Serbian and Slovenian tourism industries and not to follow the long-term effect of competitive position on the tourism market, socio-economic prosperity of the destination was eliminated.

# III. HYPOTHETICAL CONSTRUCTION



The guiding principle of this study is that a destination's competitiveness can be advanced through adequate matches between tourism resources and destination management. Hence, tourism will take a successful position on the tourism market depending on which and how tourism attractions add value for the tourists and how well destination resources are managed. However, previous studies on destination competitiveness of Slovenia (Sirče, Mihalič, 1999; Gomezelj, Michalič, 2008) and Serbia (Ministry of Trade, Tourism and Services, 2006; Vuković, Arsić, Cvijanović, 2010, Stefanovic, 2007; Čerovic, Batić, 2008) suggest that the both countries are the least competitive in its destination management. In order to address whether the destination management is the main weaknesses of Slovenian and Serbian tourism, following hypothesis were created:

H1: The first main hypothesis claims that the weakest point in Serbian and Slovenian tourism competitiveness is according to the Integrated model of destination competitiveness, destination management. Consequently, these two countries are more competitive in the attractiveness of their created, inherited and supporting resources than in their destination management.

h1: A sub-hypothesis of the first hypothesis claims that, among the resources, Inherited resources are more competitive than the Created resources and are at the same time more competitive than Supporting resources.

H2: The second main hypothesis refers to Destination management and Demand conditions, and claims that Destination management is again the weakest competitive factor.

h2: A second sub-hypothesis relates Destination management to Situational and Demand Conditions and assumes that both countries are less competitive in Destination management

than in Situational and Demand Conditions.

# IV. RESEARCH METHODOLOGY

Competitiveness is both multi-dimensional (ie. what are the salient indicators of competitiveness) and a relative concept (ie. compared to what?) (Spence, Hazard, 1988). Hence, authors have to answer to two important questions before designing the research.

First important question concern which indicators authors should include in the survey instrument. In order to obtain the answer and create survey instrument, Slovenian and Serbian tourism research academics organize the workshop during 2009. A survey instrument for measuring destination competitiveness was prepared from the list of indicators identified by Dwyer, Kim (2003). The academics discussed and concluded that all of 85 indicators identified by Dwyer, Kim (2003) are appropriate for measuring destination competitiveness of Slovenia and Serbia. Then, set of 85 indicators were created in the form of 85 statements.

Second important question refers to „compare to what"? Namely, when comparing destinations, it is necessary to establish some comparison standard. In our case, it should be a destination or country, which represent direct competitor to the object of comparison (Enright, Zins, 2004). Thus, the responders were left alone to identify a destination in the region that is, in their own opinion the most competitive to their country. This was the most logical way to obtain the comparison standard. Otherwise, if the authors asked responders to compare competitive position of their own country to competitive position of a country in the region, it would implicitly assume that all responders are familiar with all destinations and their competitive set of indicators.

Serbian responders (90%) mainly considered Hungary, Croatia, Montenegro, and Slovenia to be their major competitors. Slovenian majority of responders (80.5%) consider Croatia, Austria and Italy as well as Switzerland to be the main competitive destination.

Finally, responders from both countries were asked to rate each of the 85 competitive indicators on a five-point Likert scale comparing Serbia or Slovenia to, in their opinion, the most competitive destination. The options ranged from 1 (the competitiveness level in Serbia/Slovenia is well below the same level in the competitive destination) to 5 (the competitiveness level in Serbia/Slovenia is much above the same level in the competitive destination).

The questionnaires were gathered during 2009. The researcher decided to conduct the questionnaire using non-probability sampling, in this case – convenience sample. The research sample was made out of tourism stakeholders on the supply side. Namely, eight groups of experts were defined (See Table 1. Sample characterizes, work position). Some of the questionnaires were self-directed, others were sent by mail.

The authors decided to conduct the research among experts and practitioners in the destinations and not among tourists, because tourists are capable of evaluating those components of destination attractiveness among the services they consume. However, they are less likely to know about, and hence to be able to evaluate, those factors that underlie and influence the competitive production of those services, especially because of their status as

visitors (Gomezelj, Mihalič, 2008; Enright, Newton, 2004).

The 258 questioners were obtained. From the 280 questionnaires that were sent out, 140 were returned from Serbian responders and from 291 questionnaires sent out in Slovenia, 118 were returned. The research sample is presented in Table 1.

*TABLE 1— Sample Characteristics*

| Sample characteristics | Serbia | Slovenia |
|---|---|---|
| Number of responses | 140 | 118 |
| Work position | | |
| Government officials | 5.0% | 6.8% |
| Tourist agency managers | 22.9% | 12.8% |
| Tourism school academics | 10.7% | 6.0% |
| Hospitality sector managers | 9.3% | 26.4% |
| Tourism service managers | 7.9% | 15.0% |
| Postgraduate students on tourism courses | 29.9% | 12.0% |
| Employers in local tourist organisations | 14.3% | 15.0% |
| Others | | 6% |
| Work experience in tourism industry | | |
| Linked with tourism industry for less than 10 years | 73.6% | 63.6% |
| Linked with tourism industry from 11 to 20 years | 13.6% | 18.5% |
| Linked with tourism industry from 21 to 30 years | 10.0% | 10.2% |
| Linked with tourism industry more than 30 years | 2.9% | 7.7% |
| Gender | | |
| Female | 52.9% | 66.1% |
| Male | 47.1% | 33.9% |

*SOURCE: Survey Research*

The first step in the analysis was to look at some basic descriptive statistics (arithmetic means (AM), standard deviations (SD)) of these responses. These frequency distributions clearly indicate one important aspect of the answers given: Slovenian responders gave consistently higher ratings than the responders from Serbia. Then, pared sample t-test was conducted to realise is there any difference between responders from Slovenia and Serbia in perception of competitiveness of measured destination competitiveness indicators. The SPSS standard package for personal computers was used for data processing.

## A. Inherited resources

Inherited (endowed) resources include both natural and cultural elements. Inherited Resource features are ranked quite differently comparing answers of Serbian and Slovenian responders. Serbian responders stated that historic sites, heritage, and traditional art are the most competitive features. Cleanness was the most incompetent indicator compared to their competitive destinations. Additionally, Serbia as a continental country has less favorable attractiveness of climate for tourism.

*TABLE 2— Mean values and standard deviations (SD) for individual competitiveness indicators of inherited resources (INH)*

| | Serbia | | Slovenia | |
|---|---|---|---|---|
| | Mean | SD | Mean | SD |
| Historic sites | 3,657 | | 3,211 | |
| Heritage | 3,578 | | 3,466 | |
| Traditional arts | 3,521 | | 3,737 | |
| Flora and fauna | 3,364 | | 4,000 | |
| Artistic and architec. features | 3,207 | | 3,220 | |
| Unspoiled nature | 3,014 | | 4,406 | |
| National parks | 3,000 | | 3,584 | |
| Attractiveness of climate for tourism | 2,735 | | 3,839 | |
| Cleanliness | 2,107 | | 3,669 | |

*SOURCE: Survey Research*

According to Slovenian responders, the highest rating was assigned to the unspoiled nature, flora and fauna, attractiveness of the climate and traditional arts. For Serbia the highest were rated historic sites, heritage, traditional arts and the poorest were rated cleanliness, attractiveness of climate for tourism and for Slovenia this were historic sites, artistic and architectural features.

## B. Created Resources

Result of descriptive statistic indicates that whilst variety of cuisine is ranked highly in both countries (ranked third of most competitive elements in Slovenia, and second in Serbia) other features are ranked quite differently. Nightlife (bars, discos, dances), special events/festivals, food service facilities, health resorts and spa, winter based activities and diversity of shopping experience are the highly rated created resources according to the Serbian responders. On the other, health resorts, spa, visitor accessibility to natural areas, casinos, nature based activities, accommodation and food service facilities are considered as some of Slovenia's competitive features. Other features that are considered not to be competitive in Slovenia are amusement/theme parks, community support for special events and nightlife.

*TABLE 3— Mean values and standard deviations (SD) for individual competitiveness indicators of created resources (CRE)*

| | **Serbia** | | **Slovenia** | |
|---|---|---|---|---|
| | Mean | SD | Mean | SD |
| Nightlife | 3,792 | 1,115 | 2,500 | 0,844 |
| Variety of cuisine | 3,692 | 0,936 | 3,813 | 0,739 |
| Special events/festivals | 3,214 | 1,037 | 3,067 | 0,792 |
| Food service facilities | 3,207 | 0,909 | 3,389 | 0,827 |
| Health resorts, spa | 3,142 | 1,244 | 4,271 | 0,747 |
| Winter based activities | 3,071 | 1,203 | 3,101 | 0,937 |
| Diversity of shopping experience | 3,057 | 0,994 | 3,000 | 0,806 |
| Rural tourism | 2,978 | 1,102 | 3,330 | 0,896 |
| Entertainment | 2,921 | 0,982 | 2,881 | 0,818 |
| Nature based activities | 2,857 | 1,116 | 3,440 | 0,852 |
| Congress tourism | 2,821 | 1,074 | 3,347 | 0,841 |
| Community support for special event | 2,807 | 1,072 | 2,398 | 0,868 |
| Sport facilities | 2,671 | 1,013 | 3,228 | 0,767 |
| Local tourism transportation efficiency/quality | 2,621 | 1,042 | 2,550 | 0,843 |
| Casino | 2,614 | 0,993 | 3,584 | 0,927 |
| Adventure activities | 2,614 | 1,063 | 3,101 | 0,937 |
| Accomodation | 2,607 | 1,050 | 3,406 | 0,808 |
| Recreation facilities | 2,474 | 1,030 | 3,339 | 0,786 |
| Tourism guidance and information | 2,464 | 0,947 | 3,084 | 0,822 |
| Existence of tourism programs for visitors | 2,364 | 0,797 | 3,084 | 0,863 |
| Airport efficiency/quality | 2,342 | 1,084 | 2,542 | 0,812 |
| Amusement/Theme parks | 2,307 | 1,031 | 2,067 | 0,770 |
| Visitors accessibility to natural areas | 2,278 | 0,873 | 3,923 | 0,858 |
| Water based activities | 1,885 | 1,018 | 2,855 | 0,936 |

*SOURCE: Survey Research*



Water based activities, visitor's accessibility to natural areas, amusement/theme parks according to the Serbian responders are considered the least competitive. It is very interesting that nightlife is rated as most attractive for Serbia, but third last for Slovenia.

## C. Supporting factors

The ratings for the indicators of determinant Supporting factors were considerably lower than for the Inherited resources and Created resources in both countries. Some Supporting factors and resources, including the hospitality of residents towards tourists, communitation and trust between tourists and residents and telecommunication system for tourists are considered to be among the most attractive features of both countries and animation is

considered to be the least competitive. But, for Serbia only two out of the twelve supporting factors are rated as being more competitive (rated with a score greater than 3) in comparison to the chosen set of competitive destinations: hospitality and financial institutions & currency exchange facilities. Other competitive indicator values are not competitive (rated with a score less than 3).

*TABLE 4— Mean values and standard deviations (SD) for individual competitiveness indicators of supporting resources (SUP)*

| | **Serbia** | | **Slovania** | |
|---|---|---|---|---|
| | Mean | SD | Mean | SD |
| Hospitality of residents towards tourists | 3,314 | 1,053 | 3,457 | 0,769 |
| Financial institutions and currency exchange- facilities | 3,171 | 0,913 | 2,957 | 0,841 |
| Telecommunication system for tourists | 2,992 | 0,835 | 3,262 | 0,919 |
| Communitation and trust between tourists and residents | 2,778 | 1,080 | 3,347 | 0,841 |
| Destination links with major origin markets | 2,685 | 0,929 | 2,957 | 0,841 |
| Attitudes of custom/immigration officials | 2,650 | 0,973 | 2,898 | 0,851 |
| Quality of tourism sector | 2,614 | 0,949 | 3,254 | 0,741 |
| Health/medical facilities to serve tourists | 2,585 | 0,989 | 2,771 | 0,881 |
| Efficiency of customs/imigration | 2,564 | 0,968 | 2,915 | 0,863 |
| Accessibility of destination | 2,550 | 0,947 | 3,313 | 0,854 |
| Visa requirement as impediment to visitation | 2,457 | 1,337 | 2,915 | 0,863 |
| Animation | 2,400 | 0,854 | 2,593 | 0,797 |

*SOURCE: Survey Research*

Slovenian responders have six out of the 12 supporting factors rated as more competitive in comparison to the chosen set of competitive destinations: hospitality, communication and trust between tourists and residents, accessibility of the destination, the telecommunication system for tourists, quality of tourism services and financial institutions & currency exchange facilities. Other indicator values are not competitive. In both countries, animation is considered the least competitive feature among Supporting factors.

## D. Destination Management

Feature resident support for tourism development is rated highly among this grouping for both Serbia and Slovenia, whilst government co-operation in development of tourism policy and extend of foreign investment in destination tourism industry are rated relatively low in both countries.

According to the applied model, Serbia is the least competitive in all of the Integrated model destination management indicators. The highest rated was existence of adequate educational program, enterpreneurial qualities of local tourism businesses, educational structure/profile of employees in tourism and resident support for tourism development. The lowest was destination policy regarding social tourism, government co-operation in development of tourism policy and extend of foreign investment in destination tourism industry.

*TABLE 5— Mean values and standard deviations (SD) for individual competitiveness indicators of destination management (MAN)*

| | **Serbia** | | **Slovenia** | |
|---|---|---|---|---|
| | Mean | SD | Mean | SD |
| Appreciation of service quality importance | 2,542 | 0,842 | 3,033 | 0,783 |
| Destination has clear policies in social tourism | 2,121 | 0,963 | 2,398 | 0,925 |
| Destination vision reflecting community values | 2,471 | 0,772 | 2,737 | 0,767 |
| Destination vision reflecting tourists values | 2,528 | 0,826 | 2,839 | 0,805 |
| Destination vision reflecting resident values | 2,442 | 0,833 | 2,711 | 0,752 |
| Destination vision reflecting stakeholder values | 2,578 | 1,073 | 2,720 | 0,783 |
| Developing and promoting new tourism prodacts | 2,457 | 0,939 | 2,661 | 0,859 |
| Development of effective destination branding | 2,350 | 0,920 | 2,593 | 0,879 |
| Educational structure/profile of employees in tourism | 2,671 | 1,883 | 2,728 | 0,735 |
| Efficiency of tourism/hospitality firms | 2,507 | 0,925 | 3,000 | 0,613 |
| Enterpreneurial qualities of local tourism businesses | 2,692 | 0,855 | 2,974 | 0,778 |
| Existence of adequate tourism education programs | 2,800 | 0,968 | 2,610 | 0,784 |
| Extend of foreign investment in destination tourism industry | 2,135 | 1,012 | 2,152 | 0,902 |
| Government co-operation in development of tourism policy | 2,192 | 0,920 | 2,339 | 0,898 |
| Level of co-operation between firms | 2,578 | 0,898 | 2,533 | 0,712 |
| NTO reputation | 2,428 | 1,060 | 2,720 | 0,932 |
| Private sector commitment to tourism/hospitality education | 2,450 | 0,875 | 2,508 | 0,884 |
| Private sector recognition of importance of sustainable tourism divelopment | 2,421 | 0,952 | 3,008 | 1,000 |
| Public sector commitment to tourism/hospitality education | 2,557 | 0,976 | 2,406 | 0,829 |
| Public sector recognition of importance of sustainable tourism divelopment | 2,421 | 0,914 | 2,389 | 0,795 |
| Quality in performing tourism services | 2,607 | 0,887 | 2,822 | 0,812 |
| Quality of research input to tourism policy, planning, development | 2,378 | 0,955 | 2,389 | 0,987 |
| Resident support for tourism development | 2,657 | 0,957 | 3,169 | 0,743 |
| Tourism development integrated with overall industry development | 2,378 | 0,963 | 2,601 | 0,775 |
| Tourism/hospitality training responsive to visitors needs | 2,428 | 0,898 | 3,025 | 0,756 |

*SOURCE: Survey Research*

According to Slovenian responders residents' support for tourism development, appreciation of the importance of service quality, tourism/hospitality training responsive to visitor needs and private sector recognition of the importance of sustainable tourism development are all highly rated. Extent of foreign investment in destination tourism industry, government co-operation in development of tourism policy and quality of research input to tourism policy, planning, development are considered to be the least competitive features.

## E. Situational Conditions

Access to venture capital, co-operation between public and private sector and investment environment are all rated low among this grouping for both Serbia and Slovenia, while securety/safety of visitors is rated relatively high in both countries.

*TABLE 6— Mean values and standard deviations (SD) for individual indicators of situational conditions (SIT)*

| | **Serbia** | | **Slovenia** | |
|---|---|---|---|---|
| | Mean | SD | Mean | SD |
| Access to venture capital | 2,242 | 0,863 | 2,593 | 0,839 |
| Co-operation between public and private sector | 2,328 | 0,790 | 2,355 | 0,842 |
| Investment environment | 2,407 | 0,995 | 2,635 | 0,802 |
| Manageres capabilitie | 2,692 | 0,928 | 2,949 | 0,825 |
| Political stability | 2,450 | 1,020 | 4,118 | 0,718 |
| Securety/safety of visitors | 2,864 | 0,938 | 4,169 | 0,765 |
| Use of e-commerce | 2,707 | 0,909 | 2,864 | 0,727 |
| Use of IT by firms | 2,707 | 1,007 | 3,067 | 0,781 |
| Value for money in accomodation | 2,750 | 0,898 | 3,398 | 0,848 |
| Value for money in shopping items | 3,042 | 0,912 | 3,067 | 0,848 |
| Value for money in tourism destination experience | 2,750 | 0,857 | 3,449 | 0,863 |

*SOURCE: Survey Research*

Serbia is the most competitive in terms of the value for money in accommodation, value for money in shopping items and value for money in tourism destination experience and securety/ safety of visitors. But the less competitive in the area of access to venture capital.

Slovenia is the most competitive in terms of security/ safety of visitors, political stability, value for money in destination tourism experiences, value for money in accommodation, the use of IT by firms and value for money in shopping items. Slovenia is the least competitive in the area of co-operation between public and private sector and access to venture capital.

## F. Demand Conditions

Destination conditions include elements related to destination image and awareness of the existence of the destination on the tourist market. All elements of demand conditions are considered uncompetitive in both countries in Serbia as well in Slovenia.

*TABLE 7— Mean values and standard deviations (SD) for individual competitiveness indicators of demand conditions (DEM)*

| | Serbia | | Slovania | |
|---|---|---|---|---|
| | Mean | SD | Mean | SD |
| "Fit" between destination products and tourists preferences | 2,471 | 0,843 | 2,703 | 0,695 |
| International awareness of destination products | 2,335 | 0,933 | 2,000 | 0,877 |
| Overall destination image | 2,278 | 0,952 | 2,830 | 0,899 |
| International awareness of destination | 2,235 | 0,956 | 2,152 | 0,695 |

*SOURCE: Survey Research*

Both, Slovenia and Serbia are considered not to be competitive in all of the Integrated model demand condition indicators. Each of these items is important for generating high and stable tourism flows in the future. In particular, both countries should make efforts to enhance overall destination image to attract visitors from foreign countries.



## G. Relations Between the Main Competitiveness Determinants

In order to study the relations between the main competitiveness elements, mean values were calculated for each of the competitiveness category from the individual competitive statements in each category. The main competitiveness elements are presented in Table 8. In order to check whether there is a statistical significance among the grouped indicators for Serbia and for Slovenia separately, the analysis of pared samples t-tests was conducted.

*TABLE 8— Results of competitiveness hypothesis testing: Paired Sample t-tests for Serbian and Slovenian tourism*

| | | Serbia | | | | Slovenia | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Mean | SD | t | Sig. (2-tailed) | Mean | SD | t | Sig. (2-tailed) |
| 1. | RESOURSES-MAN | 0.589 | 0.402 | 17.247 | 0.000 | 0.615 | 0.379 | 17.616 | 0.000 |
| 1.1. | INH-MAN | 0.960 | 0.708 | 16.057 | 0.000 | 0.999 | 0.536 | 20.226 | 0.000 |
| 1.2. | CRE-MAN | 0.553 | 0.420 | 15.521 | 0.000 | 0.456 | 0.396 | 12.493 | 0.000 |
| 1.3. | SUP-MAN | 0.255 | 0.437 | 6.911 | 0.000 | 0.390 | 0.438 | 9.672 | 0.000 |
| 1.4. | INH-CRE | 0.405 | 0.705 | 6.773 | 0.000 | 0.543 | 0.460 | 12.815 | 0.000 |
| 1.5. | INH-SUP | 0.705 | 0.688 | 12.121 | 0.000 | 0.608 | 0.541 | 12.201 | 0.000 |
| 2. | CONDITIONS-MAN | | | | | | | | |
| 2.1. | SIT-MAN | 0.156 | 0.363 | 5.083 | 0.000 | 0.468 | 0.331 | 15.368 | 0.000 |
| 2.2. | DEM-MAN | -0.144 | 0.489 | -3.496 | 0.001 | -0.261 | 0.469 | -6.054 | 0.000 |

*SOURCE: Survey Research*

According to Serbian tourism experts, Serbia is more competitive in its Resources than in Destination Management (t=16.057; sig.=0.000), especially when its natural resources are concerned (INH). Additionally, a sub-hypothesis of the first hypothesis was statistically proven: among resources, Inherited resources are more competitive than the Created resources and are at the same time by far more competitive than Supporting resources.

Regarding the second hypothesis, Situational conditions in the destination are considered by travel experts more competitive than Destination management, and this was also statistically proved (t= 5.083; sig.= 0.000).

However, comparing Demand conditions and Destination management, it turned out that Demand conditions are less competitive than Destination management (t=-3.496; sig.=0.001). Consequently, it can be concluded that Demand conditions are the weakest part of Serbian competitiveness. This means that Demand conditions that refer to the awareness and image of one destination, have to be improved in order to raise tourism industry competitiveness.

According to Slovenian tourism experts, Slovenia is more competitive in its Resources, especially in its natural resources and less competitive in its Destination management efforts. Regarding the second hypothesis, it had been expected that Situational conditions more strongly support Slovenian tourism's competitiveness than Destination management and this was statistically proved (t=15.368; sig.=0.000). Nevertheless, Destination management turned out to be the stronger competitiveness category in the pair with Demand conditions (t=-6.054; sig.= 0.000). Thus, Demand conditions are the weakest part of Slovenian competitiveness as well as in the case of Serbia.

Comparing the results of t-tests, the results are almost the same for Slovenia and Serbia. However, Serbian responders perceived inherited resources (t=16.057; sig.=0.000) as the most competitive, and Slovenian responders perceived as the most competitive, situational conditions (t= 20.226; sig.=0.000).

# V. DISCUSSION

The fundamental task of the destination management is to understand how tourism destination competitiveness can be enhanced and sustained. Therefore, it is of the utmost importance for the destination to realize its real competitive position and its competitive advantages and disadvantages. However, there is no unique way to measure competiveness of different destinations. Researchers argue that no universal and optimal competitiveness model exists for every destination. Nevertheless, an existing tourism competitiveness model developed for a competitiveness study in Australia and Korea was used to evaluate the competitiveness of Slovenian and Serbian tourism. The model and its questionnaire in particular proved to be useful for the Serbian and Slovenian study.

The comparison of basic indicators led to the following results: the results showed that Slovenia is, compared to its competitors, more competitive in its inherited and in some of its created resources: natural endowments, cultural heritage, and spas. Similarly to Slovenia, research showed that Serbia is also considered to be more competitive in its Inherited and

some of its Created resources: natural endowments and nightlife. In addition to the nightlife, variety of cuisine and special events are most competitive features.

The research also reveals areas where improvements should be made to boost Slovenian as well as Serbian tourism competitiveness and where tourism managers should add value in order to improve competitive position of their countries. Competitive strategy should be aimed at increasing the competitiveness of the weakest elements of Serbian tourism, which are, as research shows, demand conditions and destination management. According to the Integrated model (Dweyer & Kim, 2003a) demand conditions consist of destination image and the existence of the awareness of the destination. Therefore, we believe that competitive position of Serbia could be improved by stronger promotional activities on the international market and profiling the image of Serbia as a tourist destination.

As far as Slovenia is concerned, destination attractiveness can be increased by appropriate and stronger quality managerial efforts and can be enhanced through marketing activities. Tourism promotion should boost the awareness of Slovenia as a destination in tourism markets.

Given that demand conditions and especially images of both destinations are the least competitive elements of the Integral model of competitiveness, it can be concluded that the political and war related events during the 1990s left long-term consequences (Clements & Georgiou, 1998). We certainly believe that, after two decades, the problem of underdeveloped destination image cannot be attributed to the previous events, but to the inadequate and non-competitive destination management. However, the durability of image should be also considered, which according to Kotler and Keller (2006) is explained by the fact that when people form a certain image of an object, each additional observation is selective. Therefore, it is necessary to make big marketing efforts to build desired destination image.

This means that Serbia, as well as Slovenia, has the opportunity to become a successful tourism destination but for the efficient prosperity of the tourism industries, many improvements in the area of destination management and demand conditions (most probably promotion) should be made, especially in the field of regional appeal.



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**KONKURENTNOST TURISTIČKE DESTINACIJE – IZMEĐU DVIJU ZASTAVA**

***SAŽETAK***

*Cilj rada je ponuditi bolje razumijevanje konkurentnosti destinacije i elemenata koji utječu na konkurentnu poziciju turističke destinacije. Istraživanje je osmišljeno kao komparativna studija Slovenije i Srbije. Za analizu konkurentnosti spomenutih destinacija korišten je integrirani model konkurentnosti destinacije. Rezultati su pokazali da se obje destinacije smatraju konkurentnijima u njihovim prirodnim, kulturnim i stvorenim resursima, dok su znatno manje konkurentne po menadžmentu destinacije i, sudeći po integriranom modelu, po uvjetima potražnje. Na osnovu ovih nalaza, daju se relevantni prijedlozi kako bi se poboljšale konkurentne pozicije destinacija.*

**Ključne riječi**: *konkurentnost destinacije, model konkurentnosti, turizam, Slovenija, Srbija*