Research Paper

Applying destination competitiveness model to strategic tourism development of small destinations: The case of South Banat district

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A B S T R A C T
The main goal of this study was to analyze the applicability of Ritchie and Crouch’s competitiveness model for the assessment of tourism advantages and disadvantages of a relatively small, unknown region with underdeveloped tourism. For this purpose, the authors selected the South Banat district in Serbia. The model was found suitable for the intended application. The results show that stakeholders believe South Banat is not a competitive tourism destination, even at the regional level. However, the destination’s advantages, which can be used as starting point for improving the destinations competitiveness, were identified. A comparison of two groups of stakeholders, the private and public sectors, indicated significant differences in the ratings of destination management and in the destination’s policy, planning and development determinants.

1. Introduction

Tourism has been recognized as one of the key sectors for development in many countries and a major source of income, jobs and wealth creation. It also plays a wider role in promoting the image and international perception of a destination (Dupeyrs & Maccallum, 2013). Regions that had, only until recently, severely under-developed tourism industry are increasingly investing in tourism in an effort to boost their economies. As a result, the number of tourism destinations worldwide is constantly growing. At the same time, the number of originating markets has remained effectively unchanged (Vanhove, 2005). This asymmetry has led to fierce competition on the international tourism market, which is constantly on the rise.

Competitiveness is increasingly being seen as a critical influence on the performance of tourism destinations in world markets (Enright & Newton, 2004, 2005). Global economic and tourism trends, including changing market trends and travel behaviors, the role of social media, and new sources of demand and growth all increase the importance of the topic and the ability of destinations to compete within the global marketplace (Dupeyrs & Maccallum, 2013). Tourism destination competitiveness ‘has tremendous ramifications for the tourism industry, and is therefore of considerable interest to practitioners and policy makers’ (Ritchie & Crouch, 2000, p. 6). Therefore, the fundamental task of destination management is to understand how tourism destination competitiveness can be enhanced and sustained (Gomezelj & Mihalič, 2008).

Substantial efforts have been made to develop comprehensive models and sets of quantitative indicators that can be utilized in the ranking system that enables comparison between countries and between tourism-sector industries through performance ratings, e.g., travel and tourism competitiveness index (TTCI) launched by the World Economic Forum (Croes & Kubickova, 2013; World Economic Forum, 2015). Unfortunately, such an all-inclusive performance ranking score remains elusive, and proposed ranking systems are often criticized. For example, in some studies price is used as a factor that which has an impact on competitiveness, implying that lower prices should increase destination competitiveness. Even so, developed countries charging higher prices within the tourism industry have been very successful in attracting tourists (Croes & Kubickova, 2013). Tourism is an industry that relies on emotional inner experiences rather than facts and it is extremely difficult to summarize with a single index. London is the most visited destination, regardless of its unattractive climate and weather conditions that theoretically should reduce its competitiveness. Similarly, Paris is an extremely popular tourist destination that has no weather conditions that theoretically should reduce its competitiveness. Yet Paris is not as successful in attracting tourists (Croes & Kubickova, 2013). Tourism is an industry that relies on emotional inner experiences rather than facts and it is extremely difficult to summarize with a single index. London is the most visited destination, regardless of its unattractive climate and weather conditions that theoretically should reduce its competitiveness. Similarly, Paris is an extremely popular tourist destination that has no weather conditions that theoretically should reduce its competitiveness.

In order for their destination to survive, managers need to prioritize...
actions and carefully allocate resources to maximize benefits. In previous decades strategic planning has become and remained one of the most popular management tools in competitive and turbulent environments (Phillips & Moutinho, 2014). One of the first steps in the process of formulating a competitive strategy is identifying industry competitors and, their strengths and weaknesses (Porter, 1980). Identifying competitors, and determining the destination advantages and disadvantages relative to the competitors, are of great importance in creating successful destination management strategy. Present competitiveness models can be easily adapted for this purpose, as has been shown in some earlier studies (Dragicevic, Jovicic, Blesic, Stankov, & Boskovic, 2012). However, the applicability of such generic models has not been thoroughly analyzed for small destinations where specific problems may arise (Dwyer & Kim, 2003). Most notably, small samples can lead to large standard errors that can make any statistical inference very difficult.

The main goal of this study was to analyze the applicability of Ritchie and Crouch’s (2003) competitiveness model for the assessment of tourism advantages and disadvantages of a relatively small, unknown region with underdeveloped tourism. For this purpose, the authors selected the South Banat district in Serbia.

2. Theoretical background

2.1. Tourism destination competitiveness

Dupeyras and MacCallum (2013, p.7) defined tourism destination competitiveness as ‘the ability of the place to optimize 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’. It is widely acknowledged that destination’s competitiveness is linked to its ability to deliver goods and services that perform better than other destinations in order to satisfy visitor needs (Dwyer & Kim, 2003).

Competitiveness has been identified in the tourism literature as the crucial factor for the success of tourist destinations (Buhalis, 2000; Dwyer & Kim, 2003; Gooroochurn & Sugiyarto, 2005; Mangion, Durbary, & Sinclair, 2005; Mazanec, Wober, & Zins, 2007). A number of authors have provided some inputs into the understanding and practical research of the competitiveness of tourism destinations (Cracolici & Nijkamp, 2009; Dwyer, Forsyth, & Rao, 2000; Enright & Newton, 2005; Hassan, 2000; Ritchie & Crouch, 1993). Yet, it seems that a generally accepted definition of competitiveness and a means of measuring it are lacking (Cros, 2005; Gomezelj & Mihalić, 2008; Papatheodorou & Song, 2005). General models of destination competitiveness have been developed with extensive lists of determinants and attributes. However, it is very unlikely that all of them are of equal importance or influence in determining the competitiveness of tourist destinations. Therefore, the focus should be placed on those attributes that are likely to have the greatest beneficial impact on particular segments of the tourism market (Crouch, 2011).

In 2003, Ritchie and Crouch presented a version of their competitiveness model: their Conceptual Model of Destination Competitiveness, which is among the best known of recent attempts to conceptualize an approach that includes elements of tourism competitiveness and industry competitiveness, and has undergone a number of iterations since its earliest public presentation (Ritchie & Crouch, 1993, 2003). Later, based on this model, Dwyer developed an integrated model of destination competitiveness (Dwyer & Livaic, 2003).

Ritchie and Crouch’s (2003) model includes five key determinants: core resources and attractors; supporting factors and resources; qualifying and amplifying determinants; destination management; and destination policy, planning and development. It also points out the importance of the global macro environment and the competitive microenvironment surrounding the destination. Core resources and attractors are ‘the fundamental reasons that prospective visitors choose one destination over another’ (Crouch & Ritchie, 1999, p. 146). This determinant includes physiography (landscape and climate), culture and history, market ties (linkages with the residents of tourism originating regions), activities, special events, and the tourism infrastructure (primarily accommodation facilities, food services, transportation facilities, and major attractions). Supporting factors and resources consist of accessibility, entrepreneurship, communications infrastructure, local transportation infrastructure and other inputs provided by public services, institutions (financial, education, and research), and the principal factors of production. Qualifying and amplifying determinants include safety, location, interdependencies within and between destinations, and cost (in a broad sense includes interdestination travel, local living costs, and exchange rate effects). Destination management embraces destination promotion, service levels, information systems, the organization of destination management activities, and sustainable resource stewardship. Finally, destination policy, planning, and development determinant consist of system definition, philosophy, vision, audit, positioning, development, competitive/collaborative analysis, monitoring, and evaluation. The authors of this study have kept the main determinants of the Ritchie and Crouch (2003) destination competitiveness model.

2.2. Tourism in South Banat district in Serbia

South Banat is one of 29 districts in Serbia. With an area of 4248 km², it is the second largest district in the Republic of Serbia, after the Zlatibor district. At the same time, it is both a border district and the district closest to the Belgrade, the capital city of Serbia. This location is ideal from the perspective of the tourism industry. Proximity to the capital city enables the use of its infrastructure, meaning primarily its airport and road network, which facilitates foreign tourist arrivals. Additionally, the city of Belgrade is the largest tourist-emitting market in the country and therefore its proximity is a significant competitive advantage for the district.

The district also has very long industrial and agricultural tradition, with two industrially significant municipalities, Pancevo and Vrsac. Due to the country’s recent social changes, the local economy has begun a transition towards a market economy, thus giving increasing attention to the tourism industry. The history of tourism development in the district started in the 19th century by organizing carnivals and picnics (Tomić, 1981, 1988). However, during the 1980s and the 1990s growth of tourist movement towards the sea reduced the number of visitors to local tourism destinations. The most important natural attractions are the Deliblato Sands, Bela Crkva lakes, and the Danube River, while the most alluring cultural attractions are events in Vrsac and Pancevo, as well as the art gallery in Kovacica (Bugarski et al., 1995, 1996). Unfortunately, tourist attractions in the region are not fully exploited, which has made tourism a minor economic sector. Local government and stakeholders have been working intensively to change this.

South Banat is mostly visited by domestic tourists (around 70–80%) with minimal consumption and the average length of stay of just 2.5 days, which has a strong influence on the broader economic effects of the tourism industry. Most tourists are business people, hunters, and visitors to the various events. During the period from 2003 to 2012, the number of tourists ranged from 22,000 to 27,000. These numbers represent between 7.4% and 9.9% of the total number of tourists in the northern province of Vojvodina, where South Banat is situated.

International sports events such as the European Basketball Championship in 2005 and the Universiade in 2009 had the biggest impact on tourist arrivals. The most visited destination in South Banat is the city and municipality of Vrsac, which absorbs 50–70% of tourists per year. At the same time tourism makes up only 1% of its gross domestic product (Republički zavod za statistiku, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2013).