



THE ANALYSIS OF TOURISM COMPETITIVENESS OF THE EUROPEAN UNION AND SOME WESTERN BALKAN COUNTRIES

ANALIZA KONKURENTNOSTI TURIZMA U ZEMLJAMA EVROPSKE UNIJE I POJEDINIM ZEMLJAMA ZAPADNOG BALKANA

Bojan Krstić¹, Tanja Stanišić², Jelena Petrović³

¹Faculty of Economics, University of Nis, Trg Kralja Aleksandra 11, Niš, Serbia

²Researcher on the Project 179066 of the Ministry of education, science and technological development of the Republic of Serbia,

³Faculty of Science and Mathematics, University of Niš, Višegradska 33, Niš, Serbia

Abstract:

The paper analyzes the achieved level of tourism competitiveness in the European Union (EU) and certain Western Balkan countries that are not EU members (Serbia, Macedonia and Montenegro). Also, the paper analyzes the accommodation capacity, as an important tourism resource, as well as the number of overnight stays of tourists in these countries, as a performance of the tourism sector. In order to evaluate the importance of accommodation and tourism traffic, this paper examines the interdependence between the tourism competitiveness, capacities and overnight stays. The results of the correlation analysis revealed a significant positive correlation between the observed variables. The aim of the paper is to identify the position of the Western Balkan countries that are non-EU members in terms of tourism competitiveness, capacity and tourism traffic.

Key words:

tourism, capacity, overnight stays, competitiveness.

Acknowledgment:

This paper is part of the research within the project No. 179066 - Improving the competitiveness of the public and private sector by networking competences in the process of the European integrations of Serbia, financed by the Ministry of Education, Science and Technological Development of the Republic of Serbia.

1. INTRODUCTION

Tourism competitiveness is the concept that has become very important for the countries around the world. This fact is understandable, given that the development of the tourism sector can greatly affect the economic development of any country. Today's global competition in the tourism sector is no longer managed solely by the criteria of the quality of products and tourist offer in the narrow sense. It is necessary to develop new methods and strategies to improve tourism. One of the preconditions for improving the tourism sector and tourism competitiveness is certainly the assessment of the position of a specific country within the world tourism market.

The paper analyses the tourism competitiveness of the European Union countries, in particular the Western Balkan countries that are still non-EU members (Serbia, Macedonia and Montenegro). The aim of the paper is to examine the position of the given Western Balkan countries by means of comparative analysis in terms of tourism competitiveness, and identify segments that should be improved with aim of enhancing their competitive position. Research results are divided into three segments. The first segment includes the analysis of competitiveness of the EU and WB countries according to Travel & Tourism Competitiveness Index (TTCI) of the World Econom-

Apstrakt:

U radu se analizira dostignuti nivo konkurentnosti u turizmu u zemljama Evropske unije (EU) i pojedinim zemljama Zapadnog Balkana koje nisu članice EU (Srbija, Makedonija i Crna Gora). Takođe, u radu je izvršena analiza smeštajnih kapaciteta, kao bitnog turističkog resursa, kao i broja noćenja turista u navedenim zemljama, kao performanse sektora turizma. U cilju sagledavanja značaja smeštajnih kapaciteta i turističkog prometa, ispitana je međuzavisnost između konkurentnosti u turizmu, kapaciteta i noćenja turista. Rezultati korelacione analize ukazuju na značajnu pozitivnu međuzavisnost između posmatranih varijabli. Ovaj rad ima za cilj sagledavanje pozicija zemalja Zapadnog Balkana koje još uvek nisu članice EU u pogledu konkurentnosti u turizmu, raspoloživih kapaciteta i turističkog prometa.

Ključne reči:

turizam, kapacitet, noćenja tursita, konkurentnost.

ic Forum (WEF). The second one examines the accommodation capacity and overnight stays of tourists in the EU and certain WB countries. In the third segment, the emphasis is placed on the interdependence between tourism competitiveness, accommodation capacities and tourist overnight stays. The objective is to determine whether these factors of tourism sector offer could be viewed as factors that could enhance its overall competitiveness.

2. LITERATURE REVIEW

Tourism is a very important driver of economic development in modern conditions, both in the developed and developing countries. Moreover, it is particularly important for the economic development of certain countries because it can be an important generator of new jobs. Also, tourism is significant since the creation of conditions for tourism development involves a number of positive effects, such as the construction of social infrastructure and the improvement of the life quality. In the European Union, tourism sector in the narrow sense (traditional providers of travel and tourism services) comprises 1.8 million enterprises, mainly SMEs. The tourism contribution to GDP is 5%, and tourism employs 5.2% of the active population (about 9.7 million people). Taking into account close links with



other sectors of the economy, that contribution is even higher (10% of gross domestic product and 12% of the total number of employees). In fact, it is the third socio-economic activity of the EU according to its importance. When it comes to statistics of foreign tourist arrivals (from the other countries and the European Union countries), the European Union was the first tourist destination in the world. Due to its economic importance, tourism is considered an integral part of the European economy. From the European point of view, the tourism-related policy plays an important role in achieving overall objectives in terms of employment and growth policies. In addition, the environmental dimension of tourism will eventually become greater, although it already exists in the context of sustainable, responsible and ethical tourism (European Parliament, 2015).

Given the exceptional importance of tourism in contemporary conditions, tourism competitiveness and tourism destination competitiveness are more actual. The destination competitiveness can be linked to the ability to deliver a travel experience that provides greater satisfaction than the one being offered by other destinations (Vengesai, 2003). Destination competitiveness is a general concept that encompasses price differentials coupled with exchange rate movements, the productivity levels of various components of the tourism industry, and qualitative factors affecting the attractiveness of a destination (Forsyth & Dwyer, 2009, p. 78). The development of a destination competitiveness model allows tourism stakeholders, both in the private and public sector, to identify key strengths and weaknesses of their destination from the visitor's point of view, to highlight the tourism development opportunities and to develop strategies to overcome possible threats to future visits (Dwyer *et al.*, 2004).

Modern tourists are more experienced and more demanding, which is why the tourism market, by its dynamics, makes the supply and demand mutually dependent. On the one hand, supply follows the change in demand preferences, while demand causes expectations that are difficult to meet (Gračan & Rudančić-Lugarić, 2013, p. 271). Therefore, it is necessary to constantly increase and promote the competitive attractiveness of tourism destinations. The tourism destination competitiveness and the overall competitiveness of the travel and tourism industry, is of vital importance for the survival and growth in the international market, in the conditions of increasing leisure time and rising levels of disposable income (Echtner & Ritchie, 2003). The overall travel and tourism competitiveness is determined and driven by the competitiveness of each of the components of the macroenvironment (economic, social and cul-

tural, political, technological) (Bálan *et al.*, 2009, p. 980). From a tourism perspective, the success of the industry is intertwined very specifically with the performance of energy, technology, telecommunications, agriculture, and transportation sectors (Crouch & Ritchie, 1999, p. 138). Sustainable development of tourism destinations and environmental preservation have an increasing role in the improvement of tourism competitiveness (Huybers and Bennett, 2003).

Based on the given facts, it can be concluded that measurement of tourism competitiveness is very important. Starting from 2007, the WEF has produced The Travel & Tourism Competitiveness Reports and measured the Travel & Tourism Competitiveness Index (Crouch, 2007). The factors and policies that enable the development of travel and tourism sector in many different countries are measured by means of the TTCI. The index is calculated on the basis of three large sets of variables that provide or manage the development of travel and tourism competitiveness. Special subindex is defined for each of these sets: 1) for the regulatory framework of Travel & Tourism, 2) for the business environment and infrastructure, and 3) for human, cultural and natural resources in the travel and tourism sector (WEF, 2013). Measuring the level of competitiveness of the national travel and tourism industry is fuelled by the fact that travel and tourism are becoming the dominant development forces within a growing number of countries.

3. RESULTS AND DISCUSSION

Research results are grouped into three segments: a) Analysis of competitiveness of the EU and WB countries, according to TTCI; b) analysis of accommodation capacity and overnight tourist stays in the EU and WB countries; and c) Examining the interdependence between tourism competitiveness, accommodation capacities and overnight tourist stays.

3.1. ANALYSIS OF COMPETITIVENESS OF THE EU AND WB COUNTRIES ACCORDING TO TTCI

The TTCI is composed of 14 'pillars' grouped into three sub-indexes (Travel & Tourism regulatory framework, Travel & Tourism business environment and infrastructure and Travel & Tourism human, cultural, and natural resources). Each pillar is also composed of several component variables. The structure of Travel & Tourism Competitiveness Index is given in Figure 1.

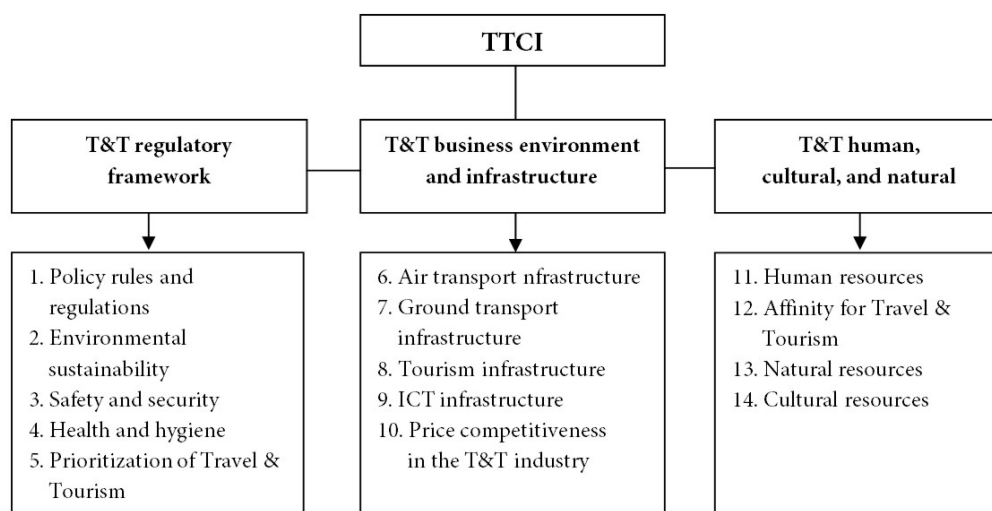


Figure 1. The Travel & Tourism Competitiveness Index (TTCI)



The Travel & Tourism Competitiveness Report 2013 assesses 140 economies worldwide based on the extent to which they are implementing the factors and policies to make it attractive to develop travel and tourism sector. Ranking and score for the European Union countries, as well as for Macedonia, Serbia and Montenegro are given in Table 1. Also, in order to observe the position of the Western Balkan countries that are still not the European Union members, the average values for the EU are given in Table 1.

The best ranking and score of the TTCI among the European Union countries in 2013 is recorded in Germany, Austria, Spain and United Kingdom. Given the fact that the World Economic Forum ranks 140 countries in 2013, we can conclude that all EU countries are located in the first half of the world's ranking list. Romania is the EU member state that records the minimum values of the TTCI score (4.04) and minimum ranking according to the TTCI in 2013 (68th place on the global ranking). The analysed Western Balkan countries do not assume such a favourable position when it comes to travel & tourism competitiveness, as is the case with the EU countries. Namely, Macedonia, Serbia and Montenegro are below the EU average according to the TTCI rank and score. Also, two out of these three countries are located in the second half of the world's ranking list (Macedonia and Serbia). Montenegro is the best positioned among these three countries, and assumes the 40th place on the world's ranking list, while Serbia is the worst positioned with the TTCI of 4.50.

3.2. ANALYSIS OF ACCOMMODATION CAPACITY AND OVERNIGHT STAYS OF TOURISTS IN THE EU AND WB COUNTRIES

Accommodation facilities and the volume of tourism traffic in a particular country are essential prerequisites for the growth of tourism competitiveness. In addition to natural and cultural predisposition for development of some tourism des-

tinuation, one of the key factors are accommodation facilities. On the one hand, the destination cannot be developed without accommodation capacities, while the poor quality of accommodation capacities can have a negative impact on the decision to visit a particular destination. Accommodation can be seen as a product that contains a significant number of elements that can be combined in different ways. The aim is to differentiate the offers for different consumer segments ensuring their loyalty. Tourist traffic, as an indispensable component of the tourism development, is an indicator that determines the total number of tourists and the number of overnight stays within a certain area, *i.e.* it is a synthetic and summary indicator of volume, dynamics and structure of tourist movements (Omerović, 2014, p. 174). Also, there is a causal link between accommodation and tourism traffic. The accommodation facilities are one of the most important factors of tourism offer and together with the capacity for feeding have the greatest impact on the volume of tourist traffic.

Table 2 shows the number of available beds and the number of overnight stays of tourists in the EU countries, the average for the European Union as a whole, as well as the number of available beds and the number of overnight stays of tourists in the observed Western Balkans countries.

As regards the accommodation capacity measured by the number of beds, the leaders of the EU countries are France, Germany, Italy, Spain, and United Kingdom. On the other hand, countries with the most modest capacity in the EU are Latvia, Estonia, Malta, Lithuania and Luxembourg. As a logical consequence, the country with the highest number of overnight stays of tourist within the EU are France, Germany, Italy, Spain and United Kingdom. The minimum number of overnight stays in 2013 was recorded in Lithuania, Luxembourg, Malta, Estonia and Latvia. This simple analysis of data suggests the existence of a direct connection between the accommodation capacity and overnight stays of tourists. When it comes to the Western Balkan countries, only Montenegro has a larger accommodation

Country	TTCI rank	TTCI score	Country	TTCI rank	TTCI score
Austria	3	5.39	Lithuania	49	4.39
Belgium	18	5.04	Luxembourg	23	4.93
Bulgaria	50	4.38	Malta	24	4.92
Croatia	35	4.59	Netherlands	13	5.14
Cyprus	29	4.84	Poland	42	4.47
Czech Republic	31	4.78	Portugal	20	5.01
Denmark	21	4.98	Romania	68	4.04
Estonia	30	4.82	Slovak Republic	54	4.32
Finland	17	5.10	Slovenia	36	4.58
France	7	5.31	Spain	4	5.38
Germany	2	5.39	Sweden	9	5.24
Greece	32	4.75	United Kingdom	5	5.38
Hungary	39	4.51	<i>EU average</i>	26.9	4.86
Ireland	19	5.01	<i>Macedonia</i>	75	3.98
Italy	26	4.90	<i>Montenegro</i>	40	4.50
Latvia	48	4.43	<i>Serbia</i>	89	3.78

Table 1. Ranking and score of TTCI for the EU and WB countries (2013)

Source: http://www3.weforum.org/docs/WEF_TT_Competitiveness_Report_2013.pdf



Country	Capacity	Overnight stays of tourists	Country	Capacity	Overnight stays of tourists
Austria	981.070	110.687.373	Lithuania	69.287	6.089.056
Belgium	372.867	31.448.180	Luxembourg	66.747	2.637.481
Bulgaria	302.433	21.617.474	Malta	43.360	8.501.147
Croatia	867.110	64.418.292	Netherlands	1.404.852	96.074.132
Cyprus	87.143	14.048.529	Poland	679.445	62.959.452
Czech Republic	740.671	43.308.279	Portugal	491.099	49.888.259
Denmark	417.594	28.500.837	Romania	291.244	19.301.768
Estonia	55.482	5.734.033	Slovak Republic	190.306	11.345.641
Finland	254.112	20.241.057	Slovenia	105.559	9.471.571
France	5.049.726	403.577.275	Spain	3.437.362	389.211.987
Germany	3.481.558	354.871.005	Sweden	805.033	49.710.427
Greece	1.227.204	91.910.642	United Kingdom	3.464.423	303.564.528
Hungary	422.039	24.426.148	<i>EU average</i>	108.1771	94.035.367
Ireland	215.289	28.884.907	<i>Macedonia</i>	42.542	1.499.076
Italy	4.728.180	376.785.615	<i>Montenegro</i>	149.348	9.151.236
Latvia	38.400	3.775.192	<i>Serbia</i>	101.729	6.368.597

Table 2. Accommodation capacity and overnight stays of tourists in the EU and WB countries (2013)

Source: <http://ec.europa.eu/eurostat/web/tourism/data/database>

capacity measured by the number of beds and a larger number of overnight stays compared to the EU average. Macedonia and Serbia are below the EU average regarding the analysed indicators of tourism development. Macedonia is in the worst position compared to the other two analysed Western Balkans countries.

3.3. EXAMINING INTERDEPENDENCE BETWEEN TOURISM COMPETITIVENESS, ACCOMMODATION CAPACITIES AND OVERNIGHT TOURIST STAY

In order to determine the nature and strength of the relationship between tourism competitiveness, accommodation capacities and tourist overnight stays, Table 3 presents the results of the correlation analysis. The degree of interdependence between these variables is measured by the Pearson correlation coefficient.

The results of the correlation analysis conducted on a sample of all analysed countries have confirmed the expected positive interdependence between the accommodation capacities and tourist overnight stay. The high positive value of the correlation coefficient between these variables of 0.984 was recorded. However, the positive, moderate correlation was also observed between tourism competitiveness and accommodation capaci-

ties (the value of the correlation coefficient of 0.545) and tourism competitiveness and tourist overnight stays (the value of the correlation coefficient of 0.576).

4. SUMMARY

For the purpose of maintaining and improving tourism competitiveness, it is essential that the countries develop and build long-term strategic potential and offer unique tourism products and services. However, basic tourism resources, such as accommodation facilities, do not lose their importance and correlation with turnover of tourists.

Comparative analysis of tourism competitiveness of the European Union and the Western Balkans countries suggests that Macedonia, Serbia and Montenegro are below the EU average when it comes to the achieved level of tourism competitiveness. The Western Balkan countries are even worse compared to the EU countries in terms of accommodation capacity and the number of tourist overnight stays. The results of correlation analysis show a moderate positive correlation between the achieved level of tourism competitiveness and accommodation capacity and overnight stays. Also, there was a high positive correlation between the capacity measured by the number of beds and number of overnight tourist stays.

		Overnight stays of tourists	Capacity	TTCI
Overnight stays of tourists	Pearson Correlation	1	0.984(**)	0.576(**)
	Sig. (2-tailed)		0.000	0.001
	N	31	31	31
Capacity	Pearson Correlation	0.984(**)	1	0.545(**)
	Sig. (2-tailed)	0.000		0.002
	N	31	31	31
TTCI	Pearson Correlation	0.576(**)	0.545(**)	1
	Sig. (2-tailed)	0.001	0.002	
	N	31	31	31

** Correlation is significant at the 0.01 level (2-tailed).

Table 3. The results of correlation analysis

Source: Authors' calculation



Western Balkan countries must first improve the accommodation facilities as an elementary tourism resource, and then develop a distinct competitive advantage. Despite numerous advantages of tourism products, tourism of the surveyed Western Balkan countries is not adequately developed. These countries have only a comparative advantage in tourism, because they have a diverse structure of the tourist offer. Since they are located near the traditional and new tourism markets, they have a long history and general recognition and preserved natural resources. The observed Western Balkan countries should focus on the transformation of the comparative tourism advantage into a competitive tourism advantage.

REFERENCES

- Bălan, D., Balaure, V., & Vegheş, C. (2009). Travel and tourism competitiveness of the world's top tourism destinations: an exploratory assessment. *Annales Universitatis Apulensis Series Oeconomica*. 11(2), 979-987.
- Crouch, G. I. (2007). Measuring tourism competitiveness: research, theory and the WEF index. In: ANZMAC Annual Conference (pp. 3-5). Retrieved February, 15, 2015, from http://www.anzmac.org/conference_archive/2007/papers/Crouch_1.pdf
- Crouch, G. I., & Ritchie, J. B. (1999). Tourism, competitiveness, and societal prosperity. *Journal of business research*. 44(3), 137-152.
- Dwyer, L., Mellor, R., Livaic, Z., Edwards, D., & Kim, C. (2004). Attributes of destination competitiveness: a factor analysis. *Tourism analysis*. 9(1-2), 91-101.
- Echtner, C.M., & Ritchie, J.R.B. (2003). The meaning and Measurement of Destination Image. *The Journal of Tourism Studies*, 14(1), 37-48.
- European Parliament. (2015). Fact Sheets on the European Union - 2015. Retrieved February 15, 2015, from http://www.europarl.europa.eu/ftu/pdf/hr/FTU_5.6.13.pdf
- Eurostat. (2013). Tourism. Retrieved February 25, 2015, from <http://ec.europa.eu/eurostat/web/tourism/data/database>
- Forsyth, P., & Dwyer, L. (2009). Tourism price competitiveness. In *The Travel and Tourism Competitiveness Report, Managing in a Time of Turbulence*. World Economic Forum, Geneva, pp. 77-90.
- Gračan, D., & Rudančić-Lugarić, A. (2013). Konkurentnost turističke destinacije. *Ekonomski vjesnik*. XXVI(1), 271-282.
- Huybers, T., & Bennett, J. (2003). Environmental management and the competitiveness of nature-based tourism destinations. *Environmental and Resource Economics*. 24(3), 213-233.
- Omerović, J. (2014). Turistički promet kao nezaobilazna komponenta razvoja turizma Tuzle. Zbornik radova Departmana za geografiju, turizam i hotelijerstvo 43-2/2014.
- Vengesayi, S. (2003). A Conceptual Model of Tourism Destination Competitiveness and Attractiveness. In: ANZMAC 2003 Conference Proceeding. 1-3 December 2003, pp. 637-647. Retrieved February 02, 2015, from http://smib.vuw.ac.nz:8081/WWW/ANZMAC2003/papers/CON20_vengesayis.pdf
- WEF. (2013). The Travel & Tourism Competitiveness Report 2013. Retrieved February, 25, 2015, from <http://www.weforum.org/issues/travel-and-tourism-competitiveness>