Competitiveness of Slovakia as a tourism destination

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Master of Science

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Submitted to Prof. Dr. Josef Mazanec

Bc. Marianna Schweitzerová

1513006

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AFFIDAVIT

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ABSTRACT

This master thesis deals with the competitiveness of the tourist destination Slovakia. The research is narrowed to the time period from 2009 to 2015. Managing a destination is a tough task and awareness of competitive position plays a catalytic role for market segmentation and target marketing, for decision–making and finally – investments strategies of the financial recourses for the destination promotion. World Economic Forum Tourism & Travel reports provide the basis for the first part of the research, taking advantage of time series. Further, the growth–share matrices, as well as the multifactor portfolio models, are implemented, using the secondary overnights data. The research compares the benchmarks of Slovakia with its competitors: Czech Republic, Poland, Hungary, Austria and Slovenia.

Keywords: Bednights, benchmark, competitiveness, competitive, destination, market, portfolio, Slovakia, tourism

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1 INTRODUCTION

Slovakia has undergone dynamic political and economic changes during its short lifetime. Its little area is rich in contrasts, which might be also described as the landscape variety in a nutshell, such as the closeness of Danubian Lowland and the Central European Highlands. Tourism is an important cross–sectional industry providing the economy of a state with an additional income, creating job opportunities and enhancing the development of a country. Improvements of the tourism conditions in a country are also improving the quality of life of its inhabitants. But how has tourism developed over time in this state? How competitive is it in the international tourism industry?

In this empirical study, a hypotheses–guided approach is used. The thesis sets up two hypotheses considering the competitiveness. The first one is coded as H1, whereas the second hypothesis is marked as H2:

- H1: The competitive position of Slovakia as an international destination has improved within Europe since 2009.
- H2: The improvement is reflected in tourism demand criteria (bednights).

The thesis consists of two parts. The first part is theoretical. There, the attention is initially turned on the actual tourism situation in Slovakia, stressing its Destination Management Organization. The next chapter is concerned with the explanation of the term “competitiveness” and the model applied. It is followed by the assessment of the World Economic Forum Travel and Tourism reports. The second part is the practical part. Secondary data are used for the analysis. They are stemming mainly from the sources of the World Economic Forum Travel and Tourism Competitiveness reports and the TourMIS database. For sorting and visualizing, methods such as time series, portfolio models and benchmarking are implemented. Further, the limitations of the study are discussed, particularly those concerning the secondary data, WEF[1] ranking relevance or subjectivity of the author. The results of each analysis are discussed in partial conclusions. Based on them, the final conclusion is inferred and the future research directions are suggested.

[1] World Economic Forum

2 LITERATURE REVIEW

This part of the thesis aims at collecting relevant theory and giving a brief overview of tourism term. In the early stage, the explanation of the terms destination, destination management organization and destination marketing organization is provided and linked with the particular case of Slovakia. Further, destination attractiveness together with competitiveness is explained, utilizing the basic competitiveness model.

2.1 Destination

The term "destination" is, according to Pike (2004), defined as a place, which attracts visitors to enjoy a temporary stay. A destination can be described as a place with an area ranging from continent to a resort area, such as a ski resort or a hotel resort. UNWTO[2] (2007) on the other side describes a destination as an entity consisting of the following factors:

- Attractions,
- Amenities,
- Accessibility,
- Image,
- Price and
- Human resources.

The Slovak Republic is also considered as a tourist destination. As a destination, it represents the whole Slovak Republic area entity that attracts tourists for a temporary stay, which is 4 days on average (SACKA[3], 2016). The Slovak Republic consists of all factors mentioned above. The "attraction" factor, which is a representative of the traveller's motivation, stands mainly for cultural and natural attractions (such as High Tatras, the Slovak Paradise National Park, Orava Castle, Cathedral of St. Elizabeth or Bojnice Castle Museum). The "amenities" are reflected in examples of hotels, information centres, recreation facilities or tour operators. The "accessibility" factor is reflected in the transport infrastructure, such as the road or railway network (for example Slovak railways, Airport Bratislava). The "image" of Slovakia abroad is neutral, inclining to the post socialist country (Sibalova, 2015). The example of the "price factor" in the destination is reflected in the EUR currency that is used in Slovakia since 2009 and the lower price standard, reflected in the purchasing power parity. The last factor representing

[2] United Nations World Tourism Organization
[3] Slovenská Asociácia Cestovných Kancelárií a Cestovných Agentúr – Slovak Association of Tour Operators and Travel Agents

a destination is the "human resources". The approach and professional level of the labour can determine most of the encounters in tourism, which applies to destination's tourism managers as well as waiters.

2.2 Destination Management Organization

A DMO[4] matches the destination resources with the tourism opportunities. According to Pike (2004), it is usually part of a government ministry, which provides advices to the government. As promised in the Manifesto of the Government of the Slovak Republic 2016–2020 (Slovak Republic, 2016), the government creates conditions for developing the tourism industry through such an organization. It is responsible for promoting the destination as an identifiable destination and it also represents an umbrella for the private sector industry. Another definition of a DMO is:

> *"The Destination Management Organization's role should be to lead and coordinate activities under a coherent strategy. They do not control the activities of their partners but bring together resources and expertise and a degree of independence and objectivity to lead the way forward. It follows that DMOs must develop a high level of skill in developing and managing partnerships. Though DMOs have typically undertaken marketing activities, their remit is becoming far broader, to become a strategic leader in destination development." (UNWTO, 2010, p.2)*

An entity entirely responsible for managing and marketing the whole country as a tourism destination is either called a DMO or an NTA[5]. Pike also (2004) summarizes the goals of a DMO in four divisions starting with enhancing a destination image, focusing on increasing the profitability of the tourism industry, ensuring a long term funding and, finally, putting efforts into the seasonality reduction. A DMO can be defined by its duties. A DMO should exceed the expectations of a tourist and create a suitable environment with regard to the country's policy and regulations. According to the UNWTO (2007), its first task is leading the destination and the second task is marketing.

2.2.1 Destination Marketing Organisation

A destination management organization is not only responsible for managing, but also for getting people to visit the destination. By promoting a destination, it is important to follow the trends. An important goal of a DMO is to provide information and target the right market with the right form of communication. So and Morrison (2003) proved that informed individuals

[4] Destination Management Organization
[5] National Tourism Administration

spend more time in the destination than the ones who are not informed prior to visit. The informed ones also tend to have a bigger expenditure. The personal sources are considered as the most credible. The internet is the leader of the communication channels; it provides a user with a representation of the destination. It also enables collabouration and it is a contacting platform for the targeted group. The internet is also the interface for a financial transaction. Users of a DMO website have the tendency to seriously visit the destination in the future, as opposed to the nonusers. Also in the National Regional Development Strategy of Slovak Republic (Slovak Republic, 2012) it is stressed that long term competitiveness can only be reached by creating conditions for the tourism development and promoting it. The relevant Slovak marketing intentions have been released by Slovak Tourist Board in Marketing Strategy 2014–2020.

2.2.2 Slovak Tourist Board

SACR[6] is a destination management organization on the national level. It is also responsible for the state promotion of tourism in the Slovak Republic, for the contribution to a positive image abroad and for the support of the travel products within the destination. This organization receives financial support from the State Budget and until 2015 from the Cohesion Funds of the European Union.

SACR was established in 1995 by the Ministry of Economy in order to officially represent Slovakia. On 1 July 2010, competencies passed to the Ministry of Culture and Tourism. However, in November 2010 competencies passed to a new state administration body of tourism, the Ministry of Transport, Construction and Regional Development of the Slovak Republic (SACR, 2016). Nevertheless, on 1.1.2017 a new law entered into force. The minister of MDaV[7] scrapped SACR as an organization. The competences are integrated into the ministry saving the administrative costs (SACR, 2017). Because of the unexpected sudden change, it will be further referred to SACR as a current Slovakian DMO in this paper.

2.2.2.1 Slovak Convention Bureau

The Slovak Convention Bureau is a subdivision of SACR. The aim of this organization is to represent and manage the MICE[8] tourism in Slovakia. MICE is the most profitable form of tourism business and it also offsets seasonality. Further, a MICE customer provides a destination with higher receipts than a regular tourist.

[6] Slovenská Asociácia Cestovného Ruchu – Slovak Tourist Board
[7] Ministerstvo dopravy a výstavby Slovenskej republiky – Ministry of Transport, Construction and Regional Development of the Slovak Republic
[8] Meetings, Incentives, Congress/Conferences, Events/Exhibitions

Hence, SCB[9] presents Slovakia as a destination for congress tourism and manages cooperation with the key stakeholders in Slovakia. SCB informs about plans and news in the MICE industry and provides event organizers with assistance and support. It also participates at the annual meetings of international associations in the sector (SACR, 2016).

2.2.3 Collaborations & Partnerships

A tourist organization should be aware of the task to link different stakeholders for collabouration. Although it is often hard to implement community based tourism strategies, especially because of coordination and management difficulties, there has to be a way to involve also the local community in the destination management. In the Tourism Development Strategy 2020 (MdaV, 2013) it is emphasized that the attention should be turned to locals as well. Including them in activities is an important task with the aim of building a positive approach towards the Slovakian destination. The network thinking with regard to linking public policy with the public sector is crucial, especially in order to participate in and contribute to the development of social capital (Hall, 1999).

According to the Tourism Development Strategy 2020 (MdaV, 2013), the Public–Private–Partnership is an essential basis for providing information and creating activities. An institution with a far reach is RTVS[10]. SACR is further cooperating with schools providing them with incentives through various competitions and supporting students.

Slovakia is a member of the United Nations World Tourism Organization UNWTO, the Organization for Economic Co–operation and Development OECD for tourism, the Tourism Advisory Committee TAC, the Competitiveness Council COMPET (MdaV, 2013), European Travel Commission ETC, American Society of Travel Agents ASTA, Central European Countries Travel Association CECTA, Internationaler Bustouristik Verband RDA, International Congress and Convention Association ICCA, National Tour Association NTA (SACR, 2016). Slovakia is also a member of a V4[11] group having tighter cooperation with the Czech Republic, Poland and Hungary (MdaV, 2013).

2.2.4 Destination life cycle

A destination has its own “Tourist Area Life Cycle” (TALC), also known as a “destination life cycle“. The interactions between demand and supply are influenced over time and determine

[9] Slovak Convention Bureau
[10] Rozhlas a televízia Slovenska – Radio and Television Broadcasting of Slovakia
[11] Visegrad Group – alliance of Czech Republic, Hungary, Poland and Slovakia (Tourism Development Strategy 2020, 2013)

further competitiveness of the destination. There are certain issues that arise with the tourism development, such as environmental despoilment, low visitor yield and social issues. TALC has been designed to reveal clues about the further development of a destination, which is valuable mainly for destination planners and marketing organizations (Uysal, 2012).

This cycle concept postulates that during its lifetime, a destination experiences five main stages and a following sixth stage. The first stage is reflected in adventurous travelers, who come to an area with an absence of tourism development in order to explore it (Howie, 2003). The number of visitors is limited and there exist just a few tourism facilities (UNWTO, 2007). For this reason, it is named an "Exploration stage". In the next stage "Involvement", local communities and authorities decide about the next direction towards tourism and small tourism organizations might be established (Howie, 2003). Seasons begin to be recognized. The next stage is the "Development", where large numbers of tourists arrive and the key role is represented by hotel chains and tour operators (UNWTO, 2007). The majority of tourists are psychocentric, whereas the allocentric visitors continue to search undeveloped places somewhere else.

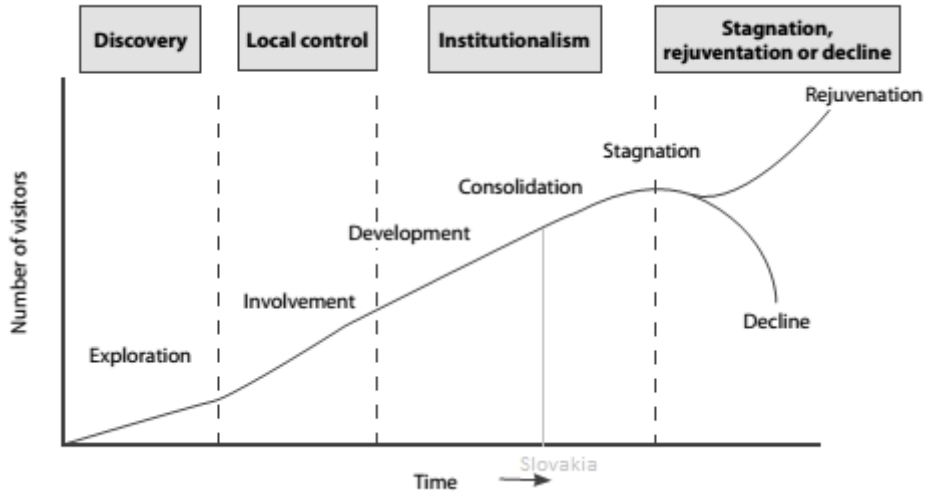


FIGURE 1 DESTINATION LIFE CYCLE (ADAPTED FROM UNWTO, 2007)

During the "Consolidation", the political importance is growing, tourism is an internal part of the local economy, and the facilities need upgrading (Howie, 2003). The TALC model has a flexible nature and for that reason will be shaped differently in each tourism destination. Application of the model requires considering the economy and tourism industry in the particular destination (Butler, 2006). Based on the consolidation stage explanations, it was concluded that Slovakia is situated in the consolidation stage at the moment (Figure 1). Indicators for this stage are the old and second–rate facilities. In this point, maintenance and care are needed, sometimes even inexpensive, such as clean public toilets in frequently visited places (Gupta, 2011). An effort is being made to extend the tourist season, especially the winter season. The budget for marketing and advertisements is growing especially with regard to the private hotel

industry, which mostly consists of hotel chains or franchises. Tourism companies, such as a wellness resorts, spend a certain percentage of their budget on advertisements in order to extend the market area (Butler, 2006). According to Gupta (2011), the total number of visitors is supposed to exceed local residents in this stage. However, Butler (2006) stated that in the case when the economy has many alternative economic activities, the total visitors will not exceed the number of local residents. In Slovakia, the economic activities vary, the main focus is on automotive industry and the number of local residents is not exceeded. Another exception in this stage is the rate of visitors, which is not on decline, but in contrary – growing. This criterion overlaps with the development stage. Based on the overall economic, environmental and social problems of Slovakian tourist destination, it is supposed that the Slovak Republic complies with the consolidation stage.

The following stage, "Stagnation", represents a failure of keeping a fashionable status of the destination and economic, as well as social problems may arise. This stage is followed by a sixth stage, which is either the "Decline" stage or, in the case of major changes being accomplished, it is followed by the "Rejuvenation" stage (Howie, 2003).

2.3 Destination competitiveness

Competitiveness and attractiveness both determine the destination's success, however each from a different perspective. The tourist perspective of the destination is reflected in attractiveness, whereas competitiveness assessment is a reflection of the destination's perspective (Vengesayi, 2003).

2.3.1 Attractiveness

The attractiveness of a destination is a reflection of the visitors' perception, their feelings and opinions on the destination. If they perceive that the destination has an ability to satisfy their needs, the destination is perceived to be attractive. The more attractive a destination is, the more it is likely to be chosen. Destination attractiveness is of the highest importance when it comes to the pulling effect it has on tourists (Vengesayi, 2003).

2.3.2 Competitiveness

Competitiveness is an accepted term for the factor, which determines long term success. In order to ensure long–term profits, it is recommended to have competitive advantages (Vengesayi, 2003). Also Crouch (2008) agrees that the competitive ability of a destination is dependent on a destination's comparative advantage (resource endowments) and its competitive advantage (capacities for deployment of resources). Competitiveness of a destination could be understood as the techniques and methods, which serve to analyse and compare various attributes a destination possesses. Vengesayi further claims (2003, p. 639) that

"Destination competitiveness could be associated with the ability to deliver an experience that is more satisfying than that offered by other destinations."

Dwyer (2003) identified competitiveness as determined by factors comprising of inherited resources, created resources, supporting factors and resources, situation and demand conditions, and finally the destination management itself.

2.3.3 Porter's diamond framework

Porter developed a framework for the factors influencing competitiveness, which is illustrated in Figure 2 (Porter, 2012). It is the most essential model in the theory of competitiveness. There are four main factors that he included, namely the "factor conditions" in the opposition to the "demand conditions", then also "structures and organizations" and lastly, the "related and supporting industries". Further, he identified two influencers. In the first place, it is the "government" in the particular country. In the second place, there are "chances" such as events (Tribe, 2010).

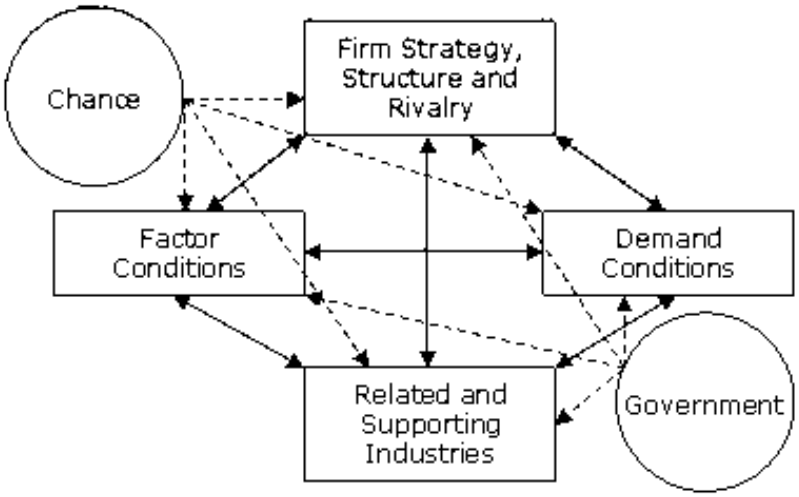


FIGURE 2 PORTER'S DIAMOND MODEL (PORTER, 2012)

Porter's diamond model concerning Slovakia again refers to the national tourism organization SACR. On one side, there is a regulator, the government, which creates the business environment and SACR is a governmental subdivision. Another influencer is the chance, such as the ice hockey world cup taking place in the capital Bratislava.

"Factor conditions" include the inputs necessary to produce tourist products. In the tourism sector, skilled labour is of high importance. In order to catch a wave on the market, a supplier has to be flexible and competitive. If a supplier is operating in a fast–growing market, the number of first–time visitors is high. They are usually experienced and, because of that, they challenge the suppliers to improve their product. Anticipating tourists' behaviour determines the trend in the early stage (Smeral and Witt, 2002).

The "demand conditions" dimension is represented by the type of demand. As already mentioned, an experienced traveler is a representative of a strong demand condition that forces domestic organizations to improve the product. In the case of Slovakia, the majority of demand is the domestic market with a lower purchasing power (MdaV, 2013). If a destination has the intention to grow and to be competitive, it must be provided with satisfying transport infrastructure. However, an international market requires access to a nearby international airport. It has been proven that international visitors prefer air travel (Prideaux, 2000). "Related and supporting industries" are, among others, hotels and tour operators. SACR has to set a clear strategy and a transparent "structure" of regional DMOs. It is also important to characterize the competition in terms of rivalry.

2.4 The World Economic Forum Tourism and Travel Competitiveness Index

The World Economic Forum has a strong international reputation. It carries out in depth analysis in the published Travel & Tourism Competitiveness Report (TTCR) by assessing 141 economies around the world through the help of the Aviation Travel & Tourism Industry Partnership Program and its Global Agenda Council on the Future of Travel & Tourism (T & T). The TTCR 2015 is masterminded by Hassan Al Ibrahim (Qatar Tourism Authority), Roberto Crotti (The Global Competitiveness and Risk), Ghida El Hassan (Strategy&), Chucrallah Haddad (Strategy&), Chaitan Jain (IATA), Katharine Le Quesne (Deloitte's international Travel), Tiffany Misrahi (Aviation & Travel Industry), Antoine Nasr (Strategy&), Simon Oaten (Deloitte UK Travel), David Oxley (IATA) and Harry Segal (Deloitte). The Travel & Tourism Competitiveness Index (TTCI), also known as the global tourism competitiveness index (TCI) (Pulido–Fernández and Rodríguez–Díaz, 2016), represents a tool for measuring factors and policies, which enable the development of the tourism sector and investments in a particular country (WEF, 2015).

An initial step towards the reports was the Global Competitiveness Report (GCR) released in 1979, which was based on the Davos Conference of world leaders in business (Pulido–Fernández and Rodríguez–Díaz, 2016). Since then, these reports have been released annually setting up an index of an overall national competitiveness. The World Travel & Tourism Council (WTTC) released the first competitiveness report specialized on the tourism industry in 2007, the second in 2008 and since then, the report has been published every second year. The WTTC also initiated the Competitiveness Monitor, which builds on the competitiveness as influenced by the comparative advantage theory. It should provide a strategic tool, which is comprehensive and measures different factors and policies that are the basis for the attractiveness of tourism development in different countries. Different determinants, which are deemed influential, are included recognizing the multidimensional nature of tourism competitiveness (Mazanec and Ring, 2011).

2.4.1 TTCR explanation

The indicators cover a range of 141 different countries worldwide out of the total 195 countries, hereby assessing more than 70 % of global tourism. The TTCR is composed of 14 pillars, which are clustered into three subindices, which were extended to four in 2015. The first subindex (Enabling environment) consists of five pillars; the second subindex (T&T Policy and Enabling Conditions) consists of four pillars; the third (Infrastructure) consists of three and the forth (Natural and Cultural Resources) consists of just two pillars. For example, although "price" and "natural resources" are tied together (especially in many developing countries, which operate on a low price level, are enriched with a big natural potential), they are assigned into two dissociated pillars – "Business Environment" and "Natural Resources". Every factor then becomes a separate competitive dimension with an equally weighted importance (Mazanec and Ring, 2011).

The WEF Report (2015) provides researchers with 90 variables, also referred to as indices, in order to predict and explain the tourism behaviour of a destination. Each pillar covers a different number of indices. Meanwhile, 33 % of the indices stem from data collected from the World Economic Forum's Executive Opinion Survey. The remaining of the total percentage of data is hard data of statistical origin including sources, such as the World Bank; International Finance Corporation; National Consortium for the Study of Terrorism; United Nations Office on Drugs and Crime; The World Health Organization; Global Health Observatory Data Repository; United Nations Educational, Scientific and Cultural Organization; Organization for Economic Co–operation and Development; Global Report on the Global AIDS Epidemic; Malaria Information and Prophylaxis information; United Nations Children's Fund; International Telecommunication Union; International Labour Organization; International Air Transport Association; Deloitte–STR Global and Smith Travel Research Inc.; World Resources Institute; The International Union for Conservation of Nature; Visa; World Road Statistics or the United Nations Statistics Division. In order to be able to compare the judgmental data resulting from surveys and the econometrical hard data (Pulido–Fernández and Rodríguez–Díaz, 2016), both types are transformed as a score on a scale ranging from 1 (worst) to 7 (best). Each pillar is calculated as an un–weighted average of its indices. An exception is in the composition of the "Human Resources and Labour Market" pillar, which contains another two subpillars, namely the "Qualification of the labour force" and the "Labour market". The pillar is derived as an un–weighted average of those two subpillars. Similarly, the subindices are also calculated as an un–weighted average of the included pillars. The overall destination competitiveness index is afterwards assigned also by the calculation of the four subindices as an un–weighted average. Further, the overview of the TTCI structure of 2015 is demonstrated, appointing the individual subindices and their composition, nominating the pillars, as well as giving an overview of the number of included indices in the particular pillars.

Overall TTCI

SUBINDEX 1: ENABLING ENVIRONMENT

- Pillar 1: Business Environment (15 indices)
- Pillar 2: Safety and Security (5 indices)
- Pillar 3: Health and Hygiene (6 indices)
- Pillar 4: Human Resources and Labour Market (9 indices)
- Pillar 5: ICT Readiness (8 indices)

SUBINDEX 2: T&T POLICY AND ENABLING CONDITIONS

- Pillar 6: Prioritization of Travel & Tourism (6 indices)
- Pillar 7: International Openness (3 indices)
- Pillar 8: Price Competitiveness (4 indices)
- Pillar 9: Environmental Sustainability (10 indices)

SUBINDEX 3: INFRASTRUCTURE

- Pillar 10: Air Transport Infrastructure (6 indices)
- Pillar 11: Ground and Port Infrastructure (7 indices)
- Pillar 12: Tourist Service Infrastructure (4 indices)

SUBINDEX 4: NATURAL AND CULTURAL RESOURCES

- Pillar 13: Natural Resources (5 indices)
- Pillar 14: Cultural Resources and Business Travel (5 indices)

The report is a strategic tool for the quantification and benchmarking of a host country's competitive abilities (Pulido–Fernández and Rodríguez–Díaz, 2016). It is designed to reveal the strengths and weaknesses of the competitors, thus an important tool for managerial decision–making on both the political level (national policymakers) and business level (business leaders) (Mazanec and Ring, 2011). TTCR involves microeconomic together with macroeconomic factors and in that way enables a cross–country comparison of the drivers of tourism competitiveness. The outcome of the report presents a valuable tool for determining the challenges, which hinder sustainable tourism development in a country and as a result, the actions, which need to be taken, are highlighted. The regularly launched WEF T&T reports caught the attention of a brighter community of researchers. They refer to the report in order to determine the level of competitiveness of a destination. In this sense, WEF initiates a multi–stakeholder dialogue and consequently boosts international tourism (WEF, 2017). Due to the simple structure of the report, it is considered as a transparent, precise, robust and sophisticated tool (Lall, 2001). Dwyer and Kim (2003) also explained that a destination is influenced by a range of factors. These factors include price, as well as non–price factors, thus causing a need to develop a

tool to measure indicators. This valuable tool is supposed to identify the aspects, which influence the tourism development level of a destination, as it creates shared added value, which is reflected in job creation and better living conditions for a country and the society.

2.4.2 TTCR critical assessment

Although the TTCR is increasingly recognized as an analytics tool, it has brought a lot of controversy and criticism. Lall (2001) shares the opinion that a definition of competitiveness, which is too broadly constructed, diverts it from the actual focus on direct benchmarking partners and shifts to a situation, where the analytics power is unwarranted. Pulido–Fernández and Rodríguez–Díaz (2016) also highlight that the main aim should be to measure the performance of a destination as compared to its competitors. Even though economists are usually working with different issues regarding the investments, labour skills and policy, they do not situate themselves under the unified label of competitiveness. For this reasons, the economists are usually sceptical in quantifying the competitiveness, especially when there have been attempts to construct indices, which should have a reliable ability to objectively benchmark performance (Lall, 2001).

- Destination development variability

Mazanec and Ring (2011) emphasize that different elements have different impacts on the tourism development in each country. This heterogeneity and its consequences are not observed in the index. The destinations entering the WEF assessment are in different stages of not just economic, but also social development. Instead of a homogeneous portfolio of countries, the comparisons are made between heterogeneous mixtures. The evaluation would therefore appreciate a phase–specific indicators system. Moreover, transformation of comparative into competitive advantage might be more efficient in certain countries, while others might struggle to achieve this transition. As Mazanec and Ring expressed (2011, p. 746),

"In technical terms this means that main and interaction effects are likely to work differently for different subgroups of countries."

While newly industrialized economies put their effort to keep their position ahead of new entrants, less developed countries face problems with reviving their economies. Some of the premises of WEF might be applied to advanced countries, but they do not have to apply to less developed countries equally. These factors cause Lall's deconstruction of the WEF reports explanatory power (2001), as he argues that the model specification is problematic. Further, this is influenced by the depicted variables, the misleading identification of causal effects and the empirical base of the data. If a factor F1 influences tourism in destination A, it might result into a change in factor F2. However, the same pattern does not necessarily have to apply to a destination B. The influence of F1 on tourism in B might have a neglecting effect or a very diverse effect, which might be observed as a result in a change of another factor – ΔF3. The predictive

capabilities of the TTCI and their guidelines for enhancing strategies of tourism competitiveness might be therefore questioned (Mazanec and Ring, 2011). Dwyer and Kim (2003, p. 406) also argue that the principal factors contributing to competitiveness (thus meaning to the improvement of living standards) will differ for economies at different levels of development. They put the emphasis on an additional research considering the applicability of the model to destinations at different stages of development. Hereby, we would like to touch the case of Slovak Republic. As from the point of view of the TALC analysis, it is suggested that the destination should be currently situated in the "Consolidation" stage. Benchmarking against countries in the same stage as one cluster would be an alternative option to the current TTCI methods. From the historical point of view, the Slovak Republic is a post socialist country, which was established in 1993 as a democratic country and later, in 2004 joined the European Union as a young member. The sudden changes have shaped the society, economy, as well as tourism, into the conditions that the country experiences today. The historical result, therefore, should be not compared with a country, which, for example, has not experienced a communist regime. Moreover, Lall (2001) also shares the opinion, that the Forum assigns uniformly better values of indices to countries, which have a stronger tendency towards utilization of the "invisible hand" of the free market, liberal capital accounts and a strong intellectual property protection. Nonetheless, there is a general assumption that a full exposure to international trade leads to more successful competitiveness. He also points out that the role of the government in competitiveness is not discussed in the reports. Dwyer and Kim (2003) give an example of the areas, where government should be in some way involved, including the legal regulations for tourism industry, the country's presentation and promotion, the planning, coordination and monitoring and finally, the maintenance, which should not be neglected.

- Competitive and Comparative advantage

There has been a tendency to emphasize the value–added activities, which are considered a source of international competitiveness resulting in a certain competitive advantage. At the same time, the comparative advantage, which in tourism is perceived as endowed resources (climate, scenery, etc.), is not highlighted. The competitive advantage is mostly reflected in elements, such as tourism infrastructure or the quality of management. A model of competitiveness must recognize both comparative and competitive advantage (Dwyer and Kim, 2003). However, Dwyer and Kim suggest there are some challenges in doing so (2003, p. 406):

"There is an issue of the relationship between the competitive advantage of the destination as a whole (as compared to alternative destinations) and the competitive advantage achieved by its constituent firms and organizations (as compared to other firms and organizations both inside and outside of the destination). While there is undoubtedly a link between the two, little is known about its strength and directions of influence."

Mazanec and Ring (2011) explain the need to transform comparative advantage to competitive advantage, by creating a competitive market position by taking advantage of its strengths. Richie and Crouch (1999) also developed a competitiveness model, which applies the theory of competitive and comparative advantage. According to their research, a competitiveness model should explicate destination competitiveness, considering that the destination experience should be more important than the competition between destinations. However, Lall (2003) expresses the opinion, that a competitiveness strategy should serve destinations as a tool to help countries build their dynamic comparative advantage. He also says that the creation of a comparative advantage is a tool for overcoming market failures, but he also considers the WEF reports tools to be unwarranted when used by economists and other scientists without having the right empirical or analytical base. Skill–intensive activities together with other technologies and means produce more competitive advantage. Economical purposes are the crucial element, which attracts destinations to compete with other destinations, in attempts to attract the wealthiest tourism potential base and highest tourism expenditure level (Pulido–Fernández and Rodríguez–Díaz, 2016). Mazanec and Ring (2011) further emphasize that the comparative advantages will not be transformed into competitive advantages in the case of insufficiently developed factors of "resources" and "business". If both of them are high, they will multiply their positive influence on competitiveness. However, the high level of those indices is usually found in industrialized countries, which are less dependent on the expenditure of a tourist. Similar correlation in WEF report can be found in "human resources" indicator, which might be highly dependent on education and the labour force qualification.

- Destination heterogeneity

The conception of WEF reports considers every destination as a competitor. Competitiveness is a variable, which should be handled carefully, because a destination does not have to be regarded as a competitor in relation to another destination. Not only the economic developments, but also the resources that are being offered, represent a substantial heterogeneity of various destinations and their characteristics. It has been proposed, that the location also represents a variable, which should enter the competitiveness calculations. An example has been introduced referring to island destinations, which are obviously harder to reach (Pulido–Fernández and Rodríguez–Díaz, 2016). Destination location is determined by the distance from its source markets, stressing the importance of new transportation technologies. In particular, the distance from the major markets influences the destination's attractiveness. Destinations with a shorter distance and a similar product offer exhibit a competitive advantage over destinations with a longer distance (Dwyer and Kim, 2003). Mazanec and Ring (2011) also stress, that global competitiveness is directly associated with the inference that all destinations are competing with each other in all tourism market segments. However, from a marketing point of view, this standardization denies the common reality. An important factor ignored by the index creation and ranking comparison is the size of the country. Consequently, the bench-

marking ability of the 141 participating country economies is slightly limited. The ratios should be built also with respect to the size of the population of a hosting country (Mazanec and Ring, 2011). In order to refer to the chosen destination for the empirical studies, it will be connected with the case of Slovakia again. Jamaica (10 991 km²; 2,726 million inhabitants), as an island, is a destination, which is around 8 800 km away from the Slovak Republic (49 035 km²; 5,424 million inhabitants). Apart from the location, it has a different landscape and climate, implements different policies and is in a different economic development stage. Thus, Jamaica cannot be seen as a Slovak competitor.

- Composition of the index

The TTCI contains an imbalance of microeconomic and macroeconomic inputs, as well as an imbalance of short–term versus long–term competitiveness influencers. An important influencer is the macroeconomic policy stance on issues such as fiscal, monetary and the labour market (Dwyer and Kim, 2003). Lall (2001) gives right to WEF in order to emphasize the microeconomic base of competitiveness. Short–term macroeconomic management underlies structural factors. It influences the prices of services and goods, which are relative to other countries. This element hightlights the point of view that all countries are competitors. Ritche and Crouch (1999) have defined a destination competitiveness as a long–term economic prosperity on the basis of sustainability and the well–being of the destination's native inhabitants (Dwyer and Kim, 2003). Long–term economic prosperity should be the criterion used to determine in which destination the level of competitiveness is better (Pulido–Fernández and Rodríguez–Díaz, 2016). Hall (2001) also says, that the majority of researchers use a broader definition of competitiveness, which suggests taking into account the elements, which affect long–term performance and productivity.

Another inequality hidden in the reports rests behind the types of data. Despite the fact that the majority of data is obtained as statistical hard data, one third is gained with the help of questionnaires. Using these two types of data together is controversial, as it combines both objective and subjective values. Lall (2001) depicts the ability of WEF to collect the right data by saying that sometimes, instead of relying on available hard data, it chooses to conduct a questionnaire research. Moreover, he presents his disgruntlement towards the executive responses, which he considers unreliable, because of the many unclear questions.

"A major problem, underlying all attempts to establish indices of competitiveness, involves the integration of objective and subjective attributes of competitiveness" (Dwyer and Kim, 2003, p. 406).

Indeed, the authors also think that individuals might perceive the same reality differently. The indicators in WEF reports might be grouped according to their belonging to an objective or a subjective origin. Some measures comprise both of hard and soft features. The authors used

an example of flora and fauna. The perception is determined by the location and uniqueness, such as koalas in Australia. However some unique species might not be seen as special or attractive and do not necessarily generate additional visitor flow. In addition, an example of an objectively measured variable would be the market share, visitor number or the value added by the tourism sector. A subjectively measured variable could be then the richness of cultural heritage and the quality of tourism development. Mazanec and Ring (2011) criticize the methodology used in the WEF reports in regards to the way, how hard data and survey data are combined and thus deconstruct the composition of the index.

From another point of view, some sources have the character of the influencers, the income, which determines tourism competitiveness. However, on the other side, there are factors, which represent an outcome of a destination's tourism abilities. Some indicators of the "income" variable are very closely tied to the elements of the "outcome" variable. These relations are then reflected in strong correlations, which might multiply the effect and discredit the explanatory power of the WEF competitiveness model. Mazanec and Ring (2011) name an example, where they explain, that the element "affinity for tourism and travel" places an explanatory variable (tourism expenditure) and an dependent variable (receipts as a percentage of GDP) in one set and thus, biases the results. The cause–effect might be seen as not trustworthy, since it contains too many formative and too little reflective indicators.

- Index validity

Lall (2001) thinks that the Forum is targeting a nontechnical audience and consequently avoids the technical details, while skating over complex theoretical issues and not providing all the necessary details of the methodology. Mazanec and Ring (2011) further question the statistical methods, which are used for the demonstration of the TTCI index and also the variables of a weak theoretical justification. Consequentially, they consider the method's reliability and validity to be very uncertain. They indeed consider the calculations as rich in regard to data, however primitive due to the weak theoretical underpinning. As Lall (2001) highlights, the lack of rigor in empirical application of the indices might lead to a very confused application. The factors, which are associated with competitiveness success, are often closely interrelated. The relations of the dependent variables, their measurement and the final aggregation into the final TTCI index express the suspect methodology selection.

Mazanec and Ring (2011) found in their analysis that there are intercorrelations among some indices, which lead to an unstable weight estimation in 50 % of all indices. For example, the receipts are correlated with another variable, which is dependent on receipts. Thus, because of the rating on a 7–point scale and the same cause–effect variables, the competitiveness model faces ubiquitous multicolinearity problems.

The ranking pyramid and the policy conclusions of WEF are based on an inadequate and sometimes even suspect base (Lall, 2001). Because the reports' indices are rated on a 7–point scale, the real interval–scale property together with multivariate normality is of a strongly imprecise approximation (Mazanec and Ring, 2011). Even though according to the theoretical assumptions a destination's competitiveness index should be able to distinguish relevant and irrelevant practices, it is rather difficult in reality (Lall, 2001).

- Arbitrary weighting

Mazanec and Ring (2011) consider the weighting of the variables included in each pillar to be of an arbitrary origin. The principle that every variable on a given level is assigned the same weight is considered a simple, but not successful solution. They strongly recommend changing the Forum's current strategy of calculations, especially in regards to the determination of the higher–level indices with the unweighted average of lower–level indices (p. 729). Pulido–Fernández and Rodríguez–Díaz (2016) agree that the variables should be weighted within each pillar when calculating the sub–indices. They criticize mainly the global index calculation, which is not weighted as well. They even underline the composition of each pillar, which is in every case different. In other words, every pillar comprises of a different number of indices, as explained in 2.4.1. The various numbers of indices is not depicted on purpose, which deconstructs the philosophy of tourism competitiveness. As a result, implicit weighting might offset poor results in one pillar, while reaching perfect results in another pillar. Obviously, this can lead to misleading conclusions.

Another misinterpretation might happen, when a destination is not able to improve its bad ranking positioning due to an unimproved indicator. The authors also provide an example, where a pillar A is a pillar with low values that implies to all countries including country X, where the calculated value in however one unit lower. Similarly, there is a pillar B, where all the destinations obtain a high value. However, X is evaluated five units bellow. In that case, when $A_X < B_X$, the standardization of WEF considers the situation in other countries and causes the value of A_X to increase. When an imbalance like the previously demonstrated occurs and the pillar cannot be offset, the ranking of a country worsens. Nonetheless, when a balance in the evaluation level occurs, the destination is instead of being ranked worse, ranked better.

„It is considered that the weight that is given to the strong index and the weak index in order to obtain a composite index will depend on the characteristics of the destination, so the composite index should be calculated for each specific destination." (Pulido–Fernández and Rodríguez–Díaz, 2016, p. 137)

Consequentially, a group of destinations with an overall good performance with the exception of one pillar can be depicted. Members of that group are apart from others: Switzerland, Japan, Singapore, Iceland and Australia, which definitely do not make up a homogeneous group.

The “Price competitiveness” pillar performs poorly in all cases. This poor performance might prevent the countries from being among the top ranked. The same can be observed in regards to the pillar “Environmental sustainability”, where poor performance in sustainable engagement hinders a better ranking of the United States at the top. Particularly striking is the fact that just the inverse association is considered as the preferred one. Including the purchasing power parity may then help countries to improve the evaluation of other pillars indirectly.

Pulido–Fernández and Rodríguez–Díaz (2016) refer to an aspiration level and a reservation level. However, an objective setting of the reference values is a challenging task. The ideal situation would be to consider the actual situation in the countries’ cluster, including statistical reference values for each particular pillar. The authors suggest that this weighting system could be related to the real relative position of a destination in a tourism market.

Mazanec and Ring (2011) affirm that a panel of experts might currently assess the right weighting of the different pillars. Fernández and Rodríguez–Díaz (2016) also agree on seeking the solutions by a panel of experts and consider the decisions, otherwise, subjective and arbitrary.

- Critical assessment summary

In conclusion, the WEF TTCI should be handed carefully, as it is facing a lot of insufficiencies. First, Fernández and Rodríguez–Díaz (2016) question the factors used to describe the tourism performance. Second, the interaction effect including multicolinearity causes problems. Third, they question the TTCI in context with destination market segments and the cross–sectional heterogeneity. They also further deconstruct the congruity of data and time lags.

The broadly affected issues of the reports could be characterized as challenges in 1) destination development variability, 2) the relationship of Competitive and Comparative advantage, 3) destination heterogeneity, 4) composition of the index, 5) validity of the indices and 6) the arbitrary weighting of variables.

The need for specialized competitiveness criteria, which would be tailored to particular segments, would be highly valuable for destination managers. Based on the criteria, it would be possible to truly conduct a particular development strategy (Mazanec and Ring, 2011).

After gaining the knowledge from the theory chapter the thesis focuses further on the empirical research.

3 METHODOLOGY

3.1 Competition of Slovak destination

For the initial aim of the thesis, the main competition of the Slovakian destination needs to be set. Based on the quantitative factors, which describe the destination (the destination location, area in km^2 and the type of the offer of tourism products), the author suggested considering the Czech Republic, Slovenia and Austria as the biggest competition.

This assumption was confirmed. However, according to a destination manager of the Slovak Tourist Board representing the department of strategy and analysis, Slovakia cannot compete with Austria, as it is positioned much better in comparison with Slovakia, mainly in regard to winter tourism capacities. He also highlighted that all the above–mentioned destinations are profiting from being seen as safe destinations. Nonetheless, according to him, the most important competitors are the Czech Republic and Slovenia. Especially in regards to the winter tourism offer being very similar.

On the other hand, the Slovak Tourist Board's Head of the Department of International Cooperation in Tourism claimed, that Slovakia compares itself with other countries of V4 (the Czech Republic, Poland, Hungary) and Austria. She also stressed that this rivalry has been approved on July 10, 2013 by the government (statement number 379/2013) in the Tourism Development Strategy 2020.

The head of the Department of Destination Management in the Tourism Section refers to the Marketing Strategy 2014–2020, and based on the cultural, historical and natural potential, suggests the Czech Republic, Poland, Hungary and Austria as benchmarking partners.

The comparison of the percentages of bednights distribution by generating countries in Slovakia and other destinations serves as another tool for deduction of competition. This analysis of aggregated macro data (TourMIS, 2013) is focused on similarities based on the guest–mix. Zins (2014) explains that competition does not emerge from a similar supply offer, neither from cross–elasticities or destination switching behaviour, but from similar demand profiles. The similarity of destinations is seen as a mutual competitive threat between those destinations. If the percentages of bednights of generating countries are similar in different receiving countries, they are targeting the same source markets to a similar extent (they have nearly the same guest–mix). The Slovak guest mix excluding domestic demand is displayed in Figure 3 and Figure 4.

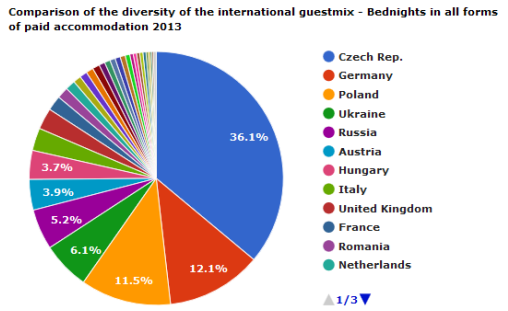


FIGURE 3 SLOVAK GUEST–MIX 2013

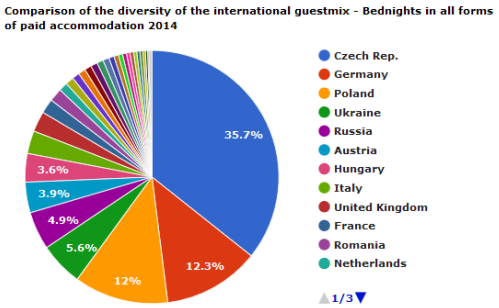


FIGURE 4 SLOVAK GUEST–MIX 2014

Due to insufficiencies that usually occur in data statistics, this method is well appreciated, but it is more consistent in the long term (Buchta and Mazanec, 2008). Because of the limited space of the study, two consecutive years were chosen for the observations. However, the available data for 2016 is insufficient and the year 2015 has been an anomalously successful year for Slovakia. For these reasons, the relatively recent years of 2013 and 2014 (which were not influenced by the crises or the Eurozone accession) were selected. Yet, the author would like to note that the weather conditions in these time periods might have influenced the, for Slovakia's tourism very important, winter season negatively (these worse conditions apply however also to the competitors profiting from winter tourism, mainly to the Czech Republic, Austria and Slovenia). Data for the research is retrieved from TourMIS (see section 3.3.1). All the Slovak bednights originating in Europe are chosen for evaluation and further comparison, namely Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Macedonia, Malta, Montenegro, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Serbia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine and the United Kingdom. Monaco, San Marino and Belarus are excluded because of data availability insufficiencies. The most approximated benchmarking destination with a similar guest–mix of similar distribution is the Czech Republic (see Figure 5 and Figure 6). Similarities can be observed mainly in the following countries of origin: Germany, Russia, Italy, the United Kingdom, Poland, Ukraine, the Netherlands, France and Austria.

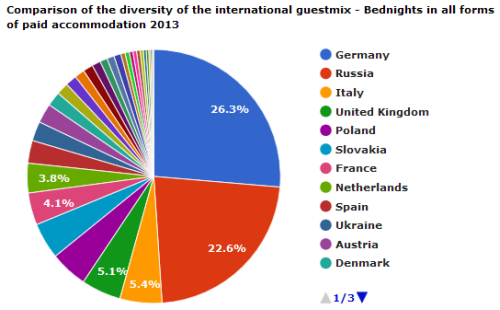


FIGURE 5 GUEST–MIX CZECH REPUBLIC 2013

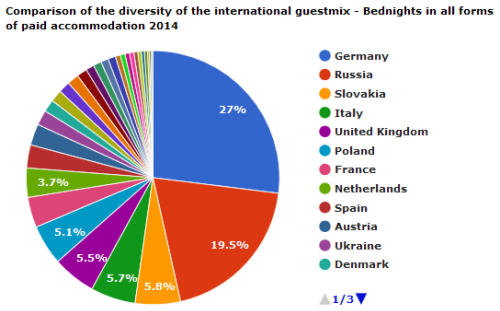


FIGURE 6 GUEST–MIX CZECH REPUBLIC 2014

Slovenia (Figure 7 and Figure 8) is targeting the same destinations in regard to Italy, Austria, Germany, Russia, the United Kingdom, the Czech Republic, Poland, the Netherlands, France and Hungary.

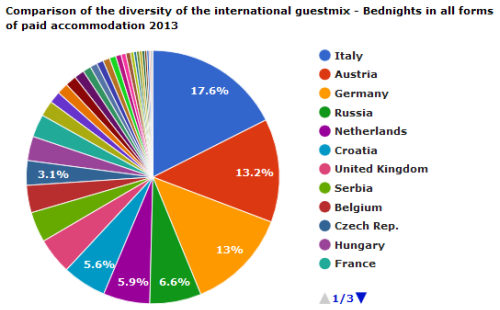


FIGURE 7 GUEST–MIX SLOVENIA 2013

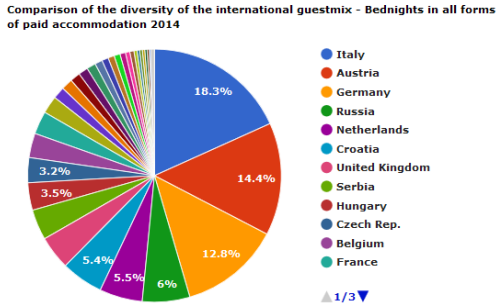


FIGURE 8 GUEST–MIX SLOVENIA 2014

Austria represents the competition mainly due to targeting the German market, but apart from that also the United Kingdom, Italy, the Czech Republic, Poland, Hungary, the Netherlands, France and Russia (see Figure 9 and Figure 10).

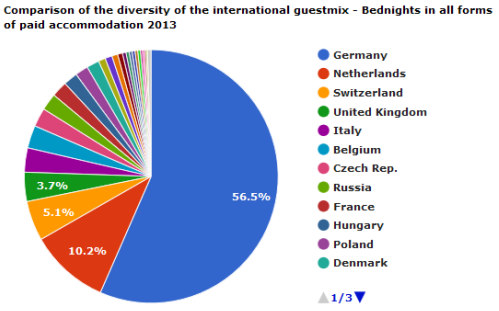


FIGURE 9 GUEST–MIX AUSTRIA 2013

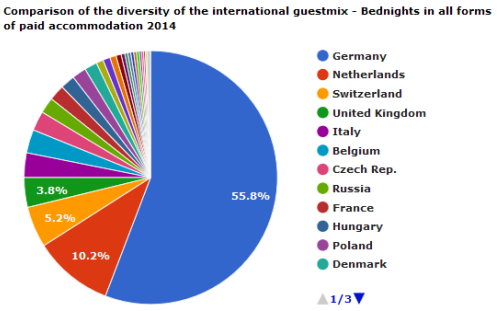


FIGURE 10 GUEST–MIX AUSTRIA 2014

Poland represents a threat due to targeting Germany, the United Kingdom, Russia, Ukraine, Italy, the Netherlands, France and the Czech Republic (see Figure 11 and Figure 12).

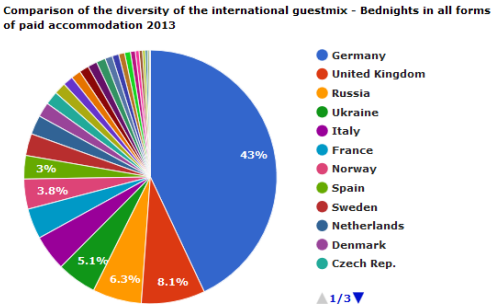


FIGURE 11 GUEST–MIX POLAND 2013

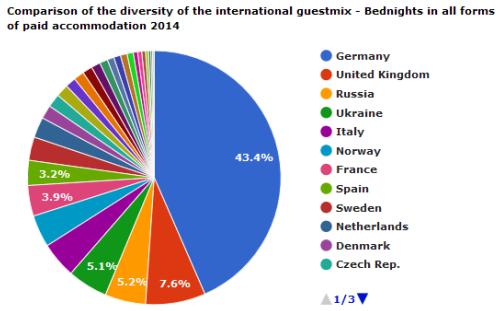


FIGURE 12 GUEST–MIX POLAND 2014

Hungary is suggested as a competitor because of the generating countries of Germany, Austria, Russia, the United Kingdom, Italy, the Czech Republic, Poland, Romania, the Netherlands and France (see Figure 13 and Figure 14).

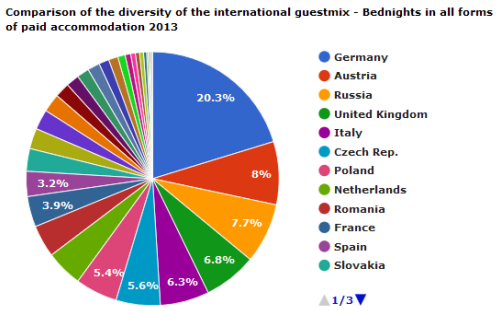


FIGURE 13 GUEST–MIX HUNGARY 2013

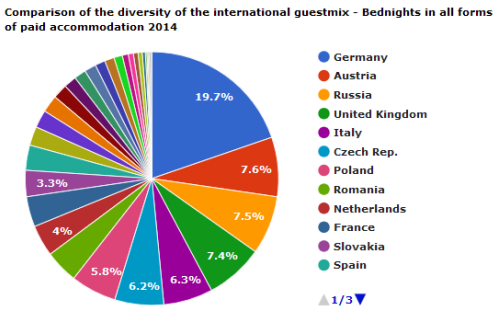


FIGURE 14 GUEST–MIX HUNGARY 2014

In conclusion, all the different approaches towards the competition estimation generate a similar outcome. For the purposes of further research, five destinations will be considered as competition:

- the Czech Republic,
- Poland,
- Hungary,
- Austria,
- Slovenia.

3.2 Research instrument 1 – WEF reports

The World Economic Forum Travel & Tourism also describes the conditions of tourism competitiveness in the Slovak destination. Nonetheless, the reports are not released on a regular basis and for this reason the research is dedicated to the time period from 2009 to 2015 consisting of the following years: 2009, 2011, 2013 and 2015. The overall performance is given attention in terms of development of the overall ranking in Slovakia as well as its competitors. The individual indicators are observed.

Firstly, the attractiveness analysis is conducted. Indicators which are deemed important are selected from the following columns – "Prioritization of Travel & Tourism", "Price Competitiveness" and "Tourist Service Infrastructure". Their performance is further observed and compared with the above stated competitors.

Secondly, indicators in an unusual position[12] in the ranking are appointed and development over time using the time series in Excel is analysed (see Figure 15 and Figure 16). The relative advantages and disadvantages are then compared with the competitors' performance and

[12] For an unusual position is considered a comparatively good ranking (≤50) or a comparatively bad ranking (>95) based on the most recent WEF report (2015).

discussed, considering also other factors than the WEF indices. The unusually poor or excellent accomplishment is explained by potential reasons and assumptions.

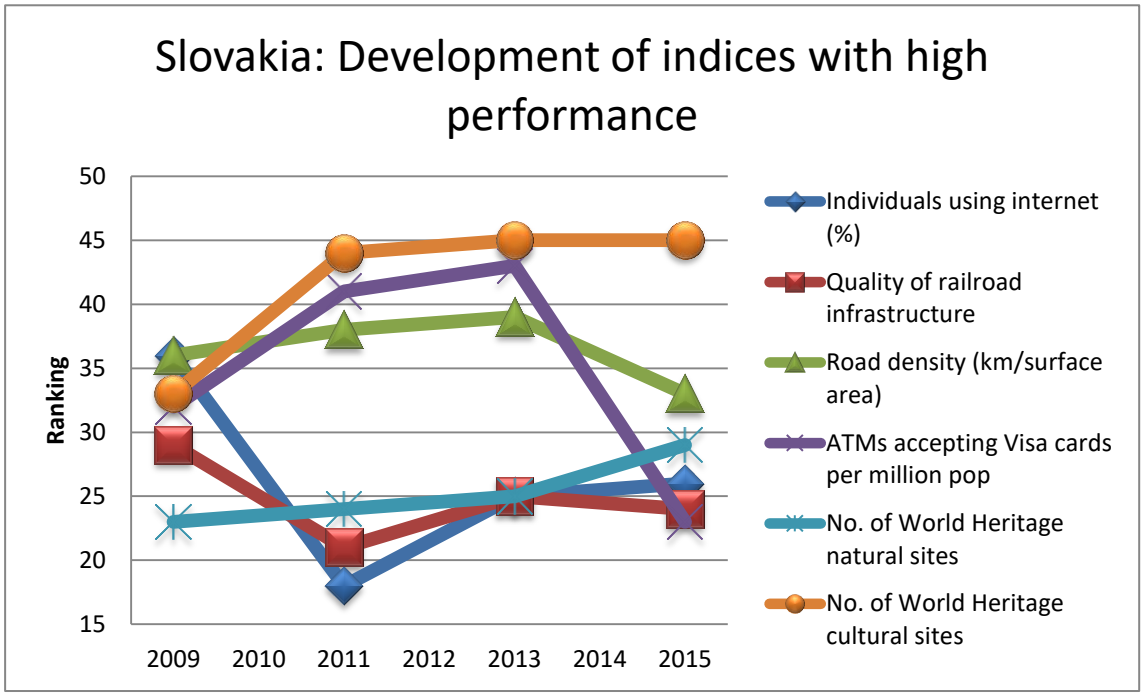


FIGURE 15 INDICES WITH HIGH PERFORMANCE

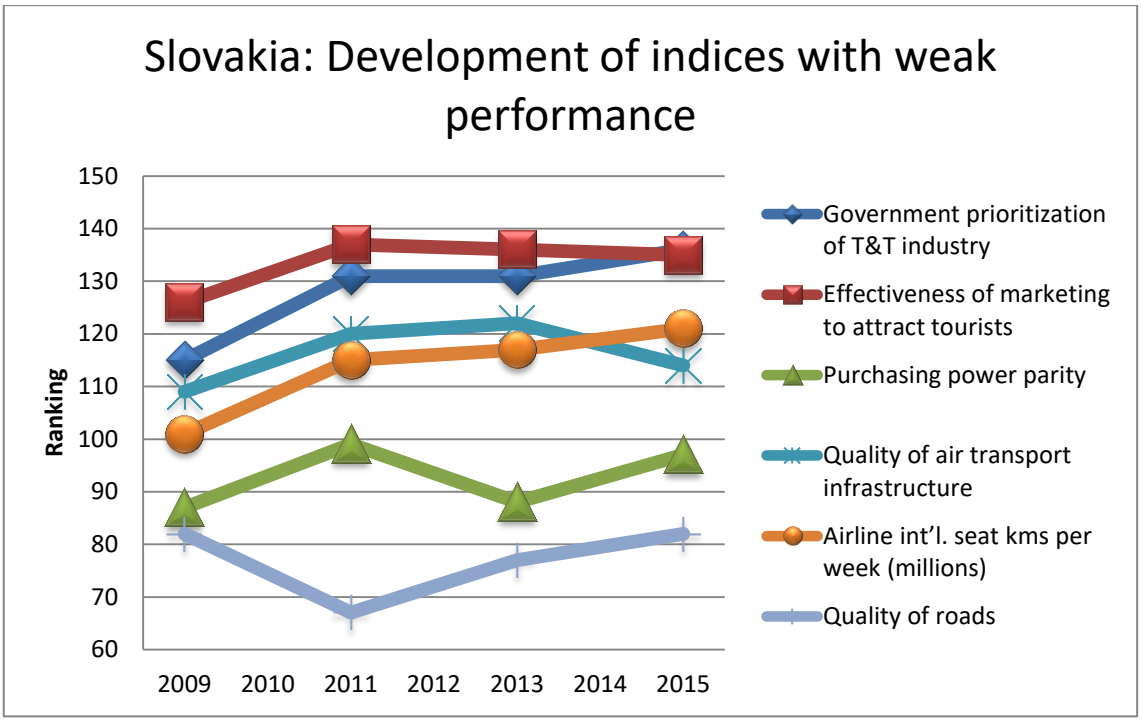


FIGURE 16 INDICES WITH WEAK PERFORMANCE

3.3 Research instrument 2 – Growth–share matrix portfolio model

3.3.1 TourMIS

Secondary data capturing the bednights is obtained from the TourMIS database. TourMIS is a Marketing–Information–System which provides information for tourism managers and scholars. Decision support is gained through online tourism survey data, as well as various tools for data transformation into valuable outcomes and visualizations. Although obligatory registration is required, this database has provided the tourism industry with predominantly free access for tourism institutions to overall data and to the functions implemented since the year 2000. Data in TourMIS is maintained in the form of a relational database. Dr. Karl Wöber together with various initiators of market research projects in Austria and Europe cares for the regular updates of the database. The financial support is also gained from the Austrian National Tourist Office and the European Travel Commission (TourMIS, 2016).

3.3.2 Growth–share matrix explanation

The growth–share matrix is also known under the term of BCG[13] matrix. This type of matrix serves for evaluating destination's portfolio markets. The BCG matrix consists of four quadrants. The one known as "stars" represents countries with a high market share in a fast growing market. A "cash cow", on the other hand, represents a slowly growing market with a high market share. Question marks have a low market share, but they have a high market growth. They represent potential "stars".

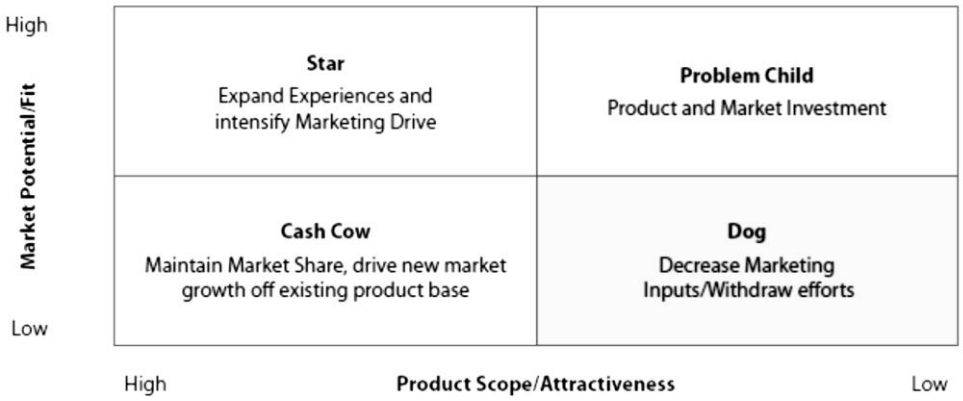


FIGURE 17 DESTINATION PRODUCT PORTFOLIO MATRIX (UNWTO, 2007)

However, the transition of "question marks" into "stars" may require financial resources derived from either the "stars" or, mainly, the "cash cows". The aim is to create a balanced portfolio around the quadrants of such a matrix. Generating countries which can be categorized as "dogs", meaning that they have both a low market share as well as market growth, should be considered for being withdrawn (Tribe, 2010).

When implementing a growth–share matrix, different evaluation criteria have to be considered. In the first place, it is the **market growth rate**, which represents the bednights sold to a particular market in a particular time period t (total market volume in t) decreased by the amount of bednights sold in the previous time period (t_{-1}) (total market volume in t_{-1}) and divided by the amount of bednights sold in the previous time period (total market volume in t_{-1}) and the whole formula is multiplied by 100 % (Mazanec, 1994).

$$Growth\ rate = \frac{Number\ of\ bednights\ in\ t - Number\ of\ bednights\ in\ (t-1)}{Number\ of\ bednights\ in\ (t-1)} \times 100\ \%$$

[13] Boston Consulting Group matrix

In order to give an example, it could be expressed by an enumerator consisting of all the bednights bought by the Czech Republic in the year 2015 reduced by all the bednights bought by the Czech Republic in the year 2014 and a denominator represented by all the bednights bought by the Czech Republic in the year 2014 and the whole formula expressed in percentage.

For the research in this thesis, however, a destination–specific growth rate will be implied. That will enable a closer focus on market development in different years and easy comparison. A demonstration of the DSGR[14] is expressed in the formula by using the following coding:

- A = Slovak Republic
- B = Czech Republic
- n = Number of bednights
- t = Particular time period.

$$Growth\ rate\ of\ B\ in\ A = \frac{n\ sold\ by\ A\ to\ B\ in\ t - n\ sold\ by\ A\ to\ B\ in\ (t-1)}{n\ sold\ by\ A\ to\ B\ in\ (t-1)} \times 100\ \%$$

Furthermore, the **relative market share** is of high importance. It is calculated in terms of bednights as a ratio of two absolute market shares, where the first one (A) located in the enumerator is divided by the second one – its biggest competitor (C) for the given market (B) in the same time period and the whole formula is, in the end, multiplied by 100 % (Mazanec, 1994).

$$Relative\ market\ share = \frac{\frac{Bednights\ sold\ in\ A\ to\ B\ in\ t}{Bednights\ sold\ to\ B\ in\ t}}{\frac{Bednights\ sold\ in\ C\ to\ B\ in\ t}{Bednights\ sold\ to\ B\ in\ t}} \times 100\ \%$$

With regard to giving a practical example, the relative market share would be equal to a percentage, where a number representing Slovakian bednights sold to the Czech Republic in the enumerator is divided by overall bednights sold to the Czech Republic by the biggest competitor, Germany, and all is multiplied by 100 %. The formula consists of the previously applied coding with the addition of:

- C = Germany.

For the purposes of benchmarking the BCGs, this thesis will, however, be dealing with the specialized relative market shares. The denominator will not be the amount of bednights sold by the true strongest competitor for the particular market, but the amount of bednights sold by

[14] Destination Specific Growth Rate

the actual benchmarking partner for the particular market. SRMS[15] will allow to avoid the analysis from unsuitable applications (such as the comparison of Spain as a destination, which has the highest German market share in the world, with Slovakia, owning a very small share and targeting entirely different types of customers by offering them a very different product than Germans buy in Spain).

The **importance value** represents the contribution to overall sales and is the third assessment criterion. It is defined by all the bednights of a receiving country sold to a generating country divided by the total volume of bednights sold in the receiving country within the same period of time (Mazanec, 1994).

$$Importance\ value = \frac{\text{Bednights in A sold to B in t}}{\text{Bednights sold in A in t}}$$

In order to demonstrate the importance value, the example of Czech tourists will be implemented using the same coding. The Slovakian bednights sold to the Czech Republic will be divided by the total volume of Slovakian bednights sold in that period of time. However, a growth–share matrix is limited by just these three factors that enter the evaluation (Mazanec, 1998).

3.3.3 Growth–share matrix tool implementation

The marketing information system provides us with data regarding bednights of Slovakia and its generating countries as well as its competitors. The implemented tools of the above–mentioned platform TourMIS allow us to visualize the comparison between the market growth rate, the market share and the importance rate in the years from 2009 to 2015. The outcome is the growth–share matrix, where market growth is situated on the Y axis in percent, whereas the relative market share is situated on the X axis and expressed in a percentage ratio. The importance rate is reflected in the size of the positioned generating countries. The position of markets in Slovakia and in the countries of biggest competition is captured. Because of the limited space in the research, two consequent years were depicted for the study and benchmarking: year 2013 and 2014.

[15] Specialized Relative Market Share

3.4 Research instrument 3 – A multifactor portfolio model

3.4.1 Multifactor portfolio model explanation

This approach complements evaluation of positioning of the generating countries, which are in this context understood as markets. On the other hand, the receiving country is understood as a company. A multifactor portfolio model enables including more assessment criteria in the two dimensional model describing the market attractiveness position (Y axis) and the competitive position (X axis). The IAA (Industry Attractiveness Analysis) software enables rating on a five–point scale (where 1= very unattractive and 5 = highly attractive – in case of attractiveness criterion and 1= not competitive and 5 = very competitive – in case of competitiveness criterion). For this simple scoring model either hard data should be considered for the criteria entering the analysis, for example a growth percentage, or a reasonable subjective judgement. When applying the multifactor portfolio analysis to receiving countries, a DMO usually considers the influx of tourists in the number of bednights sold or the amount of tourist receipts. Those figures represent the competitive strength of a particular receiving country. Nonetheless, the criteria are mostly not comparable in terms of importance. An importance scale is incorporated in order to express the differences between them. The pairwise criteria comparison is conveyed by using Saaty's scale in the integer rating from 1 to 9 (1 = equal importance, 3 = weak importance, 5 = strong importance, 7 = demonstrated importance, 9 = absolute importance). The ratio–scaled weights required for condensing the rating criteria into compound values into the attractiveness (Y) and the competitiveness (X) dimension range between 0 and 1 (where 0 = entirely unimportant and 1 = highest importance). The consistency coefficient expressing the logical consistency of the weighting system should be ideally equal to $\alpha = 0{,}00$ but no more than 0,05. As already mentioned in the chapter "Growth–share matrix explanation", the importance value correlates to how important a particular generating country is for a destination. It represents the proportion of bednights which are being sold to a particular market out of the overall bednights recorded in the receiving country itself (Mazanec, 1998). These are also assigned to the markets in the analysis. Afterwards, both the market attractiveness score and the competitive position score are computed and the position of the markets for the receiving country is visualized in the plot.

4 RESULTS AND DISCUSSION

In this chapter, the results will be presented and further discussed. Firstly, WEF outcome is demonstrated. It is followed by the growth–share matrix results, which are displayed and interpreted. The chapter is also dedicated to the result of the multifactor portfolio model as the third research tool.

4.1 WEF indicators

4.1.1 Attractiveness analyses

4.1.1.1 Introduction

This part reflects the most relevant indicators influencing the attractiveness of a destination. They are chosen from the pillar "Prioritization of Travel & Tourism" as the extent to which the government prioritizes the tourism sector and thus impacts the competitiveness of a destination. The government plays an important role through national marketing campaigns. "Price Competitiveness" is another important pillar, because comparatively lower costs in regard to traveling in the particular country are attractive for many tourists as well as investors. Hotel accommodation charges, which are proxied by purchasing power parity, influence the cost of travel. The "Tourist Service Infrastructure" pillar is also deemed important for the attractiveness analysis. The availability and sufficiency of accommodation facilities represents a significant competitive influencer. Hereby are also important access services such as availability of ATMs (WEF, 2015). The chosen indicators are: the "Government prioritization of the T&T industry", "Effectiveness of marketing to attract tourists" (up to 2011 as Effectiveness of marketing and branding), "Hotel rooms", "ATMs accepting Visa cards", "Purchasing power parity" and "Hotel price index" (WEF, 2015).

4.1.1.2 Purchasing power parity

The exchange rate between two currencies is determined by the change in the countries' relative price level through a market "basket of goods" (Findreng, 2014).

EUROSTAT (2017) states, that "*Purchasing power parities, abbreviated as PPPs, are indicators of price level differences across countries. PPPs tell us how many currency units a given quantity of goods and services costs in different countries.*"

TABLE 1 PURCHASING POWER PARITY

Destination		*Purchasing power parity*		
Slovakia	87	99	88	97
Czech Republic	91	97	97	98

Slovenia	102	110	107	111
Poland	89	76	67	81
Hungary	98	88	73	79
Austria	118	129	126	127
Time period	**2009**	**2011**	**2013**	**2015**

The higher the purchasing power parity is, the less affordable a destination is. Compared with Austria and Slovenia, Slovakia has a fairly comparative advantage here. As a Eurozone country, unlike the Czech Republic, Hungary and Poland, Slovakia is very competitive (see Figure 18).

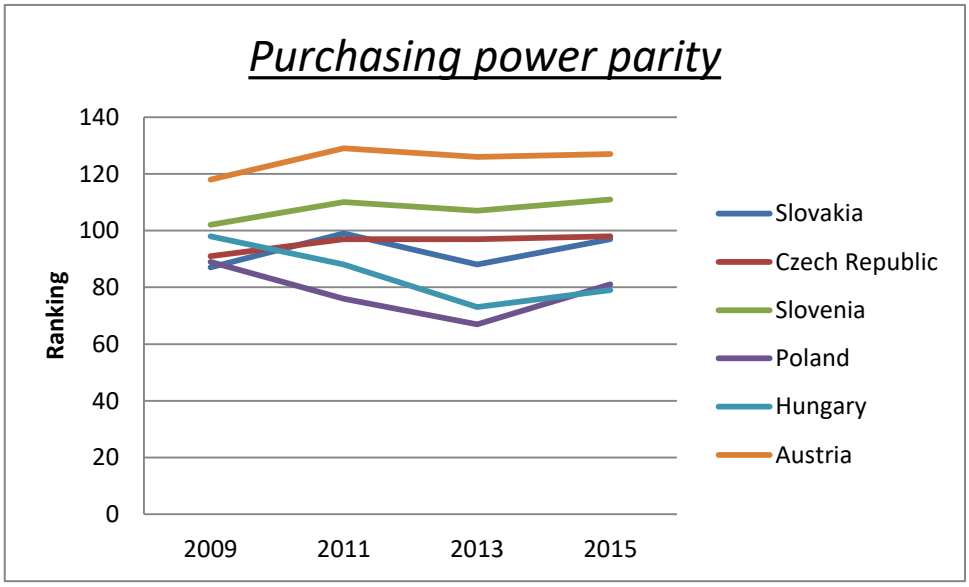


FIGURE 18 PURCHASING POWER PARITY

4.1.1.3 Effectiveness of marketing to attract tourists

This indicator reflects the branding of a destination and the marketing efforts to attract markets and their efficiency (WEF, 2015).

TABLE 2 EFFECTIVENESS OF MARKETING TO ATTRACT TOURISTS

Destination	*Effectiveness of marketing to attract tourists*			
Slovakia	126	137	136	135
Czech Republic	72	85	96	101
Slovenia	92	68	81	96
Poland	114	107	104	108
Hungary	107	96	108	87
Austria	4	2	4	3
Time period	**2009**	**2011**	**2013**	**2015**

Slovakia's marketing effectiveness is improving, but rather too slowly. In general, it can be said that there is a stagnation tendency. In long–term ranking, Slovakia is positioned above all its competitors (see Figure 19). The biggest deviation is reached in comparison with Austria. Based on the marketing effectiveness, Slovakia is not competitive among its rivals.

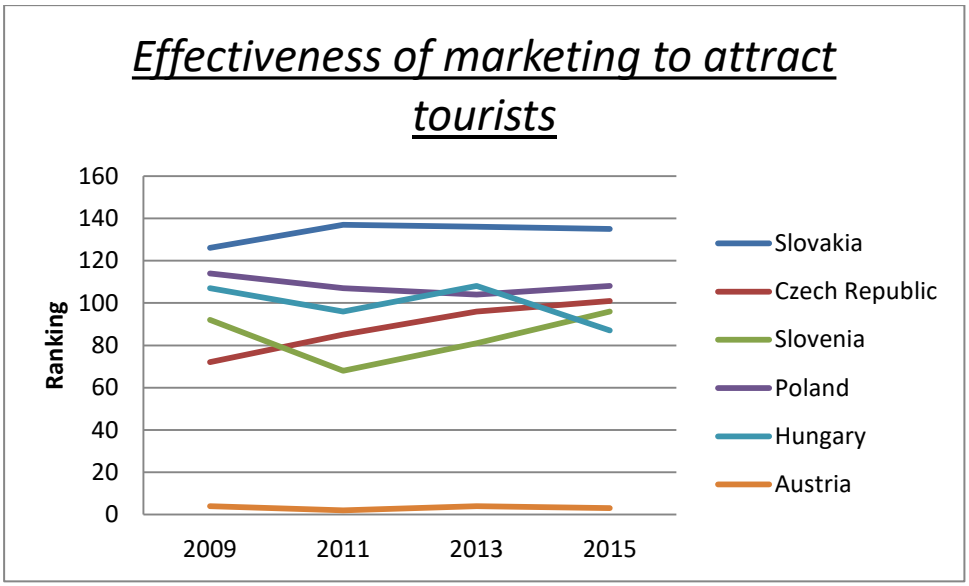


FIGURE 19 EFFECTIVENESS OF MARKETING TO ATTRACT TOURISTS

4.1.1.4 Government prioritization of T&T industry

This indicator mirrors the priority of tourism development in a destination for the government (WEF, 2015).

TABLE 3 GOVERNMENT PRIORITIZATION

Destination	*Government prioritization of T&T industry*			
Slovakia	115	131	131	136
Czech Republic	75	69	74	73
Slovenia	94	94	113	121
Poland	126	128	128	132
Hungary	71	82	77	64
Austria	15	9	14	20
Time period	**2009**	**2011**	**2013**	**2015**

Among all the benchmarking partners, Austria's government positions the tourism sector as an important source of receipts, unlike the Slovakia, which shows the lowest attention to this sector. In terms of giving importance, Poland and Slovenia are reaching a similar ranking, nonetheless, it is lower than Slovakia. Not prioritizing the T&T industry situates tourism in the country into a non–competitive position (see Figure 20).

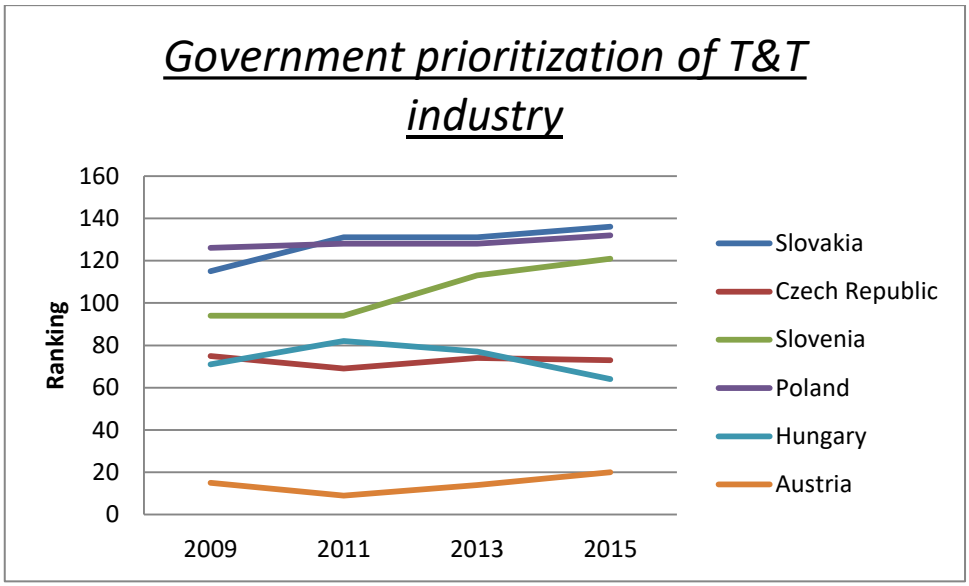


FIGURE 20 GOVERNMENT PRIORITIZATION IN T&T INDUSTRY

4.1.1.5 Number of hotel rooms per 100 population

This data reflect the ranking of capacities of a destination in terms of a number of available rooms (WEF, 2015).

TABLE 4 HOTEL ROOMS

Destination	*Hotel rooms*			
Slovakia	38	40	40	46
Czech Republic	24	27	26	20
Slovenia	32	28	27	30
Poland	75	77	73	75
Hungary	43	44	44	45
Austria	3	3	4	6
Time period	**2009**	**2011**	**2013**	**2015**

Slovakia's supply of accommodation rooms is comparable with Hungary (see Figure 21). But with an exception of Poland, which is missing quality room capacities, its performance is the worst among all of the chosen competitors. Important fact to observe is that its closest competitor, Czech Republic, has a downward trend to a lower ranking, unlike from the Slovakia's upward trend.

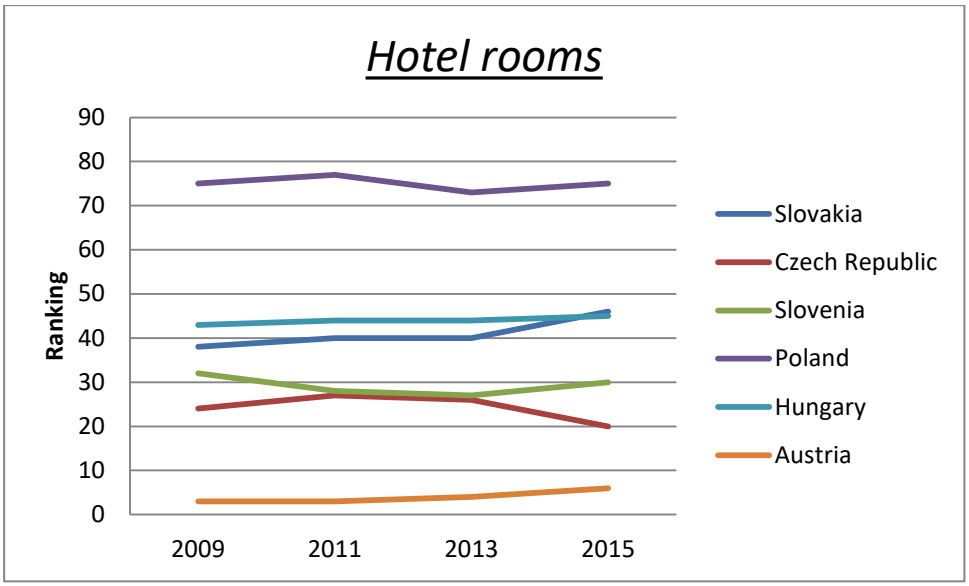


FIGURE 21 HOTEL ROOMS

4.1.1.6 Hotel price index

This index is measured as an average price of first–class hotel accommodation in a yearly period of time (WEF, 2015).

TABLE 5 HOTEL PRICE INDEX

Destination		*Hotel price index*		
Slovakia	85	64	26	3
Czech Republic	84	31	22	13
Slovenia	24	29	29	22
Poland	47	26	13	4
Hungary	68	22	12	7
Austria	69	45	60	45
Time period	**2009**	**2011**	**2013**	**2015**

Low average price might be an advantage for attracting tourists for overnights and their willingness to spend bigger expenditure later on. Slovakia is positioned in the best ranking place in comparison with its competition (see Figure 22).

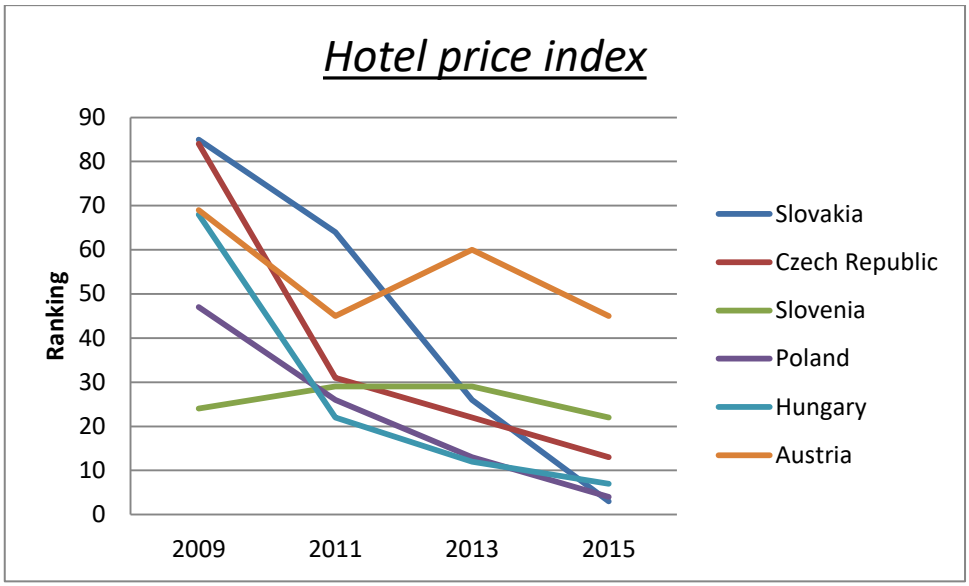


FIGURE 22 HOTEL PRICE INDEX

4.1.1.7 ATMs accepting Visa cards

This index calculates the number of cash dispensers per million population in a particular destination (WEF, 2015).

TABLE 6 ATMS ACCEPTING VISA

Destination	*ATMs accepting Visa cards per million pop.*			
Slovakia	32	41	43	23
Czech Republic	42	51	51	53
Slovenia	7	14	8	4
Poland	53	3	41	26
Hungary	31	27	38	44
Austria	4	5	10	9
Time period	**2009**	**2011**	**2013**	**2015**

The possibility of using an ATM represents an opportunity to attract an international tourist, as it is necessary for all encounters during traveling. It also reflects a certain technological level in the country. Slovakia offers a good number of ATMs, which is reflected in its competitive position among some of its partners (see Figure 23).

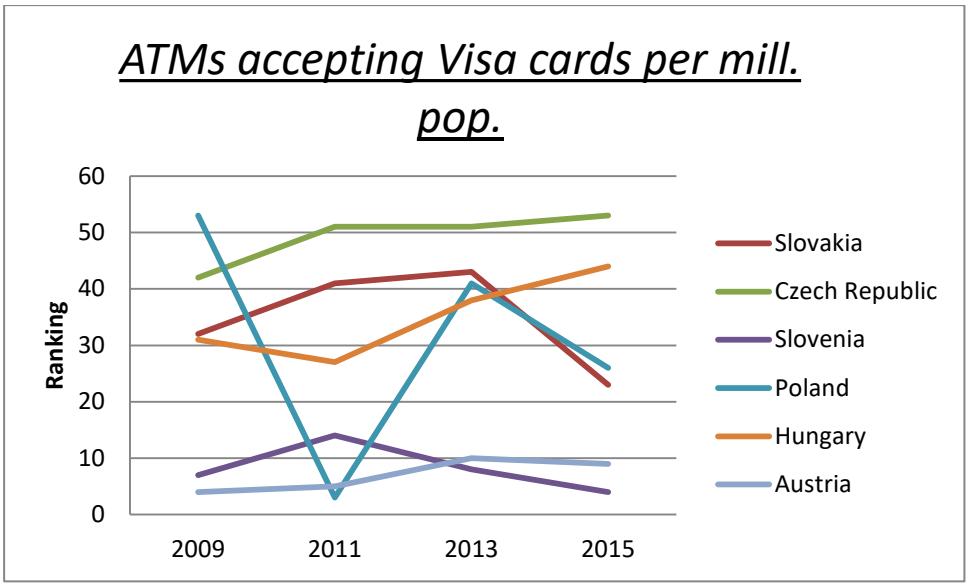


FIGURE 23 ATMS ACCEPTING VISA CARDS

4.1.2 Competitive advantages

In some indices, Slovakia is performing comparatively better (Rank≤50). Even though the ranking is considered as a competitive advantage, it is important to understand whether this advantage is also gained in comparison with Slovakia's rivals. The "Number of automated teller machines (ATMs) accepting Visa credit cards per 1 million population" also belongs to those indices. This is discussed in the attractiveness analysis and reflected in Figure 23 and will not be a subject of discussion in this section. Other four indices were further chosen for a benchmark.

4.1.2.1 Road density (km/surface area)

This indicator expresses the kilometers of road, which are calculated per 100 square kilometers of land. It represents the ratio of the length of the country's total road network to the country's land area. All road types are included (World Road Statistics, 2015).

TABLE 7 ROAD DENSITY

Destination	*Road density (km/surface area)*			
Slovakia	36	38	39	33
Czech Republic	19	20	19	1
Slovenia	25	37	32	28
Poland	11	12	12	12
Hungary	15	9	9	8
Austria	21	28	29	23
Time period	**2009**	**2011**	**2013**	**2015**

Slovakia is rich on road density and thus provides travelers access. However, as discovered from the line chart (Figure 24), when it is benchmarked with its competitors, it has the lowest

road density and the highest ranking of the index. Slovakia is not competitive in terms of road density.

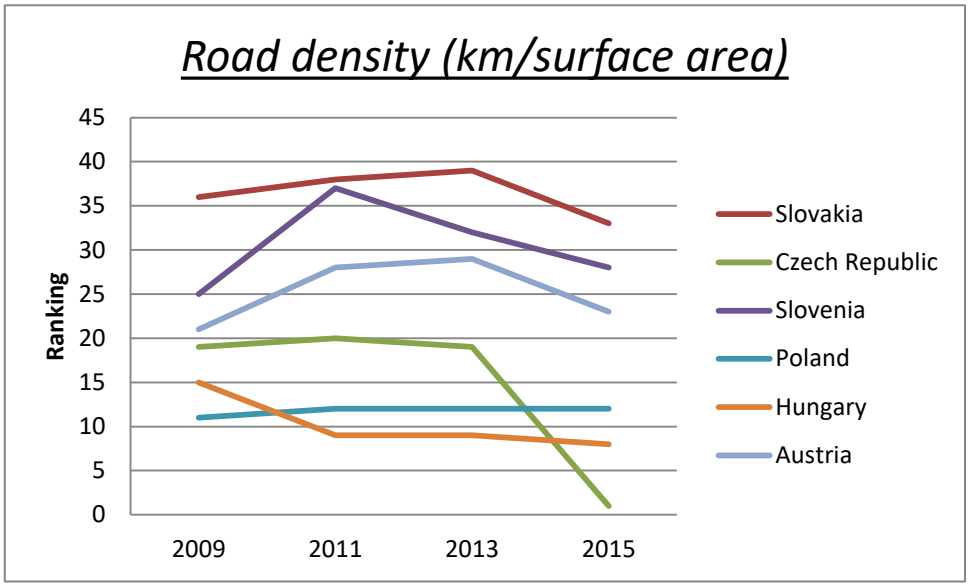


FIGURE 24 ROAD DENSITY

4.1.2.2 Quality of railroad infrastructure

This index describes the quality of the railroad network in a particular country. The quality scale varies from 1 = "extremely underdeveloped, among the worst in the world" to 7 = "extensive and efficient, among the best in the world" (WEF, 2015).

TABLE 8 QUALITY OF RAILROAD INFRASTRUCTURE

Destination	*Quality of railroad infrastructure*			
Slovakia	29	21	25	24
Czech Republic	23	22	23	21
Slovenia	43	49	54	45
Poland	61	24	75	54
Hungary	41	43	42	37
Austria	12	15	12	11
Time period	**2009**	**2011**	**2013**	**2015**

Slovakia's railroad network quality is comparable with the Czech Republic's (see Figure 25). Slovakia stands in a good position between Austria and Hungary. Slovakia is competitive in its railroad infrastructure quality with some of its main European competitors.

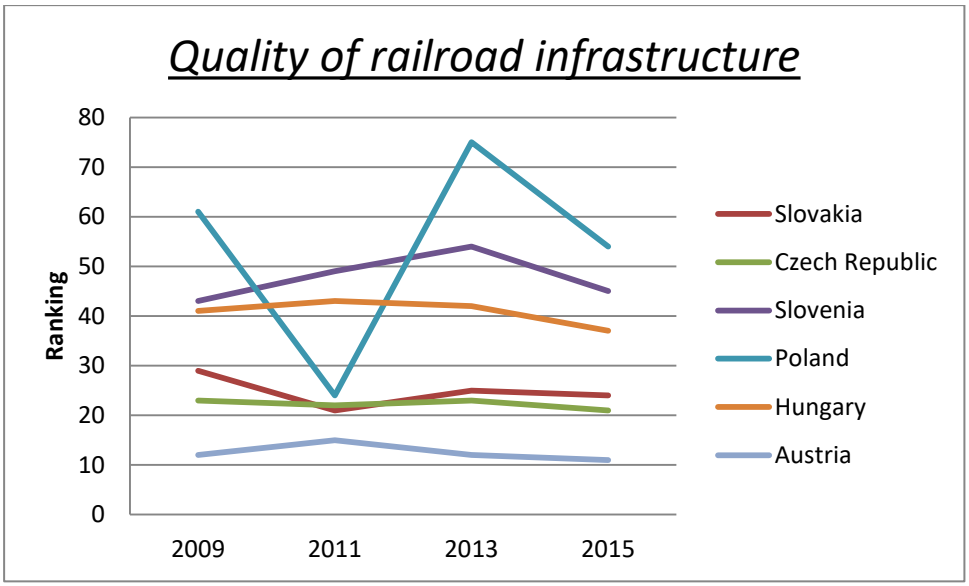


FIGURE 25 QUALITY OF RAILROAD INFRASTRUCTURE

4.1.2.3 Individuals using internet

This benchmark is based on the percentage of individual internet users.

TABLE 9 INDIVIDUALS USING INTERNET

Destination	*Individuals using internet (%)*			
Slovakia	36	18	25	26
Czech Republic	37	29	27	31
Slovenia	14	30	28	34
Poland	38	47	40	47
Hungary	39	33	43	35
Austria	29	21	15	22
Time period	**2009**	**2011**	**2013**	**2015**

In this factor, Slovakia is competitive and very well–positioned in comparison with its competition (see Figure 26). Starting in 2011, it is the leader right after Austria in individuals using the internet.

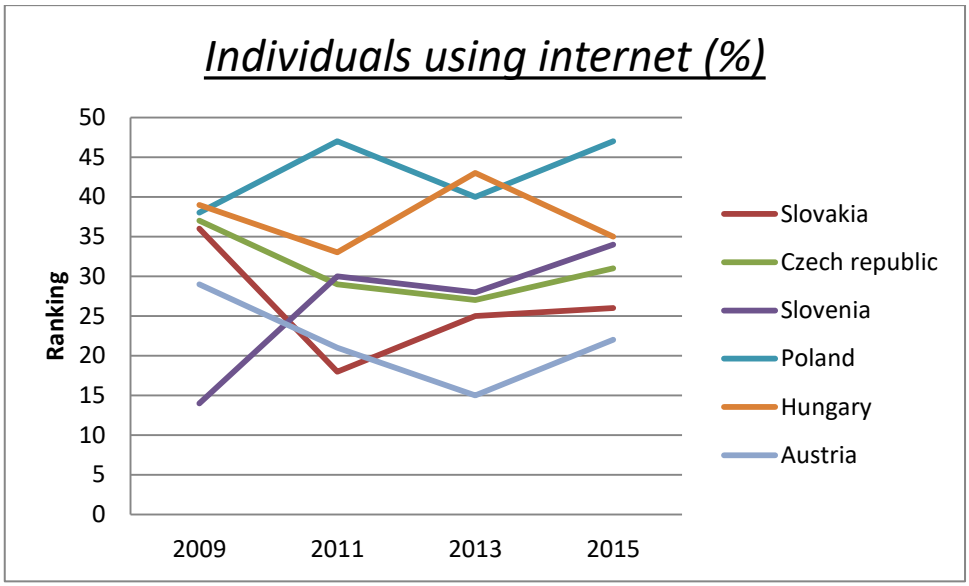


FIGURE 26 INDIVIDUALS USING INTERNET

4.1.2.4 Number of World Heritage cultural sites

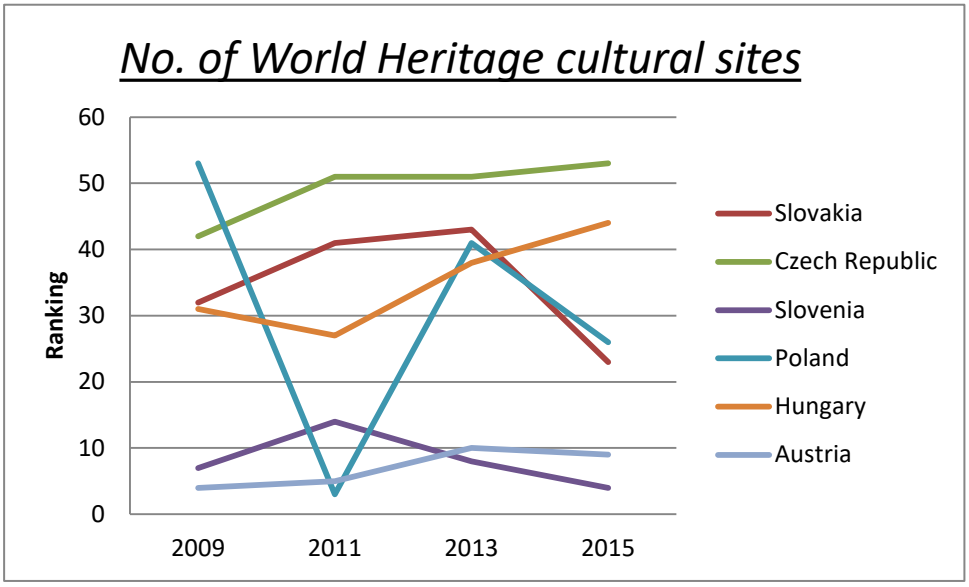
The cultural resources of a destination are an important critical driver of T&T competitiveness (WEF, 2015).

TABLE 10 NO. OF WORLD HERITAGE CULTURAL SITES

Destination	*No. of World Heritage cultural sites*			
Slovakia	33	44	45	45
Czech Republic	12	16	18	16
Slovenia	116	122	88	71
Poland	14	22	23	15
Hungary	26	104	29	30
Austria	22	29	29	21
Time period	**2009**	**2011**	**2013**	**2015**

The position of Slovakia in terms of the number of UNESCO cultural heritage sites is favourable. It has a downward trend, which means that the situation is improving. The position is even stronger than the Czech Republic's and recently also stronger than Hungary's and Poland's (see Figure 27).

FIGURE 27 NO. OF WORLD HERITAGE CULTURAL SITES



4.1.2.5 Number of World Heritage natural sites

In the WEF report (2015) it is considered, that the natural resources represent another driver of T&T competitiveness.

TABLE 11 NUMBER OF WORLD HERITAGE NATURAL SITES

Destination	*No. of World Heritage natural sites*			
Slovakia	23	24	25	29
Czech Republic	74	75	79	83
Slovenia	40	43	45	43
Poland	40	43	45	43
Hungary	40	43	45	43
Austria	74	75	79	83
Time period	**2009**	**2011**	**2013**	**2015**

The development of the number of UNESCO natural sites can be distributed into three clusters. The first cluster is Slovakia itself, which has the best position in the observed period of time. The second are Hungary, Poland and Slovenia. The Czech Republic's and Austria's natural beauty, paradoxically, reaches the worst position with the same ranking values and thus can be grouped in the third cluster (see Figure 28). Slovakia has, according to the index of WEF, a comparative advantage here and therefore it is competitive in terms of the natural resources.

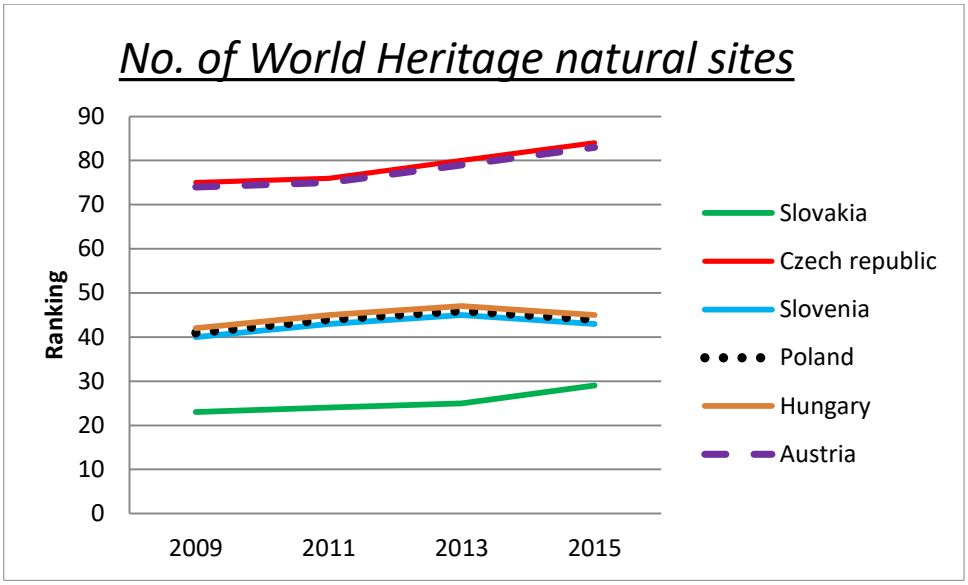


FIGURE 28 NUMBER OF WORLD HERITAGE NATURAL SITES

4.1.3 Competitive disadvantages

Based on the most recent WEF report (2015), in some indices Slovakia has a comparatively worse performance (Rank>95). Albeit the ranking is considered as bad performance of the Slovak destination, it is important to understand whether these disadvantages also apply in comparison with Slovakia's rivals. To those indices belongs also the "Government prioritization of T&T industry", "Effectiveness of marketing to attract tourists" and "Purchasing power parity." These are discussed in the attractiveness analysis and will not be a subject of discussion in this section.

4.1.3.1 Quality of air transport infrastructure

Air connectivity has a big share of the ease of access (WEF, 2015). The quality of the aviation industry in a destination plays an important role.

TABLE 12 QUALITY OF AIR TRANSPORT INFRASTRUCTURE

Destination	*Quality of air transport infrastructure*			
Slovakia	109	120	122	114
Czech Republic	45	17	21	26
Slovenia	63	63	72	67
Poland	103	50	104	86
Hungary	70	66	91	81
Austria	13	25	31	33
Time period	**2009**	**2011**	**2013**	**2015**

Recently, Slovakia's performance has been slightly improving in terms of quality. However, in the long term it is still situated on the highest and, indeed, non–competitive position (see Figure 29).

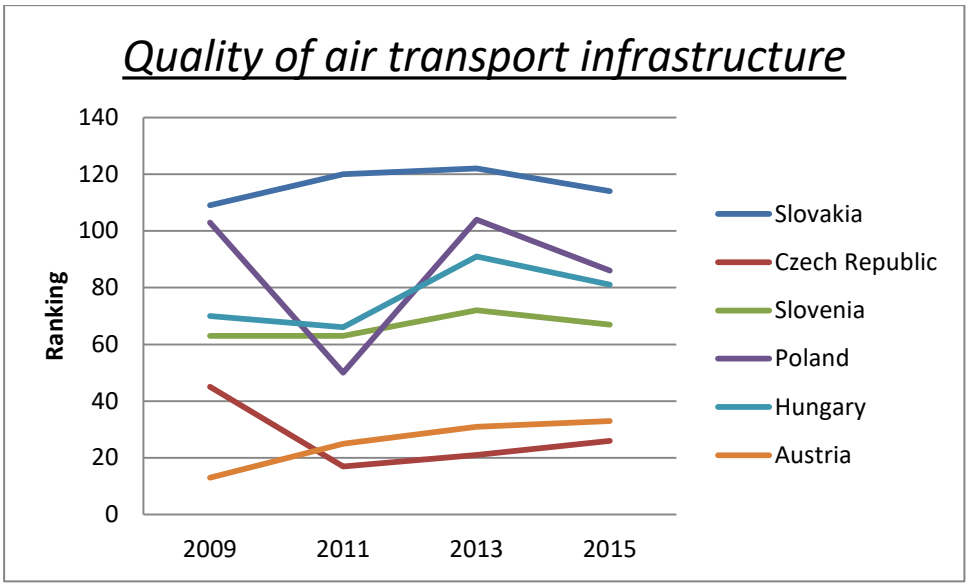


FIGURE 29 QUALITY OF AIR TRANSPORT INFRASTRUCTURE

4.1.3.2 Airline international seat kilometers

This index is reflecting an airline's passenger–carrying capacity. It calculates the number of seats available on each international flight, which is multiplied by the length of flight trajectory in km (WEF, 2015).

TABLE 13 AIRLINE INT'L. SEAT KMS PER WEEK

Destination	*Airline int'l. seat kms per week (millions)*			
Slovakia	101	115	117	121
Czech Republic	55	59	60	59
Slovenia	113	119	124	128
Poland	43	31	50	50
Hungary	65	72	70	72
Austria	36	37	37	41
Time period	**2009**	**2011**	**2013**	**2015**

In terms of international seats, Slovakia is comparable with Slovenia, but positioned stronger. Both destinations also have the same upward development trend. Slovakia has a competitive disadvantage in comparison with the rest of the benchmarking partners (see Figure 30).

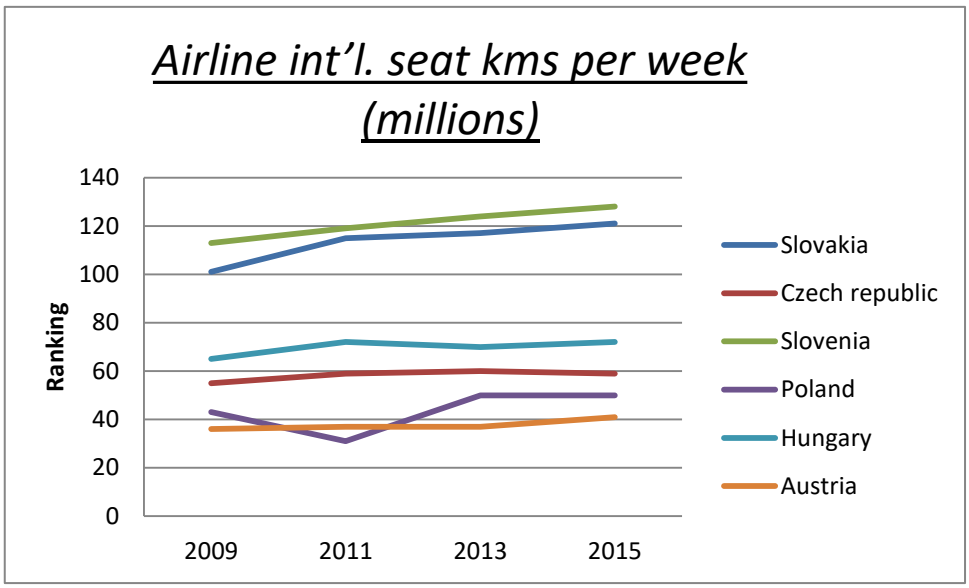


FIGURE 30 AIRLINE INT'L. SEAT KMS PER WEEK

4.1.3.3 Quality of roads

The index describing the quality of roads is based on the quality scale, which varies from 1 = "extremely underdeveloped, among the worst in the world" to 7 = "extensive and efficient, among the best in the world."

TABLE 14 QUALITY OF ROADS

Destination		*Quality of roads*		
Slovakia	82	67	77	82
Czech Republic	81	80	76	81
Slovenia	41	42	38	38
Poland	127	8	122	89
Hungary	67	63	69	58
Austria	6	7	7	3
Time period	**2009**	**2011**	**2013**	**2015**

Slovakia is facing insufficiencies in road quality also when being benchmarked with its competitors. The biggest similarities are observed in the Czech Republic and the biggest deviation from Slovakia's position is Austria. Nevertheless, it can be said, that Slovakia is competitive in road quality with some of its benchmarking partners.

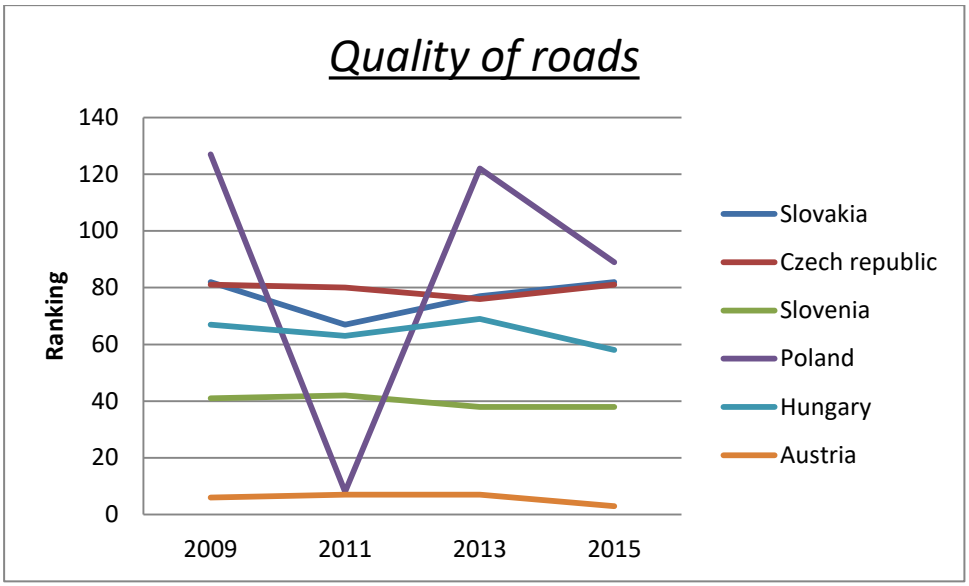


FIGURE 31 QUALITY OF ROADS

4.1.4 Partial Conclusion I

The TTCI is an aggregate value (Mazanec and Ring, 2011) for the T&T in a destination, a set of different factors and policies. Tourism vice versa contributes to the competitiveness of a country (WEF, 2015). The indices are summed up into pillars, the pillars are summarized in sub–indices and finally, the sub–indices are aggregated into one overall ranking score. An upward trend of the ranking means an unpleasant development. This can be observed in Figure 32 mainly from 2013–2015. The negative development by all the benchmarking partners might be caused by an increasing number of destinations participating in the WEF reports in the timeline or an external macroeconomic influencer. Slovakia has been the destination with the highest rank score since 2011 and its position is deteriorating. Out of the 14 depicted indicators 9 were considered as competitive and 5 as not competitive. Three out of the seven indicators observed for the purpose of attractiveness analysis were stated as not competitive. The purchasing power parity revealed that Slovakia can boast with its price level advantage. Even though the domestic purchasing power is quite low, the price level for foreign visitors is favorable. The possibility of using euros is an attractive advantage for the Eurozone countries of origin. Another advantage is gained by the high number of disposable ATMs. For the Czech market, the length of stay in Slovakia is determined by the exchange rate between the currencies CZK and EUR. However, prices often face the disparity of price and quality, also in regard to services in cities and regions of Slovakia. The dissatisfaction rises especially by disproportionately high admission and fees for parking, tickets for lifts or wellness centers (SACR, 2012).

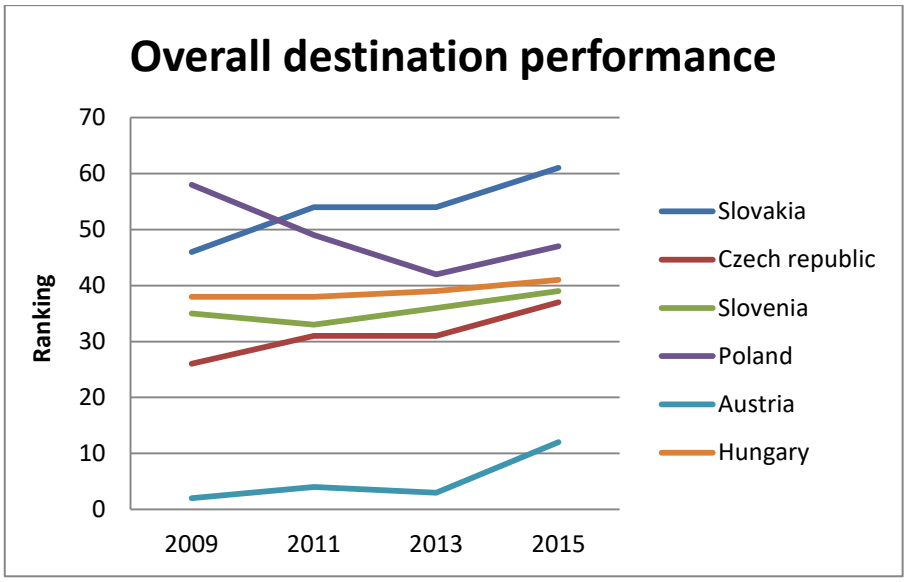


FIGURE 32 OVERALL DESTINATION PERFORMANCE

Moreover, VAT[16] plays an important factor for the price level in the tourism industry, as described also in the Slovak Tourism Development Strategy 2020 (MDaV, 2013). Mainly the tax for accommodation (e.g. Slovakia: 20%, Czech Republic: 14%, Austria: 10%) and catering services (e.g. Slovakia: 20%, Czech Republic: 20%, Austria: 10%) are relevant (European Commission, 2016). The comparatively high VAT for hotel establishments does not set very expensive prices in the hotel industry. On the contrary, the hotel price index reached its lowest historical average in 2015. The challenging hotel environment is influenced by the discount offers of hotels, mainly in the little big city Bratislava, where the capacities are dependent just on foreign travelers. These put pressure on the average room rate (Ricord and Smith, 2010). For a tourist, the low hotel price level is an attractive factor when considering the destination (Airguide, 2012). However, this comparative advantage might also be a reflection of unequal supply and demand. Overabundance of supply results in low prices, unprofitable hotel industry and unattractive investments.

VAT is not the only tool for a government to support and initiate a boom in the tourism industry. The government should direct a sufficient amount of money to the destination management organization, in order to promote the country and build brand awareness. The financial support provided by the government is limited and hinders progressive development of tourism in the destination. The overall yearly costs of SACR reported (SACR, 2010) for 2009 were 8 870 361 EUR, for 2010 they were 9 356 569 EUR spent (SACR, 2011), for 2011 were 10 470 328 EUR withdrawn (SACR, 2012), for 2012 the costs reached 10 936 740 EUR (SACR,

[16] Value Added Tax

2013), and in 2013 spendings were 8 082 626 EUR (SACR, 2014). Total costs of SACR for 2014 were 7 684 057 EUR (SACR, 2015) and for 2015 9 465 220 (SACR, 2016). In addition, the budget of the Slovak Tourist Board gained from the Slovak government in 2014 was 5 500 000 (OECD, 2015). The unsustainable funding of promotion and development of tourism and the SACR itself has been withdrawn substantially from the structural funds of the EU, with the exception of the Bratislava region. The Bratislava region is considered as a region with the main tourism importance and thus, according to the requirements of the EU, paradoxically cannot be supported by EU funds.

To enhance competitiveness of tourism in the country, it is essential for the funds from the state budget to be twice as much as the current resources (SACR, 2012). Further constraints on the budget from the government are planned for 2017. According to the Country recommendations (European Commission, 2016), current financing is very inefficient, particularly due to complex procedures, weak administrative capacity, absence of investment strategies, a lack of high–quality project proposals and insufficiently effective instruments for monitoring and evaluation. The absorption rate, which reflects the utilisation of available EU funds, was predicted to reach 25 % in 2015 (European Commission, 2016). In the Transition report 2016–2017 (Slovak Republic, 2016) it is estimated, that the absorption rate at the end of 2015 was almost 90 %.

The government, based on the Manifesto of the government of the Slovak Republic 2016–2020 (Slovak Republic, 2012), is aware that it should use the resources to foster competitiveness, remove barriers and eliminate the regional divide between western and eastern Slovakia. The most important tool for enhancing development and reducing the regional divide is a developed road infrastructure, particularly due to the advantageous location of Slovakia in the middle of Europe. The dense network of less frequently used roads (roads of first and second class, field and forest paths, and cycling roads) enables easy transportation within the country (SACR, 2012). However, the road transport network is fragmented and the density of the motorway network is among the lowest in the EU (European Commission, 2016), which might be partly influenced by the low population density. Although there is progress in order to close the infrastructure gap, it is too slow and uneven with regard to the regional imbalances (there is no motorway connecting the two biggest Slovakian cities Bratislava–Košice).

"*Slovakia is investing significantly less in transport than it has done historically or than is typical of a converging economy. These include the completion of the D4 motorway, including the ring bypassing the capital Bratislava"* (European Commission – Country Report Slovakia, 2016, p. 42).

The Slovak road network is dealing with ineffective use of funds, high unit costs for new projects, lack of proper planning, opacity and complexity of land–use and construction permit processes, wretched public procurement mechanisms (frequent use of "price–only" criteria

and tailor–made tender specifications) and corruption (European Commission, 2016). Railroads are an important means of transport and the railroad infrastructure is well developed in Slovakia. An important factor for tourism, which cannot be omitted is, that since November 2014 a new law has been influencing the railway traffic. The law enables all children, widowed or disabled pensioners, seniors above 62 and full–time students under 26, who are using the national railways, to travel by train for free in the area of The Slovak Republic. This privilege is valid for citizens of countries which are member states of the EU (ZSSK, 2017). Nonetheless, considering also the quality of the railroad infrastructure, Slovakia's performance is, with the exception of Poland, worse than the competitors' performance. The Slovak railways enterprise is struggling mainly with safety shortages (see Figure 33) that might be caused by an older material–technical base.

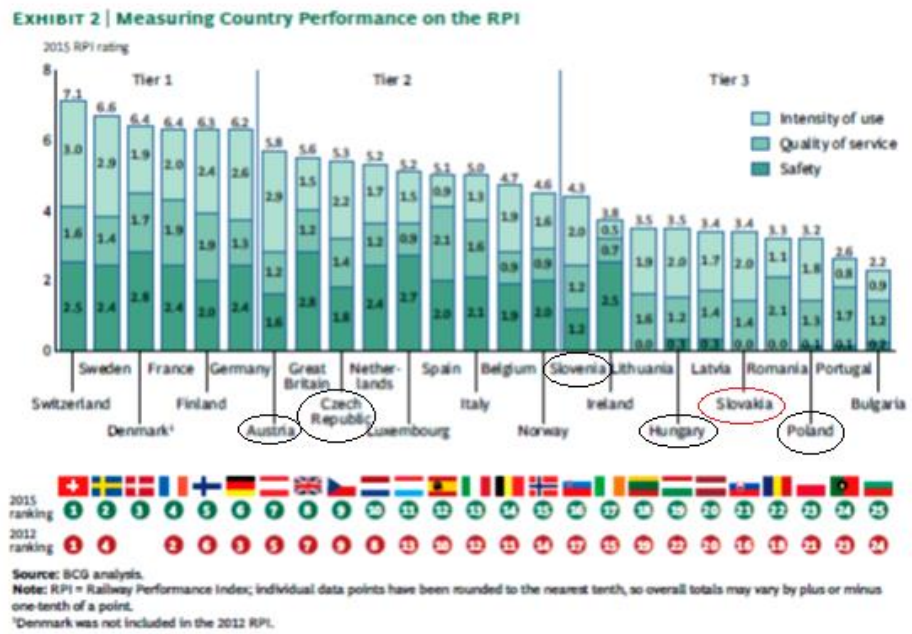


FIGURE 33 RAILWAY PERFORMANCE INDEX 2015

As opposed to the railway infrastructure, Slovakia lacks aviation connections (SACR, 2012). Minor improvements have recently been observed by new connections from Bratislava to Dubai, from Poprad to London and Riga and others are planned from Košice (SACR, 2014). Nevertheless, the Slovak market is relatively small and the quality of air traffic is still disturbing. A potential cause–effect is the location of the business center of Slovakia, Bratislava, which is just 55 km by the beeline from Vienna (Toponavi, 2017), a well–developed international hub. Maybe also due to this distance, the capital is attractive mainly for low cost airlines. Bratislava M. R. Štefánik airport reported (2006) that low cost airlines are used by more than 80 percent of people who fly out of Bratislava. The eastern cities are probably not as promoted as the capital and the regional divide plays an important role for the demand with lower level of income. Also Jonáková (The Slovak Spectator, 2006) stressed that Slovakia's market is price–oriented and that the purchasing power of inhabitants is low.

Nowadays, the tool for choosing a mean of transport is the internet and it is very popular among potential tourists in Slovakia. Indeed, the Slovak Republic has the highest Internet penetration rate in Central and Eastern Europe. Among its competitors, only Austria reaches a better position (Internetworldstats, 2017). It is reported (SACR, 2012) in the results of a study in the EU that more than half of the respondents (53%) booked their holiday using the Internet (80% of Norwegians, 75% Dutch, 70% British, 53% of Germans, 41% of Czechs, 40% of Poles and 34% of Hungarians). However, managers in tourism often fail to appreciate the Internet as a communication channel and their presentation of products on the Internet is limited (European Commission, 2016). SACR announced (2012) that it will use modern marketing techniques, presentation and information technology. It wants to emphasize the static and dynamic web pages, their spoken language, form, structure and content. After web portals, recommendations of friends and acquaintances are used as the second source of information and decision making. SACR considers focus on active work with social networks to be of high importance, hence also the possibility of including different motivational contests, mobile applications, navigation and guiding systems, booking portals and networking of the national tourism portal with other organizations (SACR, 2012). Unfortunately, ICT in the Slovak Republic is most affected by public procurement problems such as use of non–transparent procedures for contract awards and amendments resulting in over–priced systems with limited functionality and integration (European Commission, 2016).

As expressed in the Marketing strategy 2020 (SACR, 2012), the cultural and natural sites are not getting sufficient attention either. Even though Slovakia has the natural, cultural and historical potential appropriate to develop round–year tourism, the cultural heritage, particularly, is managed poorly and many historical monuments are suffering from bad condition. Slovakia has five cultural objects listed as the UNESCO cultural heritage and two natural treasures (UNESCO, 2017). In addition, it can boast the world's highest number of castles and chateaux per capita, the highest wooden altar in the world, more than 6000 caves, 9 national parks, 14 protected landscape areas and more than 1300 mineral springs (Slovakia.travel, 2017). These numbers refer to a non–negligible tourism potential of the country.

The results of the research lead us to the conclusion that tourism in Slovakia is struggling with mainly governmental and management problems. Its position since 2009 has, according to the observations of WEF reports, not improved, with the exception of a few indices. Considering other factors, apart from the WEF analysis results, the alternative hypothesis H1 is not supported and the null hypothesis H1' – stating that the competitive position of Slovakia as an international destination has not improved within Europe since 2009 – is not rejected.

4.2 Growth–share matrix

4.2.1 Domestic Tourism

It is important to note that Slovakia has the highest share of domestic tourism among its competitors (see Table 15). Consequently, approximately just about 40 % of tourism in SK[17] belong to international tourism. The second highly dependent destination on domestic demand is Poland.

TABLE 15 DOMESTIC SHARE IN 2013 AND 2014

Rank	Destination	Domestic share in 2013	Domestic share in 2014
1	*Slovakia*	62,20%	64,20%
2	*Poland*	52,80%	60,80%
3	*Hungary*	47,80%	49,40%
4	*Czech Republic*	47,30%	48,50%
5	*Slovenia*	37,80%	36,70%
6	*Austria*	27,00%	27,00%

Data Source: Tourmis and OECD

The destination portfolio of the SK benchmarked with the main rival – the CZ[18], is demonstrated in Figure 34 and Figure 35. These growth–share matrices embody the European countries of origin and the domestic demand as well, in order to reflect the whole destination portfolio.

[17] Slovakia
[18] Czech Republic

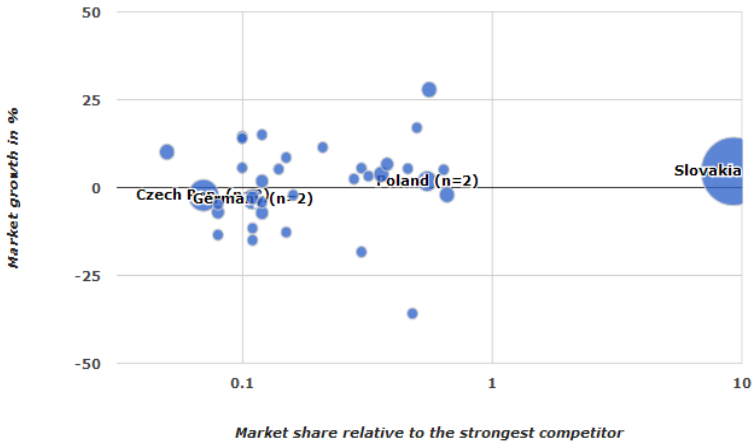


FIGURE 34 COMPARISON BETWEEN MARKET GROWTH RATE, MARKET SHARE AND IMPORTANCE RATE OF SR IN EUROPE IN 2013

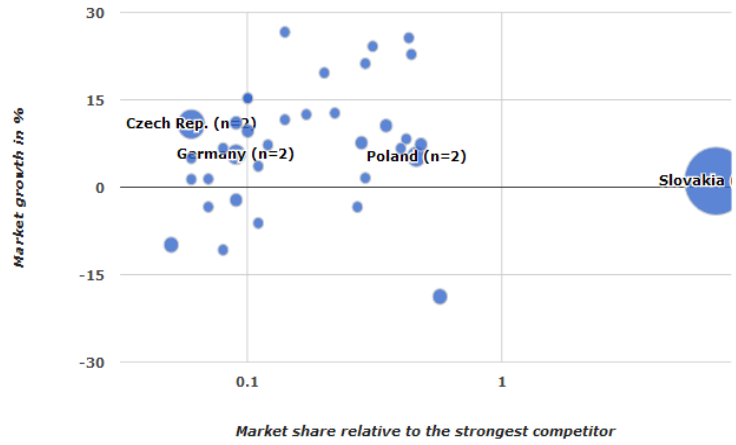


FIGURE 35 COMPARISON BETWEEN MARKET GROWTH RATE, MARKET SHARE AND IMPORTANCE RATE OF SR IN EUROPE IN 2014

The important share of domestic tourism in SK is undeniable. However, apart from that, the portfolio is diversified and relatively stable, as there are no major changes from 2013 to 2014 observable. It is viable that SK is missing “cash cows“ and is dealing with too many “dogs“. The cumulated destinations in the quadrant for “question marks“ reflect the uncertainty of the generating markets in SK.

This thesis deals with international tourism and therefore domestic tourism will not be a subject of further research.

4.2.2 International Tourism

The competitiveness of a destination is reflected also in the importance value and the position of generating countries in the matrix. The 10 most important generating Slovakian countries

were chosen for the purpose of benchmarking SK with the partners. These destinations are as follows:

- Czech Republic,
- Poland,
- Hungary,
- Germany,
- Austria,
- Ukraine,
- Russia,
- United Kingdom,
- Italy,
- France.

The author would like to note that some countries of origin are identical to the benchmarking partners. In these cases, domestic tourism will be excluded and the portfolio visualization will be dealing only with 9 generating countries. The number of benchmarked partners in each matrix will be two (n=2). For the calculations of relative market share, the actual benchmarking partner will be understood as the strongest competitor (SRMS). Further, the destination specific market growth (DSGR) will be implied.

4.2.2.1 Benchmarking BCG matrix with Czech Republic

Similarly as in SK, the destination portfolio of the Czech Republic is rather stable; as there are no major changes from 2013 to 2014 (see Figure 36, Figure 37, Figure 38 and Figure 39).

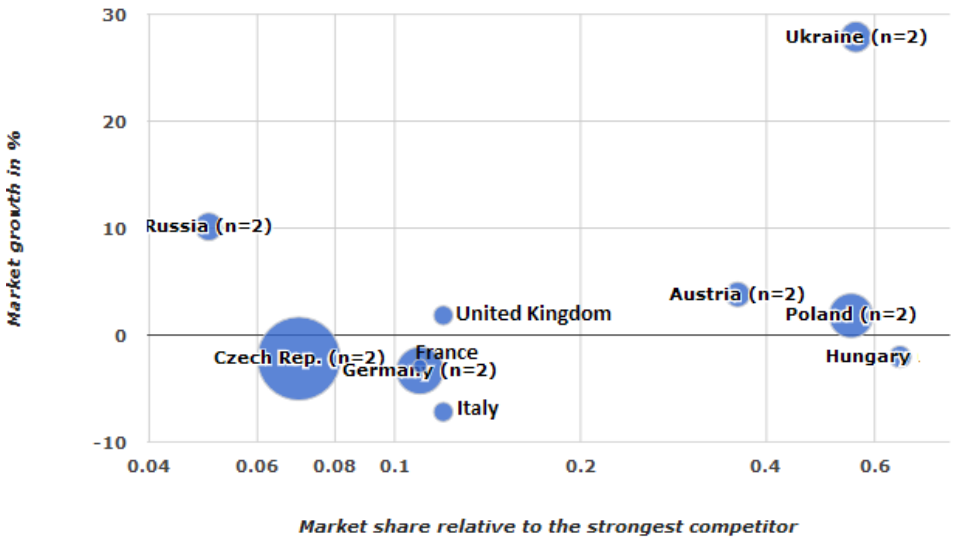


FIGURE 36 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: CZECH REPUBLIC, SLOVAKIA 2013

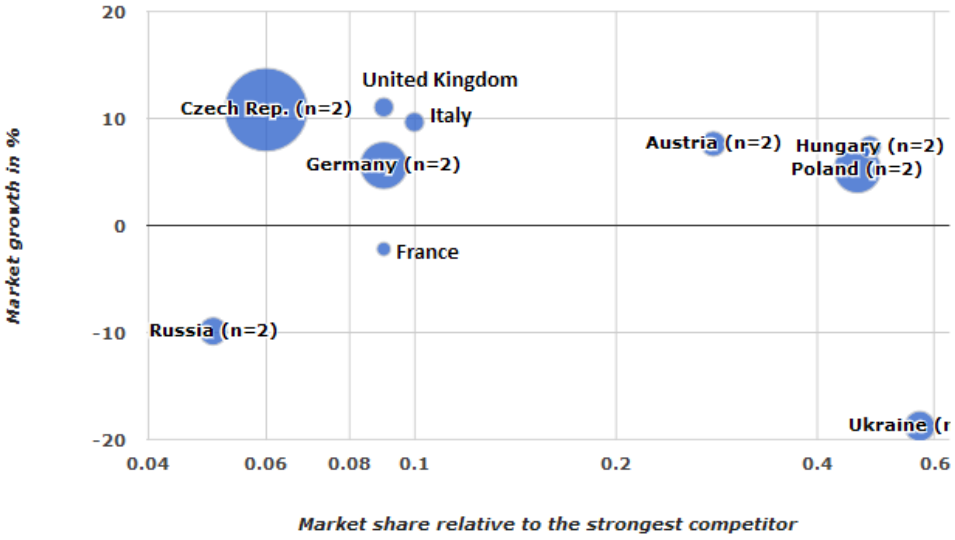


FIGURE 37 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: CZECH REPUBLIC, SLOVAKIA 2014

Germany as a source market is equally important for both competitors; however, its position is different. Unlike in SK, where it struggles as a "dog"/ "question mark" reflected by low income and increasing growth rate (see Table 16), in CZ it deputizes a strong position of a cash "cow"/ "star". A similar situation can be observed also by Russia, the United Kingdom, France and Italy, even though Russia and France as a source market are of much higher importance for CZ than for SK. Poland plays a contra situation, where it reaches a position of a "star" with high importance value for SK and is considered as an emerging market in CZ. Similar development course is found by Ukraine, Austria and Hungary. For SK they represent either "stars" or at least "cash cows" with high importance and in CZ they are considered as question marks or even "dogs" with minor economical influence. These observations demonstrate Slovakia's non–competitive position.

TABLE 16 COMPARISON BETWEEN SK AND CZ IN SRMS, DSGR AND IMPORTANCE RATE

Comparison between market growth rate, market share and importance rate

Information: Bednights; Period: 2013 – 2014

Destination	Market	Year	Importance rate	SRMS	DSGR
1 Czech Rep.	Austria	2014	2.1	3.54	14.3
		2013	2	2.76	1.6
	France	2014	3.1	10.56	–1.1
		2013	3.3	9.32	–3.0
	Germany	2014	21.3	11.17	7.2
		2013	21.3	9.44	–4.1
	Hungary	2014	1.2	2.7	20.0
		2013	1.0	1.52	–7.6
	Italy	2014	4.5	10.00	12.1

		2013	4.3	8.6	–8.4
	Poland	2014	4.0	2.18	12.0
		2013	3.9	1.81	2.7
	Russia	2014	15.4	20.51	–9.6
		2013	18.2	19.4	9.2
	Ukraine	2014	1.5	1.76	–19.0
		2013	2.0	1.78	5.7
	United Kingdom	2014	4.4	10.82	14.2
		2013	4.1	8.12	1.5
2 Slovakia	Austria	2014	3.4	0.28	–10.7
		2013	3.5	0.36	10.5
	Czech Rep.	2014	31.4		–11.7
		2013	32.0		–1.8
	France	2014	1.6	0.09	–12.7
		2013	1.7	0.11	–2.0
	Germany	2014	10.8	0.09	–9.4
		2013	10.8	0.11	5.2
	Hungary	2014	3.2	0.48	–11.8
		2013	3.3	0.66	7.8
	Italy	2014	2.6	0.10	–9.7
		2013	2.6	0.12	3.4
	Poland	2014	10.5	0.46	–7.0
		2013	10.2	0.55	0.3
	Russia	2014	4.3	0.05	–16.1
		2013	4.6	0.05	30.7
	Ukraine	2014	4.9	0.57	–18.5
		2013	5.4	0.56	103.9
	United Kingdom	2014	2.3	0.09	–14.3
		2013	2.4	0.12	4.3

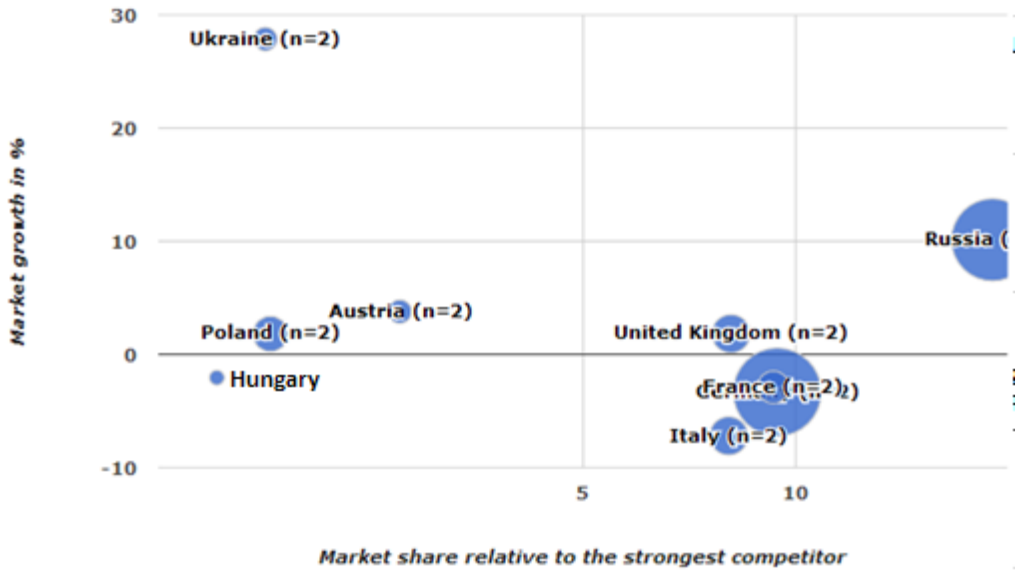


FIGURE 38 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: CZECH REPUBLIC, CZECH REPUBLIC 2013

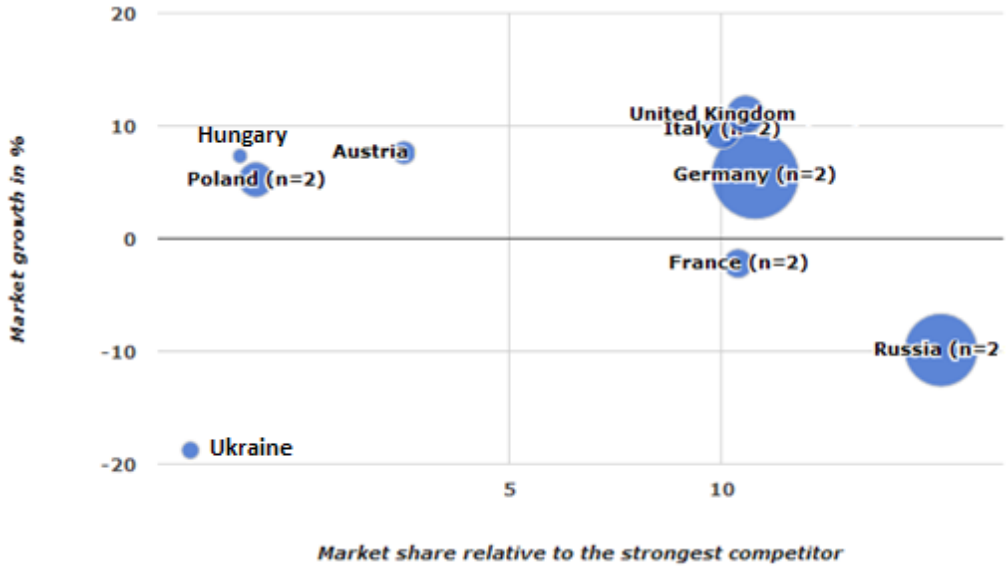


FIGURE 39 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: CZECH REPUBLIC, CZECH REPUBLIC 2014

4.2.2.2 Benchmarking BCG matrix with Slovenia

FIGURE 40 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: SLOVENIA, SLOVAKIA 2013

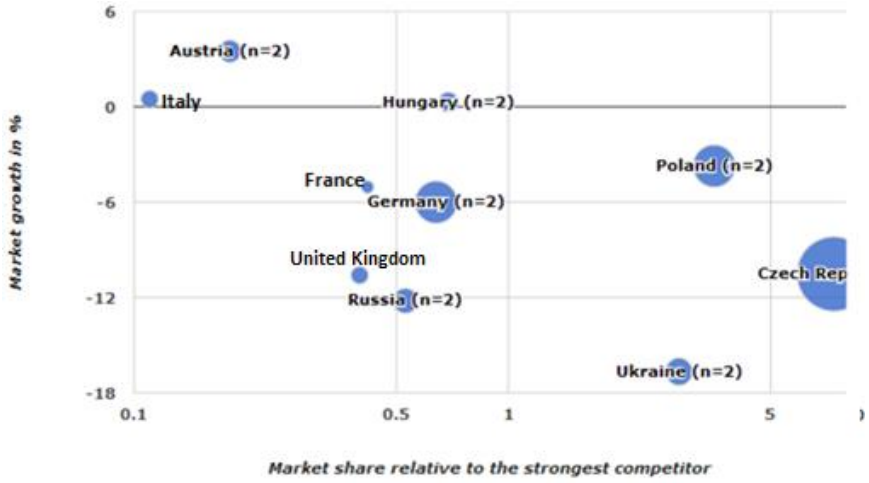


FIGURE 41 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: SLOVENIA, SLOVAKIA 2014

When being compared with SL[19], the Slovak portfolio seems to be stable, although the position of markets has slightly changed (see Figure 40, Figure 41, Figure 42 and Figure 43). In the Czech Republic, Poland, Ukraine followed by Germany, Hungary, and Russia, Slovakia achieves a higher relative market share combined with a small or negative market growth, so located in the first quadrant, these generating countries reflect Slovak "cash cows" (see Table 17). Germany, Hungary and Russia are "cash cows" for SL as well, however, with a higher importance value than in SK. Further "cash cow" are the UK[20] and France. Italy and Austria represent important "cash cows"/"stars" for Slovenian destination portfolio. Unlike SK, CZ and Poland are considered rather unimportant in SL, located in the quadrant "dogs". Austria is a similar case, since it is a "question mark" in SK, as opposed to the high and stable position it stands in SL. The results of the growth–share matrix provide us with a conclusion, that Slovakia is competitive with Slovenia.

TABLE 17 COMPARISON BETWEEN SK AND SL IN SRMS, DSGR AND IMPORTANCE RATE

Comparison between market growth rate, market share and importance rate
Information: Bednights; Period: 2013 – 2014

Destination	Market	Year	Importance rate	SRMS	DSGR
1 Slovakia	Austria	2014	3.4	0.18	–10.7
		2013	3.5	0.21	10.5
	Czech Rep.	2014	31.4	7.39	–11.7
		2013	32.0	8.33	–1.8
	France	2014	1.6	0.42	–12.7
		2013	1.7	0.48	–2.0
	Germany	2014	10.8	0.64	–9.4
		2013	10.8	0.68	5.2
	Hungary	2014	3.2	0.69	–11.8
		2013	3.3	0.86	7.8
	Italy	2014	2.6	0.11	–9.7
		2013	2.6	0.12	3.4
	Poland	2014	10.5	3.54	–7.0
		2013	10.2	4.18	0.3
	Russia	2014	4.3	0.53	–16.1
		2013	4.6	0.57	30.7
	Ukraine	2014	4.9	2.85	–18.5

[19] Slovenia
[20] United Kingdom

		2013	5.4	3.11	103.9
	United Kingdom	2014	2.3	0.40	–14.3
		2013	2.4	0.43	4.3
	Total foreign	2014	100.0	0.66	–10.0
		2013	100.0	0.73	5.8
2 Slovenia	Austria	2014	12.6	5.57	6.5
		2013	11.7	4.66	0.6
	Czech Rep.	2014	2.8	0.14	–0.5
		2013	2.8	0.12	6.0
	France	2014	2.6	2.37	–1.4
		2013	2.6	2.10	5.6
	Germany	2014	11.2	1.57	–3.7
		2013	11.6	1.48	–0.3
	Hungary	2014	3.1	1.45	10.8
		2013	2.8	1.16	1.8
	Italy	2014	16.0	9.43	1.7
		2013	15.6	8.36	–2.9
	Poland	2014	2.0	0.28	10.0
		2013	1.8	0.24	–2.3
	Russia	2014	5.3	1.88	–10.0
		2013	5.8	1.75	–0.6
	Ukraine	2014	1.1	0.35	–11.1
		2013	1.3	0.32	2.9
	United Kingdom	2014	3.8	2.49	–9.0
		2013	4.1	2.34	8.2

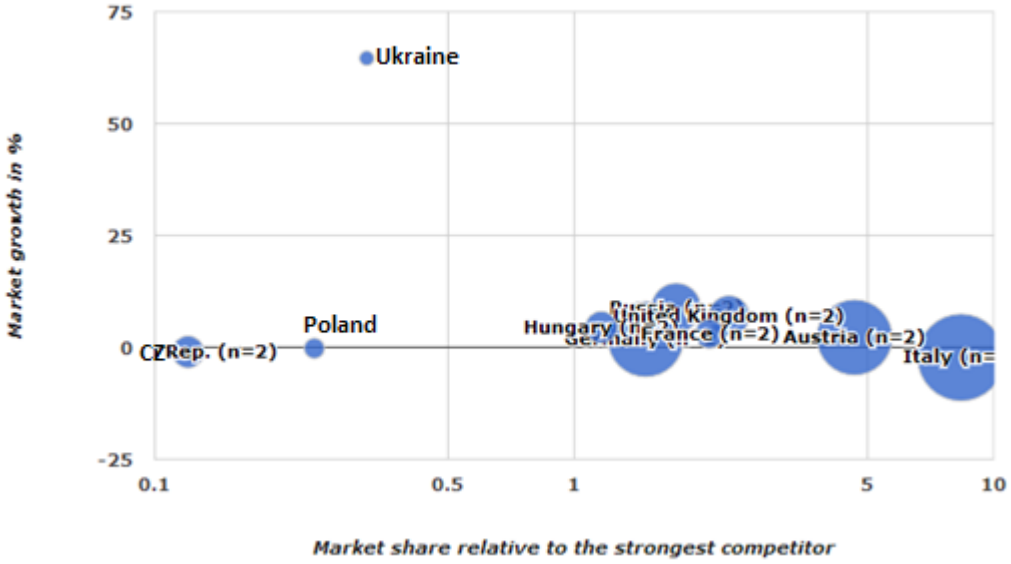


FIGURE 42GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: SLOVENIA, SLOVENIA 2013

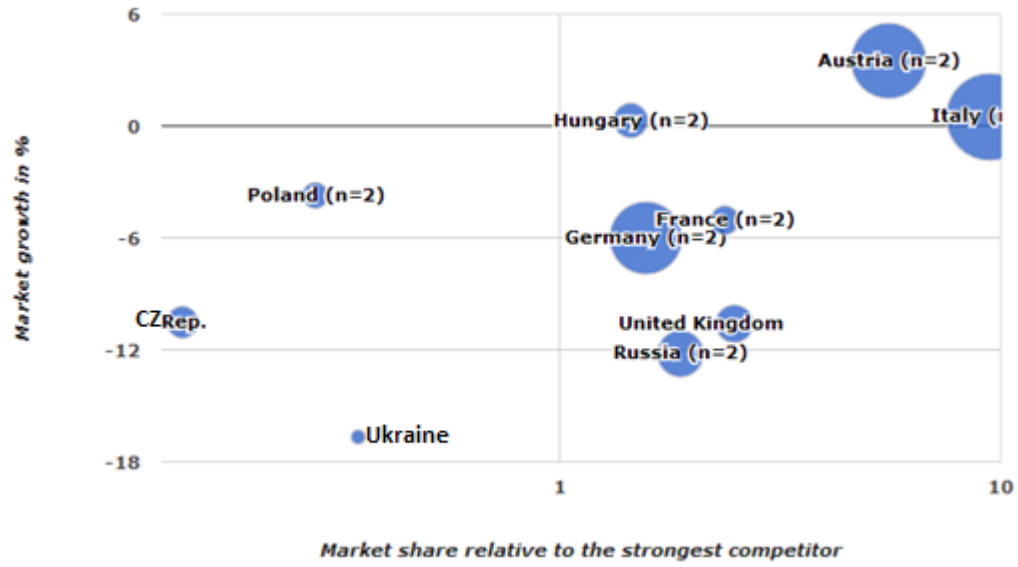


FIGURE 43GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: SLOVENIA, SLOVENIA 2014

4.2.2.3 Benchmarking BCG matrix with Poland

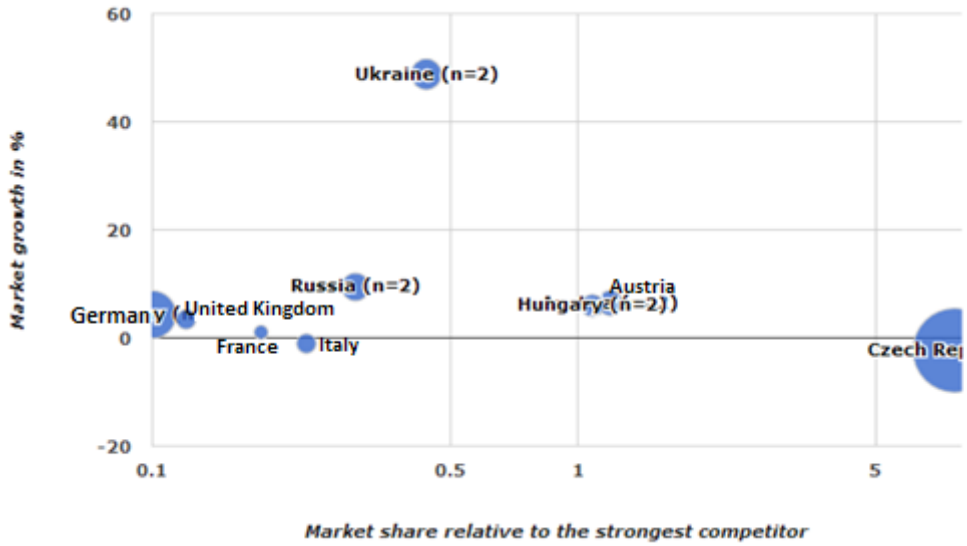


FIGURE 44 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: POLAND, SLOVAKIA 2013

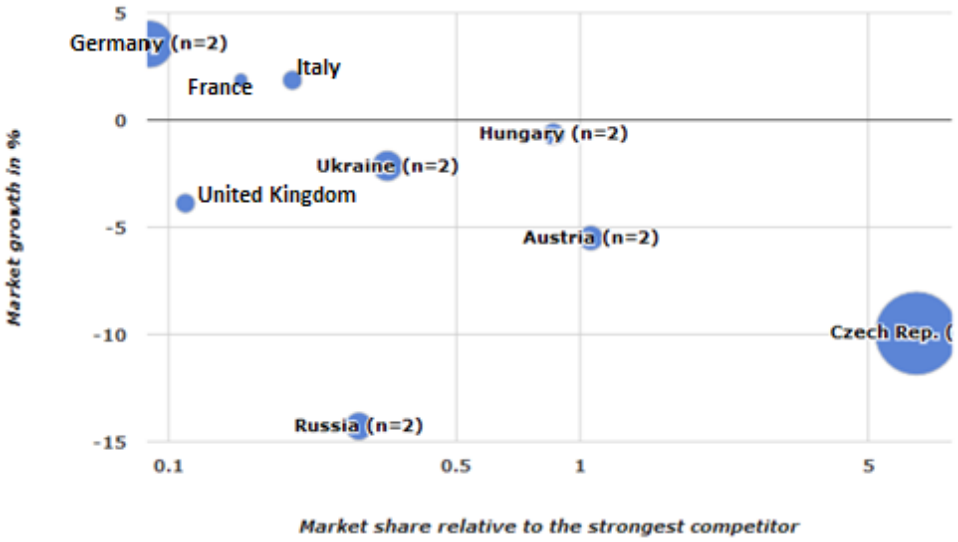


FIGURE 45 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: POLAND, SLOVAKIA 2014

The Slovak destination portfolio differs from the Polish one significantly as it is more equally distributed (see Figure 44, Figure 45, Figure 46 and Figure 47). The polish destination portfolio is biased, cumulated on the right side of the matrix. PL[21] excels Slovakia mainly in the following markets: Germany, Italy, France and the UK. All of them are considered as "cash cows"/"stars".

[21] Poland

Similarities in the importance rate can be observed in Russian and Ukrainian market with the higher importance in SK, but higher relative market share in PL (see Table 18). That is the reason they are situated on the right side of the matrix in the case of PL and on the left side in the case of SK. Slovakia is however much more competitive in the case of attracting Czech visitors, Austrians and Hungarians as well. These mentioned destinations also represent "cash cows" for Slovak tourism and reach a much higher relative market share. Nonetheless, too many destinations are situated in the third and fourth quadrant, namely Ukraine, Russia, Germany, the UK, Italy, and France. The Slovak relative market share compared with PL is mostly of low value and the volume growth of bednights sold by Slovakia to these nationalities is also not very high. Poland is more competitive than SK.

TABLE 18 COMPARISON BETWEEN SK AND PL IN SRMS, DSGR AND IMPORTANCE RATE

Comparison between market growth rate, market share and importance rate

Information: Bednights; Period: 2013 – 2014

Destination	Market	Year	Importance rate	SRMS	DSGR
1 Poland	Austria	2014	1.0	0.95	0.8
		2013	1.0	0.84	2.0
	Czech Rep.	2014	1.4	0.15	3.6
		2013	1.4	0.13	–6.0
	France	2014	3.3	6.65	4.5
		2013	3.3	5.55	1.6
	Germany	2014	36.5	11.22	4.9
		2013	36.3	9.70	4.2
	Hungary	2014	1.1	1.17	11.4
		2013	1.0	0.92	4.0
	Italy	2014	3.9	5.00	4.5
		2013	3.8	4.31	–2.0
	Russia	2014	4.4	3.41	–13.7
		2013	5.3	3.31	4.3
	Ukraine	2014	4.3	2.93	5.0
		2013	4.3	2.28	33.0
	United Kingdom	2014	6.4	9.33	–2.6
		2013	6.9	8.21	3.3
2 Slovakia	Austria	2014	3.4	1.6	–10.7
		2013	3.5	1.19	10.5
	Czech Rep.	2014	31.4	6.54	–11.7
		2013	32.0	7.67	–1.8

France	2014	1.6	0.15	–12.7
	2013	1.7	0.18	–2.0
Germany	2014	10.8	0.09	–9.4
	2013	10.8	0.10	5.2
Hungary	2014	3.2	0.86	–11.8
	2013	3.3	1.8	7.8
Italy	2014	2.6	0.20	–9.7
	2013	2.6	0.23	3.4
Poland	2014	10.5		–7.0
	2013	10.2		0.3
Russia	2014	4.3	0.29	–16.1
	2013	4.6	0.30	30.7
Ukraine	2014	4.9	0.34	–18.5
	2013	5.4	0.44	103.9
United Kingdom	2014	2.3	0.11	–14.3
	2013	2.4	0.12	4.3

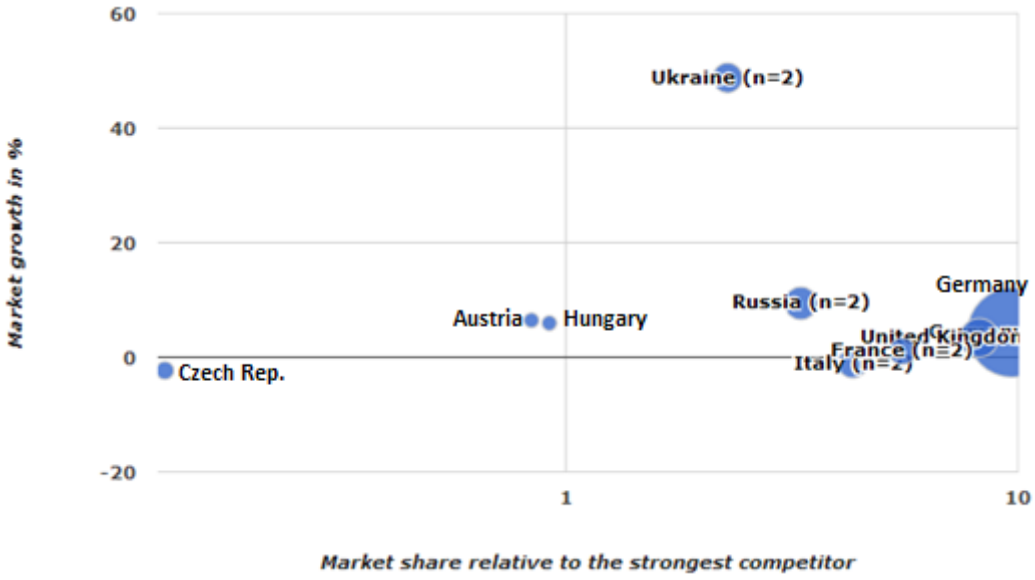


FIGURE 46 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: POLAND, POLAND 2013

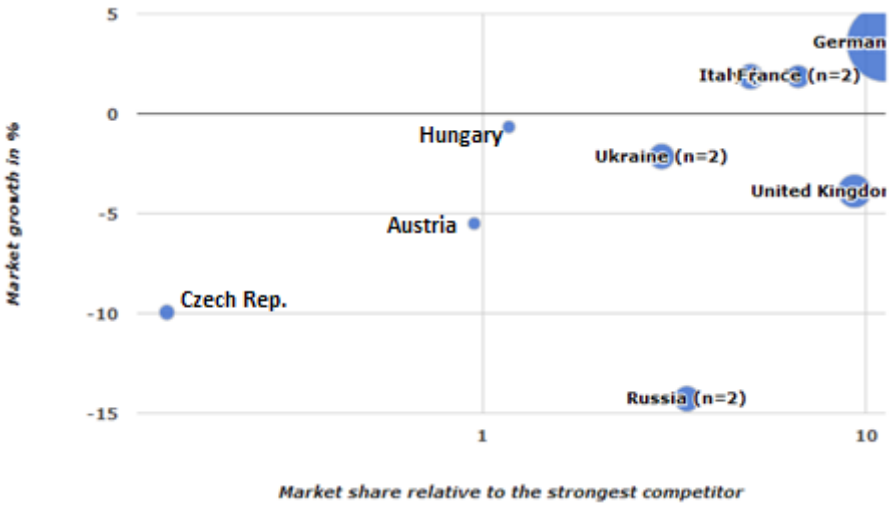


FIGURE 47 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: POLAND, POLAND 2014

4.2.2.4 Benchmarking BCG matrix with Hungary

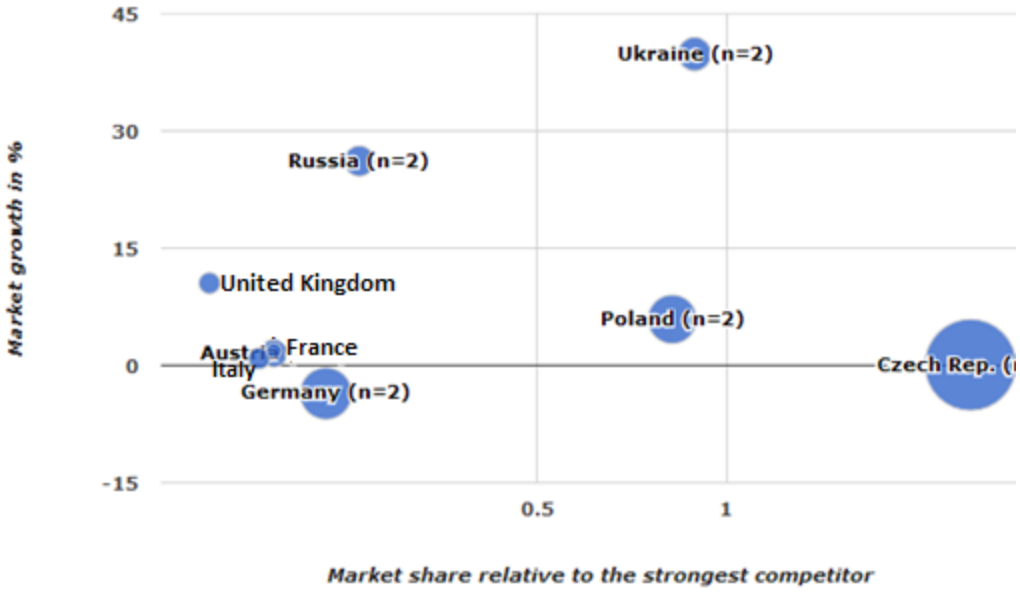


FIGURE 48 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: HUNGARY, SLOVAKIA 2013

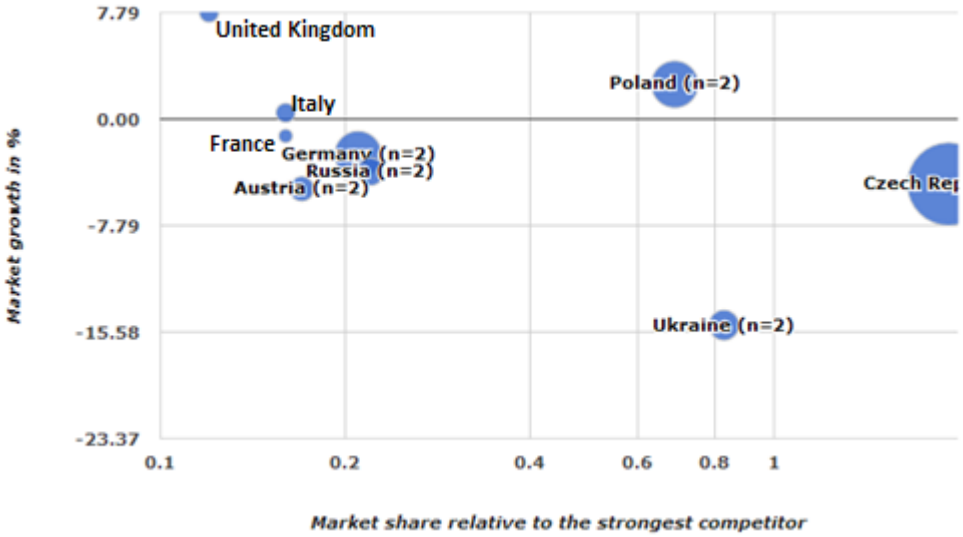


FIGURE 49 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: HUNGARY, SLOVAKIA 2014

When being benchmarked with Hungary, SK gains a significantly better market share in case of CZ (see Table 19). Nonetheless, besides that, it does not have other competitive advantages. Ukraine and Russia are of high importance for SK, but they do not reach higher market share, nor the market growth. CZ represents a "dog" for HU[22] (see Figure 48, Figure 49, Figure 50 and Figure 51). The U.K. is the major "star" for HU, together with Russia and Poland. The rest of the destinations are situated in the quadrant of "cash cows". Based on the benchmark of these portfolio matrices, SK is not competitive in comparison with HU.

TABLE 19 COMPARISON BETWEEN SK AND HU IN SRMS, DSGR AND IMPORTANCE RATE

Comparison between market growth rate, market share and importance rate
Information: Bednights; Period: 2013 – 2014

Destination	Market	Year	Importance rate	SRMS	DSGR
1 Hungary	Austria	2014	6.3	5.76	–4.0
		2013	6.7	5.36	0.1
	Czech Rep.	2014	5.1	0.52	12.4
		2013	4.7	0.41	5.0
	France	2014	3.2	6.16	0.9
		2013	3.3	5.33	2.6
	Germany	2014	16.3	4.76	–1.0
		2013	16.9	4.35	–5.4
	Italy	2014	5.2	6.40	2.3
		2013	5.2	5.65	0.5

[22] Hungary

	Poland	2014	4.8	1.44	10.4
		2013	4.5	1.22	11.1
	Russia	2014	6.2	4.58	–0.7
		2013	6.4	3.87	25.0
	Ukraine	2014	1.9	1.21	–12.1
		2013	2.2	1.12	9.2
	United Kingdom	2014	6.1	8.43	11.2
		2013	5.7	6.50	11.6
2 Slovakia	Austria	2014	3.4	0.17	–10.7
		2013	3.5	0.19	10.5
	Czech Rep.	2014	31.4	1.93	–11.7
		2013	32.0	2.45	–1.8
	France	2014	1.6	0.16	–12.7
		2013	1.7	0.19	–2.0
	Germany	2014	10.8	0.21	–9.4
		2013	10.8	0.23	5.2
	Hungary	2014	3.2		–11.8
		2013	3.3		7.8
	Italy	2014	2.6	0.16	–9.7
		2013	2.6	0.18	3.4
	Poland	2014	10.5	0.69	–7.0
		2013	10.2	0.82	0.3
	Russia	2014	4.3	0.22	–16.1
		2013	4.6	0.26	30.7
	Ukraine	2014	4.9	0.83	–18.5
		2013	5.4	0.89	103.9
	United Kingdom	2014	2.3	0.12	–14.3
		2013	2.4	0.15	4.3

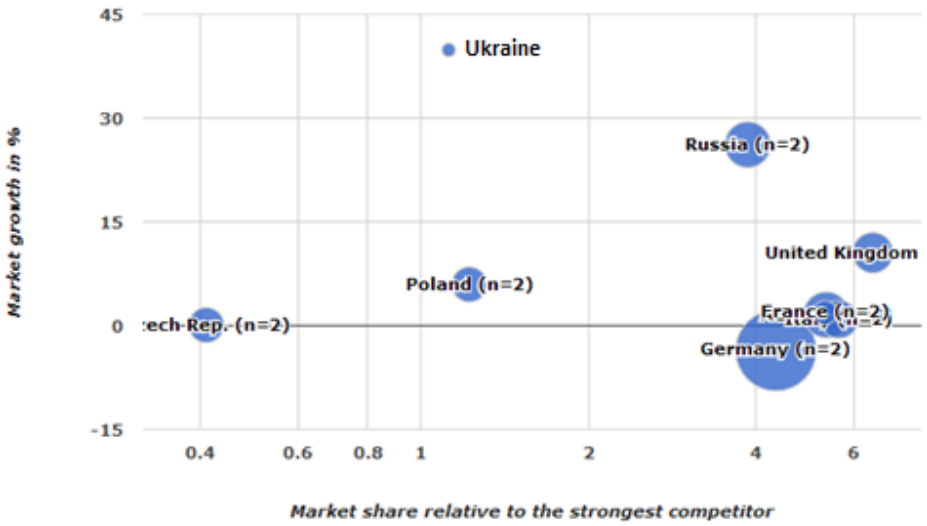


FIGURE 50 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: HUNGARY, HUNGARY 2013

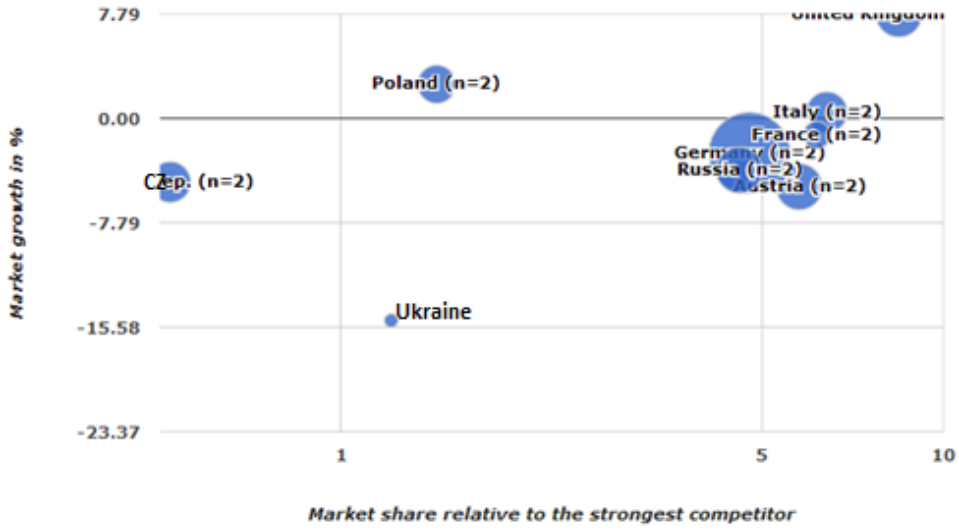


FIGURE 51 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: HUNGARY, HUNGARY 2014

4.2.2.5 Benchmarking BCG matrix with Austria

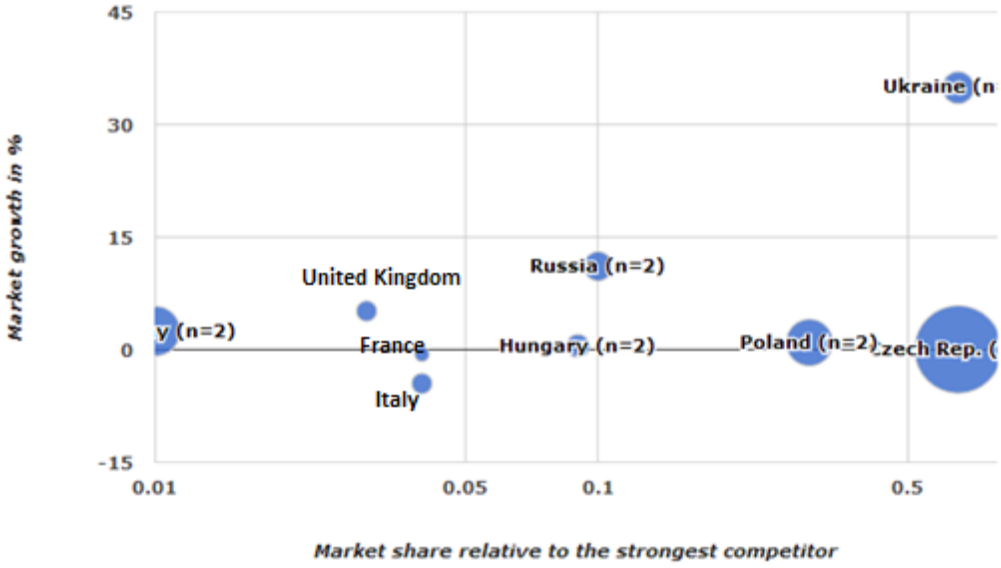


FIGURE 52 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: AUSTRIA, SLOVAKIA 2013

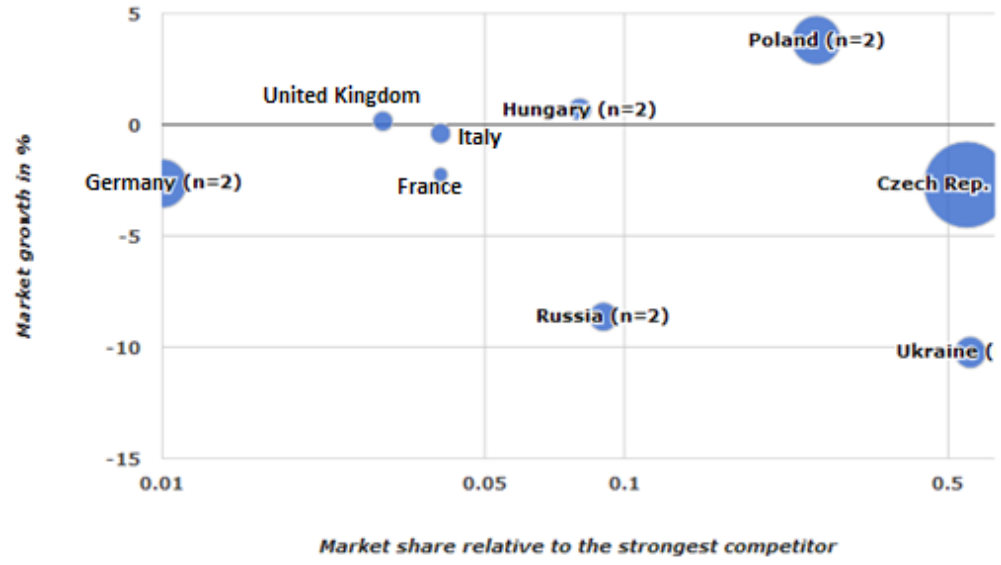


FIGURE 53 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: AUSTRIA, SLOVAKIA 2014

The importance rate is reaching a higher percentage than in Austria in the case of CZ, HU, PL, Russia and Ukraine (see Table 20). Destinations are regularly dispersed in the case of Austria as well as Slovakia, with the exception of Germany reaching an importance value higher than 50 %, while located as a "dog" in the Slovak portfolio (see Figure 52, Figure 53, Figure 54 and

Figure 55). Nonetheless, all the relative market shares in SK are reaching incomparably lower values than in A[23]. The destination portfolio differs substantially. CZ is – as opposed to SK – situated as a "dog", together with Poland and Ukraine. The U.K. is understood as a very significant market for A. In conclusion, SK is not competitive when being benchmarked with Austria.

TABLE 20 COMPARISON BETWEEN SK AND A IN SRMS, DSGR AND IMPORTANCE RATE

Comparison between market growth rate, market share and importance rate
Information: Bednights; Period: 2013 – 2014

Destination	Market	Year	Importance rate	SRMS	DSGR
1 Austria	Czech Rep.	2014	2.3	1.81	3.1
		2013	2.2	1.55	1.2
	France	2014	1.8	27.74	–1.8
		2013	1.9	24.64	–0.6
	Germany	2014	51.5	116.65	–2.6
		2013	52.5	108.89	2.5
	Hungary	2014	1.7	13.20	1.8
		2013	1.7	11.44	–0.1
	Italy	2014	2.9	27.65	–0.0
		2013	2.9	24.97	–4.8
	Poland	2014	1.7	3.89	7.0
		2013	1.5	3.38	1.1
	Russia	2014	1.9	10.81	–7.9
		2013	2.0	9.85	9.5
	Ukraine	2014	0.4	1.80	–4.9
		2013	0.4	1.54	10.6
	United Kingdom	2014	3.5	37.61	0.6
		2013	3.5	32.00	5.2
2 Slovakia	Austria	2014	3.4		–10.7
		2013	3.5		10.5
	Czech Rep.	2014	31.4	0.55	–11.7
		2013	32.0	0.65	–1.8
	France	2014	1.6	0.04	–12.7
		2013	1.7	0.04	–2.0
	Germany	2014	10.8	0.01	–9.4
		2013	10.8	0.01	5.2

[23] Austria

Hungary	2014	3.2	0.08	–11.8
	2013	3.3	0.09	7.8
Italy	2014	2.6	0.04	–9.7
	2013	2.6	0.04	3.4
Poland	2014	10.5	0.26	–7.0
	2013	10.2	0.30	0.3
Russia	2014	4.3	0.09	–16.1
	2013	4.6	0.10	30.7
Ukraine	2014	4.9	0.56	–18.5
	2013	5.4	0.65	103.9
United Kingdom	2014	2.3	0.03	–14.3
	2013	2.4	0.03	4.3

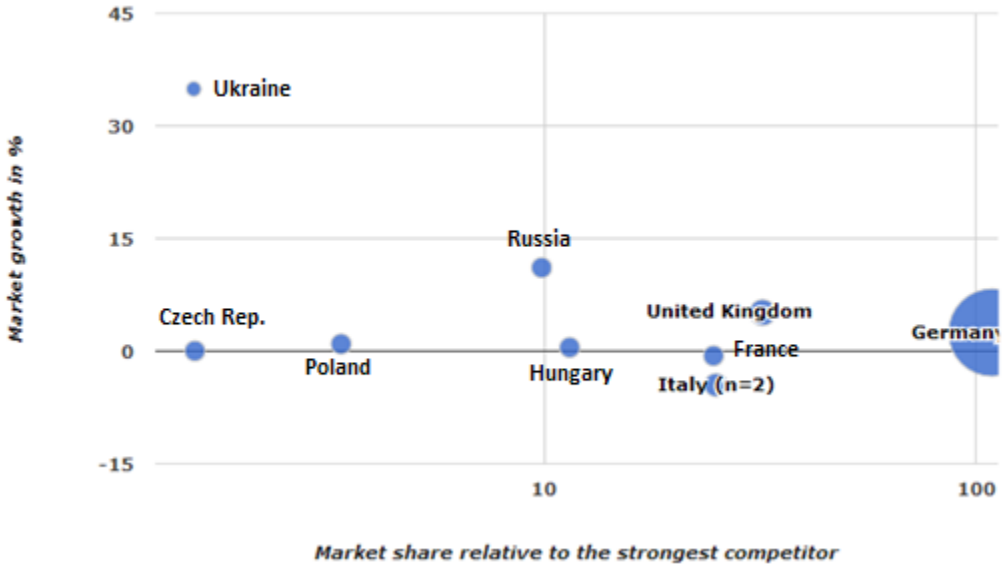


FIGURE 54 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: AUSTRIA, AUSTRIA 2013

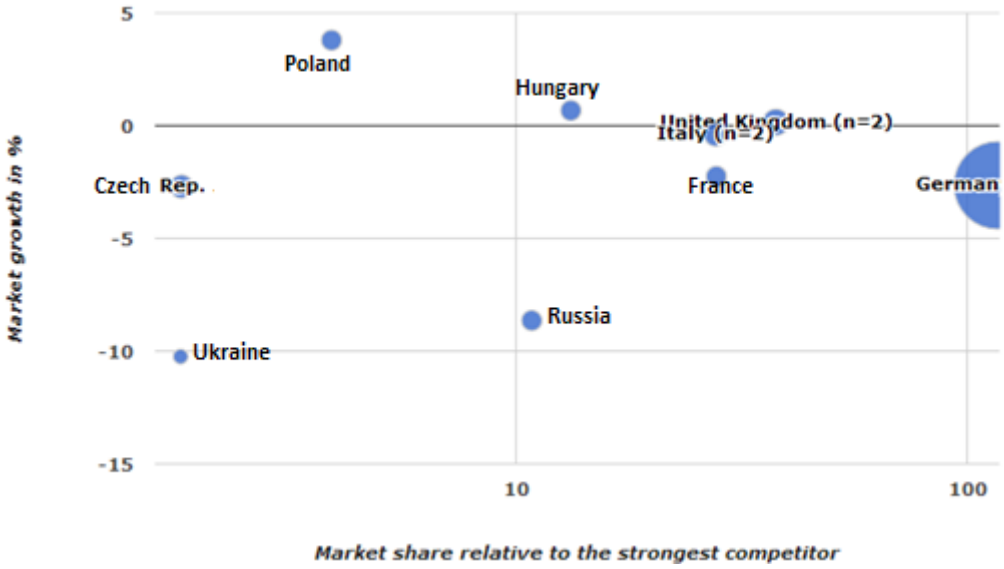


FIGURE 55 GROWTH–SHARE PORTFOLIO MATRIX; BENCHMARK: AUSTRIA, AUSTRIA 2014

4.2.3 Partial Conclusion II

The research helped us to understand the destination portfolio and to locate the position of the markets compared with the main benchmarking partners. Even though the Slovak portfolio reflects a diversity of generating countries dispersed along the portfolio, too many of them are situated in the quadrants for “dogs“ and “question marks“ . Further, there is an undeniable dependence of tourism on 1) domestic tourism and 2) the Czech Republic. Market shares of the generating countries initiating international tourism reach comparatively low percentages. The findings lead us to the conclusion that Slovakia is struggling to be competitive among its competitors, however, is not successful yet. Meanwhile, Slovakia needs to gain more “cash cows“ and thus invest strategically into potential markets situated as “question marks“, build loyalty for “cash cows“ and keep the “stars“. However, the tourism demand criteria in terms of bednights show minor improvements of tourism in Slovakia, which are reflected, for example, in strengthening positions in some generating countries in the matrices and growing relative market shares, especially in the case of benchmarking with CZ, albeit the rest of the bench-marks comparisons mostly face worsening positions of the generating countries over time (from 2013–2014). Because the expectations of the improvements are not reflected in the observations, the H2 is not supported, as the null hypothesis, H2’ – stating that the improved competitiveness of Slovakia as an international destination is not reflected in the improved competitive position of tourism demand criteria such as bednights – cannot be rejected.

4.3 Multifactor portfolio

4.3.1 Slovakia's multifactor portfolio

The multifactor portfolio analysis was created by observations of five destinations, which especially in the last years have gained the importance of Slovak generating countries. Those are the Czech Republic (CZ), Poland (PL), Germany (DE), Ukraine (U) and Russia (RU). Three attractiveness criteria were chosen, namely the "Size" in terms of the population (figures and estimations from 2015, EUROSTAT), "Yearly tourism expenditure" in US$ (mean calculations 2009–2015 used for comparison) from in each of the five generating countries (source: World bank; Statista; UNWTO) and "Yearly change in tourist expenditure trend" (own calculations; Gretl software – Gnu Regression, Econometrics and Time–series Library). For the comparison of the performance of each criterion in a generating country a five–point scale was used (1=worst performance; 5=best performance). The scaling was made according to the best judgement of the author. The consistency coefficient α=0,037 was achieved by the pairwise comparison of the attractiveness criteria. The criteria describing the competitive position of Slovakia were also three: "Purchasing Power Parity" (based on average 2009–2015; extracted from World bank, Indexmundi), "Absolute market share" (extracted from Tourmis; enumerator: Slovakia's bednights sold to the generating country; denominator: total market volume of the generating country; for comparison used calculated geometrical mean 2009–2015) and the "National sympathy" (cumulated opinions and attitudes of the inhabitants of generating countries towards Slovakia/Slovaks; SACR, 2013; Rundesová, 2008; Sibalová, 2015; Kleinová and Űrgeová, 2011; Štefčeková and Vaňová, 2013; Quora; Carnegieendowment; Russia–direct; PRISMUA; Blog–hostelsclub). In the pairwise comparison the criteria were rated with a different relevance, which resulted in the consistency coefficient α=0,015. The importance values were ascribed to the particular generating countries according to their real average performance in terms of bednights (Tourmis; CZ: 34; PL: 10; DE: 11; U: 6; RU: 5). The results of the analysis are available in Table 21. Further, the long–term positioning of the countries of origin is demonstrated in the plot in Figure 56.

TABLE 21 RESULTS OF THE MULTIFACTOR PORFOLIO ANALYSIS

SBUs Brands Markets	Market Attractiveness Score	Competitive Position Score	Importance Value
CZ	0.46	0.91	34.00
PL	0.53	0.79	10.00
DE	0.98	0.48	11.00
U	0.22	0.57	6.00
RU	0.56	0.58	5.00

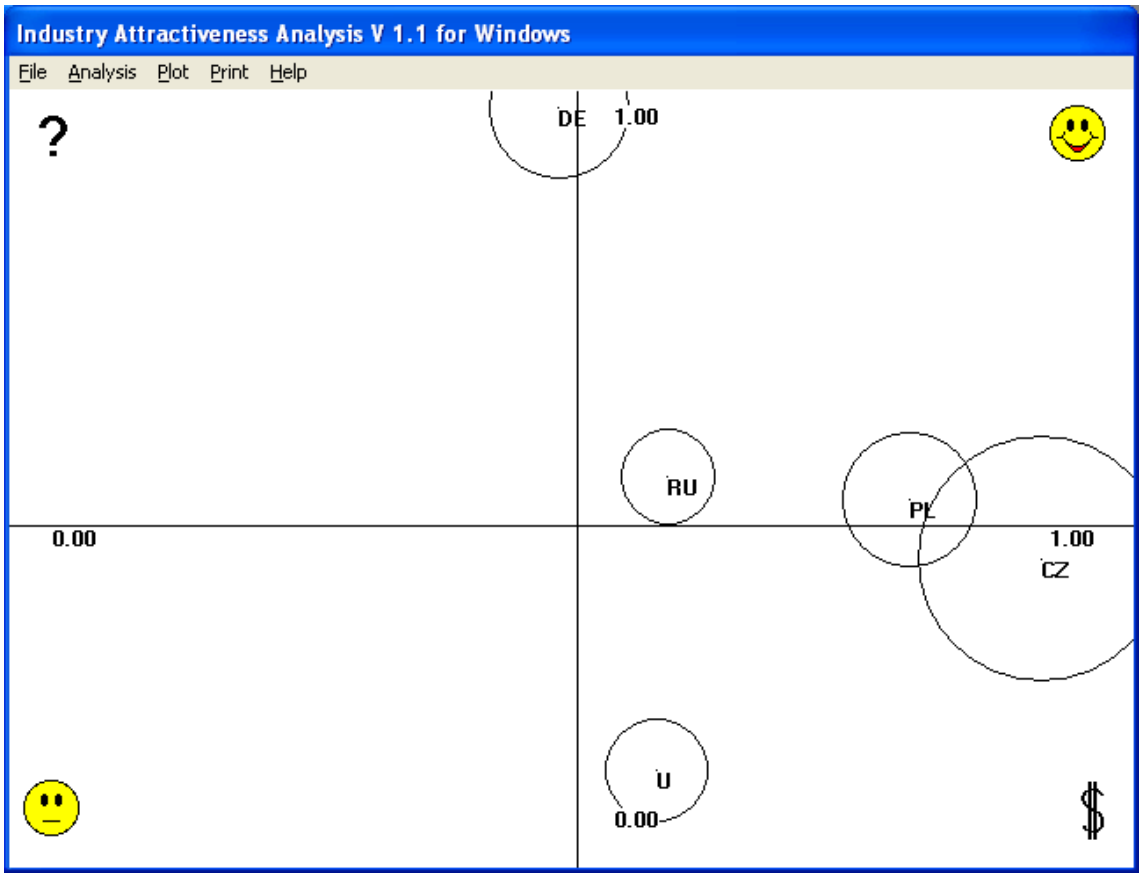


FIGURE 56 MULTIFACTOR PORFOLIO ANALYSIS VIZUALIZATION: SK

Similarly as in the growth–share matrix, the destination portfolio consists of four quadrants: the "cash cow", the "star", the "question mark" and the "dog". The competitiveness as a factor is lying along the horizontal axes and the attractiveness along the vertical axes. The Czech Republic is obviously the most important generating country, what is reflected in its biggest importance value and the position as a "cash cow"/"star". A similar situation is observed in the case of Poland, however with a much smaller importance. Russia is situated in the quadrant as a "star" and the x–axis is its tangent. Ukraine is a "cash cow" similarly attractive as Russia, however reaching smaller values on the attractiveness scale. Germany is located on the border of "question marks" and potential "stars". The right financial injection into promotion in Germany could make this market a "star", like it is in the case of the Czech Republic's portfolio (see Figure 57).

4.3.2 Czech Republic's multifactor portfolio

The Czech Republic is considered to be the most important competitor with the highest destination similarities. For this reason, it was depicted as the best representative of Slovakia's benchmarking partners. The attractiveness analysis criteria did not change, as the same countries of origin were chosen: Poland, Germany, Ukraine and Russia. The same importance preferences were applied also for the criteria pairwise comparison.

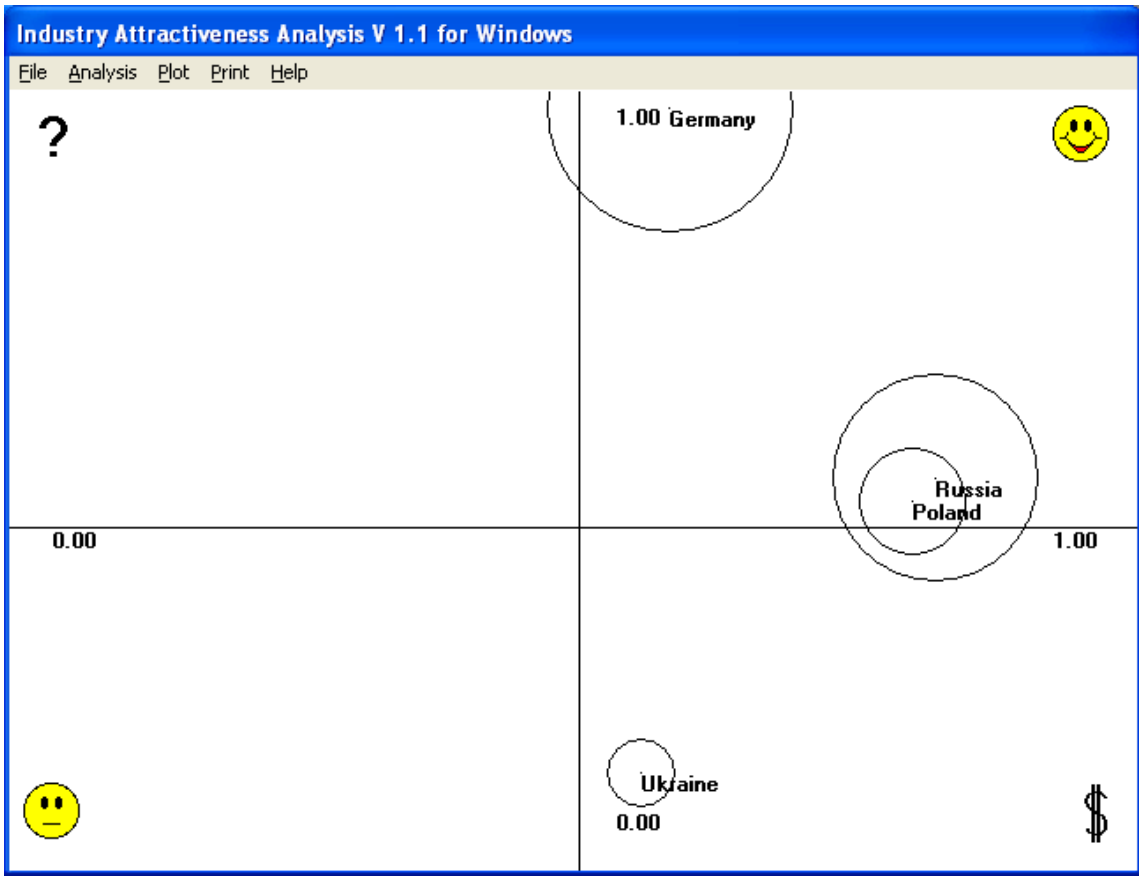


FIGURE 57 MULTIFACTOR PORFOLIO ANALYSIS VIZUALIZATION: CZ

However, there were changes made in the competitiveness criteria rating, mainly visible in the "Absolute market share". Apart from that, different importance rates were applied (Tourmis; PL: 5; DE: 27; U: 2; RU: 19). The position of PL in the portfolio is similar to the Slovak. A visible difference is observed in the Russian market, which is not just more attractive for CZ, but the Czech Republic is also more competitive in attracting it. The strengths can also be found in the German market. Although Ukraine is of subtle importance, it is situated similarly as in SK – in the first quadrant as a "cash cow".

4.3.3 Partial Conclusion III

The Czech Republic is very similar to The Slovak Republic not just in the tourism offer, history and language, but also in regard to the destination portfolio. Nonetheless, even in the multi-factorial destination portfolio, differences, which indicate a long–term more competitive position of CZ, can be observed. The competitive position of Slovakia as an international destination within Europe since 2009 might have been improved, but from the point of long–term improvement, the Slovak Republic is still not competitive among the European competitors. Due to these results, the null hypothesis H1' reflecting no improvements is not rejected.

5 CONCLUSION

This research was based on an application of three different tools for the competitiveness evaluation. Firstly, the Slovak indices in the WEF reports were observed. The results were further discussed and critically assessed. Secondly, the growth–share matrix research was conducted. Thirdly, the multifactor portfolio model analysis was applied in the case of Slovakia.The three partial conclusions of the study (see 4.1.4 Partial conclusion I; 4.2.3 Partial conclusion II and 4.3.3 Partial conclusion III) lead to a unified conclusion.

5.1 Summary

The multifactor portfolio model served as a tool for evaluation of the competitiveness from the long–term point of view, which was not positioned better than the competition. The WEF reports also served as a basis for long term assessment, which did not result in positive conclusions. The BCG portfolio model provided the basics for a short–term evaluation (2013–2014), which did not show major improvements. The market positioning appeared to be better in the case of the benchmarking partners. The conclusion that Slovakia is not competitive has been inferred. The null hypothesis H1' is not rejected and the initially stated H1 is not supported. Similarly, the null hypothesis H2' cannot be rejected and the H2 is not corroborated.

- H1': The competitive position of Slovakia as an international destination has not improved within Europe since 2009.
- H2': The improvement is not reflected in tourism demand criteria (bednights).

The above stated hypotheses reflect the consistent outcome of this research paper. However, this paper does not deny the potential improvements, which might foster the country's competitiveness in the future.

5.2 Implications for relevant stakeholders

In order to enhance the competitiveness in the destination, different stakeholders have to be involved in the changes. The improvements of various factors, which were already criticized in the WEF indicators conclusion, need to be considered mostly on the managerial and governmental level. Hereby, apart from the lobbying, the DMO has little power on influencing those factors. However, it has the responsibility to allocate financial resources reasonably into improvements of the conditions in Slovak tourism. It can build Public–Private–Partnerships and initiate locals' involvement. Further, the financial resources for promotion should be allocated strategically and effectively. The portfolio models in this study highlighted, that the United Kingdom, Germany, Italy and the Czech Republic should, from the ten markets observed, by an effective campaign, make a return of investments and gain an additional influx of tourists and

receipts to Slovakian economy. Effective marketing and unified branding should be given an emphasis on the Internet (especially because of the limited budget of the DMO) and technological possibilities, such as new attractive and creative mobile applications (e. g. Czech Film Trips, DMO applications like mtrip offers), active usage of mainstream social media, such as Facebook, Twitter, Pinterest, Google+, LinkedIn, Whatsapp, Viber, Flickr and Instagram, which should be utilized for different motivational contests (e. g. #WhatsGood about Jamaica, #mybeautifuljamaica) beneficial to every stakeholder participating, or such as YouTube, where the personalized entertaining destination spot should appear as the first result of the search engine under the keyword "Slovakia". It is very important to turn the attention to the right destination of origin, using tools that will not only be cost–effective, but also cause–effective.

5.3 Future research

This research is limited by the number of observations in the case of the number of benchmarked indicators. Secondly, the growth–share matrices should be given attention also in other years than those selected. Differences in the visualizations might be observed by using the traditional relative market share theory, or rather than the relative, using the absolute market share. Similarly, the application of the traditional growth rate method in the analysis would probably slightly change the portfolio positioning. A different matrix might be deducted if being observed on the long–term basis. Further, incorporating different criteria in the multifactorial portfolio model might result into a divergent outcome.

6 LIMITATIONS

Although this research was carefully prepared, there are still some limitations and shortcomings arising.

First of all, the WEF reports are observed in different time periods. The reports themselves have therefore developed over time in 1) the number of destinations entering the report, which might shift the position of countries in the ranking and 2) the composition and calculations of the indices and pillars, where some have been eliminated, others have been slightly changed and new ones were incorporated. As a result, the options for choosing the same index in the observed time period shrank and not all the available indices were chosen for the benchmarking. Furthermore, some of the indices reflect insufficiencies in data collection and consequently, their real informative value is questioned (see Figure 23, Figure 27, Figure 28 and Figure 31). It is important to consider, that when using the secondary data, a mistake, which might have had occurred by an incorrect data entry, is possible, due to an unpredictable human factor. However, indeed the whole integration of a general model of destination competitiveness has been discussed and the overall feasibility of the measurement questioned. Mazanec and Ring (2011) also argue, that due to the heterogeneity of countries, the TTCI should be more tailor–made, as one single index cannot capture it. Pulido–Fernández and Rodríguez–Díaz (2016) also criticize the WEF competitiveness model in the composition of the indices, hard and survey data collection, in benchmarking countries of different level of development, the weights of the variables entering the model, the statistical methods incorporated for the indices usefulness demonstration and the validity and reliability of the individual indices. They also claim that using variable inputs, rather than outputs, might lead to misleading conclusions.

Further, the growth–share matrix has been narrowed to just two following years, namely 2013 and 2014, which also narrows the conclusion arising from the results. Apart from that, as already mentioned, the weather conditions in these time periods may have influenced the winter season negatively. In order to gain a more complex conclusion, further analyses of the following, as well as previous years would be necessary.

Finally, an analysis implying other criteria would be essential, as the explanatory power of the ones depicted in this thesis might be insufficient. Moreover, the criteria are rated according to the subjective judgement of the author and thus, might be biased. An experienced opinion of a senior destination manager would be needed.

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