

# Tourism Competitiveness of the Czech Republic Regions and the Possibility of the Marketing Measures Performance Evaluation Using the BSC Method

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# 1. Introduction

Tourism development in the Czech Republic has been supported by the EU funds in the period 2007 – 2013 and afterwards. Hundreds of investments as well as soft, primarily education, marketing and other projects were financed partly from the EU and partly from the Czech national public budget. The issue is how to measure and evaluate the hard and soft investment in terms of tourism development and benefit for different interesting groups.

The aim of the paper is to present recent results of the project *“Tourism competitiveness of the Czech Republic regions and the possibility of the marketing measures performance evaluation using the BSC method”*. The project is planned for 2013 – 2014 and is funded by the University of Business in Prague and the Czech national tourist organisation (CzechTourism).

The ultimate aim of the project applicable in practice results in **efficiency of spending in the marketing management of destinations** and change of view at the destinations as the competitive business units. **The methodology of monitoring of the selected regions and evaluating the performance of public finance invested in tourism development** is considered as the main output of the research.

The core of the project is the **methodology for measurement of the competitiveness at the regional (or local) tourist destination based on the model of competitiveness and the set of the tourism competitiveness indicators**. The tourism competitiveness indicators cover various perspectives of the **balanced scorecard model (BSC)**. The BSC model is applicable as the crucial strategic management tool with the strategy map in the tourist destination (destination management organisation). **Tourism policy** can use the strategy map and the BSC model as strategic management tools very effectively.

The defining of the model or set of the competitiveness indicators does not limit the scope of the project, but the results have to be implemented as the base for **strategic decision making and strategic marketing management in a tourist destination**, esp. regarding the public budget financing and its performance.

Practical verifying of the competitiveness model and measurement of the **performance of destination marketing management will be realised in summer 2014, based on the three pilot regions**. Both qualitative and quantitative research methods are envisaged to be applied in the project.

The aim and scope of the project can be summarized as follows:

- analysis of the available models for competitiveness monitoring and evaluation,
- design of the methodology (model) for competitiveness monitoring and evaluation,
- link up of the competitiveness model (regional/local level) with the BSC model,
- pilot verification - comparison of 3 Czech regions (domestic tourism + incoming).

The planned final output of the project is the **Methodology for competitiveness monitoring and evaluation at the regional (local) level in the Czech Republic**.

## 2. Theoretical background

### Tourism competitiveness at the regional level

Even though the concept of competitiveness is extremely common, the exact interpretation remains difficult and involves not only number of different angles, but also different breadth. The comprehensive and universally accepted definition of competitiveness does practically not exist. Modification of each definition differs, mostly depending on whether it is a competitiveness determined at the level of individual entities (micro-level), the competitiveness delimited by the unit at the regional level, the sector (meso-level) or the country (macro-level). Closer view of the definitions and subsequent evaluation is focused solely on the results of activities and performance, i.e. the evaluation of whether and to what extent is the operator able to succeed in the competition. Even these criteria have a significant variance from the purely economic, focused mostly on the performance<sup>1</sup> to the criteria involving other elements of sustainability (environmental and social responsibility). Wider perspective of the definitions and the evaluation in particular focuses more on the trajectory of indicators performance and includes the determinants of competitiveness.

**At the most general level, it is possible to understand competitiveness as the ability to achieve the objectives - the ability of efficient, flexible and innovative way to use the resources in the way to meet the interests of all stakeholders (customers, employees, owners, managers and residents).**

Relatively easiest way to define competitiveness is at the enterprise (micro) level. According to the team of authors cooperating in the Centre of Czech economy competitiveness (Blazek, 2007, p.15-16), the competitiveness of a company perceived as an economic success on a pre-defined market that is contingent on internal and external factors within the enterprise and that is reflected in the performance of the business. Benes (2006, p.12) combines competitiveness of the company with the ability to benefit from a good image. It allows businesses through the good brand to succeed better not only on the output market, but also in the means of market demand for employees, financial market and market of components.

More controversial is undoubtedly the macroeconomic level, especially regarding the difficulty of defining the success or failure of the region and country. According to Krugman (1997), fundamental difference is a fact that countries have no such thing as a turning point and the criterion of so called survival cannot be applied. One of the earliest and most frequently cited definitions of competitiveness at the national level is the one formulated by the Commission on Industrial Competitiveness of the United States President (Blazek, 2007, p. 34): "*National competitiveness is the degree to which a nation can, under free and fair market conditions, produce goods and services that meet the test of international markets, while simultaneously maintaining or expanding the real incomes of its citizens*". Another examples are definitions of the international institutions dealing with the long-term assessment of the competitiveness at the country level, as IMD (Klvacova, p. 31), OECD (2014) and WEF (2013, p. 4). A broader definition of the concept of competitiveness represents Kaderabkova (2003, s. 64): "*... a summary of the prerequisites for achieving sustainable growth performance and thus increase the economic level in terms of internal and external balance.*"

In the recent years, among others, due to the increasing globalization and regionalization the attention is focused on the evaluation of the competitiveness at the specific level referred to by economists as the meso level. Generally, this level can be called a system, as a set of disparate elements, among which exists some specific links. Benes claims that the systems can be distinguished according to the various criteria, where the key is broken down by territorial and sectorial criteria (Benes, 2006, p. 21). Competitiveness of the system must be assessed in a holistic approach, which does not apply the competitiveness of the system is simply the aggregated

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<sup>1</sup> At the micro level it is mostly about the different modifications of profit, return on equity and assets, economic added value or return on stocks, on the macro-level especially GDP level and employment.

competitiveness of its individual elements. Some definitions emphasize the importance of local businesses, other rather achieving an increasing standard of living. Storper defines regional competitiveness as *“the ability of the local economy to attract firms with stable or rising market shares and also the ability of this regional economy to ensure stable or rising living standard of the participating parties”* (Huggins, 2003, p. 89-96).

**Tourism destination** is essentially a system defined territorially and from the sectorial perspective. In the definition of competitiveness and subsequent holistic approach to its evaluation are then necessarily projected the indicators of macro-, micro- and meso-environment. Ritchie and Crouch (2003, p. 2) define competitiveness in tourism as: *“... its ability to increase tourism expenditure, to increasingly attract visitors while providing them with satisfying, memorable experiences and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destination for future generations”*. OECD defines competitiveness of tourism as following: *„Tourism competitiveness for a destination is about the ability of the place to optimize its attractiveness for residents and non-residents, to deliver quality, innovative, and attractive (e.g. providing good value for money) tourism services to consumers and to gain market shares on the domestic and global market places, while ensuring that the available resources supporting tourism are used efficiently and in a sustainable way“* (2013, p. 7).

The ability to succeed in the tough competition in the market cannot be understood as the achievement of a well-defined state, but as a process, which results in efforts to evaluate not only the outcome and performance, but also assumptions leading up to it (competitive advantage). Basis of approaches to achieving competitive advantage was given by David Ricardo, subsequently number of theories was formulated. However, none of them is able to include the complexity of the competitiveness solution. Comparative advantages are based on Ricardo's concept of comparative advantage in 1817, later reformulated by Heckscher-Ohlin theorem in 1919 and 1933, and reflect the diversity of factors amenities. According to its origin they are referred to as exogenous (given, immutable) and their natural origin is accentuated. In contrast, competitive advantages are seen as created (endogenous), reflecting the ability of a flexible, efficient and innovative way to use the resources. They build on the original concept of Schumpeter's technological innovation in 1912, based on the assumption that the competitive characteristics can be improved.

Theories following Ricardo emphasize the way of achieving competitive advantage through ownership of resources (resource-based approach). In the last few years / decades, the balance of resources affecting the maintenance of competitive advantage shifts mainly from the tangible resources to the intangible resources. According to Barney (1991, p. 99-120), to achieve competitive advantages the resources must be valuable, difficult to reach at the sources market, difficult to replace and difficult to reproduce<sup>2</sup>. Weight of the tangible resources in tourism is still relatively high, especially because of the abovementioned characteristics, however themselves they are not a guarantee of future competitive advantage.

A significant advance in the understanding and assessment of competitiveness meant the 80th, with so-called Harvard (position) approach to achieve competitive advantage, mainly represented by Michael Porter and his two flagship papers: Competitive Strategy in 1980 and Competitive Advantage in 1985. Basically, according to Porter achieving long-term competitive advantage depends on the attractiveness of the industry (with the use of the Five Forces Analysis) and taking desired position by using the Generic Strategies (Porter, 1994). Porter emphasizes the importance of the concept of the value chain, whereas value chain analysis is relevant not only to reduce costs, but also mainly to increase the added value for the customer (Porter, 1993). Porter transferred the gained knowledge to monitoring the competitiveness of

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<sup>2</sup> According to these sources, the properties of the model VRIO are constructed. It is based on the evaluation of resources in terms of their value, rarity, inimitability and usability of organization.

countries and summarized it in the next flagship publication "Competitive Advantage of Nation". His diamond of national competitiveness became the framework for the design of subsequent models, more or less based on it. The model builds on the resource-based approach, emphasizes their allocation and also the environment in which the entity operates.

The very existence or ownership of resources by itself is not a source of competitive advantage, but its attainment is conditional on the ability to use these resources effectively. The concept of key competencies presents for example Prahalad, Hamel (1990).

In the last two decades there has been a shift particularly in the acquisition of missing resources and competencies within the development of alliances and partner networks, but also in the development of customer relationships (Zuzak, 2011, p. 105, 112). Innovations are considered as a source of higher quality type of competitive advantages. Fundamentals of the competitiveness theory have been formulated in the native works of Schumpeter. Schumpeter (2004, p. 151) emphasizes the role of the entrepreneur which is the driving force behind efforts to achieve the monopolistic / above average profit and the role of the consumer, the only one able to decide whether innovation is useful to them or unnecessary. Since the nineties the new direction separates from the source approach. Grant (1996) formulated mostly its principle. The most important resource for achieving competitive advantage is knowledge (knowledge-based approach), its owners and users. Competitive advantage based on knowledge or creativity is sustainable because it is able to deliver high added value. Furthermore, it is bound to human resources and a specific environment. This features only just the given subject.

Wider range of tourism destination competitiveness evaluation must include the two sets of criteria. Firstly, criteria evaluating determinants of competitiveness, secondly, criteria evaluating success of the destination, or more precisely achieving the objectives of all stakeholders. The first group of factors reflects the assessment of sources of competitive advantage. The key is a field of the achieved goals evaluation. A brief review of various approaches to the definition competitiveness mentioned trend to expand the criteria of success evaluation from the purely economic also to the other areas forming the backbone of sustainability and taking into account the various interests of all stakeholders (public administration, private sector partners, visitors and residents). The relationship between competitive advantage and competitiveness is the relationship between cause and effect. Important is to take into account the time lag between the period of factors exposure and their projection on the performance of the company or destination.

The motive for creation of the BSC method (Balanced Scorecard) by Kaplan and Norton (2003) was this fact, or more precisely the belief that relying on the summary financial indicators limits the company's potential to generate future value. BSC retains the traditional financial indicators, but adds new scale drivers of future performance (Financial Perspective, Customer Perspective, Perspective of internal processes, Perspective of learning and growth). From the above mentioned, the connection to competitiveness is obvious. BSC method sets goals and metrics in the field of achieving competitive advantages (in terms of knowledge and experience of motivated employees, improving the quality of processes and creating the value for current and future customers), which - with a certain time lag - reflects in success of the company or destination (metrics and financial / performance targets).

## **Approaches to tourism competitiveness measurement**

Standardized assessment tourism competitiveness models more or less reflect the concept and definitions of tourism competitiveness in general and assume ratings based on objective and subjective data, as well as standard evaluation global competitiveness models.

Table 1: **Approaches to tourism competitiveness measurement**

<p><b>Porter's five forces analysis</b></p>	<p>Competitive advantage depends on the attractiveness of the industry (with the use of the Five Forces Analysis). Desired position relative to its competitors can be achieved by using the Generic Strategies - strategy of cost leadership and differentiation strategies targeted at specific market segments (Porter, 1993). Porter (1994) emphasizes the importance of the concept of the value chain. Number of experts considered it as obsolete as the limited criteria do not match the current dynamics of changes in the market environment.</p>
<p><b>Porter's Diamond of National Competitiveness</b></p>	<p>Model (Porter, 1990) became the framework for the design of subsequent models more or less based on this one. The design is based on the results of empirical research competitiveness in various sectors; the model is therefore well applicable in tourism, as well. Approach emphasizes the allocation of resources and the nature of the environment in which the entity operates. A certain disadvantage can be seen in the absence of criteria that would - in addition to resources and conditions - also evaluate the ability of their flexible and innovative application.</p>
<p><b>Ritchie and Crouche Model</b></p>	<p>Model (Ritchie, Crouch, 2003) is based on the above Porter's diamond model, but significantly extends and adapts the tourism industry. The evaluation factors include not only the micro (internal environment), but also the macro environment factors (external, global environment). The model is composed of more than thirty aggregate indicators grouped into five areas - key resources and attractions (natural, cultural, social, organized attractions, tourism superstructure), support resources and factors (availability, infrastructure, access to resources, business), destination management, tourism policy, planning and development (institutional framework, governance and activities), and supporting and empowering factors (qualifying and amplifying determinants - location, safety, consistency, ...) The advantage of this model is its broad scope, with an emphasis on destination policy, planning and destination management.</p>
<p><b>A. Poon Competitiveness Concept</b></p>	<p>Concept (Poon, 1993) is: "innovation - introduction of new products - is far more Important than low cost, differentiation or focus." The concept Poon also has two dimensions: macro- (or meso-) and micro-level. It deals with the competitive strategies for producers and tourism destination. Just as in the previous strategy, four key areas and strategies for achieving goals are set out. The strategy for tourism destinations includes an area of sustainable tourism ("put the environment first"), strategic development ("make tourism a lead sector"), strengthening distribution channels ("strengthen distribution channels in the marketplace") and the development of dynamic private sector partnerships ("build a dynamic private sector"). Poon's approach reflects boldly current market environment changes and driving forces of economic development with an emphasis on quality, innovation and cooperation.</p>
<p><b>WES Model</b></p>	<p>Within the WES model (Schumpeter, 2004, p. 123-124) not only the indicators measuring performance were constructed, but also the indicators driving force behind the performance. Factors affecting the competitive position were divided into five groups. Within these groups the partial indicators were further evaluated – macroenvironment, factors of supply, factors of demand and tourism policy. Model emphasizes the weight of macroeconomic indicators and indicators evaluating tourism policy.</p>
<p><b>Bordas Model</b></p>	<p>Bordas Model (Schumpeter, 2004, p. 126-127) accentuates the perception of factors on the side of the demand. Long-term demand for the destination is a function of preference in the source market, the perceived cost and performance of sales system. Thus, for long-term competitiveness are two elements essential: the perceived value / destination image and perceived costs. The advantage of this concept certainly is - in some models underestimated - customer access. Disadvantage is precisely this bias, incomplete list of evaluation criteria and unconfirmed validity (correlation of drivers and power).</p>

<b>WEF – TTCI</b>	The only institution currently engaged in evaluating competitiveness in the international tourism is the World Economic Forum, monitoring the competitiveness in tourism through the Travel and tourism competitiveness index. The TTCI is based on three subindexes - regulatory framework, business environment and infrastructure and human, cultural, and natural resources. Each of them is composed in turn by a number of pillars, of which there are 14 in all (WEF, 2013). As all previously mentioned models, even this one does not include indicators evaluating the performance of tourism. In addition, the model does not take into sufficient ability the use of conditions and resources - the ability to respond flexibly to changing market conditions and provides innovative solutions.
<b>OECD</b>	OECD is currently developing a set of indicators that should cover the whole issue of competitiveness evaluation - the area of evaluation resources, ability of their use and a transformation in quality products, including evaluation of public policies and the subsequent evaluation of the performance of tourism (Dupeyras, MacCallum, 2013). A set of proposed indicators appear to be the most comprehensive approach for evaluating the competitiveness of tourism at the level of individual countries so far.

Resource: own table

### 3. Proposal of the systemic competitiveness model for regional (local) level

Since the term competitiveness is a real issue concerning its content as well as implications, it is a tricky task to prepare a relevant competitiveness model at the regional level of a tourism destination. The presented model primarily stresses the point of view of a destination management company. Nevertheless it tries to cover various levels of competitiveness and its stakeholders/representatives. Four dimensions are covered by the regional model as described by Cunha and Cunha for tourism clusters (Cunha and Cunha, 2005):

- the meta level (esp. social cohesion),
- the macro level (e. g. direct and indirect tourism policies, regulation framework),
- the mezzo level (relations to DMO and other institutions, alliances and nets among the cluster companies, cooperation and interaction and other),
- and the micro level (e. g. organizational element advantages, human resources).

The methodology used by developing of the model is described in previous part taking advantage of Crouch & Ritchie model (2003), multifactor ranking research studies (WEF, IMD), Dwyer and Kim model (2003), cost-benefit analysis (CBA) presented by Adler and Posner (2001) or Mishan and Quah (2007), evaluation of resources (RBV, resource-based view) as presented by Lee and King (2008).

Regarding the different approaches to competitiveness concept and measurement, the red line was chosen and implemented to the proposed competitiveness model. The systemic and holistic competitiveness model reflects following aspects of competitiveness:

#### CONCEPT

- Regional level interconnecting the local and national level, as well as the micro- and macro level.
- The domestic tourism and incoming tourism.
- The economic dimension and the socio-cultural and environmental dimension according to the

concept of sustainability of a tourist destination. The model strives for making difference between the comparative and competitive advantages.

- Dynamic approach to the competitiveness combining the input and output factors of competitiveness.
- The different interest groups (players/stakeholders) involved in tourism can perceive the term competitiveness in different ways, so that the model attempts to cover four main groups, namely the destination management companies, the visitors (tourists), the private sector players and the residents.
- The model is based on Ritchie and Crouch approach to competitiveness as well as on the approach presented by the OECD.
- Recent findings on competitiveness are implemented in the model, namely in the innovation, knowledge networks, CRM systems or creativity.

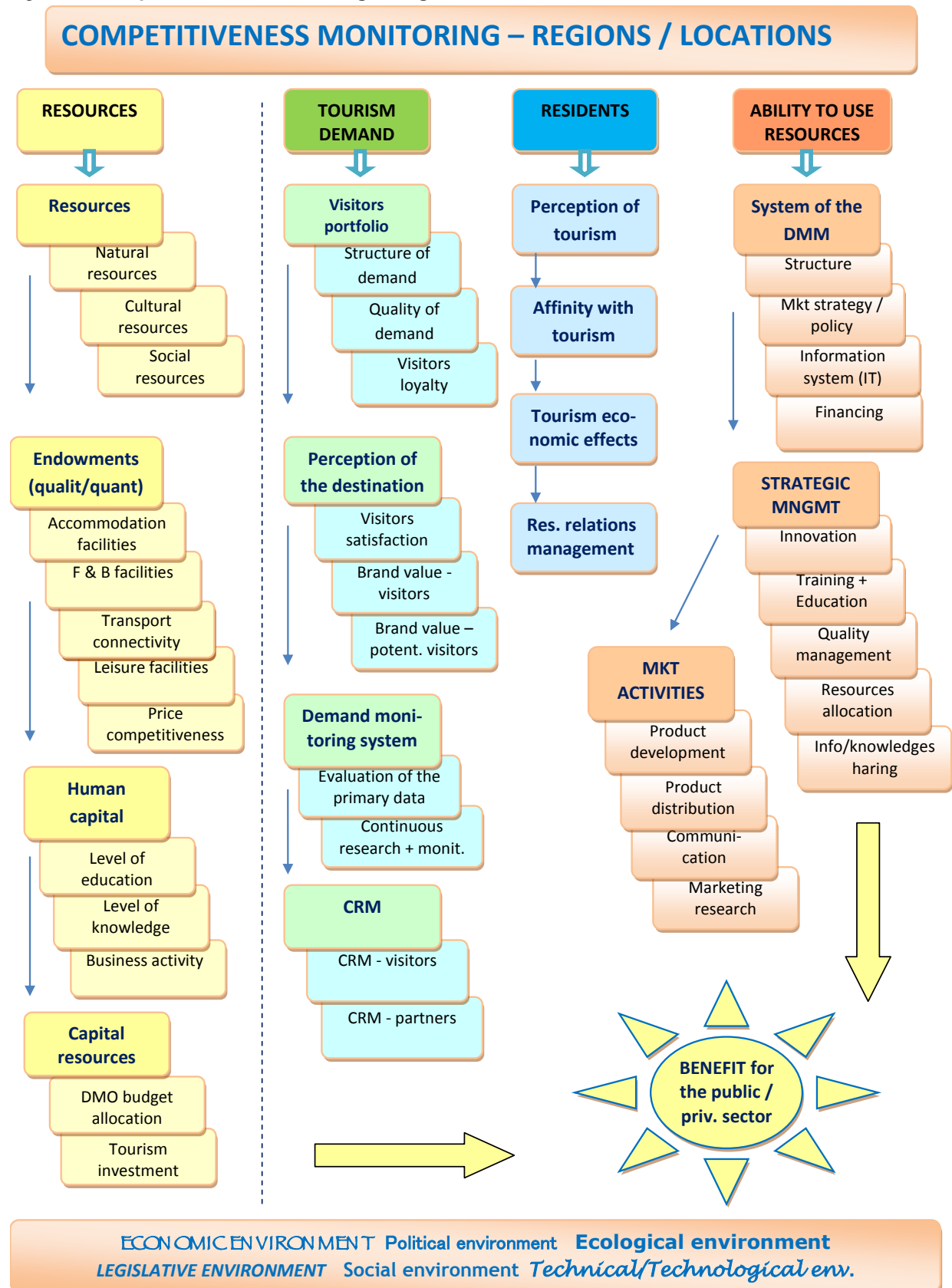
## **MEASUREMENT**

- The mixture of objective (hard) and subjective (soft) data are used in the model, because of various stakeholders in a tourist destination and their perception of competitiveness.
- The Ritchie and Crouch model (2003), the OECD (2013) and the TPCI (2013), other are the base for the model, but supplemented by new indicators referring to the innovation-driven and the knowledge / creativity-driven stage of competitiveness.
- Although the regional level represents the central point of the national system of management of the tourist destination, the measurement and evaluation is difficult esp. in the field of tourism economic impact.
- Each of the four pillars of the model and the parts of the pillars has to be valued by the weight. The proposed evaluation for resources amount to 40 %, for tourism demand 25 %, for residents 10 % and for ability to use resources 25 %. The proposed weight distribution will be verified by the research.
- Prioritization of the indicators - the break-down of the indicators by their priority and availability in the long-term.
- Decision on the methods of data collecting and processing and method of evaluation of results. Concerning the evaluation of the results, primarily the five-point scale is supposed to be applied.

The proposed model and its single parts cannot be the end of the process by itself. That is why destination managers should consider the model to be a source of indicators that are relevant to evaluate and draft the destination policy.



Figure 1: Competitiveness Monitoring – Regions / Locations



Resource: own table

## 4. From the model of competitiveness to the balanced scorecard

The previous competitiveness model should not be the final goal itself. This model should be understood as the effective tool for strategic destination marketing management and tourism policy respectively.

Since the tourist destination should be managed as a private company with some exemptions (e. g. Palatková, 2011), the balanced scorecard (BSC) model was adopted as the model reflecting the most substantial parameters of the previous competitiveness model. In the literature and praxis, the BSC model has been usually applied quite rare in the tourist destination (e. g. DeCarlo et. al, 2008; Palatková, 2012; Palatková and Tittelbachová, 2012, 2013). The application of the BSC in the hospitality was simplified to the performance measurement tool (e. g. Evans, 2005; Sainaghi, 2010; Min et. al, 2008). The real opportunities of the BSC model in destination strategic management remain still underused.

The BSC model represents the complement to the strategy map not only in the private company (Kaplan and Norton, 2008), but also in the tourist destination. The destination management system pursues the system performance and competitiveness and enables to connect the operational and strategic processes and activities. The BSC model allows covering various interest groups, time periods or strategic and operational goals and processes using the four (five) perspectives (Kaplan and Norton, 2005), namely:

Referring to the performance of the organization (destination) *“... the strategy map and scorecard communicate the outcomes to be accomplished, allowing innovation at middle and lower levels of the organization to find new and different ways to achieve the targeted performance.”* (Kaplan, 2012, p. 542).

Detailed view on the BSC (Table 2) associates the indicators of competitiveness arranged in the competitiveness model. Although the perspectives in the BSC concentrate on the partners, residents, financing, visitors, internal processes and learning and growth, in fact they remind **the structure of the indicators specified by the OECD** (OECD, 2013). The OECD classifies the indicators in four groups – indicators monitoring the attractiveness of the destination, indicators measuring the tourism performance and impacts, indicators monitoring the ability of the destination to deliver quality and competitive tourism services and indicators describing policy responses and economic opportunities.

Table 2: The BSC – destination at regional (local) level

<b>The Balanced Scorecard System (BSC) - DESTINATION - REGIONAL (LOCAL) LEVEL</b>			
<i>Global goal: Regional competitiveness increasing based on sustainable tourism.</i>			
<b>1. PARTNERS (STAKEHOLDERS) + RESIDENTS PERSPECTIVE</b>			
<b>GOALS</b>			
<b>Satisfaction of the public / private sector</b>	<b>Quality of life - growth + development indicators</b>	<b>Balance Budget - performance of the marketing campaigns</b>	<b>Business effect measurement</b>
<b>MEASUREMENT /METHOD</b>			
primary research	primary research	audit of the marketing campaigns	primary research
<b>TYPE OF INDICATORS (examples)</b>			
number of official partners (public / private sector) + satisfaction rate	residents' perception of tourism benefits + attitude to tourism	relevant indicators (OHT, OTS, TVR, PPC, CTR, CPA and other)	turnover generated by the distribution (sales) of the DMO
survival rate of companies	satisfaction of residents	ROI - return on investment	number of clients
<b>2. FINANCIAL + PERFORMANCE-RELATED PERSPECTIVE</b>			
<b>GOALS</b>			
<b>Price competitiveness</b>	<b>Visitors' consumption</b>	<b>Financial indicators in the private sector (tourism)</b>	<b>Tourism economic impact</b>
<b>MEASUREMENT /METHOD</b>			
on-line survey focus on accommodation rates	primary research / secondary data (CSO)	primary and secondary quantitative research	primary research / regional TSA
<b>TYPE OF INDICATORS (examples)</b>			
average rate in CAE	tourists / excursionists consumption	turnover in selected sample of CAE	impact on GDP
average rates of selected services	average expenditure for a trip incl. the structure of the expenditure	ADR / RevPar in selected sample of CAE	impact on employment
<b>3. VISITOR PERSPECTIVE</b>			
<b>GOALS</b>			
<b>Loyalty of the visitors / CRM</b>	<b>Satisfaction of the visitors</b>	<b>Quantity and quality of demand</b>	<b>Perceived brand value of the region</b>
<b>MEASUREMENT / METHOD</b>			
qualitative / quantitative research / benchmarking	primary research / benchmarking / analysis of the clients' review	consumer behaviour research	consumer behaviour research
<b>TYPE OF INDICATORS (examples)</b>			
rate of repeating visits	reasons of satisfaction	principal information source (decision making process)	value advantage for (potential) visitors
average daily attendance of the DMO web sites (RU)	reasons of dissatisfaction	category and class of overnight facilities	brand vitality
average time spent in the sites / modules (ATS)	willingness to recommend the selected regions to F & R	number of nights in CAE (CSO) / IAE - related to 2nd perspective	brand confidence
<b>4. INTERNAL PROCESS PERSPECTIVES - NEW AND INNOVATION PROCESSES (Action Plan)</b>			
<b>GOALS</b>			
<b>Tourism planning and Financing</b>	<b>Customer management process</b>	<b>Innovation process</b>	<b>Resources management</b>
financing (allocation)	demand monitoring system	product innovation	resources allocation + resources performance monitoring
quality management	continuous research + monitoring	process innovation	information acquiring and management / sharing
information + knowledge sharing (CRM - partners)	CRM	marketing innovation	sustainability
<b>Integrated information system (incl. MIS, CRM)</b>	<b>Product development</b>	<b>Distribution strategy</b>	<b>Communication (Brand) strategy / Brand value management</b>
<b>5. LEARNING AND GROWTH PERSPECTIVE</b>			
<b>GOALS</b>			
<b>Human capital</b>	<b>Organisation capital</b>	<b>Information capital</b>	<b>Technological capital</b>
qualified and motivated colleagues	system of destination marketing management	marketing information system	ICT in communication and mkt research
<i>CAE - collective accommodation establishments, IAE - individual accommodation establishments</i>			
<i>CSO - Czech Statistical Office</i>			

Resource: own table

## 5. Results and discussion

The competitiveness model and the BSC model are closely connected. The BSC was derived from the broader competitiveness model. The connected fields (perspectives) and items are closely interconnected in both models. Two questions have to be answered from the practical point of view:

**1. Who are the beneficiaries of implementation of both models and why?**

**2. The data availability and the managing and financing of the data collecting and processing?**

Regarding **the beneficiaries**, two principal groups can be observed. Firstly, the regions (municipalities), DMO, private sector and residents. Secondly, the CzechTourism (NTO). The advantage for the first group consists in the methodology for competitiveness measurement connected with the DMO performance (management tool). The DMO needs the feedback to launch more effective strategies and to make better use of regional comparative advantages. The economic and non-economic tourism effects have to be put into practice impacting the private sector and residents (households).

The CzechTourism achieves a set of basic performance indicators at the regional level as a supportive tool to design the national marketing strategies for domestic and incoming tourism incl. their financial support. Finally, the monitoring of the determined indicators should enable the more efficient management of public resources.

Concerning **data availability in the Czech Republic**, most of the data needed for construction of the model are not available at present days as depicted in table 3. The research design and survey tools are summarized incl. target groups, data collection method and proposed evaluation of the data (esp. using the measurement five-points scale).

Three pilot regions were selected **to test the competitiveness model and the BSC** - Czech-Moravian Highlands, South Moravia and Central Bohemia. To realize the pretest procedures, the set of hypotheses has to be proposed, focusing primarily on the following topics:

- Correlation between existence of destination management system / strategic management / destination marketing activities on the one hand and **competitiveness increasing on the other hand**.
- Correlation between existence of destination management system / strategic management / destination marketing activities on the one hand and **benefits for the public / private sector on the other hand**.
- Correlation between existence of destination management system / strategic management / destination marketing activities on the one hand and **residents' satisfaction** on the other hand.
- Even though the (hard) resources represent the crucial asset of a destination and thus the necessary condition for tourism development, they are not the sufficient condition for achieving higher competitiveness of a destination. The strong presence of resources itself doesn't guarantee a high level of competitiveness.
- High-powered human capital and innovation means higher level of competitiveness.
- More positive visitors' perception of the destination counts for better financial indicators in the private sector.

The framework hypotheses have to be worked up in the planned research.

The application of the model is **limited** by the unavailability of data, the time and space comparison among the regions and the maintenance of continuity of monitoring. The relevant relative indicators have to be defined to keep the model dynamic in long term. Last but not least only the indicators directly connected with tourism are included in the competitiveness model and in the BSC.

The indicators will be grouped by urgency as classified by the OECD (2013) into three groups – the core indicators, supplementary and future development indicators. Each indicator is described by its aim, interpretation, weights and other attributes (incl. financial cost).

Table 3: The competitiveness model and BSC - data availability in the Czech Republic (2014)

Group of indicators	Respondents / Target group	Main methods of data collecting	Data obtained	Evaluation	Data availability
<b>RESOURCES</b>					
Natural resources	x	sec data mainly	quant data	scale 1 - 5	data to be adapted
Endowments	x	sec data mainly	quant data	scale 1 - 5	data to be adapted
Human capital	DMO, private sector	prim / sec data	quant data	scale 1 - 5	data on bus. activity only
Capital resources	DMO	sec data mainly	quant data	scale 1 - 5	data to be adapted
<b>TOURISM DEMAND</b>	<b>visitors / DMO</b>	<b>FTF / focus group / on-line monitoring</b>	<b>quant data</b>	<b>various approaches</b>	<b>partly available</b>
Visitors portfolio	visitors	prim / sec data	quant data	various approaches	yes except of data on visitors loyalty
Perception of the destination	visitors	prim / sec data	quant / qual data	various approaches	yes except of data on brand value
Demand monitoring system	DMO	prim data	quant / qual data	various approaches	no
CRM	DMO	prim data	quant / qual data	various approaches	no
<b>RESIDENTS</b>	<b>residents</b>	<b>FTF / focus group</b>	<b>quant / qual data</b>	<b>scale 1 - 5</b>	<b>no</b>
Quality of life	residents	prim / sec data	quant / qual data	scale 1 - 5	data to be adapted
Satisfaction with tourism	residents	prim data	qual data	scale 1 - 5	no
Tourism economic effects	residents	prim data / CSO	quant data	scale 1 - 5	no
Residents relations management	residents	prim data	quant / qual data	scale 1 - 5	no
<b>RESOURCES PERFORMANCE</b>	<b>DMO / private / public players</b>	<b>FTF / on-line monitoring</b>	<b>quant data</b>	<b>mainly scale 1 - 5</b>	<b>partly available</b>
System of destination marketing management	DMO	prim / sec data	quant data	scale 1 - 5	partly available
Strategic management / Tourism policy	DMO	prim / sec data	quant data	scale 1 - 5	partly available
MKT activities	DMO + private + public players	prim / sec data	quant data	scale 1 - 5	partly available
BENEFITS for the public/private players	DMO + private + public players	prim / sec data	quant data	scale 1 - 5	partly available

*DMO - destination management organisation, FTF - face to face interviewing,*

Resource: own table

## 6. Conclusion

With respect to the purpose and limits of the model as well as the current situation in the destination marketing management in the Czech Republic, the essential benefits and costs of the both above mentioned models for the regional level (destination management organisation) can be summarized as follows.

Benefits of the competitiveness model and BSC model for the regional level:

- Systemic and holistic approach to the competitiveness (in contrast to the simplified approach based on number of overnights or arrivals).

- Relevant determining of strategic goals and indicators of success rate.
- More effective decision on the (financial) resources allocation.
- Transparent implementation of strategic documents.
- Measurement of performance of marketing activities at the regional level.
- Facilitating of the analysis of reasons of bad results.
- Ability to argue the tourism importance towards to the political scene.
- Including the sustainability criteria in the models.

To balance the advantages with disadvantages, the costs of the DMO (public budget) have to be emphasized, especially:

- Increase of cost on marketing research.
- Growing demand on the destination information system in terms of capacity, structure, number and groups of users, commercialisation of the system and other aspects.
- Increasing requirements on management and control of the system and process of destination marketing management.
- Intense pressure on the better coordination and communication as well as on the transparency of information providing and sharing.

Realization of the research is the next step of the project. In the first phase, the indicators focusing primarily on financing the DMO activities and its performance, regarding the benefits for residents and public as well as private sector will be prioritized. Afterwards, more detailed indicators can be monitored and discussed.

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