

## Competitiveness on the International Tourism Market

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**Abstract:** This paper comes to present and analyze the features of tourism in the main countries in Central and Western Europe, as well as the different strategies these countries adopt in order to maintain the competitiveness of the field. In the beginning, we have defined competitiveness, as the prerequisite of market success, we have analyzed its components and the main factors that determine it, as well as the competitiveness – competitive advantage relation. During the last years, competitiveness has turned into one of the common concepts used in order to approach and describe the sustainable development of the tourism and travel industry. Expert literature has defined concepts such as tourism and travel competitiveness or touristic destinations competitiveness, suggesting not only the significance of the concept but also the emphasis that touristic organizations should lay on this aspect. The competitiveness of touristic destinations and, generally speaking, the global competitiveness of the tourism industry became vital for the survival and growth of the touristic organizations on the international market, provided by the growth of spare time and the growth of the level of income that is available for spending the time.

**Keywords:** competitiveness; tourism industry; destinations; rank

**JEL Classification:** D41, L80, L83, L89

### 1. Introduction

The European tourism industry faces a series of significant challenges. Although the total number of international incomings in Europe is still rising, Europe has lost a part of its market share lately. Tourism became a global phenomenon, that involves the fact that Europe must compete with other worldwide destinations. Moreover, globalization, the internet and the rapidly changing consumers' behavior have a more and more significant impact on the tourism industry, as well as the more significant concern regarding the ecological pattern of activities in tourism.

Tourism is an essential field of the European economy. It contains a variety of products and destinations and involves many actors, both from the public and private sphere, with very decentralized qualification areas, often at a local and regional level.

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The tourism industry generates more than 5% of the European Union GDP, with as much as 1.8 million of companies that represent nearly 5.2% of the total labor force (nearly 9.7 million workplaces). If we take into account the related fields, the estimated contribution in the GDP is far more significant: tourism generates in an indirect manner more than 10% of the EU GDP and it employs as much as 12% of the labor force.

There are numerous other definitions of competitiveness. For example, the Organization for Economic Cooperation and Development defines it as: “the ability of the companies, fields, regions, states or supranational organizations, finding themselves in an international competition, to ensure in a sustained manner a high income from the capitalization of the factors of production, as well as a superior income from the capitalization of workforce”.

This definition emphasizes in a clearly manner the decisive impact the competitiveness of a nation has on the level of incomes and implicit on the living standard in that country, emphasizing the social finality of the competitiveness growth.

Another definition was elaborated by the General Directorate for Economic and Financial Affairs with the European Commission. “Competitiveness – experts of the European Commission claim – is the ability of one country to coordinate the economic growth with the external balance; at the basis of the external performances of the industrialized countries stands the essential significance the foreign trade represents. Though, emphasizing the role that the product differentiations has in the competitive strategies of the companies, the industrial economy has limited this type of approach, considering that it does not represent an adequate basis for a broad evaluation of competitiveness.”

## **2. Tourism Competitiveness**

The International Institute for Management Development elaborates each year a classification of the most competitive nations in the world, upon a well-defined set of criteria, trying on one hand to provide useful information to the interested investors, and on another hand, to provide a documentation material useful to the analysts. The study analyses the competitiveness concept including the theoretical point of view, trying to explain the way the main criteria that lay at the basis of the study enroll in the general frame of defining the competitiveness idea. Therewith, the respective study contrasts a series of specific elements considered to be competitiveness factors: attractiveness versus cohesion, proximity versus globalization, assets versus processes, individual risks assumption versus social cohesion.

The first pair factor consists of the “attractiveness – aggressiveness” elements and it is considered to determine the differentiation of nations by the way they administrate their relations with the international business community. Traditionally, competitiveness is considered as international “aggressiveness” of countries, materialized through exports and foreign direct investments. Countries such as Germany, Japan, China, South Korea have successfully adopted this kind of strategy. Other countries (Ireland, Singapore), administrate their competitiveness by stimulating investments and making them more attractive by doing this.

Aggressiveness generates incomes in the origin countries, but no workplaces. Attractiveness creates workplaces in the host countries of the foreign direct investments, but they can bring low incomes due to the offered incentives. And so, no country, not even those with a high level of welfare, can ignore attractiveness, especially due to the strong impact on the workplaces.

Even though, theoretically, countries should consider both factors in order to successfully compete on the actual international market, many of them are oriented towards a single one. Thus, Ireland is not extremely aggressive on the international market, and South Korea is not attractive for the investments; the United Kingdom, considered to be an advocate of aggressiveness tends to become preponderant attractive, and Switzerland follows a totally contrary trend. The only country that seems to remain as well aggressive and attractive is the USA.

World Economic Forum claims in its yearly report that “Tourism competitiveness is an important economic indicator. It is a major element in economic stimulation packages. Tourism is among the largest employers in most countries and also a fast-lane vehicle into the workforce for young people and women. Encouraging travel boosts consumer and business confidence; it strengthens two-way trade and promotes export income”.

In 2011, 983 million international touristic incomings were registered all around the world, with an increase of 4.6% compared to 940 million in 2010. The first 25 international tourist destinations in 2011 were:

Rank	Country	UNWTO Region	International tourist arrivals (2011) / million	International tourist arrivals (2010) / million	Change (2010 to 2011)
1	France	Europe	79.5	77.1	+3.0%
2	United States	North America	62.3	59.8	+4.2%
3	China	Asia	57.6	55.7	+3.4%
4	Spain	Europe	56.7	52.7	+7.6%
5	Italy	Europe	46.1	43.6	+5.7%
6	Turkey	Europe	29.3	27.0	+8.7%
7	United	Europe	29.2	28.3	+3.2%

	Kingdom				
8	Germany	Europe	28.4	26.9	+5.5%
9	Malaysia	Asia	24.7	24.6	+0.6%
10	Mexico	North America	23.4	23.3	+0.5%
11	Austria	Europe	23.0	22.0	+4.6%
12	Russia	Europe	22.7	20.3	+11.9%
13	Hong Kong	Asia	22.3	20.1	+11.1%
14	Ukraine	Europe	21.4	21.2	+1.0%
15	Thailand	Asia	19.1	15.9	+19.8%
16	Saudi Arabia	Middle East	17.3	10.9	+59.8%
17	Greece	Europe	16.4	15.0	+9.5%
18	Canada	North America	15.9	16.1	-0.8%
19	Poland	Europe	13.4	12.5	+7.1%
20	Macau	Asia	12.9	11.9	+8.4%
21	Netherlands	Europe	11.3	10.8	+3.8%
22	Singapore	Asia	10.3	9.1	+13.4%
23	Hungary	Europe	10.2	9.5	+7.8%
24	Croatia	Europe	9.9	9.1	+9.0%
25	South Korea	Asia	9.7	8.7	+11.3%

Source: "2012 Tourism Highlights". UNWTO. June 2012.

Competitiveness suggests safety, efficiency, quality, high level of productivity, successful adaptability, modern management, superior products. The touristic potential of one destination grows at the same time with the number of its components, their quality, the way of territorial association, etc. the success of one tourist destination is determined by the way it succeeds in guaranteeing as well as ensuring its visitors, through its whole offer, an experience that matches or outruns the multiple alternative destinations. The main factor of success of one destination is represented by the attractiveness elements it offers: natural and anthropic tourist attractions doubled by the multiple options for spending free time both by day and by night, according to the actual competition conditions.

UNWTO Tourism Highlights, 2012 Edition assumes that by 2011, more than 503.96 million international tourist arrivals were registered in Europe, with a 6.2% increase comparing to 2010. In 2011, the top ten destinations were:

Rank	Country	International tourist arrivals (2011)/ million
1	France	79.50
2	Spain	56.69
3	Italy	46.12
4	Turkey	29.34
5	United Kingdom	29.19
6	Germany	28.35
7	Austria	23.01
8	Russia	22.69
9	Ukraine	21.42
10	Greece	16.43

Source: "2012 Tourism Highlights". UNWTO. June 2012. and "World's top destinations by international tourism receipts". World Tourism Barometer. UNWTO. May 2012.

Tourism industry in Europe became a major significant field for the European economy. As the tourism demand in Europe has constantly risen, the tourism companies have generated additional workplaces and investments. In the last decade, the rate of workplaces creation in the European tourism industry was over the average, from the whole European ensemble point of view. Tourism industry plays a significant role regarding the employment for women, young persons and the low qualified persons. Due to this phenomenon, the tourism industry has been considered an industry with a decisive impact on reaching the European goals for economic and workplaces development, as it is postulated in the Lisbon Strategy.

The cash returns in the international tourism have risen to 1.03 billion US dollars (740 million Euros) in 2011, which corresponds to a real growth of 3.8% compared to 2010. The World Tourism Organization reports the following countries as the top ten returns states in 2011, with the United States of America on the first place, at a great distance from the other top countries.

Rank	Country	UNWTO Region	International tourism receipts (2011)
1	United States	North America	\$116.3 billion
2	Spain	Europe	\$59.9 billion
3	France	Europe	\$53.8 billion
4	China	Asia	\$48.5 billion
5	Italy	Europe	\$43.0 billion
6	Germany	Europe	\$38.8 billion
7	United Kingdom	Europe	\$35.9 billion

8	Australia	Oceania	\$31.4 billion
9	Macao (China)	Asia	\$27.8 billion
10	Hong Kong (China)	Asia	\$27.2 billion

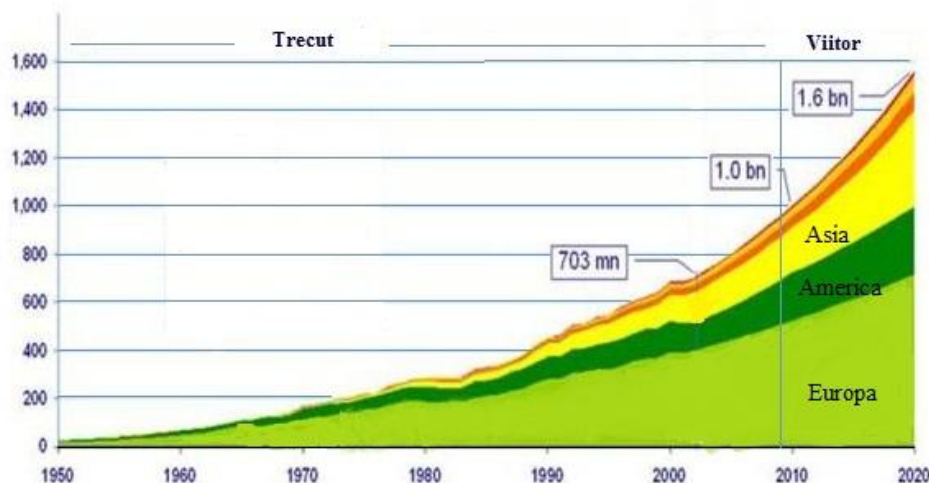
Source: "World's top destinations by international tourism receipts". World Tourism Barometer. UNWTO. May 2012.

The World Tourism Organization specifies that the following countries would be the top ten most spendthrift countries in the international tourism of 2011:

Rank	Country	UNWTO Region	International tourism expenditure (2011)
1	Germany	Europe	\$84.3 billion
2	United States	North America	\$79.1 billion
3	China	Asia	\$72.6 billion
4	United Kingdom	Europe	\$50.6 billion
5	France	Europe	\$41.7 billion
6	Canada	North America	\$33.0 billion
7	Russia	Europe	\$32.5 billion
8	Italy	Europe	\$28.7 billion
9	Japan	Asia	\$27.2 billion
10	Australia	Oceania	\$26.9 billion

Source: "World's top destinations by international tourism receipts". World Tourism Barometer. UNWTO. May 2012.

The European region will remain the most important tourist destination in the international tourism. By 2020, Europe will maintain its international arrivals percentage, even though this percentage will decrease from 60% in 1995 to 46% in 2020. In absolute figures, this phenomenon corresponds to a growth of nearly 400 million arrivals, up to 717 million international tourist arrivals.

**Table 1. Estimated evolution of the international tourist arrivals, 1950-2020**

Source: World Tourism Organization

### 3. Conclusions

Two of the most significant innovations that have influenced the structure of the tourism industry in the last 15 years are, undoubtedly, the emergence of low cost transporters and the Internet. With a high access to the internet, the consumers were able to book, at a stroke, for example, online transportation or accommodation, at as much as the same price as the one offered by a tourism operator. These innovations have had a significant impact on the structure of the tourism industry. New concepts, called “dynamic wrapping” (where consumers can plan all their holidays) have been introduced by the tourism operators, as a response to this evolution. Up to now, this concept has been used especially on the more mature markets, such as the Central and Western European ones.

As it has been shown before, 14 European destinations have been successfully registered in the top 25 2011 international tourism destinations.

Europe, as a tourist destination, offers a large variety of attractions. These attractions include culture, funfairs, festivals, museums and gastronomy. Excepting these attractions, which represent the basis of tourism development, the niche products, that gain more and more importance, interact with the wellness tourism, ecotourism and the active tourism. Even though most of the attractions have a limited coverage in tourist attraction, most of the tourists visit a region due to the diversity of the specific attractions.

Cultural tourism represents one of the largest and fastest developing markets, and the cultural and creative industries are more and more used in order to promote destinations and grow their competitiveness and attractiveness.

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