

## COMPETITIVENESS THROUGH SUSTAINABILITY AND FINANCIAL EFFICIENCY OF SPA TOURIST DESTINATIONS

**Băbăiță Carmen**

*University of the West Timisoara,*

*Faculty of Economics and Business Administration*

**Ispas Andreia**

*University of the West Timisoara,*

*Faculty of Economics and Business Administration*

**Aniș Cecilia - Nicoleta**

*University of the West Timisoara,*

*Faculty of Economics and Business Administration*

*In the specific literature, success may be achieved by two important attributes: competitiveness and sustainability. Competitive advantage represents an essential criterion for surviving on the tourist market and defines the ability of one destination to use these resources effectively and in the long term. The paper work continue a study begun last year by the same authors about tourist perception of attractiveness of the two tourist SPA destinations (Buziaș and Băile Felix) on a different market segment (18-35 years old people). This time, we undertake an analysis on SC Turism Felix SA in order to determine and underline the tourist competitiveness through sustainability and financial efficiency (tourism performance indicators evolution, market share, turnover, investment volume, financial returns and costs).*

*Keywords: Competitive advantage, financial efficiency, sustainability, SPA*

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A certain destination may be considered successful if it offers its visitors a similar or better experience compared to other destinations. Therefore, all that a destination offer to a potential visitor in terms of information, images, impressions, must be appealing and interesting. Thus, the destination may be competitive on the market.

Competitiveness in tourism defined as “the level a nation, under the circumstances of a free and honest market, can provide competitive goods and services increasing its citizens’ real income”<sup>237</sup>, competitiveness is therefore a challenge available not only to nations but also to worldwide regions and cities/ resorts.

Tourism companies should be aware of the fact that, nowadays, they operate on powerful competitive markets, and they have to come up with those specific elements in order to obtain profits considering their consumers’ needs, thus distinguishing themselves from the other companies. Hence, one can define tourism competitiveness as “*the ability to cope with competition efficiently and productively*”.

Although the issue of competitiveness of tourist destination has been approached by many researchers, such as M. Porter, who put into practice the diamond pattern for tourism, Crouch and Ritchie have designed a pattern being named after them a.s.o., at the moment there is no singular pattern. However, the existing patterns have many common elements, which have different names.

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<sup>237</sup>Kotler Philip - *Marketingul locurilor*, Teora, București, 2001, p. 232

The concept of sustainable development has been set during years, within scientific debates worldwide and has been awarded specific political connotations within the globalization process. Sustainable tourism is a new approach for tourism and entertainment development in a country, region or tourist destination. This approach considers the main principles of sustainable tourism and embraces concerns for social equity and quality of life, environmental protection, cultural diversity and local economy of the host region. The relationship among these three pillars is represented by a concept called “*sustainability triangle*.” According to this pattern, a society is divided into three main groups called “dimensions”:

- *Social dimension*: elements concerning health, education, training, culture etc.;
- *Environmental dimension*: natural resources, quality of environment, biodiversity, etc.;
- *Economic dimension*: technology, fixed assets, financial means etc.;

The purpose of sustainable development is to maintain a balance among these three dimensions, both locally, nationally and internationally. Lately, there has been added a fourth dimension, concerning the preservation of cultural heritage and traditions.

Purpose of the paper and research directions:

This paper undertakes a study to determine and underline the tourist competitiveness of a major tourist destinations, spa resorts S.C.Turism Felix S.A.

We have taken into account *three research directions*:

- tourist competitiveness through activity's financial performance: 2005-2009
- evolution of tourism performance indicators (average level (days) and number of tourists, turnover)
- an analysis based on quality services and correlation between staff competency (according to their training in tourism) and tourist satisfaction.

Research methods and results

The resort's competitiveness based on the growth of the activity's financial performance

The financial performance of the activity intends to highlight the efficiency ratio between the profit effects and the efforts needed to obtain them.

$$r = \text{Effect/Effort} * 100$$

The measurement of the financial performance is made taking into consideration the size used to create it and is made throughout a number of rate.

- Profitability rates; they are build as a ratio between profit and income results and expenses.
- Rentability rates: they are build as a ratio between the profit results and the actives or capital.
- Stock return rates: they track the stock investment efficiency.

The building of the financial performance rates, generally reports a profit result, either to a workflow or to a stock, intending to best characterise the economic performance of the company. The different rates used have different information power, reflecting the efficiency of different sides of the whole activity.

The rates that are build taking into consideration the advanced capital express the investors interests, while the rates build on the consumed resources express the managers interests.

In this article we will analyze the commercial profitability rate and the consumed resources profitability rates, by using the available information.

*Tabel no.1 Profitability rates analysis for SC Turism Felix SA*

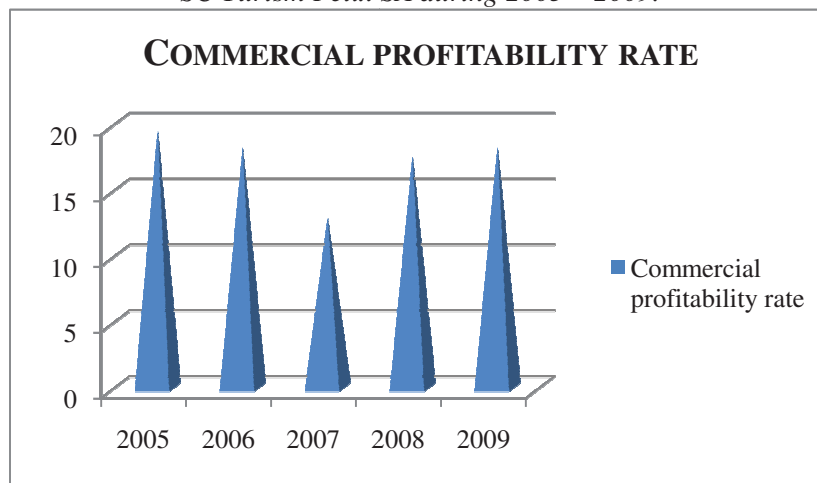
Specificati on	Period of time					U M lei
	2005	2006	2007	2008	2009	
Gross result form exploitatio	6.891.218	6.838.223	5.650.000	8.460.000	9.755.000	

n						
Business revenue	35.374.369	37.494.458	43.918.000	48.300.000	53.300.000	lei
Exploitation expenses	29.121.774	32.829.832	39.760.000	41.250.000	44.945.000	lei
Commercial profitability rate	19,48	18,24	12,86	17,52	18,30	%
Consumed resources profitability rate	23,66	20,83	14,21	20,51	21,70	%

The commercial profitability rate characterise the commercial policy efficiency (supply, store and sell) and te competition between the company's products reflecting especially their price policy. The commercial profitability rate is determined by reporting the result of exploiting to the result of the business revenue . Thus we evaluate the company possibility to generate a certain level of profit for a given size of the business revenue.

In the economic practice it is considered that a commercial profitability rate of 5 to 20% is acceptable. If the company achieves a great sales volume, this rate will decrease without threatening their market position.

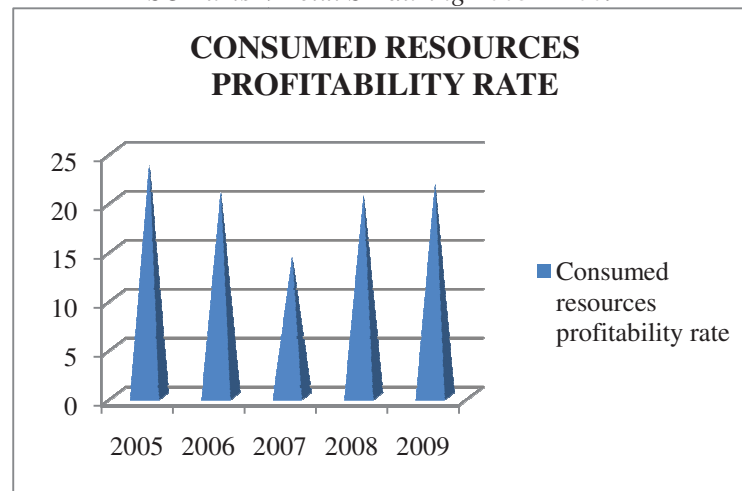
*Figure no 1. The commercial profitability rate evolution at SC Turism Felix SA during 2005 – 2009.*



In the case of SC Turism Felix SA we observe the fact that the commercial profitability rate register an ascending trend, reaching a minimum value for those 5 years of 12,86%, in 2007 reaching then the value of 18,30% in 2009.

The consumed resources profitability is established by reporting the business revenue result to the entire cost of the sold production. This rate is also known as the standard model for the profitability rate and it measures the capacity of the activity to generate profit through costs. The recommended level of the consumed resources profitability rate is between 5% and 20%.

Figure no 2. The consumed resources profitability rate at SC Turism Felix SA during 2005 – 2009



The case of SC Turism Felix SA, the consumed resources profitability rate, as the commercial profitability rate registers a minimum value of 14, 21 % in 2007, with an ascending tendency in 2009, to the level of 21, 70%. The growth reserves of the commercial profitability rate as of the consumed resources profitability rate refers to: improving the structure of services, in the way of growing the shares of those with high commercial profitability rate. Also rising prices; increasing the power to negotiate with the suppliers and obtaining good prices; sales increase (high occupancy of the hotel's rooms)

#### The evolution of performance tourism indicators: 2006 - 2008

We took into account for this study performance indicators as average level (days) and number of tourists, turnover (See table no 2)

As you can see from the table below the average level of accommodation inregistered a continuously growth from 6,77 days in 2006 to 7,16 in 2008 although the number of tourists during the analyzed period has decreased (66.136 tourists to 60.644 tourists). The continuously growth of the average level of accommodation determined an increase of the turnover from 37.494.458 RON in 2006, to 55.448.042 RON in 2008.

Table no 2. General Tourism Indicators SC Turism Felix SA

Year	Average level of accommodation (days)	Turnover (RON)	Number of tourists(persons)
2006	6,77	37.494.458	66.136
2007	7,05	43.341.563	62.569
2008	7,16	55.448.042	60.644

Source: data where processed by the authors.

Data where collected from SC Tourism Felix SA

#### Analysis based on employee compentecy and tourist satisfaction.

From the table (Table no 3) below you can see the level of qualification of employees to SC Tourism Felix SA. Tourism professionals say that the staff must have a training or faculty tourism background, qualification but it also must have a smile on their face, courtesy and decency in order to be part of a quality services system.

Table no 3. Staff Skills and qualification SC Turism Felix SA

Year	Highly qualified staff with a BA in Tourism	People attending training courses	Total	Staff skills and qualifications (%)
2006	9	19	794	3,53
2007	7	49	845	6,63
2008	10	30	844	4,74

Source: data where processed by the authors.

Data where collected from SC Tourism Felix SA

Tourist perception about staff competency in Felix is (Staff is highly qualified – 45%, Employees display a professional behaviour-51%).The recommended measures would be: to select qualified people or business graduates (for management positions) and employees who followed professional training courses. We can say that overall the tourists are pleased of services and staff behaviour.

In a previous study accomplished in April - May 2009, we point out that Buziaş SPA recorded a higher degree of staff qualification than in Felix SPA (Staff is highly qualified 67%, Employees display a professional behaviour - 69%). We also developed a *competitiveness polygon* of the two touristic enterprises for 2006, 2007 and 2008.

Another tourist perception regards reasons why Felix SPA is avoided: no programs and special offers for students, lack of information, advertising concerning the offered services, lack of attractiveness, high tariffs, poor services, poor infrastructure, and bad condition of buildings. Thus, it may be useful designing some tourist packages for young people (students) and using aggressive advertising to promote them, embracing new price policies suitable both for older and younger segment.

The advantage of Băile Felix is the fact that, it has European acknowledgement, being visited by Hungarian and German tourists. 45% have admitted its regional competitiveness and 25% admitted its international competitiveness.

## Conclusions

For higher level of services, managers must hire persons who graduated a faculty of tourism or persons which have a qualification diploma (waitresses, chambermaids, etc). Also, managers must take care of soft skills (how to act in a urgent or critical situation, how to make a good day for your client etc) and abilities, and must offer to their employees trainings on this kind of needs. According to the Development Strategies of SC Tourism Felix SA 2007-2011, since 2006 it has begun the modernization of many pleasure, entertainment activities (for eg: swimming place Apollo and Felix). It also is under construction an AquaParc valued at 12 millions euro in Felix. Total value of investments program is about at 285 millions RON.

Overall we can say that a tourism enterprise performance do not depend only of its higher financial results. It also depends on importance given to employee involvement in professional development programs. They are those who are in direct contact with tourists and they know that a satisfied customer is a reliable source of positive publicity. The employers are those who bring added value services.

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