

Tourism in the Region: Key Determinants of Success and Development¹

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Abstract

Tourism has become an integral part of people's lifestyle. In the last century, it experienced the greatest boom since its creation. When choosing a suitable place to spend your free time, it depends primarily on the preferences of the visitor, but of course also on the amenities of the destination and the development of tourism in the destination. The aim of the presented article is to systematically analyse and identify critical factors for the success of tourism in the selected tourism region, the implementation of which helps in the creation of effective strategies and understanding of the attractiveness of the researched destination and its offer from the point of view of tourism participants. Using applied analysis, we summarized and then compared the obtained information on the five critical factors of tourism success in the selected Tatra region from the point of view of supply using the comparison method.

Key words

Tourism, Determinants of Success and Development, Tourism Region.

JEL Classification: L16, R12

Introduction

Tourism in a given region is not only a matter of movement of people from the place of permanent residence to the destination; it is a complex economic, social and cultural phenomenon that brings both challenges and opportunities. As the world becomes increasingly interconnected and globalized, it is essential to examine and understand the key factors that shape the success of tourism in a particular region.

Each tourism region is unique with its own natural beauty, cultural heritage and economic conditions, which creates a specific environment for tourism. Therefore, it is necessary to focus on critical factors that influence its success and development in a given location. These factors not only guarantee the growth of a tourism destination, but also play a key role in creating a sustainable and prosperous tourism industry.

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The simplest definition of critical success factors is that they are made up of several components that must work well to ensure the success and prosperity of the enterprise and the achievement of management objectives (Marais et al., 2017). Thus, critical success factors are limited areas, characteristics, circumstances, conditions, events, activities, strategic elements or variables that, due to their importance, require special attention and, when properly managed, maintained and controlled, can have a significant impact on the success of the event. individuals, companies or firms, and can decide between profit and loss (Bullen and Rockart, 1981; Burger and Saayman, 2009; Dickinson et al., 1984; Leidecker and Bruno, 1984; Williams and Saayman, 2013).

The economic environment contains factors that influence the purchasing power of consumers (– visitors). People must be willing and able to buy. The state of the economy in which the company does business is very important for its success. All economies go through cycles. We know economic growth and economic decline. In economic growth, demand, employment and incomes increase, on the contrary, in economic decline, demand, employment and incomes decrease (Jakubíková, 2012). Among the economic factors of the success of tourism that influence tourism in the region, we can include the economic cycle, the amount of gross national income, GDP growth, the composition of the balance of payments, the amount of disposable income (income, savings), the standard of living, the leisure fund, the level of prices for the market for goods and services, the level of employment, inflation, currency stability, the level of inventories, interest rates and the level of indebtedness. All these variables influence whether or not the consumer decides to use travel services (Jakubíková, 2009).

Nothing helps the development of tourism more than the peaceful arrangement of the world and the free movement of people. A country that is politically unstable or war-torn in it disrupts or even prevents the development of tourism. In the case of terrorist attacks, the impact on tourism is not as striking as, for example, in the case of a war conflict. They are not a reason for people not to travel to the given destination at all. Tourists tend to postpone their vacation a few days later. The effects of terrorist attacks are more local in nature. This also applies to areas that may be affected by natural disasters (possible volcanic activity, floods or large-scale fires with huge impacts) (Zichová and Palatková, 2014).

The travel market is also largely influenced by advances in air transport and information technology (Zichová and Palatková, 2014). A great alternative to means of transport that pollute the air is rail transport. However, this is not so popular, and in the end, it is more expensive for the tourist than air or car transport. It is also not flexible and fast enough. Undoubtedly, e-tourism also belongs to the technological factors of tourism success. He uses information and communication technologies that affect him in different contexts. The customer is able to remotely choose a destination, compare prices and manage their financial expenses. The services provided are made more efficient because the exchange of information between the customer and the service provider in the tourism industry is accelerated (Zelenka and Pásková, 2012).

An important prerequisite for the development of tourism is sufficient recreational space, natural attractions, a favorable climate or clean air and water. The main attraction of most types of tourism is the originally preserved environment. People who live in an industrialized and urbanized area in which the quality of the environment is disturbed are often motivated by the search for a natural natural environment (Jakubíková, 2012;

Zichová and Palatková, 2014). The sustainable development of tourism should satisfy the needs of tourists and also preserve the potential of the given tourist destination in the future. The main goal is therefore to find a balance between the economic benefit for the area and at the same time maintaining its environment and cultural integrity (Kotíková, 2013).

Demographic factors for the success of tourism in a region include size, population composition by gender and age, ethnic composition, education, profession, mortality, birth rate, migration, and the like. The distribution of the gross domestic product, the social policy of the state, working and non-working conditions constitute social factors. Working conditions relate to the length of working hours, work intensity, social background at the workplace and safety at work. Non-working conditions are related to the leisure pool, which is closely related to travel, as there is statutory paid leave that allows people to travel for longer periods of time (Jakubíková, 2012).

1 Methodology

The aim of the presented article is to systematically analyse and identify critical factors for the success of tourism in the selected tourism region, the implementation of which helps in the creation of effective strategies and understanding of the attractiveness of the researched destination and its offer from the point of view of tourism participants.

To achieve the goal of the presented article, we will deal with the research questions we have set:

RQ1: *What critical factors of tourism success affect tourism and its offer in the Tatra region?*

RQ2: *What recommendations would lead to increasing the effectiveness of critical factors of tourism development in the Tatra region?*

The object of investigation will be the Tatra tourism region, whose identification of critical factors for the success of tourism will focus on the analysis of the largest players in the tourism industry – Tatry Mountain Resorts and Best Hotel Properties in the following areas: economic factors, political and security factors, technological factors, ecological factors and demographic and social factors of tourism success.

2 Results and discussion

Tatry Mountain Resorts is focused on the Slovak, Czech, Polish and Austrian markets. A large number of clients are from Central and Eastern Europe, and the performance of Tatra Mountain Resorts is dependent on the level of the economies of these countries. The biggest revenue for Tatra Mountain Resorts is the number of visitors, especially in hotels and sports and recreation centers (Tatry Mountain Resorts, 2020). As for mountain resorts, they are the strongest segment in the Tatry Mountain Resorts company and account for 41.7 % of revenues. These revenues mainly come from sales of ski passes. Other revenues are for the rental of advertising space, marketing events in centers and also for consulting services. The restaurant facilities

and après-ski bars segment of the group make up 15.1 % of the total revenue. The second strongest segment of Tatra Mountain Resorts is hotels. Specifically, it is a share of 24 % of total revenues (Tatry Mountain Resorts, 2020). The Best Hotel Properties group operates in the hotel industry in the region of Central and Eastern Europe. In the Tatra tourism region, it is the luxurious Grand Hotel Kempinski High Tatras at Štrbské Pleso. Last year, Best Hotel Properties' accommodation revenue accounted for 51 % of all revenue, which is a year-on-year decrease of 4 percentage points. Revenues from food and beverages accounted for 28 % of the total revenue of Best Hotel Properties, and other revenues accounted for less than 21 % (Best Hotel Properties, 2020).

Government and various local environmental protection organizations can regulate capital investments that are also made in protected landscape areas. The business activity of Tatry Mountain Resorts is carried out mainly in mountain areas that belong to the Tatra National Park, and therefore some investments and projects may be regulated by state authorities. Various new investment projects related to the expansion of ski areas or the construction of cable cars and other structures must be approved by a so-called Environmental Impact Assessment (Ministry of the Environment of Slovak Republic, 2020). The Tatry Mountain Resorts company has resorts in an urbanized area and they all meet the requirements of environmental legislation (Tatry Mountain Resorts, 2020). Events that could affect brand reputation can also adversely affect companies' performance. The Best Hotel Properties Group cannot influence customer preferences and their perception of hotel brands. In order to build a good name, the group is working on creating a PR strategy for each hotel in its portfolio. The company's business activity also depends to some extent on seasonality (Best Hotel Properties, 2020).

Tatry Mountain Resorts uses various innovations to improve its communication. Tatry Mountain Resorts has various websites that point to the GOPASS program page. Various social networks are also used on a daily basis, through which communication with the customer takes place. During the season, the Tatry Mountain Resorts group and its marketing focus on producing live cameras and broadcasts, thanks to which visitors have an overview of the current conditions on the mountains. Changes are updated several times a day on various web portals. In hotels and resorts there are LCD monitors and screens that are informative. Tatry Mountain Resorts depends on various entities such as information technology systems, sales points, turnstiles, snowmaking, cable cars, restaurants, hotels, shops, e-shop or the GOPASS program. Therefore, to prevent risks, the company takes all possible measures mitigating the risks of failure in the form of software and hardware and IT support (Tatry Mountain Resorts, 2020). Tatry Mountain Resorts invests in the latest cable technology. For example, the new technology of the funitel cable car in Jasná is only 14 cable cars of its kind in the world. The interesting thing is that the cabins are fixed on two ropes, which increases safety and at the same time allows transportation in windy weather.

An important prerequisite for the development of tourism is sufficient recreational space, natural attractions, a favorable climate or clean air and water. It is Tatry Mountain Resorts, as the largest and dominant tourism actor in the Tatra region, that significantly influences the ecological factors of the tourism region and thus its development. The company Tatry Mountain Resorts owns and operates important tourism centers, mainly in the territory of the Tatras region. A huge part is located on the territory of the Tatra

National Park. These include slopes, hotels, restaurants and other facilities, including cable cars. All investments must therefore be subject to a strict environmental impact assessment. Tatry Mountain Resorts has stated that it takes care of the environment and minimizes the impact on it in all its investment and operational activities. Tatry Mountain Resorts received a certificate for the use of green energy from renewable sources. The company tries to use effective management of operations at an optimal level of energy consumption in each segment and also works on continuous optimization of operations (Tatry Mountain Resorts, 2020). In 2013, the Grand Hotel Kempinski High Tatras of the Best Hotel Properties group won the Building Efficiency Awards award for outstanding energy buildings in the renovation category. She emphasized the preservation of traditional elements. The restaurant in the Grand Hotel Kempinski High Tatras inspires many Slovak restaurants. For several years, its chefs have been cooking with the principle of zero waste. The hotel always tries to use up all raw materials. Grand Hotel Kempinski High Tatras cooperates with regional farms and emphasizes local products (Best Hotel Properties, 2020).

In 2019, Tatry Mountain Resorts started supporting a grant program called for a better life of residents in the city of Vysoké Tatry. This program supports public benefit activities of residents in the High Tatras. The goal of the project is to improve the quality of life of the city's residents. The program motivates residents and organizations operating in the city to identify what needs to be improved, repaired or created for the benefit of the local community. Tatry Mountain Resorts also builds relationships with high schools and universities to create a source of qualified and professional employees. They focus on reducing youth unemployment. Tatry Mountain Resorts is part of the dual education system. Tatry Mountain Resorts also has a social program for its employees that offers various benefits. Employees and their families can try all the services that the company offers and thus improve product awareness and spread good references further (Tatry Mountain Resorts, 2020). The Best Hotel Properties group also provides various benefits for its employees, such as the possibility of employee accommodation for candidates outside the region and a contribution to travel, team building activities, the possibility to work for the Kempinski Hotels network throughout the world, the possibility of career development or free language training, participation in conferences, a discount on products, services of the company and food beyond the scope of the law. Many activities that the Best Hotel Properties group develops are related to the support of the regions in which their hotels are located. These include, for example, a responsible approach to the environment (Best Hotel Properties, 2020).

RQ1: What critical factors of tourism success affect tourism and its offer in the Tatra region?

Our first research question was to identify the critical success factors of tourism in the Tatra region. For a better and more specific evaluation, we chose two actors of the tourism industry, which we analyzed and compared on the basis of individual critical factors. Using the economic success factors, we were able to find that both companies have seen sales growth over the last available year. The company Tatry Mountain Resorts and its operation of mountain resorts have the largest share of sales, 41.7 %.

As for the Best Hotel Properties group, their strongest sector is accommodation and it accounts for 51 % of the group's revenue. For comparison, Tatry Mountain Resorts has a share of accommodation in sales of only 24 %. Restaurant facilities make up only 15.1 % of Tatry Mountain Resorts' sales. In the Best Hotel Properties group, restaurant services are the second strongest segment and make up 28 % of sales.

Based on the political and security factors of success, we found that the zoning of the national park has the greatest influence on tourism actors in the Tatras tourism region. Without it, you cannot plan for the future and it hinders the development of tourism. Zoning has a great influence on the Tatry Mountain Resorts company, which tries to expand its activities every year. As for competition, it does not exist for the company. The High Tatras are a small and strictly protected mountain range, and there is no room for the expansion of ski resorts here. On the contrary, the zoning has almost no influence on the Best Hotel Properties group, since the Grand Hotel Kempinski High Tatras and its reconstruction have already been completely completed. As for competition, the company faces an oversupply of hotels in the Tatra tourism region. Both companies must follow environmental legislation.

Using social and demographic success factors, we found that both companies support the Tatra tourism region. As for Tatry Mountain Resorts, it is the most involved in supporting the region. Specifically, they provide a grant program – For a better life of residents in the city of Vysoké Tatry, but also help for seniors during the pandemic. With this, the company gave away various elements in the fight against the pandemic. For a long time, the group also helps the center for children and families in Poprad. City residents receive free cable car tickets a few times a year. The company supports its employees through its social program and provides discounts on products and services. Best Hotel Properties Group supports the region through cooperation with schools. Both companies cooperate with schools and support students in their studies and practice. The average age of an employee in the Best Hotel Properties group is 33 years. The company greatly supports its employees through discounts on employee accommodation, allowance for travel, various team building activities, the opportunity to work around the world in the entire Kempinski network, but also food beyond the scope of the law, free education and discounts on products and services.

The environment where companies operate is protected and great emphasis is placed on the environment. Based on environmental factors, we found that both companies received awards for environmental friendliness. Tatry Mountain Resorts specifically for the use of green energy. The group also uses the latest transport equipment and technologies that reduce the carbon footprint. Tatry Mountain Resorts supports the planting of trees in the Tatra National Park and also tries to reduce energy and fuel consumption in operations. As for the Best Hotel Properties group, it won the prestigious Building Efficiency Awards for the Grand Hotel Kempinski High Tatras for an exceptionally energy-efficient building. One of the advantages is that, thanks to the alpine conditions, the Grand Hotel Kempinski High Tatras does not need to use air conditioning technology. Kitchens in hotels have been working on the principle of zero waste for many years, which is a big problem worldwide. The hotel also supports local farms and is thus environmentally friendly.

RQ2: What recommendations would lead to increasing the effectiveness of critical factors of tourism development in the Tatra region?

Based on the investigation of critical factors for the success of tourism in the Tatra region, we have come to several recommendations. We would recommend tourism actors in the Tatra region to focus on supporting the region and increasing employment. It is also important to support students in their studies and practice and subsequently maintain the workforce. Furthermore, we would recommend focusing on improving the quality of services. Especially with regard to the offer of hotels, since every year there are more of them on the tourism market in the Tatra tourism region. Nowadays, a lot of emphasis is placed on green energy and the preservation of the environment. In terms of ecological factors, it is important to realize the importance of preserving the environment, as part of the Tatra region is a national park and a protected area. Preservation of the environment in the Tatra tourism region is crucial for the development of tourism. Furthermore, we would recommend actors to focus more on cuttingedge technologies that reduce the carbon footprint and environmental pollution. Nowadays, applications make life easier for clients and motivate them to buy. A great example is the Tatry Mountain Resorts GOPASS app. Another recommendation for actors is to invest in information technology. The last recommendation that could help actors is to invest in advertising. Despite the fact that both actors are dominant in the Tatra tourism region, the marketing of these companies is not fulfilling its potential. Actors could focus on promoting their services mainly on the Slovak market. Thanks to this, they would reach more domestic customers and reduce the risk associated with the volatility of foreign currencies and the arrival of a lower number of foreign customers. These recommendations are not only related to the researched actors within the bachelor's thesis, but have a universal character and can be intended for all facilities providing tourism products and services in the Tatra tourism region.

Conclusion

The aim of the presented article was to systematically analyze and identify critical factors for the success of tourism in the selected tourism region, the implementation of which helps in creating effective strategies and understanding the attractiveness of the researched destination and its offer from the point of view of tourism participants. We fulfilled the goal by defining and subsequently identifying five factors that influence the success of tourism in the given region.

Using applied analysis, we summarized and then compared the obtained information on the five critical factors of tourism success in the Tatra region from the point of view of supply using the comparison method. The economic success factors of tourism were more difficult to identify for both companies, as more data is not freely published and available. We found that in Tatry Mountain Resorts the highest returns were from mountain resorts at 41.7 %, while in Best Hotel Properties it was accommodation services with a return of 51 %. Among the political and security success factors that influenced the functioning of tourism in the Tatra region were environmental legislation, acquisition policy, but also the non-acceptance of zoning, which was supposed to bring new rules for the development of tourism in the Tatra region. Both companies must place great emphasis on the environment, therefore the third factor is the ecological success factors of tourism. The company Tatry Mountain Resorts invests

in the latest technology of transport facilities and various ecological projects, which lead not only visitors, but also the local population to a positive relationship with the environment.

The analysis proved that the critical factors of tourism success ensure success in the Tatra tourism region. For example, in terms of political and security factors, the zoning of the Tatra National Park significantly affects the success of actors in the region. Alternatively, the delimitation of the territory by the Ministry of the Environment of the Slovak Republic and Tatra National Park would open up new opportunities for many entities on the market. The COVID-19 pandemic forced many actors to suspend their activities, and therefore safety factors are important for success, and the pandemic is one of the events that had a negative impact on actors in the tourism industry. These events cannot be predicted and subsequently prevented.

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