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INTERPRETING AND ANALYZING THE COMPETITIVENESS OF TOURISTIC
DESTINATION

Budapest, 2010.

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Ph.D. Program of Management and Business Administration

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INTRODUCTION

The changes of the touristic market – as the appearance of the individual travelers with post materialistic values, and the transparent sales assured by the internet – made new power relations among the players. These trends assure the possibility of the development for the rural, authentic destinations, but mean challenges as well: as intensifying the competition among the globally known destinations and forcing them to innovate, and making the unknown rural destinations to solve their problems coming from their basic shortcomings. Because of the keen competition among the destinations more and more attention was paid to the competitiveness of the destinations.

I met the theme at the beginning of my doctoral studies, and surprisingly I got the first impulse from the practice, instead of academic literature. During my consulting projects I faced the problems of the Hungarian rural destinations, and the human fates as well as the institutional problems “breathed me in”, and motivated to search for the solutions. In these times I met a very interesting theoretical approach of destinations’ competitiveness, which stated not less than: (...)A destination endowed with a wealth of resources may not be as competitive as a destination lacking in resources but which is utilizing the little it has, much more effectively.” (Crouch - Ritchie (1999) p. 143.) In this train of thoughts I found my own reasoning, particularly because I met promising, small examples of initiations, which proofed the importance of “wanting to do something”. Among my personal commitment, researching the topic was inspired by its practical need: in Hungary the theme of destinations’ competitiveness as well as destination management came to the focus of the touristic practice, governmental decisions as well as literature in the recent past, but all these concepts have not been clear for the experts in practice. All these motivations drove me to study the destinations’ competitiveness in my thesis work and to search for the answer for my starting research question: “How to make a destination competitive?” My research aim was to create a transparent interpreting framework of destinations’ competitiveness, which can be useful for destination- development in Hungary.

Summarizing and evaluating the theoretical background and the empirical researches of the theme served the specification of the interpreting framework based on the following key questions:

- The analyzing dimensions of destinations' competitiveness were explored at summarizing the theoretical approaches of the general competitiveness like external / internal; supply / demand side; macro-/ business economics side (Lengyel, I. (2000); Chikán, A. (2006); Chikán, A. – Czakó, E. (2008); Török, Á. (2005); Findrik-Szilárd (2000)). Defining regional competitiveness helped specifying the interpreting framework with highlighting the following main pillars of the regional competitiveness: welfare (and well-being), productivity, employment, sustainability (EC (1996) In: Lengyel, I. (2003); Porter, M.E. (1990); Czakó, E. (2007)). In the special approach of competitiveness in the business economics, I managed to find that strategic approach, which I found to be adaptable for the destinations' competitiveness: the cluster theory (Porter, M. E. (1998, 1999)), which finally drove my basic research sub questions.
- Interpreting the theoretical background of destinations and the overall models of destinations' competitiveness, evaluating the main connections, and debates over them, helped to specify the sub questions and to create the proposals. (Crouch - Ritchie (1999/2000); Enright-Newton (2004); Heath (2003); Dwyer-Kim (2003); Pechlaner (2003); Tasnádi, J. (2002); Piskóti, I. et al. (2002); WTO (2000); Bieger (1997)). In the empirical research of destinations' competitiveness the demand side approach seemed to have old traditions, but in the last one- one and a half decade, the supply side approach came to the focus. Summarizing the empirical researches served the following consequences. In the Hungarian literature the demand side approach seems to be dominant (e.g. image-analysis In: Kiss-Sulyok (2007); Berács-Malota (2007)). Although only a few empirical researches were driven by theoretical objectives among the supply side researches (e.g. Lengyel, M. (1997); Kovács et al. (2000)). Though it is important to emphasize that numerous destination-development strategies were written to serve the practical approach of the ex ante side of destinations' competitiveness. The indicator-based researches (e.g. Dwyer – Kim (2003); Enright – Newton (2004)) can be named as dominant in the international researches. The indicator-based methodology is highly useful to test settled theories, but using numerous indicators in the framework of experts' research can question the reliability of the research.

- The methodology of case studies (e.g. Flagestad et al. (2009); Wilson et al. (2001)) can serve limited generalization, but it assures a deeper and specified analysis of the connections, which was my basic research objective. That is why I focused on the case studies, particularly on the touristic cluster case studies (Harvard Business School (HBS, 2006-2009); Jackson – Murphy (2006); European Cluster Observatory (2008)).
- The cluster-researches can be named as developing trend in researching destinations' competitiveness: mapping the actors as well as the basic characteristics happened in the researches mentioned above, but the deeper connections, the drivers, and success factors were analyzed only in a few researches in details.

As a conclusion of the literature review, it can be said, that the cluster-theory assure an appropriate starting framework to analyze the regional competitiveness, and the destinations' competitiveness as well, since in my interpretation numerous similarities can be identified among the operation of the destinations and the clusters. First of all, in my point view, destinations can be seen as economic-, social-, and environmental unit (based on Flagestad (2002)), on which the network of the destination is built up, so the area becomes the “hub” of competing and complementary actors. On the other hand “(destinations can be seen as – inserted by Sz.I.) conglomeration of competing and collaborating businesses, generally working together in associations and through partnership marketing to put their location on the map.” (Jackson-Murphy (2006) 1022.o.) That is why, at the specification of my research question, I focused on those factors of cluster theory, which can explain the destinations' competitiveness, like: the circle and the importance of the players, success-, and failure factors, characteristics of the economic-, social-, and environmental unit, as well as such special topics like the first results of building the destination management organization system in Hungary in the recent past as well as the impacts of the international financial crisis.

In my research I analyzed one Hungarian and two international cases. The cases are characterized by the following objectives and methods:

1. Hungarian case – Balatonfüred (town): In the Hungarian case my main objective was to map a successful destination in one of the main touristic region of Hungary, in order to analyze a destination regarded as important by the development politics. The region of Lake Balaton was chosen. In the region, the research destination was chosen out based on the main predetermined factors of destinations' competitiveness from supply, as well

as demand side. Based on my secondary and preliminary primer research, Balatonfüred, a small town with 13 thousands inhabitants was chosen out, because of the dynamic growth in tourist arrivals in the recent past, as well as because the destination seemed to possess the main factors driving productivity (e.g. cooperation, charismatic leader, interest enforce ability).

- Research objective and methodology: The main objective was to carry out the research as widely as possible, so as to get detailed answers to the research sub questions. Serving this objective, 30 interviews were made in the scene. The following factors were taken into account at choosing the interviewees out: mapping all those groups of actors, which can be seen in the thesis proposals; actors from different geographic place (e.g. old city center, bank of lake, “in the mountain” – far away from the center); searching for strengthening as well as refuting cases in advance and at the scene.

2. International cases – Carinthia and Tyrol (provinces): The possibilities were limited for researching the international cases. At the defence of the thesis proposal, the Committee appreciated my possibilities and reasoning to analyze only a Hungarian case, because of financial limits. Though during my consulting work I was charged with organizing a study tour to Austrian destinations and participating on the trip. The objective of selecting the Austrian destination was to visit a highly and a medium developed region, with different characteristics of the cooperation among the service suppliers. The following destinations were chosen out: 1. Carinthia (Austrian province, medium developed destination with high seasonality, product development in cooperation among the service suppliers, overall destination management); 2. Tyrol (Austrian province, highly developed destination, with balanced seasons, consciously organized, formal touristic cluster, with professional management).

- Research objective and methodology: Because of the limited possibilities, the research was focused on those critical points highlighted in the Hungarian case, like destination management, and success factors. In Carinthia five, in Tyrol one interview was made with the competent experts from destination /cluster management, and the service suppliers.

As the result of the empirical research, the main factors of the cluster-oriented view of destinations' competitiveness were identified in a differentiated way, focusing on the differences/similarities among the Hungarian and international cases, as well as the destinations in different development phases. As a summary it can be said, that the identified driving factors of the destinations' competitiveness could serve a flexible framework for researching destinations' competitiveness, and it could be sophisticated and differentiated according to the stage of development or the touristic positions (e.g. health or nature-based) of the destinations.

ACKNOWLEDGEMENTS

Hereby I would like to say thank you to all my 31 interviewees in Balatonfüred for spending time and energy to the interviews and special thanks to all who gave a feedback regarding the results. Further on I am grateful to Roland Oberdorf, Sonja Lampitsch (Kärnten Werbung Marketing & Innovationsmanagement GmbH) and the interviewed service suppliers of the Association of Seen Wellness, as well as Robert Ranzi (Cluster Wellness Tirol) for being available personally, and for helping my work later in email.

Thank you for all those who played the greatest role in that I was able to come close to the end of a challenging process, and this dissertation became ready.

I would like to say thank you to my Supervisor, Erzsébet Czakó, for standing by me, and helping swinging out from the deadlock. Thanks for the strong-minded directions, critics, and the human words, *because her opinion was the scale.*

I should give thanks to my closest Colleagues, because *I would not have been able to succeed without their professional and human support, and their smile.* Thanks for Noémi Kulcsár, Melanie Smith, Erika Varga, Péter Kraft, András Nemeslaki and László Puczkó.

Thanks to my Students, *because the love for teaching was the greatest motivation.*

I would like to give thanks to the Most important people, because without their love, optimism, rationalism I would not have been able to trade off the situations of the near past, which seemed to be loss-making, and spend extra energy to this work, and *because they exist in my life.* Among them, how much my Mum meant, because of her love, and never-ending resourcefulness, *because only she knows it, because she listened to me.*

1. INTERPRETING DESTINATIONS

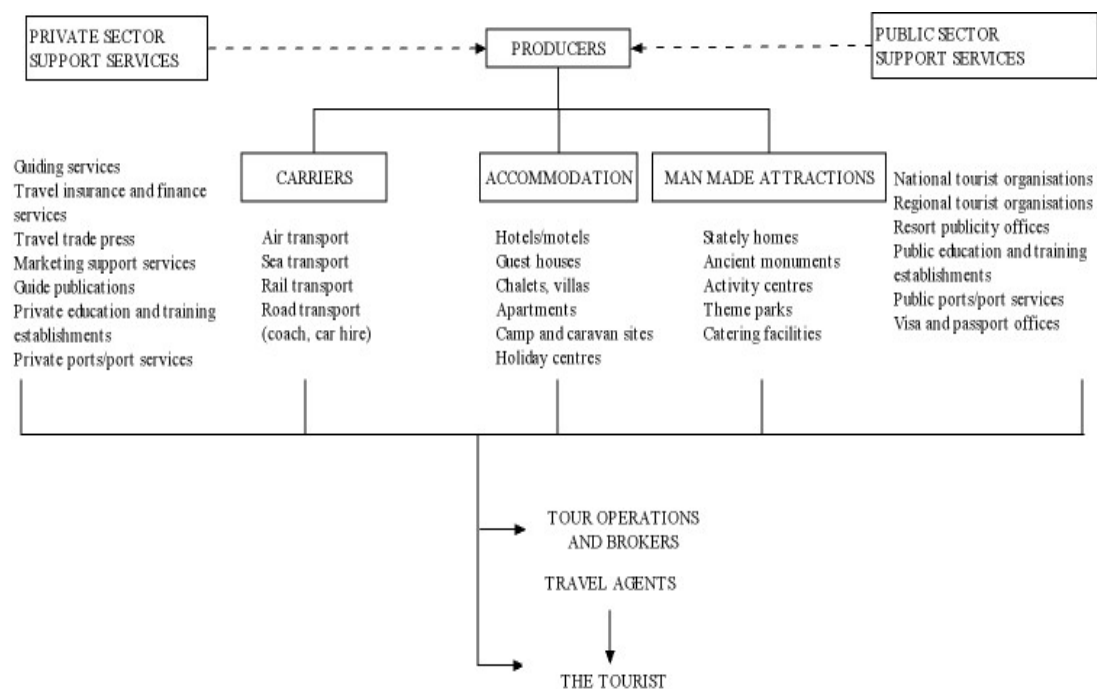
My aim in this chapter is to describe all the definitions around the destinations needed to understand the destinations' competitiveness and the conceptualization of my research questions. Firstly I put emphasis on introducing the changes happened in the latest decades on the touristic market. I found this important as these trends (described as changing the paradigms in tourism by the touristic experts) held several transformations regarding the destinations' competitiveness as well. Further on I focus on the definitions of the destinations, so as to introduce the supply elements and the players of the destinations.

1.1. THE TOURISTIC MARKET AND ITS CHANGING TRENDS

Under tourism we mean that worldwide social phenomenon, which "is a relevant form of spending the leisure time. It is important mediator of the human contacts as well as political, economic, and cultural contacts. It is an important result as well as source of the quality of life. It is human basic need. In several economies – because of its complex impacts – tourism can serve relevant solution for structural and employment problems. It contains all the voluntary moving from the permanent living and working place, and all the system of institutions connected to this. (based on WTO-IPU (1989) Tasnádi, J. (2002) p. 35.) Tourism contains so all the moving activity, through which we travel away from our permanent living and working place from voluntary decision, and because of leisure, business or other purposes, and we spend more than 24 hrs, but not more than one year at the given destination, without having any earning activity (Eurostat (2002)). Serving this kind of demand, so called travel package is needed, which is put together by several actors, and contains the organization of the trip, the travel, and all the touristic services needed in the destination. In the supply-side we are not able to speak about a concrete touristic sector, as the touristic package is served by different sectors like air passenger service, or lodging industry (KSH (2006)).

The touristic service suppliers form a chain, in what all the steps of the travel process different players are connected and dependent to each other in the aim of the mutual success (Bieger, T. (1997)). The connection among the touristic players are defined as the touristic network because of this interdependency and the need for coordination (Bieger, T. (2001); Dredge, D. (2006)). Among this kind of approach the model of Holloway (2002) can be highlighted, which illustrate the vertical and the horizontal connection system of the touristic network (Chart 1.)

Chart 1. The network of tourism



Source: Holloway, J. C. (2002) p.77.

In the centre of the Holloway-model, the “touristic producers” (e.g. lodging-, transporting service suppliers), the tour operators and the tourists can be seen, showing the structure of the touristic selling chain. Further on the supporting actors can be highlighted, all those players, who give added value to the service of the “producers”. Traditionally, the main and centre actors of the touristic selling process are the tour operators, who have important coordinating and supporting role regarding the supply as well as the demand side of the market, and whose changing role will be introduced at the trends held by internet.

In the literature the concept of the “system of tourism” refers to the complex interdependency among the actors, as well as the institutions of the touristic market. In the centre of the “system-models” (Kaspar, C. (1992); Lengyel, M. (1994); Krippendorf, J. et al. (1989)) the touristic players (e.g. service suppliers, tourists, and mediators) can be seen, but the elements of the environment (e.g. economic, technical environment) take place as well. The value of the system-model is that they focus on the sustainable development, and call the attention up to the interdependency among tourism and the different environmental elements, which explain the great changes in the touristic market.

Changing trends of the touristic market

During the development of the touristic market, two well-determined era can be seen, based on the changes in the demands' requirements and in the supply elements. The first era was the so called mass tourism, lasted from the 1960's to the 1980's, which was followed by the “new tourism” (Poon, A. (1994)), and the era of the internet, with the following characteristics.

- The era of mass tourism

The mass tourism contains the phenomena, when great crowds started to travel by purchasing standardized packaged of economic of scale, on fixed rates. The development of the tourism in 1960-1980 term of time can be characterized by the dominance of the mass tourism. For the mass tourists the heterogeneity, being different than the others did not hold special value. This can be explained by the homogenous consumption habits made by the mass production, as well as by the feel of safety in the crowd. The most popular destinations, the Mediterranean areas became so called “holiday ghettos”, with serving similar town images, and services (Krippendorf, J. (1987)).

- New tourism

In the 1980's several changes happened in the technological, social and political environment, which affected the touristic market in a relevant way (but in different measures in different areas):

- Governmental policies and globalization: The economies became more and more opened, and the impacts of supranational organizations supporting the liberalization of the market contributed the globalization of the touristic market a lot (Nemes, A. – László, J. (2007)), as well as the development of the transporting, and the deregulation of the air market (Jászberényi, M. – Pálfalvi, J. (2006)).
- Information communication technologies (ICT further on): In the 1970's such a integrated reservation systems were developed, which became the so called Global Distribution Systems (GDS) and support the same-time, automated contact among the players (European Commission (2004)). Further relevant changes were made by the internet, which will be discussed later.
- Changing consuming habits: "From the job-based society we are moving to the consuming society, in what the people differentiate themselves based on their consumptions (...)" (Baumann, Z. (1988) In: Szabó, K.- Hámori, B. (2006) p.487.) In the consuming society the popularity of individual travelling became more and more important (Hyde, K.F. – Lawson, R. (2003)).
- The questions of sustainability: In the 1980's the carrying capacity of the mass touristic destinations exceeded their borders. The local communities and the institutions of the touristic developments with developed strategic visions, as well as the environmentalist organizations started to restrict the touristic activities in several destinations.

The touristic literature evaluated the new tourism as the phenomena changed the basic paradigm of tourism. There is a concrete opinion that the technological development and the appearance of the individual requirements, the shrivelling distance, and the development of the touristic infrastructure converted old (mass) tourism to new tourism (Buhalis, D. (2000) Strasdas, (1994) In: Trauer, B. (2006) 184.o., Poon, A. (1994)). Under "new tourism" we mean the phenomena, in what the emphasizes is laid to tailor-made packages, and the individually organized trips, meanwhile the participants take more care to the environmental, social, and economical interests of the destinations. The new tourism can be characterized as follows(Poon, A. (1994); Crouch-Ritchie (2000)): 1. flexible demand-driven packages; 2. the efforts of the touristic suppliers to meet the need of the individual requirements, and the touristic marketing can be characterized with high segmenting efforts; 3. the touristic activity still be crowded but the individually organized trips become more and more popular; 4. new, alternative destinations make the competition more fierce.

New tourism means a newer consumption model as well. The new tourist is motivated by higher-level motivations, driven by post-materialistic values, and consciously seeks the experiences important for him. Instead of passive observation, the new tourists seek for active, involving experiences, so as to be the part of the local community and culture, and to experience the so called existential authenticity (MacLeod, N. (2006) In: Smith, M. - K. Robinson, M. (2006)).

- Changes held by the internet

The internet revolution and the information communication technology (ICT) have driven to fundamental changes in the tourism industry. The Internet has strengthened the impact of individualization on tourists: it empowered them with personalized solutions, raised the demand for higher quality, complex packages and very importantly generated shorter lead-times, often requiring instantaneous replies to customer requests (Westholm, H. et al, (2002)) and strengthened their market position (Law, R.- Buhalis, D. (2008)). According to earlier findings, Internet has dynamited and re-structured the traditionally hierarchical distribution process in tourism (Buhalis, D, (2003.) WTO (2001.)).

The most apparent influence of internet and ICT on tourism is the dynamic trend of online sales due to the two parallel processes of dis-, and re-intermediation. Dis-intermediation empowered touristic service suppliers to reach the end-costumers directly without travel agents, while re-intermediation refers to the appearance of new, click-to-click online brokers (OTA – online touristic agents) and click-and-mortar distributors (Sziva I. (2009)). In the traditional touristic sales chain the tour operators played the centre role, meanwhile in the online sales chain dynamically transparent borders came to alive: the touristic package could be put together by any player, even by the tourist himself. According to the newest researches the online sale of tourism trade gave the 33% of the total touristic market (68 billion EUR), in Europe in 2009. (PhoCusWright, (2009.)) (It should be highlighted that internet plays different roles in different touristic sectors (Nemeslaki (2005)) and the internet-penetration as well as the culture of online usage affect the online touristic activity of different countries.)

1.2. DESTINATIONS AS MARKET ENTITIES

Defining destinations

A destination can be defined as an area offering touristic services and activities, and which has special attractions, which a tourist can choose for a trip. From a geographic point of view the destination could be a continent, a country, a region or any kind of a place, and its border is determined by the distance of the home country of the tourists. It is important to highlight that in an optimal case, the borders of the destination should be defined by natural borders (e.g. Alps, or Lake Balaton), instead of political borders, or the frequently changing borders of economic development (Bieger, T (2008)). The definition of Flagestad (2002, p. 4.) is the closest to my interpretation, as he handles destinations as an entire entity of area : “A geographical, economic and social unit consisting of all those firms, organizations, areas and installations which when combined are intended to serve the specific needs of the visitors.” Based on the experience-oriented view of new tourism Kaspar (1992) defined destinations as the crystallizing point of the touristic demand, so as the place for touristic stay, and experiences. Crouch-Ritchie (2000) place even more emphasis on the importance of the experiences: the main product of the touristic competition is the experience gained in the destination in their approach.

The supply elements of the destination

Among the theoretical determination of destinations, the approach of “amalgam” of touristic services in a specific geographic region is generally accepted Ritchie - Zins (1988); Cooper et al. (1998); Kotler, P. (1998); Buhalis, D. (2000)), and the 6A of Buhalis (2000) is the most appropriate for the trend of new tourism. (The basic 4 elements of the destination-mix were determined by Cooper et al (1994)), and was completed by Buhalis (2000))). The basic elements of the touristic supply in a destination according to the 6A are as follows:

- *Attraction:* The definition of Mill-Morrison (1992) can be unambiguous, as in his meaning the attractions play the main role in the destinations: that is an ability that attracts people to a certain area. Bieger (1997) highlights the importance of the additional services among the attraction, which help the “consumption” of the attractions.

The attractions can be categorized by their extension, or catchment areas, but Michalkó (2004) calls the attention up to differentiate the man-made and the natural attractions.

- *Access:* Mainly the transporting conditions are in the focus of this element, as the air-, rail-, road-, water accessibility of the destination. Further on it contains the accessibility of the attractions within destinations (e.g. biking-, hiking paths) and the entering rules (e.g. visa requirements) of the destinations (Crouch-Ritchie (1999)).
- *Activities:* All those leisure, educational facilities, and programs what the tourist can his time with during his visit. The programs should be differentiated based on the interactivity assured. We can point out active programs (e.g. hiking, artisan activities) and about passive programs (e.g. visiting theatres) (Crouch-Ritchie (1999)).
- *Available packages:* The individual travellers do have the determined requirement to put together the touristic package on their own, and to choose out particularly the programs within the destination. That is why there is a need for complex, module-built packages, which are flexible, and meet the heterogeneous and colourful needs, and increase the length of stay in the area (Wilson, S. (2001)).
- *Amenities:* The element contains all the services needed for the touristic stay (e.g. lodging, restaurants), and those services which are used by the tourists as well as the locals (e.g. recreation services). All these elements appear in the Hungarian National Touristic Strategy under the definition of touristic infrastructure: “All those material and mental services which are built on the basic infrastructure, and which could be consumed by the tourist from the appearance of the travel motivation till the end of the journey, and used by the local people as well.” (Magyar Turisztikai Hivatal (2005) p.16.).
- *Ancillary services:* All the basic infrastructural elements are included in this category, which appear as basic requirements. This element contains the health care-, hygiene-, public safety services, as well as the high quality touristic education, and the supporting private services (e.g. bank-, assurance activity) (Cooper, C. (1998)).

The market success of the destination and its factors

Under market success in this starting point I understand the demand-side success: the certain destination is chosen for one-, or returning trip. Regarding the market success, among the appropriate supply elements, the popularity of the destination is important ((Lengyel, M. (2008); Tasnádi (2002); Piskóti et al. (2002)). From this point of view the destination marketing get a special focus. Piskóti et al. (2002) finds the traditional 4P of marketing not suitable for destinations, since on destination-level no influence can be made on the prices neither the sales channels of the service suppliers. That is why authors named two main competencies serving the success: 1. Supply-competency: packing creatively the touristic products of a given destination; 2. Communication-competency: harmonizing the communication and image building of the destination In the meaning of Tasnádi (2002) the success of the destination is particularly determined by its image, based on the market communicational activity of the destination, which should handle and make appear the destination as an entity, by creating such a corporate (or destination) identity, behind what all the players of the destination can line up (Horkay, N. (2003)). The main aim of the communication activity is to create a positive destination image, and brand so as to reach the potential demand, and build loyalty among the returning visitors, so as to make a stable position in the fierce competition (Tasnádi, J. (2002)).

1.3. THE COORDINATION OF THE DESTINATION

In an optimal case the destination operates as a management entity in spite of its numerous and heterogeneous players (Pechlaner (2003)). This kind of approach can be seen in the basic definition of WTO (1993): the destination is a place, which possess appropriate attractions, infrastructure, and touristic services, so as to be the place for the touristic stay, and appear as an entire market player for the tourist. The destination should be seen as a concrete touristic service supplier, a “multi-product company” (Krippendorf, J. (1971)). The main question is, how should this multi-product company be managed?

Historically, the coordination of the destination was limited to marketing-communication, as the globally known destination spent a lot on communication, mainly by state subsidies. The “meta-management” or the overall management of the destinations appeared only in the last decades (Sainaghi, R. (2006); Gretzel, et. al. (2006)). The overall coordination came alive because of two factors: 1. assuring the sustainable development of the destinations to eliminate the negative effects of tourism; 2. to develop and harmonize the supply elements of the destinations so as to meet the needs of the new tourists. The two main pillars of the overall coordination – sustainable development and assuring market success – are included in the concept of destination management. The most overall definition of the meta-management is as follows: “ (...) destination management is the strategic, organizational and operative decisions taken to manage the process of definition, promotion and commercialisation of the tourism product [originating from within the destination], to generate manageable flows of incoming tourists that are balanced, sustainable and sufficient to meet the economic needs of the local actors involved in the destination.” (Franch, M. - Martini, U. (2002) In: Presenza, A. et al. (2005) p.3.)

The tasks of the destination management can be summarized according to Bieger (1997) and Presenza et al (2005) as follows:

- Visioning and developing function (mutual vision creation, market research, positioning and benchmark analysis, searching for financial sources, attracting investments, marketing-strategy, development strategy, and supporting realization, monitoring)
- Supply function (developing supporting resources, harmonizing and packaging supply elements, innovation, information-services, visitor management, quality management)
- Communication function (communication activity at strategic level: image and brand building, tactical communication, supporting sales of the service suppliers, mediator role, building central reservation system and DMR (integrated destination management ICT system), sales promotion, monitoring)
- Incubation function (representation of interests) (lobby-activity, supporting cooperation and networking, cross-border cooperation, involving locals, development of human resources, consulting, knowledge sharing)

In the aim of developing the so called co-opetitive system in the destinations, intelligent stakeholders and a conscious, leading community is needed. The community should be represented, and managed by a professional management organization (Sainaghi, R. (2006)). Pearce (1993) approached the question of the coordinating organization from the side of cooperation: as the parties could cooperate on a most efficient way in the framework of a formalized organization. .)) In general, these organizations commonly named as destination management organizations (DMOs). DMOs can be defined as the institutions filling the meta-management role in the destination (Sainaghi, R. (2006)).

Three groups can be created regarding the establishments and the participants of the DMOs, as follows:

- State owned organizations: The hierarchical organizational system of the governmental administration (top-down), including the system of national-, regional touristic offices.
- The organizations of the local communities: These organizations are established by the local community and the local service suppliers, in a so called bottom-up way. It is important to highlight that we can find rare examples of this kind organizations, excluding the local government in Austria, and Switzerland (Bieger, T. (1997)).
- Public- private organizations: It is rather usual, that the regional DMOs operate in the structure of public-private partnership (PPP). In the regional destinations it is general, that there is a strong linkage between DMO and local government, what “represent one of the most important and influential networks shaping the development of the industry at the local level.” (Dredge, D. 2006. p. 270.)

According to the results of the research of UNWTO (2004) the state ownership is the most regular at the national and regional organizations, meanwhile the bottom-up initiations appear mainly at local or regional level. There is a difference among the participants and the way of coordination between the European and the North-American destinations. In the most European destination the DMO and the local government fulfil the task of the coordination together in a so called “community model”. Meanwhile in North-America this kind of coordination is fulfilled by a great market player (e.g. a ski-centre), and the other players (e.g. local government, other service suppliers) are built round this mega-player (Flagestad, A. – Hope, C. A. (2000); Bieger, T. (1997)). (Lengyel (2008) identifies the association or the non-profit Ltd as the best solution for the Hungarian DMOs.)

Summarizing the interpretation of the destinations

After the literature review of the definition and the characteristics of the destinations, I introduce my own interpretation regarding the definition of the destinations, which is based on the overall definitions described above. Under touristic destination I understand an area, which is the place for touristic stay and experiences. The destination is a geographical hub, where touristic and supporting service suppliers, and players cluster around and cooperate with the local institutions and community in the aim of the success of the destination. The geographical borders, or the border of this cooperation can give the border of the destination. The destination is an economic, social, natural entity in wider meaning, which offers a well positioned and complex supply for special segment(s) of tourists while assuring economic-, social- and environmental sustainability for the locals.

2. REGIONAL COMPETITIVENESS

Regarding the destinations' competitiveness, I find it important to analyze that what kind of driving factors support the touristic success of the destination, and how the network of tourism fits in that area, which we mean touristic destination in a narrow meaning, however it is economic-, social- and environmental unit. Further on in this deeper dimension what kind of factors can be identified in the connection of tourism and the welfare of the local community. That is why I focused on the literature approach of regional competitiveness, to highlight the consequences useful for the destinations. I put higher emphasizes on the question of clusters, as the destinations can be handled as spatial economic hubs, where the network of enterprises is built up on a general economic, environmental and social entity.

2.1.OVERALL INTERPRETATION OF REGIONAL COMPETITIVENESS

The general approach of competitiveness

The notion of competitiveness is rather popular, and widespread in spite of the fact that we meet numerous debates regarding its definition. Krugman (1994. In: Palkovits, I. (2000)) named competitiveness as a "dangerous obsession" in one of his articles because of the difficulties of understanding and measuring the notion. Competitiveness is clearly a debated topic, and its essence can be summarized like this: "Coping with the competition is the condition of surviving at all levels of the economy. This general point of view can be accepted by everybody." (Chikán, A. (2006)). Going further on this train of thoughts it can be said, that the competitiveness plays an important role in its strategic meaning, in defining and monitoring the factors of standing by in the competition (Barney, J. B. (1996)).

All these thoughts can get special emphasize in the more and more globalized competition, among the factors of that I highlight the followings:

- The impact of governmental policies: Globalization means that the national economies become opened, and the national as well as the supranational organizations have special role in liberalization, and harmonization (Chikán, A. – Czakó, E. (2008)).
- The development of ICT: The development of the ICT brought changes in the following areas: 1. more fierce competition because of decreasing transactional costs and the growing efficiency; 2. supporting the globalization of the company operation, and the loosening of the firm borders; 3. knowledge sharing and innovation getting easier thanks to the networking applications; 4. speeding of innovation due to the quicker data-transfer (Czakó, E. (2003)).
- Knowledge as central production factor: In the information economy the role of the knowledge-intensive activities are growing and the emphasize are laid more on the human resources, and the company knowledge, which can use it. (Findrik, M. - Szilárd, I. (2000))

The scope of competitiveness is also debated in the literature, the phenomenon can be approached from different sides, among what the followings are highlighted:

1. Ex post / Ex ante approach: The ex post competitiveness can be measured from the result side, and relates to the improvement or deterioration of the competitiveness (Török, Á. (2005)); Lengyel, I. (2000)). The ex post approach assure the possibility to compare the competitiveness of the analyzing entities to each other, or to their earlier own results, by measuring different factors. The ex ante (input) side focuses on the factors affecting the competitiveness, including all those elements, which assure advantages in the competition (comparative / competitive advantages). The ex ante side is relevant from the governmental point of view, as it gives answers to the question, what kind of factors should be developed to be competitive.
2. Supply or demand side: On the one hand, competitiveness can be measured from the demand side, based on the market performance (e.g. market-share, or the satisfaction of the consumers) what is rather easy regarding products or enterprises, but challenging considering area (regions, nations). On the other hand, we can see it from the supply side, with the main focus on effectiveness, and cost efficiency (Török, Á. (1996.) In: Czakó, E. (2000) 24.o.)).

(It is important to highlight, that in the case of areas the analysis must include qualitative factors, like how the local people feel themselves, or how is the level of education and the quality of the environment.)

3. Levels of interpretation: Traditionally competitiveness can be understood at the four levels of the economy: at national, industrial, enterprise and product level (Chikán, A. (2006); Majoros, P. (1997)). Among these dimensions high emphasis is placed on the macro (national) and on the micro (enterprise) level, though there is an important, and dynamically growing perspective of analyzing competitiveness on the mezzo-level, focusing on regions within a country (Chikán, A. (2006), Török, Á. (2005)).
4. Theoretical approaches: Among the theoretical approaches the direction of economics and the business management could be highlighted. In the focus of the economics-approach the performance of the national economics stays, as well as their foreign trade positions. "The main inspiration and source of the researches in this area are the macroeconomics and the international economics." (Czakó, E. (2000) 26.o.) The approach of economics analyzes the competitiveness on macro level, and put the emphasis on the ex post side, and the result-based measurement. In contrast with this, the approach of business management nears the question from the side of the companies. The researches in this area put the ex ante factors to the focus, and search for the answers of the question: what kind of environmental factors of the competition should be assured in to make the companies be competitive in the national economy. The work of Michael Porter means the cornerstone of the literature of this approach. According to Porter (1990) the comparative advantages based on the provision of the resources do not assure the welfare of a nation in the changed economic and trading circumstances. He argue by the competitive advantages could be created locally. (His model will be introduced in details in the Chapter 2.2., with its improved version from 1998, and cluster-theory.)

The definition of regional competitiveness

The regional competitiveness can be interpreted in the level of the regional clusters of nations on the one hand, and as subnational area on the other hand. My research focus on touristic destinations within a country, that is why I understand the competitiveness of subnational areas under regional competitiveness, and that is the way how the phenomenon is interpreted generally in the Hungarian literature. The relevancy of the regional competitiveness can be explained by two important trends according to Imre Lengyel (2000): firstly the results and the relevancy of those researches made in the area of business economics with the focus of regional clusters, secondly the trend of the national and international policies focusing on regional development. Regarding these trends, the followings can be highlighted:

- Theoretical approaches and results: The spatial analysis of the economic processes came to the focus of the economics sciences in the 1990's and different approaches were created to explain the phenomenon (Lengyel, I. (2000), Chikán, A. - Czakó, E. (2008)). The approach of economics lighting the question from the macro-level was hallmarked with the researches focusing on international trade. According to the "New Economic Geography" theory of Krugman (1991, In: Chikán, A. - Czakó, E. (2008) 29.o.) the companies can realize growing returns by the external impacts of their location. The economics approach of competitiveness analyzes the regional competitiveness from ex post side. Meanwhile the approach of the business and management represented by Porter (1990, 1999) analyzed the phenomenon from micro-side: due to his researches focusing on global and multinational companies realized he the advantages of the local environment and the so called "global-local paradox". In the global competition the companies are able to purchase anything from anywhere, in spite of this the settlement decision still be critical. This statement is supported by the phenomena, that the map of the world economy such a geographic concentration appeared that are chosen by companies from different industries. This kind of geographic concentrations are called as cluster by Porter (1999) and defined as the geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field, in what all the industries participate, which are important regarding the competition of the regions.

- Governmental efforts: The growing relevancy of the regional competitiveness can be drawn back to the regional policies of the European Union, which focus on the creation of the economic and social cohesion (Lengyel, I (2000); Török, Á. (2005)). The main aim of the regional policy of the EU is to increase the competitiveness of the regions and to make the underdeveloped regions to close up, to reach the competitiveness of the entire union (Szentés, T. et al. (2005)).

Regarding the also debated scope of regional competitiveness we can find different aspects of definitions, from which I have chosen the most influential one, which was created by the European Commission (EC (1996) in Lengyel, I. (2003, p.223) and can be seen as the most accepted in the literature. According to this definition “ (...) in a successful region the local population can be characterized by an increasing welfare, which is assured by growing productivity and employment.” The definition includes the most important objective of competitiveness - welfare - which is a really wide and intangible concept. Welfare can be described by the GDP on a macro-level but “ (...) the growing GDP does not really mean growing welfare, and especially not growing well-being. Increasing wellbeing includes the development of education, the growing healthy lifetime, increasing life-, and social safety, as well as those factors, like individual freedom, what are all included in welfare.” (Kerekes, S. (2006) p.196.). In spite of all these problems, there is no better measurement tool of welfare available than measuring the GDP (Lengyel, I., 2003). Welfare is basically determined by productivity and employment, so these factors are generally accepted in the literature (Chikán, A. – Czakó, E. (2008)). The definition above neglects the principles of sustainable development, but the Cohesion report of the EC (2001) put emphases on that and defines competitiveness as follows: “high and growing welfare, and a high employment rate at a sustainable base.” (EC, 2001) p. 37 in: Lengyel, I.,2003, p. 246).

The most important factors of regional competitiveness can be summarized as follows:

1. Welfare: The main aim of competitiveness is high and growing welfare, which can be measured by GDP, but there are several, other non-measurable, “soft” factors to be analyzed.

2. Productivity: Productivity means operative effectiveness, what can be reached by cost-cutting, or raising the production (Lengyel, I.,(2002)). Raising productivity is the basic source of increasing the welfare of a region (Czakó, E (2007)).
3. Employment: The employment of the locals, as a main domain of competitiveness, serves to keep income in the region.
4. Sustainability: From the perspective of competitiveness sustainable development is a key element because of several reasons. Firstly, if we look at competitiveness as a dynamic process, it is univocal, that the environmental pollution serving actual economic growth has negative correlation with future welfare, and competitiveness. On the other hand protecting the environment (by using energy saving technologies or renewable energy) can decrease energy-dependency (Kerekes, S. (2006)), and can serve cost-cutting.

It is important to highlight the problems concerning the measurement of the GDP on regional level, which can be explained firstly because of out flowing income (Enyedi, Gy. (1997)), secondly it is difficult to reach the regional statistics supporting the calculation of regional GDP in Hungary (Barna, K. et al. (2005)). "The EU measures the income in the NUTS-2 level regions with measuring GDP per capita. In the regional studies the GDP gives distorted results (e.g. because of commuting) and the real value is overestimated in the bigger cities (where the people go to work) and underestimates that of in the agricultural regions (where the people travel from)." (Lengyel, I. (2000) p.975) To solve these problems suggests Lengyel (2000) to measure the regional GDP by the multiplier of work efficiency and the employment.

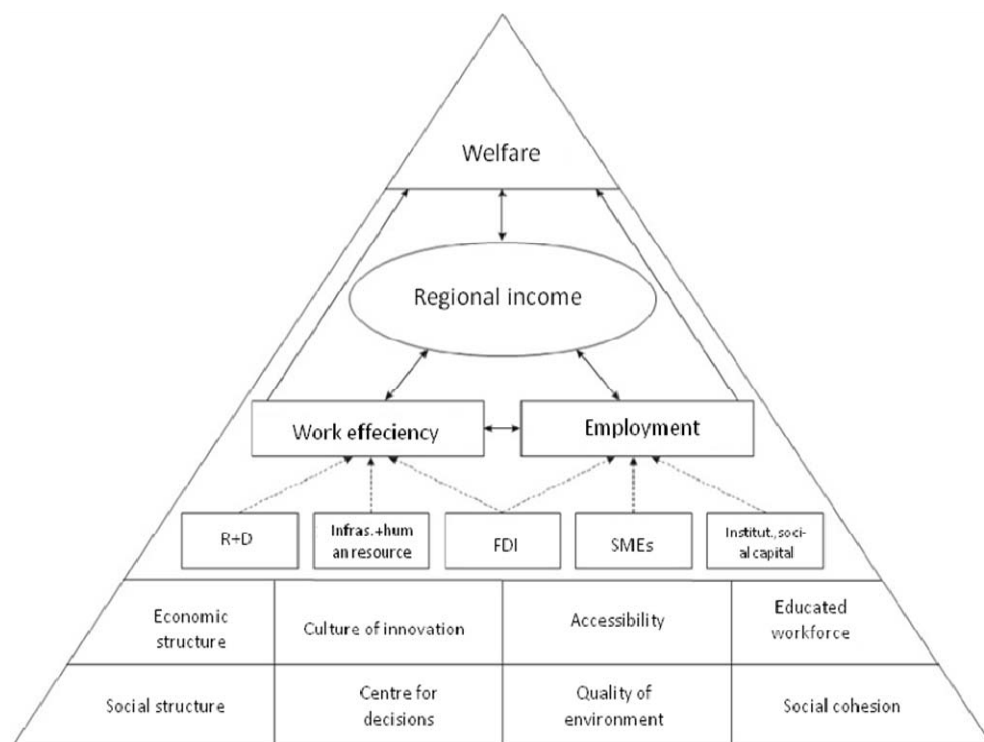
The ex ante side of regional competitiveness

The above introduced definitions of the regional competitiveness focus on the result -, the ex post side of the regional competitiveness, and do not identify the ex ante side, however this approach is important because of two viewpoints. Firstly the ex ante side holds the possibility of development, as "the endogenous factors give the uniqueness of the area, those regional inner impacts, those differences that creates the entity and the success, and later these holds it." (Rechnitzer, J. (1998) p. 178.) Among the ex ante factors the soft factors should be highlighted (e.g. organization development, human resource, social capital), which should be drawn back to the expansion of the knowledge base economy (Findrik, M. - Szilárd, I. (2000)).

The research methods exploring the soft elements result in the analysis of another type of success: “they analyze a general success, a reached position instead of a measurable performance.” (Palkovits, I. (2000) p. 124))

Imre Lengyel (2000) determines the ex ante as well as the ex post side of the regional competitiveness in his pyramid-model. In the baseline of the pyramid those basic social and economic factors can be seen, which are essential for the long-run success (e.g. economic structure, innovation culture, regional accessibility). He builds grouping factors on these elements, which have impacts on the work efficiency and the employment in short run: R+D, small and medium size companies, FDI, infrastructure, human capital, institutions, and social capital. On the top of the pyramid the main aim of competitiveness can be seen, the welfare, which is decomposed to to the the multiplier of work efficiency and the employment. The model can be seen on Chart 2.

Chart 2.: The pyramid model for the competitiveness of regions and areas



Source: Lengyel, I. (2000) p.979.

In order to identify the most important ex ante factors, I analyzed the following, most influential theoretical approaches of the subject: the basic factors of the pyramid-model of Imre Lengyel (2000), the 6th regional report of the EU (EC (1999)), and the enterprise policy scoreboard, EPS (EC (2001) In: Czakó, E. (2007)). The factors identified by these approaches are summarized in the following table:

Table 1.: The ex ante factors of the regional competitiveness (own construct)

The ex ante factors of the highlighted approaches		
Pyramid-model of Lengyel Imre	The 6th regional report of the EU	Enterprise policy scoreboard - EPS
<ul style="list-style-type: none"> • Social-, economic structure; Culture of innovation, Centre for decisions; Regional Accessibility; The quality of the environment; Educated workforce; The social cohesion 	<ul style="list-style-type: none"> • Innovation, and the culture of innovation; The operation of SMEs; FDI; Infrastructure; Human capital; Institutional factors – networking and social capital; The operation of public institutions, The quality of the environment 	<ul style="list-style-type: none"> • The accessibility of the financial sources; The environment of regulation; Taxing; Opened and well operated markets; Company activity; Human resource; The expansion of knowledge and innovation; ICT; Sustainable development

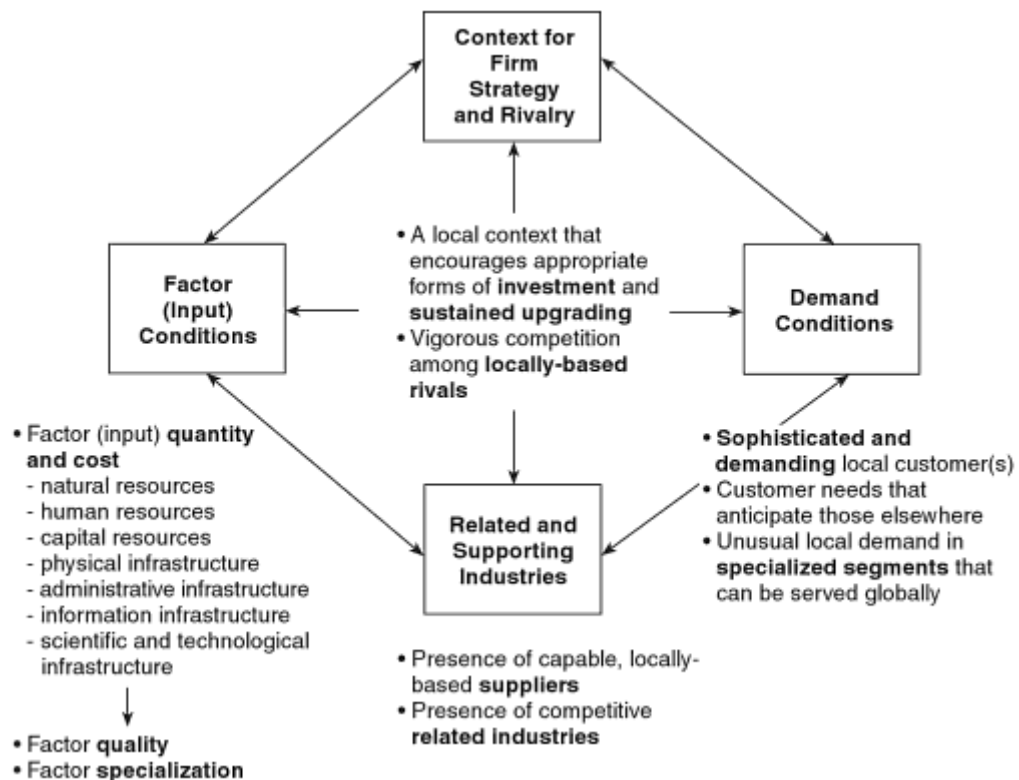
Numerous overlapping can be seen among the factors introduced, and based on the EC-report of 1999. I highlight the following factors: Innovation, and the culture of innovation; The operation of SMEs; FDI; Infrastructure; Human capital; Institutional factors – networking and social capital; The operation of public institutions, The quality of the environment, Financial resources.

My aim was to describe the result-factors of the regional competitiveness in their interconnections, and all the determining factors of the economic and social framework. Further question lies in that how the players can use and develop these local factors. The approach of business management will be introduced in the followings, which near the regional competitiveness from the side of the strategic views of the players.

2.2. THE BUSINESS AND MANAGEMENT APPROACH OF THE REGIONAL COMPETITIVENESS

The approach of the regional competitiveness starting from micro level is connected to the theories of Michael Porter (1990, 1998). Porter (1998) consider that the key of the competitiveness of a region (location in his words) is the increasing productivity, and he means the following, regarding the role of the local business environment in this: “In this broader and more dynamic view of competition, location affects competitive advantage through its influence on productivity, and especially on productivity growth. (...) Prosperity depends on the productivity with which factors are used and upgraded in a particular location.” (Porter, M. E. (1998) p. 210.). The improvement of the productivity depends on three factors: 1. using sophisticated methods; 2. the adaption and the usage of developed technology; 3. producing unique, differentiated products. The local business environment have a great influence on how sophisticatedly the local companies operates. Porter (1998) determined the source for local competitive advantage, as the improvement of his model (Porter (1990)) as follows (Chart 3.)

Chart 3.: Sources of locational competitive advantages (Porter, M. E. (1998) p. 227.)



The following characteristics should be highlighted from the above introduced model:

- The factor-condition contains all those tangible, and intangible resources, on what the local companies rely on. These resources should be developed in their efficiency as well as in their quality, and should be specialized so as to serve appropriately the local companies, and to enhance the productivity.
- The context for firm strategy and rivalry rely on all those factors, that affects the intensity, the norms, the drivers of the local competition. The fierce local competition is essential in the regard of development, because if the local companies step through the harmful price and imitation based competition and start the competition in innovation and differentiation – sophisticated competition as Porter names it – than this will lead to the unbroken improvement of productivity.
- The local demand has a relevant role in motivating the firms to have an innovative and differentiation based strategy. It is also important that because of the local demand, the companies can easily have information of the demand requirements because of the cultural and geographical closeness, and the local sales is much more cost-efficient.
- The related and the supporting industries also get role in the model, but their relevancy is more than to be a simple market player. “The clusters represent one of the peaks of the diamond (related and supporting industry), but it is better interpret them as the manifestation of the interactions among the four peaks of the diamond.” (Porter, M. E. (1998) p.213.) That is why it is important to highlight that the strong connection with the related and the supporting industries, and the synergy comes from that is essential regarding the regional competitiveness. As the strong networking effect serves the improvement of the productivity, as it motivates the innovation, as well as the efficient operation at all level of the value creation.

I find clusters important because of their strategic relevancy regarding the regional competitiveness, and that is theme I put the emphasis on during introducing the cluster-theory. I do not want to be involved in the debates connected to the definition of the clusters (about what a detailed picture is given in the work of Martin-Sunley (2003) or Réka Patik (2004)). I put the emphasis on the point of the cluster-theory what is appreciated by the critics of the Porter-theories.

The point is that on the one hand, that the cluster-theory broadcast an important message “ (...) that the competitive advantage should be created locally but not only by the firms, but by the state, the institutions, and the entire local community, further on connected to this how to be the settlement place, the local basis for multi-, transnational firms. (...)” Török (2005, 126.o.) On the other hand, the popular theory called the attention up of the international and national economic development institutions to see the importance of the regional development (Martin, R.- Stanley, P. (2003)).

The roles of the clusters in the regional competitiveness

The map of the world economy is dominated by special centres, so called cluster, which have the special characteristics of having success in a certain industry (Porter, M.E. (1998, 1999)). These kind of economic concentrations are characterized by unique specialization, as they give home for internationally successful companies in certain industries. The most known best practices (Silicon-valley, financial cluster in Boston, automobile cluster in Wales) are about those multinational companies, which centres of core competencies are settled in the given region, but we can see examples of clusters containing SMEs based on their serious historical traditions (e.g. Dutch flower-cluster, or North-Italian fashion cluster) (Porter, M.E. (1999); Lengyel - Imreh (2002)). The success stories are variable regarding their industry, or scope of the expansion, but they have the following mutual characteristics: 1. they represent the success area of the region, and the members of the clusters operates in export-oriented industries; (Lengyel, I. (2002); Patik, R. – Deák, Sz. (2004), Grosz, A. (2000)); 2. innovation is essential regarding their success (even if they do not operate in the high-tech industries); 3. cooperation and competition can be seen in their wide-spread contacts, and the local institutions are also involved (Porter, M. E. (1999)).

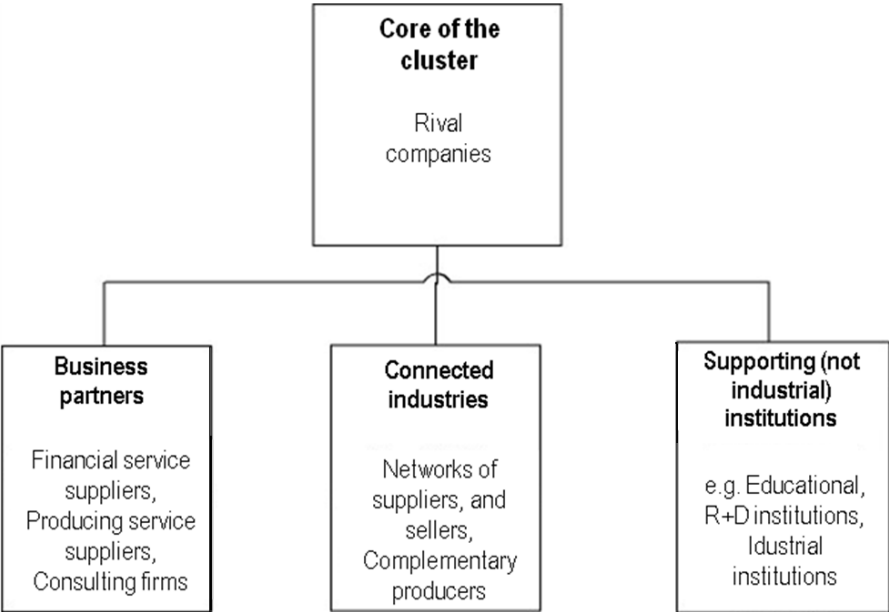
The players of the clusters and their characteristics

Clusters contain such local value-chains, which serve differentiated demand of end-users, but build their operation on mutual basis of knowledge, suppliers, and workforce and need similar law-, and infrastructural circumstances.

The conception is based on those connection among companies and industries, where the members produce complementary products (or services), and share all those technology, capability, information, and marketing-tasks, which are essential regarding their success, further on they develop the mutually used local infrastructure, and resources together with the local institutions (Porter, M. E. (1998)). Among the cooperation, the competition also gets an important role in the connections of the cluster-members, as the local competition (above introduced in the diamond – model) serves that dynamic environment, where the members “are forced” to innovate continuously.

The members of the cluster are independent organizations, among those the “core-players” (rival firms), the connected industries (suppliers, complementary producers), supporting institutions (educational organizations, industrial NGOs, and local governmental organizations) and business partners (serving companies, without day-by-day contacts, e.g. banks, insurance companies), which can be seen detailed on the Chart 4.

Chart 4: The general model of the clusters’ players



Note: own construct based on Porter, M.E. (1998) and Lengyel, I. (2002)

The clusters show various picture regarding their industrial as well as geographical borders: because of their expanded connection-system, we are not able to talk about one industry, or a well-determined area signed with geographical or political border (Porter, M. E. (1998)).

The most debated topic around the clusters is how to differentiate them from other cooperative organizational forms (e.g. strategic alliances, or networks (detailed in Antal-Makos, Z et al (2000)). The differentiation of clusters from networks appeared in the Hungarian literature as well (Lengyel-Imreh (2002); Lengyel, I. (2001)). In these researches the most important differentiating factor was the basic of the cooperation, what was contract regarding networks, and social values in clusters. Though the contract-relations seem to be important in the clusters as well, as it can be seen in the OECD-research cited by Lengyel (2001). According some viewpoints (Patik, R. (2004); Gomes-Casseras, B. (1994)) clusters are the synonym of networks, and express the irrelevancy of the naming, because the point is the relevancy of the cooperation. There are other opinions, according to what, clusters can be viewed as special networks, and this kind of argument is close to my interpretation. I take the viewpoint of Vilmányi (2000), according to whom; clusters can be seen as a locally built network organized on the basis of producing or servicing in a certain area.

Porter draws back to the advantages gained from the geographical closeness (e.g. informal contacts) that the clusters are much more flexible and successful than others formalized cooperation (e.g. vertical integration) (Porter, M.E. (1999)). In his point of view the bonding material of the clusters are the so called "social glue". He argues as follows: "The mere presence of firms, suppliers, and institutions creates the potential for economic value, but does not ensure the realization of this potential. Social glue binds clusters together contributing to the value creation process. Many of the competitive advantages of clusters depend on the free flow of information, and the value-added exchanges or transactions, the willingness to align agendas and to work across organizations, and strong motivation for improvement" (Porter, M. E. (1998) p.241) The emphasis is on the informal contacts of the members, which holds possibilities in the following areas: 1. the plastic borders of the companies, 2. creation of trust and interdependency. All these are summarized in that argument, that clusters are embedded in the local society, and posses strong economic power (Lengyel, I. (2002), Vilmányi, M. (2000)).

Advantages of the clusters

The basic characteristics of the clusters can be summarised as follows: social glues (social cohesion) among the members, the involvement of the local institutions, and the sophisticated competition, meanwhile the followings are mentioned by Porter as the advantages of the clusters. The clusters affect the competition and the competitive advantages on three ways: firstly because of increasing the productivity of the member companies and the industries, secondly by increasing the innovation-capacity of these firms, and the improvement of the productivity, thirdly by motivating the creation of newer formations, which support the innovation, and the widening of the cluster (Porter, M. E. (1998)). The interdependencies among the mentioned factors are as follows:

1. Productivity: Productivity means operating efficiency which can be reached by cost-cutting or raising production (Lengyel, I. – Deák, Sz. (2002)). Clusters assure the improvement of the productivity on the following areas (Porter, M.E. (1999); Lengyel, I.- Deák, Sz. (2002)):

- Reaching special resources: Clusters are built on mutual knowledge-, workforce, and supplier basis, so the needed resources can be purchased locally, meaning less costs than transporting from far. The developments meeting the needs of the members could be realized on the basic of economies of scale, with involving the local institutions.
- Reaching information and knowledge: The greatest advantage of the cluster is sharing knowledge. During the information-exchange, the benchmark of the companies with same resources can be realized. This helps the companies to learn from each other, further on a pressure can appear among the players, which motivate them for further innovation. The informal networks, and the trust among the actors play an important role in creating a motivating environment appropriate for sharing the knowledge.
- *Complementary effect:* The membership of the complementary and connected industries strengthens the position of all cluster-member. Porter gives the example of the touristic package for the complementary effect, where the touristic service suppliers are dependent from the others, and their success is interconnected.

This kind of effect can be realized in the area of image building, what is named as shadow-effect by Vilmányi (2000), because the good image of a member can have a positive effect on the total cluster. The complementary effect can be realized with the help of so called “collective coordination” regularly: an organization created by the players can support the development of mutual resources, and the mutual marketing-activity.

II. Innovation: The characteristics of the cluster can have great effect on the innovation. Firstly because the competition existing in the cluster motivates the players for continuous innovation. Secondly the special resources accessible in the cluster (e.g. collective knowledge, information, R+D institutions) creates an environment motivating the innovation, and the R+D projects in cooperation can serve the economies of scale. The innovation support the productivity of the future, further on helps the companies to differentiate their products, services.

III. Clusters and the new members: The widening of the cluster means a positive a feedback, showing that the place is attractive for the newer investors. The new members strengthen the resource-basis, and the competition as well, and finally increase the motivation for innovation, and product-differentiation.

2.3.SUMMARIZING CONSEQUENCES OF THE REGIONAL COMPETITIVENESS

Ex post factors and drivers

According to the most influential definition, regional competitiveness can be expressed as relative high GDP and relative high employment. The increase of the productivity determines the growth of GDP, so that is why it is the centre of the analysis in the theory as well as in the governmental areas. Porter (1998, 1999) determined the basic characteristics of the clusters (geographical closeness, social cohesion, and sophisticated competition), and the impacts of the cluster affecting the productivity (e.g. possessing mutual special resources, innovation).

Disregarding the strategic factors (differentiation, and complementary effect), all those can be seen in the pyramid model of Lengyel Imre, as well as that of the EU. The high and growing employment could be seen at the top of the Lengyel-model, but indirectly, as the consequences of the cluster-development, this factor can be seen in the cluster theory as well in the following areas: 1. appearance of the “outsider” companies, 2. the development of the SMEs; 3. the education of the workforce in cooperation with local institutions.

The characteristics of the local basis

The main resources of the local basis (e.g infrastructure, human resources) are handled on a similar way by the models. The emphasis can be put on the resources grouped by Porter (1990), as among those, the special and critical resources can be identified. In connection with the cluster-theory the players were identified, as the core of the cluster, business partners, connected industries, supporting institutions. The pyramid-model of Lengyel, as well as the diamond model of Porter (1990) highlight the importance of the local political institutions, and the social cohesion. The cluster theory put more emphasis on the social glue, as the centre of the cluster, and the key of the growing cooperation, and productivity, so this kind of dimension is recommended for further analysis.

As summary it can be said, the the diamond-model and its manifestation, the cluster-theory handle the regional competitiveness in its strategic relevancy, and highlight the players of the competition, the demand-factor, and the strategy, and determines the drivers of the productivity. Cluster-theory represent all those interconnection, that serve the increase of the productivity, and the employment with highlighting the demand and the company strategy. I find it important to handle all these factors in their interconnections. The cluster-theory give a proper starting point for analyzing the regional competitiveness in the framework of case studies, so as to explore the driving forces and the interconnections behind the success or failure of a region, even those which are difficult to measure (Roelandt–den Hertog (1999) In: Patik-Deák (2004)).

3. THE COMPETITIVENESS OF DESTINATIONS

Researching competitiveness in the tourism sector has received different emphases in the last few decades, reflecting changes in the touristic market. Touristic destinations became the focus of competitiveness' studies only from the middle of the 1980's, when competition started to be fierce among destinations in the globalizing touristic market. The main question of these times was "Which destination is more attractive?", and the focus was on the demand side approach of competitiveness. (Enright, M.J. – Newton, J. (2004)). From the 1990's a transparent and even stronger competition started among destinations, because of the expansion of online travel. From this time, it was not enough to understand (the rapidly changing) consumer needs, the key question was to address those factors which are responsible for the competitiveness of destinations in general. The main question was "How to make a destination competitive?", and the supply side approach of competitiveness was highlighted, mainly because the competitiveness-analysis serve important role: the development strategies of the destinations (Pearce, D.G. (1997)). My main aim in this chapter is to highlight the theoretical approaches of destinations' competitiveness, and to summarize the empirical researches in the area.

3.1. THE OVERALL INTERPRETATION OF DESTINATIONS' COMPETITIVENESS

3.1.1. THE DEFINITION OF DESTINATIONS' COMPETITIVENESS

According to one of the most influential definitions "Competitiveness is the capacity of a destination to compete successfully against its main rivals in the world, to generate above average levels of wealth, and to sustain this over time at the lowest social and environmental cost. (...) In a competitive tourism destination companies' operating profits and salary levels are higher than average, fixed assets are constantly being revalued, new investments come

easily, businessmen and policy makers see the future with optimism, and the quality of life of the local population – their physical and social well-being – is high.” (UNWTO,2000, 66.o.).

The pillars of destinations’ competitiveness can be summarized and described as follows:

- Aim of welfare: The (direct and indirect) contribution of tourism to the local benefit, to the local GDP is highly challenging to measure, as in Hungary for example this kind of multiplier effect is measured at national level by the Hungarian Statistics Office. Among the measurable factors, the soft factors of welfare are also very important as the positive impacts of tourism (e.g. local pride, feeling of safety), as well as the negative ones (e.g. crowd, pollution) can have a great effect on the well-being of locals.
- Income of locals: On the one hand, the employment-multiplier effect of tourism is well-known, as the sector is highly labor-intensive, but it is important to highlight that efforts must be taken to motivate the touristic enterprises to employ local workforce, and the local labor-market should be well trained to have the needed service-oriented view. On the other hand, tourism can assure seasonal jobs generally, so alternative, all-year round workplaces are also essential, in a touristic destination. Among the workplaces, using local suppliers also support the growth of the local benefit.
- Meeting the need of the demand: This pillar illustrates the demand side approach of competitiveness. From this perspective Crouch-Ritchie (1999) state that competitiveness is the ability of a destination to be more attractive, and to assure more or better experiences than the others. This kind of approach is really wide, so the emphasis should be placed on segmentation: the destination should assure well positioned supply to one or more chosen segments of tourists. (Buhalis, D.,2000).
- Productivity: Increasing productivity at destination level refers to all those strategies which help with decreasing the costs (e.g. communication campaigns in cooperation) or increasing the income (e.g. targeting tourists with higher expenditure and developing new attractions). Productivity stays in the focal points of cluster-theory (Porter, M.E.,1998). Porter pointed out that productivity is served by other factors like the so called “sophisticated competition”, meaning differentiation-, and innovation-based competition, the social glue (the formal and informal networks of the players) further on by using mutual know-how-, and labor basis, as well as by innovation.

- Sustainability: Sustainable development was a core factor of regional competitiveness, and even more emphases must be placed on it in touristic destinations, as the natural and social environment gives the most important resources of tourism. Assuring that sustainable development is a key question, as the main objective is to protect the main resources of tourism, as well as to assure the welfare and well-being of the locals.

3.1.2. THE OVERALL MODELS OF DESTINATIONS' COMPETITIVENESS

The theme was analyzed from different viewpoints in the last decade in the international literature: specialized theories (e.g. marketing-, management-, price-competitiveness focused models) dealt with the question (Detailed summary can be found in the Special Edition of Tourism Management (2000, Crouch – Ritchie (ed.)).) In spite of the fact that numerous theories deal with the destinations' competitiveness, there are only a few of overall models. The most known overall models will be introduced as follows.

1. Model of Poon

The earliest approach of destinations' competitiveness is connected to Poon (1993), who identified that the competitiveness should get a newer meaning regarding the trends of new tourism. Poon determined four key areas as the key-factors of destinations' competitiveness: 1. nature at the first place; 2. tourism should get priori role (the appreciation of tourism in the local government, and community); 3. improvement of sales and marketing activity; 4. building strong and dynamic private sector. The dimensions identified by Poon are certainly very important, but general as well, and that was the reason why the theory got several critiques (Buhalis, D. (2000); Dwyer-Kim (2003), Crouch-Ritchie, (1999), Omerzel, (2006)).

2. The adaption of the Porter diamond

Porter-diamond (1990) had a great impact on the researchers analyzing the destinations' competitiveness: several analysis were created for exploring the factors of diamonds in the tourism of certain regions, countries (Smeral, E. (1998) – Europe, Go, M. F. et al. (1994) In: Enright-Newton (2004) - Asia; Lengyel, M. (1997) - Hungary; De Holan, P.M. - Phillips, N.

(1997) - Cuba). The researches customise the diamond-model on different way regarding the touristic sector, what can be explained by the fact that the touristic supply is created by different industries, and it is difficult to identify the supporting and connecting industries, as well as to describe the dimension of strategy and competition.

In the area of the "Condition of resources" mainly similar factors were analyzed: natural – cultural values, human resources, infrastructure, the quality and the quantity of the touristic supply. In the dimension of connected industries, in the rest of the cases, the supplicated analysis of the touristic supply is done. The identification of strategy and competition is made by examples. In the rest of the cases the demand-dimension is analyzed through the statistics of the sending market, and the guest volume.

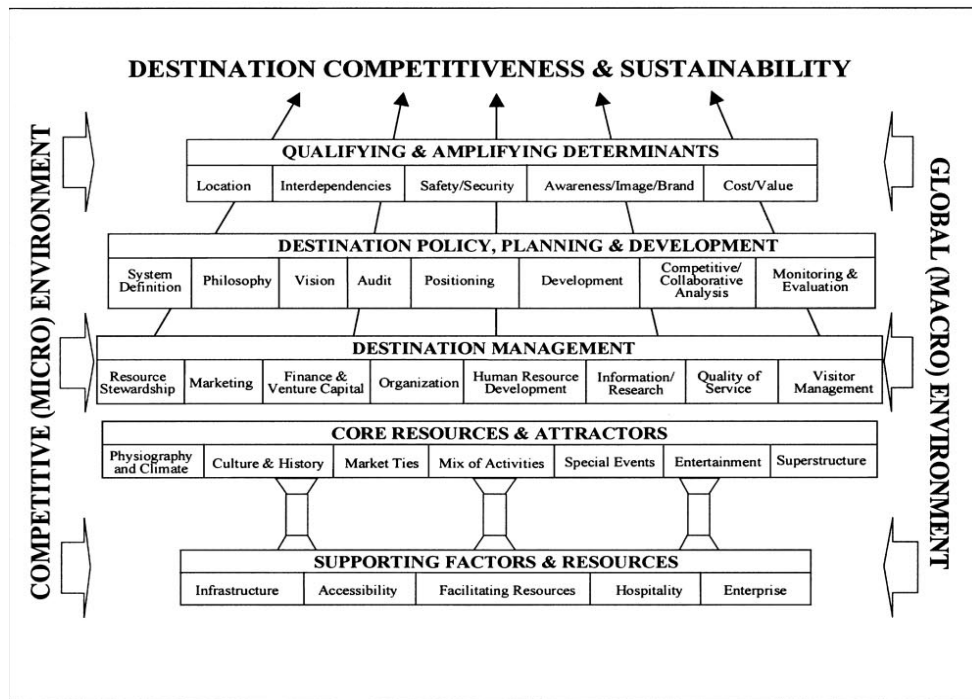
3. The model of Crouch - Ritchie

I highlight the model of Crouch-Ritchie (1999/2000) because it is the most overall model of destinations' competitiveness according to several writer (Enright M.J. et al, (2004) 778.p., Buhalis, D. (2000) 106.p.; Faulkner, B. et al, (1999) 126.p.)). The model describes the ex ante factors and the connections among them. The main aim of the model is the welfare, but the authors look on this aim as an overall view pervasiving the total model, and share the viewpoint that it is difficult measure (because of its connection of the added value of tourism to the standards of living), so the operationalization of the welfare is neglected in the model. The diamond-model of Porter had a great impact on the authors, and they identify the comparative and competitive advantages as follows: "Where comparative advantages constitute the resources available to a destination, competitive advantages relate to a destinations' ability to use these resources effectively over long-term." (Crouch-Ritchie, (1999) 143.p.) Crouch-Ritchie put a relevant emphasis on the overall coordination of the destination, as that is the factor, which is the tool of creating competitive advantages, and the centre of the destinations' competitiveness.

On the base of the model (can be seen on Chart 5) the resources can be seen (2. supporting factors and resources, 2. core resources and attractions), which are the source of comparative advantage. The destination management assure to capture these resources at operative level, which is done in the framework of the goals determined by the strategic planning.

The success of all these factors are influenced by the so called Qualifying determinants, which are those factors according to the meaning of the authors, that can not be influenced. All these factors are built on each other, showing a hierarchical connection-system.

Chart 5: The competitiveness and the sustainability of destinations (Source: Crouch - Ritchie (2000.) 3.p.)



The model was criticized by several author because of the lack of the empirical proof (Enright-Newton (2004); Heath (2003); Dwyer-Kim (2003); Buhalis (2000)). One of the authors, Crouch (2006) carried out a quantitative expert research, as answering these critics, with the aim of identifying the role of these factors in the destinations' competitiveness. According to the research the following order were made: 1, Core resources; 2. Destination management; 3. Supporting factors; 4. Destination planning and development; 5. Qualifying factors. It is a basically questionable fact, whether the general weight of the factors could be measured, as the role of these factors could be different by destination, to destination, as possessing different resources and different competitors (Enright-Newton (2004); Kozak-Remington (1999)). Also the hierarchical-model and the order of priority can be difficult to handle, and could be questioned because of the results of the abou mentioned (Crouch (2006)) research.

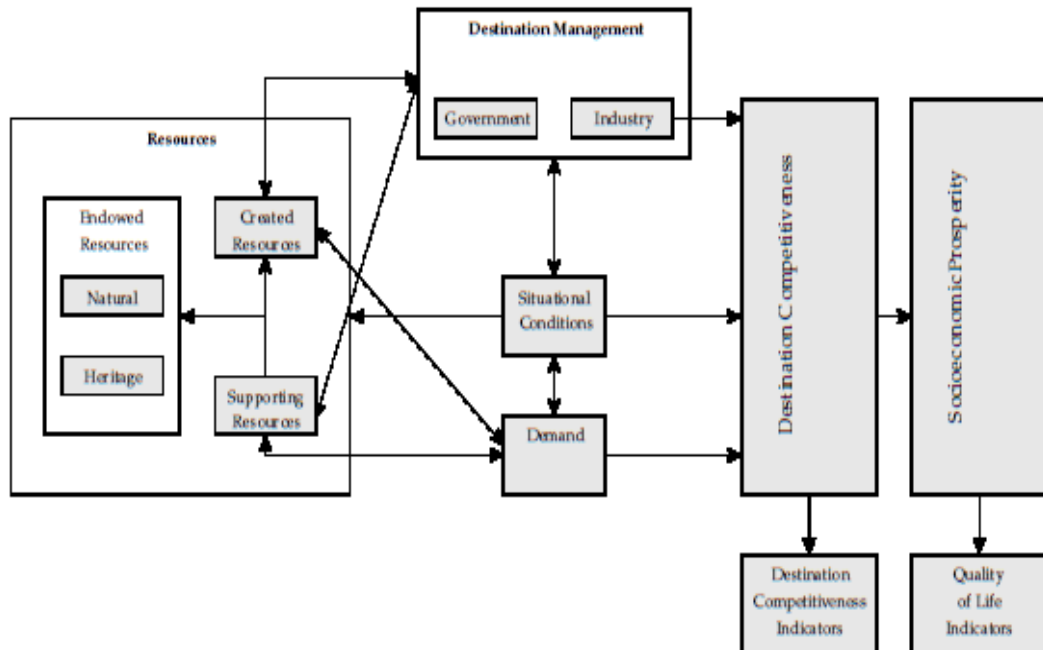
Firstly because among the Qualifying determinants such factors can be seen (as one of the author explained it as well), which can be influenced and changed, so these factors can be named as “situational”, their effect is temporary, and manageable. Secondly the main role of destination management can be questioned: in the underdeveloped regions, the destination management can have key role (and it is my interpretation, and “confession”), but in the globally known destinations or in areas with highly developed players, the role of the overall coordination can be questioned.

The competitiveness pyramid give a highly important framework of thoughts, and contain all the ex ante factors, with giving 36 indicators. Comparing this with the Lengyel pyramid model (from the Chart 2) identifying a dozen indicators, we can see that the Crouch-Ritchie model have three times more, and make difficult to handle the model. Further on some others important indicators do not appear in the model (as culture of innovation, social capital), and their *raison d'etre* needs further research.

4. The model of Dwyer-Kim

I highlight the model of Dwyer-Kim (2003) because of two reasons: firstly it is as popular as the model of Crouch-Ritchie in the circle of touristic researchers, secondly the model shows a more dynamic interpretation of destinations' competitiveness than that of Crouch-Ritchie (as can be seen on the Chart 6.). Dwyer-Kim build up the model from the same ex ante factors as Crouch-Ritchie, but they add the demand factor as well, and handle the Situational factors as manageable. Finally the model contains the main aim of the competitiveness, the welfare, but it was not operationalized either in this model.

Chart 6: The main elements of the competitiveness of the destinations (Dwyer-Kim (2003) 378.p)



I highlight those elements of the model, which helps to clear further theoretical questions, as follows:

1. *Resources:* Dwyer-Kim separates the non-changeable endowments, and the innovatively developable factors. In the circle of the endowed resources all those factors can be ranked, which are endowments (as cultural, natural resources), meanwhile the circle of created resources contain those elements which are created by human activity in now a days the near past.
2. *Destination management:* The authors highlight the importance of destination management, but they do not introduce this factor as the central, priori factor of the destinations' competitiveness. The destination management is introduced as the task of the government, as well as the function of the local, industrial NGOs.
3. *Situational factors:* Those factors can be classified here, which can have influence on the development of the destination, but according to the interpretation of the authors, do not work as unambiguous borders, and their impacts are manageable. The local competitive environment, the macro-environment as well the price competition gets place here.

4. *Ex post approach*: Dwyer-Kim determine all those indicators which serve the measurement of the ex post competitiveness of the destination: 1. guest statistics, 2. the weight of the touristic sector in the economy; 3. the development of the economy; 4. touristic investments; 5. price-competitiveness; 6. the governmental support of the tourism industry. Dwyer-Kim did not make explicit the factors of the “Quality of Life indicators” can be seen in their model. I would highlight that in Hungary there are successful initiations to build a so called Tourism Related Quality Of Life Index (TRQL-I) (Kovács, B. et al. (2007); ÖM (2008)). In the circle of the objective measurement of the TRQOL-model the followings can be measured from secondary sources (according to the actual phase of the research): 1. Number of bed spaces per local citizen; Number of tourists per local citizen; 3. Number of guest nights per local citizen; 4. Number of employees per local citizen; 5. Number of visitors to attractions (Puczko, L. (2008)).

The authors named 93 indicators below the factors seen on the Chart 6., and the model was criticized because of the high number of indicators: “The conclusion what the Reader can have, that countless factors can be used in any case.” (Mazanec, J. A. et al. (2007) 87.p.) As conclusion it can be said, that the model lifelike and logic, but it is questionable whether the indicators and their contacts manageable are.

5. Heath-model

Heath (2003) created his model for the under-developed, improving destination, based on his researches made in South-Africa. The author used up the Crouch-Ritchie and Dwyer-Kim models defined as basic-theories by himself as well, but he added the opinion that these models do not handle the specific characteristic of the developing destinations. The Heath-model or the so called Heath-house contains 4 basic elements: 1. the basic: attractions, touristic infrastructure, supporting factors, market contacts; 2. the cement: the centre element of the destinations’ competitiveness, which glue together the different factors; 3. involving the participants in the development; 4. the building stones: sustainable product development and integrated communication; 5. the roof: the keyfactor of the success: the factors of the adaptability – mutual vision, inspiring leading, innovative culture, community cohesion, the capabilities of the managers.

The author identifies the importance of the factors on operative level, so the model can be properly defined as that of the destination management. Its main advantage is that it does not identify numerous indicators, though it focuses on definitely the main factors of the competitiveness of developing destinations, emphasizing networking, mutual vision, and management.

3.1.3. CLUSTERS AND DESTINATIONS

The cluster-theory of Porter was adapted in the tourism in the regard of its factors, mainly by researching the theoretical success factors in the destinations. The cluster-researches can be named as developing trend in researching destinations' competitiveness: mapping the actors as well as the basic characteristics happened in the researches mentioned above, but the deeper connections, the drivers, and success factors were analyzed only in a few researches in details.

It can be said, that the cluster-theory assure an appropriate starting framework to analyze the regional competitiveness, and the destinations' competitiveness as well, as numerous similarities can be identified among the operation of the destinations and the clusters. Firstly destinations can be seen as economic-, social-, and environmental unit (based on Flagestad (2002)), on which the network of the destination is built up, so the area becomes the "hub" of competing and complementary actors. On the other hand "(destinations can be seen as – inserted by Sz.I.) conglomeration of competing and collaborating businesses, generally working together in associations and through partnership marketing to put their location on the map." (Jackson-Murphy (2006) 1022.p.)

The UNWTO (2000) research focusing on the cooperation among public-, and private sphere lay special emphasis on the cluster-theory. According to the UNWTO the touristic cluster should include not only the core-players of the destinations, and the local institutions, but other players connected to the destination, and included in the network (e.g. tour operators, airlines).

Bordas (In: UNWTO (2000)) identifies the improvement of the image and the decrease of the costs as the main success-factors of the touristic cluster, what can be carried out with the development of the following areas: 1. attraction-development; 2. marketing; 3. increasing productivity; destination management. Among the central factor of the touristic clusters the importance of the public-, private partnership (PPP) was identified, through what the productivity of the destination can be improved. It can be mentioned that among this, and those factors identified as the improving elements of productivity, others can be highlighted.

3.2.EMPIRICAL RESEARCHES

In the empirical research of destinations' competitiveness the demand side approach seemed to have old traditions, but in the last one- one and a half decade, the supply side approach came to the focus. The empirical researches of the theme could be characterized by those studies targeting practical objectives of the destination development, based on theories, and those researches aiming theory-creation can not be named as dominant. The research methodology of the destinations competitiveness studies were summarised purely by Pearce (1993/1997). According to the author, the number and the characteristics of the destinations and of the analyzing factors should be determined with focusing on the aim of the research. The wide scale of the factors can be analyzed: starting from the market characteristics, through the accessibility and the characteristics of the development but taking attention to the main aim is suggested in all cases. The researches can rated in three main groups considering the research methodology: 1. comparison regarding indicators (referring to different, chosen factors of competitiveness) with primary research; 2. statistical analysis by secondary research; 3. qualitative and/or quantitative case studies.

The researches made in the area of destinations' competitiveness can be grouped according to the demand-side, and supply-side approaches (introduced in the 2.1. chapter). The demand-side approaches focuses on the factors of staying by the competition, which means how the tourist see the destinations.

The supply-side approaches include the analysis of the different circle of the ex ante factors introduced in the overall models above. In my own research I plan to analyze the supply-side approach of the destinations' competitiveness, with the synthesis of the theories in the regional and the destinations' competitiveness and with focusing on the cluster-theory. That is why the main focus of describing the empirical researches will be on the supply-side approaches, but I put emphasis on the demand-side researches as well, since the demand-side success of the destination is also important regarding the total picture.

3.2.1. DEMAND-SIDE APPROACHES

In the international literature the demand-side researches are dominated by image-researches (detailed summary can be seen in Tasci – Gartner (2007)). “ Such (image – inserted by Sz.I.) studies are part of a long tradition of destination image research (...), in keeping with that tradition, have concentrated on those attributes that are seen to attract visitors, such as climate, scenery, and accommodation. Whilst tourism services in general are recognised as being important elements of destination image or product it is less common in destination image research to pay explicit attention to the firms that supply the services and to the factors that may affect the competitiveness of these firms.” (Enright – Newton (2004) 777.o.)

Among the demand-side approached researches I highlight the study of Faulkner et al. (1999), in what the known and the potential products of South-Australia were identified. The research were based on expert interview, in what the comparison of the products in the area were made with the similar products of more successful destinations, and the direction of the development was determined. Further interesting research were carried out by Kim et al (1999) in South-Africa, when the destination lost its monopoly to operate the game of chance. The aim of the research was to explore all those motivation of the visitors, which refer to other products than the game of chance. In the two-phased research explore the motivation of the guests with focus-groups, and by quantitative research focusing on the factors causing the feel of danger in the guests, newer segments were identified.

Among the Hungarian studies I highlight the researches of the Hungarian National Touristic Office made since 1999., which are complex image-researches. The multi-phased studies are based on secondary researches as well as focus-group experts researches followed by citizen-questionnaires in the main sending markets of Hungary (detailed summary of what can be seen in Sulyok-Kis (2007)). The main value of the complex research is that among identifying associative characteristics, the main products and the touristic services of the Hungarian market are analyzed as well. That is the reason why I highlight the research of Berács – Malota (2007) as well, in what the picture created by the foreign students arriving to Hungary were identified about Budapest, and the education system of Hungary. The research give important basic points for the development of the Hungarian capital.

3.2.2. SUPPLY-SIDE RESEARCHES

In the following, I summarize the Hungarian as well as the international studies made focusing on the ex ante factors of the destinations' competitiveness. During the summary I lay the emphasis on the research methodology, as well as the pre-determined analyzing factors, and the results of the studies.

1. International researches

Primary researches made by indicator-comparison

The highlighted indicator-based studies (Crouch et al (2001); Dwyer – Kim (2003); Enright – Newton (2004 / 2005); Omerzel (2006); Omerzel – Mihalic (2008)) are built on theoretical baselines (using mainly the overall models introduced above), with the help of what the indicators are pre-determined. The main characteristics of these studies is that they are made in one-phase, built on pre-determined indicators, measuring those by 5-7 Likert scale in the framework of expert-research, where the samples contain practising experts (Enright et al (2004); Faulkner et al. (1999)).

Among the indicator-base studies I highlight that of Enright-Newton (2004), which was focused on the touristic competitiveness of Hong Kong, as city-destination. The research show interesting methods in two dimensions. Firstly the researchers used IPA-method (importance-performance-analyses) as they meant that the mere valuation of the factors is not enough, and the importance should be measured as well. Secondly the authors turn aside from the popular, overall model of Crouch-Ritchie and Dwyer-Kim, as they stated that the factors of these overall models differentiate from the basic model of Porter-diamond (1990) only in the regard of the tourism-specific factors. According to the results of the study, the business factors (identified in the diamond-model) are as important as the tourism-specific factors, so with extra touristic factor, the diamond-model can be used for touristic destinations as well.

Qualitative researches

The qualitative researches let the understanding of the ex ante competitiveness factors in a deeper way. The “soft” methods can handle the complex information-crowd more, and can light the main success and failure factors. Wilson et al. (2001) analyzed the competitiveness of the rural touristic destinations of Illinois, by having focus-group analysis in the successful and unsuccessful destinations (identified by pre-determined factors). According to the themes identified during the researches the following success-factors appeared: 1. complex packages, 2. good leaders, 3. the support from the local government; 4. financial resources; 5. strategic planning; 6. cooperation among the SMEs and the public sphere; 7. cooperation and coordination among the SMEs; 8. outsider information-support and technical support; 9. the operation of DMOs; 10. the support of the local government.

Cox – Wilde (2008) researched one of the declining destinations in Australia, so as to explore all those factors, which can help to find the way out from the situation. The research was made with one case study analysis based on qualitative focus-group research. According to the results, the following, mainly destination management based factors were identified: 1. development of the touristic infrastructure; 2. the cooperation among the public and the private sphere and creating new ideas; 3. creating mutual vision for positioning the destination.

Flagestad et al (2009) made case study research in the five Scandinavian countries so as to identify the innovation process, the actors, and the relations, and drivers of that in the touristic destinations. The aim of the research was the exploration of one of the driving force of the productivity, the innovation process in the destinations, but among the results wide-spectrum of other success factors of the clusters can be seen. According to those, the following factors serve the innovation process of the touristic destinations: wide and variety spectrum of the involved participants, the variety and the deepness of the connections among them, importance of the local public sphere, which can be seen as one of the main initiators of the innovation process, by carrying out resounding attraction-development, and assuring financial resources. Further important actors seem to be the NGOs and the so called outsider (investors from outside of the destination), who creates missing services, and serve the appearance of the critical mass needed for the innovation. Among the danger-factors the following were identified: taking advantage of the monopolistic power, lack of capital, lack of ability of taking risk, the changing climate of the ski-destinations as well as the cultural border of cooperation.

Touristic cluster researches

In the touristic cluster researches it can be generally said that the main focus is on the point, the identification of the factors, and connexions of the clusters (introduced in the Chapter 2.2.), and the definition-problems of the clusters are out of the researchers' interests.

The rest of the touristic cluster researches are made by the *Harvard Business School* (HBS (2006-2009) further on), by the graduating student of the Institution of Strategy and Competitiveness, with the support of Micheal Porter. These researches focus on countries as destinations and use well-built structure based on the following analyzing areas: I. the analysis of the competitiveness of the entire economy; II. the analysis of the touristic competitiveness, 1. the history of the tourism development; 2. the cluster-map of the tourism; 3. analyzing the he diamond-model in the touristic cluster; 4. strategic themes, and recommendations. The case studies are based on secondary resources, and experts' interviews.

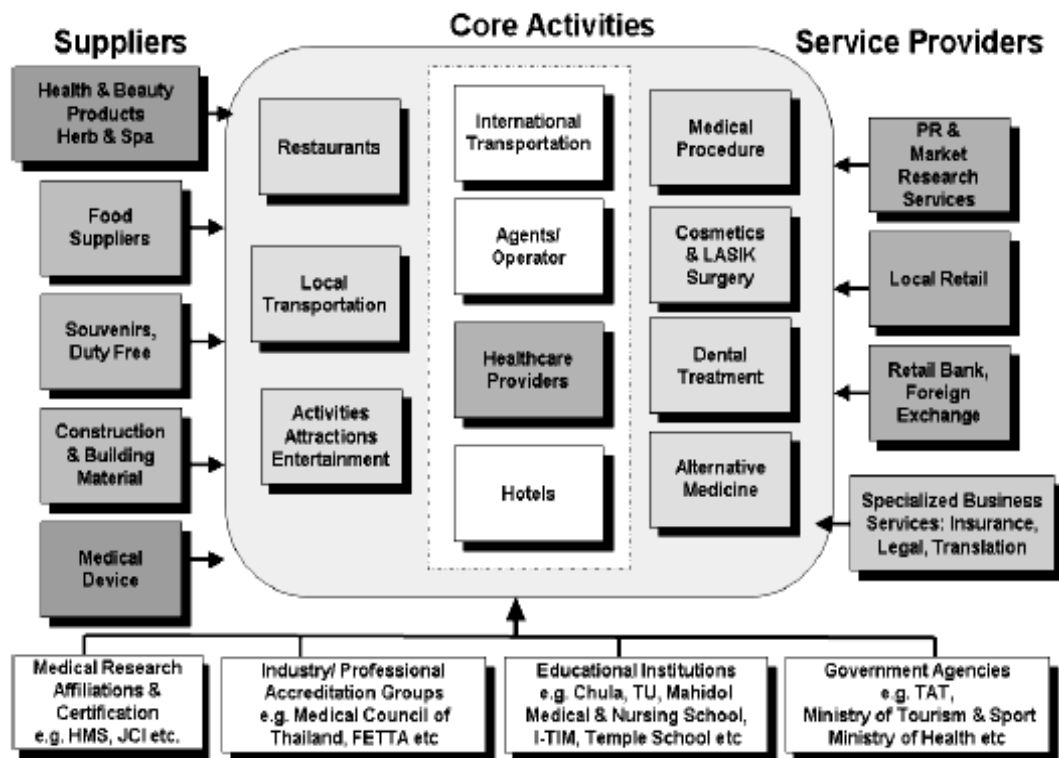
The analyzed cases can be classed into two groups: 1. the research contain the analysis of the total country based on the cluster-theory and identify the actors generally mainly focusing on Mediterranean destinations (e.g. Marocco (Porter, M.E. - Ketels, C. et al. (2008); Mexico (Porter, M.E. – Ketelhöhn, N. (2008); Tunesia (Mabrouk, F. et al. (2008)); 2. the analysis focus on special touristic products, and give a more concrete and focused analysis of the cluster (e.g. Medical tourism cluster in Thailand (Harryono, M. et al. (2006)), Philippine Islands (Porter, M. E. et al. (2008)).

Among the consequences of the case studies I highlight the mapping of the players, what can be seen in different structure in each case study, but the followings circle of the actors can be identified in all:

- Cluster-core: This circle contain the players of the touristic core-sector, the participants of what is the same as it could be seen among the producers of the Holloway-model (in 1.1. Chapter): lodging service, tour operators, attraction, activity, and complementary service suppliers.
- Supporting services: All research put the same emphasis on the so called IFCs (institution for collaboration), containing the educational and research institutions, the public institutions of the tourism industry as well as the industrial NGOs.

The researches handle the connected industries on a different way, and some of them describe the core-sector here. In my interpretation, the connected industries include the local suppliers, and the local business partners e.g. F&B suppliers, media-, PR-agencies. This approach can be seen on the cluster-map of the medical tourism cluster in Thailand (Chart 7), with that specific, that among the core-players the clinical service suppliers can be seen as well because of their importance in the core-product.

Chart 7: The players of medical touristic cluster in Thailand



Source: Harryono, M. et al. (2006) 21.p.

The HBS researches analyze the destinations' competitiveness in a structural way, help to choose out the best practices, and put the emphasis on the mapping of the cluster-structures but the detailed connections of the clusters (e.g. social glue, the characteristics of the competition) are out of the research spectrum, or not made explicit.

The European Cluster Observatory (2008) analyzed the innovation activity of the newly joined EU-members in the program called "Clusters and Innovation" of the EU. In the framework of this program was the touristic cluster identified in Malta by a research based on secondary data (employment statistics) and experts' interviews. The analysis of the touristic cluster in Malta was based on the diamond-model with the following results. The National Touristic Office fulfilling marketing tasks coordinates the communication activity of the local SMEs initiated the development in Malta with supporting the product-development and knowledge-sharing. Among the hotels a differentiation-based, sophisticated competition can be realized, with the speciality of sharing the knowledge.

The best way of know-how sharing is the professional contacts of the hotel leaders changing their workplace regularly. The need for developing the innovation was identified in the area of improving ICT and green technologies in the touristic industry, and the latest is described as governmental role.

In the centre of the research of Murphy-Jackson (2006) the following question could be seen: how can the diamond-model explain the differences among four differently developed Australian destinations. (The results of the destination were measured by the touristic income per capita.) According to the Porter-diamond, the most developed touristic destination was identified, which had the lowest touristic income among all. Further on, two success factors identified in the cluster-theory was analyzed by pre-determined factors with quantitative methods: 1. the sophisticated competition, 2. the social capital (relationships in the private sphere, and among the public and the private sphere). The result of the study showed, that however the destination possess comparative advantage, it is not able to trade it off to competitive advantage because of the lack of the cooperation, and the bad and tensed political situation of the local government, as the destination is located on the border of more local governments without cooperation. The results of the research proved that the performance of the destinations can be explained by the cluster-theory.

II. Hungarian researches

In the Hungarian literature the demand side approach seems to be dominant (e.g. image-analysis In: Kiss-Sulyok (2007); Berács-Malota (2007)). Although only a few empirical researches were driven by theoretical objectives among the supply side researches (e.g. Lengyel, M. (1997); Kovács et al. (2000)). Though it is important to emphasize that numerous destination-development strategies were written to serve the practical approach of the ex ante side of destinations' competitiveness.

Case studies and strategies

The research of Lengyel Márton (1997) was the first Hungarian study dealing with destinations' competitiveness and analyzed the situation of Hungary on a macro-level. The research based on secondary research of the diamond-model showed the following results: 1. The Hungarian tourism shows good results regarding the visitor-flow, but low results considering the touristic income. By improving the quality and closing down the black economy the income could be increased. 2. Motivating the domestic tourism, to keep the Hungarian touristic expenditure inside the country, and following the trends of the shortening trips; 3. The change of view is needed in the touristic service sector regarding the quality; 4. The need for increasing the governmental support of tourism, in the regard of planning, development. The unambiguous merit of the research is that it identified all those development needs, what was missing in the past.

The welfare dimension of the destinations' competitiveness is in the focus of the research of Kovács et al (2000), made in Hollókő (UNESCO small village with authentic cultural traditions.) The research shows very important consequences regarding the aftermaths of the top-down development process neglecting the involvement of the local community. The negative social process started in the 1970s' was strengthened by getting to the limelight of the popularity and the interest of one-day visitors, and the village extended its carrying capacity. The study holds important consequences for all those small villages who saw tourism development as breaking point from the poverty, and supports the view of community-based development.

I find it important to highlight the National Tourism Development Strategy (MTH (2005)) as the most important document serving the improvement of the competitiveness of the Hungarian touristic industry. The main aim of the strategy is to improve the competitiveness of the sector by developing the market position and the business environment of the Hungarian touristic service suppliers meanwhile optimizing the impacts of tourism on the quality of life. It is important to highlight that the strategy handles the welfare aim more concretely than an overall view, and defines concrete steps (e.g involving the locals, using green practices). The pillars of the development determined are as follows: 1. Competitiveness and welfare; 2. The improvement of touristic infrastructure; 3. Attraction-development; 4. Horizontal aims (e.g. sustainability, quality, equity, youth tourism).

On the regional as well as municipality level we can find strategies of destination-development analyzing the ex ante factors determined by the above mentioned National Strategy. Among the available strategies those dealing with the destination-development in regional level should be highlighted, which were created to serve the aim of the planning process of EU-funds 2007-2013.¹ The strategies are based on researches interviewing 30-40 experts at average, which do not assure a total and detailed picture of the ex ante factors, but hold influential recommendations.

Among the regional strategies I would highlight that of GKI (Hungarian Economic Research Company, 2004), which dealt with the benefit-producing ability of Lake Balaton. The study can be considered as a very valuable one from the view of the theoretical value. The study analyze the total economy of the region, including tourism. In the area of tourism, a so called tourism-specific development index was determined, which showed the appearance of the lower and the higher solvency tourism in different settlements, by analyzing the capacity, the income and the guest-flow of the lower and higher category. Regarding the analyzed ex ante factors, further ones were mapped, as the human resources, quality, price-differentiation and legal control. The study put an emphasis on the central coordination as well as the situation of cooperation. The latest one, parallel with the situation of interest groups were mapped in qualitative phase of the research involving all the settlements of the region. Though the validity of the qualitative research could be questioned, the effort of analyzing the question of relationships in a detailed way must be appreciated.

¹ <http://www.mth.gov.hu/main.php?folderID=949>

Statistical analysis with secondary research

The analysis made by secondary research put the emphasis on the ex post side of the competitiveness. The results of the Hungarian destinations are analyzed by statistical factors by the author-pair, Kóródi-Dudás (2003). The research targeted to analyze the connection among the touristic results and the touristic popularity, with that basic assumption, that the more developed regions can have higher guest-flow. According to the results, in the main-factor the tourism-specific elements appeared, but the connection between the touristic results and the infrastructural development did not show any correlation. The authors found the results as a proof for that fact, that the result of the tourism is influenced by non-measurable factors, like the quality of the attractions, the marketing-activity of the destination, or the hospitability of the host community.

Touristic cluster-research – the definitional base

In Hungary the clusters appeared in the economy among the years of 2004-2006, due to the motivation of union funds, also in the area of tourism, particularly health-tourism, in the form of regional-level cooperation with the objective of harmonized marketing activity (Fodor, Á. (2008)). The first researches dealing with touristic clusters in Hungary can be connected to the name of Ágnes Fodor (2007/2008). The aim of the researches was to define the ecotouristic clusters with the help of Delphi-survey. The author finds the definition of Porter (1998, introduced in Chapter 2.2.) as good starting point, after analyzing several other definitions, as that one can cover the complexity of the relationships need to build an ecotouristic cluster. According to the definition given by the Delphi-study, the definition of the ecotouristic cluster should have the following characteristics: 1. players (environment protection institutions, touristic players); 2. relationship (coopetition); 3. mutual aim (improving of local welfare with the protection of the environment).

3.2.3. SUMMARIZING THE SUPPLY-SIDE RESEARCHES

The different researches lay the emphasis to different factors (sometimes by determining dozens of factors) but there are elements, which get general relevancy. In the Table 2., I summarize all those, highlighted factors, that appeared in the most relevant studies, based on the groupings of Crouch (2006).

The core resources (infrastructure, attractions) and the supporting resources appeared in almost all researches. The connected industries (e.g. F&B) turned up in the research of Enright (2004), in the HBS cluster-researches, and in the Hungarian research of GKI about Lake Balaton. The destination management – usually not calling it on its name but – highlighting its main factors was analyzed in the rest of the studies. The company strategy as well as the competition was lighted in those researches based on Porter-diamond, and the study of GKI. The demand factors could be realized in all studies, mainly as showing ex post results and analyzing the guest-flow. The governmental role got the focus as well, mainly as its role of controlling (Enright (2004); Fodor (2008)), but the importance of its financing, and supporting role was highlighted as well (Flagestad et al. (2009)). The relevancy of the financial resource can be seen in the Hungarian studies, but appear in the research of Flagestad et al (2009) with the message of the problem concerning the lack of capital in the micro-, and small sized touristic firms. The cooperation mentioned in almost every study, but its deep analysis was carried out only in a few ones. The importance of the community-support can be seen only in the studies dealing with rural destinations, and can be seen as a highlighted dimension in the research of Hollókő (Kovács et al. (2000)).

Factors /Researches	Crouch (2006)	Enright (2004)	Wilson (2001)	HBS kutatások	Cluster. Observ. (2008)	Flagestad (2009)	Lengyel (1997)	GKI (2004)	Kovács (2000)	Fodor (2008)
Core resources	X	X		X	X	X	X	X		X
Supporting resource	X	X		X	X	X	X	X		
supporting industries		X		X		X		X		
Destination man.	X		X	X	X	X	X	X		X
innovation-product dev..	X		X	X	X	X	X	X		X
communication	X			X	X	X	X	X		X
research	X					X		X		X
education			X			X	X	X		X
DMOs		X	X		X	X		X	X	X
professional leaders			X			X		X	X	X
Destination planning	X		X		X	X	X	X		X
positioning	X			X	X		X	X		
development	X		X	X	X	X	X	X	X	
monitoring	X						X	X		
vision	X							X		X
Qualifying determ.	X			X			X	X		
price/value	X			X			X	X		
safety	X									
political stability		X								
image/brand	X			X						
location	X	X				X	X			
Competition, strategy of Enterprises				X	X	X	X			
innovation				X	X	X	X	X		
investments						X		X		
sophisticated competit.					X	X	X	X		
ICT-adoption		X			X					
environm. management					X				X	X
quality man.				X			X	X		
Demand factor		X		X		X	X	X	X	
Governmental role			X	X	X	X	X	X	X	X
Financial resource		X	X			X	X	X		X
Cooperation			X	X	X	X	X	X		X
Community involve.			X			X			X	X

Table 2: The highlighted factors of destinations' competitiveness based on the review of the empirical researches (own construct)

4. THE METHODOLOGY OF THE RESEARCH

After reviewing the literature, I was aiming to study the competitiveness of destination. The first issue was to choose from among the directions offered by the theoretical approaches of competitiveness (supply and demand side; economics / business approach), which was driven by considering the practical feasibility. Mainly because the improvement of touristic destinations, as well as the formation of its management and organizational structure (Destination Management Organizations – DMOs in further) have only become the focus of interest in recent years in Hungary (The local (town-, village level) DMOs were established in the near past, due to a central EU fund tendering.) Therefore, I regarded appropriate the definition of a direction, which from the point of view of development and in its strategic aspects, can contribute to the improvement of national destinations within a lucidly arranged and flexibly refinable explanatory frame. Due to this reason, I did not strive to create a system of indicators introduced earlier in the comprehensive theories of destination competitiveness, or to measure the results. Thus, I have selected the ex ante factors of destination competitiveness, the approach supporting the strategic and development aspect, that is, the adaptability of the cluster theory for destinations.

4.1. THE INITIAL QUESTIONS AND PROPOSALS OF THE RESEARCH

The cluster theory has been adapted in the literature of tourism, and it is considered an upcoming area as regards studies, however, only few studies aim to analyze the in-depth relations, the driving forces and the success factors of touristic clusters. Due to the above mentioned reasons and the purpose of my study, (also) supported by practical viewpoints, I believe that the uncovering of success factors of clusters could bear useful messages both from the academic and the practical points of view. I focus my research on the examination of the cluster theory in destinations, within the frames of a qualitative case study. The major issue of my research in the broader sense is as follows:

„How can the competitiveness of a destination be explained through the factors of the cluster theory?“

The final aim of my study is to set up a theoretical frame which can introduce the cluster-centred interpretation of the competitiveness of the destination, with the help of which the most relevant factors supporting the development approach can be identified: the most significant players, resources, the factors of success and failure as well as the connections between them.

4.1.1. THE DEFINITION OF THE KEY TERMS

In order to set up the interpretation frame of the research question, it is essential to introduce my interpretation of key terms in the major research question.

1. Interpretation of the destinations

By the term touristic destination, I refer to a territorial unit, which is the location of the touristic stay and experience. Destination is an economic hub in space, where the enterprises of industries, typical of and attached to tourism are concentrated and they co-operate with local institutions and the community, for the success of the destination. The boundaries of the destination are marked by geographical borders or by the borders of the mentioned regional co-operations. In the broader meaning, the destination is an economic, social and natural unit, and in this respect it is of utmost importance to provide its natural, social and economic sustainability.

2. Interpretation of destinations' competitiveness

For the definition of destination competitiveness, I use the definition of UNWTO (2000), as referred to in Chapter 3.1.

„Competitiveness is the capacity of the destination which enables it to successfully answer the requirements of touristic competition in order to provide above average welfare that can be preserved with the smallest possible social and nature costs. (...) In a competitive destination, the players produce above average profit and pay above average salary, continuously renewing tangible assets, thus new investments come easily. Entrepreneurs and local governments see the future optimistically, and the welfare of inhabitants, both physical and social, is high.” (UNWTO, 2000, p.66.)

This definition shows similarity in several aspects with the definition of regional competitiveness (See sub-chapter 2.1.), since the welfare purpose is to be emphasized here in the case of the target regions as well, and there is also a reference to sustainable development, to the income of locals and productivity. However, we can see the basic difference, the purpose of answering the competition, which refers to the raising interest in and meeting the demand, thus playing a focal part, considering the fact that the destination is the location of touristic experiences. The comprehensive definition therefore includes the following key aspects:

- competitiveness on the demand side: meeting market demand
- competitiveness on the supply side: enhancing productivity
- welfare purpose: increasing the income of locals and providing sustainable development.

In the focus of my research is the competitiveness on the supply side, and I place the emphasis on identifying the factors defining the growth of the destinations' productivity. Porter (1998, p. 210) defined three ways for the growth of productivity: 1. using sophisticated methods; 2. successful adaptation and use of developed technologies; 3. creating unique, diverse products and services. In case of clusters, these factors can be complemented by further ones, such as the access to special resources; information and knowledge base; complementary effect; innovation; and the appearance of new enterprises (Porter (1999; 1998)). The identification of all these factors, as well as the players and driving forces behind them in the touristic destination is in the focus of my research. Nevertheless, I find it highly important to also examine the competitiveness of the demand side, which can be carried out within the scope of this research based on secondary sources, through the statistic analysis of the tourist traffic, as well as by examining the opinions and articles published in the press and on the Internet about the image of the destinations. The analysis of the welfare purpose is also to be stressed, although due to the focus and the limits of the research, all this can be carried out by analyzing the statistic figures on the employment providing the locals' income, and through in-depth interviews on the factors of the locals' welfare and their well being, as well as on the issues of sustainability.

4.1.2. BREAKING DOWN THE MAJOR RESEARCH QUESTION

In the background of my major research question is the following interpretation frame. My basic starting point is the statement that the “basis” of the destination is a region regarded in general as an economic, social and natural unit, upon which the touristic network of the destination is built. In this respect, the destination must possess the factors of regional competitiveness based on the comprehensive theoretical approach, as well as the necessary conditions for the development of tourism. The touristic network of the destination is built upon these factors, the competitiveness of which, in my interpretation, is explained by the success factors of the cluster that provide the growth of productivity, leading to the welfare purpose also defined in the competitiveness of the destination. The major starting point of the cluster theory is that a region is competitive if its enterprises are competitive, and in order to reach this, the “local base” must have suitable resources.

The central element of the cluster theory is making use of benefits arising from the geographic vicinity of businesses and institutions, forming co-operations and local sales opportunities, through which transaction costs can be cut, innovation activities can be enhanced, size effective operation can be carried out and productivity increases. The benefits of the cluster can basically be made good use of if the players are linked by local informal networks, and there are no hurdles in the flow of information and knowledge.

Although the value chains of regional, general clusters involve the demand factor, it is necessary to highlight this factor in the case of destinations, since the welfare of the target regions is mainly provided by the amount of money spent by travellers, therefore targeting and meeting the demand and providing its satisfaction is one of the keys to the success of the destination. In the change of demand we can trace the most significant external factors (e.g. signs of the economic crisis, changes in traveling habits), which force destinations to adapt (See The case of the Maltese touristic cluster in sub-chapter 3.2.2.). The demand can have a significant effect on the living space, even if we here only mean the human living space, in terms of disturbing the natural biology and the everyday life of the local people, not mentioning the damages done intentionally, such as the waste and the vandalism. (On this issue a detailed summary is given by Puczkó-Rátz (2005).)

The make-up of the touristic demand, as well as the differences between the lifestyle and the values of arriving tourists and those of the locals significantly determine what perceivable effect the travelers have on the region. The role of the government is also a significant issue in the touristic demand including the public goods, as well as in the communication of the country as an “umbrella-destination”, but also from the point of view of regulation, which together justify highlighting the role of the government.

Due to the complexity of the interpretation frame behind the major research question, further sub-questions are necessary that point out certain factors of the frame. The sub-questions that can be derived from the major question and the presumptions behind them are as follows: (The qualitative case study method of the research justifies the draft definition of proposals, since in this case we are not dealing with hypothesis-testing.)

- 1. What players make up the destination and from among them which can be listed as the most important core-players from the point of view of destination competitiveness?*

From the research point of view, identifying the players in the cluster is needed in the destination, whose perceptions can give the answers to further questions. According to the cluster theory, the core of the cluster is made up of the rival companies which also appear on the touristic cluster maps of the Harvard Business School. In my opinion, in terms of destinations, the circle of players in the cluster core can be extended, since the local government, the local destination management and civil organizations play a major part both in the literature of the destination (Pechlaner (2004); Bieger (1997)), and in the research of touristic networks and community-based planning (Dredge (2006); Nyaupane, G.P. et al. (2006)). It can especially be true for developing destinations, where these organizations act as catalysts in major areas, such as encouraging co-operations, or launching developments. Based on these viewpoints, the core players of the destination can be as follows:

- Touristic core sector: Service providers in the field of accommodation, hospitality, transportation, operators of attractions, activity and event organizers, tour operators, conference centres and recreational service providers (e.g. sports facilities, thermal baths).

- Local governments: Local governments can play a major role in developing resources regarded as public goods, as well as in the acquisition of necessary financial resources and state subsidies, in encouraging co-operations, training service providers and they also obtain positions in destination management organizations established by the public and the private sector.
- Destination management organizations: They are organizations dealing with the comprehensive co-ordination of the destination. Considering their members, these organizations can be state institutions, organizations of the local community, or the joint institutions of the private and the public sector.
- Civil organizations: Such organizations might include associations operated in the target region (civil organizations in the field of sports, culture and nature conservation), whose events increase the local identity, provide opportunities for creating community relations, and can also be regarded as touristic activities.

As regards the circle of supporting players, my presumptions are as follows:

- Connecting industries – supporting players: Organizations which are to be taken into consideration as a supplier or a business partner, such as food suppliers, retail units, media and PR agencies, construction entrepreneurs, financial investors.
- Supporting organizations: Those (mainly public) institutions which play a training, researching and regulating role, or provide the infrastructural conditions.
- Local people: The locals are a significant element of the atmosphere: the local community can pull power to enforce interests in protecting the values of the community and of the nature, and can also be a driving force of development.

1. How can the relations between core players be described?

A central element of the cluster is the social glue, the social cohesion, which refers to the informal networks between the players. Instead of the social glue, the term social capital, widely defined in sociology, appears both in the literature of regional competitiveness and destination competitiveness. Social capital can be defined as “all the “mobilized” informal social norms and values encouraging social co-operation among people, including reciprocity, trust and religious morals” (Orbán-Szántó (2005) p.57., referring to Fukuyama (2000)).

Social capital can also be defined as the whole of all formal and informal relations, through the mobilization of which individual and collective aspects can be enforced (Orbán-Szántó (2005)). The other focal element of the cluster is the so-called sophisticated competition, in which the players can get the competitive edge through differentiation, uniqueness and continuous development (Porter (1998)). My presumption is that the successful destination is characterized by a social cohesion based upon both formal and informal networks, and the “sophistication” of the competition can be traced in the competitive behaviour of the players.

2. What are the success and failure factors of destination competitiveness?

When dealing with the interpretation dimensions of destination competitiveness, I referred to the fact that based upon the cluster theory and the theoretical approach of regional competitiveness, the productivity enhancing success factors of destinations must be emphasized. My presumptions regarding the success factors of the destination are as follows:

- The joint development and specialization of special resources: Such resources can include the betterment of touristic attractions, the joint placement of orders to suppliers (e.g. energy, food); the joint development of market relations (e.g. the organization of field trips for travel agencies).
- Innovation: The heterogeneity of the new tourism’s demand and its fast-changing expectations force the touristic destinations to renew themselves continually (Poon, A. (1993)). The areas of innovation could be the following: 1. product development: the development of new touristic services, or enhancing the quality of the existing services; putting together complementary touristic services; 2. market development: market expansion in co-operation, the integration of the supply chain – increasing quality through closer relations with mediators, meeting the demand of customers in a fast and flexible way; 3. applying new techniques: ICT applications, e.g. spreading the methods of yield-management.
- Sophisticated competition: The core-sector consists of heterogenic industries, which complement each other, and the existence of sophisticated competition which increases productivity can be defined in similar industries. The existence of differentiation and innovation-oriented competition within a given industry (e.g. accommodation service, hospitality, event organization) increases productivity, without price competition.

- Complementary effect: It refers to the self-strengthening effect of complementary services, for which Porter (1998) mentions the package holidays as an example. It includes complex program packages which comprise modules provided by the given destination and can be activated any time. The fame of the region or that of the nearby settlements within the destination also belong here, which as a shadow effect can have a positive influence on the given target region, if it can make good use of it.
- Investments: New investments have a positive effect on the productivity of the cluster. The appearance of new businesses expands the resource and knowledge base, can bring new markets, and the new “challengers” can encourage innovation and differentiation. In my interpretation, it is true for touristic destinations as well, since the diversified portfolio of touristic services can increase the appeal of the whole of the destination. The investment into new products adapting to new demands can reduce touristic seasonality, while foreign investments can bring new markets and new know-hows to the area.
- Common strategy: By strategy I mean training and positioning the appropriate target group, which is important not only at the level of service providers, but also at the level of the destination as a unit, since only in this way can we create successful program packages in the target area, and can the destination carry out effective and focused communication which is beneficial for all its players.
- Attractions created by people (programs, events, thematic offers) can also play a major role in the way the destination differentiates itself from other competitors.
- Sustainability: The joint enforcement of the aspects of sustainable tourism is basically important in the enhancement of the locals’ welfare. Through the enforcement of sustainable development savings can be made, the maintenance costs of infrastructure can be reduced, which can lead to the increase in productivity.
- ICT-applications: I regard the use of ICT-applications of great importance for two reasons: on the one hand, the booking habits of individual travelers of “new tourism” put a pressure on the destinations in terms of ICT-adaptations, while on the other had, the most emphasized result of ICT-adaptation is the improvement of efficiency, which can be derived from the reduction of transactional costs (Amit-Zott (2001)). The destinations introduce integrated systems in order to meet the new market demands, and also to help the integration of small and medium businesses of the destination, as well as the communication between the players.

The following failure factors can presumably hinder the establishment and the operation of a cluster (based on Jamal-Getz (1995); Bramwell-Lane (1999), Tosun (2000)):

- lack of professionalism (lack of knowledge and experience on the players' side)
- lack of capital
- lack of trust and the lack of willingness to co-operate
- conflicts of interest (e.g. between investors and local civil organizations)
- anomalies of political positions (e.g. short-term considerations, over-influencing the joint decision-making)
- inability to represent interests

3. What conditions are needed for the economic, social and natural unit, and what external environmental features influence the success of the destination?

In my opinion, the circle of conditions includes the basic resources, and part of the destinations' core and supporting resources emphasized from the point of view of regional competitiveness, while from among the external factors, demand, economic and technological environment and the government must be underlined. Based on this, my presumptions are the following:

- Inherited resources: 1. nature factors (climate, natural wonders, flora and fauna, intact nature, the geographical location of the destination); 2. cultural factors (historical sites and locations where traditions are preserved; artistic and architectural features; cityscape, folklore, handcraftsmanship, gastronomy, world heritage sites).
- Accessibility / basic infrastructure: the existence, the distance of traffic hubs, the frequency of service and its direction, bicycle road system, local public transport / general infrastructure, telecommunications networks, public healthcare, public safety, public sanitation.
- Financial resources: This factor includes on the one hand the provision of capital for the businesses, and on the other hand the financial situation of local governments, and the amount of government subsidies.

- Human resources: It is a fact that in tourism human resources do not play as major a role as in the “creative regions”, where the qualified, innovative labour force is a focal element. Nevertheless, it has a significant role in tourism, especially in service and touristic marketing, since hospitality, language knowledge and motivation are a crucial elements of touristic service quality. (Tasnádi, J. (2002.); Seitz, G. (2000.)) In my interpretation, human resources include the skills of the management in touristic organizations: the strategic approach, the marketing and technical knowledge of the management of enterprises and industrial organizations.
- Cluster-supporting players: connecting industries, supporting organizations, local people.

4.2. THE METHODOLOGY OF THE RESEARCH

In the present sub-chapter my intention is to introduce the methodology of the empirical study, to present the research process and its features, as well as to give a logical explanation..

4.2.1. THE CHOSEN METHODOLOGY

For the study of the research questions I have selected the method of case study, based upon qualitative interviews and following inductive logics. The method of the case study can be defined as follows: “A case study is an empirical method, in which we examine a present phenomenon in its real context, especially when the boundaries of the phenomenon and the context are not separated distinctively from each other. (...)The evidences are based on several sources and the data deriving from these sources must point in the same direction. Data collection and data analysis are driven by the previously set up theoretical presumptions.” (Yin (1994) p. 13., In: Radácsi (2000)). The reasons for my choice of methodology are the following:

- The topic to be analyzed, the cluster-centred interpretation of destination competitiveness includes the identification of soft factors (e.g. social capital, human capital, innovation culture, etc.), as well as determining the factors of success and failure, for which the application of qualitative case study is the most appropriate.

According to János Rechnitzer (1998) and István Palkovits (2000), among the ex ante factors of regional competitiveness several soft factors can be found which are hard to express numerically, and the revealing of which justify the use of the qualitative method. Case studies made with “soft” methods offer a more complex management of information, since they aim at identifying the factors of success and/or failure, and their application is especially necessary when conclusions are drawn for managing crisis situations and when the nature of adaptability is to be understood. (Rechnitzer, J. (1998)). “The documentation of these success stories (Palkovits (1997)), and the endeavours to systematically process the case studies (Rechnitzer (1998)) are the typical and perspective direction of research today.” (Palkovits, I. (2000.; p. 125)).

- The central elements of the sub-questions of my research include the identification of the players in the touristic cluster and the relations between them, and aim at defining the formal and informal networks characteristic of the destination. When studying the relations between the touristic networks and/or their players, the method of case study is regarded acceptable. (Dredge, D. (2006); Bieger, T. et. al. (2007), Nyaupane, G.P. et al. (2006)).
- In international touristic cluster studies, the method of case studies is one of the major directions. Several case studies have been made on touristic clusters at Harvard Business School, in which the tourism of the selected destination was studied in a pre-set structure within the frame of the cluster concept.
- Only few studies have been prepared on the more in-depth analysis of the touristic cluster, therefore the research of the area is at its early stages. If the research area is not analyzed widely enough, it is wise to use the method of case studies (Babbie, E.(2003)).

The aim of the study is the cluster-centred interpretation of destination competitiveness, thus the destination itself is regarded as the unit of the research. Nevertheless during the study I also focus on the players and the relations between them, so the different players of the destination are also covered by the study. From this point of view, the planned study can also be called an embedded case study. In this respect both the method of selection of the destination and that of the respondents are of great importance.

4.2.2. THE LOGIC AND THE SAMPLING OF THE RESEARCH

When planning my study, and on presenting the thesis draft, I was considering focusing on a Hungarian case, which I reasoned for methodically by the fact that my study would include an in-depth analysis of the area, for which only very few examples can be found. That is why it can be called a revealing study, during which Yin (1994) regards it justified to use the method of case studies. My further reasons involved the financial and time limitations of the study, which was appreciated by the Committee when presenting my thesis draft. Nevertheless, I have always considered it highly important to compare my study with international cases due to the options of comparability and in order to learn about international experiences. My job as a consultant offered me great opportunities to plan and organize the field trip of the Békés County Health Tourism Cluster (hereafter BMEK) in Austria, and I was even invited to participate in the trip. The sampling of the international study and the implementation of the study were rather limited, therefore I defined different objectives in terms of the Hungarian and international study, so hereafter I will be using this impoundment in presenting most of the methodological issues.

1. The research objectives and sampling of the Hungarian case

When analyzing the Hungarian case, my aim was to carry out the most widespread study in a destination which is a good example for success based on the preliminary criteria, by getting answers to all my questions. Thus I had the opportunity to examine in details the factors of the supply side, based on the cluster-centered approach of destination competitiveness, as well as to analyze the factors of competitiveness on “the demand side” and the meeting the welfare aims (although in limited circumstances).

The sampling of qualitative studies is always different from that of statistics: instead of being representative, the emphasis is placed on theory-driven sampling, according to the directions of one of the basic principles of the qualitative method called the “grounded theory” (Glaser, B. G. - Strauss, A. L. (1967)). Miles and Huberman (1994. In: Bokor, A. (2000)). When choosing the Hungarian destination, I decided on the following tactics (determined by the grounded theory): theory-driven aspects, politically important case, definition of criterion.

My aim is to set up the frame of cluster-centred approach of destination competitiveness through the analysis of a competitive destination. On the basis of the preliminary theoretical frame, I defined the criteria which the selected destination must have, and I have chosen a destination which can be a significant case from the political point of view.

My primary aspect was that the given destination be in one of Hungary's major touristic regions, the analysis of which could be important from the political viewpoint as well. Therefore I have chosen the touristic region of Balaton, which is the second most popular destination in Hungary following Budapest. My choice was also supported by the fact that in the past 20 years, the tourist traffic of Balaton has shown significant fluctuations, the deepest point of which were the years 2003 and 2004, when the region was considered to be Hungary's declining destination. As of 2005 we can see the slow regeneration of the region, which can be explained by the restructuring of the supply and demand side. The supply shifted towards quality accommodation and activity-centred program elements, while on the demand side the dominance of Hungarian tourists could be seen, who earlier spent their holidays abroad. Therefore, Balaton is considered the case of surviving the crisis, from which we can draw the conclusion that the region possesses the quality of adaptability, highlighted in the ex ante approach of regional competitiveness. So now the question is that from among the destinations of the Balaton touristic region, focusing on the lakeside settlements, which area can be identified as a success story.

When choosing the target area according to the dimensions of the destination competitiveness concept, I laid great emphasis on the following factors: 1. persistence in the competition (outstanding tourist traffic and income, quality development, positive image); 2. factors of the supply side – the existence of factors serving productivity. (I defined the analysis of the welfare objective and the realization of sustainability as a goal of the study carried out on the location.) To reach my goals, I analyzed the tourist traffic statistics of the settlements around Balaton.

Furthermore in 2008, while I was dealing with the research of other settlements (mainly in the field of the touristic adaptation of e-business and in other areas related to my consulting activities), I had the opportunity to meet the managers of important touristic companies and governance political organizations, with whom I could carry out the expert interviews helping the current sampling.

(These organizations were: Ministry of Local Governments Touristic State Secretariat, Balaton Regional Touristic Board, Balaton Development Council, Balaton Shipping Company.) During the expert interviews, my aim was to identify the competitive destinations of Balaton and the preliminary survey of supply factors.

As a result, I have chosen the city of Balatonfüred, which I can explain in the following way:

- Success on the demand side: considering the lakeside towns, Balatonfüred is in rivalry with Siófok in terms of touristic figures. Regarding the number of commercial guest nights in 2008, Siófok is in first position (667.000 guest nights), Balatonfüred is second (578.000 guest nights). If we consider the changes in the years 2008/2003, in Balatonfüred we see an increase in the number of guest nights (+11%); while Siófok had to face a decline (-8,1%). As regards the number of international guest nights in 2008 the absolute values are: 1. Balatonfüred (350.000); 2. Siófok (265.000). International tourism showed a decline in both cities in the examined 5 years (2008/2003), with Balatonfüred showing the more significant decline, although the proportion of international guest nights within the total tourist traffic was higher in Balatonfüred in 2008 (Balatonfüred (60%); Siófok (39%)). The length of stay fell in both settlements in the analyzed period: in 2008 3,8 days in Balatonfüred, while 2,8 days in Siófok (KSH (2009)). As a summary, we can say that Siófok is the leader in the number of tourist nights, but as regards the increase in the tourist traffic, international tourist traffic and duration of stay, Balatonfüred is in first position in the analyzed period (2008/2003).
- Success on the supply side: During all the expert interviews, the name of two settlements, Balatonfüred and Siófok, was highlighted as the most competitive settlements around the lake. However, in almost all the interviews I could hear sentences such as: “Balatonfüred is skyrocketing”, “Füred is really coming up”, “Füred isn’t waiting for a miracle”. To explain the competitiveness of Balatonfüred, the following supply side dimensions were identified during the expert interviews:
 - Impressive development, the improvement of the cityscape in recent years and further plans
 - Development of quality accommodation – new investments in recent years (mostly 4-star hotels were built)

- Ability to enforce interest (Balatonfüred has won several billion HUF of subsidies from the EU since they are available)
- Charismatic leader (The mayor of Balatonfüred, István Bóka, became the Mayor of the Year in 2007)
- Popular initiatives (establishing the Balatonfüred Touristic Society, and the hotel-owners of Balatonfüred also take part in the foundation of North-Balaton Touristic Cluster)

When choosing my interviewees, I was striving to make interviews in all the players circles listed in my presumptions, altogether with at least 30 people and make the opinion of the dwellers of the destination known in the widest possible circle. (I will introduce the exact sampling of the interviewees in sub-chapter 5.1.1.) The interview-series in Hungary were made in May 2010.

II. The research objectives and sampling of international cases

The Hungarian interview-series preceded the international study, so I had the opportunity to focus my research questions on the critical points based on the Hungarian findings. Therefore during the international interviews my major question was what role the destination management plays in the development of the international destinations. Besides this special focus, I also had the chance to get a clearer picture of those involved in the destination and their relations, as well as the success factors, but I did not have as comprehensive research opportunity to map all these topics as in the case of the Hungarian series of interviews.

During sampling, the objective was to select a moderately-developed and a highly-developed destination, which showed a service provider co-operation that can be described by different features. When working out the level of development, I analyzed the characteristics of tourist traffic by examining the guest nights, the length of stay, the seasonality and the domestic and international guest nights. My choices were Carinthia and Tyrol, and my arguments are as follows:

- Carinthia is a moderately-developed destination as compared to Tyrol, which is explained not only by the difference in the number of guest nights per inhabitant, but by the strong seasonality of the tourist traffic as well. (Data from 2009: 12 782 128 guest nights; 22,85 guest nights / inhabitants; average length of stay: 4,9 day in summer; 4,4 days in winter; Seasonality features (2008-2009): summer season (from April to October) number of guest nights / winter season number of guest nights: 71%). There is an active co-operation in the destination among service providers.
- Tyrol is identified as a highly developed destination, with outstanding results in Austria. (According to 2009 figures: 43118527 guest nights; 62,395 guest nights / inhabitants; average length of stay: 4,3 day in summer; 5,1 days in winter; Seasonality features (2008-2009): summer season (from April to October) number of guest nights / winter season number of guest nights: 41%). In the destination a formal touristic cluster is operating.

The international interviews were made in June 2010, mainly in English language, and occasionally in German. The study of the Austrian cases can be described by the following features and objectives:

Carinthia

Regarding the Austrian market, Carinthia is a developing destination, the professional destination management organization of which (Kärnten Werbung Marketing & Innovationsmanagement GmbH) takes part in the product development providing the positioning of the destination, therefore it encouraged the foundation of Seen Wellness Association, which aims to develop unique and innovative Carinthian wellness products. In connection with the Carinthian case, I could examine two dimensions and their connections with the following objectives:

- Aim 1: Mapping the operation and innovation activities of the Seen Wellness Association (Seen Wellness Partnerbereit), and the relations within the association (competition and co-operation) and the relations between the association and the other players of the destination (3 interviews)
- Aim 2: Learning about the activities of the destination management organization (Kärnten Werbung Marketing & Innovationsmanagement GmbH, hereafter KW) and its role within the Seen Wellness service providing innovation (3 interviews)

Tyrol

Tyrol is Austria's most developed province regarding its touristic achievement, and the province – as an economic and touristic hub in one – places great emphasis on innovation and on attracting innovative companies. The main objective of Cluster Wellness Tyrol, as a formal cluster-organization is to increase the efficiency of its members and to enhance the welfare and the well-being of the region.

- During the research, my aim was to learn about the operation of the cluster (its objectives, players, relations and management) which exists in a formal, developed destination. (1 interview)

III. The comparability of the Hungarian and the international cases

I handle the findings of the qualitative study carried out on the locations as separate cases, the short summaries of which can be found below:

- The case of Balatonfüred: Hungarian city, destination – research based on widespread interviews and secondary data
- The case of Carinthia: Austrian province, destination – limited research opportunities
- The case of Tyrol: Austrian province, formalized tourism - limited research opportunities

The final comparability option of the cases is limited, since we are talking about different units (the Hungarian is a settlement-level destination, while Carinthia is a regional level destination, Tyrol is a regional level destination with its formalized touristic cluster in the focus) and research options (the widespread sample of the Hungarian case, and the limited research options of the international cases), but the highlighting of the cluster-centred features of strategic importance of destination competitiveness, its similarities and differences is made possible as the summary of the study. In order to ensure the comparability of the cases, before the analysis of each case I made a description of the features of the examined destinations (using similar parameters), and at the end of Chapter 5. I summarize the lessons to be learnt of the cases in a separate sub-chapter.

4.2.3. DATA COLLECTION AND ANALYSIS, ROLE OF RESEARCHER

1. Data collection

During the empirical study, I made semi-structured interviews, the duration of which was 30-120 minutes, and their average length was 40-50 minutes. I used pre-composed, open questions. In the Hungarian and in the international cases I asked questions of different focus, as follows:

▪ *Hungarian interviews*

With each interviewee there was a general “skeleton”, the questions of which I asked in every interview, and there were specific questions for the different groups of players, as shown below:

1. General introduction and introducing the topic
2. Who are the most important players in the city’s tourism? Who are in the focus and who are in the background?
3. Which organization are you a member of, and why did you join?
4. Did you join the touristic association, and if yes, why? How do you participate in the operation of the association? What do you consider the most significant achievement from your own business’s point of view?
5. What are your expectations regarding the DMO to be established?
6. Is there an informal club or a society of friends for business people in tourism? Are you a member of it? How often do you meet and what are the major issues?
7. Tell me about a project which was born in a co-operation you were participating in, you felt was a big success and another project which you regret.
8. Who do you call if you need advice?
9. Is Balatonfüred a successful city? How do you measure its success? What is the connection between the success of the city and the success of your organization?
10. What role does the population play in the city’s tourism? How well do local people feel?
11. Specific questions for the different groups of players:

- questions for local governments: situation of the local population, the endurance of the city, the service providers' willingness to co-operate, risk factors
- questions for the management of the associations: the members of the association, the tasks of the association, the activity of members and sanctions, conflicts and decision-making, tasks of the DMO.
- service providers: competitive atmosphere, relations with competitors, relations with local suppliers
- civil organizations: civils' activities, local community life

12. Who are the destination's major competitors?

13. Which conditions of Balatonfüred determine the success of your organization?

14. Why is Balatonfüred popular with tourists?

15. Could you recommend a person whose opinion I should hear?

16. General demographic questions (position, qualifications, how long s/he has lived in the city)

During the series of interviews further critical points came up, which expanded the skeleton of the interview questions:

- How successful do you think the city's cultural and touristic position is?
- Does everybody take their share of the city's success? In your opinion, who feels the city's success more and who feel it less?
- Who are the critical opinion leaders? How can I reach them?

My basic intention was to deal with all the questions during the interviews, although in certain cases, because my interviewee only had a limited time, I had to focus on the special questions, players, and the factors of success and failure.

- *International interviews*

During the international interviews, I laid emphasis on the questions of management, the players and the relations with the following questions:

1. General introduction, introducing the topic
2. Who does the organization consist of? What role do local governments play?

3. How active are the members? How do you ensure involvement and what are the sanctions? How often do you meet?
4. What are the key achievements of the organization?
5. What is the relationship like between service providers? What is the situation of competition like?
6. What are the relations like with the local suppliers?
7. What is the process of development from the birth of the idea to implementation? How are decisions made for the sake of development? What players are involved?
8. Does seasonality cause problems in the destination, and if yes, how do you solve them?
9. What is the role of the (destination or cluster) management organization in the developments?
10. Can you see risk factors in the area of co-operation?

During the data analysis, I sent e-mails to the manager of both destinations in order to clarify certain thoughts and to answer further questions that came up during the analysis, which they readily answered. These questions were the following:

- Are there any conflicts of interest between the players of the organization? Can you give an example for it?
- What are the boundaries of co-operation, where does competition interest appear between the players during the development? How is it handled?
- How do service providers try to differentiate themselves from each other?

II. Recording data and other methods of data collection

During the Hungarian interviews, some of my interviewees disagreed to my recording the conversations, or they asked me to stop the dictaphone in certain topics. This solution I did offer to my interviewees as of the first third of the series of interviews, because I had the experience that I could receive more honest and richer pieces of information in such cases. On such occasions I was taking notes of what they had to say, and I read through my notes immediately after the conversation and if necessary I completed them.

In order to get a more complete picture of each topic, I was aiming to meet my interviewees at their workplaces, where I could also see the working conditions and draw important conclusions (e.g. in Hungary about the “difficulties entrepreneurs have”). Following the series of interviews, I began typing the conversations and my notes, striving to put them down word for word (typing about 140 pages of transcription). In the interviews I wanted to see the perceptions of the interviewees, which (especially in the Hungarian cases) were often contradictory to each other, so I had to look for the critical and concordant respondents, until a clear picture was taking shape of the group of opinion-leader.

In accordance with the principle of triangulation, I compared the opinions with information from several independent sources. I hereby examined statistic figures (tourist traffic, unemployment), I read the records of associations and local governments, analyzed the marketing communication activity of the destination, as well as took a look at the results of guest research in connection with success on the demand side. I have to emphasize here that the widespread secondary “control” was only possible in the Hungarian case, while in the Austrian cases I was working with the statistic figures and brochures I was provided with. During the Austrian interviews I was also trying hard to record the interviews by the dictaphone, which was successful in most cases, but there were occasions when the interview was made during a travel, when I was taking notes, and sometimes I asked for the help of a German interpreter to clarify what had been said.

III. Data analysis

The process and methods of analyzing the interview transcriptions were as follows in the Hungarian cases:

- Typing the recordings and notes of the interviews, making an almost word for word transcription of each conversation.
- I read the transcriptions several times, looking for opinion-leader groups, but at the same time, due to the abundance of information and topics that came up in the first round, the notes on paper were hardly transparent.
- In a spreadsheet, I prepared a matrix of each topic (horizontally) and of the players (vertically) and I placed the opinion as word for word quotations here.

First I worked with open coding, so I did not proceed according to predefined categories during the analysis, in order to understand the perceptions of the interviewees regardless of the theory. Nevertheless, there were still unmanageable number of topics and codes coming up along this line. So as a second step, I created the topics and the codes connected to my research questions, through which I was capable of reproducing the number of my earlier codes. My open coded findings were of great help at the critical points of the analysis, when analysing the relationship, the driving force and the conflicts became necessary. These two series of matrix together made it possible for me to group the players along each topic and create the most characteristic patterns.

- The size of the sample in principle did not allow for the statistic analysis, since the size of the examined dimensions exceeded the number of interviewees. In certain critical topics (players, activity in associations, touristic position) I was striving to present numerically what proportion of the interviewees represent what view. I did this for the practical utilizability of the analysis, in order to help the destination management organization in the Hungarian case.
- During the analysis my Consultant and my Colleagues helped my job by asking crucial questions and expressed their opinion in thoughts with ambiguous meaning, thus supporting my distance with the cases and my objectivity.

The international cases, regarding the limited number of interviewees, required a much simpler analysis. I also prepared the typed transcript of the interviews, but the search for topics and coding was carried out in the interview transcripts, so there was no need to make matrixes, since the contradictions, the differences and the similarities between the cases (Carinthia and Tyrol) could easily be traced. When processing the international interviews, I was aiming to analyze the code system used in the Hungarian cases, already completed by then, and also to identify the differences and similarities.

IV. Role of researcher

I immediately made the purpose and the essence of my research clear, when organizing the interviews, at the beginning of the conversations. In the Hungarian cases, I often had to give a detailed explanation of the “academic purposes”.

In the Hungarian interviews, in almost 40% of the interviews, I did not have any previous knowledge of the location, while in the remaining cases I knew the location (due to my former research) or I had a recommendation. In these latter cases I was warmly welcome. Basically, it was a positive experience that most formerly unknown interviewees “opened” in the first 10 minutes and gave me their honest opinion, although I must emphasize that this was often accompanied by switching off the dictaphone in certain topics. There were interviewees who used the conversation as a speaking tube to speak about the existing negative factors. Filtering these cases, uncovering personal conflicts and putting the “mosaic” together was a really hard task, which I managed to solve by the continuous search for reinforcing and denying cases. The interviews were often followed by informal coffee-drinking, or a casual walk after seeing the location, when my interviewees were telling me stories in a relaxed atmosphere, giving me even more open and honest views, thus helping me get a clearer picture.

The fact that most interviewees saw me as a “helper” made my work difficult, since in connection with certain topics they immediately asked for my opinion and my advice, and I also involuntarily turned into a “helper”, trying to find a solution to their problems. When I recognized this after listening again to the first few conversations, I was consciously trying to avoid such situations, which was very difficult for me, so I decided to return to these questions and problems after finishing the interview. The roles of “helper” and “revealer” I had to undertake seriously hardened the analysis: at first I put down all the facts and relationships, which later seemed less important, in the most painstaking way, because I had the feeling that “they told me, so I have to write it down”, and I also tried to find a solution to the smallest problem, because of the “this is my mission” feeling. Later, however, with the help of my Colleagues’ focused questions, I managed to take a step back from the players and their fate. The elapsed time helped in it, so did the factuality of the opinions processed in the spreadsheet. In the international cases I appeared rather as an academic researcher: I had limited time for the interviews, and because of the linguistic gap, I carried out factual interviews with little emotions. Nevertheless I came up with spontaneous questions during the longer conversations with managers, but mainly as the result of the dilemmas I experienced in my consulting work and not as the result of my research questions. After listening to these interviews again, however, I saw that these practical problems revealed useful viewpoints.

5. THE RESULTS OF THE EMPIRICAL RESEARCHES

5.1. THE CASE OF BALATONFÜRED

5.1.1. THE METHODOLOGY AND GENERAL DESCRIPTION OF THE HUNGARIAN CASE

1. The methodology of the Hungarian study

The interviews in Balatonfüred (mentioned as Füred sometimes in the followings) were made in May 2010 with the purpose of learning about the players in details, revealing the most possible relationship, the relations between them (at the level of competition and co-operation) and their characteristic patterns, as well as the relationship between the success of the city and the success of the individual, the businessperson, and the possible risk factors. For all these reasons, I laid emphasis on the following aspects:

- Meeting opinion-leaders: Before my PhD research, I had the opportunity to make interviews in the city in the winter of 2008/2009, when I could map the key players of the city. I met these people during my PhD research as well.
- Choice from all the supply segments: I selected the circle of my interviewees with random sampling (every third service provider from the balatonfured.info.hu site, while every second from smaller populations, such as transport businesses), from all the segments of the supply. When making a choice, I was aiming at selecting my interviewees in one segment from different parts of the city (near the lakeside, the Reform Age quarter, from near the 71 Highway, from the area over the railroad), in order to map the connection between the location and the success of the individual businessperson. I was looking for enforcing and denying cases on location.

- Exploring the critical opinion, the control: In order to get a clearer picture of the city's success, I met the players, who, in spite of being successful entrepreneurs, did not join the touristic destination management organization (hereafter DMO), established from tender resources, since I believe that joining the organization which holds the destination together shows the dimension of agreement with community and city vision. During the interviews I saw sharp differences in opinion, and I considered visiting other critical opinion-leaders as well, generated by the local events.

Of course I had problems with sampling, when persuading the players to give me an interview, the reasons of which I could only find out during the field work. A further problem was to find people with critical opinion, which I could carry out with the snowball method, through people I already knew. I only made a decision on the final size of the sample on location. After completing the 25th interview, there were hardly any new topics, players or opinion. Afterwards I did not look for new interviewees, but only made the interviews arranged, during which I was focusing on the emphasized topics. Having learnt the answers I thought that the collected pieces information are nearing the state of theoretical saturation.

The interviewees requested handling their opinion in an anonymous way. Therefore I refer to the interviews by giving the supply segment and by numbers. For the sake of easier identifying and reliability, I use the following codes:

- Service providers (S): accommodation and hostel providers, attraction operators, travel agencies, transport operators, Balatonfüred Heart Hospital
- Organizations dealing with the marketing of touristic destinations (DM): Balatonfüred Touristic Association, Tourinform Bureau, Hungarian Tourism Company – Balaton Regional Touristic Board/Balatonfüred.
- Civil organizations (C): non profit organizations primarily from the field of culture and sport, as well as organisation for the representation of interests.
- Educational institution (EI): Lajos Lóczy Bilingual Secondary School of Tourism and Boarding School.
- Local government (LG): Leading officials of Balatonfüred City Local Government, emphasizing the Mayor (M).

About 30 documented interviews were made in Balatonfüred with 31 people, and there were several informal conversations with service providers, local inhabitants, and employees of destination management organizations, all of which modulate the circle of success and failure factors and occasionally brought up new critical issues. I summarize the characteristics of my interviewees in Table 3 along the key dimensions: I introduce the location of the business, listing that within a given circle who are the members of the Touristic Destination Management Organization (DMO) to be established in the near future, and how many of them took a role in the board of this organization.

Table 3: The characterization of the Balatonfüred research sample

Characterization of the interviewees		The Nr of the interviewees	Location*	Member of the DMO	Member of the DMO chair
Service suppliers (S)	Lodging industry	8	a) 3; b) 3; c) 2	7	0
	Restaurants	3	a) 1; b) 1; c) 1	2	1
	Travel agents	2	b) 2	1	1
	Transporter	2	a) 2	1	0
	Attraction	3	b) 2; c) 1	3	1
	Clinical service suppl.	2	c) 2	2	1
<i>Sum of service suppliers</i>		<i>20</i>		<i>16</i>	<i>4</i>
Civil organization (C)		3		2	0
Destination man., mark organ. (DM)		4		4	2
Educational Institutions (EI)		1		0	0
Local Government (LG) Mayor (M)		3		1	0
<i>Sum</i>		<i>31</i>	<i>a) 6; b) 8; c) 6</i>	<i>23</i>	<i>6</i>

*Comment: The location had relevancy reg. the service providers, key to signs: a) at the bank; b) next to the main road (far from the centre); c) historical centre)

I considered the most important players – based on my preliminary research – the Mayor and the members of the local government in charge of tourism, so I laid an emphasis on finding these busy people. In the sample the service providers are over-represented on purpose, which can be traced back to my intentions of mapping the success of the market players in several dimensions. 40% of services providers are from the accommodation segment, which is explained by the wide spectrum of different category accommodation (hotels, pensions, B&B) in the city.

When choosing the service providers, I was aiming to meet the active supporters of DMO to be founded, as well as those who are passive or against it: so I tried to find entrepreneurs who were not members (4 players) and those who were in the board (4 players). When selecting the civil organizations, I decided on those often appearing in the news on the website of the city. Three of them were willing to give an interview, while with the head of two other organizations I talked informally on the phone. The role of the educational institution only came up on location, and I could reach the competent person with the help of my interviewees. I believed it was highly important to make interviews in the touristic board both with the management and the colleagues, in which they were willing to help.

II. Introducing Balatonfüred

Touristic conditions and products

Balatonfüred is situated on the north side of Lake Balaton, and is a key popular destination, which is not only the site of typical lakeside holidays anymore, but has recently become a cultural touristic destination as well with the slogan of “Balatonfüred, the city of culture and arts” thanks to recent developments. The city’s major attractions and products include:

- Attractions: the lake: Balaton is the largest lake in Hungary and Central-Europe; its architectural heritage: the Reform Age city center, as well as its restored and recently opened museums: Jókai Museum and Vaszary Villa; cultural life: the city has a bubbling cultural life.
- Most important touristic products: lakeside holiday tourism – primary product; city visitors and event tourism – an upcoming secondary product; active water tourism – environment friendly water sports, primarily sailing – complementary product; wellness and business tourism: products based upon wellness and conference hotels and centers – complementary product.

Basic facts, achievements and characteristics

In the tourism of Balatonfüred, summer is the peak season: about 70% of guest nights (taking figures from 2009 (KSH (2010))) are generated in the summer months (June-August), on average with 110.000 guest nights registered every month. About 10% of the annual guest nights are generated in the winter season (from November to April, according to the international terminology). 53% of the destination's guest nights were generated by Hungarian travelers in 2009 (this proportion rose to 82,5% as regards the winter season in 2008/2009). The basic facts, the touristic conditions and the figures of the destination are summarized in the Table below (KSH (2010)).

Table 4: The basic facts of Balatonfüred, and the figures of its tourism (own construction based on KSH (2010))

Basic facts	
Area	46,45 km ²
Populations	13.401
Nr of settlements	1 settlement - town
Nr of touristical service suppliers	37 loding services (6654 pl); 1291 B&B (6745 pl)
Touristic results	
Nr of guest nights (2009)	510.065
Guestnights per capita	38,06 guestnight / local person
Average duration time (2009)	3,7 day in the summer-half a year; 2,1 day in winter
The characteristics of the seasonality (2008-2009): guest nights in Summer half a year (May-Oct.) guest nights in the Winter half a year (Nov-April)	90%
Domestic / international tourism (2008/2009, guest nights)	Summer season: domestic tourism 50 %; Winter season: domestic tourism 82,5%

Taking the tendencies of tourist traffic in the past 10 years, we can say that a fall in guest nights is seen in the tourism of the city until the nadir in 2006, which basically characterized the whole of tourism around Lake Balaton. (The number of guest nights can be observed as regards 2000/2006.) After 2006, 13-17% rise can be traced in the city's tourist traffic, followed by a decrease in 2009 (explained by many reasons, such as the crisis and the closing of the largest hotel of the city).

As regards private accommodation, a significant fluctuation can be seen in the past 5 years. Following the nadir of 2006, there was a rise, which was really dynamic in 2009/2008, when the number of guest nights at private accommodation doubled, exceeding 30.000, which is the double of the figures in 2005 (KSH (2010)).

The marketing and the management of the destination

The management of the tourism in Balatonfüred is carried out by the Balatonfüred City Local Government's tourism board and the board of the local government itself. As regards tourism, the cultural and education departments of the local government are doing an important job, which organize the city's cultural events. City marketing (and touristic marketing) also belonged to the tasks of the local government until 2006, when these duties were transferred to the Balatonfüred Touristic Association by the local government. The activities of the Association include: organizing the activities of touristic businesses, their representation, product development, touristic marketing and information provision (BTE (2009)). The local government of the city won tender resources at the Touristic Destination Management Organization (hereafter DMO) tender, aiming to help create the Hungarian destination management organization system, as the result of which the Touristic Association will form into DMO organization.

Factors characterizing the development of the city and its tourism

In the past six years, there have been significant investments in Balatonfüred, part of which was realized within projects planned and directed by the local government, while others were subsidized by touristic businesses. Outstanding examples for realized developments:

- The development of the Balatonfüred leisure and conference center (2004) (The total value of the investment: almost 1 billion HUF, with EU subsidy / local government directed project)
- The Gem of Balaton Step 1 (2005-2006): city rehabilitation, attraction development, park design (The total value of investment: 650 million HUF, with EU subsidy / local government directed project)

- The Gem of Balaton Step 2 (2008-2009): The rehabilitation of the Reform Age quarter, attraction development (museum developments), building thematic roads, square and park rehabilitation (The total value of the investment: 1.77 billion HUF, with EU subsidy / local government directed project)
- Developments for service providers (2006-2010): the construction of 4 4-star wellness and conference hotels, theme park, open air bath developments, development of restaurants, pubs.

5.1.2. ANALYSIS OF THE CASE OF BALATONFÜRED

During the Hungarian interviews, I touched upon all my research questions, the findings of which I will list in the following order of topics, in order to ensure the logical transparency of the case: 1 Players, 2 Relations between players, 3 Assessment of environmental factors, 4 The connection between the success of the city and the success of businesses, 5 The interpretation of destination management.

5.1.2.1. PLAYERS

When discovering the topic, during my research my aim was to map the group of players seen in the touristic cluster studies of Harvard Business School (HBS (2009)) in one destination. I was focusing on three aspects:

1. The issue of involvement of local institutions appearing in the cluster's basic features (civil organizations, educational and research organizations, local suppliers).
2. Mapping the group of players: My starting point was the groups of players seen on the cluster map of HBS-studies: 1 core players: accommodation providers, transport providers, holiday operators, attractions and activities; 2 supporting players: so called IFC-s (institution for collaboration), which includes education and research institutions, the government and local public institutions of tourism, industrial associations, and the connecting industries. My assumption was that in Hungary both local governments and destination management organizations belong to the group of core players.
3. Crystallizing the basic conditions regarded as the most characteristic.

Therefore what I primarily focused on in this issue is who and what organizations certain interviewees regarded as a central and background player, when answering the open question of “Who are in the center of Balatonfüred’s tourism?” as a primary perception and which further players came up in relation with the answers later. I dealt with the key conditions of the city in a separate question. I did my research along the groups of players seen in HBS (2009) researches, complementing it with the basic conditions of the destination. The analysis follows these directions: I. Central players [I/1. Touristic core sector; I/2. Local government and the Mayor; I/3. Touristic Association]; II. Background players [II/1. Supporting players 1st line; II/2. Supporting players 2nd line]; III. Conditions [III/1. Conditions important from the viewpoint of demand; III/2. Conditions important from the viewpoint of supply].

I. Central players

Apart from primary perceptions, we can say that the two circles of players, the local government and / or the mayor, as well as the touristic service providers were mentioned first, in a balanced way, also by half of the respondents.

I/1. Touristic core sector

Around half of the respondents regarded touristic service providers together as the central players of the destination. As regards certain supply segments, the city’s recently built hotels were mentioned as the most significant, because “they already target a circle, similar to the old civilian circle of Füred. They create a new standard, another level” (S5), and they are open all the year. Besides, the old grand hotels were also identified as important, as “participants of mass tourism” (S5), which “move huge masses of people” (S8), but are only open seasonally. Travel agencies would seemingly represent a large driving force, since they have attracted masses of people until 2000, and “TUI and Neckerman should be brought back, because they attracted a lot of Germans here.” (S16). We should emphasize here that tour operators outside the destination are still important for the newly built hotels, too, but their activity has decreased in the region due to the crisis. (“We have lost a lot of contacts at many points. It might be the result of the financial crisis too, with foreign tour operators seriously weakening.”Sz3).

Among attractions built and restored heritage were mentioned in the first place: everybody mentioned the restored Reform Age district and the popular promenade, which is “bustling with people at weekends” (C1). The cultural events of Balatonfüred were also often spoken of, but the people mentioned the “attractiveness” of the events with mixed feelings, and received mainly a negative judgement. (“There are a lot of events, sometimes too many, and they bring income for businesses (restaurants and vendors), hardly to hotels.” S2; “There are a lot of programs, we are always happy to see four events a day. But only the bigger ones attract visitors.” C3) We must stress here that players operating tourist attractions were hardly ever identified. Jókai Villa, opened during the interviews, were only mentioned by 2 service providers, and very few talked about the sliding park or the conference and leisure centre.

1. Statement 1 – Players of the touristic core sector: Players of the touristic core sector are also to be listed among the central players of the destination, especially highlighting hotels, emphasizing new developments, as well as incoming travel agencies and attractions (primarily the built heritage).

1/2. Local government and the Mayor

All the respondents underlined the outstanding role of the local government and the mayor, as regards the central players or the success drives of Balatonfüred. The local government was spoken highly of in connection with strategic planning, which also include the development and positioning of touristic attractions. (“I can see the concept of city planning. On the building of Tesco, you cannot see red or blue colors, but it was built to fit into the environment, in the same style as the winery and the leisure center, so they are in harmony” S9; “Culture-based city planning was developed in Füred a long time ago, before the Mayor arrived, but it further strengthened after his arrival.” S4). Most respondents found the local government the most important decision-maker. (“What would you like to know? Who are the decision-makers or who else are standing the closest to fire? (...) As regards tourism, the leaders of the city are very important, they make decisions and create the concept of city planning, too. Without it the city would not be like this, and it would not be worth writing a thesis on Füred.” Sz14; “It is definitely the local government that makes the decisions, like the Department of Culture.” Sz17).

Besides, the local government also has operative duties in the field of tourism, it plays a major role in organizing events attracting tourists, in the co-ordination of attraction development on a daily basis, and it had the task of the city's touristic communication, which was transferred to the Touristic Association of the city a few years ago. ("There are really good events and exhibitions. The department of culture organizes them, and they are so great at it, I admire them, even though they are unable to prolong the season." S10; The notary's office is also very important, they belong to the mayor. They are responsible for the implementation of the won projects, and how the money is spent." LG2).

The mayor was mentioned in almost all the interviews as the driving force behind the success of Balatonfüred: 93% of respondents spoke highly of his significance. ("In Füred the mayor does a lot. Since he is here, there has been no quarrelling. (...) Balatonfüred has improved a lot since he is here." Sz6; "What makes us successful? Bóka! (the mayor) (LG1); But all right, we also contribute to our success. (LG2)" "You can enter the beaches of Füred, since we imported sand from Alsóórs, and he is the mayor." Sz8) The mayor was mentioned by respondents, because they believe that the development of city began with his arrival: "(There have been great developments – inserted by Ivett Sziva (I.Sz.), since Bóka was elected the mayor. (...) The civils became active, he supported them, he wasn't afraid of them, he created harmony. He involved institutions of national importance. Bóka recognized that the city must be lifted from greyness, so he finally helped all the businesses, but forced them to keep the pace. That's why the city's image is good now." DM2). The mayor is the first man in the city, not just a formal figure and he visibly has a rather complex role: "the pioneer" ("We are really lucky that our mayor is supporting development and he is brave to make decisions." S2; "Bóka is a very positive and innovative man, he loves development." S8); "the strategic thinker" ("Our co-operation with Tihany was his idea. And he was right, it made us more valuable, our image became better." LG1); "the strong-handed leader" ("The system is democratic, but it largely depends on the mayor, so what he wants will happen." S2; "Before listening to the opinion of the inhabitants, he ended the debate." Sz16); "a coucher-type leader" ("(The Mayor – inserted by I.Sz.) comes in and he always has something nice to say to everybody. For instance, I replaced the terrace furniture, and when Bóka came in, he immediately congratulated me on it. You have nice furniture, you made a great investment. It feels really good..." S11);

“a manager-type leader” (“We should make grand city marketing, but it is not easy with a tight-fisted mayor. It is hard to persuade him to put more money into the piggy bank, if he doesn’t see the outcome.” LG1) We can say that the mayor has the biggest respect in the city, which does not only mean political power, but respect and honour, too. It is visible from the fact that people are happy and proud to keep contact with him. (“The mayor is a good friend of mine, I don’t have to queue to get into his office.” C1). There are no signs of fear around him, but people want to meet his expectations, and to a certain extent it is painful to get out of his sight (“We acted too much, so now we have to retire with humbleness. (...) Perhaps it was the Lord that punished me, hit me on the head, and said you can’t have it all.” C1)

Statement 2. - The role of the local government and the mayor: The local government and the mayor are listed among the focal figures of the destination. The local government is the strategic planner, the decision-maker and the executor in one (also fulfilling certain functions of destination management!); the mayor is the engine, the charismatic leader, who is highly respected.

1/3. Touristic Association (on the border of Central / Supporting organizations)

The association which includes 110 touristic players and was formed in 2006, primarily at the initiative of the local government (“We (the board – inserted by I.Sz.), generated the birth of the organization in order to outsource tasks.” LG1) and in this respect “it cannot be regarded as a real civil organization” (LG2). The association carries out the city’s touristic communication and from winning tender resources has recently re-established itself as a formalized destination management organization, so possessing the relevant financial resources, it can fulfil the tasks of destination management.

The judgement of the association is rather contradictory. The leaders of the city and the management of the association listed the organization among the central players (“In the center we can find the service providers and the association.” P; “Currently I feel that the Touristic Association is in the center, because it connects the players, the ones directly or indirectly involved”. DM4), while only 12% of the asked member service providers regarded the association a central player as a primary perception. After further questions, the association was regarded primarily as an executive player.

The members are familiar with its function to carry out marketing tasks. Putting up questions about the association, resulted in answers like “it does good advertising” (S6) or “the city marketing improved nicely” (S5), which shows that the activity of the association is important for the members due to the destination level marketing activity, which the members appreciate. (“The ladies are really talented and energetic there (in the association). They can put together what Füred has to offer and display it in a beautiful way at exhibitions and on posters. They care, they do it well, they communicate well.” S10). The organization does not act as the representer of interest, which the management admits. (“It is our dream and vision for the association to become a more decisive organization in a few years – or perhaps it’s true today -, not only to attract more guests, but also to be a representer of interests.” DM1).

Statement 3 – The role of the Touristic Association: The association appears as an executive and not an organization to represent interests, with its most important achievement being the success in marketing communication; today it is a key player only for strategic decision-makers, but due to its future opportunities, it can be listed on the borderline of central and supporting organizations.

II. Background players

Among background players as primary perceptions I can list civil organizations – mainly in the field of culture -, as well as complementary service providers (wine-makers, sailing organizations, hospitals), therefore I put these organizations to the first line of the group of supporting players (among influential and recognized players). Further players were mentioned as the result of questions afterwards, which could be listed in the second line of supporters (among players less characteristic).

II/1. The first line of supporters – influential, recognized players

In Balatonfüred there are almost 20 cultural civil organizations (associations, foundations), which is a relatively big number as compared to the 13.000 inhabitants. Thanks to these organizations, there are “at least two exhibition openings, wreath-laying events and book demonstrations a week, where everybody should be present.” (LG1).

From among the cultural organizations Reform Age Society to Preserve Traditions (within the destination) and Pannon Castle Theater (outside the destination) must be mentioned. In the life of the city, the active water sport, wine culture and gastronomy can offer significant opportunities, and the development of these areas is a focal issue in the reduction of seasonality. (“We can sell wine for 12 months a year and sailing for 8 months a year.” C1; “The season is short, that’s a fact. But we have our culture, the yacht and wine tourism. With these we can sell a whole year of programs.” M). The Heart Hospital is a major element of Balatonfüred’s image (“Füred is the Mecca of sick people.” C1), and although today it appears in the market as a purely healthcare service provider, because the number of paying guests is very low, it is taken into consideration as a touristic option to be developed. (“We must see that Füred is a major curative place, this is what the city should invest into, and that would solve the seasonal problems.” S17; “We want the hospital to be the property of the local government and carry out developments.” LG1) Outsiders (influential players outside the destination) were mentioned from several aspects by respondents. On the one hand, Füred is the “city of the privileged” (C1), where “humane intellectuals have always gladly spent their summer vacation” (S5) and the city has “lovers from all over Hungary and outside Hungary. (...) In each government there were always officials who liked and supported Füred.” (S2). More and more families mainly from Budapest decide to relocate into Füred which is especially popular with successful, often famous senior citizens who support the city. (“This can be seen in the migration index, the continuous relocations and the average age is rising. Füred is the Hungarian Florida. This is a continual, 10-year process.” LG2) The owners and financial investors of several hotels in the city are “strangers”, so they come from outside Balatonfüred, mainly from the capital, but the largest hotels are owned by Hungarian hotel chains in international ownership.

III.2. The second line of supporters – less characteristic, latent players

The inhabitants are the basis of local cultural life, because “people living here love culture” (S2). Local suppliers were mentioned after my direct questions. The interviewed service providers (restaurateurs, hoteliers) buy fresh goods locally (e.g. fruit, meat), which is explained mainly by the flexibility of local suppliers, and the intentional provision of “the flow of money”. (“Because we buy goods from locals, the money we pay to them can get back to us.” S14).

Many respondents say that this latter, strategic way of thinking “is not general here and there are a lot of service providers in the city, who buy goods from wholesalers outside the destination” (S15). Shopping from local suppliers is made difficult by the quantitative and qualitative limitations of supply. (“At Balaton is has always been a typical problem that farmers and farms did not aim to serve tourism. There are drawbacks originating from agricultural conditions (mainly in the area of fruit growing – inserted by I.Sz.)” DM2). The headquarters of the Hungarian Tourism Company’s Balaton Regional Committee is in the city, and RIB is regarded by some local players as their own marketing organization and is thought of by background players as a “less influential” (LG1) organization. The secondary school of tourism (Lóczy Secondary School) was mentioned only by 2 interviewees and many of them did not even know that the secondary school was specialized in tourism, so the invitation of the school to the association has never come up. The secondary school came up when talking about the deficiencies of touristic education and the lack of practical training. (“The basic problem is that technical training is very poor in Hungary. There is no training at Lóczy.” S11) At the educational institutions very little is known about the touristic association and the isolated operation of the school was seriously felt. (“We go for a hotel visit, but it is difficult to agree with the hotels to show us not only the hotel rooms, but the storerooms as well.” E11). Many respondents missed the villages from the countryside from around the city: “Settlements from the small region should also be involved, and the development should be extended to the whole of the small region, thus offering a more complex supply, which could bring a wider circle of guests.” (S2)

Statement 4 – The role of background players: Cultural civil organizations are of basic importance, as well as complementary service providers and “outsiders”, but the strategic importance of local suppliers, local education and the marketing organization is not recognized. The role of local inhabitants and the little settlements nearby can be felt, but is not of primary significance.

III. Conditions

I examined the major conditions of the city in connection with specific questions, which made it possible for me to assess the conditions both from the supply (buyer) and the demand (service provider) side.

III/1. Key conditions from the viewpoint of supply

Most respondents emphasized the major attractions of the city: **built heritage**, the promenade (“The promenade in Füred is the most beautiful around the Lake. (...) The guests are highly satisfied.” S6); **natural resources**, Lake Balaton (“Guests come here to see the wonderful Balaton.” S3) and the excursion locations of the nearby settlements (“The National Park and Lóczy Cave are all great attractions.” S9). Easy accessibility was another condition, but in this respect the opinions were highly varied, since “From Győr it is horrible to get here. Why are we expecting foreign guests?” (S10), and “from Budapest Siófok is much closer, but other target groups go there.” (S11). The city’s favourable position as regards accessibility on water was also mentioned by some respondents in shipping.

III/2. Key conditions from the viewpoint of demand

Almost one-quarter of the respondents (23%) talked about the long-lasting competitive edge, rooted in the city’s **historical traditions**, on the basis of which the distinguishing position of cultural tourism was formed. (“The local government knows Füred’s past and luckily they reached back to the past, making it possible for Füred to get a unique image.” DM2). Another condition mentioned was the **wine region**, the city is part of which, but this condition has not been made good use of so far. (“Balatonfüred has been the international city of wine and grapes, so it is a shame that opposite the banner (drawing the attention to this fact – inserted by I.Sz.) visitors can see a neglected vineyard you would immediately cover with a black folia.” S7). The existence of **financial means** can be attached to external resources, more exactly to **European Union tender invitations** and the interest representative skills of the city, which respondents spoke about in connection with the Mayor. Emphasizing the leaders, primarily the Mayor underlined the significance of **human resources**. (“Our Mayor made this city successful, because (...) he is an expert with a great insight, who knows exactly what opportunities there are in the tender.” S9), but the trustworthy employees were also emphasized.

Statement 5 – The summary of conditions: The historical-cultural traditions and the restored heritage built upon them are of major importance, as well as natural resources, while the wine-region is a known condition, but not made good use of. Accessibility is to be stressed from the viewpoint of shipping on Balaton. Tender resources offer the most important financial means. Human resources are connected to leaders and reliable employees.

5.1.2.2. RELATION BETWEEN THE PLAYERS

According to the cluster theory (Porter (1998)), the basic features of clusters include the quality of the relations between players, and the parallel existence of co-operation and competition. Cooperation is characterized by tight contacts, called the social glue, which is present in both formal and informal relations. A major feature of competition is sophisticated competition (Porter (1998)), according to which - since the competing players have developed business culture - they can differentiate their services, able to carry out constant renewal and to jointly develop their basically necessary resources. The local competition is highly important, since if it is not about imitation and destructive price competition, it can create a wide range of sophisticated choice, while the continuous pressure for renewal enhances the central objective, productivity.

Below my aim is to analyze the answers related to competition and cooperation, by highlighting the most typical features along the following topics: I. The characteristics of competition; II. The characteristics of social cohesion (II/1. The cooperation of the elite; II/2. Cooperation between service providers – II/2/a Among formalized frames – the touristic association; II/2/b Service providers among themselves; II/3. Summary of the system of cooperation).

1. The characteristics of competition

My fundamental question referred to when and where is the competition between service providers characterized by positive (competition in differentiation and innovation) and negative factors (seeing the shrinking market, price competition, unfair market behaviour, inability to differentiate). In general, we can say that destructive price competition is present in almost all the supply segments and can be explained by the oversupply, although most respondents also blamed the decreasing willingness to spend money due to the crisis.

Serious problems can be traced regarding pensions and private accommodation. ("Guests only drive towards Road 71 if down there is full house. When there is no full house down there, they also go down with the prices, so the guests never get here." S6)

A further damaging quality of the competition is unfair behaviour, which is most frequently present besides pensions and private accommodation in restaurants, and it often causes the damage of guests. ("There is a pension not too far. They made a sign board and wrote X pension on it (the interviewee's pension's name – inserted by I.Sz.), and put it outside at the change of shift. He was nearer to the main road, so guests that booked a room in my pension, went there." S6; "I do hope we will not return to the time when soda with lemon was sold as mineral water, but some restaurant are ready to sell Vietnamese fish as catfish." S11). Apart from it, imitation also appeared, especially with restaurants, where the choice of food and the design is often "borrowed" from each other.

A possible solution for survive destructive competition is cutting costs which appears mainly in the cut of human resources and the reduction of services. ("I don't have money to employ an animator." Sz1; "Hotel X also reduced its winter staff, and I think Hotel Y." S4). This strategy is typical in stagnating businesses (they are called the "floundering" – it is over half of the interviewed service providers), and "businesses lagging behind" (about one-fifth of the interviewed service providers). The difference between the two groups is the wish to fight. While in case of "businesses lagging behind" apathy can be sensed ("I'm an obsolete model, I just want to pass my profession on to my children and that's all." S10), the "floundering" can feel the pressure of innovation, and they are striving to provide new or extra services. ("We built an indoor pool, hoping that more guests will come for wellness, but they don't want to pay extra." S6; "I prepare packages, including cycling tour, wine tour, this is how we try to provide extra services." S17). The success of the "floundering" is often hindered by the lack of information of knowledge ("I advertise on the Internet, but I'm not sure that whether at the right site. (...) I don't know who sees my website." S6), or by the lack of financial means.

A different competition strategy is shown by recently launched, new businesses and planners of future developments, whom I called "developers", and they are almost one-third of the interviewed service providers. Their common feature is that they launched their businesses triggered by the new city and attraction developments. ("The decision of investors is based on information of the city's development and personal experiences. (...) We planned a very complex development and we feel that it must be a success in Füred." S5). These businesses represent a new standard of service quality, so they started the "quality change" (DM2).

Their competitive edge mainly comes from the fact that they began providing something new both in product and in service quality, and they have constantly been watching to keep this quality and renew themselves. (“This is a new way of thinking, but most restaurateurs just can’t see it. (...) You have to realize that you mustn’t do what the others. Something special, something new is needed.” S15).

In order to recognize and make use of these advantages, knowledge is indispensable (“If you don’t educate yourself, if you don’t read, don’t surf the Internet, nothing will work.” S11), as well as market consciousness (“I sometimes do market research to see how we are doing in the competition.” Sz9); and the suitable, reliable staff of specialists (“I can move along, because I’m surrounded by the right people, whom I trust. We know each other’s strengths and weaknesses. Good employees must be appreciated.” S15). It is worth noting that internet-based sales were identified as a significant factor in competition strategy in all the groups (of businesses lagging behind, floundering, developers). (“It meant a lot that our website was launched and we can advertize online. Bookings are skyrocketing.” S17; “We urgently need a website (...) because there is a pension nearby and they have many guests through the Internet.” S15).

Statement 6 – Competition between service providers: The destructive features of the competition (e.g. imitation, unfair behavior) can be found in all supply segments with different intensity: most problems occur at pensions, private accommodation and restaurants. As regards competition strategies, three groups can be identified: “businesses lagging behind” reduce their services, the “floundering” try to break out with service development, while “developers” use the method of “sophisticated” competition.

II. The characteristics of social cohesion/cooperation

As regards this factor, my aim was to discover the methods of cooperation and its intensity. Although many have said that cooperation works between the players of the city’s tourism (“There is good cooperation in Füred, I don’t feel sharp opposition here, on the contrary, people tend to cooperate.” DM1; “Cooperation definitely works (...)” LG1), but other opinions pointed out how ambiguous the situation is (“The locals are narrow-minded and jealous. Cooperation hardly works, it’s only the surface.” S7).

There is an agreement, however, in that political cooperation is the basis of social cohesion, and all this is attached to the mayor (“The body of representatives works well, we don’t imitate national politics, there is no arguing.” S2; “In Füred the mayor does a lot, since he is here, there’s been no disagreement. They can work together whether they are socialists or conservative.” S6)

There is an “elite” in the city, the members of which make the decisions important for the city. (“It is visible that the political elite is there, the crème on top, which makes the decisions.” S7). But the intensity of cooperation between the elite and the service providers and within the group of service providers is questionable. (“The further down we go, the weaker cohesion will be.” LG2; “Apart from a few hundred people, the elite only cares about itself.” LG2). The mayor seems to be holding the system together, because he maintains the political and personal cooperation of the elite (“The mayor is the key. We want consensus and everybody stands behind him.” C2), and he makes agreement in strategic issues of the touristic association (“The election of the vice-president was a very shifty case. (...) But I liked it, because finally there was a discussion, but they couldn’t decide. Then the mayor got hold of direction and he finalized the list of candidates.” S15). The mayor connects the different levels by transferring information (offering time for consultation for opinion-leaders) and by creating bridge-like relations (he invites important players for the events of the city). Thus I can analyze and summarize co-operations in the following dimensions: II/1. The cooperation of the elite; II/2. Cooperation between service providers (cooperation inside and outside the touristic association) – II/3. The summary of the system of cooperation.

II/1. The cooperation of the elite

Members of the elite have strong connections with the leaders of the city, and they participate in the major decisions. The circle of elite includes the political leaders and some significant specialists of tourism, between who the co-operation is very strong. (“City leaders and professional managers, the crème of tourism really co-operate.” LG1). The biggest merit of the elite currently is the ability to enforce interest and winning tenders, which paved the way to develop the cityscape and the attractions, accompanied by the introduction of a new touristic position. The major characteristics of the co-operation are the following:

- *Formal and informal relations, the role of civil events*

The players are formally connected on the one hand through political organizations (taking part in political parties, local government bodies), and on the other hand in an informal way, mainly through civil organizations. (“Füred is the city of grapes and wine. Many of us are members of the Wine Order. If there is a ceremony, it is the micro forum of community life, and we can talk about everything. We have the same in sports.” LG2). These latter ones are major opportunities to informally exchange views, where the elite “must be present” (LG1). Through these civil events the city leaders can involve players and opinion-leaders of strategic importance in tourism, strengthen the Füred-identity and informal relations. The leaders of the city, especially the mayor, lay great emphasis on it. (“I get an official invitation for every event directly from the mayor. He always sends it by post, and I told him that it cost a lot.” S10; “It is great to have local patriotism. I have taken part in many wreath-laying events since I came here. But it’s exciting. I told the mayor, we might as well open a wreath-making company here.” C3)

- *Declared common goals and values*

There seems to be an agreement in the conscious, conceptual development of the city, characterized by the search for political consensus and Füred-identity. (“We put our disagreement aside for the city.” LG1; “There were conflicts, but we had to let them go for the city’s interest.” C2) The high quality of touristic services is a declared value, radiated by the group of elite, but this value is of fundamental importance or to be followed for most service providers. (“(...) Nevertheless, they (the elite – inserted by I.Sz.) force the significance of quality improvement, which is an advantage.” S7). The importance of cooperation is also mentioned a lot, and it is worth taking to the press. (“There was a press conference, where they said that cooperation was best between the entrepreneurs in the country here in Füred.” S13) All this could be seen in the fact that players did not really give negative examples for projects carried out in cooperation in Füred, which broadcasts that the elite represents a field of force full of expectations in the city, generating tension in players outside the elite circle.

Statement 7 – The cooperation of the elite: The city’s major decision-makers and decision influencers belong to the so-called elite. The basis of cooperation within the elite is common goals, values and the mayor. The merit of the cooperation: ability to enforce interest for tender resources, development of the cityscape, development of cultural, touristic products (attraction development).

III/2. Cooperation of service providers

Several dimensions of cooperation between service providers were revealed during the interviews, from among which I have to emphasize the cooperation seen at the touristic association between service providers, as well as the cooperation between service providers (in two dimensions). Besides, I would also deal with the obstacles which hinder co-operations or their becoming tighter.

III/2/a. Formalized frames – the touristic association

The frame of cooperation between service providers is given by the Touristic Association uniting the players, and is looked at as the carrier of the cooperation's declared value and the link between the elite and service providers. ("This is the mission of the association. Its task is to create communication between members." P). The opinion of the association, however, is highly contradictory, since even members do not feel it is their own, and some association leaders even spoke about it openly. ("Entrepreneurs feel they belong here more than one year ago, but not as much as we'd love to." DM4). Two-thirds of the interviewed service providing or civil organization members had no expectations about joining ("This is not the case of having expectations." C1), or they believed this was not the forum to turn to for help ("You can bring up any issues, but I don't think they can help." S6).

Related to this issue, the answer I identified as "co-operation powder" was used on several occasions: "You should join an association like this." (S8); "I believe in unity." (S7); "The adequate answer is that we joined to win a tender." (S17). It is important to emphasize, that although the more optimistic one-third of the respondents also came up with "co-operation powder" "there is power in unity" (S3), these interviewees have serious expectations from the association, and primarily from DMO established from it. These members represents "fresh blood": they are either managers who are young or recently moved to Füred, or the managers of new developments, whose common feature is that they have a well-defined development plan for their own business. ("There were no meetings, where this (the issue of development – inserted by I.Sz.) could appear, perhaps now we can talk about it. I don't know what the borders of the association are."S7.)

To summarize I can say that “The touristic association is a more or less official organization, and not really civil. There is no civil entrepreneurial organization which could canonize the interest.” (LG2) and in this respect service providers do not feel this is their organization, and its achievements are mainly (90% of the members) seen in its communication activity, making their city known. (“At weekends there are a lot of people, just like decades ago. This is the result of marketing, city marketing has improved a lot.” S5). The product development of the association has so far concentrated on organizing event, but the idea of common product packages started during the series of interviews: “These tickets are sold at a favorable price by the Castle Theatre, and gives further discount to members. It encouraged members to create packages even by decreasing their own margin.” (DM1)

In order to intensify activity and to increase the flow of information, the management sends newsletters to members, and new vice-chairpersons were elected according to functional areas (e.g. hotel industry, restaurants), the election and operation of which was fresh and full of tension during the series of interviews. (“(The vice-chairman – inserted by I.Sz.) writes letters, collects ideas, but complains that nobody ever answers.” Sz1; “He (the vice-chairman) is not an expert, this shouldn’t be done to him or the colleagues. (...) Of course we don’t answer to his letters.”S2).

A major obstacle in the way of member involvement is mainly the lack of trust against the association (“It is said that our brochures are forwarded to international fairs, yet we see too many of them in the Tourinform Office (local touristic office).” S17), and against the management (“Many feel that this is the organization of X (the president) (...) The association advertized by putting hotel Y (the president’s hotel) in the picture.”) S2; “Very strange things happen in the court of Y (the president’s hotel” – inserted by I.Sz.). (S15). Another reason for distrust is the loss of trust in democratic procedures during the vice-chairpersons elections. “The election of the chairperson was a very strange business. (...) There were fake candidates.” S2; “The appointment of candidates was very strange. There was a lot of money involved. We could have appointed 2-3 good hoteliers we trust.” S17). Other problems included following egotistic interests and lack of willingness to cooperate, which I identified as “Hungarian mentality”.

(“This is Hungarian mentality. Let’s grab it and let them take it.” S2; “We are Hungarians. (...) He is a big mouth, but when things are to be done, he’s never there.”C1). Egoistic self-interest is often accompanied with paternalistic attitude: “The city is unable to solve the main problem, seasonality, they just talk about it.” S10; “This is the Hungarian approach, there should be events, but if possible, I don’t want to contribute financially. Okay, we say that the local government should submit tenders, but it will come to an end, too.” S11. It also became clear that members are often unable to think together, because “there is a circle, which never says what they think, never undertakes things, which is a complex problem nationwide.” (S5). Several respondents refused the option of “sensible debate” without trying, because “nobody would care about my opinion” (S17) or “I hate being told: this is no good, but they never add why and then where to?” (S11). Reacting to the research findings, one interviewee gave me the following explanation on egoistic self-interest, highlighting new elements: “Then came a privatization, but there was no professional training. A lot of businesses were launched, the number of guests decreased, the season shrank. What also caused a headache was that our western neighbours attracted serious numbers of professionals from the region, so this is how we try to stay afloat now.” (S11)

Several respondents referred to the hardship of being an entrepreneur (“I don’t have time for anything, I’m alone in the business, my husband works at an other place, I prepare breakfast, and I sell.” S19), which I could support with my own experiences, since several of my interviewees in top manager position talked to me standing behind the bar. However, sometimes they perhaps only used it as an excuse.

III/2/b Cooperation of service providers

I recognized two patterns of cooperation between service providers in the destination: grouping of competitors, condensation (density points) (or neighbours) and attached services with the following features:

- Groupings, density points („neighbours”)

I identified the cooperation between competitors (hotels, restaurants or shipping firms) as one pattern of cooperation between service providers by the term “grouping”, which include neighbours (about 2-4 streets in a circle of 500 meters). (“I have a good relationship with everybody in the neighbourhood. (...) I am on good terms with hotel E, but it’s too far.” S10). Cooperation made in the neighbourhood is formed along personal acquaintances, and earlier workplace relations are also important. (“(The cooperation – inserted by I.Sz.) is not formed because of the company or the owners, but because of the people working there, so it depends on persons.” S17; “We have old colleagues we keep contact with, friends, so help each other, since our hotels are nearby.” S2). The cooperation is occasional and it chiefly means reciprocity-based help with dependence felt. (“I talk to the boss to give me 20% discount, and I can accommodate the guest with higher expectations there. Next week he calls me because his projector broke down and I immediately run over with mine to him.” S10). Apart from that the exchange of information is frequent, although many say it could be more effective, and it is hindered by lack of trust: “Apart from 2-3 leaders you can’t find anybody really honest.” (S2). Lack of trust is also shown by the fact that many interviewees ask for advice if necessary from a service provider, or an acquaintance outside the city. There are no groups formed in areas (“neighbourhoods”), where the competition is unethical, and lack of trust is fundamental due to the avoidance of tax-payment. (“The relations are good in the neighbourhood, but you have to watch out. (...) I have bad experiences.” S6). I saw examples for this in the circle of some private accommodation and pensions, with many members of the segment refusing to give an interview. Many believe “they don’t want to talk, because there is a lot of monkey business going on” (S2).

Within a group, the pressure of innovation is also felt, and unique ideas come up as how to create a common project (guaranteed programs, such as wine tours, cycling tours); how to realize a high quality development (inviting Michelin-star chefs and organizing a contest for restaurants, or using a common glass washing machine during festivals). All these ideas have not been realized as yet, the typical explanation for it is the difficulties of entrepreneurs (“Daily existential problems take up all the time and energy.” S15)

- Complementary service suppliers

Recognizing the importance of cooperation is visible in complementary supply sectors as well: organizations of wine-makers, shipping and sailing companies, as well as operators of attractions keep contact with accommodation providers as a complementary effect. The most characteristic is the cross-communication, when members of the different segments recommend each other or leave their brochures. Coordinated, common packages are very rare (only 15% of the respondents mentioned it). (“Very often we connect our services with shipping services or horse-carting. We strive to create complex packages, especially for companies.” S14). Service providers basically feel their dependence and the need for innovation, primarily to reduce seasonality, but coordination is not realized due to lack of marketing knowledge, or short-term, egoistic self-interest. The clearest example for this is the difficulty to develop wine tourism. Hoteliers expect wineries to be open according to the opening hours on the brochures, while wineries expect pre-arranged, larger groups. (“They leave the brochure here, we recommend the wine-maker, but we cannot guarantee that it is open. So, often the guest walks there, and often they cannot taste any wine.” S1; “There are no program organizers in hotels. They just leave the brochures.” C1), and both segments wait for the other to take a step, as regards winter opening hours, too. A similar problem can be seen in sailing tourism, where hotels make a profit from big competitions organized by civil organizations, but they are not willing to give anything in return in the hope of great competitions in the future.

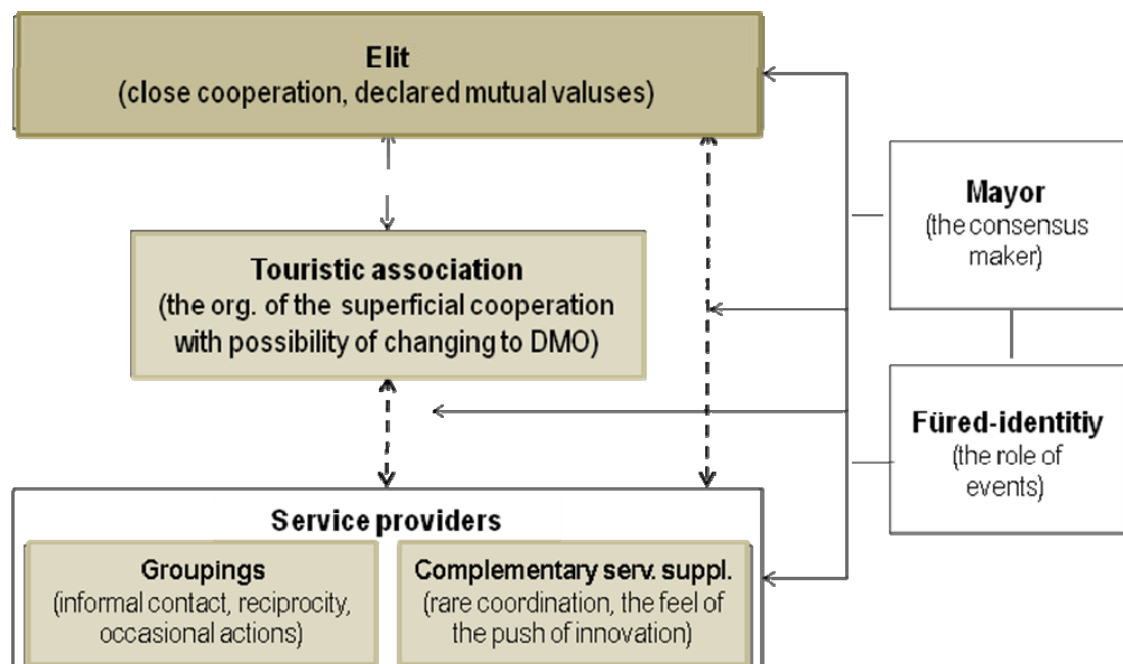
Statement 8 – Cooperation of service providers: The cooperation of service providers can be seen in 3 areas: in the association, in the “neighborhood” (competing groups) and in the area of package services. Groupings embody the day-to-day relations, the conflict free and real cooperation, while product development began in the association and among complementary service suppliers, as well as common or cross-communication. In all the analyzed segments, similar obstacles hindered cooperation, such as lack of trust, egoistic self-interest, lacking culture for cooperation, and the difficulties of entrepreneurs.

II/ 3. Summary of the system of cooperation

In the city’s life cooperation can be observed at three levels: at the level of the elite, of the service providers, and between the two dimensions, the association, which transfers the values and expectations of the elite towards the members, but the ability to represent interests in the other direction can hardly be seen.

The system is held together by the mayor and the Füred-identity, representing a serious driving force, mainly among the elite, but it has an effect of encouraging local patriotism even among service providers, who are encouraged to act only if they are closer to the city leaders for some reason. I wish to summarize it in the Chart 8 below.

Chart 8: Dimensions of cooperation between the city's touristic players



Comment: continuous arrows = close contacts; broken lines= occasional, weak contacts (own construct)

Statement 9 – The system of cooperation: Cooperation appears at three levels (the elite, the association and the service providers), but only at the level of the elite can social cohesion be felt. The relations of the association and the service providers, as well as the relations between the elite and the service provider is weak, the system is held together by the mayor and the Füred-identity, strengthened by the mayor and the elite.

5.1.2.3. EVALUATION OF THE ENVIRONMENTAL FACTORS

The external environmental influences (e.g. social, economic, technological) on the destination appeared in almost all the interviews, drawing a rather varied picture, regarding the effects. I was especially curious to learn about governance political steps and the crisis. Typical perceptions were the following:

1. *Changes in demand*

Several players recalled the period of mass tourism when coach trips were flourishing and “Germans remained for two weeks” (S1); “we didn’t have to spend on marketing” (S6), and “at Easter 25 coaches were parking outside the hotel” (S9). Several respondents prefer masses of people traveling with travel agencies, which could be an escape from the market and existential difficulties caused by the extremely short peak season, and they do not know how to go on. It is clear that two categories are given as regards the nostalgic good old days. The first includes those who did not even mention the old times, or they laughed when they said that “there are many who are still waiting for the Germans to return” (C3), the second one includes the more rational ones who understood that “the Germans would never come back – at least not the way they had done earlier.” (S17). Many underlined that the length of stay is becoming shorter, and it was regarded a nationwide problem. Others were of the opinion that guests with the vacation coupon on average stay longer. As a summary I can say that Balatonfüred can also feel the change in the proportion of international and Hungarian guests, which can clearly be seen statistically in the tourism of Balaton. However, the picture must be modulated a bit with the following factors: 1 The increasing role of people with a second home (“People who has a weekend house are also here, their number has risen 30 times in the past 30 years. They don’t mean a big demand, but if they aren’t here, their acquaintances are here, which doesn’t present a demand either.” C1); 2 The growing demand for private accommodation (“The upper city quarter (the area full of pensions and private accommodation – inserted by I.Sz.) is reviving, because there were a few years they were not successful, but Hungarians tend to come more often.” Sz15; “This (private accommodation - inserted by I.Sz.) is constantly changing. There was a prosperous period in the 80es, then came a decline, but figures have been going up in the past 3 years.”) DM3; 3 The price sensitivity of domestic tourism (“The market is very price sensitive here at the Lake, because of domestic tourism.” S14);

4 Experience-centeredness (“Earlier the dear guest wasn’t interested in what was going on in the nearby village 5 km-s away, but of course, today it has changed. The program is important.” C1); 5 The increasing role of the Internet (“Today the tourist checks out the Net what can be found in the city.” C1; “There is no need to deal with travel agencies, the Net can do everything.” S9).

2. The influence of government policies

The mainly negative changes in the economic and foreign political environment were mentioned by most players without asking, and the shadow effect appeared as another circle of questions (e.g. national and regional attraction) and mainly the lack of its creation. Among environmental factors connected to governance policy, the most typical factors were: 1 High taxes (“If we didn’t have to pay so much, we’d appreciate that. I can’t afford to employ somebody, not even seasonally. My wife is one of the employees.” S6); 2 Unreliable economic environment (“I can’t confirm room bookings from abroad, because I have no idea what the exchange rate of Euro will be.” S10); “Investors wait, they don’t invest until our economy is stable.” S10); 3 Tax on the vacation coupon (Its effect was not felt in May 2010, the presumptions referred to the length of stay and the decrease in the amount of coupons used in hospitality; “We could feel that guests using the vacation coupon, stayed longer. This year the economic depression is big, so we’re afraid that they’d stay shorter.” Sz6; “The vacation coupon generated a great traffic, so it can cause a huge decrease.” S11); 4 Excessive administration (“I forward statistics to the local government, I don’t know why they can’t be sent to the statistics office and other organizations. We are forced to do a lot of administrative work.” S6); 5 Lack of shadow effect (“We have bad relations with everybody. (...) The Czech and Polish buses are heading towards the Brenner-Pass.” S10; “Füred is successful if both Balaton and the county is successful. We can’t talk about the Balaton region, and there are problems in country marketing as well.” M; “Neckerman and TUI sent less guests compared to previous periods, and Hungarian Tourism Company also has weak ideas.” S3).

3. Tender resources

The discussion of tender resources appeared in the interviews from several viewpoints, from among which the most emphasized was their role in the city's development, and the fact that the mayor is strongly linked to the success and the successful tenders. ("The tenders are good, they can win a lot of money. From among the Lakeside settlements Füred is the most beautiful with its fantastic promenade and there's no stopping us." S6). Winning tender resources carries the opportunity for development for entrepreneurs as well, what is more, they provide the background and the survival for the development of micro-businesses, due to the limitations of loan constructions. ("They (smaller players, private accommodation providers, pensions – inserted by I.Sz.) have to get on this train, if they want to remain on the market. They need help with tender options, from which they can develop." DM2). Tender resources encourage co-operations, but only short-term effects can be generated in this area. Based on the answers, those tenders serve the cooperation of players which on the one hand aim at supporting the foundation of DMO (serving cooperation) ("I'm afraid that it (DMO) would boom because a large amount of money could be won for it." S2), and on the other hand those tenders which set the criterium of joining the local touristic association, but this requirement does not make players feel that they belong to this association. ("I believe in unity and membership was an obligation for a tender. (...) So far it was just an ad-hoc gathering." S7; "Honestly, this was a prerequisite for a tender. (...) I'm not sure anybody would be interested in my opinion (at a meeting – inserted by I.Sz.)" S17). In tenders, the players are often encouraged to find opportunities for cooperation either because the conditions can exclusively be met in cooperation, or for the more favorable reconsideration, however, the strength of such co-operations is a question. ("We shared the tasks of who, when, why would apply and it worked. (...) We agreed on in the association that I need only 10 million, and you need 60 million. Businesses in the same category had to cooperate." C1; "As I see it (the association above – inserted by I.Sz.) doesn't work efficiently, people just push themselves ahead." S17).

4. *The crisis*

In order to examine the effects of the crisis, we have to create three groups: 1 businesses feeling the negative effects; 2 businesses feeling no change; 3 businesses with positive results. Those feeling the negative tendencies mostly reported of changes in the business tourism segment. (“Business trips have dramatically decreased. There are less sponsors in sailing competitions as well.” S10); “At corporate events earlier there were forty people, today only thirty, and earlier they stayed for four days, now only for two.” C1). There is an agreement among the players of the group in the tendency that the number of guests stagnated, but their willingness to spend decreased, which also brought about price competition on some occasions. (“You must understand that instead of a 21.000 HUF room, the guest will choose the 20.000 HUF room, even though it is a much worse choice. (...) You can see a price competition in the country.” S3). The shrinking of financial resources can also be observed, due to rise of rate and interest risk in new developments, as well as limited loan options. (“Businesses are influenced by the economic environment and the situation is very bad nowadays. Just take a look, three developments are halted in Füred.” M). Members of the group feeling no change belong primarily to the restaurateur segment, explaining the situation by the fact that mostly people with higher income could afford this service. There were some success stories as well in the time of crisis: the reason is either the more intensive marketing due to fear and the increased sales activity, or Füred’s appeal. (“Last year the number of travelers did not go down only on vehicles to Füred and Szemes, everywhere else did. (...) We are very proud.” S13).

Statement 10 – Environmental factors: The change in demand is a tendency felt all around Balaton, as well as the need for experience-centeredness and the role of the Internet. Out of government policies the lack of stable and transparent economic environment and the shadow effect were emphasized. Due to the limited availability of financing resources for small businesses, tender resources are important drives of development, but the efficiency of tenders serving or encouraging cooperation is questionable. The crisis can be seen in the decrease of willingness to spend, the limitations of financing options and the stagnation of developments.

5.1.2.4. THE RELATION BETWEEN THE SUCCESS OF THE CITY AND THAT OF THE BUSINESS

The most important question is what respondents think about the success of the city and how they can make good use of it. It can be answered by special asking questions, as well as through the analysis of environmental factors and the destination competition. I will take a look at this complex factor in three dimensions: 1 The general views of the city's success; 2 The connection between the success of the city and that of the individuals (entrepreneurs, organizations and inhabitants).

1. The general opinion of the city's success

The general opinion of the city's success is undoubtedly positive: to the questions of 'Is Füred a successful city?', almost all the respondents (93 % of interviewees) gave a positive answer. To 'How do you measure the city's success?', the most typical explanations were the impressive development, which mainly referred to the Reform Age district, the parks, the promenade, and the arranged areas, 74% of respondents mentioned. ("Downtown is just beautiful, it could be anywhere in the world, but the uptown is also nicely arranged. (...) There are more than enough memorial tablets though." S8). Other, less frequent, ideas are as follows: the local government and the local government-owned attraction-providers mentioned the increase in the number of guest nights.

Many spoke about the fact that the city has "emerged" from among the Balaton-side settlements – primarily due to the impressive development, and "other cities (the competitors – inserted by I.Sz.) are lagging behind, and I'm really proud to say this of Keszthely" (S11). The changes in the city's image were mostly mentioned by the older generations and those living in Füred for decades ("The city's image and the opinion of the city has changed, guests love Füred." DM2). The city has become famous, and it is the success of city marketing, which was said by association members (about one-quarter of the respondents). New investments (high category hotels, restaurants) were mentioned as a success factor by the leaders of civil organizations and members of the "developers" group. People born in Füred regarded it important to speak about the fact that "it is good to live in Füred" (EI) and the people of Füred are "proud of the development" (S17).

Many measure the success of the city by the number of people relocated into the city (primarily well-off seniors, well-known personalities), as well as the increasing sales of real estates. (“This is the Hungarian Florida.” Ö2; “The success can be measured by the increase in the sales of real estates, too.” S17). The fact that most respondents believe in the city leaders is positive, for most of them the leaders are a success factor. Apart from the group of businesses lagging behind, the interview with most players was quite optimistic, and was impregnated with the faith in the city’s continuous growth, together with the city’s development. (“I believe that as long as we have a mayor like this, there is no risk factor.” DM1)

II. The connection between the success of the city and that of the individuals (entrepreneurs, organizations and inhabitants)

The factors influencing the individual’s success were highly varied, and showed the following typical features. I am dealing with the topics in three categories. Seasonality appears as a basic problem (1 generally judged problem), but the dominance of holiday-making tourist traffic and the recently introduced touristic position of the city (“Balatonfüred is the city of culture and arts”, “quality tourism”), as well as the visible results received different judgement (2 factors of various judgement). The issue of sustainability are not mentioned or recognized yet (3 factors with less awareness).

1. Generally judged problem - seasonality

The city’s success cannot be made good use of by primarily medium-category hotels and pensions, due to the failure of efforts so far to reduce seasonality. (“Füred is a successful city, but it has a disadvantage. Developments are concentrated in the summer. (...) which means that Füred could really successful for businesses if it attracted people throughout the year.” S10; “Our investment was too big to have only a 2-month season in the city.” S6). Operation in the peak season and closing down for winter can be the possible but difficult way to adapt to conditions. (“(The inhabitants – inserted by I.Sz.) can’t get a proper annual job, from 100 people, only 1-2 gets a full time job the whole year round.” S5). The rest, a small percentage of the respondents accepts the existence of seasonality as a fact, and tries to supplement their income by other activities (real estate sales)

("We saw a film with my husband about the past of tourism around Lake Balaton. Hoteliers said 30 years ago that the season was too short. Nothing has changed since then." S19).

2. Factors of various judgement

In this group I listed factors, in which serious diversity of opinion can be observed:

- Features of guest traffic: There has not been any research on the travelling habit of visitors to the city, nevertheless we can see that many people are interested in the impressive development of the city, and according to respondents, Füred is a "chic city to visit" (S2), and "during weekends the promenade swarms with people even in winter" (S5). The so-called "strolling tourists" generate traffic for the restaurants and vendors ("the gardens of restaurants and pubs are full" D3), but "they (the guests – inserted by I.Sz.) only have an ice-cream or perhaps a coffee, and they'll not stay for the night. They run out of coupons, they have little money, but they can still stroll free of charge." (C3). So most of the crowd on the promenade in the off-peak seasons is people making excursions. According to respondents, guests staying overnight are mostly holiday-makers, who arrive in the peak season with "the intension of swimming and bathing" (S6). Holiday-makers show a varied picture, which can be attributed to polarized demand: "Tourists look for the very cheap or the very expensive, demands have polarized in the city." (S10). As a summary it can be said that in the city we can see the mixture of demand segments: so far we can see the wide spectrum of tourists with different demands, among whom there can be a conflict during the peak season.
- Cultural tourism – the major position of the destination. The position "Balatonfüred is the city of culture and arts" is received by service providers with some uncertainty, which can be attributed to its novelty (in the spring of 2010, during the series of interviews, the new museums of the city were opened), and to the questionability of how to make good use of the event-organization already begun. The achievements of the position so far can be measured by the effects of the cultural programs, shown in the following categories. The popularity of the city's largest event in August is undoubted, which is appreciated by almost all the players ("I already have a booking for the event" (S10). The effect of the other cultural events depends on the service provider segment and the geographic location.

These events bring a lot of guests to the restaurants and the hotels in the city center. (“These events and exhibitions are great. There is a lot of work and money in the Reform Age procession, but it fails to bring hotel guests.” Sz9); “The city itself organizes loads of programs. All of them organized on the Lakeside, so we don’t see much of it. I already told them to organize programs further up, too.” S6). Unexpectedly even the managers of centrally-located, 3-4-star hotels, which receive a great share of cultural events, believed that the target group to attract to the city by cultural investments is very small.

- “Quality change”: A declared objective of the city development to improve service quality everywhere. (“The supply of Füred is good enough to show that we have changed.” DM11). All this can be traced in (...) that the quality change is visible. The hotels and restaurants provide very high quality service, and Tourinform Office offers different services, too. You can see the beautifully designed parks.” (DM2). All this is very important both for hotels providing high quality service and for cultural tourism-related civil organizations, for their own success. (“Everybody can make use of the great news spreading around that here the service is excellent and there is always something to do here.” S3). Others – especially those lagging behind – think that the changes are good only for the luxury hotels in the center. Several people mentioned quality-related deficiencies, such as infrastructural problems (public hygiene and parking facilities), and the issue of supply at the popular city event held in August. (“There are low quality wines and I saw the wine-maker’s employee cleaning the table in front of me with a dirty, smelly cloth. This has to be solved very quickly.” DM2)
- Innovation and competitive edge: The innovation seen in city development can be felt in repositioning (returning to reform Age traditions), in the development of the cityscape attached to it (promenade, center) and in the creation of the new image. All this brings novelty and new atmosphere to visitors and many people think “it will last long” (S13). Several people, however, questioned the strength of this attraction (“What if there are no more developments and no more novelties?” S11), while others looked beyond the competition around Balaton and made the remark “half-eyed among the blind” (S7), emphasizing the self-confidence of the elite. Learning about the perceptions of the Hungarian and international competitive situation also served the aim of revealing the market awareness of the players.

Many of the interviewed players had problems to judge the competitive situation, and the analysis of the competitors (Siófok, Keszthely) followed as first perception. It became clear for many that all these factors can bring up interesting ideas. ("I haven't thought about them (the competitors – inserted by I.Sz.), but perhaps Veszprém, but it's not about the Reform Age. Or Tihany, if it decides to develop, but they don't have a team like ours." C1). Respondents considering conscious developments mentioned Eger, Pécs, Szentendre, as competitors on the cultural tourism scene (so far only secondary competitors), and Lake Tisza, as well as cold-water Austrian and Italian lakes, especially Lake Garda. The conscious provision of the renewal of the destination's attractions has hardly risen in the association and in the city leadership circles of interviewees: the image of "the living and constantly renewing museum" is listed in the vision and plans of the Vaszary Villa, but the program of the Villa and this advantage was hardly known for service providers.

3. Factors of low awareness – welfare and well being

The welfare factors of local inhabitants as a factor of success and failure (the most major factor in the theoretical approaches of regional competitiveness) and its dimensions were not emphasized by the respondents as primary perceptions, they only talked about this issue after special questions about the city leadership. This can be explained by the fact that as regards the success of the city, they were reluctant to word negative opinion (they did not speak about criticisms on the dictaphone, from which the presence of political power is felt.)

- Welfare: The local inhabitants have their share of touristic income primarily by running private accommodation and pensions, as well as working seasonally. Due to the trend change of the past decade, the tourist traffic of private accommodation and sales have decreased ("There are less tourists, the unemployment is on the rise, by perhaps 50% compared to the previous year." LG2). Although in the past three years, there have been a rise in the tourist traffic in this supply segment, too, the service providers are a difficult situation ("It's important to help smaller service providers by e.g. designing the image of a shopping street. I have spoken about it with the mayor many times." DM2), but the city leadership has not declared the importance to support this supply segment, which might be the result of the idea that taxing morals are very bad in this circle. ("We shouldn't be worried about entrepreneurs, they can just complain and continue working in the gray economy." P)

Employing the locals causes difficulties, but qualified young people do not return to the city either, because of seasonality. Part of the inhabitants, however, could find a new source of income by selling real estate. Many people see it as a great opportunity in it, as well as a chance to get their share from Füred's success. The city leadership sees all these problems, consciously pays attention to develop the so-called "upper district", where the local inhabitants live ("We've only done 10% of the job. We have to arrange the upper district, its infrastructure and the parks." M) and does not forget about the issue of annual employment, which they intend to solve by building an innovation center.

- Well-being: Part of the interviewees stressed that the people of Füred are proud of the developments, and many believe that the Füred-identity has improved among the "people of the streets", too. ("Füred is beautiful, it's great to live here. Community life is not that bubbling, but there are programs where we can go to." Hospital secretary.). The negative effects of mass tourism can be felt in the city, which means on the one hand exceeding the physical endurance ("On Saturday there were so many people on the promenade, that we couldn't find a place in Y. (...) Tourist traffic should be focused a bit upward in the city." C1), and on the other hand the presence of price increasing effect ("The prices are rising and not everybody can afford a coffee on the promenade. There is a layer, which can, perhaps 30% of the population, but the others can't." Sz17) This forecasts the demands to handle the negative effects of tourism, the enforcement of which could be the task of civil organizations, but these issues have been less conscious. ("I don't know what step to take. I'm just a civil leader." C1). The city leaders regarded the sustainability of nature as the biggest risk. ("First of all, Lake Balaton itself, will there be water in the lake? (...) Secondly, how can we preserve the lakeside green areas and how can we say no to investors wanting to make constructions there?" P.)

Statement 11/a – General opinion of the city's success: Most respondents agree on the general success of the city, as well as on its most typical factor, the impressive development. Further achievements are the increase of tourism traffic, competitive edge among Balaton-side destinations, increased popularity, intensification of identity awareness and environmental quality, as well as the skills to attract people and businesses. The "quality change" (the general intensification of service quality) is visible in the city, but infrastructural deficiencies and the lack of event coordination can hinder this. City-level innovation is shown in attraction development and market development, but the way to preserve this competitive edge is not conscious yet.

Statement 11/b – City success and individual success: The success of the city increases identity awareness among the inhabitants and the service providers of Füred, but service providers also feel it since they become well-known and their guests satisfied. All this is the result of cityscape development and events, as well as marketing communication done by the association. This impressive development attracts “strolling tourists”, which generates income to a narrow service provider circle, just like the cultural touristic position. The conversion of success into entrepreneurial success, as well as the living of locals is typically hindered by seasonality. The reduction of seasonality and the opening of the cultural touristic position could be served by wine and sailing tourism, which could be supplemented by nature tourism, but these areas do not improve due to lack of coordination and lack of cooperation between service providers. The perception of city success is influenced by the geographic location and the service quality. The real winners of development are the “developers”, while the “floundering” try to keep up with the development, and those “lagging behind” move on the edge of legal and fair competition. Rarely mentioned (but real) risk factors: gray economy, negative effects of tourist traffic (crowd, price increasing effect); losing the novelty value, conflicts between polarizing demand segments, locals leaving the city, ageing population.

5.1.2.5. THE DEFINITION OF DESTINATION MANAGEMENT

I considered it of high importance to learn about the opinion about and the requirements of the destination management institution (I composed special questions of) to be formed nowadays and financed from tender resources. I also believe that the definition of destination management is also of key significance, which I examine from the viewpoint of the city, the association and the service providers’ management, but I also regarded a major factor the analysis of expectations from DMO in all three dimensions, reaching the following conclusions: (All these results were a major turning point in the topics of the international interviews.)

I. The definition of destination management and the operation of DMO

I/1. Opinion of the local government and the association’s management

Both the leaders of the local government and the management of the association defined their major objective: “the task of DMO is to attract more guests.” (LG2) In both circles of leaders conviction can be seen regarding the fact that the organization to be formed into DMO (with the major responsibility of communications activity) “has been a DMO earlier, but we didn’t call it by that name” (LG1); and “the association of Balatonfüred is among the best 5 DMO of the

country” (DM1). So according to these opinions, the major activity of the DMO is currently communications. The complexity of destination management was only brought up by one manager: “Destination management is a diverse activity, it includes a lot of things, such as complex city management. (...) But this is not quite the same.” (LG2)

Concerning the operation of DMO, the major expectation of the city leadership is that the organization must fulfill its undertaken task, written in the cooperation agreement with the local government, as effectively as possible. (Explanation: a key condition of the tender was to separate the touristic tasks of the local government and those of the DMO, to exclude duplications.) These expectations clearly appear in the opinion of the association managers, too (“We must do things efficiently and not just talk about it. (...) (The mayor) is very consistent, but wants to see things done as well. He doesn’t just let things go, he wants to see the solutions.” DM1). During the series of interviews the formal operation of DMO began, of which the managers of the association expect in the new organization to “deal with these (activities – inserted by I.Sz.) in a well-defined manner, and it won’t just be the community of enthusiastic locals.” (DM4)

1/2. Members’ opinion

About the point and purpose of the destination management organization, the members are very variedly informed. About one-third of the interviewees have heard about the DMO, but failed to say what exactly it is. (“We’ve heard that we’ll have one, but we don’t know its exact purposes.” Sz14). Another third of the players have heard about DMO, but they do not understand why it is needed, or identifies it as the continuation of the association. (“It’s very hard, because I just can’t understand why we should make a new association from the many smaller associations. (...) It’s not unambiguous. We are forcing it. (...)” C1). The rest of the respondents understand the transition between the DMO and the association, and they identify the difference with the use of the tender resources. (“The organization got 42 million HUF. It’s big money, it is important how it’s spent: we can either waste it or take steps for the future development.” S11), but there were many who underlined that the organization could be born due to the tender resources, and its sustainability is questionable. (“I’m afraid the DMO has only been booming, because you could win a lot of money for it, but it’ll be over and it has to maintain itself later.” S2)

It is important to emphasize that none of the players mentioned what functions would make DMO more than the current association, and understanding destination management caused difficulties to most of them (“This may be a task (of DMO – inserted by I.Sz.) to share the duties of the Hungarian Tourism Company at the local level).” S15.; “It’s a great idea, because the point is to provide help” C1). What could make DMO more than the association only became clear when listing expectations.

As regards expectation from DMO, a quarter of the respondents highlighted that they would accept an independent management (the members of which are not involved in any touristic businesses) (“It must be communicated as the interest of the whole city. (...) We need a chairman who is independent, because anybody could be accused of being biased, after all this is Hungary.” S2; “I expect the organization to point beyond Hotel Y (the hotel of the chairman – inserted by I.Sz.)” C3). Further expectations included allowing for the greater activity and the communication of members, which is expected by one-third of the respondents (“It would be great to establish it through honest, clarifying discussions. The chairman should sit down with people and talk. (...) If service providers don’t feel that this organization is theirs, this will fail. S2”; “I’d like them to look upon it in this way: if a business goes well, I’ll try to find out how or ask why. This should work in a healthy organization.” S11).

II. The tasks of the DMO

I have placed a great emphasis on learning what functions each group (management of local government and association, and members) expects from the organization. The city management primarily expects the efficient communication of city and tourism marketing (communications and supply development tasks) (“I expect DMO to carry on with city marketing and fulfill tasks it had undertaken in an efficient way. Eliminating seasonality is a key task.” M) The management of the association also named marketing duties as primary perception, laying great emphasis on the topical joint product development (“We are preparing packages with Pannon Castle Theater. We sent letters to the members and some of them were open, so we helped them to put a package quotation together.” DM3) Some of the managers also mentioned the intensification of marketing efficiency (“We appear at the touristic fair with separate stands, but I think it’s a prestige expense. Marketing activity must be restructured and attention must be paid to efficiency.” DM3).

From among incubation functions the importance of interest representation and member activation were major factors for all association managers, while out of the other incubation functions, “only” projects undertaken in tenders came forward. (“Here we need some more innovations and strengthen the marketing perspective (of businesses – inserted by I.Sz.) (...) We can help by organizing two field trips from the money won by the tender.” DM3); “There will be trainings, but I don’t know if IT or marketing is included, I have to check in the tender.” DM4)

The service providers themselves look upon the tasks of the newly forming organization from a much broader spectrum than the marketing function, which does not necessarily mean that service providers understand the destination management, but rather expect the operation of a common destination management due to their own demands and “wishes”, or sometimes due to their request for help coming from the paternalistic approach. Most people believe that the most important step would be “opening” the cultural touristic position and attracting new target groups. Among the representatives of this opinion we can find members from each service provider group (developers, floundering, lagging behind). (“Obviously there are peripheral areas where a special system of relations and specialist knowledge could be made use of. (...) The involvement of Balaton (e.g. fishing) or reconsidering shipping. (...) Making use of Bakony.” S3). Continuing the communications activity and making it more effective was also often listed among the functions. (“The question is how the money is spent. Is it spent on going to Germany to a fair, where we fully book German hotels? This doesn’t bring too much for us.” C3). Coordination and program organization was emphasized by those requiring added services. (“It is great to have animation in the new museum, but we could also deal with the organization of wine tours.” Sz1), while the coordination of event was mainly emphasized by the managers of civil organizations. (“Today sometimes there are too many events.” C1; “We are really happy to have four festivals at the same time.” C3). The representation and the protection of interest appeared at the “floundering” group, while the need for the provision of help, professional advice and training was brought up in both this group and in the group of players lagging behind. (“It’d be great if needy hoteliers could get advice and help” Sz17; “Now they have applied for a tender for an English language course abroad. Ridiculous... We would need so much different knowledge.” S1).

Members of the developers group intend to emphasize the improvement of quality and highlight local characteristics (“If we take e.g. wine to involve in the city marketing, I would say that it all seems to be individual kamikaze fight (...) We’ll see if there’s a forum for it.” S7; “My expectation is to convince everybody to do high quality job, and to communicate it to the world.” S3); and in their circle the demand of encouraging contacts with local DMO should have a task to make it more accepted.” S15).

Table 5 summarizes the expectations of each group of the DMO. The city’s leaders lay emphasis mainly on the efficient fulfilment of city and tourism marketing (communications and supply improvement duties), decreasing the effects of seasonality. All these factors are highly significant for the management of the association, which are complemented by incubation functions, placing the primary emphasis on making the members more active and on projects in tenders. Service providers, however, expect a broader spectrum of tasks from the organization. Broadening the position and networking appear around them as unique requirements, although not very consciously.

Table 5: Expectations from the functions of destination management within each group of players

Players /Expectat.	Planning and monitoring	Supply development	Communication	Incubation – protection of interest
Local government (3 interviews)	<ul style="list-style-type: none"> Efficient activity, settling Targeting foreign markets 	<ul style="list-style-type: none"> Development to decrease seasonality Quality improvement 	<ul style="list-style-type: none"> Continuing the foregoing communication (online as well) on an efficient way 	<ul style="list-style-type: none"> Activating the members
Leader of the touristic association (4 interviews)	<ul style="list-style-type: none"> Efficient activity Targeting foreign markets Quality man system 	<ul style="list-style-type: none"> Development to decrease seasonality Mutual supply planning (products) Complex packages with the neighbouring villages 	<ul style="list-style-type: none"> Continuing the foregoing communication (online as well) on an efficient way 	<ul style="list-style-type: none"> Consulting Quality man. system Study tours Activating the members Protection of interests Education Involving complement. services
Members of the DMOs (service suppliers, NGOs) (18 interviews)	<ul style="list-style-type: none"> Efficient activity New segments Emphasizing gastronomy – with the neighbouring villages Targeting foreign markets 	<ul style="list-style-type: none"> Development to decrease seasonality Emphasizing local specialities Complex packages with the neighbouring villages Quality improvement 	<ul style="list-style-type: none"> Continuing the foregoing communication (online as well) on an efficient way 	<ul style="list-style-type: none"> Helpgiving and consulting Protection of interests Activating the members Education Coordination and helping networking Supporting using local suppliers

Statement 12 – The definition and perception of destination management: The most important and most perceived achievement of destination management is marketing communication and the increase of reputation. Typically, the communication function stands in the focus of destination management in the perception of the management of the association (DMO) and the city leadership. Most service providers do not see clearly why DMO was born, what its purposes are, what destination management means and what its duties are. Despite this, service providers expect the fulfilment of coordination and incubation functions from DMO, for the sake of improving their success (decreasing seasonality, product development and increasing quality).

5.1.3. THE MAIN STATEMENTS OF THE CASE OF BALATONFÜRED

I will summarize the findings of the Hungarian study within each highlighted topics, in connection with my research questions, as follows, along the relevant statements crystallized during the analysis, which I will supplement with the results of the secondary study.

1. *Players, conditions (Research question 1: 4)*

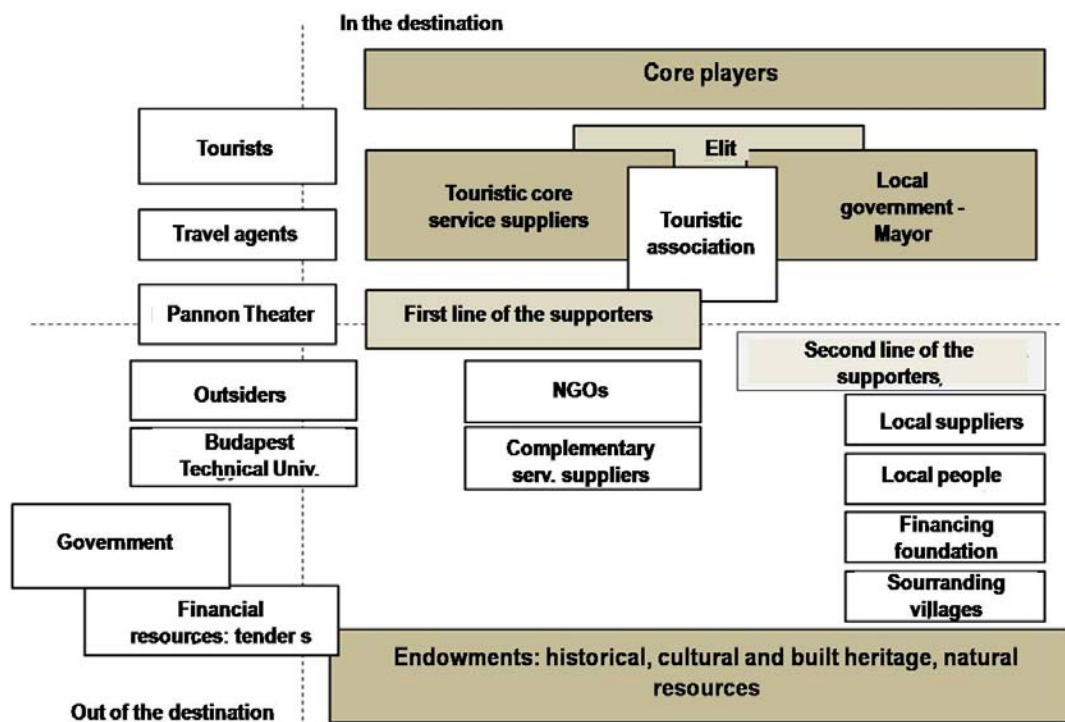
The principles of the cluster theory regarding players (geographic vicinity and local institutions, involvement of local suppliers) are visibly present in the Hungarian case, from among which the following factors are to be highlighted:

- *Statement 1 – Players of the touristic core sector:* The central players of the destination are players of the touristic core sector, including hotels, emphasizing new developments, incoming travel agencies and attractions (mainly built heritage).
- *Statement 2: The role of the local government and the mayor:* The local government and the mayor are listed among the central players of the destination. The local government is the strategic planner, decision-maker and executive body in one (it carries out certain destination management duties!); the mayor is the engine and a respected, charismatic leader.
- *Statement 3 – The role of the touristic association:* The association acts more as an executive body and not as the representer of interests, with major achievements in marketing communication, but only a key player for strategic decision-makers. Due to its future options, it is to be listed as an organization on the border of central and supporting organizations.
- *Statement 4 – The role of background players:* Cultural civil organizations are of basic importance, just like complementary service providers and “outsiders”, but the strategic significance of suppliers is less known, just like the role of local education and of marketing organizations. The role of local inhabitants and nearby settlements is seen, but not of primary importance. The local educational institution is not decisive, although co-operation with the Budapest Technical University encouraged the rehabilitation plans of the Old Town (Tempevölgy (2010)).
- *Statement 5 - Summary of conditions:* Historical-cultural traditions and restored heritage are of primary importance, just like natural resources, and although the provinciality of the neighbouring wine region can be felt, it has not been made good use of. Accessibility is to be emphasized as regards the shipping of Balaton. Tender resources are major financial resources. Human resources appeared in the skills of human resources management and in the reliability of employees.
- *Statement 7 – The cooperation of the elite:* The city’s most important decision-makers and decision-influencers belong to the so called elite.
- *Statement 10 – Environmental factors:* In the changing demand a tendency can be felt as regards the whole of the Balaton region, the appearance of experience-centeredness and the Internet. From among the government policies, the stable and transparent economic environment and the lack of shadow effect were emphasized. Tender resources are the major drives of development, they are of key importance for small businesses due to the limited financial resources, but the efficiency of encouraging tenders is questionable. The effects of the crisis can be traced in the decrease of willingness to spend, the limited financing options and the stagnation of developments.

All these factors are summarized on Chart 9, showing the key circle of core players, in the center of which are service providers, the local government and the mayor.

These players also include the “pulling force” of the elite, as well as the association, carrying out mediation and execution, but service providers do not find it highly determining, as yet. Supporting players are divided into two groups, according to their significance, as well as players outside the destination, highlighting the touristic demand and the government, illustrating whether they belong to the core or the supporting players’ group.

Chart 9: The cognitive map of the players in the Hungarian destination (own construct)



II. Relations (cooperation and competition) (Research question no. 2.)

Based on the evaluation of cooperation and market actions, the following findings have come to light:

- **Statement 6 – Competition between service providers:** The destructive features of the competition (e.g. imitation, unfair behavior) can be found in all supply segments with different intensity: most problems occur at pensions, private accommodation and restaurants. As regards competition strategies, three groups can be identified: “businesses lagging behind” reduce their services, the “floundering” try to break out with service development, while “developers” use the method of “sophisticated” competition.
- **Statement 7. – Cooperation of the Elite:** The most important decision-makers and decision influencers of the city belong to the elite. The cooperation within the elite is based on shared objectives, values and the mayor. The merit of the cooperation: strong interest representation to receive project

funding, urban landscape development, development of cultural touristic products (attraction development).

- *Statement 8. – Cooperation between service providers:* Cooperation between service providers are present in three contexts: in the association, in the “neighbourhoods” (competing groups), and in the area of related services. We have to emphasise that competing groups embody the daily context and the conflict free real cooperation, whereas product development started in the association and in the area of related services, and the same applies to joint or cross-communication as well. Cooperation was impeded by similar hurdles in all examined dimensions, of this we have to underline the lack of trust, the primacy of egoistic interests and the lack of the culture of cooperation together with the difficulties of running a small business.
- *Statement 9. – The system of cooperation:* The cooperation is present at three levels (elite, association and the “overlapping” areas of service providers), of which social cohesion can only be perceived within the elite. c, the system is held together by the mayor and the Füred concept enhanced by him and the elite.

The existence of a close cooperation which characterises clusters cannot be identified clearly based on the examined case: cohesion is strong among the members of the elite, which can also be identified in shared values, norms and a universally accepted vision (cultural and high-quality tourism). The picture is more diverse and refined amongst service providers, and cohesion is less present here. The so-called sophisticated competition characteristic of clusters can be seen in the group of “developers”, as this is the group where the endeavour aiming at uniqueness, high quality and continuous renewal prevails. The members of the developers’ group are open, dynamic and they embarked on relation-building, furthermore ideas regarding joint product development have also appeared; at the same time, the excess burdens of entrepreneurs impede implementation.

III. Factors of success and failure (Research question No. 3)

▪ Interpretation of success

In terms of the success of the town and the relations between the comprehensive and individual success, the following findings have been reached:

- *Statement 11/a – The general evaluation of the town’s success:* A large majority of respondents agree concerning the general success of the town, as they agree on spectacular development, as well. Further achievements: the increased turnover of visitors, competitive advantages vis-à-vis destinations at Lake Balaton, the increased visibility, the increased identity and improved environmental quality and the ability to attract. The “quality shift” (the general enhancement of the quality of services can be seen in the city, at the same time, infrastructure deficiencies and the lack of event coordination might reverse this development. Innovation at the level of the town is present in the form of attraction development and market development, the question of retaining this competitive advantage has not been raised yet.

- *Statement 11/b – The town's success and individual success:* The success of the town brings about increased awareness of identity amongst population and service providers in Balatonfüred, and service providers perceive it in the form of increased visibility and visitor satisfaction. All this might be attributed to the development of the cityscape and events, as well as marketing communication pursued in the association. At the same time, the spectacular development attracts strolling tourists, which is a source of revenue for a small circle of service providers, and the same applies to the position of cultural tourism. The conversion of success into the success of entrepreneurs is typically hindered by seasonality. Seasonality also hinders the livelihood of local people as employees or owners of guest houses. The degree of seasonality could be reduced and cultural tourism could be improved by wine and sailing tourism, which could be supplemented with nature tourism, however, due to the lack of coordination and cooperation between service providers these do not develop. The perception of urban success is significantly influenced by the geographic position. The obvious winners of development are “developers”, whereas “the flounders” try to keep pace with development and “businesses lagging behind” are on the border line between legal and fair competition. Rarely identified (but realistic) risk factors are: the grey economy, the negative impacts of the increased number of guests (crowdedness, increasing prices); the loss of the value of novelty, infrastructure and quality problems relating to services, conflicts between polarising demand segments, the emigration of locals and ageing population.

The city seems to be successful according to nearly all actors. The most important dimension of this “comprehensive” success is the spectacular development, the development of attractiveness, a changed atmosphere in the city (which can be experienced by the outsider as well). This is accompanied by the success on the demand side, which the actors identify as the increased number of visitors and increased visitor satisfaction. This is backed up by secondary data. Examining the demand side success of Balatonfüred in the context of the 5-year results of tourism statistics of the most important rivals mentioned in the empirical research (Siófok, Keszthely) we come to the conclusion that whereas Siófok is still in the lead in terms of the number of tourist nights, Balatonfüred has been the winner in terms of the increased turnover, the number of foreign visitors and the time spent in the city (Central Statistical Office, 2010). Concerning the perception of visitors, Balatonfüred was the winner of the Image Factory top list in 2007, 2008 and 2009 (ImageFactory (2007/2008/2009)) in the category of small towns, furthermore Balatonfüred was the most popular town at Lake Balaton in 2009 (Utikalauz.hu (2009)), and the most attractive settlement in the northern part of the lake in 2010 (Naplo-online.hu (2010)) according to online respondents.

The findings of a most recent quantitative research (conducted amongst theatre-goers, in order to gauge the opportunities of theatrical performances in Balatonfüred) draw the attention to the fact that the respondents do not find that “it is trendy to go to Füred”, they show a medium interest in the already successful events, the lake itself is still a very important attraction, but most of them are interested in the town (Péntek, P. (2010)).

In light of these findings, the demand side success identified by the respondents (the successful repositioning of the town) is less obvious and requires further research.

As a further dimension, respondents highlighted the welfare of the city dwellers as a factor of success, with regard to this, increased awareness of identity and improved environmental quality featured amongst responses. The negative impacts of tourism (impacts driving up prices, crowdedness) were also mentioned, at the same time respondents are less aware of these factors. A negative evaluation was given with respect to the local income-generating capacity of tourism, as the most important tool to achieve the objective of welfare: respondents mentioned the increasing rate of unemployment and the insignificant number of job opportunities that are available throughout the whole year. The analysis of the secondary data sources (ÁFSZ 2010/2000) proved the increase of the rate of unemployment over the past 10 years, at the same time, we have to emphasise that in the year 2010, the negative climax of the rate of the registered unemployed was under the national average in the winter period and it was much lower in the summer season. Information is available on the number of those employed in tourism in the accommodation sector and in the catering units (BTE (2009)). According to this information, in the winter season (February 2009) 194 people were employed at different places of accommodation (443 in Siófok, 51 in Keszthely, 165 in Tihany), whereas during the summer season (August 2009) 627 people (944 in Siófok, 238 in Keszthely, and 250 in Tihany). Clearly, the most important rival, Siófok can provide a much more favourable employment prospect during the winter, which is explained by the higher number of wellness and conference hotels, which operate throughout the whole year, and the situation is also slightly better in the summer season. To sum up, in the town of Balatonfüred, according to the data of 2010, seasonal employment poses a real problem, it affects nearly 400 people, and Siófok, the most important competitor provides more favourable employment conditions.

Therefore, the welfare of residents interpreted in terms of employment is more favourable than the national average, however, the annual rate of employment is a critical question and one of the weaknesses of the destination competitiveness. It was recognised by the leadership of the municipality, who are planning to remedy this problem. Relating to the success of the town and the individuals, it has become obvious that the increased awareness of identity and the increased guest satisfaction are the most important results.

At the same time, with regard to the convertibility of the town's spectacular development into incomes, the picture is not so clear. Seasonality continues to be a problem concerning entrepreneurs' incomes and the return on investments, as well as the welfare of locals. The spectacular development of the town, events and cultural attractions clearly increase the quality of the environment of locals, at the same time they provide an income for only a small circle of entrepreneurs and this is significantly determined by the location of the enterprise (the advantage of those along the lakeshore and the historical district of the city).

- *Factors of success and failure*

Several statements apply to the factors of success of the destination of development simultaneously, of which the following are to be emphasised:

- **Statement 2. – The role of the municipality and the mayor:** The municipality and the mayor belong to the central actors of the destination. The municipality is the strategic planner, decision-maker and executive at the same time (performs individual functions of destination management!); the mayor is the engine, a respected and beloved charismatic leader.
- **Statement 5. – Summary of conditions:** Historical, cultural traditions and the renewed heritage built upon this are of primary importance, as are natural resources.
- **Statement 6. – Competition between service providers:** (...) "Sophisticated" competition works in the group of "developers", the new businesses.
- **Statement 7. – Cooperation of the elite:** (...)The merit of the cooperation: strong interest representation to receive project funding, urban landscape development, development of cultural touristic products (attraction development).
- **Statement 9. – System of cooperation:** (...)The system is held together by the mayor and the Füred concept enhanced by him and the elite.
- **Statement 11/a - – The general evaluation of the town's success:** A large majority of respondents agree concerning the general success of the town, as they agree on spectacular development, as well. Further achievements: the increased turnover of visitors, competitive advantages vis-à-vis destinations at Lake Balaton, the increased visibility, the increased identity and improved environmental quality and the ability to attract. The "quality shift" (the general enhancement of the quality of services can be seen in the city).
- **Statement 12. – The definition and perception of destination management:** The most important and most perceived achievement of destination management is marketing communication and the increase of reputation. (...)

The driving engine behind the spectacular and demand side success is the town's charismatic leader, and the elite behind him, who wished to reach a consensus (municipal body, political, touristic and non-governmental organisations' leaders), who on the basis of a determined and systematically designed urban development concept were able to make use of calls for applications and they relied on the historical relations and network of the city.

The town renewed from project resources, the cultural touristic attraction and communication activity based on this triggered the development of service providers capable of providing high quality services and enhanced the awareness of identity.

Statements relating to the factors of failure are the following:

- **Statement 6. - Competition between service providers:** The destructive features of the competition (e.g. imitation, unfair behavior) can be found in all supply segments with different intensity: most problems occur at pensions, private accommodation and restaurants.
- **Statement 8. – Cooperation between service providers:** Cooperation was impeded by similar hurdles in all examined dimensions, of this we have to underline the lack of trust, the primacy of egoistic interests and the lack of the culture of cooperation together with the difficulties of running a small business.
- **Statement 9. – The system of cooperation:** (...) Relations between the association and service providers as well as between the elite and service providers can be considered as weak. (...)
- **Statement 11/a – General evaluation of the town's success:** (...)at the same time, infrastructure deficiencies and the lack of event coordination might reverse this development. Innovation at the level of the town is present in the form of attraction development and market development, the question of retaining this competitive advantage has not been raised yet.
- **Statement 11/b – The town's success and individual success:** (...)the spectacular development attracts strolling tourists, which is a source of revenue for a small circle of service providers, and the same applies to the position of cultural tourism. The conversion of success into the success of entrepreneurs is typically hindered by seasonality. Seasonality also hinders the livelihood of local people as employees or owners of guest houses. (...)Rarely identified (but realistic) risk factors are: the grey economy, the negative impacts of the increased number of guests (crowdedness, increasing prices); the loss of the value of novelty, infrastructure and quality problems relating to services, conflicts between polarising demand segments, the emigration of locals and ageing population.
- **Statement 12. – The definition and perception of destination management:** service providers expect the fulfillment of coordination and incubation functions from DMO, for the sake of improving their success (decreasing seasonality, product development and increasing quality).

The spectacular development of the town for the time being can be converted for income only by a relatively low number of entrepreneurs and locals. The reason is the seasonal nature of tourism, the short high season, which is a basic feature of Lake Balaton. Coordination would be of outstanding importance for the purpose of product development aiming to reduce seasonality. This could be implemented at the level of service providers, but several factors impede cooperation (for example, egoistic behaviour, self-interest, the difficulties of running a small business), or at the level of destination management, but for the time being, this activity has not become much focused. (This could also be hindered by the fact that the conditions of the project applications, which can be built upon by the destination management organisation, significantly limited the development and investment in this destination.)

The destructive impact of competition can be perceived nearly in all supply sectors: the development of service providers is made more difficult by the difficulties of running small businesses, which means the lack of resources and technical assistance. It has to be noted that the resources provided for service development so far primarily supported capacity building, and only very few supported the developments that aimed at unique services or the joint development of product packages. The current source of funding supports actors through the destination management organisation, but it provides only a narrow room for manoeuvring and provides little support for the individual ideas of service providers. So far, in the destination little attention has been paid to the negative impacts of tourism, to factors which have a negative influence on welfare and livelihood. Table 6 summarises the factors of success and failure of the town:

Table 6: The success and the failure factors of the Hungarian destination (own construction)

The success and failure factors of the Hungarian destination	
Success factors	<ul style="list-style-type: none"> • The endowed resources and contacts of the town • Charismatic leader • Tight cooperation among the members of the elite • Conscious vision and concept of town development • Tender funds • Capability of interest enforcement • Innovation at town level: resounding attraction-development • Marketing communication • Investments of the service providers
Failure factors	<ul style="list-style-type: none"> • The lack of the formal and informal contacts among the service suppliers • Incapability and low moral of taxpaying • The destructive factors of the competition • The lack of the coordinating, and incubating function of the destination management • The limited circle of the tenders supporting the service suppliers • The unawareness of the question of sustainability

All in all, we can conclude that my pre-assumption presented in the research plan, according to which Balatonfüred is a competitive destination, is challenged by the following findings of the present empirical research:

- The welfare objective: The developments in the town of Balatonfüred visibly increased the awareness of locals of their identity and the quality of their environment; at the same time, the seasonal nature of employment questions the attainment of the welfare objective.

The significance of sustainable development of tourism so far has not become a focal idea amongst the actors. A more precise exploration of these factors needs further research.

- Demand side success: The attractiveness of the town has significantly increased since the comprehensive development, as it is shown by the secondary image research; at the same time, the visibility of the town's position as a cultural touristic destination is questionable and needs further research.
- Supply side success: The sophisticated competition serving the purpose of the productivity of actors can be identified amongst the "developers", but typically the destructive impacts of competition can be identified. Social cohesion can only be experienced amongst the elite and cooperation between service providers is only occasional. Innovation with the purpose of increasing productivity is visible in the comprehensive and spectacular development of the attractiveness of the town and the activities of the developers. For the time being the joint communication activity is amongst the driving forces behind productivity, however, the success of this activity is not yet certain. Nevertheless, it has to be emphasised that the development in the city and the optimistic atmosphere, furthermore the cooperation experienced in the context of the elite belong to the first steps of the supply side success, which should be followed by other domestic destinations.

5.2. INTERNATIONAL CASES

5.2.1. THE METHODOLOGY OF THE CARINTHIA CASE STUDY AND GENERAL DESCRIPTION

I. The research methodology

Carinthia has been identified as a medium-developed destination. The destination is led by a destination management organisation that carries out a comprehensive management activity and is characterised by product development carried out by partnerships of service providers. Therefore, my empirical research of Carinthia had two objectives: on the one hand, to explore the activities of the destination management organisation and its significance (Kärnten Werbung Marketing & Innovationsmanagement GmbH – hereinafter: KW), furthermore to explore the partnership of service providers (Seen Wellness Partnerbereit – hereinafter: Seen Wellness Association).

The features of the Carinthia interviews:

- Three members of the Seen Wellness Association: the head of the association, the owner of an authentic and innovative 4-star wellness hotel; the owner of a 4-star family wellness hotel; the sales manager of a 4-star luxury wellness hotel (reference code in the analysis: KSz; the average duration of interviews: 20-30 minutes).
- The head of the KW Marketing and Innovation Management Department and its colleague (reference code in the analysis: KDM; the average duration of interviews: 30-40 minutes followed by a correspondence in e-mail and responses were given to clarify outstanding issues).

II. Description of the case

Touristic features and products

Carinthia is a south-eastern province of Austria bordering Italy, at the crossroads of two cultures, the Austrian Alps and the Mediterranean, southern territories. The following are of its outstanding attractions and products:

- Attractions: lakes: 1,270 lakes, of which 44 has controlled swimming waters (the largest lakes: Wörthersee, Millstättersee, Ossiacher See); mountainous areas: here we find the Grossglockner, the highest peak of the Austrian Alps; the ski slopes are of medium length in a national comparison; culture: the crossroads of Mediterranean and Alpine cultures, the bustling cultural life of large cities and “amiable natural locals”. (Kartner Werbung (2010/a))
- The most important touristic products are as follows: 1. active vacation at the lake – primary product; 2. winter sports – secondary product; 3. wellness – innovative, emerging product, suitable for the differentiation of the destination.

Basic data, achievements and features

In Carinthia, summer is the high season in tourism, the summer semester (November-April) contributes decisively to the total number of tourist nights: in 2009 71% of tourist nights were spent in the summer semester. Table 7 summarises the basic data, touristic features and achievements of the area:

Table 7: The main data and the characteristics of the tourism of Carinthia

Basic facts	
Area	9.540 km ²
Populations	559.315 / 59 km ² per capita
Nr of settlements	132 settlement (17 cities)
Nr of touristical service suppliers	9.688 lodging service suppliers / 6.300 B&B; 4300 restaurants
Touristic result	
Nr of guest nights (2009)	12 782 128
Guestnights per capita	22,85 guestnights per capita
Average duration time (2009)	4,9 day in summer; 4,4 day in winter
The characteristics of the seasonality (2008-2009): guestnights in Summer half a year (May-Oct.) guestnights in the Winter half a year (Nov-April)	71%
Domestic / international tourism (2008/2009, guest nights)	Summer season: domestic tourism 35 %; Winter season: domestic tourism 37,5%

(Own construct, based on Kartner Werbung (2010/b))

Based on the data of the past 10 years (tourist nights) in Carinthia stagnation can be observed in tourism with slight fluctuations: the number of tourist nights dropped by 5% between 1999 and 2009 with an improving winter season (23% increase of tourist nights), but the summer season is still dominant. This also poses the most important problem to be tackled in this region. (Kartner Werbung (2010/b))

Organisations analysed and their features:

- Destination management organisation (KW): The province consists of 8 administrative districts and 2 cities, which are comprehensively managed by KW. KW is responsible for the marketing and information activity of the province in terms of tourism, this contains the following functions: product and offer development (strategic product development at the level of the province and enterprises, with the support of network development), IT/Internet and guest information service, complex communication activity (traditional and innovative tools, for example, online community marketing, guerrilla marketing), market research, event organisation, liaising with the Austrian Office for Tourism and other organisations active in the area of tourism (Kartner Werbung (2010/b)).
- The association of service providers for innovation – Seen Wellness Association: in 2004, KW initiated the development of the “Seen Wellness” (Lake Wellness) product to reduce seasonality and to come out with a unique wellness product of the destination. (The essence of the product is to draw up a health tourism package and programme offer, which can be tailored to individual needs, and is based on the special climate and activities around the lakes, and which is scientifically proved to exert a favourable impact on the health condition of the guest.) As a result of the initiative, Seen Wellness Association was established to carry out the operational activities related to product development. Currently, the association has 11 members, and an annual budget of HUF 15 million (approximately 55,000 euros), 50% of which is made up of membership fees and the other 50% comes from provincial and EU funds.

5.2.2. THE ANALYSIS OF THE CARINTHIA CASE

I will analyse the Carinthia case in two dimensions; on the one hand through the analysis of the innovation in Seen Wellness Association by examining the relation between members and other actors, furthermore through the analysis of the destination management organisations. I aim to explore the relations between the two dimensions.

1. The features of the cooperation between service providers and their relations

Seen Wellness product development was initiated by the destination management organisation (“We called together hoteliers and told them about the Seen Wellness idea, and immediately there were some who were interested in the development of the product and setting up the association.” KDM1). After being established, the association started independently to develop the product with the technical assistance received from KW. (“We participate in the quarterly workshops (meetings of the Seen Wellness Association – Sz.I.), we helped the research process, the drawing up and communication of the product packages.” KDM1). “The relation with them (with the KW – Sz.I.) is continuous, should we have any question concerning the project they are there to help.” KSz1). The service providers initiated scientific research with the assistance of KW financed from membership fees and provincial funds, they organised trainings, worked out a rating system, they rated hotels and they drew up the “Seen Wellness” product package, which can be tailored to individual needs, and which has recently been introduced on the market.

In terms of the achievements, the communication activities of the Seen Wellness Association and KW provide the advantage for the members (“You do not have guests because of this product yet, but it makes us known and it makes us visible on the market.” KSz3). The tangible results are prevented from emerging by the lack of members’ contribution that is necessary for a large-scale international communication activity, for the time being, members are few in number. (“We do not have the critical mass yet, the group is too small to have a sufficiently large marketing budget. The product is ready and it is up to the group to decide on the degree of expansion.” KDM1)

In addition to product development, joint purchasing activity started amongst the association members, the joint purchasing of durable goods (“Do you see the garden furniture at the beach? We wanted reed instead of plastic furniture, so we ordered them together. You see them in every hotel.” KSz1), and there have been joint trainings in subject matters other than the Seen Wellness product (“These training were good in the association, and after that, we, hotels with similar profiles joined forces and organised a training for our employees in child minding. We have to organise this further training every year, and we jointly invite the trainer here.” KSz3), but cooperation has not evolved yet in the area of joint purchasing of stocks: “We could as well order eggs together, but for the time being we are far from that.” (KSz1).

The relation between the members of the Seen Wellness Association is primarily ensured by formal meetings, whereas personal, informal connections are rare. (“At these meetings we always discuss achievements, tasks, and of course, experiences. We are far from one another, and we do not have time to organise joint programmes.” KSz1). The degree of activity of members varies: to involve less active members, functional working groups were set up on the advices of the KW, “small groups within the small groups” (KDM2), which meet more frequently to discuss specific questions. Decisions are made democratically, which guarantees the protection of individual interests. (“We have democracy here, we vote, everybody as they think is the best.” Sz1; “The election of the leader, decisions on individual projects were also voted on, we had a majority vote.” KDM1). Concerning competition there seems to be an agreement according to which actors “pay attention more to the synergies”, which could be generated from the partnership (KDM1), rather than individual interests derived from competition. (“We are not competitors, everybody is located at a different lake, and even if we are here (at the same lake – Sz.l.), we provide different services. We do not compete.” KSz1).

Statement 13. – Features of cooperation between service providers in Carinthia: Cooperation between service providers is the result of the destination management organisation, and was generated by the idea necessary for the position of the destination and reducing seasonality. Development projects have been implemented by service providers with the assistance of the destination management organisation, financed from membership fees of service providers, provincial funds and project funding. So far the most important achievement is the communication of the product package and its introduction on the market. Service providers have started joint purchases and trainings to exploit economies of scale, but this is occasional only. Formal meetings are the most typical platform of cooperation, informal relations are rare, but the degree of members' activity varies a lot.

In order to promote activities, working groups have been set up. Individual and community interests are reconciled through democratic voting, this makes it possible to handle the impacts of competition. Actors are open, able to act as it is seen from the results, and the possibility to jointly achieve success motivates them to cooperate. Risk factor: low number of service providers involved, the lack of critical mass, which hinders large-scale communication activities.

As regards the questions concerning the relation with other actors outside the association, respondents mentioned the following actors:

- **Suppliers:** The interviewed service providers (hotels) said that they buy from local producers and in these purchases producer organisations play a central role. (“It is not like I go to the producer telling him that I need x kg fruits every day, but I have to go to the association of organic producers to negotiate.” KSz1). At the same time, the board of the destination management organisation emphasised that this only characterises large hotels “smaller hotels and guest houses buy from wholesalers, for sure.” (KDM1).
- **Associations:** The most important platform for cooperation between service providers are the various advocacy groups or product development associations, which cover the individual segments of the touristic supply (for example, organisations of the accommodation sector and catering in hospitality organisations) and suppliers. (“Hear in Pörtschach (settlement at the Wörther See), there is an association “For the future of Worther See”. Currently, we are trying to work out winter programmes. (...) this is going to be the first winter when we are open. I will also have a meeting this week, this is very important for us.” KSz2). It seems that the relations between these associations cover the whole destination (“Once we have decided that the Seen Wellness Association will buy eggs together, we will negotiate with the association of egg producers.” KSz1).
- **Municipalities:** Municipalities play a very important role at the local level because they organise guaranteed programmes on a daily basis in larger settlements (mountaineering, swimming classes, transfer for cultural programmes), “part of which are free of charge for the holders of tourism cards, another part of the programmes are fee paying. Our guests (4-star hotel) do not really go out, but the 2-3-star hotels benefit from the programme a lot.” (KSz2) At the same time, the hierarchic structure of destinations is reflected by the fact that the KW working at the level of the province does not have a direct relation with the municipalities, but with “regions” that are made up of 10-20 smaller settlements, this

situation, however, might change “because there is going to be a national act on tourism, which will give power, i.e. money to individual settlements.” (KDM1)

Statement 14. – Relations with the actors in the destination: relation with local suppliers is occasional, and mostly characterises larger actors. cooperation between service providers is frequent, its platforms are the associations of service providers which are established to represent the interests of a sector (e.g. hotels, guest houses) or to attain a joint objective (e.g. The association called The future of Wörther See, and to strengthen winter season). At local levels municipalities play a role by organising programmes, activities. The most important partners of the provincial destination management organisation are not individual municipalities but regional groups of municipalities, however, if municipalities are granted funding, their role might become more important at the level of the province as well.

2. Activities of the destination management organisation (KW)

KW handles destination management at the level of the province, therefore its activities cover various levels and dimensions: it covers the market positioning of the province as a whole (“Life in the south”, a position encompassing the Mediterranean micro climate and culture, activities in the mountains and at the lakes), it also covers the product development and communication of regions, settlements and service provider associations in the province. The KW destination management activities are characterised by the following factors:

- Community-based and iterative planning: The planning of the destination is characterised by a community-based planning, i.e. strategic actors are involved in the planning process. (“Here in Carinthia, a large number of associations exist. (...) Even motor cyclists have their association. We have to ask them all, if we want to head for a new direction.” KDM1). The development strategy of the destination is revised every 5-6 years, based on the experience drawn from guest research: “We are drawing up a new strategy, one of the basic pillars of which is the active tourism and tourists on vacation. There are up and coming emerging products, such as wellness and winter sports. But we do not know to what extent guests perceive this. Therefore, a research is on the way now, we conduct interviews with thousands of tourists on what they see from Carinthia. (...) We revised the strategy every 5-6 years, maybe we will have to modify it now as well.” KDM1).
- Coordination and professional visits at the level of product development: KW undertakes to promote the coordination of product and quality development in addition to setting strategic directions, it provides continuous professional, technical guidance and it initiates the establishment of new coordinating organisations.

“The most important objective is to increase the quality of services because Carinthia aims to attract guests with an increasing spending propensity. (...) We have the guest houses here, the number of which dropped by 50% over the last 20-30 years. This is a normal process. To tell you the truth, our primary target group is not the bed&breakfast guests with a low budget. (...) The objective is to generate quality development amongst them as well (amongst guest houses – Sz.I.). We can achieve this objective by involving associations, and launching product development projects. Projects like Seen Wellness.” KDM1)

- Communication: Carinthia intends to develop a new umbrella brand, which encompasses all well-defined products, and which is in the making depending on the results of guest satisfaction surveys. Current products – the active, vacation, wellness tourism – are represented in a balanced manner in their communication activity. (“All we can do is to present Seen Wellness in the publications of the destination and on the web. The rest is the responsibility of the association. Large-scale international campaigns are necessary to be able to enter on the market, but this is their responsibility.” KDM1)
- Supporting horizontal objectives: The preservation of Carinthia’s essential basic resource, the clean lake waters – often with the quality of potable water – is a primary objective. Therefore, environmental organisations are extremely important and the same goes for the establishment of hotels’ environmental management systems. (“We pay great attention to the lakes, quality is constantly checked by environmentalists, who inform us of the results. (...) The fact that you can as well drink from a lake here is tremendously valuable. This is why we included environmental management systems in the criteria of (Seen Wellness) hotels.” KDM2)

Statement 15. – The activity of the destination management organisation in Carinthia: One of the important tasks of the destination management organisation is to plan the development of the destination, in this the associations of service providers are also involved. The organisation carries out an active incubation activity along well-defined development policies: it initiates cooperation and development between service providers, and provides technical assistance to implement the development and communication projects. Communication activities are done along well-defined touristic positions, the products developed through cooperation are communicated by the organisation as much as it serves the strategic objectives of the destination. The organisation places an emphasis on environmental protection by providing incentives for service providers.

5.2.3. THE RESEARCH METHODOLOGY OF THE TYROL CASE AND GENERAL DESCRIPTION

I. Research methodology

Tyrol has been identified as a highly developed destination. The unique feature of the destination is the formalised Cluster Wellness Tyrol, which was established in order to develop the wellness product and promote the efficiency of the wellness “sector”. The objective of my empirical research was to explore the functioning of the formalised cluster (its members, objectives and management). I conducted an approximately 90-minute long interview on the spot with the manager of the Cluster Wellness Tyrol, which was followed by correspondence in e-mail, and responses were given to clarify outstanding questions. (Reference code in the analysis: TKM)

II. General description of the case

Tyrol is one of the nine provinces of Austria, with a highly developed economic background. This is reflected in the R&D spending/capita, which amounts to 794 euros. Tyrol is called as “Tourismus-Weltmeister”, the World Master in Tourism, because the tourist nights per capita is the highest here in Austria, and basically this province contributes 20% to the output of tourism in Austria measured in tourist nights (Ranzi, R. (2010)). The following are its outstanding attractions and products:

- Attractions: the mountains: on the mountains of over 3,000 metres several glaciers are suitable for skiing and it has a large number of thematic tourist trails (15,000 km); culture: historical monuments of the historical cities (Innsbruck, Lienz) and their programmes.
- Its most important touristic products are: 1. winter sports – primary product 2. active vacation: - primary product; 3. wellness: emerging, supplementary product

Basic data, achievements and features

In the economy of Tyrol, tourism plays a vital role: its direct contribution to the GDP is 15.4% in Tyrol (and 6.4% to total GDP in Austria). In 2009, 42.5 million tourist nights were registered in Tyrol, which equals the performance of Greece. Nearly 90% of the annual tourist nights were generated by foreigners. Table 8 summarises the basic data, touristic features and achievements of the province (Tirolwerbung (2010)).

Table 8: The main data and the characteristics of the tourism of Tyrol

Basic facts	
Area	12 647 km ²
Populations	691.783; 53 km ² per capita
Nr of settlements	279 (11 cities)
Nr of touristical service suppliers	340.000 beds / 20 % 5/4* hotel, 17,5% 3* hotel. 13,9% 2/1 * hotel; 8,9% B&B
Touristic results	
Nr of guest nights (2009)	43118527
Guestnights per capita	62,395 guestnights per capita
Average duration time (2009)	4,3 day in summer; 5,1 day in winter
The characteristics of the seasonality (2008-2009): guestnights in Summer half a year (May-Oct.) guestnights in the Winter half a year (Nov-April)	41%
Domestic / international tourism (2008/2009, guest nights)	Summer season: domestic tourism 35 %; Winter season: domestic tourism 11 %

(Own construct, based on Tirolwerbung (2010))

Based on the achievements of Tyrol over the past 10 years, we can come to the conclusion that a further improvement was observed in the already busy winter season: the number of tourist nights increased by 18% in the winter semester, whereas there was a drop of 1.8% in the summer season 1999-2009, and the time spent there slightly decreased, as well. The problem of seasonality affects Tyrol, which has to halt the negative processes; this is one of the major tasks of destination development.

Organisation analysed: Formal touristic cluster – Cluster Wellness Tyrol

Cluster Wellness Tyrol is part of a “cluster group” established and operated by Tiroler Zukunftstiftung Public Endowment financed by the province with the purpose of making Tyrol an attractive destination for the most innovative businesses and to guarantee the welfare and well-being of locals at a high level. Within the cluster group, the clusters of the strongest economic industrial sectors of Tyrol are represented such as the energy sector, the machinery and electro techniques, health, ICT and the wellness touristic cluster. The objective of the Wellness Cluster is to increase the efficiency of the wellness sector (hotels, spas, suppliers, advisors) to increase the importance of wellness tourism, and simultaneously generate local jobs and promote the healthy way of life of the local population.

5.2.4. ANALYSIS OF THE TYROL CASE

In the case of the Cluster Wellness Tyrol, I focus on two dimensions: the functioning of the cluster through describing the relations between the actors, and the role of the cluster management.

1. Functioning of the cluster, relations between the actors

The membership of the Wellness Cluster “encompasses the entire wellness sector (TKM), which means that in addition to the touristic service providers, we find the representatives of the supporting industrial sectors and supporting organisations amongst the membership of 100; the distribution is as follows: wellness hotels and special construction firms (21%); suppliers of wellness technique (e.g., producers of saunas, and firms specialising in water and swimming pool technology) (21%); spas and active touristic programme providers (19%); advisors (management and special wellness advisors) (29%); education institutions and partnerships, associations (10%). Of the actors we have to emphasise wellness hotels, which participate in nearly all cluster projects, and technical suppliers, placing special emphasis on increasing the efficiency of the sales chain and joint research with suppliers.

“If an idea is raised, for example, manufacturing LED lamps for saunas or create a new environmentally friendly architectural style, then we go on a study trip, we examine “best practices” and we take there architects, sauna manufacturers and swimming pool specialists.” TKM).

Obviously, the cluster focuses on ensuring compliance with the most recent consumer trends for developments (examples from projects: the development of hearths in the 21st century; the renewal and repositioning of summer residences and apartments, gauging the demand for exclusive accommodation and private spas). In addition, special emphasis is put on increasing the efficiency of members (time analysis in the decisions made by the hotel management, the development of Hotel Energy Benchmarking Platform). Furthermore, environmental protection is of primary importance (energy efficient design of interiors; Corporate Social Responsibility (CSR) in hotels) and the development of human resources (EFQM standards for employees, and health protection of those employed in the tourism sector).

The membership is characterised with a high level of activity in terms of participation at events and generation of ideas: “Two-thirds of the members are active, they are here, and about one-fourth have ideas. (...) There are some who need more information, they are super active and keep calling us, and there are some who attend fewer meetings but mentally they are with us. And one-third is sitting on their laurels at home.” (TKM). Project ideas are generated by members, who are promoted through trainings, workshops and study visits by the cluster management, and the venues of members’ meetings change dynamically and are related to the ideas discussed and the project activities. (“We have 8 large-scale events every year, these are fairs, workshops and study trips. (...) We have small and large group meetings, working breakfasts to have discussions and brainstorming. It also happens that somebody who has an idea makes a phone call and we organise a working breakfast, and I involve partners as well.” TKM). To have a sufficient number of ideas, it is indispensable to have a critical mass, which has recently been achieved by the cluster. (“It was difficult until we had these 100 members. This is the critical mass. From now on, it is not a problem, if 30 people do not want to participate, because there are 70 who do, and there will always be at least 10-20 with ideas. If your membership is smaller, that is problematic, you have a much more difficult job with 2-3 innovative people.” TKM)

An essential requirement vis-à-vis members is that they should be active, but for the time being, there is no sanction imposed on those who are inactive (“Of course, we expect them to be here, but for the time being, we do not exclude anybody who does not attend. He will also be given information and sent newsletters. (...) I expect everybody to answer the phone, if I call them. (...) Currently we have the critical mass which is required to generate a project.” TKM).

Competition is perceivable there amongst members, and very frequently the price competition, which has a negative impact is present as well and its destructive features hinder cooperation: “We have to see that we have surplus capacity in Tyrol in the 3-4-star category, and they are lowering their prices. There is a price competition. (...) At the cluster meetings, you can also feel that serious competitors crook each other’s deals. One 3-star hotelier has an idea, but the other opposes and says that he is not willing to participate. But it is not a problem. We have enough people to replace those who do not wish to participate.” (TKM) The question of imitation can also be raised, but the cluster manager did not evaluate this as harmful: “You can be sure if one hotelier develops some new interior design that will be imitated. This works like this. Until the point when somebody does something extra, which cannot be imitated. This sort of ambition will lead to real development.” (TKM).

Statement 16. – Basic features of the Tyrol cluster: In the systematically built-up cluster suppliers carry a great deal of weight in addition to service providers. The objective of the cluster is to meet the most recent trends in demand, to increase efficiency, to protect the environment, to develop human resources. Special development projects focus on these issues.

Statement 17. – Functioning of the Tyrol cluster, relations between actors: the membership of the cluster has reached the critical mass necessary for the generation of ideas in the first place. Typically, members are active, able to act, the implementation and funding of projects is their responsibility. The functioning of the cluster is characterised by formal, pre-organised events, however, if need be, various programs are organised in a flexible manner as required by ideas raised. Thus, the driving force behind the cluster is vision rather than an action plan: the events organised in the cluster influence ideas and their content, but concrete projects are raised incidentally. Competition is perceivably present amongst members, and in segments with a surplus capacity, where price competition is sharp, the destructive nature of competition hinders cooperation.

2. The role of the cluster management

The wellness cluster is part of a public foundation with an annual budget of 70 million euros that can be spent on the generation of innovative projects, and their financing. “On an annual basis the Wellness Cluster disposes of 200,000 euros, one-third of it is membership fees, and the rest is provincial and EU funding to finance other public foundations.” (TKM) Therefore, one of the essential roles of the cluster management is to raise funds, and at the level or organisation, individual members of the cluster group strengthen one another. (From the perspective of tourism, the cooperation with the ICT, the health care and the energy cluster is very important.) In addition, the manager has a role of paramount importance both in project generation, in evaluating the ideas and coordination.

The following could be highlighted with regard to the role and features of the cluster manager:

- Supporting the information flow and networking: the role of a broker and coacher (“My task is to promote ideas, to find and involve players necessary for the implementation and provide technical assistance in the process. (...) Sometimes, a very important player does not wish to enter the cluster or he does not want to participate in the project. On such occasions, I ask for a personal meeting. I am not convincing him, I just pose three questions on his future that I am sure he will not be able to answer. I am pretty sure that he will attend the next project meeting (...)” TKM)
- Responsible professional consultancy (“When during a discussion, several ideas are raised, my responsibility is to say which is viable, which is worth investing into and which is not. Of course, the final decision will be made by the market, and they know that it is their risk but I make proposals, and then during implementation I provide professional advice.” TKM) A leader with a high and special qualification independent from the profession (“In the structure of the public foundation, the basic principle is that nobody should have a stake in any concerned enterprise. (...) I have three university degrees: I am a psychologist, I have a degree in economics and I am also a coacher. (...) Maybe, I should do a coaching programme for cluster coaches?...” TKM)

Statement 18. – Role of the cluster management in Tyrol: cluster management ensures part of funding for development projects and the communication necessary to place results on the market. The cluster manager plays a significant role in generating ideas: motivates members and evaluates their ideas, supports network building and project implementation. The managerial position, which entails responsible professional guidance and coaching, is taken by a highly and specially qualified, professionally independent expert.

5.2.5. SUMMARY OF INTERNATIONAL CASES

The empirical research of international cases was driven by a logic and objective, furthermore research opportunities different from those in the case of domestic interviews. In the case of international interviews, the most important objective was to explore partnerships between service providers and the role of the destination or cluster management. In the following part of the paper, I will summarise the findings of international cases, placing an emphasis on differences, identical features and conclusions.

1. Differences

The most vital differences between the two cases can be observed in the following areas, in parenthesis I indicate the statement which supports the conclusion:

1. The objective of cooperation and development: In Carinthia, the most important objective of development is to reduce seasonality, i.e. to promote demand side success (Statement 13). Emphasis is also put on increasing the demand side success and meeting the most recent trend in demand in Tyrol as well, however, the majority of projects implemented in the cluster serves the purpose of making service providers' operations more sophisticated, and increasing productivity (Statement 16).
2. Relations with local suppliers: While in Carinthia the relation with local suppliers is occasional (Statement 14), in Tyrol relations with suppliers and the initiatives aiming at joint innovation is a planned and well-functioning practice (Statement 16).

3. Role of service providers and management: In Carinthia the destination management organisation has a more pronounced role in planning innovations, ideas come “from the top” (from the destination management organisation), and service providers implement those ideas (Statement 13), whereas in Tyrol ideas come from members and the management has the role to support the implementation of the ideas (Statement 17).
4. Impacts of competition: In Carinthia the present 11 members are able to handle the negative impacts of competition (Statement 13), whereas in Tyrol negative impacts have a perceivable negative influence on conditions of cooperation (Statement 17).

Differences might be explained by two factors: on the one hand, the different degree of development of the destinations; on the other hand, the functioning of the formalised and systematically built cluster. The differences with regard to the relations with local suppliers (occasional in the destination, planned in the cluster), and the different role of the management (in the destination more of a coordination, incubation function, in the case of a cluster, supportive coacher-type function). As long as in the destination (Carinthia) the objective of the development is mostly to promote demand side success, and the tool to this end is product development and communication, which belongs to destination marketing, in the systematic built-up cluster (in Tyrol) the increasing of productivity also seems to be a central issue, which is characterised by an active relation with local suppliers, and ideas coming from the level of service providers.

This finding, given the narrow scope of the international research can be considered as general only with some limitations, it was not possible to explore the destination where the cluster functions and to establish whether or not the objective to increase productivity characterises the whole destination. Concerning the analysis of the features of competition, we have to underline the statement according to which the destructive price competition has a negative impact on cooperation (Statement 17).

2. Identical features

Identical features can be observed in the following areas (relating statements are in parenthesis and secondary information sources are indicated as well):

- Service providers able to act and work in partnership (Statement 13, Statement 17), the primary role of associations in Carinthia (Statement 14), which supposedly is due to cultural circumstances and historical traditions.
 - Austria is a special example with respect to bottom-up touristic associations, which are extremely large in number: for example, 250 touristic associations operated in Tyrol alone, in 2006 a process of centralisation was launched to ensure economies of scale, and as a result of mergers, 38 associations remained (Tirolwerbung (2008)).
- Significant role of destination or cluster management as catalysts of cooperation and incubation (Statement 15, Statement 18).
- Professionally autonomous destination -, and cluster management organisation (Statement 15, Statement 18).
- The critical mass of participants as a precondition for success (Statement 13, Statement 17).

3. Conclusions as regards factors of success and failure

Table 9 summarises conclusions as regards factors of success and failure. After the analysis of international cases, it has become obvious that an essential precondition for launching development activities is the existence of service providers who are willing to act and cooperate and the destination and cluster management, which organises, encompasses and supports them. Similarly essential precondition is the sources of funding (membership fee, project funding from the province and from calls for application), and the critical mass of participants is also equally important. Differences were found with regard to the role of the management, and the objectives and tools of the destinations' development. Amongst the risk factors, we see the problem of achieving the critical mass in Carinthia, and the destructive competition, which hinders cooperation in Tyrol.

Table 9: Success and failure factors in Carinthia and Tyrol (own construct)

Factors	Carinthia	Tyrol
Success factors	<ul style="list-style-type: none"> ▪ Independent professional management ▪ Active players, with the ability of cooperation ▪ Relevant incubating function of DMO ▪ Innovation (product package)+communication ▪ Sophisticated competition ▪ Source of financing ▪ The general view of sustainable development 	<ul style="list-style-type: none"> ▪ Independent professional management ▪ Active plyyers, with the ability of cooperation, and creativity ▪ The coucheer role of cluster management ▪ Critical mass ▪ Innovation to reach productivity ▪ Source of financing ▪ The concrete enforcement of sustainabilty
Failure factors	<ul style="list-style-type: none"> ▪ The lack of the critical mass 	<ul style="list-style-type: none"> ▪ The negative impacts of destructive competition

5.3.LESSONS TO BE LEARNED FROM THE CASES

The objective of this sub-chapter is to summarise the basic features of individual cases (the domestic and two international cases) by shedding light upon identical features and differences. The scope of comparison is rather limited as we are talking about different units (domestic destination, Carinthia region, Tyrol cluster), and different research opportunities (broad sample of the domestic case and the limitations in international research); at the same time, it will be possible to highlight the cluster-focused, strategically important factors of destinations' competitiveness.

The following conclusions can be drawn based on the (available) numerically quantifiable features of the destinations' demand side success (tourist nights per capita, features of seasonality / the ratio of tourist nights in the winter and the summer season, features of international turnover):

- Balatonfüred is an emerging destination with high seasonality (90% of tourist nights are registered in the summer season), with a high domestic demand (domestic/total number of tourist nights 50% in summer, 90% in winter), and a dynamic increase in turnover (which came to a halt due to the crisis).
- Carinthia is a medium developed destination with high seasonality (71% of tourist nights in the summer season), with an outstanding international attendance (domestic / total number of tourist nights 35% in summer, 37% in winter), and stagnating turnover.
- Tyrol is a developed destination with balanced seasonality (41% tourist nights in the summer season), with an outstanding international turnover (domestic / total number of tourist nights 35% in summer, 11% in winter), and with the dynamic growth in turnover. Its specific distinctive feature is the systematically built-up cluster.

Based on the results of the interviews, the differences and identical features of the cases can be observed most in the objective and implementation of development, the role of management, the circle of participants and relations between service providers, which are summarised in Table 10.

Table 10: The summary of the similarities and differences among the cases (own construct)

Dimension	Balatonfüred (developing destination)	Carinthia (medium developed destination)	Tyrol (developed destination with formalized cluster)
Development characteristics	<ul style="list-style-type: none"> • Top-down initiations • Aim: Decreasing seasonality, demand side success, Result: improvement of the townscape+commun. • The sustainable development is questioned 	<ul style="list-style-type: none"> • Top-down initiations • Aim: Decreasing seasonality, demand side success, Result: product-packages +commun • Enforcing sustainability 	<ul style="list-style-type: none"> • Bottom-up initiations • Aim: improving productivity, meeting the newest trends, social and environ. responsibility. Result: special projects targeting the aims
Player	<ul style="list-style-type: none"> • Service providers with low activity, and ability for cooperation, innovative and opened players are rare • The contact with the local suppliers is occasional • The driving force: local government and charismatic mayor. 	<ul style="list-style-type: none"> • Cooperative service suppliers with the ability of developing individually or in community • The contact with the local suppliers is occasional • The local government is important on the local level, but on regional level it has shared tasks. 	<ul style="list-style-type: none"> • Cooperative and creative service suppliers with the ability of developing individually or in community • Conscious and tight contact with the local suppliers • Local governments are not included
Management	<ul style="list-style-type: none"> • Local government, activity: planning, attraction-development, with the central role of the charismatic mayor. • Dependent civil marketing association (leader is an important touristic player) Activity: communication 	<ul style="list-style-type: none"> • Professional, independent management organization, activity: planning, coordination, professional support, communication 	<ul style="list-style-type: none"> • Professional, independent management organization, activity: coaching (supporting+networking)
Contacts	<ul style="list-style-type: none"> • Strong social cohesion in the elite leading the town • Lack of or occasional cohesion among the service suppliers • The factors of the destructive competition often, sophisticated competition only in "developer group". 	<ul style="list-style-type: none"> • Close cooperation among the players, associations, and civil organ. have great roles. • Competition seems to be missing (yet) 	<ul style="list-style-type: none"> • Close cooperation among the players • Destructive competition having negative effect on the cooperation.

6. ANSWERS GIVEN TO THE RESEARCH QUESTIONS

I summarize the results of the research with giving answers for the questions of thesis proposals, with a looking out to the literature review. Finally I close with introduce of an overall interpretation framework considering the cluster-centred view of the destinations' competitiveness. (The opened questions and the areas recommended for further research can be seen in Chapter 7.)

My starting sub research questions were as follows:

1. Who are the main actors of the destinations and among them who can be rated as core actors regarding the destinations' competitiveness?
2. How can be the relationships of among the core actors described?
3. What are the success-, failure factors of the destinations' competitiveness?
4. What kind of resources should be possessed by the economic-, social-, and environmental unit, so as to serve the success of the destination what are the most important factors of the exterior environment from this point of view?

6.1.PLAYERS OF THE TOURISTIC DESTINATIONS: CORE-, AND SUPPORTING ACTORS

My proposal was that the groups of the actors in the destinations can be described with that of identified in the cluster-theory, as the destinations possess heterogeneous and numerous actors like the clusters do. The HBS (2006-2009) cluster case studies meant starting points, with describing the actors of the clusters on cluster-maps, with highlighting the following groups: the touristic core sector is in the core of the cluster, which is completed by the suppliers, and the supporting actors.

This was completed by that proposal that in Hungary, the municipalities, and the destination marketing / management organizations are in the focus as well. The results of the empirical research show a tinged picture about the cluster-map of the HBS (2006-2009) researches, which are summarized in the Table 11 with introducing the player-groups of the HBS-researches as well as the identified ones from the analyzed case studies.

Table. 11. The core and the supporting players of the destination in the literature review and the analyzed cases

Cases	The core actors of the destination	Supporting actors of the destination
HBS (2006-2009) cluster-maps	<ul style="list-style-type: none"> ▪ Touristic core players 	<ul style="list-style-type: none"> ▪ IFC-k (institution for collaboration) ▪ Connected industries
Balatonfüred (developing destin.)	<ul style="list-style-type: none"> ▪ Touristic core players ▪ Local government + Mayor ▪ Elite ▪ Touristic association (on the border of core-, and supporting players) 	<ul style="list-style-type: none"> ▪ NGOs ▪ Complementary service suppliers ▪ Outsiders ▪ Locals ▪ Surrounding settlements ▪ Local suppliers (occasional contacts)
Carinthia (medium developed)	<ul style="list-style-type: none"> ▪ Touristic core players ▪ DMO ▪ Touristic association 	<ul style="list-style-type: none"> ▪ Local suppliers (occasional contacts)
Tyrol (developed+for malized cluster)	<ul style="list-style-type: none"> ▪ Touristic core players ▪ Special local suppliers 	<ul style="list-style-type: none"> ▪ Educational institutions

(own construct)

Regarding the sameness and the differences, the following statements can be given:

- The main role of the municipality in the Hungarian case can be explained by several factors. In Austria the activity of the destination management organization look back to a long tradition, with important state participation (Bieger, T. (2001)), meanwhile in Hungary the concept of the destination management came to the focus of the governmental development issues only in the last 5 years, and the system of the destination management organizations started to be built out only in the recent past.

The main role of the municipality in the Hungarian case can be explained by these, as it has taken the part of the roles of the destination management, which was missing until now. Further on, a part of the tax income from tourism stay at the municipalities in Hungary, and serve as financial resource (for tendering, or for developing attractions, and ancillary services), so the municipality seems to be an important actor with appropriate financial resources. This explanation is supported by that opinion heard in Carinthia, where the municipalities can get to the circle of the decision-maker in the province, if they get power (financial resources) because of the changing touristic-law in the near future.

- In all three cases, it was highlighted that a central coordination is needed. In the case of Carinthia the professional, independent destination management organization played catalytic role in developments, by fulfilling the incubation and the coordination functions. In Tyrol, the development projects are generated by the ideas of the members, but the cluster management still have an important role in supporting the networking, the idea-generation, and -realization. In the Hungarian case, the municipality fulfilled the planning and developing functions of the (missing) destination management, and the touristic association (initiated by the municipality) carried out the tasks of the marketing-communication. It seems that the need of the central coordination is independent from the development stage of the destination, and can be explained by the dominant role of the micro and small size touristic enterprises in the supply, demanding the incubating and coordinating functions. Further explanation can be that characteristic, that all destinations in point can be named as rural, not as “must see”, globally known destination, and need the mutual development as well as mutual marketing-communication activity.
- In the Austrian cases the touristic associations made by bottom-up initiations seem to be among the core actors, who are also involved in the decisions of the development in the province. This can be drawn back to cultural factors, or the factors of the environment of law, which were not included in this research.
- The local suppliers can be seen only in the formal touristic cluster, in Tyrol, meanwhile the contact with these players was only occasional in the developing, and medium developed destinations.

The results of the empirical study reinforced the results of the HBS (2006-2009) researches, regarding the core role of the touristic core supply segment in the destinations, but highlighted the importance of the destination / cluster management organizations, the municipality, and the touristic associations. This can be interpreted as the reasoning for the central importance of the destination management, which can be seen, and was criticized by experts in the model of Crouch-Ritchie (2000), but it is important to mention that this result of my research can not be generalized, as only rural destinations were analyzed. The results of this empirical research reinforced the results of Flagestad et al (2009), considering the importance of different actors in the innovation process of the destination e.g. the catalytic role of the municipality, outsiders as well as NGOs.

6.2.CHARACTERISTICS OF THE RELATIONSHIPS AMONG THE ACTORS

Productivity stays in the focal points of cluster-theory (Porter, M.E. (1998)). Porter pointed out that productivity is served by factors like the so called “sophisticated competition”, meaning differentiation-, and innovation-based competition, and the social glue (the formal and informal networks, cooperation of the players). My basic proposal was focused on the objective of analyzing the relationships in this view.

1. Characteristics of the cooperation

In the international cases the high cooperating-ability of the service suppliers and the associations of bottom-up initiations could be seen. Meanwhile the cooperation characterizing the clusters can not be highlighted unambiguously in the Hungarian case: strong cohesion can be identified among the actors of the elite, which is driven by the mutual values, and vision, as well as formal and informal relationship networks. Though among the service suppliers the cooperation seems to be very occasional, based on reciprocity, personal contacts, and often full of strained relations. Three areas of cooperation could be identified among the service suppliers:

- *Formal framework – cooperation in the touristic association:* low activity of the members, the association can be named as the organization of “cooperation on the surface”.
- *Groupings, “neighbourhoods”- among competing actors:* cooperation among actors geographically close to each other, based on reciprocity and personal contacts, but lack of mutual market behaviour.
- *Complementary service suppliers:* Cooperation among the suppliers appearing in the same touristic package: cross-communication is the typical form of cooperation, mutual market behaviour (e.g. coordinated mutual packages) is rare.

As conclusion it can be stated, that the day by day contacts, without tensions can be seen in the ‘neighbourhoods’, while the product development, as well as the cross, or mutual communication can be seen in the framework of the association, and the complementary services, but all these efforts could not mean concrete and attractive results in the market. The main hindering factors were almost the same at every identified area, and followings can be highlighted: distrust, following egoistic self-interest, the lack of the culture of cooperation, and the difficulties of being small and micro sized firm (lack of resources). In the Hungarian case three dimensions of the cooperation could be identified (elite, association, among the service suppliers). Among these the stable social cohesion could be seen only at the dimension of the elite. The relationship among the association and the service suppliers, as well as the services suppliers and the elite could be evaluated as weak. The cohesion of the system is kept together by the major, and by the local pride strengthened by him and the elite.

The main difference among the Hungarian and international cases can be seen in the area of the cooperation and in the background of what the factors and the characteristics of the business culture can be seen. These can be drawn back to cultural and historical factors, which are out of the spectrum of this research. Some proposals and further researching area can be identified. It can be assumed that the lack of the trust as well as the cooperation in bigger groups can be drawn back to the distrust business culture typical in the COMECON countries (Csepeli, Gy. et al (2004)), and the so called group-collectivism (phenomena of building trust in small groups based on personal contacts, details In: Bakacsi (2006)). Although in Austria the sign of so called institutional collectivism can be realized (phenomena of building trust in organizations, and social institutions details In: Bakacsi (2006)), because of the operation of numerous touristic associations, and their identified networks.

2. The characteristics of the competition

In this point view, I analyzed the market behaviour of the competing players based on the features of the sophisticated competition (competing in differentiation and innovation), as well as that of the destructive competition (competing in prices, inability for differentiating themselves, unfair behaviour).

In the Hungarian case the dimensions of the competition was analyzed in details, and three groups of the competitors were named: “back loggers” (burn out players facing with destructive competition); “flounders” (players facing with destructive competition, but trying to break out with improving quality); and the “developers” (new, dynamic players targeting niche segments, in missing service levels). The sophisticated competition could be realized only at the “developers”, among whom ideas of mutual development arose, but without realization, as it is hindered by difficulties of being a small firm (lack of resources). The sophisticated competition could be realized in the medium developed destination (Carinthia); meanwhile destructive competition could be seen in the service segments facing with overcapacity of the highly developed (Tyrol) and developing destination (Balatonfüred). In both destinations the fierce competition hindered the cooperation.

As conclusion it can be stated, that the destructive competition hinders building trust and the cooperation. The appearance of the sophisticated competition is not impacted by the development stage of the destination, though it is dependent on the strategic view and capabilities of the market players. All these results support the core elements of the cluster-theory (Porter (1990)): the appearance of the so called co-opetition should be supported by formal and informal contacts, and the sophisticated competition. It is important to see that the appearance of these factors are impacted by different others, as the business culture, the power arena, and the development of the destination management. Mapping these relationships deeply drove to more detailed results than those of the earlier researches in the areas of touristic clusters (Murphy-Jackson (2006); European Cluster Observatory (2008)).

6.3.SUCCESS AND FAILURE FACTORS

Raising productivity is the basic source of increasing the welfare of a region (Porter, M.E. (1990)), and operating in a cluster drives to raising productivity through the success factors (e.g. by using mutual know-how-, and labor basis, by innovation) (Porter (1998)). In my proposal connected to all these, I focused on the tourism specific success factors.

Regarding the success and the failure factors the following picture can be given referring to the results of the case studies (Table 12.)

Table 12: Success and failure factors in the analyzed cases (own construct)

Cases	Success factors	Failure factors
Balatonfüred (developing destination)	<ul style="list-style-type: none"> • The endowed resources and contacts of the town • Charismatic leader • Tight cooperation among the members of the elite • Conscious vision and concept of town development • Tender funds • Capability of interest enforcement • Innovation at town level: resounding attraction-development • Marketing communication • Investments of the service providers 	<ul style="list-style-type: none"> • The lack of the formal and informal contacts among the service suppliers • Incapability and low moral of taxpaying • The destructive factors of the competition • The lack of the coordinating, and incubating function of the destination management • The limited circle of the tenders supporting the service suppliers • The unawareness of the question of sustainability
Carinthia (medium developed)	<ul style="list-style-type: none"> • Independent professional management • Active players, with the ability of cooperation • Relevant incubating function of DMO • Innovation (product package)+communication • Sophisticated competition • Source of financing • The general view of sustainable development 	<ul style="list-style-type: none"> • The lack of the critical mass
Tyrol (developed+formalized)	<ul style="list-style-type: none"> • Independent professional management • Active players, with the ability of cooperation, and creativity • The coucher role of cluster management • Critical mass • Innovation to reach productivity • Source of financing • The concrete enforcement of sustainability 	<ul style="list-style-type: none"> • The negative impacts of destructive competition

Regarding the results, the lack of success factor of one case could be seen as failure factor in another that is why the most typical factors will be highlighted as follows, and named as drivers of the success.

- *Innovation*: Innovation seems to be the most spectacular driver in each case, with different results. In the developing (Balatonfüred) as well as in the medium developed (Carinthia) destination the main aim of the innovation was to decrease the seasonality, and to increase the demand side success. In order to reach this, resounding attraction development was carried out, based on what new segments could be targeted because of the investment of the service suppliers. In Carinthia concrete and marketable, innovative product development was carried out in the cooperation of the service suppliers. In the formal cluster of Tyrol, the aim of the development, among improving demand side success, was to raise the productivity of the players, and keep up with sustainable development, in the framework of projects specialized to reach this objective.
- *Marketing-communication*: In the developing (Balatonfüred) and in the medium developed (Carinthia) destination the marketing-communication is a highlighted factor as well as the result perceived mostly by the service suppliers. The communication was important in the formal touristic cluster as well in the regard of making the results of the developments known.
- *Financial resources*: In all three cases the financial sources (membership fees, tender, governmental or provincial sources) were highlighted. It is important to mention that in Austria the developments carried out in the framework of cooperation is financed partly by the province, meanwhile in Hungary this kind of developments are financed by central tenders for destination management organization, and assure limited framework for the innovative, individual ideas.
- *Destination management*: It was identified that the destination management fulfill catalytic role in each cases. In the Austrian cases the professional, and independent destination management, fulfilling incubating and coordinating roles were important in different measure, while in Hungary the planning and development function of the destination management carried out by the municipality had central role in the success, as well as the marketing-communication activity of the touristic association. It should be highlighted that need arose at the Hungarian service suppliers for getting help in networking, and coordination.

- *The role of micro and small sized companies:* In the Austrian cases the service suppliers were committed to the individual as well as the cooperative developments, with possessing the appropriate strategic view as well as the resources. In the Hungarian case the marketable product development is hindered by the lack of resources (knowledge, human-, financial resources) and cooperation among the players, but the paternalist view (“the town will solve it”), and the low taxing moral causing conflicts could also be seen as obstacles.
- *Formal and informal contacts:* The importance of the formal and informal contacts were emphasized in each case and could be identified as the base for the development of marketable products development. In the Hungarian case the cohesion of the elite seemed to be the catalyst, because of this the resounding attraction-development could be started, while building marketable product packages is hindered by the lack of the cooperation among the service suppliers. The main difference between the Hungarian and the Austrian case could be seen in the social cohesion, which can be drawn back to cultural differences. In both Austrian destinations it was crystallized that the critical mass of the participants is needed in order to realize an effective cooperation, and development. In the formal touristic cluster the critical mass was needed to gather together valuable ideas, while in the medium developed destination it was needed to realize a mutual communication reaching the economies of scale.
- *Sophisticated competition:* The negative correlation among the cooperation and the destructive competition could be seen in Tyrol and in Balatonfüred, which could be drawn back to the lack of strategic view and marketing knowledge of the service suppliers in the concerned supply segments, facing with overcapacity. In the Hungarian case the sophisticated competition could be seen among the players of the “developers”, who fulfilled an important role in the repositioning the destination.
- *Sustainable development:* The question of sustainable tourism development was highlighted in both Austrian cases. In Carinthia the sustainable development was focused on in improving quality management systems serving environment protection, while in Tyrol special, concrete projects were generated in the area of environment and social responsibility. In the case of the Hungarian destination the questions of sustainability have not been realized enough yet.

As a conclusion it can be stated that the drivers of the destinations competitiveness (innovation, marketing-communication, financial resources, destination management, role of micro, and small sized enterprises, formal and informal contacts, sophisticated competition, sustainable tourism development) could be classified under the categories of the success factors made by Porter ((1998) e.g. innovation, developing special resources together; mutual information- and knowledge basis). The factors described above are included in the model of Crouch-Ritchie (2000) with 36 indicators, excepting the formal and informal contacts, and the sophisticated competition. while Dwyer – Kim (2003) includes all the factors identified hereby, in a system containing 93 indicators, raising the difficulties of analyzing them all. These results show similarities with the model of Heath (2003), excepting the sophisticated competition. As a summary it can be said, that the driving factors could serve a flexible framework for researching destinations' competitiveness, and it could be sophisticated and differentiated according to the stage of development or the touristic positions (e.g. health or nature-based) of the destinations.

6.4.THE MAIN FACTORS OF THE SOCIAL-, ECONOMIC-, AND NATURAL ENVIRONMENT

In this sub question I focused on the factors which are included in the social-, environmental-, economic unit (endowments) and all those factors of the exterior environment which influence the destinations' competitiveness, with the following results:

- Endowments: Considering attractiveness (demand side success), the endowed resources should be highlighted (e.g. cultural and natural values), which serve the most important attractions of the destinations with additional programs. The accessibility came to the focus in the Hungarian case, where the water accessibility was emphasized among that of public road. The endowed resources seem to be important regarding the supply side success as well: the endowed features determine the basic characteristics of the destination (e.g. seasonality, attractions), but by building man made attractions around them, all these features could be influenced, and endowed resources could be used up to differentiate the destination. The human resources were highlighted regarding the capabilities of the charismatic leader in the Hungarian case, but it was important regarding the skills of the employment mentioned by the “developers” as well.

Further on, the business culture, the capability of cooperation seemed to be an important endowment, as well as the outside relationships of the town, which helped the ability of enforcement of the town regarding the tenders.

- Among the exterior environmental factors, the change of the demand was focused on with mentioning the factors of the trends affecting the lake, in the Hungarian case, but also the demand for experience as well as the importance of internet was emphasized. Among the governmental policies the lack of stable economic environment, and supporting national marketing (shadow-effect) was highlighted in the Hungarian case. The financial sources of those tenders seem to be essential for the micro firms facing limited access to bank loans, but it seems that those tenders forcing the cooperation could not reach their aims effectively. The crisis effected the Hungarian destination deeply in two factors: 1. decreasing solvency of the guests; 2. limited access of financial resources, and stagnating investment.

As a summary it can be said, that the factors of the social-, environmental-, economic unit can be all seen in the overall models of Crouch – Ritchie (2000) and Dwyer – Kim (2003), excepting the business culture, the exterior relationship of the destination, and the special factors of the environment (connected to the crisis, and tenders).

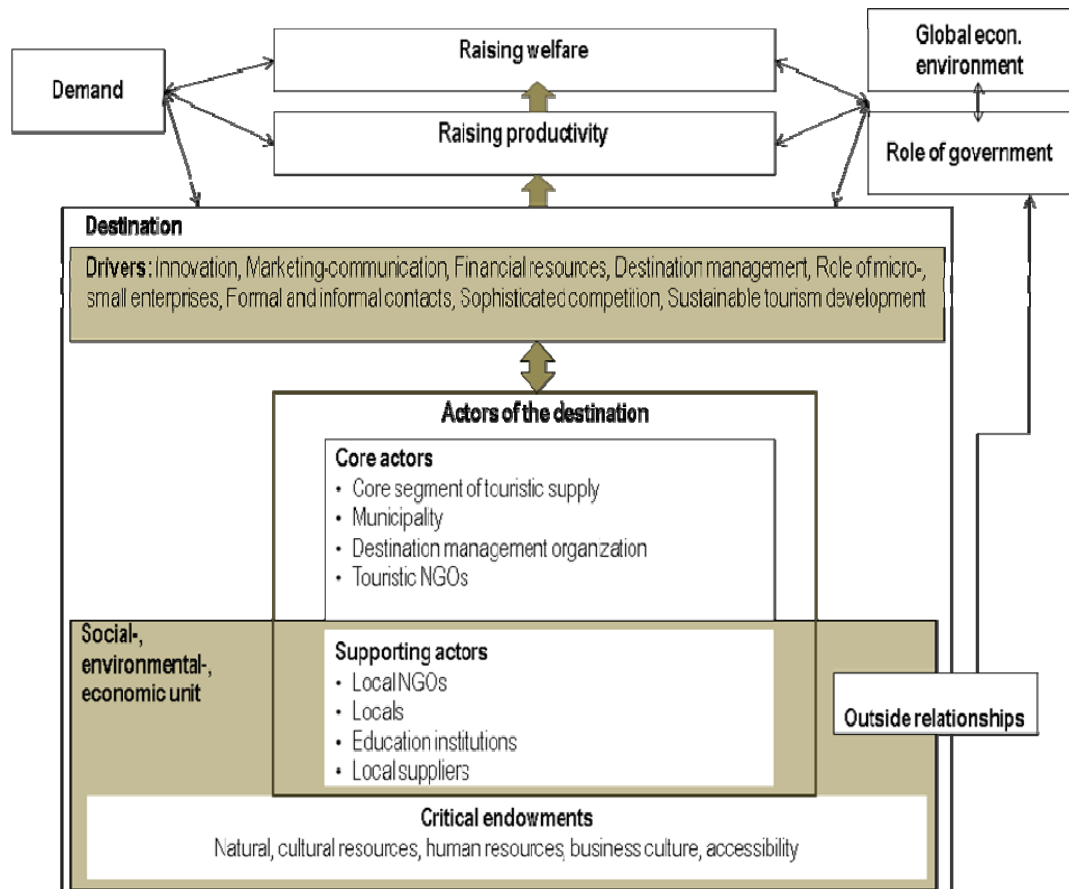
6.5. THE CLUSTER-ORIENTED INTERPRETATION OF THE DESTINATIONS' COMPETITIVENESS

It could have been seen in numerous points that the clusters and the destinations show analogue patterns of the operation (players, relationships, drivers) in a successful case, and the reasons of unsuccessfulness can be drawn back to the basic propositions of the cluster-theory. In the international cases some dimensions of the similarities and the differences among clusters and destinations could be identified. The similarities are as follows: 1. Competing players in the core of the destination, and the importance of the supporting institutions; 2. The importance of the cooperation and the sophisticated competition; 3. The relevancy of the innovation, the mutual development of the resources (e.g. development of attraction, access of financial resources); complementary effect (e.g. product packages, mutual marketing-communication); mutual knowledge base.

The picture should be shaded regarding the differences. In the formal touristic cluster in Tyrol the main factors of the cluster-theory could be seen: the main aim of the development was to enhance productivity, with involving consciously the local suppliers, and the education institutions. This kind of consciousness could not be seen in the other cases: in Carinthia and Balatonfüred the main objective was to enhance the demand-side success, to reduce the seasonality and to make the destination more known by marketing-communication. The central coordination seemed to be an important factor in each case, even in the formal touristic cluster, and this factor was not highlighted in the cluster-theory (Porter (1998)). As a summary it can be said, that the main differences among the destinations and the cluster can be seen in the following areas: in the objective of the development (enhancing productivity at the cluster, improving demand success at the destination); the players of the supporting organization (local suppliers and education institutions can be seen in cluster, but they are not relevant at destination), and the need for central cooperation (appeared in each case, but not emphasized in the cluster theory). All these results could be accepted with limited generalization, as the international research was limited, and alternative explanation could appear. There are no answers for the questions whether the players in Tyrol could focus on the productivity because they reached the demand-side success, and whether the total destination can be characterized with the high consciousness objective of productivity. All these results are recommended for further research but these differences could show important examples of developed destination management view.

To my wide research question “How can be the destinations’ competitiveness interpreted with the factors of cluster theory?”, the answer will be given in the following interpreting framework could be seen on Chart 10. The cluster-oriented interpreting of destinations’ competitiveness place the emphases to ex ante side of competitiveness with identifying the players, the endowments, the tools, and the conditions needed to enhance the productivity, and welfare of the local area. The drivers of the ex ante side competitiveness (innovation, marketing-communication, financial resources, destination management, role of micro and small sized firms, formal and informal contacts, sophisticated competition, sustainable tourism development) could serve the raising productivity and welfare in the area.

Chart 10: Cluster-oriented interpreting framework of destinations' competitiveness



It is important to see that the exterior environment has a relevant role in effecting all these factors, highlighting the demand, as the welfare of the locals is mainly (or partly) dependent on the expenditure of the tourists, so it is a key question to target, satisfy the demand, and to handle all the impacts connected to them. Among the demand, the importance of the government was pointed out as the results of the empirical research in the following areas: the stable economic environment, the tenders, the conceptualized touristic development objectives, as well as the social incentives of travel, or the national brand and marketing. The changes in the global environment seemed to be relevant, mainly in the regard of the impacts of international crisis, as stagnating investments and decreasing expenditure of the tourists. Among all these, other factors can have influence on the destinations' competitiveness, which are described in the paragraph of opened questions, and not included in the Chart 10.

7. CONCLUSION

7.1. VALIDITY, RELIABILITY, GENERALIZATION

The validity, reliability and generalization mean the critical points of the qualitative researches which require the continuous attention, and the feedback of the researcher. I introduce the tools and the methods used during the case studies to reach this aim.

Due assuring the validity, and the reliability of the research the following tools were used during the planning, and carrying out the research, and the analysis:

- Clearing the proposals, defining the terms, and introducing the own interpretation, and using these consistently
- Creating punctual research plan, and predetermining the sample of the interviewing, as well as searching for strengthening and refuting cases on the scene.
- Clearing my researcher role, and having continuous feedback regarding that.
- Recording the interviews with dictaphone, and making notes at off-record cases, and checking the notes after the interview.
- Assuring anonymity, but during the analysis codes were given to insure the retrieving of the information, and making a systematic archive about the voice records.
- Making the research checked by the interviewees: The results were sent by email to all those (23) interviewees who asked that in October 2010. Five interviewees gave a feedback of thanksgiving and granulation, only one of them added extra information to the results, which was written in.
- During the analysis I used double coding, and took attention to the information coming from observation, and secondary data. I cleared my personal commitments (“helper” and “revealer”) and I tried to get farer from the cases consciously, further on I asked for objective help from my colleagues.
- I made the methodology and the analysis of the research explicit, and compared the results, with that of in the literature review.

The generalization of the results is the most debated point of the qualitative studies. This research can be named as an exploratory study, in the Hungarian literature, as well as among the cluster-researches, because of analyzing the relations in depth. My aim was to assure the theoretical generalization, so as to create a framework to be sophisticated later on. That is why I put great emphasis on making the details explicit, so as to support the further researches in other destinations. This research gave a detailed, systematic, and methodologically appropriate picture about one Hungarian, and two international cases, the results of what can be drawn back to some of those in the literature review. From this point of view, we can say that the results can be extended to the destinations with similar endowments and characteristics, as the cases analyzed.

Reaching all these aims could be seen as limited, since the limited research possibilities in the international fieldwork, as well as the limitation coming from that of the research methodology its own:

- As I asked about the happening of the past, the interviewees could have given not a real objective picture because of their own filters, as perception, interest, and the perception of all these opinions could be limited because of my own commitment (what I tried to avoid with the above mentioned tools).
- I could not meet all those participants, I planned, and that was clearly dangerous at the international cases, that was the reason why I did not draw a full picture regarding the international cases (like I did in the Hungarian case).
- During the time between the research and the analysis, the opinions and the events could have changed.

All these problems could mean real border, even if I put great emphasis to avoid them, but from these snapshots and the theoretical framework newer, more punctual researches, and quantitative results can be made in the future.

7.2. OPENED QUESTIONS AND FURTHER RESEARCHES

There were some questions, phenomena, and deeper context which were realized but not deeply analyzed in the research, which are suggested for further research:

- The main difference between the Hungarian and the Austrian case could be seen in the social cohesion, which can be drawn back to cultural differences, and suggested for further research.
- The operation of the destination management organization system was not included in this research, but its relevancy could have been seen in the international cases. Analyzing the system in the international cases could serve useful perspectives to the Hungarian system, as well as to the interpreting model.
- The differences among destinations and clusters could be researched in a limited way, so further researches suggested in the area.
- The framework of driving factors could be sophisticated and differentiated according to stage of development or the touristic positions (e.g. health or nature-based) of the destinations, with newer case studies.
- This research targeted to analyze the supply side factors, and to give picture about its connection with demand factors briefly, but detailed analysis of the area is suggested.
- Further important question is to analyze in details the connection among the local welfare, well-being and competitiveness, which could also serve the sophistication of the interpreting model, as well building a quantitative research framework so as to measure and model the results.

7.3. SUMMARIZING

The empirical research and the literature review have added value to the interpretation of the destinations' competitiveness in the following areas:

In the literature review:

- Summarizing the definitions and the theoretical approaches of destinations, destination management.
- Presenting and the theoretical approaches of competitiveness, highlighting and describing in details the most important theories regarding the destinations' competitiveness.
- Highlighting the core points of cluster-theory important from the view of destinations.
- Summarizing and evaluating the most relevant theories of the approaches of destinations' competitiveness.
- Summarizing and evaluating the most relevant Hungarian and international researches, and their results.

In the empirical research:

- Mapping and differentiating the group of actors in the regard of Hungarian and international cases, as well as the stage of development.
- Exploring the relationship among the core actors in a detailed (earlier not researched or not made explicit) way.
- Exploring the driving factors of the destinations' competitiveness in a differentiated way in the regard of Hungarian and international cases, as well as the stage of development.
- Exploring and describing in a very detailed, systematic way of a Hungarian destination development, with highlighting the relevant success -, failure factors.
- Giving a snapshot about the first results of building the destination management organizations in Hungary.

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