

**Assessing Destination Competitiveness. An Application
to
the Hot Springs Tourism Sector**

Cheng-Fei Lee* and Brian King

Centre for Hospitality and Tourism Research

Victoria University,

PO Box 14428 MC

Melbourne, Victoria

Australia 8001

Tel (613) 9919-4430

Fax (613) 9919 4931

Email: Brian.King@vu.edu.au

**Assessing Destination Competitiveness. An Application to the Hot
Springs Tourism Sector**

Assessing Destination Competitiveness. An Application to the Hot Springs Tourism Sector

Abstract

This paper proposes a model to identify the factors determining the competitiveness of the hot springs tourism sector, with particular application to Taiwan. The proposed conceptual framework brings together two approaches, namely the theories of industry organization (IO) and the resource-based view (RBV). The proposition underlying this framework is that destination competitiveness is achieved by the adoption of policies and strategies aligned with market opportunities, drawing upon the unique or distinctive tourism features offered by the destination. It is proposed that three major influences are evident in the case of hot springs tourism, namely Tourism Destination Resources and Attractors, Tourism Destination Strategies and Tourism Destination Environments. An evaluation is provided of the administration of a three-round Delphi survey, which was intended to validate the determinants of destination competitiveness that were derived from the literature. Drawing upon the results of the pilot study it is concluded that the development of a sector-specific model of destination competitiveness is capable of capturing the nature and characteristics of the hot springs tourism sector.

Keywords: hot springs tourism, destination competitiveness, strategic management

Introduction

'Taking the waters' at spas has been widely reported as one of the earliest forms of tourism (Smith and Jenner, 2000). Although enthusiasm for such activity has waxed and waned over time, travellers have persistently sought the rejuvenating and curative powers of certain waters. In what is now England, visitors travelled to Bath during the period of the Rome Empire to bathe in the warm springs and mineral waters and to drink the water for its alleged health benefits (Hembry, 1989). There is also evidence of health related travel occurring elsewhere in ancient times, notably along the Nile River in Africa, the Ganges in India, the Yangtze in China and the River Jordan. The impulse to bathe in these rivers appears to have been prompted by a belief that participants would be cleansed physically and spiritually (Goodrich, 1993). Moving forward to the early years of the twenty-first century, the use of leisure time to pursue activities

that will contribute positively to health and well-being is likely to grow, prompted by the accelerating pace of life. The belief that ‘taking the waters’ contributes to physical and emotional well-being persists and continues to provide an impulse for spa visitors. Spa tourism is emerging as a significant component of the health tourism phenomenon (Hall, 2003). International market trend, indicate that spa visitation is a form of special interest tourism, emblematic of the shift from mass to niche tourism (Douglas, 2001).

With growing scientific evidence that minerals obtainable from certain springs have special properties which can cure or ease the symptoms of various ailments, the tourism industry has sought to deploy these resources to attract more domestic and international visitors. The recent increase in public awareness of the importance of good health has provided an incentive for countries to develop their mineral springs resources and pursue the development of their own spa tourism sector. The economic potential of this sector has led many countries to finance, plan and develop the regions where the major hot springs are found and to engage in promotional campaigns to encourage visitors to these sites. Though it is well-established in Western societies, the development of spa tourism is a relatively recent phenomenon in Asia (Henderson, 2004). Over the past few years Taiwan has emerged as one of the regional destinations aiming to promote its abundant hot springs resources to both the international and domestic markets. Taiwan is situated on the fault line at the meeting point of the Euro-Asian and Philippine continental plates within the Circum-Pacific seismic zone. Natural hot springs are abundant, widely distributed and offer a diversity of water mineral content and smoothness. These characteristics could form the basis for the development of Taiwan as a desirable hot springs tourism destination.

Spa tourism has recently experienced a resurgence in many European countries and in the U.S.A. and has grown considerably in the Asia Pacific region. Competition between spa destinations is likely to intensify. It seems probable that if Taiwan is to be marketed effectively as a competitive hot springs tourism destination, its attractiveness will need to be superior to what is available in alternative destinations. This is particularly important in the case of the international market. Destination competitiveness is based on the capacity to design, produce, market, and deliver quality spa experiences that outperform other destinations from a supply-side perspective across a range of dimensions. This suggests the need to investigate the sector-specific determinants of destination competitiveness and the preparation of a framework to guide the development of the spa tourism sector. The development of a model of competitiveness for spa destinations could assist tourism stakeholders in both the private and

public sectors to identify destination strengths and weaknesses from a visitor's perspective, to highlight opportunities for tourism development, and to develop strategies to combat potential threats to future visitation (Dwyer et al., 2004).

Study Objectives

The aim of the present study is to develop a model of competitiveness applicable to destinations which possess hot springs attributes, particularly in the case of Taiwan. The model is intended to assist the formulation of development and management guidelines for the hot springs tourism sector. It is the view of the researchers that the key determinants of destination competitiveness should be employed for the purposes of strategic planning and management and with a view to achieving long-term sustainability. To achieve these general aims, the research focuses on three specific aims as follows: (1) what are the key issues that will contribute to the success of the hot springs tourism sector? (2) what determinants of destination competitiveness are applicable to the hot springs spa sector in general? and (3) what determinants of destination competitiveness are applicable to Taiwan's hot springs tourism sector?

Literature Review

Spa development and management

Towner (1996) has proposed that the fundamental supply components applicable to spas are the provision of accommodation, food and beverage, entertainment, recreation facilities, health amenities and services, tourist attractions and infrastructure (eg utilities and transport for both visitors and suppliers) and finally the spa waters themselves. In their survey of U.S. spa operators, Stein, Dev and Tabacchi (1990) arrived at similar conclusions. For the consumer, the most important factors involved in selecting a particular spa were found to be ambience, location and access, price, programming and facilities and mix of visitors. Bennett, King and Milner (2004) identified the dominant themes encountered in the promotional materials of Australian health resorts. The key themes that they identified were location and accessibility, types of cuisine, health assessment, lectures/workshops, tailor-made programmes, length of stay, ambience as manifested through the natural surrounding, and bundled pricing. They concluded that a health resort aiming to establish and maintain a strategic market positioning needs to differentiate its themed products and services from those offered by their competition.

In the broader context of spa operations and management, Stein et al. (1990) indicated that the business success factors for spa destinations should relate in some way to marketing, location, finances and staff management. The crucial elements of effective marketing strategy were identified as word of mouth communication, strong public-relations and clearly defined target marketing. Proximity to major population centres and accessibility by normal means of transportation are equally important for the spa operation as its intrinsic geographic advantages. Spa resort destinations require considerable investment of capital and human resources especially during the start-up period and for this reason, effective cash and asset management is needed. Finally, a special emphasis is attached to human resources, because the quality of spa services depends to a great degree on the technical skills and professional knowledge of the staff. Monteson and Singer (1992) evaluated spa effectiveness in terms of marketing and programming, operations, staff and training, and budgets. The formula that they proposed refers to “understanding your existing and future guests; defining a marketable concept; properly planning a flexible, comfortable, and efficient facility; making realistic financial decisions regarding pre-opening expenses, operating expenses, and revenue; designing a workable and accountable system of operation; providing ongoing staff training and evaluation; staying current on specialized spa services and programs; adjusting to trends; and listening and responding to your guests” (p. 38). The concept is broad but provides some indication of how to manage a spa property successfully.

From a demand perspective, Towner has associated the growing patronage of spas with affluence and with the emergence of a “leisure culture” elite (1996, p. 59). In the context of such social and economic changes, the demand for spa and health tourism seems likely to grow over the coming decades. These changes include shifting consumer values, increased stress, ageing boomers and retirees, rising health care costs and personal health care, attention to mind and spirit, and environmentalism (Pollock and Williams, 2000). According to Snoj and Mumel (2002), interest in health spas is growing faster than the demand for other tourist destinations. The active population appears increasingly aware of the importance of good health, and more concerned about personal appearance, the environment, and longevity. Such attitudes encourage older people to become increasingly active. For their future success, spa tourism destinations need to appreciate the changing demands of the spa and health market and have the capacity to satisfy them (Henderson, 2004).

As is evident from the foregoing discussion, a broad range of tourism attractions and resources such as spa programmes and facilities, accommodation, cuisine and natural surroundings has always been needed as a complement to the hot springs waters themselves. Recently, changing tourism demand is placing pressure on spa destinations to become more competitive and more sustainable. If environmental and economic sustainability is to be achieved, effective destination management will be critical. The provision of hot springs tourism related products will need to be consistent with the changing expectations of the destination, drawing upon strategic planning and management.

Strategic management

Within the field of strategic management, the concept of competitiveness has evolved from studying the external environment of a firm, to the analysis of its inner resources and capabilities. During the period from the 1960s to the 1980s, the external environment was thought to be the primary determinant of successful strategy for business enterprises for their (Hoskisson et al., 1999). According to industrial organization (IO) theory, the external environment is the dominant influence on an enterprise's strategic actions (Hitt, Ireland and Hoskisson, 2003). This theory asserts that the 'fit' between the strategy of an enterprise and its external environment has significant implications for performance (Venkatraman and Prescott, 1990). Porter's five forces model provides an important conceptual framework as a way of understanding and analysing the effects of industry structure on the potential profitability of enterprises within a particular industry (1980). During the late 1980s, there was a resurgence of interest in the role of the enterprise's resources as the foundation of enterprise strategy (Grant, 1991). The theory known as the "resource-based view" (RBV) conceives of the enterprise as a collection of unique resources and capabilities that provide the basis for its strategy and in turn determine its performance (Hitt et al., 2003). According to the RBV, any variability in an enterprise's performance over time is due primarily to its unique resources and capabilities rather than to the structural characteristics of the relevant industry. In contrast to IO theory, the principal drivers of competitiveness and performance are viewed as being internal to the enterprise.

Despite the apparent conflict between the two alternative perspectives, both emphases may co-exist and help to shape the behaviour of the enterprise. Recently it has been recognized that IO and RBV may be complementary in the pursuit of strategic competitiveness for an enterprise. This complementarity is endowed in the context of building competitive advantage

(Wernerfelt, 1984). Several contributors to the strategic management literature have proposed the integration of IO and RBV in different ways and with various degrees of emphasis. Foss (1996) for example, has argued that the emphasis of RBV on an enterprise's capacity to combine resources to achieve competitive advantage, provides the "strengths-weaknesses" component of the SWOT framework. In this case industry analysis supplies the "opportunities-threats" component. The two approaches emphasize different applications, but these are in the context of the same SWOT analysis framework. (Barney, 1991).

The present study aims to link the IO and RBV theories into a unified conceptual framework to provide a better understanding of the key underlying determinants of destination competitiveness within the hot springs tourism context. RBV is used to understand the relationship between the destination's tourism resources and attractors and its strategies for achieving competitiveness. IO is used to examine the relationship between the external environment within which the destination operates and its strategies for competitiveness. The present study also attempts to link the principles of strategic management as they apply to the individual firm, and their application to tourism destinations. According to Flagestad and Hope (2001), and Melian-Gonzalez and Garcia-Falcon (2003), a number of apparent similarities mean that it is appropriate to apply theories developed for the strategic management of the firm to the strategic management of a tourism destination. Firstly, a series of resources and capabilities are used to undertake certain economic activities in the competitive environment; secondly they are limited by their specific environment and must adapt if they are to survive. Given the close similarities between the conceptualisations of an enterprise and of a tourist destination, this approach permits the application of theories developed for the strategic management of an enterprise to the strategic management of a tourism destination.

Models of destination competitiveness

Within the tourism literature, an increasingly systematic research approach has been adopted towards the concept of destination competitiveness. Starting with Ritchie and Crouch's research (1993), a number of studies have discussed the important determinants or sources of competitiveness for the tourism sector (Crouch and Ritchie, 1999; Dwyer and Kim, 2003; Enright and Newton, 2004; Hassan, 2000; Heath, 2003; Kim, 2000; Ritchie and Crouch, 2000). These insights into major dimensions of destination competitiveness provide a context for analysing competitiveness in the spa tourism sector.

Drawing upon the widely acknowledged model of national competitiveness developed by Porter (1990) and known as the 'dynamic diamond', the Crouch-Ritchie model of destination competitiveness is considered to be the most detailed work within the tourism literature encompassing the various factors of competitiveness - nation-specific, industry-specific and firm-specific (Kim, 2000). This combined approach to tourism destination competitiveness acknowledges the applicability of both tourism-specific and business-related factors as determinants of destination competitiveness (Enright and Newton, 2004). Within this framework, a destination's competitive position is shaped by global or macro environmental forces and trends, and by competitive or micro environmental influences and circumstances. Destination competitiveness is conceptualized as a function of core resources and attractors, supporting factors and resources, destination management, and qualifying determinants. The core resources and attractors include the primary elements which attract tourists. These are considered to be the "fundamental reasons that prospective visitors choose one destination over another" (Crouch and Ritchie, 1999, p. 146). Collecting various supporting factors and resources can provide a foundation for the development of a strong tourism sector. Qualifying determinants include factors which have the capacity to modify the influence of the other components, positively or negatively. These qualifying determinants may limit the capacity of a destination to attract and subsequently to satisfy potential tourists. In this way, they may impact upon destination competitiveness. Destination management involves activities to enhance the appeal of the core resources and attractors, to strengthen the quality and effectiveness of the various supporting factors, and to any constraints imposed by the qualifying determinants. The subsequent model proposed by Ritchie and Crouch (2000) has provided a further adaptation. A comparison of the current version with previous models shows that policy has now been identified as a distinct, major component, Ritchie and Crouch (2000) have stated that the destination management related factors incorporated within earlier versions paid insufficient attention to critical issues of policy, planning and development.

Dwyer and Kim (2003) have proposed an integrated model, drawing upon the comprehensive frameworks of destination competitiveness by Crouch and Ritchie (1999) and Ritchie and Crouch (2000). In contrast to the latter two models, Dwyer and Kim's (2003) approach gives explicit recognition to demand conditions as a distinctive determinant of destination competitiveness. Their model treats situational conditions (corresponding to the qualifying determinants identified in the Crouch-Ritchie model) as falling within one of two alternative interactive and interrelated organizational contexts operating in the destination: the competitive environment and the remote environment. Destination competitiveness is viewed as

a function of endowed resources (comprising natural and heritage resources, and supporting factors), destination management (comprising government and industry), situational conditions, and demand conditions. The authors view destination competitiveness as an intermediate goal towards the objective of national or regional economic prosperity. Dwyer and Kim have attempted to provide a more realistic display than the Crouch-Ritchie model of the linkages between the various elements of destination competitiveness. More recently, Enright and Newton (2004) have proposed a broader and more comprehensive model of tourism destination competitiveness. Their model integrates generic factors of competitiveness derived from the industry setting and the mainstream factors of destination attractiveness. It adopts the position that competitive tourism destinations can attract and satisfy potential tourists and that competitiveness is determined both by tourism-specific factors and by a much wider range of factors that influence the destination and the industry in which it operates. The conceptualisation of destination competitiveness should, according to this approach, combine the internal analysis of destination tourism attractors with the external analysis of business-related factors of competitiveness.

From the various models of destination competitiveness referred to previously, it is clear that most have failed either to acknowledge the interactions between different sources of destination competitiveness or else the relative importance of the different dimensions of competitiveness. Most models of destination competitiveness proposed in the literature serve as a framework for determining the competitiveness of an entire country as a tourism destination. It is the researchers' view that these models are not yet capable of determining destination competitiveness in the context of a particular tourism sector, given the distinct characteristics of the hot springs tourism sector. The existing literature has however provided some insights into the identification of major components which are perceived as being important in determining the competitiveness of spa tourism destinations. These components of the existing destination competitiveness models may be classified into three major categories: tourism destination resources and attractors, tourism destination strategies, and tourism destination environments. For the purposes of the present study, the integration of these three categories of destination competitiveness may provide a framework to explore the key underlying determinants of competitiveness within the spa tourism context.

Conceptual Framework

Drawing upon the field of general strategic management, the conceptual framework shown in Figure 1 is based upon IO and RBV theories applied to tourism destinations. The basic premise of the study is that the deployment of destination resources and attractors through the formulation and implementation of tourism strategies which are adapted to changing external environments, can enhance destination competitiveness. As discussed in the section on spa development and management, hot springs-based tourism destinations must be promoted in conjunction with other forms of tourism resources and attractions. Tourism destination strategies formulated and implemented to develop the hot springs tourism sector should ensure an optimal match between internal resources and external environmental changes. Under this assumption, the proposed framework focuses on the determinants of destination competitiveness in the context of three major domains - Tourism Destination Resources and Attractors, Tourism Destination Strategies, and Tourism Destination Environments. Each domain encompasses several sub-sets or elements of destination competitiveness (57 in all) drawn from the previous models of Dwyer and Kim (2003), Enright and Newton (2004), and Ritchie and Crouch (2000). These elements have been adapted with a view to representing the specific features of the 'spa' dimension of tourism development. While tourism destinations share a common, basic anatomy, none of them are the same (Howie, 2003). This is particularly the case for destinations which possess hot springs attributes. It is therefore argued that there is a need to develop a sector-specific model of destination competitiveness. This application will be discussed in more detail in the following section.

Insert Figure 1 about here

According to Figure 1, causality between major dimensions of the model may be depicted through the use of arrows, indicative of the direction of likely influence. Two-directional arrows are used to link Tourism Destination Resources and Attractors to Tourism Destination Environments. Firstly, distinctive features of Tourism Destination Resources and Attractors create destination appeal which draws visitors from external, uncontrollable domains. The nature of Tourism Destination Environments influences the types of tourism products and services developed to offer an integrated experience to tourists. Secondly, Tourism Destination Strategies adopted to incorporate external opportunities and threats using internal strengths and

weaknesses are influenced by the match between Tourism Destination Resources and Attractors, and Tourism Destination Environments. Finally, Destination Competitiveness is linked to the three determinants of competitiveness.

Based on the conceptual framework, the following research propositions have been proposed:

1. The availability of destination resources and attractors has an impact on the formulation and implementation of tourism strategies.
2. The external environments of a destination have the potential to influence tourism strategy formulation and implementation.
3. A destination strategy which emphasizes the fit between internal resources and external environments is sufficient to drive competitiveness.

Tourism destination resources and attractors

Several tourism researchers have attempted to clarify the nature of the tourism destination. Hu and Ritchie (1993, p. 26) conceptualize it as “a package of tourism facilities and services, which like any other consumer product, is composed of a number of multi-dimensional attributes.” Buhalis (2000) has claimed that all destinations are made up of an amalgam of tourism products and that these came together to provide consumers with an integrated tourism experience. Tourism products comprise the entire range of facilities and services offered locally, together with all socio-cultural, environmental resources and public goods. Collectively these elements may be viewed as destination resources and attractors (Inskeep, 1991). Gunn (1994) considers destination resources and attractors as tourism supply factors that represent the real pulling power generating tourist demand. Crouch and Ritchie (1999) regard tourism resources and attractors as the critical attributes of a destination that attract visitors and form the basic foundations of sustainable tourism. Dwyer and Kim (2003) suggest that tourism resources and attractors should be acknowledged as the basis of destination competitiveness.

The above discussion has indicated that the marketing of spa tourism destinations is likely to be most effective when undertaken in conjunction with other tourism resources and attractions. For the purposes of this study, the core resources and attractors identified in the Crouch-Ritchie model are selected with the exception of market ties. These elements are consistent with mainstream destination attractiveness studies. 'Safety', which appears in the Crouch-Ritchie model as a qualifying determinant, has been added to the group of tourism destination resources and attractors. Previous research on tourism destination attributes has stressed the importance of safety in the determination of destination attractiveness. Since spa tourism involves both the consumption of mineral waters as well as bathing, harm to a tourist is likely to affect the entire sector adversely. Tourism resources and attractors are classified into seven major categories: natural resources, cultural assets, special attractions, accommodation, cuisine, transportation, and safety and security. They are assumed to determine the competitiveness of the spa sector and are deemed to be the Tourism Destination Resources and Attractors.

Tourism destination strategies

A range of authors have pointed out that tourism destination competitiveness can be enhanced through the pursuit of strategies, including marketing, destination management and sustainable development (Buhalis, 2000; Dwyer and Kim, 2003; Ritchie and Crouch, 2000). This is because a tourism destination must serve a range of needs for tourists and tourism-related businesses as well as for the resident community, local businesses and industries. These needs present many complex challenges and opportunities for strategic management and development (Howie, 2003). In addition, tourism resources and attractors cannot be replaced once they have been destroyed. The purpose of strategy formulation and implementation is to ensure that resource use does not exceed long-term viability (Buhalis, 2000).

Arguing from a market perspective, Buhalis (2000) has claimed that destination competitiveness can be enhanced through product development, distribution channels, promotion and communication, and most importantly through pricing. The importance of price is associated with travel motivations and is a fundamental element of competitiveness (Dwyer, Forsyth and Rao, 2002; Ritchie and Crouch, 2003). In this context, competitive advantage is achieved by offering value to consumers through either lower prices or by providing additional benefits and services that justify charging higher prices (Porter, 1980). Ritchie and Crouch (2000) have proposed a variety of competitive strategies, which emphasize destination management approaches and activities including organization, marketing, information, quality

of service experience, human resource development, visitor management, finance and venture capital, and resource stewardship. It is their view that destination competitiveness may be enhanced through a carefully selected and well-executed program of destination management. The processes and activities of destination management are fundamentally to “enhance the appeal of the core tourism resources and attractions, strengthen the quality and effectiveness of the supporting factors and resources, and best adapt to the constraints or opportunities imposed by the qualifying and amplifying determinants” (Crouch and Ritchie, 1999, p. 149). Building on the Crouch-Ritchie model, Dwyer and Kim (2003) have proposed five types of destination management activity which may influence competitiveness. They are destination marketing management, destination planning and development, destination management organization, human resource development and environmental management. These destination management activities, whether they are undertaken by the public sector or by the private sector, are crucial for the success of a tourism destination (Dwyer et al., 2004).

As is evident from the previous discussion on tourism competitiveness generally, hot springs tourism needs to be planned and managed in order to achieve a more holistic form of longer term development. The formulation and implementation of destination strategies is particularly critical when the resource base has been over-exploited. The present study considers the components of Tourism Destination Strategies as being: destination marketing, capabilities of destination management organizations, human resource development, destination planning and development, service quality management, and environmental management. ‘Price’ which appears as a qualifying determinant in the Crouch-Ritchie and Dwyer-Kim models considered to be a tourism destination strategy for the purposes of the present study.

Tourism destination environments

Destination competitiveness is conditioned or limited by many influences and factors either outside the destination or within the destination’s immediate arena of tourism activities and competition (Crouch and Ritchie, 1999). Dwyer and Kim (2003) view a tourism destination as operating in the two interactive and interrelated contexts of the competitive and global environments. While a tourism destination is influenced by a range of global forces including laws and regulations, the state of the economy, socio-cultural and demographic changes, and new technologies and the Internet, its competitive environment is shaped by the capabilities, strategies, and competitive environment of destination firms and organizations. Enright and Newton (2004) have proposed a set of factors influencing destination competitiveness. The

generic ‘business-related’ drivers of competitiveness range from micro to macro level and are classified into eight categories, namely inputs, industrial and consumer demand, inter-firm competition and cooperation, industrial and regional clustering, internal organization and strategy of firms, institutions, social structures and agendas, tourism business superstructure, and market ties. According to Enright and Newton (2004), some business-related factors are far more important than some tourism attractions and thus need to be fully integrated if research findings are to be viewed as rigorous and insightful.

As indicated in the literature, the performance of hot springs tourism is likely to be influenced by external environmental factors. At the macro level, time, desire to travel, income level and the level of a country’s economic growth appear favourable for further development of the sector. At the micro level, a complex amalgam of groups and individuals affected by regional tourism development may be expected to influence future directions (eg tourists, enterprises and residents). In accordance with strategic management concepts, economic growth, socio-cultural changes, intra-industry interaction, demand conditions, and community participation and attitudes are considered to be external factors which have the potential to impact on destination competitiveness. All have been included as Tourism Destination Environments.

A review of the literature generated a preliminary list of 57 determinants of destination competitiveness that are applicable to the spa tourism sector (see Table 1-3). The Delphi method was chosen and subsequently conducted to examine the appropriateness and validity of these determinants.

Research Method

Taiwan’s hot springs tourism sector is made up of a number of independent small and medium sized tourism enterprises (SMTEs) operating in different regions of the island and under the broad supervision of the authorities. The prosperity of the sector depends heavily upon both the hot springs enterprises and governmental organisations, a commitment to collaboration and their efforts to stimulate regional development. To understand the views of the relevant parties about what contributes to the competitiveness of the sector, the Delphi technique approach may be appropriate because of its ability to elicit expert opinions and achieve group consensus. Besides, Taiwan is a collective culture with an emphasis on fitting in harmoniously with others (Hofstede, 1980). The Delphi method was considered to be appropriate because it set out to minimize the

negative aspects associated with social difficulties encountered by such groups. It attempts to capitalise upon the positive attributes of group interactions (Rowe, Wright and Bolger, 1991; Rowe and Wright, 1999). The research procedures in the present study involved a preparation phrase (pilot test) and a collection phrase (a mail survey conducted over three rounds). The former was intended to validate the pre-determined determinants of destination competitiveness and to allow for others to be added; whereas the latter was to prioritize the determinants important for the competitiveness of the hot springs tourism sector. This paper focused particularly on the preliminary findings from the pilot study attempting to 'capture' the nature of the hot springs tourism sector and to argue the necessity for developing a sector-specific model of destination competitiveness.

Research design

The pilot test was conducted with a sample of 21 key participants who were willing to be both interviewed and to participate as panellists. For the purposes of the present study, and in acknowledgement of the value of both applied and theoretical inputs and expertise three groupings of panellist have been used. The researchers used several criteria to assess the suitability of prospective participants. In the case of the public sector, participants needed to have a minimum of five years of work experience in a decision-making capacity within a government-related tourism organisation. In the case of the industry groupings participants should be currently employed in the tourism industry; have a minimum of five-years of work experience; and hold membership of a relevant tourism association. For the academic participants, the requirement was for a minimum of five years teaching experience in tourism at a university; evidence of tourism publications relevant to Taiwan's tourism sector; and an interest in recreation and/or tourism management research.

A list of 57 literature-based determinants representing the three major themes of destination competitiveness was used to develop the content of the questionnaire which was distributed to the preliminary panel of experts. In undertaking their evaluations, panel members were not asked to rate the pre-identified determinants of destination competitiveness. Rather they were to indicate whether the proposed determinants of destination competitiveness were acceptable, should be deleted or should be edited. Where respondents indicated that the item should be edited, they were then asked to propose revisions. The participants were also encouraged to add additional items for inclusion. With a view to achieving the best possible response rate, no specific deadline was imposed. Out of twenty-one copies of the instrument which were

distributed, twenty responses were received within a month. The researchers then examined the responses for clarity and accuracy and included revisions, alternations and additions using a decision rule of 'at least three responses by different participants'. The following describes the major changes that were made to the contents of the questionnaire. The results of this pilot test were valuable inputs for the subsequent data collection.

Results and discussion

It was not the purpose of the pilot test to reach definitive conclusions, but to clarify the determinants of destination competitiveness from the original list, as well as eliciting additions. Though 57 determinants of destination competitiveness were included in the initial listing, it resulted in a total of 69 items being identified as essential for enhancing the competitiveness of the hot springs tourism sector. The components of Tourism Destination Resources and Attractors increased from 21 to 25, the number of Tourism Destination Strategies increased from 23 to 29, and the list of Tourism Destination Environments was expanded from 13 to 15 (see Table 1-3). The preliminary findings of the pilot test were discussed below under the headings of Tourism Destination Resources and Attractors, Tourism Destination Strategies, and Tourism Destination Environments.

Tourism Destination Resources and Attractors

In terms of Tourism Destination Resources and Attractors, particular attention was paid to the role of food in providing an extra dimension for the hot springs destination experience. A majority of respondents expressed the view that tourists motivated primarily by a desire to visit hot springs, may find local foods sufficiently attractive that they seek out a variety of cuisine with authentic ingredients and organic seasonal produce to enrich their hot springs tourism experience. In this sense, food consumption during the course of a hot springs trip could be regarded as a primary tourist experience. Depending on the circumstances, food consumption in tourism can function as a primary or a support experience. The provision of food services may provide an alternative opportunity for hot springs proprietors to add value to the hot springs experience, especially in rural areas (Quan and Wang, 2004). Secondly, the pilot panel suggested that hot springs baths should be built in more natural settings because tourists are increasingly looking for a 'get back to nature' experience. Hot springs are often located in spectacular natural settings and against a backdrop of mountains and lakes. It would be

beneficial if the adjacent accommodation facilities could take full advantage of the rich natural resource base of the surrounding area.

Thirdly, the panel emphasised the maintenance of a safer bathing environment, and a higher standard of cleanliness for the on-site hot springs spa facilities and equipment. The security and safety risks associated with hot springs related activities have been stressed and probably exaggerated by media reports. As a result, a more concerted effort will be needed to minimise any tourist fears about participating in hot springs spa related activities. Another related issue of concern was the availability of emergency first aid, ambulance and paramedic assistance for hot springs visitors. Medical and emergency services have been reported by Ritchie and Crouch (2003) as an essential element of infrastructure which provides the foundation for managing tourism successfully. Fourthly, the pilot panel was concerned about enhancing international flight access to support all types of tourism development or activities. This finding was consistent with a recommendation made by Cooper et al. (1993) who stated that appropriate transportation infrastructure is one of the most important prerequisites for destination development. While road, rail, and sea transportation services provide important modes for access to sites within the destination, only air transport can provide speedy international tourism destination. Finally, the panel acknowledged the reality that not every hot springs area is blessed with an abundance of cultural assets, though they may be able to enhance the attractiveness of the spa related facilities.

Tourism Destination Strategies

The main points made by respondents concerning Tourism Destination Strategies are outlined below. Firstly, participants urged that particular attention should be paid to the continuing development of human capital. The primary purpose of sector-specific education and training is to ensure a supply of highly qualified management and front-line personnel whose skills and knowledge best meet the particular requirements of the hot springs tourism sector. While tertiary educational institutions offer tourism and hospitality management courses, tourism enterprises may need to develop a series of in-house training programs. Secondly, the participants proposed several possible alternatives for the government to advance sustainable development, to avoid repeating previous costly mistakes, and to protect and promote the environment. They focused primarily on regulating the activities of tourism enterprises involved in the extraction of hot springs resources, building sewage system infrastructure and wastewater treatment facilities, and reconstructing pipe and pumping systems. The latter two, identified in

the Crouch-Ritchie model as aspects of the supporting factors and resources, are now recognized by the pilot panel as part of best practice destination environmental management. Thirdly, the pilot participants acknowledged tourist price sensitivity. Charging different rates according to whether the trip is taken at a peak or off peak period can be an effective strategy leading to an increase in the number of trips. Finally, participants argued that industry enterprises should not be compelled to conduct periodic surveys of tourist satisfaction. This is the responsibility of the public sector.

Tourism Destination Environments

In responding to issues related to Tourism Destination Environments, participants remarked that leisure time, attitudes and activities have been changing dramatically. The transformation of industry structures in combination with changing socio-cultural beliefs and values is increasing the demand for leisure and tourism opportunities. The prospect for further growth of hot springs tourism is very promising. Secondly, the ageing of the population will impact upon the tourism sector because seniors have more time to travel and are spending a large proportion of their discretionary income on tourism and leisure-related activities (Teaff and Turpin, 1996). Thirdly, mass media are a unique feature of modern society and a powerful tool for raising public awareness and understanding. It is anticipated that people who receive information through mass media may take a trip to experience the power of hot springs destinations. Fourthly, commercial exchange activities and mutual visits between hot springs enterprises were viewed as offering valuable learning experiences. They allow hot springs proprietors to gauge the competitiveness of their own properties as well as of the sector more widely. Finally, some participants viewed the term 'middle-class' as ambiguous and vague and stated that a precise definition of 'middle-class' was needed. It would be useful to conduct further studies to examine its potential influence on destination competitiveness.

In conclusion, most of the discussion has centred around what tourism resources and nearby attractions are available in hot springs areas and how best to utilize these to achieve sustainability and destination competitiveness. Two issues received most attention amongst participants and stood out: tourist safety and security while visiting hot springs; and the responsibility of government and industry towards environmental management. The seriousness of these issues is evidenced by the view that many hot springs proprietors are focusing exclusively on maximizing short-term profits. They appear to ignore the effects of their actions on local communities and the environment, and their responsibility to the customers. In

addition, there is no direct regulation governing the operations of hot springs spa properties. These are major problems that need to be solved urgently; without these actions the hot springs tourism sector will not develop and prosper.

Conclusions and Implications

Within the tourism literature, there has been a growing interest in the notion of ‘destination competitiveness’ and how models of destination competitiveness may be developed. However, the researchers sense that none of the existing models of destination competitiveness are directly applicable to the hot springs tourism setting. The present study aims to fill this gap by using the Delphi method to develop a sector-specific model of destination competitiveness. Major determinants of destination competitiveness have been identified within each of the three domains of the proposed model. It is suggested that future studies should focus on testing the research proposition that has been proposed. Further studies might also look at the opportunity to refine and validate the proposed Delphi-based model. The Delphi technique has been deemed as an appropriate research method for information gathering and model building. Government officers, industry leaders, academic researchers across different regions of the country and with relevant knowledge and experience in the field formed an expert panel and provide broad insights into the development of a competitive spa tourism destination.

The study has a theoretical as well as a practical dimension. It offers the prospect of enhancing current knowledge in the context of destination competitiveness. The present study integrates both IO and RBV theories and conceptualises destination competitiveness as a series of industry actions and government comments across three priority areas. These are respectively tourism destination resources, tourism destination strategies, and tourism destination environments. Another important contribution of the study to the spa and health tourism literature is that the proposed model provides a foundation for future study into special interest tourism generally and customer-based studies of special interest tourism in particular. As a country-specific investigation, the present research will also contribute to the body of knowledge concerning spa and health tourism by providing an enhanced understanding of the characteristics and development patterns of Taiwan’s hot springs tourism sector. The findings of the study may assist other Asian countries to promote their spa tourism sector through the sharing of experience. In particular the findings may be of interest to scholars in Japan (where hot springs tourism is highly developed) and in mainland China (where the sector is in its infancy). In practical terms, the proposed model of destination competitiveness could be used as

an evaluation system to assess the potential of Taiwan as a hot springs tourism destination and to compare its competitiveness with other destinations internationally. The examination will enable the industry and government sectors to determine the relative strengths and weakness of hot springs tourism in Taiwan and what improvements are needed to sustain its competitiveness. As part of the Delphi study, this paper presents the preliminary findings of the pilot test with a view to highlighting the specific characteristics of hot springs tourism sector and suggesting the necessity for developing a sector-specific model of destination competitiveness. Details of the research findings from a three-round Delphi survey will be reported in subsequent papers.

References

- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99-120.
- Bennett, M., King, B., & Milner, L. (2004). The Health Resort Sector in Australia: A Positioning Study. *Journal of Vacation Marketing*, 10(2), 122-137.
- Buhalis, D. (2000). Marketing the Competitive Destination of the Future. *Tourism Management*, 21(1), 97-116.
- Cooper, C., Fletcher, J., Gilber, D., & Wanhill, S. (1993). *Tourism: Principles and Practice*. London: Pitman.
- Crouch, G. I., & Ritchie, J. R. B. (1999). Tourism, Competitiveness, and Societal Prosperity. *Journal of Business Research*, 44, 137-152.
- Douglas, N. (2001). *Travelling for Health: Spa and Health Resorts*. Milton, Qld: John Wiley & Sons.
- Dwyer, L., Forsyth, P., & Rao, P. (2000). The Price Competitiveness of Travel and Tourism: A Comparison of 19 Destinations. *Tourism Management*, 21(1), 9-22.
- Dwyer, L., & Kim, C. (2003). Destination Competitiveness: Determinants and Indicators. *Current Issues in Tourism*, 6(5), 369-414.
- Dwyer, L., Mellor, R., Livaic, Z., Edwards, D., & Kim, C. (2004). Attributes of Destination Competitiveness: A Factor Analysis. *Tourism Analysis*, 9(1/2), 91-101.
- Enright, M. J., & Newton, J. (2004). Tourism Destination Competitiveness: a Quantitative Approach. *Tourism Management*, 25(6), 777-788.
- Flagestad, A., & Hope, C. A. (2001). Strategic Success in Winter Sports Destinations: A Sustainable Value Creation Perspective. *Tourism Management*, 22(5), 445-461.
- Foss, N. J. (1996). Research in Strategy, Economics, and Michael Porter. *Journal of Management Studies*, 33(1), 1-24.
- Goodrich, J. N. (1993). Socialist Cuba: A Study of Health Tourism. *Journal of Travel Research*, 32(1), 36-43.
- Grant, R. M. (1991). The Resource-Based Theory of Competitive Advantage: Implications for Strategy Formulation. *California Management Review*, 33(3), 114-135.
- Gunn, C. A. (1994). *Tourism Planning: Basics, Concepts, Cases* (3rd edn.). Washington, DC: Taylor & Francis
- Hall, C. M. (2003). Spa and Health Tourism. In S. Hudson (Ed.), *Sports and Adventure Tourism* (pp. 273-292). New York: The Haworth Hospitality Press.
- Hassan, S. S. (2000). Determinants of Market Competitiveness in an Environmentally Sustainable Tourism Industry. *Journal of Travel Research*, 38(3), 239-245.

- Heath, E. (2003). Towards a Model to Enhance Destination Competitiveness: A Southern African Perspective. *Journal of Hospitality and Tourism Management*, 10(2), 124-141.
- Hembry, P. M. (1989). *The English Spa 1560-1815: a Social History*. London: Athlone Press.
- Henderson, J. C. (2004). Healthcare Tourism in Southeast Asia. *Tourism Review International*, 7(3/4), 111-121.
- Hitt, M. A., Ireland, R. D., & Hoskisson, R. E. (2003). *Strategic Management: Competitiveness and Globalization* (5th ed.). Mason, Ohio: Thomson/South-Western.
- Hofstede, G. (1980). *Culture's Consequences: International Differences in Work-Related Values*. Beverly Hills, California: Sage.
- Hoskisson, R. E., Hitt, M. A., Wan, W. P., & Yiu, D. (1999). Theory and Research in Strategic Management: Swings of a Pendulum. *Journal of Management*, 25(3), 417-456.
- Howie, F. (2003). *Managing the Tourist Destination*. London: Continuum.
- Hu, Y and Ritchie, J.R.B (1993). Measuring destination attractiveness: A contextual approach. *Journal of Travel Research*, 32(2), 25-34.
- Inskeep, E. (1991). *Tourism Planning: An Integrated and Sustainable Development Approach*. New York: Van Nostrand Reinhold.
- Kim, C. (2000). *A Model Development for Measuring Global Competitiveness of the Tourism Industry in the Asia-Pacific Region*. Seoul, Korea: Korea Institute for International Economic Policy.
- Melian-Gonzalez, A., & Garcia-Falcon, J. M. (2003). Competitive Potential of Tourism in Destinations. *Annals of Tourism Research*, 30(3), 720-740.
- Monteson, P. A., & Singer, J. (1992). Turn Your Spa into a Winter. *Cornell Hotel and Restaurant Administration Quarterly*, 33(3), 37-44.
- Pollock, A., & Williams, P. (2000). *Health Tourism Trends: Closing the Gap between Health Care and Tourism*. New York: CAB International.
- Porter, M. E. (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York: Free Press.
- Porter, M. E. (1990). *The Competitive Advantage of Nations*. New York: Free Press.
- Quan, S., & Wang, N. (2004). Towards a Structural Model of the Tourist Experience: An Illustration from Food Experiences in Tourism. *Tourism Management*, 25(3), 297-305.
- Ritchie, J. R. B., & Crouch, G. I. (1993). Competitiveness in International Tourism: A Framework for Understanding and Analysis. In *Proceedings of the 43rd Congress of the Association Internationale d'Experts Scientifique due Tourisme on Competitiveness of Long-Haul Tourist Destinations*, San Carlos de Bariloche, Argentina, pp. 23-71.

- Ritchie, J. R. B., & Crouch, G. I. (2000). The Competitive Destination: A Sustainability Perspective. *Tourism Management*, 21(1), 1-7.
- Ritchie, J. R. B., & Crouch, G. I. (2003). *The Competitive Destination: A Sustainable Tourism Perspective*. New York, NY: CABI Pub.
- Rowe, G., & Wright, G. (1999). The Delphi Technique as a Forecasting Tool: Issues and Analysis. *International Journal of Forecasting*, 15, 353-375.
- Rowe, G., Wright, G., & Bolger, F. (1991). A Reevaluation of Research and Theory. *Technological Forecasting and Social Change*, 39, 235-251.
- Smith, C., & Jenner, P. (2000). Health Tourism in Europe. *Travel & Tourism Analyst*, 1, 41-59.
- Snoj, B., & Mumel, D. (2002). The Measurement of Perceived Differences in Service Quality-The Case of Health Spas in Slovenia. *Journal of Vacation Marketing*, 8(4), 362-379.
- Stein, T. J., Dev, C. S., & Tabacchi, M. H. (1990). Spas: Redefining the Market. *Cornell Hotel and Restaurant Administration Quarterly*, 30(4), 46-52.
- Teaff, J. D., & Turpin, T. (1996). Travel and the Elderly. *Parks and Recreation*, 31(6), 16-19.
- Towner, J. (1996). *An Historical Geography of Recreation and Tourism in the Western World 1540-1940*. New York: John Wiley & Sons.
- Venkatraman, N., & Prescott, J. E. (1990). Environment-Strategy Coalignment: An Empirical Test of its Performance Implications. *Strategic Management Journal*, 11(1), 1-23.
- Wernerfelt, B. (1984). A Resource-Based View of the Firm. *Strategic Management Journal*, 5(2), 171-180.

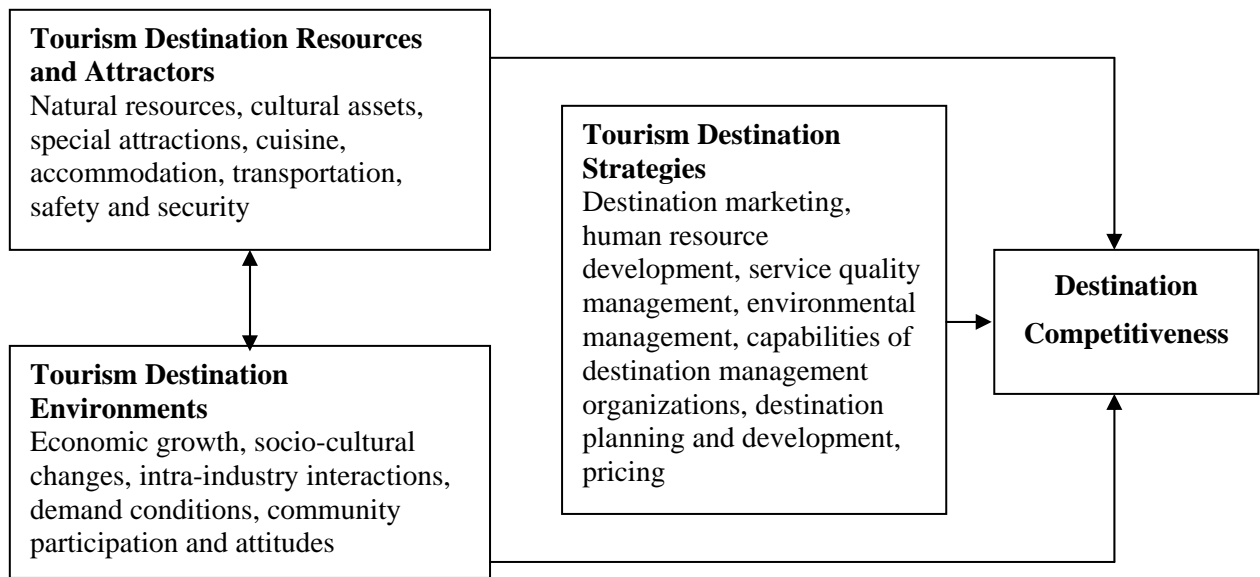


Figure 1 A Model of Hot Springs Destination Competitiveness

Table 1 Tourism Destination Resources and Attractors – Key Determinants

Domain	Components	Determinants of destination competitiveness <i>from the literature</i>	Determinants of destination competitiveness <i>from the pilot test</i>
Tourism Destination Resources and Attractors	Natural resources	Beautiful natural scenery	High grade natural hot springs
		Comfortable climate	Plentiful natural hot springs
		Water quality of springs	Abundant natural scenery
		Water quantity of springs	Comfortable climate
	Cultural assets	Attractive on-site course offerings	Interesting guided cultural tours
		Notable historical landmarks nearby	Notable historical landmarks nearby
		Completely preserved old streets	Various local cultural traditions and specialities
		Local museums and galleries	
	Special attractions	Year-round recreational activities	Year-round recreational activities
		Special events and festivals held on a regular basis	Special events and festivals held on a regular basis
	Accommodation	Sufficient availability accommodation	Sufficient availability of accommodation
		Quality of accommodation	High quality and international standard accommodation
		Authentic accommodation experiences	Authentic accommodation experiences
	Cuisine	Variety in foods	Authentic recipes using ethnic ingredients and cooking styles
			Health-oriented gourmet utilizing seasonal produce
	Transportation	Well-organized access transportation to a hot springs area	Comprehensive network of international routes to and from Taiwan
		Comprehensive local transportation network	Convenient access to a hot springs area
		Ample parking space	Sound local transportation network
		Public transport system	Reliable public transport service
	Safety and security	Safety of the overall destination	Ample packing spaces
			Safety of the overall destination
		Safety and security of hot springs related tourism activities and facilities	Safety of the bathing environment
			Hygiene standards for hot springs spa equipment
Safety and security of tourists	Personal safety and hygiene-basic rules and responsibility		
	Emergency medical care and the availability of ambulance services		

Table 2 Tourism Destination Strategies – Key Determinants

Domain	Components	Determinants of destination competitiveness <i>from the literature</i>	Determinants of destination competitiveness <i>from the pilot test</i>	
Tourism Destination Strategies	Destination marketing management	Reinforcing the image of Taiwan as a holiday destination	Reinforcing the image of Taiwan as a hot springs holiday destination	
		Establishing a brand name of a hot springs tourism destination	Establishing a brand name of a hot springs tourism destination	
		Developing cross-marketing programs for destination tourism products	Developing cross-marketing programs for destination tourism products	
		Forming public-private marketing alliance	Forming public-private marketing alliances	
	Human resource development	Educational institutions offering tourism courses customized to the hot springs tourism sector		Educational institutions offering tourism management courses customized to the hot springs tourism sector
				Facilitating industry-education co-operation programs
		Facilitating industry-education co-operation programs		Tourism enterprises providing in-house training programs
				Designing professional qualification system for certified managing or non-managing personnel
	Capabilities of destination management organizations	Providing leadership for coordination within the sector		Providing leadership for coordination within the sector
		Assisting hot springs properties in licensing matters		Encouraging industry innovation of hot springs spa products and services
		Undertaking domestic and international marketing campaigns		Undertaking domestic and international marketing campaigns
		Encouraging industry innovation of hot springs spa products, services and facilities		Conducting regular surveys on tourist behaviour
				Assisting hot springs properties in licensing matters
		Conducting regular surveys on tourist behaviour		Developing a uniform grading and classification system for the sector
			Creating and maintaining a hot springs database	
	Destination planning and development	Regulating the optimal use of lands and hot springs water resources		Regulating the optimal use of lands and hot springs water resources
		Creating incentives for entrepreneurial investment in the hot springs tourism sector		Creating incentives for entrepreneurial investment in the hot springs tourism sector
		Properly designing and constructing new and existing hot springs areas		Properly designing and constructing new and existing hot springs areas
	Service quality management	Defining service quality dimensions		Maintaining high quality hot springs spa related facilities and equipment
		Establishing service quality standards		Ensuring the professionalism, technical competence and good interpersonal skills of service staff
		Conducting periodic tourist satisfaction surveys		Setting industry standards in service quality management
	Environmental management	Developing a third party environmental certificate and accreditation schemes		Developing a third party certificate and accreditation schemes
		Formulating environmental protection legislation and regulations		Controlling the total amount of hot springs water used
		Enforcing industry self-regulation towards environmental protection and preservation		Building sewage system infrastructure and wastewater facilities
				Assuring the proper construction of pipe and pumping systems
	Pricing	Setting destination prices based on a cost plus basis		Setting destination prices based on the costs invested
		Determining destination prices against competing destinations		Setting destination prices against competing destinations
		Ensuring value for money in destination experience		Setting destination prices based on demand elasticity
				Ensuring value for money in destination tourism experience

Table 3 Tourism Destination Environments – Key Determinants

Domain	Components	Determinants of destination competitiveness <i>from the literature</i>	Determinants of destination competitiveness <i>from the pilot test</i>
Tourism Destination Environments	Economic growth	The increasing disposable income	The increasing disposable incomes
		The growing middle class population	The changes in industry structure/economic structure
	Socio-cultural changes	The implementation of two-day weekend	The implementation of two-day weekend
		The public interest in health-leisure activities	The public interest in health-leisure activities
			The emergence of health-conscious consumers
		The emergence of health-conscious consumers	The rapid increase in ageing population
	The media reporting of travel and tourism sector		
	Intra-industry interactions	The tough competition between hot springs enterprises	The relationships between hot springs enterprises
		The good co-operation between hot springs enterprises	The opportunities for overseas commercial visits, trips and exchanges
	Demand conditions	The expansion of leisure and domestic tourism market	The expansion of the leisure and domestic tourism market
		The growth of international tourism market	The gradual growth of international tourism market
		The more demanding travellers	The more travellers
	Community participation and attitudes	The active participation in hot springs tourism planning process	The active participation in hot springs tourism planning process
		The positive attitudes towards the (re)development of hot springs tourism	The positive attributes towards the redevelopment of hot springs tourism
		The hospitality and friendliness of residents towards tourists	The hospitality and friendliness of residents towards tourists