

## “Market Strategies in Slovak and Austrian Tourism”

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### Abstract

*Tourism is an atomised industry, of which management requires the cooperation of the private and public sectors. Development of tourism in Slovakia must be based on respect for steady theoretical principles and models that are successfully applied in countries with developed tourism. These models are based on system theory and application of tourism strategic management in tourism policy at the state level and destinations. Austria is taking an example that a consistent tourism policy has results, even during the crisis of economic development.*

**Key words:** tourism, tourism strategy, tourism products, Slovakia, Austria

**Paper Type:** Scientific paper

### Preface

Market strategies are an integral part of the theory and practice of strategic management. Strategic management is understood as a scientific discipline that has undergone extensive development from long-term planning through strategic planning to strategic management and thinking. It is necessary to emphasize that through the strategic management a set of inter-related strategies is being established. The aim of these partial strategies is to create conditions for fulfilment of the main strategies, which in practice is described as a market strategy.

Market strategy is designed to meet the main objective and targets of an organization or a purpose-oriented social system, and in the meantime takes into account the results of the organization's mission and strategic analysis of both the internal and external environment.

Statistical results of tourism in Slovakia over the past 20 years are the direct and exact proof of an insufficient implementation of a market strategy. Strategy as a set of practical measures in tourism are presented in the form of a tourism policy. The development of strategic management theory is directly related to the development of systems theory, which in the terms of tourism is applied in the form of „systematic theory“ of tourism. Since tourism is considered primarily as a systematic phenomenon, its operation must meet all systemic features. Otherwise it is impossible to achieve long-term success even in terms of Slovakia as a tourist destination. Premature enjoyment of economic upswing before 2008 ended with the arrival of the crisis. Decrease in the number of guests in accommodation in 2008 was by 30%, similar to the number of overnight stays, sales in hotels, restaurants and other tourism businesses.

Results deriving from the available statistics are a direct proof of the impossibility of long-term development of tourism without a strategy. The opposite example is Austria, which, based on available statistics recorded only a slight decrease in the number of guests, overnight stays and revenue went up 3%. More than 120 million overnights, and the balance of tourism reaching 10€ billion and 700 thousand jobs in tourism in Austria is a direct and exact proof of the need for long-term and purposeful promotion of selected tourism marketing strategy, including taking into account the systematic principle of tourism as an economic phenomenon. A tourism strategy would ultimately bring satisfaction through customer demand and evaluation of the primary and secondary tourism offers and significant economic benefits for the economy of the state and its regions. Neither a market strategy nor a marketing strategy are not therefore useless documents.

The aim of this paper is to point some possible contribution of the tourism development based on a development strategy, and from the view of positive impacts on national economy while respecting systematic theory of tourism and theories of strategic management.

Systematic theory is described by H. Ulrich as a formal science about the structure, relationships and behaviour of some system [Kaspar, 1995, p. 7]. The system is understood as the unity of various elements with relationships, or with which it is possible to create relationships. C. Kaspar [1995, p. 9] applied the principles of systematic theory in terms of tourism as an industry and opened to the discussion of possible applications of strategic management in the hospitality industry. The intensity of inputs and outputs associated with the system of

tourism also provides us information on the extent and impact of an associated and parent system. The relationship between the development of strategic management and the development of system theory illustrates the first scheme.

System theory arose at a time when a majority of the strategic management principles, as we know it today, was formed. Strategic management influenced primarily the emphasis of the status of strategic analysis and the choice of specific strategies in connection with the circumstances in which a single firm is located. The issue of strategic analysis is associated with assessments of the impacts both superior and associated systems in terms of system theory, selection of a particular model, strategy is a response to the presumption of tourism as a system to succeed in a competitive market. Therefore it is necessary to state that any other understanding of strategic management applications in terms of tourism management is unacceptable and is not based on respect of fundamental theoretical principles of managerial science. The aim is to improve the competitive position of Slovakia as a tourist destination, GDP growth, employment and balancing inter-regional differences.

Tourism is an atomised industry, of which management requires the cooperation of the private and public sectors. This raises the question not only how to manage a sector which does not have a stabilized organizational structure but which management tools to use? According to management theory and strategic management there is no doubt that their application is not possible only in the business sector, but also is used in management of other organizational structures with different legal status and internal structure.

The proof of strategic management applications to theory and practice of tourism are successful tourism policy in different countries of Europe and the world. Tourism policy has become a tool for strategic management enforcement with the main output in the form of strategies, which preceded the formulation of mission, objectives, analysis of an internal and external environment, defining the strengths and weaknesses, opportunities and threats. All the components of strategic management can be found in various documents of national or regional institutions which have an impact on tourism management.

The fragmented industry consists of many small organizations. Characteristic feature is that none of the organizations holds significant market share. In the market any entrepreneurial subject in the role of a leader who would fundamentally set the rules of the competition does not exist.

For example the hospitality business, restaurant and catering services provided to visitors in the tourism industry are considered to be typical industries in which the strategies in the fragmented industry are applied. It is not only a strategy from a business subject point of view, but also the industries as a whole. Š. Slávik [2005, p. 146] lists several reasons for the emergence and persistence of fragmented industries :

- Low capital and technical barriers to enter the industry,
- The needs of customers in each region are so different that market segments are too small to be influenced by large cost leader or bearer of differentiation,
- The customers' needs are specialized to the extent that only small amounts of services on the national market are required,

- High transport costs promote regional production and is therefore limited,
- The process of concentration of ownership is slow.

Industry can become consolidated through the concentration of capital in dependence on various factors, however many industries remain fragmented for a longer time. To create a strategy is one of the most important characteristics typical for this process. It is a decision-making process, which consists of finding ways in which strategic objectives can be achieved. There are many ways to meet strategic objectives and changes in the views and approaches in the case of failures of strategy.

## 1. Types of Market Strategies in Tourism

In tourism, it is necessary to apply in along all three levels of market strategy. More than anywhere else the principle of long duration and consistency is valid here. It is also valid for the strategy in terms of its implementation and effects, F. K. Ferner [1993, p. 7] writes about the marketing of tourism that „Marketing is not a box of tricks, it is customer-oriented planning and promotion strategies by which a company keeps making profits.“

It goes without saying that what applies at the enterprise level also applies at the state and its regions.

Market strategies of the first level. In management of tourism in Slovakia at the national level is based on the product-market matrix and based on it select one of four possible strategies. Based on this initial selection it is then necessary to proceed to the strategy development, preservation stabilization or decay. While fulfilling a product – market matrix in terms of key products – as a product, we define in terms of key products, which Slovakia offers to the international tourism market and in terms of marketing to key markets, the most interesting for Slovakia are in terms of the number of guests, overnight stays, average number of nights, and the average spending per guest. Given the fact that tourism products in Slovakia are given and cannot be changed in the short term, it is necessary to choose the strategy of stabilization, growth or decay and focus on target markets.

Market strategies of the second level are linked to these main types of market strategies, in theory of strategic management they are also called business strategies. They also deal with the issue of how we will compete in a particular type of product or in a particular market. The purpose of the market strategy of the second level is to gain a competitive advantage over rivals. The offer of the opponents can be beaten by different products that offer products at a lower price, or a combination of these two sources. The main market strategy is based on a product – market matrix at the enterprise/business level and at its business unit is filled with competitive strategies so that each business unit offers a product that is competitive and interesting in its price.

From this relationship for tourism we derive the same application of product - market matrix at the State level and competitive strategies at the regional level. It should be emphasized

that these strategies must be in mutual compliance and, moreover, cannot function without each other.

The example of Slovakia, where several years ago a strategy for the State was established and was not tied to the regional level, and from the achieved results is the proof of the impossibility of a functioning of tourism as a system of non linked measures. There's natural confirmation of the system theory of

tourism and theory of strategic management. Successful market strategy of the second level takes into account effects of external environment, combines different functional strategies and is based on a competitive strategy that responds to conditions inside the industry. The terms within the industry in tourism are evaluated not only within the country but also on the international level from the OECD and UNWTO.

Scheme 1: The application of strategies according to strategic management to the conditions of tourism

Theory of strategic management	The application on tourism
Enterprise strategy - 4 strategies of product – market matrix - strategy of stabilization, development, deceleration <hr/> (simultaneous application of functional strategies)	National level = Market strategies of the first level - 4 strategies of product – market matrix - strategy of stabilization, development, deceleration <hr/> (simultaneous application of functional strategies)
Business strategies 1. Contingency approach - Hofer 's model of product life cycle phase 2. Generic approach - Porter 's competition strategies (cost management, differentiation strategy, specialization strategy) <hr/> (simultaneous application of functional strategies)	Regional and local level = Market strategies of the second level 1. Contingency approach - Hofer 's model of product life cycle phase 2. Generic approach - Porter competitive strategy (cost management, differentiation strategy, specialization strategy) <hr/> (simultaneous application of functional strategies)
Functional strategies - Marketing - Production of services and products - employees - finances <hr/> Without concurrent application	Enterprise strategies Functional strategies - Marketing - Production of services and products - employees - finances <hr/> (simultaneous application of functional and enterprise strategies in connection with national and regional level)

The Source: Own processing based on the theories of strategic management and theories of tourism

The example of Slovakia, where several years ago a strategy for the State was established and was not tied to the regional level, and from the achieved results is the proof of the impossibility of a functioning of tourism as a system of non linked measures. There's natural confirmation of the system theory of tourism and theory of strategic management. Successful market strategy of the second level takes into account effects of external environment, combines different functional strategies and is based on a competitive strategy that responds to conditions inside the industry. The terms within the industry in tourism are evaluated not only within the country but also as key competitive conditions in markets and source. To formulate a successful strategy for tourism at the state and regional level mainly means accepting the decision, which needs will be satisfied, which target customer groups will be satisfied and how. From these decisions the sources of competitive advantage are created and the way how the state and its regions will compete with their products is determined.

The response to different customers 'needs is a supply of a differential product. Differentiation is a process of creating

a competitive advantage by such product features that satisfy customers and differentiates the producer from its competitors.

The contingency approach to the strategy creation of the second order (level) assumes that there is a possibility to find the most satisfactory strategy for a certain complex of circumstances or liminary conditions.

From the contingency approach point of view the most important variable for the strategy setting is a product life cycle stage which the strategy is defined for.

The generic approach to the strategy creation in tourism is better to be applicable and tested for a long time. The generic theory identifies certain common performance attributes of successful organisations without relation to the set of liminary conditions. The generic theory also assumes that certain strategies are almost always apposite regardless the concrete situation. A respected author in this field is M. Porter, who defined three main generic strategies on the base of the mentioned approaches. They are the cost leadership strategy, the differentiation strategy, and the focus strategy.

The cost leadership strategy is based on having lower costs than the competitors and reaching the same profitability at the same time. The cost leadership enables longer defence in the environment of increasing competition. A cost leader usually chooses a limited scope of product and services differentiation because of its costliness.

In conditions of tourism development in Slovakia the cost leadership strategy is neither perspective nor sustainable from the government's, the regions', and company's point of view. The reason is that the tourism market is fragmented and this strategy requires a high market share, which is not true at any management level and is not possible in the fragmented market. The next reason is fast changes of purchasing behaviour and seeking for quality at a reasonable price, but not quality with mistakes.

The differentiation strategy is based on reaching the competitive strategy through developing a product or a service, which are considered by customers as something special, extraordinary or unique. An above-average price is required for such a product. The customer accepts the price because he/she trusts the given product/service. The price is calculated up to the maximum high accepted by the market. The competitive advantage can be on the bases of the differentiation strategy achieved through a technological lead, differentiation based on services connected with the primary product or service, differentiation based on the brand attractiveness, adapting the differentiation to age or socio-economic groups.

The example of a successful differentiation strategy in tourism is Austria. It based its long-term success in the international tourism market on the supply of a differentiated product for selected market segments. The product has a strong quality component and Austria and its regions are the brand which is hardly imitable. In a case of an attempt to apply the differentiation strategy Slovakia would have to spend high costs on imitating a product, but the result of this attempt would be ambiguous.

The focus strategy is aimed at satisfying needs of a limited group of consumers or a selected segment. It finds opportunities in the market gaps, fills them with products and services, which have not been presented adequately in the market till then. The focus strategy for the selected market segment is applied through differentiation or low costs. From the domestic tourism point of view the cost leadership focus strategy should be taken into consideration. This strategy is based on a competitive advantage associated with lower costs because of the domestic market closeness and lower prices based on the domestic labour force. Considering inbound tourism focusing on selected countries and segments it is possible to direct the focus strategy at differentiation. Slovakia as a specialised tourism producer can compete with e.g. Austria just in some segments.

The focus strategy aiming at low costs is from the Slovak domestic tourism point of view unsuccessful because of excessive investments with regard to the purchase power of the focus segments and low utilisation of accommodation facilities. This, together with wrong credit policy based on fast repayment of loans, has caused high prices and low competitiveness of products and services in domestic tourism. For selected segments

of inbound tourism it is suitable to apply the focus strategy based on product specialisation with regard to these segments. In practise it would mean energy concentration on selected regions and target groups of visitors, e.g. on seniors in the case of visitors from Germany.

Except for the above-mentioned market strategies of the first and second levels there still exist more approaches to the strategy development and identifying their priorities, which mostly mean focusing on selected problems from the point of view of the company, competition, a product, a customer, or other selected factor. They are defined in details in the strategic management theory.

## 2. Marketing Strategies in Tourism

Marketing strategies have to have a dynamic character. In tourism they play the role of tools for achieving the goals. To develop a strategy it is necessary to take into account continued changes of the external environment, requirements of the customers, and measurable financial contributions. According to V. Maráková [2010, p.109] the research showed that 86% of hotels actively used the tools of marketing communication. However, the money spent on marketing at the level of a company cannot be used effectively without the existence of strategies at the level of the country and regions.

The continued changes of the external environment are in tourism the basis for the process of analyses and the market research. The role of analyses in the strategy marketing is to provide needed information about purchase behaviour of visitors. Turbulences in the society and economy development cause changes in the purchasing behaviour of visitors. The criterion for evaluating these changes in tourism are the demand structure changes in the domestic tourism market but also in the markets of the states providing similar products and having similar target groups of visitors. Such an example for Slovakia considering the products, the market structure, and target groups are Austria, or the Czech Republic, and partially Hungary or Poland.

From the point of view of satisfying the visitors' needs in tourism an analyses of domestic focus groups' behaviour is important, too. If there is an outflow of domestic visitors to foreign countries it is really necessary to undertake research into the motivation and the reasons of this phenomenon. In this case it is partially about a normal development, e.g. by spending your holiday by the sea. It means to create a working system of tourism in which, at the state level, tourism objects, and the company level, products are developed in mutual compliance with market development and its needs. The role of marketers in tourism is to analyse properly and assess the level of satisfying the visitors' needs. On the bases of tourism development in Slovakia in the last two decades, it is possible to point out an unambiguously low degree of satisfying the visitors' needs in comparison with its competitors.

From the point of view of evaluating the financial efficiency of the tourism industry it goes from the fact that the strategic marketing aims, in comparison with traditional marketing,

at higher performance and yields by selling products and services. The basic criterion is a return on investments and not sales and selling like in traditional marketing. The national strategic marketing of such a country as Slovakia had to create favourable preconditions so that the investments spent on business would return to the entrepreneurs. However, the presupposition of such a result is definitely the definition of priorities in tourism development from the point of view of the target groups' needs, provided products and a market analysis considering the competition.

From the point of view of marketing strategies classification six approaches can be applied. These are basic (generic strategies), strategies according to the levels of their implementation, according to the marketing mix tools, trend following strategies, market life cycle strategies, and business plan strategies [Maráková, 2010, p. 111].

It is important to underline the fact, that by applying the strategic marketing in Slovak tourism at the level of the state, the tourism object, and the companies it is possible to apply all the approaches to the strategy development. A synergic effect can be achieved provided these strategies are in mutual compliance. The compliance is achieved by implementing the market research results in the strategy of tourism at the national level and by an unambiguous interposition and communication of the strategy to tourism objects and companies.

The generic strategies were mentioned in the previous subchapter and they are also a part of the strategic management theory and the theory of a competitive advantage. The strategies according to the levels of their implementation are divided into the corporate-level strategies, business-level strategies, and functional-level strategies. The strategy classification according to the marketing mix tools is considered to be significant because it follows the essential marketing mix tools. In the framework of this strategy there are product, distribution, communication, and pricing strategies. The trend-following strategies are divided into the growth strategies, the conservation strategies, and the fall-back strategies. The market life cycle strategies are known as the new market entry strategy, the growth strategies, the mature market strategies, and the declining market strategies. The business plan strategies are divided according to the fact if they focus on the creation of the market position (the market position strategies), product purchasing, competition, specific customer groups, or strategies for the companies in different market positions. Since the strategies are divided into different types, it is possible to apply several tens of different marketing strategies in tourism practise depending on the followed goal. If we, according to the scheme 2, taking the present situation into consideration, recommended at the national level from the point of view of the market trends the conservation strategy in combination with the market entry strategy from the product-market matrix, then this should be a starting point for thinking also at the regional level in tourism. After making this decision it is necessary to continue in Slovak conditions with the declining market strategies (one of the market life cycle strategies).

### 3. The Marketing Strategies for Tourism Objects

On the basis of the scheme 2 and in accordance with the marketing strategies classification it is necessary to apply at the level of tourism objects in Slovakia mainly the conservation strategy focused on stabilisation of existing target groups and products in combination with the product life cycle strategies and the marketing mix strategies.

#### The Market Life Cycle Strategies in the Tourism Object

The first possible applicable strategy is the new market entry strategy, which is used according to the fact if the subject enters the market as the first one, or it penetrates the market later. If the tourism object decides to enter the market as the first one, it can achieve a competitive advantage of the pioneer. Penetrating new markets is mostly connected with high costs to succeed in such a market. It is obvious that such a market can be entered only with high-quality products and services, being able to resist the pressure of the competition. If the tourism object decides to enter the market later it can avoid the mistakes of the pioneers. The advantage of a well-timed later entry into the market can be an achievement of more time for implementing more quality products and services than the pioneer and the turn of the pioneer's work to its own advantage. The disadvantage of implementing this strategy in the conditions of Slovak tourism objects is their unstable situation in relation with existing markets which are collapsing and the lack of investments for the activities in the new markets.

The next applicable strategy is the growth strategy. This strategy can exist as a strategy of the market leader in the growing market and a strategy of the subjects entering the market later. The market leader strategy exists as the position defence strategy, the flanking attack strategy, the confrontation strategy, the mobile defence strategy, and the market abandonment strategy. By using the position defence strategy the tourism object defends its market share from the rest of the tourism objects. By applying the flanking attack strategy the market area of the competition is used by other entry into the competing area by e.g. launching a new service. The confrontation strategy is based on a strong market position which allows a direct attack of a competitor, e.g. by reducing the price, an aggressive advertising campaign of own products and services, etc. The mobile defence strategy aims at achieving new groups of visitors who can serve as a future centre of defence or attack. The market abandonment strategy is applied for the market segments with a slow increase, or they stagnate at a low level and it is not possible to recover them. The aim is to provide sources for the growth markets.

The mature market strategies. Mature markets show a minimum rate of increase or they stagnate. The key activity is to keep the existing market share and the innovation of products and services so that the tourism object can stay in this market as long as possible. This strategy and the stage of the market development are for the tourism object not just a risk but also an opportunity for a constant improvement to keep the market share. However, the finances invested in continuous innovations are matchlessly lower than the investments

which would be necessary to invest in totally new products and reaching new markets.

The declining market strategies. There are several types of them: the immediate abandonment strategies, the phased abandonment strategies, the maintaining strategies, the strategies for survival with profit, the market gap strategies, and the harvest strategies. The immediate abandonment from the market is realised for the products where the life cycle ended and it is the proper time for withdrawing the given product from the market. The phased abandonment from the market is realised by products where there is still a possibility of selling and reaching at least a small profit. The maintaining strategy aims at maintaining the tourism object in the market during the set period of time, which is usually shorter. The strategy for survival with profit is usually applied in the tourism object with a strong market position during a market decline by assumption of being a market leader. In such a period for example it is invested to keeping a position in the market, the prices are reduced; the attention is focused on marketing activities, etc. The market gap strategy is based on strengthening the selected part of the whole market segment to keep the profitability of the segment. The harvest strategy is focused on short-term profit maximization in the period of abandonment from the market.

### The Marketing Mix Tools Strategies

Marketing and strategic marketing of tourism objects pay usually the closest attention to this type of strategies. It follows from a naturally dominant position of such strategies in tourism practice.

The product marketing strategies are focused on products, product lines and the product mix. From the point of view of tourism product specific qualities mostly the product line and the product mix strategies are applied. The term "product line" in the tourism centre represents a set of products, which, from the visitor's needs point of view, follow each other. The down-market lengthening of the product line means adding new products to the less successful ones and vice versa. The product lines are lengthened according to the market needs and not according to an assessment if there exists a space in the product line, or not. The product mix can be similarly expanded or contracted by a product line.

The marketing distribution strategies are divided into the intensive distribution strategy, the selective distribution strategy, and the exclusive distribution strategy. The intensive distribution is based on selling a great amount of products at different places; the selective distribution strategy assumes a limited number of selling points and the exclusive distribution strategy involves limited sale with specialised choice of a middleman. This type of strategies is connected with analysing the scale and the level of services for customers. Mainly the required scale and the level of services are analysed, and the research analyses the questions regarding the customers' willingness to travel for products, their willingness to wait for a product, it examines the propensity to consume regarding the range of products and expectation of additional services. The distribution channel objectives are set according to the assumed level of services. The distribution theory provides relatively wide scale of tools how

to approach to the distribution channels building. The distribution strategy development follows the choice of the distribution channels. There are distinguished different kinds of approaches to the relation with wholesalers, the strategies for a personal sale are created, etc. From the tourism objects' point of view it is not possible to apply the ways of distribution designed for standard industrial products. That is why the distribution strategy is focused on direct selling, a middleman - a travel agency, or selling via the Internet.

The marketing communication strategies concentrate on creating good awareness of customers. There the push strategies or the pull strategies are applied. Pushing information about products to customers means not only to inform the customers but also to stimulate them to purchase. The pull strategy is based on increasing the demand by providing the relevant information. The marketing communication strategy is based on identifying the target customers groups, setting the communication objectives, creating the messages, choosing the communication channels, making decisions on the communication mix and managing the communication process.

On the basis of identifying the target customers groups and communication objectives we distinguish six buyer readiness stages: awareness, knowledge, liking, preference, conviction, and purchase.

The marketing pricing strategies at the tourism object's level have to correspond to the orientation of individual companies, which are a part of this object. During their creation it is necessary to ask many questions mostly about the product level and requirements of customers, the competitors, the objectives, additional costs, etc. Here e.g. the penetration pricing strategy, the skimming pricing strategy, the supporting pricing strategy, the common pricing strategy, and the price differentiation strategy can be applied. The price is considered in relation with the product quality as high, average, or low. It is typical also for the tourism objects that they offer product lines, not individual products. It causes that a customer often prefers a more expensive product with higher added value to a cheaper, less quality one if the price differences between products are insignificant. As a consequence of such decisions a customer buys e.g. a more quality accommodation than a cheaper one and of less quality. Consequently if the tourism object operates in the market as one unit, the accommodation facilities are motivated not only to compete with each other but also to adjust positively the level of provided services. It is also similar with catering and additional services.

Therefore, the importance of the life cycle and the marketing mix tools strategies at the tourism objects level consist in a favourable influence on individual service providers, who under the market pressure do not just develop mutually competing products and services but they are also forced to cooperate and they motivate each other to improve the provided services.

They have to do so under the influence of the customer's preferences, who requires a high added value for an adequate price and at the same time these subjects cannot risk a severance of cooperation, because they could lose the integrity of provided product lines [Maráková, 2005, p. 156]. Thus, either deliberately or not, a system of relations, which brings a value

to the service providers, as well as to the visitors, is created. An autotelic implementation of the marketing mix tools theory is therefore useless, only the application which accepts the objectives of the companies' main strategies is effective, but it also meets the possibilities and the strategy of the country as a destination.

### An Application of the Product – Market Matrix on the Example of Austria and Slovakia as the Basis of the Tourism Strategy

Slovakia is in the recent decades a bad example how it is possible to waste a potential for tourism development with direct influences on the economy and employment. It could choose from three basic marketing strategies (the growth, the conservation, and the fall-back), but, actually it has chosen none. This mistake was redoubled by not respecting the product-market matrix, since new markets were looked for and the old ones, stabilized, were let tumble. The markets of the surrounding central European countries benefited significantly from that situation, as they focused their efforts on obtaining the visitors from the Czech Republic, Poland, Hungary, and Austria. Austria made a hard effort from the beginning of the nineties of the 20th century to gain the visitors from the Czech Republic and Slovakia, and it ultimately succeeded. It reached record-high numbers of

accommodated visitors from the Czech Republic and Slovakia from nearly a zero level after the year 1990.

By analysing the reached results in tourism, forecasting its future development, and by setting the fundamentals for the tourism development strategy to the future Slovakia has to draw only from well-trying strategic management models, the validity of which was verified by both the theory and the practice. Such a model is the product-market matrix, which enables us to decide if we will provide the existing products to the existing customers, the existing products to new customers, new products to the existing customers, or, by applying the diversification process, we offer new products to new customers. In reference to the previous sentence it is necessary to decide on implementing the strategy in the form of stabilisation, the growth, or a decline and at the tourism objects' level on the cost, differentiation, or the focus strategies.

From the product-market matrix point of view as the first step it is necessary to compare the products. By comparing the product base and the visitor group base we decided to choose Austria because of two factors. These are the similarity of provided products and the similarity of visitor target groups between our countries. We chose the effects of the world economic crisis on the numbers of accommodated visitors and overnight stays as a significantly effecting factor, which had a radically different progress.

The table 1: Comparison of tourism products in Austria and Slovakia from the product-market matrix point of view

Tourism products in Austria	Tourism products in Slovakia
Activity holiday	Winter and summer mountain-air holidays
Ski holiday	- skiing
Recovery holiday	- recovery
Family holiday	- relax with family
Walking, hiking	- hiking
Sightseeing tours	Sightseeing tours
Spa holiday	Stay at the spa
Cultural holiday	Cultural events visit
Participation in various events	Participation in various events
Family/Acquaintance visit	Family/Acquaintance visit
Wellness and Beauty holiday	Wellness and Beauty holiday
City break	City break

The source: *Tourism in Zahlen*, Austrian Federal Economic Chamber, 2010, the own processing

Both Austria and Slovakia offer in the tourism market similar products connected with the different primary and secondary offering conditioned by the geographic localisation. These are mainly the winter and summer mountain-air holidays, the spa stays, the cultural events visit, the family and acquaintance

visits, the wellness holiday, and the city breaks. The tables 2 to 5 include the data on the number of visitors and overnight stays in Austria and Slovakia. These data are interesting in the context of the crisis development, when Austria recorded only a slight decrease, or even an increase of the domestic tourism.

Table 2. Visitors from selected countries in Austria in the years 2005 to 2010. (in thousands of people and in %)

Visitors/ year	2005	%	2006	%	2007	%	2008	%	2009	%	2010	%
Slovakia	70	0,24	78	0,26	90	0,29	117	0,36	123	0,38	135	0,40
Czech Republic	318	1,08	354	1,17	412	1,32	523	1,60	556	1,72	569	1,70

Poland	192	0,65	208	0,69	246	0,79	335	1,03	317	0,98	347	1,04
Hungary	363	1,23	392	1,30	430	1,38	463	1,42	426	1,32	442	1,32
Germany	10 367	35,33	10 101	33,52	10 165	32,64	10 709	32,83	10 623	32,87	10 706	32,07
Total of Foreign countries	19 952	68,01	20 261	67,24	20 773	66,71	21 935	67,25	21 355	66,08	22 004	65,90
Austria	9 385	31,99	9 871	32,76	10 367	33,29	10 681	32,75	10 961	33,92	11 384	34,10
Total of Visitors	29 337	100,00	30 132	100,00	31 140	100,00	32 616	100,00	32 316	100,00	33 388	100,00

The source: *Tourism in Zahlen*, Austrian Federal Economic Chamber, 2010, the own processing

Austria focused its effort in tourism on gradual implementation of the market entry strategies, the continuous product development strategies, and the market development strategies by using the product-market matrix. On the basis of the long-term market evaluation it aimed at the supply of existing products, which were innovated progressively and developed for existing groups. It focused mainly on the domestic tourism maintenance.

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long-term market evaluation it aimed at the supply of existing products, which were innovated progressively and developed for existing groups. It focused mainly on the domestic tourism maintenance; the losses from the German market have been replaced by the accessions from the markets of the surrounding middle and East European countries. A gradual decline in the number of visitors and overnight stays from Germany is for Austria a long-term phenomenon. Therefore, since the beginning of the 90-ties of the 20th century, it has focused its effort on the surrounding markets, knowing that their purchasing power will grow.

Table 3. Number of overnight stays from selected countries in Austria in the years 2005 to 2010. (in thousands of overnights and in %)

Visitors/ year	2005	%	2006	%	2007	%	2008	%	2009	%	2010	%
Slovakia	232	0,19	262	0,22	295	0,24	389	0,31	424	0,34	465	0,37
Czech Republic	1 133	0,95	1 236	1,94	1 391	1,15	1 779	1,40	1 955	1,57	1 972	1,58
Poland	820	0,69	894	0,75	1 037	0,85	1 389	1,10	1 386	1,11	1 423	1,14
Hungary	1 296	1,09	1 398	1,17	1 511	1,24	1 642	1,30	1 499	1,21	1 510	1,21
Germany	51 028	42,79	48 763	40,85	48 167	39,66	50 144	39,57	48 857	39,30	48 155	38,56
Total of Foreign countries	87 741	73,58	87 238	73,09	88 443	72,82	92 840	73,26	89 864	72,29	89 857	71,95
Austria	31 501	26,42	32 120	26,91	33 008	27,18	33 879	26,74	34 443	27,71	35 023	28,05
Total of Overnight	119 242	100,00	119 358	100,00	121 451	100,00	126 719	100,00	124 307	100,00	124 880	100,00

The source: *Tourism in Zahlen*, 2010. Austrian Federal Economic Chamber, the own processing

It succeeded by following the basic strategies with the growth strategy at the product-market matrix level, and the differentiation strategy at the regional level, without applying the diversification strategy which is costly. Austria based the differentiation at the regional level on the fact, that the state and its regions are the brand which is still well-purchasable, and on the supply of a differentiated product in individual regions. A sharp increase of the visitors and overnight stays number from Slovakia, the Czech Republic, Poland, and Hun-

gary in the recent years is the direct evidence that its strategy has been successful. Including the visitors from Germany these markets accounted for 56% of the visitors' number and 54% of the number of overnight stays. By applying such a relatively simple strategy based on the usage of its good reputation and due to the proximity of potential source markets and the inaction of its competitors Austria has made significant achievements and it has not had to invest a large resources to costly strategies in distant markets.



Table 4. Numbers of visitors from selected countries in Slovakia in the years 2005 – 2010 (in thousands of people and in %)

Visitors/ year	2005	%	2006	%	2007	%	2008	%	2009	%	2010	%
Czech Republic	425	12,40	455	12,70	491	13,00	537	13,15	425	12,57	433	12,76
Poland	198	5,78	224	6,25	244	6,46	308	7,54	165	4,88	162	4,77
Hungary	122	3,56	122	3,40	94	2,49	90	2,20	56	1,66	51	1,50
Germany	194	5,66	190	5,30	176	4,66	165	4,04	134	3,96	132	3,89
Austria	56	1,63	61	1,70	63	1,67	62	1,52	50	1,48	52	1,53
Total of Foreign countries	1 515	44,19	1 612	44,98	1 685	44,60	1 767	43,28	1 298	38,39	1 327	39,11
Slovakia	1 913	55,81	1 972	55,02	2 093	55,40	2 316	56,72	2 083	61,61	2 066	60,89
Total of Visitors	3 428	100,00	3 584	100,00	3 778	100,00	4 083	100,00	3 381	100,00	3 393	100,00

The source: statistic data of The Ministry of Economy of the Slovak Republic

Considering the period from 2005 to 2009 Slovakia is an opposite example. The success based on a booming growth till the year 2008 has disappeared due to the incoming crises and the decline in the visitor's and the overnight stays number from the key source markets amounts to dozens of percent. The next research will probably deal with the effects of the euro currency introduction on a slump of the visitors' and overnight stays

number. The question is why due to weakening the national currencies in 2009 Austria did not experience the similar decrease. One of the possible answers is that its growth was not based on the boom, but on the long-term strategy and that the introduction of the euro currency in Slovakia fully revealed an excessive price level in relation with the quality of provided services [Pompurová, 2009, p 256].

Table 5. Numbers of overnight stays from selected countries in Slovakia in the years 2005 to 2010. (in thousands of stays and in %)

Visitors/ year	2005	%	2006	%	2007	%	2008	%	2009	%	2010	%
Czech Republic	1 375	12,81	1 516	13,61	1 611	13,93	1 705	13,68	1 301	12,52	1 350	13,02
Poland	608	5,66	720	6,46	763	6,60	942	7,56	480	4,62	453	4,37
Hungary	322	3,00	327	2,94	248	2,14	225	1,81	137	1,32	120	1,16
Germany	1 005	9,36	894	8,03	778	6,72	682	5,47	528	5,08	491	4,73
Austria	172	1,60	173	1,55	163	1,41	159	1,28	123	1,18	121	1,17
Total of Foreign countries	4 872	46,39	5 134	46,09	5 199	44,95	5 261	42,21	3 769	36,27	3 807	36,72
Slovakia	5 861	54,61	6 004	53,91	6 368	55,05	7 203	57,79	6 622	63,73	6 560	63,28
Total of Overnights	10 733	100,00	11 138	100,00	11 567	100,00	12 464	100,00	10 391	100,00	10 367	100,00

The source: statistic data of The Ministry of Economy of the Slovak Republic

The year 2009 meant the return to the level from the year 2005, in case of Hungary the decline was much higher. It is striking that the German market had begun to crumble long before the introduction of the euro currency and in 2009 it reached 68% of the level in 2005 in terms of the visitors' number and 52% of the level in terms of the overnight stays number. J. Kučerová [2010, p 142] notes that there was a decline of 7% in the number of accommodated guests from Ger-

many already in 1994. It was one of the first signals of a collapse of this important market.

The mentioned data on the products and markets using the example of comparing the results of Austria and Slovakia in tourism, including the turbulent period of the crises that did not produce almost no changes in Austria, but a large decline in Slovakia, are the real evidence of the need to promote purposefully the tourism development strategy based on the well-tried

theoretical models, the validity of which can be verified by comparing the products and the target markets in practice.

There follows a lesson for Slovakia that relying on the booming trend has revealed insufficient activities at the strategic level in terms of the marketing strategies of the first and second levels. Filling the product – market matrix also refers to the fact that from the point of view of the first level marketing strategy it is necessary to strengthen the existing products including their innovation in accordance with the European trends and to focus on the traditional markets, for which Slovakia cannot be a differentiator, this is what Austria has become, but it

can successfully implement the specialisation strategy focusing on the product and target groups differentiation. Slovakia has a significant growth potential in the given markets, especially by considering the numbers of visitors and overnight stays from Germany in Austria. Moreover, both the countries have in common other target markets having relatively significant position in the number of visitors and overnight stays such as Russia, Ukraine, Italy, and the United Kingdom. It depends on Slovakia how it uses these market opportunities. It will not be possible without functioning and mutual consistency of strategies at the states, regions, and tourism objects levels.

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