

Strategic Position of A Tourism Destination in the Light of SWOT Analysis: A Case Study of Polish SPA Resorts

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Abstract: SPA resorts are of growing interest on global health tourism market since enhancing and maintaining health gain in importance. Facing with today's increasingly dynamic and competitive situation among spa resorts, it is significant to assess their strategic position and development directions. Therefore, SWOT analysis was used to explore strengths and weaknesses, threats and opportunities of all 45 statutory Polish spa resorts by organized workshops with representatives of public, private and non-profit sectors located there. To support their decision making process, a set of twenty SWOT factors was identified qualitatively.

Key words: strategic position, SWOT analysis, spa resort, Poland

1. Introduction

Medical spa resorts performing classical (traditional) approach to therapeutic treatments represented by the European Spas Association (ESPA) which occur only in the countries of the former Eastern bloc and in Germany, Switzerland and Austria, and partly France were widely discussed in tourism literature [1-7]. According to the definition of a spa resort by ESPA it is said to be the highest level of a health resort as recognize by the state according to the legal regulations for health cures of the country based on natural healing assets, such as: medicinal water (healing, mineral, thermal), healing gases, peloids, healing climate, proved by scientific evidence and being part of scientific medicine [8]. In Poland, an area may fulfil spa resort functions if it is granted the status of a spa resort. The status of a spa resort is granted to areas where spa resort medical care is provided and which are reserved for the purpose of using and

protecting natural healing resources located there. The borders of an area that has been granted the status of a spa resort or a spa resort protection area correspond to the administrative boundaries of communes, cities or commune's auxiliary units. In 2016, the Ministry of Health reported there are 45 statutory spa resorts in Poland. Statutory spa resorts are situated in all geographic regions of Poland, but they are quite unevenly spread across the country. This stems from the fact that due to the geological structure of the country, natural resources such as healing waters or therapeutic gas are mostly found the southern areas of Poland, and peloids (healing mud) mostly in the northeast of Poland. Most of the statutory spa resorts are situated in small towns [9].

The constantly increasing level of knowledge, awareness and technology related to health needs and new trends in the style and quality of life necessitates the introduction of economic changes in Polish spa resorts, resulting from external factors in the macro- and microenvironment as well as internal factors influencing a spa resort (its potential). It follows that spa resorts try to maintain their status of a spa resort

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and develop spa medicine to gain competitive advantage in the evolving environment with the use of their specific potential (i.e., natural healing resources) and the assistance of local entities operating in spa resorts. For this purpose it is necessary to determine the strategic position of Polish spa resorts which will help streamline decision-making processes in response to change and, consequently, enable a faster adaptation to the changing environment and help gain a competitive advantage on therapeutic services market in the future. In this case such a way of strategic thinking is assumed that make the success of spa resorts on the achievement of targets in turbulent and permanent changes conditions of spa resort market resulting from the aging population [10]. At the core of this kind of a spa resort management idea there is belief of the need to apply SWOT analysis in order to determine the directions of changes in the field of therapeutic function. SWOT analysis, by confronting endogenous and exogenous factors in the development of spa resorts will provide the answer to the question: what strategy should choose the modern manager of a spa resort, aware of the transformation that took place over the past three decades and the outlook for further development of the studied phenomena? Therefore, the aim of this study is to indicate strategic position of Polish spa resorts using SWOT analysis. Apart from the cognitive aim the study has also applicative one which is to define the stages of SWOT analysis for local actors influencing the development of spa resorts, so that they can adapt and adjust method to their own problem.

2. Theoretical Background

The tourism literature relatively little attention pays to issues related to SWOT analysis (7.4%) in comparison to literature from other fields [11]. Major part of SWOT analysis studies are case study which offer the recommendations for action and explain the stages to be fulfilled relating to tourism sector [12-16] tourism enterprises [17-19] and tourism destinations

[20-22]. Limited research so far has taken place to examine applied-methodological approach relating to a specific tourism destination which is spa resorts.

As a result of the popularity of SWOT analysis, attempts at applying this instrument have been made not only by private or non-profit sector organizations, but also by organizations operating in the public sector (tourism destination), which compete with one another in the economic, social and cultural spheres in terms of both quantitative aspects (e.g., funds from EU funds or division of the central budget) as well as qualitative ones (quality of life) [23]. However, the analysis of SWOT method shows that the approach to its methodology in the case of those three types of entities is the same. Furthermore, according to Beeho and Prentice [24] SWOT analysis is a simplified version of the force field analysis that uses the same analytical approach, but provides a lot of flexibility in selecting techniques and procedures used also in tourism literature, such as: Analytic Hierarchy Process (AHP) [25], Analytic Network Process (ANP) [26], Fuzzy AHP[27], balanced scorecard (BSC) and quality function deployment (QFD) [28] which make it a “friendly” tool for local entities. SWOT analysis is an integrated method of strategic analysis in the process of strategic management, whose characteristic feature is the ability to simultaneously study the environment and internal potential of the organization [29]. It is used to analyse factors influencing organizational change (grouping them into factors that contribute to change and factors that constrain change) [30]. However, SWOT has been criticized because it does not provide implementation strategies, nor adequate context for strategy optimization, and thus there is a need to link SWOT analysis to other strategic tools and methodologies [23]. Nevertheless, despite some criticism, there seems to be general agreement that SWOT analysis is useful in early stages of long-term strategic planning [31, 32].

SWOT analysis has its origins in the 1960s [33]. In addition, it originates from the business management

literature and was adopted in the 1980s by public administration across such areas as regional development and municipal planning [34]. According to Duarte, Ettkin, Helms, and Anderson [35] SWOT is not an analysis but, as a tool, it can aid in effectively performing a broad analysis. SWOT analysis is an important decision-making support tool, and is commonly used to systematically analyze the strategic situations and identify the level of organizations from their internal and external environments [36]. The strengths and weaknesses are identified by an internal appraisal of the organization and the opportunities and threats by an external appraisal [37]. In strategic planning categorizing issues into strengths, weaknesses, opportunities, and threats is one of the most respected and prevalent tools [38]. SWOT is one of the most popular strategic analysis tools, which aims to identify the strengths and weaknesses of an organization and the opportunities and threats in the environment. Having identified these factors, strategies are developed which may build on the strengths, eliminate the weaknesses, exploit the opportunities or counter the threats [37, 39].

Taking account of the presented in tourism literature methodological proposals for the development of SWOT method [40, 41], seven stages of the process of SWOT analysis were proposed:

- (1) Selection of key areas of the functioning of an organization that have a primary influence on the development of the organization,
- (2) Identification of the strengths and weaknesses of an organization,
- (3) Analysis of opportunities and threats in the environment of an organization,
- (4) Assigning weights to particular features, together with a justification (the sum of weights for particular categories should equal 1.00).
- (5) Determination of the strategic position (summary list of achieved results — the highest number of interactions and the weighted number of

interactions indicate a strategy that should be selected for the organization).

The development of SWOT analysis start with formulating an answer to the question about the current situation, i.e., about the environment of an organisation. For the purposes of this study, it is assumed that the environment of an organisation is divided into the external environment, which in the present study will from now on be referred to as the environment of an organization and the internal environment (potential of an organization).

The next stage in SWOT analysis is the necessary focus on selected areas that have a primary influence on the opportunity of the organization to develop. The name of the SWOT analysis comes from the initials of the following words: Strengths, Weaknesses, Opportunities, Threats. In this analysis, factors affecting the strategy of an organization are classified into two groups, namely external factors (Opportunities, Threats) (positive and negative), which determine the possible influence of the environment on an organization, which is not related directly to the operation of the organization, and internal factors (Strengths, Weaknesses) (positive and negative), i.e., the so-called dependent features, determining the potential of an organization. This method consists of identifying the aforementioned four groups of factors, describing their influence on the development of an organization and determining the capability of a company to limit or increase their influence. The combined analysis of the opportunities and threats for an organization as well as its strengths and weaknesses of an organization makes it possible to identify detailed variants of a strategic situation of the organization [42] and to select a strategic option that will enable the organization to make full use of opportunities in the environment and capitalise on its strengths.

There are four model strategic situations of an organization, depending on whether there are more positive or negative factors in the environment of an

organization and within the organization, as well as four model types of strategy corresponding to the situations (aggressive strategy conservative strategy, competitive strategy, defensive strategy). Estimation of strategic position precedes the determination of the directions of changes in an organisation's development and determines the choice of category of development, not development or with different possibilities for development strategy.

3. Methodology

The research material for the study was obtained through the work performed during strategic workshops conducted by the author within the project: Partnership for the adaptability and modernization of spa resorts in Poland from January to June 2013.

The SWOT analysis was developed by 20 local entities representing business circles, local governments and social environments at one day-long meeting in each spa resort, during which the following methods were used: brainstorming, moderated discussion, work in thematic teams and analysis of good practices.

The process of developing SWOT analysis of Polish spa resorts took the form of partner-expert planning, which means that the strategy was developed by the representatives of organizations and institutions that in the future will be responsible for its implementation and by an expert that was responsible for conducting workshops. Such an approach enables partners to exchange information, better understand different controversial issues and reach a compromise over them as well as comprehensive diagnosis of SWOT factors. It also offers an opportunity for selecting local community leaders.

4. Results

In the initial stage of performing a SWOT analysis aimed at determining the development position of Polish spa resorts, focus was placed on identifying areas that have a chief influence on their development.

In the next stage, each participant in the workshops individually determined the order of these areas using the paired comparison method and then a discussion was held, as a result of which the following order of priority of key areas in the context of SWOT analysis was established by consensus: development of the therapeutic function, tourism, investment, modern transport and telecommunications infrastructure, public safety. The priority area in SWOT analysis is the development of its therapeutic function. In the next step, five key features were identified in this area in each of the categories of the SWOT analysis (strengths: natural healing resources, specific microclimate, developed accommodation facilities for patients and therapeutic infrastructure, qualified medical staff, diversity of therapeutic profiles; weaknesses: low standard of therapeutic infrastructure, poor marketing of therapeutic products among younger customers, poor promotion of unique healing waters, excessive prices of therapeutic services for commercial tourists, lack of aesthetic quality in the spatial development; opportunities: demographic changes (i.e., improved life expectancy), affluence of the society, obtaining EU funds and partnership, legal status of a spa resort, trend of caring for health; and threats: demographic changes (i.e., lower number of payers of insurance premiums, impoverishment of the society, lack of pro-health and environmental policy, legal and tax system limiting the income of a spa resort, strong foreign competitors), by assigning weights that add up to 1 to establish arbitrarily the degree of influence of particular features on the selection of the final strategy.

What has the most positive influence (strengths) on the development of the therapeutic function of Polish spa resorts are the deposits of natural healing resources, such as healing and mineral waters, peloids and healing gases as well as the specific microclimate.

The biggest weakness of Polish spa resorts in terms of the fulfilment of their therapeutic function is the low standard of therapeutic infrastructure, especially

with respect to accommodation for patients and offered treatments. It results from the form of ownership of spa enterprises, which are partly owned by the State Treasury and which do not generate profits that could be reinvested and do not receive enough capital from the State Treasury. The condition of therapeutic infrastructure is also influenced by the high dependence of the company from the National Health Fund (NFZ) as the main entity paying for therapeutic services. The contracts concluded with the National Health Fund determine the segment of customers at whom the marketing activities are targeted. As spa resorts have enough clients as a result of the contracts (non-commercial), they do not conduct marketing activities to acquire young commercial clients who arrive in preventive purpose.

The most important opportunities for Polish spa resorts include demographic changes resulting in improved life expectancy, and, consequently, increase in the number of older prospective recipients of therapeutic services. This, in turn, may result in a longer waiting period for a referral from the National Health Fund. It is also necessary to take into account the wealth of the ageing society. A wealthier society will offer an opportunity for the development of therapeutic services, whereas the impoverishment of the society will pose a major threat. What also has a significant influence on the development of therapeutic function of Polish spa resorts are EU funds and partnerships.

Demographic changes may also pose a threat to the financing from the National Health Fund due to a decrease in the number of people paying insurance premiums. These financial consequences are partly mitigated by the increase in the retirement age. The lack of a pro-health policy covering even the youngest people results in low awareness among the public on issues related to healthcare, as a result of which the prophylactic function of a spa resort is not used.

It turned out that natural healing resources and the microclimate are most important to making use of

opportunities. Based on the analysis of data it can be concluded that the chief impediment to seizing opportunities for the development of therapeutic function of Polish spa resorts is the low standard of therapeutic infrastructure and poor marketing of therapeutic products for younger clients. In turn, the strengths of Polish spa resorts, which will help it to overcome the identified threats, are its natural healing resources and microclimate, which are also of key importance to making use of opportunities for the development of therapeutic function of Polish spa resorts. The analysis of data suggests that the poor marketing of therapeutic products for younger clients is a weakness that increases the threats the most. Poor promotion of unique healing waters and the excessive prices of therapeutic services for commercial patients and tourists in Polish spa resorts are of no lesser importance.

The aggregate results of the SWOT analysis show that, given the defined configuration of internal and external features and the determined system of weights, the most beneficial strategic variant in the development of Polish spa resorts in the area of the development of their therapeutic function is an approach consisting of making use of strengths and opportunities emerging in the environment. The highest number of interactions and the weighted number of interactions suggest that an aggressive strategy should be adopted.

5. Conclusion

In view of the above, it may be concluded that Polish spa resorts should focus primarily on the key opportunities and strengths, such as:

- highlighting their assets related to the abundance of natural healing resources, unique microclimate, developed therapeutic infrastructure, qualified medical staff and diversity of therapeutic profiles, which enable a dynamic development of therapeutic function in Polish spa resorts;

- making use of demographic changes, such as improved life expectancy, which results in a greater number of older potential recipients of therapeutic services;
- making use of the wealth of the ageing society, whose enrichment will offer an opportunity for the development of therapeutic services;
- acquiring EU funds and establishing partnerships (e.g., in the form of clusters) to develop and modernize therapeutic infrastructure, ensure consistent promotion and strong lobby of spa resorts;
- retaining the status of a spa resort and strengthening the “therapeutic” brand, which will help attract clients;
- making use of the current trend of caring for health, which will help raise the awareness among the public on issues related to maintaining and improving health and, in consequence, fulfil the prophylactic function of spa resorts.

The presented SWOT analysis of Polish spa resorts related to the development of their therapeutic function suggests that there are more opportunities than threats and more strengths than weaknesses. Polish spa resorts have opportunities in the environment and many strengths, which trigger change in the area of therapeutic function of spa resorts.

In view of the arguments presented above, the following theoretical and practical implications may be drawn:

(1) What is of utmost importance to making use of opportunities and overcoming the identified threats are the strengths of Polish spa resorts, i.e., natural healing resources and the microclimate. In practice, it entails the need to highlight these assets by promoting and shaping the image of spa resorts based on the assets.

(2) The chief impediment to making use of the opportunities for the development of therapeutic function of Polish spa resorts is the low standard of

therapeutic infrastructure and poor marketing of therapeutic products for younger customers, which at the same time increases the threats the most. The first of the abovementioned impediments may be overcome thanks to EU funds and partnerships (e.g., in the form of cluster initiatives), whereas the second one may be overcome by making use of the trend of caring for health, which will help spa resorts fulfil their prophylactic function with respect to the younger generation.

Identification of the key findings concerning strategic position of Polish spa resorts can be a useful tool for marketing planners, destination managers and marketers to create an effective strategic policy and a strategic plan of European spa resorts based on taking advantage of strengths, eliminating the weaknesses, exploiting the opportunities or countering threats.

Lastly, there are some limitations to this study as well as the SWOT methodology. First, the author only focuses on one kind of tourism destination located in one country, namely Polish spa resort, which may limit the generalizability of the findings. Second, SWOT method carries a variety of shortcomings such as its simplistic, static and subjective character which have influenced transparency of the results of SWOT analysis.

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