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ANALYSES OF THE COMPETITIVENESS OF NOVI SAD AS A REGIONAL CONGRESS DESTINATION

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Abstract: On the congress tourism market, especially in Europe where are held the largest number of congress, is extremely high competition between countries for the host role of the large international meetings that bring not only economic prosperity to the country, but can contribute to its destination image. Apart from the traditional congress destinations, many new congress destinations have been appeared on the European tourism market. The convention market worldwide, and especially in Europe with its wide range of traditional and new Meetings and MICE infrastructure, is extremely competitive. Identifying existing competitors as well as potential ones, is an integral part of successful management of tourism (congress) destination. The aim of the study is to analyse the competitive position of Novi Sad as a congress destination by comparison with the major competitors in the region.

Key words: congress destination, competitiveness, Novi Sad.

INTRODUCTION

Congress tourism is an important and rapidly growing segment of international tourism. Through developing of congress tourism a multiply goals for a destination could be reached, such as urban renewal, improving infrastructure, tourism capacity etc. Additionally, large international meetings can bring not only economic prosperity to the destination, but may increase international recognition and destination image. However, there is a great competitiveness between congress destinations who strive to enter to the European tourism market. In such a saturated market, the fundamental task of destination management is to understand how a tourism destination's competitiveness can be enhanced and sustained. Thus, there is a strong need to identify and explore competitive advantages or disadvantages and to analyse the competitive position of a destination.

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Congress tourism is in last few years recognized as one of the most important parts of tourism industry in Novi Sad as well as in other parts of Serbia. Serbian Congress Bureau formed in 2006, identified and promotes primary cities of Belgrade and Novi Sad as congress (meeting) destinations that have facilities for attracting international meetings.

Novi Sad, as administrative, economic, cultural, scientific and educational centre of the region of Vojvodina (northern part of Serbia) and known as “town of fairs” (it has long tradition in organizing fairs – since 1923) has strong potential for smaller international conferences. Novi Sad Fair is a member of ICCA (International Congress and Convention Association), UFI (*Union of International Fairs*), CEFA (*Central European Fair Alliance*) and EASE (*Exhibition Association of South-east Europe*). In 2006 Novi Sad Fair opened a new congress centre Master, capable for hosting up to 4,000 congress attendees and started to affirm congress industry in Novi Sad and in whole region of Vojvodina. The Novi Sad Fair also offers some 60,000 SQM of indoor exhibit space. From its opening (September 2006) by the end of 2008, more than 500 meetings, with 60,000 attendees from 60 countries worldwide, were held in Congress Center Master. At the same time, hotel “Park”, renovated into five-star hotel (in that time it was the only five-star hotel in Vojvodina), also, opened up-to-date congress centre with capacity of 1,200 seats.

Novi Sad University also provides an opportunity as its Agriculture school is one of the most respected in Europe. It is strong in the fields of genetic research, medicine, environmental sciences and engineering. In addition, SPENS (Sport and Business Center) is the largest sports centre in Europe and one of the three largest in the world. SPENS is host to major international championships in bowling, basketball, karate, volleyball and Davis Cup Tennis. This represents another congress opportunity for Novi Sad, as there are many sports related associations that hold congresses and would be interested in meeting there.

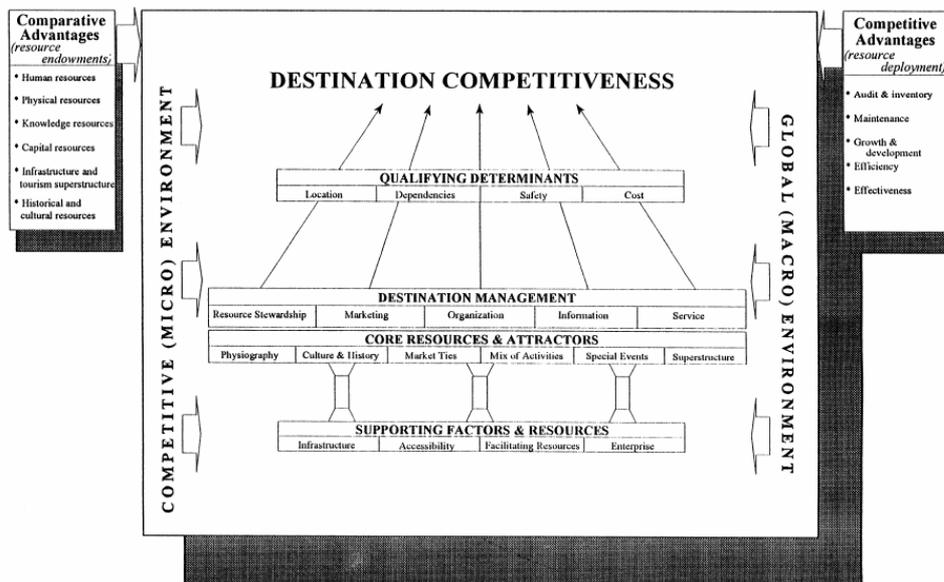
Due to good geographical location, up to date congress centre, increasing supply of hotel rooms with congress facilities and image of “unexplored” and attractive tourist destination, congress tourism in Novi Sad has developed rapidly since 2006. However, the competition in the region is intensive. Countries such as Hungary, Croatia and Slovenia offer a variety of congress venues and facilities to meeting planners. In order to develop competitive advantages and overcome its weaknesses, it is necessary to research strengths and weaknesses of main competitors. In this study, the comparative analyses of Novi Sad, as an international congress destination in the region, will be reported.

1. DESTINATION COMPETITIVENESS – THEORETICAL BACKGROUND

According to Scott and Lodge (1985) viewed national competitiveness as “a country’s ability to create, produce, distribute, and service products in international trade while earning rising returns on its resources” (p. 3). They also noted that this ability “is more and more a matter of strategies, and less and less a product of *natural*

endowments.” The Organization for Economic Cooperation & Development (OECD) (*The World Competitiveness Report*, 1994) defines competitiveness as “the ability of a country or company to, proportionally, generate more wealth than its competitors in world markets.” Competitiveness is viewed as combining both assets and processes where assets “are inherited (e.g., natural resources) or created (e.g., infrastructure)” and processes “transform assets into economic results (e.g., manufacturing)”. A number of authors have provided some inputs into the understanding and practical research of competitiveness in tourism destinations (De Keyser, Vanhove, 1994; Evans, Johnson, 1995; Hassan, 2000; Ritchie, Crouch, 1993; 1999; Thomas, Long, 2000). But, there seems to be no generally accepted definition of competitiveness. It is perhaps too broad and complex concept, defying attempts to encapsulate it in universally applicable terms (Crouch, Ritchie, 1999). In order to measure competitiveness of the destination, different models were created. These models differ by the elements which are used to measure competitiveness. For example, the authors De Keyser and Vanhove in their competitiveness model (1994) argue that the analysis of a competitive position should take five groups of competitiveness factors into account: tourism policy, macroeconomic, supply, transport and demand factors. Mihalic (2000) studied destination competitiveness from environmental perspective. The environmental component was also considered in Hassan’s model (2000). The model defined a destination’s commitment to the environment as one of the four determinants of tourism competitiveness; and included also comparative advantage, industry structure and demand factors.

Figure 1: Destination Competitiveness Conceptual Model by Ritchie and Crouch (1999).



According to the well-known tourism competitiveness researchers Ritchie and Crouch (1999) the Destination Competitiveness Model should include five key determinants: destination policy, planning and development, destination management, core resources and attractors, and supporting factors and resources. It also points out the importance of the environment surrounding the destination: the global macro environment and the competitive microenvironment.

In congress tourism, the competition among destination is more intensive now than it used to be, as countries worldwide continuously put various congress venues and facilities on the market. According to Crouch and Weber (2002), the service provided in a destination and its facilities are critical to the success of the congress destination. Also, Baloglu and Love (2001) state that quality and responsive service are among the most important criteria in venue selection in the meeting industry.

According to Swarbrooke and Horner (2001), a business tourism destination has to offer a suitable venue for the meeting, sufficient accommodation (if a venue is non-residential), attractions, good accessibility to the generating markets and efficient transport system within the destination. Similar to their view of a business tourism destination, Grimmer (2005) in *A Plan for the Establishment of the Serbia Convention Bureau* cited that congress product includes all related infrastructure (venues, hotels), transport capabilities, local service levels, destination amenities (the facilities that offer leisure opportunities to congress attendees, such as restaurants, bars, nightclubs, shops, arts and cultural attractions, entertainment establishments and pre and post touring opportunities) and even its image.

Based on research from the meeting planner's perspective, Crouch and Ritchie (1998) listed seven dimensions of importance for site (destination) selection: accessibility, local support, extra opportunities beyond, the conference (activities and opportunities), accommodation facilities, meeting facilities, information and site environment (Severt et al., 2007).

Although the literature has highlighted the importance of the available meeting facilities and aspects of the quality of accommodation facilities, it is clear from this figure that a number of additional destination attributes play critical roles. For example, accessibility of the congress site to the majority of attendees, attractive pre and post congress recreational or vacationing opportunities, appealing destination image are likely to have influence on congress site selection (Crouch, Weber, 2002).

In a study of the competitiveness of Hong Kong as an international conference destination in South-east Asia, Qu et al. (2000) examined importance of site selection criteria and limits of holding conferences in Hong Kong and its main competitor Singapore. They divided selection criteria into three groups: accommodation (hotel facilities, services and rates), convention facilities (large convention centres, modern audio visual equipment, services at venues etc.) and other (accessibility, safety, image, attractions, climate etc). The results of study show that accommodation, convention facilities, accessibility, safety and infrastructure system were perceived as important site selection criteria. Also, it is reported that space availability for holding large conferences, the design of large theatres and rooms for concurrent sessions are

important competitive advantages of a conference destination. Similar model for examining competitiveness of Serbia as a convention destination was used by Grimmer (2005). Also, in this study, congress facilities, accommodation facilities and accessibility of Novi Sad as an international congress destination will be analysed and compared with its main competitors in the region, to identify strengths and weaknesses of Novi Sad and develop competitive advantages.

2. COMPETITORS OF NOVI SAD AS A REGIONAL CONGRESS DESTINATION

According to Grimmer (2005), primary competitors to Serbia in attracting convention business are Slovenia (Ljubljana, Bled and Portoros), Croatia (Dubrovnik and Zagreb), Hungary (Budapest) and Czech Republic (Prague). In the ICCA (*International Congress and Convention Association*) category, in terms of how many international conventions are listed as being scheduled in the years 2004 – 2015, Serbia ranks 47th, with a total of 0.2% of the meetings, while neighbouring countries are better ranked. ICCA lists Hungary as having 76 international conventions on its calendar between 2004 – 2015, followed by Slovenia as having 41 international conventions, Croatia with 35 international conventions, versus Serbia with 13 international conventions on its calendar.

According to Strategy of Tourism of the Republic of Serbia (2005), Belgrade and Novi Sad are identified as primary destinations in Serbia for attracting international meetings, as these cities have necessary meeting and accommodation facilities and easy access.

Primary competitors to Novi Sad in the region are cities of Ljubljana (Slovenia) and Zagreb (Croatia), as these cities according to Grimmer (2005) have small population, accommodation and meeting capacity in comparison to Belgrade, Prague and Budapest. Novi Sad and its competitors represent administrative, economic, cultural, scientific and educational centres with great possibilities to attract international and especially regional convention business.

Zagreb is leading congress destination in Croatia. Zagreb Convention Bureau, ICCA member, provides maximum assistance to conference organizers and offers advice in all aspects of event planning including: complementary venue finding service, preparation of bid documents, familiarization visits and site inspections, suggestions for choice of Professional Conference Organizer or Destination Management Company, suggestions for social and partners programmes, pre and post-convention tours, assistance with in-bound and local transportation and provision of promotional materials (<http://www.zagreb-convention.hr>). According to data available at Zagreb Convention Bureau web site, 13 hotels offer conference and meeting rooms for accommodating from 100 up to 900 delegates in theatre style. Concert and Congress Hall Vatroslav Lisinski, opened in 1973 and renovated in 1999, represents Zagreb venue with the largest capacity in theatre style (1,851 seats). The venue is equipped with the latest sound technology and has a built-in system set for simultaneous interpreting, as well as other up-to-date technical features, but there is a

limit for holding large conferences. The venue can hold plenary sessions, but there is a lack of meeting rooms for concurrent sessions. Zagreb Fair, member of ICCA, offers two congress halls for meetings with up to 1200 participants, exhibition area and up-to-date equipment. In terms of accommodation, Zagreb hotels offer a total of 1,561 beds in five-star hotels, 2,143 beds in four-star hotels, 1,753 beds in three-star and 761 beds in two star hotels. According to data available at Zagreb airport website (<http://www.zagreb-airport.hr>), 14 airlines connect Zagreb with major European destinations.

The capital of Slovenia – Ljubljana has been working on developing its convention business for over 20 years, but it is still regarded as a new destination yet to be fully appreciated. One of its strengths is the fact that Slovenia has a large number of professors and medical researchers that are prominent in international associations, and who have "raised their hands" to help bid on their respective conventions and bring them there (Grimmer, 2005). Also, the advantage of Ljubljana compared to Novi Sad and Zagreb is the membership of Slovenia in EU. In the recent years, the ICCA meetings statistics rank Ljubljana in the top 50 congress cities worldwide. Another advantage is small city area that allows walking distances from the main venues to a number of hotels. The capital boasts the largest convention venues in Slovenia and is well geared to welcome congresses and meetings with up to 2,000 delegates. Culture and Congress Center Cankarjev Dom, member of ICCA, IAPCO (*International Association of Professional Congress Organizers*) and AIPC (*Association Internationale des Palais de Congrès*), offers 22 multi-functional rooms, with maximum capacity of 2,000 seats in theatre style. Since 2005, Ljubljana Exhibition and Convention Centre has been providing 17 rooms for meetings with up to 2,200 attendees. Also, Ljubljana Congress Bureau offers to meeting planners 9 convention hotels or hotels with conference facilities, special venues (museum, theatres) and other conference facilities. Ljubljana provides a good range of accommodation facilities of all categories and types, totalling to around 1,870 hotel rooms in 2008. The total number of properties in the city that are officially designated as hotels is 17, out of which one is a 5-star, 7 are four-star, 7 are 3-star and 2 are budget. Several hotels are centrally located and are either within walking distance or up to 3 km from the Old Town, the key institutions or the major congress and exhibition venues in the city (Cankarjev dom and GR – Ljubljana Exhibition and Convention Centre). Slovenia's airport is situated halfway between Ljubljana and Bled, the country's other conference destination, and about 20 minutes travel time from each. At less than two hours' flight from the major European hubs, Ljubljana is easily accessible. Slovenia's national carrier operates per week around 250 direct scheduled flights from Ljubljana to more than 20 destinations, mainly in Europe. There is also nine foreign airlines which operate flights to Ljubljana (<http://www.visitljubljana.si>).

3. ANALYSIS OF NOVI SAD COMPETITIVENESS AS A REGIONAL CONGRESS DESTINATION

In this part of paper the results of comparative analyses of Novi Sad as an international congress destination in the region will be interpreted. Is Novi Sad a competitive destination for holding meetings with 1,000 and more participants? The

question will be answered by comparing accommodation, congress facilities and accessibility of Novi Sad with its competitors.

Table 1 shows that Zagreb provides total of 3,545 hotel rooms, almost twice more than Ljubljana and five times more than Novi Sad. Zagreb has 893 rooms in three five star hotels, whereas Ljubljana has only one five star hotel (173 rooms) as does Novi Sad (225 rooms). Regarding hotel product quality, Zagreb is more competitive than Ljubljana and Novi Sad as it has more than 2,000 rooms in five and four star hotel, whereas Ljubljana provides a little more than 1,000 and Novi Sad less than 300 rooms. Although business travellers are not price-sensitive, Novi Sad could have the advantage on hotel rates.

Zagreb and Novi Sad could compete fairly on small meetings with up to 200 participants, as they would be both capable for accommodating all participants in one five star hotel, meanwhile Ljubljana should assemble one five star and one four star hotel, but this does not put Ljubljana at a terrible disadvantage.

For larger meetings which would require a block of 300 to 500 hotel rooms, Ljubljana and Novi Sad are less competitive than Zagreb, as while Zagreb can assemble room blocks in only two five star hotels, it will likely take five properties of five and four star category in Ljubljana and even capacities of three star hotels would be used in Novi Sad. Advantage of three stars and above hotels in Novi Sad is that they are centrally located and/or near major congress venues in the city.

Table 1: Hotel offer of Novi Sad, Zagreb and Ljubljana²

Hotels	Novi Sad	Zagreb	Ljubljana
Total rooms	745	3,545	1,868
5 star hotel	1	3	1
4 star hotel	2	9	7
3 star hotel	4	14	7
5 star rooms	225	893 (3)	173 (1)
4 star rooms	54	1,330 (9)	937 (7)
3 star rooms	264	1,128 (14)	633 (7)
Total	543 (7)	3,351 (26)	1,743 (15)
Average Daily Rate (€)			
5 star hotel	from 55	155-255	160-185
4 star hotel	65-185	80-250	151-187
3 star hotel	43-90	33-195	90-120

² The authors used data available at the official website of Croatian National Tourist Board <http://www.croatia.hr>, Ljubljana Tourist Board <http://www.visitljubljana.si> and Dragicevic, V. (2008).

For meetings with up to 1,000 attendees, Novi Sad is at a real bidding disadvantage, as it provides total of 745 hotel rooms and capacities of apartments, hostels, B&B and other accommodation facilities should be used. Zagreb and Ljubljana could compete fairly as they could block 1,000 rooms in five and four star hotels. For meetings needing 2,000 rooms, neither Novi Sad nor Ljubljana could provide a quality service. Zagreb has that number of rooms but in at least 12 hotels.

Given the comparative nature of the hotel product between these cities, it is recommended that Novi Sad focus its efforts primarily on meetings requiring 500 rooms or less. For larger meetings, Zagreb and Ljubljana have competitive advantages as they could provide high quality hotel product.

Regarding congress facilities and especially plenary space (Table 2), Ljubljana has the largest number of seats. Disadvantage of Zagreb major plenary space Concert and Congress Hall Vatroslav Lisinski is that it couldn't be divided into smaller rooms for concurrent sessions. Congress center Master in Novi Sad as well as Culture and Congress Center Cankarjev Dom in Ljubljana offers multifunctional rooms which could be arranged, thanks to mobile partitions, into smaller or larger rooms in order to provide organization of concurrent meetings. Although Novi Sad has the smallest plenary space in comparison with its competitors, it is not really a limiting factor, having in mind its flexibility and number of three star and above hotel rooms.

Table 2: Major venue capacity

City	Novi Sad	Zagreb	Ljubljana
Major Plenary Space (Seats)	1,350	1,851	2,200

Accessibility of destination is an important competitive factor regarding especially international congress business. In terms of air access, Zagreb and Ljubljana are more competitive than Novi Sad, as these cities are located 20 – 30 minutes from its airports, meanwhile the Belgrade's airport is 50 – 60 minutes far away of Novi Sad. This fact does not put Novi Sad in a great competitive disadvantage as almost all hotels and congress centre provide transfer service from the airport to Novi Sad.

Overall, Novi Sad should be competitive with Zagreb and Ljubljana for groups requiring 500 or fewer rooms. In terms of international standards of quality, Novi Sad is competitive in meetings requiring 200 or fewer rooms as a single five-star hotel near congress centre offers more than 200 rooms. For meetings requiring between 500 – 1,000 rooms, it is not generally competitive, as Zagreb and Ljubljana may offer a higher quality block if most of attendees are looking for five and/or four star hotels. On groups requiring 1,000 – 2,000 rooms, Novi Sad is likely to be faced with competition from cities offering higher hotel product quality (for example Belgrade, Zagreb, Budapest).

CONCLUSION

Congress tourism is recognized in Serbia as a tourist product which could bring benefits to national economy, development of whole tourism industry and to image of Serbia at world tourism market. Belgrade and Novi Sad are identified as Serbian primary congress destination. Since opening up-to-date congress centre in 2006, Novi Sad has been creating competitive congress product.

The competitiveness of Vojvodinian capital depends on whether the city can develop its strength and overcome its limitations. The results of comparative analysis of Novi Sad as a congress destination in the region show that quality of hotel product is the major limitation on holding large congresses. As there is less than 300 high quality hotel rooms and city's congress centre could accommodate meetings with 1,000 and more attendees, for the future, the design of five and/or four stars hotel should be considered. Also, existing three star hotels should be renovated for higher categories, as they are located in the vicinity of city centre and/or congress centre. Novi Sad is capable of providing up to 500 rooms as a block for a congress and is well positioned to bid for international congresses of between 200 - 500 attendees, but for larger congresses Ljubljana and Zagreb are more competitive.

Image of "town of fairs", modern design of congress centre according to international standards, its flexibility, state-of-the-art equipment and great exhibition area are the major strengths of Novi Sad as a congress destination. Also, the membership of congress centre in international associations confirms its high-quality service.

To improve its competitive position as a congress destination, Novi Sad should better promote itself as an attractive tourist and congress destination. Novi Sad doesn't have convention bureau (with all congress facilities presented at website, available for on-line booking), like Zagreb and Ljubljana. As destination management and marketing weren't the subject of this paper, but they are of great importance for congress destination competitiveness, some of the future researches should be related to the marketing of congress destinations in the region.

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