Original Paper

Competitiveness in rural tourism between Serbia and Hungary

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ABSTRACT

Competition between tourist destinations and products has recently become very intense. While the market of rural tourism is on the rise, the future of many rural areas is uncertain due to the changes in agricultural production and the growing attractiveness of cities. In this paper, we are going to identify the factors that may influence the competitiveness of rural tourism in Serbia compared with Hungary, which is Serbia's main competitor. We examined the views of the key stakeholders involved in the development of rural tourism in Serbia and Hungary. Our findings have led us to the conclusion that the level of rural tourism in Hungary is considerably higher than in Serbia as we found a statistically significant difference in the assessment of all the factors, except for *Safety and Security*. Hungarian experts do not see Serbia as their country's competitor, which means that tourism policy makers should consider Hungary as a market that requires greater investment and greater efforts to meet the demands of their sophisticated rural tourists, which is impossible to achieve in a short period of time. In the following period, Hungary should be seen as Serbia's partner and Serbian stakeholders should develop joint projects with their Hungarian counterparts, which will improve the quality of rural tourism in Serbia. At the moment, the Hungarian market of rural tourism presents an example of good practice.

Конкуренция на рынке сельского туризма между Венгрией и Сербией

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РЕЗЮМЕ

В последнее время конкуренция между туристическими направлениями и продуктами стала очень интенсивной. В то время как рынок сельского туризма растет, будущее многих сельских районов является неопределенным из-за изменений в сельскохозяйственном производстве и растущей привлекательности городов. В данной статье определены факторы, которые могут повлиять на конкурентоспособность сельского туризма в Сербии по сравнению с Венгрией, которая является главным конкурентом Сербии. Мы рассмотрели мнения ключевых заинтересованных сторон, участвующих в развитии сельского туризма в Сербии и Венгрии. Наши выводы привели нас к выводу, что уровень сельского туризма в Венгрии значительно выше, чем в Сербии, поскольку мы обнаружили статистически значимую разницу в оценке всех факторов, за исключением фактора безопасности. Венгерские эксперты не считают Сербию конкурентом, а это означает, что разработчики политики в области туризма должны рассматривать Венгрию как рынок, который требует большего числа инвестиций и больших усилий для удовлетворения потребностей своих искушенных сельских туристов, чего невозможно достичь за короткий период. В ближайшее время Венгрия должна рассматриваться как партнер Сербии, а Сербия должна разрабатывать совместные проекты со своими венгерскими коллегами, что улучшит качество сельского туризма в Сербии. В настоящий момент венгерский рынок сельского туризма может считаться образцовым.

Introduction

In many studies, the concept of competitiveness was applied to study tourist destinations [1–3], and the research focused on how to maintain or increase the existing level of competitiveness. In research literature, competitiveness of a tourist destination is defined as "the ability of a destination to maintain its position on the market and/or to improve it over time" [2, p. 239] and "to deliver products and services that are better than in other destinations, especially with regard to those aspects of tourist experience that are important to tourists" [4, p. 374]. According to Ritchie and Crouch [5], the most competitive destinations are the ones that provide their residents with benefits of sustainable development. Thus, it can be concluded that competitiveness implies the application of sustainability principles.

In the tourism industry, the competition between tourist destinations and products has become very intense, which has contributed to greater market transparency of prices and other elements of products and services [6]. Global competition in tourism has become a challenge for many countries that compete to become a desirable tourist destination, and understanding the factors that contribute to the competitiveness of a destination is essential for maintaining the current level of development of a tourist destination, its growth and vitality [5]. Therefore, measuring competitiveness can be considered as a key factor in ensuring the success of tourist destinations.

Rural tourism is one of the priorities in the tourist development of many European countries. The rural tourism market is on the rise, while at the same time the future of many rural areas is uncertain, due to changes in agricultural production or the attractiveness of urban areas due to a higher standard of living. Rural tourism is considered as one of the most effective instruments for revitalization of rural areas and ensuring their sustainable future through job retention or job creation, support for agricultural holdings, nature preservation, or keeping alive traditional rural crafts. Destinations of rural tourism are a complex product consisting of several components (accommodation, transport, food, shops, attractions, and so on) [7–9]. These tourist companies are interdependent and interconnected, and they are usually small and medium-sized businesses. Problems in rural tourism that are detrimental for the competitiveness of the destinations stem from the fact that local providers of tourism products and services are competing rather than cooperating with each other. To make rural destinations more competitive, it is essential to determine the factors that affect their position on the market [10].

In this paper, we are trying to identify and determine the impact of certain factors on competitiveness of rural tourism in Serbia. Analyzing tourist attractions, supporting factors and resources, indicators of market participation and others, we will determine how competitive Serbia is as a destination of rural tourism, that is, its ability to increase tourist spending, attract more tourists, satisfy their needs, and ensure sustainable development of all the regions. We will also examine the views of the stakeholders involved in the development of rural tourism in Serbia and Hungary (direct providers of services in rural tourism, employees in tourist organizations and tourist agencies, employees in municipal and provincial services, ministry officials, and university faculty).

Methodology

In the existing literature, there is no universally accepted set of indicators for measuring competitiveness which will be applicable to all tourist destinations at any time [11]. The model used in this study was based on models developed by Ritchie and Crouch [5], Dwyer-Kim [4] and Enright-Newton [12]. The final questionnaire for determining the competitiveness of Serbia as a destination of rural tourism has two parts: the first refers to the socio-demographic profile of the respondents (gender, age, education, workplace and work experience), while the second part consists of 17 factors that reflect specific characteristics of rural tourism, and have an impact on the competitiveness of the rural tourist destination. Since in tourism, Hungary is Serbia's most significant competitor, the same questionnaire was professionally translated into Hungarian and sent to tourism experts to assess the current state of rural tourism in Hungary and to compare results with Serbia. Our Serbian and Hungarian experts were asked to evaluate the current state of all 17 factors that affect or can affect the competitiveness of rural tourism destinations in their countries. The research used the Likert scale.

Since one of the aims of this study is to measure the relative importance of tourist attractions and business functions, it was necessary to conduct a survey among those individuals who have knowledge of both factors. The common characteristic of research in the field of management, in-

cluding competitiveness research, is that the target groups of respondents are managers and other tourism experts, since it is assumed that they have the greatest knowledge of management and competitiveness. Apart from the fact that managers and tourism experts know the specific destination they are working in, the majority can be also informed about the situation in the main competitive locations.

The need to evaluate the competitiveness of a tourist destination by tourism experts was supported by Gearing and associates [13], who argued that tourism experts have a significant experience in working with tourists and that their opinion can reflect the opinion of large groups of tourists. Similarly, B. Faulkner, M. Oppermann and E. Fredline [14] pointed out that tourism experts can reflect the views of the tourism market as they are in constant contact with buyers (tourists) who are in the process of making travel decisions. S. Hudson, J. R. B. Ritchie, and S. Timur [15] noted that the input from a larger sample of tourism experts is desirable and identified six major stakeholders whose attitudes can best characterize the situation on the tourism market. These are the following: transport companies; tourist associations or destination management organization; owners of accommodation facilities; tour operators; commercial companies, and *specific* groups, such as ecological groups or tourist consultants. For our study, we have chosen the tourism experts who possess knowledge and/or experience relevant to this topic or whose field of research and activities are related to rural tourism and competitiveness of tourist destinations.

The following tourism experts were interviewed in Serbia: the faculty of higher education institutions that educate future tourism professionals; employees of the Tourist Organization of Vojvodina and Serbia; employees in local tourist organizations and those employed in national and provincial institutions for development of tourism (Tourism Department of the Ministry of Trade, Tourism and Telecommunications, the Rural Development Department of the Ministry of Agriculture and Environmental Protection, Provincial Secretariat for Economy, Local Self-Government and Inter-Municipal Cooperation, Development Agency Bačka, Regional Development Agency Srem, Chamber of Commerce of Vojvodina); tourist companies and agencies; owners of tourist companies in rural areas (farms, agricultural households, restaurants, ethnographic houses,

museums, wineries, souvenir shops, organizers of village festivals); and so on. In Hungary, the following tourism experts were interviewed: the faculty of higher education institutions; employees of the Tourism Organization of Hungary; employees of nine local tourism organizations; those employed in national institutions for development of tourism (the Department of Tourism and Catering of the Ministry of Economy; the Ministry of Rural Development; and the Ministry of National Development); managers of tourist agencies and tour operators; owners of tourist companies in rural areas of Hungary (restaurants, ethnographic houses, museums, wineries, souvenir shops, organizers of events and others); and representatives of the Association of Hungarian Tourist Guides, the Association for Hungarian Rural Tourism and Agritourism and the Center for Rural Tourism.

In Serbia, the survey was conducted in two ways: we used personal interviews (face-to-face technique) and questionnaires, which we sent via e-mail. In Hungary, the survey was conducted only electronically (using an on-line questionnaire in the form of a web page). The tourism experts in Serbia were surveyed in the period from April to June 2017, while the survey in Hungary was conducted from May to July 2017. The response rate in both countries was about 50%. Statistical analysis of collected data was done in the software statistical program SPSS 21.

Results

The differences between the Hungarian and Serbian respondents were analyzed by using the T-test for dependent samples. Statistically significant differences were obtained on almost all characteristics, that is, the factors of the competitiveness model. In almost all categories, Hungary got higher scores.

Table 1 shows the differences on the first scale for factors belonging to the determinant *Key Resources and Attractions* (arithmetic mean, standard deviation, value and significance). At the significance level $p < 0.01$, statistically significant differences were achieved with the factor *Geographic Environment*, *Accommodation Capacities and their Authenticity* and *General Infrastructure and Tourist Suprastructure*. Hungary is better rated on items (factors) where the difference is statistically significant.

The obtained results for factors in which there is a statistically significant difference show that the use of rivers, lakes and canals in rural tourism in

Hungary is much more intensive and better organized than in Serbia. Protected natural areas and nature parks are important for rural tourism and in Hungary, there is a larger number of organized programs and activities involving natural areas than in Serbia. Moreover, there is a significant difference for the factor *Accommodation Capacities and their Authenticity*. In particular, there is a difference in the average ratings of Hungary and Serbia when it comes to the authenticity of accommodation units. The owners of accommodation facilities in Hungary make sure that the appearance of the buildings and their interiors enhance the attractiveness of the facilities. The quality of basic infrastructure in Hungarian villages is better than in Serbia while the differences between the quality of basic infrastructure in agrotourism are not so significant.

Figure 1 illustrates that Serbia is the closest to Hungary when it comes to gastronomy, opportunities for sports, leisure and recreation and cultural heritage. It is interesting that the only factor that has a higher average rating in Serbia than in Hungary is *Safety and Security*. In further research, it is necessary to examine why safety and security in Hungary are lower than in Serbia, while managers should use this advantage of the Hungarian rural market for attracting tourists. The smallest differences in the assessment of competitiveness factors between Serbia and Hungary are found for the determinant *Key Resources and Attractions*, while the other two determinants are much more pronounced.

In addition to the key resources and attractions, respondents from Hungary and Serbia assessed the factors within the determinant *Strategy*

Table 1

T-test for dependent samples – determinant *Key Resources and Attractions*

| Factor	Country	Arithmetic mean	Standard Deviation	T	Significance
Geographic environment	Serbia	3.5000	.55830	−7.422	.000
	Hungary	4.0058	.56773		
Cultural heritage	Serbia	3.5257	.66477	−2.184	.030
	Hungary	3.7099	.72649		
Opportunities for sports, leisure and recreation	Serbia	3.7426	.73783	−2.535	.012
	Hungary	3.9562	.65157		
Accommodation capacities and their authenticity	Serbia	3.0931	.65256	−7.602	.000
	Hungary	3.6788	.62021		
Gastronomy	Serbia	3.9669	.83267	−.002	.998
	Hungary	3.9672	.90180		
General infrastructure and tourist suprastructure	Serbia	2.9326	.70196	−9.736	.000
	Hungary	3.7117	.61785		
Safety and security	Serbia	4.0478	.75738	1.342	.181
	Hungary	3.9197	.81852		
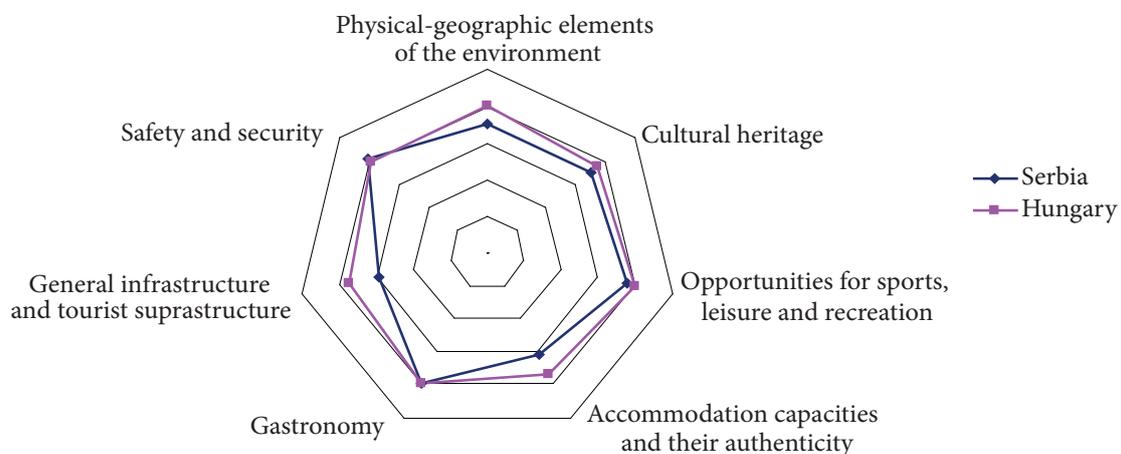
Figure 1. *Performance of Serbia and Hungary for factors within the determinant Key Resources and Attractions*

of the Tourist Destination. For each of the five factors, a statistically significant difference at the level of $p < 0.01$ (Table 2) is observed. As in the previous case, the factors of the competitiveness model for Serbian rural regions are lower than in Hungary.

There are considerable differences for factors within the determinant *Tourist Destination Strategies* between Serbia and Hungary, which again demonstrates that this determinant is the weakest in the competitiveness model and that the policies applied in the sphere of tourism in Serbia have been inefficient so far. Therefore, it is necessary to improve the quality of rural tourism in Serbia in order to boost the demand.

Significant differences in the assessment of the factor *Marketing* show that Hungarian rural tourism is better organized. The emphasis is made on promoting the tourist offer through business entities and especially through tourist organizations and organizations for rural and agritourism. There is also organized distribution of tourist products through several travel agencies, which make this type of tourism more popular in Hungary. Hungarian policy-makers are aware of the importance of well-trained staff for successful development of rural tourism, and provide multiple opportunities for learning such as seminars and courses. There are also compulsory courses that owners of tourist facilities in rural areas should take. The policy for the development of tourist destinations has a better average rating in Hungary due to the improved availability of the relevant data for local authorities since 1998.

Figure 2 shows that as for the determinant *Strategy of the Tourist Destination*, there are significant differences between Serbia and Hungary. The only sphere in which Serbia's competitiveness is closer to that of Hungary is the *Quality Management of Services*. However, when it comes to this factor, the differences in the profitability of rural tourism enterprises are not so obvious, which suggests that tourism companies in Hungary are struggling to ensure continued profitability of their business.

Table 2

T-test for dependent samples – determinant *Strategy of the Tourist Destination*

| Factors	Country	Arithmetic mean	Standard Deviation	T	Significance
Marketing	Serbia	2.9779	.58514	–10.166	.000
	Hungary	3.6616	.52452		
Employees in the tourist sector and rural tourist facilities	Serbia	2.7623	.62711	–6.562	.000
	Hungary	3.2920	.70415		
Policy of planning and destination development	Serbia	2.4540	.67165	–9.631	.000
	Hungary	3.3084	.78898		
Quality management services	Serbia	2.7960	.62153	–4.878	.000
	Hungary	3.1734	.65625		
Environmental Management	Serbia	2.5404	.77949	–9.308	.000
	Hungary	3.4489	.83200		
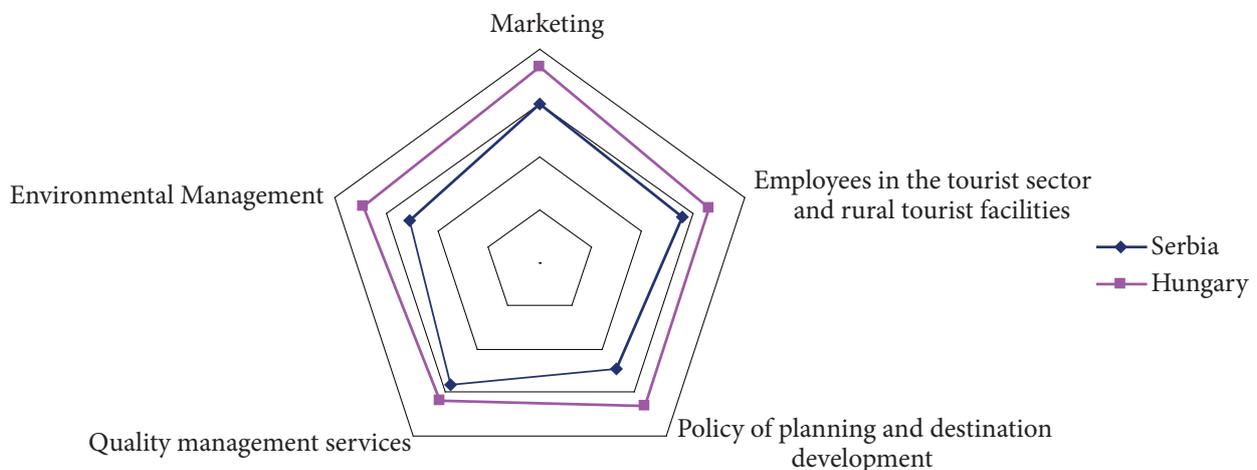
Figure 2. Performance of Serbia and Hungary for the factors within the determinant Strategy of the Tourist Destination

Within the third determinant of the competitiveness model, determinant *Tourist Destination* almost all factors achieved statistical significance at *p* < 0.01 level, except for the factor *Local Community Participation and their Attitudes*. In this case, Hungarian rural areas scored higher (Table 3).

Regarding economic stability, which is an important factor, tourists in Hungary have a greater part of their income available for traveling to rural areas for leisure and entertainment, while the economic differences between the two countries are not significant. In Hungary, many people tend to take shorter tourist trips throughout the year rather than one long vacation, which can result from better living standards and higher awareness of travel opportunities. Tourists who visit rural areas are more aware of the importance of a healthy lifestyle and choose the destinations suitable for active leisure such as hiking, hiking, swimming, and jogging. These tourists are also environmentally conscious and choose protected natural areas and eco-friendly hotels. What rural tourism in Serbia and Hungary have in common is that tourists visiting rural areas belong to all age categories and that domestic tourists prevail. Hungarian experts assessed cooperation between stakeholders more highly, which means that they are aware of the importance between the stakeholders invovled in the development of rural tourism. Moreover, the development of rural tourism in Hungary receives greater and more efficient financial support. This support is provided not only by state institutions but also by other stakeholders, who are trained to apply for European funds to improve all aspects of the tourist offer.

Figure 3 shows that the performance of the determinant *The Environment of the Tourist Destination* for both countries is closest for the factor *Local Community Participation and their Attitudes*, which means that the differences in the average estimates for this factor are not statistically significant. In both countries, the local population is hospitable and the local community is willing to support the development of rural tourism. The problem shared by both countries is the demographic structure of the population in rural areas due to the ageing of the population and their migration to cities in search for better living conditions.

Table 3

T-test for dependent samples – determinant *Tourist Destination Environment*

| Factors	Country	Arithmetic mean	Standard Deviation	T	Significance
Economic stability	Serbia	2.3051	.74826	−7.856	.000
	Hungary	3.0912	.89775		
Characteristics of demand and socio-cultural change	Serbia	3.3544	.63338	−5.857	.000
	Hungary	3.7912	.59846		
Local community participation and their attitudes	Serbia	3.3431	.62320	−.880	.380
	Hungary	3.4112	.65463		
Cooperation between stakeholders in tourism	Serbia	2.4877	.78453	−6.271	.000
	Hungary	3.1290	.90048		
Incentives and financial support for the development of tourism by the government and local authorities	Serbia	2.5423	.77433	−3.896	.000
	Hungary	2.9599	.98343		
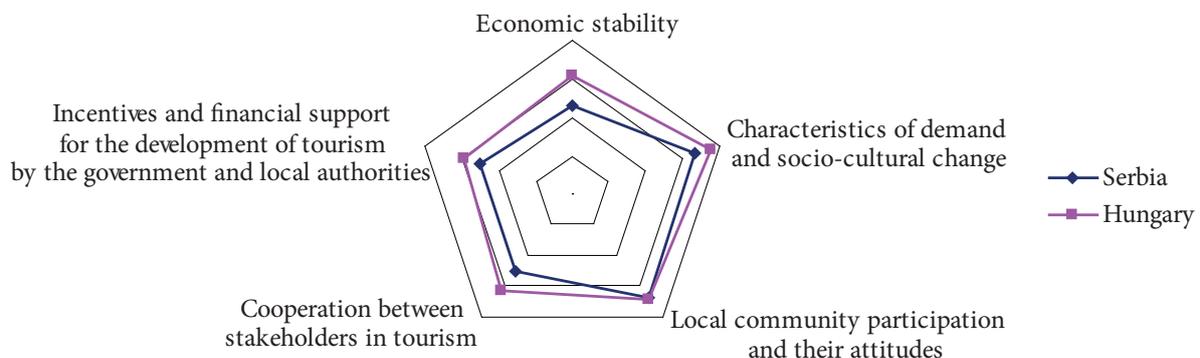
Figure 3. *Performance of Serbia and Hungary for factors within the determinant The Environment of the Tourist Destination*

Conclusion

The key competitors of Serbia in rural tourism are Hungary, Croatia and Slovenia (and increasingly Romania). Our analysis has shown that the level of rural tourism in Hungary is much higher than in Serbia, since there is a statistically significant difference in the assessment of all the factors (except for *Safety and Security*). Experts in Hungarian tourism do not see Serbia as their competitor, which leads us to the conclusion that tourism policy makers should consider Hungary as a market that requires greater investment and significant efforts to meet the demands of sophisticated rural tourists, which cannot be achieved in a short period of time. In the following period, Hungary should be seen as Serbia's partner and Serbian stakeholders should develop joint projects with their Hungarian counterparts in order to improve the quality of rural tourism in Serbia. At the moment, the Hungarian market of rural tourism presents an example of good practice. In the meantime, more attention and effort should be directed towards foreign tourist markets, especially the countries that Serbia has good traditional connections with such as Montenegro, Bosnia and Herzegovina, Greece, and Russia.

State and local authorities should work together to ensure Serbia's competitiveness as a destination of rural tourism by addressing the two groups of tasks: general and more specific. General tasks are those related to leadership and innovation in product development and marketing, research on travel patterns, tourist behavior and satisfaction, and efforts to help businesses and other members of the sector in accordance with laws and regulations. Specific administrative tasks are those that target certain characteristics of the sector, including, for example, creation and maintenance of a database of rural tourism destinations.

It is important to distinguish between the roles that the government and individual businesses play in ensuring the competitiveness of the destination. The government is responsible for realizing systematic tasks and for adopting policies and decisions on the macro-level. In contrast, managerial tasks of the economy sector are carried out on the micro-level, that is, the level of individual owners of rural tourism facilities. These enterprises strive to become more cost-effective and more competitive on the market.

It can be concluded that competitiveness of Serbia as a destination of rural tourism depends significantly on the ability of each business entity to maintain its competitive position on the market, which will also strengthen the overall regional competitiveness. The support of the government is important for creating a healthy environment for business and for providing clear guidelines that will enable the rural tourism sector to grow. Moreover, since a large number of service companies are involved in the provision of services to rural tourists, each section of the sector must make sure to provide high-quality experience for visitors (*good value for money*).

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