

Comparative Analysis of Tourism Competitiveness between Coastal Metropolitan Cities as Tourist Destinations

Wii-Joo Yhang*

**Dept. of International Tourism Management, Silla University, Busan 617-736, Korea*

Abstract : *The competitiveness of a country or a city plays an important role as a determining factor in this age of globalization. In view of tourism studies, the potential for a region to develop depends primarily on its ability to use and maintain economic advantages in its provision of tourist products and services. In spite of the importance of competitiveness in tourism studies, few researches have been done on competitiveness in Korea.*

The purpose of this study is, therefore, to conduct a comparative analysis of competitiveness between coastal metropolitan cities in Korea-Busan, Ulsan and Incheon- developing tourism index and finding out urban competitiveness. The findings of this study will contribute to enhancing tourism promotion and mutual network with other cities and attracting domestic and international tourists.

Key words : *Competitiveness, Competitiveness Index, Tourist destination, Busan, Ulsan, Incheon*

1. Introduction

In the age of globalization, competitiveness is a critical factor in determining the survival of a country or a city. A country's competitiveness means its international competitiveness within global market, with a business's competitiveness involving a guarantee of its continuous profitability and achieving of superior market position over other businesses. In terms of tourism sectors, a country's or a city's potential to develop depends on its ability to maintain and manage competitive advantages in its delivery of products and services to visitors to the region as a tourist destination.

Thus, this importance of competitiveness requires 'competitiveness' to become the subject of many studies, while few studies have been made on it in Korean tourism sectors. This study is, therefore, to assess and analyze the competitiveness of Korea's coastal metropolitan cities as tourist destinations.

2. Related Literature Review

2.1 Competitiveness

The term 'competitiveness' corresponds to the notion of 'competitiveness' in economics or business literature, while there may be a possible criticism for developing it into a framework suitable for tourism studies. In spite of many previous studies on competitiveness, we have developed no

clear definition or model of the notion yet. An examination of the previous studies suggest their failure to evolve the term into universally applicable terms. It is a complex concept since broad factors can account for competitiveness. Therefore, the concept can be described as relative and at the same time multidimensional.(Spence and hazard, 1988)

In a variety of sciences, the term 'competitiveness' is a multifaceted concept. Waheeduzzan and Ryans(1996) relates the concept to four major kinds of perspectives: relative advantage and price competitiveness perspective; a strategy and management perspective; a historical and socio-cultural perspective; and development of the indicators of national competitiveness. Especially, the development of indicators of national competitiveness by WEF(2001) and WTTC(2001) has resulted from the importance of consumer perceptions of competitiveness and a recognition of enhanced local well-being as the end result of destination competitiveness. Not all the influences affecting competitiveness can be quantified objectively. As revealed in objective measures of competitiveness, the situation's reality will make a distinction within the context of tourism. Significant to this study, therefore, is the development of indicators of tourist competitiveness to assess competitiveness among cities.

2.2 Tourist Destination Competitiveness

Tourist Destination Competitiveness is related to a tourist destination's ability to provide products and services which perform better than other destinations in terms of tourism experience regarded as important by visitors.

* Corresponding Author : Wii-Joo Yhang, wjyhang@silla.ac.kr, 051)309-5049

Dwyer, Forsyth and Rao (2000) claims that tourism competitiveness is a general concept which encompasses price differentials coupled with exchange rate movements, productivity levels of a multitude of components of the tourist industry and qualitative factors affecting the attractiveness of a destination. d'Hartesse (2000) defines competitiveness as a destination's ability to maintain its market position and to share and improve them through time. Hassan (2000) defines a destination's ability to maintain market position relative to competitors while creating and consolidating value-added products that sustain its tourist resources. Especially, regarding tourism competitiveness, Crouch and Ritchie (1994, 1995, 1999) claims that achieving the competitiveness of destination's development of tourism requires social, cultural and political rather than economic and ecological sustainability, focusing on long-term economic growth as the measure by which destinations can be assessed competitively. The most competitive destination, therefore, those who create sustainable well-being for local people most effectively.

Metropolitan city, the object of this study, is a large local autonomous entity to handle the distinctiveness of urban governance with decentralization, comparable to the city of Seoul. In March, 1995, five cities, including Busan, Daegu, Incheon, Gwangju, Daejeon were transformed into metropolitan cities with the decentralization of government, with the city of Ulsan transformed into a metropolitan city in 1998.

This paper is to draw measurable variables for competitiveness assessment in order to achieve the purpose of this study to assess the competitiveness of the metropolitan cities as oceanic tourist destinations, selecting and analyzing factors to assess destination competitiveness.

3. Research Methods

3.1 Scope of Research

3.1.1 Spatial Scope of Research

Unlike my previous studies (Yhang, 1998, 2000, 2003), this study, based on governance among cities in the context of decentralization, selects three metropolitan cities, Busan, Ulsan, and Incheon that are orienting toward oceanic tourist attractions.

3.2.2 Content Scope of Research

Under the current Tourism Promotion law, tourism businesses are divided into travel agencies, tourist business, tourist lodging, tourist accommodations and facilities,

conventions, amusement parks, and casinos. The three metropolitan cities kept a constant size in those seven businesses, they would be the subject of comparison in assessment, while this paper limits the scope of research to tour business and hotel business out of tourist accommodations, given the possible non-existence of some businesses in a particular city.

3.2 Development of Research Evaluation Unit

The development of competitiveness index to achieve the objective of this study requires the qualification of data, with this paper adopting the concept of importance. Relative qualification of the share of tourism businesses suggests competitiveness assessment index in businesses. Therefore, the larger the value of the number of a business gets in primary qualification, the greater influence it eventually has on the importance.

The qualification requires the following steps to be taken. First, assess the importance of the number of businesses in related metropolitan cities in the light of its nationwide share. Second, apply a 10-point scale to the transformed value so as to draw final importance value. Third, to assess the drawn value as the competitiveness index of related tourist business.

For an assessment of a tourist business's competitiveness, the conceptual foundation of kinds of tourism business needs be searched for under the Tourism Promotion Law. Accurate competitiveness assessment by the Tourism Promotion Law calls for a clear investigation procedure. However, due to limited time and finance, this paper makes the process of research analysis based on state-sponsored secondary data.

4. Results of Research

4.1 Urban Environmental Tourism Competitiveness Index

Assuming that the phenomenon of tourism is 'host-guest interaction' according to Glucksmann's definition (2000), it is prerequisite to reflect tourism competitiveness index for tourists and local people, the entities of tourism within the context of tourism. Moreover, the size of a city, a physical constituent of tourism environment is a crucial factor because of its influence on tourist travel patterns. Therefore this paper adopts tourism competitiveness index for the three above-mentioned elements.

4.1.1 Visiting Tourists and Urban Population

For tourists, 520 foreign tourists visited Korea in 2002.

On the basis of it, each of the three metropolitan cities' competitiveness index for foreign tourists must be transformed into its nationwide share to finally draw its scaled value.

Table 1 International tourist and scaled values in 2002 (by the end of December in 2002)

Metropolitan Cities	Tourists (person)	national portion (percent)	scaled value
Busan	2,000,000	38.46	3.846
Ulsan	120,000	2.31	0.231
Incheon	793,021	15.25	1.525
country	5,200,000		

For foreign tourists, Busan is the most competitive with 3.846, which is about 16 times as competitive as Ulsan and 2.5 times as competitive as Incheon. The different contents of tourism products in each of the cities, of course, may lead to different expenditure patterns of tourists, while the table 1 demonstrates that Busan has the greatest tour-economic competitiveness, on the assumption that the size of foreign tourists' expenditures appears similar, not limited to a particular place and given that indicators of competitiveness for the number of visitors have direct correlations with a tourist destination's economic ripples.

In an analysis of tourism environment in terms of host-guest interaction, a tourist destination that local people from various age groups inhabit serves as an influencing factor since it affects its tourist image.

Table 2 Registered population and scaled value by 2002

Metropolitan city	population ¹⁾ (thousand)	national portion	scaled value
Busan	3,747	7.72	0.772
Ulsan	1,070	2.21	0.221
Incheon	2,596	5.35	0.535
country	48,518		

Division of cities involves a multitude of classification standards, while division by population size calls for a metropolitan city to be inhabited by five million to ten million people, a large city by one million to five million people, a middle-sized city by five hundred to one million people, province by one hundred thousand to five hundred thousand people, a small city by fifty thousand to one hundred thousand people. Korea defines a district with a population of more than 50000 as a city and one with a population of more than 20000 as an "eup" (Yhang, 2003).

1) YR 2000 Census

According to the number of residents in the three metropolitan cities corresponding to large city, Busan shows the highest figure, 3.6 times as many as Ulsan and 1.44 times as many as Incheon.

4.1.2 Areas of Marine Metropolitan Cities

For the size of city, a physical constituent of tourism environment, Ulsan shows the highest figure, 1.39 times as wide as Busan and 1.07 times as wide as Incheon, accounting for the greatest portion in comparison of those of Korea's six metropolitan cities. It implies a lot of developable lands for future development of tourist resources and subsequent formation of tourism complex, used as an indicator of tourist competitiveness.

Table 3 Area and its scaled value by 2002

Metropolitan city	area (unit : km ²)	national portion (percent)	scaled value
Busan	762.92	0.77	0.077
Ulsan	1,056.38	1.06	0.106
Incheon	986.45	0.99	0.099
country	99,585.20		

4.1.3 Tourist Traffic Environment

With tourism essentially involving movements, it is not too much to say that the driving force of development of tourism industry has stemmed from traffic development. Traffic is the most crucial element that connects, diverges and unifies areas and determines tourist routes and courses. Also, it serves as a very important means of maintaining life in humanity, in that it has human traffic as a cause, pursuing human encounter and cultural development in itself and functioning as an object of tourism. In that regard, data of the number of registered cars as an indicator of urban environment may be a crucial factor in competitiveness index.

Table 4 The Number of Registered Cars and scaled value (1988.01-2004.01, 1966-2003)

Metropolitan City	number of registration	national portion (percent)	scaled value
Busan	958,396	6.54	0.654
Ulsan	361,099	2.47	0.247
Incheon	777,295	5.31	0.531
country	14,646,302		

With the number of registered cars, a social constituent of urban environment, Busan shows the highest figure, 2.65

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times as high as Ulsan and 1.23 times as high as Incheon. It is considered an important indicator of visitors' use of cars in Busan as a tourist destination and/or of the amenity of urban environment.

4.1.4 Coastal Tourist Destination

It is suggested that, as a minimum, three spatial configurations of tourism resources can be identified, each with its own development potential. These are nodal, linear and extensive resources. Beach is representative of linear resources. It is the most important tourist destination of the coastal cities. Particularly, over 50 percents of marine tourist behaviors were conducted in beaches in Korea. Thus it is considered as an affected factor for the competitiveness index.

Table 5 The Number of Beaches

Metropolitan City	number of beaches	national portion (percent)	scaled value
Busan	7	1.96	0.196
Ulsan	5	1.40	0.140
Incheon	21	5.88	0.588
country	357		

Table 5 shows that competitiveness index of beaches as

coastal tourist destination is 1.96, 1.40 and 5.88 in the order of Busan, Ulsan and Incheon. Incheon is about 3.0 times as competitive as Busan and about 4.2 times as competitive as Ulsan.

4.2 Tourism Competitiveness Index of Urban Tourism Environment

4.2.1 Tourism Business

4.2.1.1 Travel agencies

Table 6 shows that competitiveness index of travel agency 7.36, 1.74, and 0.91 respectively in the order of Busan, Incheon and Ulsan. Busan shows about 4.23 times as high as Incheon and about 8.09 times as high as Ulsan in competitiveness. In particular, for the tourism law and regulation requiring three hundred fifty million won in capital, Busan shows 8.25 times as many as Ulsan and 5.5 times as many as Incheon, which means that Busan has more competitiveness in market size than other marine tourist destinations in terms of tourist arrivals and departures.

4.2.1.2 Tourism Competitiveness Index of Hotel Business

Under the Tourism Promotion Law, hotel business are

Table 6 Number of travel agency and scaled value by March 2004

region		Total	Busan	Ulsan	Incheon	portion of Busan	scaled value	portion of Ulsan	scaled value	portion of Incheon	scaled value
travel agency	International	4,316	328	35	72	7.60	0.760	0.81	0.081	1.67	0.167
	domestic	3,626	276	40	73	7.61	0.761	1.10	0.110	2.01	0.201
	general	715	33	4	6	4.62	0.462	0.56	0.056	0.84	0.084
	total	8,657	637	79	151	7.36		0.91		1.74	

Table 7 Number of Tourist hotel and scaled value by February 29, 2004

division		total nationwide	Busan	Ulsan	Incheon	portion of Busan	scaled value	portion of Ulsan	scaled value	portion of Incheon	scaled value	
class	number											
tourist hotel	5 stars 1st class	number	44	5	2	2						
		room	17,883	2,311	495	700	12.92	1.292	2.77	0.277	3.91	0.391
	5 stars 2nd class	number	65	4	1	3						
		room	11,461	853	175	354	7.44	0.744	1.53	0.153	3.09	0.309
	1st class	number	193	13		4						
		room	15,169	1,162		226	7.66	0.766			1.49	0.149
	2nd class	number	128	15	2	4						
		room	6,678	767	146	146	11.49	1.149	2.19	0.219	2.19	0.219
	3rd class	number	74	15	1	6						
		room	3,199	634	38	238	19.82	1.982	1.19	0.119	7.44	0.744
	total		56,949	5,976	854	1,706	10.49		1.50		3.00	

divided four kinds: tourist hotel business; aquatic tourist hotel business; traditional Korean hotel business; and family hotel business. With aquatic hotels and traditional Korean hotels, they are excluded from the scope of research since there is only one place in business in cities including Busan and Jeju as of May, 2003. This paper analyzes general tourist hotels that are major accommodations for outside visitors in tourist hotel business.

Table 7 shows that competitiveness index of tourist accommodations business is 10.49, 3.00 and 1.50 in the order of Busan, Incheon and Ulsan. Busan is about 3.5 times as competitive as Incheon and about 7 times as competitive as Ulsan. It is, in particular, a major indicator of competitiveness, given that tourist hotels is the major place of tourist activities that induces accommodation and food leading tourist consumption.

4.2.2 Cultural Tourism Resources

'Culture' and 'Tourism' promotion, led by states or regions which are major tourist destinations in international tourist market, is playing a key role in promoting the rearrangement of established industrial spaces that has been caused by the decline of manufacturing sectors and strategic urban regeneration. Now, culture plays a important role in resolving regional or urban problems, becoming an essential factor in setting up strategy for tourism policy. Significant is that the increased importance of the economic and policy aspects of cultural tourism not only leads to the competitive adoption of cultural tourism as part of consolidating economic development and tourism strategy, but also a recognition of the importance of cultural industry at national and regional level, following increased cultural consumption, encourages financial and administrative support.

For the cultural tourism resources of tourism resources, Table 8 shows that Incheon has the highest figure, 1.09 times higher than Busan and 2.12 times higher than Ulsan.

4.3 Comparison of Tourist Competitiveness among Metropolitan Cities

Taking together three marine metropolitan cities'

respective competitiveness indexes of urban environment and their respective competitiveness indexes of tourism businesses, this paper draws the following comprehensive indexes of tourism competitiveness for the metropolitan cities.

Index of urban environmental competitiveness shows 5.555, 3.278 and 0.945 respectively in the order of Busan, Incheon, and Ulsan, with Busan indicating 1.69 times as competitive as Incheon and 5.88 times as competitive as Ulsan in terms of urban environment.

In an assessment of the indexes of tourism competitiveness for the three cities Busan shows the highest figure, followed by Incheon and Ulsan. In a comparison of their respective competitiveness indexes, Busan has 11.66 times as high tourism competitiveness as Incheon and 5.75 times as high as Ulsan.

5. Conclusions and Suggestions

Given the recent tendency of local governments including metropolitan cities to concentrate on investment in tourism development for securing revenues and promoting local economy, the consequence of this study lies in assessing metropolitan cities' competitiveness for investment as tourist destinations. Analyzing their competition with or comparative advantage over other cities, this paper will be used as major analytical data in policy decision-making of broad marketing strategies.

This paper attempts a comparative analysis of the metropolitan cities in terms of tourism competitiveness through two factors, the physical environments of cities that will back up tourist activities and their tourist attractions and tourism-business environments. Providing a comparative analysis of the competitiveness factors of metropolitan cities, this paper will help to develop ways of maintaining and managing competitiveness for factors where they have a comparative advantage and of complementing and enhancing competitiveness for factors of low competitiveness. Also, it will make a contribution to setting up environment-friendly and sustainable tourism

Table 8 Number of cultural properties and scaled value by March 31, 2004

division	no. in country	Busan	Ulsan	Incheon	portion of Busan	scaled value	portion of Ulsan	scaled value	portion of Incheon	scaled value	
designated cultural properties	nation-level	2,821	31	14	55	1.10	0.110	0.50	0.050	1.95	0.195
	city and province-level	4,038	111	55	107	2.75	0.275	1.36	0.136	2.65	0.265
	cultural material	1,827	26	17	20	1.42	0.142	0.93	0.093	1.09	0.109
	total	8,686	168	86	182	1.93		0.99		2.10	

policy that would lead to local economic growth and to enhanced well-being for local people.

This paper is designed to analyze the tourism competitiveness of Busan, Incheon, Ulsan, Korea's three metropolitan cities, in the natural environment of ocean. Even though tourism competitiveness index has been developed for this study, there would be limitations since it is based on state-issued secondary data.

Also, this study suggests that the scaled value of tourism business in each of the cities is capable for a relative comparison with its competitors in the same city, while it is impossible to make an absolute comparison of it with other tourism businesses. Say, a city's final scaled value for a domestic tourism business with a capital of 50,000,000 won and for a first-class tourist hotel means more than the value. Therefore, the development of absolute value to complement the problem is required for future comparison of urban competitiveness.

This paper believes that there should be a future development of a model of tourism competitiveness index that contains weight value that reflects the distinctiveness of each of the tourist businesses classified under the Tourism Promotion Law. It will contribute to the qualification of assessment of tourist cities that would analyze the tourism competitiveness of a particular city in a scientific way.

Also, there should be studies that would consider multiplier effect that reflects the economic influences a tourist business in a city has on the local economy and analyzes the business's impact on the local economy to suggest a more sophisticated quantified model of competitiveness index that would reflect the effect.

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