

## Quantitative analysis of the environment affecting Banja Vrućica Spa sports tourism strategy

Simović Slobodan<sup>1</sup>, Budiša Mladen<sup>1</sup>, Stamenić Milijana<sup>1</sup>, Đurić Igor<sup>1</sup>, &  
Pejić Danijel<sup>1</sup>

<sup>1</sup>University of Banja Luka, Faculty of Physical Education and Sport, The Republic of Srpska, Bosnia and Herzegovina

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### **Abstract:**

**Background:** The first two decades of the 21st century were marked by a continuous global trend in tourism growth with frequent setbacks caused both by global terrorism and economic crises and by large-scale pandemics (SARS, MERS and COVID-19). We know from experience that each drop in tourism is followed by a sudden increase. Of course, a tourist destination cannot control global trends and crises, but it can get prepared for the sudden rise of interest in tourist packages that follows. The Banja Vrućica spa, as a leader of spa tourism in Bosnia and Herzegovina, has an opportunity to use the current crisis period to prepare for introducing one of the forms of selective tourism

**Materials and Methods:** In an attempt to elevate the sports tourism offer of the Banja Vrućica spa to a higher level, this analysis was performed quantitatively using mathematical statistics models. Environment analysis for sports tourism at the Banja Vrućica spa was conducted in four stages. At the initial stage workshops were organized where the brainstorming method was used and key factors were identified and using Analytic Hierarchy Process separate pairwise comparison matrices were formed for environment. In the second, input stage, the External Factor Evaluation and Internal Factor Evaluation matrices were calculated. In the Matching Stage we compared the intensity of the impact of key factors on the organization and obtained the selection of the future strategy by creating the diagram, i.e. SPACE matrix. The final, decision stage, evaluated which of the possible strategies is best for our organization with the help of the Quantitative Strategic Planning Matrix. And finally, in line with prior results and using the brainstorming method, a TOWS matrix was formed to formulate the goals of the future strategy and their importance for the future strategy.

**Results:** The obtained results indicated that, when it comes to sports tourism, Banja Vrućica has a lot of potential in its external environment, while its internal environment is neutral (neither strong nor weak). Accordingly, it is possible to choose an aggressive or a competitive strategy. To determine which type of strategy to choose, we used the Quantitative Strategic Planning Matrix. The competitive sports tourism strategy of the Banja Vrućica spa entails that its structure and field of activity remain the same, but that a new service of sports tourism must be introduced and offered in the market. These are the two things included on two radical goals defined in the process of drafting the strategy.

**Conclusion:** We need to develop the sports tourism service through penetration and development in the market, which was done by setting radical goals for the future strategy.

**Key Word:** Environment analysis; Spa; Matrix; Sports tourism; Strategy.

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### I. Introduction

Strategy was first used in Athens around 508-507 BCE by introducing a new political system with local units headed by a strategos – στρατηγός<sup>1</sup>. It was only later, during Alexander the Great, that this term was expanded to include the ability of a general to command an army<sup>2</sup>. In the 1960s, this term was slowly introduced into the business world<sup>3</sup> through the work of Alfred DuPont Chandler, Kenneth Andrews and Harry Igor Ansoff, and discussions on the politics of business during lectures at the Harvard Business School<sup>4</sup>.

There are various models of strategic planning which an organization can opt for once it starts its planning process<sup>5</sup>. Further, the number and names of the basic activities (stages) in the process of strategic management in sports differ from author to author<sup>6-13</sup>, but they all cite environment analysis as the first step.

Many strategies have failed specifically because their authors tried to formulate and implement a strategy without prior environment analysis of the organization<sup>14</sup>. Just like the generals of the antiquity, managers must first assess the conditions under which the “battle” is waged<sup>9</sup>, because a sports organization does not operate in a vacuum and it is vital to monitor changes and trends in its environment<sup>15</sup>. In other words, organizations are open systems, influenced by the environment (in the input process it utilizes resources from its

surroundings), but also influencing the environment (by way of products and services in the output process, after throughput, feeding the transformed resources into the same surroundings)<sup>16</sup>. Therefore, environment analysis is a crucial part of successful strategic management<sup>3</sup>.

Tourism looks much different today than it did two or three decades ago<sup>17</sup>, because a good vacation used to be only about a good bed and a good lunch, whereas today it takes much more than that<sup>18</sup>. Traditional ideas of vacations are thus being replaced by ideas and content of active vacations which entail sports content and numerous activities in an appealing natural environment, all of which are factors in deciding on a tourist destination<sup>19</sup>. We can trace the origins of sports tourism back to the ancient times<sup>20</sup>, when individual Greek settlements outside of Greece organized true expeditions, which usually came by boat to the mouth of the Alfeios River, from where, with all the equipment needed for accommodations, livestock for food and sacrificial offerings at the head of the convoy, they headed for Olympia, where they set up camp<sup>21</sup>, while the first connection between sports and tourism appeared in England in the 19th century<sup>22</sup>. And yet sports tourism was hardly even considered as a branch of tourism until the early 1990s, when the phrase took off as a logical response to a growing number of sports-and-recreation-motivated tourist arrangements<sup>23</sup>. Not long after, as early as the turn of the century, sports tourism became a global industry<sup>24</sup>, as the fastest growing sector of tourism with rising trends for over 20 years now<sup>19</sup>. This form of selective tourism has become one of the greatest social phenomena of this century<sup>25</sup>. Notably, studies have shown that sports and recreation themes are more present in the pre-season and post-season at tourist destinations, which results in the extension of the tourist season and helps alleviate the seasonal character of tourism<sup>26</sup>.

Despite the fact that tourism has been recognized as a key economic potential of the Republic of Srpska<sup>19</sup>, and that the number of tourists visiting and sleeping over, especially guests from abroad which has risen by as much as 100% in the period of 2005-2013<sup>27</sup>, this area has remained undeveloped in terms of tourism<sup>28</sup>. Observing indicators for measuring tourism competitiveness published in the Travel and Tourism Competitiveness Report produced by the World Economic Forum, we can see that Bosnia and Herzegovina has a poor score. It ranks at 105th place out of the 140 countries of the world listed, and it is next to last of the 46 ranked European countries<sup>28</sup>. Europe is still the continent visited by the most tourists<sup>29</sup>, but it also has the lowest annual tourism growth rate<sup>30</sup>. When it comes to sports tourism, although it has been recognized in tourism development strategies<sup>31</sup> as sports and adventure tourism, the Republic of Srpska remains to be an insufficiently established destination, even though it could be very competitive, since it has extraordinary natural and anthropogenic potential, which the modern-day tourists prioritize in their list of demands<sup>19</sup>.

A study from 2016 dealing with the needs and affinities of tourists visiting the Republic of Srpska showed that 20% of them chose destinations that offered eco-tourism and adventure tourism. Eco-tourism equally attracts all age groups, while adventure tourism appeals mainly to younger generation. Desirable destinations also include spa centres<sup>32</sup>. Analyzing data from the Statistics Bureau of the Republic of Srpska for 2018, we can see that out of all nights spent only 6.66% belong to spa centres<sup>32</sup>. Even though there are many papers on sports tourism in spa destinations<sup>34-35</sup>, it is clear that with minimal investments, by defining the tourist product, with the required development of infrastructure (in terms of roads and accommodation capacity), introducing more low-costs companies and proper marketing strategies, there is no doubt that far better results can be achieved<sup>19</sup>.

Certainly, the Banja Vrućica spa, as the largest tourist capacity in Bosnia and Herzegovina<sup>36</sup>, is greatly distinguished at the top position. But the approach needs to shift towards sports tourism. Primarily, investments need to shift from accommodation capacities and catering services to medicinal services and sports<sup>37</sup>, and the offer should extend from medical treatment only to include sports and recreation programmes<sup>38</sup>. The spa offer should be oriented towards spa visitors, and not tourists coming to congresses or seminars, who represented up to 35% of all visitors for a period. The reason is that the former stay at the spa for much longer<sup>39</sup>.

Professor Kenich Ohmae, dean of the UCLA Luskin School of Public Affairs, pointed out that “no proper [...] strategy can be built on fragmentary knowledge or analysis. If such a strategy happens to produce good results, this is due to luck or inspiration. The true strategist depends on neither the one nor the other. He has a more reliable recipe for success: the combination of analytical method and mental elasticity that I call strategic thinking.”<sup>40</sup>. Thus, understanding the business environment remains central to a strategic planning process<sup>41</sup>.

The aim of this paper is to try to replace the qualitative methods, that have been used so far in environmental analysis, by applying quantitative, mathematical methods.

## **II. Material And Methods**

Environment analysis for sports tourism at the Banja Vrućica spa was conducted in four stages, which are displayed in Figure 1.

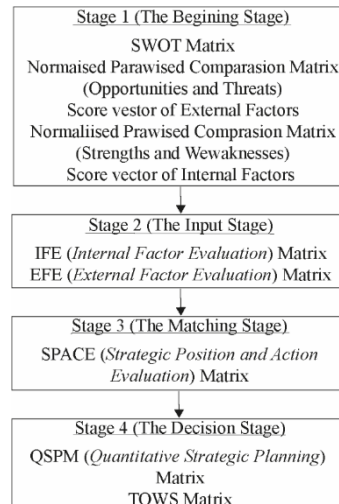


Figure no 1: Prime strategy determining stages

At the initial stage, using the content analysis method<sup>34-36</sup>, workshops were organized where the brainstorming method was used and key factors were identified from the internal and external environment. Then, using AHP (analytic hierarchy process), structured techniques for analyzing complex decisions, based on mathematics<sup>42</sup>, separate pairwise comparison matrices were formed for the external and for the internal environment. The  $m \times m$  is a matrix where  $m$  represents the number of the observed criteria. A ten-level standardized comparison scale was used<sup>43</sup>. Each  $a_{jk}$  entry represents the value of criteria  $j$  compared to criteria  $k$ . If  $a_{jk} > 1$ , then  $j$  criteria is more significant than criteria  $k$  and vice versa, if  $a_{jk} < 1$  then it is less significant than criteria  $k$ . If the two criteria are of equal significance, then we assign 1 as the value of  $a_{jk}$ . Entries  $a_{jk}$  and  $a_{kj}$  must satisfy the following constant:  $a_{jk} \times a_{kj} = 1$ , where  $a_{ij} = 1$  for all categories.

$$A = (\bar{a}_{jk})_{m \times m} = \begin{bmatrix} a_{11} & a_{12} & \dots & a_{1n} \\ a_{21} & a_{22} & \dots & a_{2n} \\ \dots & \dots & \dots & \dots \\ \dots & \dots & \dots & \dots \\ a_{n1} & a_{n2} & \dots & a_{nn} \end{bmatrix}$$

When the pairwise comparison matrix is formed it is possible to make a normalized pairwise comparison matrix so that the sum for each column of the table would be 1, i.e.  $\tilde{a}_{jk}$  from this matrix is calculated as:

$$\tilde{a}_{jk} = \frac{a_{jk}}{\sum_{l=1}^m a_{lk}}$$

or

$$\tilde{A} = \begin{bmatrix} \tilde{a}_{11} & \dots & \tilde{a}_{1n} \\ \vdots & \ddots & \vdots \\ \tilde{a}_{n1} & \dots & \tilde{a}_{nn} \end{bmatrix}$$

In fact, matrix normalization produces the relative weights. The relative weights, which are later entered into the EFE and IFE matrices, match the eigenvalue  $\lambda_{max}$  as:

$$A_w = \lambda_{max} \times W$$

And finally, the Criteria weight vector (vector of the  $m$ -dimensional columns) was calculated based on the median value of each row of the normalized pairwise comparison matrix, i.e.<sup>44</sup>

$$w_j = \frac{\sum_{l=1}^m \tilde{a}_{jl}}{m}$$

In the second, input stage, the EFE and IFE matrices were calculated. The EFE matrix is formed by obtaining the input values from the score vector of external factors, where the weight of each key factor of

external environment has already been calculated in the numerical range from 0 (not significant) to 1 (highly significant) and where the sum of the weights must be 1. This weight shows the relative effect of each factor affecting success or failure of an organization in the given industry. Then the result is assigned to each factor (Ratio). The numbers range from 4 to 1, where 4 means *high impact of the external environment on the organization*, 3 – *above-average impact*, 2 – *average impact* and 1 – *low impact*. The grades are awarded subjectively for each factor by 9 researchers, and the average grade from all researchers was taken as the final result. Finally, the weights of all factors (Weight) were multiplied with their individual results (Ratio), giving us the Weighted Score for each factor. The obtained results were added up to produce the Sum Total Weight Scores. The same procedure was used for the IFE matrix, the only difference being in determining the results for the individual factors (Ratio). Namely, *major weakness* was assigned the result of 1, *minor weakness* was 2, *minor strength* was 3 and *major strength* represented the result of 4. The result for strength must be 4 or 3, while the result for weakness must be 1 or 2<sup>45</sup>.

In the Matching Stage we compared the intensity of the impact of internal and external key factors on the organization and obtained the selection of the future strategy (Strategic Positioning) by creating the diagram, i.e. SPACE matrix. This was done by inputting the sums of the weight scores of the EFE and IFE matrices into a graph whose values range from 1 to 4. The x-axis represents the results for the IFE matrix, and the y-axis is for the EFE matrix.

The final, decision stage, evaluated which of the possible strategies is best for our organization with the help of the QSPM matrix. It is formed by entering the weights for all key factors obtained by SWOT analysis for each of the strategies being compared. Then the Attractiveness Scores (AS) are calculated, which indicate how significant or attractive is each factor for each of the compared strategies. The AS is defined for each factor individually by asking the following question: “Does this factor make a difference in our decision on which strategy to select?” If the answer to the question is YES, then the strategies should be compared against that factor. The AS Range is: 1 = *not attractive*, 2 = *somewhat attractive*, 3 = *reasonably attractive* and 4 = *highly attractive*. If the answer to the question is NO, then the factor has no impact on the selection of the strategy, so the AS score is 0. The evaluation was carried out by the 9 researchers, and the mean value was taken as the AS score. The Total Attractiveness Score (TAS) is calculated by multiplying the weight of each factor with the AS, and in the end under Sum Total Attractiveness Score was obtained by adding up all the TAS values<sup>46</sup>.

And finally, in line with prior results and using the brainstorming method, a TOWS matrix was formed to formulate the goals of the future strategy and their importance for the future strategy<sup>47-48</sup>. The TOWS matrix user the TAS results from the QSPM matrix for the selected strategy by multiplying the values of the key elements which are vital for achieving a given goal. This determined the order of significance of the set long-term goals of the strategy.

### III. Result

Table 1 provides key elements of the analysis of the external and internal environment of the Banja Vrućica spa.

**Table no 1:** SWOT analysis of the Banja Vrućica spa environment

	S (strengths)	W (weaknesses)
INTERNAL ENVIRONMENT	<p>S<sub>1</sub> Competitiveness in prices.                      S<sub>2</sub> Completed privatization.                      S<sub>3</sub> Scope and structure of tourist circulation and updated accommodation capacities.                      S<sub>4</sub> Leader of spa tourism in the RS and BiH.                      S<sub>5</sub> Assorted sports and medical-healing services.                      S<sub>6</sub> High occupancy throughout the year.                      S<sub>7</sub> Favourable geographic position.                      S<sub>8</sub> Positive views of the residents of Teslić towards tourism.</p>	<p>W<sub>1</sub> The spa image.                      W<sub>2</sub> Insufficient investment into sports tourism.                      W<sub>3</sub> Unplanned construction and harming the ambiental specificities of the spa.                      W<sub>4</sub> Low focus on the foreign market segment.                      W<sub>5</sub> Low purchasing power of national tourists.                      W<sub>6</sub> Lack of information and research.                      W<sub>7</sub> “ad hoc” development of the spa due to political circumstances.                      W<sub>8</sub> Insufficient marketing appearance in foreign markets.                      W<sub>9</sub> Presence of “touristic” competition.</p>
	O (opportunities)	T (threats)
EXTERNAL ENVIRONMENT	<p>O<sub>1</sub> Global growth of income from tourism and tourist arrangements.                      O<sub>2</sub> Increasing awareness of the importance of good health.                      O<sub>3</sub> Tourism as one of the three key comparative advantages of the RS.                      O<sub>4</sub> Unspoilt natural environment in the RS.                      O<sub>5</sub> Support from the RS Government.                      O<sub>6</sub> Sudden expansion of tourist circulation in countries that hadn't had any up to recently.                      O<sub>7</sub> Replacing uniform needs for tourist travel with needs to actively participate in the destination's life (6E).                      O<sub>8</sub> Construction of transport infrastructure.</p>	<p>T<sub>1</sub> RS is an underdeveloped area in terms of tourism.                      T<sub>2</sub> The share of tourism in the RS GDP is small.                      T<sub>3</sub> RS tourism is falling behind all neighbouring countries.                      T<sub>4</sub> A small percentage of workers are employed in tourism in the RS.                      T<sub>5</sub> Low investments and standards in tourism in the RS.                      T<sub>6</sub> Incomplete tourist products in the RS, lacking additional tourist programmes.                      T<sub>7</sub> The touristic offer in the RS is not in line with the increasingly sophisticated demand by visitors.</p>

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To facilitate further display of results each of the key factors of external and internal environment was given a code (S<sub>1</sub>, S<sub>2</sub>, S<sub>3</sub> ... T<sub>5</sub>, T<sub>6</sub>, T<sub>7</sub>).

Tables 2 and 3 present the Normalized pairwise comparison matrix and the Score Vector for the external environment, which were obtained using the AHP mathematical method and matrix calculation.

**Table no 2:** Normalized pairwise comparison matrix of external factors (opportunities and threats) of sports tourism at the Banja Vrućica spa

	O <sub>1</sub>	O <sub>2</sub>	O <sub>3</sub>	O <sub>4</sub>	O <sub>5</sub>	O <sub>6</sub>	O <sub>7</sub>	O <sub>8</sub>	T <sub>1</sub>	T <sub>2</sub>	T <sub>3</sub>	T <sub>4</sub>	T <sub>5</sub>	T <sub>6</sub>	T <sub>7</sub>
O <sub>1</sub>	.08	.02	.29	.36	.18	.32	.15	.03							
O <sub>2</sub>	.42	.12	.29	.20	.18	.43	.10	.02							
O <sub>3</sub>	.02	.03	.06	.15	.10	.01	.15	.38							
O <sub>4</sub>	.01	.03	.02	.05	.20	.01	.12	.37							
O <sub>5</sub>	.01	.02	.02	.01	.03	.01	.14	.02							
O <sub>6</sub>	.01	.02	.29	.20	.13	.05	.15	.04							
O <sub>7</sub>	.01	.03	.01	.01	.00	.01	.02	.01							
O <sub>8</sub>	.42	.74	.02	.02	.18	.16	.17	.13							
T <sub>1</sub>									.16	.25	.11	.15	.41	.26	.15
T <sub>2</sub>									.03	.05	.11	.15	.02	.02	.15
T <sub>3</sub>									.65	.25	.45	.24	.41	.32	.22
T <sub>4</sub>									.03	.01	.06	.03	.02	.01	.01
T <sub>5</sub>									.04	.25	.11	.18	.10	.32	.18
T <sub>6</sub>									.04	.20	.09	.15	.02	.06	.26
T <sub>7</sub>									.04	.01	.08	.12	.02	.01	.04

**Table no 3:** Score vector of external factors (opportunities and threats) of the Banja Vrućica spa sports tourism

O <sub>1</sub>	O <sub>2</sub>	O <sub>3</sub>	O <sub>4</sub>	O <sub>5</sub>	O <sub>6</sub>	O <sub>7</sub>	O <sub>8</sub>	T <sub>1</sub>	T <sub>2</sub>	T <sub>3</sub>	T <sub>4</sub>	T <sub>5</sub>	T <sub>6</sub>	T <sub>7</sub>	Sum
.0958	.1178	.0598	.0549	.0160	.0602	.0063	.1225	.0986	.0349	.1684	.0111	.0786	.0543	.0208	1.0000

The same was done for internal environment, and the results were presented in Tables 4 and 5.

**Table no 4:** Normalized pairwise comparison matrix of internal factors (strengths and weaknesses) of the Banja Vrućica spa sports tourism

	S <sub>1</sub>	S <sub>2</sub>	S <sub>3</sub>	S <sub>4</sub>	S <sub>5</sub>	S <sub>6</sub>	S <sub>7</sub>	S <sub>8</sub>	W <sub>1</sub>	W <sub>2</sub>	W <sub>3</sub>	W <sub>4</sub>	W <sub>5</sub>	W <sub>6</sub>	W <sub>7</sub>	W <sub>8</sub>	W <sub>9</sub>
S <sub>1</sub>	.10	.09	.09	.20	.25	.03	.30	.19									
S <sub>2</sub>	.03	.03	.03	.01	.01	.03	.01	.11									
S <sub>3</sub>	.20	.17	.19	.28	.34	.06	.34	.19									
S <sub>4</sub>	.02	.09	.03	.04	.02	.03	.17	.09									
S <sub>5</sub>	.03	.20	.05	.20	.08	.06	.13	.13									
S <sub>6</sub>	.59	.20	.57	.24	.25	.19	.01	.17									
S <sub>7</sub>	.01	.23	.02	.01	.03	.57	.04	.11									
S <sub>8</sub>	.01	.01	.02	.01	.01	.02	.01	.02									
W <sub>1</sub>									.02	.02	.05	.03	.08	.01	.01	.01	.01
W <sub>2</sub>									.14	.10	.14	.21	.18	.19	.18	.01	.16
W <sub>3</sub>									.18	.31	.42	.53	.18	.44	.25	.23	.27
W <sub>4</sub>									.16	.05	.08	.11	.08	.25	.18	.14	.23
W <sub>5</sub>									.01	.01	.05	.03	.02	.01	.01	.01	.01
W <sub>6</sub>									.11	.03	.06	.03	.10	.06	.18	.23	.16
W <sub>7</sub>									.07	.02	.06	.02	.08	.01	.04	.32	.01
W <sub>8</sub>									.18	.42	.08	.04	.14	.01	.01	.05	.12
W <sub>9</sub>									.14	.03	.06	.02	.12	.01	.14	.02	.04

**Table no 5:** Score vector of internal factors (strengths and weaknesses) of the Banja Vrućica spa sports tourism

S <sub>1</sub>	S <sub>2</sub>	S <sub>3</sub>	S <sub>4</sub>	S <sub>5</sub>	S <sub>6</sub>	S <sub>7</sub>	S <sub>8</sub>	W <sub>1</sub>	W <sub>2</sub>	W <sub>3</sub>	W <sub>4</sub>	W <sub>5</sub>	W <sub>6</sub>	W <sub>7</sub>	W <sub>8</sub>	W <sub>9</sub>	Sum
.0737	.0151	.1041	.0279	.0519	.1310	.0601	.0068	.0139	.0771	.1657	.0755	.0086	.0567	.0370	.0612	.0337	1.0000

It should be noted that only the final tables of matrix calculation are shown here due to spatial restrictions. In accordance with the results of the matrix calculation we drafted the EFE (Table 6) and IFE (Table 7) matrices.

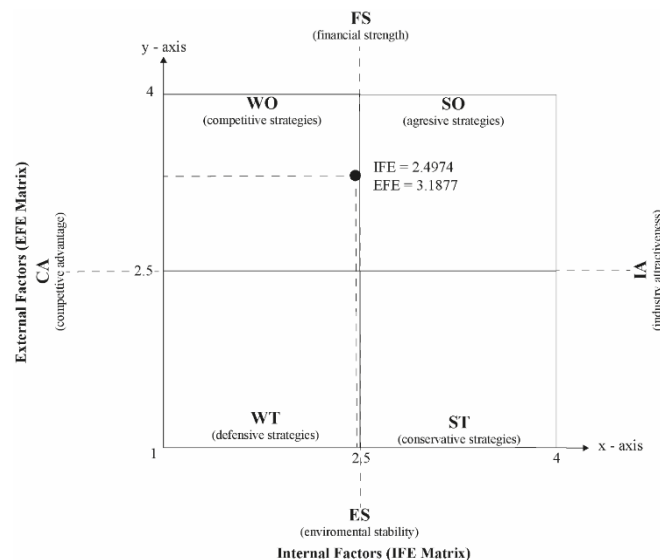
**Table no 6:** EFE Matrix of the Banja Vrućica spa sports tourism

Factors	W	M Ratio	Weighted score
O <sub>1</sub>	.0958	3.63	.3473
O <sub>2</sub>	.1178	3.25	.3829
O <sub>3</sub>	.0598	3.00	.1794
O <sub>4</sub>	.0549	3.25	.1784
O <sub>5</sub>	.0160	2.13	.0340
O <sub>6</sub>	.0602	2.88	.1731
O <sub>7</sub>	.0063	2.50	.0158
O <sub>8</sub>	.1225	3.38	.4134
T <sub>1</sub>	.0986	3.50	.3451
T <sub>2</sub>	.0349	2.38	.0829
T <sub>3</sub>	.1684	3.38	.5684
T <sub>4</sub>	.0111	2.00	.0222
T <sub>5</sub>	.0786	3.13	.2456
T <sub>6</sub>	.0543	3.00	.1629
T <sub>7</sub>	.0208	1.75	.0364
Sum	1.000		3.1877

**Table no 7:** IFE Matrix of the Banja Vrućica spa sports tourism

Factors	W	M Ratio	Weighted score
S <sub>1</sub>	.0737	3.71	.2737
S <sub>2</sub>	.0151	3.14	.0475
S <sub>3</sub>	.1041	3.71	.3867
S <sub>4</sub>	.0279	3.86	.1076
S <sub>5</sub>	.0519	4.00	.2076
S <sub>6</sub>	.1310	4.00	.5240
S <sub>7</sub>	.0601	3.14	.1889
S <sub>8</sub>	.0068	3.29	.0223
W <sub>1</sub>	.0139	1.29	.0179
W <sub>2</sub>	.0771	1.29	.0991
W <sub>3</sub>	.1657	1.29	.2130
W <sub>4</sub>	.0755	1.43	.1079
W <sub>5</sub>	.0086	1.29	.0111
W <sub>6</sub>	.0567	1.43	.0810
W <sub>7</sub>	.0370	1.86	.0687
W <sub>8</sub>	.0612	1.43	.0874
W <sub>9</sub>	.0337	1.57	.0530
Sum	1.000		2.4974

The SPACE matrix diagram (Figure 2) was created based on the results of the Sum Weighted Score of the generated EFE and IFE matrices.



**Figure no 2: SPACE Matrix (Internal-External Matrix) Chart**

The diagram clearly shows that in the decision-making stage we have to choose between two offered strategies – the conservative WO or the aggressive SO. Ultimately, the decision on selecting the strategy was made with the help of the QSPM matrix, which provided a quantitative way to choose the better strategy (Table 8).

**Table no 8: QSPM Matrix of the Banja Vrućica spa sports tourism**

Strategic alternatives	Weights	Aggressive strategies (SO)		Conservative strategies (WO)	
		M AS	TAS	M AS	TAS
S <sub>1</sub>	.0737	2.00	.1474	3.89	.2866
S <sub>2</sub>	.0151	1.89	.0285	2.78	.0419
S <sub>3</sub>	.1041	2.22	.2313	3.00	.3123
S <sub>4</sub>	.0279	3.44	.0961	2.00	.0558
S <sub>5</sub>	.0519	2.33	.1211	3.00	.1557
S <sub>6</sub>	.1310	3.89	.2094	2.67	.3493
S <sub>7</sub>	.0601	3.22	.1937	2.89	.1736
S <sub>8</sub>	.0068	1.89	.0128	2.78	.0189
W <sub>1</sub>	.0139	.89	.0124	3.56	.0494
W <sub>2</sub>	.0771	.56	.0428	2.67	.2056
W <sub>3</sub>	.1657	.44	.0736	2.44	.4050
W <sub>4</sub>	.0755	.67	.0503	2.22	.1678
W <sub>5</sub>	.0086	.78	.0067	2.22	.0191
W <sub>6</sub>	.0567	.44	.0252	2.78	.1575
W <sub>7</sub>	.0370	.44	.0164	1.89	.0699
W <sub>8</sub>	.0612	.78	.0476	3.67	.2244
W <sub>9</sub>	.0337	1.11	.0374	3.89	.1311
O <sub>1</sub>	.0958	1.33	.1277	2.78	.2616
O <sub>2</sub>	.1178	1.22	.1440	3.44	.4058
O <sub>3</sub>	.0598	1.67	.0997	3.00	.1794
O <sub>4</sub>	.0549	2.11	.1159	3.11	.1708
O <sub>5</sub>	.0160	2.67	.0427	2.89	.0462
O <sub>6</sub>	.0602	2.22	.1338	3.11	.1873
O <sub>7</sub>	.0063	.89	.0056	1.89	.0119
O <sub>8</sub>	.1225	3.00	.3675	3.44	.4219
T <sub>1</sub>	.0986	1.78	.1753	1.33	.1315
T <sub>2</sub>	.0349	.78	.0271	.89	.0310
T <sub>3</sub>	.1684	.33	.0561	2.00	.3368
T <sub>4</sub>	.0111	.00	.0000	2.78	.0308
T <sub>5</sub>	.0786	.00	.0000	1.89	.1485
T <sub>6</sub>	.0543	.67	.0362	3.78	.2051
T <sub>7</sub>	.0208	.44	.0092	3.78	.0786
Sum			2.9938		5.4757

Based on the results of the SPACE matrix diagram, and especially the QSPM, the TOWS matrix was generated with the defined goals of the future strategy (Table 9). Defining goals does not belong to the first stage of the strategic management process, the environment analysis stage, but to the second stage, formulation of the strategy. But since the quantification of this matrix results from previously obtained results, logic dictated to present this matrix as well.

**Table no 9: TOWS Matrix of the Banja Vrućica spa sports tourism**

INTERNAL ENVIRONMENT (Strengths and Weaknesses)	S <sub>1</sub> (.2866); S <sub>2</sub> (.0419); S <sub>3</sub> (.3123); S <sub>4</sub> (.0558); S <sub>5</sub> (.1557); S <sub>6</sub> (.3493); S <sub>7</sub> (.1736); S <sub>8</sub> (.0189);	W <sub>1</sub> (.0494); W <sub>2</sub> (.2056); W <sub>3</sub> (.4050); W <sub>4</sub> (.1678); W <sub>5</sub> (.0191); W <sub>6</sub> (.1575); W <sub>7</sub> (.0699); W <sub>8</sub> (.2244); W <sub>9</sub> (.1311);
EXTERNAL ENVIRONMENT (Opportunities and Threats)	<b>SO strategy</b> <b>II. Attract foreign tourists with competitive prices (S<sub>1</sub>, S<sub>3</sub>, S<sub>6</sub>, O<sub>1</sub>, O<sub>6</sub>)</b> <b>1.3971</b>	<b>WO strategy</b> <b>III. Work with the RS Government to issue a decree on a protected natural area and draft zoning plans, especially for sports facilities, which would not impair the spa ambience (W<sub>3</sub>, O<sub>3</sub>, O<sub>4</sub>, O<sub>5</sub>)</b> <b>.8014</b> <b>I. More aggressive approach of the</b>

		sports tourism offer in the markets of China and Russia (W <sub>4</sub> , W <sub>8</sub> , O <sub>2</sub> , O <sub>6</sub> , O <sub>8</sub> ) <b>1.4072</b>
T <sub>1</sub> (.1315); T <sub>2</sub> (.0310); T <sub>3</sub> (.3368); T <sub>4</sub> (.0308); T <sub>5</sub> (.1485); T <sub>6</sub> (.2051); T <sub>7</sub> (.0786);	<u>ST strategy</u> V. As one of the leaders of tourism in the RS, cooperate with the RS Government to increase the share of tourism in the RS GDP for the planned period(S <sub>4</sub> , T <sub>2</sub> , T <sub>3</sub> , T <sub>4</sub> ) <b>.4544</b>	<u>WT strategy</u> IV. Increase investments in sports facilities and procurement of equipment (W <sub>2</sub> , T <sub>5</sub> , T <sub>6</sub> , T <sub>7</sub> ) <b>.6378</b>

#### IV. Discussion

The underdevelopment of tourism in the Republic of Srpska and in Bosnia and Herzegovina, measured through tourist circulation, indicates that their tourist potential has not been sufficiently utilized<sup>32</sup>. Efforts are being made to develop the tourist product, i.e. to identify the market and promote the tourist product of the Republic of Srpska<sup>49</sup>, so that in future reports, Bosnia and Herzegovina would advance from its current position according to the The Travel and Tourism Competitiveness Index<sup>29</sup>. Tourism can only contribute to local and national development if its attractions and resources are recognizable and competitive at the national or international level<sup>50</sup>.

There are nine spas in the Republic of Srpska, which makes spa tourism one of the fundamental forms of tourism of the Republic of Srpska, although the accommodations capacities in these spas are almost negligible, which is a major obstacle for the further development of this form of tourism<sup>51</sup>. The exception is the Banja Vrućica spa, whose 1000 beds in four hotels make it the largest hospitality establishment in Bosnia and Herzegovina<sup>36</sup>. The basic activity of the Banja Vrućica spa is medical rehabilitation, which is carried out at the Special Hospital for Cardiovascular Rehabilitation<sup>52</sup>. On the other hand, the global tourist market is getting more and more dynamic, turbulent and heterogeneous. There are numerous indicators of changes in the tourist market in terms of what is in demand<sup>53</sup>. Modern-day tourists are educated and informed, with abundant prior experience, based on which they choose what is good enough for them and frequently seek new experiences, while there is also a growth in preference for specific forms of tourist arrangements<sup>54</sup>. Therefore, in this day and age, spas are more and more compelled to expand their offer from medical and healing treatments to include cosmetic treatments, sports, exercise, relaxation, aromatherapy and reflexology<sup>55</sup>. This is all done to increase competitiveness both domestically and internationally, because competitiveness is becoming a focal point in tourist policies<sup>56</sup>.

One of the opportunities for the Banja Vrućica spa to increase competitiveness in the very demanding regional spa market is sports tourism. Sports tourism is a very interesting and growing segment, with the unique ability to attract large numbers of visitors<sup>57</sup>. In the case of the Banja Vrućica spa, the opportunity lies primarily in sports recreation as one of the systems of active sports, being one of the nine elements of the tourist set, or system – C9. various forms of organized provision of entertainment<sup>58</sup>. Sports tourism entered the 21st century as a relatively new but steadily growing part of the economy, one that exerts a profound influence on the socio-economic development of country<sup>59</sup>. The Banja Vrućica spa is not sufficiently established in terms of sports and recreation tourism in the global market, while, having in mind the exceptional natural and anthropogenic potential which the modern-day tourist is seeking, it could very well be competitive in the future<sup>19</sup>. This has all been defined in the tourism development strategy of the Republic of Srpska<sup>31</sup>. Having in mind all that has been said on the rapid development of sports tourism and the Banja Vrućica spa as a touristic leader in our country, it is only natural to try and devise a development strategy for this selective form of tourism for this specific tourist destination.

The market maturity of the destination is taking place in an increasingly complex environment. Hence, both developing destinations and those that strive to achieve, regain or maintain their advantage over the competition must secure a series of instruments and functional methods for assessing the real state of affairs and predicting scenarios for the future<sup>60</sup>. It has already been stressed that during this process, which we call strategic management, environment analysis plays the key role. Managing tourism development at the local level is part of destination management, which is supposed to create and implement a touristic product to produce the optimal quality, competitiveness and optimal economic effects on the tourism market<sup>61</sup>. Hence, the key role belongs to planning, i.e. strategic management. In other words, it can be said that strategic design of the long-term development of a tourist destination is the *sine qua non* of modern-day business<sup>30</sup>. Planning in tourism has evolved, it is much more integrated in comparison to the 1960s when it first appeared<sup>62</sup>.

When it comes to environment analysis for sports tourism in the Republic of Srpska, content analysis and brainstorming identified eight strengths and nine weaknesses from the internal environment, and eight opportunities and seven threats from the external environment, displayed in the SWOT matrix (Table 2). The SWOT method was chosen as one of the most common methods used in the strategic planning process<sup>63</sup>. Its



main advantage remains to be simplicity and applicability to both businesses and the academic community<sup>64</sup> (Ghazinoory, Abdi, & Azadegan-Mehr, 2011). But despite these advantages, SWOT analysis still provides a superficial and imprecise list of factors, relying on the subjective perception of the participants in the brainstorming session, and lacking factor hierarchy in terms of significance<sup>41</sup>.

To address the lack of prioritization of the SWOT factors weights, some authors have suggested new approaches to SWOT analysis to integrate it with other quantitative methods, one of which is AHP<sup>65</sup>.

A fundamental problem for creating EFE and IFE matrices is to determine the significance, i.e. the weight of the individual identified factors in the internal or external environment of the organization. In other words, how to make the total sum of weights be exactly 1.000 (column 2 in Tables 6 and 7) and base it all on an objective quantitative grade. This has been achieved in this paper using AHP.

Ultimately, when we entered the AHP results into the EFE and IFE matrices and determined the M Ratio and calculated the weighted score, adding up all the weight scores yielded total results for the EFE and IFE matrices. No matter how many factors there are in the external or internal environment, the total sum of weighted scores can be in the range of minimally 1.00 to maximally 4.00, with an average score of 2.50<sup>46</sup>. If the sum of weighted scores is under 2.50, i.e. the closer it is to 1, the more threats there are to the organization in the external environment. If the sum of weighted scores is above 2.50, the closer it is to 4, the more opportunities there are to the organization in the external environment. Analogously for the internal environment, the closer the score is to 1, the weaker the organization is, and vice versa, the closer it is to 4, the more strengths the organization has. In our case we can see that the Sum in the EFE matrix is 3.1877 (Table 6), meaning that the external environment is providing above-average opportunities, if we use a scale where 1 = *poor*, 2 = *below average*, 3 = *above average* and 4 = *superior*<sup>66</sup>. The internal environment can be said to be “balanced”, i.e. neutral  $\approx$  2.50 (Table 7).

These two obtained results were then represented in the SPACE Matrix Chart (Figure 2), which was formed to establish which future strategy is most favourable to the organization<sup>67</sup>. The matrix was formed by entering the sum weight score from the EFE matrix on the y-axis, and the sum weight score from the IFE matrix on the x-axis. The origin of the coordinate system is not 0, but 1, since it is impossible to produce results under 1 when calculating the sum weight score in the EFE and IFE matrices. Of course, neutral values (2.50) have divided this diagram and provided a business projection in four dimensions: industry attractiveness, environmental stability, competitive advantage, and financial strength. Hence, there are four fields for recommending which future strategy to choose: aggressive strategy, competitive strategy, conservative strategy, and defensive strategy.

Our SPACE matrix shows that our future strategy should be competitive (an organization with weaknesses operating in an external environment which provides lots of opportunities). But since leftward movement is minimal and we can no longer talk about a neutral internal environment, we must in no case neglect the development of a future aggressive strategy (when our strong organization operates in an external environment which provides lots of opportunities). It should be emphasized that using the SPACE matrix chart is not new in the sports industry, which sports tourism is both part of and a feature of<sup>68-69</sup>.

In order to determine which is the better strategy and make a decision which strategy to choose, we used the QSPM matrix method, which objectively shows which is the best strategy alternative<sup>70</sup>. In accordance with our assessment of the two strategy alternatives, the Sum of TAS gives the competitive strategy an advantage (5.4757) over the aggressive strategy (2.9938) (Table 8). This strategy, as shown in Figure 2, is implemented when analysis shows that the business scores well on the CA/IA axis, but unfavourably on the FS/ES axis<sup>71</sup>. In our case it is undeniable that the Banja Vrućica spa is the largest tourist capacity in Bosnia and Herzegovina<sup>36</sup>, but at the same time the investment ratio in the spa must shift towards sports and recreation services<sup>37</sup>, which would change the structure of the guests, who would spend more nights at the spa<sup>39</sup>.

When it comes to competitive strategies, unlike the remaining three alternatives, the activity and organizational structure remain the same, with a new service and emergence in the market. In other words, this strategy includes integration (backward, forward and horizontal), market penetration and market development, and product/service development and joint ventures<sup>72</sup>. Special care should be taken of strengthening the human resources in the sports section of the Banja Vrućica spa, who would take on not only the organization of the sports and recreation services, but it would grow into an independent, profitable centre run by managers<sup>73</sup>, as well as of partnerships, primarily with various sports organizations<sup>36</sup>.

In the end, based on the results of the analysis, goals were defined in accordance with the selected competitive strategies, and their hierarchy, as presented in the TOWS matrix (Table 9). Although defining the goals takes place in the second step of the control process, we present them here simply because determining their significance stems directly from the results of the QSPM matrix. Five key goals were set in the process, the first two of which have such high values that they are at the same time radical: *More aggressive approach of the sports tourism offer in the markets of China and Russia* (1.4072) and *attracting foreign tourists with competitive prices* (1.3971). This fits well with the theoretical demands of competitive strategies.

Perhaps the greatest limitation of this study at this moment is the fact that tourism is globally one of the most badly affected sectors of the economy due to the pandemic of 2019-nCoV<sup>74</sup>. The question arises whether it is prudent to introduce selective tourist arrangements at a time when potential tourists are postponing or cancelling their travel plans due to the pandemic<sup>75</sup>. It is undeniable that the pandemic will take an economic toll on tourist destinations, just as the SARS pandemic did in 2002<sup>76</sup>. It is predicted that international tourist travel will be reduced by 20-30% in 2020, which will reduce the income from tourism by \$300-450 billion, almost a third of the 2019 income from tourism<sup>77</sup>. We can therefore say that tourism is very “sensitive” and “uncertain” when it comes to short-term, and especially long-term planning. On the other hand, experience tells us that the long-term growth trends of tourism have continuously been positive, and that the periodical crises are caused by fluctuations of factors that affect tourism. The 2001 attack on the World Trade Center in New York, the 2003 SARS pandemic and the global economic crisis of 2009-2010 all caused similar crises and fluctuations in touristic demand, but the growth trend of tourist circulation has been steadily rising in this century<sup>78</sup>.

When it comes to future research, it is primarily necessary to maintain further quantification of the environment analysis process using mathematical-statistical methods. The first step is to exclude subjective opinions when creating the EFE and IFE matrices (Ratio) and the QSPM matrix (AS), which could be done using the Delphi method. It is also necessary to include statistical methods in determining key factors of the environment in forming the SWOT matrix. The primary task would be to test the value of Cronbach’s alpha coefficient for each key factor of the environment in order to determine its value, i.e. whether it should be included in the study at all, and to carry out factor analysis to ascertain the regularity of the distribution of the key factors into strengths, weaknesses, opportunities and threats.

## V. Conclusion

We are witness to the fact that in the 21st century, terrorist attacks, global economic crises and the SARS, MERS and COVID-19 pandemics have made planning in tourism unpredictable. On the other hand, there is a continuous trend of long-term growth of tourist travel. In other words, we can conclude that every drop in tourist travel was followed by a booming growth. Since that has become the norm, tourist destinations need to be prepared and become competitive for that moment. The best way to do that is to use moments of crisis to plan, introduce or improve some forms of selective tourism. When it comes to the Banja Vrućica spa, this primarily refers to the development of sports tourism as one of the greatest phenomena of the century, something that this tourist destination has all the prerequisites. To establish a long-term plan for the development of sports tourism at the Banja Vrućica spa, using contemporary experiences of strategic management, a good analysis of the external and internal environment is due. In order to avoid the authors’ subjective assessment as much as possible in the analysis process, we decided to reach a decision on strategy selection using quantitative mathematical and statistical methods AHP, EFE matrix, IFE matrix, SPACE matrix i QSPM matrix. The sum weight score of the EFE matrix was 3.19, which tells us that the external environment is providing above-average opportunities for the development of sports tourism, while the same indicator for the IFE matrix is 2.50, neutral, and does not provide information whether strengths or weaknesses for such development. Of course, in the SPACE matrix chart, the neutral result showed that both an aggressive strategy (SO) and a competitive strategy (WO) can be developed. The dilemma was resolved using the QSPM matrix, which showed us that our future strategy for developing sports tourism at the Banja Vrućica spa should be a competitive strategy (WO). This primarily means that we need to develop the sports tourism service through penetration and development in the market, which was done by setting radical goals for the future strategy.

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