

A Competitive Analysis Of Ski Resorts In Bosnia And Herzegovina Using Differential Advantage Proforma

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Abstract: The purpose of this paper is to conduct a competitive analysis of ski resorts in Bosnia and Herzegovina using differential advantage proforma. Bosnia and Herzegovina has a strong brand image due to Winter Olympics conducted in Sarajevo in 1984. This image has been weakening due to lack of marketing efforts, especially following the war between former Yugoslav republics. Competitive analysis is an important part of marketing strategy for companies to identify strengths and weaknesses among various competitors. In this study, differential advantage proforma is used as a technique of competitive analysis to identify comparable positions and key customer values of ski-resorts in Bosnia and Herzegovina. To identify competitive positions, a series of qualitative techniques (focus groups, personal interviews, site visits – observation) are used. Research results indicate that five competing ski-resorts have unique differential advantages that can be used in marketing of these resorts.

Keywords: Competitive Strategies, Differential Proforma Analysis, Ski Industry, Bosnia and Herzegovina

Introduction

Bosnia and Herzegovina (BH) is located in the central part of the Balkan and holds strategic seat in the eastern part of Europe. BH is a country in south-east Europe with an estimated population of four million people. BH is a country that measures just over 50,000 km². Its diverse climate, contrast geographic landscape and multicultural and multi religious society may serve as magnet for tourist from around the Globe. The country is located in a beautiful mountainous location with many scenic vistas. Wilderness and untouched nature make it an ideal destination for adventurers and nature lovers. The central part of the country is covered with range of mountains and is a hikers and walkers paradise. Enchanted by both Mediterranean and Alpine climates, the range of diverse landscapes stun and amaze the county's visitors. Every mountain in BH can be utilized for winter tourism and they all are equally appealing and carry their peculiar charm. Mountains that are currently used for winter tourism are Bjelasnica & Igman, Jahorina, Vlasica, Blidinje and Kupres (Enjoybosnia, 2010).

Bjelasnica and Jahorina Mountains once hosted the 1984 Winter Olympics. They are a popular tourist attraction for skiing, boarding, paragliding, mountaineering and hiking. These mountains are only 20 minutes outside of Sarajevo. During the 1984 Winter Olympics, Bjelasnica was used for a number of Olympic events, and has several structures dating from that time, including hotels and skiing areas. Hotel Igman served as a seat to International Olympic Committee presided by late Juan Antonio Samaranch. Bosnian mountains used to attract world famous sports figures, athletes and sport managers but also many famous political figures. They were arenas for famous battles during World War II but also during recent war in Bosnia.

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BH is endowed with beautiful mountains that are underutilized since there are only five winter resorts in the whole country. Those are: Bjelasnica and Igman, Jahorina, Vlasica, Blidinje and Kupres. Although, Bjelasnica and Igman, Jahorina and Vlasica stand out as better organized and better offer yet there is a huge prospect and immense potential to offer great many new products in winter tourism (FIPA, 2010). Table 1 summarizes winter tourism facilities for the five ski resorts in BH.

Existing/Planned Facilities	Igman & Bjelasnica	Jahorina	Vlasic	Blidinje	Kupres
Accommodation	2250 beds (2 hotels with 342 beds, and the rest are private)	4000 beds (6 hotels with 1022 beds, the rest private)	6000 beds (6 hotels with 680 beds, and the rest are private)	2000 beds (1 hotel and private)	700 beds
Ski lifts capacity	5000 person/h 22.200 person/h planned	7500 person/h 13.800 person/h planned	5400 person/h 15.000 person/h planned	2500 person/h	1000 person/h
Alpine ski slope	12.200 m	25.000 m	14.000 m	4.500 m	14.000 m
Snowmaking machines	5 machines with capacity of 14.000m ³	-	-	-	-
Night lighting system	Exists	Exists	Exists	-	-
Ski jump	2 with; 70m – 90m	-	3 with; 90m-35m-15m	-	-
Cross country tracks	35 km	5 km	15 km	-	-
Destination from Sarajevo	25 km from airport	30 km	100 km	80 km	140 km
Local population	425.000	30.000	70.000	17.000	4.000
Future plans	10.000 total bed capacity, man-made lake, 80% of skiing infrastructure for children and beginners, 20% for advanced skiers, multimedia business facilities, health centers, more indoor and outdoor entertainment facilities	8 more hotels, 9580 total bed capacity, more facilities for families	10.000 total bed capacity, golf course (50 h)	2700 total bed capacity	One more private ski center is planned.

Table 1: A comparison of winter tourism facilities of five ski-resorts in BH.

BH was the symbol of winter tourism in former Yugoslavia. 1984 Winter Olympics secured many mountains international acclaim. XIV Winter Olympics (1984) were considered as one of the most successful of its time. Today, Olympic resorts host a new generation of skiers and snow-lovers, hitting the slopes with Olympic quality skiing without the outlandish prices and long waiting. However, these resorts are one of the last undiscovered regions with vast tracks and untouched nature of the Southern Alps. As such they represent an ideal tourism destination for hikers and walkers, as well as for adventurers and nature lovers (Bhtourism, 2010).

The beauty of the Bjelasnica Mountain is augmented by the temper of its climate. Bjelasnica's highest part, 300 meters in length, towards the Adriatic Sea, represents a border of impact of two climates - Mediterranean and Continental that results in rain and snow precipitation in autumn and great amounts of snow in the winter which retains until late in the spring. The highest temperature is 24°C and the lowest is -41°C. Thick green grass covers the mountain in the summer while winters attract 4 meters.

The greater area of Bjelasnica and Igman, including neighboring Visocica and Treskavica mountains (around 100,000 ha), has a long list of attractions such as mountain scenery with expansive vistas, river-cut limestone canyons, caves, rich forest, diverse flora, endemic and medicinal herbs and endangered fauna. However, the greatest, and most sustainable growth opportunities lie in attracting new visitors, who will seek out Bosnia's inherent appeals. These are primarily niche market segments, such as: "soft outdoor adventurers", hikers, fishermen, river rafters, birders (migratory season only) and history/culture enthusiasts. Most of this growth will come from the more traditional tourism-producing markets in Europe, as well as neighboring regional markets.

Bjelasnica is an ideal place for winter holidays especially in the period from November to May, with snow drifts of a couple of meters in height which are a particular challenge for winter sports lovers. Winter season is particularly interesting because of the landscape of the mountain under snow, which is somewhat like a white desert covered with rays of sunshine, above which there is nothing but the areal landscape.

During the Olympics at Bjelasnica and Igman, the competitions in Alpine Skiing (Downhill, Giant Slalom and Slalom), Nordic skiing (Cross-country skiing, Nordic combined), Biathlon and Ski Jumps took place. Beside traditional disciplines, Bjelasnica is also trying to put up with the latest trends with night skiing. Ski run on 8345 meters is perfect for skiers and snowboarders of various skill levels, those looking for adventure or those with young children. Due to an increased market demand and interest in Bjelasnica and Igman resorts, the local authorities and a number of private companies have made considerable investments in the infrastructure and particularly in accommodation capacities in the last five years. This resulted in a huge increase in a number of beds (hotel with 240 beds) available at the mountain, and particularly in an increased number of condominiums (2,000 beds).

Bosnia and Herzegovina developed an authentic gastronomy familiar to many, with which it enriches its tourism and represents its culture, tradition and mode of life. Bosnian cuisine is influenced by Eastern and Western. Bosnian dish is tightly connected to Greek, Turkish, and other Mediterranean cuisines. Gastronomy on Bjelasnica is one of the main reasons that can assure an increase in the service quality. The richness of natural tastes, that became a brand for B&H (such are burek and čevapčići) can make a pleasant stay and serve as a nice added value to those who came to visit mounting in BH. The other feature of the local cuisine is that local food producers can make supply from neighboring villages. The latest trends of organic food can be linked to the local economy, which should be able to ensure a 100% bio diet. This segment could be one of the future characteristics of future mountain tourism in BH.

As initial trigger to be used for young and curious skiers and snowboarders, who are less attach to traditional ski centers could be attracted to Bjelasnica with the lower prices. BH and Bjelašnica can provide the expected level of service and tourism quality compared to the price. BH is relatively still not too expensive, and as such can attract tourists on budget, young people and backpackers. Bjelasnica has enormous potential for further developments, however, there is a need for overarching cooperation across different sectors that will trigger investment in infrastructure and superstructure. Having in mind that Bjelasnica ski resort has not developed long term strategy yet, nor has it fulfilled preconditions for mass tourism, they can focus on domestic clients, regional clients and for the beginning youth clients from Europe. At later stages, increased capacities in hotel accommodation and introduced preconditions for a more mass tourism, Bjelasnica has the potential to attract more tourists from Europe and the rest of the world, as well.

Research Purpose

The purpose of this research is to conduct a competitive analysis of ski resorts in Bosnia and Herzegovina using differential advantage proforma. Identifying and analyzing competitors are two main steps to develop successful marketing plans (Kotler and Keller, 2006). Competitive analysis guides managers to differentiate their offering and devise focused product, price, promotion and distribution strategies. Although the ski resorts in BH have unique characteristics that can be used in their marketing, competition-based plans to attract target groups of visitors are still lacking. Detailed analyses of the competitive advantages of these resorts are necessary for future marketing planning. Current research aims to conduct a competitive analysis of these resorts and identify their relative strengths and weaknesses with differential advantage proforma technique.

Methodology

A series of qualitative techniques (focus groups, personal interviews, site visits - observation) are used are used to identify the competitive positions and strengths of five ski resorts in BH. Initially, officials from ZOI'84, legal successor of the Organization Committee of the XIV Winter Olympic Games with all its sport and leisure facilities, were conducted and personal interviews were conducted about ski-resorts in BH (ZOI84, 2010). Researchers from a marketing management class asked questions about past and current situation of winter tourism in BH in these personal interviews. Furthermore, researchers went on a site visit to Bjelasnica and Igman ski resort where they conducted a focus group with the site managers and technical personnel of the ski center. In this focus group, researchers asked structured questions about comparative positions of different ski-resorts in BH in terms of differential advantages and disadvantages of these resorts. Finally, researchers conducted personal interviews with the officials of one travel agency in Sarajevo.

Findings received from personal interviews and the focus group study were analyzed with competitive positions proforma technique. This technique allows researchers to record competitive positions and strengths on a competitive positions proforma where relative market shares, key customer values, weaknesses and differential advantages of the competitors are recorded (Dibb and Simkin, 2008). Key customer values and differential advantages are two main attributes that are used in the analysis of competing brands (Dibb and Simkin, 2008). Dibb and Simkin state that “A differential advantage is something a company or its marketing mix has which is desired by the target market, and is not currently readily matched by rival companies or products” (p. 52).

Research Findings

Table 2 shows competitive positions and differential advantage proforma for ski-resorts in BH. As shown in the Table, Jahorina is considered the market leader in skiing in BH, followed by Bjelasnica and Igman, Vlasic, Blidinje and Kupres. Winter tourism at Jahorina resort occupies the position of market leader, due to its highest lift skiing capacity and best quality in accommodation, health service center, and many other infrastructure and facilities that are not affected by the past war. The only disadvantage perceived to be challenging this resort is the limitation in the available space to meet the needs for any future potential expansion. Igman and Bjelasnica resort is occupying the challenger position with huge space that might be needed for any possible expansion in the future. This resort has the potential to occupy the position of market leader in the future as it has a great ski jumping venue ever since 1984 Olympics, a thick forest that allowing 200 skiing days, the steepest slopes in the region, the longest cross country tracks, and one of the highest peaks in the region. The very poor infrastructure and administrative difficulties of the resort being under the authority of the Sarajevo Canton and three municipalities (Hadzici, Trnovo and Ilidza) are the main disadvantages and challenges that facing this resort to become a market leader. While Vlasic resort is recently occupying the third position in the market, as a market follower, it has a huge capacity and lots of features that could bring it to market challenger. This resort is the hottest venue for celebration of New year and is popular since 1991 international ski jumping competition. The resort preserves the very old tradition of sheep breeding (Vlasic or Travnik cheese) and it houses hotels that maintain European standards. The resort is very close to the major markets of Croatia and Slovenia. The main disadvantage of this resort is its distance to the regional international airports, particularly from the Capital “Sarajevo” (100 km.). Vlasic doesn’t have the unique image that was created for both Jahorina and Bjelasnica & Igman resorts due to hosting the Olympic Games, which prevent it to compete on the position of market leader in the future unless similar opportunities offered to it too. Research results show that Blidinje resort occupies the position of the market fast mover because it has certain features that could improve its position in the future. The resort has a natural lake that helps a year-round tourism, rich variety of plant and animal life from Mediterranean climate and has one of the highest peaks in BH (2.227 M). Finally, Kupres resort occupies the position of market nicher with its shortest skiing days, as it has 300 days sun shine that makes it the all year-round tourism resort more than a winter tourism resort. It is attracting people from Croatia than anywhere else in the region.

Competitive Positions	Differential Advantages
<u>Market leader (Jahorina)</u> Market share Key Customer Values (KCV) Weaknesses Differential Advantage (DA)	4.000 beds & the highest ski lift capacity up to 10.000 per/h. Entertainment, wellness, convenient location, leisure Limitation in the available resort space to meet the needs for any future potential expansion Several hotels which are ideal for conferences and meetings, the highest lifts, skiing capacity up to 10.000 per/h, infrastructure is in good condition since not affected by the war, one of the most popular winter resorts in the region.
<u>Market challenger (Bjelasnica and Igman)</u> Market share Key Customer Values (KCV) Weaknesses Differential Advantage (DA)	2.250 beds & 5.000 per/h ski lift capacity Challenging skiing experience, convenient location, entertainment, wellness, variety of skiing experience. Administrative problems due to multiple authorities responsible for the resort, poor infrastructure due to war, lack of multimedia business facilities and health centers. A great ski jumping venue ever since 1984 Olympic, thick forest that allows the longest skiing season in the region (200 days), the steepest slopes in the region, horse-drawn carriage rides through the snow.
<u>Market Follower (Vlasic)</u> Market share Key Customer Values (KCV) Weaknesses Differential Advantage (DA)	6.000 beds & 5.400 per/h ski lift capacity Entertainment, wellness, leisure Distance to Sarajevo and international airport (100 km), limited indoor and outdoor activities. European standard hotels, close distance to other markets - Croatia and Slovenia, the hottest venue for celebration of new year, preservation of the very old tradition of sheep breeding (Vlasic or Travnik cheese).
<u>Market fast mover (Blidinje)</u> Market share Key Customer Values (KCV) Weaknesses Differential Advantage (DA)	2.000 beds & 2.500 per/h ski lift capacity Entertainment, wellness, leisure Distance to Sarajevo and international airport (80 km), limited indoor and outdoor activities, the shortest alpine ski-slopes (4.500 m) compared to other resorts in the region. Nature lake that helps a year-round tourism, one of the highest peaks in the country (2.227 m), rich variety of Mediterranean plant and animal species.
<u>Market Nicher (Kupres)</u> Market share Key Customer Value (KCV) Weaknesses Differential Advantage (DA)	700 beds & 1.000 per/h ski lift capacity Entertainment, wellness, leisure. Distance to Sarajevo and international airport (140 km), limited indoor and outdoor activities, limited accommodation and ski-lifts capacity. 300 days sun shine that makes it the all year-round tourism resort, close distance to other markets – Croatia.

Table 2: Competitive positions and differential advantage proforma for ski-resorts in BH.

Conclusion

BH Mountains, particularly the ski resorts of Bjelasnica & Igman and Jahorina which hosted Winter Olympic Games in 1984, have long known for their winter tourism opportunities. BH has a great potential for winter tourism due to a number of reasons including the natural beauty of its mountain range, proximity of major mountains to city centers and major airports, proximity to western European markets. Each ski resort in BH possesses unique characteristics that can be used to differentiate its offerings in marketing. Research results indicate that Jahorina can be promoted as a family vacation winter destination with its high accommodation potential and suitable skiing infrastructure for youngsters non-professionals. The main positioning theme for this resort can be entertainment and fun for families. On the other hand, Bjelasnica and Igman can be positioned as the resort for skiing professionals and learners considering its technical infrastructure that was used in winter Olympics. Also, close proximity of this resort makes the reach easy for ski-enthusiasts living in Sarajevo and nearby destinations. Vlasic resort has similar benefits with Jahorina as it has great accommodation potential and entertainment opportunities. Vlasic can also be presented as a family vacation and entertainment destination but it can target different markets compared to Jahorina such as Croatia, Slovenia and other European markets. Finally, Blidinje and Kupres can act as nich products in skiing and go after focused target markets. These resorts may consider developing a vacation theme that combines skiing and mountain sports which may attract specific target markets from various age groups. The common disadvantage between the five winter resorts is that only a fraction of their huge potential and opportunities for winter sports is being used due to insufficient infrastructure and facilities at the mountains including lack of vertical transportation, un-groomed ski slopes and too few overnight accommodations. These mountains and resorts have great opportunities for further development that require strong and experienced strategic partners that are able to provide the investment capital and introduce new managerial skills and marketing plans. If managed properly, winter tourism can impact BH's gross national income to a great extend by enjoying the benefits of invisible exports such as tourism receipts and revenues. In the due course, winter tourism can provide employment, generate income, liven up and preserve hundreds of beautiful villages with old traditional life-styles in the heart of Europe that are at the risk of extinction. To develop winter tourism in BH further in the future, a comprehensive strategy should be developed covering all necessary aspects with participation from all the stake holders. The implementation should be thorough and without exceptions. For more effective marketing and management strategies, collaboration and cooperation of all parties at stake is necessary. This is especially true for Bjelasnica and Igman resort which has suffered most from recent Bosnian war. Future strategies should give priority to the restoration of basic infrastructure and superstructure needed for tourism. Providing high quality services for European tourists should also be a priority to attract tourists from nearby European markets. Tourism is a beautiful mosaic and requires full cooperation and contribution from all to be successful.

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