

Competitive Analysis of Spa Industry in Slovakia: Combining SWOT, EFE and IFE Analysis

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Abstract. This article deals with spa tourism in Slovakia and its importance for health care, tourism, and the economy. Slovakia has a rich history of spa tourism dating back to the Hungarian state. The spa industry forms an important part of public health care and also has an important role in tourism. Spa towns often form the centres of economic, cultural and social activity in Slovakia. The spa industry and spa tourism are also of economic and socio-political importance. There is a competitive struggle between European countries in the field of spa and spa tourism. Spa establishments are trying to attract younger clients and to improve the quality of the services provided. However, there is outdated and stagnant legislation which hampers the development of spas. The article also discusses the economic problems associated with staffing and innovation of spa businesses. The analysis of the spa tourism environment in Slovakia is carried out by means of a scoring system, which will enable the establishment of priorities for improvement in this area.

Keywords: Spa Industry, Analysis of Spa Industry in Slovakia, Marketing Analysis of Spa Industry.

JEL classification: Z30, Z32, M31

1 Introduction

In the European context, Slovakia is considered a traditional spa destination with an ancient history connected with the establishment of the first settlements near thermal

or mineral springs [1]. Already from contemporary maps of the Austro-Hungarian state, the largest concentration of spas (both therapeutic and cleansing) was in Upper Austro-Hungary, i.e., in the territory of today's Slovakia [2]. The spa industry is not only an important component of the health care provided to the public but also plays an important role in tourism, as a means of satisfying the needs of interested persons, clients, and patients. Entire regions are often based on the tradition and offer of spa sites - not only because of their contribution to treatment but also because of their cultural and social history, as spa sites have often formed the centers of economic, cultural, and social activity in Slovakia [3]. According to the Association of Slovak Spas [4], the spa industry and spa tourism cannot be understood as a means for treatment, but two other aspects are also important - economic and socio-political. These are based on the context of development and should be taken as full aspects. From this perspective, it is also necessary to mention the competitive struggle that is taking place, especially within European countries [5]. According to Suhányi [5], younger clients who suffer from fatigue due to their fast-paced lifestyles are also coming to the spa. Thus, spa facilities are trying to provide better services, more professional medical care and improve the quality of accommodation and catering facilities. However, the biggest problem in this area is the outdated and stagnant legislation, which is also mentioned by Kmeco in his work [6].

Although spa tourism is a cultural and historical phenomenon in the Central European area, according to Halenárová [7], only in the last 10 years has spa tourism in Slovakia received significant attention in the literature - thanks to authors such as Eliášová, Matlovičová, Gúčik, Marčeková, and Kulla. However, in her article, the author also discusses the economic problems associated with the personnel and innovation of spa enterprises. In 2022, according to the online economic journal [8], there were 31 spa enterprises operating in 25 spa towns in Slovakia, but their development is slowed down due to weak state support, insufficiently updated legislation, and the spas themselves, which draw on their tradition and the loyalty of domestic clients.

2 Methodology

The main objective of the paper is to examine the environment of spa tourism in Slovakia based on the analyses and to prioritize the individual findings based on the scores in the analyses.

In this paper, two methods are used to fulfill the main objective. The first one is SWOT analysis as a basic tool that is used to evaluate the current situation from different perspectives, namely strengths, weaknesses, opportunities, and threats. This analysis is a combination of O-T and S-W analysis. The O-T analysis is an external (external) analysis that focuses mainly on the external environment (opportunities and threats). The S-W analysis is an internal (internal) analysis, which is an analysis of the internal factors of the organization (strengths and weaknesses). For the relevance of the SWOT analysis, we use the assignment of weights to each factor based on a numerical evaluation. Each parameter (factor) is assigned a numerical weight ranging from 1 to 5

points, with 5 points being the highest possible weight and 1 point being the lowest possible weight. Once all parts of the SWOT analysis have been evaluated and numerically scored, it is necessary to sum the strengths with the weaknesses and the opportunities with the threats. Based on the result that we record on the axis of the SWOT analysis; we can find out what strategy is the most suitable for the enterprise. We know four outcome analyses:

- An offensive strategy that uses strengths to exploit opportunities and manage threats.
- A defensive strategy that focuses on minimizing weaknesses and limiting threats.
- Escape strategy, which focuses on minimizing weaknesses and exploiting opportunities to avoid threats.
- An alliance strategy, which exploits strengths and opportunities in collaboration with other actors to manage threats and minimize weaknesses.

Although a SWOT analysis is a useful tool for identifying the strengths and weaknesses of a business and the opportunities and threats in the environment, it may not provide a sufficiently detailed view of the specific factors influencing business performance. Therefore, it is advisable to complement SWOT analysis with another tool [9] such as the internal and external factors evaluation matrix - EFE and IFE analysis.

EFE analysis helps to identify and evaluate opportunities and threats affecting the overall environment in which the enterprise operates. This analysis helps the business to focus on the relevant factors affecting its performance to better compete in the market.

IFE analysis focuses on identifying the strengths and weaknesses of the business and weighting them for the overall performance of the business. This analysis allows the enterprise to focus on areas where it has a competitive advantage and improve its weaknesses. The combination of these tools allows the enterprise to gain a comprehensive view of its current situation, competitive environment, and future opportunities and threats.

The basis for both versions of the matrices is the identification of key external (EFE) and internal (IFE) factors that affect or may affect the enterprise. Each factor is then assigned a weight from 0.0 (lowest importance) to 1.0 (high importance). The number indicates how important the factor is if the enterprise (in this case a spa or spa tourism enterprise) wants to succeed in the industry. The sum of all weights must equal 1.0. The factors themselves should not be given too much weight (i.e., assigned a weight higher than 0,30) because success in an industry is only partly determined by one factor. The next step is to assign ratings in both types of matrices:

The external matrix evaluation (EFE) expresses how effectively a company's current strategy responds to opportunities and threats. We set the numbers from 4 to 1, where 4 indicates a better response, 3 is an above-average response, 2 is an average response, and 1 is a poor response. Ratings as well as the height are assigned subjectively to each factor separately.

The rating in the internal matrix expresses how strong or weak each factor is in each enterprise (or in the area under study). The numbers range from 4 to 1, where 4 indicates great strength, 3 indicates little strength, 2 indicates little weakness, and 1 indicates great weakness. Strengths can only be given ratings of 3 and 4, weaknesses range between 2 and 1.

Finally, both matrices express the score, which is the result of the weights multiplied by the rating. Each key factor must be rated. The total weighted score is simply the sum of all the individual weighted scores for the factors.

3 Results and discussion

Environmental analysis is an essential tool for any business that wants to be successful in the marketplace. The most used in the business environment is the basic SWOT analysis, which, however, in terms of defining strengths, weaknesses, opportunities, and threats, does not show the importance of the individual factors identified. Therefore, in our following findings, we focus on the elaboration of a point analysis. In the field of spa tourism in Slovakia, this tool is even more necessary as spas are an important element of tourism. The SWOT point analysis helps businesses to identify their strengths, weaknesses, opportunities, and threats. Based on this analysis, a business can identify what it is doing well and what it can improve. EFE analysis focuses on the external factors affecting the enterprise such as opportunities and threats. IFE analysis, on the other hand, focuses on the internal factors of the business, such as strengths and weaknesses. They help businesses determine their competitive position and set a strategy to move them forward in the market.

In the field of spa tourism in Slovakia, these analyses can be very useful. As spas are dependent on many factors such as weather, seasonality, and competition, it is important for spas to have an overview of their environment and to be able to react appropriately. With this knowledge, spas can set a strategy that will move them forward in the market and improve their competitive position.

In the following parts of this scientific paper, we will focus on the results of the SWOT analysis, EFE analysis, and IFE analysis in the field of spa tourism in Slovakia. We will analyze the significant factors that influence spa tourism in Slovakia and suggest strategies that can help businesses in this sector to achieve greater success.

3.1 SWOT Analysis of Spa Tourism in Slovakia

Table 1. SWOT analysis - strengths of spa tourism in Slovakia

	Factor	Value
1.	Numerous thermal and mineral springs with healing effects	5 points
2.	Spa with a rich history and tradition	4 points
3.	Geographical location in Central and Eastern Europe	4 points

4.	Combination of spa services with tourist activities (hiking, cycling, skiing)	4 points
5.	A diverse range of spas and wellness centers	4 points
TOTAL		21 points

Source: own elaboration

Table 2. SWOT analysis - weaknesses of spa tourism in Slovakia

	Factor	Value
1.	Outdated infrastructure in some spas	-2 points
2.	Insufficient advertising and marketing activities on foreign markets	-3 points
3.	Low level of service quality in some spas	-3 points
4.	Low seasonality in some regions	-2 points
5.	High prices of some spas	-3 points
TOTAL		-13 points

Source: own elaboration

Table 3. SWOT analysis - opportunities of spa tourism in Slovakia

	Factor	Value
1.	Growing interest in wellness services and spa treatments	5 points
2.	Use of digital technologies to promote spa tourism	4 points
3.	Possibility of using European funds for infrastructure modernisation	4 points
4.	The possibility of expanding the range of services to include new trends in tourism	4 points
5.	Cooperation with other tourist destinations and spas to create package offers	4 points
TOTAL		21 points

Source: own elaboration

Table 4. SWOT analysis - threats to spa tourism in Slovakia

	Factor	Value
1.	Impact of the COVID-19 pandemic on tourism and travel restrictions	-5 bodov
2.	Competition from abroad and the increasing trend of travelling abroad	-4 body
3.	Changes in legislation and tax conditions	-3 body
4.	Impact of climate change on the availability of thermal and mineral springs	-3 body
5.	Lack of cooperation between tourist destinations and spas	-3 body

TOTAL	-18 bodov
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Source: own elaboration

Table 5. Results of SWOT analysis in Slovakia

Parameter	Mathematical operation	Resulting value
strengths + weaknesses	21 + (-13)	8
opportunities + threats	21 + (-18)	3

Source: own elaboration

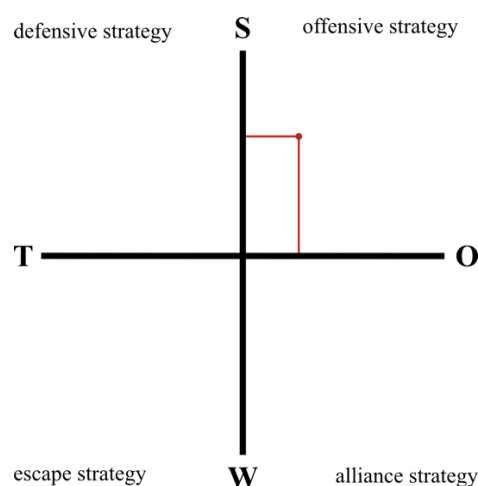


Figure 1. Resulting strategy based on SWOT analysis scores

Source: own elaboration based on calculations

The offensive strategy that emerged from the results of the SWOT analysis suggests that spa tourism should focus on using the strengths and opportunities to increase competitiveness and improve the position of spa tourism in Slovakia as a position in the overall market. As strengths have higher weighted scores than weaknesses and opportunities have higher weighted scores than threats, this is an indication that efforts and resources should be made to improve and exploit these factors. Concrete steps could focus on improving the quality of services at the spa and creating new products and services that would attract more visitors to Slovakia. Improving the marketing strategy and promotion of spa tourism could help to raise awareness of spas and the attractiveness of Slovakia as a destination. Although there are also some weaknesses and threats, an offensive strategy should focus on strengthening strengths and exploiting opportunities to achieve a better market position and competitive advantage.

3.2 EFE and IFE analysis of spa tourism in Slovakia

Table 6. External Factor Evaluation (EFE analysis) for spa tourism in Slovakia

External Factors	Weight	Rating	Weighted score
Opportunities			
Growing interested in wellness services and spa treatments	0,30	3	0,60
Use of digital technologies to promote spa tourism	0,18	2	0,36
The possibility of using European funds to modernize infrastructure	0,18	2	0,36
Possibility of expanding the range of services to include new trends in tourism	0,18	2	0,36
Cooperation with other tourist destinations and spas to create package offers	0,16	3	0,48
Total weighted score	1		2,16

Threats			
Impact of the COVID-19 pandemic on tourism and travel restrictions	0,30	1	0,30
Competition from abroad and the increasing trend towards international travel	0,25	2	0,50
Changes in legislation and tax conditions	0,15	2	0,30
Impact of climate change on the availability of thermal and mineral springs	0,15	1	0,15
Lack of cooperation between tourist destinations and spas	0,15	2	0,30
Total weighted score	1		1,55

Source: own elaboration

For the EFE analysis, we find that the overall weighted opportunity score is 2.16 and the threat score is 1.55. From the result, we can conclude that there are more opportunities than threats in the external environment of spa tourism in Slovakia. Based on these results, businesses could increase their competitiveness and growth, however, it should be taken into account that there are still some threats that the sector should pay attention to and prepare for with adequate measures. Overall, spa tourism businesses in Slovakia should take advantage of their opportunities and focus on growth, while being prepared to address threats to minimize their negative impact.

Table 7. Internal factor evaluation (IFE analysis) for spa tourism in Slovakia

Internal Factors	Weight	Rating	Weighted score
Strengths			
Uniqueness of local natural resources	0,20	4	0,80
Quality spa services and treatments	0,15	4	0,60
Good location in the centre of the spa towns	0,10	3	0,30
Environmental care and sustainability	0,05	4	0,20
Long tradition of spa recreation	0,10	3	0,30
Greater accessibility to travel and transport	0,10	3	0,30
Qualified spa staff	0,10	3	0,30
Fight against seasonality	0,20	2	0,40
Total weighted score	1		2,80
Weaknesses			
Lack of modern technologies and their poor use	0,20	2	0,40
High prices of spa treatments and accommodation (for self-payers)	0,15	2	0,30
Insufficient diversification of the offer	0,10	1	0,10
Poor accessibility for people with health problems	0,10	2	0,20
Insufficient infrastructure for holidaymakers and tourists to the place of spa treatment	0,20	1	0,20
Seasonality and high fluctuations in visitor numbers	0,15	1	0,30
Lack of cooperation between the spa and surrounding communities	0,10	2	0,20
Total weighted score	1		1,55

Source: own elaboration

The overall weighted strengths score is 2.80, indicating that spa tourism in Slovakia has strengths that can be further exploited to improve competitiveness and gain a larger market share. On the other hand, the weaknesses have an overall weighted score of 1.55, indicating that spa tourism in Slovakia needs to focus on addressing some weaknesses to compete effectively in the market and ensure sustainable growth.

4 Conclusion

The key idea of the scientific article is to analyze the environment based on analyses and matrices - namely SWOT analysis, EFE analysis, and IFE analysis as necessary tools for shopping tourism in Slovakia, which are important elements of tourism. These analyses enable spas to identify their strengths, weaknesses, opportunities, and threats and, based on this, to develop a strategy that will move them forward in the market and improve their competitive position. The results of the SWOT analysis suggest that spas should focus on exploiting strengths and opportunities, such as improving the quality of services and creating new products and services, improving the marketing strategy and promotion of spa tourism, which could help to increase the awareness of spas and the attractiveness of Slovakia as a tourist destination.

According to the methodology of the research paper, environmental analysis is an integral tool for any business that wishes to be successful in the marketplace. The basic SWOT analysis is the most used in the business environment, but in relation to defining strengths, weaknesses, opportunities, and threats, it does not offer sufficient importance to the individual factors. Therefore, in our research, we focus on the elaboration of a point analysis. In the field of spa tourism in Slovakia, this analysis is even more important as spas represent a significant part of the tourism industry. The SWOT point analysis helps businesses to identify their strengths, weaknesses, opportunities, and threats. Based on this analysis, a business can find out what it is good at and what it should improve. EFE analysis focuses on the external factors that affect the enterprise such as opportunities and threats. IFE analysis, on the other hand, focuses on the internal factors of the business.

The advantage of these tools is their multi-purpose nature - they are used with ana to identify factors that can later be used to build an IE matrix, GE-McKinsey matrix, or benchmarking. Therefore, it is advisable to extend this article in the future with further scientific research and exploration to contribute to the knowledge in the field of spa tourism in Slovakia.

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