
SWOT ANALYSIS IN THE STYRIAN VOLCANIC REGION – ENTERPRISES AND TOURISM

Astrid Fortmüller¹, Raphael Murswieck² and Matthias Dünneberger³
^{1) 2) 3)} Bucharest University of Economic Studies
E-mail: afortmueller@hotmail.com; E-mail: raphael@murswieck.de
E-mail: mduenneberger@googlemail.com

Abstract

The Styrian Volcanic Region is located in the south eastern part of Styria in Austria and consists of 33 communities and 86.162 inhabitants. The regional management and the support of the European Union proclaimed the idea of the Styrian Volcanic Region. From this moment a new direction and self-confidence were given. The focus was not the industrial mass products but the high quality, innovative and sustainable products from the region. The brand Styrian Volcanic Region is a seal of quality in the fields of agriculture, tourism, craftsmanship and culinary products.

For a successful regional management a high level of skills are required. The core products of the Styrian Volcanic Region are culinary delights like ham, pumpkin seed, chocolate and vineyards. The vision of the region until 2025 is to have a sustainable energy program with the aim to produce regional energy such as heat, fuel and electricity.

The SWOT analysis shows a vivid picture of the Styrian Volcanic Region concerning tourism and enterprises. The research of 100 companies is worked out with questionnaires. The strengths and weaknesses of the region are shown but also the synergetic effects of prosperous collaboration between tourism and enterprises. Tradition and authenticity are key elements for visitors and inhabitants.

The latest challenge of the region is the consolidation between the Styrian Thermal Region and the Styrian Volcanic Region. The co-operation between the enterprises and tourism creates a high level of quality and above all they contribute in creating jobs and economy.

Keywords

regional management, SWOT analysis, resources, strategic development and challenges

JEL Classification

M 20 M 30

Introduction

The Styrian Volcanic Region is located in the south eastern part of Austria in the federal province of Styria. The region has border with Slovenia and Hungary. According to Ober et al. (2013) the Styrian Volcanic Region is partly found in the “Thermenland Steiermark” -

the Styrian Thermal Region. It was founded in 1995 and is promoted as a regional development. The area is marketed externally under the three main focuses of culinary delights, handcraft and vitality. The Styrian Volcanic Region has a concept of tourism which can be derived from the given landscape structure.

According to Krotschek et al. (2013) the territory in the south eastern part of Styria is geologically much larger than the political Styrian volcanic landscape, which is marketed by the association to promote the Styrian Volcanic Region. While the area of the once active volcanoes stretches to Hungary and Slovenia, the centre of the Styrian Volcanic area, politically speaking, lies in the districts Hartberg/Fürstenfeld and Südoststeiermark. The area of the Styrian Volcanic Region currently includes 33 communities.

Theoretical aspects

1. Scenarios – Definition and types

Theories of trade purpose include land, resources, inhabitants, skill labor, technology, culture and government.

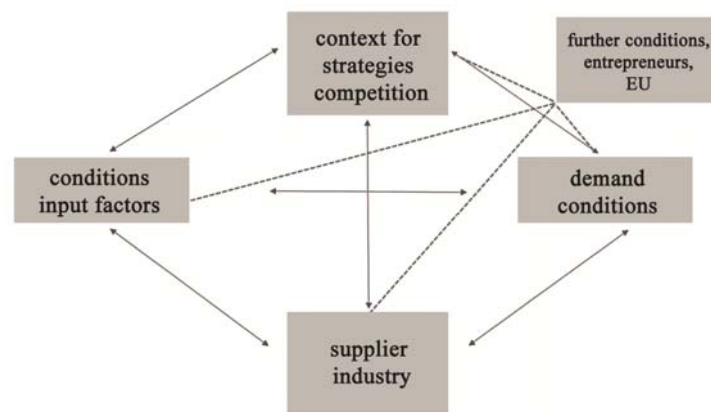


Figure no. 1: The Diamond Dimensions

Source: authors` design based on Porter (2000)

The Diamond of Michael E. Porter (Porter, 1990) represents the field that the Styrian Volcanic Region has implemented in the regional management. According to Ober (2016) the factor conditions of the Styrian Volcanic Region lies on culinary delights like the chocolate factory “Zotter”, the vinegar factory “Gölles” for the volcanic ham production factory “Vulcano Schinken” and on handcraft like traditional costume fashion “Trachtenmode Trummer”. The demand condition of the Styrian Volcanic Region is locally and companies are exporting their products. Furthermore the local market helps companies to anticipate global trends. According to Krotschek (2013) until the year 2025 the Styrian Volcanic Region has the vision to implement a sustainable resource change in the areas of life culture, habitat and regional economy and to protect these three areas in the long term. Supporting and related industries are strengthened and suppliers are global competitors. Traditional handcraft in the region plays a very important role for the national economy. The three main focuses of the region are the thermal baths and spas, culinary delights and vitality.

Porter’s Five Forces (Porter, 1999) assumes the competitive power in business situation. The supplier power within the brand Styrian Volcanic Region as a seal of quality in the fields of agriculture, tourism, handcraft and culinary delights, companies can present themselves to the outside. The buyer power consists of the respective handling and the knowledge about regional products of the region. Concerning the competitive rivalry there is a fee for the participation. This is necessary if many companies are offering the same products. The treat of substitution and treat of new power preserve a favorable position within the Styrian Volcanic Region.

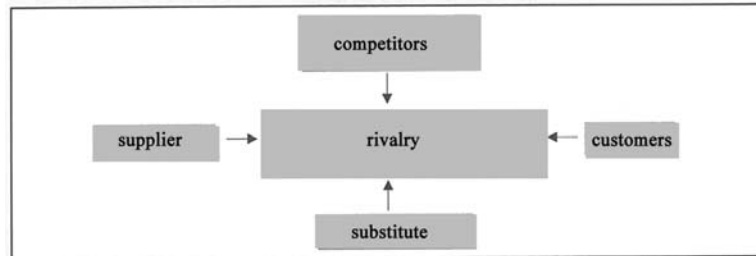


Figure no. 2: The five competitive forces
 Source: authors` design based on Porter (1999)

There are different definitions about scenarios. Following the example of Reibnitz (1991) the scenario techniques of the Styrian Volcanic Region can be analyzed as following. When Austria joined the EU, starting models and visions were created. They included a focus on innovation and the reorientation of their own space and their inhabitants. The region is largely financed by membership fees of the single districts, private companies and the country. Due to its positive and raising growth, the development is a plus for the region. The success factors and opportunities within the Styrian Volcanic Region has not only developed from a small region with the aim of creating a new identity by means of culinary delights, handcraft and vitality but also until the year 2025 100% of the energy required, such as heat, fuel and electricity, can be produced and restored by itself in a sustainable way. According to Krotschek et al. (2013) the aim is to promote the regional economy by using domestic energy and increasing energy efficiency.

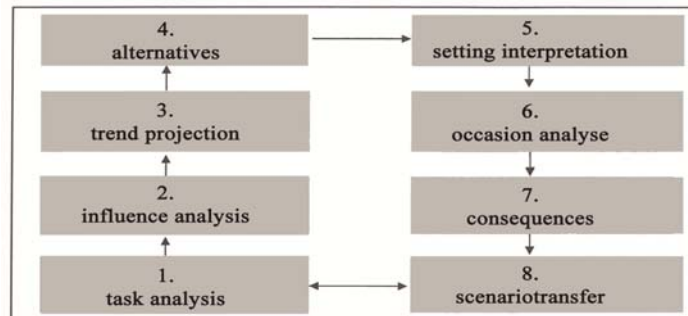


Figure no. 3: scenario analysis
 Source: authors` design based on Geschka, 1990

The eight steps after Geschka (1990) start with the task and influence analysis of the Styrian Volcanic Region. Leisure time is the main aim in the Styrian Volcanic Region and is one of the most important success factors.

According to Ober et al. (2013) the Styrian Volcanic Region focuses on the following priorities: culinary, handcraft and vitality.

These success factors stand according to Ober (2016) against alternatives and challenges. It does not always work to successfully position a region, especially in rural areas to reach an economic achievement.

In the future, according to Krotschek et al. (2013), there will be an increasing population concentration around the cities and depopulation in rural regions. Under certain conditions such a process can be defused or stopped through tourism. The Styrian Volcanic Region shows that investments can create booming tourism, to secure hundreds of jobs and to contribute to the lasting survival of individual regions.

A further occasion is the heritage according to the Meisterkultur (2016) which is based on the idea that the protection of immaterial heritage is unavoidable. It includes practices, representation, forms of expression, knowledge and skills, communities and where appropriate, individuals as part of their cultural heritage.

2. Criteria related to the scenario transfer

The Austrian National Agency (2016) requires the self-classification of the object as a cultural heritage by the applicant, a proof of the tradition and the heritage must comply with the human rights convention and the principle of sustainability.

The scenario transfer is the co-operation of tourism and enterprises. This plays an essential role in the shaping of a region. The main factors are: Landscape and infrastructure, image and transparent manufactures as a frequency inverter.

Methodology

Empirical research had the aim to increase the quality. The methods were the observation, the questionnaire, the interview, the content analysis, the discourse analysis and non-reactive procedures. Depending on the research question and the research objective and the following appropriate research method was chosen. The goal of the methodology was to orientate itself on the research question and not on the opposite.

First five interviews with the biggest company owners were made. 100 companies were searched with questionnaires. In february 2017 telephone interviews were made with structured interview questionnaires.

In order to answer the research question, the qualitative methodology was selected by means of expert interviews. Five main companies in the region, which are all involved in tourism and in the region, were interviewed.

There is an interview guide that covers five to six different areas. The answers can be released by the experts individually. For the quantitative method 100 telephone interviews with questionnaires were made. The focus here is rather on the subjective opinions, whose tasks are a deeper analysis of the content.

Case study

SWOT analyses of the Styrian Volcanic Region

The letters SWOT stand for strengths, weaknesses, opportunities and treats. According to Mintzberg *et al.* (1998) the basic design model emphasizes the external, technological, economic, political and social aspects. The basis oriented from following two books: *Leadership in Administration* by Philip Selznick (1957) and *Strategy and Structure* by Alfred Chandler (1962). These books brought together the internal state and the external expectations (Chandler, 1962, 47). Every region or company is influenced by internal or external forces according to Houben *et al.* (1999). According to Mintzberg *et al.* (1998) the objective, procedure, individual strengths, weaknesses, opportunities and threats, must be defined. Furthermore the individual responses and dialogue lead to developments to move forward. Organizations can be differentiated within three basic fields. These are the key part, the prime coordinating mechanism and the type of decentralization.

1) SWOT analysis of tourism

Table no. 1: SWOT analysis and results

<p>Strengths Variability in leisure and offer Center of the Styrian summer tourism Most important spas of Styria Touristic leading enterprises as a center of ideas for the whole region Vineyards The highest working to capacity of the touristic enterprises in Styria</p>	<p>Weaknesses Few overnights of foreign tourists Discontinuing frequency of spa tourism Daily tourism (no overnights) Weak coordinated touristic marketing Few family offers No special youth offers High competition between the spas</p>
<p>Opportunities Improving summer tourism Concentration to foreign markets Strengths of the daily tourism Special offer for target groups to improve investments in the traffic industry Reflecting on investments for the touristic infrastructure</p>	<p>Treats Declining of the spa tourism without new attractions Saturation of consumer demands at the spa tourism Uncoordinated touristic and cultural marketing Absence of foreign tourists</p>

2) SWOT analysis of enterprises

Table no. 2: SWOT analysis and results

<p>Strengths Positive development in the acquisition rate Little business structure Enormous increasing in the service sector Low unemployment High importance of agriculture, forestry and handcraft The biggest agricultural areas of Styria Specialization of food, culinary products</p>	<p>Weaknesses Economic change of structure View modernized and export oriented branches High season depending Relative high rate of daily commuters Low gross income Industrial establishments are only punctual of importance</p>
--	---

Production of articles with regard to the high employment as an industrial branch Many independent retailers and new establishments	Regional dependent building line Low technical level of the economy Declining of employees at the primary sector
Opportunities Regional working places Improving the regional job market Minimizing the daily commuters Cultivation of high quality products Long term confession to the small and medium sized establishments Low unemployment rate	Treats Reduce of employees in the prime sector High costs and loss of purchasing because of the daily commuters Higher wages outside of the home district Low standard of wages High part of part time farmers that prevent to create new innovative cultures

Results

An interpretation of the questionnaire answers shows that the Styrian Volcanic Region has good handcraft and combines these with tourism. The empirical investigation shows that co-operation is possible here in the region and that a strategy is to be pushed accordingly. All five experts agreed that the cooperation between tourism and enterprises in the region create additional jobs and attract more tourists and creates jobs. The following statistical figures of unemployment in Austria, Styria and the Styrian Volcanic Region are used for a more detailed analysis. In 2016 the unemployment rate of the Styrian Volcanic Region was lower than in Austria and in Styria.

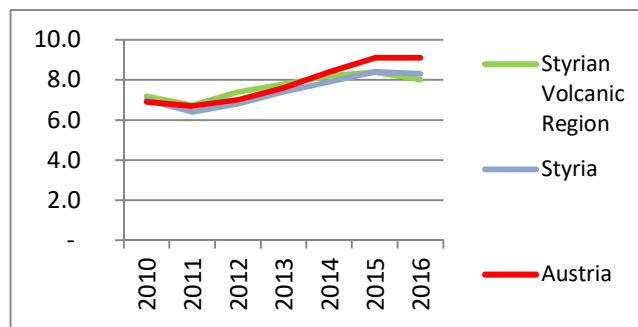


Figure no. 4: Results of unemployment research

Table no. 3: Statistic of unemployment within the SVR

Year	Styrian Volcanic Region	Styria	Austria
2010	7,2 %	7,0 %	6,9 %
2011	6,7 %	6,4 %	6,7 %
2012	7,4 %	7,4 %	7,0 %
2013	7,8 %	7,8 %	7,6 %
2014	8,2 %	8,2 %	8,4 %
2015	8,4 %	8,4 %	9,1 %
2016	8,0%	8,3 %	9,1 %

Source: authors based on AMS

The research of overnights show that in 2016 within the Styrian Volcanic Region only 8,5% of the overnights are not from Austria. Within Styria 39.90 % of the tourist's overnights are from tourists from abroad.

Table no. 4: Overnight statistics in the SVR

Overnights.	2012	2013	2014	2015	2016
Total in SVR	1.045.099	1.094.176	1.098.168	1.091.919	1.114.769
from Austria	971.703	1.017.475	1.023.234	1.005.443	1.019.722
other countries	73.396	76.701	74.934	86.476	95.047

Source: authors based on Statistik Austria

Table no. 5: Comparison of overnights from tourists (Austria and other countries)

Overnights.	2012	2013	2014	2015	2016
SVR tourists from Austria	93,00 %	92,50 %	93,20 %	92,10 %	91,50 %
SVR from other countries	7,00 %	7,50 %	6,80 %	7,90 %	8,50 %
Styria tourists from Austria	62,40 %	62,40 %	61,40 %	60,80 %	60,10 %
Styrother countries	37,60 %	37,60 %	38,60 %	39,20 %	39,90 %

Source: authors based on Statistik Austria

SWOT Analysis of the Styrian Volcanic Region

Table no. 6: SWOT analysis and results of the SVR – Source: authors

Strengths The brand Styrian Volcanic Region Variety of companies Innovation Regional media reports about regional activities Ability to add value to products Working capital	Weaknesses Weak income and wages Safety issues in factories Specification of target groups
Opportunities Growth in niche markets Brand marketing Companies stay preserved Jobs are created New tourist attractions Transparent enterprises Increases awareness Symbioses and connections are created Integration of the population	Threats Loss of authenticity by adaptation to the tourist Resource decline Loss of credibility due to an oversupply of volcanic products Financial, economic situation

Source: authors

An analysis of the 100 qualitative expert interviews results shows advantages like an excellent internet appearance, motivation, innovation, collaboration and increasing self-esteem of companies.

The authenticity of the Styrian Volcanic Region is an important criterion in comparison with other regions for tourists. The focus in the future of Vocational Business and Training (Melbourne, 2002, 12) states what the Styrian Volcanic Region has developed.

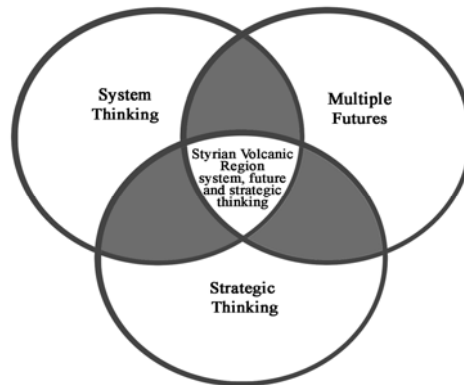


Figure no. 5: Results of the SWOT analysis of the SVR

Strategic thinking between tourism, handcraft and culinary delights, involving the local population, creates jobs and brings additional tourists. Together with the regional media, the regional development of the Styrian Volcanic Region succeeded in inspiring the local population with their vision of a sustainable future-oriented innovative region. System thinking and co-operation with other regions is important. Innovation, system and strategic thinking contribute to the future of the region. It motivates companies to develop innovative ideas and products that enable new networks.

Conclusions

As a strategic approach to a successfully positioning of the Styrian Volcanic Region there are following fundamental points: Collaboration of enterprises and tourism is creating awareness and sustainability, Tradition and regional heritage as important points of sale and the use of distribution through regional media, marketing and networking.

Joint projects are identic to support the marketing concept in order to act as an advertising partner. Enterprises go hand in hand with marketing, which can be used optimally.

The companies and the local population are fully committed to their region.

The core competences of the Styrian Volcanic Region are tourism, craftsmanship and culinary delights. They are looking forward to an upcoming modern regional management.

The development potential of the region can be improved in the coming years with the co-operation of the Styrian Volcanic Region and the Styrian Thermal Region. The success will depend on the strategies pursued strategically in the coming years.

References

- Chandler A., 1962. *Strategy and Structure: Chapters in the History of the Industrial Enterprise*, Cambridge, MA:MIT Press.
- ETTE, 2000. *Focus in the Future of Vocational Business and Training*, Melbourne: ETTE Press.
- Fink A., Schlake O., 2000. Wie Sie mit Szenarien die Zukunft vorausdenken in *Harvard Business Manager*. Special Issue, January-March, Harvard: Harvard Business Press.
- Geschka H., Hammer R., 1990 . *Die Szenario-Technik in der strategischen Unternehmensplanung*, in: D. Hahn, B. Taylor (Hrsg.), *Strategische Unternehmensplanung*, 5.erweiterte Auflage, Heidelberg.
- Houben G., Lenie K. and Vanhoof. K. 1999 . A knowledge-based SWOT-analysis system as an instrument for strategic planning in small and medium sized enterprises, *Decision Support System* 26 .
- Kleine Zeitung, 2016. *Eine neue Region entsteht* [online] Available at: <<http://www.kleinezeitung.at>> [Accessed 24 September 2016].
- Mintzberg H., Ahlstrand B. and Lampel J. 1998. *Strategy Safari: A Guided Tour Through the Wilds of Strategic Management*. New York: Free Press.
- Ober J., Krotschek C., 2013. *Lokale Entwicklungsstrategie 2014 – 2020*, LAG Steirisches Vulkanland. Auersbach: BVG Verlag.
- Ober J., 2016. *Meisterkultur in einem zukunftsfähigen Lebensraum*. Auersbach: BVG Verlag.
- Porter M.E., 2000. *Location, Competition and Economic Development*, *Quarterly*, Vol 14(1). New York.
- Porter M.E., 1990. *The Competitive Advantage of Nations*, Free Press, New York.
- Porter M.E., 1999. *Wettbewerbsstrategie: Methoden zur Analyse von Branchen und Konkurrenten*. 10. Auflage, Campus Verlag, Frankfurt am Main.
- Selznick P., 1957. *Leadership in Administration: A Sociological Interpretation*, New York: Harper and Row.
- von Reibnitz U., 1991. *Szenario-Technik: Instrumente für die unternehmerische und persönliche Erfolgsplanung*, Gabler Verlag, Wiesbaden.