AN APPLICATION OF SWOT-AHP TO DEVELOP A STRATEGIC PLANNING FOR A TOURIST DESTINATION

Yeong-Ae Jeon
Nutrition, Hospitality, and Retailing Department
Texas Tech University

and

Jungsun "Sunny" Kim
Nutrition, Hospitality, and Retailing Department
Texas Tech University

ABSTRACT

The purpose of this study is to evaluate the critical factors in strategic planning and to utilize them in developing effective strategies for Chuncheon, a tourist destination in South Korea. It would be crucial for policy makers to understand the relative importance of environmental factors. To support their decision making process, a SWOT analysis was used in combination with an analytic hierarchy process (AHP) in this study. Fifteen SWOT factors and the relative weight of SWOT groups were examined through focus group interviews with policy-makers in Chuncheon. The result can be utilized to prioritize factors to develop effective strategies in Chuncheon or similar tourist destinations.

Keyword: SWOT-AHP method, multiple criteria decision making (MCDM), tourist destination, strategic planning

INTRODUCTION

A tourist destination (or a destination) traditionally refers to a well-defined geographical area such as a country, an island, or a town which is dependent to a significant level on the revenues accruing from tourism (Davison & Maitland, 1997; Hall, 2000). In South Korea, competition among domestic destinations has noticeably increased since 1995, when the local municipality system became operative (Lee, 2008). Accordingly, the local governments have been anxious to keep their economical health in a good shape for maintaining political independence as well as to improve economic opportunities. To achieve this goal, policy makers of tourist destinations should understand the relative importance of tourism as well as to use multiple criteria to analyze their complex problems (Saaty, 1990). Evaluating the overall environment of a tourist destination is a multiple criteria decision making (MCDM) problem, and it is crucial for policy makers to implement effective strategies to promote their destinations (Weihrich, 1982). In this study, the internal and external environments of Chuncheon in South Korea were selected as a MCMD problem for the policy makers.

The purpose of this study is to evaluate the critical factors in the strategic planning and to utilize them in developing effective strategies for Chuncheon, a tourist destination in South Korea. The research questions developed in this study are as follows;

- Q1: Are there any differences in the importance of each group (i.e., strengths, weaknesses, opportunities, threats, SWOT)) when tourism policy makers develop their strategic planning for destination marketing?
- Q2: Which factors in each group (i.e., SWOT) are more important for tourism policy makers in developing their strategic planning?

- Q3: How can tourism policy makers analyze internal and external environments more precisely using the Analytical Hierarchy Process (AHP)?
- Q4: Based on the significant factor(s) found in each group (i.e., SWOT), how can policy makers implement effective strategies for Chuncheon, a tourist destination?

LITERATURE REVIEW

In the tourism industry, a destination's environments can play importance roles for examining its competitiveness. Therefore, decisions related to tourism should be considered for possible environmental changes by approaching and analyzing them systematically (Mihali, 2000). The internal and external factors most important to the enterprise's future are referred to as strategic factors and they are summarized within the SWOT analysis. (Kaharaman, Demirel, & Demirel, 2007). Pike (2005) suggested that a SWOT analysis is an effective tool for achieving strategic objectives that correspond with an organization's resources and environmental opportunities in destination marketing. The SWOT analysis is conventionally used for an enterprise, but can be applicable for the larger levels for example, at the destination level (Falulkner, 2002). Strategic planning for a destination could be a challenging process since there are many possible strategies derived from the evaluation of environmental factors. Decision making without systematic approaches will apparently result in less effective strategies for a destination. By addressing four research questions, this study aims to help policy makers not only to realize important factors of the tourist destination, but also provide an analytical tool for developing effective strategies for a destination.

METHODOLOGY

Kurttila, Pesonen, and Kangas (2000) pointed out the technical limitations of the SWOT analysis due to its impreciseness and lack of a quantitative examination. Thus, they introduced a SWOT-AHP hybrid method with which a SWOT analysis can improve its usability. The analytic hierarchy process (AHP) was initially developed by Saaty in 1980 and has been widely used for solving multiple criteria decision making (MCDM) problems. The basic formula of AHP is paired comparisons among each criterion, and the results of paired comparisons demonstrate the overall ranking in the decision task. Consequently, AHP can provide a quantitative measure of the importance of SWOT factors in this study. The analysis based on the SWOT–AHP hybrid method has been used in various areas such as energy, agriculture, and the machine-tool industry, but not in many cases for the tourism industry (Kaharaman, Demirel, & Demirel, 2007). The steps of SWOT-AHP we applied to Chuncheon are as follows: (1) SWOT analysis, (2) paired comparisons between SWOT factors within each SWOT group, (3) paired comparisons between the four SWOT groups, and (4) a strategy formulation from the results.

RESULTS

A SWOT matrix of given destination, Chuncheon, has been developed (Table 1). This framework captured the important environments of Chuncheon, and objectified them from the general literature, while evaluating the critical issues of Chuncheon. The local and global priority of SWOT factors were calculated, and the results were illustrated with a graphical interpretation in Figure 1. Table 2 demonstrates the result of the relative weight scores of the SWOT group; the strengths group turned out to be highest followed by weaknesses, opportunities, and threats. With regard to the overall relative weight of factors, 'Various

cultural resources' was identified as the most important factor followed by 'Lack of tourism product', 'Abundant natural resources', 'Increased needs for short-term travel', and 'Location and accessibility'

Table 1
SWOT Analysis and descriptions of factors for Chuncheon in the tourism market

	Classification		Description
Internal environments	Strengths	**S1. Location & Accessibility** (Crouch & Ritchie, 1999)	- Highway & express train - Close to cities and airport
		S2.Abundant natural resources (Buhalis, 2000)	- Mountains (14), lakes (3), islands (2), and waterfalls (2) etc.
		S3.Administrative supports (Gibson, Lynch, & Morrison, 2005)	- Capital of the region - Located regional administrative agency
		S4.Various cultural resources (Buhalis, 2000)	- Hallyu sites, cultural events (10), museums & galleries (14), and distinctive local foods etc.
	Weaknesses	**W1.Inactive investment** (Buhalis, 1998)	- Low government investment (5.71% of total budget) - Weak private investment
		W2.Insufficient tourism infrastructure (Baloglue, 1999)	- Lack of tourist information centers and directional signs - Low standards of accommodations
		W3.Immature civic awareness (Kozak, 2002)	- Residents' passive attitude on the tourism market - Lack of professionalism of industrial workers
		W4.Undeveloped tourism products (Buhalis, 1998)	- Lack of tourism products that can entice tourists into spending - Less distinctive tourism products compared to other destinations
External environments	Opportunities	**O1.Hosting of international event** (Morgan, 2004)	- World Leisure Congress in 2010 - International mime festival every year
		O2.Expansion of new tourism markets (Poon, 2003)	- Market expansion for new tourism (e.g., medical tourism, MICE and cruise opportunities, auto camping etc.)
		O3.Increased needs for short-term travel (KTO, 2009)	- Short length of travel is preferred - Increased frequent visitors
		O4.Increased foreign visitor (KTO, 2009)	- Appreciation of Japanese Yen - Hallyu all over the Asia
	Threats	**T1.Fierce competition** (Cracolici, 2006)	- Competition among domestic and international destinations
		T2.Restricted development & regulation (Huybers, 2003)	- Water Conservation Zone - Tight regulations on private sectors of tourism
		T3.Economic recession (Aktas, 2005)	- Decreased demands for travel

Table 2
Priorities of Comparisons of the SWOT Groups and Factors by Policy Makers

SWOT Group	Group Weight score	Priority	SWOT factors	Local weight score	Overall weight score
Strengths	0.414	1	S1. Location & Accessibility	0.175	0.072

			S2. Abundant natural resources	0.237	0.098
			S3. Administrative supports	0.1	0.041
			S.4 Various cultural resources	0.488	0.202
Weaknesses	0.265	2	W1. Inactive investment	0.171	0.045
			W2. Insufficient tourism infrastructure	0.236	0.063
			W3. Immature civic awareness	0.112	0.029
			W4. Lack of profitable tourism products	0.481	0.127
Opportunities	0.221	3	O1. Hosting of international event	0.118	0.026
			O2. Expansion of New tourism market	0.318	0.070
			O3. Increased needs for short-term travel	0.39	0.086
			O4. Increased number of foreign visitor	0.174	0.038
Threats	0.1	4	T1. Fierce competition	0.275	0.028
			T2. Restricted development & regulation	0.209	0.021
			T3. Economic recession	0.517	0.052

Note. Local weight scores indicate the level of priority with respect to each SWOT groups. The greatest weight score within the SWOT group in boldface. Overall weight scores are calculated by multiplying the local weight score within the SWOT group by the group weight score. For example, the overall weight score of S.4 is "0.488 x 0.414=0.202."
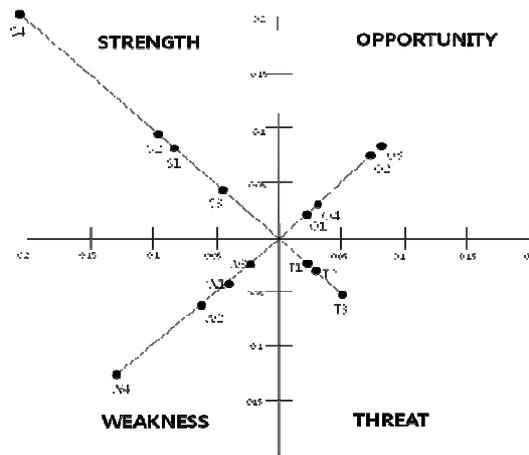
Note. The line of each quadrant indicates the overall weight of factors of each SWOT group and points on each line specify the weight of factors within the group.

Figure 1
Graphical interpretation of Expert's decision preference towards tourism planning

CONCLUSIONS & IMPLICATIONS

The key findings of this study are summarized as follows: First, the participants considered internal factors more important than external factors in making their decisions related to Chuncheon, South Korea. Second, the three top factors were all associated with tourism resources in Chuncheon. This result indicates that policy makers fully appreciated the strategic importance of internal factors, and they were planning to turn tourism resources eventually into profitable products to the tourism market. This study provides an important contribution to the industry by suggesting a new approach to enhance policy makers' discussions related to both internal and external environments of their destinations. If policy makers of tourist destinations utilize the approach of this study (SWOT-AHP), they will be able to obtain a more comprehensive decision making tool for their effective strategic planning than using a traditional method (e.g., SWOT).

LIMITATION AND FURTHER STUDIES

The major limitation of this study is that the sample was collected from only one tourist destination in South Korea. Thus, the results cannot be generalized to other tourist destinations. Therefore, the results from the limited area and the experts will be applicable to this case study area or other tourist destinations which have similar environments with Chuncheon. Future studies should be conducted with different tourist destinations to generalize or compare the findings of this study.

REFERENCES

Bryson, J. (1988). A strategic planning process for public and non-profit organizations. *Long Range Planning, 21*(1), 73-81. .

Buhalis, D. (2000). Marketing the competitive destination of the future. *Tourism Management, 21*(1), 97.

Ching-Fu, C. (2006). Applying the Analytical Hierarchy Process (AHP) Approach to Convention Site Selection. *Journal of Travel Research, 45*(2), 167-174.

Dwyer, L., & Kim, C. (2003). Destination competitiveness: determinants and indicators. *Current Issues in Tourism, 6*(5), 369-414.

Kahraman, C., Demirel, N., & Demirel, T. (2007). Prioritization of e-Government strategies using a SWOT-AHP analysis: The case of Turkey. *European Journal of Information Systems, 16*(3), 284-298.

Kajanus, M., Kangas, J., & Kurttila, M. (2004). The use of value focused thinking and the A'WOT hybrid method in tourism management. *Tourism Management, 25*(4), 499-506.

Kurttila, M., Pesonen, M., Kangas, J., & Kajanus, M. (2000). Utilizing the analytic hierarchy process (AHP) in SWOT analysis: A hybrid method and its application to a forest-certification case. *Forest Policy and Economics, 1*(1), 41-52.

Lee, Y. S. (2008). The plan to improve competitiveness of Gangwon-do's Tourism Industry. Kangwon Development Research Institute.

Mihali , T. (2000). Environmental management of a tourist destination A factor of tourism competitiveness. *Tourism Management, 21*(1), 65-78.

Pike, S. (2008). *Destination marketing: An integrated marketing communication approach.* UK: Butterworth-Heinemann.

Poon, A. (2003). Competitive strategies for a new tourism. *Classic Reviews in Tourism*, 130-142.

Proctor, R. (1992). Selecting an appropriate strategy: A structured creative decision support method. *Marketing Intelligence & Planning, 10*(11), 21-24.

Saaty, T. (1990). How to make a decision: the analytic hierarchy process. *European Journal of Operational Research, 48*(1), 9-26.

Schmoldt, D., Kangas, J., Mendoza, G., & Pesonen, M. (2001). *The analytic hierarchy process in natural resource and environmental decision making*. MA: Springer Netherland.

Shrestha, R., Alavalapati, J., & Kalmbacher, R. (2004). Exploring the potential for silvopasture adoption in south-central Florida: an application of SWOT-AHP method. *Agricultural Systems, 81*(3), 185-199.

Yüksel, I., & Dagdeviren, M. (2007). Using the analytic network process (ANP) in a SWOT analysis - A case study for a textile firm. *Information Sciences, 177*(16), 3364-3382.