The main purpose of this research is to assess comparative competitive position of the Algarve and the southern Spanish destinations. These “sun and sea” destinations are all classified at the level three of the European administrative regions (NUTS III). From the existing body of research two approaches were selected to support this study – regarding Tourism Competitive Index improvement. The empirical research is based on a quantitative methodological approach, which relies on a set of seven latent variables – the proposal model – adjusted upon the literature review. This set of unobservable variables is explained by 23 indicators, based on statistical data provided by the official institutions of the two countries. Performance results made possible to identify two groups of destinations in terms of homogeneity and heterogeneity of competitive performance and rank the set of tourist destinations evaluated. Besides, the empirical findings of this analysis allow identifying in each variable the most direct competitor of each destination and also identify its straights and weaknesses. Findings brought some suggestions regarding future tourism development of these destinations and revealed some important issues for further research.

KEY WORDS: tourist destination; destination competitiveness; Algarve; Southern Spain.