

**2<sup>nd</sup>**

**International  
Scientific  
Conference**

**1-3 June, 2017**

**Vrnjačka Banja, Serbia**

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**TOURISM  
IN FUNCTION OF DEVELOPMENT  
OF THE REPUBLIC OF SERBIA**

**Tourism product as a factor of competitiveness of  
the Serbian economy and experiences of other countries**



**THEMATIC  
PROCEEDINGS**

**I**



**UNIVERSITY OF KRAGUJEVAC  
FACULTY OF HOTEL MANAGEMENT  
AND TOURISM IN VRNJAČKA BANJA**



**The Second International Scientific Conference**

**TOURISM IN FUNCTION OF  
DEVELOPMENT OF THE REPUBLIC OF  
SERBIA**

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**Thematic Proceedings**

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## FOREWORD

The Faculty of Hotel Management and Tourism in Vrnjačka Banja is the host of the second International Scientific Conference Tourism in function of the development of the Republic of Serbia, Tourism product as a factor of competitiveness of the Serbian economy and experiences of other countries, that takes place in Vrnjačka Banja from 1st to 3rd June, 2017. The Conference will present 80 papers contributed by 143 participants coming from Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, the Republic of Srpska, Portugal, Romania, Ukraine and Serbia.

The aim of the Conference is the exchange of ideas and experiences of the participants coming both from Serbia and abroad, establishing collaboration with other institutions and analysing the possibility of using Good Practice to reach conclusions concerning the potential trends of further development of spa tourism in Serbia.

The Thematic Proceedings, as a result of the Conference, is published in two volumes, and will be available to a wider scientific audience, with the purpose of promoting sustainable tourism in the Republic of Serbia, with a special emphasis given to tourism product as a factor of competitiveness of the Serbian economy and experiences of other countries.

Vrnjačka Banja,  
June, 2017

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# HOTEL GUEST REVIEWS AS A TOOL OF COMPETITIVE ADVANTAGE

Cvetko Andreeski<sup>1</sup>

## Abstract

*According to the research of many authors, guest reviews are important source of data used for different types of analysis which can support decision making process in hotel industry. Guest reviews are important for both tourists and hotel managers. The analyses of the reviews are main issue in detecting weaknesses in tourism offer. There are many questions before we can start the analysis of guest reviews and take data from these reviews. Text analysis such as text processing, text classification and sentiment analysis, metadata, statistical and econometric analysis can give good feedback of the quality of service in tourism. In this, paper we do the analysis of the relevance of guest reviews and propose a framework for sentiment analysis.*

Key words: review, analysis, tourism, online booking

JEL classification: Z31

## Introduction

Reservation systems give possibility of virtual visit of almost every tourism destination, as well as experience of other tourists that have already visited the destination. All the information of different types like text, photos, 360°-tours, visitor photos, etc., offer virtual tours for the potential tourists. Guest reviews play significant role in delivering first-hand experience for potential tourists. They rely on those reviews in choosing a hotel or even a destination. They are also very important for hotel managers. In some cases hotel ranking depends on guest review results but more important is the attractiveness and reputation of a hotel. Hotel managers can also follow the tendency of the review grades during years. However, we need to have tools for analysing guest reviews,

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especially as text reviews are given in a non-structured form in different reservation systems.

At the beginning we need to know how relevant these reviews are. Do they play such an important role in choosing tourism destination? We made research on the literature dealing with these issues. In (Bogdanovych, et al., 2006) a qualitative research is conducted to give the answer to different aspects of online booking and tourist attitudes about online booking vs. booking via travel agencies. We have similar approach in (Стефановски, 2016) and (Јовиќ, 2016). The attitudes of guests are analyzed to get the relevant information about the influence of reservation systems and guest reviews on their decision concerning online reservation. Relevance of the reviews and grades from these reviews can be analyzed with quantitative methods also. We can find such a research in (Andreeski, Sentiment Analysis in Tourism, 2015) and (Sparks & Browning, 2011). In both references, besides the total grade of the reviews, the text sentiment is analyzed and several independent variables are taken into consideration to deliver conclusions. (Xiang, Du, Ma, & Fan, 2017) conduct big data analysis from diverse sources of data. They use data from three online review platforms TripAdvisor, Expedia and Yelp. They use metric tools to compare results of guest reviews from different review platform. They also point out some research that deals with platform biases, which contributes to the validity of the results obtained by these researches (Ruths & Pfeffer, 2014). (Agheorghiesei & Ineson, 2011) conducted a survey on representatives of travel agencies in Romania and they focus on competitive impact of online bookings on customer loyalty, business and communication strategies.

Proserpio & Zervas (2016) have made analysis on management responses on consumer reviews in hotel industry and the outcomes of their response. Some papers (Diaz & Rodriguez, 2017) offer whole methodology of competitiveness on tourism destinations lodging offer based on online customer reviews. After the process of guest review analysis, management should make decisions about the results of the analysis. These results can also help the institutions to design the destination's strategy by identifying the advantages and disadvantages of the destination that can lead to making decisions about market segments, image, communication, branding, positioning, and promotion activities.

In the rest of the paper there is a qualitative research of the relevance of guest reviews and also comparison between different sources of results.

The qualitative analysis is followed by a quantitative one concerning relevance. Iterative Framework for Sentiment Analysis present some results about the sentiment analysis of guest reviews and methodology of natural language processing and text classification. At the end, some conclusions are given about using guest reviews as a tool for competitive advantage.

### **Research on the relevance of guest reviews**

In this part of the paper, we present the results of two surveys conducted in the Republic of Macedonia and the Republic of Serbia about influence of ICT technology in hotel industry and tourism. The survey conducted in the Republic of Serbia included the population of 369 tourists and the survey conducted in the Republic of Macedonia was undertaken with the population of 318 tourists. Questions in both questionnaires are different, but there are common questions about guest attitudes towards getting information about tourist offer online, and also making online reservation. We will take into consideration next hypothesis.

H1. Tourists use the Internet as the main source of information for tourism destination and accommodation facilities

H2. Online booking is acceptable choice for most of the tourists  
 a. Attitudes of tourists about online booking differ for different ages and levels of education

Table 1: *Gender distribution of tourists in Serbia and Macedonia*

<b>Gender</b>	<b>Serbia</b>	<b>Macedonia</b>
Male	58%	53.46%
Female	42%	46.54%

There are questions in both questionnaires about the source of information for tourism destination. In the survey conducted in the Republic of Serbia, the question is “How did you get the information about tourism offer of the destination”. Results are given in table 2.

Table 2: *Results of the question “How did you get the information about tourism offer of the destination”*

<b>How did you get the information about tourism offer of the destination</b>	
By recommendation of a travel agent	3.5%
In a travel agency	20.6%
In TV commercial	2.7%



On the Internet	52.3%
By recommendation of a friend	20.9%

In the survey conducted in the Republic of Macedonia, we have the question “Do you use the Internet for getting information about tourism offer of destinations”. Results are given in Table 3.

Table 3: *Results of the question “Do you use the Internet for getting information about tourism offer of a destination or a hotel”*

<b>Do you use the Internet for getting information about tourism offer of a destination or a hotel</b>	
Yes, always	86%
Sometimes when I go for a private arrangement	10%
Never, I get information from travel agencies	4%

Despite the fact that the questions are different in both questionnaires, we can see the differences in attitudes of the respondents. In the Republic of Serbia 52.3% of the respondents prefer the Internet as a source of information about the destination, and in Macedonia that percentage is much higher 86%. It is obvious in both surveys that more than 50% of the respondents use the Internet as a basic source of information about the tourism offer of the preferred destination. We made crosstab analysis on both surveys. Crossed variables are age of respondents and attitude towards choosing source of information about tourism offer of the destination. Results are given in Table 4 and Table 5.

Table 4: *Crosstab analysis for survey conducted in the Republic of Macedonia*

		<b>Do you use the Internet for getting information about tourism offer of a destination or a hotel</b>			<b>Total</b>
		Yes, always	Sometimes when I go for a private arrangement	Never, I get information from tourist agencies	
<b>Which is your age group</b>	18-30	126	5	0	131
	31-40	87	7	0	94
	41-50	10	9	8	27
	50+	51	11	4	66
<b>Total</b>		274	32	12	318

Young people till the age of 40, use the Internet as the main source of information in almost 95%. Older people use the Internet as the main source of information in more than 77%. In total, only about 4% use only information from tourism agencies for tourism offer of a destination or a hotel.

Table 5: *Crosstab analysis for the survey conducted in the Republic of Serbia*

		How did you get information about tourism offer of the destination					Total
		By recommendation of travel agent	In travel agency	In TV commercial	On the Internet	By recommendation of friend	
Which is your age group	18-30	2	2	0	18	7	29
	31-40	5	37	1	103	26	172
	41-50	4	28	5	63	26	126
	50+	2	9	4	9	18	42
Total		13	76	10	193	77	369

In this survey, young people till the age of 40 use the Internet as the main source of information in more than 60%. Older people use the Internet as the main source of information for tourism offer in only 21%. In this survey travel agencies were the main source of information in 20.5%.

Next interesting question is the attitude of respondents about online booking of accommodation. We have the results on this question from both surveys: in the Republic of Macedonia, and also in the Republic of Serbia. The results are given in Table 6 and Table 7.

Table 6: *Do you make online reservations? (Survey conducted in the Republic of Macedonia)*

	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Yes, always</b>	219	68.9	68.9	68.9
<b>Sometimes when I go for a private arrangement</b>	60	18.9	18.9	87.7

<b>Never, I get information from tourist agencies</b>	39	12.3	12.3	100.0
<b>Total</b>	318	100.0	100.0	

On this question, almost 70% of the respondents give answer that they prefer online booking of accommodation. About 12% use services from travel agencies for reservations of accommodation.

Table 7: What is your attitude about making online reservations of accommodation? (Survey conducted in the Republic of Serbia)

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>Negative</b>	20	5,4	5,4	5,4
<b>Neutral</b>	119	32,2	32,2	37,7
<b>Positive</b>	230	62,3	62,3	100,0
<b>Total</b>	369	100,0	100,0	

Results given in Table 7 are presented in short Likert scale. More than 62% of the respondents have positive attitude towards making online reservations of accommodation. Only 5.4% of the respondents have negative attitude towards this question. We can find another qualitative analysis on guest review attitudes of the respondents on [www.statista.com](http://www.statista.com). Results are given in Table 8.

Table 8: *Results of the survey of respondent attitudes towards guest reviews*

	<b>IMPORTANCE OF GUEST REVIEWS TO HOTEL BOOKING DECISIONS WORLDWIDE</b>			<b>IMPORTANCE OF HOTEL CLASSIFICATION WHEN SELECTING HOTELS WORLDWIDE</b>		
	Very important	Important	Not important	Very important	Important	Not important
<b>AUSTRALIA</b>	69%	23%	8%	67%	21%	12%
<b>UNITED STATES</b>	69%	17%	14%	64%	21%	15%
<b>GREAT BRITAIN</b>	61%	21%	18%	55%	20%	25%
<b>GERMANY</b>	51%	21%	28%	51%	21%	28%
<b>FRANCE</b>	39%	31%	30%	45%	24%	31%

In this survey five countries are involved: Australia, the United States, Great Britain, Germany and France. From the results of the survey, we can conclude that only in France guest reviews are not “very important” for the potential tourists. In this country, 30% of the respondents find that guest reviews are not important for making a decision. Another question in this survey is Importance of the Hotel Classification when selecting Hotels Worldwide. The answer is similar to the answer of the previous question.

### **Quantitative analysis on relevance**

Guests give their opinion on quality of service after the end of the visit of some accommodation or tourism destination. They give numeric grades for some aspects of the facilities (in TripAdvisor there are six of them: sleep quality, location, rooms, service, value, cleanliness), but also guests have the opportunity to give written review on many aspects about the quality of service. We can make statistical analysis on the grades about different aspects of the accommodation, but we can also make sentiment analysis on written reviews and compare results with the given grades. If the managers take into consideration grades of the guests, they should be aware of the relevance of the reviews.

### **Sentiment Analysis Approach**

In the sentiment analysis, one guest review is one document, and every document can have one or more sentences. Each sentence is analysed and the sentiment orientation is calculated. We have chosen hotels with enough guest reviews to have a valid analysis. As a base for calculation of semantic orientation we use the phrase patterns with predefined semantic value. These phrases are measured from highly negative like “poor” to highly positive like “perfect”.

Many different approaches for sentiment analysis are used in many researches. (Pang & Lee, 2008) made survey about techniques and methods of sentiment and opinion analysis of product reviews. Some of them are based on Information Extraction - IE text processing tools from tokenizers, sentence splitters, part of speech analyses and annotations (Dietmar, Markus, Gunther, & Matthias, 2012), (Kasper & Vela, 2011). This approach is mostly semi-automatic approach of sentiment analysis. Besides the fact that this approach is simple, it is effective due to manual (human) analysis of the contents. Sometimes it is hard to detect the

semantic orientation of the sentence. If we just follow the n-gram identification approach, we can calculate some value of semantic orientation which can lead to wrong conclusions. Calculations of a real positive or negative orientation of the sentence can be very challenging, unless we fully understand the content of the sentence. Even in the negative aspects of review, we can find some positive aspects like in the following part of the review “*food was good and quite reasonably priced but the better wines were very over-priced*”. Remarks in the reviews could be also found in positive contents. In some cases, content can be followed in several sentences. This is one of the most challenging tasks.

For the machine learning approaches, in most cases support vector machine and Naïve Bayes classification method are used.

### **Data and Analysis**

Hotels are categorized with stars (1 to 5), according to their offer and services included in the offer. On the Ohrid Lake coast we can find hotels with 3, 4 and 5 stars, as well as private accommodation categorized in private Villas, apartments and rooms for rent. This categorization is legally based and accepted by the institutions. There is a difference in the guest perception of each accommodation facility. If one wants to measure the difference, the review analysis of the guest reviews is needed and according to the obtained opinion, the classification of the accommodation facilities in the frames of the same category can be made, as well as the level of guest satisfaction for each category. Table 9 presents data for the accommodation facilities analysed in this paper.

Table 9: *Analysed accommodation facilities*

	3 stars	4 stars	Villas
Number of analysed facilities	4	6	6
Number of reviews (documents)	122	296	375
Number of separated phrases	339	855	1145

For the analysis, data are collected for the 3- and 4-star Hotels, because most of the hotels on Ohrid Lake Coast are categorized in these two categories (there are only two 5-star hotels, the second one operating for one year). Data are taken from the beginning of the existence on TripAdvisor till the end of June 2015. Three-star hotels chosen for the analysis are: the Desaret, the Riviera, the Garden and the Denarius; four-

star hotels are: the Alexander Villa, the Tino, the Aleksandrija, the Belvedere, the Sileks, the Metropol; the analyzed reviews concern the following villas: Villa Dea, Villa Germanoff, Villa Veron, Villa St. Sofia, Villa Kale and Villa St. Clement The Lesser. In order to compare the results, we have made data acquisition for villas as the best offer of the private accommodation. Besides the fact that we have guest reviews for different Hotel categories, the main focus is put on the analyses of the guest level of satisfaction. The reviews are taken from the most relevant guest review web site tripadvisor.com. For the analysis, only the written reviews are taken for different aspects of the accommodation, while the numeric values are not considered. On the TripAdvisor web site, grades are separated in several aspects, such as: sleep quality, rooms, service, etc. However, for the selection of the accommodation facilities, concurrent facilities are taken into account according to their location, placement and the price level.

As a tool for Information Extraction for the text pre-processing we have chosen General Architecture for Text Engineering – GATE application. Syntactic and semantic analysis is taken for semi-automatic sentiment analysis. For the syntactic analysis we have applied the following Processing Resources – PRs from GATE PRs: ANNIE English Tokenizer, ANNIE Sentence Splitter, ANNIE POS Tagger and ANNIE Gazetteer. At the end of this preparation for further analysis we got POS tags and annotation files in GATE structured for semantic analysis. Some of the annotations important for our analysis are not defined in Gate gazetteer, so there was a need for adding some of our local annotations to the existing ones (like Ohrid, Ohrid Lake, Skopje, some other specific words from the destination like Galicica, Plaosnik, etc.). In order to find relations between phrases and important annotation, we made some grammar rules in Jape Transducer. We have made a group of “Positive” and “Negative” annotations where we have put words which suggest positive and negative attitude towards the accommodation like: good, excellent, exceptional, best, superior, bad, mediocre, etc. So, we needed to introduce these annotations to the jape code of the grammar rules. We can implement unlimited number of grammar rules on the stack.

For the calculation of the sentiment orientation for every sentence, phrases are used with the predefined sentiment value in the interval (-1, 1). On average, for the reviews of the 3-star hotels we have 2.7 phrases per sentence and for the villas there are 3.05 phrases. The phrases could be some words that express positive or negative aspects like: bad, worse,

inconvenient, good, great, best, incredible, perfect, etc. Basically, the n-gram approach is taken into account and for the classification we use the support vector machine algorithm. Phrases are analysed in the context with annotations (nouns) such as: room, food, location, hotel, staff, etc. For every phrase potential negations are searched like not, n't, unlike. In that case, the negative sentiment value is calculated for the phrase. We also take into account the intensifiers such as: very, perfectly, little, much, etc. They can increase or decrease the sentiment value of the phrases.

For every accommodation facility, we calculated sentiment orientation, and we have compared it with the score on tripadvisor.com. We also compared the scores for some annotations important for hotels such as: comfort, location, staff, and cleanliness. The results are given in Table 10.

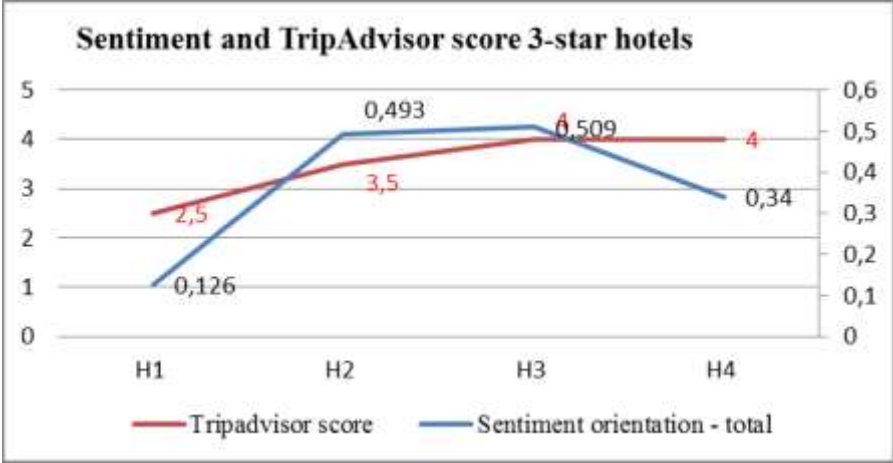
Table 10: *Results of sentiment analysis for accommodations*

<b>Accommodation</b>	<b>Unit</b>	<b>Sentiment orientation - total</b>	<b>TripAdvisor score</b>
3-star hotels	H1	0.126	2.5
	H2	0.493	3.5
	H3	0.509	4.0
	H4	0.340	4.0
4-star hotels	H1	0.439	4.5
	H2	0.245	3.0
	H3	0.581	4.0
	H4	0.186	3.5
	H5	0.226	3.5
	H6	0.265	3.0
Villas	V1	0.544	4.5
	V2	0.484	4.5
	V3	0.455	4.5
	V4	0.471	4.5
	V5	0.573	5.0
	V6	0.505	4.5

Graphs 1 and 2, respectively, present values of sentiment orientation for the analysed 3-star hotels and their TripAdvisor score. It is obvious that there are differences between these two scores. Parts of the differences are present because of the number of annotations taken for the total score. While TripAdvisor takes six annotations (sleep quality, location, rooms, service, value, cleanliness) which are essential for total score, sentiment

analysis takes into consideration much more. The scale on TripAdvisor is for 0.5 units, and it gives approximate value of the score. There are also different texts in the review and the value for some annotations. For instance, we can find text like “very good location” but the numeric value for the location is low on the scale. There is a lower discrepancy between the sentiment and TripAdvisor score for the analysed villas. They are also highly ranked than the hotels. Probably it is for the expectations according to the prices of the accommodation in these facilities and less things to be maintained. We have calculated the percent of accuracy of the analysis by the information extraction approach. The average accuracy of the analysis is 75.3%. Results are given in Table 11.

Graph 1: *Sentiment and TripAdvisor Score*



Graph 2: *Sentiment and TripAdvisor Score*

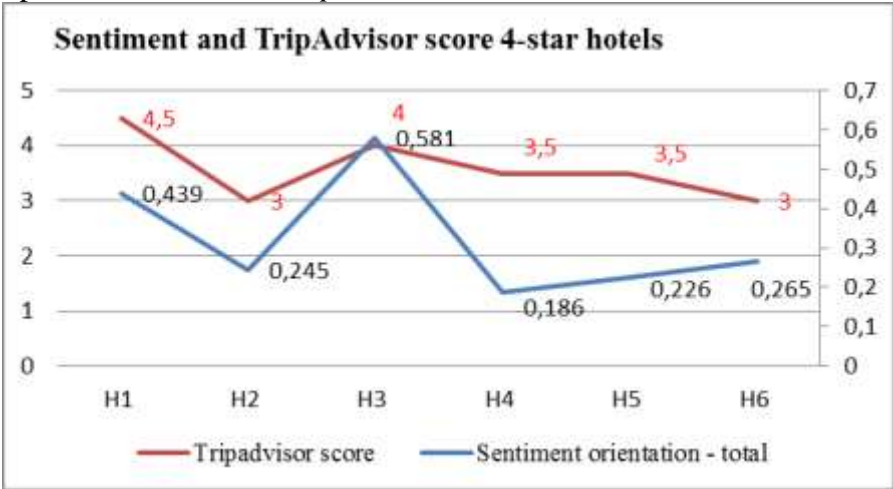




Table 11: *Accuracy of semantic analysis*

Accommodation	Unit	Accuracy
3-star hotels	H1	76.9%
	H2	83.3%
	H3	70.2%
	H4	69.23%
4-star hotels	H1	80.1%
	H2	83.3%
	H3	62.2%
	H4	78.6%
	H5	77.3%
	H6	74.3%
Villas	V1	79.8%
	V2	71.7%
	V3	76.9%
	V4	76.7%
	V5	73.5%
	V6	78.3%

There are some challenges of semantic analysis at our research. The known problems are already solved, e.g. negation is taken with different sign (positive or negative).

Reservation systems make own surveys on relevance of guest reviews and attitudes of the guests. They have the largest collection of guest reviews with all information (text, guest info, metadata, responses from managers). In the research conducted by one of the most relevant reservation systems TripAdvisor<sup>2</sup>, we have the following results:

- 53% of the respondents would not book a hotel that does not have reviews
- 65 percent of respondents are more likely to book hotels that win awards from TripAdvisor
- 73 percent of respondents said that submitted photos help them to make the decision.

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<sup>2</sup> <http://hotelmarketing.com>

## Iterative Framework for Sentiment Analysis

We can use several different models for sentiment analysis like Support Vector Machines, Naïve Bayes, LDA, MaxEnt and many variants and modification on these models. In the last years, the hot topic on sentiment analysis is differentiation of sentences into segments (logical segments) and tracing the change of aspect and polarity between the segments, as well as creating rules on how to detect the changes in polarity and aspect. Many unsupervised and semi-supervised approaches are presented in many papers on sentiment analysis. Aspect extraction of the text can be found in many papers like (Zhiyuan, Arjun, & Bing, 2014) or (Chang, Boyd-Graber, Chong, Gerrish, & Blei, 2009), (Chen, Mukherjee, & Liu, 2014). The unsupervised models of aspect extraction are important tools for testing reviews. (Lazaridou, Titov, & Sporleder, 2013) present the discourse model based on discourse-agnostic approach. The work with elementary discourse units – EDUs which lead them to the model extracting the information about changes in polarity and aspect in different EDUs. The LDA model is the base of their research. (Zhang & Singh, 2014) propose the semi-supervised framework – ReNew for a domain-specific sentiment lexicon. They have worked on segments of words, extracted from sentences. They employ the Conditional Random Fields-CRF model for sentiment prediction. They also use the forward and backward learner for improving the polarity check of the segments. (Dietmar, Markus, Gunther, & Matthias, 2012) worked on domain specific lexicon for customer reviews. Many fields of work have their own specific lexicon, so we need to have such a lexicon for guest reviews, as well.

Guest reviews are good examples of segments in sentences. Guest reviews in most cases are presented with short segments about some specific subject connected to guest experience. For example, the review “*Very clean and stylish room, great location, friendly owners.*”<sup>3</sup> is review with three different segments about positive aspects of the hotel, one aspect for the room (very clean and stylish), one for location (great) and one for the owners or the staff (friendly). But segments, even in one sentence, can have different polarity. In many cases we have distinctive words that separate or announce different polarity among the segments in one sentence.

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3 [www.booking.com](http://www.booking.com)

## Pre-processing of the documents

In order to have plain text, easier for learning and parsing we made some pre-processing of the documents. At the beginning we separated sentences as individual documents (sentence splitting). We removed some information that is not important for the analysis like: the names of the employees are changed with receptionist, staff etc., the number of spent minutes are replaced with few, several or many, money amounts are also changed with appropriate words like money, cheap, expensive, etc. Some misspellings and grammatical rules are also applied to the text to have better text for sentiment analysis. Some special characters are removed from the sentences like emoticons, question marks, etc. The names of the properties are removed from the sentences or replaced with general names like hotel(s), apartment(s), etc. The same was done with the names of the places; they are replaced with city, town, resort, etc.

The starting lexicon for learning was 500 documents of domain-specific text. Half of the documents are with positive and other half with negative sentiment. The testing data are 50 sentences with positive reviews and 50 sentences with negative guest reviews. The testing set is the fold of the training set, and those folds change for making multiple tests. The performance of the model is measured by well-known measurements: Precision, Recall, and F measure (results are given in Table 13).

During the testing, we found that some combinations of words (couples) can affect the overall sentiment of the sentence. For instance “Hotel is close to the *old town*”. The term old is usually more present in the negative lexicon, so the final calculation of the sentiment for the sentence could be negative. The same issue can be found for the couple of words “*old wine*”, “*old bazaar*”, etc. These couples of words can be found in many guest reviews for Macedonian tourism places. For these combinations of words we have created rule of dependence on two connected words in one like “old\_town”, “old\_wine”, etc. After the process of re-learning, the lexicon was updated with new terms. It is quite opposite than the no-pattern proposed by (Zhang & Singh, 2014), which is useful for enhancement of the polarity of the sentence.

Other sentences difficult to classify properly were sentences expressing reviewers expectations. For instance, “*I would expect a better quality and a fresh coffee possibility*” sentence have a lot of positive words like

“better quality”, “fresh coffee”, but the overall sentiment of the sentence is negative.

As far as the segmentation of the text is concerned, we searched for key words that indicate the same sentiment for next segment (and) or changes in polarity for the next segment (keywords “but”, “although” and “however”). There are several examples of polarity changes in the following sentences:

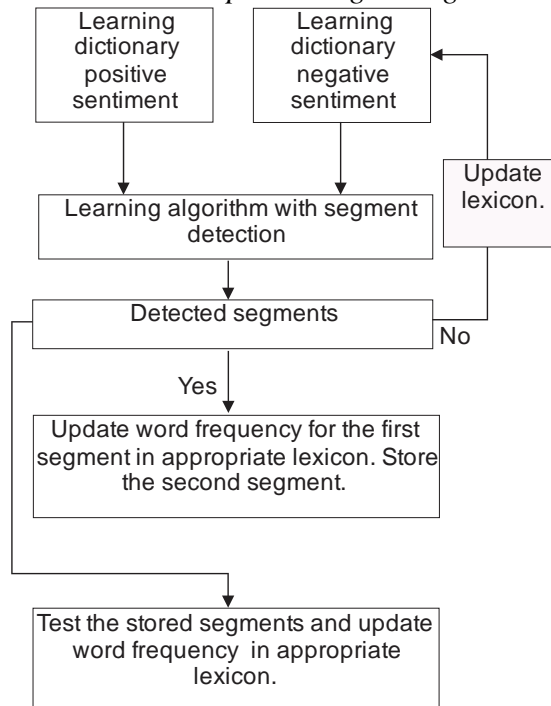
*“The heating is on **but** the big glass windows have bad isolation.”...*

*“**Although** the site says that payment by credit card is available, it is actually not.”...*

*“Check-in was really quick, **however** the checkout guy was terrible.”*

In some cases the word “but” does not change the polarity of the next segment. For example, the sentence *“Room was small but there's not much you can do about that.”* is the sentence with two segments, and both of them are negative. Semi-supervised learning is the best approach for this kind of learning where we cannot define certain rules for polarity detection. We did not assume that the other segment of the sentence separated by the word “but” should have another polarity.

Graph 3: *Segment detection and processing during the learning phase*



The words “but” and “however” split a sentence into two easily recognizable segments, but the word “although” announces the change in polarity which should be traced in the sentence. In some cases, words “but” and “however” are found in the following sentence. In this case no special pre-processing of the sentences is needed. During the phase of learning we also trace the existence of segments. In this phase first segment is taken as appropriate for the lexicons where it is originally located, but the second segment is stored for including in the lexicon at the end of the learning process. In many cases, there are changes in polarity, so if we do not separate the segments we can produce wrong model of polarity (Graph 3).

### **Retraining of the model**

During the process of preprocessing the text, the learner marks the sentences with the included segments. Also, for every sentence, the learner marks words that are not in both lexicons. After the identification of segments and missing words for the lexicon, those segments are added in the appropriate sentiment class. Words that are checked for splitting the sentences into segments (but, however, although) are deleted. After the process of retraining, the refreshing of the lexicons and vectors is initiated, in order to have ready upgraded lexicons for the next polarity check of the testing set. The algorithm for the update of lexicons is presented by Algorithm 1 in the following text.

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**Algorithm 1:** Lexicon update with new segments

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1  do the preprocessing of the text;
2  change couple of words into the appropriate word present in the
   lexicon;
3  for all sentences s in d do
4    detect transition in the sentence
5    if the first segment sg1 is classified right
6      {check if the second segment sg2 is classified right
7      if second segment is classified wrong or new words for lexicon
8        add segment sg2 into lexicon with appropriate sentiment}
9    else
10     add segment sg1 into lexicon with appropriate sentiment
11   end for
12   refresh the lexicon
13   check the test documents

```

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Graph 4 presents the processes of testing and upgrading. Testing data are the source of retraining of the domain-specific lexicons. After the process of segmentation and lexicon check, there is the main process of testing and supervision. If the segmentation is correct and there are no errors in polarity check, the process can go further for new data. If there are segments in the text and there is wrong polarity check for the segments we have proposals for the improvement of the lexicon. After the update of the lexicon and frequencies in the lexicon, new data are taken for segmentation and lexicon check.

For the review results we have also created the table of frequencies for the mainly used nouns in the guest reviews like: cleanliness, location, staff, recommendation, etc. Those aspects are very important for the managers and owners of accommodation facilities. They want to know which keyword is listed in negative aspects, and what the frequency in each aspect is. Results are given in Table 12.

Graph 4: *The processes of the lexicon testing and upgrading*

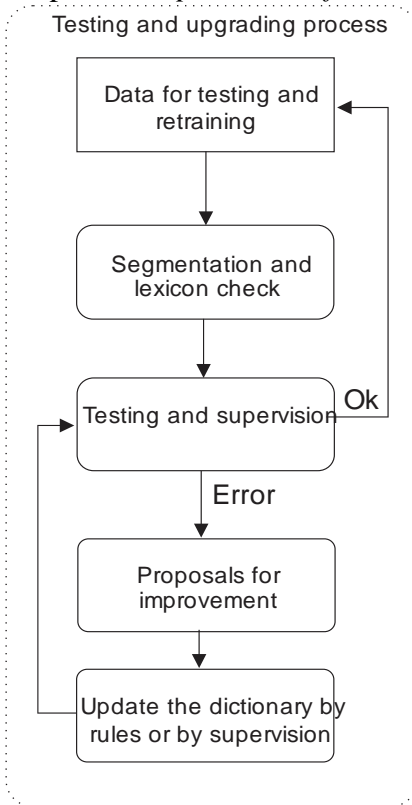


Table 12: *Frequencies of the most used nouns in the reviews*

	Positive	Negative
<b>cleanliness</b>	1	4
<b>location</b>	9	1
<b>staff</b>	3	1
<b>recommendation</b>	1	1
<b>parking</b>	4	2
<b>room</b>	13	21
<b>hotel</b>	9	7

Another issue that very important for the guest reviews is Multilanguage classification. As we have already mentioned, Naïve Bayes is a high bias classifier. Once established and tested, training lexicon can be translated in several languages. The process of retraining is fast, so we can switch languages. Even if we have reviews in different languages in one testing set, we can make classification by applying different training set for every language. This classifier is fast enough to switch to another lexicon, or to update the lexicons. However, it is better to have testing sets in one language, not to have additional switching on languages during the test phase.

### Testing the model

For the process of testing we have compared our results with the results given by WEKA application for classification. We use the same method for classification (Multinomial Naïve Bayes) as well as original Naïve Bayes method. On the other side, we tested the results either for the sentences or for the segments of sentences.

At the beginning, we prepared the reviews in separate text files with negative and positive polarity. For our testing, we had documents as plain text separated in two different files, one for positive and one for negative. We converted them to arff WEKA file by using command interpreter. In the preprocessing step, we used some features which can preprocess the strings in appropriate manner to have similar preprocessed text as the one we used for our classification. By using StringToVector filter we chose the WordTokenizer and lowerCaseTokens to true. In order to have common conditions for testing, we made cross-validation of the test set with five folds. In our application, we used the test sets of 50 documents from different position in the set. For the test options of the classifier in WEKA application, we chose the cross validation with five folds. Results are given in Table 13.

Table 13: *Results of the testing*

	<b>Precision</b>	<b>Recall</b>	<b>F-measure</b>
<b>Weka Naïve Bayes</b>	0.803	0.803	0.803
<b>Weka Multinomial Naïve Bayes</b>	0.892	0.815	0.852
<b>Sentences Multinomial Naïve Bayes</b>	0.9375	0.938	0.939
<b>Segment Multinomial Naïve Bayes</b>	0.94	0.94	0.94

In the test sequence, we had five sentences with segment, so we can see that the results for the sentences and segments are not very different. If we had more segments, we could expect bigger gap in the results.

## **Conclusion**

Guest reviews are important and they should be taken into consideration in the process of analysis on the quality of service. In every survey presented in this paper, guest reviews are relevant for more than 50% of the respondents. Even if the guest grades do not always represent the real opinion of the guests, they are very important for new potential guests. Hotel managers should take into consideration every aspect of the guest review. By making analysis on written reviews they can follow many aspects of the hotel's quality of service. Sentiment analysis is a tool for conducting such an analysis. Even if we have great amount of reviews for analysis, this tool can make valid analysis on many aspects.

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# INNOVATIVE ACTIVITIES AS A FACTOR OF HOTEL BUSINESS COMPETITIVENESS

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## **Abstract**

*The company's ability to develop innovative activities directly influences gaining and maintaining its competitive advantage. This particularly holds for service industries that hotel industry belongs to. As a service industry, hospitality enriches its current offer by creating new hotel products and improving the existing ones, at the same time doing its best to make guests feel satisfied. The aim of the paper is to look into the influence of innovations on hotel competitiveness, having in mind the contemporary research. In so doing, the paper employs inductive, deductive and descriptive analysis. Gaining and maintaining the competitive advantage of hotels should be based on continual innovation of its activities which creates variety in hotel offer. In implementing innovative activities, human resources prove to be a key asset.*

Key words: *competitiveness, hotels, innovations, human resources*

JEL classification: *L26, L83, M20*

## **Introduction**

According to the Resource-based theory, a factor that helps companies build their competitive advantage (Prajogo & Oke, 2016: 975) includes resources, competencies and strategic assets which are scarce, valuable, and unsuitable for substitution or imitation (Barney, 1991). Gaining and maintaining a competitive advantage is the long-term goal of any company. In order to create a competitive advantage, company management has to work on finding ways to perform some activities in a better or different way from the competition or to be in possession of

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something that competitors do not have. This advantage could be gained through the development of R&D functions and innovative activities. Innovation of products/services, processes and activities is increasingly being regarded as a "competitive weapon" (Prajogo & Oke, 2016: 976) which is, at the same time, the focal point of acquiring companies' competitiveness (Denton, 1999). Creating innovative advantages requires the use of strategic resources that will help companies develop new processes, products and activities (Prajogo & Oke, 2016: 975). According to Kafetzopoulos et al. (2015: 1183), in order to gain and maintain competitive advantage, companies are forced by certain factors to grow the business through innovation. These factors include market stagnation, insufficient research of emerging markets, low trade barriers, and lower transaction costs.

Innovation is a key element in improving the productivity, profits and competitive position of companies (Campo et al., 2014: 1293). In order to acquire and maintain a competitive position, the management of a company should base its operations on development of and investment in innovative activities. The aim of the paper is to analyse the impact of innovation on the hotel competitiveness, on the bases of the contemporary research. The paper employs inductive, deductive and descriptive methods of analysis.

The first part of the paper describes the impact of innovation on gaining and maintaining competitive advantage of companies emphasising the importance of human capital in the process of creating competitiveness. The second and third parts of the paper provide an overview of research conducted so far on the subjects of competitiveness and innovation in the hotel industry, while the fourth section describes the development of innovative activities in the Republic of Serbia.

### **How do innovation activities affect competitiveness?**

A proper challenge for companies operating in the knowledge-based economy is how to create a competitive advantage through the "art of innovation" (Brem et al., 2016: 139; Porter, 1990: 75). Innovative efforts are the result of the creativity of knowledge workers (Carneiro, 2000: 95), and they influence an increase in company competitiveness (Carneiro, 2000:92). Using innovative methods, companies can either create completely new products/services and processes or transform the existing

ones, increasing thus their value. In this way, different forms of innovation determine the level of created value which then generates the value for customers (2015: 36).

In order to create a competitive advantage, company resources are to be unique. Resources are unique only if they are sustainable in the long-term competitive struggle and if they do not have a strategic substitution at a market (Brem et al., 2016: 139). Some authors find intellectual capital and its components (human, structural and relational capital) to be key elements in creating innovation and developing competitive advantage. Thus, the success of a company is supported by the value of intangible assets, mainly the ability to create knowledge (Nieves & Diaz-Meneses, 2016: 1556; Dierickx & Cool, 1989). Chahal & Bakshi (2015) point out that intellectual capital directly and significantly affects the competitive advantage of companies. When innovation occurs as an intermediary between intellectual capital and competitive advantage, their relationship becomes additionally improved.

In addition to the intellectual capital that generates innovation, the competitive advantage of companies is also affected by other elements of business. Vadell & Orfila-Sintes (2007:70) and Camison (2000) point out that the competitiveness of companies is largely influenced by new CIT and the Internet, which makes it easier for managers but, on the other hand, hinders the implementation of competitive actions. Gibbs et al. (2015) look at social media as an example of discontinual innovation - a new product that defines new behavior patterns and influences the way HR are recruited, employed, trained and the way in which they terminate the employment. Based on the results of the study, Kafetzopoulos et al. (2015) point out that quality management contributes directly to innovation of products and processes which, improved, have a direct impact on the competitive advantage of a company. Quality management is a chance for a company to promote innovation, which would further improve its competitiveness.

Creating innovation leads to the creation of a superior value, which is, in the knowledge-based economy, the most critical factor of company differentiation and the creation of its competitive advantage. Innovative activities require the building of appropriate infrastructure and creating a proper environment that would support their realisation. A key role in the

implementation of innovative activities is given to an R&D function, i.e. HR that is the carrier of the function's overall activity.

### **Human capital and innovative activities**

The holders of creating innovations are employees with their knowledge, experience and skills, i.e. human capital of a business. Human capital is the most important component of intellectual capital and has a special role in the process of services creation (Ognjanović, 2016: 442). Since management works for people and with the help of people, both the management of business activities and results of business operations are dependent upon HR. Human capital is a key tool for the creation of innovative services, and thereby a means for creating competitive advantage (Kearney et al., 2014). Employees' skills and the level of motivation provide various creative suggestions, ideas and research activities in order to build new and innovative solutions. The growth in knowledge workers motivation should be the focus of managers activities since it affects the growth of knowledge crucial to innovation, and further to the strengthening of competitiveness (Carneiro, 2000: 96). A company has to possess capabilities and resources to use and absorb knowledge as a core component of innovative capabilities (Cohen & Levinthal, 1990; Qin et al., 2015: 1860). Kearney et al. (2014: 100) point out HR development which affects the competitive advantage is influenced by managerial attitude and their ability. Company managers who have strong ability to take competitive actions, manage HR and create satisfied employees can be a powerful core of company competencies. The visible, tangible assets cannot provide competitive advantage that would be sustainable in a long run (Perez & Ordóñez de Pablos, 2003: 83).

Prajogo & Oke (2016) examine the impact of human capital on the advantages of innovative services and business performance of service companies. On the basis of the research results, they point out that the human capital is associated with value creation and innovative services. The level of impact of innovative services on the business performance of a company depends on the dynamic environment and competitiveness. Carneiro (2000) deals with the analysis of the links between innovation, competitiveness and knowledge management. He points to the importance of development in knowledge and knowledge management in order to ensure competitiveness. He points out that those organizations that encourage the development and improvement of employees' knowledge

are willing to face the rapid changes of the present day and successfully innovate in the field they choose to invest in.

Bayon et al. (2016) deal with the analysis of the impact of human capital input and output in the form of entrepreneurial self-confidence on the decision to exploit innovative opportunities. They conclude that human capital inputs and outputs in the form of entrepreneurial confidence are important factors that influence the decision to take advantage of innovative opportunities.

Beal (2016: 24) points out that overqualified job candidates provide opportunities for the company to increase the value of human capital, which will result in the creation of innovative products and services, better quality and improved customer service. Such actions lead to an increase in the efficiency of the organization and maintenance of competitive advantage (Beal, 2016: 24). Chahal & Bakshi (2015) examine the role of innovation and organizational learning as a mediating variable in the relationship between competitive advantage and intellectual capital, which includes human capital. They prove that intellectual capital has a direct impact on competitive advantage and that innovation fully mediates in the relationship between intellectual capital and competitive advantages.

Human capital affects the level of the achieved business results. In their research, Cheng et al. (2010) prove the relationship between intellectual capital and the performance of the observed companies. They emphasize that the added value of human capital can increase performance. Similar results are achieved by Kamukama et al. (2011), who confirm that the competitive advantage is a significant intermediary between intellectual capital and financial performance. Gamerschlag (2013) points out that the information on human capital is value relevant. The information about the expertise and qualifications of employees positively correlates with the degree of value.

HR plays a key role in the creation of both innovation and superior value. People with knowledge, experience, and skills take an active part in innovative activities and the development of new or the improvement of the existing products and processes. It can be said that the importance of human capital depends on the degree to which this capital contributes to creating competitive differentiation.

## **Hotel competitiveness**

In the knowledge-based economy, particularly in service industries, the knowledge held by employees becomes a key factor in ensuring competitive advantage (Prajogo & Oke, 2016: 977). Hotel industry as a service industry is characterised by temporary employment, below-average wages, non-standard working hours, simple labour and limited promotion opportunities. These are the very features which act as a hindering factor in attracting and retaining superior employees (Barron, 2008: 731; Gibbs et al., 2015: 172). In the contemporary conditions, companies have a competitive advantage if they are able to achieve higher levels of performance than their competitors (Pereira-Moliner et al., 2015: 716; Potter, 1985). This fact and the complexity of the procedure for measuring competitiveness (Pereira-Moliner et al., 2015: 716) makes the definition of competitiveness a rather complex one.

Competitiveness means that companies compete with the global strategy at the world market (Pereira-Moliner et al., 2015: 716; Porter, 1998). One of the mechanisms which enables the world market competition is innovation management. Faced with the pressure imposed by competitors operating within the same business environment, company management explores different ways of services delivery, product design and organizational processes operation. Innovative activities should particularly be developed in service companies, such as hotels. Taking into account the heterogeneity of hotel demand and the variety of guest requirements, hotel management has to develop a wide range of hotel products by improving existing services and creating new ones.

Jonsson & Devonish (2009) point out that, in order to secure competitive advantage, hoteliers should focus upon the implementation of different strategies. According to Jonsson & Devonish (2009: 496), there are nine different areas that may act as a base of competitive strategies of a hotel - competitiveness costs; mobilising people and partners; construction of a services delivery system; differentiation of market services; across-culture service provision; defining service standards and performance; reliance on expatriate versus local staff; meeting customer expectations and leveraging IT to deliver value. Schuler & Jackson (1987) and Jonsson & Devonish (2009: 494) classify competitive strategies of a hotel into the categories of cost reduction, innovation and increase in quality and



emphasise that these three strategies can be used simultaneously in order to gain both domestic and international competitive advantage of a hotel.

In order to achieve defined objectives in terms of the increased range and quality of hotel services, business strategy implementation should be accompanied by employee training. Hotel business operations are faced with a number of changes, the advantage of which should be used by management. A change may act as a source of innovative activities. By changing demands of service consumers and the nature of competition, there arises a need for a change in the competitive strategy. In order to overcome the changes-driven barriers, management defines multiple strategies. Okumus & Hemmington (1998) point out that the main obstacles to the introduction of changes in hotel companies are the costs of change, financial problems and the pressure arising from other priorities.

Casanueva et al. (2015) point to the importance of the way of approaching the capacity for resource mobilisation in a situation where managers and employees have to adapt to a change. If hotels want to adapt to their environment and promote strategies that will provide them with a sustainable competitive advantage, then they should not restrict the use of the available resources. Instead, they should look for ways to find new opportunities and resources, to provide resources they do not have which could be reached with the help of other companies, people and organizations (Casanueva et al., 2015 1280; Nemec Rudez & Mihalic, 2007; Ahmad, 2005). Results of the study conducted by Pereira-Moliner et al. (2016) suggest that QM practices influence both cost and differentiation competitive advantage in hotels. The QM operational system is the key in the relationship between QM and cost competitive advantage. The QM operational, information and strategic systems positively influence differentiation competitive advantage. Pereira-Moliner et al. (2015) prove that hotels with a proactive approach to environmental protection have a much better competitive position and better business performance. Hotels with above average performance are much more environmentally proactive. Lam et al. (2015: 834) point out that the scope and size of a hotel system affect the competitive position, distribution network, brand, strength, loyalty and the ability to retain customers.

The competitive advantage of a hotel company is based on the development and implementation of competitive strategies. In defining the approach to the market, numerous factors should be taken into account; these could be the factors from the environment - general and competitive and those within the company. In the process of gaining and maintaining competitive advantage, HR has the most important role since people are the ones who analyse all the changes in the environment, which makes the basis for defining, modifying and implementing competitive strategies.

### **Innovations in hotels**

As a dynamic and fast sector, tourism is in a constant need for innovation in order to respond to changes in customer requirements (Kessler et al., 2015; Brooker et al., 2012; Ottenbacher, 2007). Innovation differentiates a company from its competitors, and provides competitive advantage and better performance (Hoonsopon & Ruenrom, 2012: 1183). Generally speaking, most innovations in tourism and hospitality refer to the gradual improvement of the existing offer (Kessler et al., 2015: 1710).

In creating innovations, researchers have to take into consideration both the characteristics of hotel services and those of hospitality as an industry. Thus, researchers find a way to create new ideas and improve the existing services. The basic features of hotel services are close interaction between production and consumption; highly informationally immaterial content of processes and products; the importance of the role of HR as a key factor of competitiveness and the importance of organizational factors as key factors that determine the value of business performance (Vadell & Orfila-Sintes, 2007: 71). Okumus & Hemmington (1998: 287) point out that hotel industry implies the presence of an autocratic management style, lack of unions, high labor turnover and low wages.

The competitiveness of a tourism destination depends on the innovative capacity of tourism companies (Vadell & Orfila-Sintes 2007: 70). Hotel management should always encourage its team to be more innovative. Service innovation, whose development can be complex, requires knowledge and ideas and, thereby, has the potential to become a source of differentiation in comparison to the competitors (Gopalakrishnan et al., 1999; Prajogo & Oke, 2016: 978).

Innovative activities in the organization of work are a prerequisite for successful implementation of process and product innovation, affecting thus the business success of a company (Auh & Menguc, 2005; Hult et al., 2004; Kessler et al., 2015: 1712). Innovations based on the philosophy of learning, enable companies not only to adapt to competitive change but also to develop new mental models of the business environment and thus proactively anticipate changes (Kearney et al., 2014: 100).

In order to successfully create and implement innovations, it is necessary to precisely define the meaning of innovation. Innovations represent the implementation of a new or considerably improved product, service, or process, marketing method or a new organizational method in business, organization of work, or the relations of a business entity with the environment (OECD 2005, Statistical Yearbook of Serbia 2016:370; Kessler et al., 2015:1708). Schumpeter (1934) defines innovation as a new way to get things done, i.e. a new and unique combination of production factors (Kessler et al., 2015: 1709). Nieves & Diaz-Meneses (2016: 1555) define innovation as a system of interactive learning. Campo et al. (2014: 1295) and Agarwal et al. (2003) define innovation in a hotel business as an orientation of business toward the incorporation of new products and new processes for its internal administration, whether marketing or organizational, in the competitive context of its market and it can be evaluated through the inputs invested in its generation from the perspective of hotel managers.

Researchers generally distinguish between a process innovation and a product innovation (Kessler et al., 2015; Kafetzopoulos et al., 2015: 1182; Kearney et al., 2014:98; Vadell & Orfila-Sintes, 2007). Product innovations are brand new goods/service or their improved characteristics, specifications, implemented software and other intangible components (Vadell & Orfila-Sintes, 2007:71). Process innovations include new and significantly improved production technology, new and significantly improved methods of service provision and product delivery (Vadell & Orfila-Sintes, 2007:71). Product innovation and process innovation are mutually referred to as technological innovation (Statistical Yearbook of the Republic of Serbia, 2016:370). Besides these two categories, there are innovations in the organization of a business entity and innovations in marketing. This type of innovation is defined as a new application or a substantial change in the structure or methods of management, with the intention to improve the use of knowledge, the

quality of products/services, or the efficiency of business flows (Statistical Yearbook of Serbia 2016:370). The innovation in marketing comprises applying a new marketing method, which involves significant changes in product design, packaging, labelling, placement and promotion, as well as the product charging (Statistical Yearbook of Serbia 2016:370). Certain authors (Kearney et al., 2014:98) enrich this classification with the concepts of externally determined innovations and incorporated innovation. Chahal & Bakshi (2015) distinguish between incremental and radical innovation. Incremental innovations are related to the improvement of existing products, services and technologies while radical ones refer to the launch of new products, services and technologies.

Basic hotel services are accommodation and food services. However, having only these services on offer, a hotel can neither differentiate its offer in relation to their competitors nor create a stable competitive position. Over time, hoteliers are trying to innovate their core services and offer guests some additional content in order to meet their satisfaction. In recent times especially popular have become innovations such as wellness and spa service, rent-a-car, the offer of additional entertainment activities, transfer and storage of personal belongings and the like. Hospitality is not an area that offers too many opportunities for innovation of hotel services, which makes it even more challenging for managers who see innovations as the possibility to differentiate and maintain competitive advantage. Monitoring the implementation achievement of innovative activities requires the definition of appropriate indicators. Kessler et al. (2015) point out three key indicators that measure the performance of implemented innovations in the hotel industry, those being market success, financial success and the employee-related success.

Since the hotel business has somewhat limited opportunities for the creation of new innovative services, innovative activities can be conducted in the field of the Internet use, marketing, or customer loyalty. Vadell & Orfila-Sintes (2007) point out that the hotel industry can innovate by using the Internet for developing external relations. Determinants of the Internet innovation are: hotel size, the number of operating months, business operations within a hotel chain or vertical integration, manager attitudes and their opinion on internet innovation (Vadell & Orfila-Sintes, 2007). Nieves & Diaz-Meneses (2016) point out that marketing innovation is critical for hotel industry. Based on the

study, they conclude that collective knowledge has a direct impact on marketing innovation in hotels. Loyalty programs are also an important category in the process of creating innovation. The use of new strategies for pricing services is another type of marketing innovation (Nieves & Diaz-Meneses, 2016: 1557).

Campo et al. (2014) analyse the development of innovation in hotel industry in the period of financial crisis. They conclude that short-term performance is not directly and positively affected by innovation whereas middle- and long-term performance is. In the conditions of financial crisis, investing in R&D is reduced, while an increased investment in innovation brings about the growth of both productivity and enterprise itself.

In hotel companies, innovating must become a part of daily activities. Not only do innovative hotel services differentiate a hotel or hotel chain, but they also affect the creation of loyal guests. Creating a brand new hotel product is not typical for this service industry, so innovation is mainly based on expanding and enriching the existing hotel products. Implementation achievement and innovation acceptance (by the consumer) will depend on the nature of the target group of guests and the fine-tuning of the offer to their wishes and requirements.

### **Innovation activity in Serbia**

Innovation management in hospitality comprises a set of knowledge and skills, faster adaptation to changes, and the power of rating the importance of certain events, so that hotel staff would be able to promptly and appropriately respond to customer needs, which would directly influence their level of satisfaction. The development of innovation in the hotel industry depends on the level of economic development of the country. Serbia, as a developing economy, characterized structural problems, data unavailability, and high macroeconomic volatility (Pažun et al., 2016:48).

Table 1 shows the businesses operating in the Republic of Serbia that introduced some type of innovation in the reported period (2012-2014), those being a product or process innovations, innovation in the organization or marketing innovation. The share of businesses that introduced at least one of the given types of innovations is about 40% of the total number of business entities. 37% of small-sized enterprises,

52.7% of medium-sized ones and over 68% of large enterprises could be labelled as innovative. Innovative activities are equally represented at both production and service businesses, where the innovations are introduced by slightly more than 40% of businesses (The Statement of Statistical Office of the Republic of Serbia, 2015:1).

Table 1: *Business enterprises according to innovation activity, industry or size, 2012-2014*

	<b>Total</b>	<b>Innovators</b>	<b>Enterprises with no innovating activity</b>	<b>Share of innovators, %</b>
<b>Σ</b>	<b>16,659</b>	<b>6,739</b>	<b>9,920</b>	<b>40.5%</b>
Small-sized enterprise	13,863	5,182	8,681	37.4%
Medium-sized enterprise	2,253	1,187	1,066	52.7%
Large enterprise	543	370	173	68.1%
Production businesses	4,865	1,977	2,888	40.6%
Service businesses	11,794	4,762	7,032	40.4%

Source: *The Statement of Statistical Office of the Republic of Serbia (2015). Indicators of innovative activity in the Republic of Serbia. Statistical Office of the Republic of Serbia, br. 276., 22.10.2015. str. 1.*

Taking into account the size of business entities in the Republic of Serbia, Table 2 shows data on the type of innovation. Generally speaking, the largest number of innovations is introduced in organizations (24.9%). As far as the size of a business is concerned, innovations in the organisation of work are the predominant ones within all three types of businesses. The most numerous non-innovators persist in the category of small enterprises (62.8%).

Table 2: *Different types of innovations according to the size of business entity*

Business enterprise size	Business enterprises – Innovators					Non-Innovators
	Product/Service innovation	Production process innovation	Abandoned innovations or those in progress	Innovations in an organisation	Marketing innovations	
<b>Total</b>	<b>20.4</b>	<b>20.2</b>	<b>10.9</b>	<b>24.9</b>	<b>23.8</b>	<b>59.5</b>
Small	18.5	17.4	9.6	21.9	21.2	62.8
Medium	27.8	31.2	13.4	37.9	35.8	46.5
Large	39.4	43.1	32.6	47.1	37.9	31.8

Source: *The Statement of Statistical Office of the Republic of Serbia (2015). Indicators of innovative activity in the Republic of Serbia. Statistical Office of the Republic of Serbia, br. 276., 22.10.2015. str. 1.*

The data on innovative activities of business entities, classified according to the sections of activities, testify that in the sector of accommodation

and food services 46% of active companies are innovators while the remaining 54% are non-innovators. In the group of innovative enterprises, the sector of accommodation and food services is dominated by the innovators in the organization and marketing (41%) (The statement of Statistical Office of the Republic of Serbia, 2015:2).

Some kind of innovation is being introduced by about a half of all the business enterprises in the Republic of Serbia. Taking into account the business environment that our companies operate in, such a result is satisfactory. Further progress in innovation activities would depend on creating an adequate business climate and investment that would support the development of innovation within businesses.

### **Conclusion**

Gaining and maintaining competitive advantage is the long-term goal of any company. The changeability of business operating conditions, more pressing competition and ever more demanding customers make company management create a "competitive weapon" that will help them in the business race. To create a competitive advantage, the company management has to work on finding ways to perform some activities in a better and different way from that of a competition or to possess something that competitors do not have. Innovation is a means by which companies can gain and maintain competitive advantage. There are four different forms of innovation: product/service innovation, process innovation, innovation in organization and innovation in marketing. Therefore, management, based on the analysis of business operations, recognises the type of innovation that can be developed in a hotel according to their line of business, the target group of guests and hotel infrastructure.

Hospitality is characterized by seasonal employment, below-average wages, irregular working hours, simple labor and limited promotion opportunities. These are the very characteristics which make it difficult for hotel managers to attract and retain talented employees who are the leaders of creating innovation. Skilled and motivated employees provide creative suggestions, ideas and research activities in order to come to new innovative solutions. Thus, in the process of acquiring and maintaining competitive advantage, the most critical role is played by HR. Creating a brand new hotel product is not typical for this service industry, so

innovation is mainly based on expanding and enriching the already existing hotel offer.

A little less than a half of businesses in the Republic of Serbia is carrying out some kind of innovation activities. They are equally represented at both production and service businesses, where innovations are introduced by slightly more than 40% of businesses. In the sector of accommodation and food services, 46% of active companies are innovators with most innovations in organisation and marketing (41%). Such a result is satisfactory. However, it would further imply creation of an appropriate business climate that would support the innovation development within business entities.

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# VALUE CREATION AS A FACTOR OF ATTRACTING AND RETAINING CUSTOMERS IN THE HOTEL INDUSTRY

*Dejan Sekulić<sup>1</sup>; Marija Mandarić<sup>2</sup>*

## **Abstract**

*The aim of this paper is to highlight the importance of the value in hotel services in order to attract and retain customers. Value is subjective and determined by the consumer. In the literature the value is defined as the ratio of benefits and costs that the consumer has in process of purchase and consumption of goods and services. The benefits from buying and using a product or service are related to its design, quality, reputation, image. On the other hand, costs are related to the amount payable for the purchase of products/services, and physical and psychological effort and time to obtain them. Creating and delivering value in the hotel industry is an instrument for attracting and retaining customers in order to build their long-term loyalty.*

Key Words: *value, retaining, customers, hotel industry, loyalty*

JEL classification: *D11, M21, M31, Z30.*

## **Introduction**

A successful hotel companies are trying to create and deliver to the guests services that meet or exceed their expectations. This strategy aims to create customer satisfaction or even their enthusiasm. Delivered services of superior value that exceed customer expectations are the source of sustainable competitive advantage. Satisfied and delighted customers are a sure way to create loyalty. In this sense, hotel companies create and implement marketing strategies aimed to better understanding of guests' desires and needs, in order to identify profitable market segments, improve the quality of services and create value for the customers.

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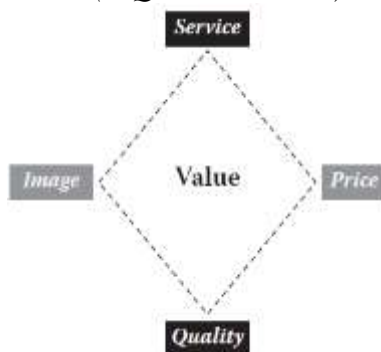
## **Creating value for customers**

Faced to numerous challenges, companies are continuously developing new business concepts in order to lessen the negative trends in the environment and take the advantage of the positive ones (Mandarić et al., 2013). In order to build long-term relationships with customers (CRM), special attention should be paid to the concept of creating value for consumers. This concept had been gaining importance in the 90s of the XX century. Modern enterprises in a competitive environment started to realize the importance of creating and delivering value to customers, as a condition for the survival and profitability on the market. Creating high-value results in high level of consumer satisfaction. Companies are constantly looking for additional sources of value that will exceed customer expectations and enable the company to differentiate itself from the competitors. The main way in which companies are trying to find out what is the value for consumers is to know what they buy and the extent to which their needs are met. Most marketing research seeks to describe and explain the habits and experiences of consumers in the purchase and consumption. Dating habits of consumers are based on direct contact with customers or their own experience of the company, as well as on the successes and failures of competitors (Sekulić, 2016).

Peppers and Rogers (2005), state that "the only value that a company creates is the value that comes from consumers - the only one you have now and you will have in the future. Business success depends on winning, keeping and increasing consumers. Consumers are the only reason to build factories, employing workers, held meetings and invests in a business activity. Without customers there is no business". The most commonly used definition of value for consumers is the definition of Morris Holbrooke: "value for consumers is the difference between the benefits which the consumer receives the purchase and use of products and services and sacrifices that include investments at their acquisition and use." This definition suggests that the value for the consumer is the sum of the different benefits that the consumer receives, the invested cash and psychophysical efforts in the process of purchasing and using products and services (Maričić & Đorđević, 2012; Đorđević & Zečević, 2015). Value is subjective and determined by the consumer. This means that each consumer can define what the value is for him. Value should not be identified with satisfaction. Although there is no agreement to define the value, most authors agree that the value consists of the costs and benefits incurred as a result of buying a product or service. Simplifying,

the value may be defined as the ratio of benefits and costs. The benefits that the consumer has in the process of buying and using a product or service is related to their design, quality, reputation, image. On the other hand, the acquisition value is associated with costs. Costs related to the amount payable for the purchase of products/services, and physical and psychological effort and time to obtain them. Consumers seek to maximize the value in terms of the limited information, mobility and income. Consumers evaluate which company delivers the highest value and direct their attention to such company. The main challenge for marketing-oriented companies is to define, create and deliver value, which is intangible (Marinković, 2012). The company creating and delivering superior value achieves a high level of customer satisfaction and profitability. Superior value is the one that exceeds consumer expectations over a longer period of time. It is a value that the competitors find difficult to copy, which is a source of sustainable competitive advantage (Mandarić & Petković, 2015). As Đorđević and Zečević (2015) suggest, value for tourists is a complex category and has certain characteristics: 1) subjectivity - each user estimates service value from different perspectives, 2) the impossibility of measuring value, 3) relativity - the value of services is based on the perception of service users, where experience plays an important role, so that the same services to different users can give a completely different experience and create different perceptions of value, 4) comparability - the value of tourist services is based on a comparison of the value of services provided by other entities in the same destination.

Figure 1: *Designing a Value (S-Q-I-P Diamond)*



Source: Johnson, W., Weinstein, A. (2004), *Superior Customer Value In The New Economy*, CRC Press LLC, New York, p. 106.



Johnson and Weinstein (2004) defined the value as the ratio of the consumer's perception of the benefits and the perception of the price of the product or service. Perceived benefit consists of two components: the perceived attributes of the product or service and the perceived attributes of substitutes. Perceived price also consists of two components: the perception of the price of the product or service and the perception of the price of substitutes. The authors note that the value consists of four main components: the service, quality, image and price. These components form a diamond values (S-Q-I-P). The vertical axis of the diamond (service and quality) form the backbone of supply firm, while the horizontal axis (image and price) gives a signal to the target market (Figure 1).

Gummeson (2008) emphasizes three dimensions of the value: cognitive value (fair and rational consumers' perceptions of price, quality and convenience), the emotional value (subjective and irrational consumer's perception of the company) and retention value (the number of repeat purchases).

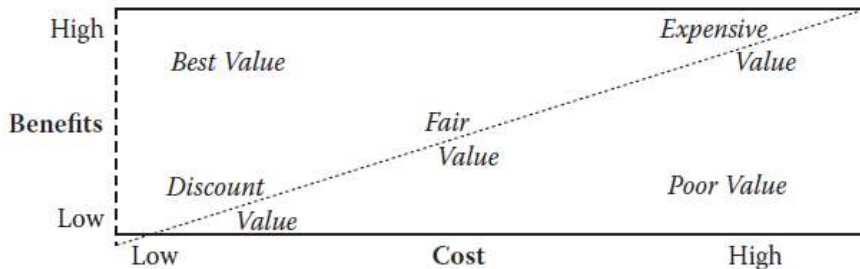
Companies have to take into account all these elements individually, as fierce competition does not allow expression of weakness in any of these elements. To create value for consumers, managers analyze the strengths and weaknesses of the company compared to its competitors, in order to realize the opportunities for the achievement of this objective. The basic steps in this analysis were (Kotler et al., 2009):

- Identify the key attributes and benefits that have significant value for consumers. Consumers are wondering what level of attributes, benefits and performance is required in the selection of products or services;
- Assess the quantitative importance of different attributes and benefits. A consumer is required to evaluate the importance of different attributes and benefits. If these values differ significantly, marketers need to be grouped into segments.
- Assess the performance of the company and competitors to the values of attributes and benefits. Consumers compare the performance of the company and competitors with respect to each attribute or benefit.
- Assess how consumers in a certain segment evaluate performance of the company in relation to its main competitor on the basis of individual attributes and benefits. If the company's offer exceeds supply of a competitor in all important attributes and benefits, the

company can determine higher prices or lower prices and increase the market share.

- Check the delivered value over time. The company must periodically control the delivery of value in relation to its competitors due to economic and technological changes.

Figure 2: *Assessing a company's value*



Source: Weinstein, A. (2012), *Superior Customer Value: Strategies for Winning and Retainig Customers*, CRCPress LLC, New York, p. 69.

Value for consumers can be increased by increasing the benefits and reducing costs, increasing benefits more than increasing costs or reducing benefits with greater cost reduction (Figure 2). Looking at the ratio of benefits and costs to consumers, companies can deliver five types of values. These are the best value, the discount value, precious value, fair value and poor value (Weinstein, 2012).

Companies that create a fair value can not increase nor lose the market share regardless of the combination of price and quality of products and services. The discount, fair and expensive value provide consumer benefits in accordance with the cost of their acquisition. Best value is a situation where the cost of obtaining a value is lower compared to the benefits that consumers receive. This position allows the company to achieve a competitive advantage and a good market position. On the opposite side there is a poor value, which means that the costs of acquiring certain products and services are high, and the benefit is very low. This position is unfavorable for the company and is a recipe for a disaster.

The concept of value has experienced a certain evolution in the way of his understanding in the organization. Initially, the company considered the only price and quality are value generators for consumers. This understanding has undergone changes, so that more attention is paid to services, as an important component of value. However, companies did

not stay long in this position, because they have realized that the consumer does not buy the product or service, but the benefits that they provide. Therefore, marketing-oriented companies observed value as a multidimensional concept whose basic components of the results are the product, process quality, price and the cost of obtaining a product or service (Heskett et al., 2003).

In the process of value creation, if extract price and quality as the most important dimensions, the company can use one of the nine strategies to create value. Strategies for creating value are shown in Figure 3. Quality is most usually defined as the set of product's or service's attributes or characteristics, which have the ability to satisfy the expressed needs (Sekulić&Mandarić, 2014).

Figure 3: *Price/Quality Strategies*



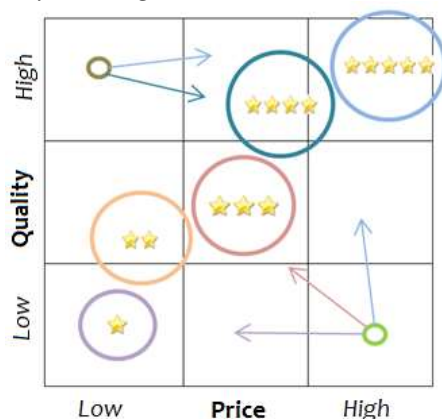
Source: Johnson, W., Weinstein, A. (2004), *Superior Customer Value In The New Economy*, CRC Press LLC, New York, p. 134.

Best position is a super value, which is characterized by the highest quality of products / services that the consumer can buy at a relatively low price. By contrast, there is a rip-off value, which represents the most unfavorable position for the consumer. This position means that the consumer paid very expensively non-quality product or service. If both price and quality are high it is a premium value and if both price and quality are low it is an economy value.

The largest number of hotels with one star can be found in the field of economy value (low cost / low quality). Hotels with two stars are in a field of good value (higher quality of service and low price), while a

three-star hotel occupying a central part in the array - the medium value (average level of quality and prices). The high value (above average price and higher quality of service) is characteristic of the four-star hotels, while the premium value (high-price / high quality of service) is a feature of five-star hotels (Figure 4).

Figure 4: *Price/Quality Strategies in the Hotel Industry*



Source: Sekulić, D. (2016). *Kvalitet u funkciji obezbeđivanja satisfakcije korisnika hotelijerskih usluga*, doktorska disertacija, Ekonomski fakultet, Kragujevac, p. 187.

Hotel companies can be found in the short term in other positions. Thus, if the hotel is in a position of rip-off value (low quality and high price), it will quickly run out of guests and collapse due to competitive pressure. If the hotel wants to survive in the market, it will have to move in the direction of reducing the price and / or increase the quality. On the other hand, over the long-term hotel can not survive in a position of super value (the high quality and low price). High quality of service can not be provided at low cost. This strategy can be applied in hotels which enter the market in order to achieve as high as possible market share. However, this position threatens the profitability of the hotel and is unsustainable in the long term. Hotels that are in this position decide to increase the price rather than to reduce the level of services.

By creating the superior value for the consumers a company builds high value brand and achieve high market price. In this way, the company can differentiate itself from other competitors in the industry and significantly increase its market value (Mandarić & Milovanović, 2016). The company must identify its own opportunities for value creation, which are

consistent with its competitive advantages. Based on this, the management should set the target segment of consumers according to which it focuses its own forces to deliver adequate value.

### **Attracting and retaining consumers**

Attracting and retaining customers is the key goal of CRM strategies. The basic philosophy of relationship marketing is based on retaining existing customers with long-term profitability of the business in order to achieve long-term competitive advantage in the market (Mandarić, 2016). Loyal customers are the pillar of profitability of hotel companies. In this process, the initial activity is attracting (acquiring) the consumer. When attracting customers, the hotel management has to give answers to three questions: what potential consumers need to be targeted; how to access them; how to conceive offer to attract them. Management must clearly define the concept of the new consumer. These consumers can be classified into two groups: Consumers who have not been in touch with the hotel company; and consumers who have used the services of a particular hotel, but not yet used the new services offered by the hotel. Strategies to attract consumers may differ for these groups of consumers. The costs of attracting new customers who have not been hotel guests can be high, especially if they are competitive hotel guests. Choosing customers that hotel company wants to attract has to respect factors such as: what is the estimated value of the customer and how much will the hotel earn if attract hotel guest from competitors. The success of the strategy of attracting customers can be measured through three indicators: the number of customers attracted by the company, the cost of attracting and value of attracted consumer (Buttle, 2009).

In order to attract new and old guests, hotel companies use different forms of marketing communications such as advertising, promotion, publicity and public relations (Stutts & Wortman, 2006).

*Advertising* of hotel products and services includes activities to attract potential and current users of hotel services. The goal of advertising is to encourage the sale of hotel services in the facility (in-house selling). For creating advertising responsible is staff of Sales and Marketing at large hotels or this job is done by specialized marketing agencies. In the process of creating advertising important are two functions: creative, which includes designing attractive promotional campaigns or ads, and selecting appropriate media who are responsible for the placement of

advertisements to the target market. Most commonly, advertisement of hotel products and services is done through brochures and flyers in the room and in the hotel, TV and radio advertising, advertising by post, the Internet, e-mail, boards on transport vehicles, using billboards and personal contact. Advertising can be very expensive, and therefore the effectiveness of advertising should be measured. The effectiveness of advertising depends on the advertising message that is sent to the target market. When creating advertisements, attention should be paid to those ads who: draw attention by picture and sound, are easy to remember, have a low cost, contribute to an increase in sales of hotel services, do not become obsolete quickly and attract the target segment of customers.

In the hotel industry the term *promotion* applies to special packages of products and services offered by the hotel. Hotel may offer at a single price lodging, meals and car rentals. Packages are advertised through ads, brochures or direct mail. Packages can be a weekend for couples, family package holidays or celebrations. Hotels usually advertise discounts, free offers, extra loyalty points. Price reductions are promoted mostly in the period when demand is lower. Free offer is used for introduction of new services offered by the hotel or to stimulate new customers. Extra points are offered to clients in order to return back to the hotel and then they receive a reward for their loyalty. Thus, for example, a hotel can promote the "summer vacation" in the winter months. The price includes accommodation in a hotel, use of swimming pool, a gala dinner with the theme of the summer holidays and free cocktails with rum. Hotels often use special events to promote their services. The famous luxury hotel "Palais Coburg" in Vienna for the New Year promote a single package that includes: a welcome champagne, accommodation, New Year's Eve gala dinner, an exclusive selection of wines, fireworks, ballet soloist of the Viennese Opera, brunch of the 1st of January, and tickets to the Viennese New Year concert. In addition, hotels can promote additional points or free flights if guests use the hotel accommodation in the period. This form of promotion services, a hotel can advertise in certain media.

*Publicity* refers to spreading information about the hotel free of charge by the media. However, the publicity can be positive or negative. Media as an independent source of information influence the formation of public opinion. A very important segment of Director of the hotel is to build a positive relationship with the media. An example of positive publicity is when the media write that some famous actor has visited a particular hotel. However, the hotel can feel the effects of negative publicity when

the media publish news that in a nearby hotel occurred murder, which belongs to the same chain brand. In such situations, the hotel must have a proper relationship with the public.

*Public relations* aim to create a positive public opinion about the hotel. Include all the activities which focus on the relations with media, current and potential clients and the local community. Public relations means that the hotel provides press releases, speeches, published photos and other gestures to create a positive image of the hotel in public, and thus contributed to the improvement of business. The advantage of public relations is that this is free marketing tool for the hotel in relation to advertising. Through these activities potential clients are informed that the hotel was a good member of the community. Activities include organizing charity events, fundraising or voluntary employee participation in charitable causes. The success of public relations is measured by the number of people who saw or heard the message that the hotel sent.

Hotels should strive to attract and retain consumers with current and future profit potential or are important for strategic reasons. However, not all consumers are equally important. Some consumers are not worth keeping, such as customers who have high costs of servicing, are late with payments, or are fickle (often changing hotels). The growth percentage of customer retention affects the increase in the time in which they are linked to the hotel company. Thus, increased customer retention from 75 to 80% cause an increase in effect on the binding period, from 10 to 12.5 years. Increased customer retention by 5% impacts the profit growth of hotel companies from 35 to 95%. Management of attracting and retaining customers has two benefits: reducing marketing costs and understanding better the needs and desires of consumers (Bowie & Buttle, 2011).

Attracting customers and bringing guests to the hotel, is the initial step of CRM processes and is the basis for formulating a customer retention strategy. Retaining customers means maintain continuous business relationship between the hotel and its guests. Buttle (2009) defined customer retention as the number of customers with whom the company does business at the end of the year, expressed as a percentage of the number of those guests who were active at the beginning of the year. Accordingly, the retention rate represents the ratio of the number of consumers who continue to use the products and services compared to the

total number of customers at the beginning of the year. This rate is an important indicator of customer loyalty.

Bill Marriott once said that bringing a guest for the first time in the hotel "Marriott" will cost \$ 10, but only \$ 1 is required to invest to guest come back. If the guest is satisfied with the quality of services in the hotel, it will be difficult to decide to stay in another competitive hotel. Hotels consume vast resources to promotional activities to inform and convince the visitors that it is the right choice for them. If the customer comes back to the hotel, the funds invested are justified. However, if due to the poor quality of services customer went unsatisfied, he will not come back to the hotel. In this case all marketing efforts in attracting and retaining guests were spent in vain.

Design and implementation of a retention plan is based on continuous knowledge and understanding of the needs and desires of consumers. Designing customer retention program is implemented through five stages (Weinstein, 2012):

- determining current rate of customer retention;
- analysis of the problems of leaving consumers. This phase consists of three steps. First you need to identify consumers who have gone to competitors and then examine the causes of their departure, while in the third step strategy for their return should be conceived.
- set the target retention rates for the next period;
- investing in the retention plan designed at increasing customer loyalty;
- evaluation of customer retention performance program.

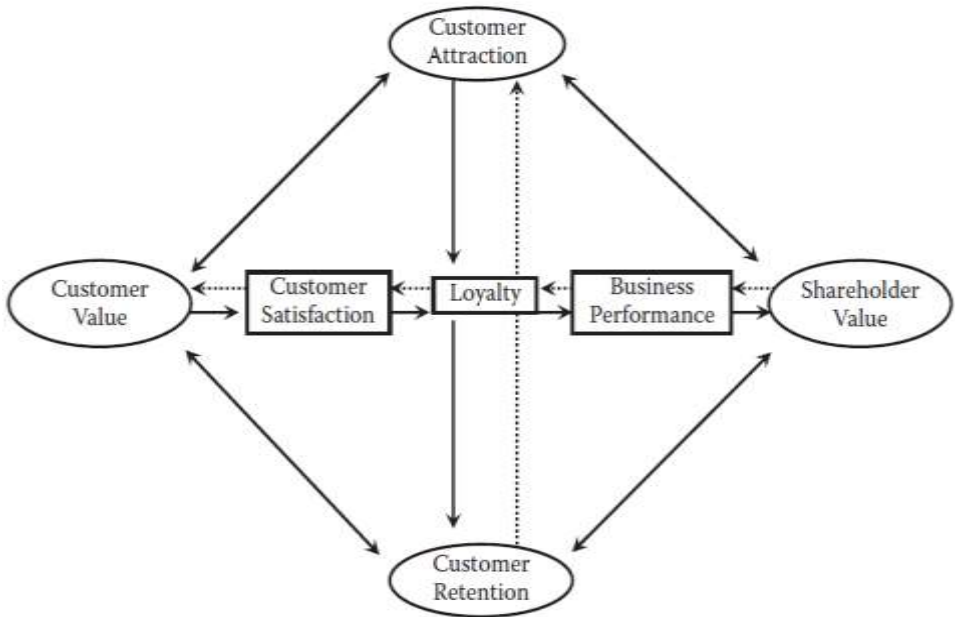
The relationship between customer satisfaction and loyalty and their relationship with the concept of attracting and retaining customers may be illustrated by a model of the value / retention.

This model shows the seven determinants of profitable marketing oriented companies (Figure 5). The central place in the model occupies customer loyalty. If hotel companies create value for consumers, they will be successful in attracting and retaining them. High value for consumers affects their satisfaction and loyalty, which is the basic precondition for long-term profitability. On the other hand, customer loyalty depends on the performance of the hotel, as well as on the value provided by their owners and this in turn influences the retention of the consumer. The significance of this model is reflected in the following: it clearly shows the connections and relationships between concepts and is suitable for



strategic management; it emphasizes that long-term relationship (retention) model is interfunctional because it indicates the connection between marketing and financial objectives.

Figure 5: *Customer Value/Retention model*



Source: Weinstein, A. (2012), *Superior Customer Value: Strategies for Winning and Retainig Customers*, CRC Press LLC, New York, p. 194.

Companies can use a variety of tactics to keep the consumer. Thus, the promotional campaigns are a short-term strategy, and CRM strategies affect the long-term value creation for services. To maintain consumers, companies need to meet the desires and needs of its customers and respond quickly to any signal regarding lack of interest of consumers for products or services of the company. It is important that consumers feel that the company cares about them. In addition, companies must quickly resolve complaints and appeals and show a willingness to negotiate with consumers who are valuable to the company (Passavant, 1995).

As the model value/retention shows, companies need to build consumer loyalty, to keep them. The most commonly used approaches for customer retention are building a database of customers, loyalty programs, offering long-term services (partnership, subscription), customized promotion focused on key customers, the use of brochures, catalogs and other

promotional materials in order to remain in contact with the guests, presence in the media, visits to trade fairs, research needs and desires of consumers and the like. It can be said that there are many different tactics and strategies for customer retention. The selection of programs for which the company defined should be based on the following criteria: efficiency (low cost) effectiveness (likely to success), flexibility (corresponding organizational culture), compliance with the marketing plan, competitive advantage, ease of implementation, projected profitability.

### **Building long-term loyalty in the hotel industry**

The high degree of competition in the hotel industry, the global transparency of price and supply, distribution and availability of information through websites and social networks on the one hand, and the wishes and needs of the modern consumer to seek out new and unforgettable experience on the other hand, complicate the ability of hotel companies to build long-term loyalty. It is therefore very important that hotel companies determine the degree of loyalty of its guests and create appropriate strategies for building long-term relationships with them. Among potential customers who have not yet stayed at a particular hotel and residential guests, we can identify several different forms of loyalty.

Bowie and Buttle (2011), according to the level of transactions (number of nights), identifies six categories of loyalty in the hotel industry. At the bottom of the scale are *potential guests*, who must be persuaded that they should try out the hotel. These are potential customers, who are not yet certain guests of the hotel. Therefore, hotel companies are trying to attract them and turn potential into actual *visitors*. Having an established relationship and a guest came to the hotel it becomes a *buyer*. The aim of the hotel industry in creating loyal customers is to translate buyers into *clients*. Clients are the ones who often reside in a specific hotel, but have a neutral attitude to the hotel company. The following segment consists of *supporters*, guests who have a positive attitude towards the hotel, prefer to stay in it but give passive support. *Lawyers* are guests who in addition to positive attitude actively support the hotel through the positive propaganda. This group of guests is the best promoter of the hotel. Finally there are *partners*. These are the guests who have strong relationships with the hotel company and are loyal to a particular hotel brand.

Customer loyalty in the hotel industry can be defined as the commitment to the hotel or the specific hotel brand, which is based on a strong positive

attitude, and is represented in the repeated transactions (Sekulić, 2016). If as the basis of the relationship between the guest and the hotel takes into account the number of overnight stays in a particular period and a particular attitude toward the hotel brand, it is possible to identify four types of loyalty: false loyalty, latent loyalty, stable loyalty, disloyalty. *False loyalty* occurs in a situation where there is a high level of repeat overnights, but lower degree of preference, and positive attitudes towards a particular hotel brand. *Revisiting* occurs in a situation of limited alternatives, special discount, influence others and so on. As a result, the consumer can only temporarily exhibit such loyalty, and it is likely to exceed the competition. *Latent loyalty* occurs in a situation when the customer prefers a specific hotel brand, but often does not stay in it. The reasons may be the location, income, price and so on. *Stable loyalty* occurs when the customer prefers a specific hotel brand and is often resides in it. This is the most desirable situation for a hotel company and it must strive to maintain the quality of its services at a level that this hotel remains the first choice for his guests. A common situation is when there is *no loyalty*. The customer does not see the difference between alternatives, does not favor a single hotel brand, so the choice of hotels is based on a random selection, best price, location, etc.

Building customer loyalty towards a particular hotel brand, or hotel premises is very important for hoteliers. Hotel guests can be loyal to the brand, but also to some facilities belonging to different brands. More standardized brands are trying to build customer loyalty towards the brand, while smaller brands are seeking to build loyalty to the facility. What is certain is that guests who often travel to different destinations are more loyal to a particular hotel brand than hotel facility. This means that the guests who travel frequently choose a hotel based on location rather than on the basis of brand. This points to the need to adapt marketing strategies relationships with consumers. Most hotel brands use a combination of transactional and relationship marketing strategies depending on the needs of the target segment of consumers in order to build long-term loyalty (Osman et al., 2009).

Long-term loyalty occurs as a result of trust in the hotel brand or object, and may be transmitted from generation to generation, and thus become a part of the family tradition. Ritz-Carlton hotel company understands this well. Ritz-Carlton employees are known for their excellent service to guests and are able to create a "wow" level of satisfaction. A good example of focusing on the customer is that the company encourages its

employees to spend about \$ 2,000 per guest to fulfill their specific requirements. The aim is to support and encourage employees to take advantage of time, effort and money if necessary to improve the guest experience. There is an interesting story of a family who spent the weekend at the Ritz-Carlton in Tucson. When they were about to go out of the hotel the mother saw that her two-year son lost his favorite toy "Thomas The Tank Engine". The mother told employees that this is the favorite toy of her son and that he was sad because she could not find it. Employees have reviewed a hotel, but they could not find a toy, but they realized that something must be done about it. After the family left the hotel and went home, employees bought the same toy at the store and wrote an interesting story in the role of the Thomas. The letter seemed like it was written by Tomas, where he talks to the boy and tells his interesting stories and adventures he had had since he was left by the boy. In addition to the letter, employees sent the images of a train from hotel, how to explores hotel environment, cook in the kitchen and many others. Four days after the "lost" train with letters and photos arrived at the family's home address. The family shared this story via the Internet and social networks, what can now be found almost everywhere. Family noted that the Ritz-Carlton earned their trust for years to come. In this way, the company has secured the lifetime value of the consumer. Thanks to the positive experience, the family has not spread this story only to a narrow circle of friends, but also the story thanks to the Internet and social networks have heard many people around the world, resulting in a higher probability that one of them eventually become loyal and valuable Ritz-Carlton guest (Solomon, 2015).

Hotel companies should carefully analyze the loyalty of its customers. Determining the level and degree of loyalty enable selection of appropriate strategies for building long-term loyalty. The basis for creating and building long-term relationships with customers in the hotel industry are loyalty programs. The first loyalty programs have emerged in the 1970s when American Airlines introduced a program for passengers who fly frequently (Frequent Flyer Program - FFP). This program was soon copied by many airlines, as well as hotel and car rental companies. Loyalty programs are based on earning points based on the distance kilometers or number of nights realized. As a reward, program users receive the certain rewards such as free flight or night, discounts on regular prices of services and other benefits.

## Conclusion

Hotel companies do not just satisfy their guests; they strive to amaze, astound, delight, or wow them. Superior customer value means to continually create experiences that exceed customer expectations. Value is the strategic driver that hotel companies utilize to differentiate themselves from their competitors in the minds of customers. This is not an easy task. Therefore, hotels are trying to create value for consumers through their products and services in order to attract new and retain existing guests.

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# CONSUMERS' PERCEPTIONS OF SERBIA'S HOTEL PRODUCT QUALITY

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## Abstract

*This study is concentrated on the analysis of consumers' perceptions of Serbia's hotel product quality. A total of 71,700 reviews of 240 hotels taken from the Booking.com portal are analysed regarding the features of 'Cleanliness', 'Comfort', 'Location', 'Facilities', 'Staff', 'Value for Money', and 'Free Wi-Fi'. By applying Kruskal-Wallis H and Mann-Whitney U tests, the differences between the rating scores of these features for different hotel groups have been investigated. The findings indicate that category-wise hotels can be subsumed under two groups among whose scores for the features of 'Cleanliness', 'Comfort', 'Facilities' and 'Location' there are statistically significant differences, whereas within the groups they seem to be irrelevant. The first group consists of 5-star and 4-star hotels, and the second consists of the remaining hotels. The results also point out that the 5-star and 4-star hotel guests, although satisfied with the service quality, think that the rates are too high. The hotels are also grouped by their location. These results do not yield a statistically significant difference of the review values of the observed features between these hotel groups, but significant differences are identified within the group of city hotels regarding 'Cleanliness' and 'Value for Money' features.*

**Keywords:** *hotel product quality, online hotel reviews, booking, perceptions*

**JEL classification:** *L83, M30.*

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## Introduction

Hotel guests can share their impressions about the consumption of a hotel product with other Internet users using social media or using commercial portals of online travel agencies - OTAs (Yan et al., 2016). Hotel reviews and ratings posted by hotel guests are definitely subjective measures of quality. Customer satisfaction, and accordingly the hotel reviews, can be affected by a range of factors, such as the quality of a hotel product, consumer preferences, motives for traveling or characteristics of the selected destination (Radojević et al., 2017).

The aim of this research was to study consumers' perceptions of hotel product quality in Serbia based on the reviews available on the Booking.com portal. The Booking.com portal was selected for several reasons: (1) it is one of the largest OTAs, (2) it offers a wide range of hotels in Serbia, (3) the users are given the opportunity to rate a consumed hotel product by assigning a quantitative assessment to different features of the hotel product, (4) a hotel can be reviewed only by the consumers who have previously booked a hotel product on the portal and then stayed at the hotel - which does not eliminate the possibility of false reviews, but it certainly makes their publication more difficult.

In order to achieve this aim, we grouped the hotels in different ways. Firstly, we determined the rating scores of the observed features of 'Cleanliness', 'Comfort', 'Location', 'Facilities', 'Staff', 'Value for money' and 'Free Wi-Fi' for hotels belonging to different categories. Then, based on the determined significance of the differences in the scores between the hotel categories, we made conclusions about the consumers' perception of the quality of the hotel offer. Secondly, we analyzed whether there were statistically significant differences between the scores of certain features within the hotel categories. The aim was to identify the features whose average scores showed significant differences from the average scores of other features and to draw relevant conclusions based on these findings. We further grouped the hotels according to their location into city, mountain, lake and resort spa hotels and tested the significance of the differences in the scores of the observed features between the hotels in these groups. The same method was used to study the ratings of city hotels which were classified into Belgrade, Novi Sad, Niš and Kragujevac hotels. Another idea was to study the differences in the scores assigned to the observed features between the hotels operating within international hotel chains and other hotels of the same category.

However, as there is a small number of hotels in Serbia that operate within global hotel chains (Barjaktarović & Mašić, 2014) and most of them are located in Belgrade and belong to high category hotels (Kosar et al., 2016), it would not be possible to make an adequate comparison since certain samples would have just a few hotels. Therefore, this idea was dismissed.

## **Literature review**

The rapid development of ICT technologies has brought about changes in consumers' preferences. Today, a large number of consumers use Internet sources when planning a trip (Toh et al., 2011; Filieri et al., 2015; Liu & Park, 2016) not only to get informed about the offer, make bookings (Toh et al., 2011) and avoid traditional agents, but also to share their experiences about the consumed hotel products with other users of hotel services. This horizontal form of electronic communication between users is called electronic word of mouth - eWOM (Hennig-Thurau et al., 2004). Bearing in mind the importance of sharing these experiences with other consumers, Carvao (2010) states that Lewis's AIDA marketing model (attention, interest, desire, action) has been actually replaced with AISAS model (attention, interest, search, action, sharing). The concept which implies a high degree of interactivity and users' ability to influence the contents through various forms of experience exchange is in the tourism industry also known as the Travel 2.0 (Buhalis & Law, 2008; Middleton et al., 2009; Xiang & Gretz, 2010). Further progress of technology has coined the term Travel 3.0 (World Travel Market Global Trends Report, 2015) which refers to the use of mobile applications that can partially or fully automate your search and offer personalized solutions when planning a trip based on the preferences and the current location of individual consumers.

Online sale of hotel services makes one of the most important channels of sales (Xiang et al., 2015) and the role of the Internet in today's tourism market is reflected in the data obtained from the Statista.com that in 2015 the online travel sales reached the level of about 533.5 billion US dollars. It must be further noted that the online travel sales of hotel services have been recording the highest growth rates. According to the World Travel Market Global Trends Report, online sales of hotel services in 2015 recorded a growth rate of approximately 10.3%.

To get information about hotels, make bookings or share their impressions about the quality of hotel services, hotel guests use personal

computers as well as tablets and smartphones. Murphy et al. (2016) cite Google and Ipsos MediaCT report 'The 2014 traveler's road to decision' according to which users prefer the use of personal computers and tablets (88%) to smartphones in the process of data collection about a trip they are planning. A similar trend can be observed at the booking stage – about 81% of users rely on PCs and tablets. After they have consumed a tourism product, guests often share their experiences with other Internet users through various social media. The aforementioned report states that users often use smartphones (50%) for this purpose. Booking.com has developed applications that make their offer available to tablet and smartphone users. According to data obtained from the Booking.com portal, these applications have so far been downloaded and used by more than 20 million users.

Since publishing on social media is simple and anonymous, individuals can publish hotel reviews that are not authentic but written to enhance or damage the online image of certain hotels (Ayeh et al., 2013; Li et al., 2014; Banerjee and Chua, 2014; Filieri et al., 2015). For a review to be published on TripAdvisor, the portal does not require any proof that the user has actually stayed at the hotel. It certainly leaves room for false hotel reviews to be published, so Schuckert et al. (2016) report that about 20% of the total number of reviews on TripAdvisor are fictitious. Ayeh et al. (2013), Filieri and McLeay (2013) and Baka (2016) have also confirmed that a great number of reviews on TripAdvisor are unreliable. On the other hand, for a review to be published on OTA portals such as Booking.com, a hotel booking must be previously made through the site and sometimes the stay must be confirmed by the hotel. Although the possibility of false hotel reviews cannot be ruled out even in the case of these portals, their number is definitely smaller than in the case of the TripAdvisor portal (Ott et al., 2012).

The contents that depict hotels in the published reviews significantly affect their business performance (e.g. Cantallops & Salvi, 2014; Kim et al., 2015). Nevertheless, research shows that hoteliers in Serbia have only recently begun to use the opportunities provided by review sites to improve their online image (Mašić & Kosar, 2016).

The review of the available literature points to the papers which study the ways the hotel offer in Serbia is presented on eWOM portals. Čačić and Mašić (2013) studied the ways hotels in Serbia were presented on the TripAdvisor website. They found that at the end of 2012, a total of 165

hotels were presented and their average score was 3.92 on a five-point scale. Mašić et al. (2014) used a sample of Belgrade hotels to compare hotel ratings on different OTAs to those on TripAdvisor. The results did not reveal any significant differences between them. Knežević et al. (2014) conducted research on the presence of Serbia's hotel offer on the leading electronic portal sites and found out that it was the highest on the Booking portal. The increasing use of Internet as a sales channel for hotel services in Serbia in the last decade is further illustrated by the fact that the Booking.com portal offer for 2006 included only two hotels from Serbia (Ćurčić, 2006), while according to the results of this research there are 255 today. Živković et al. (2015) studied the activities of social media users, including TripAdvisor, using a sample of selected mountain hotels in Serbia and Bulgaria.

### **Research methodology**

The paper is based on the research conducted in February 2017. The first step was to download the list of categorized hotels in Serbia from the internet portal of the Ministry of Trade, Tourism and Telecommunications of the Republic of Serbia (updated in January 2017). An inquiry was then sent to the Booking.com portal for each of the categorized hotels in order to determine whether they are included in the hotel offer of this portal. The offer of 255 hotels was confirmed. We further had to determine whether the hotels whose offer was presented on the Booking.com portal had any reviews written by the guests who consumed their services. Only the hotels with more than 30 reviews were included in the sample. We thus formed a sample of 240 hotels of different categories which had a total of 71.700 hotel reviews.

The users of the Booking.com portal can evaluate hotel services in several ways. They are given the opportunity to give a qualitative assessment of what they perceive as a positive and negative aspect of a hotel product. They are further expected to provide a quantitative assessment of different features of a hotel product such as 'Cleanliness', 'Comfort', 'Location', 'Facilities', 'Staff', 'Value for Money', and 'Free Wi-Fi '. A small number of hotels had 'Breakfast' as an additional feature, but as this was not the case with all hotels, we couldn't include it in the analysis. For each of the 240 hotels on the Booking.com portal, we took the average grade scored for each of the seven features.

For the purposes of this study the hotels were grouped in the following three ways: (1) according to the official hotel categorization, (2) according to their macro-location into those located in the spas, mountains, cities or by lakes, and (3) for the sample of city hotels into those located in Belgrade, Novi Sad, Niš and Kragujevac.

The results of the initially conducted Shapiro Wilk-test ( $p < 0.05$ ) lead us to the conclusion that we can reject the null hypothesis that the observed variables in the analyzed sample have a normal distribution. Therefore, we used non-parametric tests to determine the significance of the differences between the observed hotel features scores. The significance level was set at 0.05 for all the statistical methods applied in the study.

## **Results and discussion**

The results of the Kruskal-Wallis test show statistically significant differences in the scores of certain features between hotels of different categories. The differences are statistically significant for the following variables: `Cleanliness` -  $\chi^2(4) = 28.707$ ,  $p < 0.05$ , `Comfort` -  $\chi^2(4) = 38.104$ ,  $p < 0.05$ , `Location` -  $\chi^2(4) = 13.601$ ,  $p < 0.05$ , `Facilities` -  $\chi^2(4) = 36.835$ ,  $p < 0.05$ . On the other hand, the differences could not be proved to be statistically significant for the average scores of the following variables: `Staff`  $\chi^2(4) = 6.880$ ,  $p = 0.142$ , `Value for money` -  $\chi^2(4) = 2.048$ ,  $p = 0.727$  i `FreeWi-Fi` -  $\chi^2(4) = 7.006$ ,  $p = 0.136$ .

Based on the results the Kruskal-Wallis test we can draw a general conclusion that the average scores of certain features significantly differ between hotels of different categories, but it cannot tell us which categories are different from each other. For instance, are there statistically significant differences in the scores between 1-star and 2-star hotels or perhaps between 2-star and 4-star hotels? Since the Kruskal-Wallis test cannot give us the answer to this question, a series of Mann-Whitney tests has to be performed. They test the statistical significance of the differences in the scores of the observed features between pairs of hotels of different categories. The test results are presented in Table 1.

Table 1: *Results of Mann-Whitney tests for a sample of different categories hotels*

<b>CLEANLINESS</b>				
<b>Category</b>	4 star	3 star	2 star	1 star
5 star	U=340, p=0.389	U=183.5, p<0.05	U=53, p<0.05	U=8.5, p<0.05
4 star	---	U=3127, p<0.05	U=934.5, p<0.05	U=149, p<0.05
3 star		---	U=1206.5, p=0.131	U=189, p=0.232
2 star			---	U=87, p=0.640
<b>COMFORT</b>				
<b>Category</b>	4 star	3 star	2 star	1 star
5 star	U=356, p=0.497	U=146, p<0.05	U=43, p<0.05	U=9, p<0.05
4 star	---	U=2830, p<0.05	U=895.5, p<0.05	U=96.5, p<0.05
3 star		---	U=1238, p=0.184	U=161.5, p=0.106
2 star			---	U=75, p=0.349
<b>LOCATION</b>				
<b>Category</b>	4 star	3 star	2 star	1 star
5 star	U=384.5, p=0.722	U=269, p=0.253	U=95, p=0.223	U=15, p=0.244
4 star	---	U=3460.5, p<0.05	U=1186.5, p<0.05	U=197.5, p=0.131
3 star		---	U=1363.5, p=0.545	U=245, p=0.736
2 star			---	U=98, p=0.969
<b>FACILITIES</b>				
<b>Category</b>	4 star	3 star	2 star	1 star
5 star	U=280.5, p=0.125	U=121.5, p<0.05	U=35, p<0.05	U=2.5, p<0.05
4 star	---	U=3011, p<0.05	U=866, p<0.05	U=119.5, p<0.05
3 star		---	U=1189.5, p=0.108	U=178.5, p=0.175
2 star			---	U=81, p=0.483

Source: *Authors*

The results of the series of Mann-Whitney tests for the 'Cleanliness' feature clearly indicate that there are two groups of hotels whose scores for this feature are significantly different. At the same time the differences within these groups are not statistically significant. The first group comprises 5-star and 4-star hotels and the second group 3-star, 2-star and 1-star hotels. It must be noted that the median scores of the first group are significantly higher (5-star=9.30; 4-star=9.20) than the medians of the second group (3-star=8.60; 2-star=8.20; 1-star=8.10). It is obvious that higher category hotels have developed and implemented more stringent housekeeping standards, which resulted in higher rating scores for this feature. Cleanliness surely isn't and it should never be a criterion

for hotel categorization because spotless hygiene is a basic standard that must be provided regardless of the hotel category.

The tests conducted for the `Comfort` feature provide almost identical results. 5-star and 4-star hotels are not significantly different. The same applies to 3-star, 2-star and 1-star hotels. However, there are statistically significant differences between these two groups of hotels in the scores achieved for the observed feature. The differences are such that the median scores of the first group hotels (5-star=9.15; 4-star=9.05) are significantly higher than those of the second group (3-star=8.40; 2-star=8.40; 1-star=7.50).

The established pattern is repeated for the `Facilities` feature. On the one hand, there are the 5-star and 4-star hotels whose average rating scores are not significantly different. On the other hand, there are the hotels of other categories whose scores also do not differ from each other. However, there are statistically significant differences in the average rating scores for each pair of hotels from these two groups.

The current Regulation on standards for the categorization of lodging facilities, namely the part that deals with the standards for the categorization of hotels lists a number of different requirements that hotels must meet in order to get a particular category. Different requirements for different categories should definitely result in different levels of guest comfort and different facilities available at a hotel. The results of the conducted Mann-Whitney tests show that the guests notice significant differences only between two groups of hotels - the hotels of the highest categories (5-star and 4-star hotels) on the one hand and the hotels of other categories on the other hand. Simply put, hotel guests do not see significant differences in the comfort level and facilities within these two groups of hotels. There may be several reasons for that. Some hotels may gradually begin to fall short of the established standards after they have been officially classified into a particular category. Some hotels may, on the other hand, gradually meet the requirements for a higher category, but keep operating within the previously assigned category for a certain period of time before they are officially upgraded to a higher category. The price that customers pay for hotel services is certainly a factor that shapes their expectations. Since the higher category hotels have higher prices, the guest expectations are also higher which can influence the assessment of each of the observed features, not only the `Value for money` feature. The more the guests pay, the more they

expect, and vice versa. High rates can sometimes make them be unreasonably strict in the feature assessment, while low rates can produce the opposite effect, which can cumulatively affect the results for the whole category. Furthermore, we cannot exclude the possibility that there are some hoteliers who attempt to manipulate the reviews on the Booking.com portal with the aim of improving the average scores, which can certainly affect the obtained results.

The `Location` feature shows statistically significant differences in the rating scores between the group of 4-star hotels on the one hand and the groups of 3-star and 2-star hotels on the other. The absence of statistically significant differences in the rating scores of the `Location` feature between the highest and the lowest hotel categories can to some extent be explained by the fact that a large number of lower category hotels were built back in the time of the former Yugoslavia. At the time, most of these hotels ranked higher than today. They were often built in the best locations of their destinations. However, little had been invested in these hotels for several decades, so they failed to meet the standards laid down for certain categories and eventually they were downgraded to lower categories. Today, a number of lower category hotels have excellent locations in the observed destinations, which results in the high rating scores of the `Location` feature. On the other hand, the best locations, provided that they are available at all, are today prohibitive in cost. In such cases, investors, even when they plan to build high-class hotels, tend to settle for second best. Cumulatively, these factors certainly contribute to the absence of the statistically significant difference between the highest and the lowest category hotels for the `Location` feature. Table 2 shows the median scores of the observed features by hotel categories.

Table 2: *The median scores of the observed feature by hotel categories*

	<b>5 star</b>	<b>4 star</b>	<b>3 star</b>	<b>2 star</b>	<b>1 star</b>
Cleanliness	9.30	9.20	8.60	8.20	8.10
Comfort	9.15	9.05	8.40	8.40	7.50
Location	8.70	8.95	8.60	8.50	8.45
Facilities	8.90	8.80	8.10	7.70	7.25
Staff	9.25	9.20	9.00	9.00	8.60
Value for Money	8.30	8.70	8.60	8.60	8.30
Free Wi-Fi	9.10	8.80	8.60	8.65	8.35

Source: *Authors*



The analysis has so far been focused on testing the significance of the differences in the scores of certain features between different hotel categories. However, the analysis can be carried out in a different way. Using the Kruskal-Wallis we can test the significance of the differences between the scores of different features within each category. This means that we won't compare the scores assigned to e.g. the 'Cleanliness' feature between the hotels of different categories. We'll now test the statistical significance of the differences in the scores between the features within each category.

The results of Kruskal-Wallis test show statistically significant differences in the values of the rating scores assigned to the features in the sample of 5-star hotels -  $\chi^2(6) = 14.841$ ,  $p < 0.05$ , 4-star -  $\chi^2(6) = 71.475$ ,  $p < 0.05$ ; 3-star -  $\chi^2(6) = 53.949$ ,  $p < 0.05$  and 2 -star -  $\chi^2(6) = 20.541$ ,  $p < 0.05$ . At the same time, the results of Kruskal-Wallis test -  $\chi^2(6) = 5.474$ ,  $p = 0.485$  do not give us ground to conclude that there are statistically significant differences between the average scores of the analyzed features within the group of 1- star hotels.

Since the assessment of the 'Value for money' feature means that the guests express their opinion on whether the hotel service they received was worth the price they paid for, this feature can be especially interesting. A series of Mann-Whitney tests can be used to test the significance of the differences between the scores of the 'Value for money' feature and the median scores of all the remaining features. The analysis was conducted for the hotel categories for which the Kruskal-Wallis test confirmed statistically significant differences between the feature scores. In the case of 5-star hotels, the results of the conducted Mann-Whitney test ( $U=7$ ,  $p < 0.05$ ) show statistically significant differences between the observed scores. According to the results presented in Table 2, the score of the 'Value for money' feature is significantly lower than the average scores of other features, which implies that the guests staying at 5-star hotels don't think that they get the value for the money they pay, i.e. the price is too high, which is why they rate this feature significantly lower than other features. This perception may to some extent result from their comparison of the hotel services with the lower-priced services outside the hotel, for instance with the prices of meals served in restaurants. It can also result from the comparisons with the prices they have previously paid in the same hotel

category in similar destinations. In the case of 4-star hotels, the results ( $U=4004$ ,  $p<0.05$ ) lead to the same conclusions, with the differences being stronger in the case of 5-star hotels. On the other hand, the sample of 3-star hotels ( $U=3708$ ,  $p=0.462$ ) and the sample of 2-star hotels ( $U=459$ ,  $p=0.273$ ) do not show statistically significant differences between the scores of the 'Value for money' feature and the median scores of other features.

### **The analysis of the hotel review scores based on the hotel location**

The hotels were then grouped according to their location into those located in cities, spa resorts, mountain resorts or along a lake. The structure of the sample analyzed on the basis of the location criterion is shown in Table 3.

Table 3: *The sample of hotels according to their location*

<b>Location</b>	<b>Number of hotels</b>
Cities	201
Spa resorts	10
Mountain resorts	22
Lake resorts	7
Total	240

Source: *Authors*

Based on the results of Kruskal-Wallis test, we cannot conclude that there are statistically significant differences in the scores of any of the observed features. The test results are given in Table 4.

Table 4: *The results of the Kruskal-Wallis test on the analyzed features according to the hotel location*

	Cleanliness	Comfort	Location	Facilities	S t a f f	V a l u e	F r e e Wi-Fi
$\chi^2$	1.898	0.720	6.270	0.597	3.064	7.432	5.682
df	3	3	3	3	3	3	3
Sig	0.594	0.869	0.099	0.897	0.382	0.059	0.128

Source: *Authors*

The results indicate that there are no statistically significant differences in the scores of the observed features between the hotels located in different types of places. However, these results do not rule out the possibility that

there are significant differences within these groups. The hotels from Belgrade, Novi Sad, Niš and Kragujevac were then extracted from the group of city hotels in order to study whether there are statistically significant differences between the scores of the observed features.

The results of the Kruskal-Wallis test point to the statistical significance of the differences in the average scores achieved for `Cleanliness` -  $\chi^2(3) = 8.283$ ,  $p < 0.05$  and `Value for money` -  $\chi^2(3) = 11.278$ ,  $p < 0.05$ , but not for the other analyzed features.

Table 5: *The results of Mann-Whitney tests obtained from the sample of scores of the hotels in the selected cities*

<b>CLEANLINESS</b>			
	Novi Sad	Nis	Kragujevac
Belgrade	U=645.5, $p < 0.05$	U=714.5, $p = 0.609$	U=385, $p = 0.589$
Novi Sad	- - -	U=122.5, $p < 0.05$	U=59.5, $p < 0.05$
Nis		- - -	U=85.5, $p = 0.829$
<b>VALUE FOR MONEY</b>			
	Novi Sad	Nis	Kragujevac
Belgrade	U=801.5, $p = 0.163$	U=540.5, $p < 0.05$	U=254.5, $p < 0.05$
Novi Sad	- - -	U=109.5, $p < 0.05$	U=53, $p < 0.05$
Nis		- - -	U=76.5, $p = 0.516$

Source: *Authors*

According to the results of the series of Mann-Whitney tests (Table 5), the hotels can be classified into two groups regarding the `Cleanliness` feature. The first group includes the hotels in Kragujevac, Niš and Belgrade, and the second group comprises the hotels located in Novi Sad. For each pair of hotels combining scores of the first group hotels and the group of hotels located in Novi Sad there are statistically significant differences in the observed feature. On average, the first group hotels have better scores than Novi Sad hotels. At the same time, there are no statistically significant differences in the `Cleanliness` scores within the group comprising Belgrade, Niš and Kragujevac hotels. The management of the hotels in Novi Sad should identify the reasons the guests are fairly less satisfied with the cleanliness of their hotels compared to other cities. The median scores determined for all the observed features of the hotels from Belgrade, Novi Sad, Niš and Kragujevac are presented in Table 6.

*Table 6: The median scores of the analyzed features in different cities*

	<b>Belgrade</b>	<b>Novi Sad</b>	<b>Niš</b>	<b>Kragujevac</b>
Cleanliness	9.05	8.30	9.10	9.00
Comfort	8.90	8.20	8.95	8.70
Location	8.60	8.40	9.10	9.05
Facilities	8.60	8.00	8.50	8.30
Staff	9.20	9.00	9.35	9.40
Value for Money	8.70	8.30	9.05	9.15
Free Wi-Fi	8.90	8.60	8.85	9.15

*Source: Authors*

Two distinct groups of hotels can also be formed regarding the scores of the `Value for money` feature. The first group comprises the hotels in Kragujevac and Niš, while the second group includes the hotels in Belgrade and Novi Sad. For each pair of hotels combining a first group hotel and a hotel from the second group there are statistically significant difference between the scores for this feature. However, the differences are not statistically significant within the groups. The first group hotels are better scored regarding the observed feature. The median of the scores given to this feature in the sample of hotels located in Kragujevac is 9.15, while it is 9.05 for the hotels in Niš, 8.70 for the hotels in Belgrade and 8.30 for the hotels in Novi Sad. It is clear that the hotel guests in Belgrade and Novi Sad believe that they receive less for the price they pay than the hotel guests in Kragujevac and Niš. This can probably be attributed to the higher prices of hotel services in Belgrade and Novi Sad which lead to higher expectations. The results of the initially conducted Kruskal-Wallis test indicate that there are no significant differences between the hotels of the study cities in five out of the six remaining features. Even in the case of `Cleanliness` only the hotels in Novi Sad show significantly lower scores. All in all, it is clear that the reason for the statistically significant differences in the scores assigned to the `Value for money` feature should not be sought in the `value`, but in the `money` component of the feature.

### **Conclusions and implications**

The results show that there are statistically significant differences between the hotels of different categories in the scores assigned to `Cleanliness`, `Comfort`, `Location` and `Facilities`, whereas the differences are not significant for `Value for Money`, `Staff` and `Free Wi-Fi` features. At the same time, these hotels can be classified into two

groups between which there are statistically significant differences, with the differences not being significant within the groups. The first group comprises 5-star and 4-star hotels and the second group includes the remaining categories. The fact that the `Cleanliness` feature has significantly higher scores in the case of higher class hotels can be of great importance for the management of 3-star, 2-star and 1-star hotels. In practice, there are no elements of categorization that can justify this difference. Hotel hygiene is not and should not be an element of categorization and the fact that they were given significantly lower grades for this feature should certainly prompt the management of these hotels to do something to improve the hygiene. Unlike `Cleanliness`, the differences in the scores between hotels of different categories for the `Comfort` and `Facilities` features are quite expected. What is unexpected is the absence of statistically significant differences in the scores of these features within the two groups of hotels. There are various factors that may affect the absence of these differences, starting from the inability to meet the standards of the service quality set for particular categories over the impact of the rates of hotel services on guests' expectations to the tendency of some hoteliers to manipulate the reviews posted on the portal. The absence of differences in the scores for the `Location` feature was also unexpected, but it can be explained.

A great number of hotels that today belong to lower categories were built in the best locations of their destinations. Since little had been invested in these hotels for several decades, they failed to meet the standards laid down for certain categories and eventually they were downgraded to a lower category. On the other hand, the best locations, provided that they are available at all, are expensive. In such cases, investors, even when they plan to build high-class hotels, tend to settle for second best.

Based on the statistically significant differences between the scores determined for the `Value for money` feature and the score medians of other observed features, we can conclude that the guests of the highest category hotels think that they pay too much for the service they receive and the quality of the service is not worth the price they pay for. Such a situation is not sustainable in the long run. Being rational customers, hotel guests will try to get better value for the money they pay by choosing different hotels. In order to avoid losing customers, the hotel management can either improve the value of the service delivered or reduce the price of the products. This is especially important for those destinations where there is a strong and ever-growing competition between high-class hotels.

The results of the tests indicate no significant differences in the scores of the observed features between the hotels located in mountain, lake, spa or city destinations. At the same time, there are significant differences within the group of city hotels for `Cleanliness` and `Value for money` features. Novi Sad hotels scored significantly lower for the `Cleanliness` feature compared to the hotels located in Belgrade, Niš and Kragujevac. This finding should be of practical importance for the management of the hotels in Novi Sad which should identify the specific reasons which cause lower scores and take corrective measures. The hotels in Belgrade and Novi Sad scored significantly lower grades for the `Value for money` feature. Bearing in mind that these hotels have high scores for all the other observed features, it can be concluded that the guests think that the price they pay is too high even though they are satisfied with the quality of the products.

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# STANDARDISATION OF WINERIES AS ONE OF PRECONDITIONS FOR THE GROWTH OF WINE TOURISM<sup>1</sup>

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## Abstract

*Wine tourism is a new branch of tourism which is also a fast growing one. In Serbia it is not quite recognised as a priority although it can generate numerous benefits for the tourism, economy and society in general. One of the methods to emphasize and explore its potential is to introduce categorisation of wineries as providers of tourism services. This paper analyses experience of other countries in this process, namely the case of Hungary and Croatia. It gives the overview of the market of wine producers in Serbia; it further addresses efforts done so far in this field, and gives a recommendation for future activities in this field.*

Key words: *categorisation, wine tourism, winery, Serbia, wine route*  
JEL classification: Z32

## Introduction

Wine tourism as a discrete field of research is inchoate, yet there has been rapid development in this field since the mid-1990s all over the world (Carlsen, 2004). It has got numerous positive effects not only in terms of financial benefits and development of viticulture areas (Gilbert, 1992), but also in terms of influence on image and reputation of the wine region

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(Bruwer & Lesschaeve, 2012) and country, promoting its culture, history and civilisation's achievements as well (Demossier, 2011, Boyd, 2008).

The tourism is becoming an important economic branch of a large number of countries worldwide, and in some it has already become even the leading one (Cvijanovic & Mihajlovic, 2016). Figures related to the wine tourism worldwide are astonishing. According to Resonance Consultancy in their Resonance Report (2013), in 2007 US Travel Association estimated that 17%, or 27.3 million travellers, have engaged in "culinary or wine-related activities while travelling". The amount of expenditures on wine and other items while they are in a wine region is estimated at USD 3 billion. There is also another important impact of wine tourism on post-tour purchasing behaviour that is very important for economies of different countries (Mahony, 2006).

On the other hand, there is a number of open issues in development of wine tourism specially in emerging countries, including principles and concepts, critical factors (Getz & Brown, 2006), structural dimensions (Bruwer, 2003) standardisation, positioning (Williams, 2001), customer demands (Singh, 2016), market intelligence with the focus on wineries and destinations with potential to develop this market niche (Getz, 2000). Cambourne et al. (2000) state that there is a continuing lack of information and data regarding wine tourism impacts; the lack of data concerning the requirements of winery tourists as well as concern about the standardisation of the wine tourism product and standardisation of the offer as well. There is a number of challenges and opportunities of developing wine tourism in a small community and in developing countries (Var et al., 2006). One of the most important challenges is standardisation of the offer in wineries in specific wine regions. The main problem is development of standardisation system for the offer in wineries, in order to provide full scale contribution to tourist offer.

The goal of this paper is to provide analysis about importance level of the wine tourism in Serbia as developing country, as well as to suggest standardisation of the offer in wineries in Serbian wine regions as the powerful tool for improvement of wine tourism. Starting from the stated goal, the following hypotheses are stated:

H-1: Wine tourism in Serbia is a tourism product with particular importance.

H-2: Standardisation of the offer in wineries can contribute to wine tourism development.

The suggested approach should ensure the development of appropriate strategies for wineries and destinations in Serbia. In order to fulfil this goal the paper is structured in the following way: literature review, methodology, research and discussion and conclusion.

### **Literature review and theoretical background of standardisation of offer in wineries**

On the horizon in the tourists interests nowadays there are new tourism forms, that bring unique experiences (Manila, 2012). According to Getz & Brown (2006), wine tourism is, simultaneously, a form of consumer behaviour, a strategy by which destinations develop and market wine-related attractions and imagery, and a marketing opportunity for wineries to educate, and to sell their products, directly to consumers. Cohen and Ben-Nun (2009) agree that wine tourism means visiting wineries and tasting wine as well as other experiences, such as visits to local destinations around the winery (Dodd, 1995). Grybovyč et al., (2013) state that, apart from visiting wineries and purchasing wines, wine tourism also includes a unique experience in the wine region that includes the environment, culture, food and ambiance. Wine tourism is an important channel for attracting tourists and developing rural areas (Hall, 2005). This type of tourism is located outside city centres, so it has a positive effect on the economic development of rural areas which are involved in the production of wine (Marzo-Navarro, Pedraja-Iglesias, 2009).

It is clear that wine tourism could be important part of the tourist industry in each country (Boyne, 2003) and especially in developing countries such as Serbia, for which one of key strengths is good supply of authentic food and beverages (Cvijanovic et al., 2016). On the other hand, developing countries, and in this paper Serbia will be in the focus of the research, do not have appropriate legislation as well as the standardisation of the offer in wineries. In order to make appropriate analysis of the position of wine tourism in Serbia, the starting point should be legal framework. It has been analysed by studying the following documents:

1. **The Law on Tourism** (Ministry of economy and regional development of the Republic of Serbia, 2009) that is currently in force does not contain a single word on wine tourism.
2. **Strategy for the development of tourism of the Republic of Serbia for the period 2016 – 2025** (Ministry of trade, tourism and telecommunications of the Republic of Serbia, 2016): it does

acknowledge potential of wine tourism along with the gastronomic tourism on a worldwide scale.

3. **Register of Tourism** established by Serbian Business Registers Agency is repository of data and records on registered entities carrying out tourism sector activities. However, no activity related to wine tourism is registered.
4. **Official statistics** does not acknowledge wine tourism. Wineries are legal entities that are registered either in the form of Entrepreneur or in the form of Limited Liability Company with primary business code 1102 production of wine, or 0121 growing of grapes, and are registered in the official Register of Wine Producers.
5. **The Law on Wine** (Ministry of agriculture, forestry and water management of the Republic of Serbia, 2009) is actually the only official document that imposes a frame for wine tourism. In Article 46 it states the following: *"Wine producer can offer bulk table wine produced out of his own grapes to the end consumer within his own winery"*. In other words this means that wineries can host tourists and offer wine tasting and presentation of the winery and vineyards, which many of the wineries in Serbia do.
6. **Official portal** of the Touristic Organisation of Serbia <http://www.serbia.travel> does not have wine tourism on its presentation, e.g. in the form of activities offered, or wine routes in the destinations offered.

When making analysis of the potential of wine tourism, it is also important to state that the number of legal entities in wine industry amounts to 9% of all entities operating in tourism in Serbia (Table 1). We also have to take into account that wine industry is a fast growing one and that each year a dozen of new wineries is established. It represents a significant area of tourism industry out of scope of official statistics.

Table 1: *Wine industry in Serbia*

	<b>Typical touristic businesses (as of 2013)</b>	<b>Wine industry (as of 2012)</b>
Number of companies	4,079	369

Source: *Strategy for the development of tourism of the Republic of Serbia for the period 2016 – 2025, Wine Atlas*

According to the presented analysis, it is clear that framework for the development and support for wine tourism is still not sufficiently

developed in Serbia. However, there is wide area for improvement of the potential of wine tourism in Serbia. It is clear that standardisation of the wine offer is one of them.

Standardisation is the process of implementing and developing standards based on the consensus of different parties that include firms, users, interest groups, standards organisations and governments (Xie et al., 2016). The most spread method of standardisation in tourism industry (Appiah-Adu, 2000) is the standardisation of accommodation facilities, i.e. hotels. Other methods could be focused on quality (Casadesus, 2010), etc. The main purposes of categorisation are to (Vine, 1981):

- Provide comprehensive information on the pattern and total availability of accommodation,
- Ensure that each category of accommodation provides certain minimum standards,
- Ensure that comprehensive up-to-date statistical information is available, e.g. on tariffs and staff employment, and
- Ensure that tourists' accommodation meets acceptable standards of public safety (e.g. fire, hygiene, security etc.).

Standardisation in wine industry can address few issues: technological processes, health and sanitary issues and tourism offer. While the first two are related to exact and precise rules, whatever they are, the 3<sup>rd</sup> one is rather vague and ambiguous. It is a new practice even for well-developed wine regions, and also a new topic for theorists. According to Wine Route Common Chart (Villány- Siklós Wine Route, 2006), objectives of the standardisation are:

- Standardisation of wine road;
- Consumers' protection;
- Promotion of the protection of local features;
- Environmental protection;
- Development of a sustainable wine tourism system, and
- Sensibilisation of the Wine Roads promoters towards the ethical side of wine tourism and towards a more sustainable tourism.

In this article, the part that is related to the categorisation of wineries is realised with a case study of two regions, namely Hungarian Villany and Croatian Istria. The reason for choosing these two countries is not only that they are among quite few regions that implemented this system, but of their comparability with Serbia on many levels: they are situated in

Europe but not being famous wine regions like those in France or Italy; all three have tradition of viticulture and rich civilizational heritage, similar cultural values and mentality, similar climate and to a certain extent similar grape varieties.

Issues addressed in a case study are the following:

1. Who is the organiser of the winery ranking?
2. What are the entities included in the ranking system?
3. How is the grade given to a winery?
4. Is ranking mandatory?
5. What are the main criteria i.e. focus area or evaluators?
6. What is the visual presentation of the category?
7. What are the benefits for wineries and for tourism activity in the region?

### **Case 1: Hungary, Villany**

#### *1. The organiser of evaluation*

Villany – Siklos Wine Route Association was formed in 1996. The association has realised a number of projects that built and strengthened image and potential of their wine region, including INTERREG III C project: VinTour – Integrated quality tourism development in rural areas, based on wine routes. Categorisation of wineries was introduced within this project.

#### *2. Who is evaluated?*

The subjects to evaluation are not only wineries but all entities that operate within wine route and whose activity is related to the needs of wine tourists. Therefore, system of categorisation was prepared for: Wineries and cellars; Producers of local products; Restaurants and catering facilities; Accommodation; Shops selling wines and local products; Tourism offices; Handicrafts businesses; Wine museums; Other wine route services (Wine Route Chart, 2006).

#### *3. How is the grade given to a winery?*

Criteria for categorisation are divided into two parts:

1. **General criteria obligatory for all entities:** accessibility, parking, infrastructure for disabled persons; public information (visible information on winery, its operation, wine route, price list, other entities in the neighbourhood, public transportation); hygiene; environment culture (design of the building, appeal of the whole

facility, usage of environment friendly materials and usage of renewable sources of energy); professionalism (hours of operation, communication with customers, languages spoken, trained staff).

2. **Specific criteria connected to the type of the entity** i.e. criteria for wineries are the following: professionalism (tasting room, equipment for wine tasting, availability of information about the wine, presentation of wines, cellar tour, varieties, bulk or bottled wine package, etc.) and additional services (vineyard tour, additional offer such as sales of local goods and crafts, conference room, swimming pool, family friendly content, etc.)

For each criteria/question, winery is given 1, 2 or 3 points. There are also some eliminatory criteria (e.g. if the winery does not have visible information on the company name and working hours). Grades are given in the form of one, two or three grapes, and the boards representing grade have to be positioned at the entrance of each winery.

#### 4. *Is categorisation mandatory?*

Categorisation is not mandatory.

#### 5. *Visual presentation of the grade*

Figure 1: *Example of category board in Villany-Siklos*



Source: *Authors' footage*

#### 6. *Benefits for wineries and for the region*

For all entities who obtained a certain grade, association organises promotion and different types of education and training. Finally, the results of implementation of this system can be understood with the indicators of tourism activity in the town on Villany where positive effects of the wine route system of winery categorisation are the following: the number of establishments offering accommodation increased by 17% in the period 2010-2015, the number of bed-places increased by 57%, the number of tourist arrivals increased by 47% and



the number of overnight stays increased by 57% (Hungarian Central Statistical Office, 2015).

## Case 2: Croatia, Istria

### *1. The organiser of evaluation*

Peninsula on the North-West of Croatia, Istria, has got the system of winery categorisation of introduced by the regional tourism board.

### *2. Who is evaluated?*

Istria Tourist Board set a separate system for wineries, separate system for restaurants, for olive oil producers and for honey producers. Therefore in the ranking of wineries, only wineries are taken into account.

### *3. How is the grade given to a winery?*

Istrian system has got an approach to categorisation of wineries that is twofold:

1. Winery offer is analysed based on **predefined criteria**: quality wine production with focus on autochthonous varieties; availability in best Istrian restaurants, and especially abroad; media coverage both in the country and abroad – grades in foreign wine guides; quality protocol of treating guests, well developed plans and options of winery and vineyard visits; tasting room quality and equipment, sales point, knowledge of at least two foreign languages; own web presentation, email and social networks communication on a daily basis; architectural design of the winery, separated paths for visitors and for work processes; environment, green areas and parking; food offer option, VIP area.
2. International **opinion makers**, wine industry professionals, visit wineries and give their judgement.

The final grade is given based on both grades; it is given in the form of a symbol of a wine glass, and may take the following forms: traditional "konoba", good, very good, excellent.

### *4. Is categorisation mandatory?*

Categorisation is not mandatory.

### *5. Visual presentation of the grade (Figure 2 and 3)*

Figure 2: *Categories in Istria*

KRITERIJI OCJENJIVANJA	CRITERI DI VALUTAZIONE	EVALUATION CRITERIA	BENOTUNGSKRITERIEN
	Izvrstan / Eccellente	Excellent / Hervorragend	
	Vrlodobar / Molto buono	Very good / Sehr gut	
	Dobar / Buono	Good / Gut	
	Tradicionalne istarske konobe	Cantine tradizionali istriane	Traditional Istrian wine cellars
		Traditionelle istrische Weinkeller	

Source: *Istra Gourmet* (2016)

Figure 3: *An example of a grade in Istria*

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Source: *Istra Gourmet*, 2016

## 6. Benefits for wineries and for the region

Wineries can participate in joint promotional and educational activities.

As far as effects of categorisations are concerned, they certainly should be a topic of a separate research.

In the presented analysis, it can be concluded that Serbia does not have a developed framework for support and development of wine tourism. The improvement of wine tourism could be performed on different levels; one of them being standardisation of winery offer. The standardisation approaches in Hungary and Croatia were presented. It is clear that both systems have similar approaches. These two systems were compared and contrasted through six points and it is clear that positive results could be used in the development of the system for other countries such as Serbia. On the other hand, it is clear that Serbia is missing the systematic approach in development of the frame. Here below we will suggest a frame for introducing such a system, based on the same principles analysed above:

*1. The organiser of evaluation*

The leader in this process should be the Tourism Organisation of Serbia.

*2. Who is evaluated?*

All commercial wineries should be evaluated in the first round.

*3. How is the grade given to a winery?*

Predefined strategic attributes and goals should be translated into ranking criteria.

*4. Is categorisation mandatory?*

Categorisation should not be mandatory.

*5. Visual presentation of the grade*

A team of graphic designers and arts historians should propose simple and symbolic visual presentation of the grade.

*6. Benefits for wineries and for region*

Benefits should relate mainly to promotion activities, and then to educational and other activities that can improve winery offer.

## **Methodology and research**

Research approach for this study can be divided in two parts. First part is related to the Hypotheses 1 and is based on the analysis of the number and structure of wineries as the basis for the development of wine tourism in Serbia and tourism offer in Serbia as well. Second part is related to the categorisation of wineries, and presents the framework for introduction of offer standardisation in Serbian wineries. In this paper we will collect data from literature and other sources and provide statistical analysis of the gathered data.

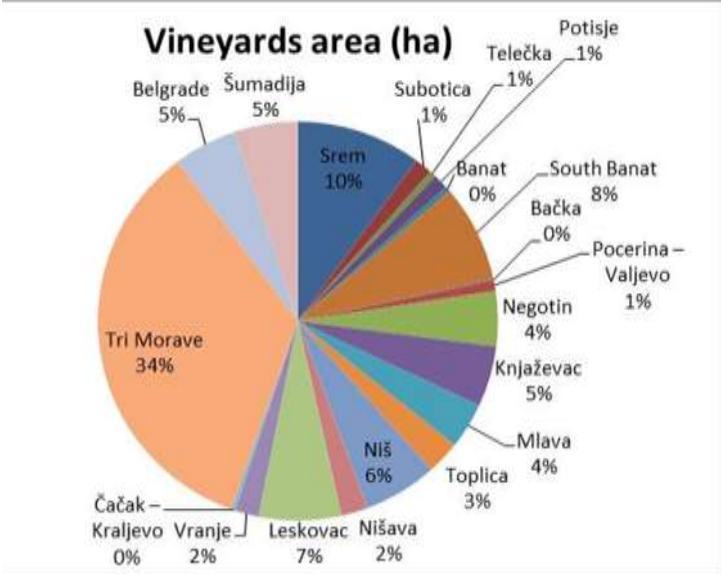
## **Vine-growing Serbia – Basis for Wine Tourism**

It is very important to provide an answer to two questions: the number of wineries in Serbia as well as number of hectares of vineyards in Serbia and its distribution according to regions.

According to Agriculture census conducted in 2012 by the Ministry of Agriculture of the Republic of Serbia, there are 22,150 hectares of vineyards in Serbia.

Within the vine-growing Serbia, there are three main regions which represent geographic entities, and which are further divided into vine areas, and then into vineyard fields. Their share in total vine area is represented in Figure 4.

Figure 4: *Distribution of planted vineyards surface among vine areas*

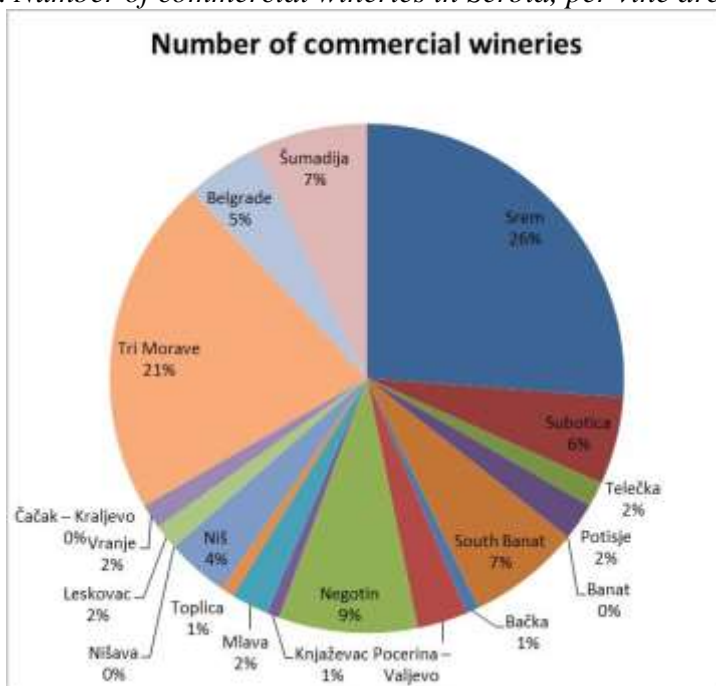


Source: *Wine Atlas, Authors' calculation*

Figure 4 shows distribution of planted vineyards surface among vine areas. The largest ones are Tri Morave (34% of all planted vineyards in Serbia) and Srem (10%), followed by South Banat (8%), Leskovac (7%), Knjaževac, Šumadija and Belgrade (5% each). Others participate with less than 5%. It is important to highlight that distribution of vineyards (hence the basis for wine tourism) matches with already developed tourism destinations.

Figure 5 represents the number of commercial wineries in Serbia per vine area. It is important to highlight the number of commercial wineries, as not all the wineries produce and sell wine to the third parties. However, as entities that already possess vineyards and/or grape processing facilities, it is quite possible that at certain moment they decide to switch to commercial wine production. Although second in the planted areas, Srem and Fruška gora dominate with the share of 26% of all commercial wineries in Serbia. Tri Morave follows with 21%. Others participate with less than 10%.

Figure 5: *Number of commercial wineries in Serbia, per vine area*



Source: *Wine Atlas, own calculation*

It is important to state that Serbia has defined a very important framework for wine tourism, which is a wine route. Wine routes are important part of every wine region; they should be creative, clearly marked and synchronised with other entities on the route, in order to provide full satisfaction of tourists throughout the whole route (Škrbić et al., 2015).

Project of wine routes has been realised in 2010 by the Ministry of Economics and Regional Development, with the support of Association of Wine Roads of Serbia, and the following wine routes have been defined:

1. SUBOTICA: Subotica, Palić, Hajdukovo
2. FRUŠKA GORA: Neštin, Sremski Karlovci, Irig, Indija
3. VRŠAC: Vršac, Veliko Središte, Gudurica
4. PODUNAVLJE: Dobri Do, Smederevo, Kličevac
5. ŠUMADIJA: Valjevo, Topola, Arandelovac, Krnjevo
6. JAGODINA: Jagodina, Oparić
7. ŽUPA: Aleksandrovac, Trstenik, Bučje
8. NEGOTIN: Mihajlovac, Negotin, Rajac
9. NIŠ – KNJAŽEVAC: Malča, Svrljig, Knjaževac

According to this analysis, it is clear that Serbia possesses significant potential for the development of wine tourism.

### **Road map for the Winery Categorisation in Serbia**

The system of winery categorisation in Serbia does not exist, nor is there any related project planned. There was an effort of Vineyard-Growers and Wine Producers` Association of Serbia and Wine Tourism Academy in 2011 to introduce some basic elements of categorisation of wineries, but the project was never adopted by the Ministry of Economics and Regional Development, which was in charge of tourism at the time.

Serbian wineries do not have required resources to organise and manage complex procedure of setting up and maintaining the system of categorisation. As we learned from experiences of other countries, it is important to group all stake holders around the common interest – improvement of regional/rural development by improving wine tourism.

The lead role in this process should be given to Tourism Organisation of Serbia. The process should comprise defining strategic attributes and goals, which will be translated into ranking criteria. The members of evaluation commission should be independent professionals. The first evaluation should comprise all wineries, and for the future re-evaluations sources of financing should be defined.

Effects of categorisation for Serbian wineries could be numerous:

- Tourism offer in wineries is standardised and transparent, therefore a tourist can expect the same level of quality.
- Tourists save their time and energy in searching points of interest, and are sure that they will find a service at a certain level.
- Giving information and promoting wineries and wine regions, and tourism in general, which imposes numerous socio-economic effects (stops emigration from rural to urban areas, boosts local economy, increases level of utilised soil in the region).

Thus, it becomes clear that the development of standardisation is important task that could provide a number of benefits for Serbian wine tourism.

## Discussion and concluding remarks

The goal of this paper was to analyse situation in wine tourism in Serbia, provide insight into the existing legislature, define potentials for wine tourism in Serbia and give a direction for possible improvement of Serbian wine tourism through the standardisation of offers in wineries. First step towards development of effectiveness of wine tourism strategy is to understand motivation and entrepreneurship drive, as well as winery potential (Razović, 2015). As we saw in analysing official documents, out of which some do not even mention wine tourism, we can conclude that *H1: Wine tourism in Serbia is a tourism product with particular importance* is not proven, i.e. we can reject the hypothesis. The analysis of the relevant official laws, directions and documentations show that little attention has been directed to the development of wine tourism. However, in the analysis of the wine industry in Serbia we saw enormous potential of wine tourism. There is significant growth of wine industry each year, in terms of vineyards planted and number of commercial wineries (Figures 4 and 5) as well as defined the 9 different wine routes.

Looking at the cases of regions that introduced the system of winery categorisation (Hungary and Croatia), and its positive effects on wineries and their domicile regions, we can conclude that we have proven *H2: Standardisation of the offer in wineries can enforce wine tourism development*. In this paper the road map for introduction of standardisation is presented.

As stated earlier, categorisation of wineries is a new practice, yet to be adopted by famous wine regions. However, what cannot be achieved by reputation (no new region can achieve popularity of Napa Valley or Bordeaux), can be achieved by offering additional value for tourists. It is of significant importance for wine regions that are situated in rural and developing areas, which are yet to attract the influx of wine tourists. However, there is no available a more detailed analysis of the effects of categorisation to the wine region, its economy and its inhabitants and this can be direction for future researchers.

The contribution of this paper is mainly to raise attention and to point to a new area of wine tourism, both for theory and for practice. In this paper, the analysis of Serbian legislation is presented as well as the analysis of two introduced standardisation systems in two wine regions. In addition, the potential for Serbian wine tourism is analysed and recommendation

for possible standardisation was made. Some of the results could be important to different stakeholders of wine tourism market - wine makers can understand what criteria may be valued and can prepare their facilities and staff on time; tourism organisations and policy makers can see the way some regions already successfully boosted wine tourism; tourism agencies and tour operators may provide their support in implementing categorisation as it would be a benefit for their clients and it would be easier for them to promote wine routes; tourists or visitors may also provide support for implementation of this system as it would increase the value of their travel and they would be able know what to expect when visiting a winery; other researchers can explore to a greater extent the effects of categorisation.

This research was limited by the fact that the practice of categorisation of wineries is a new phenomenon in the wine tourism industry. Therefore there is very narrow scope of persons and entities involved in the process of categorisation, as well as research sources.

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# EVALUATING PORT WINE ROUTE FAILURE ANTECEDENTS

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## **Abstract**

*Portugal's long history and a great diversity in wine producing resulted in 13 demarcated wine regions. From the 13 demarcated wine regions, the Douro region is the oldest in the world (1756) and a part of it was classified as a UNESCO world heritage site in 2001. The most well-known product of the Douro region is the Port wine, now almost globally recognized as being of excellent quality. In order to enhance collaboration between stakeholders, the Port wine route was created in 1996, but unfortunately, it ceased functioning in 2008. This study analyses the Port wine route evolution and the reasons for its failure from an ex-members' perspective. Therefore, a qualitative research based on in-depth semi-structured interviews with the most influential wine route ex-members was implemented in order to reveal which barriers were crucial for the collapse of the Porto wine route.*

**Keywords:** *wine tourism, wine routes, Douro, Port wine routes, failure, antecedents*

**JEL classification:** *L83*

## **Introduction**

At global level, Portugal is earning ever more respect as an attractive wine tourism destination. It counts 13 demarcated wine regions and 31 wines with a DOC/DOP (*Denominação de Origem Controlada* and *Denominação de Origem Protegida*) quality label. The demarcated Douro wine region has been involved in wine making since antiquity, but only

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thanks to the Royal Charter of the Marquis of Pombal from 1756, the borders of the winemaking region were delimited by 335 stone markers (Dimitrovski et al., 2016). The Demarcated Douro Region (DDR) is located in the North of Portugal, covering an area of approximately 250,000 hectares, with 40,000 ha of vineyards, or almost 18% of the total area of the region (Dimitrovski et al., 2016; Rachão et al., 2016). In 2001, 24,600 ha of the Alto Douro Wine Region was included in the list of World Heritage Sites as an evolving and living cultural landscape, based on three important criteria: long history of wine producing; unique landscape associated with winemaking; and cultural landscape changed by human activity over time (Lourenço-Gomes et al., 2015). The authenticity and integrity of the Douro wine region cultural landscape arises from the combination of nature, an historical background and cultural crossroads (Andresen et al., 2004). Due to its quality wines and natural landscape, the Douro wine region is profiling itself as one of the leading wine tourism destinations in the world, but in recent years its wine production has been challenged with new emerging countries and regions which have raised its competitiveness significantly on the global scale (Rebelo & Caldas, 2013).

The best-known product of the Douro region is the Port wine (Rebelo & Caldas, 2013). It is, moreover, the most exported Portuguese wine, accounting almost one third of Portuguese wine export (Correia & Brito, 2014). In order to enhance collaboration between stakeholders, the Port wine route (*Rota do Vinho do Porto*) was created in 1996. Wine routes are usually used for joint promotion and considered important drivers of the economic activity, especially because they are situated in rural areas. Originally, based on pre-defined criteria, 54 companies related to the wine tourism business were involved, the majority of them being focused on wine production. Unfortunately, the Port wine route ceased functioning in 2008.

A typical main goal of a wine route is to secure the development of the regional wine tourism as a whole. Considering this importance of wine routes, they should function as smoothly as possible. This study analyses the Port wine route evolution and the reason for its failure from an ex-members' perspective. Therefore, a qualitative research based on in-depth semi-structured interviews with the most influential wine route ex-members has been implemented in order to reveal which barriers were crucial for the collapse of the Porto wine route. The obtained results

provide useful guidelines to optimise the strategic planning of wine route dynamics.

### **Wine tourism**

Wine tourism is an increasingly popular type of holiday that combines the degustation of wines of a certain natural surroundings with tours within the area, visits to cultural and historical monuments, and getting to know more about regional customs (Senić et al, 2013; Taskov et al., 2013). Nowadays, wine can have a predominant, complementary, marginal, or exclusive role in the destination's tourism supply with a strong influence on the destination's competitiveness (Asero & Patti, 2009). Wine tourism visitors are eager to understand wine as a resource, and want to become personally acquainted with the places and ways of production (Asero & Patti, 2009). Thus, consumers often consider wine experiences as being a prime motivation to travel (Dodd, 1995).

Someone who engages in wine-related tourism seeks for an overall tourism experience (Alebaki & Iakovidou, 2011), including other regional resources (Getz & Brown, 2006). Charters and Ali-Knight (2002) quickly figured out that a part from a wide range of wine tourism experiences offered by the wine producers, heritage buildings, historical sites, restaurants and attractive landscapes made part of the "to do"-list of wine visitors. Getz and Brown (2006) appointed that the main elements of these complementary wine tourism experiences were (in)directly wine-related features, other destination features and cultural activities. Cohen and Ben-Nun (2009) stated that complementary activities like visiting the area, enjoying the scenery and visiting other local attractions, added value not only to the wine tourism experience (benefitting the tourist), but also to the local economy (benefitting diverse local stakeholders).

Wine tourism as a phenomenon has a long history in tourism studies, nevertheless there is no comprehensive (Koch et al., 2013) and single definition which is generally accepted (Marzo-Navarro & Pedraja-Iglesias, 2012). Hall and Macdonald (1998, p. 197) formulated the most cited definition of wine tourism, defining wine tourism «as visitation to vineyards, wineries, wine festivals and wine shows for which grape wine tasting and/or experiencing the attributes of a grape and wine region are the primary motivations for the visitor». Over time the definition of wine tourism has evolved due to the contribution of different authors,

incorporating elements of the winery's character, the tourism product and the regional identity (Treloar et al., 2004).

The link between the wine industry and tourism has been already recognized (Getz, 2000), and therefore they are usually seen as natural symbiotic partners (Fraser & Alonso, 2006). Tourism and wine are products that can be differentiated based on regional identity (Dawson et al., 2011), given that regulation and certification of the wine takes place at the level of a demarcated region or territory (Bras et al., 2010). Several authors have already concluded that the wine and tourism industries rely on regional branding (Hall & Macionis, 1998). Thus, well-established connections between the wine and tourism sector at a regional level can provide stimulus for strengthening, recovering and promoting regional brands that contribute to the regional economic development (Hall et al., 2000). A well-developed regional wine tourism strategy has the capacity to contribute towards attracting more visitors, all of them being potential customers, which provides complementary approach (Bras et al., 2010). The development of wine tourism in a particular region normally provides a wide range of benefits, both for the wine region destination and the local community (Getz, 2000). Investing in wine tourism allows a destination to grow a network that integrates three distinct sectors of activity: the wine sector (agriculture and wine processing industry), the tourism sector, which is based on service providers (accommodation, food and beverage, transportation, cultural and recreational services), and the public sector (Mitchell & Schreiber, 2007). Thus, for a wine destination to be competitive on the wine tourism market, it is crucial that it enhances collaboration between wineries (horizontal collaborations) and between them and tourism (vertical collaborations) (Telfer, 2001).

Several authors have pointed out the significant wine tourism growth over the last few decades (Alonso & Liu, 2010; Dawson et al., 2011; Getz & Brown, 2006). Many wine regions around the world have found it financially beneficial to promote wine tourism (Barber et al., 2010). Therefore, the wine tourism market is constantly evolving, and new wine regions are appearing (Jaffe & Pasternak, 2004), while some traditional regions are falling in decay or are being revitalized (Scherrer et al., 2009).

### **Wine routes**

Over time, the wine routes have become important tourism products worldwide (Getz, 2000; Hashimoto & Telfer, 2003). The essence of the

wine route concept is based on a bounded space in the form of a demarcated wine region including its wine-producing members, whose identity is created by unique attributes of the wines and cultural heritage (Bruwer, 2003). The wine route is defined as a “tourist route that connects several wine estates and wineries in a given area” (Bruwer, 2003, p. 424). According to Hall et al. (2000) the wine route consists of a designated itinerary through the wine region that is thematically sign-posted, aggregates different vineyards and winemakers and provides information on sites of historical and other interest.

A wine route is a sign-posted itinerary, through a well-defined area whose aim is the ‘discovery’ of the wine products in the region and the activities associated with it (Brunori & Rossi, 2000). It is usually characterised by a portfolio of different itineraries and tourism experiences, delivered to visitors through promotional materials, which include basic information about wineries, tourists’ attractions, services and facilities (Correia *et al.*, 2004). Each of these easily recognizable wine itineraries is unique because of the regional stakeholders and resources involved in it (Bras et al., 2010).

Any wine route is considered as a complex dynamic network of relationships of public and private stakeholders (Rhodes, 1997). Thus, the collaboration and networking among both types of stakeholders in the wine tourism destination has been considered as a precondition for the wine tourism success (Wargenau & Che, 2006). It is in the best interest of all that the wine and tourism industries create and maintain a united, cooperative network that promotes the region, and that allows the integration of other service providers within the region (Getz, 2000; Hall & Macionis, 1998; Telfer, 2001). Although, in general terms, the perceived benefits of collaboration and networking for the wine and tourism industries are highlighted (Dawson et al., 2011), some studies defend the opposite, namely that wine routes may not provide much benefit to the individual winery business (Fraser & Alonso, 2006).

Being a unique mix of environmental, cultural and social features is what makes every wine route different from other wine routes (Bruwer, 2003). The dynamic nature of wine routes allows to provide unique tourism experiences, which are customer tailored (Brás *et al.*, 2010). In fact, customers like wine routes because they allow them to choose their own itinerary in function of the resources they consider attractive and want to include in their visit (Bras et al., 2010). Also, the tourists will appreciate



the changes in the landscape and winescape between different wine routes and consequently build up their loyalty based on their level of satisfaction (Hall et al., 2000).

As has already been said, the main goal of any wine route is the development and promotion of the wine region in the broader sense (Marques, 2001). Development goals include the creation of a flexible economic network and scale economies (Bras et al., 2010), the possibility to generate commercial investment (Correia et al., 2004), regional diversified economic growth and employment opportunities (Cambourne et al., 2000; Getz, 2000). Wine routes support their development by using road signs, information centres, brochures and events, as the most common development tools, in order to strengthen legitimacy and social recognition (Brunori & Rossi, 2000). However, the experience of some countries shows that the wine routes do not automatically become a good tool for rural regeneration (Brunori & Rossi, 2000). Promotion goals within the wine route context include enhancement of the image of the wine region and its wines (Correia et al., 2004; O'Neill & Charters, 2000; Cambourne et al., 2000) and the opportunity to provide the right environment for internationalization of wine-related activities and growth of wineries' sales (Bras et al., 2010; Correia et al., 2004).

Success of the wine route depends on the quality and dynamism of lead bodies responsible for the wine route development (Hingley et al., 2010). Thus, the wine route development needs to be supported with the appropriate organisational structure (Correia et al., 2004), regardless whether it is new or existing or if they are coming it emanates from the public or private sector (Getz, 2000). Mitchell and Hall (2006) stress the importance of the organisational structure of the wine routes for their success, equally dividing the responsibility between both public and private organisations. This is especially apparent when it comes to different perceptions and interests between the wine route members, with special focus on differences between the wine industry and tourism actors. For a wine route to be successful, wineries need to work together, and leave their inborn commercial rivalry behind them (Telfer, 2001).

### **Barriers in wine routes dynamics**

Despite the benefits that wine routes can generate, they are also faced with several barriers in their everyday business (Bregoli et al., 2016). Hall et al. (2000) have identified a set of barriers related to the development

and management of wine routes, such as: the wine producers' poor perception of the tourism development benefits; the producers' restrained perception that wine is a dominant product; the lack of experience in combining tourism development and wine production facilities; the lack of entrepreneurial, marketing and tourism product design skills; the physical distance to vineyards and wineries; the administrative distance between the multiple public organizations and lack of elements capable to enhance the formal cooperation. Mitchell and Schreiber (2006) have divided perceived wine route barriers into two categories: vertical integration determinants (lack of cohesion between organisations and sectors) and structural/physical determinants (geographical distance and dispersion of wine route members).

Correia et al. (2004) have stated that in the beginning the wine routes' development will increase both costs and the need for a significant capital investment (Dodd, 1995). According to Correia et al. (2004), though, initial investments made by the members usually do not have a major impact on the creation of new direct jobs. Nowers et al. (2002) add another financial worry: each route should be financially healthy. They suggest to contract skilled personnel to manage the budget and cash flow. Additionally some authors (Mitchell & Schreiber, 2006; Hall, 2003) have revealed spatial issues (distance from the tourism market and main tourism flows) and administrative difficulties as prominent barriers in the wine route functioning. As wine routes are often spread over different municipalities (Brás et al., 2010), the intertwining of different regulations, especially between local and regional government organisations, is an additional problem. Several authors (Alonso & Liu, 2012; Brás et al., 2010; Bregoli et al., 2016) have concluded that wine routes are faced with difficulties that arise from the fragmentation and lack of cohesion among public and private stakeholders. Limited understanding between stakeholders increases the poor performance and the lack of effectiveness of wine routes (Dodd, 1995; Bregoli et al., 2016). The failing coordination of a wine route development strategy is one more barrier, especially when it comes down to the management model used by the coordinating organisation. If the management model is not adequate, the coordinating organisation fails in its effort to manage the route professionally, for example by not being able to fulfil the main interests of the members or to capitalise on the existing resources (Correia et al., 2004). Frochot (2000) referred a simple physical obstacle with huge negative outputs on wine route dynamics: the lack of signage clearly reduces the visitors' accessibility to wineries (Hall, 2003; Correia et al.,

2004). Further, the wine tourism development may be negatively affected by the physical/perceived distance between vineyards, and the administrative bodies. The existence of multiple public administrative agencies within a region, all ambitioning leadership, is another barrier (Hall, 2003). The lack of visitor management data could cause long-term problems for wine routes as their future planning and development cannot be done in an efficient way without these key data (Correia et al., 2004).

### **Qualitative procedures**

This study applies a qualitative methodology with three semi-structured individual in-depth interviews as its core elements. Moreover, the recursive approach is employed in the research design of this study as the hypothesis formation evolves while the research progresses and as writing often results from an evolutionary process (Veal, 2006).

The research team used the criterion sampling (Suri, 2011) as the selected individuals were all route members involved in the Porto Wine Route, from former presidents to members in order to better understand the factors that made the wine route fail.

An interview protocol was used in order to follow standard procedures in all interviews. All the interviews were tape-recorded and supported, whenever necessary, with hand-written notes. Once the interviews were transcribed, the analysis of the textual data was performed in a systematic process.

Considering epistemological issues when translating text segments, this study used a parallel transcription using a side-by-side column layout (Nikander, 2008) where the English translation of the data is presented in the left hand column, next to the original Portuguese phrases in the right column.

In the next phase, the qualitative data were submitted to content analysis considering its nonobtrusive characteristics and its excellent applicability to interview transcripts (Stepchenkova et al., 2008); and thus was done what Bengtsson (2016, p. 10) describes: “in qualitative content analysis, data are presented in words and themes, which makes it possible to draw some interpretation of the results”. The emergent themes then underwent relational analysis which goal is to “explore relationships between the concepts identified” (Altinay & Paraskevas, 2008, p. 129). As a result,

similar topics were clustered together as emergent themes as illustrated in Figure 1.

## Findings

Taking as a starting point the barriers encountered in the development of a wine route, already described in the literature review, this section will analyse a small section of three interviews, of 105, 90 and 60 minutes respectively, carried out with relevant stakeholders of the former Port Wine Route in February 2017.

When the interviewees were questioned about the main reasons for the collapse of the Port Wine Route, all three showed some kind of agreement regarding the financial issues that the route was facing and which have consequently led to its collapse.

The financial problems were, more in particular, due to the reconstruction project of the new route's headquarters, the entrance of a new management team with private and public members, that began to focus on high cost media events and that showed a lack of leadership.

*"...a "hole" of 30 to 40 thousand euros of debt to the construction company" (X, ex-director).*

*"...Well, the route has debts, namely 80 thousand euros to Comboios de Portugal (Trains of Portugal), the rent of the space that they did not pay" (Y, ex-President).*

*"...The Port Wine Route was plunged into a financial hole, a very confusing situation that no one understood" (Z, founding institute of the route).*

The geographical change of headquarters of the Port Wine Route implied a requalification project of the new premises, which was reimbursed in 75% by European Community funds. Nevertheless, the wine route could not support the remaining 25%, which led its management to request the financial back up of the municipalities involved in the route. All the city halls guaranteed a rescue contribution, but in the end, some failed their promise showing their lack of commitment to the wine route (Table 1).

Additionally, the newly elected management of the Port wine route started to focus mainly on the promotion of high cost “media” events, in collaboration with the Tourism Board and the Institute of Port and Douro Wine (IVDP). Media events as the “New 7 Wonders of Nature of the World” as well as the international singer BB King had a great impact on the promotion of the Douro destination. However, the promotion of the wine route members was neglected and the huge costs of these events pushed the route towards a financial disaster.

Table 1: *Extracts from three Porto wine route ex-members’ interviews*  
*Porto wine route ex-members*

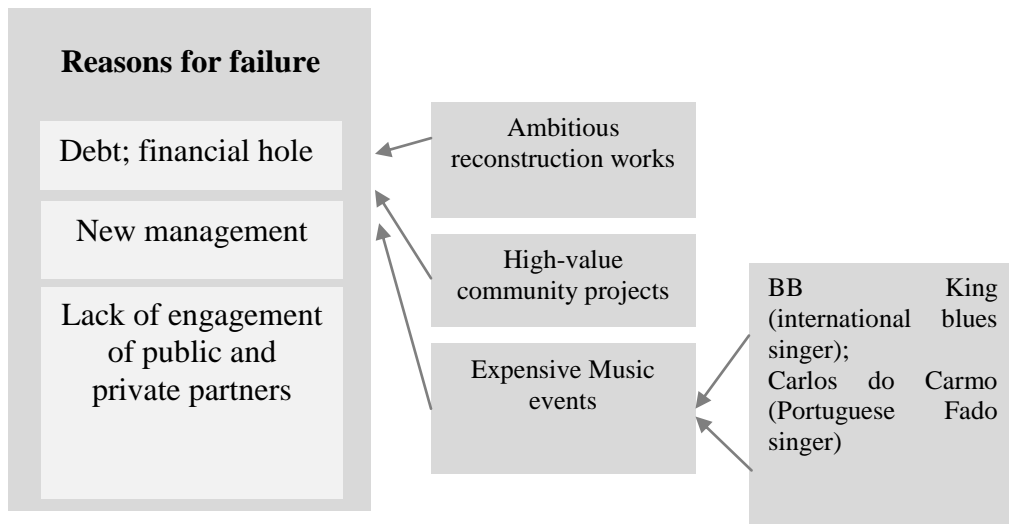
Interview	Research Question: <i>What were the main reasons for the failure of the Porto wine route?</i>	
X (ex-director)	<p>(1) "... In 2003 we moved from our temporary headquarters to our own headquarters [...] next to the Régua train station in agreement with REFER. A project was undertaken to do some requalification works [...] with considerable value: 200 to 300 thousand euros. At the time, assistance was requested from the Municipalities to help to pay the 25% of the costs that had to be supported by the Rout. The other 75% were paid with community funds. All the mayors verbally said yes, but the time came and not everyone complied. And that created a "hole" of 30 to 40 thousand euros of debt with the construction company".</p> <p>(2) "However the management that entered said that the route should do more. And they started up high-value community projects. Before this change, the route had a budget of around 40/50 thousand euros and suddenly entered into projects of 400/500 thousand euros that, apart from the European Funding, always required a contribution of its own. Of course this approach allowed giving more visibility to the route".</p> <p>(3) "Somewhere in 2009/2010 the route goes into total financial imbalance. Partnerships are no longer possible, partnerships with private companies are beginning to fail and debt is beginning to accumulate. The route stopped paying rents, electricity, and employees. The Port wine route quickly changed from the only route that worked to the one that did not work. "</p>	<p>(1) "... <i>Mudámos de sede em 2003 para uma sede própria [...] ao lado da estação de comboios da Régua através de acordo com a REFER. Meteu-se um projeto para fazer umas obras [...] cujo valor foi considerável, 200 a 300 mil euros. Na altura foi pedida ajuda às Câmaras Municipais na comparticipação dos 25% para além dos 75% que eram os fundos comunitários. De "boca" todos os autarcas disseram que sim, mas chegou-se à hora e nem todos cumpriram. E isso criou um "buraco" de 30 a 40 mil euros de dívida à construtora das obras".</i></p> <p>(2) <i>"Entretanto a direção que entrou entendeu que a rota deveria fazer mais. E entraram nos projetos comunitários de valores elevados. A rota tinha antes desta mudança um orçamento que rondava os 40/50 mil euros e de repente entrou-se em projetos de 400/500 mil euros que obriga sempre a uma contribuição própria. Claro que permitiu dar mais visibilidade à rota".</i></p> <p>(3) <i>"E há uma altura em 2009/2010 que a rota entra em total desequilíbrio. Já não são possíveis as comparticipações, as parcerias com empresas privadas começam a falhar e começam-se a acumular as dívidas. Deixou-se de pagar rendas, eletricidade, ordenados aos funcionários. A rota do Vinho do Porto passou da única rota que funcionava para a que não funcionava".</i></p>
<b>Reasons</b>	construction works; debt; new management; high-value community projects;	

Y (ex-President)	(1) "He was a fierce megalomaniac [...] who made projects such as bringing in BB King and fado singer Carlos do Carmo. He did a number of things [...] but he could not gather the necessary documents (invoices) to receive the money. Well, the route is with debts, namely 80 thousand euros to Comboios de Portugal, the rent of the office space that they did not pay".	(1) " <i>Única e exclusivamente foi um megalômano [...] que fez projetos, tais como trazendo o BB King e o fadista Carlos do Carmo</i> ". <i>Fez uma série de coisas [...] não conseguiu reunir documentação para receber o dinheiro. Ora, a rota está com dívidas, nomeadamente 80 mil euros à Comboios de Portugal que era o aluguer do espaço que não pagaram</i> ".
<b>Reasons</b>		megalomaniac; debts;
Z (founding institute of the route)	(1) "We arrived at the Douro and Porto Wine Institute (IVDP) at the end of 2011 beginning of 2012. The Port Wine Route was plunged into a confusing financial hole that no one understood". (2) "So the Port Wine Route should develop... but the truth is that no one took up this challenge and, in my opinion, the day that IVDP acquires the route, things will not go well, because we should have dynamic actors who do all the work; leading a Wine Route is not an IVDP activity, IVDP has other things to do".	(1) " <i>Nós chegamos ao Instituto do Vinho do Douro e Porto no final de 2011 princípio de 2012. A Rota do Vinho do Porto estava mergulhada num buraco financeiro e de grande confusão que ninguém se entendia</i> ". (2) " <i>Portanto, a Rota do Vinho do Porto ou se desenvolve [...] mas a verdade é que ninguém pegou e no meu conceito, no dia em que o IVDP pegar na rota, as coisas não vão correr bem, porque ou temos atores que sejam domadores da rota e a dinamizem ou então não é pela atividade do IVDP, que tem outras coisas que fazer</i> ".
<b>Reasons</b>		financial hole; confusion; dynamic actors;

Source: *authors*

The conceptual framework displayed in Figure 1 shows the themes and relationships that emerged from the interviews.

Figure 1: *Conceptual framework of reasons for failure*



Source: *authors*

## **Conclusion**

Based on the qualitative interview analysis constructed on the research question “What were the main reasons for the failure of the Porto Wine Route?” it was possible to draw a sum of conclusions.

Even the fact that the Douro region is the oldest demarcated region in the world (1756) and that a part of it is classified as a UNESCO world heritage site since 2001 did not prevent the wine route failure. The interviewed ex-members agreed that financial issues were the main reason for the failure of the Port Wine Route in 2008. This conclusion is in line with earlier findings: each route needs to be funded and managed with the aim to achieve financial viability (Nowers et al., 2002). It is of utmost importance to secure personnel with sound financial skills in order to manage the budget and cash flow of the wine route and guarantee economic sustainability (Nowers et al., 2002).

The far too expensive reconstruction works of the new headquarters was the first element that led the Port Wine Route to its extinction. Second, the new management of the route, which implied the development and organisation of costly mega events in order to promote the Douro region, created an even higher debt. Third, as discussed in the literature review, wine routes are typically faced with difficulties that arise from the fragmentation and lack of cohesion among public and private stakeholders (Alonso & Liu, 2012; Brás et al., 2010; Bregoli et al., 2016). The Port Wine Route was not an exception. Being created by public institutions, in a rather short time it evolved to being the only wine route in Portugal functioning thanks to the intervention of private adherents. Although the lack of commitment and support among public and private stakeholders was fatal to the route survival, according to one of the ex-members, the ideal structure for the route would be a joint management between the local Wine Commission and the city halls since they are the “guards” of the territory.

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# BEST HUMAN RECOURCES PRACTICES IN THE HOTEL INDUSTRY

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## Abstract

*The hotel industry in Serbia is subject to tough global and local competition, which creates the need to improve the efficiency of business management and increase the quality of products and services in order to maintain and improve market placement. Only the hotels focused on the service quality and their guests' satisfaction can achieve positive results. The quality in the hotel industry is related to many factors, and the most important are human resources. Modern business management in the hotel business imposes high goals to the management which can be achieved only if attitude toward people is changed. This paper's aim is to show the human resources management practices within international hotel chains as bearers of standard within the business. The task of this paper is to give ideas to Serbian hotel managers whose implementation will raise the level of hotel service to a higher level.*

Key Words: *hotel, human resources within the hotel industry, international hotel chains*

JEL classification: *J24, J53, Z32*

## Introduction

Human capital is the most important resource an organization can have as it has a direct and significant impact on the organization's success. Knowledge, skills and competencies of the employees are the resources that create all other resources necessary for the company to function. Some components of these resources (knowledge and skills, i.e. competencies) require investing time and money in order to be created,

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while others are internal reserves, which can be used without any additional investments (Čerović, 2013).

Human capital is defined as a productive potential of knowledge and activities of an individual (Gagić, 2014). Human resources management should care not only about the needs, interests and demands of companies and institutions, but also about the needs, interests and demands of the employees who are engaged within the wide spectrum of various businesses (Lutovac, 2012).

Hotel industry is a specific business activity where human labor takes the most important place and this will remain so in the future as well. The service quality and thus, guests' satisfaction and loyalty depends on the employees' skills (Vlahović, 2007). A well-organized sector of human resources guarantees a success for the hotel companies (Šekarić-Sotirovski, 2015).

The most important component of the process of managing quality is to involve the employees in management on all levels and to provide assistance. Employee assistance is one of the most important aspects of a socially responsible management of a company, since the employees' motivation, their satisfaction, improvement and development is both personal and the company's improvement (Tepšić, 2012). In the hotel industry the importance of human resources is undeniable considering that only a satisfied employee can give a high quality service and satisfy the guests' needs but also exceed their expectations (Petrović & Petrović, 2013).

Most of the services in the hotel business are about guests meeting the staff (the receptionists, waiters, cooks, the uniformed team etc.). For the guest, the decisive criteria for a long-term service quality assessment are skills, approach and personal relationship with the employees. The point of sale in the hotel business is in the human relationship between the staff and the guest. The ability of the employees to meet and satisfy their guests' specific wishes is of particular importance (Trdina, 2010).

The management needs to transfer its mission to its people in order for them to follow it. J. W. Marriott, the chairman of the Marriott company states: 'The system, the method and the policy of our company must primarily serve the people who serve the guests.' and 'Take care of your employees and they will take care of you.' This type of 'concern' for the

employees is not only related to raises and other types of material gain but also treating them as one of the guests (Gagić, 2014).

The employees' job is one of the most important factors of service quality which means that the hotel staff represents the hotel's identity and significantly affects its image. The business of providing service in the hotel industry is one of the rare jobs which will not be possible to replace entirely by machines as it assumes immediate contact between the employees and the guest. The employees must predict, recognize and offer what the guest wishes and expects – this is the key of business success of any hotel (Vrtiprah & Sladoljev, 2012; Kovačević, 2012).

In the past, human resources planning in the hotel business was given little or not enough attention. It was thought that it is more important first to finish the project and that the labor force will be easily acquired by giving a short intense training for the applicants in order to prepare them for the job. The training was conceived *ad hoc*. Such thought process turned out to be inefficient very soon, which is why adequate approach to managing human resources has become the key activity in every hotel (Bartoluci & Birkić, 2011).

### **The human resources management in the hotel industry**

Managing human resources is a complex process which consists of the following activities: planning, job description, recruiting, selection, orientation or directing, trainings, courses, compensations and rewards (Čerović, 2013).

Some of the employers skip some of these activities and make their selection based on personal experience, interviews with the competition or based on instinct. They search for human resources in their surroundings, by interviewing their associates and business partners, at fairs, business dinners, at their competitors, at educational institutions etc. However, the companies will be able to adequately respond to their competitors' moves or unexpected changes only if they have an adequate human resources planning within their activities (Gagić, 2014).

The analysis of the internal and the external state of the market is part of the preparation for human resources planning. With the preparation, information on the state of the structure of human resources is being



gathered within the company as well as on the external market (Đuričin & Janošević, 2009).

The company should draw up a job description for each job position. Job description is a detailed list of activities and the expected outcomes of performing a certain job. It includes knowledge, qualifications and skills required for a certain job position. This document is beneficial both for the employee as well as for the company as the individual knows what is expected of him/her and which standards he/she needs to comply, and it is easier for the supervisors to control the tasks (Miletić, 2016).

Recruiting attracts appropriately qualified candidates who will be considered, while in the selection phase the number of the applied candidates decreases by choosing one or the desired number of the attracted candidates with bringing the final assessment. The recruiting process can be done in two ways: internally (on a supervisor's recommendation, via a friend, acquaintance etc.) or externally (with the help of employment agencies, news adverts, via Internet, at fairs, universities etc.). Internal recruiting may be quicker and cheaper. In this form of recruiting the candidates are re-grouped from the already existing human resources and are familiar with the company's policy, and the offers for career advances may positively affect their motivation. In internal recruiting there is the danger of demotivating the employees who are not promoted while they had expected to be. In the recruiting process it helps to engage one of the employees who works at a certain job position and is familiar with the procedures as well as the job. Apart from the previous experience of the potential candidates, knowledge demonstration can also be useful during the recruiting (for example, a cook who will prepare and arrange a certain dish).

Selection is a process where the remaining candidates are being selected for a certain job and decision is made on their hiring. In order for the selection to be successful there are instruments which help in selecting the applicants in order to assess them as well as possible: information on skills and personal characteristics are being acquired (skills and personality tests, interests, pattern of work, interview) (Suton, 2016).

Very often new employees are told where their work space is and given short notes about the job and after that they start work. Orientation gives the new employees a chance to get the first impression of the place where they will spend most of their day as well as to overcome the fear of the

unknown in the future. Very often the manager brings the new colleague at the department where the employee will work, tells to the experienced employees to 'introduce him/her to the job', which often does not happen or is done superficially so the new employee must manage for him/herself. The new colleague should be presented to the rest of the company, introduced to the operation (standards, quality, corporal identity, security measures and regulations) as well as the new job (Gagić, 2014).

One of the most important activities within the human resources management process in hotels is the training and education program. It is a process which helps to maintain or improve the existing performance realized at the work place. The training programs are focused on maintaining and improving the performance at the existing job, while the education programs involve developing skills required for a future job (Vujović et al., 2014). Management training programs have become almost regular in all companies in the hospitality industry. Simply put, the number of demands the managers must respond to almost daily is increasing continuously and management training through regular work only is a long lasting and unreliable process and it is necessary to train them with additional modern programs. Therefore, many companies, particularly in the hotel industry, invest in management training to a great extent. Training at the work place should not be neglected, either. There are several methods to do this, such as: education, job rotation, trainings and planning of daily activities (Dimanić, 2013).

Compensation in the form of monthly income, i.e. salary is something which is implied in every job. It is determined based on the position the person is along with the legal regulations and requirements to the state. The practice of developed countries has shown many times the importance of motivation of the employees for the improvement of the image, competitiveness and business success of the company on one hand and efficient realization of needs, goals and wishes of the employees. The reward system is desirable within every hospitality company, but it is not only material compensation but also raises, bonuses or a promotion plan (Boardman & Barbato, 2008).

Motivating the employees in the hospitality sector in order to achieve their positive attitude towards the guests and give quality service is based primarily on giving importance to the employee, their work and the importance of their behavior for the hospitality facility. The value of each

employee, their work and their personal contribution must be publicly recognized. This can be achieved by giving bonuses on top of a regular salary, by giving certain recognitions or sending the employees to educational courses. Any praise from the guest must reach the employee who is deserving of it (Chiang & Jang, 2008). Positive assessment by guests makes the work atmosphere better. The manager should praise the employee immediately, explain to the employee what has been done well and how this job well-done is beneficial for the company, give encouragement to keep up the good work, give support to the employee in the future work and create enthusiasm (Jovičić et al., 2013).

### **The importance of human resources in international hotel chains**

International hotel chains are characterised by a strong brand, recognizable on the tourist market, application of mutual standards, high-quality level etc.

According to the number of hotels, in 2014 the biggest hotel chains were: Wyndham Hotel Group, Choice Hotels International, InterContinental Hotels Group, Hilton Worldwide, Marriott International, Best Western International, AccorHotels, Plateno Hotels Group, Shangai Jin Jiang International Hotel, Group Co. and Home Inns & Hotels Management (Boardman & Barbato, 2008).

Today there are several hotel chains on the Serbian market. These are InterContinental (Crowne Plaza, Holiday Inn hotels in Belgrade), Best Western (hotel M and Šumadija in Belgrade, My Place in Nis, Prezident in Novi Sad and the Gloria hotel in Subotica), Rezidor Hotel Group (Radisson Blu Old Mill, Belgrade), Starwood Hotels (hotel Metropol Palace), Hyatt Hotels (Hyatt Regency in Belgrade), as well as Falkensteiner Michaeler Tourism Group (hotel in Belgrade and on Stara planina) (Dimanić, 2013).

One of the main challenges that big hotel chains face is a consistent implementation of practice of managing human resources around the world (IHG operates in around 100 countries, the Marriott in 68, the Hilton in more than 76). The problem is not different sizes of hotels and different organization but also the differences in legal regulations. Another challenge is to find ways for the best practice to be transferred from one region to another or from one hotel chain to another. The third challenge is related to the capability of individual hotels which are part of

the chain to adopt standards of human resources management in their franchise relationship. Usually the franchisor specifies in the franchise contract certain requirements related to managing human resources and enables support in implementing trainings and development programs. In case the standards are not implemented in the hotel who owns the franchise, the integrity of the brand is being corrupted and conditions are met to lose the rights to use the brand name (Boardman & Barbato, 2008).

All international hotel chains point out to the importance of the employees in achieving business goals, since only motivated, trained and satisfied employees who continually strive to improve their knowledge and skills may contribute to the quality of products and services and increasing guests' satisfaction (Radosavljević, 2008). Hotel chains quickly adapt to changes and the reason for this is the involvement of these organizations in development and training of their employees (Jovićić & Gagić, 2016)

### **Global human resources programs in international hotel chains**

Many hotel chains have their brand programs and human resources policy in order to facilitate the communication and consistency among the regions.

Marriott has a *Spirit to Serve* program which defines the way Marriott manages business, particularly in the relationship with the employees, guests and the surroundings. Within the selection process this company points out that it bases its success on their employees, who are provided with regular trainings in order to master the skills and knowledge required for delivering supreme experience for the guests. This company recognizes and rewards the commitment of its employees through various programs (*Marriott International Inc, Human Rights Policy Statement*).

Hilton focuses on investing in human resources and constant indulging the guests in order to make this hotel chain the first choice of global travellers. The employees are being treated as members of a large family, a team whose members mutually encourage and help each other. Such philosophy of human resources shows commitment and faith in their employees. In the Hilton hotel chain managing talents is seen as the most important task in maintaining the competitive advantage in the future. The Hilton International operates by applying the *Esprit* program. It is a motivational tool designed to make work more pleasant and successful.

Recognition, respect and rewarding are the key elements in the success of the *Esprit* program, which involves a range of trainings and development initiatives, reward programs ([hiltonworldwide.hilton.com](http://hiltonworldwide.hilton.com)).

Best Western, aware of the fast development and changes, tends to encourage their employees to implement new knowledge and skills and be prepared at all times. Encouraging the employees is reflected in different stimulations such as advances on the hierarchy ladder, higher income, benefits and praises. Psychological motivation is very important and it involves praises, recognitions, rewards that are a very important motivational factor. The priority list of the Best Western involves the following: employee assistance program; communication with the employees; recognizing the employees' needs; human resources development and employee trainings; creating a positive atmosphere; keep in touch with the happenings.

The InterContinental Hotels Group (IHG) state that their mission is not only about hospitality and selling accommodation, but it involves the employees who give an unforgettable experience and supreme service to their guests in over 100 countries around the world. The company attracts and develops the best employees by creating work environment which is safe and where the employees can express specificities of their personality and their contribution can be appreciated accordingly. Employees are the key of success of the company in terms of creating guests' satisfaction and income for the company. In order to ensure for all the employees from all around the world to realize the company's mission by creating 'supreme quality hotels the guests will love', the IHG company is committed to creating environment and culture which will enable the employees to achieve the best results, and such program was called 'Room for you' by the company. One of the greatest challenges for this hotel chain is to attract, keep, motivate and encourage the employees to achieve the primary goal of the company. The international hotel chain gives four promises to its employees through the employee assistance program. These promises are related to the beginning of their work engagement, active involvement in the business, possibility for growth and promotion and recognition of their contribution. Numerous awards indicate that the company has one of the best employee assistance programs in the world (Jovičić et al., 2013).

## **Employment in international hotel chains**

The basic part of the business strategy of the international hotel chains is to have a share in the local economic growth of the countries where they operate. Apart from this, all international hotel chains are dependent on the possibility of recruiting a significant number of employees on a local level. For example, within the Hilton group, an *Elevator* program was used for faster growth by focusing on hiring graduates of certain nationalities important for their region. In Egypt particularly, 13 out of 18 Managing Directors are Egyptians ([www.ladbrokeplc.com](http://www.ladbrokeplc.com), Hilton Group Report).

The InterContinental Hotels Group hotel chain recruits its employees through online sites and from prestigious global educational institutions. For example, in China, the hotel chain has developed an initiative to recruit young talents who may be involved in the process of opening new facilities ([www.ihgplc.com](http://www.ihgplc.com)).

The hotel company Marriott, for example, applies the following elements which are studied during the selection process of human resources through interviews (Gagić, 2014):

- attention to detail – responses which express perfectionism and thoroughness are desired, as well as those which reflect the ability to perform the tasks precisely and accurately;
- interpersonal connections – ability to negotiate, compromise and tactfulness, a positive attitude and appreciation of others, team spirit, politeness and cheerfulness;
- knowledge of the business – competence and confidence in what they do and know, responses which express the desire for growth and expansion of the competencies;
- verbal communication – the ability to analyze, objectivity and understanding as well as communicating the message to the listener, whether it is a guest or a colleague;
- obeying orders – willingness to perform the tasks within the set guidelines, accepting the hierarchy structure, desire to change the conditions or adapt to them;
- organization – ability to perform the tasks according to priorities, maintaining control over the situation, understanding and solving problems, creative approach;

- administrative details – willingness to improve the existing administrative systems in case they are not in accordance with the past practices, typing carefully and checking for grammatical errors;
- cooperativeness – an insight into the ability to cooperate with other colleagues is desired;
- calmness and stress management – whether the candidate stays calm when working under pressure;
- flexibility and adaptability – how well the candidate can adapt to changes in the work environment;
- responsiveness and forcefulness – the interviewer needs to see that the candidate is forceful, willing to react and that he/she is entrepreneurial;
- reliability – how much the candidate is committed and how seriously he/she takes, accepts and performs the tasks;
- awareness of the situation and the environment – it is necessary for the candidate to take notice of details and what is happening around him/her in order to react timely;
- self-motivation – the candidate must show the desire for success;
- patience – the ability to control a violent reaction;
- sociability – ability to work in a large team, maintaining harmonious interpersonal relationships with the colleagues, a positive attitude to team work.

Many hotel chains are engaged in a large number of external initiatives to help in capacity building within the sector and to fulfill various local social needs. For example, in cooperation with the youth initiative for career building ‘International tourist partnerships’, the Marriott enabled more than 1, 000 young people to be trained in the hospitality sector. The program combines six months of classroom training along with working in the hotel. By realizing success in Australia, Brazil, Poland, Romania and Thailand, the program expanded to four new countries – Costa Rica, Egypt, Jordan and Mexico (Ashley et al., 2007).

Most of the hotel chains recognize and appreciate the diversity of people, ideas and cultures and believe that diversity of the employees is very important for success. All international hotel chains support the inclusion culture where employees on all levels can reach their maximum in accordance with personal potentials. Their strategy involves and formulates rules against discrimination, harassment and intimidation (Kusluvan et al., 2010).

Economic migration sometimes presents a problem for the hotel industry since some migrants are not as skilled as the local population. Although they go through the inclusion process, they often end up at lower job positions for a longer time which raises basis for suspicion of discrimination (Hjalager, 2007).

Diversity is one of the Hyatt's basic values. Its aim is to be a leader in the business and employ different populations. The proof of diversity which is nourished at Hyatt is the focus on 5 key elements sought after in employees: commitment, responsibility, training, measuring impact and communication. Examples of trainings which nourish diversity at the Hyatt ([www.hyatt.com](http://www.hyatt.com)):

- *English as a Second Language* (ESL), communication program for the employees whose mother tongue is not English, which is implemented in order to improve communication with the employees and the guests and
- *Valuing Differences*, managerial development program which is focused on valuing style, abilities and motivation regardless of race and gender.

An example of good practice is also given by the Hilton where diversity policy is established by the corporate management board. Diversity of the labor force is reflected in the mission created by the board, which is: 'To create and maintain cultural diversity at the work place which strengthens the business value of the company and recognizes the *Hilton Hotels Corporation* as a leader in the global market industry.' More than half of the employees at the Hilton family and nearly half of the people at the executive positions are national minorities and women ([www.hiltonworldwide.com](http://www.hiltonworldwide.com)).

### **Training and development of the employees in international hotel chains**

The defined policy of human resources in international hotel chains offers numerous possibilities for the employees to develop their abilities, particularly through trainings and mobility programs (Boardman & Barbato, 2008). The management should understand that training is not an option, but a prerequisite for a successful business and a satisfied employee. Trained employees give quality service and are committed to the company (Vujičić et al., 2015).



The Marriott's management training program enables managers to identify appropriate courses in order to satisfy their personal and professional needs. The training starts with *Management Development Program* and it often continues with other possibilities for development during the first year ([www.marriott.com](http://www.marriott.com)).

In order to support employee development the employees in the IHG have developed the online *Careers Room*. Through individual training programs created for all levels within the company, the employees are enabled to achieve better outcome and greater satisfaction with the job. There are many intense programs and trainings offered by the company which make these people experts in their field. The hotel chain has also developed the IHG academy in order to enable students to master all the necessary knowledge and skills required by the hotel business. For the time being, the IHG Academy operates only in China, but the hotel chain is expected to expand to the USA and Russia in the future period.

InterContinental Hotels Group is committed to supporting their employees and ensure them a chance to be promoted and develop their careers. Employee development on all level is a critical factor of achieving the primary goal – to be the best within the hotel management sector and make hotels where guests will gladly stay. With continuous knowledge tests from the managers the company enables the talented employees to improve and give them positions which will help them improve their skills. The possibility to improve their knowledge and training programs are offered to all the employees regardless of their job position. Online programs and new online management system helps the employees develop their knowledge in a flexible way, without taking classroom courses ([www.careers.ichotelsgroup.com](http://www.careers.ichotelsgroup.com)).

Some hotels have developed educational centers such as the Académie Accor or the Hilton University. At the Académie Accor, there is a possibility of training the staff starting from the maid up to the manager. Most trainings take place within the network of 14 academies. The first one opened in 1985. The courses are designed in accordance with the working environment and priorities of the local managers. Training at the work place is developed through an e-course and learning with the help of CDs.

In China the 'Career development' and the 'National management team of China program' have been conducted and more than 120 of the employees took these trainings. As many as 70 students have had the

chance to become Head of department, Assistant Managing Director or Managing Director ([www.accor.com](http://www.accor.com)).

The Hilton University was founded in February 2002 and it offers the possibility of training all the employees at Hilton. Its universities cover a range of skills necessary for the hotel industry, from operational and technical to financing and managerial techniques. The university is a virtual center for learning, support and development of the employees which offers hundreds of subjects with various topics and offers a new way of learning through a range of innovative *e-learning* courses. Each hotel now has a special room for studying – a quiet place where the employees can study in their free time ([www.hilton-university.com](http://www.hilton-university.com)).

In the Hyatt Company, aiming for continuous quality, the human resources service organizes trainings, not only for the newly employed but for all other levels of management which are taken each time when there is a promotion or when taking another job position. Along with their executives, the employees have an annual evaluation of their department for the previous year as well as an activity plan for the following year. In order to ensure safety of their guests and employees in case of fire there are regular employee trainings and an external specialized company which is in charge of the safety. Over the weekend, some of the managers are on duty in order to react in case there is a complaint by the guests and he/she is in charge of solving the problems and writes a report ([www.hyatt.com](http://www.hyatt.com)).

Best Western ensures support and trainings for the ten thousands of their employees. It has also developed a unique personal training scheme *Management Training Scheme*. It is developed in such way that it enables each individual to reach the top of their potential within the company. This process involves trainings in key departments of the hotel. When the course finishes, the individual gets the position of the Manager trainee. With this program the hotel chain nourishes entrepreneurial potentials of their employees (Jovičić et al., 2013).

### **Working conditions in international hotel chains**

International hotel chains analyze their working conditions on a regular basis (salaries, working hours, investments in trainings, etc.) in order to maintain competitiveness on the market. Most hotel chains offer a comprehensive package which involves a range of benefits for the

employees. This is usually on the company's site under the part which deals with employees' careers (Bohdanowicz & Zientara, 2009).

Hilton's policy is to ensure salaries and benefits which will attract and keep members of the team and reward good performance and achievement of goals. During the recruiting process, each employee is presented with working conditions.

Recognizing effort in their employees, taking care of theirs and their family's health, providing opportunities for improvement and facilitating balance of work and private life is offered at Marriott. Apart from this, the employees at Marriott are also given the following: health insurance, life insurance, annual income growth, pension insurance, paid scholarship, paid trainings and courses as well as discounts on accommodation, food and drinks in their hotel (Boardman & Barbato, 2008).

The IHG Company tends to help its employees in order to create balance in private life and work. Safety of the employees, health insurance, assistance programs related to maintaining a healthy life style and stress management are some of the benefits the employee at the IHG can expect. According to research, which measured the engagement of the employees, the employees in the company identified five things which make them feel included and that the company is taking care of them: happiness and satisfaction when performing various activities, company's efforts, intention to stay in the company, willingness to make additional effort and feeling proud of the company's achievements ([www.careers.ihg.com](http://www.careers.ihg.com)).

All international hotel chains have precise international standards and procedures for health and safety which take place on an operational level. They take into account the local regulations in developing the procedures (Kimpakorn & Tocquer, 2009).

In general, international hotel chains expect that their members ensure healthy and safe environment for their employees, customers and visitors in accordance with the current local regulations related to environment protection, safety and health. It is expected that risks related to job positions are identified and that measures are taken in order to reduce the risk for the employees and the visitors.

Hotel chains also develop programs beyond basic safety in order to offer support to their employees. The example would be raising awareness on diseases such as HIV/AIDS and malaria, relaxation and stress management, healthy nutrition and fitness programs (Boardman & Barbato, 2008).

## **Conclusion**

Human resource management is an essential element of every business, which is even more distinct in the hotel business considering that only a satisfied employee can give high-quality service as well satisfy the guests' needs, but also exceed their expectations.

Activities and efforts of the international hotel chains in this paper are examples of the best practices of human resources management within the hotel industry. What is common for these companies is that they clearly point out that their employees are the essence of success, gaining and maintaining the competitive advantage on the market.

Hotels chains are the bearers of quality standards in the hotel industry and they significantly affect defining the standards in all areas of business. In this sense, the examples above should serve as a model for all companies in the hotel industry, since only satisfied employees can make their full contribution, give high-quality service as well as ensure competitive advantage and a long-term success of the company.

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# THE ROLE OF HOTEL ORGANIZATIONS IN DOMESTIC TOURISM OFFER IMPROVEMENT

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## Abstract

*In terms of global market changes hospitality companies have to adapt in order to survive in the market and satisfy the final users. One of the biggest challenges for hotel companies today is the increasing segmentation of the market and the emergence of new market niches, such as the so-called Millennials, i.e. young consumers born in the period from 1980 to 2000 who are also the biggest users of smart phones. The local hotel companies have been able to accept new trends in the market and thus adapt to the demands of final users. Apart from the occurrence of certain brands of international hotel chains, development of congress tourism, which showed good potential of domestic hotel industry, is also significant for the rapid development of the hotel industry. However, in order to raise the level of competitiveness, domestic hotel companies have to solve the following problems: improvement of transport infrastructure, raising the level of hotel management and introducing ISO management standards.*

Key words: *hotel companies, tourism, competitiveness, management, quality*

JEL classification: *Z31*

## Introduction

Tourism represents one of the world's fastest growing economic fields. Its development does not only include significant investments in the accommodation facilities and discovering new tourist destinations all over the world, but above all, refers to the differentiation of the tourism offer with the constant growth of the service quality. All of this needs to be

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followed by the appropriate marketing effort as well. New ways of satisfying users' demands, as well as improving the quality aspects of the tourist products are essential for the further development of world's tourism. Hotel organizations are making significant efforts in order to satisfy both expressed and potential demands of their clients and also to extend the elements of their business offer. Constant improvement of the business quality and its aspects within the hotel organizations is the imperative of competitiveness on the global market.

In the economic development of the Republic of Serbia, tourism represents an underused potential. There are some tourism offer fields in the domestic market that are not exploited enough, especially regarding their international potential, e.g. congress tourism, sports tourism, medical and spa tourism, or wine tourism.

Hotel organizations play an extremely important role in the tourism offer development in Serbia. Attracting more tourists also includes the improvement of accommodation facilities which possess a developed concept of quality management.

### **The role of hotel organizations in the tourism industry**

One of the most renowned consultancy agencies in the catering field, Horwath HTL, has given the evaluation of new trends in the tourism development in the future. Hotel companies have to adapt to them if they want to remain on the market. The first five trends will have an immense influence on the demand in tourism sector. However, they would also influence the other set of trends that refer to the changes in procurement. Together, they represent the forces that will shape the future of tourism and hotel industry. The new trends in the tourism sector are the following (Horwath HTL, 2015, pp. 2):

1. Older tourists
2. X and Z generations
3. Middle class growth
4. Appearance of new destinations
5. Political problems and terrorism
6. Technological (r)evolution
7. Digital channels
8. Loyalty programs
9. Healthy life
10. Sustainability

The hotel companies need to think about these trends and start changing their business philosophy in order to be ready and to welcome new demands of final consumers. Moreover, the hotel companies already have to be prepared for the new focus group, the so-called *Millennials*. The specificity of this focus group is that they tend to do research and gain experience while staying in a certain hotel or destination. *Millennials* also require hotels to use Information Technology more in the process of hotel service delivery, so they could satisfy their demands and gain a unique hotel experience.

In order to increase the competitiveness on the modern tourism market and to encourage the loyalty of guests, hotels necessarily have to rely on modern communication technologies and start using applications for laptops and mobile phones in their business. The application "Roomera" is designed in a way which allows guests to communicate directly with the hotel and provides all the information about the hotel services. On the other hand, it gives hoteliers the chance for more efficient and rational capacity utilization, for decreasing the expenses and creating a unique database of guests and their habits related to traveling and staying in hotels (Arbutina-Petenji & Mišković, 2014, pp. 852).

The advantage of using mobile applications is that many workers will not have problems with bunch of administration anymore, so the focus of their job would be to provide better service to each guest. They will be given better experience, both live and online. The application itself is adapted for IOS and Android mobile phones and it will give guests the opportunity not only to enter their own rooms, but also to access all other parts of the hotel for which they needed the room key, such as the fitness center, parking lot, etc. Certain InterContinental Hotels allow their guests to check-in using smart phones, while the similar opportunities are given to the guests in more than thousand Marriot Hotels, including check-in and check-out (Bogetić et al., 2015, pp. 96).

This data implies that domestic hotel companies need to adapt to the new market demands, too, if they want to be competitive. However, the issues of ICT infrastructure and education for ICT have not been emphasized enough in the domestic hospitality, especially regarding those hotels that are not yet in private property. More precisely, domestic hotel companies mostly use IT only for creating their web sites and for eventual communication with potential guests via e-mail, as well as for using the booking system. But this new era demands more and that is using social

networks. Even though this business practice already exists on the domestic market, the question is how seriously is it considered, having in mind the increasing presence of this type of communication in the world.

Nigel Wilson, the managing director of the company “Hitwise” pointed out that cheap flights, mobile phones and the Internet changed significantly the way we travel, and more importantly, the way passengers book their trips. The research that has been carried out shows to the tourist service providers the importance of the content efficiency, available via mobile phones, and also, the importance of providing relevant online content to the passengers, at the right time and on the right device. Tourist service providers should also have in mind current sensitive issues within the traveling sector, and should provide and secure constant availability of the specific information connected to certain destinations, so the passengers could travel even more carelessly (travelmagazine.rs, 2016).

The results of the research carried out by the web site for booking accommodations, Hotels.com, showed that hotel guests, of all other offered services, appreciate free Wi-Fi the most. Out of total number of 4,700 examinees from 28 countries, 53 percent from both guest categories (business passengers and guests on vacation) find this service crucial and are willing to give up other free hotel services in return. (Press hotels, 2015).

The issue of quality aspects in the hotel companies over the world includes directing the hotel organization towards two important fields:

- the field of implementation of international management standards defined by ISO, in order to establish integrated management systems, and
- the field of establishing and developing hotel standards.

The first operation field includes using ISO management standards, especially quality management systems and other necessary standards for building integrated management systems.

Halal industry will grow because of the expansion of the Muslim population and due to the large number of certified products in accordance with the Islamic Sharia Law. The experts announced that the global value of the halal industry is now 2,3 billion dollars. The wide range of halal products, from food that does not contain pork to financial

and tourist services, is increasing, considering the growth of the whole Muslim population. This industry, with the total value of 2,3 billion dollars, has 1,8 billion consumers that is equal to the current number of Muslim people in the world, according to some estimates (b92.net, 2015).

The issue of protecting the environment is one of the fields that hotel companies are extremely interested in. That is why the concept of green hotels is appearing on the market, which refers to the rational consumption of resources and protection of the environment. This business philosophy indicates that the hotel companies follow and adapt to new market trends. There are several reasons for such attitude of hotels towards this field and we will mention a few of them:

- self-investment for gaining the certificate (TripAdvisor GreenLeaders program, **Green Key, ISO 14000**) pays off through the savings that the hotel achieves by complying with new procedures;
- final consumers who take care of the environment rather stay in these hotels regardless of the accommodation cost;
- marketing potential of the hotel increases.

Green hotels include and encourage, among other things, more rational water and power consumption, as well as recycling one part of the waste produced by a hotel. This also includes using non-toxic cleaning products and the concern about the protection of the environment in general. It is achieved by, for example, turning off the electric devices automatically when the guest leaves the room, not changing the towels and sheets every day and by limiting the time of water flow in the sinks. Besides, the hotels that are further from cities can devote themselves to growing organic fruit and vegetables that will be used by guests (Stojanović Petkovski, 2015).

In practice, there are several types of green certificates and the choice depends on hotel's readiness to follow the financial demands for the introduction of these standards. TripAdvisor GreenLeaders program is not a financially demanding standard, compared to some other current standards, and it gives its users (potential passengers) the possibility to be on a list of the so-called green or ecological hotels. However, the Green Key Certificate is a much more serious and financially demanding standard which lasts for only one year. The purpose of this program is the development and management of accommodation facilities in a sustainable way, through eco certification (ecological certification, certification considering the protection of environment) based on internationally accepted criteria. The Green Key is an international

program of certification/rewarding accommodation facilities in order to increase the awareness of owners, staff and clients, considering the need to protect the environment, so the development and management would be sustainable (ambassadors-env.com, 2012, pp.1).

Apart from the most common ISO standards, such as ISO 9000, ISO 14000, ISO 22000, ISO 5000, there are others that are being applied in tourism and hotel industry as well, and they are:

ISO 18513:2003 – Tourism services – Hotels and other types of tourism accommodation – Terminology

ISO standards for adventure tourism (ISO 21101:2014, ISO/TR 21102:2013, ISO 21103:2014)

ISO 13009:2015 – Beach standard

ISO 13687:2014 – Yacht harbor standard

ISO 18065:2015 - Standard for protected natural areas

ISO 17680:2015 – Thalassotherapy standard

ISO 13810:2015 – Tourism industry standard

The second field of hotel organizations' operations in the terms of improving quality aspects refers to the application and development of hotel standards. They are concentrated around the managing issues in international hotel chains or fulfilling the conditions prescribed within the associations of hoteliers or within a certain hotel cluster. In order to operate more efficiently, hotel companies need to create internal standards that represent defined work processes. Each hotel company creates its own internal standards which make it recognizable on the market. The hotel company Ritz-Carlton represents a good example of introducing a personalized standard to its business. Their CRM model "Ritz-Carlton Mistique" shows that caring for customers, their wishes and needs is of crucial significance for the success of a hotel company. They clearly defined the rules of dealing with hotel guests, as well as the hotel itself and its staff. In that way, the Ritz-Carlton Hotel wants constantly to improve the service quality, so their guests would be satisfied. Therefore, it is not a surprising fact that the Ritz-Carlton Hotel was the winner of the Malcolm Baldrige National Quality Award (in 1992 and 1999) as the only company from the hotel industry sector to achieve this.

### **The analysis of management and development opportunities of the hotel organizations on the market in the Republic of Serbia**

Domestic tourism offer mainly relies on other aspects of the destination tourism offer, such as recreation, entertainment, festivals and other

manifestations, fast food, etc., while the offer of accommodation facilities remains an inadequate part in the total domestic tourism offer. This fact refers to big cities like Belgrade and Novi Sad, as well as to mountains and spas as typical tourist destinations in Serbia. Tourism workers in Serbia are making significant efforts to improve various aspects of additional service (which is, by the way, far below than in some countries in the region, e.g. Austria and Hungary), while neglecting the aspect of accommodation facilities quality and their diversity, which are the key factors for attracting new tourists and increasing the number of overnight stays.

Table 1 gives the data from the World Economic Forum, i.e. certain poles related to the Competitiveness Index in the traveling and tourism fields, which show the competitiveness of the Republic of Serbia in this industry. The Competitiveness Index itself consists of 14 poles divided into four subgroups. According to data from 2014, Serbia holds the 95th place when it comes to competitiveness in the traveling and tourism fields. Here, we will present only three subgroups which have their indices in the Table 1.

The subgroup Friendly environment includes general parameters necessary for working in the country: business environment, human resources, job market, ICT readiness. The subgroup Traveling and tourism policy and enabling conditions includes certain policies or strategic aspects that act more directly on the traveling and tourism industry: giving priority to traveling and tourism, international openness, price competitiveness and environment sustainability. It is important to point out that the Index of the price competitiveness of the tourist destination indicates that the lower the value, the lower the competitiveness, and in the case of Serbia this shows that we are very uncompetitive. The subgroup Infrastructure includes the availability and the quality of every economy's physical infrastructure: air traffic infrastructure, infrastructure of roads and harbors, tourist service infrastructure (WEF 2015, pp. 4).

Table 1: *Poles of competitiveness in the traveling and tourism fields for the Republic of Serbia in 2014*

<b>Poles of competitiveness</b>	<b>Rank</b>
Business environment	133
Human resources and job market	89

ICT readiness	56
Giving priority to traveling and tourism	113
International openness	101
Price competitiveness	78
Environment sustainability	72
Air traffic infrastructure	102
Infrastructure of roads and harbors	98
Tourist service infrastructure	63

Source: *World Economic Forum, Travel and Tourism Competitiveness Report 2015*, [www.weforum.org/reports/travel-tourism-competitiveness-report-2015](http://www.weforum.org/reports/travel-tourism-competitiveness-report-2015), pg. 33-44

The indices from Table 1 highlight the crucial issues when it comes to the faster development of competitiveness in the hotel industry in Serbia and they could be divided into four groups:

1. Creating an appropriate environment that will encourage the development of the domestic tourism and hospitality,
2. Development of human resources in the hotel industry,
3. Business policy transformation in domestic hotels,
4. Development of the transport infrastructure.

The precondition for a successful development of domestic hotel industry is the existence of an appropriate environment that also includes good cooperation between public and private institutions, for example between the National Tourism Organization of Serbia and hoteliers. They should be acting together on foreign markets in order to achieve excellent results in increasing the number of foreign tourists in Serbia and better popularization of domestic hotels and tourist potentials abroad.

The issue of human resources is extremely important for the development of the hotel industry. According to some experts in the hospitality field "a luxurious hotel without appropriate human resources would only be a museum". Therefore, domestic hotels must always work on improving their human potentials. The position of our country on a list that ranks the status of human resources (86th place) does not give us the right to be positive, as we are still falling behind some countries in the region. When talking about the hospitality education, a special attention should be paid to young people, as future managers, receptionists and other crucial employees in hotel companies. The issue of education and professional training of pupils and students of tourism and hospitality, as well as the



incompatibility of the educational system with real market needs, indicates a lack of strategy for the development of human resources in the hotel industry field. In this sense, there is a necessity for cooperation in the hospitality education field between the Ministries of Education, Trade and Tourism on one side and schools, faculties, high professional and guild organizations and the private sector on the other.

Congress tourism represents an excellent opportunity for developing long-term business, because it has been shown in practice that many foreign professional associations and companies plan their symposiums and congresses several years ahead. Because of this, it happens that some hotels are booked even a year in advance, which represents a completely different business philosophy from ours, which is mainly prone to improvisation. If we compare standard and congress tourism, we can ascertain that congress tourism is more profitable than standard one. The reason for this lies in the fact that guests, who we consider to be standard tourists, usually book their hotel rooms on the Internet, and they come to the city exclusively for the business meetings. When they are choosing a hotel, clients look for the ones with best rankings, then they read comments on Trip Advisor, where we can find out facts about the hotels, quality of their service and the accommodation price. Only on the basis of this received information, the clients decide where they will book a room.

From 2007 the Republic of Serbia is trying to accelerate this type of tourism through establishing the Serbia Convention Bureau which is a part of the National Tourism Organization of Serbia. According to the data from the International Congress and Convention Association (ICCA), the Republic of Serbia was on the 72nd position in 2007, with eleven congresses, which made it the fastest growing congress destination in Europe in the following period.

When it comes to cities in the Republic of Serbia, Belgrade and Novi Sad have particularly stood out. Table 2 shows the positions of Belgrade and Novi Sad, according to the ICCA list for the years 2013 and 2014. As it can be seen, both cities have fallen down on the list in comparison to 2014, while Belgrade hosted fewer congresses as well. However, it is important to highlight that, in the competition of 354 world cities, Belgrade shared the 50th place with the Canadian city of Montreal in 2014, and in 2013 with Melburn in Australia.

Table 2: *Position and number of congresses*

	<b>2013</b>		<b>2014</b>	
<b>City</b>	Europe	World	Europe	World
Belgrade	22	44	27	27
Novi Sad	148	294	143	289

Source: *ICCA Statistics Report 2014, ICCA Statistics Report 2013*, [www.iccaworld.com](http://www.iccaworld.com)

Table 3 represents ranking of countries from the former European Eastern Block in 2014 where Serbia holds the 46<sup>th</sup> place (42<sup>nd</sup>), which is a decline regarding the previous year. Better ranked countries ahead of Serbia are Poland, the Czech Republic, Hungary, Croatia and Romania.

Based on the data presented so far, we can conclude that the Republic of Serbia has the potential for the congress tourism development, but it is necessary to improve the transport infrastructure first, as well as the domestic hotels as the places where congresses take place according to ICCA standards.

Table 3: *Position and number of congresses in the Republic of Serbia and other countries in the region in 2014*

<b>Rank</b>	<b>Number of congresses</b>	<b>Country</b>
24↓	161	Poland
27↓	146	Czech Republic
31↓	125	Hungary
40↑	81	Croatia
45↑	68	Romania
46↓	67	Serbia
48↑	48	Bosnia and Herzegovina
48↑	48	Macedonia
49↓	47	Slovenia
55↑	42	Bulgaria

Source: *ICCA Statistics Report 2014, ICCA Statistics Report 2013*, [www.iccaworld.com](http://www.iccaworld.com)

Table 4 represents the top ten countries in the congress tourism field. As it can be seen, there are very few changes in comparison to the previous 2013.

Table 4: *Position and number of congresses in the top ten countries in 2014*

Rank	Number of congresses	Country
1	831	USA
2	659	Germany
3	578	Spain
4↑	543	Great Britain
5↓	533	France
6	452	Italy
7	337	Japan
8	332	China
9↑	307	Netherlands
10↓	291	Brazil

Source: *ICCA Statistics Report 2014*, *ICCA Statistics Report 2013*, [www.iccaworld.com](http://www.iccaworld.com)

However, Table 4 points to two important facts. The first one is that the USA is far ahead from other countries by the number of held congresses and the second is that Europe is dominant in regard to other continents.

### **The analysis of improving business quality of hotel organizations on the Serbian market**

One of the most important issues, when it comes to directing the hotel company regarding the destination tourism offer, is the issue of improving the business quality aspects.

The issue of the business quality concept in domestic hotel organizations is in a direct connection with the issue of the tourism offer itself. Namely, the largest number of domestic hotels is designed in order to be compliant with the demands of tourists who visit destinations in Serbia and they are mostly the tourists with relatively low purchasing power. The remaining part of tourists, with higher purchasing power, usually stays in one of the hotels from the international hotel chains that operate on the Serbian market. Domestic hotels lack in some main offer elements that reflect the service quality, such as parking lots, attractive lobbies with additional contents (shops, bars, cafeterias), specialized restaurants, swimming pools, fitness centers, and especially congress halls. The focus of domestic hoteliers is on the overnight stays, usually during certain periods, e.g. New Year holidays, winter holidays, certain festivals and

manifestations and part of the summer holidays. Essentially, this kind of strategic orientation of domestic hotel organizations requires a minimum effort in creating the business quality concept.

When talking about the quality aspects of domestic hotel organizations, the first thing to be noticed is that most hotels do not have a quality concept according to the demands of international managing standards. The issues are even bigger if you consider the fact that certain hotel complexes, mainly located in the inland of the Republic of Serbia, do not satisfy even some basic quality criteria of hotel service, up to the level that they face problems with tap water, cleanliness in restaurants, etc. In the last few years, this led to some serious issues, such as mass poisoning of children who visited those hotels during excursion, and many others. The hotel industry market consists of three groups: big hotel chains, private domestic hotel chains and state hotels. As a result of the absence of environment and market, there is always an unfair competition which restrains this industry's development. However, even domestic hotel companies have to follow the trends in tourism and hospitality and to adapt to the new requirements of final consumers. Therefore, the more intensive application of the management concept is considered as a precondition. For example, quality management, corporate social responsibility, integrated management systems and others have an influence on raising the hotel service quality, as well as the competitiveness of domestic hotels on the market.

The application of modern management methods and techniques, confirmed through the global business practice, affects the improvement of knowledge productivity, both of the employees in the modern business organization and of the organization itself.

Among the management methods and techniques that particularly stand out are the management of databases, quality management system, corporate social responsibility, relationship marketing, bench marketing, managing the costumers' satisfaction, etc. (Ćockalo et al., 2012, pp. 57).

Certain hotels have already started to apply some management concepts, like QMS, HACCP and IMS, but the problem is that it is still being done by a small number of domestic hotels compared to the total number. When talking about the application of ISO standards in domestic hospitality, unfortunately, the data about the number of certified hotels is not available. However, there are few individual initiatives done by some

private hotels, for example, the Zepter Hotel successfully finished the certification check of the integrated managing system (ISO 9001 and HACCP), carried out by the Lloyds Register Quality Assurance (LRQA) certification organization in Serbia in September 2015. This is a good example of developing competitiveness of domestic hotels in the conditions of serious competition on the Belgrade market. Unfortunately, domestic hotel companies are unable to implement the standards mentioned above, with the exception of the ISO 18513:2003, because other standards cannot be found in Serbian translation at the Institute for Standardization of Serbia, which acts as our referential institution in the standardization field. A special attention should be paid to the ISO 17680:2015, because the number of wellness and spa centers on the domestic market is increasing, so the application of this standard would significantly improve the quality of the service they are offering.

The opinions of future managers and experts are very important for defining development guidelines regarding the competitiveness of domestic companies. The results of the research, which analyzed the attitudes of young people towards tourism and hotel business, point to the way future experts and managers think, as they are going to deal directly with this business sector, primarily in operational terms. The research was carried out in Belgrade between January and March 2016. The sample included 120 students who opted for tourism (Belgrade Business School – Higher Education Institution for Applied Studies and The College of Tourism). The research covered graduate students and students of specialist studies from the mentioned higher education institutions.

The majority of analyzed students – 58.3% of them, think that the role of hotel facilities in tourism is important, 33.3% think that this role is extremely important, while the remaining 8.4% find it only partially important. The biggest number of students (38.3%) said that they would like to work in a hotel business after graduation, while 30.8% would choose to work in tourist agencies and 20.8% as tourist guides. If they would get a job in the hotel business, the majority of examinees said that they would prefer to work in international hotel chains – 62.6%, then in domestic hotels – 11.3%, small town hotels – 10.3% and resorts – 9.3% (Đorđević et al., 2016).

The students estimate that the hotel service quality in Serbia is partially good – 48.7%, or good – 38.5%, while only 4.3% of examinees thinks that it is extremely good and 8.5% that it is not good at all. The majority

of analyzed students (64.1%) believe that, at the moment, there is no suitable environment in Serbia which would stimulate the development of hotel companies, while 35.9% of them thinks the opposite. The most significant limitations that could be seen on the Serbian market, when it comes to the hotel business, are: unstable political and economic situation – 36.7%, poor transport infrastructure – 31.6%, excessive taxes – 13.9%, limited market – 12.7% and unfair competition – 5.1%.

In case of evaluating the competitiveness of domestic hotel companies, compared to international hotel chains, the largest number of examinees (54.3%) believes that domestic hotel companies are partially competitive, 25.7% think that the competitiveness is satisfactory, 16.2% that it is unsatisfactory and 3.8% of analyzed students find the competitiveness very satisfying. According to examinees' opinions, the most important factors that are missing in the process of developing the competitiveness of domestic hotel companies are:

- Marketing – 13.2%,
- Financial support – 12%,
- Education – 10.9%,
- Innovation – 10.2% and
- Application of new technologies – 9.5%.

When it comes to evaluating the level of innovation in domestic hotel companies, the majority of examinees (60.4%) believe that this level is partially satisfying, 22.7% that it is satisfying, 11.9% find it unsatisfying, while the remaining 5% of respondents think that the level of innovation is very satisfying.

The largest number of respondents, even 80.4%, thinks that the domestic hotel companies are not competitive on the international level and only 19.6% of them believe the opposite.

According to the presented results of the survey, it is clear that future young professionals in the management and tourism fields, who will be dealing with operational issues in the hotel business, are aware of the fact that the application of modern management methods and techniques, along with innovative operating and application of modern technological achievements, is the basis for improving the competitiveness of domestic hotel companies. It is also necessary to emphasize the importance of the financial support from the state in this field as well, at least in the same amount as it stimulates the development of the production capacities. This

is preferable because tourism, and especially the development of hotel facilities, represents a significant source of revenue at the local, regional and national economic level.

The majority of analyzed students thinks that tourism is extremely important for the economic development of Serbia, more precisely 39.2%, while 37.5% of them think it is important. A smaller number of respondents believes that tourism is just partially important – 20.8% and only 2.5% find tourism insignificant for the development of domestic economy. The largest number of students considers that the fields of tourism which require building of hotel facilities are, at the same time, the most important fields for the domestic tourism development: spa tourism – 33.3%, mountain tourism – 21.7%, congress tourism – 8.3% and city tourism – 5.8%. Therefore, over 69% of examinees expressed that it is necessary to promote those types of tourism, which requires the development of specific hotel facilities.

### **Conclusion**

According to some opinions (Đorđević et al., 2011, pp. 74), managing of domestic companies has to be based on the application of management techniques which support competitiveness, innovation and flexibility, as well as on the indirect knowledge improvement of their employees, and especially of their management sector. In order to increase the level of competitiveness in domestic hotel companies, it is necessary to solve the issues which affect the business quality and they are:

- Insufficiently developed transport infrastructure across the entire Republic of Serbia interferes free transfer of people from one part of the country to the other and thus, prevents the utilization of all accommodation facilities,
- Insufficient education of employees in terms of modern management concepts.

Because of the poor transport infrastructure, potential consumers will consider staying in a certain hotel carefully. The example of Stara planina and one of its hotels which stopped collaborating with Falkensteiner, the famous international hotel group, shows that bad infrastructure has a negative influence on business plans and also on business quality, because there is not enough motivation for the guests to visit this hotel, although it is on the list of top five hotels with the best spa centers. Domestic hotel companies have to change their business philosophy and focus on

adapting to the needs of modern guests and on providing additional services, like the Internet and child care, instead of the basic service which includes lodging and food. Moreover, domestic hotel companies should not neglect businessmen as another focus group. Globally, this focus group is extremely important and most hotel companies are adapting to their needs.

When talking about the competitiveness of domestic hotels, some experts in this field believe that they are making a crucial mistake by trying to be similar to the international hotel chains, which is not feasible. The reason is the fact that every country, including ours, has something specific that domestic hotels could use and launch through their business philosophy to make it interesting for the potential foreign guests. In our case, those are the natural beauties, gastronomy, rich history and tradition. The Republic of Serbia, as a tourist destination, needs to develop fresh and unique programs which will differ from the other offers on a global tourism market, due to the peculiarity of our region.

In that sense, it is necessary that the hotels receive timely information from their guests. That is why domestic hotels need to do market research, according to which they would get information about the wishes, needs, opinions and traveling reasons of their clients. Moreover, they have to be active on social networks where they will follow the guests' comments about the quality of the services they provide, as they could accept the critics and improve the hotel service. The application of CRM model can help the domestic hoteliers in this field.

As a result of not having knowledge in the field of management, a small number of domestic hotels has introduced, or is planning to introduce, some of the international ISO standards. Without accepting these management concepts, domestic hotel companies will not have a long-term prospective, because these standards require companies to focus on the final consumers. All this should be supported by a documented and planned approach and not improvisation, which is something we tend to do.

Apart from the two issues mentioned above, we also have to highlight the lack of the appropriate environment that would lower the grey work zone in hospitality to the minimum, and establish a system where all the crucial institutions in the hospitality and tourism field will be included: Ministries, companies, professional and guild organizations, faculties and higher education institutions.



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# CONTEMPORARY FORMS OF TOURISM IN DEVELOPMENT AND BRANDING OF TOURIST DESTINATIONS OFFERS-CASE STUDY OF KOTOR

Ivo P. Županović<sup>1</sup>

## Abstract

*When observing the sustainability of the tourism product, it is necessary to identify all forms of tourism that can be an integral part of tourism offer. The involvement and better positioning of cultural tourism will be emphasized, primarily due to the fact that the cultural and natural resources represent a key segment of the tourism product of the observed destinations in this the case of Kotor. The paper will present EU experiences on this issue, present in details a part of an integrated tourism product that relates to cultural resources, reflection of cultural events in the development of tourist destinations, as well as further measures to incorporate the above type of tourism, identify market niches, the said categories as an indicator of potentials in terms of developing the said markets, as well as branding of destinations on this basis.*

Keywords: sustainability, cultural tourism, tourist destination, branding  
JEL classification: Z38, Z32

## **Experience at the level of the European union in the area of sustainable tourism development and the development of cultural tourism**

Tourism development of the European Union is based on the number of physical-geographical, cultural and historical attractions, some of which have a certain attractiveness and worldwide reputation. Most of the revenue from EU tourism is realized in France, Spain and Italy, and the reason for this is that they have developed seaside recreational tourism. It is important to note that 1/3 of foreign tourists visit Italy in order to get informed on the country's cultural heritage. Italy and France have in

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recent years carried out changes in their tourism policies, as well as state authorities in order to adapt to the situation in the tourist market in the world and economic development strategies. EU countries are increasingly working to adapt the objectives in the development of tourism.

In EU countries, the trend is that sustainable development is achieved by integrating environmental aspects into all forms of planning and sectoral policies. Striving for the implementation of an integrated approach and the establishment of an integrated strategic planning is present today in all European countries and in countries with developed planning systems (Maksin M., Pucar M., Korać M., Milijić S., 2009:6).

Countries that are not EU members have fewer regulations than countries involved in the European Union, resulting in greater pressure on the environment and contributing to the social irregularities of those countries.

Most countries have, one might say, become the victim of the resources at their disposal because they suffered a lot of pressure and exceeded their own mounting capacities. The World Tourism Organization is supporting a capacity defined as the maximum number of people that may visit a tourist destination at the same time, for it does not cause destruction of the physical, economic, socio-cultural environment and the reduction does not affect the satisfaction of visitors.

Tourism (within the EU) is the most suitable homogenizing factor in achieving the broader goals of economic and social development of the EU in general (Bakić O., 2005: 236).

The overarching challenge for the tourism in the EU is to remain competitive, but certainly in the long run, the very competitiveness depends on sustainability, since the intention of the European Union to affect the sustainability of tourism refers to the policy of economic support to countries that are in development. The central challenge for the EU and its tourism business is: how can we manage growth, which is expected in tourism over the next decade, and take into account the limitations of its resource base and which carries a capacity of recovery of these resources, while at the same time sector is commercially successful through a competitive quality development that takes into account the divergent developments in the various types of tourism and the creation of broader social and economic benefits? (<http://epp.eurostat.cec.eu.int>)

Sustainability aims to influence further business, encouraging the development of economic, social and environmental benefits, while ensuring sustainability and competitiveness. The key challenges are to ensure the quality of jobs, reducing the use of resources, support the campaign for sustainable tourism in the European Union, promoting sustainable transport and improving accessibility, all of which depend on the tourism sector (Action for More Sustainable European Tourism, Report of the Tourism Sustainability Group: 2007).

When we talk about the field of cultural tourism development, specific to the EU level, ICOMOS -International Council of Monuments and sites of cultural significance as a non-governmental organization of professionals in 1999 defined the International Cultural Tourism Charter, entitled "Management of tourism in places of significance for cultural inheritance. Accordingly, the cultural tourism (domestic and international) is seen as the main driving force of cultural exchange, which offers not only personal experience on the subject of inheritance from the past, but also of modern life. Target command is to attract conservators and those involved in culture to highlight elements of the cultural heritage of importance for both the local population and the tourist consumers, boost the tourism officials and promote and manage tourism in a way that does not damage the heritage and living cultures, and facilitate dialogue between these two categories. (<http://www.icomos.org/tourism/>)

Then, the goal in this dialogue includes the planners and those who formulate local development, which should develop measurable goals and strategies relating to the presentation and interpretation of cultural goods. Furthermore, the Charter stresses the need for heritage interpretation programs to explain the significance of a particular object / location, traditions or cultural practices both in their historical and contemporary context, and so in the context of life of local communities, including minorities or language groups (Nikočević L., 2008:12-13). Such thinking is built on the UNESCO Declaration on Cultural Diversity, adopted in 2001. Its goal is "to preserve cultural diversity as a living and therefore renewable value that cannot be seen as unchanging heritage but as a process guaranteeing the survival of humanity." Cultural differences and their dominant stereotypes often prevent tourists to truly understand the hosts, and organize a sort of "sentimental education" of future tourists, as mentioned in the Action Plan of the Declaration on Cultural Diversity indeed makes it necessary. This declaration received its elaboration in the Convention on the Protection of discrepancy.

## Types of funds to finance cultural tourism at EU level

### Structural funds:

- geographical focus
- does not require partners
- based on the local decision-making
- open access to large financial resources
- focus on major works or activity

### Transnational funds:

- pan-European focus
- partners from different countries
- decision that is not on the local level
- open access to small or medium-sized funds
- focus on projects (mostly 1-3 years)

Source: Jelinčić A.D., Institut za međunarodne odnose, Zagreb, *Kulturni turizam kroz fondove Europske unije*, Rab, 2007., page 3.

In the beginning, it is not possible to find a fund that is dedicated exclusively to cultural tourism and that would be easy to apply and seek funds for your own project. Thus, in the first place, you must become familiar with the culture and tourism sectors, bearing in mind the above two types of funds.

The fundamental fund for financing culture within the European Union's Culture 2000 is in force from 2000, 2006, with the overall budget of 236.5 million euros. This is a transnational fund because it deals with the EU, rather than national projects. National projects are not funded, but national authorities can be involved in the implementation of projects at national or regional level. Funding is provided for cultural cooperation projects in the fields of art (visual arts, literature, heritage, cultural historiography etc.). In addition to Culture 2000, transnational funds are provided also for Media Plus, Leonardo da Vinci, Socrates, Youth, Life III (environment), New Technologies and Research and some other programs such as the program of minority languages and programs that support linking with non-member countries. However, in some Member States the greatest part of funding for culture coming from EU funds often come precisely from the Structural Funds (it is evident that some of these programs do not have the name or, according to orientation, are not related to culture, not to tourism, following certain criteria it is still possible to apply for them with that theme):

1. The European Fund for Guidance and Guarantee agriculture;
2. The European Regional Development Fund;
3. The European Social Fund;
4. Financial Instrument for Fisheries Guidance.

When we talk about programs that are financed from EU structural funds from 2000, 2006, serious space received initiatives related to cultural heritage and tourism. How projects that have explicit cultural and tourist character help create jobs, have a special potential for competing companies and are integrated into regional or local development strategy, such funding is directed precisely on the programs of this nature. Such projects are channeled through the structural funds over the following instruments:

5. On the basis of the so-called Mainstream national program
6. On the basis of the so-called Commission Community Initiative programs
7. On the basis of the so-called innovative measures by the European Regional Development Fund (ERDF) and European Social Fund (ESF), which is administered directly by the European Commission.

Within Mainstream national program funding is channeled through the so-called Operational Programs (OP), which were developed under the support of the community or the so-called unique programming documents negotiated with the Member States on the basis of their national or regional strategy.

### **Cultural resources as a basis for sustainable development of tourism**

Cultural resources of a tourist destination consist of movable and immovable objects as well as objects and objects of historical, archaeological, artistic, aesthetic, ethnological or cultural values (Županović I., 2011:152). Cultural resources are the folklore of a nation as well as its tangible or intangible identity, and form part of the world cultural heritage (Reisenger Y.,2009:70). What cultural resources to be promoted as a tourist destination is primarily a comparative advantage, in the form of its authenticity, because the cultures are different and we can never talk about the cultural competition but only about the tastes of tourists are trying to draw on this basis. At the level of Kotor tourist destinations, the priority should be the cultural and historical heritage and cultural events. The fact that the threat of cultural property in the urban core of Kotor testifies to the necessity of expulsion to the forefront of the

product development and integrated product basing on the mentioned. Observed monuments represent a continuity of the civilization of Greco-Roman to the modern times. There are Greek and Roman antiquities in Kotor, Risan and the Prevlaka, a Illyrian Risan. The administration of the above, Bakić and others describe as tourist products of the future. It is indicated that national and local tourist organizations need to pay attention and focus on (Unković S., Čačić K., Bakić O., Popesku J., 1991: 235-236):

- The abundant inclusion in the offer of museums, galleries and monuments;
- The promotion of old cities;
- Various cultural and historical diversity, specificity and uniqueness (language, traditions, gastronomy, folklore, etc.).
- A variety of cultural and historical monuments (cathedrals, castles, etc.).

The main motive for initiating travel codes of consumers of tourism services is to introduce unfamiliar cultures and traditions (Swarbroke J., Beard C., Leckie S., Pomfret G., 2003: 63). All these may form the basis for the "so-called built attraction" at the site of Kotor. Since the listed tourist destination is abundant with the above-mentioned elements, it is necessary to define the strategy conceptualized basics marketing appeal, and the rarity of these neglected to create a competitive advantage compared to other regions. In accordance with the cultural motivation of tourists travel, typology of cultural tourism could be developed according to the degree of motivation (Županović I., 2011: 87):

- Primary: if tourists are visiting a particular destination exclusively with the sole intention to participate in its cultural life, we talk about the primary motivations.
- Casual: a casual motivation of consumers of travel to a particular destination points from another primary motive, and cultural life has only secondary importance. This customer has no intention of visiting cultural events, but this was not the primary motive.
- Random: accidental motivation called the situation where tourists generally have no intention of getting to know the culture of the place, but during their stay in contact with local people and their culture.

Robert Mc Kercher, talks about the mutual benefits of economic development and tourism development on the basis of cultural and historical heritage. Author emphasizes the sustainable development of tourist regions based on a genuine partnership in these two areas and



integrative approach in theory and practice. How to enable practitioners to cultural and historical heritage tourism to grow into potential? Primarily, the following are necessary (Mc Kercher R., 2002.: 29 - 38):

- to position, or create a brand image built on the opportunity to meet and educate tourists with the culture of a region;
- travel consumers are properly informed about the existing attractiveness;
- to point out the availability of the site in this case and possibly Kotor Bay of Kotor, to create properly the remaining range of tourist attractions.

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Cultural tourism respectively, based on incorporating the aforementioned cultural tourism offer can be defined as:

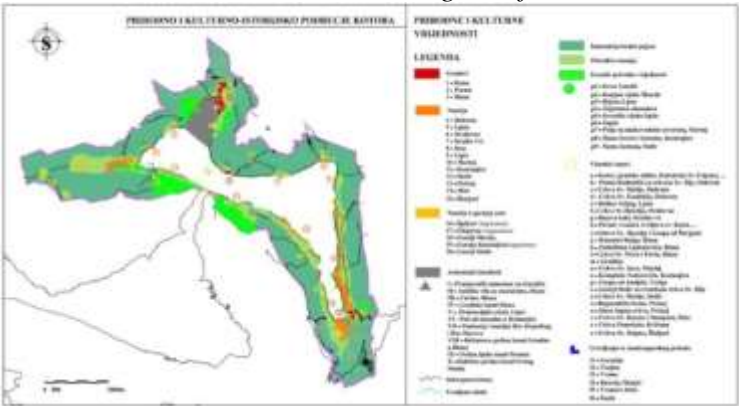
- cultural tourism means the movement of people caused by the cultural attractions outside their usual place of residence with the intention of gathering new information and experiences to satisfy their cultural needs;
- cultural tourism is a genre of special interest tourism which is based on looking to participate in new and significant cultural experiences, whether aesthetic, intellectual, emotional or psychological;
- cultural tourism is a form of tourism whose purpose is, among other things, the discovery of monuments and sites. Therefore, it has positive effects on the same extent that contributes to their maintenance and preservation. This form of tourism justifies in fact the efforts that the said maintenance and preservation require human community because of the socio-cultural and economic benefits that they bring to the population. (ICOMOS's Charter on Cultural Tourism, 1976).

In the context of competitiveness, cultural tourism is one of the largest and fastest growing tourist markets. Culture and creative industries are increasingly used for promotion of their destinations and increasing the competitiveness and attractiveness. Many destinations are actively developing opus tangible and intangible cultural assets as a means of developing competitive advantage in an increasingly competitive tourism market, or to create an authentic, no image in the global tourism market. The importance of insightful and inclusive cultural policy that acknowledges such legitimisation of difference is crucial in spaces of contested identity and multiple heritage(s) (Robinson M.,Smith M., 2005:48). It should be noted that the development of this type of tourism

at the level of tourist destinations Kotor was founded on the basis of the Strategic Development Plan of the Municipality of Kotor 2013-2017, and as part of this document:

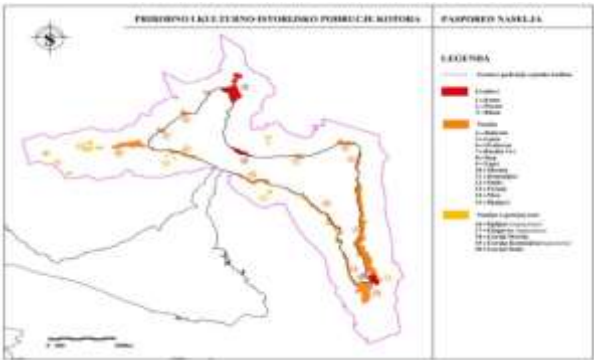
- strategic priority 2: improving economic activity,
- action 3: Development of excursion, marine, event and sports tourism and
- Segment 2.3.3: Creating a new concept of cultural facilities and programs for tourism purposes.

Table 2: *Natural and cultural-historical region of Kotor*



Source: *Ministarstvo kulture Vlade Crne Gore, Menadžment plan prirodnog i kulturno-istorijskog područja Kotora, Cetinje, 2011., strana 51.*

Table 3: *Natural and cultural-historical region of Kotor-distribution of settlements*



Source: *Ministarstvo kulture Vlade Crne Gore, Menadžment plan prirodnog i kulturno-istorijskog područja Kotora, Cetinje, 2011., strana 65.*

The Convention on the Protection of Cultural and Natural Heritage of 1974, which was ratified by Yugoslavia, specifies the procedure, methodology, criteria and verification, for the detection of world importance of cultural and natural heritage which is confirmed by registration on the UNESCO World Cultural and Natural Heritage (Pasinović M, 2001: 48-50). The International Committee for entry into the world and cultural heritage of UNESCO, at its session in Cairo and Luxor from 22 to 26 October 1979, accepted the proposal of the Bureau for registration of Kotor and its cultural and natural assets in the world natural and cultural heritage. The main reasons why the Kotor was added to the world cultural heritage of UNESCO include:

- a) the fact that this area was exposed to catastrophic earthquakes in the past and there is also a danger of the future natural disasters that would irreversibly damage a large fund of cultural and historical heritage, it is crucial to have influenced the making of that decision;
- b) dilapidation of monuments by time, has necessitated a complete repair, restoration, reconstruction and conservation. By the acceptance of Kotor as a monument of World Heritage the real material and financial conditions of these works to be carried out were acquired.

Scheyvens indicates a complete set of benefits arising from the formation of protected destinations (areas that are indigenous, unique, rare and universal whole, that because of these reasons require material and financial protection, regular repair, restoration, etc.) (Scheyvnes R., 1998: 90):

1. Global benefits:
  - The global benefits lead to a healthier planet for all;
  - Biological diversity stimulates understanding of the benefits of natural resources.
2. Use at the national level:
  - Financial salaries for management of parks and reserves;
  - regarding the arrival of foreign consumers with "deeper pockets";
  - The thing constructive benefiting from land that is not provided for agriculture;
  - Keeps to a positive image of the country.
3. Use at the local level:
  - stimulates local entrepreneurship such as utility systems, travel agencies, handicrafts;
  - Generates employment in tourism, associative services and resource management;

- improves local infrastructure including roads and telecommunications;
- stimulates the economy;
- keeps towards diversification in the local economy, finding alternative options, such as in agriculture.

Based on the analysis of the benefits of having a protected place that Scheyvens presents, but also from the analysis of the criteria required by UNESCO when entering the world and cultural heritage, we can conclude that a protected place, exploiting their specificities, enables financial and other benefits from the local population to the national economy. Also, the title of "protected destinations" enables the creation of material and financial preconditions for the renewal and modernization of those cultural and historic buildings.

### **Reflections of cultural events of the development of tourist destinations for further measures proposed in corporation into the tourist offer of Kotor**

When we talk about the reflections of cultural events in the development of tourism the following advantages should be emphasized:

- Cultural events and music festivals are well in time and space, especially the carnivals that begin in the spring and thus stimulate the pre-season, with a wealth of cultural events during the summer that enrich tourist offer, and various celebrations during the autumn.
- The characteristic of cultural events are well-designed and with quality programs.
- The festivals have become a kind of brand;
- Cultural and entertainment events are relatively well attended, where most of the major market locally and regionally, and with respect to existing programs and infrastructure, there is a tendency to increase the number of visitors.
- Business is relatively better oriented to the museums and galleries, which is partly a reflection of the way of financing, with the more recent festivals becoming more successful in finding sponsors, so they are less dependent on budgetary resources.
- Cultural events and festivals are the second most popular form of cultural activities of domestic tourists during the one-day trip.
- Availability of cultural events and manifestations.

There are also certain negative reflections, and issues affecting the tourism potential of cultural events and systemic involvement in cultural offer destinations:

- Lack of supporting facilities and services that achieves visitors consumption.
- Focus on the program of events whereby neglecting other facilities.
- Lack of continuous training of the organizers of those events.
- The lack of involvement in the packages.
- A focus on local and regional markets.
- Unstable funding, which leads to a condition that a program of cultural events is known shortly before the events beginning.
- Due to the lack of general orientation on the development of cultural tourism and its transformation into a cultural tourism product, individual marketing and promotional activities remain poorly supported.

Integration of cultural events in the integrated tourist product destination is very difficult to achieve without a good organization at both local and regional, and national level, which would give guidelines for the development of cultural tourism product and encouraged the said development through technical and financial support. The OECD case studies indicate that regional cultural tourism products are usually developed to create a focus for collaboration between the tourism and cultural sectors, to improve the image of the region or to spread tourists across the region. The main strategies that have been utilised for these ends are the creation of cultural routes, creation of themed products and cultural events (OECD,2009:54-55).

### **Measures and priorities in the field of cultural development of the integrated product of Kotor**

The measures or priorities that would contribute to the development of an integrated cultural tourism product should be ([www.croatia.hr/strategija\\_razvoja\\_kulturnog\\_turizma](http://www.croatia.hr/strategija_razvoja_kulturnog_turizma)):

- To create a positive environment which initiates the development of cultural tourism products;
- To establish a system of organization and mechanisms of intersectional cooperation;
- To raise the level of knowledge and skills necessary for the development of quality tourism products;

- To raise the level of interpretation, equipment and quality cultural tourism products;
- To improve the system of information flow, promotion and distribution of cultural tourism products.

However, with the involvement of cultural content in the tourist offer where the total should be cautious in terms of maximum possible negative connotations, Vrtiprah defines the following (Vrtiprah V., 2006.: 290):

- Using culture in the promotion of tourist destinations needs to be careful, especially in the context of growing global interest in typical national and regional culture in many areas (which can be a reaction to the increasing globalization of product markets).
- The commercialization of cultural life in an area can lead to disempowerment and alienation of people, who have a depth and a greater right to produce and express their culture, but visitors and tourism marketers that serve their needs. This problem is especially evident in small historic towns with narrow streets and compact old buildings, surrounded by walls (such as Kotor).

In terms of market focus, Kotor tourist destination in terms of cultural tourism development should be on (identified at the level of Kvarner tourist destination, due to the compatibility of tourism products can absolutely be transposed to a tourist destination Kotor) (Turistička zajednica Kvarnera i Institut za turizam, 2009:5-6):

a. Factors in the area of provision of services:

- Offer interactive content: The objective is the design of such products, (example: tours, sightseeing, events, gastronomy) to the visitors “drawn into the story”, and that will allow guests not only to “watch”, but also “the participating”. In a sense there is an urgent need to revitalize the city walls of Kotor. Arranging this unique fortification system with walls 4.5 km long, which completely surround the city, should be that capital investment at local and national level. As in the neighboring Dubrovnik, in 2010 with sold 760,000 tickets priced at 70 kunas (approx. 9.3 million) (Horwath HTL., 2011:111), which implies that the realization of a more serious level of income, such as that, created space for the reinvestment of these funds in other tourist development projects. Afterwards revitalization of the St. Ivan Fortress, as well as the rehabilitation and revitalization of the structures within it, the

construction of hospitality and tourism and communication infrastructure, as well as wider zone covers as a potential cultural center, as well as rural tourism.

- Offer educational content: It is the educational elements that can vary from information (billboards, printed flyers) to “do it yourself” activities (for example: courses, tastings). Binding of the local heritage contributes to the feeling of authenticity which is an advantage.
- Meeting multiple needs: Developing cultural tourism products to meet different customer motives, for example education, but also entertainment. In this regard, serious market niche should be the hosts in the domain of cruise industry (cca.314.961 passengers annually in 2013, which is 29% more than in 2012).
- Availability of information: covering interpretation facilities (plates, panels), through the code in museums to creative guides accompanying tours, trips or tours. Possible availability of the various media (print, electronic).
- Innovation: Continuing to innovate ways of presentation, originality, an interesting view or interpretation of the theme. It is expected, for example, that a given event every year gets better (bigger, more exciting, with famous guests) than in the previous period. This primarily refers to cultural events, which must be subjected to the process of branding in order to profile Kotor as a manifestation of cultural tourism destinations.
- Offer an integrated package: attractions to visit, but also transport, accommodation, food, management, scheduling of content and other organizational aspects shall function as a package. In this area special emphasis is on the further development of a model urban tourist cards in the function of the involvement of cultural tourism. Copenhagen card allows free admission to over 60 museums and other sights of Copenhagen, and free public transport by bus and rail, with a discount for entry into other museums. Special focus should be on engaging visit the Roman mosaics in Risan, primarily due to the fact that this is the site outside the inner core of the city, where activities in the field of cultural tourism are mainly performed. It should be reminded that as a part of the cultural heritage of the municipality, "Roman mosaics" are interesting in a number of tourists, in 2013 were visited by approximately 19.5 thousand tourists.

- Adequate promotion of integrated cultural products, primarily by using ICT technology, to illustrate: National Tourist Office of Spain offer of cultural tourism products stand out in the following manner (Institut za turizam, 2009:93-94):
- in the main menu on the front page under the heading 'What to do' there is a shared menu where you can select 'events and festivals' and 'arts and culture';
- under the heading 'events and festivals' highlighted are the city / destination that celebrates;
- anniversary (Tarragona city which is protected by UNESCO);
- in the same section there is possibility to search for events with a selection of places, activities, themes and sub-themes of this date;
- the board's "art and culture" menu is divided into: museums, monuments, monumental cities, cities under the world protection, parks and gardens. For each topic there is offered the ability to search by name or location (except for the cities under the protection where it offers List) and the possibility of a location on the map.

b. Factors in the area of market segmentation and targeting emitting groups:

Sociological analysis of cultural participation has identified a number of key variables which can to a large extent explain differences in cultural consumption between individuals. The basic variables identified include education, income, occupation and age (Richards G.,2005:39). As per TOMAS research (Marušić Z., Tomljanović R., 2008:12-29), a key source markets in terms of age are:

- 'CULTURAL ':
- MATURE AGE:
- YOUNG COUPLE (25-35):
- THIRD AGE (65+)

Education structure of consumers in the field of cultural tourism is following:

- Primary school = 1.8%
- High school = 34.8%
- College = 24.4%
- Faculty and master level = 38.1%

Izvor: Marušić Z.,Tomljanović R., Institut za turizam, *TOMAS-Kulturni turizam*, 2008,Varaždin, 2010.,strana 12.



## Conclusion

The development of an integrated cultural product should go in several directions on the basis of interconnection and marketing activities in the construction/infrastructure revitalization. So, this primarily refers to the revitalization of fortification facilities, adequate promotion of the same, and ultimately revenue aspects. In parallel, with those working on the branding of cultural and entertainment events, with the aim of positioning Kotor as a place of high-quality cultural and event tourism. Then, take advantage of maximum quantum of guests from cruise industry and create an integrated tourism product, which would include all the elements of cultural tourism and entertainment events.

In all of the aforementioned segments the key age groups are accounted for, which should be directed towards the integrated tourist offer. This high in the field of cultural tourism to promote maximum by ICT technologies, either through a specific module on the portal of the local tourist organization, or through the presence on sites of global importance in the field of marketing activities associated with cultural tourism. In the area of financing projects in the range of cultural tourism at the level of Kotor, it is important to consider the cluster market approach to neighboring countries, EU member states, in order to facilitate their access to structural funds and transnational.

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# TOURIST PRODUCTS IN THE FUNCTION OF IMPROVING COMPETITIVENESS OF SERBIA AS A TOURIST DESTINATION

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## Abstract

*Serbia disposes of natural, cultural and historical resources which represent the basis for the development of attractive tourism products. Nevertheless, Serbia as a tourist destination is not competitive on the international tourist market. Although the number of foreign tourists slightly increases year by year, the data of the World Economic Forum (WEF) show that Serbia is at the bottom of the scale in terms of competitiveness as a tourist destination in Europe. This paper aims to identify key tourism products of Serbia that can improve the competitiveness of Serbia as a tourist destination in the international market. In this paper the tourist traffic will be analyzed, as well as the position of Serbia as a tourist destination in Europe and worldwide. Special contribution of the paper is reflected in the proposal of measures for the future development of tourism in Serbia, with the aim of its better positioning in the international market.*

**Key Words:** *tourism products, competitiveness, Serbia, tourist destination, international market*

**JEL classification:** Z32, L83

## Introduction

As the most dynamic and heterogeneous phenomenon of modern society, tourism should be a long-term priority of economic development of each country as it represents one of the most remarkable economic and social phenomena of the XXI century. Tourism is one of the factors of growth of

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the world economy, the biggest export "industry", a significant factor in foreign exchange earnings and a source of added value of undeveloped areas (Hrabovski-Tomić & Milićević, 2012). According to the World Travel and Tourism Council the total contribution of the tourism industry in the global GDP in 2015 was 9.8%. Every 11 jobs in the world belong to the tourist activity (WTTC, Travel&Tourism Economic Impact 2016, World). The total number of international tourists in the world in 2015 amounted to 1,186 million (4.6% more than in 2014), while total revenue from international tourism increased by 4.4% and amounted to 1.260 billion USD (UNWTO Tourism Highlights, 2016 Edition). Such development of international tourism evolved in constant growth of tourism role in overall economic development of most countries over the world (Petrović & Milićević, 2015). Tourism significantly contributes to the economic, social and cultural development of many countries, especially the development of transition countries (Zdravković & Petrović, 2013). However, tourism market is characterized by an extreme glut. In tourism, continuous innovation of tourism offer is required because the development of the world economy, as well as the tourism development happens in a very turbulent environment (Krstić et al., 2015), and because tourists today increasingly strive for new tourism products, new destinations, new adventures and experiences. New experiences have become the main motive for a decision on tourism travel (Milićević & Petrović, 2016).

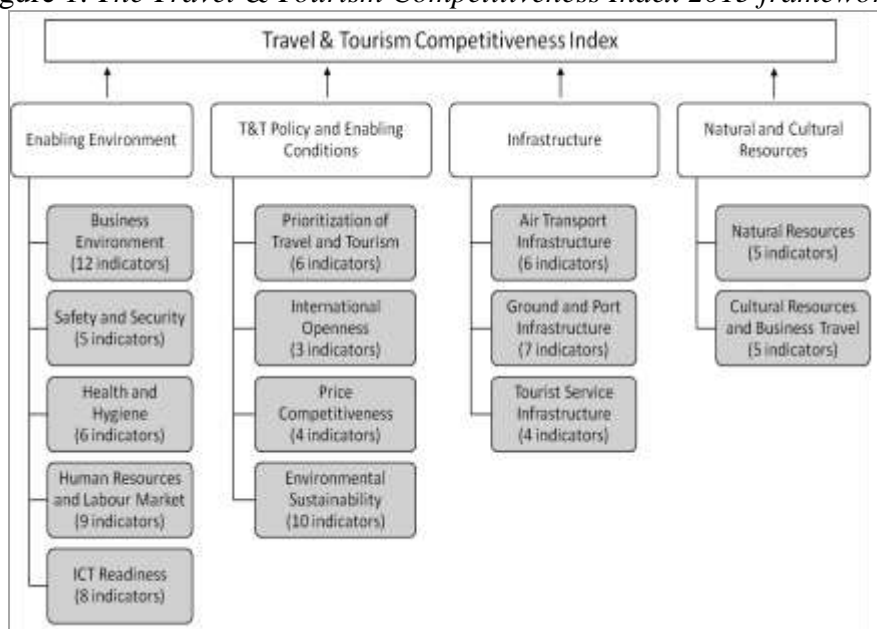
The concept of competitiveness at the country level was first introduced by Porter (1990), through the model of competitiveness of the national economy (Petrović et al., 2016). The competitiveness of countries as tourism destinations, especially transition countries, became vital for their survival and growth in the international market (Echtner & Ritchie, 2003). Kozak and Rimmington (1999) believe that destination competitiveness can be evaluated quantitatively and qualitatively; in quantitative terms, this refers to the number of tourists who visited the destination or tourism spending, while in qualitative terms, this includes those destination attributes which tourists enjoyed most (or least) during their stay at the destination, which they compare with the attributes and experience at other destinations they visited.

Serbia, as a country with rich cultural and historical heritage and preserved natural resources, has comparative advantages for tourism development. In addition to prehistoric archaeological sites, ancient heritage, numerous monuments and fortresses, Serbia also has medieval

churches and monasteries, some of which ranked in the UNESCO cultural heritage. It has mountains, rivers, lakes, mineral springs, national parks, etc. Although continental, it also has the connection with distant seas as well through the River Danube. It connects Western Europe and the Middle East, and therefore has geopolitical importance, and no wonder that for centuries it has been the target of invaders. Despite its many attractions, Serbian tourist products are not adequately developed nor commercialized in the international tourism market because the tourism as an industry has never had a strategic importance in the development policy of Serbia (Milovanović & Milićević, 2014).

### Analysis of competitiveness of Serbia as a tourist destination

Figure 1: *The Travel & Tourism Competitiveness Index 2015 framework*



Source: WEF, *The Travel & Tourism Competitiveness Report, 2015*, p. 4

For the purpose of determining and comparing the competitiveness of the countries as tourist destinations, the World Economic Forum (WEF) made the Travel & Tourism Competitiveness Index (TTCI) (Figure 1). The TTCI measures the set of factors and policies that enable the sustainable development of the Travel & Tourism (T&T) sector, which in turn, contributes to the development and competitiveness of a country. It comprises four subindexes (Enabling Environment; T&T Policy and Enabling Conditions; Infrastructure; Natural and Cultural Resources), 14

pillars, and 90 individual indicators, distributed among the different pillars (WEF, The Travel & Tourism Competitiveness Report 2015).

Table 1 shows the value of the index of competitiveness of Serbia as a tourist destination in the period from 2008 to 2015. Based on the data, we can conclude that the value of this index is the lowest in 2015 when Serbia was ranked 95th in the world and 35th in Europe. Serbia as a tourist destination has a particularly poor competitive position within Europe, where only Albania and Moldova have lower competitive position (WEF, The Travel & Tourism Competitiveness Report, 2015).

Table 1: *Tourism Competitiveness of Serbia – Global and European level*

	2015	2013	2011	2009	2008
Rank in world	95/141	89/140	82/139	88/133	78/130
Index (world)	3,34/7	3,78/7	3,85/7	3,71/7	3,76/7
Rank in Europe	35/37	40/42	38/42	38/42	37/42

Source: WEF, *The Travel & Tourism Competitiveness Report for 2015, 2013, 2011, 2009, and 2008*

Serbia has a particularly poor competitive position in the following indicators: Cultural Resources and Business Travel (1,61), Natural Resources (1,9) and Air Transport Infrastructure (2,13). Serbia is more competitive in the field of Health and Hygiene (6,04), Safety and Security (5,46), Price Competitiveness (4,56) and ICT Readiness (4,45).

When comparing tourist destinations, it is necessary to determine which destinations are the key competitors (Enright & Newton, 2004). Starting from the geographical position of Serbia and the simultaneous affiliation both to the Balkans and Central European cultural circle, while respecting the existing resource base of Serbia, there is no doubt that Bulgaria, Romania, Czech Republic, Slovakia and Hungary, are its main competitors in the tourism (Tourism Development Strategy of Serbia, the first phase report, 2005). Based on the reviews given in Table 2, it can be concluded that Serbia lags far behind its competitors and that by all indicators it is behind all the countries that make up the competitive set.

Table 2: *Tourism Competitiveness of Serbia in relation to its main competitors in 2015*

	Index (world)	Rank in world
Czech Republic	4,22	21
Hungary	4,14	41
Bulgaria	4,05	49
Slovak Republic	3,84	61
Romania	3,78	66
Serbia	3,34	95

Source: WEF, *The Travel & Tourism Competitiveness Report, 2015*

### **Analysis of tourist traffic of Serbia**

Most often, the success of the tourism industry is measured by quantitative indicators such as number of domestic and foreign tourists and the number of realized overnight stays. Despite its tourism resources, the tourism of Serbia is still underdeveloped. Serbia has not yet built an identity that makes it special and unique setting it apart from other destinations, making it special for tourists to choose it. In addition, Serbia in most of the world has a bad image, particularly in the major tourist generating areas. The images and information pertaining to Serbia in the last 25 years (the breakup of Yugoslavia, war environment, the bombing of Serbia in 1999, political instability, etc.) have a distinctly negative connotation, and are certainly not the motivational force that will bring a large number of foreign tourists to Serbia (Milovanović & Milićević, 2014).

Table 3: *Tourist traffic in Serbia for the period 2011 - 2015*

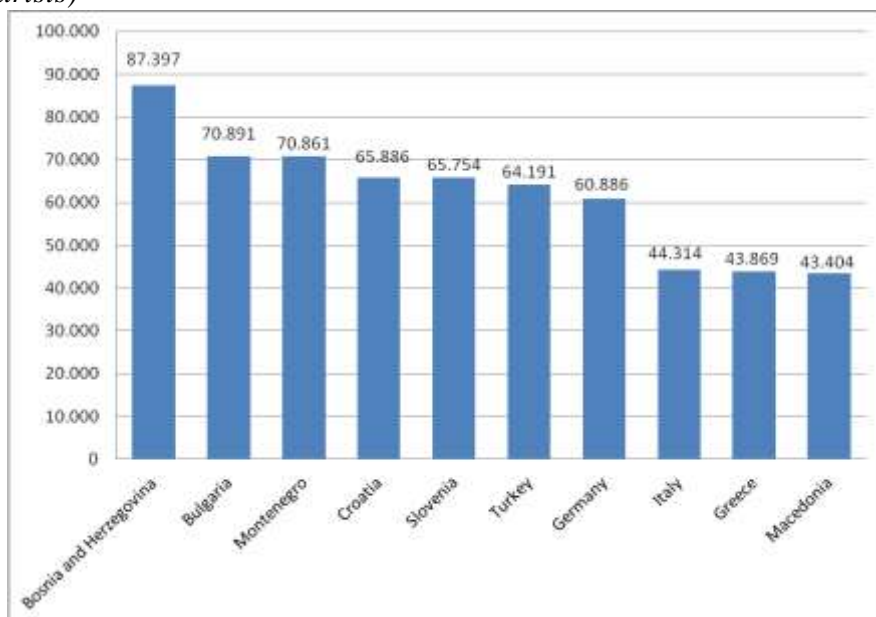
Year	Tourists arrivals - Total	Tourists Arrivals - Domestic	Tourists Arrivals - Foreign	Tourists Nights - Total	Tourists Nights - Domestic	Tourists Nights - Foreign
2011.	2.068.610	1.304.443	764.167	6.644.738	5.001.684	1.643.054
2012.	2.079.643	1.269.676	809.967	6.484.702	4.688.485	1.796.217
2013.	2.192.435	1.270.667	921.768	6.567.460	4.579.067	1.988.393
2014.	2.192.268	1.163.536	1.028.732	6.086.275	3.925.221	2.161.054
2015.	2.437.165	1.304.944	1.132.221	6.651.852	4.242.172	2.409.680

Source: *Statistical Office of the Republic of Serbia, Statistical Yearbook – data for each years*



According to the data from Table 3, it can be concluded that although domestic tourists dominate in the total tourist traffic of Serbia, the number of foreign tourists every year recorded a slight growth. Foreign tourists made 46.5% of total tourists and 36% of the total number of overnight stays in 2015. Of the nearly 2.5 million tourists who visited Serbia in 2015, over 1.1 million are foreign tourists, in contrast to 2011, when there were around 760 thousand.

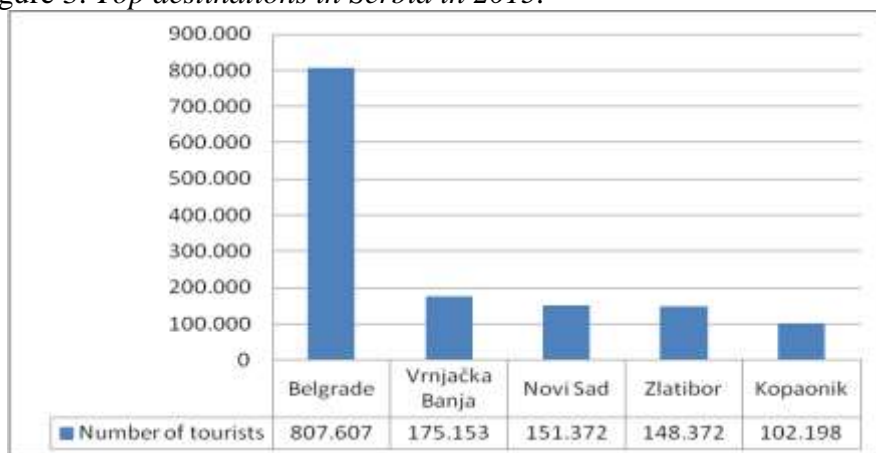
Figure 2: *The main emissive markets for Serbia in 2015 (number of tourists)*



Source: *Statistical Office of the Republic of Serbia, Statistical Yearbook 2016*

Regarding the structure of foreign tourists, as shown in Figure 2, visitors from the former republics of the former Yugoslavia, are a major generator of tourism demand in Serbia. Most foreign visitors in 2015 came from Bosnia and Herzegovina, Montenegro, Croatia and Slovenia. However, the significant share of tourists from Bulgaria, Turkey, Germany, Italy and Greece, which increases every year, should be noted as well.

Figure 3: *Top destinations in Serbia in 2015.*



Source: *Statistical Office of the Republic of Serbia, Statistical Yearbook 2016*

The most visited tourist destinations in Serbia are Belgrade, Vrnjačka Banja, Novi Sad, Zlatibor and Kopaonik. These are the destinations dominating for years by the number of domestic and foreign tourists.

### **Tourism products in the function of improvement of competitiveness of Serbia as a tourist destination**

Tourism products that could contribute to the development of tourism in Serbia, as well as to the improvement of its competitiveness in the international tourism market are (Tourism Development Strategy of the Republic of Serbia for the period 2016-2025): City Tourism; Manifestations/Events; Mountain tourism; Health tourism; Themed routes; Rural tourism; Nautical tourism; *MICE* tourism; Cultural heritage; Special interests; Transit tourism. The importance of these tourism products results from the growing volume of demand and the relatively high average consumption per day of stay. These are the products that can give the best effect with minimal effort, in shortest time. Below is the brief description of each of the listed products, and the measures that should be applied for the purpose of their development, and improvement of the competitiveness of Serbia.

**City Tourism** - the most visited tourist destination in Serbia is definitely Belgrade. The basis for positioning Belgrade on the international tourism market is based on the range of benefits it disposes of, namely: favorable

geographical position, a wealth of cultural and historical monuments, natural resources, tourist attractions, events, numerous various accommodation facilities, capacities for the development of *MICE* tourism, developed image of the city as fun and having a good time city. Besides Belgrade, city tourism is also developed in Novi Sad, which is the cultural center of Vojvodina. Fostering development of tourism in other cities in Serbia, would contribute to the development of these cities as tourist destinations and increase of traffic in them, as well as at the level of Serbia. The recognizability of other cities and promotion of their tourism offer would contribute to improving the competitiveness of Serbia as a tourist destination.

**MICE tourism** - Belgrade is the most developed destination of MICE tourism in Serbia. It has facilities that are necessary for the organization of large meetings, conventions and trade shows (Sava Centar, Kombank Arena, Belgrade Fair, EXPO XXI), as well as the hotels that provide quality services, including the hotels of international hotel chains (Radisson Blu, Crowne Plaza, Falkensteiner, Holiday Inn, Best Western, Marriott), which in its offer have conference facilities. The comparative advantage of Belgrade as a destination of MICE tourism is reflected in pricing competitiveness in relation to European congress centers, transport accessibility, as well as in the rich offer in the sphere of culture, gastronomy and entertainment. Other destinations in Serbia that have a developed MICE tourism are: Novi Sad, Subotica, Palić, Niš, Zlatibor, Kopaonik, Arandelovac and Vrnjačka Banja. They have potentials for organizing national and regional conferences. However, in these destinations it is necessary to work on improving the quality of existing accommodation and conference offerings, and the overall service quality.

**Health tourism** - Serbia has more than 1000 sources of cold and hot mineral water, as well as the wealth of natural mineral gases and curative mud. It has 50 spa and health resorts (Stanković, 2010). Basic comparative advantages of Serbian spa tourism are reflected in the rich natural medicinal resources, rich cultural and historical heritage, long balneological tradition, quality medical staff, skilled techniques of treatment, relatively low prices for accommodation and treatment, variety of events complementing the stay of visitors. On the other hand, inadequate transport and utility infrastructure, a large representation of outdated offer, inadequate health tourism products, lack of awareness of health tourism in line with current market trends, etc., are slowing down the positioning of medical tourism Serbia in the international market

(Milićević, 2013). The basic characteristics of spa tourism of Serbia is the dominance of domestic visitors, while foreign visitors account for only 16% of tourist traffic, which only confirms that Serbian spas are not competitive on the international market (Milićević & Petrović, 2016). The offer in spas should be supplemented with more sports and recreational, cultural, entertainment and *spa&wellness* contents. Guests at spas should not only be the patients, but also healthy guests who want to stay in the spa for rest and relaxation (Milićević, 2015). The most visited spa in Serbia is Vrnjačka Banja. However, its primary visitors are domestic tourists, which indicates that it is lagging behind the well-known spas in the region with its offer, and therefore is not competitive on the international market (Hrabovski-Tomić & Milićević, 2012).

**Mountain tourism** - Serbia has significant opportunities for the development of tourism in the mountains. The most visited winter mountain center of Serbia is Kopaonik, which has the most developed offer for winter sports, but also a varied summer sports and recreational offer. Stara Planina has great potential to become a major ski destination, but additional infrastructure and tourist offer is needed. Zlatibor offers a passive vacation, primarily intended for families with children, while for serious adventurers Tara offers a lot of possibilities, such as hiking or mountain biking, but it is certainly necessary to develop additional tourist offer in order to increase the number of tourists.

**Cultural tourism** - Serbia has a very rich collection of movable, immovable and intangible cultural heritage, which is a huge potential for the development of cultural tourism. Of the 200 monuments, which according to the national laws have the highest level of protection, ten of cultural monuments have been listed on *UNESCO's* World Heritage List: eight medieval Serbian monasteries and churches (Studenica, Petrova Crkva, Đurđevi Stupovi, Sopoćani, Gračanica, Bogordica Ljeviška, Pečka Patrijaršija, Visoki Dečani), the medieval town Ras and archaeological site *Felix Romuliana* in Gamzigrad near Zaječar (Ministry of Culture and Information of the Republic of Serbia, 2017). However, other cultural treasures of Serbia should be mentioned as well, such as: archaeological sites (Vinča, Lepenski Vir, etc.), medieval cities and fortifications (Kalemegdan, Petrovaradinska fortress, etc.), medieval monasteries (Žiča, Ljubostinja, Mileševa, etc.). Specialized tour operators can organize monastery tours, tours following the roads of Roman emperors, tours of *Transromanica* in Serbia, etc. However, many sites are poorly equipped

with infrastructure, they lack supporting facilities, basic information, signage, etc.

**Rural tourism** - Although solidly developed, especially in some parts of Vojvodina, Central and Western Serbia, rural tourism is still underdeveloped Serbian tourism product. The original nature, cultural and historical heritage, original architecture, authentic experience of life in the countryside (farm work, gatherings, local gastronomy), opportunities for active and passive vacation, would be the basis of an integrated rural tourism product of Serbia. However, it is important to create a positive climate and increase interest of the local people and businesses to be engaged in the development of this form of tourism. Accordingly, rural tourism can be a significant factor in the development of the villages of the municipality. The Kosjerić Municipality, which is rich in natural, cultural and historical wealth, but also manifestations, in which presenting the ethnographic values, traditional folk customs, costumes, folklore and cuisine, is increasingly becoming known for its rural tourism. Hospitable hosts of the villages began receiving guests in their homes two and a half decades ago (Milićević et al., 2015).

**Manifestation tourism** - In Serbia, numerous events are organized. They make tourist destinations especially attractive. Each event is a unique form of promotion of a destination in which it is organized. Especially interesting are the traditional events, through which the richness and diversity of folk creativity in Serbia is presented. The oldest tourist event in Serbia is "Karneval cveća" in Bela Crkva, which was first held in 1852. In Serbia there are two internationally renowned music festivals, *EXIT* in Novi Sad and *Dragačevski sabor trubača* (Dragačevo Trumpet Festival), which attract many foreign tourists. There are also very important cultural events with a decades-long duration: *FEST*, *BITEF*, *BELEF*, *Ljubičevske konjičke igre*, *Župska berba*, *Vukov sabor*, *Mokranjčevi dani*, etc. Gastronomic events organized throughout Serbia should certainly be noted (*Roštiljijada*, *Kupusijada*, *Pasuljijada*, *Slaninijada*, *Pršutijada*, etc.). Promotion and tourism propaganda of some important events in Serbia can contribute to increasing tourist traffic to destinations that are organizing these manifestations.

**Nautical tourism** - Although Serbia does not have a direct access to a sea, its rivers, lakes and canals, especially the Danube River, which connects Serbia with other countries and the Black Sea, are a great potential for development of nautical tourism (Štetić, 2003). The Danube

is the most popular river for cruises and numerous tour operators organize river cruisers docking in Belgrade and Novi Sad. Individual navigation on the rivers and canals of Serbia has not sufficiently been developed. The main disadvantages of the development of nautical tourism in Serbia mentioned include the lack of adequate infrastructure on the rivers (moorings, marinas, gas stations), insufficient accommodation facilities near the rivers to accommodate nautical tourists, the lack of specific information related to nautical tourism and incomplete image of the destination of nautical tourism.

**Ecotourism** - Serbia has 5 national parks, 17 nature parks, 20 areas with exceptional features, 68 nature reserves, 3 protected habitats, 310 nature monuments and 38 areas of cultural and historical significance (Institute for Nature Conservation of Serbia, 2017). This enormous potential is the basis for the development of ecotourism in Serbia, which has not been adequately developed yet. First of all, there is no quality infrastructure in national and natural parks, there is not enough educated staff for development of eco-tourism, and there is also a lack of interest of travel agencies for the tourism product. Bearing in mind the modern trends in the market, the primary task would refer to creating the Strategy for ecotourism development of Serbia, with the development of adequate standards (Kostić et al, 2016). The potential for development of ecotourism have a number of destinations in Vojvodina (the national park Fruška Gora, Deliblatska peščara, etc.), in Southeast Serbia (Đerdap National Park, Vlasina, Stara planina, etc.) and in Southwest Serbia (Nature Park Golija, Uvac River Canyon, National Parks Tara, Šarplanina, Kopaonik, etc.).

**Transit tourism** - Geo-traffic position of Serbia is very favorable for the development of transit tourism. Serbia is at the crossroads and represents a link between East and West. Of primary importance is the fact that passing through the territory of Serbia are two European corridors, i.e. naval corridor VII and land Corridor X (Štetić, 2003). Transit tourism is particularly pronounced in the summer months, when there is a greater frequency of traffic. The formation of an adequate tourism offer for this specific type of tourism, which includes a number of different types of services, is the question to which developed tourist countries attach great importance. Therefore, greater importance should be devoted to transit tourism in Serbia as well, in order to better valorize tourist facilities and achieve higher tourism earnings. This includes modernization of traffic arteries, development of modern rest areas, greater promotion, etc.

In addition to the aforementioned travel products, Serbia has the resources to offer a number of attractive products in the field of special interests: gastronomy, hunting, fishing, birdwatching, adventure tourism (mountain-biking, trekking, orienteering, etc.) and the like.

### **Measures for future positioning of Serbia in the international tourism market**

Based on the quantitative indicators, we can conclude that Serbia is lagging behind the other destinations in the region and that its tourism products are not competitive in the international tourism market. Serbia as a tourist destination could take a much better position in the international market, but it is necessary to adapt the tourist offer to the needs of modern tourists. In tourism, continuous innovation of tourist offer is necessary, because tourists today strive more and more for new tourism products, new destinations, new adventures and experiences.

In order to increase the competitiveness of Serbia in the international tourism market, some of the following measures can be applied:

- Establishing a regional Destination Management Organization, to deal with the coordination of development and improvement of tourism in the region. In this way, each region would more easily create a competitive tourist offer,
- Creating regional Tourism development strategies. This would gradually include less developed places from different regions into the international tourism market, through the development of specific forms of tourism,
- Creating and launching a modern and integrated tourist information system. The Internet is now a major tool of promotion and sales,
- A higher scope of promotional campaigns in the international tourism market,
- Modernization of existing accommodation facilities,
- Promotion of opportunities for investment in tourism development and the establishment of additional incentives for investors interested in the construction of new tourist facilities and content,
- Providing support to the preservation of existing cultural and natural attractions through the principles of sustainable development, i.e. through the development of eco-tourism,
- revitalization of urban cores and their inclusion in the tourist offer,

- Improvement of transport infrastructure and introduction of tourist signage and themed signs,
- Raising the quality of knowledge and skills in tourism, and other personnel who are indirectly involved in the development of tourism,
- Creating new attractions that can increase the coming of foreign tourists.

Successful and quality development of any destination in Serbia depends on organizing tourism both at the level of the whole country, as well as on the ability of mutual communication between the different interests of certain entities, which together contribute to the formation of the main tourist products Serbia.

### **Conclusion**

Despite the huge potential, Serbian tourist products are not competitive in the international tourism market. Based on the WEF report, according to the competitiveness in tourism Serbia is at 35th of 37 ranked countries in Europe. In recent years Serbia recorded a slight increase in foreign tourists, but in relation to tourism developed countries, it is certainly not enough. Tourism development could significantly contribute to economic development and the improvement of Serbia's image in the international community.

The main problems reflect in the fact that within the key tourist attractions, the initial offers were designed 20 years ago or earlier and due to the absence of Serbia in the international market remained non-modernized. The closed market has caused delays in the process of restructuring and privatization, and insufficient scales of investment, and consequently it did not come to the development of new and attractive tourism products.

The inherited tourism infrastructure was created primarily for the domestic tourism market, which is evident in the position of Serbia as a tourist destination in the region and throughout Europe. Frequent changes in tourism demand require great elasticity of tourist offer and constant improvement and therefore, quality management of tourism products and destinations as a whole is of great importance.



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## EXAMPLES OF ETNO AND ECO TOURISM IN THE REPUBLIC OF SRPSKA

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### Abstract

*Product development of eco and ethno tourism begins with the identification of local resources. Resources may not be as valuable as they are part of the World Heritage; it can be quite ordinary objects and resources from the daily life of local people. Local residents may need a help of experts from various authorities precisely because a large number of resources are so ordinary in the eyes of the local population. They often are not even aware that it could attract tourists. The market oriented approach to tourism, in principle, makes it easy to integrate, and even subordinate tourism policy to economic. Accordingly, the role of state in market economies is of a limited range and it reduces to a minimum security conditions for regular functioning of the market economy mechanism. The Republic of Srpska has a great potential for development of ethno and eco-tourism, which is still not properly valorized.*

Key Words: *ecotourism, ethno tourism, tourism market*

JEL classification: Z320

### Introduction

Tourism is a complex socio-economic phenomenon that causes many effects in the economy and society. Tourism attracts attention primarily because of the positive effects it has shown in the balance of payments of the countries that have hosted foreign tourists. The rapid development and popularization of tourist movements have caused that the effects of tourism, including the effects tourist destination are exposed to, are becoming more numerous and heterogeneous (Jović, 2006).

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The number and type of visitors, as well as geographical, ecological and socio-cultural characteristics of certain receptive field, affects destinations ability to absorb tourist activity. If the economic and social structure of the destination is more diversified, has more built capacities and contents that encourage the development of the tourism, it will be easier to locate and serve the additional number of new tourists over their usual number, more precisely, to organize new forms of touristic traffic. Geographical, environmental characteristics, land and landscape characteristics, economic and social structures, as well as the form of political organization, determine the limits within which tourism realizes its specific local results.

The touristic activity affects the subjects that exist and operate in a specific spatial unit, including local residents, investors, employees, etc. This applies, above all, to the prosperity of companies and businessmen involved in providing touristic services, construction of new entertainment and recreational facilities that can be used by both tourists and locals, creating new jobs that is stimulating for the overall economic growth, increased protection regarding the embellishment of tourist area where the extremely valuable areas are declares as protected natural goods, etc. However, the development of tourism affects the increase of price of goods, movable and immovable which negatively affects the local population, employment of seasonal workers from other countries and regions, access restriction and increased control of the individual objects and areas, such are beach tickets, destruction of the environment if the development wasn't intentionally designed and controlled. Therefore, the initiation and expansion of tourism leads to extremely complex changes in every touristic destination.

In order to properly react to the heterogenic effects of tourism development and the challenges it causes in the destination, it is necessary to build a good-quality monitoring system. A successful monitoring provides a possibility to the national and local entities, destination managers and touristic companies, to discover the unfavorable effects of tourism development that influence the local community and take appropriate measures and activities for their elimination or reduction and to collocate the advantages by a broader scale that will include a large number of interest groups in the destination. However, there is no universal solution, because the local specificities of touristic development, as well as the touristic type and activities they conduct in a destination differ. According to that, the basic task consists of defining a

clear and universal frame within which the influence of the tourism on different domestic population groups in a specific destination shall be analyzed in details. Such analysis shall serve as a groundwork to produce the most suitable development concept and selection of adequate instruments for its realization.

### **Tourist-geographical position of the Republic of Srpska**

The Republic of Srpska was proclaimed on 09. January 1992, and as an entity of Bosnia and Herzegovina verified with the Dayton Peace Agreement on 21/11/1995. It borders with the Republic of Serbia, Montenegro, the Republic of Croatia and the entity of the Federation of Bosnia and Herzegovina. The total length of the borders of the Republic of Serbian is about 2,170 km, of which 1,080 km refers to the demarcation with the Federation of Bosnia and Herzegovina ([www.wikipedia.org](http://www.wikipedia.org)).

The territory of the Republic of Srpska is between 42° 33' and 45° 16' north latitude and 16° 11' and 19° 37' east longitude. It covers northern and eastern geographic space of Bosnia and Herzegovina. It has an area of 25,053 km<sup>2</sup> or 49% of the territory of Bosnia and Herzegovina with the population of 1,391,503<sup>3</sup> inhabitants. The official languages are Serbian, Croatian and Bosnian. Of religions are present Orthodox, Catholic, Islamic and a small percentage of others. Administrative headquarters of the Republic of Srpska is Banja Luka with about 250,000 inhabitants. The Republic of Srpska is located at the contact of two large natural - geographic and socio - economic regional wholes - Pannonia and Mediterranean. In transport - geographic terms, such position have a special importance because it is crossed by vital communication links. This is primarily related to a meridian line that interconnected river valleys of Bosna and Neretva, crossing the Dinars mountain complex, connects Central European and Mediterranean macro-region.

Tourist-geographical position defines the dynamic spatial element that is closely associated with the development of the road network and transport equipment as well as the influence of the spatial distribution of contractile and dispersion zones (Gnjato et al., 2005).

This position allows high transition north-south direction and east-west direction and brings a new transit-tourist value to the tourist potential of

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3 Census of population 2013.

the Republic of Srpska. We can conclude that the Republic of Srpska has a relatively favorable tourist-geographical position that stimulating effect on the attractiveness and thus the initiation of tourist movements.

### **The natural-geographical characteristics**

In **geomorphology** prospect on the territory of the Republic of Srpska are replacing different forms. In the northern part of peripannonian, the hilly terrain are gradually lowered to the flat land with alluvial plains and river terraces that makes the most fertile part of the Republic of Srpska (Gnjato et al., 2005). In this area rise only a few isolated mountains: Kozara, Prosara, Motajica, Vučijak, Trebovac and northeastern branches of Majevica. To the south lowland space through hilly terrain becomes mountainous area that occupies most of the area of the Republic of Srpska.

Figure 1: *The Republic of Srpska*



Source: [http://www.visitmycountry.net/bosnia\\_herzegovina/bh/images/stories/geografija/bosna\\_i\\_hercegovina\\_reljef3.jpg](http://www.visitmycountry.net/bosnia_herzegovina/bh/images/stories/geografija/bosna_i_hercegovina_reljef3.jpg)



Bio-geographic characteristics of the Republic of Srpska are distinguished by exceptional richness and diversity of flora and fauna, which is a reflection of the different climate, relief and pedologic conditions.

From the hydrological point, the space of the Republic of Srpska could be defined as relatively rich surface and ground waters. All major rivers belong to the basin of the Black Sea. Of great importance is the Drina River, which has a huge hydropower potential that is still insufficiently valorized. There is also a river Trebišnjica whose hydrographic potential is almost entirely valorized. The advantage of our rivers, especially the mountain streams, is their richness in fish and clear water. There are numerous sources and springs on the territory of the Republic of Srpska, such as thermal (Sava trench), and also there are numerous reservoirs and natural, mainly glacial lakes ([www.tors.rs.sr](http://www.tors.rs.sr)).

Market-oriented approach to tourism, in principle, facilitates the integration, and even the subordination of touristic policy to the economic policy. Therefore, the role of the state in market economies is limited and reduced to the minimum security requirements for the regular functioning of the market mechanism economy. This would practically mean that the role of the state is reduced to the sphere of financial policy and balancing the budget. However, that is not a sufficient and valid indicator of a successful performance of the competent state authorities in the field of tourism. It is essential that governments, or their competent authorities, involve themselves in the promotion and encouragement of tourism development, in a more active but without a pretension to regulate all of the aspects of tourism activities.

The task of the state is focused on providing the essential premises without which it is impossible to develop tourism that includes infrastructure facilities, organization and landscaping, staff education, peace, security, adoption and implementation of laws and other regulations. The development of tourism is related to the promotion of wider and narrower spatial entities and the state authorities have a role to ensure the optimum coherence and coordination of the various contents and services in a given area.

The touristic product of the Republic of Srpska is defined by the level of development of the certain tourism forms (quality, structure and supply volume).

Analysis show that mountain, spa, city and transit tourism have a leading role within the touristic industry (touristic products). Also, the analysis reveal that the mountain and spa tourism lack of additional contents and programs, as well as larger accommodation facilities, as a precondition to the larger volume of tourist traffic.

### **The Eco and ethno tourism**

Eco and ethno tourism use the maximum of the existing local tourism and human resources for the regional development. The local parties must analyse the current situation of their resources, touristic activities and economies related to tourism in order to create a strategy. A clear and firm understanding of touristic resources and their values is needed both in relation to their uniqueness and their singularity, in order to develop touristic products. It is desirable that a number of experts in nature, culture and tourism are involved in the analysis of the situation together with the local parties (Gluhaković, 2015). These experts can provide new values to the local parties related to the resources from an objective, external view of point. They are also in a position to recognize the value of resources through cooperation with other experts.

Based on the analysis of the situation, the local parties identify the advantages / disadvantages, potentials/ problems of touristic resources and the economies. They can consider how to use and also protect resources in the development of touristic products. A workshop is a suitable place for this task, for the one of create common ground among local stakeholders (Gluhaković, 2015). The workshop requires a larger part of the participants from different sectors; local and regional residents, tourist businesses, municipalities, professionals and NGOs. SWOT analysis (strengths and weaknesses, opportunities, threats) is usually used to identify strategic directions for potential development. Strengths and weaknesses are directly connected to a specific regional situation, based on which the areas may take active involvement or make certain improvements. Opportunities and threats are, basically the situations that can not be controlled. The issues that relevant areas can not directly control through their actions, should be used or bypassed. As a participatory in the method (participation method), as an alternative for the local issues study, the stakeholder analysis, problem analysis, analysis of objectives, that are typically used in the participatory planning method should be taken into account. Moderators lead participants to analyze the

situations of stakeholders in given area, problems and interrelations (cause - effect), funds to address the situation (resources -the end goal).

#### *Determining of things for development*

- Diversification of touristic related business
- Identifying the destination as a year-round tourist destination
- Diversification of the product and added value
- High quality touristic services

The local parties will be able to specify the local issues which should be taken care of, according to the priorities, in workshops, using SWOT analysis and / or participatory planning method. The local issues lead to the directions for regional development or overarching objectives in the fields. Diversification and improvement of the quality of tourism products can be key factors, a realistic marketing that narrows down the objectives is also necessary for the first phase of development.

### **The main preconditions for developing of rural tourism in the Republic of Srpska**

The development of rural tourism requires an application of the appropriate service standardization and categorization of services, especially adequate conditions for accommodation. The Law on tourism specially regulates providing services of accommodation and food in households, as a specific form of providing hospitality services. Rooms, houses and holiday apartments that are rented to tourists must fulfill prescribed sanitary and technical conditions and be sorted in an appropriate category (Gluhaković, 2015).

The investment in infrastructure (travel network, PTT), provision of health care and preservation and protection of environment in aim to prevent uncontrolled urbanization are of particular significance. One of the most important tasks in the development of rural tourism is the education of domestic population regarding the conduction of this activity. Non-governmental organizations, municipal tourist organizations and all of the interested subjects should play a great role in these activities. First, it is necessary to show the economic justification of engaging in such activity the rural households, through an expert interpretation of domestic and foreign positive experiences in dealing with rural tourism, and after that, the hosts should be introduced to all of the standards of the acceptance and accommodation of guests,

appropriate hygienic demands, way, quantity and quality of providing food services, behavior towards the guest and other necessary conditions for the tourists pleasant stay in the rural household.

In the market research or using all market instruments approach to planning the development of rural tourism is of particular importance. It is necessary to determinate target markets, at first, or their segments, on which the positioning of the tourist village product of the Republic of Srpska should be performed. The positioning of the tourist village product of the Republic of Srpska should be based on keeping natural environment, diversity of touristic product, wealth of the village cultural heritage (architecture, tradition, old craft products and hospitality and cordiality of the population) (Gluhaković, 2015, 52).

### **Touristic offer in the countryside**

Along with a pleasant ambience, good food, relaxed atmosphere and beautiful nature various contents and activities can also be offered to the tourists (Gluhaković, 2015, 53):

- Domestic cuisine-homemade meals prepared in a domestic manner
- Homemade wine, spirits and likers-natural products from our production,
- Recreation and entertainment- different sports game and games for children, cycling, carriage ride, recreational horse raiding and entertainment provided by ethno groups.
- Cultural activities-sightseeing of family ethno collection and historical attractions of the region.

Figure 2: *Rural landscape and architecture*



Photo: *M. Dragicevic*

## **Tourism as a factor of village revitalization**

The development of the rural tourism has plenty positive sides (Gluhaković, 2015, 53-54):

- Slows migration to the city and affects on young people to stay in the countryside, the rejuvenation of the rural population and thereby the improvement of the working population structure.
- The production is increasing, that enables better placement of the agricultural products,
- The development of rural tourism prevents the infringement of natural environment and effects on preserving a traditional national architecture, ethnographic elements, a distinctive way of life and work, customs, folklore, etc.
- Providing additional income and employment from tourism to the rural areas with the minimal investment by the farmers.

### **Ethno villages in the Republic of Srpska**

The Republic of Srpska has ethno villages that provide a unique holiday experience in nature to the tourists, in a rural ambience with local cuisine and ethnographic characteristics.

Figure 3: *Stanišići Ethno vilage, Bijeljina*



Photo: *M. Dragicevic*

**Stanišići Ethno village** – Located at the exit from Bijeljina it consists of unities. One shows the mundane life and it's built from a wood. It has wooden houses-logs with the furniture that belonged to them for centuries. The houses are connected with paved stone paths and in the middle of village stand two lakes. The second unity has more spiritual characteristics and it is presented with the medieval architecture that has

been built in stone, which is actually a replica of historical and religious significance. The village consists of water mills, creamery, forge, stone well, barn and authentic wooden houses with furniture and national costume expositions. The spiritual unity brings us even deeper into the past and is made up of replicas of different places marked with Orthodox religion (Gluhaković, 2015, 54).

**Kotromanićevo Ethno village** - It is located in Doboj, more precisely in the village of Šešlije. The aim of building this village is to increase accommodation, catering, health and sport capacities and contents in the Doboj region. The building abounds with various facilities, including: a central facility with a tower designed for catering services and seminar tourism, observation towers, the wellness center Roman bath, bungalows in the form of old medieval cottage and small bungalows for school population, a hippodrome with stables for horses, camping and resting place for caravans, hunting and fishing house, lake, central small square, mills, wooden bridge, children's playground, stage, souvenir shops, ethno market, mini-golf course and others (Gluhaković, 2015, 55).

Figure 4: *Kotromanićevo Ethno village*



Source: [www.kotromanicevo.com](http://www.kotromanicevo.com)

### **The examples of ethno villages in the Federation of Bosnia and Herzegovina**

**Medugorje Ethno village** - A unique Hotel and Tourist complex opened at the end of 2008 into five sections (<http://www.etno-herceg.com/hr/ot-nama-herceg-etno-selo-medjugorje.html>). Here come lovers of good food and people looking for relaxation and respite from everyday life, as well as business people who can here organize seminars and conferences. The

Center of complex represents Herceg restaurant, then a hamlet with 10 stone houses with the accommodation section and a shopping section, covers an area of 4 hectares of land where was built about 50 stone objects divided with ten memorabilia (<http://www.etno-herceg.com/hr/otnoma-herceg-etno-selo-medjugorje.html>). In addition, for business purpose was built conference hall and amphitheater as a center of cultural events. On the biggest hill was built the chapel and near was planted the vineyard with native species žilavka and blatine. At the end there are stalls with domestic animals of this region, and in front of the terrace playground for the youngest visitors.

**Begovo Village** is situated in the protected zone of the reserve Bijambare, between Niksic plateau and Bijambare caves, Borak place. The altitude is 1040m and distance 500m from the main road Sarajevo-Tuzla. Activities that are on offer in the village except accommodation in the apartments are: original Bosnian cuisine and live music, horseback riding, bicycle rental, photo safari, rafting on Krivaja, yoga, massage, possibility to visit Bijambare caves. The village was built from original material, some of which are old several hundred years, and techniques that were used during that period (<http://www.etnoselo.ba/historija.html>).

### **Basic preconditions for the development of eco tourism in the Republic of Srpska**

The ecotourism is growing market niche within the broader travel industry, with the possibility to be an important mean of sustainable development. With the sale measured in billions of dollars per year, the ecotourism is truly an industry which tends to take the advantages of market movements. At the same time, it often operates quite differently than the other segments of the tourism economy, because the ecotourism is defined by its results in sustainable development: natural areas protection, education of visitors about the sustainability and creating the benefits for the local population (<http://www.cenort.rs>).

The increasing need for the preservation of psychophysical stability has increased the demand for an active holiday in naturally preserved environment (Gavrilović & Blagoičević, 2016). It is anticipated that the greatest increase in world tourism will be produced from the tourism based on ecologically healthy destinations. It is exactly the ecotourism as one of the touristic offers of the Republic of Srpska that increasingly

satisfies touristic need of modern man and is characterized by rapid growth.

The natural basis of the ecotourism of the Republic of Srpska consists of protected natural areas, such as:

- National parks (Kozara and Sutjeska)
- Natural reserves (Perućica, Janj, Lom, Klekovača, Bardača)
- Natural monuments (caves Ljubačevo, Orlovača i Rastuša, pit Ledana, as well as Žuta bukva...)
- Other areas with significant potential, but that are not listed in protected areas (eco zones Šipovo, Ribnik, Borike, Jahorina, Drina...)
- The significant number of flora and fauna which have been marked as natural values.

Besides the natural protected areas, current and potential, the specifics of ethnographic characteristics of individual spatial units have a complementary role and great significance in the development of the ecotourism (The Tourism Development Strategy of the Republic of Srpska for the period 2010 – 2020), and those are:

- Krajina
- Posavina with Ozren
- Semberija
- Romanijsko-podrinjski area
- Herzegovina.

The favorable opportunities for the development of eco-tourism on the territory of the Republic of Srpska can be provided through eco parks, organization of workshops and schools in nature, educational excursions, eco festival, eco colonies, eco camps, eco safaris, eco recreation and entertainment, eco rural tourism, gastro festivals and etc.

The main priorities in the development of eco-tourism in the Republic of Srpska are ecologically diverse and preserved areas, growing interest in eco-tourism, increasing demand for healthy food, while the weakness are manifested through inadequate environment treatment, incomplete touristic product, inadequate marketing and inadequate channels of distribution.

The development of eco-tourism in the Republic of Srpska is not only an instrument in achieving the overall sustainable development of tourism,



but also an adequate approach to the repositioning of the Republic of Srpska as a touristic destination on the international market through creating a positive image of the country with the preserved environment and the richness of natural and cultural resources (The Tourism Development Strategy of the Republic of Srpska for the period 2010 – 2020).

**“Sutjeska” National Park** is the oldest and the biggest national park in Bosnia and Herzegovina which is by its natural values and beauties considered to be the pearl of Bosnia and Herzegovina. It includes the area of Sutjeska along with Perućica reservation, parts of Maglić mountain (2386m- the highest peak in Bosnia and Herzegovina), Volujak, Vučevo and Zelengora. Due to the extraordinary natural values and their preservation, Sutjeska National Park is listed in IUCN’s category II (Department of UN for Protection of Nature and Natural Resources) since 2000.

Sutjeska National Park is the most diverse ecosystem complex on the territory of Bosnia and Herzegovina and one of the most diverse on the territory of South-East Europe. The whole area of the park is characterized by the exquisite beauty and diversity of landscape format, from tamey valleys, thickly forest complexes, mountain pastures to high mountain ranges. There are eight glacial lakes, "mountain eyes", on Zelengora, and deep canyons of Sutjeska, Hrčavka and Jabučnica stand out, with clear mountain rivers rich with the creek trout ([www.npsutjeska.info](http://www.npsutjeska.info)).

Very valuable and rich is the fund of wildlife and rare plant sorts, many of which are endemic. A strict nature reserve Perućica (1434) is located in the very center of the park, it is the best preserved and the largest rainforest in Europe, where any man intervention is strictly prohibited, since the establishment of the national park. National park’s touristic offer consists of mountaineering, mountain climbing, mountain biking, hiking, camping, rafting, and on the area of Sutjeska National Park are located numerous monuments of old and recent history which complement the park’s touristic offer ([www.npsutjeska.info](http://www.npsutjeska.info)).

**“Kozara” National Park**, with the area of 3,907.54 ha, was declared on 6 April 1967, in order to protect many monuments that have been created during the battle on Kozara Mountain, the natural beauty and other attractions of this area, as well as to improve the tourism and to create

favorable conditions for holiday and recreation. In the central part of Kozara National Park the Mrakovica plateau (806 m a.s.l.) dominates, where, because of its urban contents, cultural events are often hosted and a large number of visitors are gathered ([www.npkozara.com](http://www.npkozara.com)). The mountaineering, biking, climbing and skiing makes staying on Kozara complete. The marked hiking trails provide an excellent opportunity to get to know the mountain and enjoy its picturesque landscapes.

Figure 5: *The Kozara National Park*



Source: <http://www.npkozara.com>

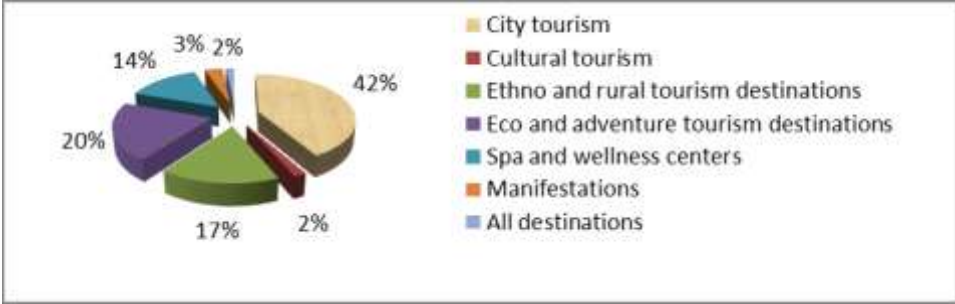
The Republic of Srpska should soon get another national park, with the ongoing process of the declaration of Drina National Park.

### **Analysis of the touristic movements in the Republic of Srpska**

In order to precisely define the trends of the touristic movements in the Republic of Srpska, it was necessary to investigate the affinities of tourists that visit the Republic of Srpska according to certain destinations. The Ministry of Trade and Tourism carried out a research by interviewing the tourists. 1,421 tourists were surveyed using the method of random sampling. 42% of the total number of surveyed tourists expressed a will to visit the main urban centers in the Republic of Srpska. 20% of them would chose those destinations that offer a content of eco and adventure tourism for their potential destination, such as national parks, protected areas, natural monuments, mountains and rivers that offer rafting, hiking, climbing, cycling, canoeing and similar activities. Enjoying eco-tourism destinations is attractive equally to all ages, while the affinity towards adventurism is expressed mainly by the members of the younger population (Ministry of Trade and Tourism Republic of Srpska, 2016).

Ethno and rural tourism destinations are attractive to 17% of the total number of surveyed tourists. Most of them expressed their interest for ethno villages and ethno catering facilities with traditional cuisine and accommodation offer (Ministry of Trade and Tourism Republic of Srpska, 2016). Detailed review is presented in the Figure 6.

Figure 6: *Destinations that tourists would like to visit in the Republic of Srpska*



Source: *The Ministry of Trade and Tourism of the Republic of Srpska*

### Research results

When the research results conducted by the Ministry of Trade and Tourism of the Republic of Srpska, that refer to the desire of tourists to visit a particular destination, compare with the touristic trends within the European Union, it can be concluded that the trend of the touristic movements in the Republic of Srpska is similar to that within the countries of the European Union. Some of the parameters are presented in Table 1.

Table 1: *Touristic movements in the Republic of Srpska compared to the European Union*

DESTINATION	Republic of Srpska (u %)	European Union <sup>4</sup> (u %)
City tourism	42	52
Ethno and rural tourism	17	23
Eco and adventure tourism	20	17
Spa tourism	14	-

Source: *The Ministry of Trade and Tourism of the Republic of Srpska, <http://ec.europa.eu/eurostat>*

4 Travel to the type of destination in the EU (2013).

The research results show that the Republic of Srpska needs to invest and develop those areas that provide the conditions for meeting touristic needs and demands and that are attractive to the tourists in line with global trends.

When we talk about eco-tourism destinations in the Republic of Srpska, the focus should be directed to the destinations such as: "Kozara" and "Sutjeska" National Parks, the outskirts of Mrkonjić Grad with Balkana Lake and Lisina Mountain, Šipovo with the protected area of Janj rainforest, Jahorina and Trebević mountain and other similar destinations. The infrastructure for the development of adventure tourism as a complementary form of the tourism (rafting, hiking, walking, cycling, climbing, skiing) exists in the mentioned destinations (Gavrilović & Blagoičević, 2016).

Some of the advantages of the Republic of Srpska as a destination of ethno and eco tourism are the diversification of the touristic offer in a relatively small area, close to the city centers, in most destinations, tourists can get acquainted with the culture and tradition, and cultural heritage from folklore, architecture to gastronomic offer (Gavrilović & Blagoičević, 2016).

### **Conclusion**

In the concluding observations, we can see a very high potential of ethno and eco tourism in the Republic of Srpska, which can be very interesting both on the domestic and foreign market. The heterogeneity in the content of the motives has been confirmed and also the necessity of synthesis of various factors in exploiting the numerous potentials in the process of planning development in these areas.

The rural tourism in Europe is flourishing in the recent decades. Accommodation facilities came to 200 000 facilities with 1.7 million of beds. The trend of tourism development in the world refers exactly to the rural tourism, partly because the sea coast is already overcrowded with tourists in the beach season and the number of tourists in the world is growing. The World Tourism Organization (WTO) predicts that by 2020 there will be 1.6 billion of foreign tourists in the world, which is 100% more than it was in 2006. The guests are increasingly turning from the mass tourism and the destinations that became a common place in all offers of the touristic organizations. Spain, Italy, Slovenia, Cyprus,

Austria and many other countries are seeing rural tourism as the main direction in their development plans.

The studies that have been done on this subject show the evident increase of all parameters of rural tourism (increased supply, increased number of overnight stays, higher turnover...) and thus it is imposed that strategic planning must be dominant in all touristic and other service organizations and all on the basis of information provided by marketing, as confirmed by the examples of countries that we mentioned in the work. The success of planning depends on the efficiency of the participation of all relevant stakeholders (government agencies, tourist operators, representatives of the local community, the staff of the protected area, scientists, experts and non-governmental organizations). It is necessary to include all the people and institutions from the group of stakeholders on the development of this plan that will be involved in implementing the program of eco and ethno tourism from the region where the plan is conducted.

In this particular case, the versatility and complexity of all the different elements and factors is demonstrated in the process of formulating a new marketing strategy of ethno and eco-tourism of the Republic of Srpska and it confirms the view that the interdisciplinary and integral approach is the essential precondition for the successful tourism policies.

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# HOUSEHOLDS IN RURAL AREAS AND RURAL TOURISM

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## Abstract

*Rural tourism can initiate the development of villages. It is important for Serbian villages and can be significant for the survival of village households. The aim of the research is to point to the resources in villages that may contribute to rural tourism. Methods which were used comprise the method of analysis, synthesis methods, mathematical and statistical methods, descriptive methods and method of observation. In Serbia rural areas there are resources for the development of rural tourism. In research we came to the following data: in Serbia there are 1.025.000 households, existing human resources, existing buildings in villages, food production in villages, preserved and unpolluted environment, national cuisine and tradition and culture.*

Key Words: *rural tourism, village, households, resources, development*

JEL classification: Z31

## Households in rural areas

Our country has 7.18 million inhabitants, of which 40.60% live in rural areas. Out of total number of households, 631.000 possess the potentials that are most important leaders of the development of rural areas, rural development, agricultural development, development of other activities. Serbia has 5,2 million hectares of agricultural land, of which 4,2 million hectares of arable land a cultivated around 3,35 million hectares, while other areas are neglected.

The article analyzes some of the special characteristics of households. We observed an increase in continuity from the mid-last century until the last decade when it started to collapse. Simultaneously the number of

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members in a household is decreasing with more and more of single households and the elderly. This phenomenon is especially obvious in rural areas, especially in the South and Southeast of the country. Obviously, households and farms are in the process of change which occurred with structural changes of the population which affects development of rural areas, rural development, agriculture and other activities and therefore the development of the economy as a whole.

Therefore, it is necessary to take certain measures to revitalize rural areas. Those measures should be focused, among other, on educational potential in order to reduce the existing educational disbalances. All of this should contribute to the development of modern agriculture and rural areas. However, future rural development will increasingly emphasise not only agricultural development, but also other activities in rural economy. Educational potential and its improvement will have an increasingly important role in such economic and social process (Jelić & Jovanović 2014).

Inherited ownership structure of holdings where small farms predominate and is dispersed across, more elderly and single-person of holdings dealing with agriculture or other activities may not be important subjects for rural development or any activities if appropriate measures are not taken- the agrar policy enforced whith the development strategy realistic and attainable.

Rural areas are developed but not sufficiently, which has achieved stagnation in certain areas and regions.

More than 1.500 villages in Serbia (out of 4.600) have no schools, while 750 rural schools have fewer than 15 students to one teacher. Of 3,14 rural primary schools, 2.621 have less than 300 students. 2.121 rural schools have students from first to fourth grade, while 1.022 schools are eight grade (Nenadić 1997). In Serbia, there is process of the continuous increase in the number of small rural settlements with fewer and fewer students and a large number of small schools (Jelić & Jovanović 2013).

With recourses of households and farms that have a higher land area, labor, machinery, livestock and similarly can give a greater impetus for increasing agricultural production, thereby creating opportunities for the development of rural areas.



It is needed to create preconditions for the development of comparative advantages of agriculture or other activities for which conditions exist and reindustrialization where are households were the main carriers of development of rural areas and rural development.

### **Results of research on the impact of households in rural development and rural tourism**

Households and farms are in certain way a base and epicenter of change in rural areas. In Republic Serbia there are 7,18 million people out of which 40.60% live in rural areas. It should be noted that: a large part of rural population of small farmers who can be one of pillars of development and increasing production. Mixed sources of income are represented in a number of small family farms and households in country. The characteristic of the rural population in these areas is also lower unemployment than in urban areas. Agriculture is the activity they are engaged in. Of the total number of households, 631.000 households are equipped with resources that are the most important agents of rural development, rural development, agricultural development, rural tourism and development of other activities. The potential that qualifies includes human capital, land, knowledge about traditional production and space for advancement and development.

Serbia has 5.2 millions hectares of agricultural land, of which 4.2 millions hectares of arable land and handles about 3.35 millions hectares, while other areas are neglected. It is a great pity that certain agricultural land, on which agricultural production could be created, are abandoned. The areas that have been neglected are overgrown with weeds, shrubs, bushes and trees. A big problem is putting them into use for the necessary preparatory work. This land is popularly said "rested" and production would be more than successful and without undue necessary agro-technical measures. There are areas where there are the remains of orchards and vineyards, which are neglected. These areas can, with some effort, be converted to pasture or arable land. Big problem for rural development of the village is a "no man's land" - which refers to unregulated ownership relations over the possession of land.

Family farms crucially are determines of agricultural production, but it is just a social construct shaped by all other determinants of the peasant way of life, such as:

1. rustic papers and soil;

2. apartments in a rural family house and rural village as spatial framework of rural work and life;
3. local organizing rural collectives, peculiar system of rural local groups and institutions;
4. rural culture as historically formed continent spiritual process and creation (values and norms) which finds, develops, evaluates and regulates social life (works, housing and communications) people in village (Mitrović, 2015).

Rural development policy reforms in 2013 planned to include six priorities: encouragement of knowledge and innovation transfer; competitiveness increase; promotion of the food chain and risk management; restoration, preservation and enhancement of ecosystems; promotion of efficient use of resources and support to transition to economy with low emissions of carbon dioxide; resistance to climate impacts in agriculture, food and forestry sectors; promotion of social inclusion; poverty reduction and economic development in rural areas (Jelić & Jovanović, 2014).

Rural tourism and its development are important determinants. All these listed determinants can be crucial for rural development of rural areas and rural tourism. Special conditions for function that family farms and households have. Problem that arises in a rural location relates to the various forms of migratory processes that are not favorable for the survival of rural areas. If rural tourism development is based on the innovation of contemporary, it is hard that elderly households will realize it. Therefore, a functional mid-trained village youth is very important as they can provide all the necessary conditions for life.

Census of Agriculture, which was in 2012, offered different ways to help better understanding of the situation in country and potentials for rural development. Type of production on family farms is one of the determinants. Agricultural production is the basis for the development of moving with application of new innovations. Table 1 provides an overview of number of farms according to the type of production, as well as surfaces which are processed. It must be noted that this potential in terms of the number of farms and arable land differs depending on the area in Serbia. Certain regions and areas stand out in comparison to others. All this is due to population commitment and financial investment in certain industries. Small agricultural farms are in need of further means for improving the surface, replacement of worn machinery resources,

procurement of materials, expansion of the capacity. According to Agricultural Census 2012, 621.445 households cultivate an area of 3.437.423,49 ha. Average per household, 5,53ha is treated. Given that certain areas are not treated there is scope to increase this potential. The number of households has certainly reduced, and more than likely it was in 2016 lower than in 2012, when the Census results were given to the public. Family farms used or actually used and processed 2.825.068,01 ha and 619.141 farm. On average, 4,56 ha was processed per family farm.

The most important agricultural production capacities of these holding types comprise the following: land, livestock, permanent crops and agricultural machinery. With regard to the fact that the Republic of Serbia is in the process of extremely complicated transitional changes that inevitably affect the agriculture as well, it is very important to view the facts and possible development of family-owned holdings in an objective manner since they are the main factors of the agricultural production of the country. Therefore, a thorough analysis of their production capacities is of extreme importance. (Jelić, 2007)

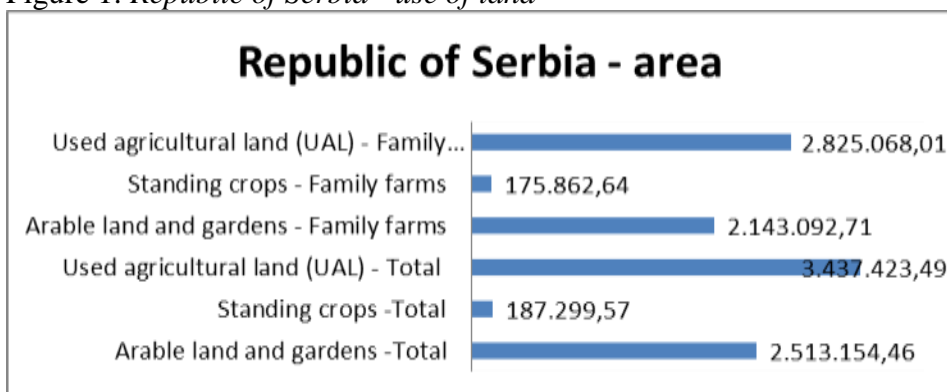
Table 1: *Households by type production*

Characteristics	Total	
	Area, ha	Number of farms
<b>Number of farms and the area under different crops by type production</b>		
<b>REPUBLIC OF SERBIA</b>		
<b>Total</b>		
<b>Arable land and gardens</b>	2.513.154,46	519.446
<b>Standing crops</b>	187.299,57	322.084
<b>Used agricultural land (UAL)</b>	3.437.423,49	621.445
<b>Family farms</b>		
<b>Arable land and gardens</b>	2.143.092,71	517.982
<b>Standing crops</b>	175.862,64	321.236
<b>Used agricultural land (UAL)</b>	2.825.068,01	619.141
<b>Belgrade region</b>		
<b>Total</b>		
<b>Arable land and gardens</b>	106.721,45	25.561
<b>Standing crops</b>	13.505,72	15.203

<b>Used agricultural land (UAL)</b>	136.389,19	32.805
<b>Family farms</b>		
<b>Arable land and gardens</b>	77.268,81	25.500
<b>Standing crops</b>	12.960,53	15.161
<b>Used agricultural land (UAL)</b>	104.962,85	32.710
<b>Region Vojvodina</b>		
<b>Total</b>		
<b>Arable land and gardens</b>	1.466.175,62	118.052
<b>Standing crops</b>	22.335,77	25.987
<b>Used agricultural land (UAL)</b>	1.608.896,15	141.570
<b>Family farms</b>		
<b>Arable land and gardens</b>	1.142.645,35	117.134
<b>Standing crops</b>	15.487,34	25.694
<b>Used agricultural land (UAL)</b>	1.177.264,07	140.407
<b>Sumadija and Western Serbia</b>		
<b>Total</b>		
<b>Arable land and gardens</b>	518.626,55	206.804
<b>Standing crops</b>	100.151,47	167.159
<b>Used agricultural land (UAL)</b>	1.014.209,71	261.078
<b>Family farms</b>		
<b>Arable land and gardens</b>	514.227,56	206.512
<b>Standing crops</b>	97.558,45	166.794
<b>Used agricultural land (UAL)</b>	945.455,00	260.378
<b>Southern and Eastern Serbia</b>		
<b>Total</b>		
<b>Arable land and gardens</b>	421.630,84	169.029
<b>Standing crops</b>	51.306,61	113.735
<b>Used agricultural land (UAL)</b>	677.928,44	185.992
<b>Family farms</b>		
<b>Arable land and gardens</b>	408.950,99	168.836
<b>Standing crops</b>	49.856,32	113.587
<b>Used agricultural land (UAL)</b>	597.386,09	185.646

Source: Author's calculation based on Census of Agriculture 2012, database, Statistical Office of the Republic of Serbia

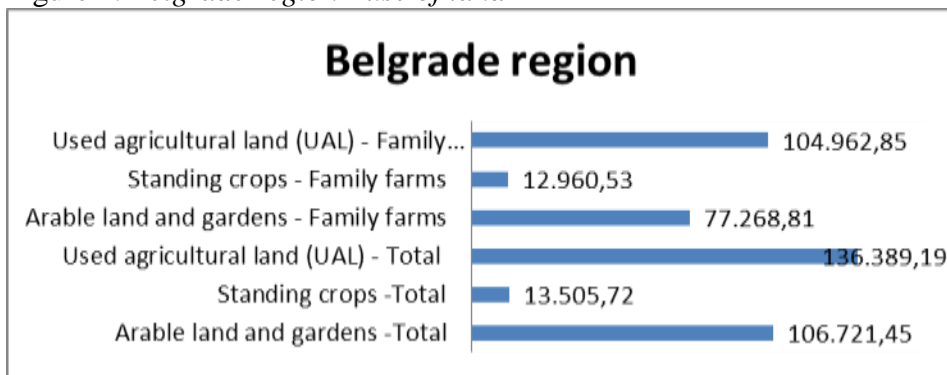
Figure 1: *Republic of Serbia - use of land*



Source: *Author's calculation based on Census of Agriculture 2012, database, Statistical Office of the Republic of Serbia*

Observing Serbia in total, we see that there are differences between total area and the one used by the household. The graph shows the differences in characteristics.

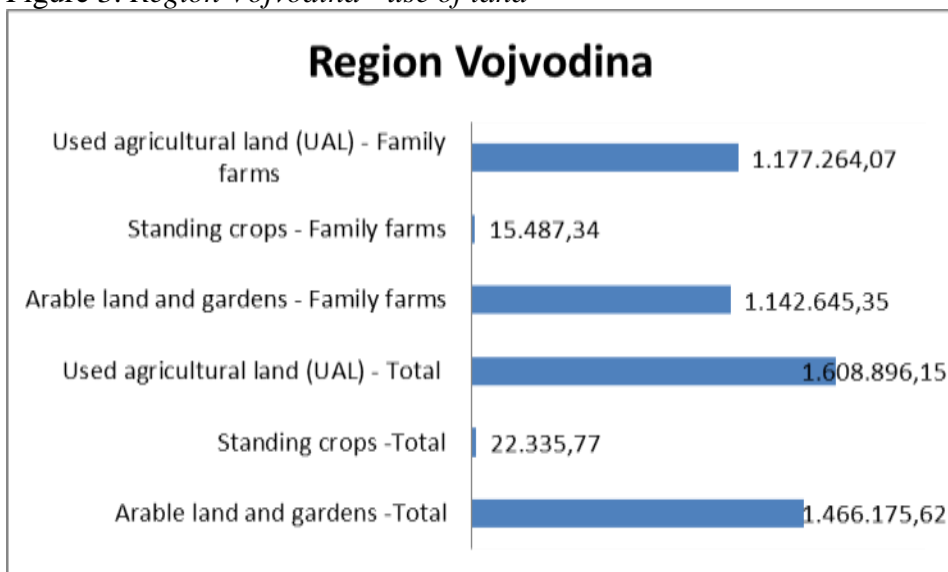
Figure 2: *Belgrade region - use of land*



Source: *Author's calculation based on Census of Agriculture 2012, database, Statistical Office of the Republic of Serbia*

If we look at Belgrade region, we find that a total of used, farmland area of 136.389,19 ha and 32.805 farms. Average per farm is 4,16 ha. Family farms use 104.962,85 ha and 32.710 family farms, average per farm is 3.21 ha benefits. This indicator testifies that in the Belgrade region agricultural land used per family farm is below the average of the Republic of Serbia.

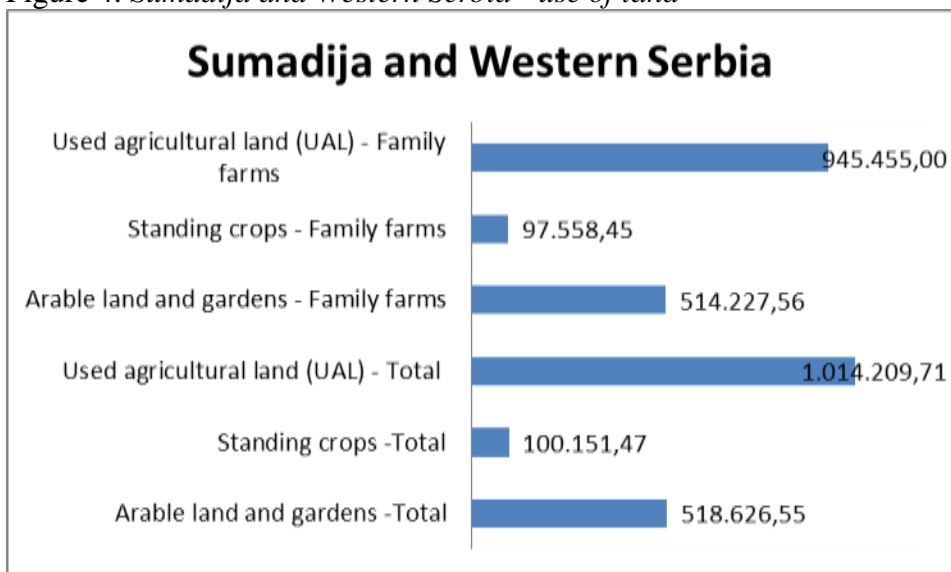
Figure 3: *Region Vojvodina - use of land*



Source: *Author's calculation based on Census of Agriculture 2012, database, Statistical Office of the Republic of Serbia*

If we consider Region of Vojvodina, it takes the highest share in structure of utilized agricultural land. In Vojvodina 1.608.896,15 ha are used and an average of 141.570 farms - 11.36 ha is used. If we consider the family farms total used area of agricultural land is 1.177.264.07 ha, which 140.407 farms use. Average used agricultural land per family farm is 8,38 ha. This is 2,98 ha less than the average total for Vojvodina.

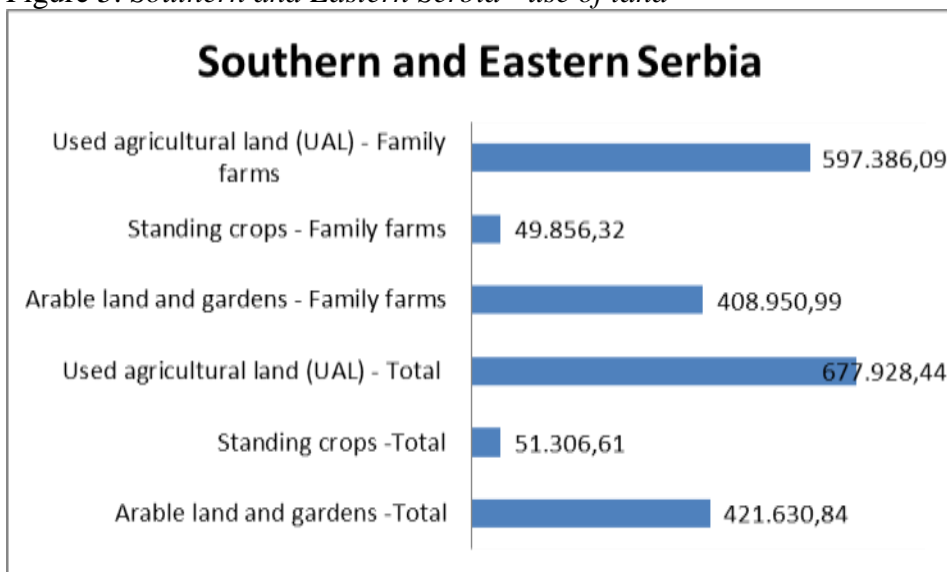
Figure 4: Šumadija and Western Serbia - use of land



Source: Author's calculation based on Census of Agriculture 2012, database, Statistical Office of the Republic of Serbia

If we look at Sumadija and Western Serbia, we see that the total agricultural land used is 1.014.209,71 and 261.078 farms benefit. Average per farm is used 3,98 ha, which is significantly less than in Vojvodina. If we look at agricultural land used by family farms that there is the following statistics: 945.455,00 ha is used by 260.378 households. Average family farm is 3,63 ha and uses slightly less than the overall average for the territory. Here again that geographic mismatch in agricultural production and land use capacity is noted. A big problem in this region is fragmented holdings. This is another task to be solved in terms of rural development. It is necessary to do something about the problem.

Figure 5: *Southern and Eastern Serbia - use of land*



Source: *Author's calculation based on Census of Agriculture 2012, database, Statistical Office of the Republic of Serbia*

If we observe the region of South and East Serbia, we find that the total used area of the land farming is 677.928,44 ha and that of the holding hand 185.992, on average, of 3,64 ha. This indicator testifies that the average used agricultural area in the region is the lowest in relation to the other. If we look at agricultural land used by family farms in the region that is 597.386,09 ha and 185.646 family farms benefit. Average per family farm is 3,22ha, and it is the least as compared to other regions.

A total os agricultural land used is larger than the agricultural land used by family farms. There are a number of entrepreneurs who have activity in rural areas. Family farms make one of the great potentials for rural development of rural areas. Particular problem for the discussion refers to the differences between the regions, which are also visible. The question is whether it is necessary to emphasize on how to establish and enforce equality between the regions in terms of agricultural production.



Table 2: *Households by economic size*

Indicator	Total	value in € 0-2.000	value in € 1.000.000-1.500.000	value in € +3.000.000
	number of farms	number of farms	number of farms	number of farms
<b>REPUBLIC OF SERBIA</b>				
<b>Total</b>				
<b>Used agricultural land (UAL)</b>	621,445	280,427	55	41
<b>family farms</b>				
<b>Used agricultural land (UAL)</b>	619,141	279,804	3	1
<b>SERBIA – NORTH</b>				
<b>Total</b>				
<b>Used agricultural land (UAL)</b>	174,375	70,708	49	38
<b>family farms</b>				
<b>Used agricultural land (UAL)</b>	173,117	70,444	3	1
<b>Belgrade region</b>				
<b>Total</b>				
<b>Used agricultural land (UAL)</b>	32,805	15,574	1	10
<b>family farms</b>				
<b>Used agricultural land (UAL)</b>	32,71	15,553		1
<b>SERBIA – SOUTH</b>				
<b>Total</b>				
<b>Used agricultural land (UAL)</b>	447,07	209,719	6	3
<b>family farms</b>				

<b>Used agricultural land (UAL)</b>	446,024	209,36		
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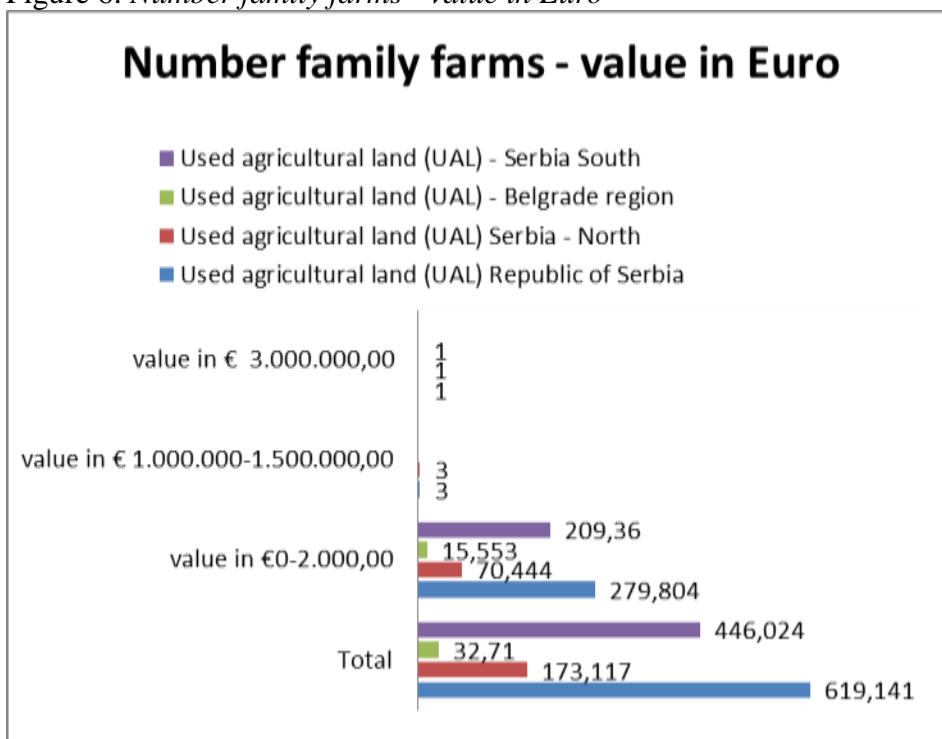
*Source: Author's calculation based on Census of Agriculture 2012, database, Statistical Office of the Republic of Serbia*

Table 2 shows the number of economic value of family farms. Taken certain values in order to become aware of the major differences that exist. The largest number of households when we look at Serbia as the overall category has an economic value to 2.000,00 euros. Only 41 farms have an economic value of 3.000.000,00 euros, while the value to 1.500.000,00 55 family farms have. If we look at the category of family farms, only 3 farms in the Republic of Serbia have an economic value of up to EUR 1.500.000,00 and Sumadija has an economic value of EUR 3.000.000,00.

If we observe the north Serbia, 70.708 households have an economic value to 2.000,00 euros. The economic value of up to EUR 1.500.000,00 49 farms have in the north of Serbia, and 38 farms have an economic value of holdings of 3.000.000,00 euros. Looking at family farms in the north of Serbia, we see that 70.444 family farms have an economic value to 2.000,00 euros, 3 family farms have an economic value of holdings to 1.500.000,00 euros and 1 family farms has an economic value of EUR 3.000.000,00 and to family farms uses 1.823,00 ha of land.

Regarding this parameter, the situation in southern Serbia is drastically different from the north of Serbia. If we look at the status a total of the highest number of farms has economic value to 2.000,00 euros, 6 farms have an economic value to 1.500.000,00 euros and 3 farms have a value of 3.000.000,00 euros. When we look at family farms most have economic value of up to 2.000,00 euros, while family farms with the economic value of 1.500.000,00 and 3.000.000,00 euro do not exist in the records.

Figure 6: *Number family farms - value in Euro*



Source: *Author's calculation based on Census of Agriculture 2012, database, Statistical Office of the Republic of Serbia*

Life in the countryside and in rural areas is linked to the largest potential capacities such as population and agricultural land. The great migratory processes from villages to the city, and much higher in the direction of the city, especially the young population. In the countryside the number of inhabitants is drastically reduced, the number of elderly households, mortality is higher than the birth rate, there are more and more abandoned houses and homes. Decrease in agricultural land is affected by the reduction of production capacity, neglected land, illegal construction of buildings, reduced soil quality, lack of infrastructure, the impact of floods and weather conditions, human negligence and the like.

### **Rural tourism chance for rural households**

Rural tourism is a chance for rural households. Agriculture households need to use all resources and engage in tourism. Of course, they need to be trained and educated. Recently, a large number of farms in the country

have turned to tourism. Bidding is done in a number of ideas in rural tourism.

Rural tourism is a common name for all the special forms of rural tourism in rural areas. Rural areas where rural tourism takes place is determined by three main characteristics: population density, land use and identity of the community. Rural area could be defined as areas with a small concentration of the population who has a basic interest in agriculture, which is characterized by a special customs and identity of the village. It should be noted that rural areas contrast with the urban space (Todorović & Štetić, 2008).

According to the estimates of the research, in Europe about 23% of tourists a year opt for rural tourism. In Europe, the rural tourism is realized approximately by 200,000 registered service providers, with more than 2,000,000 beds. Tourist spending in the tourism industry is about 12 billion euros (Bošković, 2012).

Lately, there has been a barn, as part of rural tourism, which takes place on farms where there is a possibility that with the primary agricultural activity service offer includes food and drinks and / or accommodation (Miletić & Todorović, 2003).

## **Resume**

Authors sought to, based on a small number of credible indicators, point to the potentials of households and farms in the function of rural development and rural tourism development. Major handicap for the development of farms and the expansion of the capacity of soil as one of the potentials for rural development are abandoned agricultural areas, fragmentation of holdings and unresolved propriety issues. If decorating these spaces is inevitably planned, these problems must be solved.

Another obvious problem in resources for rural development is the depopulation of the population in rural areas. It is great as migrant outflow of young people from villages and small number of returnees in the village. Decreases as the number of inhabitants in the country, and number of households. The number of elderly households whose ability to work is limited. The number of residents per household is reduced in rural areas. There is a tendency of increase in the number of "extinct" and

abandoned villages. The big question is how to restore life in every sense in these areas. Negative population growth tends to increase.

There are obvious differences between regions in relation to agricultural private farms and surface to be coated. In Vojvodina, in northern Serbia there is generally more favorable situation than in Western Serbia, and the worst situation in this regard is in the south of the Republic of Serbia. Drastic differences are between the south and the north of Serbia.

Special question which arises is whether the family farms in rural areas should focus solely on agriculture or any other activity. There is a possibility that the solution is in the country for many households engaging in rural tourism.

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# DEVELOPMENT OF SELECTIVE RURAL TOURISM PRODUCTS AS FACTOR FOR COMPETITIVENESS

*Naume Marinovski<sup>1</sup>; Ivanka Nestoroska<sup>2</sup>;*

## Abstract

*Rural areas are characterized with potentials that can improve development through different activities among which tourism is identified as the important part of their sustainable development. Rural tourism enables valorization of rural potentials, and contributes to their reasonable use as a basis for the creation of different tourism products in favor of the increased competitiveness on tourist market.*

*Rural tourism development is based on the scope of different content of the tourist offer and creation of specific products that are diverse, and according to their characteristics can be grouped, and combined by the creators of tourism products. The combination of different types of tourism products and services is very crucial for a precisely targeted specific market segments and their needs.*

*Therefore, a qualitative and quantitative approach in this paper is projected for identification of the indicators that will define rural tourism products' values in rural areas as components for their competitiveness.*

**Key words:** *Tourism Development, Rural Tourism, Tourism Products, Competitiveness, Selective Tourism Forms*

**JEL classification:** *Z31*

## Introduction

Tourism in rural areas contributes to increased possibilities for socio-economic development and is based on the comprehensiveness of the tourist offer and creation of specific products. The services of rural tourism differ according to their characteristics, and often they are

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grouped and combined as specific tourist products on tourist market. Such created services can appear as package services or products. Created with aim to meet the variable tourist needs, the combination of different types of tourist products and services is usually targeted to specific market segments and their needs. Organizational forms have an active attitude, which is consistent with the measures to be taken in order to provide full satisfaction of tourists. When combining concrete products, goods and services, qualitative and quantitative components should be taken into consideration especially within the context of creation of competitive products.

The development of rural tourism enables vitalization and affirmation of rural areas, and it prevents emigration of rural population towards urban areas. It also contributes to reasonable use of existing resources in non-developed areas with which it creates basis for economic development (Marinoski et al., 2012). According to the authors, rural tourism allows the creation of an alternative source of income in the non-agricultural sector for rural dwellers, and it can contribute to the revival of forgotten traditional crafts and arts. Therefore, the creation of selective rural tourism products can contribute to regions' tourism competitiveness. According to Getz (1998), rural tourism is being promoted increasingly as a counterpoint to mass, package-type tourism in destination areas. Further, Sharpley (2002) argues that tourism is considered as an effective catalyst of rural socio-economic development and regeneration of rural areas. Different authors (Bandara, 2001; Cater, 1987; Dimitrovski et al., 2011; Dimitrov & Petrevska, 2012; Harrison, 2001; Lane, 1994; Marinoski et al., 2012; Moric, 2013; Moscardo, 2008; Nestoroska et al., 2016) emphasize the role of tourism for economic development of rural areas in developing countries.

Since tourism is an economic activity whose competitiveness is based on comparative advantages or resources marking a certain area, it automatically focuses mainly on sustainability of precisely those resources, which present the basis of tourist offer. The tourism products development depends on attractive and receptive characteristics that the area possesses, the level of aspirations of tourist demand and the quality of connectivity of the area. In addition, rural tourism should include the diversity of rural areas' potentials as solid basis for tourist offer composition.



This paper aims to present the advantages of the development of selective rural tourism products as potentials for rural tourism development. The research in this paper is realized through the determination of resources, needs and possibilities for development of selective rural tourism products that can contribute in competitiveness of rural regions.

### **Rural areas and rural tourism development**

Relation between rural areas and rural tourism can be seen in the range of different activities, services and amenities provided by locals in order to attract tourists and create additional incomes that will contribute to the improved quality of life. Although rural areas are mostly perceived as areas that are related to agricultural activities, their development has social, economic and environmental aspects.

Rural tourism can be understood as any form of tourism in rural areas, where natural and cultural values are incorporated in the tourist offer for benefiting the local community economically and socially. Different and comprehensive activities enable interaction between the tourists and local population that leads towards tourism experience. Many rural areas can facilitate tourism because most of the population in these areas is hospitable to the visitors.

The tourism development for many rural areas understands the increased tourist visit, increase of tourist expenditure, improved comprehensiveness of tourist offer, increased quality and scope of tourism products, as well as activation of resources and harmonization of the activities with the values of the environment. Also, tourism through its development leads towards the creation of new selective forms. They are related to the ways of the promotion and participation on the tourism market and competitive approach, use of resources and ensuring the satisfaction of visitors. Development and market character caused potential selective approach. Thus, based on the value of local and regional environment leads to the founding of new forms of tourism products that have a contemporary character.

Rural tourism plays an important role in supporting the development of rural areas as new tourist destinations. Tourism in rural areas can become an important driver for their socio-cultural development and integrated part of economic development of the rural environment in general. Although, mainly tourism and recreation in rural areas are in tourist focus

because of the higher interest of visitors for natural environment in rural areas, culture plays an important role also. According to Nestoroska & Marinovski (2017), “the potentials of tourism development in rural areas are related with the presence of the natural and cultural resources and values that contribute to the characteristics of activities and services which include recreational, cultural, educational and gastronomic components”. Further, the authors note that the recreational activities can consist of different forms of participation in the agricultural activities, camping, or practicing picnicking, sightseeing, walking, cross-country running, rock climbing, mountaineering, horse riding, cycling, bird watching, hunting, fishing, herbs collecting, picking the fruit, participation in traditional sport and recreational games and competitions and training activities. The components of cultural activities are mainly manifested with visits to cultural and historical attractions, attending to different events, or participation in traditional creative activities as: pottery, blacksmithing, woodcarving, naïve art painting, and participation in folk dance and song activities. Rural areas can also provide educational activities mainly in manner of organizing excursions or themed schools in nature, which can increase students’ knowledge for natural environment through “direct contact with the nature”. In addition, different gastronomic activities related to participation in the traditional food production, participation in preparation and serving of daily meals, or organization of traditional events can also enrich rural tourism offer in rural areas.

Considering the scope of activities that can be practiced by creating different tourism products, tourism in rural regions can play important role in the development of such regions. Moreover, it can lead towards the initiation of activities related to spatial planning and valorization of economic resources, new directions for agriculture and forest development, environmental protection, and resolving social problems in rural areas. This is particularly important for the improvement of quality of life in rural areas and encouragement of diversification of the rural economy.

Since rural tourism is an integrated part of tourism development, many countries consider it as an important tool for diversified and enriched tourist offer because it attracts attention for visitors on local, regional, national and international level. The EU framework for rural development within the EU policy for rural development for the period 2014-2020 (European Commission, 2014) recognizes the importance of tourism for

rural areas development within the six common EU priorities that are related to fostering knowledge transfer and innovation in agriculture, forestry and rural areas; enhancing the viability and competitiveness of all types of agriculture, and promoting innovative farm technologies and sustainable forest management; promoting food chain organization, animal welfare and risk management in agriculture; restoring, preserving and enhancing ecosystems related to agriculture and forestry; promoting resource efficiency and supporting the shift toward a low-carbon and climate-resilient economy in the agriculture, food and forestry sectors; and promoting social inclusion, poverty reduction and economic development in rural areas. It indicates that tourism has its place among identified priorities particularly in the area of knowledge transfer and innovation in rural areas, and the promotion of social inclusion, poverty reduction and economic development in rural areas.

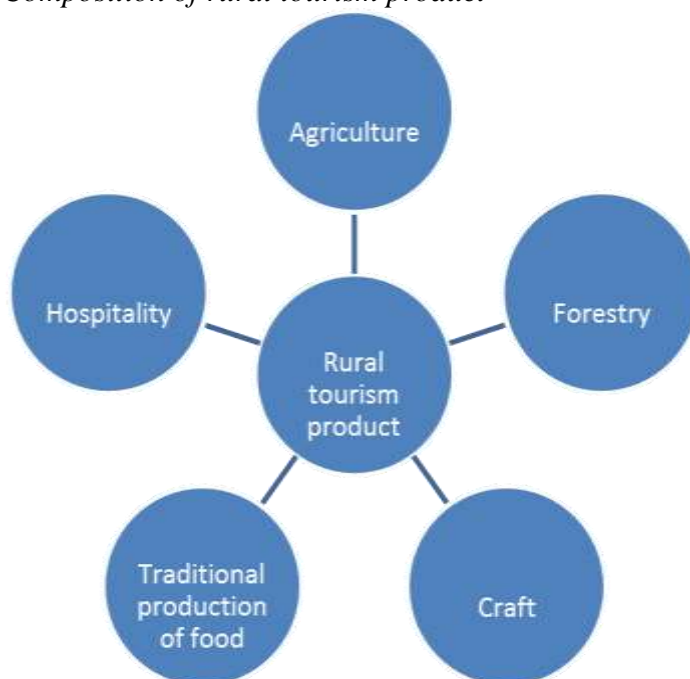
### **Development of competitive selective rural tourist products**

Development of rural tourism is based on the comprehensiveness of the tourist offer and creation of specific products. The services of this type of tourism are varied according to their characteristics, and the way they are organized in order to meet heterogeneous tourist needs. Also, the combination of different types of tourism products and services that are precisely targeted to specific market segments and also their needs. The wide variety of activities that constitute different tourist products in rural tourism involve different types of tourism (Petrevska & Nestoroska, 2015) When combining concrete products, goods and services, very important are qualitative and quantitative components as well as the price of the created product. This should have positive influence on tourists as consumers. With these creative activities, the total price of the product or service should not be higher than the sum of the separate prices. In order to approach the optimal consideration of the characteristics of tourism product it is necessary to have knowledge about the components that determine it as a theoretical and practical category. The tourist product should be observed by using the following approaches: conceptually-content features; elements; creation approach; promotion; realization, and consideration of the results of the activities.

The definition of conceptually-content characteristics of the tourist product in rural areas is based on the fact that tourism cannot be determined just as an economic category. This is an area, or activity, that consists of several categories. Tourism is comprised of the participation

of economic and non-economic sectors (Figure 1). They can be defined as industries that are closely linked to tourism and those that do not have such character. In rural tourism, hospitality, agriculture, manufacturing, transport, trade and cultural traditions have an important place. Each of them, which is an integral part of the tourism sector, has its own characteristics, including their products, but they are usually interconnected. The concept of tourist product understands the combination of services and products packed as one product. In a figurative sense, they may be considered a tourist product.

Figure 1: *Composition of rural tourism product*



Source: *Authors' observation*

The combination of concrete products and services is the most comprehensive form of tourist products and it often occurs as a tourist package. Therefore, rural tourism products can be defined in three ways:

- - products that belong to specific sectors that include tourism;
- - products that belong to a combination of services and specific products and specific branches;
- - products that provide a combination of services, goods and specific products of different branches or travel arrangements.

*Products that belong to specific sectors that includes tourism*

Rural tourism is characterized by the participation of economic sectors with which it is closely related. Thus, created tourism products have specific thematic character and as such, they can be branded. Tourism is most directly connected to *agriculture*. Tourism, along with traditional farming and livestock breeding, is the most important and leading sector in rural development. Considering this role and the close relation, agriculture produces concrete products that are successfully used in this form of tourist activities, and, more importantly, the food is usually characteristic for the concrete rural region. *Traditional production of food* and the use of food in tourism has particular importance in gastronomic offer as a part of rural tourism products. The relation between food production and tourism development is question to which due attention is paid by different authors (Alvensleben, 2000; Dimara & Scuras, 2005; Pechlaner et al., 2010; Quan & Wang, 2004).

*Forestry* as a branch of economic activities that deals with the preservation and enhancement of forest fund can be used for practicing certain rural tourism activities as panoramic views of forests, bird and animal watching and photography, collecting herbs, training athletes in nature, and others. *Craft* as traditional activity and component of cultural heritage can be included as a component of rural tourism offer and an element for creation of rural tourism products. It can also be incorporated in creative activities: pottery, goldsmith, woodcarving, knitting embroidery, tapestry making, weaving and other crafts. *Hospitality*, along with agriculture, is the most important economic sector that contributes to the creation of differentiated tourist products. Depending on the type of accommodation, facilities are mostly characterized with traditional architecture specific for the rural areas. Restaurants, inns, or taverns are facilities that are also a segment of hospitality offer in rural tourism. The preparation and tasting of food and drinks in facilities designated for this purpose or within the household in rural areas are interesting products that enable tourists to participate actively and experience new adventures.

Services are usually associated with a specific product, but can be extracted and promoted as a specific segment of tourist offer. The catering services should include the following: accommodation service, serving food and drinks, food specialties and entertainment. They are, in a figurative sense, also treated as products. In rural tourism, usually prevails the accommodation in households, which are established as

accommodation offer, regardless of the other options that are available. A similar character have entertainment events which are organized by households or catering businesses in rural areas. These events and celebrations, ceremonies and feasts are good occasions to qualify them as a separate tourist products in the context of households that operate in accordance with the norms of hospitality and catering facilities themselves. The mentioned examples of selective products are most evident forms of rural tourist products.

*Products that are combination of services and concrete products of specific branch*

This group consists of related tourism products or package services, which is necessary for their creation with all components that are characteristic and for other combinations such tourist arrangements. Analogous to the previous forms which are related to individual services and specific products, also in this case it is about the products within certain economic and non-economic sectors.

Thus, as an agricultural product, may be considered the organic food and its consumption by tourists. Livestock products, combined with for example cheese production can be offered as activities where tourists will actively participate. In forestry a combined product would be: forest tour, bird watching and photographing animals. Crafts can tour the combined creative activities of different character in a similar way as in the previous examples. The combination of products and services is particularly evident in the creation of hospitality products. In this regard, special evenings and gala dinners, and presentations of specialties can be offered as specific catering products. They can be turned into a tourist tour branded thematic products.

*Products that provide combination of services and goods from various branches.*

The combination of different services, goods and specific products from various branches and activities is a basis for a complex tourist product that is appropriate to tour arrangement packages. Services are diverse, both in terms of their characteristics (agriculture, forestry, crafts, or traditional preparation of food), and their organization. Often they are combined and grouped in accordance to the arranged promotion on tourist

market through the tourist agencies or other modern forms such as the internet.

In order to meet the variable needs of tourist, different approaches with interesting content are applied. The combination of services, as well as tourist products in the form of tourist packages, depends on the attractive and receptive values in rural communities, but also on the needs of tourists. The created products are targeted towards specific market segments and their needs. When combining products and services by different stakeholders, the cost of these products should be considered, because, besides the quality, they influence on tourists to be encouraged to visit certain rural area as result of the attractiveness of rural tourist products. The price of these types of tourist products includes individual prices, and is usually competitive to the total sum of the individual price of each product or concrete service. This character of lump price stems from the fact that in the creation of the package products organizer, which is usually travel agency, engages services and concrete products reduced amount in the prices. Further, the reduction in the value of prices of a particular product or service to another leads to a balanced mechanism. Services and concrete products in the package should be systematized structurally, spatially and synchronized timely. Tourist services have to be performed and delivered under unique conditions.

#### *Tourist products of combined character in rural areas*

The development of rural tourism in the wider area of different regional content, among other implications is reflected in the improvement of tourism products, and thus on their competitive character on the tourist market. Competitiveness leads to the improved tourist offer at different spatial levels, which on the other hand leads to the creation of quality products. Also, the simultaneous development of tourist demand and its increase, stipulates the creation of new tourist products in different forms and in different qualitative and quantitative terms. It is not only a reason for the increased number of tourists, but also for products' enriched content. Therefore, on the tourist market there is an increased range of tourist products that are diversified and differentiated upon several criteria.

Competitiveness of tourist products in rural tourist destinations should be considered by the basic elements of comparative advantage of rural areas that constitute the available resources in destination, and ability to use

these resources effectively (Crouch & Ritchie, 1999). Further, Kulcsar (2009) states that the support of tourism stakeholders is essential for successful development and sustainability of tourism and could help to improve destination competitiveness. Accordingly, competitiveness appears to be linked to the rural areas' ability to deliver goods and services that will be composed into selective and competitive rural tourist products.

The tourist activity in these tourist products is comprised of two dominant spatial indications. The first is the emissive sphere from which tourists have their origin, and these are spheres where travel needs are manifested as a result of the influence of different objective and subjective motives. The other, second sphere is the attractive or receptive sphere where tourist arrivals/visits occur, and tourists' needs are met. According to this criterion, we can distinguish two types of tourist products as: emissive, and receptive.

Emissive arrangements, as tourism products are the combination of specific products and services that are offered to tourists in the place of their permanent residence. Outbound tourism products are aimed for the tourist clientele, mainly from urban centers that aspire to travel to rural areas.

Receptive tourist products are the combination of tourist services and specific products, which are offered in rural areas, where tourists come and in which the tourist needs are met, and satisfied through different content of goods and services. These are the products that include different values of receptive tourist attractions and are created for tourists' consumption.

The interest of rural areas is to create such arrangements that will be suitable to fulfill tourists' needs. The realization of receptive tourist products enables increased financial incomes, encourage the future development of rural tourism and other forms of tourism as well as general development of rural areas. The characteristic of emissive tourist products is that they generate the financial outflow from urban to rural areas.

Another approach to tourist arrangements classification is on the basis of the criteria of the way of their creation. Based on this criterion, we can distinguish two types: published and commissioned arrangements



(Marinoski, 2002). Published tourist arrangements are tourist products that are created with combined services and goods depending on the available resources that exist in rural areas. As the creators of these tourist products are travel agencies, tourist bureaus of local character or direct service providers and manufacturers of concrete products of certain industries in the context of rural tourism. Diversification of different tourist products on the market provides tourists with possibilities to choose the most suitable offer for them. Ordered tourist arrangements contain specific range of elements depending on the findings and assessments of the creator of the product about the tourist's preferences. These tourist arrangements are prepared in cooperation with their customers at previous consultations. It is a package of services and products to the requirements of their users. Depending on the available options, the organizer of tourist package incorporates services that users request. If the organizer is not able to meet all the requirements, he/she should inform the customer about the problems. The preparation of the arrangement, as a tourist product on demand may begin if the previous user of the services agreed with what he/she was looking for or as a possible alternative, which is similar and close to its wishes. This type of tourist product mostly has higher price than the announced. This stems from the fact that it may be that there are specific services that are rarely incorporated as contents' element of ordered product.

Among the characteristics of tourist arrangement, there is the dynamism in time and spatial terms. The product can be implemented in a longer or shorter period of time, at one site or more localities. Based on the dynamics of its performance we can define out specific types of tourism products. By the implementation of this criterion, the following types of differentiated types of services and products can be as residential and active.

Residential arrangements as tourism products include a combination of goods and services of specific products that enable satisfaction of tourist needs in a particular place and at a particular time. In rural tourism, villages as rural type settlements are destinations where activities take place, and where accommodation for tourists is provided. Considering that the residence arrangements last for several days, it means inclusion of more diverse content of activities, goods and services that are available in the rural settlements. They are related to activities whose resources are located either in the place of tourists' stay or in its immediate vicinity. Because of the longer duration of the stay, there is an opportunity for

possible correction of the price of these products, as accommodation facilities are occupied for longer period.

Active travel arrangements, as well as products, are combination of services, goods and specific products located in multiple locations often out of rural areas. The length of use of the services in one place is relatively short. The dynamism of the tourist product is that it contains different services that are carried out from location to location. This mostly means that the itinerary is quite extensive, because it includes a variety of attractions. Time periods are numerous, and they follow different visits within the route of movement. These arrangements are often called tours, and therefore they express the dominance of the content, attractions and services in the course of the journey. Because of this, very essential element is the selection of experienced and appropriate transportation and tour guide, because it should enable the optimal access to destination and appropriate presentation and explanation by tour guides when visiting all the places that are included within the itinerary.

The price of services for these products is relatively higher compared to stationary, which stems from a short stay in one place and time to adequately engagement capacity, goods and services. In tourism theory and practice (Marinoski, 2002), the other criteria for differentiation of tourist packages is according to the number of consumers of these products, which can be distinguished as individual or group visits, that on the other side, can vary as residential or active.

Excursions, as a tourist product in rural areas, are most common form of the product in the tourist offer of rural tourism. They take place for a relatively short period of time in attractive locations of the rural areas. Usually, an excursion is organized for a period of one day, which means that it does not include services for overnight. Different activities and services are related to traditional and authentic food preparation and consumption, visits to characteristic places, natural attractions or cultural heritage. These tourist products can occur in two forms: as specific tourist product and as part of another tourist product.

As specific tourist product, excursions differ according to the content of activities, locations where they are realized, and theme that may be with recreational and cultural character. The content of natural ambient and recreational values enables leisure, recreation, relaxation and socializing of the excursionists. These tourist products are related to elements that are associated with the attractions of destinations. In most of the excursions

programs, their organization is in open areas, because of which they depend on weather conditions. Clear and sunny weather are the most suitable conditions, and accommodation facilities are not important as are catering facilities. Also, the excursion can be based on the themed visit of cultural and historical tourist values. Organization of excursions as part of another tourist product is primarily with animation characteristics, and its role is in enrichment of the content of the tourist travel arrangements. Such excursions are part of the tourist product content

The distinction of selective rural tourism products is the starting point for the creation of competitive tourist offer in rural areas. This approach enables the use of the potential of rural areas for tourism development by inclusion of natural and cultural values. It also creates the basis of development of different forms of rural tourism in rural areas that may differ from farm, agro-entertainment, recreational, life-practicing, educational, camping, cultural, event, religious, hunting, fishing, wine, gastronomic or eco tourist products.

Different comprehensive tourist products include the creation of relations that will allow selection in the realization of tourist activity. The selection applies to alternative possibilities that enable tourists to experience selective tourist products. The range of different selective forms of activities varies and they can include recreation, fun, creative activities, education, discovery, experience, adventures or selfness. But, taking into consideration the different range of activities that are included in tourist products as their elements, we may conclude that rural tourism mainly includes nature-based, cultural, and agro tourism activities. These three major groups of tourism activities include diversity of attractions in rural areas' tourism development.

## **Conclusion**

Rural tourism is an important factor for the economic development in rural areas by diversification of economic and social impacts where rural tourism activities take place. Tourism perspectives of rural areas depend on the presence, abundance and attractiveness of natural and cultural values, rural life, as well as the environment of such areas. These components of tourist development enable comprehensiveness and quality of tourist activities. The comprehensiveness understands activation of all tourist potentials in rural areas by creation of competitive and selective tourist products.

The potential resources for the creation of tourist products in rural areas can be listed as follows: traditional villages and fairly undisturbed regions; rich heritage; hospitality of rural residents; sufficient number of protected natural areas; traditional agricultural products and hand crafts; high quality of natural attractions (lakes, mountains, etc.); geographical diversity of culture, traditions, manifestations, rural features; relatively small number of residents in most rural areas as a solid basis for recreation in rural regions; presence of protected areas; authentic / traditional agricultural products and handicrafts; geographical diversity of culture, customs, traditional events; acceptable prices for rural goods and catering services. Diversity of tourist products leads to an increased competitiveness of rural areas and their differentiation that depends of the content of the elements of products as are the goods or services.

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# DEVELOPMENT OF INNOVATIVE TOURISM PRODUCT IN RURAL AREAS: CHALLENGES AND SECURITY ISSUES

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## Abstract

*This paper is the result of research into the relationship between the current state in Serbian rural areas and the position of tourism, economy of agriculture, culture and safety. Over the last decade stakeholders have promoted a few development projects in rural areas. Hence, there is a need to understand how the existing risks can affect these innovative actions. Having in mind the regional inequalities, rural tourism may not be suitable for every location. The extent to which some adopted strategies in rural areas were realized remains the subject of much debate. Security issues are one of these subjects. In rural areas, tourist engaged in various types of tourism can be jeopardized: from eco, gastro, adventure to culture, and others. The results address the need that tourism product must be created in a way to attract and keep tourists safe. The conclusion is that rural communities that consider offering a safe innovative tourism product will have more opportunities for development.*

Key Words: *tourism product, rural areas, risks, environment*

JEL classification: *O18; Z32*

## Introduction

New positioning of Serbia in the tourism market has to be based on professional considerations of factors that have a crucial impact on the overall success of the Republic Serbia as a tourist destination. The perspectives and financing of different forms of tourism in rural areas, for example winter tourism is very challenging in the RS (Vojinović et al.,

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2016). European Union (EU) established rural development policy to help rural areas to meet the wide range of economic, environmental and social challenges. The complex process of rural development promotes six common EU priorities, but for the purpose of this paper, the authors consider a few of them. Those are: fostering knowledge transfer and innovation in agriculture, forestry and rural areas; promoting food chain organization, animal welfare and risk management in agriculture, and promoting social inclusion, poverty reduction and economic development in rural areas (European Commission, 2014). The EU's rural development policy is funded through European Agricultural Fund for Rural Development (EAFRD) worth € 100 billion from 2014 – 2020. Multiannual financial framework (MFF) devoted to the second pillar (rural development in defined period) counts 23% of the overall amount.

The Republic of Serbia on its path to full membership in EU follows the adopted policy in this area. Serbian rural population in 2015 counted 44, 4% of total population (Central Intelligence Agency-CIA, 2015). Serbia is a country highly exposed to the threats and risks of global climate change, natural disasters and extreme weather events (Radović & Arabska, 2015; Vojinović et al., 2015). The risk management is needed in every area, but especially in the area of financial sectors service that has to handle all mitigation actions during and after a disaster (Vojinović et al., 2016a). Rural communities suffered from insufficient capacity in the emergency management in numerous emergencies that hit those areas (Radović & Petrović, 2012). Because agriculture is still the predominant activity and the major economic contributor in terms of food, incomes, public goods and services in rural areas of Serbia, it is obvious that its weather dependence is the most serious problem, which jeopardizes the sustainable development in rural areas (Cvijanović et al., 2016; Radović et al., 2012).

In 2005 the national legislations were created, such as the First Agriculture and the Rural Development Strategy of the Republic of Serbia, which defined the general strategic policy framework which should ensure the support for sustainable rural development (The Law on Agriculture and Rural Development, 2009). Rural Development Network of Serbia (RDNS) has been established aiming to lead to improving the quality of life in rural areas through engaging, building and enhancing capacities of local communities and building a partnership between civil and the public sector. RDNS defined a specific Action Plan for the period 2011-2015 in which its role and numerous activities are explained,



especially those regarding the launches of new initiatives for the adoption, amendments of laws and other regulations and measures important for the development of rural areas (RDNS, 2011). In addition, the Law on incentives in agriculture and rural development was adopted (Serbian Parliament, 2015). The Ministry of Agriculture and Environmental Protection adopted the Strategy of Agriculture and Rural Development 2014-2020 whose basic goal is to define the specifics of rural areas through a rural development policy and ensure possibilities for the growth of small family farms. It is needed to highlight that Serbian Government adopted the Strategy of tourism development in period 2016-2025 in which rural tourism is recognized as potential business opportunity for entrepreneurs and companies (Serbian Government, 2016).

In 1994 the Organization for Economic Cooperation and Development (OECD) posted in its document important issues regarding tourism strategies and rural development, and created rural indicators for shaping territorial policy. OECD created very simple definition of rural tourism as `tourism which takes place in the countryside` (OECD, 1994). There are many definitions of rural tourism and one defines it as the `country experience` that encompasses a wide range of attractions and activities that take place in agricultural or non-urban areas. Its essential characteristics include wide -open spaces, low levels of tourism development, and opportunities for visitors to experience agricultural and/or natural environments. A major form of rural tourism is agro tourism, which refers to `the act of visiting a working farm or any agricultural, horticultural or agribusiness operation for the purpose of enjoyment, education, or active involvement in the activities of the farm or operation` (Government of Alberta, 2010).

In the 21<sup>st</sup> century in almost all documents in international community, as well as in national, which tackled the complex issue of rural development, tourism and agriculture were addressed as highly important for rural population wellbeing. That relationship was stressed due to the fact that traditionally agriculture and forestry are central to rural life. There is a wide and innovative set of rural/ agro tourism products and services available to the tourists in Serbia. It includes agricultural events, the celebration of village history sites, farm markets, and agricultural travel routes and themes features. Policy makers in all levels, from the national to the local, are devoted to supporting rural tourism development in joint actions with other interested parties.

Tourism provides multiple services and products associated with a series of collaborated suppliers for tourists. A more explicit way of describing tourism is to consider it as "... the sum of those industrial and commercial activities producing goods and services wholly or mainly consumed by foreign visitors or by domestic tourists" (Ritchie & Goeldner, 1994). According to the marketing theory, the term "product" is defined as "anything that can be offered to a market for attention, acquisitions, use or consumption that might satisfy a need or want" (Kotler & Turner, 1989). Even though the services and tourism industry have become very mature markets requiring innovation and new tourism products, the actual situation of the tourism industry is to be rather characterized by minor, almost only cosmetic, changes in the product offerings interceded by an ever increasing numbers of crises (in the world and in Serbia, too). The plans regarding rural development could be more holistic having in mind the specific security circumstances in those areas. In Serbia, emergency management in rural area is not appropriate, and therefore there is an urgent need to follow the positive practice from numerous developed countries to strengthen rural communities and promote economic growth (White House, 2011).

Despite all improvements and tourism growth in Serbia, some important questions still need to be answered. One of them is how to improve the current state of rural tourism in Serbia based on fact that the most common and obvious benefit of innovation in the tourism industry happens in the area of product development. Therefore, the authors presented the results which are helpful in the process of creation an innovative tourism product in rural areas. This product has to be safer than those presented at market based on widely accepted concept of five areas in which a company (tourist firm) can introduce innovation (Schumpeter, 1997).

Security and safety in tourism is also a part of this paper as a complex and multidimensional notion considering various components as political security, public safety, health and sanitation, personal data safety, legal protection of tourists, consumers protection, safety in communication, disaster protection, environmental security, getting authentic information, quality assurance of services etc. (Kôvári & Zimányi, 2011)

The methodology used in this article is characteristic for social researches: historical analysis, comparative analysis and data analysis. It allows authors to use various documents from electronic databases,

books, scientific journals, official documents and positive practices from various, developed and undeveloped countries. After a careful analysis of the data, all facts confirm that the activities of policy makers in the area of strengthening the capacity of rural communities in the process of creation innovation tourist product which includes safety components as many others.

The article is divided in a few sections. After the introduction, there is a section with several insights into the improvement of sustainable rural development and rural tourism as its part. The third section presents the importance of innovation aspects in a process of development tourism product in current circumstances. The next section discusses how stakeholders could make a tourism product more safe having in mind security issues in country and in the region. The last part is devoted to the conclusion remarks and a list of references used in the article's preparation. Presented facts show that safety issues have to be recognized in the future in every aspect of creating policy regarding rural development and rural tourism in the Republic of Serbia. Having in mind all the facts, it is obvious that stakeholders in Serbia have to be more engaged in the actions to improve the life condition in the rural areas and development of adequate and safe tourism product.

### **Rural tourism as a part of sustainable development**

Rural tourism is identified as the key sector that can drive the diversification of the rural economy and improved quality of life in rural population. Many projects were carried out in the last decade with the main aim to improve the rural tourism as a part of rural development concept. One of the well-known among interested parties was UN Joint Programme, which worked towards diversification of rural economy in Serbia. The key activities of this program were among others those linked with strengthening the capacities of rural development entrepreneurs, tourism organizations, and supporting local projects through the Join UN Fund for Sustainable Rural Tourism. All activities were implemented in four areas: South Banat on the Danube, in the lower Danube, in Central and East Serbia. The rural tourism is linked with different selective types of tourism like culture, adventure, ethno, gastronomy and wine tourism, ecotourism, farm tourism (agro tourism), and etc.

Consequently, rural tourism in Serbia in its purest form should be considered:

- Located in rural areas;
- Functionally rural-built upon the rural world special features of small-scale enterprise, open space, contact with nature and the natural world, heritage, ``traditional`` societies and `` traditional practices``;
- Rural in scale –both in terms of buildings and settlements-and, therefore, usually small--scale, and
- Traditional in character, growing slowly and organically, and connected with local families. It has to be control locally, and developed for the long term good of the area (Lane, 1994).

Competent authorities support development of rural tourism with an aim of diversification of economic activities and improving the quality of life in rural population. The analysis of the financial means devoted for this purpose pointed out interesting data which should be born in mind while planning future activities. Based on the available internal data of the ministry in charge, the Department for Rural Development in period 2006-2008, the amount of money devoted to rural tourism and diversity of economic activity in rural area significantly increased. The total amount counted 91 580 215 Serbian dinars (RSD) and it was used by 173 applicants. The number of applicants permanently rose in this period. This statement is evident from Table 1.

Table 1: *Number of applicant and amount of budget financial means in a period 2006-2008*

<b>Year</b>	<b>Number of applicant</b>	<b>Number of user</b>	<b>Budget financial means (amount in RSD)</b>	<b>Realized financial means (amount in RSD)</b>
2006	/	22	/	27.827.116
2007	298	41	40.000.000	27.028.686
2008	608	110	40.000.000	36.724.413
Total	/	173	/	91.580.215

Source: <http://www.ruralinfoserbia.rs/dokumenta/ruralni%20turizam-analiza%20budzetske%20podrske.pdf>

The greatest interest for using this support was recorded in the area of West Serbia, which has a long tradition of rural tourism, favorable conditions for eco-tourism, and remarkable natural potential (54, 2%). It was followed by applicants from Vojvodina region (13, 3 %), Central (12, 6%), and East part of Serbia (12, 4%). Another important observation is

that financial means are mostly spent for rebuilding facilities in rural households (91%), since only 9% were devoted to the promotional and educational activities. Having in mind these data, it could be easily understood in which direction future activities have to be conducted. Therefore, policy makers have planned numerous activities in a recent Strategy of Tourism Development in Serbia for the period 2016-2025.

The contribution of academic science in the area of rural development and rural tourism were enormous in the last decade. The publishing house announced numerous articles and books in Serbia, as well as in international community regarding the issue of rural development, tourism in general and its various types. The media also covered this theme from various angles and on different occasions.

Although the interest has increased significantly in scientific and wider community and despite all improvements, Serbian rural tourism still lags behind the level of other countries and is faced with numerous obstacles. Therefore, some authors recognized this deficiency in their articles. The authors randomly selected a few of them available in public:

- In the paper titled: Suva Planina as a development area of rural tourism, the authors addressed serious obstacles and concerns in the development of rural tourism in this destination (eight of them) (Randjelović et al., 2012);
- In the paper: Rural tourism in Serbia-opportunity and perspectives, the author stated that even `Serbia has remarkable natural resources and other needed potential for development of all varieties of rural tourism, it is still inappropriate organized, and it takes place inadequately to the current opportunity. `` (Čomić, 2002).
- In the paper: Resources for the development of the Rača municipality as a rural tourism destination, the authors pointed out that it will be reached only if stakeholders in municipality ``create a positive climate and increasing interest of local people and business is engaged in the development of this form of tourism.`` (Milićević et al., 2015).
- In the paper `` Concept of risk management of natural disasters in Serbian tourism industry ``, the author recommended the urgent need for creation and implementation of specific concept of risk management in tourism industry following the actions of countries which faced horrible consequences after natural disasters (New Orleans, Phuket, etc.). (Radović, 2010).
- In the specific review titled: Risk management in rural development, it is pointed the importance to manage the important new risks with

which rural communities and individual resident must deal in the risky world. (Anderson, 2001).

The sustainable development of the Republic of Serbia is a challenge with numerous risk and obstacles. If the overall concept of sustainable development is jeopardized, it is logical that there are no expectations for the improvement of sustainability in other areas in society, for example in the area of sustainable tourism in rural development. There are some figures which stated that in Serbian rural areas there are 10 000 beds, and in 2009 it was 2.5 million of tourist nights, or 27% of the total tourist nights in that year in Serbia.

The Sustainable Development Strategy in Serbia identifies a need for an action plan for the adaptation of various economic sectors to climate changes (Serbian Government, 2009). Hence, there are urgent needs to consider the research results on the capacities of every municipality to implement the concept of sustainable development and their capacity to respond to multidimensional security threats promptly and efficiently. Unfortunately, the gap between policy makers and a scientific community is still significant and expert recommendations did not follow. Based on its capability for sustainable development, the municipalities are classified in three groups. The number of municipalities in every group is presented in Table 2.

Table 2: *Number of municipalities in every group*

<b>Group</b>	<b>Number of municipalities</b>	<b>Number of municipalities (in percentages)</b>
Very capable -1	1	1.65%
Capable – 2	31	17.75%
Less capable – 3	133	80.60%
Total	165	100%

Source: *Radović et al., 2015*

Rural tourism, although still minor at Serbian tourist market, is making a valuable economic contribution. Its contribution can be expressed only in financial terms; it could be seen as a right way to decrease the regional disparities and inject of a new vitality into wakened local economies. It is also useful as a way to protect cultural-historic heritage which exists in rural areas.

The potential rural tourism promises some of the following benefits to rural development:

- Job creation and job retention;
- New business opportunities;
- Opportunities for youth;
- Service retention;
- Community diversification;
- Rural tourism enhance and revitalizes community pride;
- Preservation of rural culture and heritage;
- Increase in arts and craft sale,
- Provided landscape conservation;
- Environmental improvements, and
- Protected the historic built environment (new purpose, add new value).

In Serbian society, there is an ongoing discussion about returning traditional values. Rural tourism could be a great opportunity to contribute in this regard. In Serbian rural households, it was noted a trend that people who had lost their jobs in a process of privatization were forced to go back to their birthplaces. Some of them started to work on a farm and invest in agribusiness. In current budget shortfalls, they faced with numerous farm risks, market failures and insufficient government intervention. In Serbia in 2016, were more than 900 of households devoted to rural tourism performance are registered. In 84 municipalities there is one or more agricultural households. For example in Gornji Milanovac there are more than 50 active and 89 registered households in the rural tourism area. Serbian rural tourism and agriculture is bond in an action to enhance development and competitiveness. Since most neighboring countries have been promoting the development of their tourism industry, this has led to the increased competition to attract tourists and increase tourism revenues.

The theme of competitiveness in the economy in the global community has become a priority, although following many unknowns. It was measured in different ways, but the most acceptable in the science and practice is the Global Competitiveness Report published by the World Economic Forum and the World Bank reports on the ease of doing business (Doing Business).

Measuring the level of a country's competitiveness is based on using a large number of indicators for assessment of factors that determine the economic success and improve the quality of life (Penev, 2015). According to the World Economic Forum for 2015, Serbia was on 94th position on the list, which includes 140 countries, based on the recorded value of the Global Competitiveness Index (GCI) of 3.9. However, it should be noted that the value of the IGK range in the interval from 1 to 7, and the worst value is recorded to the subindex C innovation and sophistication factors in eleventh pillar: business sophistication 3.1 and twelfth pillar (innovation) 2.9.

Having in mind all of the above-mentioned and the facts on the state of infrastructure and increasing poverty rate in Serbia, it is clear that rural tourism has to be developed in very complex surroundings. The infrastructure, regardless of the constant highlighting its importance, remained neglected and we see that its deterioration and damage is an important limiting factor for economic development, and rural tourism as well. In the Report on the freedom of the global trade, transport infrastructure was recognized as the worst point of Serbia (Radović&Domazet, 2016). Another additional complex issue, which tackled rural tourism, is the poverty rate in Serbia. In 2014 it was 8, 9%, which means that the 628 000 population is considered poor. In comparison to previous 2013, poverty rate was increased from 8, 6% to 8.9%. Of concern is that in the territory of the Autonomous Province (APV), the number of poor growth significantly higher compared with the previous year 2013 in which the amount of 5, 6%. In 2014, this percentage was 7, 8% (Serbian Government, 2014).

The interested parties for the development of rural tourism in Serbia with the objective of creating sustainable income generating opportunities as supplemental income source to reduce the level of rural poverty will also contribute to equal territorial development and the protection of natural and cultural and natural resources needed for rural development. Rural tourism has to be developed having in mind some recent events which brought significant environmental damage in some specific rural areas. First there was an accident in "Stolice" where land was contaminated, and a few other events jeopardized rivers and streams and affected biodiversity. It is unreasonable to believe that foreign direct investment in so called "dirty technologies" could gain any benefit in rural, as well as in the urban area having in mind current state in all environmental components (air, soil and water) (Radović, 2017).



Planning sustainable integrating rural tourism assets has to be identified, assessed and prioritized for the future development by preliminary expert assessments and participatory planning mechanism, which will outline the vision and strategy for the rural tourism development in the community through wide consultation and participation of local and national stakeholders based of positive experience in international community.

### **Embrace innovation in the process of tourism product creation**

In Serbian Strategy for Tourism Development numerous actions regarding improvement and development of tourism product are addressed. The main strategic documents which have to be created are the Program of tourism product development and Marketing plan for tourism product. Serbian tourism industry is faced with numerous risks and there is a need for a prompt and efficient response which will lead to the better recognition in the global tourist market. Since innovation process in Serbia is an Achill heel in many other areas in society, tourism is not an exception. Therefore, stakeholders must decide which factors for innovation in tourism will be successful, and decide which dimensions of innovation can be distinguished. The development of rural tourism product needs to provide the new or innovative products to meet the demand of the tourism market by analyzing the market well. There are two aspects included in the product development. First, to redesign the current rural tourism product, and the second to create new rural tourism products. Anyhow, that new rural tourism product has to facilitate the need satisfaction in order to meet the change of tourist needs. Successful innovation is also profitable for tourist firms in a competitive market as it increases the value of the product or tourism experience.

In the process of the development of an innovative tourist product those in charge have also to provide common features of the tourist product. Some of those features are:

- Make the asset come alive because e-tourist will be more willing to consume such product at a deeper level if they have satisfied experience and spend more time at the destination;
- Make it a participatory experience;
- Make it relevant to the tourists and
- Focus on quality and authenticity on the rural tourism product because this is a determined factor to attract and satisfy them.

Tourism firms should work as any other company and introduce innovation in five areas:

- Generation of new improved products;
- Introduction of new production processes;
- Development of new sales markets;
- Develop of new supply market, and
- Reorganization and/or restructuring of the company (Schumpeter, 1997).

Numerous weakness of Serbian tourist industry is carefully explained in various national documents. Tourism in rural area needs local infrastructure, local population with a positive thinking about tourism, local industry that acts as supplier for tourism business and shopping facilities. It is important to understand that no one wants to spend his holiday in a destination and consume a product of only one supplier. Tourists need a bundle of service suppliers participate in creating tourism experience (Kasper, 1991). Policy makers have to consider three factors which determine the level and pace of innovation actively in tourism: supply and supply related determinants; demand drivers and the level and pace of competition. Any of this factor, as well as all of them, is changed based on new circumstances in the global arena.

Serbian tourism industry in the last decade faced with numerous challenges and changes. Numerous destinations are recognized at the regional market as well in European tourist market. A lot of efforts was put into the promotion and there is an ongoing campaign to increase the interest of foreign tourists in visiting some the most popular tourist destinations. What was not conducted in the past is the development of tourist product that is based in serious multidisciplinary cooperation of all interested parties.

Finally, in the future Serbian Government plans to highlight the urgent need to add value in a tourism destination by the specialization through the creation of products targeted toward specific market segments. The creation of tourism product encompasses a series of activities and has to follow a few steps. First there is the initial phase in which all destination elements are taken into account, afterwards the product is created, and at the end communicated to the market so that product can be consumed by a part of tourism demands. In the process of the evaluation of real success potential of the different products there is an obvious need to consider various criteria. These criteria can be also economic, social, cultural,

environmental or political among others. Human security for example is not considered in any part of the documents on power regarding the development of rural tourism product. No one can develop a successful product in the rural municipality if any kind of the security of the municipality itself is compromised.

The authors created Table 3 to show the key elements in which the tourism product creation process is divided. There are 5 different areas and the result is the stimulation of tourist consumption in a selected destination. The initial stage is the existence of the motivation to travel. The basis is resources and attractions at a destination. The creation process requires not only the existence or creation of infrastructure, facilities and services, but also the development of specific activities or experiences. The results of the process can be seen as the tourism supply of a destination. The values provided by the product should also be communicated and promoted to stimulate the consumption of tourism product in a destination.

Table 3: *Key elements in the product creation process*

<b>Initial stage</b>	<b>Motivation to travel</b>		
	Management organization		
<i><b>Basis</b></i>	<i><b>Destination`s resources &amp; attraction</b></i>		
<b><u>CREATION PROCESS</u></b>	<b><u>INFRASTRUCTURE</u></b>	<b><u>FACILITIES</u></b>	<b><u>SERVICES</u></b>
	+		
	<b><u>ACTIVITIES &amp; EXPERIENCES</u></b>		
	↓		
	<b><u>TOURISM SUPPLY</u></b>		
	↓		
<b>Communication</b>	<b>Image &amp; positioning</b>	<b>Communication &amp; promotion</b>	<b>Sales &amp; commercialization</b>
		↓	
<i><b>Results</b></i>	<i><b>Tourist consumptions or exchange</b></i>		

Source: *Jordi, 2006*

New technological achievements change the daily work in tourism industry, and there is no future neither profit for those who do not know or do not like to adapt to the new era of tourism in global arena. The capacity for firms to innovate and adapt to market developments is crucial

to their success, but research-based knowledge on innovation strategies in tourism remains scarce. Hence, firms must cooperate to position themselves, to develop a brand and become attractive through interesting total products, extra-ordinary experience product and functionally infrastructure (Alsos et al., 2014). In the process assessment success of innovation in tourism industry stakeholders must be sure that they chose the most appropriate type of innovation and how to measure innovation levels in tourism (Hjalager, 2002).

The results obtained from the study conducted by Centre for Tourism and Service Management, University of Innsbruck, Austria in 2004 are very useful because of some important proposals. They stated that there is a negative correlation between the size of tourism firm and innovative activity. Small firms are usually imitators. Private sector in tourism only undertakes innovations if they promise to be profitable (an exceptional profitability is the biggest driving factor for innovation).

The Government's role in a process of leading innovative activities regarding the development of rural tourism product, as any other, is also very questionable for some economists and tourism experts. They insist to let the market to do as much as possible, and only intervene when there is a market failure. Another issue is that policy makers try to let the innovating firms in question achieve economies of scope and seek innovation through cooperation alliances and other form of networking. They insist on reducing the government's role as a facilitator, coach or incubation partner, who turns prototype development over to the private sector as soon as innovation activities have been carried out. Policy makers also have to provide well functioning, regulation –free market. That way it will be possible to avoid some innovation barriers, and bureaucratization which can affect the firms.

### **Safety is a key for successful rural tourism**

Nowadays security is an active element of tourism based on the obligatory condition to protect both tourists and industry and the challenges of globalization finding expressions in studies and discussions on risk management in tourism. The increasing frequencies and severity of security crises in last several decades, the feelings and perceptions of safety and security are changing, too, which are the processes that impact tourists' decisions and travels (Radović & Arabska, 2016). In Serbian policy, the terms risk and risk management in tourism industry do not

exists and this has been changed promptly. The consequences of numerous risks in rural area had a great impact on the planned implementation of sustainable rural development and rural tourism, too. Stakeholders have to seek how to bring within rural communities a feeling of partnership in emergency management business, and the articulation of a joint vision.

Neglecting numerous risks in tourism industry could be catastrophic because it is clear that the risk in Serbian tourist industry existed, are still there, and could be even more enormous in the future. The significant economic burden to the Serbian society was noted after the great flood in 2014. The assessment revealed that the total impact of this flood in the 24 affected municipalities' amounts to 1,525 million €. In the tourism sector, damages and losses were estimated at approximately 2.19 €. It was about 75% corresponding to losses, and 25 % to the destruction of physical assets. Post-disaster need for tourism recovery is 0.5 €, and for reconstruction of 0.7 € which is total of 1.2 million € (Serbian Government, 2014).

Risk management is a keystone factor in the area of the innovative tourism product developed. The one among numerous examples is "Passages to Innovation" program, implemented by the Canadian Tourism Commission that identified four quadrants of product development. In Serbian tourism industry, this could be useful to apply in practice. The explanation about this practice is as follow:

1. Quadrant 1: Existing customers-existing products. This quadrant represents the lowest risk strategy. In this instance, the organization is catering to its current market segments, with its existing product range. This quadrant is the safe bet for many organizations. However, the face of the tourism consumer is changing and organizations must not only react to new trends, but also be proactive in order to be ready for the new market/s.
2. Quadrant 2: New customers - existing products which represent a slightly higher risk strategy. An organization entering this quadrant is wise to also keep a portion of efforts in quadrant 1. As an organization develops a new market segment, research must be conducted to evaluate the potential of those market segments for the existing products. Often, in this instance, the product may be modified to reflect the needs of the new market best. However, this does not constitute a new product.

3. Quadrant 3: New customers--new products. This quadrant represents the highest risk category. New businesses all start in this category. It is very delicate and must be executed with caution.
4. Quadrant 4: Existing customers/ new products. This quadrant offers a potential high-risk strategy. When presenting new products to existing customers, you want to ensure that these products will cater for their needs and not alienate them. Existing customers will, however, be more willing to try new products coming from an organization they trust (Tourism Excellency, 2014).

In the future Serbian policy makers have intention to develop more regional tourist product believing that it could lead to the better position in regional market. Anyhow, stakeholders must consider some security implications in this process. It should be conducted in a very sensitive way because of the history of ethnical conflicts in nineties, and reorganization of all regions as a very fragile area. Tourism is important contributor of economic development of post conflict area to re-develop tourism post conflict area have to meet few additional requirements which are:

- Restore safety image
- Invest in infrastructure
- Focus on risk management
- Emphasize new experiences ([www.cbi.eu](http://www.cbi.eu))

In the future, Serbian tourism industry will be faced with numerous issues on the path to increase its impact on economy and contribute to the sustainable development in rural areas and country in a whole. In that task, therefore there is an urgent need to be innovative and look for reliable partners because risks can be very high in this process.

## **Conclusions**

Sustainable development is now a broadly accepted ideal. In the 21st century in almost all documents in international and national level, is addressed the complex issue of sustainable development, rural development, tourism and agriculture. Tourism as an important driving force provides multiple services and products associated with a series of collaborated suppliers for tourists. Rural tourism is identified as the key sector, which can drive diversification of the rural economy and improved the quality of life in rural population. Serbian policy makers faced a lot of obstacles in their effort and made new plans for the future improvement

and did not obtain adequate risk management measures. Competent authorities have the intention to maintain the population base, improve farm job opportunities, provide public services and strengthen human and institutional capacities and regulatory policies in rural areas. Their effort should include bridging the gap between knowledge and action, embrace use of innovation of a safe tourism product, and provide needed condition to the free market and sufficient capacities of rural communities.

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# THE ENVIROMENTAL AWARENESS OF RURAL AREA INHABITANTS AS FACTOR OF TOURISM DEVELOPMENT

Aleksandra Šarković<sup>1</sup>

## Abstract

*Rural areas to their natural resources, cultural heritage and traditional characteristics represent a rich basis for the development of rural tourism, which is the largest and fastest growing segment of the tourism industry in the last decade. In order to "wise" use of natural resources in rural areas it is necessary to consider the economic, social as well as environmental factors. In addition to the preserved resources, quality products and infrastructure facilities for the successful development of rural tourism, both education and environmental awareness of inhabitants of rural areas are necessary to a certain level. In this paper, environmental awareness was seen through its main factors, such as environmental attitudes, behavior and motives that influence decision-making on key issues related to the environment and among other things depend on characteristics such as level of education and level of awareness of rural area inhabitants.*

*Residents of rural areas are aware that their main business, being agricultural production, contributes to environmental pollution but that the poverty reduction and solving existential problems have been perceived as more important than the environmental protection. The attitudes of the respondents indicate that they, at this point, are not willing to accept the extra costs in order to protect the environment, which also confirms the finding that economic status is often more important than the positive intentions of ecological behavior*

**Key Words:** *rural areas, environmental awareness, tourism, inhabitants of rural areas, education, information.*

**JEL classification:** *Q56, R14*

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## **Opening considerations**

Growth of global interests for problems of environmental protection and at the same time much more developed awareness about the need to preserve natural goods encourages the care for rural areas. Interest of contemporary man for natural resources such as forests, rivers, mountains, rare plants and animal species are defining rural areas as places of paramount importance for health and relaxation and at the same time they encourage topicality and importance of their preservation.

Some rural areas with their natural resources overcome traditional function which is related to agriculture as process of producing food. Heritage of traditional rural areas represents the ground for development of rural tourism which preserves scenery and traditional features such as architecture, cultural and historical monuments, local gastronomical dish and traditional crafts (Bryden, 2006, See: Јанковић, 2012).

Large number of studies about protecting environment in rural areas deals with the technical and economic aspects of that problem, neglecting the aspect of ecological awareness of population in rural areas (Akca, Sayili, Yilmazcoban, 2007).

Literature does not provide much information on the ecological awareness of inhabitants in rural areas in Serbia. In addition to those who research countryside and rural communities with emphasize on the sociological aspects of relations within the community, there is a small number of researchers who are analyzing the attitudes of rural population towards the nature, which represent dominant framework of their life and work. Main activity of rural population is agriculture and thus their life and work could significantly affect the environment. On the other hand, sustainable rural development is based on the development of multifunctional and diversified activity from which rural tourism stands out as a great potential. Environmental awareness of inhabitants is important factor which affects the status and quality of the environment as one of important elements for the development of rural tourism.

The conclusion of numerous authors who have studied economic, social and environmental dimensions of rural tourism (Muhi, 2013; Ristić, 2013) indicates that besides infrastructure, the role of local population and capacities that they possess are of crucial importance for the tourism development. Therefore, Pajvancić and Ristić are pointing out that the

modern conception and institutional strategies, as their elementary assumption, should include strong environmental awareness and active participation of citizens, because that is how the relationship between the general interest and specific needs of local communities is established (Pajvančić, Ristić, 2010).

The subject of this work is ecological awareness of rural areas and its influence on development of rural tourism. The work focuses on the factors that have influence on attitudes about the environment, such as formal education and the level of awareness of the population living in rural areas. The aim is to determine the importance and role of ecological awareness of local population as the main actors in the development of the rural tourism.

### **Rural areas- potentials and limitations**

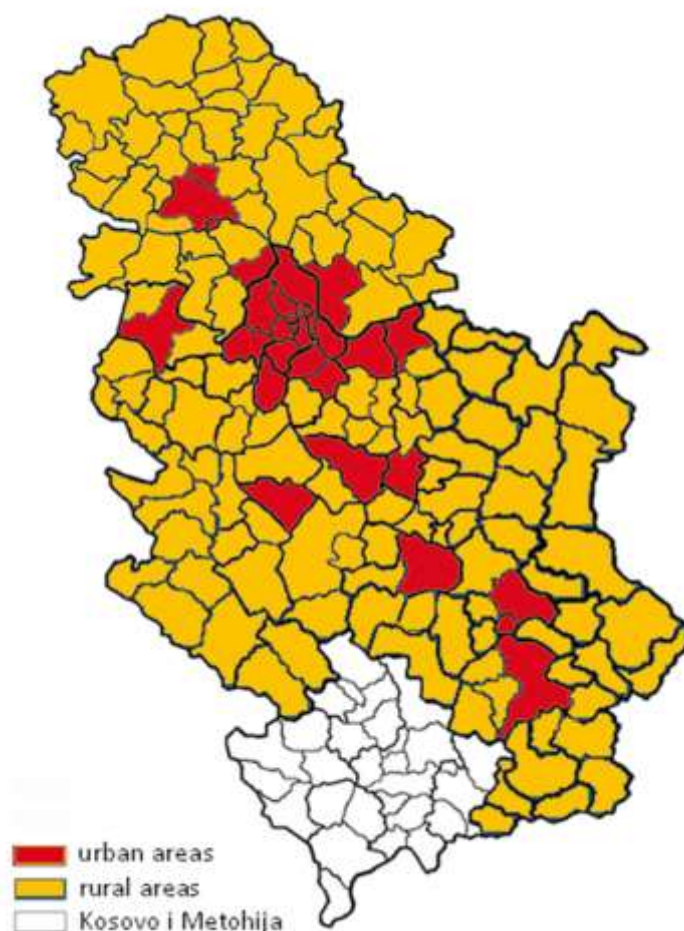
Rural society still has an important role in the demographic, social and economic processes. Rural areas cover 91% of the total territory of the EU, providing livelihoods for 53% of the total working engaged population, and more than 56% of the total population live there (Common Agricultural Policy, 2012). Food production, renewable raw materials, maintenance of natural resources that can be used for tourist purposes, specific economic and social structures within which we develop local crafts and products are some of the functions of these areas which are important not only for local population, but also for society in whole. Synergy of agriculture and tourism which is developing in these areas, if successful, provides socio-economic development and represents platform for further diversification of the economy in these areas. Besides that, compared with the global economy, many rural areas are lagging behind in economic development.

World Bank data show that rural areas, in spite of natural and cultural resources, are significantly lagging behind in economic development when compared to urban areas. According to the same source, per capita income in rural areas is about one third lower than in urban areas, the employment rate is lower, especially for women, service sector is less developed, level of higher education is in general lower and a smaller percentage of households have access to the broadband Network. Studies are showing that high level of rural poverty and unemployment is usually closely related to the high reliance of rural areas on agriculture, where the

use of natural resources is being the mainstay of economic development (Common Agricultural Policy, 2012).

The geographical area of Serbia has great potential for development of rural tourism, because 85% of the territory consists of rural areas with about 45-55% of the population, and agriculture is considered as traditional most common activity of the rural economy. From a total number of 160 municipalities in Serbia, 130 municipalities that consist of 3,904 settlements have characteristics of rural economy (Map).

Figure1: *Map of the rural areas in Serbia defined according to the OECD rural criteria*



Source: *Small rural households in Serbia and the rural non-farm economy*, (Bogdanov, 2008)

Based on the criteria of the World Conservation Union, rural territory of the Republic of Serbia represents one of six European and 153 world centers of biodiversity. Cultural and historical heritage, as well as the population represents special potential.

The area on which The Republic of Serbia is located is characterized by high genetic, species and ecosystem diversity. High mountain and mountain region of the Republic of Serbia is one of six European Biodiversity centers thanks to its rich flora. Serbia is potentially one of the global centers of plant diversity wherein the habitats of endemic species are particularly pointed out. Rural areas of Serbia are characterized by a diversity of landscapes and biodiversity, rich cultural heritage and natural resources, which is enough for successful implementation of the concept of the sustainable development, but on the other hand there are a lot of limiting factors: negative demographic trends, undeveloped infrastructure, fragmented and non-market orientated farms, inadequate production structure, low agricultural productivity and low income per farm, high share of agriculture in the rural economy, low level of diversification of the rural economy, insufficient investment in rural areas, high unemployment rate, insufficient capacity of trade, industry inputs and the processing industry, primarily food industry, lack of horizontal and vertical integration of business entities, etc. (Ristić, 2013).

Improving of the rural economy is increasingly based on multifunctional development and diversification of economic activities of residents. In that process, tourism, due to its numerous advantages, has singled out as one of the most important activities. The experiences of some European countries(e.g. Austria and Italy) have confirmed that rural development models which are based primarily on the synergy of agricultural production and rural tourism can contribute to economic revitalization and strengthening of underdeveloped rural areas (Bosković, 2012). For the implementation of such models, appropriate policies and effective institutional regulation is necessary to encourage rural residents, encourage and guide their activities in all types of rural tourism, but it is also necessary to work on their education and development of ecological awareness.



## **Rural tourism as an integral part of rural development**

Science, in the fields of economy, society, and ecology, deals with the creation and improvement of various possibilities of rural development that would contribute to the revitalization and further development of villages without endangering the environment and human health. (Leader, 1999; 2000).

According to generally accepted definition, rural tourism includes: “wide range of activities, services and additional content provided by hosts (farmers) in their households and estates in order to attract tourists and create additional revenue, while at the same time they need to respect the principle of sustainable development and preservation of the natural resources” (Muhi, 2013).

Rural tourism is also defined as tourism that offers rural environment to visitors by allowing them to experience the atmosphere of life, nature, culture and people in a unique way. This means that visitors are enjoying in the authentic, original experiences and they are returning to the roots and essence of the rural way of life (Milosevic-Đorđević, Milovanović, 2012).

The World Tourism Organization (WTO) has defined rural tourism as tourism activities in rural areas, organized and managed by the local people relying on the local tourist resources (natural, cultural, historical, folk) and tourist objects (inns, farms, etc.).

Rural tourism is significant component of an integrated and sustainable rural development and is also important factor in encouraging the development of local agriculture and non-agricultural activities in rural areas. Rural tourism has the potential to solve many economic issues related to the depopulation of rural areas, to improve the conditions of life, to preserve the environment, to enable the development of other economic activities, to increase the stability of the working age population and enable migration in the opposite direction, from urban to rural areas. Because of its potential, which contributes to socio-economic progress, many countries of the European Union have included rural tourism development in strategy of regions and rural areas (Muhi, 2013).

Rural tourism records steady growth in the world, due to increased demand in the tourist market, but also because of public support for its

development. Development of rural tourism is one of the goals of „The strategy of agriculture and rural development of the Republic of Serbia from 2014 until 2024”, set to achieve optimal development of rural areas (The strategy of agriculture and rural development of the Republic of Serbia from 2014 until 2024).

In Europe, this type of tourism exists at least 100 years, and is growing faster than other types of tourist modalities and is more resistant to economic recession. It is estimated that at least 3% of all international passengers practice rural tourism, which generates 12 billion Euros annually and employs 500,000 people. On the territory of the EU, rural tourism is most developed in France, Germany, Austria, Great Britain and Italy, which together make over 77% of the total market of rural tourism in Europe.

Efficient and effective development of rural tourism is inconceivable without the preserved environment and spatial area in which ecological systems function without special disturbance. Rural tourism depends on a number of natural and cultural assets which must be preserved, used in a sustainable manner and continuously improved. So, in addition to economic progress, rural tourism should establish responsibility for rural development in order to preserve the environment as a resource. For such an approach to the problem of the great importance are human resources: the existence of awareness, knowledge and practice in the use of material (natural and built) resources and commitment for change in local communities (Leader, 1999; 2000).

Rural households today through synergy of their economic activities combine agricultural production as the most important activity with other activities and services in rural areas and thus contribute to a better quality of life, improve living standards, rational use of resources and their preservation for future generations. In order to achieve integrated rural development it is necessary to strengthen the awareness of the population that primary agricultural production and exploitation of natural resources alone cannot sustain the rural economy. Many rural areas that cannot develop intensive production have benefits for rural tourism under the condition that all these activities are dimensioned in line with the environment.

### **The environmental awareness – conceptual definition**

Ecological awareness is a significant factor that influences environment conditions. Its three components are ecological knowledge, evaluation of ecological situation and ecological behavior (Cifrić, 1989). Ecological awareness is awareness of the environment which includes information about the ecological situation or motives of action, wishes and expectations that are referring to human environment and behavior wherewith the ecological state that is pursued is to be achieved.

Ecological knowledge is the basis for an ecological way of thinking, which allows people to treat nature in a different way. Those are the findings about the limitations of nature and about the causes that lead to endangering of natural systems, as well as the necessity to control man's domination over the nature. The result of ecological knowledge is awareness of the global ecological crisis and support to the concept of the development of society, which will be in harmony with the nature.

Other relevant content of the ecological awareness is evaluating the ecological situation. The attitude of individual towards the ecological values ultimately depends on how much these values are his own, or the extent to which individual can be identified with them and tie his existence and way of life to them. Ecological values are associated with knowledge. With the knowledge about the harmful effects of human activities on the soil, water, air, the animal planet world, and the quality of life, grows awareness of the need and importance of preserving these values.

The third element of ecological awareness relates to ecological behavior of individual or group in order to solve ecological problems, which is in compliance with ecological knowledge and the values. The manifestation of positive environmental behavior is determined by the individual characteristics, needs and possibilities. Building of socially desirable ecological behavior is necessary due to changes in daily behavior and actions of people that are not always adequately environmentally positive solutions.

### **The environmental awareness of rural area inhabitants**

Interaction between agriculture and environment is inevitable and could be positive and negative. Agriculture could improve, but also endanger

soil fertility or the habitat of different plant and animal species (OECD, 1992). Preservation of soil, water and forest resources as vital for rural population are one of the most important preconditions for their survival and development.

Rural areas are very rich and have wide range of biodiversity at landscape and cultural heritage and they are a great reserve of human skills and energy. In this work, it was presumed that households that are engaged with agricultural production could be the leaders of development of rural tourism. In this respect, their awareness about cultural heritage and environment that surrounds them and which should be preserved and improved as a basis for the development of rural tourism is very significant.

Ecological awareness, as a condition for the development of ecological culture whose basis consists of knowledge, contributes to advancement of sustainable agricultural and rural development in terms of harmonization of agricultural production with the laws of nature and the improvement of rural revenue on the one hand, and also the reducing the risks to natural ecosystems, on the other. (Agenda 21, chapter 14, see in Milotijević, 2006).

The research conducted by Berenguer (2005) shows that there is certain difference between ecological attitudes of people who live in rural areas in regard to people who live in cities and that research says that rural population shows more responsibility toward the environment and more willingness to behavior which is coordinated with environmental protection. Various researches, up to this point have shown that agricultural producers have ecological ethics because they are in close daily contact with soil on which they and their families' existence depends upon. That finding is in line with Westmacott's research which points out that farmer worries about the environment, but in the same time pollutes it (Westmacott, 1983).

Numerous authors (Westmacott, 1983; McKenna, 1997, Miltojević 2011) found that farmers are aware of the fact that agricultural production, as their main activity, contributes to pollution of the environment. Although they worry about the environment, the polluting is indicating that the level of environmental awareness of the protection of environment is not sufficiently developed. Milotijević and his Bulgarian colleagues indicate

that the ecological awareness of individual farmers in border areas of Serbia and Bulgaria is at low level (Milotijević et al., 2011).

The study of environmental attitudes and behavior carried out in Serbia on a sample of 314 respondents who are the owners of farms showed that existential problems and the reduction of poverty have priority for the majority of respondents (40.8%) over environmental protection (Šarković et al., 2016).

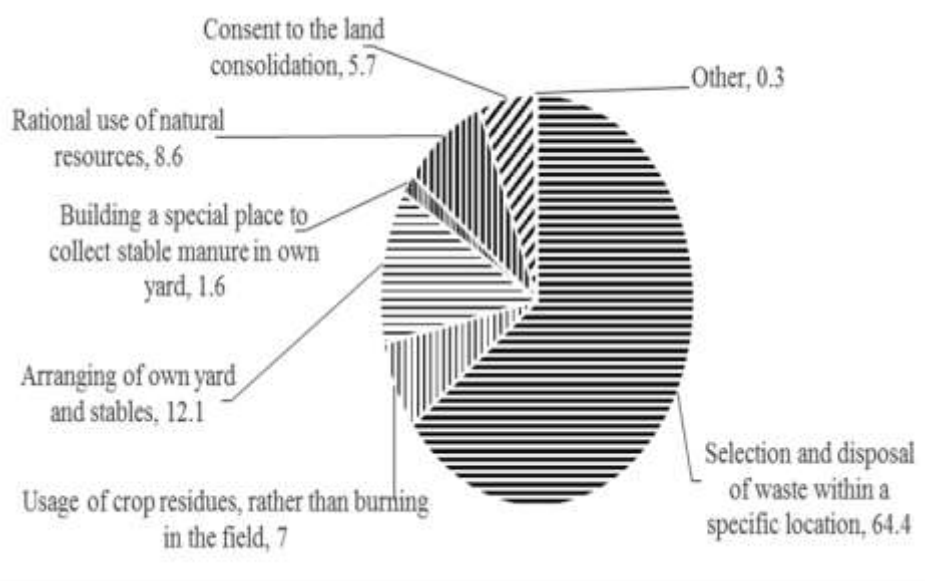
### **Environmental attitudes**

Attitudes of respondents about the willingness to tolerate higher costs in order to protect the environment, show that they are not fully prepared for such changes and changing entrenched practices. Findings of Stern (2000) show that 42% of the respondents are concerned with the environment and only 6% prepared to pay higher taxes and fees in order for its protection; economic status is often more important than the positive intentions of ecological behavior. The discrepancy between high level of concern about the state of the environment and low readiness for financial participation in its improvement can be explained by ignorance and lack of information, but also by economic problems. Within another research (Cvejić et al, 2010), it is found that rural population is facing serious problems of poverty and social exclusion in all of its dimensions, especially farmers and old single households.

Poverty is twice as high in rural than it is in urban areas (9.8%: 4.3%), which is one of the reasons for the low participation of population in rural areas in the environmental protection when it requires investment funds (Cvejić et al, 2010). Research shows that concern for the quality of the environment can be a luxury in which people can engage only after the fulfillment of basic needs (food, housing, economic security) (Sant, 2007).

These findings confirm the results of research conducted on the territory of Serbia on a sample of 314 respondents, owners of farms. The largest proportion of respondents (64.6%) opts for the least 'sacrifice' so as to be engaged in the selection of waste, and the least (1.6%) of them are willing to build a special place for collecting manure in their own backyard.

Graph1: *The way in which a household would be able to contribute to reducing environmental pollution (%)*



Source: *The role of television in spreading environmental awareness of inhabitants within the rural areas of Serbia*, (Šarković, A., 2016), Doctoral Dissertation, University of Belgrade

### **Education and awareness as factors in the formation of environmental attitudes**

Environmental attitudes vary by age, gender, socio-economic status, ethnicity, degree of urban areas, personality, experience, education and knowledge about the environment (Gifford & Sussman, 2012). Another important factor of ecological awareness is ecological knowledge. The assumption is that the knowledge about the environment, which is acquired through education, is helping people to understand the ecological issues, they are becoming aware of the problem and motivated to take a responsible attitude towards the environment.

As an example of an ignorance and poor awareness of farmers, Maširević cites the example of Bačka, where in the last decade of the 20th century, on 47% of total surveyed areas provided for planting row crops, profusely intake of insecticides was established into the soil (Maširević et al, 2009).

Study (Šarković et al, 2016) shows a high correlation between educational level of farmers, the size of the estate, which is processed and their concern for the environment. The highest percentage concerned (62.8%) was recorded among the best educated (college or university), among which none of the respondents stated that he is not concerned about the environment. The lowest percentage of those concerned (30.5%) for the environment is in the group with the lowest level of education (Table 1).

Table 1: *Concern for the environment by education level of respondents (%)*

Level of education	Degree of concern for the environment			
	Worried	Partially worried	Not worried	Total
Without or with Elementary school	30,5	51,6	17,9	100,0
High school	46,5	47,2	6,3	100,0
College or University	62,8	37,2	0,0	100,0
Total	43,8	48,7	9,2	100,0

$X^2=22,691$ ;  $P<0,001$ ;  $C=0,273$

Source: *Ecological awareness of agricultural producers in Serbia: attitudes and practices (Šarković et al, 2016) Teme, XL,(2). 2016.*

With the increase in the level of education, the number of those who are somewhat or completely willing to pay the expenses for environmental protection increases as well (Tab. 2). Similar results were gained in the research of Fahliquist (2008), stating that those who know more about the environment and related issues, have a higher level of awareness and motivation to solve problems in this area.

Table 2: *Willingness for higher expenses for environmental protection based on education (% respondents)*

The level of education	Degree of willingness to pay higher fees and taxes				
	Willing	Partially willing	Unwilling	Cannot decide	Total
Without school or only with Elementary school	4,2	51,6	38,9	5,3	100,0
High school	4,2	61,8	26,4	7,6	100,0

College or University	16,3	72,1	11,6	0,0	100,0
Total	6,0	59,9	28,4	5,7	100,0

$X^2=22,738$ ;  $p<0,001$ ;  $C=0,273$

Source: *Ecological awareness of agricultural producers in Serbia: attitudes and practices* (Šarković et al., 2016) Teme,XL, (2). 2016.

Findings about the media's role in increasing the level of awareness of rural area residents among whom the highest number are agricultural producers, we can find in Akca's research (2006). He analysed the ecological awareness of residents in two rural provinces in Turkey and showed that television and press stand out as major source of informing about the environment.

Research conducted in Serbia has revealed the existence of significant connection between the level of informing and the attitude of respondents towards concern about the environment (Table 3). The highest percentage of concern was found among the best-informed (64.1%), while the lowest one among the least-informed respondents (30.9%).

Table 3: *Concern about the environment based on the level of awareness (% respondents)*

The level of awareness	Degree of concern			
	Very worried	Partially worried	Not worried	Total
Poor	30,9	52,6	16,5	100,0
Medium	43,0	49,6	7,4	100,0
Good	64,1	34,4	1,6	100,0
Total	43,6	47,2	29,2	100,0

$X^2=24,435$ ;  $P<0,000$ ;  $C=0,282$

Source: *Ecological awareness of agricultural producers in Serbia: attitudes and practices* (Šarković et al., 2016) Teme,. XL, (2.) 2016.

### **Adoption of environmental practices as factor of environmental behavior**

Contemporary concept of agricultural management in the EU has been recommended through the principles of good agricultural practices which includes the use of certain procedures in the process of agricultural production and enable the achievement of the sustainable agriculture and



environmental protection. This measurement system is based on knowledge rather than on high investment and the use of natural resources in a sustainable manner. Principles of good agricultural practices make the minimum of standards for farm management (environmental protection, environmental management, food safety, animal health and welfare) and they have been adopted as support of sustainable agriculture and environment protection. The use of these principles in the EU is in line with national legal framework. Although their use is voluntary, it provides value added to the manufacturers of products. The use and approval of environmental practices is contributing to preservation of natural goods as the ground for integrated rural development with an emphasis on rural tourism.

In the research undertaken in Serbia (Šarković et al., 2016) environmental behavior of the respondents was analyzed through the adoption of environmental and agricultural practices. This study has shown that farmers largely apply environmentally harmful practices which threaten the environment:

- More than a half (58.3%) of respondents does not separate biological waste within their household.
- More than a third of respondents (35.4%) bury dead animals in a place for them to determine.
- More than a third of respondents (38.7%) have never done soil analysis.
- One fifth of respondents (20.9%) burns crop residues directly in the field.
- One fifth of respondents (20.2%) burns empty pesticide containers in an unsecured part of the yard.
- On the other hand, the responses indicate that respondents are aware of the importance of environmental protection. Thus, for example:
  - More than two fifths of respondents (43.3%) plowed crop residues.
  - Almost two fifths of the respondents (39.0%) perform the soil analysis once in five years.

Such findings indicate that farmers are willing to respect the positive environmental practices if they are familiar with them, have long personal experience in their application and if this enables infrastructure development.

Another research conducted in Serbia (Šarković et al, 2016) has shown that education has an impact on the choice of ecological practices

implemented by farmers. Respondents who have a higher level of education in higher percentage do soil analysis, and much less implement environmentally harmful practice of burning crop residues directly in the field.

## **Conclusion**

Development of rural tourism is based on the well-preserved natural and cultural resources, that in the process of its development must be used in a sustainable manner and continue to improve. For such an approach the existence of awareness, knowledge and practice in the use of material (natural and built) resources and commitment for change in local communities is of great importance.

The research results indicate that inhabitants of rural areas are aware of the fact that agricultural production, as their main activity, contributes to environmental pollution. Based on their own testimonies, many of them show concern for the environment. However, poverty reduction and existential problems are more important to them than the protection of the environment.

Unwillingness to bear additional costs in order to protect the environment confirms the finding that economic status is often more important than the positive intentions of the ecological behavior which is contrary to the views on environmental concerns.

The level of concern for the environment is highly correlated with the level of education. The highest percentage concerned is registered among the best educated (college or university) and best informed people.

The fact that manufacturers often use practices which threaten the environment shows the low level of pro-ecological behavior among rural residents. The low level of pro-ecological behavior indicates a potential threat to the environment by those who should save it and is not in line with high level of concern that they express about the environment. There are unrealistic expectations about the rural tourism development on farms which implemented harmful practices. These findings point to a necessity to incorporate education in order to improve the environmental awareness of people as a significant factor in the development of rural tourism.

Based on the results, which indicate non-compliance of environmental attitudes and behaviors it can be concluded that the environmental

awareness of rural population is not at a level that enables sustainable rural development with special emphasis on rural tourism, which requires further work on its promotion.

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# DEVELOPMENT OF FARMING AND TOURISM AS A CONCEPT OF PRESERVING THE AUTHENTICITY OF PESTER RURAL AREA

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## Abstract

*Potentials for development of organic animal farming at Pester area are discussed in this paper. In this area two basic climatic types are present: mild continental climate and high altitude mountain climate with extremely cold winters. Geographic and relief position of this area represents very good terrain for intensive animal farming and fruit production. Main branches that should be focused on are production of cow, goat and sheep milk, mutton and lamb as well as production of apples, plums, berries, bee keeping and fisheries.*

*Preserved and healthy environment of Pester area is ideal for agriculture, especially for production of healthy food, recreational and rural tourism. Very famous products coming from that area are: Sjenica mutton, Pester cheese, paprika in full fat milk skim, smoked ham, stelja and sudzuk (traditional products). Rural area such as Pester highland represents unused resource for development of agriculture and tourism.*

*Key words: Pester highlands, agricultural resources, development of conventional and organic farming, tourism development*

*JEL classification: Z32*

## Introduction

which are usually systematized in three main groups: natural, demographic and economic. It is very hard to quantify influence of separate groups of above mentioned factors whose role and significance

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change in some stages of social economic development of specific country (Tomić & Ševarlić, 2010).

The main characteristic of Serbian agricultural state is economic devastation and constant decrease in income of farmers. It is manifested in different intensity and modes through extraction of surplus values from agriculture mainly in favor of three sectors: industry, trade and banking (Mekić & Novaković, 2012).

Because of the above mentioned state, domestic animal husbandry is in a very bad state. Animal fund in Serbia is impoverished, since the beginning of 1990 it was descending by two or three percent and today it reached historic minimum (Mekić & Novaković, 2013).

According to the Statistical Office of the Republic of Serbia, on 01.12. 2016 there was 893000 cattle of all categories being reared in the country. Out of that number milk yielding cows are 426000, pregnant heifers 47000, and 25000 two years and older heifers ready for breeding, and around 91000 female cattle aged 1-2 years ready for breeding.

When it comes to sheep production, there is a total number of 1665000 sheep being reared in Serbia, out of which there are 1231000 breeding sheep.

In spite of having very good breeding conditions, Serbian animal husbandry is in big crisis. Number of animals in the last three decades has significantly decreased, and therefore meat production has decreased from 650000 to 440000 tons per year. Meat consumption per resident in that period has decreased from 65 to 43kg per year, and today it is around 38kg per resident per year. Cause for that can be found in disturbed price parity, loss of market, inability to export all types of meat, decreased buying power of citizens, disturbed financing system, inadequate means in budget that are allocated for agriculture, inadequate functioning of stock reserves.

Worst condition is in cattle breeding, which can be seen through data that for two decades we have permission to export baby beef in the amount of 8875 tons in to the European Union, and we use it in extremely low percent. Best example is the fact that in 2013 only 600 tons were exported, and in 2015 only 315 tons. Cause can be found in extremely low number of calves, because in the beef production we have from 15-20000 calves. In order to fill the quote for exporting baby beef in to European Union it

is needed to dedicatedly fatten six times more calves than it is being done now, that is approximately 100000 calves.

Yugoslavia was in 1990 exporting in to the world around 50000 tons of baby beef, out of which 30000 tons originated from Serbia. Production of beef in Serbia was almost shut down and state should urgently apply adequate measures in order to recover this very important production.

Total gross value of agricultural production in 2015 was 4751 million dollars, which is by 7.59% less than what was realized in 2014 (5001 million). Value of realized animal husbandry production in Serbia in 2015 was 1826 million dollars. This data shows that existing animal fund even though it is in very bad state compared to available agricultural resources represents significant natural resource. If we look at it in the long run, especially at the average between 1988-1990 number of cattle in Serbia is lower by 20,2%, pigs by 22,5%, sheep by 26% and poultry by 22,7%. Result of this condition in animal husbandry is its participation in gross value of achieved agricultural production of 31%, by taking in count the number of conditional animals per acre of arable land (0,33animals/acre).

Animal husbandry in Serbia has significant position in country economy as it creates great value engaging natural and human resources. Animal husbandry is present in more than 600000 households (out of which 330000 households are doing intensive farming and animal husbandry) therefore it represents the branch which participates with 31% in gross product of agricultural production. Serbia has turned from the exporter of meat into its importer. In the year 2014 Serbia has imported 18000 tons of meat; 35000 tons of third category meat. Moreover, 347957 live animals for fattening were imported, and in the year 2015 330000 live pigs and approximately 38000 tons of third category meat.

Therefore, creators of agricultural politics and policies need to make move to use emergency measures and intervene in this sector of agricultural production. Animal husbandry should get its place in the agricultural structure of Serbia which will mainly be reflected in the process of giving the value to the working and production potential, realization of higher income (per animal, acre and per employed person), along with upkeep and improvement of land fertility, as well as in total intensification and strengthening of export oriented agro industrial production.



According to natural and demographic resources Serbian agriculture is mainly export oriented industry, so therefore that should be the strategic orientation in development of our agricultural development (Ševarlić et.al. 2008).

Aim of this paper is to point out the state, problems and perspective of development and improvement of animal husbandry production in the municipality of Sjenica as specific rural area for animal husbandry development. This area is rich in natural resources it has healthy environment, unpolluted land, rich ground water regime, people are traditionally orientated towards agriculture – animal husbandry, there is possibility of organic production, brand development, geographic origin product creation as well as possibility of rural tourism development. All these are chances for improvement of analyzed municipality.

### **Municipality geographic location and other general characteristic important for development of animal husbandry**

Sjenica is a city and municipality as well, it is located in south west region of Serbia called sjenica-pester highland. It borders six municipalities (Tutin, Ivanjica, Novi Pazar, Bijelo Polje and Nova Varoš). This area is surrounded with numerous mountains (Golija, Giljeva, Ozren, Jadovnik, Javor, Zlatar). According to the area the municipality covers (1059 km<sup>2</sup>) it is one of the larger municipalities in Serbia.

Number of municipality inhabitants on 30.06.2014 was 26141 citizens who live in 101 settlements. Average number of people per 1 km<sup>2</sup> is 25. Sjenica is the center of pester highlands, average altitude is 1150 – 1200mnv. High altitude, harsh climate do not serve well in development of agronomy.

Climate is limiting factor in crop farming development in Sjenica area due to extremely low winter temperatures. Interesting fact is that in the Sjenica municipality on 13.01. 1985 lowest ever temperature in our country was taken, unbelievable 39,5°C below zero (village by the name Karajukići bunari). Late spring and early autumn frost shortens vegetation period for the plants and lower the total heat index needed for crop cultivation. Vegetation in Sjenica area lasts for 151 day. Its start is somewhere at the end of April and it ends by the end of September (Pavlović, 2004).

Therefore, climate is the main factor that influences the direction of regional development towards animal husbandry which is most perspective branch of agronomy in Sjenica area. Pluviometry regime, air temperature, pedology base and other natural factors have shaped terrain for meadows and pastures to have dominant place in surface structure. In that type of climate conditions, and on that base, population of sjenica area bases their activities and work, they live off animal husbandry.

Wide and big pastures are extremely good for animal husbandry development, especially cattle, sheep and goat breeding.

### **Natural resources**

Municipality of Sjenica is very rich in natural resources. Most significant resource are ground waters, ores and biodiversity.

*Ground waters* in Sjenica belong to Drina basin, most significant rivers are Uvac and Vapa. In Sjenica area there are dozen rivers that flow underground out of which Borostica (23km) is longest river that runs underground. North from Sjenica in Cedovo there are two thermal springs which are at 986mnv and water temperature is around 26°C. Thermal springs are not used.

*Floras* mainly consisted of wild vegetation (meadows, pastures and forests). Sjenica – pester area of meadows and pastures is the largest in Serbia.

Serbia has approximately around 5111152 acres of arable land, 631552 farming households. Out of totally available arable land in Serbia only 3437423 acres is used; out of which furrows and gardens take 2513154 acres; orchards 156657 acres, vineyards 22150 acres, meadows and pastures 713242 acres (table 1).

Table 1: *General information about agricultural land usage*

Region	N° of households	Used arable land	Furrows and gardens	Orchards	Vineyards	Meadows and pastures
Serbia	631552	3437423	2513154	156657	22150	713242
Sjenica	5550	54051	16208	105	-	37478

Data source: *Statistic yearbook – Municipalities in Serbia, 2016.*

In Sjenica municipality out of total number of used arable land 69,34% are meadows and pastures and to furrows and gardens 29,99% (table 1).

Arable land is mainly crop for production such is wheat, vegetables, fodder.

Orchards and vegetable production is mainly organized on small farming surfaces, mainly where climate and soil conditions allow that type of production, lower altitude terrains and valleys around rivers where soil quality is better. Very few farms have surplus product.

Structure of arable surfaces is best indicator about existing agricultural structure. Mentioned terrain morphology (hilly mountain area), climate, soil quality are much more oriented towards animal husbandry than towards crop production.

Beginning of unstable and hardening conditions in the period after 1985 has slowed down already slow and undeveloped agriculture. Small farming lands, a few arable surfaces in state sector, low soil quality, inadequate mechanization, small number of people who are willing to work, bad inadequate organization and low professional education as well as bad communication on the relation village – town center have influenced retrogression and further slowed the development.

### **Animal husbandry**

Having in mind natural resources (69,34% under meadows and pastures), then climate of hilly-mountain area, animal husbandry should be the main branch of agricultural production. Moreover, having in mind that meadows and pastures dominate in the structure of arable land cattle and sheep breeding should be primary in animal husbandry development.

Tradition based mainly on natural resources of this area, has along with other factors contributed that animal husbandry is dominant branch of agriculture in Sjenica municipality. Villages of this area have lived off animal husbandry and its products for centuries. Today at the beginning of 21<sup>st</sup> century animal husbandry should be the future of agricultural production of this area.

Pester area was always known for sheep production, therefore there is no village farming household that does not breed sheep.

Cattle breeding, when it comes to number of cattle as well as to the quality, was in Pester area always in the shadow of sheep breeding. In the past Buša was the most present cow breed that was kept for personal needs and a few were bred for market. For decades number of cattle varied. All up to sixties of twentieth century buša was dominant breed (90%). With improvement of fodder and crop base there has been qualitative change in breed structure of cattle breeding.

Today, in the Sjenica municipality according to official data for 2012, 27288 cattle is being reared, 17214 cows, and 30324 sheep. This region is well known for their traditional products which are made within private farms. Almost all milk that is produced in Pester area is used for making cow, mixed or sheep cottage cheese.

Having in mind significance of animal husbandry for development of this region it is necessary to allocate significantly higher resources in to this sector of agriculture. Faster and higher quality development (of sheep and cattle breeding) would improve meat, milk, milk products, wool and skin production. Fact that those products originate from Pester area would make their demand even higher at the market (even today demand for products from this area is very high at the markets of big cities of Serbia and Montenegro), income from those products would be very significant. Achieved income off this “healthy food” would speed up the revitalization of this region, especially village areas.

In order for sheep and cattle breeding to gain significance that it should have it is necessary to improve fodder base. In order to improve meadows and pasture quality it is needed to create special ameliorative program and to use agro technical measures. It is imperative to improve animal breed format.

In order to improve agricultural production Sjenica municipality created in 2011 Regional agricultural and village development center, co-organizers were city Novi Pazar and municipality of Tutin. From 2013 this center becomes regional. Main objective of this center is research and development of agriculture, advisory and technical service for cluster farms. Within the center there is laboratory which offers chemical and microbiological analysis of meat, meat products, milk, milk products and honey. Within center there is also section for animal breed master records, testing and registering, as well as for farmer training.

## **Significance of animal husbandry and development potential**

Agriculture can be considered leading economic branch of Sjenica municipality, which can be concluded based on 5550 registered farms, where 14295 people live, which is 54,68% of total number of municipality people who officially live off agricultural production. To this number, number of farms that do agriculture as side (economic) activity should be added..

Despite all above mentioned it can be concluded that agriculture resources are almost unused. Usage of meadow surfaces for grazing animals (37478 acre) allow significantly higher number of animals per acre. In Sjenica approximately 26782 acres are being accounted as unused (abandoned grass areas). If this unused land were to be brought to use additional number of animals could be reared.

By increase of milk production per animal and reaching the Serbian average additional 8000-9000 tons of milk would be produced. By increasing milk production in lactation to 5000kg in Sjenica municipality, yearly additional 25000tons of milk could be produced, total 87000tons of milk per year.

To existing milk production, production of mutton and large animals for fattening should be added. Developed animal husbandry sector would strengthen existing dairies and slaughter houses, which would enable creation of additional values, higher employment rate, entrepreneurship and investment inflow in to this sector.

Sjenica is well known for sjenica sheep and cow cheese production, stelja, smoked ham, mutton, sudzuk and paprika in skim. These products are known not only on Serbian market but in the region. Large number of these products has already been protected by geographic origin stamp. However due to bad economy politics these products are sold at very low rates in order to be competitive with other similar products of significantly lower quality coming from our country and abroad.

Therefore, agriculture as most perspective economy branch in Sjenica should adjust to development tendencies by adequately using its resources. With that aim in mind it is needed to do the following:

- To separate area centers in Sjenica where optimal natural resources and tradition of animal husbandry are already present;

- To activate cooperative fellowships in rural areas of municipality, in villages where it is possible to organize buyoff and processing of animal husbandry products for exporting (sjenica cheese, hard cheese, milk cream, dry meat products, etc.);
- To develop projects for health food production that is made for exporting and
- To intensify forestry, tourism and recreational sectors development and other sectors that are complementary with animal husbandry (in rural area of Sjenica municipality).

### **Concept of animal husbandry development**

Animal husbandry is very important section of Serbian agriculture. It is main branch of agriculture, mainly in professional circles called the “steam engine of agriculture development”. Unfortunately this research points out at very big crisis of animal husbandry in the Republic of Serbia. The biggest devastation happened in the last 25 years, especially after class transformation, privatization of large agricultural companies, slaughters, dairies. Shutting down of large number of cooperative fellowships has further worsened the conditions in this sector of agriculture.

Considering that agricultural production is mainly oriented on farms, devastation was worsened by disappearance of small farmers that do animal husbandry.

Agricultural census 2012 identified animal husbandry condition according to regions, and having in mind available production resources and partial specialization in production, Vojvodina region is dominated by poultry and swine production while in Šumadija and Western Serbian region is dominated by cattle and sheep production.

Animal husbandry is leading branch of Serbian agriculture. Out of total number of farms 77,5% is oriented towards animal husbandry. Among 489364 farms that do animal husbandry 99,9% are small private family farms. They rear 84% of conditional animals, with average capacity of 3,5 conditional animals per household. Out of total arable land in Republic of Serbia 70% is being used by farms that do animal husbandry production.

Significance of animal husbandry in Republic of Serbia is directly seen when it comes to animal husbandry products. From the aspect of rural development, animal husbandry provides continual employment, also an

additional employment of female labor which is very significant in the conditions of very low employment rate that mainly hits rural regions. Besides, farms that do animal husbandry have continual income throughout the year, which is not the case in crop production. That has positive influence on capability of covering the current liabilities and life standard of rural population. Manure as side product of animal husbandry is irreplaceable organic fertilizer in crop production. Lately, the manure is often mentioned as one of potential sources of renewable energy, in production of bio gas or in production of solar panels for roof constructions of many construction objects used in animal husbandry.

Number of farms that do animal husbandry drops faster than the total number of households, due to the effect of specialization in agriculture. Animal husbandry farms share in Republic of Serbia has been reduced from over 90% in 1960 to 77% in 2012. In the EU-9 countries, animal husbandry production farms share in total number of farms in the period from 1975 - 2010 has been reduced from 74% to 38%.

In the Republic of Serbia there is regional division of animal husbandry which is the result of availability of production resources and partial specialization. If we observe from North towards South it can be concluded that in Vojvodina highest number of swine is being reared (41%) and poultry (45%). Šumadija and Western Serbian region are leading when it comes to cattle (46%), sheep (60%) and bees (41%), while in southern region goats (38%) and bees (35%) are being reared.

### **Animal husbandry share in total agricultural production value**

Assessment of animal husbandry is measured in income percent that animal husbandry achieves within agriculture:

- a) If animal husbandry share is less than 50% income, condition of agriculture of the state is bad;
- b) If the income of animal husbandry is between 50-70% situation is medium good, and
- c) If the animal husbandry share is over 70% of income, situation in agriculture is very good.

Animal husbandry share in the total agriculture value for the 2011 in the Republic of Serbia was 41,2%; crop production 26,1%, orchards 19.7%, vegetable production 13,0%.

Therefore, best confirmation of very bad condition in our agriculture is the fact that today animal husbandry share in total income of agriculture is with approximately 31%. This is the urgent matter and it has to be changed, because advanced and developed animal husbandry means advanced and developed society.

### **Development possibilities**

On the future development of agricultural production at the Pester highland area following development factors will be beneficial:

- Orientation towards village farms and private entrepreneurship;
- Unpolluted environment;
- Education and application of new technologies in agricultural production.

### **Production perspective in animal husbandry**

Within the total animal husbandry production ruminant breeding (cattle, sheep and goats) and horse breeding at marginal areas which is based on usage of available arable land can be clearly defined. As meadows and pastures are dominant in hilly mountain regions they conditions breeding of ruminant in total animal husbandry production.

In creation of further development of animal husbandry production it is very important to pay attention to sustainable usage of available resources. General statistic aims in Serbian agriculture should encircle economic, social, and ecologic problems. In that way it is needed to:

- Build sustainable and efficient agriculture sector that can compete at world market and influence growth of national income;
- Provide food that satisfies consumer needs when it comes to safety and quality
- Ensure life standard support for people who are dependent on agriculture and are not able to follow the economic reforms;
- Ensure support by sustainable village development;
- Preserve environment from harmful agricultural influences;
- Prepare agriculture of Serbia for the EU integration.

Nowadays there is the question if we in Serbia are able to stop unfavorable trends in animal husbandry and start with development and improvement of this strategically most significant section of agriculture,



by using natural and other existing resources. Their improvement is needed as all of them are in very bad shape.

In order to speed up the development and improvement of animal husbandry at Pester highland area, it is necessary to create programs which will encircle: regulation of arable land and its better usage, increase of animal feed quality, cultivating, reproduction, production technology, state measures for stimulation and protection, development and application of scientific results, development of milk and meat industry, increased efficiency and development of local and foreign market. Programs of improvement of animal husbandry are very complex and are made for the long run.

For that matter it is needed to:

- Create proper social and economic conditions in rural area and ensure their part in economic growth of the country;
- The politics of rural development have to respect territorial specificities;
- Categorization should be performed according to LFA EU model (Less favorable areas) for production and this fact should be taken in to consideration while creating measures of agricultural politics.
- Investments should be done in to farms in order to reduce production costs, increase quality, increase production and improve environment, hygiene, animal welfare and diversity in agricultural activities;
- Support should be given to small farmers to start production;
- Farmers should be preserved;
- Incentives, prizes should be given to farmers in areas where conditions are hard;
- Incentives for ecologic farming;
- Improvement of processing and marketing of agricultural products;
- Soil improvement, consolidation, creation of help and services for farmers, marketing of quality products, improvement of living conditions, protection and conservation of rural heritage, development and improvement of rural infra structure, support for touristic and craft making activities, environment preservation and rural area management.

This would help renewing of agricultural production which is decimated.

## **Cattle and sheep breeding concept**

***Genetic improvement of cattle breeding:*** Based on what is said till now, it has been determined that dominant breed in cattle breeding is domestic spotted within Simmental type 90% from total number of cattle in municipality and region. Therefore, cattle for combined production should be reared, milk-meat, meat-milk in which domestic spotted within Simmental type belongs to.

In extensive and semi-extensive conditions development would be going towards meat-milk production, while in intensive conditions milk-meat direction would be taken.

Domestic spotted would be improved by selection and crossing. Breeders of domestic spotted cattle that have production direction towards meat-milk would be producers of quality bullocks.

Farmers that have better breeding conditions would go for milk-meat production and they would be milk, calf and bullock producers. They would breed larger number of cows where selection would be made for higher milk yield.

Base for improvement work should be controlled reproduction. Therefore, it is needed to make plan for artificial insemination of cattle that includes all measures to improve work of this service, because if this problem is not addressed the improvements can not be applied.

It is necessary to solve problem of obtaining good quality pregnant heifers in order to change breed composition and improve the level of production. There is interest for good quality reproductive material, however due to lack of funds possibility to buy good quality breeding cattle is very limited.

Special factor for intensive cattle production is that environmental conditions and healthcare conditions have to be met as well as food production (feed conservation) and providing of ample amount of food for entire year.

Cattle production requires state support in the long run in order to feel the effects of applied improvement measures.

***Improvement of sheep production:*** Main orientation in intensive sheep production today is production of high amounts of quality mutton per sheep during one year and during the usage period, higher milk yield and on the third place improvement of wool yield and its quality.

In the future period it is necessary to take certain measures in order to improve sheep production:

- To increase number of sheep,
- To genetically improve production traits,
- To increase fertility,
- To reduce lambing interval,
- To provide high quality food.

Intensive sheep production should be based on genetic potential and life cycle of an animal, mainly towards increase of biologic base for sheep reproduction.

Considering that sheep production is mainly oriented on individual farms, large farms should be formed with 100-300 sheep for reproduction, they would be meat, milk and wool producers. Professional services would give special attention to these farms.

***Genetic improvement and sheep improvement program:*** According to breeding selection program (Breeding aim and genetic improvement strategy) improvement of genetic potential and breed change of Republic of Serbia should be realized by following these: 1) breeding domestic strains of pramenka in pure breed in order to preserve genetic resources; 2) to change heredity base of certain number of pramenka breed – by creating new permanent population and types; 3) by directing and building upon wanted traits of already existing mix breeds within defined breeding program. In this regard, concept of genetic improvement of sheep in Sjenica municipality (in short) would be as follows: It is needed to create new more productive populations of lighter type dual production (meat-wool), and keeping milk production at superior level.

Within genetic concept, combination crossing should be used. As female parent selected flocks of sjenica pramenka would be used, and as male parent merino light type rams would be used, for example Wurttemberg sheep.

The aim of this work is to create programmed population with specific genetic combination, production and traits per animal: body weight of fully grown sheep 50-55 kg; rams 70-90 kg; unwashed wool yield per sheep 3,0-3,5 kg; ram 4,0-5,0 kg; fiber diameter 25-29 micrometers; lock length 10-12 cm; fertility 120%; milk yield 80-90 kg; solid constitution and good health. However, breeding conditions have to be improved compared to traditional way of breeding pramenka sheep breed which is still present (bad housing, inadequate and bad diet).

Proof that given genetic improvement program can be realized and that it gives satisfying results are production results of improved Pirot sheep which was created by crossbreeding and acknowledged as new breed, same thing is suggested for sjenica pramenka breed.

Production results of Pirot improved sheep are: sheep body weight 60-65 kg; ram 100-120 kg; wool yield 4,0 kg (sheep) 8,0 kg (rams); wool thickness 7 cm, fiber diameter 23-26 micrometers; milk production 60-90 kg; fertility 115-140%, kid body weight at birth 4-5 kg, all this is much better than for autochthonous pirot pramenka.

### **Development of organic animal husbandry production**

Due to remoteness from big city centers and limited funds of individual farmers in Sjenica is not affected by high level of soil, water and air pollution. Therefore, this area is excellent for health food production especially in the Pester region.

### **General characteristics of organic animal husbandry**

One of the most significant aims of organic animal husbandry is enabling natural life conditions to all animals, their natural behavior and satisfying of their most significant etiologic needs.

Growing number of consumers who demand that food should be of high biologic value, influence the organic production. Organic agricultural production, whose synonym is also ecologic production or biologic agriculture, does not represent new branch of agriculture. However, in order for one farm to be characterized as “organic” it is needed to fulfill numerous conditions as this type of animal husbandry is very different from conventional production, especially from industrial. Most differences are in field where on organic animal husbandry farms great

attention is given to protection and preservation of environment. One of the solutions which will stop degradation of environment is crossing from conventional to organic agriculture. Agriculture of hilly-mountain areas is very close to organic type. Large amount of arable surfaces can be instantly classified and certified without conversion.

For organic production it is important that domestic breeds and strains of animals adjusted for a certain terrain and conditions to be reared. Reproduction should be natural, however insemination is allowed. Hormone and induced estrus is not allowed, embryo transfer, gene manipulation, embryo manipulation and usage of breeds and strains which are product of genetic engineering is not allowed. Housings for animals within organic agriculture program should fulfill demands for animal welfare. In order to preserve animal health prevention is of great importance because usage of medication and drugs is minimal. Organic production in animal husbandry means that health problems are mainly solved by prevention.

### **Fresh water fishery concept**

Existing and most significant rivers at municipality of Sjenica are Uvac and Vopa, they are base for development of fresh water fishing, especially trout breeding. Development of fresh water fishery in Sjenica municipality can be realized via:

- Aquaculture development;
- Development of sports and recreational fishing.

Aquaculture development (rearing of water organisms in prebuilt objects) should be done through:

- Improvement of production at existing (they should be renovated) cold water (trout) fisheries;
- Building of new cold water (trout) fisheries.

Production improvement at existing cold water fisheries would be realized via hydro-technical and technical corrections on the fisheries and production technology corrections.

Above mentioned corrections will be conducted in several phases:

- Overview of “narrow points” of hydro-technical and technical solutions on existing fishery;

- Overview of “narrow points” in production technology;
- Preparing of elaborate report with needed corrections of technical and hydro-technical solutions.

Development of sports and recreational fishing would also go through several phases:

- Overview of conditions for recreational and sports fishing;
- Development of plans, elaborate reports, bases for proper ownership and manipulation of fishing waters;
- Development of secondary conditions for recreational and sports fishing.

## **Tourism**

**Agro-tourism** is a part of the multifunctional concept of agriculture, and it is an integral part of rural development. Agro-tourism is a part of touristic industry which embodies the travel and staying of people outside of their residing place, for vacation, recreation etc. Tourism can be: Summer holiday based, rural, hunting, health care tourism, fun, cultural, sports, excursions, seasonal and off seasonal, domestic, foreign, family, individual, collective etc. Tourism is important for local economy as it brings income from tourists. The word tourism originates from English word “tour” which according to Oxford dictionary means: pleasure of travel, with staying in different places. Tourist is a person who undertakes such travel, Pejanović and Vujović (2008).

Tourism in Sjenica depends on natural and anthropogenic potentials, as well as from ownership, people standard, touristic management etc. New concept of organizing tourism is based on market economy principals. In order for tourism to use development chance in this municipality it is needed to:

- Collect and create content of touristic offer;
- Increase activity of touristic content near the main roads;
- Provide marketing, information boots on regional roads;
- Provide higher quality housing for guests;
- Include villages which are ready to participate in touristic offer;
- To create local touristic agency which would plan and realize projects and whose assignment would be to promote touristic values of Sjenica municipality.

## Conclusion

Above mentioned directions for regional development of Pester highland, municipality of Sjenica can provide higher degree of functional integration of geographic area by defining priority activities and solving imminent development problems. Realization of animal husbandry and tourism development suggestion of Sjenica municipality is lasting process and it can not be conducted sporadically by implementing just some solutions, it is needed that through cooperation with local government and social work priorities to be set and problems of development to be solved.

Directions of regional development of Sjenica municipality can provide solutions for social economy and demographic problems that accumulated for years. Problems can be solved or decreased by activating natural resources, restructuration of economy, realizing investment programs etc. Analyzed area has high economic perspective for agro-industry, animal husbandry and tourism.

Priority in investment in rural development should be given to building and maintaining road network, quality supply of electric power, communal and social infrastructure. Through animal husbandry improvements (which are now at very high level especially when it comes to production size) it is possible to utilize existing unused natural resources and increase production. Special attention should be given to improvement and increase of organic animal husbandry production. Therefore, possibility of producing organic food, creating branded product with geographic origin, possibility of rural tourism development is a chance for improvement of the analyzed region.

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# CONSIDERATIONS ABOUT AGROTOURISM IN THE NORTHWEST AREA OF ROMANIA

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## Abstract

*The paper presents the framing of Maramures County in the northwestern region of Romania and at the country level, the issues of relief, climate, hydrographic network and turistic potential. Based on these considerations we analyzed the number of hostels, accommodation structures existing and the number of Romanian and foreign tourists in the reviewed period 2012-2016 and concluded with a SWOT analysis of Maramures County. The purpose of this paper is to determine the opportunity of building or upgrading the agrotouristic pensions in the northwestern region of Romania, namely in Maramures County.*

Key words: *agrotourism, pensions, tourists, SWOT*

JEL classification: *R11, R12, Z32*

## Introduction

Romania is located in central Europe, about halfway between the Atlantic and the Urals being ranked 12th in surface terms among the European states. According to the law, eight regions of development by bringing together several counties were created (Picture 1). These are not administrative-territorial units, they have no legal personality and were created to ensure the development, implementation and policy assessment of European regional development.

The region of Northern Transylvania or Northwest of Romania is one of the eight development regions from Romania that consists of six counties: Maramures, Satu Mare, Bihor, Salaj, Cluj and Bistrita-Nasaud. Region

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represents 14.32% of Romania and has a population of 2.834.186 inhabitants, according to the data published by the National Statistics Institute on January 1, 2015.

Picture 1: *Map of Romania*



Source: <https://goo.gl/y117Ir>

Northern Transylvania is a multiethnic region where Romanian, Hungarian, German, Armenian, Roma live together. Its positioning is particularly important because it is located on the borders with Hungary and Ukraine. The region is traversed by five European roads and has three international airports.

In this area, it began the construction of Transylvania motorway, which will link the country's major cities: Bucharest, Ploiesti, Brasov, Cluj-Napoca and Oradea also having border crossing point with Hungary. It will have a length of 584 km and will sweep all the relief forms of the country (Prahova Valley, Transylvania Plateau, Eastern Carpathians, the Meridional Carpathians and Western Carpathians).

For this study, we analyzed the Maramures County as part of the North West Region of Romania. Maramures has a various landscape made up of mountains of volcanic origin and crystalline rocks, with valleys and depressions, part of the northern group of the Eastern Carpathians. Northern Carpathians Mountains are young, with three rows of parallel ridges and are composed of volcanic rocks, crystalline schists in the

center and folded sedimentary rocks in the East. SV area is composed of Baia Mare Depression, which has the appearance of an amphitheater, and Lapus Depression, both belonging to the Transylvanian Plateau. Maximum altitude is reached within Rodnei Mountains - Pietrosul Rodnei Peak (2,304 m). The dominant note is the presence of extensive lava plateaus and volcanic andesite agglomerates with an elevation lowered in the northwest and higher in the southeast region.

This area is characterized by a temperate continental climate with moderate shades, being conditioned by its position within the country's territory, the influence of baric systems, Siberian, Irish and Mediterranean as well as the diversity of landforms. According to statistics, an average of 275 days a year has positive temperatures.

Picture 2: *Horses Waterfall, Maramures County*



Source: <https://goo.gl/y117Ir>

Average monthly temperature analysis leads to the conclusion that the warmest month of the year is July, and the coldest January. The average January temperature ranges, winter, between -2 and -3°C in the lower areas and between -8 and -10°C in the highlands. In the summer temperatures in July vary between 10 and 11°C in the mountain area and 20 - 22°C in the lower areas. Maramures County has a rich hydrographic network having an overall length of 3,000 km. Rivers and streams that form this network are affluents of the Tisza or the Somes. The hydrography of the county is complemented by a series of natural glacial lakes and waterfalls of rare beauty. Presence of a stretch of water changes the landscape giving it more attractiveness.

The natural environment of Maramures County and its residents have worked together at the composition of a material and spiritual patrimony of a great richness and originality through religious buildings, cultural edifices, monuments and artworks, by th landmarks themselves, heritage tourism ethnographic, economic objectives with tourist qualities.

Among the religious buildings of Maramures County the best known is Barsana Monastery (1993) built on the site of the ancient monasteries attested since 1390 (Pcture 3).

Picture 3: *Bârsana Monastery, Maramureș County*



Source: *personal archive*

Maramures County is known for its habits full of faith and tradition. Habits are a component of the mode of existence of humans and constitute a system of life that has been settled in time, within which changes were and are produced and changes occur, of meaning and functionality, but which are maintained even today while also keeping its essential functions.

Maramures historical has always been a traditional society, in which the inhabitants have known how to adapt to local conditions of life, to capitalize local natural resources intelligently. They learned to produce manually everything they need for a decent living, but are increasingly fewer people who remained in the village and who are interested to carry forward the crafts. The craft of woodworking is motivated by the richness of whitewood forests and deciduous forests that cover a large part of territory, using both traditional techniques and modern techniques.

Picture 4: *House from Maramures County*



Source: *personal archive*

The exterior of houses is built exclusively of wood on stone foundation, covered with shingles (Picture 4). The shape of the roof is "in four waters" (four slopes) with sharp tip in order not to retain snow on it. In front and on one side, the houses have attached a porch decorated with beautiful wooden poles, forming genuine arcades that give a specific aspect. Interior architecture has been adapted to the householder needs. The landmark of the house is the main beam that crosses all rooms in the building. Another important element is the fireplace/furnace which constitutes the "heart of the house". The walls are decorated with holy icons, adorned with basil, along with ceramic vessels and towels woven by the housewife.

### **Tourism in the northwestern region of Romania**

Tourism exploits the natural and human potential of a country, enriching them continually, satisfying multiple human motivations. It has a multiplier effect, introducing into the economic circuit unusual sides such as landscape (for its "consumption" being necessary to go the site), hospitality, solicitude and information (geographical, cultural, historical, culinary, artistic, etc.) (Gheorghilas, 2014).

The rural tourism, in its entirety, includes a wide range of ways of accommodation, activities, events, celebrations, sports and entertainment, all taking place in a typical rural environment. It is a concept that includes tourist activity organized and led by local rural population and is based on a close connection with the natural and human environment. The rural tourism represents the type of tourism, focusing on destinations in rural

areas, providing a functional structure of accommodation and other heterogeneous services (Stanciulescu et al., 2002).

Table 1: *Differences between rural and agro tourism*

<b>RURAL TOURISM</b>	<b>AGRO TOURSIM</b>
- The organization of tourism in the rural community	- Organization of tourism activities in the peasant household
- Permanent character	- Seasonality character
- It favors a better understanding between tourists and local population	- The relationships established between host and tourist are of friendship
- The main income source for householder	- Secondary income source
- Provides activities taking place in rural areas	- It provides activities that revolve around rural household and require the active involvement of the tourists in the household activity
- Does not integrate into existing residential structures, it requires heterogeneous accommodation structures	- It integrates into existing residential structures and adapts to local customs
- Very often the benefits are leaving the village and even the rural community	- The revenues go directly to residents and remain in the village
- It offers accommodation in distinct entities other than the own household	- Provides the surplus accommodation space in existing home as well as campsites

Agrotourism in Romania represents an opportunity, especially for locals, given the crisis in the agricultural sector, for those who are willing to try a new activity by using, in order to improve profitability, the already available infrastructure. But equally true it is that rural tourism can be an opportunity to make a deal for those who, tired of the rhythms of stressful life of the city and eager to make a change, may be interested in the idea of moving to the countryside along with their own family in order to work the land and provide hospitality to tourists ([www.gazetadeagricultura.info](http://www.gazetadeagricultura.info)).

In terms of entertainment, rural tourism is a form of tourism with more variety and uniqueness in achieving services that are offered to people who love nature, culture and folk art (Pota, 2009, p. 9). Therefore, agrotourism is closely related to farming activities that may constitute a complementary solution for supporting directly its development with good social and economic results.

The data published by the National Institute of Statistics were collected and processed information concerning the number of rural tourism with possibilities of accommodation in Romania. In the analyzed period (2012-2016) is observed an increase by 22.63% in their number, which, in absolute size, it means 459 units, most of which are located in the center of the country, and the fewest in Bucharest-Ilfov region (Table 2).

Table 2: *The number of rural tourism units in Romania, by development regions*

Year	Development Region								Total
	NE	SE	S- Muntenia	SW Oltenia	W	NW	Center	Bucharest - Ilfov	
<b>2012</b>	265	89	147	108	112	252	594	2	<b>1569</b>
<b>2013</b>	283	86	166	103	115	231	611	3	<b>1598</b>
<b>2014</b>	288	88	174	108	116	226	663	2	<b>1665</b>
<b>2015</b>	321	81	203	105	148	246	813	1	<b>1918</b>
<b>2016</b>	352	88	210	120	150	284	823	1	<b>2028</b>

Source: *INS data processing*

As concerning the number, agrotourist pensions from the region of northwestern Romania, area which is the object of this study, we notice two things: the first is that due to the increase at the country level in the NW region occurs the decrease of the number of pensions from 252 in 2012 to 226 in 2014, and the second is the revival of this trend, so in 2016 the number raises to 284. Throughout the period under review, at country level, the North-West region is, as a number and percentage indicate, ranked third after the Centre Region and Northeast Region. In the graphs numbered from 3.2 to 3.6, are presented the shares of guesthouses from North-West region of the country in each analyzed year.

Table 3: *The percentage of rural tourism units in Romania, by development regions (%)*

Year	Development Region								Total
	NE	SE	S- Muntenia	SW Oltenia	W	NW	Center	Bucharest - Ilfov	
<b>2012</b>	16,89	5,67	9,37	6,88	7,14	16,06	37,86	0,13	<b>100</b>
<b>2013</b>	17,71	5,38	10,39	6,45	7,20	14,46	38,24	0,19	<b>100</b>
<b>2014</b>	17,30	5,29	10,45	6,49	6,97	13,57	39,82	0,12	<b>100</b>
<b>2015</b>	16,74	4,22	10,58	5,47	7,72	12,83	42,39	0,05	<b>100</b>
<b>2016</b>	17,36	4,34	10,36	5,92	7,40	14,00	40,58	0,05	<b>100</b>

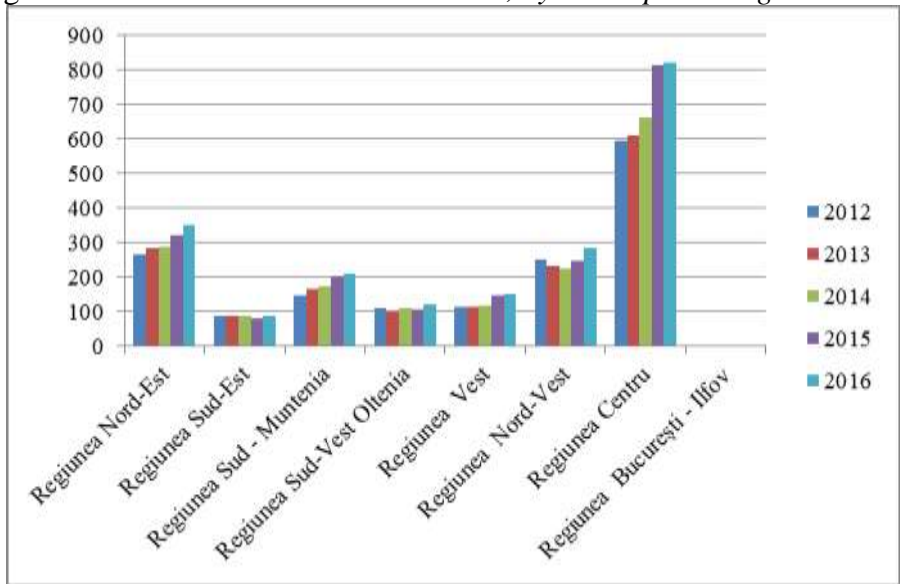
Source: *INS data processing*

Thereby in 2012, the share of rural tourism units in the northwestern region of Romania was 16.06% from the total of 1569 registered at the country level. In 2013 compared to 2012 occurs a decrease in the number of rural locations in the northwest region with 21 units (from 252-231), which in relative size is translated as a decrease of 1.61% from 16.06% to 14.45%. In 2014 has continued decrease in the number of rural locations with an additional 5 than the previous year (from 231-226), which means 0.88%. Year 2014 is the year with the lowest number of registered pensions in the series analyzed (Table 3).

The paradox occurs in 2015, when the share of pensions in the northwestern region continues to decline by a further 0.75%, although they increased in number by 20 units from 226 to 246 (Figure 1). The explanation is the fact that the recovery trend in the northwest of the country was below the national average. In 2016 took place an increase in the number of pensions in the NW region by 38 units, so the total number is now 284, up by 32 units compared to the start of the series (2012) and by 38 compared to the previous year (2015). Thus, not only that the trend has recovered but also exceeded baseline level with 12.69%.



Figure 1: *Rural tourism units in Romania, by development regions*



Source: *INS data processing*

Starting from the number of agrotouristic pensions recorded during the 5 years of study, we further analyze the structure of the 6 counties of Region NW. Thus, within the studied region, on the first place regarding the number of rural tourism units is situated Cluj County, followed by Maramures County and then Bihor County (Table 4).

Table 4: *The number of rural tourism units by counties in the northwestern region of Romania*

<i>The reference years</i>	<b>Maramureș County</b>	<b>Satu Mare County</b>	<b>Bihor County</b>	<b>Sălaj County</b>	<b>Cluj County</b>	<b>Bistrița Năsăud County</b>	<i>Total NW region</i>
<b>2012</b>	78	5	55	12	92	10	252
<b>2013</b>	78	5	53	12	73	10	231
<b>2014</b>	71	6	63	14	64	8	226
<b>2015</b>	79	4	77	20	59	7	246
<b>2016</b>	104	4	78	26	66	6	284

Source: *INS data processing*

The lowest number of recorded agrotouristic pensions in Maramures County was 71 in 2014, while the maximum was reached in 2016 with a total of 104. The share registered by Maramures County in the total of

NW Region, ranged from 30.95% in 2012 to 36.62% in 2016. All that information analyzed, we need in order to have a clear view of potential competitors that we are facing when selecting the location for the guesthouse that we wish to build.

In Maramures county are 40 localities where pensions were established in the 2012-2016 period (Table 5). By making an average at the county level, it ranged between 1.77 pensions/village in 2014 and 2.6 pensions/village in 2016. There are places (eg Sighetul Marmăției) where there was only one pension and it appears that even that could not resist, but also localities where their number has increased sharply, from 7 to 10 in Poienile Izei. We can create a top at the level of settlements with agrotouristic pensions; thus first place is occupied by Ocna Șugatag, followed by Poienile Izei, Botiza and Vadul Izei both on 3rd place and on the 4th is situated Bârsana.

Table 5: *Number of accommodation units in Maramures County in 2012-2016 period*

<i>Județul Maramureș</i>									
<i>Year</i>	<i>Hotels</i>	<i>Hostels</i>	<i>Motels</i>	<i>Touristic villas</i>	<i>Tourist lodges</i>	<i>School and preschool camps</i>	<i>Boarding houses</i>	<i>Agrotouristic pensions</i>	<i>Total</i>
<b>2012</b>	23	5	6	3	1	2	53	78	171
<b>2013</b>	22	5	5	3	1	2	64	78	180
<b>2014</b>	21	5	6	3	2	2	58	71	168
<b>2015</b>	25	6	7	1	2	3	72	79	195
<b>2016</b>	28	7	7	1	3	1	70	104	221

Source: *INS data processing*

It results that the decision to build a guesthouse in Barsana, will prove challenging and well thought as direct competition (7 pensions) and indirect (39 agrotouristic pensions) located within a radius of 20 km around Barsana, is extremely serious. Positioning, conditions and facilities provided should be more than what they offer. During the period 2012-2016, in Maramures County, the number of tourist accommodation structures ranged from 168 in 2014 to 221 in 2016. If the number of hotels, hostels, motels, villas, lodges and camps for students and preschoolers were relatively constant, the number of pension houses and agrotourism pensions, which constitute the majority (78.73%), practically

exploded. In the case of pensions, the minimum number recorded was 53 in 2012 and the maximum number, 72 was recorded in 2015. Regarding the number of agrotourist pensions, the minimum recorded was 71 in 2014, and the maximum of 104 in 2016. There is an increase of 19 units in tourist guesthouses in 2016 compared to 2012 (minimum to maximum) and 33 units in case of rural tourism units. From the total recorded of tourist accommodation structures in Maramures County in 2012-2016 period, the share of rural tourism units in the total varied between 40.51% in 2015 and 47.06% in 2016. As regarding tourist pensions, the range of variation was between 30.99% in 2012 and 36.92% in 2015.

One possible explanation for agrotourist pensions that have a high percentage in the total of accommodation structures in Maramures County is that it could be exploited existing buildings that have been modernized and adapted to the rules in force. A second explanation could be the fact that it provides tourists with cozy, warm or even unusual accommodation facilities - especially for foreigners. Either way, Maramures is famous for hospitality of the hosts.

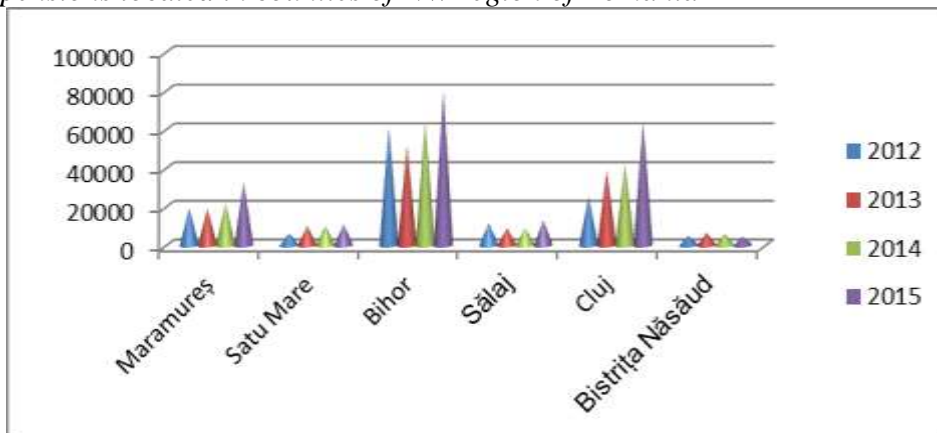
*Table 6: The number of Romanian tourists accommodated in agrotourist pensions located in counties of NW region of Romania*

Year	County						Total
	Maramureș	Satu Mare	Bihor	Sălaj	Cluj	Bistrița Năsăud	
<b>2012</b>	19.350	6.339	61.470	11.560	25.471	5.103	<b>129.293</b>
<b>2013</b>	19.260	10.204	52.034	9.117	39.227	6.649	<b>136.491</b>
<b>2014</b>	22.171	10.033	64.828	9.218	42.475	6.138	<b>154.863</b>
<b>2015</b>	32.628	10.837	80.338	12.778	64.219	4.581	<b>205.381</b>

Source: *INS data processing*

In Table 6 and Figure 2, we have the situation of Romanian tourists accommodated agrotourist pensions from the northwestern region of the country, their number has increased by 76.088 (58.84%) in the period under review. Most of Romanian preferred Bihor county, then the county of Cluj, and on the 3<sup>rd</sup> place was situated Maramures county.

Figure 2: *The number of Romanian tourists accommodated in agrotourist pensions located in counties of NW region of Romania*



Source: *INS data processing*

At county level in Maramures, the number of Romanian tourists accommodated in agrotouristic pensions increased by 13.278 in 2015 compared to 2012, which translates relative size into a percentage of 68.62%. The conditions offered by boarding houses in the area, promotion commercials, are possible explanations for the increasing number of tourists in the county.

### **SWOT analysis of Maramures County**

Strengths, weaknesses, opportunities and threats of tourism development of the Maramures County are following.

#### **Strengths:**

- clean environment, due to settlement in a unpolluted hilly area;
- varied geological structure, which generated types of relief with a special tourist function;
- varied landscape composed of crystalline rocks and volcanic mountains, the valleys and depressions;
- rich hydrographic network consists of the rivers Tisa and Someș and their tributaries;
- the existence of sulphurous and thermal waters with healing properties;
- varied and rich vegetation and the presence of a appropriate fauna;
- the existence of Biosphere Reservation Rodnei Mountains National Park;

- composition of a material and spiritual heritage of great richness and originality religious buildings, cultural monuments and works of art, proper tourist attractions, ethnographic heritage, economic objectives with touristic attributes.
- large and diversified resources in the field of timber and flora from the hardwood trees up to many species of medicinal plants;
- the traditions and customs which represents the link between present with past and future, transmitting information and techniques from ancient times;
- culinary diversity and international recognition of the traditional cuisine;
- the existence of a developed network of tourist accommodation structures, with good dispersion in the profile;
- uniqueness of landmarks (Merry Cemetery in Săpânța);
- the existing workforce in the village, the experience gained in traditional sculpture (craftsmen internationally recognized through works of great value);

#### Weaknesses:

- tourist movement takes place with difficulty due to the lack of roads which are intended especially for agricultural vehicles and vehicles with animal traction;
- means of transport inter- and intra county are deficient in number, large waiting time interval and outdated conditions;
- the lack of an international airport for foreign tourists, who are increasingly more interested in this tourist area;
- sights left to be damaged;
- the extremely low number of tourist information centers;
- the natural resources of cultural and historical heritage are exploited in a disorganized way;
- human resources involved in the local tourism does not benefit from the training and qualifications required in the tourism field/agrotourism;
- tourism products and services from the county which lack of promotion;
- due to increasing private ownership of forest resources, the landscape is quite affected by deforestation;
- loss of traditional spiritual nature by locals who migrate to cities leads to the disappearance of specific elements of the traditional houses and household activities.

#### Opportunities:

- a major interest in the allocation of funds for development and modernization of transport infrastructure;
- development of tourism through European funding;
- increased international interest for agritourism;
- the adoption at the local level of rules for new constructions that can be executed as the kind of traditional ones, thereby the architectural style in the county would have constructive and decorative function;
- the existence of a minimum of architectural designs for the buildings "from the main street";
- progressive functionality of traditional buildings, souvenir shops, exhibition halls;
- the transfer of valuable objectives in the context of open-air museums;
- encouraging interest in the (re) construction of traditional gates by combining elements of traditional architecture in the interior and exterior design units of accommodation, food and residential houses (symbols carved on window frames, use of the decorative towels woven and "cymbals", use of decorative wood, etc.).

#### Threats:

- diminishing the flow of tourists in the county due to poor road infrastructure in surrounding counties;
- the lack of promotional materials in international circulation languages;
- tourism offers below the level of the international market;
- migration of local people in countries with a different standard of living and their return during holidays or on a permanent basis, have strongly marked the typology of rural households by importing foreign architectural models in rural areas from Maramureș, borrowed from western countries.

### **Conclusions**

The northwest region is one of the eight regions of development in Romania. This is called Northern Transylvania and is composed of Bihor, Bistrita-Nasaud, Cluj, Maramures, Satu-Mare, Salaj counties. Here are the most picturesque places in Romania, with special tourist resources framing this area between regions with significant prospects for development. The data published by the National Statistics Institute indicate that during the analyzed period, 2012-2016, there are a growing

number of pensions from 1,569 to 2028 (29.25%), while the NW Region's growth is from 231 to 284 units (22.94%). From the presented data it can be observed at the country level an upward trend in the number of pensions, while in the region of Northwest had a sinusoidal aspect, with a minimum in 2015, followed by a comeback in 2016, when level reaches comparable values with the initial data.

The number of rural tourism units in the northwestern region increased from 226 in 2012 to 284 in 2016 (25.66%). A rising trend has recorded also agrotourist pensions in Maramures from 71 to 104 (46.47%). By doing a ranking of counties in the northwestern region in the first place is Cluj County followed by Bihor and Maramures. In Maramures County, out of the 40 localities where were built/modernized agrotouristic pensions, Ocna Șugatag is on the first place, followed by Poienile Izei, Botiza, Vadul Izei and Barsana.

NW region has different accommodation structures (hotels, hostels, agrotouristic pensions, camps for children, etc.), their number increased from 168 to 221. At the Maramures County level, the number of rural tourism units increased from 71 to 104, with a significant share in the total accommodation structures (between 40.51% and 47.06%).

Regarding the same period, it appears that both at the country and at development region level, has been an increase in the number of tourists. In 2015, the number of Romanian tourists visited the country was 1,368,992, an increase compared to 2012 by 51%. The same thing happened with the number of foreign tourists who visited Romania, their number increased from 77.963 in 2012 to 112.900 in 2016 (44.81%). The most visited regions in the country were the country's central region, followed by the NE Region and in third place Region NW.

Thus, in the northwestern region of the country, it was the most visited county Cluj (6923 foreign tourists in 2015), followed by Bihor (5.087 foreign tourists in 2015) and Maramures (2 917 foreign tourists in 2015). Regarding the number of Romanian tourists, the most visited county was Bihor (80.338) then Cluj (64.219) and then Maramures (32.628). So, in Maramures County, in order to develop and increase the efficiency of activities and services in agrotourism the following suggestions can be put into practice:

- raising the interest in obtaining EU funds that can be allocated for the construction and outfitting of rural tourism units;

- encouraging the construction of new hostels using the traditional ones pattern;
- encouraging young people to pursue specialized courses in the tourism field in order to be able to practice this activity at quality standards, which would also stop their migration.

The present paper has resulted in a multitude of reasons to set up an agrotouristic pension in an area with a rare natural beauty. Almost in no other area in Romania, you will not see habits better maintained than in Maramures. One of the great amusements of winter is to walk with horse-drawn sleigh. It is a habit usually kept for the second day of Christmas. However, every day is indicated for a walk among the trees laden with snow, mountainous landscape and tranquility offered by Gutâi Mountains.

A walk along the Iza Valley using forestry railway reveals breathtaking landscapes in all seasons. Not in the least, hospitality of the people that welcome you in front of the door with a warm smile, giving you the dishes prepared in house with much labor but also with a lot of soul, accommodation in rooms appointed with wooden furnishings worked by silked local carpenters, adorned with rugs and cushions crafted by skilled women, complete the idyllic image of Maramures.

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# HUNTING TOURISM AND ITS ROLE FOR SERBIAN RURAL REGIONS DEVELOPMENT

Branislav Živković<sup>1</sup>

## Abstract

*Hunting is a primal human activity. Thanks to his hunting skills, the man managed to survive in the early stages of development of the human race. Today, the hunting is specific industrial branch - hunting tourism, as an integral part of the rural tourism, which generates valuable income to organizations dealing with the protection, cultivation and use of ethical norms of hunting, as well as areas where hunting takes place. Bearing in mind that the modern tourists' demand is primarily characterized by a serious shift from mass tourism to the selective forms of tourism, where the emphasis is on the return to nature and a high level of awareness for preserving natural, ethnic and cultural heritage of a tourism destination with a tourist being not a mere consumer and a passer-by but an active participant in life of destinations, hunting is increasingly gaining in significance. The paper points out the importance that the implementation of hunting tourism in rural areas can have on economic growth and development of the field. The advantages and limiting factors that affect the implementation of hunting tourism are presented. Paper also emphasises the importance of marketing management, as well as tourist propaganda for the development of hunting tourism destination. It points to the potential dangers posed by uncontrolled implementation of hunting tourism.*

Key words: *hunting, hunting tourism, rural regions*

JEL: *R11*

## Introduction

Uneven regional development is a global issue with decades of presence. The phenomenon of uneven regional development is also present in other, far more developed countries than Serbia. Serbia is particularly affected

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due to the implementation of agricultural policy that is not adequate, which was the cause of mass migration from villages to cities or to the countries of Western Europe. In particular, this negative acceleration has provided a decay of agricultural cooperatives, which were serious bearers of economic growth and development of rural regions. Under the pressure of such negative tendencies, rural regions are forced to seek alternative sources and ways of obtaining funding for the sake of survival and preservation of bare subsistence. The imposed result is the development of tourism as a logical choice, especially because they coincide with these trends and changes in trends in tourism demand, which went in favor of rural orientation towards tourism development. Namely, modern tourist demand is predominantly characterized with a very serious shift of mass tourism to selective forms of tourism, which is primarily dominated by the return to nature and a high level of awareness of the need to preserve natural, ethnic and cultural heritage of tourist destinations, and a tourist is not a consumer and a mere observer but an active participant in the life of destination he is located in. Tourism is today in rural regions, primarily additional activity besides agriculture population for the sake of employment redundancy and faster realization of agricultural products produced in their own household. Development of rural tourism has been specially favoured by measures undertaken by the state in this direction over the last decade. Hunting is one of the oldest forms of consumption of renewable natural resources. Therefore, it is also an integral part of the culture and traditions of European rural society. Today, according to FACE in Europe there are more than 7 million lovers of hunting. They are mainly motivated by the desire for recreation, staying in nature, new hunting experiences, exploring new areas and various hunting customs. According to estimates, FACE, fishing and hunting most directly employs more than 120 000 workers in Europe, in activities that are specifically related to hunting as an activity. Hunting in its entirety within Europe employs, according to some estimates, at least three times as many workers. This actually means that one must bear in mind the importance of supporting activities (arms factories, production of ammunition, production of clothing for hunters, ready-made for dogs, veterinary, automotive-production of SUV, the production trifles necessary for hunting, production of optical device, dog food, etc.) that make hunting activities what they are. Sustainable hunting can contribute to the conservation of biodiversity, the preservation of the rural way of life, growth and development of the local economy. Rural areas have a wealth of ecosystems and biodiversity, so from that point of view, hunting may

represent a significant contribution to rural development, both in economic, and social and environmental aspects.

### **Hunting tourism**

The necessity of diversification of agriculture in rural areas, leading us to the need for the introduction of different economic activities in the activities of agricultural households, provides possibilities of the additional earnings. The tourism industry, as well as hunting as its selective form, may constitute the fastest and most economical way of rural development. Hunting is the most sensitive part of the hunting economy and a specific segment of the tourist traffic. Mediation and hunting tourism, organization and execution of the hunt, renting vehicles for the transport and accommodation of tourist-hunters, hunted wild game processing, evaluation of big game trophies, hunting weapons rental, providing hunting ammunition, and other services for hunters-tourists during hunting, are considered to be services in hunting tourism. In relation to other forms of tourism, the specificity of demand in the hunting tourism lies in its multiple layers, which is based on the specific needs of tourists-hunters, and those needs, besides hunting, include: active leisure and recreation, staying in healthy natural environment, enjoying natural beauties, or the exotic landscapes of hunting grounds with specific biocenoses and attractive species of flora and fauna, educating for successful hunting tourism activity, etc. On the other hand, in addition to the diverse and prime trophy game, a hunting-tourism product assumes other types of services, primarily: accommodation, meals, transportation, educational, cultural, fun, and recreational services and activities and the like. As a segment of hunting, hunting tourism is closely associated with a greater number of economic and non-economic activities, especially with forestry, agriculture, water management, sports, education, science, culture and others. This is so because the hunting in the formation of its “product” depends on the resources of these fields. Thus, for example, forestry, agriculture and water management provide hunting, that is, hunting tourism, the necessary spatial and environmental milieus for the existence of game, as the main motivation for hunting-tourist recreational activities. These industries also provide the grounds for the implementation of hunting tourism as the main segment of hunting tourism offer. The enlisted economic activities provide the elements for enriching hunting-tourist offers with programs which include sport, educational, cultural (including festivals) and scientific-specific character. Hunting tourism reciprocates these (economic and non-economic)

activities by allowing them to participate in the distribution of income generated through hunting-tourist turnover. Hunting tourism, a future section (a segment, a selective form) of tourism, correlates with industries, such as catering, transport, trade, and other trades. This is because accommodation services, food and transport of tourist-hunters, their supply with various necessary items (hunting weapons, ammunition, equipment), souvenirs and provision of certain services (repair of weapons, equipment, etc.) represent a significant part of the structure of hunting-tourist product. The research conducted shows a high correlation of hunting with rural tourism. It is based on the fact that hunting areas (hunting grounds) are fully located in rural areas; therefore, catering facilities of both hunting and rural tourism may offer their services to the clientele of both of these tourism branches. The connection of these two forms of tourism is also reflected in the field of tourist demand in such a way that a statistically significant number of hunter-tourists prefer to spend their stay in hunting-tourist destinations with other people (family members, business partners, a business escort) who might not be fans of hunting and prefer exploring new and unfamiliar landscapes and gaining new experiences and knowledge (Živković - Cvijanović et al., 2016).

Wealthy hunters from the USA and Western European countries gladly choose trips aimed at carrying out hunting both on the territory of the home country and beyond. Hunters tourists are willing to pay a multiple higher price than residential hunters for the atmosphere in game hunting organization for which they are interested. We should bear in mind that if hunting is based on the principles of sustainable use of natural resources, it could have the multiplied positive effects on a hunting tourist destination. In the first place, it is fostering economic growth and the development of destinations on one hand. On the other hand the local community is encouraged to make further efforts in the preservation of wildlife, their habitats and biodiversity in general. All these are due to hunting as the primary objective of tourist travel, but part of a well-organized hunting tours make other elements involved (transport of hunters, food, accommodation, hunters exploring the cultural and historical heritage, etc.). As an integral and most propulsive economic segment, hunting generates a significant share of revenues, which are mostly directed to the production, care and protection of wildlife, ie. the introduction of the hunting grounds of at least one of the individuals of certain species of wild animals, as far as tourist hunting brought out. In addition, part of the funds gained through hunting focus on investment to improve the overall conditions for the implementation of the tourism and

hunting in general in hunting areas (construction and maintenance of hunting-technical facilities, facilities for accommodation and meals for tourists, facilities for the provision of service and other services for tourists in the hunting ground, means of transport, etc.). Thus, the well-founded conclusion is that the main generator of hunting is the development of hunting tourism.

### **Defining hunting tourism destinations**

The hunting ground is a hunting tourist destination, which in addition to being a part of hunting and tourism industry, meets the essential characteristics of hunting tourism destination in general, namely:

-Attractive points that presume the tourist offer of one or more types of quality (trophy) hunting game species, as well as possessing the primary hunting area with adequate hunting-technical facilities (checks, watchtower, hunting trails, grips, seats for weapons testing, facilities for processing and storing meat of wild game). Conditions for stay and services presuppose the existence of a fully equipped, catering facilities for the provision of accommodation and food to hunters (primarily hunting house, hunting lodge, etc.). In the hunting ground or very close to it, there are amenities for hunting dogs' accommodation, recreational facilities, as well as a range of hunting guns with the corresponding ammunition, means for transport within a hunting area. This also includes access to quality human resources that are renowned in providing basic hunting and tourism services. Accessibility of a hunting tourist destination assumes its acceptability for hunters and tourists, above all, in terms of simple and fast arrival of the hunter tourists. This is primarily determined by the overall experience of arrival and stay in and departure from the hunter tourists destinations.

According to the Hunting Association of Serbia, Serbia has established 322 hunting grounds, which cover an area of 8.828.558,29 ha. From this hunting area occupies 6.500.000,00 ha (73.6%), and a non-hunting 2,328,558.29 (26.4%). The average hunting area is 27.416,52ha. The largest hunting ground is located in the municipality of Zrenjanin, hunting "Begej" that covers an area of at least 124.038,00ha The smallest hunting area is named "Trešnja". It covers 117,00 ha surface and is located in the municipality of Sopot. Hunting grounds in Serbia are under the Decree of the Government of Serbia on establishing hunting grounds in the Republic of Serbia ("Official Gazzete of RS", no. 91/11), which established 32 hunting areas, and during the establishment of new hunting

grounds and their allocation to the management, but for this reason, we can expect the modifying of current structure of the hunting grounds and their users, but that will not significantly alter the overall structure of its hunting management, engaged in hunting and tourist activity, which is hunting and non-hunttable area. More than 50% of users engaged in hunting grounds are within the most productive way of valorization of hunting tourism potential. The types of wild game most attractive for tourists in the hunting grounds of Serbia mostly include the big game: red deer, fallow deer, Virginian deer, wild boar, mouflon, chamois, small game were: hare, pheasant, partridge, waterfowl (wild ducks and wild geese), birds of summer hunting quail, wild pigeon, dove, a predatory species of wolf, jackal, fox. Although there is no exact data on the number of persons engaged in hunting tourism, it is assumed that there are several thousand employees (from the hunting area, game wardens, administrative and technical staff, translators, tour operators, etc.). Since the clientele in hunting tourism is highly solvent, the income in hunting tourism, in proportion to the number of touristshunters, is very respectable.

Table 1 *Structure of game preserve users*

Game preserve owners	Number of game preserve owned	Game preserve surfaced in	% of the total hunting area
Hunting Association of Serbia through hunting associations	229	7.906.922,44	89,56
Serbian army	3	10.896,60	0,12
Public company "Srbijašume" i "Vojvodinašume"	67	733.327,03	8,31
National parks of Serbia	5	146.757,22	1,66
Fish pond companies	17	19.499,00	0,22
Other users of game preserves	3	15.278,00	0,13
TOTAL	322	8.828.558,29	100%

Izvor: Živković, B., Kurjački A., Prentović, R., (2012), *Tourism in the Function of an Even Regional Development and a Sustainable Biodiversity Exploitation, International Conference on BioScience: Biotechnology and Biodiversity– Step in the Future –*,The Forth Joint UNS – PSU Conference, Novi Sad, 49-59

This is because the price lists of hunting and tourism services, in addition to the most items (the shooting of game and trophy), are registered as well as items related to the services of accommodation, food, organization and implementation of hunting and other activities, transportation services, firearms, accommodation and renting hunting dogs and others. It is

therefore not surprising that the results of studies of the structure and the amount of tourist spending show that hunting, on the basis of actual economic effects, is in the second place just behind the nautical tourism, as the most profitable form of tourism turnover (Prentović, 2005).

In addition to economic hunting, or hunting tourism, has an important ecological function, and it is based on the concept of sustainable development. This regards and directs their focus on biodiversity and the diversity of wildlife through the production, cultivation, protection and rational use of game, so sustainably manage wildlife populations and maintain their qualitative and qualitative structure complies with the biological and economic capacity of the habitat. These norms and standards are not only documents, but also normatively regulated, and the experience and research findings show that it is implemented in most hunting areas in Serbia. In this context, of particular importance is the fact that, according to the norms and doctrine of hunting and according to the the ethics of hunting and hunting tourism ambassadors, attention is paid not only on the protection and improvement of the game population, but also on the protection from potential damage by wildlife for other users of natural resources in the areas of hunting areas (agriculture, forests, water management and other enterprises and privately owned) to contribute to the conservation and sustainable use of biodiversity. From the standpoint of the interests of regional development and sustainable use of biodiversity, the realization of synergy effects of the important factors increase the results of total tourism business in rural areas in Serbia. It is of significance as is the fact that hunting with other forms of rural tourism multiple connected both spatially and in domain communicative receptive, manifestations and other content a potential significant correlation is present in the field of supply and demand. The greatest affirmation of domestic hunting was realized in 1954 at the International Exhibition of hunting trophies in Dusseldorf, when the trophies from the former Yugoslavia won a total of 303 medals (76 gold, 117 silver and 110 bronze). From the hunting grounds of the former Yugoslavia, the deer was purchased alive and inhabited in hunting areas across Europe. This applies in particular to the deer that has the highest market price, inhabited in Europe, and in New Zealand (Živković - Prentović et al., 2012).



## **Specifics hunting tourist destinations in our country and in the world**

When it comes to hunting there has been a declining trend in the number of tourists hunters in Serbia. Specifically foreign hunters tourists are increasingly bypassing Serbia because the other countries in the region provide greater benefits and privileges. While in Croatia hunters enter with an ID card and two weapons, in Serbia they can only have a passport and one weapon. Although the proper documentation has been obtained, the meat of the shot game cannot be transferred because they cannot get a veterinary certificate which is valid for the countries of the European Union. No one from Serbia, despite years of efforts of hunting agencies, was addressed by the Brussels Commission for meat, which has jurisdiction to include our area at the list of destinations to which the prey can express. A particular problem for hunters tourists from abroad is crossing the border with hunting dogs. Very often, they are returned to our borders as a result of certain veterinary regulations that realistically create more damage and problems rather than contribute to the health and safety of animals. All this leads to a lot of abuse and a great waste of time and therefore represents a big factor of the rejection of potential clientele from abroad, leading to potential clientele opting for hunting and other tourist destinations that are easier and cheaper to get. These are obviously the real problems costing the state of Serbia a lot. What is often overlooked, when it comes to hunting tourism, is the accompanying logistics of this type of tourism. In fact, the organization of hunting execution itself is only one segment of hunting tourism. Equally important is the organization of the time tourists spend outside the hunting grounds. Visits to landmark destinations, exploring the cultural and historical heritage of the place, getting to know gastronomic specialties, are a significant part of the tourist destinations that can be incorporated into the hunting tourist package offered to potential clients. The problem of organizing accommodation to hunters is particularly pronounced due to the lack of adequate accommodation capacities. Almost absolutely unsolved is the accommodation of dogs hunters tourists bring with them. Bearing in mind that a large part of hunting tourism relies on rural regions in their activities, it is clear that this is an opportunity for the employment of surplus labor force in rural regions of Serbia on the basis of providing accommodation and food for hunters and fishermen, tourists in the context of rural households. There is a chance for rural households engaged in tourism that in addition to renting the rooms for lodging directly, sell their agricultural products in form of prepared meals for tourists and thus benefit more of their products and

have more significant economic impact than the same was sold in markets, purchasers. Providing this kind of service is a traditional activity in many countries in the world and especially to the memorial of the regarded destinations of hunting tourism around the world, a common feature of all the best-known and highest quality destinations that are located mainly in rural regions. From destination to destination there are different requirements for accommodation, transport, food, hunting mode of execution. The available options range from superior comfort and accommodation in elite hunting lodges where the hunter has all the amenities that provide modern technical and technological achievements to sleeping outdoors in the countryside next to a fireplace. What a hunter is going to choose depends on a number of reasons, primarily of the hunter tourists' traits, and in the second the amount of money at their disposal. If the tourists are primeval hunters they will seek the greatest possible approximation of nature and its gifts, so they will not hesitate to not sleep in the open next to a fireplace. They will tend to penetrate the soul of the place and meet all of its segments and opportunities it provides. On the other hand, there is a category of tourists, clients, so-called 'instant hunters' that are characterized with a total absence of feeling for nature itself, a destination, and its features opean tourism offer (Živković, 2012).

Regarding destinations of hunting tourism around the world, a common feature of all the best-known and highest quality destinations is that they are located mainly in rural regions. From destination to destination there are different requirements for accommodation, transport, food, hunting mode of execution. The available options range from superior comfort and accommodation in elite hunting lodges where the hunter has all the amenities that provide modern technical and technological achievements to sleeping outdoors in the countryside next to a fireplace. Who is going to choose what depends on a number of reasons, primarily on the traits of hunter tourists, and in the second the amount of money at their disposal. If the tourists are primeval hunters, they will seek the greatest possible approximation of nature and its gifts, so they will not hesitate not sleep in the open next to a fireplace. They will tend to penetrate the soul of the place and meet all of its segments and opportunities it provides. On the other hand, there is a category of tourists, clients, so-called 'instant hunters' that are characterized with a total absence of feeling for nature, itself,a destination and its features. This is the category of clients that are interested in the trophy and the opportunity to come to it as soon as possible. They choose exclusive variants for accommodation whereby

their price does not play an important role. The world famous hunting tourism destinations, in addition to the mandatory hunting, include as accompanying meeting with the tourist destination's historical and cultural heritage. Very often local folk group performs a program of games and songs for the tourists during dinner, which is served to the clientele. Also legal and administrative provisions relating to hunting, as well as the introduction and transportation of weapons, hunting dogs, are very flexible and affirmative and are in the service of improving this type of tourism.

### **Marketing management of rural regions as hunting tourist destinations**

Looking at a tourist destination in total and abundance of the factors which make it unique and full encirclement, which are manifested in the form of natural, anthropogenic, social, cultural and historical, traffic prerogatives and factors on the one hand and on the other hand the factors related to the size of built tourist offers in the region (accommodation, food, entertainment, recreation, wellness and spa, landscaped bicycle and pedestrian paths), it is clear that the management of a tourist destination is to be based on the respect of a large number of these factors. Just respecting the above factors is an important determinant of forming the foundation for the formulation of marketing strategy of a tourist destination. Identifying and assessing the strengths of the available resources in the region is one of the first actions taken, which should give an answer on their own strengths and weaknesses, opportunities. For this purpose, the most commonly used analysis is SWOT analysis.

The starting point of designing marketing strategies of rural regions as hunting tourist destinations inevitably also includes the analysis of the environment that deals with research related to developments on the macro level. The course analyzes the economic, political, cultural, technological, demographic, trends, both in the country and the region, the continent and even the world. This movement can often be a domino effect very quickly transferred to all markets, however, at first impression, it is happening somewhere far away. Therefore, it is necessary to continuously monitor and analyze. Hunting as a collection of a large number of activities came under negative propaganda which for decades has been performed by various non-governmental organizations dealing, at least on paper, with the protection of animals and the environment. These and such organizations have a very big impact on today's ruling

structure both in Serbia and in the world, and besides are very present in the media. Members of these organizations undertake numerous activities related to the actualization and realization of their ideas on the general prohibition of hunting, which in real terms represents a major hunting nonsense because if it is well organized, it represents a serious source of revenue for the state. Today in the world a large number of such organizations operates and their activities are not based only on the description of its operation but are already engaged in other activities that in real terms result in difficulties in functioning and work of employees in hunting, hunting tourism, thereby reducing income from hunting tourism.

Scheme 1: *Shematic representation of the process of marketing menagment of tourists destinations.*



Source: Živković, B. Mihajlović, D., (2010), 'Promotion of tourism potential of rural areas' May Conference on Strategic Management, Technical Faculty Bor, Kladovo, str.190-201.

Hunting poses a serious impetus for the development of rural areas and employment of surplus working population and should therefore be very serious accessed in setting the strategic basis for rural development. Special attention must be paid to the functioning of competitive regions, their performance on the market, the arrangements that are offered and

the quality of services provided. After the initial analysis and research, it is necessary to add the following step consisting in defining the statement above all, vision and goals of the hunting travel destinations as the important features of the development of tourism regions. This is a task that requires marketing managers identify and formulate the mission destination wants to have in contributing to the development of hunting tourism in the region. The mission must be formulated and put in real terms taking into account available resources in the region. On the other hand, we must bear in mind the necessity of insisting on a distinction from other regions in order to achieve authenticity in going to market. Vision determines which way to go towards the targeted objectives in the future.

The goals, other than just making a profit, must contain a substantial degree of benchmarks that will indicate in addition to the need to make profits and the need to preserve and improve the biodiversity of the region, creating new jobs and employment of surplus labor from agriculture. This would lead to the formation of mixed households in rural regions. The next step you should take is to determine the marketing managers of marketing strategy. Bearing in mind that a definite rural regions can offer potential clients various facilities it is necessary to apply a differentiated marketing strategy for different market segments with their specific requirements. This will more closely define the elements of the marketing mix of tourism in the region and specifically determine the shape of the product category, price, promotion and sales channels. The essential need for development in rural areas is the establishment of quality and functional organizations to unify and coordinate the various segments of the tourism and hunting tourism offer of rural regions.

What cannot be left out and what is the final move in the management of tourist destinations is to control the whole process of tourism destination management. It must be emphasized the necessity of controlling the cuts by the management and control of the results obtained and the degree of achievement of the set goals.

### **Tourist propaganda in development of hunting tourism**

Tourist propaganda is one of the tourist policy instruments for achieving certain goals that policy holders must first define. This means that the actions of tourist propaganda are previously designed, ie. consciously determined in relation to the objectives. The means and methods used by the tourism promotion are common to all forms of advertising, but

adjusted to the specific requirements of the carriers and business trips of a policy to draw attention of a wider range of tourists, ie. that part of the population that has the objective conditions to be included in tourist travel. Tourist propaganda works primarily on the development tendency and desire for tourist travel, and then affects the decision-making on realization of desires, ie. to undertake concrete actions by potential tourists, as it wanted to achieve tourist propaganda. Tourist propaganda must be viewed integrally with other instruments of the tourist or business policy (pricing policy, the development of tourism policy, the policy of the organization selling arrangements, etc.). Surely, a very large number of factors influence the efficiency and effectiveness of tourist propaganda of rural regions as tourism and hunting tourism destinations (Zivkovic & Mihajlovic, 2010b).

The facts inevitably lead to the need of formulating specific rules on which the propaganda of rural regions as tourism and hunting and fishing destinations must be based:

1. It is necessary, first of all, to form a recognizable and positive image of the region as a single tourist destination and hunting area with their characteristics.
2. Depending on the target group of the market - the manner of "Serving the information" to potential clients should also be selected.
3. The efficiency of tourist propaganda is of great importance, the selection of newspapers, magazines and specialized magazines, specialized radio and television shows.
4. Determination of the date of publication of articles or broadcasts of radio and television programs has a decisive importance for the efficiency of propaganda and its contribution to the promotion of hunting tourism.
5. The main barrier when it comes to tourist travel are the costs. When setting the price of tourist packages, it must be borne in mind first of all whether what is offered is in the correct proportion with the price at which it offers. Also, the purchasing power of potential clients to a large extent must be borne in mind when forming the package and its price.
6. Rural regions should use current universal trend to return to nature and healthy life.
7. Ignore the clichés of the tourist propaganda is the primary task set before marketing managers. Potentiation and insistence on authenticity is of primary importance for the development of tourism in rural regions. Using understandable, clear, expression and

presentation of available real way to avoid misleading the clients and thus build trust with them.

8. Every time we talk to the potential clients it is needed to address them as if they are to hear about the region they do not know anything about. In this way it avoids the trap called a "everyone knows", nobody ever knows all about individual destinations, except for the marketing managers of these destinations.
9. Insisting on the various facilities of rural regions as well as hunting and tourism destination in many ways holds the attention of a potential customer and is one of the main factors affecting the extension of the stay of tourists on a specific destination.
10. The articles about tourism potential of the region in newspapers and magazines, should be rich in high quality photographs. Likewise, television programs must include quality staff who put in the foreground the uniqueness and authenticity of the content of the tourist offer of the region.
11. It is necessary to clearly define the products that are offered. It does not matter whether it comes to mountain, river, lake, tourist events hunting big or small game, predator, it is important to insist on the specifics of the tourism product and to point out the distinction in the quality of similar market.
12. Establishment of tourist offers for all 365 days of the year, while avoiding the trap to be entered if at any cost insist on formulating arrangements that have seasonal character. When it comes to hunting all present trend foto-hunting poses a serious possibility to organize photo-safaris throughout the year with special emphasis on the attractiveness of the same in the time of reproduction of wild animals when hunting areas can overwhelm young specimens of wild animals.
13. Special attention must be paid to recognizing their own shortcomings and their elimination.

The promotions of the hunting tourism potentials of rural regions of Serbia in the previous period were carried out with more or less success by various organizations and associations. The quality and therefore the success of promotional activities depended primarily on personal preferences and quality of people who were directly related to the specific activities and facilities. What has emerged in the area is the lack of a clear vision and strategy in which direction they want to go. So, the promotion was done on a case by case basis without any continuity and going more deeply into the issue. The big problem is apparently adopting the usual

clichés that for many years have been most extensively used in the promotion of the tourism potential of rural regions.

On the question of where and how to proceed in promoting hunting tourism potential of rural regions, it would probably be the best to answer reflecting the necessity of knowing the need to build their own identity and recognizable image of rural regions as well as hunting and tourism destination. Authenticity is the magic word that is necessary inscribed in golden letters diaries of marketing managers of tourist destinations in rural regions. Formulating a long-term strategy of promoting hunting tourism potential of rural regions is of vital importance for the development of rural regions. One of the key points that must be taken into account when formulating the strategy of promoting hunting tourism potential is the continuity of promotional activities, because without continuity promotional activities, there is no adequate satisfaction in mind the achieved results expressed in terms of income levels that have been achieved. General trends in the world, clearly in favor of the development of hunting tourism as a manifestation of rural tourism, Serbia will take advantage of as undeniable tourism potential of rural regions remains to be seen.

### **The economic effects of hunting tourism**

Functions of hunting are primarily recreational, ecological, economic, educational and cultural. Hunting is primarily an economic activity with all its characteristics and peculiarities that make it different from other activities. Peculiarities which distinguished reflected in the exploitation of specific resources, wildlife, potentially orient foreign clientele and thus a potential cumulator of foreign currencies, contributes to the economic growth and development, especially in rural regions because hunting is the best tourist destinations are just in them. Hunting, accompanied by a wide range of consumers, is reflected in the cost of intermediation, transport, accommodation, food, fees, rental of hunting dogs, guide, ammunition, rental of weapons, and the like. This industry is also characterized by the immediate collectability of service, a strong positive impact on hunting, exclusivity, mobilizing the capacity of a large number priverednih and not a business and focus on the protection, preservation and promotion of biodiversity and hunting and fishing type, short-stay clientele. When it comes to the expression of the economic effects in the real numbers, it is certainly one thing that the income from hunting tourism on a global scale measures the billions of dollars (the price of



only one package 15-day hunting in Africa is between 29,000 to 45,000 dollars). According to some sources, on an annual basis, in the period from 2012 to 2014, the eight most attractive destinations in Africa has earned around 460 million dollars (Safari Club International Foundation, 2015). The arrangement which offers hunting of deer costs from \$ 1,000 to 15,000 or even 20,000 thousand dollars. The average package for a hunter on the ground EU ranges from 1,500 to 2,500 and even thousands of dollars. All this directly points to the far-reaching significance of hunting tourism on the economy of a country and the economic growth and development in general. Only in the EU roughly 7.5 million hunters were registered. According to data available in FACE, about 30% of hunters from EU countries as well as Norway and Switzerland practice hunting and go beyond the borders of their country. This represents about 1.3 million European hunters who will hunt outside the borders of their countries at least once during the year. Very often it happens that rich European hunters even several times during the year afford hunting outside the borders of their countries. In this respect, Germany, Austria, Denmark, the Benelux countries, Italy and Spain are the countries with the most prominent demand hunting travel arrangements. Most hunting tourist destinations in Europe are primarily Hungary and Poland, followed by other countries of Eastern Europe. The Scandinavian countries are also interesting tourist hunters, especially for hunters from Germany. Although it is very difficult to determine the exact data on how many European countries raise revenue from hunting by individual sources, this figure ranges from 40 to 60 million per annum (Brainerd, 2007). When it comes to hunting industry in the United States, including manufacturing equipment, building homes and hunting tours and safaris, it employs many people and contributed to the vitality of the economic system. In the US alone, about one million people are engaged in some aspect of the hunting industry. In the area of US domestic and foreign hunters annually spend \$ 22.9 billion on their hobby, according to data from 2006. The revenue in 2011 grew to 38.3 billion revenue directly on hunting and hunting tourism. If we look beyond the basis of all products and services related to hunting, revenues on the basis of growth to 86.9 billion dollars in 2011. By comparison Google corporate entity in the same year reported an aggregate revenue of 37.8 billion dollars. Due to the high profitability of hunting in the USA and supports about 700,000 jobs. After taxes, federal and local, achieved revenues of 11.8 billion dollars (NSSF, Afwa) The golden years of hunting tourism in Serbia were 70's and 80's of the last century. Then there were between 25000 and 300000 hunting tourists per a year in Serbia, and when it is accomplished foreign currency inflow

around 20,000,000.00 dollars annually. Today, foreign exchange inflow annually is approximately 3,000,000.00 Euros, but this information should be taken with caution because of the lack of quality and valid record of arrival hunters and economic effects that hunting has on hunting in Serbia. Today, from all the known reasons related to the breakup of the former Yugoslavia, the general economic crisis, strengthening the movement " green " and their impact on the mood of public opinion towards hunting and hunters in general, hunting in Serbia is experiencing a deep crisis and is far below the level that it has been in the past. Therefore hunting tourism in Serbia is going through a serious crisis, but in the long term Serbia is a country with great tourism potential real when it comes to hunting only it should be properly valorized (Živković, 2012b).

## **Conclusion**

When one takes into account the cost of a hunting tourist arrangements in Serbia and the ratio of spending money for the costs of shooting with one hand, which is around 70% and the amount of money in the amount of 30% of the travel services, it is clear that here something has changed because in countries with developed hunting tourism this proportion is reversed, which means that far greater resources are allocated for tourist services than shooting the game. The key effect of hunting is not reflected in the financial effect of the mere shooting game, but in all that spending that can be subsumed under the concept of touristic services in hunting tourism. When looking at hunting tourism potentials of the Republic of Serbia, it can be concluded that there is a real potential and tradition of hunting tourism. In order to use it, it is necessary, first of all, to adapt legislations in this area to the real needs and not an imaginary situation as it is now. It is necessary to mobilize all relevant entities and the resources available, starting from the relevant ministries, hunting associations, hunting associations, local governments, public enterprises, tourist organizations in order to undertake activities on the promotion of the development of hunting tourism as a serious economic activity. Finally taking continuing education of employees and those interested in this type of economy.

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# THE COMPLEXITY OF THE TOURISM PRODUCT AS A FACTOR IN THE COMPETITIVENESS OF MOUNTAIN DESTINATIONS IN SERBIA

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## Abstract

*In recent decades, tourism has an increasingly important role in economic and social development of many countries. With valorization of the mountains tourism potential, Serbia realized a number of objectives of economic and general social development. The number of destinations that offer tourism products in the tourism market is growing in order to intensify competition. The authors have paid special attention to the analysis of the current situation, based on which they will indicate the ability to create a complex product of the mountainous region of Serbia. Comparing the mountain resorts in the Region, the authors will try to point out the shortcomings of previous and future developments.*

Key words: *mountains, Serbia, competitiveness, tourism product, tourism*  
JEL classification: Z30

## Introduction

Mountain tourism has become one of the biggest forms of tourist movements at the end of 20th and early 21st century. Also, in terms of social and economic effects that have been achieved, this motif becomes the basis of the development. With many difficulties and problems that Serbia has encountered, it has managed to develop mountain tourism, more or less successfully, depending on the period of its socio-economic development.

Serbian mountainous area has numerous and various natural and anthropogenic resources, which could significantly contribute to the

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economic development of the country and improve its reputation in the international community. So far, Serbia has failed to achieve any significant results in terms of development of mountain tourism and to position itself successfully in the regional and international tourism market.

If we analyze mountain resorts in the neighboring countries and the Region, we see that, compared to Serbia, they have, achieved much better tourism income and much better results in their tourism development in the recent years, despite significantly smaller number of tourism potentials. Based on that, Serbia should carry out the repositioning of its current competitive position in the tourism market as soon as possible. It is necessary for Serbia to form a complex tourism product in order to position its mountain resorts on the international market - the so-called "integrated product" - that is characterized by a complex nature. The integral product is composed of a large number of different components that have a functional role in the material and non-material elements (Koutoulas, 2004). Its components complement each other, thereby providing the total value of the tourism product.

In order to make visiting of the mountain centers in Serbia bigger and more meaningful, it is essential to enrich the mountain tourism product with activities in a preserved natural environment, offering a larger number of ski tracks, more adequate infrastructure and food specialties from a certain region, a variety of offer for rest and recreation, facilities suitable for extreme sports, spas, visits to the spa resorts in the foothills of the mountains, events and visiting near-by anthropogenic tourism sights. Such a tourism product in the Serbian mountain centers could be the basis for the future tourism development of mountain centers. According to the resource base, which includes mountain resorts, the aim of the paper is to point out the possibility of shaping tourism contents and richer tourism product. Based on the above mentioned and such a tourism product, Serbia, as a mountainous country, could position itself at the European market of mountain tourism.

### **The concept of a tourism product**

The very concept of the product could be defined as everything offered on the market and everything that meets the needs of the consumers (Popesku, 2011). This definition is widely held, but there are big differences in terms of the essence of this concept in tourism. The tourism

product can be defined as a set of elements (the accommodation, the transport, attractions, events, and others), which are complementary and which are to provide the tourists an experience in the destination. This definition raises the issue of coordination between content and local companies that provide individual elements of the tourism product (Andergassen et al., 2013).

The first authors who considered that the components of the tourism product should be defined from the perspective of tourists were Middleton & Clarke (2001). The reason is that tourists feel that the tourism product represents a total experience that meets the expectations of tourists. Every tourist has certain expectations, and after returning - memories. Based on this, a tourism product can be viewed from two aspects, as:

- the overall travel experience from the moment of departure until the moment of return.
- an experience of the destination as a whole that offers an integrated experience and product composed of products and resources.

According to Popesku (2011), it is necessary to point out the elements that destinations use for creating an integrated tourism product which is a combination of certain elements:

- the appeal of a destination,
- the conditions of staying and services offered at a destination, and
- the accessibility of the destination.

So, the integrated tourism product as a mixture of such elements is a joint act that affects the satisfying the tourists needs. As such, the integral product needs to be looked into deeper in order to provide adequate requirements for tourists during their stay in a particular destination. Such tourism products are related to tourism centers and destinations. The final objective of the integrated product is the economic benefit from the creation and placement of a unified product, which is based on consumer satisfaction (Popović, 2015).

Manenti and Minghetti say that moving the focus from the destination as a tourism place towards the destination as a tourism product – or as a system of products - depends on an observation of directly or indirectly involved participants. They underline the necessity of a systematic and interdisciplinary approach to the understanding of the concept of a

tourism destination, and further to the processes of analysis, planning, management and destination development control. Given that tourism is being developed everywhere in the world today, it is normal that competition occurs between certain countries, i.e. tourism destinations. The competitiveness of a tourism destination is based on the fact that the experience, acquired by tourists in a destination, is a fundamental product in tourism. The competitiveness of a tourism destination is closely linked with their comparative advantages in the tourism market. Comparative advantages are based on a huge amount of factors of production (the infrastructure, natural and anthropogenic resources, money, knowledge, etc.). If we perceive a destination in terms of tourism development, it is necessary to look at the historical and cultural resources as a special category of comparative advantages, including here the infrastructure, and, we would also add the superstructure (Ritch & Crouch, 2003).

Special attention should be perceived from a comparative and competitive advantage of a tourism destination. Comparative advantage refers to the available resources, and the competitive advantage refers to the ability of a destination that during a long period of time uses their resources efficiently and effectively to attract tourists and increase the prosperity and general welfare of the entire destination.

Competitive abilities show the level of its socio-economic development. The goal of every tourism movement is the accomplishment of the desired and expected experience and the experience for every tourist. Starting from this definition, the creation of an integrated tourism product is the basis of competitiveness of tourism destinations. Innovative products, which would be based on the specific needs of the tourism market segments and provide a unique tourism experience, can significantly increase the competitiveness of the destination. Lately, innovative tourism products have been becoming more important as a concept of a sustainable competitiveness of tourism destinations. A sustainable competitiveness means, first and foremost, the protection of the environment, the absence of which may significantly jeopardize the survival of a particular destination on the tourism market. It requires a balance between tourism development and environmental protection. The degree of preservation of the environment is one of the key elements of the tourist experience.

In addition to the integrated and innovative tourism product, a great number of other products is also formed in the tourism market out of

which the competitiveness index of travel and tourism can be singled out. This index was developed by the World Product (World Economic Forum). It is composed of three sub-indices:

1. the sub-index of regional framework of tourism and travel - these are the elements related to politics and under the influence of the government,
2. the sub-index of business environment and the infrastructure of tourism and travel - elements of infrastructure and business environment being included and
3. the sub-index of human, cultural and natural resources.

Each of these sub-indices contains specific competitors, which are a series of individual products and the data which are obtained by various international organizations and experts (Blanke & Chiesa, 2011). Another interesting index representing the competitiveness of the tourism market in the context of tourism destinations is TTC index. This index is the only model which is now used in practice for measuring competitiveness and as such is a good basis for the comparison between the competitiveness of many countries in the world. Our country was not ranked in this index before 2008 (Ubavić, 2015).

Table 1: *TTCI index of competitiveness of Serbia in global tourism*

<b>Indicators</b>	<b>2008</b>	<b>2009</b>	<b>2011</b>	<b>2013</b>	<b>2015</b>
<b>The index value</b>	3.76	3.71	3.85	3.78	3.34
<b>The World ranking</b>	78/130	88/133	82/140	95/141	
Europe ranking	37/42	38/42	38/42	40/42	35/37

Source: *The Travel and Tourism Competitiveness Report 2008/2009/2011/2013/2015*

Based on Table 1, we can see that the index value varies greatly and that it was the lowest in 2015, when our country was ranked as the 95th in the world (out of 141 surveyed countries) and 35th in Europe (out of 37 surveyed countries).

According to the World Tourism Organization, Serbia had the best grades for the health care approach (6.00); terrorism and domestic violence safety (5.5); the price competitiveness (4.6) and for the development of information technology (4.4). The lowest marks were given for communications in air traffic (2.1), the availability of natural resources



and development of tourism activities in the open air (1.9) and the availability of cultural goods and commercial routes (1.6). The grade for prioritization of travel and tourism (3.8) shows the extent to which the Government of Serbia is actively promoting and governing the development of tourism (Ubavić, 2015)

Based on all of the given indicators and all the mentioned facts, Serbia should use the indices in the assessment of its competitive position in the regional and international tourism market. In addition to that, our country should enrich its tourism products and create new and innovative tourism products that will help in better and higher positioning out on the international tourism market.

### **The analysis of the complexity of tourism products of the mountains of Serbia**

The basis of the tourism product of mountain tourism is its natural and anthropogenic tourism values. It is possible to develop several different types of tourism on our mountains. We should emphasize the fact that Serbia now has only comparative advantages in tourism, because it has a non-uniform structure of tourism. It is close to the traditional and new tourism markets and has a long history and a general recognition, preserved natural resources, adequately good communication and it has great human potential. It is necessary to ensure proper representation of Serbia as a tourism destination, and its comparative advantages should be used for the improvement of the following types of tourism developments:

- *Tourism of high mountains* - This is the basis for future international offers of Serbia. Mountains with peaks over 2,000m above the sea level have aesthetic, interesting and landscape features of a tourism attraction. This type of tourism can be developed both for the domestic and the foreign, winter, summer, recreational, stationed, ecological, educational, or scientific tourism. The biggest advantage of the high mountain areas is winter and sports and recreational tourism, which is manifested through sports and recreational activities such as skiing and other forms of recreation during winter.
- *Tourism of low and medium mountains* - (with peaks from 1,000 to 2,000m) it characterizes areas around major urban centers. This type of tourism, in contrast to the high mountain one, has limited winter tourism. However, there is a great potential for developing summer, stationed, excursion, transit, environmental, educational, air and

recreational tourism. This type of tourism is most commonly aimed at local tourists.

- *Water-Based Tourism* - that is tourism on rivers, natural and artificial lakes and canals of Serbia. For the development of tourism on water, the biggest attraction are natural and anthropogenic values. Our rivers are suitable for development of nautical, hunting and fishing, sports and recreational, environmental, events, and excursion tourism.
- *Transit tourism* - is linked to the main traffic routes of our country. This type of tourism is typical for the summer season, while it is limited in winter. Transit tourism implies building of appropriate tourism facilities along the corridor 10, arms B and C, and other main roads.
- *City tourism* – This is one of the leading forms of tourism in our country. It does not have seasonal character and it is related to the short tourist stays. Larger urban centers in Serbia, such as Belgrade, Novi Sad, Nis, Subotica, or Kragujevac should be developing the following tourism forms: business, congresses, events, excursion, cultural and recreational and other forms of tourism.
- *Spa tourism* - Besides health and recreation, it includes more market segments. It is known for its summer season and domestic tourists. Considering the current development and the achieved level of development of this type of tourism in Serbia, the question of strategic basis is posed for the further development of this type of tourism movement. The tendency of its further development should be directed in several directions: qualitative-quantitative improvement of accommodating conditions, adequate prices, the development of appropriate content (especially in sports, cultural and events tourism) modernizing and specializing healthcare services, favoring congress tourism, the organization of seminars, symposia and others.
- • *Rural tourism* - is typical for preserved, authentic rural settings. In Serbia, this type of tourism is stagnating due to the large outflow of rural population to major urban centers. The development of rural tourism could influence the increase of the economic effect of profit making in tourism as well as prevention of the outflow of population from the villages (Ahmetović - Tomka, 1996). This form of tourism can occur in correlation with the mountain and spa tourism. Tourism in the country can be considered as a significant opportunity of demographic and economic revitalization of rural settlements in Serbia. Developing this form of motif movement would bring about much higher economic effects in rural areas (selling of agricultural

products). On the other hand, the infrastructure in rural areas would be improved.

Of all these tourism types in the further development of tourism in Serbia, the emphasis will be placed on the mountain, spas, transit and other trends, the development of complementary activities and tourism related facilities (forestry, water management, healthy and safe food, etc.).

Tourism products of mountain resorts have been developed only recently. In the mountainous areas of Serbia, there are two separate tourism seasons. Those are summer and winter. Summer holiday implies the activities such as hiking, walking, outdoor activities, horseback riding, mountain biking, paragliding sun and like (swimming and sunbathing), picking herbs, picking mushrooms, etc. The primary motivation for such a holiday is fresh and clean air, and as a secondary motif there is enjoying the gastronomic products as well as natural and cultural attractions of some mountain destinations. However, during the summer months there is less concentration of movement of tourists compared to the winter season.

Winter holiday activities usually imply alpine skiing, cross-country and telemark skiing, snowboarding and sledging. During winter holidays in the mountains, on average, tourists spend more than during summer holidays. The drastic difference between the two seasons is visible especially in Serbia because most tourists during summer months decide on a seaside holiday. The primary motive for winter tourism is an active holiday, skiing and related activities, while the secondary motives are entertaining, gastronomy, shopping and nightlife.

Main tourists in Serbia are local skiers and snowboarders, families with children, active individuals (under 45 years of age), and younger population (18-25 years of age). In addition to them, the winter period is dominated by tourists from urban areas, higher purchasing power tourists, experienced skiers, while in some mountains beginners in skiing are typical (in Zlatibor, Divčibare, Golija). Mountain tourism centers which have now developed to be the serious tourism centers of Serbia are, firstly Kopaonik, Zlatibor, Stara Planina, and lately the mountain center of Divčibare has become popular, as well as Golija and Vlasina.

Starting from the actual and assumed trends of international tourism demand, in order to compete on the international market, Serbia can offer: Belgrade on the Danube, Central Kopaonik, Novi Sad with Fruska Gora,

Sar planina, the transit route Novi Sad - Niš, Maljen with Divčibare, Tara - Zlatibor - Zlatar, Stara planina with Babin zub. Its offer in the domestic market place will be continued and directed to spas, with a growing share of mountains, villages and areas of natural and cultural heritage (Popesku, 2002).

*Kopaonik* is an example of a good practice in terms of quality and structure of the tourism product. One of the most visited mountain resorts in Serbia offers a large number of tourism products. The focus of the tourism development of Kopaonik represents a favorable tourist-geographic position, a favorable traffic situation, the richness of the site attraction for tourists, the proximity to the emission centers, attractiveness of the motives, favorable natural value, the number of endemic and relict species of plants, proximity of thermal springs, complementarities of cultural motives, heterogeneous environment, modern accommodation facilities, wealth and quality of ski terrain and accompanying content, developed basic and telecommunications networks and the Internet, the hospitality of the citizens of Kopaonik, a growing range of additional features, the wealth of rural areas, gastronomy and centuries-old tradition, ecologically preserved Kopaonik National Park and others. The main tourism movement in Kopaonik is based on the development of:

- • *Mountain tourism*. This is a form of tourism which has a real tourism value. It is primarily manifested through geomorphological, climatic and biogeographical natural values, phenomena and processes. For this type of tourism, Kopaonik Resort offers the most diverse possibilities. In the first place, there are alpine ski fields for cross-country skiing of highest category. Mountain tourism on Kopaonik can be divided into summer and winter seasons. During the winter season, tourists have the opportunity to practice snow sports, snowboarding, alpine and cross-country skiing, sledge races and others. In order to make the stay on the mountain more interesting, tourism organizations organize competitions and different day and night events. In the case of poor visit during summer months, a variety of activities can be offered, such as fishing in the rivers, horseback riding, practicing different sports on the sports fields, picking herbs, mushrooms and other activities.
- *Sports and recreational tourism*. Based on natural factors, it can be said that Kopaonik has developed this type of tourism as well. Since ancient times, this region offered the opportunities for the development of recreation. Particularly noteworthy is the area around Ravni Kopaonik, which provides the greatest number of opportunities

for the development of sport and recreation. The terrain, water, climate, altitude, flora and fauna provide a quiet place in the beautiful setting of rich green areas, mountain springs, clean air even during summer months.

- *Rural tourism.* For visitors coming from urban areas, this is a form of the oldest and most traditional way of spending a holiday. This type of tourism has seen an increasing recognition in recent years. It can be said that the foothills of Kopaonik are made by a large number of rural villages, which have favorable conditions for the development of tourism in all rural households located in mountainous areas and the foothills. A significant advantage of rural settlements of Kopaonik is preserved nature, unpolluted environment, low population density, folklore heritage and rich cultural heritage. Although it has facilities for the development of rural tourism, we have to note that this type of tourism is at its very beginnings. If they are to correlate with mountain sports and recreational tourism, rural tourism could have and has great benefits for the creation of special tourism attractions. Healthy organic food, unpolluted environment, and clean drinking water are all the basic values of the rural area of Kopaonik.
- *Excursion tourism.* This is a form of tourism implying short stays which underwent a complete expansion in recent years. Tours are conducted mainly in the countryside, and usually take one day where tourists come down to visit certain sites, such as Krčmar vode - Marine vode - Metode with a geyser, or the monastery tour of Gradac - Stara Pavlica - Nova Pavlica - Petrova Crkva.
- *Transit tourism.* The unorganized tourism industry along the Ibar highway, as well as poor offer in the surrounding area act as a proper support to tourism development on Kopaonik. An increasing number of tourists on the way back from the coast rounds off their vacation with a few days of staying in Kopaonik.
- *Conference Tourism.* Kopaonik has a long tradition in hosting seminars and conferences. Some of the most important are: Seminar of Lawyers of Serbia, Serbian Informatics Community, Sports Days of Serbian Road Workers and others. Overall, tourism with shorter retention is currently booming mainly due to the use of off-season dates which positively affects the extension of the tourism season on Kopaonik.
- *Health and wellness tourism.* Being the location of several spas at its foothill (e.g. Jošanička, Kuršumlijska, Lukovska), this mountain offers opportunities and balneological service. Although now stagnating, these spas would be included in the offer together with mountain

center Kopaonik and connected with sports-recreational tourism, which would lead to the improvement of the tourism offer of the mountain and bring an additional content.

*Zlatibor.* Tradition and continuous development have taken this mountain to a very important place in the mountain tourism in Serbia. Favourable climate and geomorphological characteristics are the primary resources, which basically determine mountainous-sports and recreation function of the mountains which are the foundation of tourism development. The focus of tourism development on Zlatibor is the beauty of nature and the diversity of landscapes, flora and fauna, the suitability of climatic elements, the wealth of anthropogenic values and attractive sites for tourists, the development of Čajetina Municipality and the initiation of tourism development strategy of Zlatibor Mountain, adequate infrastructure, the transit position, the attractive destination, a suitable tourism and geographical location and others. The current offer of this mountain includes the following types of tourism:

- • *Sports and recreational tourism.* This type of tourism is widespread especially at the mountain peak of Tornik (the six-seat cable car and artificial snow cannons), and on the slopes of Obudojevica located at the center of the resort (few tracks and several smaller ski lifts). The mountain has adequate natural prerequisites, which provide suitable environment for sports activities. The mountain offers sports and recreational facilities that include indoor swimming pools, courts for minor and major sports, tennis courts, jogging trails, viewpoints and other facilities.
- • *Health tourism.* Due to the convenience of the climatic elements characteristic of this mountain, Zlatibor is declared to be an air spa. The influence of altitude, clean air, healthy and drinking cold water, abundance of greenery and silence are favorable for overworked people with minor illnesses, as well as for the preparation of the athletes, body strengthening, improving fitness (stamina) and form. Because of its authenticity, Zlatibor is an excellent place for rest, refreshment and sunbathing for people of all ages. The mountain provides an improvement in the blood count, cures asthma diseases, and normalizes blood pressure. In its vicinity there is Čigota Rehabilitation Center, which offers different medical services, including the one for treating obesity.
- • *Event tourism.* Tourism events of this area are typical for the summer season, and there are some others that are organized during the winter season in January and February. The most famous events

are: Film Festival in Drvengrad, Pršutijada in the village of Mačkat, Trumpet Festival, Hunter's Parliament (Wolf chase), Fruit brandy Fair in the village of Šljivovica and many others.

- • *Hunting tourism*. This form of tourism also makes a part of Zlatibor tourism offer. It gives the possibility to combine sports and recreational tourism with hunting tourism. In this region, there are numerous habitats of wolves, wild boars, foxes, pheasants, and other game.
- • *Wellness Tourism*. It is organised within the hotel complexes, which provide possibilities of using various spa centers. This type of tourism is particularly cherished in European countries and it has only recently been introduced into Serbia.
- • *Rural and ethno tourism*. It is well-developed in one of the first ethno villages in the region - Sirogojno, in Mečavnik (the location of Emir Kusturica's "Drvengrad"), and the rural village of Šljivovica (known for its variety of gastronomic products and different kinds of brandies and other home-made products).

Another mountain resort that gained on its popularity in the last ten years is *Stara Planina* which maintains its focus of the development in the preservation of nature, the beauty of natural landscapes, ancient archaeological sites, indigenous cultural values, the vicinity of the airports in Sofia and Niš, initiative and financial support of the Government of Serbia and other. The types of tourism represented in Stara Planina are:

- *Winter-sports and recreation*. The offer of this mountain is especially based around the mountain peak of Babin Zub, which provides the greatest opportunities for the development of sport and recreation. The tourism on this mountain is of a seasonal character.
- *Medical tourism*. Medical tourism in Stara Planina can be linked to the thermal mineral springs located on the mountain slopes. Revenues generated from this type of tourism movements are not insignificant and that is why this kind of movement should be preserved. Just as Zlatibor, Stara Planina provides opportunities for treatment of minor illnesses such as blood pressure, blood counts, treatment of nerves and others.
- *Field trips and excursion tourism*. This form of tourism is used in the form of pupils excursions and one-day trips. This movement has advantages in terms of proximity to the main road which runs near by (Corridor 10). The quality of connection of the excursion sites with the emission centers and major roads would allow the passers-by short

stays, and retention, and citizens from neighboring industrial centers a weekend or day trips.

Based on all above mentioned, we can say that the mountains of Serbia have a long tradition in tourism upgrading, which is reflected in their natural and anthropogenic tourism values. However, we must take into account the tourists' trend of going to the mountain resorts not only for practicing winter sports, but also for rehabilitation, relaxation, entertainment and other. The basis for the further development of mountain resorts in Serbia should be based on the establishment of an integrated tourism product and a complementary connection of multiple forms of tourism, such as sports and recreational tourism with spa, rural, medical treatment, health, excursion, events and other above mentioned aspects of the movement. In order to accomplish a better economic effect and achieve appropriate competitive position in the tourism market, the holders of tourism development of Serbian mountain resorts must find a way to refine the existing products with adequate facilities and thus create specific products that will influence the satisfaction of various needs of tourists.

### **Basic characteristics of tourism products of the mountains in the region**

The most competitive tourism products for the mountainous area of Serbia are surely Bulgaria and Slovenia, which using their existing natural resources manage to include innovation in thier offer, and furthermore creativity and track trends in the development of tourism, providing tourists with an overall experience during their stay.

On the territory of Bulgaria, there is the mountain range of Rila as a specific competitor, especially to the mountainous area of Stara Planina. Rila is located in the eastern part of Bulgaria. It is known for its ski resort Borovets, located in its northwest part and which is one of the oldest, best and most prestigious ski resorts in Bulgaria and Europe. There are fifteen tracks located at an altitude of 2,000m to 2,750m. The tracks are adapted to skiers of different proficiency. Since the accommodation facilities are located at the foot of the mountain at 1,300 meters above sea level, the tracks are entered from the gondola and ski-lifts. The capacity of the tracks is 8,150 skiers per hour. The access to the mountain is excellent. The distance to the Sofia airport is 77.9km, while the one to the Niš airport is 348.9km.



Based on the presented potential and the level of completeness, with the volume of equipment and exploitation, Rila is at this point a serious competitive tourism center for Serbia.

Another competing mountain range is located in the so-called Julian Alps in Slovenia with Triglav as its highest peak (2,864m). This mountain range has a long and rich tradition. It is located on the border with Italy and a part of it belongs to Italy. It is composed of a dozen of over 2,000m high peaks, which are also the most interesting for experienced skiers and rich winter tourism season. In addition to the ski tracks, it provides the possibility of other various types of content and a complete active tourism offer throughout a holiday. The tracks could take over 6,000 skiers per hour. The access to the mountain centers is excellent.

Based on the above stated, we conclude that the Slovenian Alps represent a strong competitive destination to mountain resorts of Serbia, as well as Rila in Bulgaria. The mountain centers of Rila and the Julian Alps are the primary mountains which, from rural and deprived communities, have become the destinations that attract a large number of domestic and foreign tourists. With the analysis of the mountains, we were able to integrate sport, recreational and health tourism.

### **Conclusion**

Based on the fact that mountain tourism has become an important economic activity in practice in the economies of many developed countries, there are completely understandable efforts of some economically underdeveloped countries to become actively involved in mountain tourism development. In this regard, the efforts being made by our country should be considered.

Today mountain resorts in Serbia could be said to possess a diverse tourism offer; that they are located near large emitting tourism centers, as well as new and traditional tourism markets, which have a long and generally recognizable preservation of natural resources, relatively good communication and great human potential.

As a country with significant and diverse tourism potentials located in mountain resorts, Serbia has a realistic chance to use its comparative advantages and in due course impose itself as one of the leaders in the development of mountain tourism in the Region. For achieving this

objective, it is necessary that the creators and bearers of the development of mountain tourism in Serbia eliminate or reduce the effects of some negative factors affecting its tourism offer. One of the most important steps on this road is for Serbia to become a full member of the European Union, which would be an important recommendation in the provision of quality services and ensuring the protection and safety of tourists during their stay in the mountainous areas of Serbia.

The wealth of natural and anthropogenic tourism values of mountains in Serbia have managed to form an integrated tourism product that meets the needs of tourists who want to learn about a new culture, meet new places and spend an active holiday. Adequate marketing and advertising should provide detailed descriptions and explanations about the desired destination. Offer holders of the mountain areas are faced with great challenges, because on the one hand, their target group of tourists and skiers who demand an active vacation with the use of appropriate ski tracks for alpine and cross-country skiing, while, on the other hand, modern tourists in search for relaxation and recreation are looking for a balance of body and mind. It is therefore necessary that one has a close insight into all tourism products provided in the mountain areas, and then enrich the tourism facilities and add innovative products that would involve the inclusion of additional facilities such as spa and wellness centers, cultural tourism offer, excursions and culinary content.

Such enrichment in the facilities of mountain areas would enable the approaching to European tourism market, as well as to international tourism market, where a large number of competitors is significantly represented. In this way, the product of mountain areas of Serbia would unite all activities for a quality tourism experience, as well as innovations in broadening the traditional frameworks of formation of offer and product creation from the perspective of a tourist, who is always eager for new experiences.

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# SPATIAL PLANNING FOR SUSTAINABLE DEVELOPMENT OF TOURISM AND PROTECTED MOUNTAIN AREAS IN SERBIA

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## Abstract

*The trend of integrated natural heritage protection and land-use zoning for mountain tourism destinations (MTD) at protected areas (MTD-PA) as practiced in many countries, in Serbia is achieved through the spatial planning process – the spatial plans for special purpose areas (SPSPA). The aim of this paper is to identify the key problems and methodological innovations in the spatial planning process for achieving sustainable development of MTD-PAs. Based on the comparative analysis, the nature protection zoning systems and SPSPA for MTDs in national parks in Serbia, Croatia and Slovenia have been compared and lessons learned on the key problems in the Serbian planning practice for sustainable development of MTD-PAs. The innovative methodological approach for relativizing the conflicts between the tourism and the protection of natural heritage and socioeconomic development of local communities has been developed in the SPSPA for Kopaonik MTD-PA and discussed in the paper.*

Key Words: *spatial planning, mountain tourism destinations, protected areas, nature heritage protection zoning, integrated zoning, methodological innovations*

JEL classification: O2, O3

## Introduction

The mountain regions of Serbia cover about 34% of its territory. By their specific potentials for the mountain tourism development, the high-mountain regions (above 1500 m a.s.l., covering an area of 5,389 km<sup>2</sup>, or

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1.7% of the territory of Serbia) stand out with their immediate hilly-mountainous and physical and functional (mid-mountain) surroundings (1000-1500 m a.s.l.) covering the total area of 9,680km<sup>2</sup> (or 11% of the territory of Serbia). All high-mountain areas and a part of their immediate hilly-mountainous surroundings are located in the natural heritage protected areas.

The available potentials for tourism development in mountain regions in Serbia have been only partly activated in the previous development of mountain tourism destinations (MTD) and mountain tourism centres (MTC), which have developed under the influence of trends in the mountain tourism development in the European countries, particularly in the Alps.

The first organized types of tourism (urban and spa tourism) emerged in Serbia at the end of the first decade of the 20th century under the direct influence of the overall and tourism development of Europe, while organized development of mountain winter tourism began in the seventies of the 20th century. The planned development of MTCs in Serbia began in the eighties of the 20th century, starting from the experiences in developing the MTCs in Switzerland and France. After having initiated the development of the existing and new mid-mountain and low mountain tourism areas (Zlatibor, Tara, Vlasina, etc.), the first high-mountain MTCs were formed - Brezovica on the Sar-planina Mountain and Suvo Rudište on Kopaonik (Mitrović, 1983; Dabić, 1996; Dabić, Milijić, 1998; Milijić, 2005; Maksin et al., 2011; Maksin & Milijić, 2013; Milijić, 2015; Ristić et al., 2016). This was at the same time the beginning of the use of concept of sustainable development of MTCs and MTDs, particularly from the environmental aspect, but also partly from the aspect of socioeconomic acceptability for local communities and population. In the period 1968-1990, the state had a determinant role in the planning guidance and management of the development of MTCs and MTDs - completely built through the cooperation of the state funds and the funds of large (state) trading enterprises. In this period, by its turnover the mountain tourism was included immediately after the cities and spas, with the fastest increase in visitors and overnight stays (Dabić & Milijić, 1998). The crisis in the development began in 1990 when the system of the planning guidance of the development of MTDs and MTCs was abandoned, and their development was left to the influences and interests of spontaneous and uncontrolled market operation. The stagnation, imbalanced and uncontrolled development of MTDs has taken place.

Sustainability of MTD is challenged as the economic interests of tourism industry for intensive construction of tourism facilities and their spatial concentration prevail. Proposed development can cause negative impacts on the environment, as well as on the social and economic development of local communities (Maksin & Milijić, 2013; Nenковиć-Riznić et al., 2015). A gradual recovery tentatively began in 2007 when the state intensified the investments in the formation of public ski resorts, capital infrastructure development, etc., but still without sufficiently harmonized spatial development of tourism with the protection of mountain areas (Dabić et al., 2009).

The aim of this paper is to identify the key problems and methodological innovations in the spatial planning process for achieving sustainable development of MTD-PA. The possible answers are offered at the example of spatial planning for the Kopaonik National Park, where the innovative methodological approach for relativizing the conflicts between the tourism and the protection of natural heritage and socioeconomic development of local communities has been developed in the Spatial plan for special purpose area for Kopaonik MTD-PA.

### **Natural heritage protection zoning in the protected areas – comparative analysis of the zoning practice in Slovenia, Croatia and Serbia**

The central issue of PA management is to establish a balance between the natural heritage protection and sustainable area development – the economic, environmental and social dimensions of sustainability (Naughton-Treves et al., 2005). A balance between the natural heritage protection and the social, economic, but also the anthropospatial and cultural development in PAs and their immediate surroundings, should be striven for. It is considered that the controlled or limited interaction or a selective valorization of the PA economic, social and cultural values is possible and that options are desirable, along with an appropriate management and innovations in the process of protecting and using these areas. In this context, the holistic, participatory and adaptive approaches are being increasingly widely applied in the planning and management of PAs, particularly MTD-PAs, where the spatial planning and the integrated projects for the protection and sustainable development are becoming the key instruments (Gurung, 2010; Naughton-Treves et al., 2005).

The zoning is one of the instruments of strategic, spatial and sectoral planning and managing the PAs and MTDs located in the PAs. The PA protection zoning was initiated by the UNSECO in 1974 for the biosphere reserves (MaB Program) as an instrument for the adaptation to the manifold ecosystem functions of the reserves in a specific area. A theoretical biosphere reserve zoning model was established with: the PA core zone, inner protection zone around the core zone up to the borders between the PA and the outer protection zone or transition zone around the PA. The Seville Strategy and the Statutory Framework of the World Network of Biosphere Reserves (1995) established in more detail the functions and spatial coverage of PA zoning:

- Core area – one or more core zones for the biodiversity protection, with the unchanged or minimally changed ecosystems in which the activities to be taken are limited to the activities that have a minimal impact on the protected ecosystem (research and education);
- Buffer zone – surrounding or bordering the core zone, in which eco-friendly activities and activities complementary to the ecosystem protection in the core zone can be taken (such as education, recreation, ecotourism, research);
- Transition area – envisaged for sustainable development and cooperation with the surroundings, which is flexible relative to the coverage and purpose (settlements, agriculture, etc.) (Bennett & Mulongoy, 2006).

None of the PA systems can realize its full potential in case these areas become isolated fragments of the ecosystem surrounded by the incompatible or conflicting ways of using the land. Such attitude is reflected in the definitions of some authors who link the functional and spatial boundary determination of PAs relative to their surroundings to the limitations of the development of incompatible uses of the area around the PAs (Sandwith & Lockwood, 2006). The reason for this lies in a rapid growth of population, settlements and intensive land use around many PAs in the world. For this reason, and in addition to the protection zone in the PAs, the transition zone, or zone of cooperation – mutual impact zone – zone of multipurpose use around the PA (Naughton-Treves et al., 2005), are increasingly gaining importance.

The trend in the world and European countries is an integrated protection zoning for the PAs and land-use zoning for PAs and their surroundings. The integrated zoning facilitates the meeting of often conflicting demands for strengthening the protection of natural heritage, cultural heritage and

natural resources, on the one hand, and for developing the tourism and other activities and improving the quality of life of local residents, on the other hand (Naughton-Treves et al., 2005; Maksin et al., 2014).

The Nature Conservation Act (1999) in *Slovenia* differentiates protected areas into large (national, regional and landscape parks) and small (natural monuments, strict nature reserves and nature reserves) protected areas. Large areas are those covering the area of over 1 km<sup>2</sup> and which are over 1 km long. In the large protected areas, it is possible by law to:

- Form a number of small protected areas/strict protection zones, that is, a minimum of two of these zones in a national park;
- Protect the natural heritage, ecosystems and biodiversity in the major portion of the PA;
- Develop the local communities and tourism in the smaller part of the PA that are consistent with the goals of protecting valuable natural features;
- Establish a zone of influence around the protected area.

The law does not determine the objectives for the protection and management of the PA. The zones and regimes of protecting the space in PAs are not determined either, but rather the activities that can be forbidden or limited in the PA. The zoning and regimes of protection and the use of space for each national park are established by special laws, and elaborated by their management plan.

The Nature Protection Act (2013) in *Croatia* categorizes PAs into: strict reserves, national parks, special reserves, nature parks, regional parks, nature monuments, important landscapes, forest parks and horticultural monuments. The law does not determine the objectives for the protection and management of PAs. The zones and regimes of protection for the space are not determined, instead there are 10 activities forbidden in all PAs. It was determined that protection should be implemented on the basis of the spatial plan for areas of special features and the management plan for the PA. These planning documents establish zoning and protection regimes for the area on an expert basis that are prepared by the relevant authority responsible for the protection of nature. National parks are declared by means of a special law that determines their scope, boundaries and administration.

In *Serbia*, the Nature Protection Act (2009) establishes the following categories of PAs: strict nature reserves, special nature reserves, national



parks, nature monuments, protected habitats, landscapes of exceptional features and nature parks. The management objectives for the PA are not established directly, but instead, based on the purpose for which they are categorized and for which they gain the protected status. The purpose of the sustainable economic and social development of the area's communities is not mentioned. The law does not establish protection zones, but rather a three-level protection regime. The obligation of establishing a buffer zone around PAs that was established by previous laws has been removed. The law does not envisage another transitional regime of protection around a PA – a zone of influence, or a zone of sustainable development. The zones with different regimes of protection are determined by the legal act, declaring the protection of PAs on the basis of scientific and expert studies by the relevant authority responsible for the nature protection. The protection zones and land use are further elaborated in the spatial plans for special purpose areas intended for PA. It is established that PAs are protected on the basis of the spatial plans for special purpose areas and the management plans. The three-level protection regime established by the law and the Regulation on Protection Regimes (2012) can be compared with the IUCN categorization: level I protection regime (strict protection) corresponds to category Ia; level II protection regime (active protection) corresponds to category Ib; level III protection regime (proactive protection) corresponds to category V and VI (Ristić, 2016).

### **Spatial planning for sustainable development of tourism and protected mountain areas**

#### **Comparative analysis of the spatial planning practice for the MTD-PA in Slovenia, Croatia and Serbia**

In *Slovenia*, the SPSPA for PAs are not adopted. An example for Slovenia is the Triglav National Park, which was established in 1924 and has international status as a Natura 2000 area and a Biosphere Reserve (UNESCO-MaB). The NP covers an area of 839.8 km<sup>2</sup>, with 37 settlements (21 of which are entirely in the NP) and about 25,000 tourist beds in its immediate vicinity, making it possible to achieve annual visits of about 2.5 million tourists. The Law on the Triglav National Park (2010) identifies three protection zones with different protection regimes:

- Zone 1 – zone of strict protection (use of natural resources prohibited, with the exception of traditional cattle grazing, limited controlled visits and limited sustainable tourist accommodation);

- Zone 2 – zone of less strict protection (sustainable forestry and traditional agriculture, controlled visits and sustainable tourist accommodation); and
- Zone 3 – buffer zone (sustainable development and sustainable construction are allowed).

The zones 1 and 2 represent the core area and correspond to the category II of the IUCN classification, and the zone 3 corresponds to the category V. The area covered, regime of protection and the use of space in the legally determined zones are developed in detail in the Management Plan for the Triglav National Park 2016-2025 (2016). Several ski runs and limited accommodation capacity (smaller hotels, boarding houses, camps and mountain houses) are located in the zone 3. The intensive tourism development takes place in the National Park immediate surroundings and it is defined by the spatial plans of municipalities.

In the guidelines for developing a management plan for a PA (Viskanic, 2005) in *Croatia*, the Appendix 5 is dedicated to zoning as one of the key steps in the development of the plan. It proposes a model with three basic zones based on the natural and other features of parts of the protected area, and includes its objectives and the necessary intensity of management. The zones of strict protection include the areas of high natural value and little necessity for management. The zones of active protection include the areas that require a special type of management that will maintain a certain status of protection. The usage zones include the areas with fewer natural features and higher requirements for management. They can be divided into sub-zones:

- Zone of strict protection – the areas with minimal human intervention, and areas where scientific research is allowed and visitor access is limited, which corresponds to IUCN categories Ia and Ib, and they can cover a significant area of the NP;
- Zone of active protection – the areas that have an impact on habitats (conservation, rehabilitation) and the areas that affect species (protection, removal of invasive species), which should not exceed 30% of the NP;
- Usage zone – a type of compromise between protection and sustainable development which must be aligned with the primary aims of the conservation of protected areas. They can be classified according to their type and planned use into different sub-zones: inhabited or urban zones, traditional agricultural zones and the recreation and tourist infrastructure zones. According to IUCN

guidelines, this zone can only cover small parts of the NP. One of the aims of managing a NP should be to reduce them in the park and transfer them to a buffer zone;

- Buffer zone – in addition to these three zones, a buffer zone is also proposed around the PA or between the different zones in the NP.

An example is the Plitvice Lakes National Park, the oldest NP in Croatia (from 1949), and the last law passed on the declaration of Plitvice was in 1997. It has had international UNESCO world heritage status since 1979 and is a Natura 2000 site. The national park covers an area of 297.2 km<sup>2</sup>, with 27 settlements (of which 20 are entirely within the NP) and approximately 1,600 tourist beds, and it is visited annually by about 850,000 tourists. In accordance with guidelines from 2005, the Spatial Plan for Special Purpose Areas for the Plitvice Lakes National Park (2014) was established, dividing the space into three zones with sub-zones. In the defined zones, the regimes and land use were established. For the zone 3 – the usage zone, which encompasses only 4.15% of the PA area, the sustainable development of tourism is allowed, with sub-zones 3a (settlement zone – all villages and hamlets in which sustainable construction is permitted for the needs of the residents and for tourism) and 3b (recreation and tourism zone – sustainable development is permitted and the construction of tourist accommodation and facilities, including ski resort Mukinje).

In *Serbia*, the integrated zoning is made through the process of spatial planning. From the eighties of the 20th century, the elements of contemporary holistic and problem approaches have been introduced in the practice of spatial planning for mountain tourism areas in Serbia under the influence of European experiences, particularly influences of Alpine countries (Milijić, 2005; Maksin et al., 2011; Dabić et al., 2009; Milijić, 2015). The spatial plans for special purpose areas (SPSPA) have been adopted for the mountain tourism areas. The special purposes for which the SPSPA are developed are dominant and can be a source of significant environmental impacts and impacts on the quality of life of local residents, but also a cause of conflicts both between the natural heritage protection and tourism and between the natural heritage protection and tourism in relation to the development of local communities. For this reason, the existing and potential conflicts between the special purposes relative to all other purposes and activities have been identified and minimized in the process of developing the SPSPA for MTDs and in strategic impact assessment, which enables the selection of planning

solutions that contribute to sustainable territorial development of MTDs and protected areas. The protection zoning is used for the parts of the MTD-PA in the protected areas in accordance with the legal bases, declaration of protected areas and management plans for the PAs. The land-use zoning for tourism development is integrated with the three-level protection regime in PA.

### **Key problems in realizing the coordinating role of spatial planning in sustainable development of MTD-PA in Serbia**

The problem lies in the PA management system in Serbia that has developed independently of good practice and IUCN guidelines. The protection and development management of PAs is disintegrated. There is a pronounced insufficient coordination or absence of coordination between the sectoral planning and PA management and different sectors (sectors of tourism, other economic activities, infrastructure systems) and the development of local communities. New problems occurred with the change of legal basis in the nature protection sector in the period 2009–2015. The introduction of stricter protection regimes in Serbia, particularly the level II protection regime, resulted in more intensive manifestation and more difficult overcoming of conflicting interests between the PA protection and tourism development in the process of spatial planning for MTD-PA. This was particularly pronounced in the MTD-PA planned for all-year-round tourism (Kopaonik, Stara Planina Mountain, Šar-planina Mountain, etc.) (Ristić et al., 2016).

From 2009, the problem of coordinating the spatial with the sector planning framework is most pronounced in the tourism sector in the current Serbian strategic planning practice. The 2009 Law on Tourism is retrogressive relative to the previous laws because it does no longer mention the integrated planning, but reduces the planning of tourism development only to the sectoral planning that is not adequately linked to other types of planning. This Law establishes that the Tourism Development Strategy is elaborated through the tourism development master plans and that these sectoral plans are the starting point for drawing up the spatial, urban and other plans for tourism destinations. Due to the used market-driven approach and partial overview of the tourism destination development, the substantial negative effects of tourism on the natural heritage, resources and the environment, as well as on the local community development and the quality of life of local residents, can manifest themselves in the implementation of master plans

for the MTDs in the Stara Planina, Golija and Kopaonik mountains. None of these master plans have been completely aligned with the declaration of protected areas, management plans and current spatial plans for the Kopaonik National Park, Golija-Studenica Biosphere Reserve and Stara Planina Mountain Nature Park. After the adoption of tourism development master plans for the mentioned MTDs, a significant problem has occurred in developing new SPSPA for these areas. Without previous verification and without achieving the spatial, environmental, social and economic sustainability, the concepts and solutions based exclusively on the sector (economic) approach in tourism development master plans jeopardize the planning concepts and solutions based on the holistic approach in the SPSPA (Dabić et al., 2009; Maksin et al., 2011; Milijić, 2015).

The absence of coordination between the sectoral planning in tourism and spatial and environmental planning, as well as insufficient support in the implementation of the planning documents and domination of political and stealthily influence of investors in decision making, have resulted in predominantly uncontrolled development of MTDs starting from 1990 and in marginalization of the role and implementation of spatial planning in the development of these areas (Maksin & Milijić, 2010; Maksin et al., 2014).

### **Methodological innovations for improving the role of spatial planning in sustainable development of MTD-PA in Serbia – example of Kopaonik National Park**

The innovations for improving the role of spatial planning in achieving a coordinating role relative to the legal and planning bases in the nature protection and tourism development sectors were analysed at the example of the Spatial Plan for Special Purpose Area for the MTD-PA Kopaonik National Park, adopted at the end of 2016.

The attitudes towards the development of MTDs in Serbia have, generally, always been linked to the experiences in developing the MTD-PA Kopaonik National Park. The norms and standards used in the tourism development in the Kopaonik MTD-PA have relied on the European norms and experiences, primarily those of France and Switzerland, along with checking of and adjusting to the conditions in Serbia. The tourism development in Kopaonik began already in the thirties of the 20th century, to become a leading economic activity in the area of the National

Park and its surroundings in the first half of the eighties of the 20th century. Suvo Rudište in the Kopaonik National Park is an example of a relatively successful development of mountain tourism in the period 1968-1990. After this period, it represents an example of escalation of problems and conflicts, uncontrolled construction and non-observance of rules of the SPSPA, absence of any kind of management of the MTD-PA development, etc. Relative to the other MTDs in Serbia, this area has the longest tradition in developing the SPSPA – the first one was adopted in 1989, the second in 2009, and the third in 2016.

The area covered by the Spatial Plan for the Special Purpose Area of the Kopaonik National Park (SPSPA Kopaonik) encompasses the mountain area of the National Park (covering an area of 120.79 km<sup>2</sup>) and the sub-mountain area outside the National Park (covering an area of 204.05 km<sup>2</sup>) (SPSPA Kopaonik, 2016). The Kopaonik National Park encompasses the northern part of the Kopaonik mountain massif and the central part of the Kopaonik MTD. Most of its part extends over a relatively slightly dissected mountain plateau (called Ravni Kopaonik), average altitude of about 1700 m, with the highest peaks up to 2017 m.

The innovative methodological approach is based on the combined use of integrated and participatory approaches in the process of developing the SPSPA Kopaonik 2016.

The problems in the previous environmental and natural heritage and natural resources protection, as well as in the achieved development of tourism, other economic activities and infrastructure systems and in the improvement of the quality of life of local residents, were identified in the first step in the process of developing the spatial plan for the special purpose area of the MTD-PA.

In the next methodological step, and based on the analysed problems, it was possible to identify the key conflicts in the protection and in sustainable development of MTD-PA and its local and regional surroundings (local communities in and around the protected area, tourism destinations of national or regional importance, sources of regional water supply systems, etc.). Several conflicts were identified, out of which the key ones included the conflicts between the tourism and the natural heritage protection. Further mountain tourism development within the National Park depends to a great extent on the overcoming of current conflicts regarding the protection of nature and natural heritage in the

most suitable terrains for Alpine skiing under the level II protection regime and within the tourism complexes/resorts under the level III protection regime with intense and unplanned construction. Main causes of these conflicts are the following:

1. The new Decree on the Protection Regimes (2012) denied the previous possibility of limited locating of tourism infrastructure—primarily locating of ski infrastructure in the zones under the level II protection regime, thereby endangering the solutions from the first and second SPSPA Kopaonik for connecting certain sectors of ski resort through the zones of the level II protection regime in cases when there were no other possibilities. The changes of the Law on National Parks (2015) exacerbated the problem because of the changes that occurred in the coverage of zones under the levels I and II protection regimes in the Kopaonik National Park, thus bringing into question parts of the existing ski resorts, their planned completion and connecting of four out of ten sectors of the ski resort into a single spatial and functional entity. Namely, the study for the protection of this National Park, which was the basis for a legal document, did not take into account the planning solutions for ski resorts from the current SPSPA Kopaonik 2009. In such conditions, the conveniences that the National Park Management Plan has not been adopted and that it will be prepared after adopting the SPSPA Kopaonik 2016.

The conflict was exacerbated by the acceptance of the Master Plan for the Kopaonik tourism destination (Master plan, 2009) by the ministry responsible for tourism, as well as by the adoption of urban plans for three sub-resorts in the National Park by local communities (municipalities). These plans were not aligned with the SPSPA Kopaonik 2009, this being contrary to the Law on Planning and Construction. The Master Plan was not aligned with the SPSPA 2009 in relation to: the total capacity of the space of the National Park; capacity and position of ski infrastructure in relation to the zones under the level I and II of protection regimes. The adopted urban plans were not aligned with the position of routes of all planned ski lifts and ski runs from the SPSPA Kopaonik 2009 because certain accommodation capacities are located on the runs connecting three sectors of the ski resort. According to the experiences of the Alpine countries, the best terrains for Alpine skiing and localities for developing the ski resorts, as the key resources for the mountain tourism, are by a rule excluded from more strict regimes of the natural heritage protection. That is why it is of key importance for the tourism

development in Kopaonik to allow an optimum use of otherwise limited terrains suitable for Alpine skiing, along with an adequate mountain nature protection.

2. In the overall development of the MTD-PA so far, the development of tourism facilities is mainly concentrated in Suvo Rudište, although a balanced distribution of tourism contents between the mountain areas and sub-mountain areas has been insisted upon in all planning documents since the beginning of tourism development in Kopaonik (starting from 1968). Out of 30,000 tourist beds envisaged by the SPSPA Kopaonik 1989, approximately 15,000 beds were planned in the mountain within the National Park, while 15,000 beds in the sub-mountain areas outside the National Park. According to the SPSPA Kopaonik 2009, and upon request of the nature protection service, the number of tourist beds in the National Park was reduced to 12,500, while the number of beds outside the National Park was increased to 30,000. Relative to the beds planned by the SPSPA Kopaonik 2009, approximately 11,000 tourist beds have been provided in the area of the National Park, however, not according to the planned distribution per sub-resorts, but predominantly in Suvo Rudište (approx. 10,250, instead of the planned 8,000). Approximately 12,500 beds out of the planned 30,000 beds have been provided in two out of 21 tourism settlements in the area outside the National Park - approximately 10,000 beds in the unplanned weekend and tourism settlement of Lisina near Suvo Rudište and its ski resorts, and approximately 2,500 out of the planned 4,500 beds in Brzeće (SPSPA Kopaonik, 2016). From 2009, the problem has exacerbated by the acceptance of the Master Plan for the Kopaonik tourism destination, as well as by the adoption of urban plans for three sub-resorts in the National Park. The Master plan has not been aligned with the SPSPA 2009 concerning the total accommodation capacity (the planned approx. 17,000 beds in two sub-resorts) and their position relative to the zones under the levels I and II protection regimes. By adopting the urban plans, the accommodation capacities have been increased relative to the SPSPA 2009 by another 2,000 beds (or by 16% out of the total planned capacities). The greatest excess in accommodation capacity relative to the accommodation capacity from the SPSPA Kopaonik (1,500 beds) was made through the urban plan for Srebrnac sub-resort (3000 beds more).

A set of thematic maps with all spatially identified mismatches in relation to the planning solutions from the SPSPA Kopaonik 2009 and in relation to the approximately determined new boundaries of the National Park and



zones under the three-level protection regime from the new Law on National Parks, were produced using the GIS tools.

Based on the identified conflicts, the principles and strategic commitments for their relativization were established. They served in the next methodological step for checking the sustainability and harmonizing the conflicting sectoral decisions on zoning for protected areas (from the Law on National Parks and the Decree on the Protection Regimes) and on zoning for tourism development (from the Master Plan for the Kopaonik Mountain Destination and from the urban plans for the sub-resorts in the National Park and tourism settlements located at its boundaries).

The participation of local residents and the public interested in the spatial planning process was ensured through an early public insight into the SPSPA Kopaonik 2016, i.e. into the proposal for the principles of and strategic commitments for solving the identified conflicts and for amending and supplementing the planning solutions from the previous SPSPA Kopaonik. The suggestions and comments obtained during the early public insight were included in the preparation of scenario for the differentiation of zoning in the next methodological step.

Starting from good practices of European countries, particularly good practices of the MTD-PA in the Alps, several scenarios for the differentiation between the protection zones and the zones with terrains suitable of Alpine skiing and localities for mountain resort development were offered— with a radical shift away from the previous practice in zoning for the PAs in Serbia (dividing the area of the National Park into several most valuable entities with the three-level protection regimes and separating the zones for the development of tourism centres and ski resorts outside its coverage) and with more or less compromise options for the protection and sustainable development of MTD-PA.

For achieving the coordination and relativization of conflicts, it was necessary to use the participatory approach in a way to also include, besides the protected area managers, the key actors in the environmental and natural heritage protection, tourism and spatial planning into the process of considering the offered scenarios and decision making on the selection of the most suitable scenario, both at national and at local levels of management. Several preparatory thematic workshops were held, particularly with actors involved in the natural heritage and environmental protection, and with the actors involved in the development of ski resorts

and tourism in particular. This enabled several workshops to be held with all actors with whom the offered scenarios were considered, but also to negotiate on certain solutions using the prepared set of maps and through direct interventions on the maps, until the final solution was agreed and selected.

A compromise solution was selected for harmonizing the zones of tourism and recreational infrastructure with stricter regimes for the natural heritage protection (I and II level protection regimes). Based on this solution, minor corrections of the coverage of the zones with level I protection regime (one zone with the existing ski infrastructure) and with level II of the protection regime were made, the number of ski runs was reduced and the capacity of ski runs was increased, the position of ski infrastructure was corrected, as well as connecting the parts of the ski resorts into a single entity was enabled. The solutions from the Master Plan for the Kopaonik tourism destination under the level III protection regime were corrected and reduced, thereby enabling the preservation of all compact forest enclaves and habitats of endemic species in the pasture areas. The concept of developing the resorts and capacities of the stationed users in the altitude zones of the MTD-PA in accordance with the new approaches and decisions of international financial institutions on investments into mountain areas was examined, while the “rehabilitation” through the development of communal infrastructure and highly-commercialized contents was envisaged where the construction was realized. The sustainable spatial development of tourism was supported by several options (concerning the accommodation and other contents) for redirecting the focus of tourism offer development from the tourism resorts in the National Park to the tourism settlements in its immediate surrounding which will be well connected with vertical transport systems. Due to an increase in the accommodation capacities relative to the previous SPSPA Kopaonik, the option with 18,000 beds in the National Park and 30,000 beds outside the National Park was selected. The selected planning solutions enabled an adequate natural heritage protection and sustainable use of limited resources for all-year-round tourism development (particularly winter tourism), but also the sustainable development of local communities in the immediate and wider surroundings of the MTD-PA.

Starting from the key problems and conflicts identified in the process of developing the SPSPA, it was recommended that the national level of governance should realize its more active role in the process of

sustainable development of MTD-PA through an integrated control of the destination planning and development processes. For this reason, the commitment that prevailed was that the detailed elaboration of urban plans for all tourism contents in PMA should be carried out exclusively within the SPSPA and that the previous practice in elaborating the SPSPA through urban plans should be continued outside the PA boundaries.

## Conclusions

The effects of changes in the new methodological approach are that the changes enable an integrated planning of the natural heritage protection and sustainable spatial development of MTD-PA through the coordination between the spatial and sectoral planning (of the nature and cultural heritage protection, tourism, water resource management, transport, energy, etc.) and participation of key actors, local residents and the public in making the planning decisions.

For an integrated strategic planning and decision making in managing the MTD-PA development, it is necessary to achieve: the coordination among different sectoral plans and programs through the spatial planning process, primarily the coordination among the nature protection and tourism development sectors; multi-sectoral coordination among all competent development entities in the public sector; participatory planning process in spatial and sectoral planning; the establishment of complementary systems for monitoring the environment and natural heritage, construction, building land development and tourism offer development in the MTD-PA; as well as to establish partnerships among the key participants/actors in the decision making and implementation of the planning decisions.

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# **CULTURAL – HISTORIC HERITAGE AND CULTURAL TOURISM IN THE FUNCTION OF STRENGTHENING OF THE TOURIST OFFER OF SERBIA**

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## **Abstract**

*Cultural tourism, as a sort of tourism, comprises cultural values that have been created for centuries. The Republic of Serbia is characterized by exceptional attractive material and non-material cultural heritage, which offers a good basis for the development of a high-quality tourist offer and intensifying the total economic growth and prosperity. In this sense, cultural tourism represents a chance for development of Serbian underdeveloped tourism. However, natural and cultural resources of Serbia are not sufficiently valued. The existing cultural – historic heritage is not adequately protected, it is insufficiently presented, interpreted and promoted, so that it is not adequately included in the tourist offer.*

*By following good examples from Europe and surrounding countries, and developing awareness of the significance of natural and cultural heritage and cultural identity as determinants of the tourist offer, our country can differentiate from the competition and improve its position in the global tourist market.*

**Key Words:** *tourism, cultural heritage, economic growth, global market*

**JEL classification:** *F63, P48, Z32*

## **Introduction**

Tourism has been in constant development and progression since the World War II at its own pace. Therefore, tourism can be said to have taken global dimensions in the last century (Cvijanović, 2014, p. 14). Large changes in the field of tourism occurred during the 80s of the last century. The Republic of Serbia belongs to the group of European

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countries that are faced with numerous economic problems which are largely a result of the dramatic social and political development in the last decade of the 20th century. The war and difficult political situation of Serbia have left serious economic consequences for its socio-economic development, which, among other things, adversely affected the development of tourism as an important economic activity.

By stabilizing the socio-economic and political situation after 2000, there comes an improvement of the position of Serbia at the international level and thus the basis for a more successful and dynamic economic and tourist development is created. The indicators in recent decades show the growing role and importance of tourism in the economic life of a large number of countries (Cvijanović, 2016, p. 41) In this regard, this paper points out that the development of tourism can make a powerful contribution to overcoming the economic problems that our country faces.

The comparative advantages of our country, which are reflected in the availability of natural resources and favorable geographical position, represent a significant advantage for attracting tourists and intensifying investment activities in the tourism industry (Đurić & Đurić, 2016, p. 383). Bearing in mind the fact that the Republic of Serbia has no access to the sea, that its architectural entities and objects cannot be compared with European cities, the development of cultural tourism can represent an enormous development opportunity in the field of tourism. It is believed that over 40% of all tourist trips include cultural elements. For this reason, the paper particularly emphasizes the need to incorporate cultural resources in the tourist offer of our country and to adjust them to the needs of potential tourists.

### **Sustainable use of cultural heritage**

The changes in the development of tourism began in the eighties of the last century as a result of the influence of a number of factors that caused the crisis of so called mass tourism. This concept was oriented towards economic profit, causing a number of negative effects: unlimited number of tourists, unplanned construction of tourism infrastructure, increased air pollution, endangering natural and cultural heritage, disorder of ways and quality of life of local residents. Mass tourism had positive economic effects, but at the same time adverse socio-cultural effects. Given that tourism development could no longer take place in conditions of intensive use of resources typical for mass tourism, there came the establishment of



certain standards and measures relating to tourist services that led to a situation where those tourist services that included enormous use of energy and disturbed the environment were no longer acceptable. Confirmation of this fact is that tourism development is closely connected with the preservation of the natural environment.

The attractiveness of the area is largely determined by natural resources, as evidenced by the World Tourism Organization. The World Tourism Organization and the UN Program for Environmental Protection despite a number of relevant objectives such as environmental protection, efficient use of resources also give great importance to the preservation of cultural wealth in terms of establishing a balance. A complete separation and independence between the natural and social environment has never existed, especially in recent times due to the progressive development of industry, technology and communications when these two environments have been harmonized into a single unit. Article 9 of the Declaration on Tourism stipulates that environmental protection must resist pressure directed exclusively at commercial exploitation. Tourism industry exploits natural, cultural and historical resources of the state since the basis of the economic importance of tourism is money spent by tourists in a particular tourist destination, and the money they have earned in their place of residence. Their consumption results in the direct, indirect and multiple economic effects.

Since the preservation of natural and cultural heritage is a prerequisite for long-term development of tourism as a whole, the application of the concept of sustainable tourism is required. "Sustainable tourism means any form of tourism that contributes to environmental protection, social and economic integrity and improving natural, created and cultural values on an ongoing basis" (EUROPAK, 1993).

The overall objective of sustainable tourism means the rational use of tourism resources while strengthening the integrity of economic and social benefits of the local community. For these goals its four dimensions of sustainability derive: economic, political, socio-cultural and environmental which have equal importance and interconnectedness and interdependence. Through these dimensions interdependence of sustainable tourism and cultural heritage, particularly the immobile one may be best observed.

The Agenda 21, a document adopted by the Governments of 182 countries on the United Nations Conference on Environment and Development in Rio de Janeiro in 1992, creates a framework for the adoption of guidelines concerning the protection of the environment. Compliance with environmental and economic interests of the Agenda 21 leads to meeting the needs of all people on the planet and ensures a better and brighter future(<https://sustainabledevelopment.un.org/content/documents/Agenda21.pdf>).

The protection of cultural heritage is conditioned by legal and planning documents and by the established system of managing the heritage. In Serbia, the system of cultural heritage protection is inadequately and inefficiently institutionalized and the participation of different sectors at all levels of governance and the active participation of local government and local population in the planning and implementation of protection of cultural heritage should be ensured.

In Serbia, a certain part of the cultural heritage is inscribed on the "World Heritage List" and "List of endangered world cultural heritage", which is of global significance and should be the subject of tourist visits. However, this formal status is of no greater importance if this cultural heritage is not adequately protected, presented to the public and included in the tourist offer of the country.

In Serbia, it is usual that local residents have indifferent attitude towards the cultural heritage located in their territory. This attitude is mainly caused by the lack of information about the value of cultural assets, low involvement in programs and projects of protection and lack of interest for the development of tourism. This behavior leads to gradual degradation of cultural assets. In the area of immovable cultural assets or their immediate surroundings there are often resources that are essential or important for the economic development of the state or the local community, so there is a conflict between the protection of cultural assets and resource exploitation. There are many such examples in the Republic of Serbia.

The integral protection of immovable cultural heritage is one of the key instruments of sustainable tourism, and vice versa. Cultural heritage, especially the immovable one in combination with the identity of the local community, is an important resource for the development of cultural tourism, which is to be protected and sustainably used. For the protection

of cultural heritage legal and planning acts and established a system of protection are important. The system of protection of cultural heritage in Serbia is inadequate, and it does not significantly affect the protection and presentation of it. It is necessary to apply the concept of sustainable tourism, which would benefit the rational use, presentation and interpretation of the cultural heritage, and all in order to preserve it for future generations.

The preservation of natural landscapes and cultural heritage and efficient legislative in Republic of Serbia, which has a favorable tourist and geographic and traffic position, influence the valorization of these tourist motifs and recognition of tourism offer within the international framework.

### **The institutional-legal framework in the function of tourism development**

Tourist activity is determined by a number of legislative, executive and other acts, whose adoption is subject to the internationally recognized documents and acts, aimed at regulation of business in this area. In the first place, Law on Tourism ("Off. Gazette of RS", no. 84/15), followed by a set of laws in the field of environmental protection adopted in order to protect and improve the tourist areas, Law on National Parks, Law on Protection and Preservation of Cultural Heritage and many others. By signing the Contract on Stabilization and Association, the Republic of Serbia assumed the obligation of constant upgrading of legal texts in order to comply with the EU *acquis* as well as comply with the tendencies of the modern tourist market.

Among other things, the aim of the legislative acts is to preserve and improve the value of biodiversity, geodiversity, as well as cultural and historical values; ecologically important areas and diversity of landscape; preserve geological heritage buildings, cultural and historical heritage, and preserve traditional way of life.

At the end of 2004 a series of legal texts which created a general legal framework for environmental protection was adopted in the Republic of Serbia. Law on Environmental Protection („Off. Gazette of RS“ Nos. 135/04, 36/09, 36/09 –the other law, 43/11 - CC decision and 14/16.) regulates the integral system of environmental protection which ensures the realization of the human right to life and development in a healthy

environment and a balance between the economic development and environmental protection in the Republic of Serbia. Sustainable development according to the Law on Environmental Protection is a coordinated system of technical and technological, economic and social activities in the overall development which in an economic and reasonable way uses natural and created values of the Republic with the aim to preserve and improve the quality of the environment for the present and future generations. Sustainable development is achieved through the adoption and implementation of the decisions that ensure compliance of environmental protection and the interests of economic development (article 9, paragraph 1, point 4).

In addition to legal texts the locations in priority tourist destinations with new tourist facilities are being opted by regulatory plans, on the one hand, and the protection of natural and cultural resources and building tourist infrastructure have priorities in financing by EU funds, on the other hand. The projects are very important for the Republic of Serbia, which has a number of protected areas and it is not able to finance these projects by its own means. By the achievement of those activities the sustainable development of the tourism industry should be ensured.

### **Characteristics of cultural tourism**

The Republic of Serbia, thanks to its natural, geographic, historic and many other conveniences, has favorable conditions for development of almost all types of tourism.

Cultural tourism, as a sort of tourism, includes cultural values that have been created for centuries and includes visits to museums, exhibitions, religious monuments, etc., which is the purpose of the trip for many tourists. The material and spiritual values make the basis for the development of cultural tourism. Cultural tourism refers to a tourist product based on heritage and culture, since the basic motives of tourism trends are cultural, so it is necessary for these reasons to valorize them.

The importance of cultural values is reflected in the evaluating values that are continuously in progress. Cultural heritage consists of material and non-material cultural heritage that includes different cultural heritage (creation of spiritual culture of public interest, not only at local and national level, but also globally). UNESCO provides a comprehensive classification of cultural heritage and archeological sites, part of the

monumental and artistic characteristics, spatial cultural and historical sites, famous places and memorials, folk heritage, beliefs, languages, event value, cultural institutions with their activities, cultural landscapes, cultural tours, music and songs ([www.unesco.org](http://www.unesco.org)).

The World Tourism Organization (WTO) as an advisory organization of UNESCO, one of the objectives of which is strengthening the social and cultural role of tourism, gave the definition of cultural tourism in 1985. According to this definition, cultural tourism involves movement of people with strong cultural motivation regardless of whether the motivation of people is aimed at increasing their own cultural level and the creation of new knowledge and experience.

The growth and development of tourism reflects the continuous growing diversity of interests for rest, relaxation and new experiences in the postmodern society (Genov, 2008, p. 13)

ESTN (European Cultural Tourism Network) defines cultural tourism as "tourism based on local and regional cultural resources" (ESTN, 2006). This includes cultural traditions, language, history, culture, landscape, built environment, archaeological sites, museums and cultural activities such as festivals, galleries, and artistic attractions, theaters, but also preserved crafts, social history and way of life.

### **The cultural tourist need**

By becoming the global phenomenon in the last decades, the need for tourism can be put in the group of the priorities of secondary needs. Moreover, there are tourists with developed culture for travelling. For example, the French are known for their love for travelling and they put their tourist needs as priorities.

Need for cultural tourism is a separate form of cultural needs created in a man as a result of a certain way of life, the environment a person lives in, gained education, level of culture of the individual and so on. The cultural need directs and encourages people to get involved in the tourist industry, on the one hand and as recreational, occurs in the place of permanent residence of tourists and is resolved in tourist areas, on the other hand. The need for cultural tourism is basically a need to change the place of residence, a need for meeting new and different environment, new people,

traditions and culture of other countries, cultural values of other regions (Tomka, 2005, p. 275).

Having all this in mind, it is necessary to emphasize the importance of recognizing cultural needs and cultural diversity of people who come from different cultures. Cultural differences come from the unique set of common values of different groups of people. Most of the differences between cultures come from the basic value systems which influence that people behave differently under similar circumstances. Values represent the social perceptions of different things and they determine how an individual is likely to respond to a given situation (Đurić et al., 2016, p. 144). In this way, cultural sensitivity entails awareness and a sincere concern about the culture of other individuals and requires the ability to understand the perspective of people who live in other societies (Black & Mendenhall, 1990, p. 142).

The basic elements of the cultural tourist need are the effects that culturally enhance a person's personality. Those are:

- Awareness - the simplest and most abundant element in the cultural tourist trends, the most represented in the tour and transit movements;
- Introduction - extremely stable cultural element that includes an element of information and requires a greater involvement of tourists in perception and judgment;
- Contact - is a cultural element of tourist movements that leave lasting traces and memories and provides an impressive sociological significance;
- Perceptions - the most complex cultural element that encompasses all the other elements of the cultural movement and most reflect the meaning and spirit of the movement (Jovičić, 2005, p. 64)

Cultural elements provide tourist movements wider social significance. Their importance is reflected in the fact that they influence the attitudes and beliefs of people, creating and cherishing cultural habits of journeys.

### **Cultural Tourism Resources**

The end of the 20th century was marked by the progressive development of cultural tourism in the world so that one of the major segments of the tourist market in the future will surely be cultural tourism, which includes the following types of tourism: religious, educational, festivals, cultural tourism associated with cultural and historical heritage (historical and

architectural monuments, museums and galleries) and non-material tourism (Hadžić, 2005, p. 27).

Besides significant economic effects, cultural tourism also achieves non-material effects that are extremely important and which also form the basis for its survival and further development. It means building awareness and concern about the importance, significance and protection of cultural values, preservation of social integrity and cultural identity of local communities. Each local area or community has both natural and anthropogenic resources that can influence the development of tourism. For this reason, it is necessary to examine the current developments and assess the quality and potential of these resources for the future development of tourism in a given area.

Natural and cultural resources are important legacies which need to be kept for future generations and some of these resources, especially cultural, may be less tangible than others, but very much significant in the development of tourism. Therefore, it is necessary to not only make their evaluation, but also to ensure their rational use and protection.

Non-material cultural heritage of our country is mainly linked to material cultural heritage and in that way its value increases and at the same time enriches the tourist offer. There are few cases of its valorization as independent tourist attractions. Material and non-material resources of cultural tourism can be: cultural and historical heritage, archaeological, architectural and musical centers; ethnographic, art, and other specialized museums; exhibitions, sculptures, art galleries; monuments (sacral and secular); pilgrimages, religious ceremonies and religious festivals; Old crafts, customs, traditions, folk costumes; dance and folk songs, national and international festivals, local events, language; national and local food and drink; cultural-historic and artistic tours ([www.unesco.org](http://www.unesco.org)).

On the extended list of UNESCO non-material heritage there are also different feasts, culinary specialties, weaving and other traditional crafts, music and folklore. All this can be closer to tourists and engage in cultural tourism offer of Serbia.

One of the most important issues in the field of cultural resources is their protection. The protection is guaranteed by the Constitution of the Republic of Serbia according to which everyone is obliged to protect natural rarities and scientific, cultural and historical heritage, as well as

goods of general interest ("Off. Gazette of RS", no. 98/06, article 89, paragraph 1) The preservation of cultural-historic heritage is guaranteed by the Law on National Parks ("Off. Gazette of RS", no. 84/15, article 2, paragraph 1, point 6) as well as a number of other legal documents, both directly and indirectly.

These areas are visited by many tourists, who significantly increase the negative impact on cultural resources. The main problem that arises here is the harmonization of the protection of natural and cultural resources and identities of local communities to their use in tourism. For this reason, in these areas it is necessary to develop the management of cultural resources, to ensure their rational and sustainable use.

### **The archaeological heritage for the purpose of tourism development in the case of Lepenski Vir**

The Republic of Serbia as a unique destination has a very rich cultural heritage, of material and non-material nature from different epochs of civilization. Serbia is characterized by a large number of representative archaeological sites, but the extent of archaeological exploration is still at a low level. They contain various items of material culture which help to reconstruct the old way of life and society. Certainly the most important and the best site so far tested is Lepenski Vir, which is not only national, but also has a global value. In addition to the diverse and specific motive for development of tourism, Serbia is characterized by rich cultural heritage, which in some localities and places does not have only local and regional, but also a global tourist value. Serbia has a very favorable geographical position in the Balkan region, and also good transport links. Through its territory the roads of interregional and intercontinental significance passed and still pass and cross. These routes, even in the earliest periods ranged different people and intersected permeating different cultures. Given the fact that the territory of our country was inhabited in prehistoric times, all cultural creations, both material and spiritual, from that time until today, represent an outstanding and invaluable basis for the development of cultural tourism.

The list of the world's cultural heritage includes almost 1000 properties of cultural and natural resources around the world, estimated by the World Heritage Committee in the Organization for Education, Science and Culture of the United Nations (UNESCO) - as places of outstanding



universal value (Ministry of Trade, Tourism and Telecommunications, 2017).

Regional Institutes for Protection of Cultural Monuments in Serbia registered about 2800 cultural monuments of different significance and time of origination which are classified into several categories according to their importance. In March 1979, by the decision of the Assembly of the Socialist Republic of Serbia, 201 immovable cultural goods had been found, 73 of extraordinary significance and 128 of great importance (Stanković, 2002, p. 166).

The territory of Serbia has been the cultural center of European two occasions and today possesses numerous remains of ancient civilizations. In addition to the archaeological sites that testify of the human presence from prehistoric times, in our country there are also present the sites of Pleistocene animals: mammoth, bison and giant deer. In Serbia, archaeological sites of human settlement date back to the Paleolithic era 40,000 BC. The oldest known civilizations in Europe date from the Mesolithic and Late Neolithic, Lepenski Vir (6500-5500 BC) and Vinča (5500-3500 BC).

**The Danube-Đerdap Cultural-tourist Zone.** This zone includes the flow of the Danube through the Iron Gate (Đerdap gorge) – the highest, longest and most complex gorge in Europe. The Đerdap National Park is an important and complex tourist value of Serbia. Valorization of economic and natural resources, archaeological sites, medieval religious buildings, population and settlements, indicate significant attributes of tourist and investment attractiveness, which provide year-round tourism of rich and diverse content (Đurić et al., 2016, p. 386). "With its both natural and artificial values, the Đerdap National Park is imposed as a separate and complete tourist entirety. The first and main group of tourist motives is related to the Iron Gate, with its morphological and hydrographic characteristics. The second group of motives is derived from the attractiveness of the Đerdap scenery, which is not based on the hydrographic relief diversity and characteristics, but on a wide spectrum of combination of different elements of the flora and vegetation forms. The third group of motives has a very firm basic in the cultural historical background, especially in some more recently made values (objects of hydropower and navigation system "Iron Gate"). This group of motives is adjacent to some certain ethnographic specificities (Peter's village) with

the corresponding types of businesses (fishing, cattle breeding) and folklore characteristics.

Picture 1: *Iron Gate*



Source: <http://www.zanimljivedestinacije.info>

In addition to the exceptional natural values that are related to the very Iron Gate, on the right bank you can find significant material traces from the previous periods. These are powerful city-fortresses: Belgrade, Smederevo, Ram, Golubac and Fetislam, while between them there are Lepenski Vir, Karataš and many smaller archaeological sites and other cultural monuments. Tourist potentials of this region are numerous and varied. Due to the existence of natural and anthropogenic resources, there are many opportunities for tourism development.

The first archaeological excavations on the terrace of the Danube at Lepenski Vir can only speculate about the richness of findings. Lepenski Vir is a monument of exceptional importance, under the protection of the Republic of Serbia and in 1967, below the village of farmers and cattle breeders in the period from 5300 to 4800 BC, traces of the material culture of world importance were discovered. This culture, called the Culture of the Lepenski Vir is original and spontaneous. The settlement Lepenski Vir is of a special form. In the center of the village there was a large market, which was used to perform the ritual, and a complex of 140 houses of a trapezoidal base. Around fireplaces there are stone sculptures of considerable value. These are the first human figures sculpted life-size, which is why this art has attracted the attention of the scientific community around the world. At the archaeological site and a unique prehistoric open-air museum, examples of jewelry and tools made of bone and stone were discovered as well as carved stone slabs with symbols and

signs which probably represent the basic letter of mankind/Vinča symbols.

The scientific analysis of newly discovered settlements in this area is ongoing with the aim of finding opportunities to engage in touristic activities, as has been done with Lepenski Vir. After the construction of the access road and the completion of items in the open space and the museum, the Culture of Lepenski Vir will receive an even greater importance, and the national park "Iron Gate" will become an element of cultural tourism trend offers.

Golubac city, built on the offset of Homolje Mountain, has nine massive towers each up to 25 meters high, which are arranged to defend the town both from the land and the water.

Picture 2: *Golubac city*



Source: <http://www.politika.rs>

Fetislam fortress is located on the bank of the Danube west from Kladovo. It consists of the Small and Big fortifications. A Small fortress, consisted of upper and riverside area, was built in 1524 as a starting point for the Turkish conquer of the cities Severina and Erdelja.

The richness and variety of cultural and historical monuments of national park "Iron Gate" made it unique in our country. However, most are not equipped for tourist visits. Apart from Lepenski Vir, not one of these buildings has a welcoming and informing service for visitors.

## **Prospects for the development of cultural tourism**

When it comes to cultural tourism, the current and potential position of Serbia in the international tourism market, indicates a wide range of strengths, weaknesses, opportunities and threats, from which strategic advantages can be defined on which Serbia can develop its cultural tourism in the future.

Products of Serbian tourism, generally speaking, nowadays, are still not adequately developed or commercialized in the international tourism market, although it has a very diverse and attractive motifs basis. The reasons for this situation are many. The absence of the Republic of Serbia in the international tourist market in recent decades is caused by socio-economic problems which reflected a negative campaign on the world market. Initial offers, which occurred 20 years ago, are still present, but by today's standards, they are completely non-modernized. Due to the market being closed, there were no major foreign and domestic investments and there was not any progress concerning the development of the new forms of tourist offer. In order to attract tourists and investment in the tourism industry, it is necessary to implement significantly more aggressive strategy of promoting Serbia as an attractive location for the development of tourism.

Having in mind that the role of the state in attracting capital in today's conditions is completely changed, it must constantly make efforts to promote the tourism potential of the country and raise the level of services to potential investors. To this end, through its mechanisms, the state must undertake promotional activities with the main task to:

- provide a complete package of services to potential investors, which includes an analysis of our business environment, as well as the analysis and review of the situation in specific sectors of our economy;
- provide different instructions and materials to facilitate the process of establishing tourism enterprises in Serbia;
- provide the possibility to organize meetings between interested investors and local authorities and other (Đurić et al., 2016, p. 386).

Due to stagnation in the past, cultural tourism in Serbia is characterized by numerous and serious deficiencies, especially at the level of touristic offer so that our country has not still had a clearly defined position in the global tourist market.

The current level of development of cultural tourism in Serbia is unsatisfactory and far from the potential that it has. It is not just the result of lacking the funds, but also the representation of the Republic of Serbia to the world public in a negative context, the tendency of Serbian people to hate their own cultural heritage, the absence of serious research of cultural tourism as well as the motives that lead tourists to visit certain cultural property or attend any of the cultural events. For these reasons, it is necessary to undertake certain activities in researching opportunities for the development of cultural tourism in our country, that should determine measures and activities for the market positioning of Serbia as an attractive cultural tourist destination, as well as work on positive media campaigns.

In today's Serbian tourist offer diverse products that could attract the attention of foreign tourists are lacking. First of all, they are cultural and environmental motives. Then, insufficiently affirmed is the concept of sustainable tourism and its integration with complementary activities and the natural and cultural heritage. In this context, special emphasis is placed on the cultural use, presentation and funding of assets by tourism. The tourist offer of Serbia is characterized by low quality of services and the mismatch of price and quality in the offer. The chain value of the tourism industry is not built, except to some extent in Belgrade, while the market position of our country as a macro-destination is not sufficiently defined. Serbia today still has comparative advantages in tourism, which yet have to transform into competitive advantages.

In Serbia, for now, major touristic places are mainly mountainous and spa cities, while the social facilities are completely neglected and also there is no comprehensive and functionally rounded regional tourist offer. Well-established destinations such as Kopaonik, Zlatibor, Vrnjačka Banja, Soko Banja and others, do not have the required cultural motives in its offer, although they are present in their environment. "Guča" trumpet festival and festival "Exit" in Novi Sad are the only ones that have achieved the international significance.

## **Conclusion**

According to the forecasts made by the World Tourism Organization, by 2020 nearly one billion travelers will be included in tourism development flows. As the top five segments of the tourist market in the future the following are labeled: eco-tourism, adventure tourism, cruises, theme and

cultural tourism. It is believed that over 40% of all tourist trips include cultural elements. For this reason, it is important to incorporate cultural resources in tourism and to adapt to the needs of tourists.

Cultural tourism represents a great opportunity for the development of Serbian tourism which is quite underdeveloped. However, natural and cultural resources of Serbia are not sufficiently valued. The existing cultural and historical heritage is not adequately protected, not enough has been presented, interpreted and promoted, so overall it is not adequately included in the tourist offer. Having all this in mind, it is clear that the strategy of strengthening cultural tourism and overall tourism potentials of our country in the future must be based on raising awareness about the importance of the impact of cultural heritage on improving the position of our country in the global tourism market. Cultural identity and cultural heritage of our country must become an important asset for attracting tourists and its significant involvement in the global tourist industry.

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# CREATING AND EVALUATING A NEW TOURISM OFFER - FAMILY DAYS IN SERBIAN MUSEUMS AS OFFER OF TOURIST AGENCIES

*Maša Vukanović<sup>1</sup>; Jovan Zubović<sup>2</sup>*

## **Abstract**

*Cultural heritage, as the landmark of social memory, is highly important in the processes of identity building. Also, as a proper representation of past achievements in particular area(s), cultural heritage is the most important resource for cultural tourism, travelling motivated by desire to learn about other cultures. Innovative approaches in heritage presentation and interpretation are of vital importance for both local citizens and their visitors because they are enabling experiences that lead to better understanding of messages from the past and appreciations of diversity in cultural expressions. "Family day at the museum" is a concept that unites two generations – adults and (their) children to share, at the museum, experiences of learning about various manifestations of culture, diversity of cultural expressions, and, at the same time, express their perceptions, interpretations of themes interpreted through exhibitions and accompanying contents such as theatrical performances, video projections, etc. This type of program provides opportunity for two generations of local families and families on vacation to experience, in a unique manner, (local) culture for two generations. From cultural and economic aspect, in this paper, we are discussing issues of introducing "Family day at the museum" as potentially attractive part of cultural tourism offer in Serbia.*

*Key words: cultural tourism, heritage, cultural participation, museums, heritage interpretation, family day at the museum*

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## Introduction

All over the world in recent decades, tourism has become a booming industry with significant economic effects. Tourism is directly responsible for five percent of world's GDP and one out of every 12 people is employed in the industry.<sup>3</sup> Fundamentally important is social dimension of tourism because travelling to places with the aim to spend leisure time in different ways inevitably implies interactions between groups (hosts and visitors). Quality of these interactions reflects on further tourism development of a destination.

Technological and economic development "made" travelling affordable. According to UN World Travel Organization, arrivals have climbed from 674 million in 2000 to 980 million in 2011.<sup>4</sup> Beside longer summer and/or winter holidays, shorter trips for tourism purposes increased in number. Also, social and cultural development changed the nature of tourism - beaches or skiing are no longer enough, tourists want to experience destination, learn about a culture and diversity of its expressions on a local level. History, places of interest and significance for past and present identities and their echoes in music, dances, myths, legends, gastronomy, religious and social practices are not just a spice of longer vacations but strong motivator in choosing a destination, especially in the case of shorter trips throughout Europe such are city breaks and similar offers.

Cultural tourism is a type of tourism in which travelling is motivated by wish to in-depth experience the culture of a destination by visiting historically or culturally relevant places or taking part in (local) cultural activities. According to World Tourist Organization prognosis, by 2020, cultural tourism will be the leading branch in the industry.

Cultural attractions are rooted in heritage, "broad concept that encompasses landscapes, historic places, sites and built environments, as well as biodiversity, collections, past and continuing cultural practices, knowledge and living experiences. It records and expresses the long processes of historic development, forming the essence of diverse national, regional, indigenous and local identities and is an integral part of

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3 *Cultural heritage tourism*. Partners for Livable Communities. Washington DC, 2014  
Available at: <http://www.livable.org/livability-resources/reports-a-publications/770-cultural-heritage-tourism> (18 March 2017)

4 World Travel Organization <http://1billiontourists.unwto.org/> (18 March 2017)

modern life. It is a dynamic reference point and positive instrument for growth and change. The particular heritage and collective memory of each locality or community is irreplaceable and an important foundation for development, both now and into the future” (ICOMOS Cultural Tourism Charter 1999).

In Serbia, as an inter-sector field, cultural tourism is discussed in the sphere of culture, particularly among museum professionals, as a viable option for improvement regarding presentation and popularization of treasured heritage.<sup>5</sup> Though cultural tourism is not explicitly recognized as a branch of the tourism of particular importance, as major assets for tourism development, the “Strategy for development of tourism in Republic of Serbia (2006 – 2015)”<sup>6</sup> emphasizes heritage, both natural and cultural – landscapes, the sites from neolith up to modern days, as well as the vibrant social and cultural life in Serbia. The implementation of this Strategy included working upon improvements of infrastructure and superstructure (accommodation facilities, condition of sites, visitors’ centers, roads and tourist signalization). Yet, the evaluation showed that products related to special interests (such is culture, particularly cultural, wine-culinary and gastronomy routes) are partially successful and, in the following years, attention should be given to the development of contents within products (Strategy for tourism development in Republic of Serbia 2016 - 2025, p. 10). Also, the task in forthcoming years should be the creation and implementation of the program for development of cultural tourism in the Republic of Serbia (cited text, p. 46).

As cultural heritage is the one of the most powerful resources and key foundation for cultural tourism sustainable development, the essence of cultural tourism contents and products lies in interpretation of a heritage. Heritage interpretation implies that “all written, spoken or visual information media should express to the public elements of the problem thereby efficaciously contributing to effective (universal) understanding.” (ICOMOS Cultural Tourism Charter<sup>7</sup>). In other words, interpretation of heritage allows visitors or persons who enjoy local music, dances, stories, food and drinks, to dwell in another world, worlds of ancestors, different

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5 See for example: *Museums and cultural tourism – connecting differences*. Proceedings of the Regional Conference of the National Committees of ICOM, Zlatibor 8-10<sup>th</sup> September 2014

6 Ministry of Trade, Tourism and Telecommunication,  
<http://mtt.gov.rs/download/3/Strategija%20razvoja%20turizma,cir.pdf>(20 March 2017)

7 International Council Of Monuments and Sites (ICOMOS) 1999. *Cultural Tourism Charter* Available at [https://www.icomos.org/charters/tourism\\_e.pdf](https://www.icomos.org/charters/tourism_e.pdf) (20 March 2017)

groups or communities throughout country or planet or natural processes. It is up to interpretation whether visitor of ancient city's remains experience it as bunch of rocks and bricks or as a vibrant place where once upon a time people interacted; whether they will see the Pirot carpet as nice looking rug or a story of a women who knitted it. Appropriately interpreted heritage brings attractions/heritage sites and elements closer to everyday life of local communities' members (hosts) contributing their interactions with visitors, domestic and/or foreign tourists. Also, the interpretation of heritage by tourist guides and custodians brings attractions closer to the world and mind of visitors and tourists.

Heritage is interpreted by local community members (civil society) and/or by custodian groups which includes museums (curators as professional interpreters). Together, their activities regarding heritage interpretation are important for both younger community members (successors of heritage) and tourists (or excursionists in case of other members of the nation who live close enough not to stay overnight but far enough not to know in details particularities of the area). Heritage interpretation programs in which museums are actively included may have various forms; they may be conceptualized for different occasions and different groups. Family day at the museum is a type of interpretation program dedicated to children and their parents (family members). Accepted world-wide as educational "tool", this program gives families opportunities to share experience of discovering treasures kept in a local museum. It includes special guidance through exhibitions, video projections, performances and/or workshops for children. Though primarily focused on local families, we believe that the program may be attractive for tourists and visitors both domestic and foreign because it promises experiences that differ from the routine visits to local museums as a part of tour package.

In this paper we shall discuss social dimensions of this possibly new product on Serbian cultural tourism market – a family day at a local museum.

### **Cultural tourism dimensions – heritage and cultural participation**

Term "heritage" refers to broad concept that encompasses what a particular group has in common that makes them different from the others. For local community members, heritage is a landmark of social memory; it provides materials for constructing or reinforcing cultural

identity. Put another way, heritage provides the narrative of historical development at a particular location, narrative that is important for local community members and attractive for both visitors and tourists.

The term “cultural participation” encapsulates learning (about) the narratives of historical development and adding to the corpus of heritage by expressing perceptions and experiences as well as developing ideas. According to UNESCO, the concept of choice-based cultural participation<sup>8</sup>, at individual level cultural participation, enables social liaisons of individuals and their communities, plays the role in development of individual capacities through production and displaying diversity of cultural expressions; it contributes development of critical thinking and continuity of the process of learning about creativity and cultural diversity leading to constant constructions and the transmission of individual and collective values as well as influencing ways in which individuals express themselves, understand diversity and adjust to changes in both personal life and society.

The main pre-condition for learning from the past via heritage, to acknowledge facts about particular heritage itself and wider contexts, lies upon enabling access to heritage. Thus, enabling access to heritage is among major tasks of cultural policies, as well as strategies for the development of cultural tourism. Enabled access to heritage in large contributes improvements regarding local community members’ quality of life as well as the quality of experiencing others by their visitors. Visiting sites and museums, attending festivals and/or enjoying local music and gastronomy are, most often, activities in leisure time. The quality of leisure time activities has a strong influence on subjective wellbeing and reduces risky forms of behavior (Mannel and Kleiber, 1997, Newman, Tay & Dienner, 2014).

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8 “Choice-based cultural participation refers to the possibility individuals have to participate in cultural life in all its diversity as well as their capacity to choose and modify their own cultural practices and activities (including the choice to not participating). In this sense, choice-based cultural participation encompasses both access to and contribution to cultural life. It also entails the ability to establish diverse and evolving cultural allegiances and identities“. *UNESCO Culture for Development Indicators – Methodology Manual*. (2014). UNESCO. pp, 2. <https://en.unesco.org/creativity/sites/creativity/files/digital-library/cdis/Social%20Participation%20Dimension.pdf>.

Participating cultural activities by locals, joined by their visitors/tourists, is also important for cultural tourism development because cultural tourism implies establishing contacts and interactions between groups (locals and tourists). These two groups may, and sometimes do, interact in museums, “non-profit, permanent institution in the service of society and its development, open to the public, which acquires, conserves, researches, communicates and exhibits the tangible and intangible heritage of humanity and its environment for the purposes of education, study and enjoyment” (Statutes of International Council of Museums, Article 3).<sup>9</sup>

### **A family day at a local museum – what it is about and options for new cultural tourism product**

A family day at a museum is a day where children of all ages and adults come together to work on projects that help us understand the Museum exhibit or learn about techniques and materials. It is year-around practice in which permanent and periodical exhibitions are sources for learning about a theme, phenomenon or practice. Detailed explanations of origins, usage and contexts are given through plastic demonstrations, short theatrical performances, films or video projections, whereas feedback on the presented themes, especially by children is received through workshops. Within family day program, museum provides opportunity for children and their parents to share experience of discovering stories behind exhibited artefacts (within periodical and/or permanent exhibition), to learn about origins, usage and contexts, to try to play the game and to reply in their own words or images.

Museum of African Arts in Belgrade has 30 years long tradition of organizing attractive programs for children and family day at the

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<sup>9</sup> This definition of museum is accepted in *Law on Cultural Property* (Official Gazette of the Republic of Serbia No. 71/94, 52/2011 – other law and 99/2011 – other law). Since the Republic of Serbia in 2010 approved UNESCO 2003 *Convention on Safeguarding of Intangible Cultural Heritage*, museums are recognized as custodian partners in the safeguarding of intangible cultural heritage. However, this recognition is still informal because national legislation on cultural heritage has not been updated yet.

museum.<sup>10</sup> The program is organized on Sundays.<sup>11</sup> At the beginning, parents and children are guided together through the exhibition and then they split. The curator that stays with adults provides more detailed information not only about current but also about permanent exhibition whereas the curator for children explains details in the age-appropriate manner and takes them (depending on the season and weather conditions) to a room or in the yard where they draw on paper or gourd or play or make figurines and toys or talk about other experiences related to the theme. Latter, children's works are presented to parents and shortly discussed. Similar program is offered in other Serbian museums that organize special programs for children and families (e.g. the Museum of African Arts, the Vuk and Dositej Museum, the Museum of Post, Telephone and Telegraph, the Museum of Science and Technology, the National Museum Kikinda, the National Museum Čačak, the Natural History Museum, the Pedagogy Museum, etc.).

Conceptually, the new cultural tourism product, the "Family day at a local museum" program would draw from already applied model, which in perspective, may be developed further on according to the results of a constant evaluation. As new cultural tourism product, the "Family day at a local museum" program would be, at the beginning, focused upon domestic tourists and excursionists. Regarding possible starting locations, they would include towns in the proximity of larger centers whose citizens are in larger number interested for options to spend quality leisure time with their children.

The Municipality of Kikinda, situated 127 km North-East of Belgrade, provides a possible example. The development of cultural tourism in this municipality was boosted by the discovery of the well-preserved mammoth skeleton in brick plant at the outskirts of the town. The National Museum Kikinda was an active participant in the development of cultural tourism programs and began organizing programs, mainly

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10 The Museum of African Arts also displays pattern that may be significant for understanding basis of "Family day at a local museum" program as part of offer on the Serbian cultural tourism market. The exhibition "Mankala – mind game" was organized as periodical exhibition. It included special guiding for children and opportunity for parents and children to play the game, which is a long-term practice in this museum. The Museum participated in 10<sup>th</sup> Museums' Night with this exhibition. Its success reflected firstly onto prolonging period of exhibition and then for increased interest for family day at MAU during latter exhibitions in the following years.

11 Exceptions are Easter Sunday and Orthodox Christmas if it is on Sunday.

workshops, for children and families. Beside an active day at the Museum, visitors of this town may also visit brick plant and clay fields. In October, the Pumpkin Festival is organized and visitors may taste pumpkin pie, pumpkin soup and other pumpkin delights. “Family day at Kikinda Museum” would, hence, include morning at the museum; lunch in which local dishes would be served; visit to a clay field and brick plant where the process of making bricks would be explained with plastic demonstrations and opportunity to make own brick-souvenir. Depending on season, it would also include participating in festivals such is for example Pumpkin Fest.

In the case of weekend tours, the program would include visits to other locations of the way to/from Belgrade such are Ečka Castle, the city of Zrenjanin, the Town of Kovačica (known for naïve painting), etc.

### Contexts for developing “Family day at a local museum” program

Social dimension of cultural tourism implies interactions between hosts (local community members) and visitors (domestic and/or foreign tourists) in which interest for heritage, cultural attractions and cultural activities are common thread. Cultural institutions such as museums facilitate learning about heritage and (local) culture for both local community members and tourists. Since the “Family day at a local museum” program is primarily focused upon domestic tourists and excursionists, it was important to consider attitudes towards museums in Serbia.

The researches of cultural participation provide data about Serbian museums’ audience, which is important for grasping potential market for “Family day at a local museum” program as a part of cultural tourism offer. Ten years ago, around 2006, visits to exhibitions in galleries or museums were among least popular leisure activities (Table 1):

Table 1: *Frequency of visits to cultural events in a year preceding research*

<b>Frequency of visits</b>	<b>Theatre</b>	<b>Cinema</b>	<b>Concerts</b>	<b>Galleries / museums</b>	<b>Ballet</b>
Not once	937	706	836	997	1277
	examinees	examinees	examinees	examinees	examinees

	(70.1%)	(52.5%)	(62.2%)	(74.3%)	(95.4%)
1 to 3 times	270 examinees (20.5%)	405 examinees (30.1%)	338 examinees (25.2%)	232 examinees (17.3%)	55 examinees (4.1%)
4 to 6 times	78 examinees (5.8%)	123 examinees (9.1%)	97 examinees (7.2%)	74 examinees (5.4%)	4 examinees (0.3%)
7 to 12 times	34 examinees (2.5%)	61 examinees (4.5%)	44 examinees (3.3%)	20 examinees (1.5%)	0 examinees (0%)
More than 12 times	18 examinees (1.3%)	51 examinees (3.8%)	28 examinees (2.1%)	18 examinees (1.3%)	2 examinees (0.1%)

Source: *Cvetičanin, 2007: 102, Table 51A*

The majority of galleries or museums' visitors at the time were specialists, higher ranked managers and owners of enterprises. The group of clerks, pupils and students is regarding this segment of cultural participation joined by lower-ranked managers. "Large majority of farmers (97.4%), small entrepreneurs (85.9%), workers (84.4%) and housewives, retired persons and unemployed (83.5%) do not visit exhibitions in galleries or museums." (Cvetičanin, 2007: 107)<sup>12</sup>

The researches of cultural participation among students (Mrdja, 2011a) and secondary school pupils (Mrdja, 2011b) in Serbia also show low interest for visiting museums, as well as monuments and sites. In 2010, 2.9% of students were frequently (once or twice per month) visiting museums whereas 41% of students stated that they never visited museum during that year. Similar are the percentages of secondary school pupils' responses – 2.5% of secondary school pupils stated that they frequently visited museums whereas 42.4% stated that they never visited museum during that year.

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<sup>12</sup> Relation between not-visiting and visiting events in galleries or museums (or institutions themselves), according to the level of education, decreases with higher level of education – 21.222 times more examinees with elementary education do not visit galleries or museums than ones that do visit; 1.212 times more examinees with high education do not visit galleries or museums than the ones that do visit (see: Cvetičanin, 2007: 103). Similar is notable regarding the profession of examinees (see: Cvetičanin, 2007: 104).



The reasons for generally low interest in cultural participation, and visiting museums in particular, include dominance of dull and incomprehensive programs, small number of attractive modern and interactive programs as well as unattractive presentations of cultural institutions at the Internet (Mrđa, 2011a: 108, Mrđa, 2011b: 78). The reason for rare visits to museum is also the lack of information about museums' activities (Jokić, Mrđa i Martinović, 2016: 24)

As Table 2 shows, Serbian youth's habits to visit museums significantly decreased from 2000 to 2004 – in the year 2000, 3.3% of young persons (both students and secondary school pupils) stated that they were regularly visiting museums and 47,7% stated that they did not visit any museum at least once (they never visited a museum in the year prior to the research); in 2004, 1% of young persons stated that they were regularly visiting museums and 65% stated that they did not visit any museum at least once (they never visited museum in the year prior to the research).

Table 2: *Youth's habits to visit museums in temporal intervals:*

<b>Museum</b>	<b>Frequently</b>	<b>Occasionally</b>	<b>Rarely</b>	<b>Never</b>
Year 2000	3.3	8.9	40.1	47.7
Year 2004	1.0	9.4	24.6	65.0
Year 2010	5.3	11.2	42.5	41.0

Source: *Mrdja, S. (2016)*

The increase of interest in visiting museums (comparing years 2004 and 2010) may be contributed to the increase of attractive programs at museums. They became more frequent since 2005 when a group of enthusiasts initiated the "Museums' Night" festival. The idea behind was to create museums' additional program of communication with untypical audience such as adolescents and children. The number of visitors constantly grew – from 15,500 persons visiting 14 locations in Belgrade during 2nd "Museums' Night" held in September 2005 up to 500,000 persons that visited over 200 locations in more than 60 towns in Serbia during 13th "Museums' Night" held in 2016.<sup>13</sup>

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<sup>13</sup> Martinović i Jokić, 2012:16 and Noć muzeja official web-site: <http://www.nocmuzeja.rs/O-nama/O-Noci-muzeja> Page visited on March 27<sup>th</sup> 2017

In 2014, several national museums<sup>14</sup> initiated another museums' festival - "Museums in Serbia, ten days from 10 to 10". The idea is that museums open their doors for 10 days around the International Day of Museums (May 18th) from 10 a.m. until 10 p.m. During 2015, various programs in 67 museums at 122 locations in 39 cities and towns in Serbia attracted 190,000 of visitors (Đorđević, 2016). According to the study of 2016 festival, it is indicative that 41.6% of examinees stated that they did not visit any museum in Serbia during a year prior to research (manifestation 2016) or they were, once up to three times visited a museum either in Serbia or abroad (Jokić, Mrđa i Martinović 2016: 22). The majority of visitors are local citizens, notably persons who are not professionally involved in culture and arts (Jokić, Mrđa i Martinović 2016: 40).

For the majority of visitors, the two museum festivals are seen as opportunities to step out of daily routines, to visit museums in extraordinary time (when working day is over) and learn something new.<sup>15</sup> The success of the two festivals may be contributed to, for the occasion, higher sensibility of curators towards interpretation of exhibited artefacts, their origins, purposes and wider contexts. Explaining "what it is all about" by means of contemporary gadgets, lighting, sound and live

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14 The National Museum in Belgrade, the Gallery of Matica Srpska, the Natural History Museum, the Ethnographic Museum, the Museum of applied arts, the Historical museum of Serbia, the Museum of Contemporary Arts and the Museum of Yugoslav History. The Festival is supported by the Ministry of Culture and Information, Vojvodina Province's Secretariat for Culture, Information and Relations with religious communities, City of Belgrade's Secretariat for Culture, City of Novi Sad Local Authorities for Culture and EU Delegation to Serbia.

15 In study on the "Museums' Night" authors noted similarities of this festival with ritual ceremonies throughout history: "It is linked with concrete action of subject (visitor) towards object (cultural heritage), which grows into organized event characterized by certain level of communication between visitors, as well as between visitors and curators, and interactions with artefacts in specific time/place. (...) Nature of such event, as in others, identifies itself with socio-cultural phenomenon of carnivals, whose spirit is manifested in cheerful atmosphere of public (almost ritual) ceremony, abolishing hierarchy relations, freedom of entrance to places that are usually inaccessible, creation of intimacy (even physical)" (Martinović i Jokić 2012:6). According to the results of the research among visitors of the *Museums in Serbia, ten days from 10 to 10*, the majority of visitors (38.6%) sees the manifestation as a type of museums' promotion; slightly less percentage of examinees (23%) sees it as an opportunity to visit museums outer regular working hours; 20% of visitors sees the manifestation as an opportunity to visit museums free of charge (Jokić, Mrđa i Martinović 2016: 20).

word is the main feature of events prepared for these festivals.<sup>16</sup> The overlapping in timing of the two festivals is superseded by complementary programs. For example, though 64.3% of museums that took part in the “Museums in Serbia, ten days from 10 to 10” festival organized workshops for children, just 11.7% of examined visitors brought their children to museums but 12.3% of examinees visited museums in company of family members, which indicates that higher attention should be given to family orientated programs. Yet, in 2016, the focus of the “Museums’ Night” was placed upon programs for children, central part was special Tour for Children.

The model tested at the festivals encouraged the curators in the preparation of periodical exhibitions at several Serbian museums. These periodical exhibitions also attract large audience and frequently include special guiding for children, workshops or plastical demonstrations.<sup>17</sup>

The need to give the attention to children and their cultural needs is highlighted in observation “that cultural habits really are starting to be adopted in short trousers (or small dresses) and then begins their reproduction” (Cvetičanin, 2007: 173). Such an observation draws upon responses on questions aimed to establish (possible) correlation of early contacts with arts and cultural institutions and cultural participation in adult life or “joining” a particular group of audience.<sup>18</sup> In the cases of examinees classified as active audience, their parents were regularly or occasionally bringing them to participate cultural activities in childhood.

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16 During 2016 “Museums in Serbia, ten days from 10 to 10” festival, the majority of museums organized special programs using video projectors, sound engines, reflectors and alike (Jokić, Mrđa i Martinović, 2016: 31).

17 Most recent highly successful exhibition was “Pupin – from physical to spiritual reality” held in Historical Museum of Serbia. Conception was designed on the basis of long, in-depth research of Pupin’s life and work. Exhibition included audio-visual presentations and practical demonstrations for children. Though exact numbers of visitors is not available, the fact that duration of exhibition was extended for six months because large interest proves public success. See:<http://imus.org.rs/exhibitions/izlozba-pupin/>

18 Author has classified audience in three groups: active audience, potential audience and “no-audience”. Active audience consists of persons / examinees who have affinity to specific forms of arts, who are motivated to participate activities or attend events and who participated such activities. Potential audience consists of persons / examinees who have affinity to specific forms of arts, who are motivated to participate activities or attend events but weren’t participating in such activities during observed period. No-audience consists of persons / examinees who have no affinity to specific forms of arts but were participating cultural activities during observed period.

For example, 73.5% of persons classified as active audience of fine arts exhibitions stated by being regularly taken in childhood by their parents to see exhibitions in galleries or museums. In the case of persons classified as no-audience of fine arts exhibitions, 11.8% of examinees stated that in childhood parents never took them to see an exhibition in a gallery or at a museum. 68.8% of the examinees classified as active audience of fine arts exhibitions at galleries or museums stated that they bring their children to see exhibitions in galleries or museums, whereas 8.3% of examinees classified as 'no-audience' of fine arts exhibitions stated that they never bring their children to galleries or museums to see exhibitions (Cvetičanin, 2007: 171-172).

Festivals and periodical exhibitions show that adoption of contemporary museology, in which interpretation of treasured heritage is very important segment of curators' work, gives positive results – interest of Serbian citizens for activities in museums rises. In recent years, in public discourse, also rises the awareness that children are future audience, that among them are future curators, conservators and artists, and that children will inherit all that our generations manages to save and safeguard. Though family day at a museum is still rather occasional than regular practice, constantly increasing the number of museums that organize special programs for children and families is encouraging.<sup>19</sup> There is the anticipation for the years to come that programs for children and families will grow from "extraordinary" to "ordinary" practice in museums throughout Serbia. Such anticipation, based upon tendencies regarding museums' audience, is an impulse for conceptualization of "Family day at a local museum" program as a cultural tourism product.

## **Conclusion**

Cultural tourism is sometimes (particularly in USA) referred to as "heritage tourism" because major motivation and choice of destination lies upon interest to experience culture of others by visiting monuments, sites, places of historical importance, enjoying in local music, food and

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19 In Belgrade for example in early 1980s just three museums were organizing for children attractive programs. Nowadays at least seven (not counting Museum of Contemporary Arts which is closed for renovation but was until 2005 organizing special programs for children) museums are regularly organizing such programs. Number of museums in other parts of Serbia that organize attractive programs for children also increased in recent years. Vukanović 2015 *Cultural participation and Cultural Heritage*. Unpublished research. Centre for Study in Cultural Development, Belgrade

drinks, learning to dance or play local games. Since the beginning of 21st century, in Serbia, heritage became recognized as most important asset for tourism development. As an inter-sector field, cultural tourism is also discussed in the sphere of culture particularly among museum professionals as a viable option for the improvement regarding presentation and popularization of treasured heritage.

Visiting museums and learning “secrets” behind artefacts is important segment of cultural participation, which enables cultural expressions, expands experiences and (through services of cultural and educational institutions) increases chances for society to develop responsibility for its members at the same time giving people opportunities to construct their senses of belonging to the community.

Both tourism development planners and museums professionals agree that, in the following years, significant attention should be given to conceptualization of programs/contents that will be attractive for local community members and their visitors. The essence of these contents is heritage interpretation programs. Such programs are of great importance for local community members because they are a channel for better understanding of ancestors’ achievements, and encouragement to add new elements to the corpus of knowledge passed from generation to generation. All generations in the community, from children in kindergarten age up to elderly persons should be continuously educated to understand and respect the monuments, the sites and the cultural heritage. As local community members are hosts, people who immediately, at streets, interact with their visitors or tourists, heritage interpretation programs for locals is both educational activity (for the purposes of personal growth) and preparation for appropriate directing and explaining attractions and other curiosities of town/municipality. Heritage interpretation programs for visitors and tourists prepared by custodians and tourist guides are equally important. The interpretation of heritage implies close collaboration of schools, local civil society organizations and cultural institutions such as libraries, galleries, museums and institutes for the protection of cultural monuments.

Museums exhibitions are at the front line of heritage interpretation. The logic behind the exhibition is to present all relevant, in representative condition, artefacts that “speak” about the theme. Short texts below or above artefacts provide basic information – name, when, where and, in the case of artistic works, who. Panels and monitors provide detailed

information. Still, live word spoken by a curator is irreplaceable for fully grasping the relevance of exhibition and practicalities that surround artefacts, phenomenon, practice or opus of individuals that “triggered” curator to create an exhibition. Modern museology places accent onto museums as institutions serving public need to know about the past and development up to present days, and experiences of visitors are highly important for successful accomplishing of museums’ mission. Such approach started to be widely accepted in Serbian museums especially after the huge success of “Museums’ Night” festival. Also, the “Museums in Serbia, ten days from 10 to 10” inspire fire-like spreading of new museology approach all over Serbia. An outcome is an increase in the number of visitors as well as creation of regular year-around audience of events and programs in museums.

A family day at a museum is year-around program in which audience consists of two generations - children and their parents (or close relatives). The Museum of African Arts provides an example that shows how periodical exhibition, included in festival, raised interest for family day at this museum. In interviews with a dozens of parents who were taking their children to the Family day at the Museum of African Arts during the research within the “Cultural participation and cultural heritage” project carried out by the Centre for Study in Cultural Development, all of them were quite happy with the quality of the day spent at the Museum of African Arts.

“A family day at a local museum” program as a new possibility for cultural tourism development in Serbia focuses on smaller museums in proximity of larger centers such as Belgrade, Nis and Novi Sad. It is conceptualized according to the existing practices (e.g. the National Museum in Kikinda) adding to basic program other attractions and contents existing in local community.

Social dimensions of the program include contribution to: improvements of heritage interpretation programs in local museums and communities and increase of appreciation for diversity of local cultural expressions; quality of leisure time for both local families and families on vacations (or weekend family excursions) – uniting parents and their children to share experience of discovering “hidden” treasures in local museums.

As cultural tourism also has significant economic outcomes, grasping the audience is of vital importance for projection of economic outcomes of A

family day at a museum as new product on the cultural tourism market in Serbia.

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# INTRODUCING IT TECHNOLOGIES IN THE SERBIAN RELIGIOUS TOURIST OFFER

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## **Abstract**

*Cultural heritage improves the quality of the tourist offer for tourists who come to a certain destination for other reasons. In this paper surveys were conducted with employees in places of worship of two religions in Serbia in the immediate surroundings along the Ibar River. Given that IT certainly can improve the cultural tourism of Serbia, solutions need to be found so that tourist visits should not interfere with the daily activities of houses of worship. The aim of this paper is to determine how tourism affects residents and workers in monasteries, churches and mosques and to find out whether these facilities are willing to improve etourist offer by introducing modern technology. The aim is also to define opinions, attitudes and desires of residents at religious temples, their commitment to meeting the requirements of tourists and other visitors and to propose solutions that may facilitate the functioning of both sides.*

**Keywords:** *religious tourism, Serbia, information technologies, cultural tourism*

**JEL:** 320, 390

## **Introduction**

Cultural and historical heritage is significant for identity preservation of each nation. Places of suffering and monumental heritage, museums and memorials represent public places of collective memory, recognition and collective identification. These are the places which form the symbolical attitude of respect towards the past events that determined the history and still remain the centres of collective feelings and common memories as

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well as the places of paying tribute to the victims (Ministry of Internal Affairs of the Republic of Serbia, 2015). Today, there is an ongoing increasing trend of interest for cultural tourism products and World Tourism Organization predicts that cultural tourism market will be one of the five leading segments of tourism market in the future. Consequently, the aforementioned becomes increasingly important tourism form with multiple positive implications on the socio-economic level thus enabling the financial support for the preservation, revitalization and promotion of cultural heritage. It also contributes to financial and organizational independence of cultural institutions and organizations as well as to the process of culture decentralization.

Cultural tourism has a significant financial effect on the economic development of many countries, particularly developing ones. Its improvement has not only financial but also other effects such as raising awareness of people and care towards their own cultural values, cultural identity creation and a positive image of the community (Ćirković & Petrović, 2014).

Religious tourism has some specifics in relation to other types of tourist movements: group travels are highly represented, with participation of members of the same religion, accompanied by a priest or a professional guide; then these trips are organized by specialized travel agencies or by the church or religious organization (among Orthodox churches only the Serbian orthodox church has its own travel agency, i.e., tour operator Dobročinstvo). Religious tourism has no seasonal character. The concentration of tourists is more related to specific dates in the religious calendar (religious holidays), or to some special events (for example, the arrival of the Pope in a country or funeral of the late Pope) and, unlike other tourists, these tourist, pilgrims, following the religious beliefs of destination, behave piously and humbly (Isaković, 2016a).

The subject matter of this paper is the comparison of tourists' attitudes towards cultural monuments of various religious communities and their influence on the cultural heritage. Additionally, they are perceived from the perspective of those living and working in those facilities, i.e., it is perceived how tourists influence daily life of monasteries, churches and mosques. What is also assessed is the extent of their contribution to as well as negative influence on the peace and tranquility of monks and nuns. Last but not least, it is estimated whether the infrastructure of all

those objects is appropriate and properly used and, if not, what could be done to improve the state of affairs.

Having in mind that tourism may provide a great number of workplaces and launch many business activities, the Raska District may open a new “cultural and tourism” factory and use its treasure acquired centuries ago to the best possible purpose. It is necessary to take into account and satisfy all target groups and interested parties and all those economic factors that may benefit from such a development. In order to point out the significance of cultural and historical monuments, we have put an emphasis on the seven monasteries of the Raska School situated in the Ibar valley. In addition, our research is also extended to four mosques in the territory of Novi Pazar Municipality and the oldest church, also in the Novi Pazar territory.

The basic terms of cultural and religious tourism, i.e., pilgrimages are explained in the introductory part of the paper. Cultural and historical monuments in the Ibar valley as well as their beauty, significance, historical and cultural values are analyzed separately. The results also presented are those achieved from the surveys done on the location while being in touch with the monks and nuns, i.e., imams in the mosques and by interviewing them. The intention was to show the potentials and opportunities Serbia has in cultural tourism that should be used in an adequate way. For that purpose, it is necessary that interested parties act in compliance. The government and sectorial ministries should respond adequately, perhaps by unifying tourism organizations, in this case those of Kraljevo, Raska and Novi Pazar in one regional organization which would jointly promote cultural and historical heritage of the Ibar valley and thus launch the cultural tourism of this region which has the exceptional development prospects.

The aim of the collaboration would be to bring close the opinions, statements and wishes of inhabitants and workers in religious and cultural facilities and, on the other hand, to harmonize their obligations and necessities with the wishes of tourists. Subsequently, the functioning pattern of both sides should be planned. Since the cultural monuments are visited by tourists with different affinities, religious monuments of different religions should be included, combined and offered to tourists as a single package.

There are 830 cultural and natural heritage items on the List of World Heritage Sites which are considered to be of “outstanding universal value” by the UNESCO World Heritage Committee. The list includes 644 cultural, 162 natural and 24 mixed monuments from 132 countries of about two hundred members. The included monuments located in the territory of the Republic of Serbia are: Stari Ras with Sopocani (1979), Monastery of Studenica (1986), Visoki Decani monastery, Monastery of Gracanica, Church of Bogorodica Ljeviska and Pecka Patrijarsija (2006) (Group of authors, 2007).

### **The Offer of Cultural Tourism in Serbia**

Lately, cultural routes have been a subject of great interest of scientists belonging to the domain of cultural tourism as well as of tourists themselves. In 1987 the Council of Europe engaged in determining the cultural routes with the following aims: raising awareness of the European cultural identity, promotion of intercultural and religious values and better understanding of the European history, preservation and improvement of cultural and natural heritage for the purpose of life quality improvement and socio-economic and cultural development. The official presentation of this country is certainly one of the activities of the National Tourism Organization which determined the following cultural routes: “Fortresses on the River Danube“, “Cultural Route of Roman Emperors“ and “Transromanica“ Cultural Route that has a great significance for this paper. This is the European cultural and tourism route connecting the monuments in Germany, Austria, Italy, France, Spain, Slovenia, and also the monuments in Serbia starting from November, 2007 (Transromanica, <http://www.srbija.travel/>, 25 April 2016.).

Serbian medieval art is unique in terms of unifying the art of the West Europe and the East. Inflow and assimilation of Romanesque elements into the Serbian medieval art may be precisely traced precisely on the monuments of so-called Raska School. It arrived in Serbia through the South Italy and Adriatic Coast and is primarily visible in architecture and sculpture. Through its programme "Transromanica" shows the preserved churches and monasteries of the Raska School. The endowments of the rulers belonging to the Serbian medieval Nemanjić dynasty such as the monasteries of Zica, Studenica, Gradac, Djurdjevi Stupovi and Sopocani constitute part of this cultural and tourism route (Jovanovic, 2015).

Also, among the ten most beautiful monasteries in the world, singled in 2009 by the specialized travel site *World*, our Gradac monastery from the 13th century was chosen because of the unusual intersection of architectural styles - Gothic elements permeate the authentic Raska school. These particular cross-overs are not accidental because the Gradac monastery bears testimony in stone of the royal marriage between medieval Serbia and Western Europe (Isaković, 2016b).

### **Monasteries and Basic Characteristics of Raska School**

In the history of art, architecture was named after the region or the country in which it origin at ednot only according to the general frame of creative work but also in terms of style. Specific desires or requirements of the patron partially changed the inherited programmes without significant influence on their basis. In the trends formed in this manner, the above mentioned work of patron was those which should have resembled the specific model. The reasons of ideological nature can be perfectly seen in the appropriate techniques. The main trend of monumental Serbian architecture, the Raska architecture, was developed according to the original concept of architectural space which was continually followed. The major respected pattern was that of domed single-nave church based on the idea of Byzantine origin and influenced by the Romanesque architecture in its exterior decoration. As a sepulchral endowment of the dynasty founders, Studenica was an outstanding model. The programme of architectural space, completed in Zica, was the base for building adjusted to the ideas of later patron only in details (Korać, 2004).

The Raska School got its name by the medieval Serbian region of Raska in which the largest number of monuments was built. The main architectural features of this school are: nave building with one dome, calm wall surfaces fragmented only by shallow pilasters, elongated sidelong vestibules later replaced by a low transept. On the west end of some churches there are two sidelong or one high tower - belfry (Sopocani, Djurdjevi Stupovi). The outside parts of the buildings of this style look like three-nave basilica representing a special phenomenon known as "false three naves", because the added choir chapels were sometimes covered by the common roof. All these buildings were mainly built of stone, sometimes coated with white or multicoloured marble (Studenica, Decani). Finely sliced carved stone which decorates the portal, windows, friezes of blind arcades and capitals of the columns is

also characteristic for this school. Apart from lush vines there are also various, fantastic animal and human figures as well as sculptural groups placed in timpani above the main portals (Vujovic, 2005).

### **Monuments of Islamic Culture in Serbia**

Islam (the Arabic word meaning “lecture“, “submission“ to God) is the religion with the main characteristic of absolute monotheism and simple and radical view of the world indifferent to historical, social, cultural and racial specificities (Mozzati, 2010a). Islam and its language – Arabic – created an exceptionally strong ability to bring together different cultural traditions on the basis of an astonishing homogeneity which characterized the civilizations and spiritual and political experience of hundreds of millions of people and entire countries (Mozzati 2010b).

The Islamic religion was already noted in the territory of Serbia in the IX century. More significant presence of this religion in this territory was recorded in the last quarter of XIV century when Turks were arriving on the scene. In the period of Ottoman rule, a part of Serbian people were converted to Islam. Islam is one of the present-day religions in the Republic of Serbia.

According to the census conducted in 2002, one that did not include the province of Kosovo and Metohija, there are 240,000 citizens of the Islamic faith living in Serbia. According to the records of the Islamic community of Serbia, there are 225 mosques and masjids (mosques without a minaret), 120 of which in the Raska District (in Novi Pazar, Sjenica, Tutin, Prijepolje, Priboj, Nova Varos), and 60 in Presevo, Bujanovac and Medvedja (Group of authors "National Magazines" and Rijaset of the Islamic Community of Serbia, 2010). The most significant temples are Bajrakli Mosque in Belgrade, Altun-Alem Mosque in Novi Pazar, mosques in Sjenica, Prijepolje, Nis, as well as Muhadzir Mosque in Subotica. The monuments of Islamic culture in the Ibar valley to be analyzed are: Altun-Alem Mosque, Iskender Celebi Mosque or Melajska Mosque, Arab Mosque and Lejlek Mosque.

Before the foundation of Novi Pazar, the settlements of Parice and Potok, later becoming the constituent parts of the city, were situated in its today's territory. The founder of Novi Pazar is Isa-beg Isakovic who is credited with the formation of the first core part of the future city consisting of a mosque, later named Isa-beg Mosque, caravanserai, hamam and 56 trade

stores. The name of Novi Pazar was first recorded in a Dubrovnik document dating from 1461.

### **Description and goals of the research**

The instrument used in the research is a survey questionnaire of mixed type, which consists of 13 or 14 questions. The survey questionnaire consisted of 4 parts.

The first part of the questionnaire, *general characteristics of tourists*, consists of 4 questions meant to be the introduction into the survey, that is, the insight into what kind of tourists come and visit these local places, age structure, time of visit, whether they are a group or individual tourists and whether there are any foreigners. The second part of the questionnaire, *General rule and dress code inside the monastery / mosque*, consists of 3 questions about a monastery and 2 about a mosque and tells us how the tourists and visitors should dress, how tourist workers should make sure visitors are adequately dressed for these religious and cultural establishments or whether monasteries have suitable capacities for admitting these tourists into inns - for staying overnight. Third part of the questionnaire refers to the *approach to tourists and new technology*. It consists of 4 questions that represent the core and main part of this research - do you and how many people you have in the monastery / mosque that can accept tourists and see them through the complex? Would you allow your monastery / mosque to have modern technology such as smart phone applications, multilingual audio tour guides and the like? Do tourists and their activities disturb the everyday life and the work of residents of these institutions? Have you ever had an unpleasant situation with tourists inside the monastery / mosque?

The fourth and the last part is the conclusion to the previous questions, it is a tour offer of a monastery / mosque which consists of 3 questions about the contents which tourists can use or visit, whether those extra contents are charged for and how much. The conclusion and at the same time the opinion of our interlocutors is the last question: "How to improve our tourism offer?"

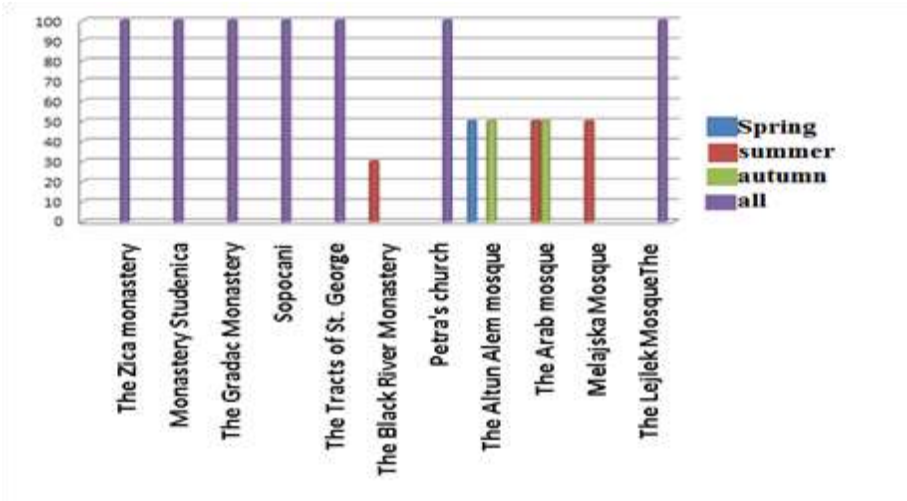
**The poll was conducted on a** deliberately selected sample, via interviewing monks and nuns in monasteries and imams in mosques; our interlocutors were: a nun Teodora from The Zica monastery, in Studenica we had a civilian named Milan Djokovic who was assigned to work with

tourists and at the monastery inn, in The Gradac Monastery there were Nina Nerandzic, an abbot mother, and nuns Febronija and Sanja, in Sopocani there were monk Zosima Jeremonah, in Djurdjevi Stupovi there was abbot father Gerasim, in Petra's church there was abbot father Tomislav Milenković and in the Crna Reka Monastery we talked to abbot father Hrizostom who belong to Raška's school and with imams of the Altun Alem mosque of Hafiz Irfan el. Malic, and Melajske mosque Asmir ef. Crnovrsanin, The Arab mosque Aamar, Fahir -ef. Micevic from the Lejlek mosque situated in Novi Pazar region, about their opinions on the topic of introducing modern technology into these establishments.

Discussion

The first part of the questionnaire, *General characteristics of tourists*, gives us a short insight into what kind of tourists come and visit these local places, their age structure, time of visit, whether they are a group or individual tourists and whether there are any foreigners among them. It is possible to answer these questions easily and with precision because they are the multiple choice type of questions.

Chart 1: *Analysis of this survey's answers to the question number 1: "Which period of the year is the time when the tourists visit you the most, besides holidays and vacations?"*



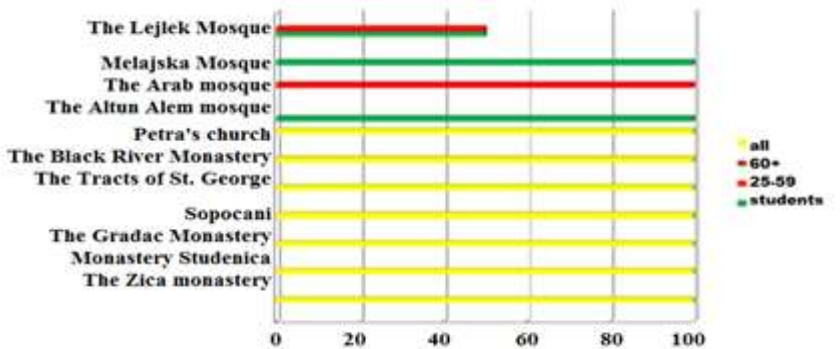
Source: *The author's own research*

The answer to the question number 2 in the survey in monasteries and churches was completely the same: both groups and individual tourists



visit equally, whereas group visits are more common in mosques. When it comes to the latter, they have a slightly better insight into separating believers from tourists.

Chart 2: *Analysis of this survey's answers to the question number 3: "What is the age structure of the tourists that visit Your monastery/church/mosque?"*



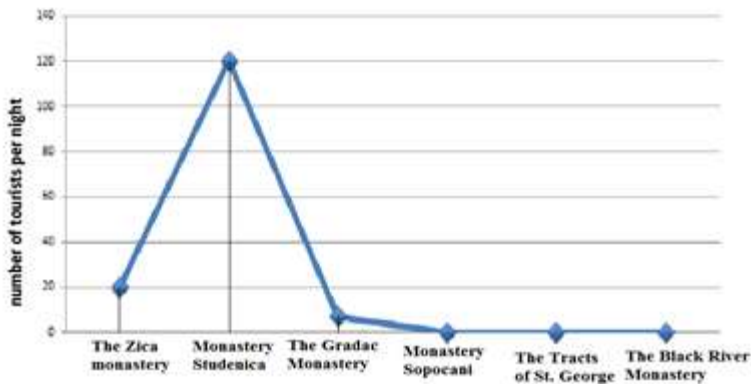
Source: *The author's own research*

The last question of the first part of the research every respondent agreed upon: foreign tourists are visiting, but they come from different countries. The second part of the questionnaire, *General rules and dress codes*, in monastery / church / mosque tells us how the tourists and visitors should dress and whether monasteries have suitable capacities for admitting these tourists into inns - for staying overnight. Mostly all establishments expect from tourists / visitors to understand the place that they are visiting and avoid being dressed inappropriately. The main rule is not to show too much skin and it refers to both sexes, not to wear shorts or skirts nor sleeveless T-shirts. This is tolerated in some establishments whereas wearing scarf is obligatory in mosques, and this is considered polite in monasteries and churches. The answer to the second part of the question, how many people can monastery / church / mosque host, is that the number is not limited. An excellent example of such monasteries is Studenica, which has an inn within its monastery complex, that is, in its vicinity.

The best solution for developing this type of tourism is to include monasteries into this kind of activities. However, opinions differ with some abbots, such as the attitude of abbot in the Crna Reka (Black River) Monastery, where they had some bad experiences with visitors who had stayed overnight. Now, their primary goal is looking after their

monastery. We also have the Gradac monastery, where it is only allowed to stay during one night and possibly if the visitor is blood related to some of the nuns. The Sopocani monastery is becoming similar to Studenica because it is in the middle of the lawsuit, disputing which monastery should the nearby hotel belong to.

Chart 3: *The analysis of the answer to the question: "How many people can the monastery's inn host?"*



Source: *The author's own research*

The third part of the questionnaire refers to the new technology and the approach to the tourists, which was the goal of this research.

You cannot assess whether the quality is equal in all monasteries, based on quantity alone. We have the Petra's Church as a good example for that. It has a person with sufficient knowledge in admitting domestic and foreign tourists and who speaks English. The elder of Petra's church is a graduated and licensed tour guide in the Russian language, also knowing and using the German language. What is more, the nuns of the monastery of Gradac are all highly educated and trained to work with visitors. Three sisters have daily duties to be hostesses and they change every day. The monastery of Zica has about ten sisters that can admit tourists and guide them through the complex, but there is one sister whose main duty is exactly that of welcoming tourists, with others ready to help. It is interesting that in the monastery of Studenica they have domestic people employed there and they are very polite and creative, able to adjust the stories to different visitors. In Sopocani, tourists can be shown the complex by two priests and volunteers - historians of art from Novi Pazar. When it comes to mosques, in most cases, even muezzin and, especially in Melajska mosque, the whole congregation board of six people.

The answers to the question "Would you allow your monastery / mosque to have modern technology such as smart phone applications, multilingual audio tour guides and the like?" differed. They depended on whether there were already some modern pieces of technology such as projector for showing the movie about the monastery of Zica and if they wanted to introduce audio guides, including the monastery of Gradac and all other mentioned mosques, and whether they would introduce these, given the opportunity and the offer. There are some preparations for publishing DVDs with photography in the Petra's church, as well as video records and short history in the Serbian, English and Russian languages. The answer was positive in Sopocani, at least for mobile phone applications, whereas the answer for audio tour guide was negative, the reason for it being unknown. And the answer of abbess Gerasima in Djurdjevi stupovi (Tracts of St. George) was that, when it comes to technology, they will introduce everything according to the need. "God gave the technology to be of some use to the mankind."

Studenica and Crna Reka avoid it and say that they feel no need for it, mainly because of the way of life they lead in the cloister. However, that would be of great significance for the monasteries of Studenica and Sopocani because they are visited by people of many nationalities and this would enrich their findings and would show various significant frescoes to the people who want to see and understand them, right there at the spot.

*"Do tourists and their activities disturb you in your everyday life and work?"* is the question to which only a few monasteries replied affirmatively, but each one had adequate explanations. For example, in the Arab mosque they have five daily prayers, prayers that tourists do not attend for the lack of space, because everything is full of believers, the central prayers are at noon and in the evening. But if they happen to be there, they are not forbidden to stay. At the monastery of Gradac, the cloister is not isolated from the church. Tourists and their activities disturb the monks at the monastery of Sopocani because it is not visited by believers only, but by a great number of foreigners as well, who cannot really behave and pay respects to the monastery as a religious institution. They also had a few problems with tour guides who spoke loudly to tourists about the monastery during the sermon.

Tourists and their activities do not disturb the everyday lives and work of people in the monastery of Zica because the visiting space is separated from the space where nuns live and work, contrary to the Gradac

monastery. After a short conversation, the nun said that they had problems with teachers or tour guides before all, those who use the part of monastery in the nave, which was intended solely for sermons. She states that it is slightly impolite, *as if you enter someone's house without the host's permission*. That is the example of disrespectfulness towards the house order, but there are no more serious problems. Behavior rules in significant religious and cultural establishments should be recreated and reinstated.

The Zica monastery is the victim to everyday thefts, but that is not the problem caused by tourists but by local residents who do not respect the establishment, whereas the Monastery of Crna Reka has issues with local residents because the village Ribariće next to it is of Muslim creed.

Tour guides, together with teachers, and above all parents, should explain their children how to behave in these cultural establishments. In a number of monasteries was claimed that the students from Vojvodina, Belgrade and Niš could not behave according to the monastery's rules and they disrupted the monastery's peace and quiet, whereas the children from smaller places and from the Republika Srpska were highly praised for their behaviour.

People from mosques stated that the only problem was clothes. Other establishment did not report the tourists' disturbances or any uncomfortable situations. When it comes to other contents that tourists can use or visit within these cultural establishments are very different and can be seen on the chart below.

Table 1: *Extra content of this religious establishment*

Religious establishment	EXTRA CONTENT
The Zica monastery	Souvenir shop, new complex, gallery, multifunctional square, library, multimedia center, open-door classrooms. Admission is charged 30 Serbian dinars for groups.
Monastery Studenica	Treasure room, admission for groups is charged about 100 Serbian dinars or 1€ for foreigners, souvenir shop, archeological excavation site, the hermitage of St. Sava, (upper and bottom), Sava's dining room.

The Gradac Monastery	Souvenir shop, archeological excavation site.
Sopocani	Souvenir shop, archeological excavation site (north part of the church), the inn, treasure room and museum (reconstruction in progress).
The Tracts of St. George	Souvenir shop, museum and cultural center in reconstruction and in building phases.
The Black River Monastery	Souvenir shop.
Petra's church	Admission is charged only for foreign tourists, 1€ per person.
The Altun Alem mosque	Islamic cultural center, a gallery and museum too if needed.
The Arab mosque	Nothing.
Melajska Mosque	Small gallery.
The Lejlek Mosque	Kindergarten for children, shop for covering Muslim females, nothing for tourists.

Source: *The author's own research*

Some establishments, that is, interlocutors, did not care about tourism and tourists, whereas some like Zica, Studenica and monastery of Gradac discussed that topic openly. The Zica monastery makes an effort to show off all the fortunes they possess. They believe that the main tourist attractions in Serbia are medieval monasteries. The monastery of Gradac believes that they need better cooperation with tourist organizations in the regions, municipalities, other tourist establishments, vintage households, etc. and the investment into infrastructure, more than anything else. In Studenica, they change their offer every day, and adjust it to tourists. The Sopocani monastery is currently in a lawsuit and negotiations to improve the offer. They need infrastructure, traffic and tourist investments from the state and other establishments above everything else.

It is necessary for the residents of these religious establishments to get some further information on what tourism can contribute and how it can provide help to these establishments. It is also expected from them to collaborate with some software companies which can develop applications or audio tour guides, because monasteries and mosques do not have a good understanding on how much their lives would be

improved if they introduced those products; their expenses would decrease and what is more, they would earn money.

## **Conclusion**

The cultural 'products' are not only buildings or objects from the past, but it is also the way you interpret them. Cultural resources must be the source of emotions for tourists, they need to offer them a specific experience. It is not enough just to offer a sightseeing of cultural-historical attractions, museums, galleries and similar resources; tourists must feel 'the history' of these attractions and enjoy their visit. A lot of factors can influence that experience, from the concrete elements of the offer, service provided, expectations, behaviours and attitudes of the tourists themselves, up to a whole lot of uncontrollable and changing factors, such as crowded spaces during sightseeing, crowd at the roads leading to the entrance of the establishments, good and bad weather, etc. (Vrtiprah, 2006).

First of all, what is needed is a very good infrastructure, both traffic and tourist alike. There are many possibilities and prospects to be presented, possibilities that could contribute to the development of these cultural establishments. They need to raise the awareness of our citizens about the value of these cultural-historical establishments that our country has. The UNESCO showed the importance of these establishments in 1979, when it included the cultural heritage of Stari Ras with Sopocani onto World heritage list, in 1986, when it listed the monastery of Studenica and in 2004, when the Visoki Decani monastery was added. To be listed in the UNESCO's world heritage list is revered in the world, so this perk should be exploited to the fullest.

Thanks to new IT technologies the digital reconstruction - virtual / augmented reality is enabled, and so is the system of preserving cultural heritage of the world and its global presentation. For example, the three-dimensional reconstruction of the Syrian archaeological treasure located in war zones, and some sites and archaeological sites which were destroyed by the Islamic Army (two ancient temples in the city of Palmira under the protection of the UNESCO), are to be implemented and stored in a digital database of photos and 3D data, in the contemporary project of preservation of the Syrian heritage, later to be available globally on the Internet (Isaković, 2016c). In the field of preventive archeology, for the protection of archaeological findings, there is a CONTRA(Contributing

the Preventive Archeology) project, a kind of virtual reconstruction of everything that archaeologists find on the site. In Serbia, this project is implemented at the late Bronze Age site near Pančevo (Stari Tamiš), and the database of this and other archaeological researches are available to researchers in the region and in Europe. Similarly, it might be possible to gain access to the protection and presentation of the cultural heritage in Serbia. By using new IT technology, digitalization and applications, the heritage can be saved and restored at least in the virtual space, as one of the ways of preserving our heritage (Isakovic, 2016d).

The great advantage would be the cooperation with specific software companies that are able to produce applications or audio tour guides for religious monuments, because people in authority do not have a good understanding on how easier their lives can be if they introduced such products, that their duties would decrease, as well as expenses, and there are those who would definitely introduce them, if the offer were adequate. It would also be useful if the different monuments were assorted into one tour package. The name of the package and the presentation of this offer can be "Feel the Orient and the Middle Ages at the heart of Serbia's Lilac valley", with visiting some of these religious establishments mentioned in this paper.

It is necessary that many interested parties reach the agreement. The government and the relevant ministry should respond accordingly. Uniting tourist organizations, in this case organizations of Kraljevo, Raška and Novi Pazar, would produce a regional organization which could, in shared efforts, promote cultural-historical heritage of the Ibar valley. Starting to perceive cultural tourism of this region in that way helps cultural and religious tourism to develop and improve its rich potentials.

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# PROMOTIONAL INTERNET MIX: THE CASE STUDY OF TRAVEL AGENCIES IN BELGRADE

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## Abstract

*Promotion, as one of the instruments of the marketing mix, has the goals of creating product awareness, enhancing interest, providing additional information, and developing a positive image of the product / service or company. The promotional mix includes: means of advertising, personal sales, sales enhancement, public relations, sponsorships, direct marketing and Internet marketing. These elements familiarize the target audience with the characteristics of products and attractiveness of services and of the benefits that they bring to customers. Internet is becoming more and more prevalent in the tourism industry as it is used for various forms of promotion. The advantage of this medium is that travel agents, at relatively low costs, can expand their market. Starting with the fact that effective promotion in conjunction with other marketing activities is the key to success of travel agencies, this paper is a contribution to assessment of the magnitude of its impact. In this paper we especially analyse specific promotional activities of travel agencies on the Internet.*

Key words: *promotional mix, Internet marketing, travel agencies, marketing mix, tourist offer*

JEL classification: Z33, Z32, M37

## Introduction

Although it is not the only aspect of the marketing mix, promotion is one of the key marketing activities. Promotion is one of the four central instruments of the marketing mix, along with product, price and distribution. Promotion is a function of informing, persuading and

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influencing consumers about the purchasing decision. The basic elements of the promotional mix that available to marketers can be divided into techniques of direct and mass communication, as promotion is also a communication mix. As for techniques of mass communication, marketing activities are aimed at the market as a whole. However, in recent years promotion that is targeting individuals is increasingly used, which is referred to as direct communication (Jobber & Fahy, 2006, p. 33). The techniques of mass communication include: advertising, public relations and publicity, sales enhancement and sponsorship. The techniques of direct communication are classified as: selling in-person, direct marketing and Internet marketing (Popesku, 2009, p. 126).

The promotional mix connects all forms of communication in a compact unit. When company management decides on the total amount of money that will be allocated to promotion, the next step is related to disseminating it on individual elements of promotion. These elements must be carefully combined into an appropriate, effective promotional mix, which should be coordinated with other instruments of the marketing mix. Decision about the promotional mix is very complex, because in addition to knowing the unique characteristics and cost of each promotional resource, the manager must take into account the interdependence that exists between certain forms of promotion, the complexity of the relationship between the promotional and marketing mix and more. In practice, it is not always easy to achieve.

When they develop the promotional mix, managers must take into consideration the following factors: the available financial resources for promotion, product characteristics, characteristics of the target audience, the phase of the product lifecycle, readiness of the buyer to purchase, the selected promotion strategy and the nature of the competition (Kotler & Keller, 2006, p. 557).

The role of promotion, as well as the promotional mix that will be implemented, changes in individual stages of the product life cycle. The nature of the promotional mix largely depends on the total budget for promotion, therefore financially strong companies have a lot of choice and a variety of combinations. Promotional mix design is dependent on time and the kind of products or services offered (Senić, 2006, p. 201). Thus, for example, the constant changes in demand and the desire for new products and services that would meet it have an impact on the continuous modernization and improvement of service quality in tourism

(Vujović et al., 2012). As pointed out by Vukotić and Vojnović (2016), to be different is a risk in the business world, and also in tourism, but it is also the fuel for development if it proves effective. There are a large number of stakeholders participating in the tourism industry. The imperative of location has always been important. All tourists must have their destination - a place they travel to. Likewise, the preferences of tourists are changing. Stefanović and Gligorijević (2010) provide an excellent example of how the opening of a new, modern, fast road can completely devalue what was, until recently, a very attractive and highly frequented tourist area. In addition, the construction or modernization of a road towards an under-valued tourist area may lead to a significant increase of interest in it. Also, for instance, revitalizing the village economy and the level of sustainable economic and social development and long term prosperity can influence tourism (Glavaš-Trbić & Maksimović, 2013). One of the factors of influence can be accessed developing entrepreneurship (Maksimović et al., 2016).

Two central, broad perspectives, which were the basis for our consideration in this paper are: marketing on the one hand and tourism on the other. Then we focused our attention on the marketing mix, specifically on a tourism product or a travel offering. The next step that we presented in this paper is the promotional marketing mix, in general. However, the core discourse is precisely about Internet marketing, and computer-supported marketing in the creation of high-quality tourist services. The final part of our work deals with the promotional Internet mix as used by travel agencies. We analysed eight websites of tourist agencies which have their headquarters in Belgrade. Based on the initial theoretical elaborations and these examples, in the last part of the paper we gave conclusions.

### **Developing the optimal promotional mix**

The initial premise that we analyse in this paper is the marketing mix. It is a combination of marketing instruments, with which the company adapts to the requirements and characteristics of the target market in order to achieve the expected level of sales in the target market.

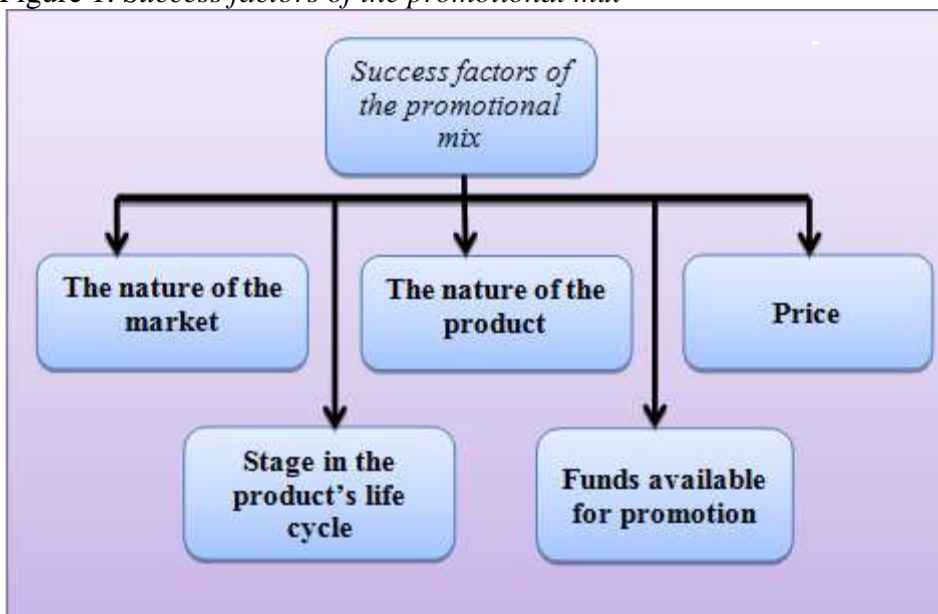
Instruments of the marketing mix consist of the four Ps: product, price, promotion and distribution (*place*). When it comes to managing marketing services, marketing mix has an additional three elements:

people, process and physical environment, which describe the 7P mix (4Ps + People, Physical Evidence, Process).

When it comes to tourism, then the marketing mix refers to the destination. Bakić (2010) points out that optimizing the marketing mix instruments of tourist destinations should be seen as a marketing decision to optimally allocate resources in order to create consistent and, above all, complementary combinations. This is done on the basis of a meaningful alignment between orientation toward achieving maximum results, understanding the needs of consumers (tourists) as well as changes in the economy and society.

Several factors affect the success of the promotional mix: the nature of the market, the nature of the product, stage in the product's life cycle, the price and funds available for promotion (Figure 1).

Figure 1: *Success factors of the promotional mix*



Source: *Stamatović & Vukotić, 2009.*

The role of promotion in tourism is particularly pronounced at the stage of potential customers' decision about the purchase of a specific tourism product. The decision on the purchase of tourist products, specifically on participation in tourist trips, is not primarily affected by specific features of certain tourist destinations but, above all, by the alignment of the

primary attributes / characteristics of the destinations with the psychological and other needs of tourists (Popesku, 1991, p. 116).

Rating the performance of online promotion is the latest challenge facing marketers (marketing managers). In the beginning, these efforts were based on visits to certain websites, but it soon became clear that this was not rational. Rather, it proved not important to count the number of times a website was visited, but to count how many people actually have made purchases on it. An important assumption that definitely should not be ignored is that consumers tend to choose advertising that they want to view on the Internet, unlike with traditional media, broadcast or printed, where consumers are automatically exposed to advertising. On the other hand, people who create commercials point out that advertising on the Internet have value for those who click on it to get direct information (Silver & Ansted, 2004).

### **Computer-aided marketing in the creation of high-quality travel services**

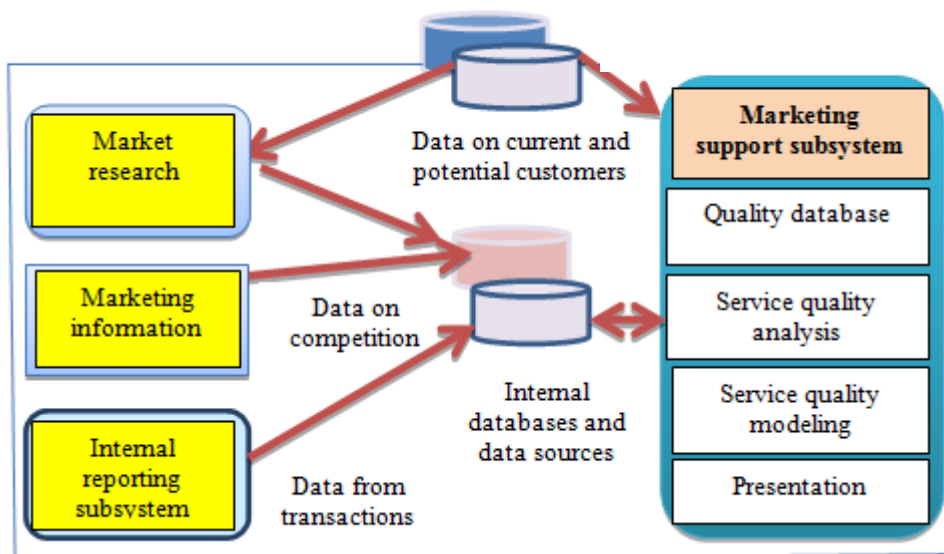
In the tourism market, competition is occurring among "equals" with similar demand preferences and comparable products.

Basic activities of information systems support relate to: which tourist services to offer, what price to set for the services, where to market the services and which channels to use to advertise the service. As pointed out by Vojnović and his associates (2012), in tourism, promotion is the most complex, most interesting, and most demanding component. It is used for advertising and sales of tourist services.

Advantages of promotion via the Internet in the tourism industry and beyond, according to Ubavić (2015) are: the ability to generate direct sales, providing extensive information to consumers, collecting information for market research, creating the image of a product / service / destination, encouraging consumers to try the product / service, support to other forms of promotion, etc. As the main drawbacks of promotion over the Internet the same author cites the lack of universal criteria to measure the effectiveness of this form of promotion, as well as the different level of development of information technologies in different parts of the world.

The marketing information system in tourism is graphically presented in Figure 2.

Figure 2: *The marketing information system in tourism*



Source: *Vojnović et al., 2012.*

Creating and developing a global approach to the tourist offers was made available by computer reservation systems and the global distribution network. This occurs through travel agencies because of their access to automatic booking systems (Cvijanović et al., 2016). In addition, the franchise business model, which is frequently adhered to by travel agencies that, thanks to the Internet, can quickly send their advertising messages to targeted customers. Electronic communication within the franchise system, combining the simplicity of e-mail with the possibilities of the Internet, enables all necessities of franchisees to be easily and efficiently delivered electronically, at an insignificant cost (Stefanović & Stanković, 2014).

In the remainder of this paper we analyse the eight websites of travel agencies based in Belgrade. Travel agencies are listed in alphabetical order. When choosing an agency for research, we were guided by the principle that the travel agency should be reputable, while everything else was randomly selected. Because we were limited by number of pages, for the purposes of this study, we were forced to carry out, hopefully, still an objective selection.

## **Websites of travel agencies in Belgrade**

Websites of Serbian travel agencies are usually more or less transparent, consisting of an impactful front page with delimited types of travel arrangements by the time sequence (summer and winter), geographical determinant (Europe's cities and increasingly other European travel, intercontinental travel), the type of arrangement (cruise, wellness tourism). Also, the division of offers into those with and without transport, as well as the classification of transportation is mostly supported. Summer and winter travel is divided by countries and regions with all the agencies and the division by accommodation category is steadily increasing. There is also the quick search option which uses the specified elements (type of transport, location, time, object), all of which significantly simplifies the search for users.

In addition to the front page there are pages about the agency, travel insurance, general conditions of travel, subagents and an agency's contact page. The address of the agency and all its branches with telephone, e-mail address, Facebook and twitter contacts are displayed in several places which are clearly indicated throughout the site. Almost all sites have the ability to get in touch through social networks. Most sites have a so-called newsletter, where users type in their e-mail, so that they can regularly receive the latest promotional materials. Some agencies have pages on recruitment, promotions and the like.

Websites differ mainly in graphic design, transparency, detail, and layout of information, as well as the general impression they offer. Few websites present their offer specifically. A major difference are websites dedicated to younger categories of tourists, that have varied colours and images, modern design and site-structure (less different offers, less destinations and more pictures, clips, music, etc.). In addition to subagent websites, which normally mimic the principal's website, several agencies have basically the same, or a very similar type of website. By viewing the home pages of these websites, there is the impression that a few web designers designed all of them, so 3-4 groups of websites can be delineated by design, with a very similar structure, that is not necessarily a minus, with several independent creations. The modernization of the conceptual design of websites as agencies are striving to get closer to potential customers can be observed, providing customers with more relevant information, through descriptions, images, videos and direct links to the hotel, thus facilitating the selection.

The appearance of websites and presentation of information on them should continue to be improved, and errors that already exist should be corrected (some agencies offer travel destinations for which they have neither the price nor the facilities for the upcoming periods, an indication of residual facilities and destinations from the previous period, which are not deleted, giving contradictory information about the price or the location of the object in the description and price lists). These objections are less noticeable and the agencies' efforts to raise quality of their services can be seen on the websites, in order to occupy a better position among the competition.

### 1. Argus tours

Site design is streamlined compared to the previous period, animated images and text was inserted slideshow and graphics were improved, but there is still insufficient transparency of the front page with too much information on one page, which does not fit into a harmonious whole.

Site loading speed is quite satisfactory, regardless of the number of text information on the home page. In terms of graphics, the site is lagging behind contemporary possibilities. The colours are drab and unattractive, and the background is white, all of which gives off a monotonous impression.

The home page gives the impression that the agency is dealing with summer holidays and traveling around European capitals in comparison to other forms of tourism.

The descriptions of offers are clear and precise, with comprehensive and complete explanations. Trip dates are delimited by current vacancies, (which is not often the case on agencies' websites), which facilitates the users' decision on the reservation.

There are photos of destinations, links to accommodation websites, their geographic maps, GPS coordinates, all to provide better access to accommodation, the exterior and interior of facilities and the destination itself. There are no video clips or reports about the destination or destinations.



Visitors to the site can also make reservations and purchase of plane tickets for all destinations, which has lately become an indispensable standard for sites of major agencies.

To conclude, this is a relatively good site, but it could work on graphic design, and further modernization and on the improving of overall transparency and integrity.

## 2. Belvi travel

Site design is modern, changed from the previous year, both in structure and in the mode of displaying the content of the offer. Site pages are divided according to the most basic divisions of the offers, and the home page is designed in kind. Home page load time could be faster.

In graphic terms, the site is correct, with warm colours, basic moving images related to the pages of the site, with the selected destinations and facilities of the overall offer on the home page. Descriptions of offers are clear and precise, with a comprehensive and complete explanation. There are photos of destinations, links to accommodation websites, their geographic maps, for better access to accommodation and the destination itself. There are no video clips or reports about the destination or destinations.

From the offer on the home page it can be seen that this is the agency that has its own specific arrangements, but also cooperates with other agencies in the creation of joint tourist offerings.

There are banners and links to other sites, possibly sponsors or advertisers that are not all very beneficial to potential customers of the agency.

Good, interesting, simple and clear site, with prominent most interesting elements of the agency's offer.

## 3. Big blue

Website design is modern, with moving images and text (slideshow) and good graphics, with a wealth of information and different divisions of the tourist offer of the agency, on the homepage and the sub-pages, and although brimming with content, all is packed in a relatively harmonious whole, lacking only a little more elegance.

While the basic characteristic of the home page is a very large amount of information given through pictures and text, the page loading speed is satisfactory. Colours on the site are basically colour tones from the agency's logo, with attractive graphics and most important elements clearly indicated (special rates or discounts).

The home page gives the impression of a large agency, which deals with all aspects of travel and tourism services.

Descriptions of offers and hotels are clear and precise, with comprehensive and very complete explanations. There are photos of the destination, a really satisfactory number of photos of properties, as well as links to websites of hotels and apartments and their geographic maps, for better access to housing and the destination itself. On the site it is possible to make a booking arrangement with the exact calculation per object, accommodation services, mode of transport and duration of stay. Prices are repeatedly shown, in a number of types of comparative price lists. Unfortunately, there are no video clips about destinations or accommodation.

The offering on the home page implies that this is a serious agency which deals with all aspects of tourism and travel, which invests a lot in the creation of their specific arrangements, but also cooperates with other agencies (especially Kontiki travel) in the creation of joint tourist offers. There are banners and links to other sites, which are mainly useful for travellers.

It is not possible to make a reservation or to purchase of air tickets directly on the site, although this can be done by contacting the agency through e-mail and phone.

Good, interesting, very informative and relatively readable site (which could be improved a bit), with prominent elements of the overall offer on the home page.

#### 4. Filip travel

The site has a contemporary, modern design, with moving images and text (slideshow) and good graphics, with plenty of information about the offer of the agency that was presented by main divisions, all of which seems transparent.

The site loads quickly, and the colours are attractive and dominated by blue and green, the agency's colours are beautifully matched with attractive pictures and searchable offers by several terms.

Descriptions of arrangements and hotels are comprehensive with precise explanations. There are photos of the destination, with detailed information on it, as well as video clips on the destination, which is rare for the sites of other agencies. Given a large number of photos of properties, as well as links to websites of hotels and apartments and their geographic maps, for better access to housing and the destination itself. On the site it is possible to make a booking arrangement with the exact calculation by accommodation, type of service, mode of transport and duration of stay. The advantage is that the calculator immediately displays the availability of accommodation in the required period.

The offer on the home page implies that this is a serious agency which deals with all aspects of travel and tourism that really updates its site and harmonizes it with the time in which the offer is presented. It is noticeable that a lot was invested in the creation of specific offers, which is proudly stated.

On the site it is possible to make a reservation of air tickets, and there are banners through which one can connect to other useful sites for travellers. There are e-catalogues of offers, which are very well done and which can be viewed on the front page, which is characteristic of only a few of websites analysed.

A good, balanced and interesting site, with a sufficient number of the most interesting information.

## 5. Kontiki travel

Website of a contemporary design, with excellent graphics. It has the largest number of moving images (slideshow) from all the other sites, with a wealth of information and the different segments of the tourist offer of the agency, across the pages and the home page. The site with the highest number of pages and with most types of offer categories on the front page. In addition to the abundance of content, everything is blended into a harmonious whole.

The basic characteristics of the home page, next to the attractiveness and good graphic design, is an extremely large amount of information given through banners, images and text, and various overviews, but despite this abundance of data, the website's loading speed is relatively satisfactory. Colours are basically the colours of the logo of the agency, as with most other websites, with attractive graphics and with the most important element (discounts or special prices) clearly indicated.

The home page really gives of the impression of a large agency, which deals with all aspects of travel and tourism services.

The descriptions of offers and deals are comprehensive and with very complete explanations. There are photographs of destinations with a slideshow, as well as video clips for each destination, with an adequate number of photos of the accommodation, as well as links to websites of hotels and apartments and their geographic maps, for better insight into the destinations and accommodation facilities.

As a significant advantage in the presentation of their offers, compared to other agencies, stands out the existence of a significant number of hotels and video clips. The website offers the television show "The World at a glance" on its YouTube channel, as well as their newsletter "The World at a glance," which significantly contributes to the reputation of the agency, and to the easier selection of offers by the passenger.

On the site it is possible to make a booking with the exact calculation by mode of transport, building, type of accommodation service, and duration of stay.

From the website it can be determined that it is a large agency that deals with all aspects of tourism and travel, and which invests heavily in creating its specific arrangement, but that also cooperates with other agencies (especially Big Blue) in the creation of joint tourist offers.

It is not possible to make a reservation or purchase of air tickets directly on the website, although it can be done through the agency via mails and phone.

Very good and interesting site. Very informative and well laid out, indicating the selected elements of the agency's complete offer on the home page, which also has unique features compared to the competition.

## 6. Odeon

Good site, interesting design, with moving images and text (slideshow) and good graphics with complete information about the offer of the tourist agency, which is presented on the home page with basic categories, all of which seem transparent.

The colours are attractive and cheerful which, in addition to a distinctive presentation, via stickers with destinations, contributes to the attractiveness of the site. It is normal that the colour of the logo is strongly represented, as it is with most agencies but it is not noticeable.

In addition to the initial differences in the presentation of the destinations compared to most other agency sites is the presentation of accommodation, by destination, in different form from the others. For each, basic information is given and in most cases a very attractive picture, and then hotels are presented with detailed information, pictures and links to their sites, for users to get better acquainted with the characteristics thereof. Prices are given separately, in separate price lists, which could be a criticism, because you cannot ever see the object and the price for the required period at the same time.

Another drawback is that the site is not updated frequently, so information and images of destinations and hotel backlog from previous periods, which are not included in current offer, are still shown.

Also one of the rarer sites with video clips on its YouTube channel. In addition to a unique presentation of its offer, it has e-catalogue with it, which is very well made.

Website gives the impression that it is a serious agency covering all forms of tourist travel, with many of its specific offers and accommodation. Through the site, booking plane tickets for all destinations can also be done.

Attractive and good site. Very informative, with prominent elements of the agency's complete offer shown on the home page, which does not look cluttered, but on the contrary - very transparent.

## 7. Oktopod

A modern site, very nice and contemporary design, with moving images and text (slideshow) which highlights the exclusive facilities offered by the agency and good graphics with complete information about the offer of the agency sorted in several ways, according to the basic categories, all of which operates transparently.

Warm, cheerful and attractive colours site with a unique presentation, also stickers with destinations, are contributing to its attractiveness. Within the destination, the accommodation facilities are also on a sticker, sorted according to their categories, making it easier to search.

Descriptions of offers and hotels are complete with basic information. There are photographs of properties, as well as links to websites of hotels and apartments and their geographic maps, for better insight into the destinations and accommodation facilities. Very often there are video clips of hotels.

From the offer on the home page we can see that this is an agency that works with other agencies in the creation of joint tourist offers, but that also has a specific offer of accommodation facilities and arrangements.

Beautiful, informative website with an attractive offer nicely presented, all of which gives off a harmonious impression.

## 8. Viva

The website design is different from other agency websites. Site loading speed is quite satisfactory, but in terms of graphics it lags behind contemporary possibilities, the colours are drab and unattractive, orange, which is the colour of the agency prevails, and because the surface is white, it gives off an unattractive impression.

Website pages are not divided by types of tourist travel, as with most other agencies, but by areas such as: blog, gallery, destinations, the agency contact. No slideshow, but instead there are moveable and fixed stickers with destinations. There are no negative comments on the information, because in addition to the aforementioned stickers, which contribute to faster price discovery, the home page provides an overview of the entire offer. The range of the offers is separated in many ways, on

the home page, which is only a little cluttered, but still viewable, but it is not assembled harmoniously enough.

Navigation through the presentation of offers is very easy and logical, because everything is categorized by type of offer, by countries, destinations, means of transport and also by rentals. Data on travel and hotels is accurate. There are photos of destinations, with detailed information on them, as well as video clips of destinations, a sufficient number of images of accommodations, with descriptions, maps and hotel sites themselves. Pictures and descriptions of the hotel can be reached by clicking on price lists, the name of the facility, as well as on a separate page with banners of hotels.

There is special page on the site with a gallery of different video materials about destinations and activities of the agency and offer presentations. There is also a page with the blog, rich text representations of offers and activities and travellers' reviews on them.

From the site it can be seen that this is a serious agency covering all forms of tourist travel, with a particular mode presentation, which invests a lot in its image.

Booking of plane tickets for all destinations and monitoring of promotional activities of most airlines can be done through the website. There are banners and links to other useful sites for travellers.

Informative site with detailed and comprehensive illustrated offers, which needs a little fix in graphics, which would provide it with attractiveness and transparency.

## **Conclusion**

Internet use in the tourism industry has multiple advantages. Internet is a new communications medium that significantly contributes to the improvement of all aspects of business communication through efficient and effective search, exchange of information and improvement of connectivity and interactivity. The benefits that the tourism industry has from Internet are reflected through: lowering costs, increasing the size of the market (the whole world) and the possibility of constant communication with potential tourists. In addition, unlike traditional

media for the transmission of information, the Internet provides many new features.

By a search of the Internet, users can reach websites of travel agencies, which thereby carry out the promotion and sale of their offers. It can be observed that the agencies are increasingly investing in the modernization and the graphic layout of their sites and in their information accuracy. This is one of the conclusions that are uncovered after the analysis of eight renowned travel agencies based in Belgrade.

The encouraging fact is that tourism in Serbia is following the demand of the times. The websites of tourist agencies in Belgrade that we analysed are becoming more attractive and easier to read. Divided into several pages, with the home page generally containing agencies' offers, classified according to several basic categories. They mainly present through slideshows. Information about offers is precise and detailed, they all have plenty of photos, a lot of them video materials as well. There is an option of abbreviated search of destinations and a price calculator, as well as the possibility of free subscription to newsletters and promotional offers. Every website offers the possibility to contact the agency via e-mail and through social networks. Many offer the possibility of booking airline tickets and other travel services.

There are several groups of sites that resemble each other, but increasingly there are those that in a specific way represent the offer, trying to improve their appearance, both in graphic terms, and in the presentation of its offer, achieving mutual satisfaction for the agency and its customers

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# INFORMATION AND COMMUNICATION TECHNOLOGIES IN HOTEL MANAGEMENT AND TOURISM EDUCATION

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## **Abstract**

*Today business is very dependent upon computers and digital devices in general. Consequently, tertiary education studies aimed at preparing students for business environment must include a great deal of practical education. The most beneficial type of such practical education is the one that includes the environment most similar to the environment that will welcome graduates when they start working. In this study a brief overview of practical education on teaching course of Information and communication technologies in hotel management and tourism is given. This overview could prove useful as a guideline for practical education in similar teaching courses.*

**Key Words:** *informatics, education, information systems, hotel management systems, practical work*

**JEL classification:** *I20*

## **Introduction**

Modern digital technologies have changed the way we live and work. Contemporary industry, medicine, tourism, business, travel, etc. are heavily dependent upon these technologies e.g. (Filipović et al., 2011a; Filipović et al., 2011b; Krsmanović et al., 2012). Although the impact of ICT across the past two or three decades has been huge, when we analyze education, there seems to be far less change than other fields have experienced. A number of people have tried to explore this lack of activity and influence (e.g. Soloway & Pryo, 1996; Collis, 2002).

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Education drives work and social activities. That is why it must be up to date with the of business needs and requirements and changes occurring in the society. The usage of information and communication technologies in hotel management and tourism in general is a must. There is virtually no business sector in this field that does not depend on these technologies.

There are many factors that reduce quality of information and communication technologies education. Some of these factors are the lack of funding to support the purchase of the technology, a lack of training among established teaching practitioners, a lack of motivation among teachers (e.g. (Starr, 2001; Vasović & Milasinović, 2014)).

The education in the field of Informatics at the Faculty for Hotel Management and Tourism in Vrnjačka Banja is realized in two undergraduate academic subjects: Business Informatics (the first year of studies) and Information and Communication Technologies in Hotel Management and Tourism (the fourth year of studies).

The course of academic subject Business Informatics provides elementary introduction to informatics in general, whereas the main objectives of the academic subject Information and Communication Technologies in Hotel Management and Tourism are to prepare students for the specific business environment in the hotel management and tourism industry. Therefore, the academic subject Information and Communication Technologies in Hotel Management and Tourism is presented briefly in this paper.

After a student has successfully completed the final exam in the academic subject Information and Communication Technologies in Hotel Management and Tourism, he/she is able to understand the role and concept of information and communication technologies, basic role and structure of information systems in general, concept and basic modelling of databases, basic of web based systems, and management information systems.

The most important practical aspects of this academic course is that a student gains skills in the effective use of information systems designed specifically for hotel management and tourism, and the application of that software in various business routines and rolls.

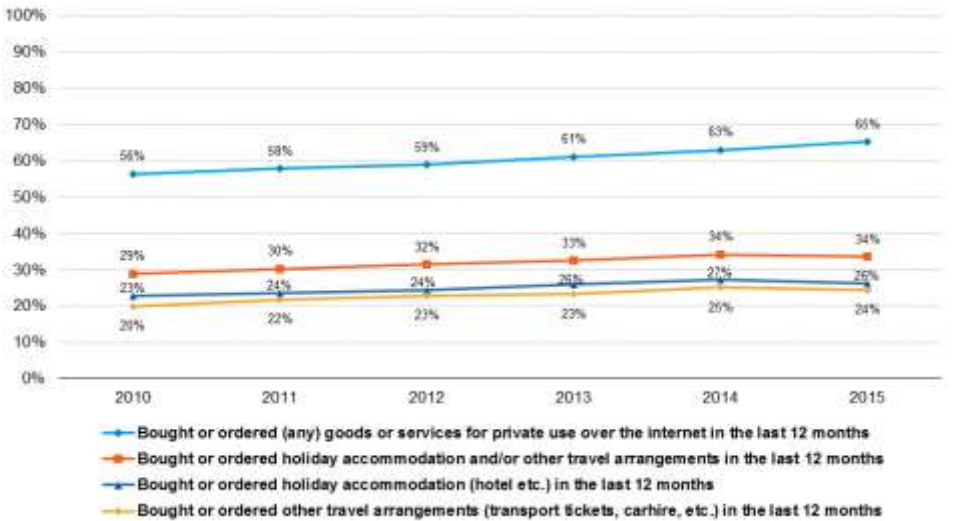
According to (Eurostat), the rise of the Internet has drastically changed the way citizens travel, prepare and book travel arrangements and the way

players in the tourism sector do business. ICT usage by households/individuals and by enterprises is very significant. Therefore, education must follow this trend.

According to the data for 2014, the latest data by Eurostat, it is worth mentioning the following:

The majority of tourist accommodation is booked online. With 4 out of 10 Europeans searching online for travel related information, the Internet is a major communication channel for the tourism sector. Over 1 in 3 Internet users bought or ordered travel related services online. Over the last few years this share is constant (Figure 1).

Figure 1: *Internet use for buying or ordering travel related services (as % of all Internet users), EU-28, 2010-2015*



Source: *Eurostat*

The main statistical findings indicate that ICT usage in tourism is significantly ahead of the other economy sectors (Figure 2).

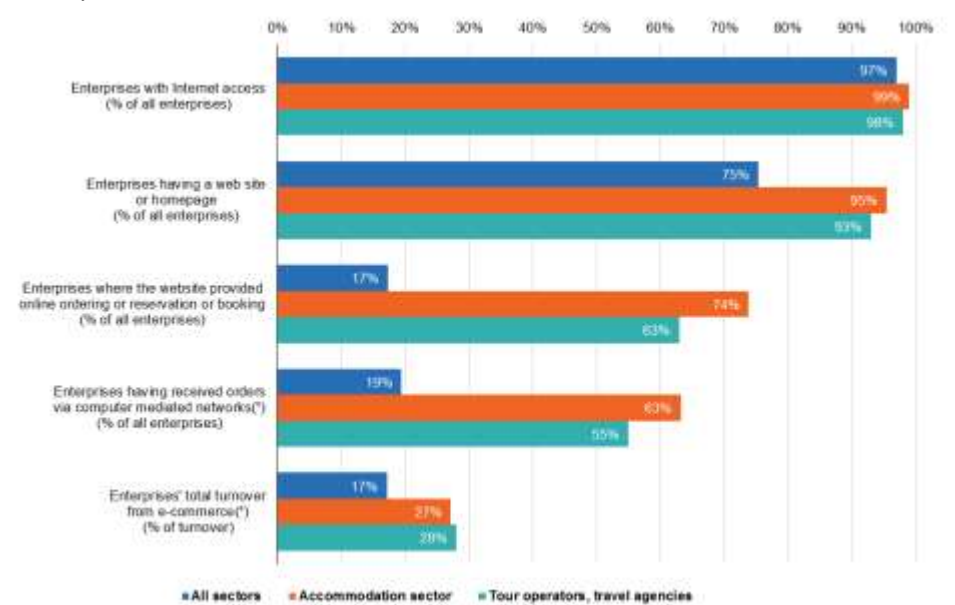
Websites are the entry point for e-business. In 2015, 95% of all enterprises in the accommodation sector had a website, compared with 75% in the whole economy.

With 74% of enterprises providing online ordering, reservation or booking through their website, the accommodation sector was significantly ahead of the whole economy (17%).

During 2014, 63% of accommodation sector enterprises received orders via computer mediated networks, whereas this was the case for only 19% of enterprises in the whole economy.

During 2014, 17% of turnover in the whole economy came from e-commerce, whereas this share was 27% for the accommodation sector.

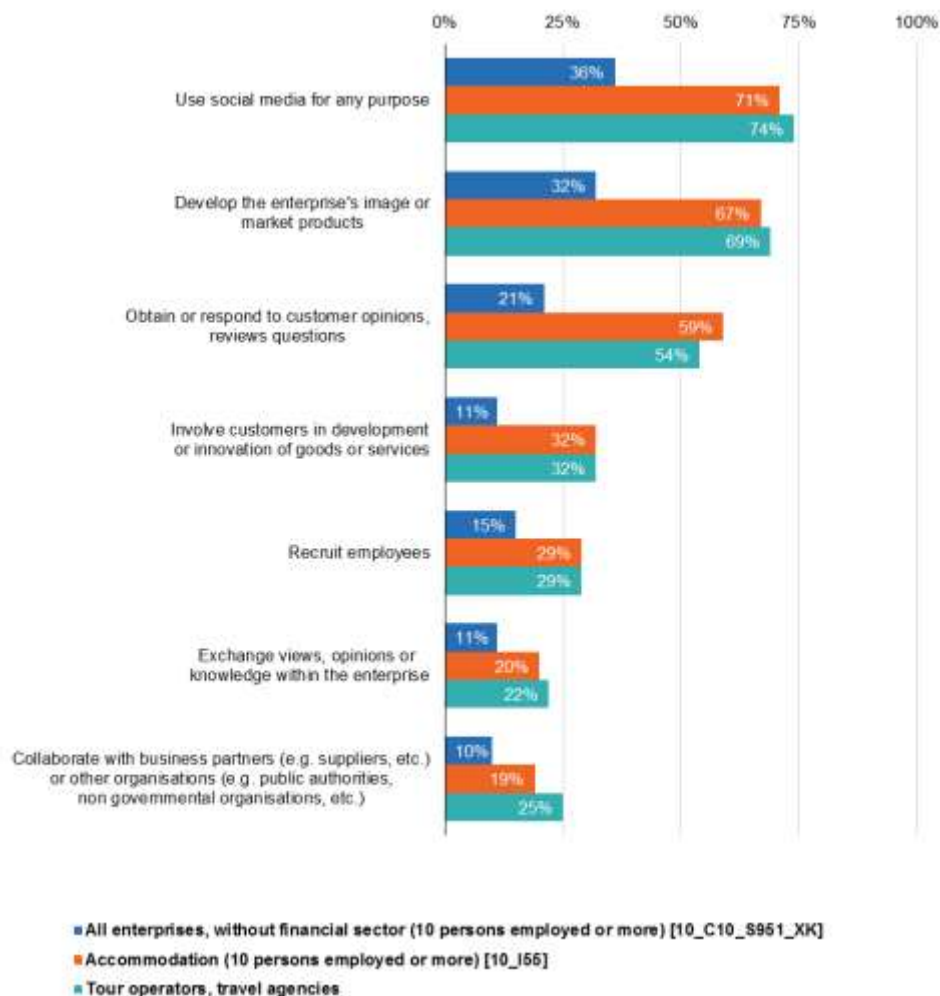
Figure 2: *Share of enterprises by use of the Internet and economic activity, EU-28, 2015*



Source: Eurostat

The accommodation sector also performed significantly higher than the rest of the economy in terms of social media use - 71% of enterprises in the accommodation sector with Internet access were using social media. This means that the take-up of social media is nearly twice as high in this sector than in the whole economy (36%) (Figure 3).

Figure 3: *Use of social media, purpose of use (as % of enterprises with Internet access), EU-28, 2015*



Source: *Eurostat*

### General practical education

The students' education in Informatics at our Faculty focuses on practical work, and the first segment is a part of which we can call the general practical education that extends the very basics that students acquire in the first year of the undergraduate academic studies (UAS) at the teaching course of Business Informatics.

It is necessary to cover the three main areas that will be used when students, after graduation, are in the work environment - the information systems for destinations management, databases and content management systems (CMS).

### **Information Systems for Destination Management**

Strategic implementation of Information Systems (IS) can help a Destination Management Organizations (DMO) to promote its destination, generate visitation volume, attract investment capitals, and, finally, create or reinforce the positive destination image.

According to (Chang, 2003) there are six fundamentals for using IS strategically in order to achieve and sustain the competitive advantage:

1. Dispelling the myth of Internet marketing. Information flow is the key for implementing IS. A mistake that is often made is setting the goals in terms of volume with the assumption that profits will follow.
2. Picking of the right goal: seeking the positive long-term return. Often the value of IS is not immediately evident.
3. Smart risk management: assessing risks for IS implementation. There is no a good universal IS prototype for destination management. Primary reason for that is the variety and complexity of locations. Because of that it is necessary to try preventing of different sorts of risks, such as technical risk, project risk, functionality risk, and internal and external environmental risks.
4. Differentiation: unique products or services. For maximizing benefits from implementation of IS it is important to present unique products or services that are different from those that competitors offer.
5. Co-alignment: the alignment of the external environment, strategy choice, organizational structure, and financial performance in order to select and invest in the right IS.
6. Continuity. Without continuity, DMOs cannot accumulate unique resources and capabilities to install positive destination images for tourists, investors, and suppliers. The continuity will also switch the information management to the knowledge creation.

### **Databases**

Data is one of the most critical assets of any business. It is used and collected practically everywhere, from businesses trying to determine consumer patterns based on credit card usage, to space agencies trying to



collect data from other planets. Data, as important as it is, needs robust, secure, and highly available software that can store and process it quickly. The answer to these requirements is a solid and a reliable database. Since its advent, databases have been among the most researched knowledge domains in computer science (Sharma et al., 2010).

Databases were created to enable computer systems efficient storage and manipulation of data. Various computer systems that require storage and manipulation of large data sets are dependent upon databases (e.g. banks, insurance companies, computer games, social networks etc.). Management of database is done by specialized software called the database management system (DBMS). Initial forming of database, data models, storing data and transferring stored data to database client (as well as many other important tasks) are done by this software.

Database client interacts with DBMS, and DBMS interacts with database. All data of information system is stored in database, and software of information system (client of database) interacts with DBMS. That is why information system is able to efficiently store data, and provide various information using the stored data (Milasinovic, 2016). All information systems that are used in hotel management and tourism are heavily dependent upon databases because all the data is stored in databases that are operated and controlled by DBMS.

For a basic introduction to databases, students use the famous program Microsoft Access. This program was chosen for several reasons. Students are familiar with user interface, because they are already familiar with the other programs in the Microsoft Office software package. In addition, Microsoft Access presents overall solution that makes it possible to learn all aspects of working with databases - Design tables and their interconnections, making queries, forms and reports.

Initially, they learn the basics of database design and the Entity-Relationship model, and then they do concrete ways to implement database by creating tables and establishing links between them. After that, students create forms, queries and reports. Tasks are adjusted to the fact that this is an area with which students have not had any contact in their education so far. After the theoretical part, which they learn in lectures and practical work on exercises, they usually manage to satisfactory overcome this part of curriculum.

## **Content Management Systems (CMS)**

Owing to the need of easy-to-use management of large collections of digital content for some time, content management systems (CMS) have been used. Due to its architecture CMS is nothing but Information system, but storage and classification of stored content are more suitable to the user that is not a technical person. The most common type of CMS is web publishing. This type of CMS platform is able to deliver content using web based technologies so it can be used via the Internet, or any other network of the same architecture. Because of their easy-to-use management of digital content and ability to publish using web technologies, CMS are very usable in modern business and common these days. That is why this type of technology is used for common Internet sites. Thus, each graduate student is required the basic knowledge of management of modern web sites.

The two most popular CMS today are WordPress and Joomla. Students have the opportunity to learn, through the living example of the web store administration, what makes a modern structure of the website and how it is managed. In these exercises students get different roles so they have opportunity to use CMS platforms in different ways. In this manner, they are able to observe various perspectives on CMS platform of different employees (accounting, managers, PR, storage, etc.).

### **Expert practical education**

The second segment of practical ICT education that should be focused on in is closely linked to the very profession and refers to the monitoring and management of all hotel operations.

In Serbia, in this area, two software packages clearly stand out - Fidelio made by Oracle and a package of programs made by ProSoft.

### **Software for Hotel Management - Fidelio**

“Fidelio Version 8 is a fully integrated, flexible software package, designed to maximize the efficiency of hotel operations. The system contains all the functions for the daily operations of the hotel, including all aspects of hotel management and maintenance. It supports all the requirements of the hotel industry, from basic services to complete and luxury services.” (Micros)

The functionality of this software package is confirmed in many great hotels around the world, and includes:

- The database clients (Customer Relationship Management - CRM)
- Reservations
- Front office (Front Desk)
- Cashiering
- Rooms management
- Conference & Catering Management
- Night Audit

The tasks that students solve using this software are designed to cover all of these areas. This means that students make a new guest profile, they undergo various variants of registration guests in the hotel, different events that occur during a guest's stay at the hotel and, finally, they perform a check-out with various options for invoicing and payment for provided services. When, with the help of teaching assistant, they successfully pass through these tasks, they move to an independent work on practical assignment in this field.

### **Software for Hotel Management - ProSoft**

“In the modern era of business, optimization of business processes and total business, is incomplete without the implementation of information systems and technology which helps automatisisation of many processes. Complete ERP information system that was introduced by Prosoft and which has been present for years in business over 100 clients, follow the evolution of information technologies and offers its users the ease and speed of work, with full automatisisation of many day to day operations.” (Prosoft)

Business Navigator is a centralized ERP information system that compiles data for accounting and other records that accompany the business and are the basis of managerial reports on which are based all business decisions. Hotel Software is a complete record of guests enriched with statistical and financial reports. Front office with the household segment is supported by modern systems such as PABX, PayTV / paybar, system of smart rooms, and connected with other software solutions.

Catering software provides a timely insight into the implementation of the restaurant business and the resulting spendings. The work of catering

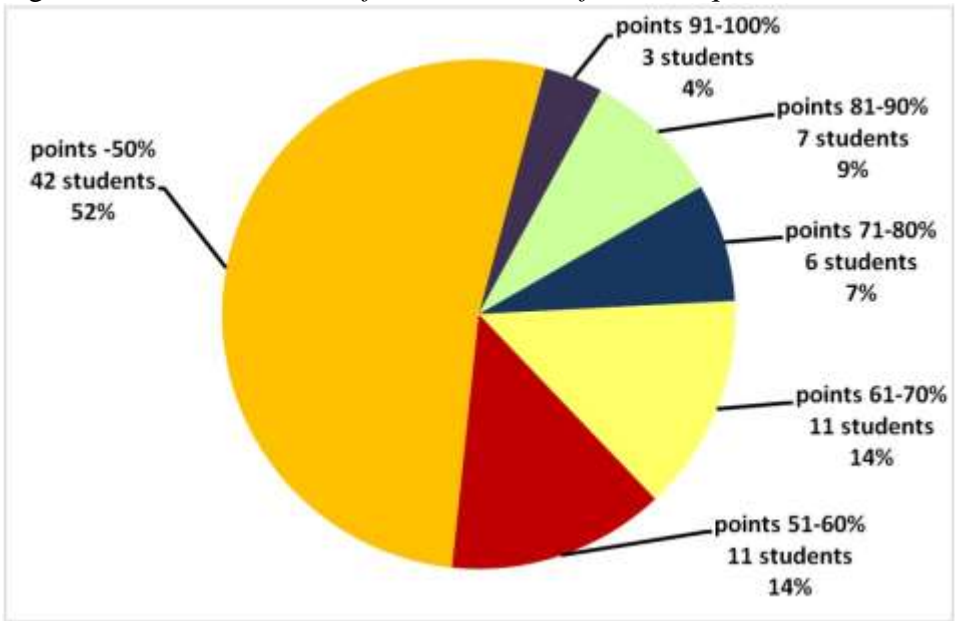
facilities is easily managed with the use of an information system that enables more efficient and better business. The integration with current computer technologies is supported.

Wellness software enables the planning of available resources of SPA and Wellness centers. Besides that, the time management of employees is enabled. All of that is accomplished through booking of the time slots and the necessary resources for the services of these facilities. It is possible to make connections to other software solutions and to other facilities.

**The students' achievement**

The colloquium consists of two parts - theoretical and practical. The theoretical part of first colloquium covers Information Systems for Destination Management and Databases. The average score was 1.51 of 5. The practical part deals with Databases. The average number of points was 8.26 of 15.

Figure 4: *The achievement of students on the first colloquium*

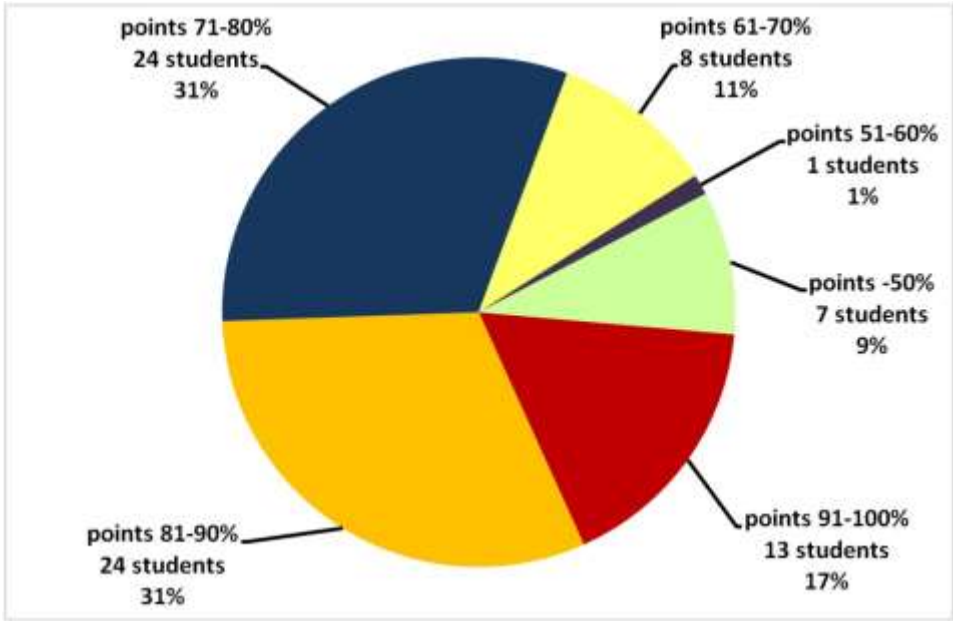


Source: *Results of the colloquiums for the subject ICT in hotel management and tourism, 2016*

It is notable that the results of the students' achievement are not satisfactory. We believe that the main reason is that a subject is quite

unknown to students, i.e. they have not had the opportunity previously to meet with something similar. Although a very basic understanding of underlying computer science and mathematics mechanisms of information systems is necessary for this colloquium, it seems that students are repulsive to these matters. Teaching material is not considered difficult, rather students' attention on these subjects is not sufficient.

Figure 5: *The achievement of students on the second colloquium*



Source: *Results of the colloquiums for the subject ICT in hotel management and tourism, 2016*

Both parts of second colloquium cover Content Management Systems. In the theoretical part, the average score was 1.88 of 5. The average number of points on practical part was 13.55 of 15. It can be said that the students have mastered this theme well. This is to be expected, because the Internet is something that is very close to them, and usage of software for hotel management and tourism is considered students' main tool.

On the practical work, it is evaluated how students have mastered the most important part of the syllabus that refers to basic knowledge of Fidelio hotel software, because that is what they will benefit from most after graduation. 78% of students received a grade 10, 22% received a

grade 9, with an total average of 9.72. All that shows that our main goal is achieved, ie. students are very well prepared for work in this software.

Below is an overview of typical tasks that the students solved.

#### Customer Relationship Management (CRM)

- Enter the five individual profiles with the following information:  
Surname, Name, Language, Address, Phone, Email, Date and place of birth, Pole, Nationality, Personal identification number, Identity document (ID card or passport or driving license)  
One profile is VIP1 client and his room is complimentary
- Enter three The company's profile with the following information:  
Name, Address, Phone, Email, Tax ID  
Connect one pre-made individual profile with appropriate company
- Enter the two profiles type travel agency with the following information:  
Name, Address, Phone, Email, Tax ID  
Tourist fee 10% of gross accommodation  
Connect one pre-made individual profile (which is not connected with the service provider) with the corresponding travel agent
- Make one task and one activity

#### Reservations

- Create new reservation  
One room, two adults, one baby  
Guests come for 10 days and stay three days  
They want a room on a lower floor, non-smoking  
Reservations color is blue  
Reservation is unconfirmed, guests will confirm the reservation five days before arrival  
Save reservation  
Re-enter the reservation and change the status of the reservation to confirmed  
Check-in was changed - visitors come today  
According to the general manager' decision, the visitors could get 15% discount  
Guests want a separate account for additional services  
Assign a room reservation  
Save reservation again

- Create three reservations for individuals where everyone pays their own expenses
- Create a reservation for two people in the room, using the option MultiGuest
- Create Share Reservation, where each guest can sign in and out independently of the other people in the room
- Create a reservation for one person to stay five nights and the second day other person will join him
- Create Party for one reservation and then join three other reservations to the Open Party
- Make a copy of reservation using the Add On option
- Create invoice for reservation
- Create a reservation for three rooms, then split to individual reservations and adjust the reservation holders
- Create a reservation that has statistics for the company or travel agency
- Create a reservation and set that company pays part of the services
- Create unconfirmed (Tentative) reservation

#### Group Reservations

- Create a group reservation for two different types of rooms, and set the same dates of arrivals and departures for all group members
- Share group reservations using Rooming list
- Create Pro-Invoice
- Make automatic assignment of rooms
- Enter Trace for this group - "Extra towel"
- Create a group reservation for three different types of rooms, where two master group reservations are with the same dates of arrivals and departures of all group members, and one master group reservation is with a shorter period of residence
- This group reservation is included in the statistics for the company
- The company pays the costs of accommodation and breakfast, and other services guests pay themselves
- Share group reservations in situation when you do not have a list yet
- Create Confirmation Letter
- Make cancellation of one reservation within this group

#### Front desk

- Make check-in for all expected arrivals
- Enter data from personal documents for the visitors who are logged
- Enter the message for the guest

Enter Locator  
Make plan for a change of the guest room  
Start display Rack Room, Floor Plan, Availability  
Make Walk-in reservation  
Make Undo Check-in of one reservation  
Print Trace report

#### Housekeeping

- Change the status of all rooms from Dirty to Clean  
Change the status of all rooms with the expected arrival to Inspected  
Set up one room status to OOO, with a defined reason, and for a period of 30 days  
Set up one room status to OOS, with a defined reason, and for a period of two days  
Enter the task for maintenance service - do TV repair in a particular room  
Print a report for household with plan for changes of towel and bedding in the rooms

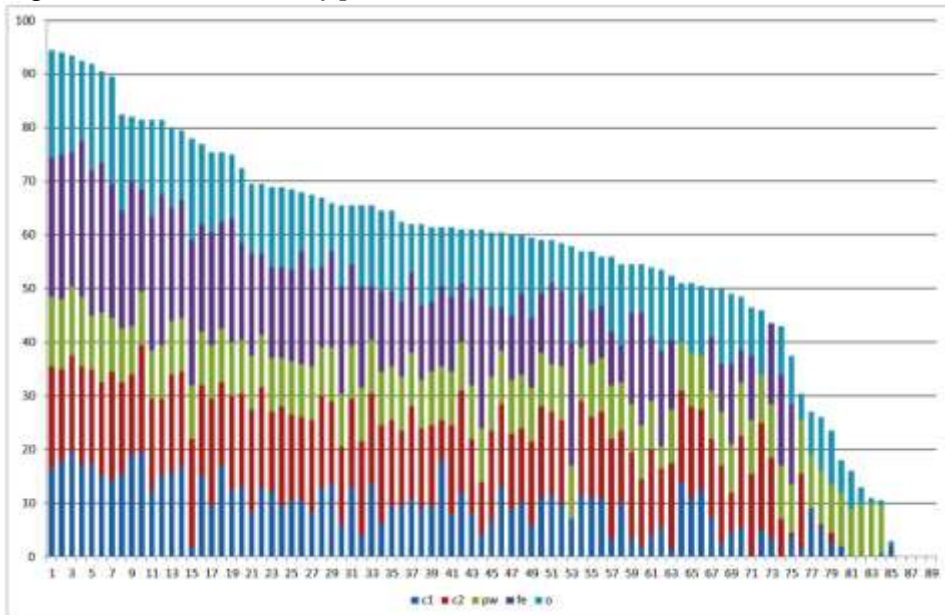
#### Cashiering

- Perform input of charges for particular reservation for some of the following services: Telephone, PayTV, Laundry, Mini bar...  
Do transfer of telephone charge to another window  
Reverse inscribed debt (eg. telephone)  
Enter charges for local tax with the amount of five; The amount for the two tourist tax should be transferred to a different window  
Transfer some charge to another room or another Financial account  
Print Info Account  
Make pre-charge for guest's entire stay and receive payment, without check-out  
Make check-out without closing the account  
Make regular check-out  
Close your coffers and print cash reports  
Make a review of history of invoices

Figure 6 shows total number of points after two examination periods (january and february 2017). This is the sum of points achieved at first colloquium (c1), second colloquium (c2), practical work (pw), final exam (fe) and other (o). As can be seen, more than 80% of students have successfully passed the exam after the first two examination periods (89% of students who took the final exam).



Figure 6: *Total number of points*



Source: *Rating results at the subject ICT in hotel management and tourism, 2016*

The main guideline for the course syllabus is that most students should be prepared for business environment afterwards, rather than create an in depth study with best students. Students interested in deeper study of the subject are advised to have individual student-mentor lessons. Graph shown above clearly illustrates how much this idea is well balanced in the course syllabus.

### **Students' point of view**

At the end of each semester, students of our Faculty are interviewed on the quality of teaching. According to the survey results, which are shown in Table 1, the students are very satisfied with the organization of teaching in this subject. A slightly lower score for the content of the subject is, perhaps, the result of the fact that students do not have a clear insight into the importance of the matter to be treated for their future professional engagement. Students are satisfied with their engagement during lectures and exercises, as well as the quality of the teaching staff. In individual interaction with students, although without any formal proof, experience shows that students that have had more working

practice in hotels are more satisfied with these teaching materials, especially with the practical work.

Table 1: *Results of evaluation of teaching of the subject of ICT in hotel management and tourism*

	<b>2015/2016</b>	<b>2016/2017</b>
Organization of teaching	4.61	4.42
Content of the teaching subject	3.81	4.08
Student participation in the classroom	4.37	/
Exam	4.23	/
Professor	4.16	3.98
Teaching assistant	4.70	4.08
<b>Total</b>	<b>4.23</b>	<b>4.15</b>

Source: *Documentation of the Faculty, 2015-2017*

## Conclusion

This study points to several important general, technical and theoretical aspects of the information and communication technologies teaching process.

A significant indicator of preparedness of students for the business environment is the estimates they receive on the professional practice. Students UAS at our faculty, starting from the second year, have a mandatory work placement for a minimum of 30 days. Professional practice is carried out within the hotel industry, travel organizers, travel agencies and tourism organizations in the country and abroad (Sekulic et al., 2015). After the professional practice, mentors evaluate them. From the very beginning of these professional practices our students have achieved the average score very close to the maximum.

Table 2: *Average scores on professional practice*

<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>
9.85	9.91	9.97	9.88

Source: *Documentation of the Faculty, 2013-2016*

We found that this combination of teaching materials and practice activities led our Informatics course to adequate student preparation for business environment. However, nowadays business is ever changing, so all teaching materials are prone to aging and must follow this change in adequate manner. The first further step in the successful preparation of

students for the working environment is planned to be the inclusion in the teaching process a specific touchscreen devices used in the hotel business. Although in the first year of the UAS, at the teaching subject Business Informatics, students had the opportunity to use similar devices in the education (Kraguljac & Milasinovic, 2016), we have intention to provide them with the original.

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# ICT READINESS AS A FACTOR OF COMPETITIVENESS OF SERBIAN TOURISM<sup>1</sup>

*Aleksandra Bradić-Martinović<sup>2</sup>; Branislav Miletic<sup>3</sup>;*

## Abstract

*Technological development has an important impact on tourism industry and numerous studies show significance of ICT as a factor of tourism competitiveness. World Economic Forum also recognizes this influence and includes it in the Travel & Tourism Competitiveness Index (TTCI) as the P5 pillar: ICT readiness<sup>4</sup>. In this paper, we focused our analysis on each sub-pillar of P5 in order to conclude whether its influence on Serbian tourism competitiveness is limiting, encouraging or neutral and what are the most important areas for improvements. The conclusions in this paper are based on sub-pillars benchmark analysis of Serbia and the competing countries. The country sample consists of countries with similar resources and attraction base indicating the potential of development of prospective competitive tourism products (Hungary, Czech Republic, Slovenia, Slovakia, Romania and Bulgaria).*

**Key Words:** *tourism, Serbia, competitiveness, TTCI, ICT, ICT readiness*  
**JEL:** *L83, O33*

## Introduction

Travel and tourism is one of the key sectors contributing to the global economic growth. In 2016, travel and tourism directly contributed with estimated 2.3 trillion USD and created 109 million jobs worldwide. Including its induced effects, travel and tourism creates 1 in 10 of all jobs and has a share of 10.2% of the world's GDP (WTTC, 2017).

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4 ICT readiness – reflecting the level of networked infrastructure and access to ICTs.

International tourist arrivals reached a total of 1.235 million in 2016, confirming the seventh consecutive year of sustained growth (UNWTO, 2017), despite increasing and unpredictable challenges posed by terrorist attacks, political instability, natural disasters and health pandemics. It is expected that travel and tourism sector will remain strong and resilient, but will require commitment of governments and destinations in terms of sustained infrastructure investments (WTTC, 2017).

Tourism destination can be perceived as “a physical space in which a tourist spends at least one overnight” (UNWTO, 2007). In addition to various actors that deliver products and services within a destination, following elements shape destination appeal: attractions, public and private amenities, accessibility, human resources, image and character and price (UNWTO, 2007).

Growing international competition has transformed tourism into global business, which affects both supply and demand of tourism (Smeral, 1998). On the supply side, the presence of large multinational companies, such as hotel chains, tour operators and investment funds in developing countries is evident; decreased air travel costs have made destinations more accessible and the use of information and communication technology (ICTs or digital technology) enabled access to global markets to each tourist destination and individual business entities. On the demand side, increasing incomes, demographic changes and accessibility to new destinations and tourist sites fueled higher demand for tourism (Vanhove, 1998).

The goal of this paper is to explore the role and impact of ICT on the tourism competitiveness in Serbia. First section of this paper is dedicated to competitiveness framework as an introduction to tourism destination, its elements and multidimensional strengths. This section also includes description of significant competitiveness areas and distinction between technological and governance dimensions as a factors of tourism competitiveness, which is a core of the analysis in this paper. Second section is dedicated to the relationship between ICT and tourism value chain. It covers links in a simple values chain and the presentation of main stakeholders in tourism value-chain and simplified typology of tourism-value chain actors. This section also includes explanation about the impact of new technological (digital) revolution on tourism and its competitiveness. The need for measuring quality of ICT infrastructure resulted with several indices and methodologies which are presented in

the third section. Focus has been put on Travel and Tourism Competitiveness Index (TTCI) developed by the World Economic Forum (WEF). Forth section analyzes competitiveness of the Serbian tourism measured by TTCI index. At the first part of this section we conducted descriptive time analysis, while at the second part we compared the values of indicators for Serbia with the values for selected countries in order to explore the impact of ICT readiness on overall tourism competitiveness in Serbia.

### **Competitiveness framework**

Tourism destination can be perceived as “a physical space in which a tourist spends at least one overnight” (UNWTO, 2007). In addition to various actors that deliver products and services within a destination, following elements shape destination appeal: attractions, public and private amenities, accessibility, human resources, image and character and price (UNWTO, 2007). All these elements are joined together to deliver attractiveness and unique experience to visitors, as the essence of a tourist destination.

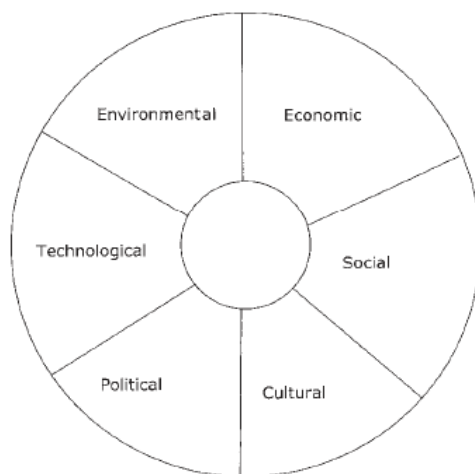
The span of tourist destinations can go from a place (village, town, city) and a region (for example, Western Serbia) to a country, or even a continent. The key is in the attractiveness and market perception of the regions.

One of the most comprehensive definitions of destination competitiveness is proposed by Ritchie and Crouch (2003): “what makes a tourism destination truly competitive is its ability to increase tourism expenditure, to increasingly attract visitors while providing them with satisfying, memorable experiences, and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destination for future generations”.

In other words, tourism competitiveness can be defined as the capacity of achieving economic profitability, as well as a social balance and environmental protection – to a degree higher than the average in this economic sector (which consists of public and private companies, with the aim of improving the profitability of their investments). A tourism destination is competitive once it performs within the framework of attractive sectors and where investments achieve a higher return (a higher ROI) in relation to other destinations.

Ability of a tourism destination to compete at the global tourism market, besides economic performance, includes social, cultural, political, technological and environmental dimensions (Ritchie & Crouch, 2003) as presented in Figure 1.

Figure 1: *The multidimensional strengths of a tourism destination*



Source: *Ritchie & Crouch, 2003, 2*

Depending on adopted framework<sup>5</sup>, following competitiveness areas can be identified:

1. Geographic area / clusters (destinations) – the scope of a comprehensive destination that can be managed – primarily in the domains of its development and destination marketing. This refers to a region that is recognized and can compete at both domestic and international markets.
2. Tourist companies and rivalry – this area relates to the size and structure of the market, as well as the state of accommodation facilities, the level of competition among companies, the degree of their cooperation (mutual and with the public sector), the level of development of accompanying regulations, the level of activities within the destination, etc.
3. State of demand – characteristics of demand, its social and economic level, motivation to travel, behavior and habits, clients' satisfaction, tourism image of the area, degree of protection of consumers, etc.

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<sup>5</sup> For this paper, adapted Porter's Diamond Model is used, based on the Strategy for Tourism Development of the Republic of Serbia 2006 – 2015.



4. Support / supply sector – this area refers to activities complementary to tourism sector – commercial contents, travel agencies and tour operators, organizers of activities (destination management companies), food and beverage facilities, man-made attractions (thematic parks), local suppliers / producers of traditional products, handicrafts, etc.
5. Production factors – human resources, infrastructure, resources and attractions, technological and financial means, research and development, innovations, etc.

Tourism clusters (destinations) in Serbia are still not defined, considering all relevant factors yet to be developed: tourist products, accommodation facilities, investments, employment, image and marketing, tourism value-chain (economy).

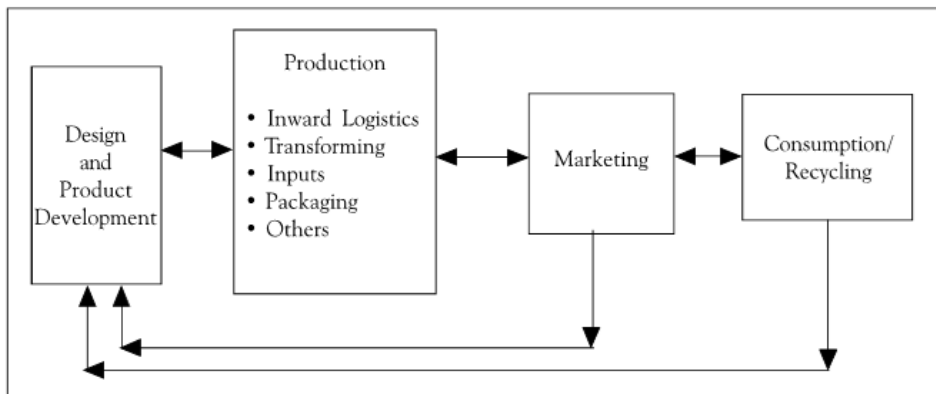
From the perspective of adopted framework for tourism development in Serbia, technological dimension is to be utilized as one of the production factors, important in all components and all actors of tourism value chain. The arrival of the Internet changed the landscape and context of tourism business, as well as increasing use of ICTs. The goal of destinations in use of ICTs is to enhance the visitor experience – from awareness building to final reflection of the visit to a destination (Ritchie & Crouch, 2003).

Another critical factor for sustainable tourism development in Serbia is proper tourism governance. Suitable governance model is the answer to activation of cultural and natural resources (attractions) and successful sustainable tourism development. Development of a destination is a process which demands significant professional support and due time. If there is a strong anchor attraction / place, peripheral areas have a chance to be developed as well. In that respect, there is a need to initiate the process of establishing of destination management organizations (DMOs), following the clear vision and tourism development goals for identified clusters. In addition, a strong commitment and political will is needed. Integration of contemporary innovations and digital technology will represent a critical success factor for global market recognition of Serbia as a tourist destination.

## ICTs and tourism value chain

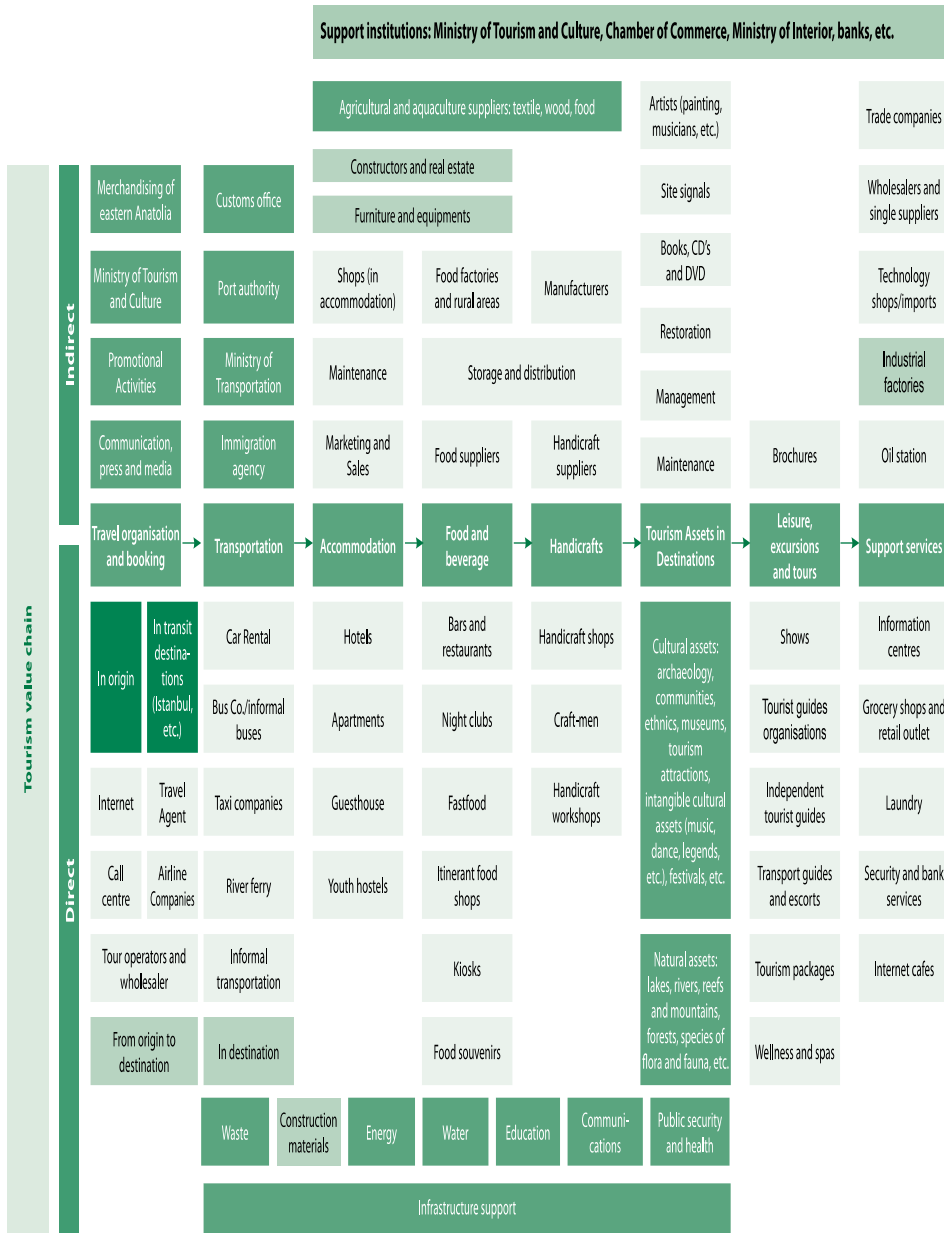
Tourism is a highly fragmented industry - it consists of a vast number of suppliers (hotels, restaurants, transportation companies, cultural and entertainment facilities, etc.) that are geographically disseminated but form a part of the same value-chain. Beside suppliers, the network of stakeholders in tourism includes governments, intermediaries and tourists themselves (Song et al., 2013). Kaplinski and Morris (2001) defined the value chain as “the full range of activities which are required to bring a product or a service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final dispose after use”. Entities (individuals, organizations and companies) in tourism value chain can be interpreted as links connected by their interdependent missions to create and deliver value to tourists, with the goal of making profits (Romero & Tejada, 2011).

Figure 2: *Four Links in a Simple Value Chain*



Source: *Kaplinski & Morris, 2001*

Figure 3: *Stakeholders in tourism value-chain*



Value Chain Phases: Planning ■ Development ■ Operations ■

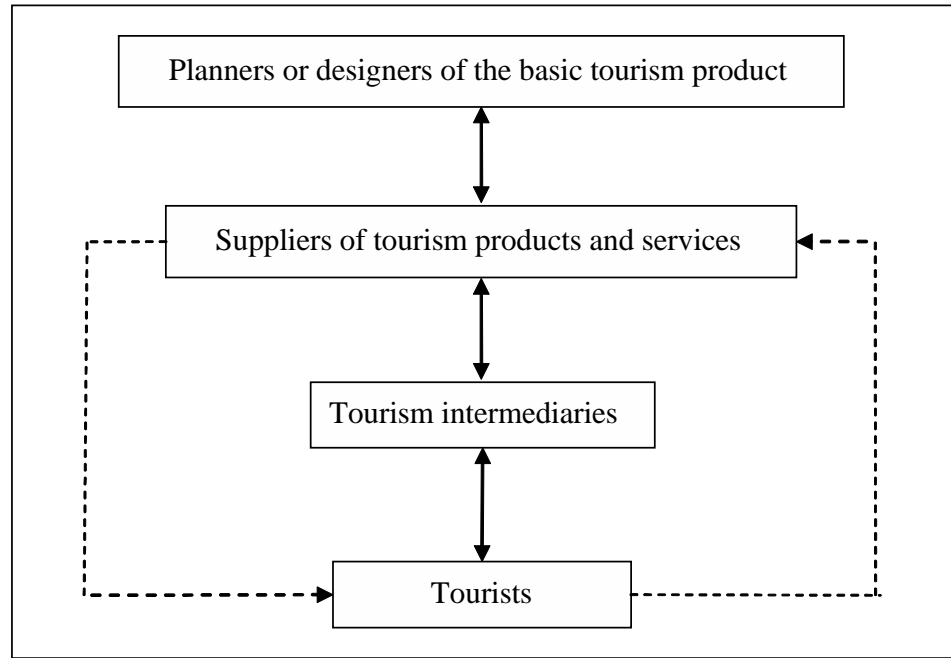
Source: *UNWTO, 2011*

Globalization of tourism and extensive use of ICTs brought changes in its business paradigm – various activities can be carried out by entities

located in different countries (Bradić-Martinović & Zdravković, 2012). This makes tourism value chain even more complex, since many entities are directly or indirectly linked to tourism sector in the areas of planning (design), product development and operations (production, marketing and consumption / recycling). The Figure 3 presents complexity of tourism value-chain network of stakeholders (UNWTO & ETC, 2011).

In general, there are four types of actors in a tourism value-chain: planners and designers of tourism products, suppliers of products and services, tourism intermediaries and tourists themselves (Song et al., 2013). Following figure presents a simplified typology of these actors:

Figure 4: *A simplified typology of tourism-value chain actors*



Source: Song et al., 2013

Interdependence of these actors and alignment in their missions is critical for success of a competitive tourist destination. The issue of tourism value chain governance is, thus, one of the most important factors of a globally competitive destination - number of products and services are offered by various individual actors in tourism value chain and performance of each entity in a value chain can affect value for tourists, which, in turn, affects performance and profitability of a large number of other entities, as well

as performance and profitability of a destination as a whole. Efficient tourism governance model within a destination, comprising of well-established communication, coordination, cooperation and integration among activities of various actors, shapes the success of a destination on a global tourism market (Song et al., 2013).

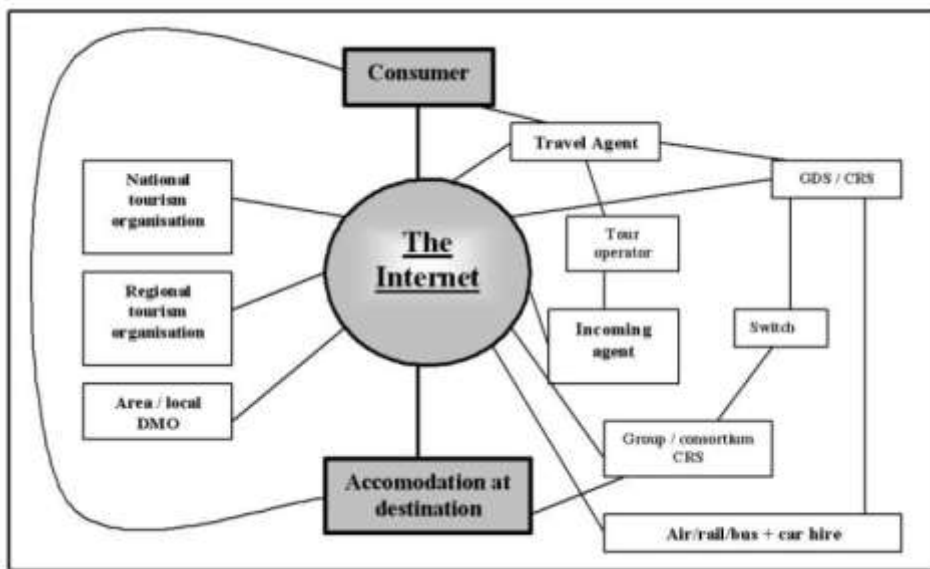
With many entities on the supply side, considering opportunities at the global tourism market, the key challenge has remained how to match existing supply and demand. In that respect, mediation has a crucial role in tourism, presenting the offer of a destination and its entities to the diverse customers coming from all around the world (Tejada & Linan, 2009).

The new technological revolution, or digital revolution, has been continuously reshaping the way people work, live and interact. Digital platforms enable matching of supply and demand in a simple and accessible way - costs are low, supply side is diversified, parties are in continuous interaction, which leads to their increased overall satisfaction and mutual trust (Schwab, 2016).

Innovations and ICTs / digital technology in travel and tourism essentially changed previously established behavior patterns of all participants in the value-chain of a destination and introduced new standards in tourism business. Internet has changed the way tourists search, compare alternatives and choose their travel options, customizing their experiences to the greatest level of details. Acceptance and endorsement of new technological trends in tourism is an imperative and destinations, as well as individual participants, are forced to redefine and adjust their strategies of providing services on the global tourism market. Digital technology consists of hardware, software and networks, and basically it is a type of transfer between two machines. For the business operation of a destination and entities in the tourism value chain, the Internet is a basic infrastructure. Today, global market awareness of a destination, its growth and importance is based on its online performance. Increasing number of innovations and technology by far exceeds the capabilities of individual entities to adopt and productively use all the options available; however, the level of sophistication and integration of technology in all aspects of social and economic life forces actors to adapt to continuously changing market conditions – forms of communications and interactions between a destination and its stakeholders is changing, becoming globally transparent. Transparency in the offer of a destination is one of the main

benefits that ICTs brought to tourism industry, reducing asymmetry of information between suppliers and consumers, which further reduces traditional monopolistic position of intermediaries.

Figure 5: *Internet based value chains in tourism*



Legend: GDS: Global distribution system; CRS: Central reservation system; DMC: Destination Management Company; DMO: Destination Marketing Organization

Source: Werthner & Klein, 1999, 54

ICTs opened direct digital marketing channels which introduced a revolution in a way destinations present and execute their offer at global tourism markets – dissemination of information and execution of transactions online are extremely simplified and destinations use digital technology for further advancements of their offer, as well as for customer relations management. Digital platforms used by destinations include central website cross linked with specialized websites, thematic websites, e-mail marketing, eCRM, social media, smart TVs, mobile platforms, etc. In addition, destinations continue to work with intermediaries, where a new and significant power is held by electronic intermediaries. Online travel agencies (OTAs) and Internet distribution systems (IDS), meta-search engines and platforms developed by traditional global distribution systems (GDS) and computer reservation systems represent powerful channels for a destination to present and execute its offer. Figure 5 presents Internet value chains which changed

the paradigm of tourism in last decades. In the future, destinations should closely monitor development of various platforms providing exchange of services among equal participants on the global market (peer-to-peer platforms). Companies such as Airbnb, HomeAway and HouseTrip have recorded significant growth in the number of bookings and revenues, which poses serious threats to existing model of accommodation business. In addition, similar types of platforms have expanded to other services in tourism value chain, such as transportation (Uber, Lyft, Blablacar), food and beverage (Eatwith, Feastly and Bookalokal), and organization of experiences and activities within a destination (Viator, Vayable). Peer-to-peer platforms offer users value for money and, more importantly, authentic and unique experiences because of direct contacts and exchange of services among increasing number of users. Although there are legal limitations in some countries (including Serbia) to use these platforms, it seems that that will not stop their growth and popularity.

Further personalization of services through digital platforms can be expected as a result of convergence of a great number of technological innovations, including the possibility to collect and process a huge amount of data about every prospective individual tourist, which was previously impossible generating so called Big data. This data can be efficiently analyzed through customized algorithms, resulting with highly personalized offer. The appearance and growth of mobile travel agencies has been dictated by migration from desktop to mobile technologies – smart phones and tablet computers. Tourists are continuously connected to the Internet and expect to receive services in all phases of a tourism value chain. Mobile travel agencies (and destinations) are constantly available to their clients, providing support in all phases, additional services and reservation and purchase options. In addition, new technologies are expected to enable interaction through wearable, smart cars and other platforms for tourists while travelling.

The European Union also has a goal to “fully exploit the potential for better use of information and communication technologies” (EC, 2010) with intent to develop touristic sector in EU countries, through connection between tourism and knowledge economy and provision of sustainable development. These priorities had been included into the European Tourism Policy, adopted in 2010 by the European Commission. The EU went a step ahead with the idea to develop decision management system (DMS) in order to measure and integrate all relevant information about their tourism destinations. They also developed 67 indicators within the

European Tourism Indicators System for Sustainable Destinations (ETIS) with an idea to implement it in new DMS. The central point of EU sustainability are Destination Management Organizations. Having in mind great diversity between countries in EU in many cases the role of DMOs play local authorities. Their plan is to establish DMO in each touristic destination in EU as a significant factor of development and competitiveness (Iunius et al., 2015, 12903).

### **Measurement of ICT infrastructure quality**

As we already stated, ICT infrastructure became one of the main driver of competitiveness on the country level (Popova et al., 2005) with significant impact on growth and development of economy (Keček et al., 2016). In the recent decades the need to establish a reliable index and to find suitable methodology that measures this impact has increased. We can find several cases in which new methodologies tended to include all relevant factors, both quantitative and qualitative measures and parameters (Zubović & Bradić-Martinović, 2014). For example, International Telecommunication Union, ITU's Digital Access Index (ITU, 2017a) and Orbicom's Digital Divide Index (ICTlogy, 2017) constructed ICT Opportunity Index (ICT-IO) first published in November 2005, in time for the second phase of the World Summit on the Information Society. It covered a total of 139 economies and tracked developments from 1995 to 2003 (WISR, 2007)). ICT-IO consists of two levels of indicators, Info Density (Network and Skills) and Infor Use (Uptake and Intensity). This index was lately replaced with ICT Development Index funded by UNCTAD. ITU also publish Digital Opportunity Index (DOI) on annual basis. DOI contains 11 ICT indicators, grouped in three clusters: opportunity, infrastructure and utilization (ITU, 2017b). We can also mention WEF Network Readiness Index, NRI (WEF, 2017a). Despite the fact that we have available numerous composite indexes that measure the development and impact of ICT, other indices also contain this component.

For the purpose of this research we put in the focus the Travel and Tourism Competitiveness Index (TTCI) developed by WEF, International Organization for Public-Private Cooperation. At the beginning, in 2007 values of this index were calculated for 124 economies and published in Travel & Tourism Competitiveness Report 2007, while the latest one has been published in 2017 and covers 136 countries. TTCI index includes factors that are important for the country's competitiveness in the tourism



sector, and its ranks provides time and cross-country analysis on the global level, but also on the level of particular pillars. According to the latest report “Paving the way for a more sustainable and inclusive future” (WEF, 2017b) TTCI framework includes 14 pillars:

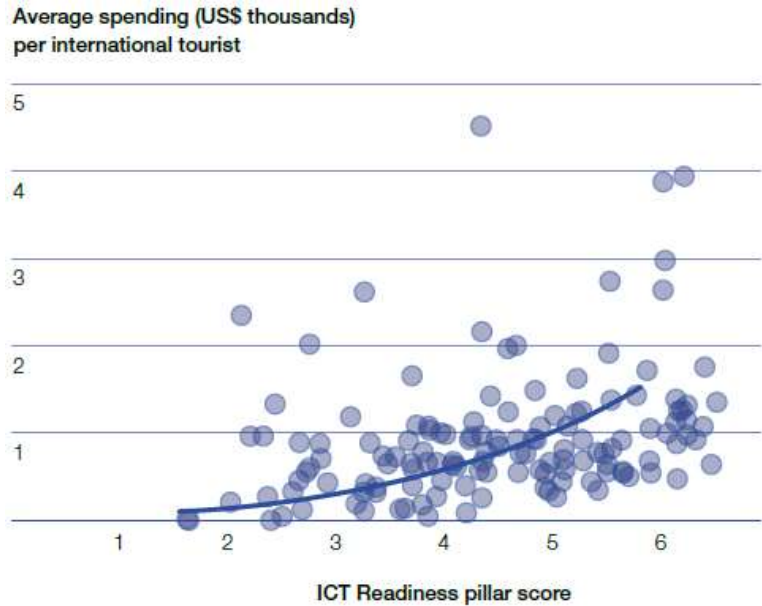
- Pillar 1: Business Environment;
- Pillar 2: Safety and Security;
- Pillar 3: Health and Hygiene;
- Pillar 4: Human Resources and Labour Market;
- Pillar 5: ICT Readiness;
- Pillar 6: Prioritization of Travel & Tourism;
- Pillar 7: International Openness;
- Pillar 8: Price Competitiveness;
- Pillar 9: Environmental Sustainability;
- Pillar 10: Air Transport Infrastructure;
- Pillar 11: Ground and Port Infrastructure;
- Pillar 12: Tourist Service Infrastructure;
- Pillar 13: Natural Resources and
- Pillar 14: Cultural Resources and Business Travel.

Having in mind that we tend to emphasize the impact of ICT infrastructure and readiness on tourism competitiveness we set up a more narrow focus on Pillar 5: ICT readiness, a part of the Enabling Environment sub-index. This sub-index captures the general settings necessary for operating in a country and WEF include it in the first, 2007 version of TTCI as Pillar 9: ICT infrastructure. This pillar “measures ICT penetration rates (Internet and telephone lines), which provide a sense of the society’s online activity; Internet use by businesses in carrying out transactions in the economy, to get a sense of the extent to which these tools are in fact being used for business (including T&T) transactions in the economy” (WEF, 2007b). TTCI 2017 report presents updated methodology with ICT readiness as Pillar 5 which includes 8 sub-pillars:

- ICT use for B2B transactions;
- Internet use for B2C transactions;
- Individuals using internet (%)\*;
- Broadband internet subs. per 100 pop.;
- Mobile telephone subs. per 100 pop.;
- Mobile broadband subs. per 100 pop.,
- Mobile network coverage (% pop.) and
- Quality of electricity supply.

Inclusion of ICT infrastructure and readiness in TTCI index is a result of research which shows that the key word of contemporary tourism is connectivity. The outcomes of the latest report point out the fact that tourism has a great impact on connectivity among people and that connectivity became digital, as a consequence of the Forth Industrial Revolution. Today, in most cases tourist need and demand mobile cell network and internet connection. On the other hand these services allow providers to approach to their customers faster and cheaper. Few examples are online booking and access to information in real time. Also “the Internet has become a great mechanism to enable locals and travelers to connect directly without relying on intermediaries” (WEF, 2017, 6).

Figure 5: *Relationship between average spending per international tourist and ICT readiness*



Source: WEF, 2017, 6

Probably the most significant impact of ICT on tourism can be found in the relationship between ICT readiness and average spending per international tourist, i.e. tourism receipts. This relationship, according to the Figure 5, shows high level of correlation, but requires additional research with the aim of testing scientific hypotheses.

## Competitiveness of Serbian tourism and ICT readiness

Serbian Government adopted a Strategy of Tourism Development of the Republic of Serbia for the period 2016-2025 and formulated three main goals: Sustainable economic, environmental and social development of tourism in the Republic of Serbia; Strengthening the competitiveness of the tourism industry and related activities in the domestic and international markets; an increase in direct and total participation of the tourism sector in the gross domestic product of Serbia, as well as increasing the total number of direct and employed in the tourist sector and its participation in the overall number of employees in the Republic of Serbia and improving the overall image of the Republic of Serbia in the region, Europe and the world. Strategy recognizes digital channels as a core of modern communication, sharing economy with virtual cross-sector information platform, social networks and 3D technology in touristic promotion as a basis for future expansion. The development of ICT tools for tourism is at the list of priorities, but Strategy does not contain any details regarding this subject. Finally, Serbia does not have destination management organization.

Despite the fact that Serbia is making efforts to develop tourism and tourist offer, the results compared to other countries, are modest. Table 1 is presenting scores of overall index for the period 2007-2017.

Table 1: *T&T Competitiveness index for Serbia - scores and ranks for the period 2007-2017*

Year	2007*	2008	2009	2011	2013	2015	2017
Score	4.18	3.78	3.71	3.85	3.78	3.34	3.38
Rank	61	78	88	82	89	95	95

\* The values are for Serbia and Montenegro

Source: WEF TTIC reports, 2007-2017

According to the presented values, after separation from Montenegro Serbia recorded sharp decline and during the ten years its position in the global rankings continued to deteriorate (from 2008 rank fall for 17 positions with average score value of 3.64). When it comes to Pillar 5: ICT readiness the situation is much better and we are recording great improvements in this sub-index, especially from 2013 as presented in Table 2.

Table 2: *Pillar 5: ICT Readiness for Serbia - scores and ranks for the period 2007-2017*

Year	2007*	2008	2009	2011	2013	2015	2017
Score	3.3	2.8	2.9	3.3	3.6	4.4	4.8
Rank	46	57	63	62	49	56	57

\* The values are for Serbia and Montenegro

Source: *WEF TTIC reports, 2007-2017*

With the aim of conducting a more detailed analysis we extracted values for all ICT Readiness indicators for Serbia in period 2013-2017, presented in Table 3. Serbia upgraded the value of all indicators in the reporting period, with particular improvement in the area in individual use of internet and mobile broadband subscriptions, while the modest improvement has been recorded in B2B and B2C transactions.

Table 3: *Pillar 5: ICT Readiness sub-pillars for Serbia for 2013, 2015 and 2017*

<b>Pillar 5: ICT Readiness</b>	<b>2013</b>	<b>2015</b>	<b>2017</b>
5.01 ICT use for B2B transactions	4.2	4.5	4.4
5.02 Internet use for B2C transactions	3.5	4.0	4.1
5.03 Individuals using internet (%)*	42.2	51.5	65.3
5.04 Broadband internet subs. per 100 pop.	11.3	14.2	17.4
5.05 Mobile telephone subs. per 100 pop.	125.4	119.4	120.5
5.06 Mobile broadband subs. per 100 pop.	34.5	53.7	71.8
5.07 Mobile network coverage (% pop.)	-	99.7	99.8
5.08 Quality of electricity supply	-	4.7	4.8

Source: *WEF TTIC reports for 2013, 2015 and 2017*

Although Statistical Office of Republic of Serbia (2016) reported that 100% of Serbian enterprises use computers, 99.1% use internet and 75.2% has web site it is obvious that Serbia does not have ability to support new business models based on knowledge-intensive technologies. In support of this is the fact that 41.0% of enterprises ordered goods/services via the Internet in 2015 (Ibid) and that only 9.3% of enterprises pay cloud computing services. We can conclude that Serbian enterprises use ICT for basic services.

After analysis of Serbian situation in the field of ICT readiness there is a need to compare values of indicators with other countries. Our country sample is consist of countries with similar resources and attraction base indicating the potential of development of prospective competitive

tourism products. These are: Hungary, Czech Republic, Slovenia, Slovakia, Romania and Bulgaria. We choose two periods for comparison, 2015 and 2017.

Table 4: *Pillar 5: ICT Readiness and sub-pillars for selected countries in 2015*

	Serbia	Hungary	Czech Republic	Slovenia	Slovakia	Romania	Bulgaria
T&T Competitiveness Index	3.34	4.14	4.22	4.17	3.84	3.78	4.05
Pillar 5: ICT Readiness	4.45	4.93	5.19	5.07	5.05	4.36	4.76
5.01 ICT use for B2B transactions	4.5	5.5	5.6	5.3	5.6	4.6	5.1
5.02 Internet use for B2C transactions	4.0	4.9	5.8	4.9	5.5	5.1	4.7
5.03 Individuals using internet (%)	51.5	72.6	74.1	72.7	77.9	49.8	53.1
5.04 Broadband internet subs. per 100 pop.	14.2	24.9	17.0	25.0	15.5	17.3	19.3
5.05 Mobile telephone subs. per 100 pop.	119.4	116.4	127.7	110.2	113.9	105.6	145.2
5.06 Mobile broadband subs. per 100 pop.	53.7	26.3	52.3	41.8	50.1	37.6	58.1
5.07 Mobile network coverage (% pop.)	99.7	99.0	99.8	99.7	100.0	99.9	100.0
5.08 Quality of electricity supply	4.7	5.9	6.4	6.2	6.2	4.6	4.2

Source: *WEF TTIC report 2015*

Based on the overall values of TTIC, presented in second row of Table 4, we can conclude that Serbia is at the last place among observed countries. The same situation is regard to Pillar 5: ICT readiness, having in mind narrow range between the highest and lowest values compared to the TTIC. The biggest lag in 2015 Serbia recorded in two indicators: Individuals using internet (%), Broadband internet subscriptions per 100

population and Quality of electricity supply, while slightly lagging behind the other countries in the sample in cases of ICT use for B2B transactions and Internet use for B2C transactions. Serbia has average values for Mobile telephone subscriptions per 100 population and Mobile network coverage (% population).

Table 5: *Pillar 5: ICT Readiness and sub-pillars for selected countries in 2017*

	Serbia	Hungary	Czech Republic	Slovenia	Slovakia	Romania	Bulgaria
T&T Competitiveness Index	3.38	4.04	4.22	4.18	3.90	3.78	4.14
5th Pillar: ICT Readiness	4.8	4.9	5.6	5.2	5.4	4.7	5.0
5.01 ICT use for B2B transactions	4.4	4.9	5.4	5.1	5.3	4.6	4.9
5.02 Internet use for B2C transactions	4.1	4.6	5.8	4.9	5.6	5.0	5.0
5.03 Individuals using internet (%)*	65.3	72.8	81.3	73.1	77.6	55.8	56.7
5.04 Broadband internet subs. per 100 pop.	17.4	27.4	27.3	27.6	23.3	19.8	22.7
5.05 Mobile telephone subs. per 100 pop.	120.5	118.9	123.2	113.2	122.3	107.1	129.3
5.06 Mobile broadband subs. per 100 pop.	71.8	39.8	72.0	52.0	67.5	63.7	81.3
5.07 Mobile network coverage (% pop.)	99.8	99.0	99.8	99.7	100.0	99.9	100.0
5.08 Quality of electricity supply	4.8	4.8	6.4	6.3	6.0	4.7	4.6

Source: *WEF TTIC report 2015*

Table 5 presents the same indicators in 2017. The situation is similar as in 2015 and we can draw general conclusion that the most indicators (ICT use for B2B transactions, Internet use for B2C transactions, Individuals using internet (%), Broadband internet subs, per 100 pop., Mobile

telephone subs, per 100 pop., Mobile network coverage (% pop.) and Quality of electricity supply) recorded the progress and closed the gap compared to other countries while Mobile broadband subs, per 100 pop. slightly increase the gap. However, despite the progress in almost all fields covered with this sub-index the overall Pillar 5: ICT readiness for Serbia increase the gap in comparison to other countries in the sample.

## **Conclusion**

The conclusion in this paper can be divided into two sections. The first section contains general states about the impact of ICT on tourism competitiveness. First of all, digital technology has changed the paradigm of tourism business and has become integral part of all phases of tourism value chain. Integration of ICTs in tourism value chain is a critical success factor of competitiveness of tourist destinations, enhancing visitors' experience from early phases of building awareness on the global tourism market to the reflection of the visit to a destination via digital channels. Also, potential use of ICTs in tourism depends on the ability of destinations to align missions of various entities participating in value creation within its overall market performance and finally responsible, accountable and efficient tourism governance (destination management) is a main driver of using digital technologies and innovations in all phases of value creation throughout tourism value chain.

Finally, a tourism industry has become digital – offers of destinations and all entities in tourism value chain have become transparent and comparable, while complete power lies in the hands of consumers, who seek for value added in all phases of their travel. New generations intuitively accept technological innovations and those are integral parts of their lives. Tourism business paradigm has been changed forever and tourist destinations can effectively utilize digital technology and present their offer to the global tourism market, building long-term, and quality relations with their customers.

Based on conducted analysis we can also make some focused conclusions for Serbia. Serbia has a solid ICT infrastructure and ICT readiness in comparison to its competitors, but also has a space for improvement. Serbia is slightly lagging behind competitors despite progress, because other countries have faster progress than Serbia in the field of ICT infrastructure. Our analysis also shows that Serbia does not have sufficient capability and capacity to achieve a real impact on applied ICT

to transform its economy and society and the potential benefits of ICT in terms of establishing sustainable development and improving the quality of domestic tourism. At the end, having in mind that ICT readiness have neutral impact on the value of TTCI we would like to point out a correlation between tourism governance and tourism competitiveness of Serbia, but this relation needs to be further explored.

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# THE IMPORTANCE OF ICT FOR THE COMPETITIVENESS OF TOURISM COMPANIES

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## Abstract

*Information and Communications Technologies (ICT) play a major role in tourism industry. The integration of ICT in tourism industry is essential for success of a tourism enterprise in the current global market. ICTs facilitate an individual to access the tourism products information from anywhere, any time. On the other side, tourism enterprises can also reach the targeted customers across the globe in a single click on the keypad after emergence of mobile computers, web technologies, etc. According to the research results, paper indicates the importance of ICT implementation for the improvement of competitiveness level of Serbian tourism sector. It also explains the gaps between tourism business and ICT influence and suggests measures to fill the gaps in Serbian tourism enterprises.*

**Key Words:** *information and communication technologies, development, competitiveness, data, knowledge*

**JEL classification:** Z30, Z31

## Introduction

The emergence of information and communication technologies as the key general purpose technology in the last 40 years affected almost every aspect of economic and social activities. The world has been experiencing positive effects from ICT on its economy, business growth, and living standards. Both developed and developing countries are trying to put in place right enabling conditions in order to tap all the innovation and

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growth opportunities offered by proper ICT implementation in different sectors of national economy and society.

Under this new development and work conditions in the world economy, tourism industry is also persuaded to accept and implement new business models and tools based on ICT in order to keep and improve its competitive potentials.

### **Global tourism industry in new digital environment**

Tourism is reputed to be the world's largest industry with a global economic contribution (direct, indirect and induced) of almost 7.6 trillion U.S. dollars in 2016 (Statista, <https://www.statista.com/statistics/233223/travel-and-tourism--total-economic-contribution-worldwide/>). Its revenues support a significant proportion of the economies of many nations and it is one of the largest employers worldwide. Its contribution to gross national product, employment and regional development are well documented and, unlike many other sectors, it is forecast to grow in importance in the coming decades as leisure time increases.

The number of international tourist arrivals (overnight visitors) in 2016 increased by 4.0% to reach a total of 1,235 million worldwide. It was the sixth consecutive year of above-average growth in international tourism following the 2009 global economic crisis. International tourism receipts grew by 4.4% in real terms (taking into account exchange rate fluctuations and inflation) with total earnings in the destinations estimated at US\$ 1.260 billion worldwide in 2015 (€1.136 billion) (UNWTO, 2017). In order to keep the development momentum world tourism faces major challenges, which should be used as new business opportunities at the same time. The main challenges are (EC, [https://ec.europa.eu/growth/sectors/tourism/policy-overview\\_en](https://ec.europa.eu/growth/sectors/tourism/policy-overview_en)):

- **Security and safety** - environmental, political, and social security; safety of food and accommodation; and socio-cultural sustainability threats;
- **Economic competitiveness** - seasonality, regulatory and administrative burdens; tourism related taxation; difficulty of finding and keeping skilled staff;
- **Technological** – keeping up to date with IT developments caused by the globalization of information and advances in technology (IT tools for booking holidays, social media providing advice on tourism services, etc.)

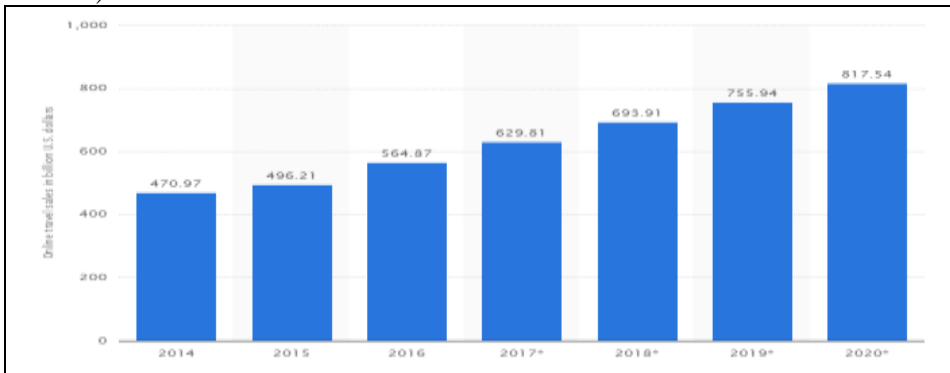
- **Markets and competition** - growing demand for customized experiences, new products, growing competition.

Technological challenge is very important for tourism industry. With more than 3 billion people online, implementation of ICT and presence in digital market has become of high importance for tourism organizations.

### **E-commerce in tourism industry**

The fact that tourism is an information-intensive industry creates necessary preconditions for electronic commerce to play a significant role in the tourism services realization. Basic components of tourism product are information and confidence, two elements in the basement of every e-commerce transaction, making the transition of tourism as traditional service activity to e-tourism phase as a logical forward development step. That is, implementation of ICT in tourism industry can further improve the quality of tourism information and rise confidence of potential consumers, as basic competitive factors of tourism product. The online travel industry is primarily made up of travel e-commerce sites and review sites. Travel e-commerce sites specialize in the selling of travel products such as flights, hotels, and rental cars. These can be either purchased directly through a travel company's website, such as the Lufthansa website, or through an online travel agency (OTA), such as Expedia. Travel review websites, such as TripAdvisor, allow travelers to post their experience of hotels, restaurants and other hospitality purchases online. These companies often generate revenue via advertisements on their sites (Statista, <https://www.statista.com/topics/2704/online-travel-market/>).

Figure 1: *Digital travel sales worldwide 2014 - 2020 (in billion U.S. dollars)*



Source: Statista, <https://www.statista.com/statistics/499694/forecast-of-online-travel-sales-worldwide/>

Global online sales value of air travel, hotels, and OTA's cumulatively generated 564.9 billion U.S. dollars in 2015 (Figure 1). This figure was forecasted to grow to 817.5 billion U.S. dollars by 2020 (Statista, <https://www.statista.com/topics/2704/online-travel-market/>). On the top of the list of countries using the Internet for buying tourism products are developed countries. In 2015, the largest share of online travel sales were conducted in North America, the U.S. alone generated around 168 billion U.S. dollars through mobile and desktop travel sales. This figure was forecasted to grow annually until 2019. The European region was expected to tally one quarter of the world's online travel sales in 2016 and was the third largest online travel market globally. Online travel sales in Europe rose from 118 billion U.S. dollars in 2010 to 176 billion dollars in 2016 (Statista, <https://www.statista.com/statistics/247303/forecast-of-online-travel-sales-volume-in-europe/>)

Regional distribution of digital travel sales indicate the leading position of North America and Western Europe (Table 1). In 2015, North America accounted for 35.8 percent of the total global online travel sales. This figure was projected to drop to 28.9 percent, with the rising participation of Asia and Pacific region up to 38.5% of total by 2019.

**Table 1: Distribution of digital travel sales worldwide from 2014 to 2019, shares in % by region**

<b>Region</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
North America	34	35.8	33.8	31.8	30.2	28.9
Western Europe	29.8	26.2	24.8	23.5	22.3	21.2
Asia, Pacific	24.7	28.4	31.5	34.3	36.3	38.5
Latin America	5.3	4.6	4.9	5.1	5.3	5.5
Middle East and Africa	4.3	3.8	3.9	4.1	4.4	4.7
Central and Eastern Europe	1.2	1.2	1.2	1.2	1.2	1.2

Source: Statista, <https://www.statista.com/statistics/499760/forecast-of-online-travel-sales-share-by-region/>

### **Tourism value chain in the Internet era**

On the new electronic market, all participants in tourism value chain, i.e. government, tour operators, distributors and wholesalers, hotels, airlines and other transport operators, and tourists themselves, are changing their roles and activities. Each of these actors is affected in different way by

application of ICT in tourism industry and has to adapt to new way of doing business and acting in global tourism market. The assessment of the awareness, accessibility and use of this ICT potentials and the Internet services by different tourism stakeholders has shown that tourism stakeholders are using ICT differently, based on main factors, such as their competence, their size, and their relative position in the tourism value chain.

The old hierarchical value chain in tourism industry has become obsolete. The Internet with its interactive capabilities substantially disrupted the existed hierarchy of direction of information and payment that existed in so called pre-Internet phase. In the new Internet based tourism industry, tourist may book online any combination of tourism services with/through any combination of producers and inter/info-mediaries. This is the main change in B2C sector of tourism industry. On the other side, B2B dimension of tourism has increased significantly. The main reason is very intensive process of linking among proprietary booking systems of each producer and inter/info intermediary with one another. The final aim is that each player can in this way provide a much larger variety of tourism products.

B-to-B relation in the tourism sector is promoted by current tourist demand asking for complex tourism product that would include a consumer-customized itinerary of lodging, travel, and car rental and recreation activities. That is, to enable to potential customer to express a detailed tourism product preferences is useless, if the owner of the web page provides no more than an "Internet enabled" proprietary CRS (computer reservation system) and can not push content from other providers. As a global network with interactive capabilities, the Internet offers ideal solutions for multi-directional transfer of information in tourism industry. The Internet can be used to network global tourism capacity with unseen scope and detail. Although its reliability and security are sometimes questioned, the benefits of its outreach as a public network and the relatively low cost of access far outweigh such precived disadvantages.

### **Empowerment of consumers to actively participate in the creation of tourism product**

Tourism has closely been connected to progress of ICTs for over 30 years. The establishments of the Computer Reservation Systems (CRSs)

in the 1970s, Global Distribution Systems (GDSs) in the late 1980s and the commercial use of the Internet in the late 1990s have transformed operational and strategic practices dramatically in tourism (Buhalis, 2003; Buhalis & Law, 2008). The tourism industry at first focused on utilizing computerized systems (e.g. CRS, GDS) to increase efficiency in processing of internal information and managing distribution. Nowadays, the Internet and ICTs are relevant on all operative, structural, strategic and marketing levels to facilitate global interaction among touristic suppliers, intermediaries and consumers around the world (Buhalis & Law, 2008; Egger & Buhalis, 2008).

Besides internal and external perspective of ICT impact on business processes in tourism enterprises, it is important to note the ICT caused change in relationship between suppliers and users of tourism services. In this context, the Internet and its inherent interactivity has great importance, because consumer is empowered to find information quickly and precisely on any destination or activity that is in his/her interest, to get information quickly and easy at any time of the day, i.e. to get an instant answer to his/her query. Especial challenge for a customer is the possibility offered by modern tourism websites to create its own tourism product (when, where, which hotel, recreational activities, etc.) with the possibility to pay for this service online.

### **Tourism industry and Web 2.0 revolution**

The Internet and its underlying technology is not a static phenomenon in history, but instead continue to change over time. After 2000, the so called concept Web 2.0 represents a further “revolution” that has impacted the way we communicate, work and conduct business. Web 2.0 is not really a technological advancement, since it relies on well-known and developed tools. Web 2.0 rather identifies the changes occurring in the ways software developers and people make and use the Web. The applications that facilitate interactive information sharing, collaboration and formation of virtual communities form today a large part of cyber users` daily activities (TOURISMLink, 2012).

As it happened for the first Internet revolution, Web 2.0 could not remain unnoticed in activities genetically bound to the human kind such as travel. The impact of Web 2.0 on tourism has been quite important and some scholars have started to use the term *tourism digital ecosystem* to mean the strict embeddedness of ICTs into all kinds of operations performed by



the industry (Nachira, 2005; Pollock, 2001). In parallel with social media revolution, the wide diffusion of mobile communication and mobile devices (mainly smartphones and tablets) has further modified the way people access the Internet and avail themselves of online resources, providing more opportunities to all online information providers. Two important developments for tourism industry are (TOURISMlink, 2012):

- A) The rise of travel and tourism reservations through social networks' applications such as Facebook,
- B) The rising numbers of world travelers forecasted to use a smartphone to find travel information and/or make reservations.

The growing importance of mobile technology is leading to a shift in power from technology players such as search engines like Google to smartphone manufacturers and developers (Euromonitor International, 2010). Business travelers were the first consumer group to adopt mobile travel technology due to the need to make last minute reservations. Leisure consumers are quickly catching up. Mobile applications offer various services from flight booking/check-in (BA), guidebooks (Lonely Planet), tourist information (Visit Lisbon) to building an itinerary (Trip It) (TOURISM link, 2012).

Following the success of the iPhone, smartphones are revolutionizing the travel industry thanks to geo localization services based on GPS technology. GPS-based travel applications impact travel behavior, favoring last-minute bookings via smartphones at tourist destination, leading to shorter booking windows. In 2016, more than 28 percent of the global population used a smartphone. Smartphone user penetration is rising with the forecasts for 2020 to reach 40% **of total global population**, with mobile phones set to overtake PCs as the most common web access device worldwide (Statista, [www.statista.com](http://www.statista.com)).

### **Motivation to offer tourism services online**

Innovation and new information technologies have become determining factors for the competitiveness of the tourism industry and for strengthening exchanges with other sectors linked to it. Effective and high-speed ICT infrastructure and software applications in the tourism industry are crucial for tourism development as they enable direct relations with customers, increased profit margins and global reach. ICTs allow customer-management relations and supply chain management to be combined into a single source that facilitates a variety of operations -

product selection, ordering, fulfillment, tracking, payment and reporting to be performed with one easy-to-use tool. In this way ICTs ultimately cut costs by enabling the provider to be in a direct contact with the consumer and also impact employment through the need for required maintenance of ICT equipment (Bethapudi, 2013).

According to Buhalis and Jun (2011), the Internet and ICTs have enabled tourism organizations to develop their processes and adapt their management to take advantage of the emerging digital tools and mechanisms to:

- Increase their internal efficiency and manage their capacity and yields better,
  - Interact effectively with consumers and personalize the product,
  - Revolutionize tourism intermediation and increase the points of sale,
  - Empower consumers to communicate with other consumers,
  - Provide Location Based Services by incorporating data, content and multimedia information on Google Maps and Google Earth,
  - Support efficient cooperation between partners in the value system, and
  - Enhance the operational and geographic scope by offering strategic tools for global expansion.
- 
- In the tourism industry ICT's are not equally applied:
  - In all functions – Although ICTs have a major effect on the methods of operation of the tourism industry, it has not affected all its functions equally. It is having the greatest impact on the marketing and distribution functions, while leaving others which need more human contact relatively untouched.
  - In all tourism sectors - Certain sectors, such as the airlines, have been keen adopters of technology, using it to help manage and streamline their operations and gain strategic advantage. Others, in particular the hotel sector, have been less enthusiastic, but are gradually waking up to the benefits which electronic distribution can bring;
  - By big tourism companies on one side and SMEs on the other - Large corporations have capital and human resources to transform their systems into a total network system; however, small and medium-sized tourism enterprises (SMEs) struggle to integrate the systems due to a shortage of financial sources. Consequently, SMEs are at a competitive disadvantage and find it increasingly difficult to maintain their position in the digital marketplace. Offering programs and

funding, governments need to support the integration of information society tools and services into all tourism activities, particularly those carried out by SMEs. There is a need to undertake awareness-raising about ICT and to start partnership initiatives with the aim to boost the competitiveness of small businesses in tourism sector, integrate them into global digital value chains, and improve their ability to create more jobs.

To take full advantage of the opportunities offered by ICT, each tourism actor needs to integrate ICT based services into his/her business environment. This means that every tourism company has to make real changes in its business structure parallel with connection, i.e. changes in internal business organization and processes as well as in relations with external actors (customers and business). To realize in practice all the benefits and advantages of ICT (lower cost, higher productivity, less working force, etc.), a company has to make complete organizational and business reengineering. To ensure a smooth transition from traditional business to the new networked economy, and to avoid internal tensions and disruption, tourism stakeholders must understand the deep nature of the transformation occurring and measure and follow its impact (Vidas-Bubanja & Bubanja, 2016).

Beside numerous benefits to individuals and organizations offered by ICT implementation, there are also limitations and barriers in utilizing the Internet and ICTs for tourism enterprises (Buhalis & Jun 2011). One of the most concerned technological barriers is a lack of global standards for quality, security, and reliability (Turban et al., 2008; Van Toorn, Bunker, Yee, & Smith, 2006). The lack of standards in technology and its applications eventually increases the cost of system integration for effective and efficient management in distribution, operation and communication worldwide.

Payment security and privacy concerns are one of the major non-technological barriers that prevent consumers from completing transactions online (Buhalis & Law, 2008). Business organizations in tourism industry must therefore pay more attention to protect themselves and their customers from losses due to cyber-crimes, such as auction fraud, vacation fraud, gaming fraud, spamming, identity theft and hacking booking details (e.g. credit card numbers and card-verification codes) (Buhalis & Law, 2008; Mills, Ismail, Werner, & Hackshaw, 2002).

## **Tourism industry in Serbia and the application of ICT technology**

In its Strategy for economic development, Serbia positions tourism as a sector that can: 1) contribute to economic development of the country, 2) generate significant foreign exchange inflow and 3) hire additional work force. On the other hand, competition in the global tourism market is highly emphasized and many developing countries and countries in transition like Serbia are trying to offer their tourism services and position themselves on the market. It is therefore important for the domestic tourism industry to follow the trends in the global tourism industry and in particular to monitor the changes in the modern business environment in order to timely apply modern management tools and technologies and thus increase their competitive advantage in the global tourism market (Vidas-Bubanja, M., Popovčić-Avrić, S., 2016). In order to examine the level of Internet penetration and the presence of e-commerce transaction in tourism industry of Serbia, we should examine some basic statistics concerning ICT application in the whole Serbian economy (Table 2).

Implementation of ICT in Serbian economy requires a change in the domestic economic system in order to be able to support new business models based on knowledge intensive technologies. A necessary precondition for such an economic transformation of Serbia's national economy is to develop infrastructural resources, and each company has to adopt new organizational and business models based on ICT and to develop an educated workforce (Vidas-Bubanja, M. and Bubanja, I., 2016a). The number of the Internet users in the world raised significantly reaching 3.2 billion in 2015 (ITU, 2015). The Digital Agenda for Europe sets the target to increase regular Internet usage in member states from 60% to 75% by 2015, and Serbia is approaching that aim with the Internet penetration rate of 66% (RZS, 2015).

Table 2: *ICT implementation in Serbian economy (the average values of certain parameter for EU, in brackets)*

	<b>2010.</b>	<b>2015.</b>
<b>Internet use by individuals %</b>	40.9 (68)	65.8 (79)
<b>Households with Internet access at home, %</b>	39.0 (70)	63.8 (83)
<b>Enterprises with Internet access, %</b>	96.8 (94)	99.1 (97)
<b>Enterprises with WEB sites, %</b>	67.5 (67)	75.2 (75)
<b>% of individuals using the Internet for interaction with public authorities</b>	-	27.8 (46)

<b>% of individuals using the Internet for ordering goods or services</b>	6.1 (40)	22.7 (53)
<b>% of enterprises using the Internet for interaction with public authorities</b>	70.6 (87)	94.5 (88)
<b>% of enterprises receiving orders online (at least 1%)</b>	20.7 (-)	22.9 (-)
<b>% of enterprises purchasing online (at least 1%)</b>	40.1 (-)	40.3 (-)
	<b>2014.</b>	
<b>% of enterprises using ERP</b>	16.2 (31)	
<b>% of enterprises using CRM</b>	14.9 (20)	
<b>% of enterprises using cloud services</b>	3.2 (32)	

Source: *RZS, 2015 and EC, 2015.*

According to Serbian statistical office in 2015, 63.8% households in Serbia had the Internet access at home, and nearly 100% of enterprises used computer in their business and had the Internet access (RZS, 2015). Parameters relating to the application of digital connections for the e-commerce transactions or e-government services indicate the lagging of Serbia in these activities comparing to Europe and some neighbouring countries in the region. Serbia is missing the European Digital Agenda targets that 50% of EU citizens should buy online or use e-Government services in the same percentage by 2015 (EC, 2015). In 2015, 27.8% of Internet users in Serbia had online interactions with the Government, and the percentage is decreasing to 22.7% when analysing users who realise e-commerce transactions (RZS, 2015).

Concerning business sector in domestic economy, the realization of network transactions still is not on a high level. In 2015, 40.3% of enterprises perched products/services online, and only 22.9% of enterprises received orders by the Internet. Those domestic companies are trying to provide high speed connections with good bandwidth, and there were 98% enterprises in 2015 with broadband Internet connection. In the same year 94.5% of enterprises used e-government services. Domestic companies are only begging to use advantages of WEB 2.0 services, as 28.6% of enterprises use some of social networks for the purpose of their business. Domestic companies are lagging in value chain management processes as low percentage of companies use ERP and CRM software (16.2% and 14.9%, respectively). Cloud services pay only 9.2% of companies in 2015 which is an increase compared to 5.4% of companies in 2014 (RZS, 2015).

In line with other companies in Serbia, the majority of tourism enterprises are aware of the importance to use potentials of ICT and the Internet in order to keep and improve their competitive advantages and ensure presence in the modern global tourism market. The research undertaken in December 2016 based on the sample of 10 hotels, 5 tourist agencies and 5 carriers in Serbian tourism sector proved that all analyzed organizations have websites (Vidas-Bubanja & Popovčić-Avrić, 2016).

The websites of domestic hotels are usually in two languages - native and English, rarely in three (German or Italian) and they give information about hotel location, prices, other hotel accommodations and contents. Some hotels in higher categories use multimedia features in their presentations. Online reservation usually does not include the possibility to pay online, but only to get information about payment possibilities by using credit cards or cash. Hotel sites very rarely offer links to other tourism websites, preventing a hotel guest to reserve air ticket or rent car through hotel web site. This clearly indicates modest level of B2B communication development in domestic tourism sector. All analyzed hotels are present on the social networks, mostly on Facebook, but majority are present on LinkedIn, Twitter, Instagram, Google+, Pinterest and Youtube as well (Vidas-Bubanja & Popovčić-Avrić, 2016).

The visited domestic travel agencies have their web presentation containing information about offered travel arrangements in domestic or foreign destination. Tourists-consumers can get all the information concerning travel conditions on the Web, but still the reservation of complete tourist arrangement requires the visit to the agency. If there is possibility for online reservation, it refers to reservation of hotel lodging, or the purchase of transport tickets. E-mail contact is the most often offered communication solution. Higher degree of travel arrangement personalization in terms of participation of user in the creation of arrangements is still not possible (Vidas-Bubanja & Popovčić-Avrić, 2016)

From the analyzed carriers in tourism (Vidas-Bubanja & Popovčić-Avrić, 2016), Air Serbia and Lasta allow online booking and online payment of transport tickets. The complex situation in the Serbian Railways System is also reflected in the fact that this company does not allow its customers buying tickets online, but only the possibility of reservation by calling the Call Center. The lack of possibility for online booking and payment of transport tickets is observed in the case of smaller bus companies.

## Online survey of ICT implementation in Serbian tourism industry

Motivation for online survey was found in three main facts: 1) the tourism industry in Serbia is in growing stage, 2) Serbian tourism industry has a high potential to attract domestic and international tourists, equipped with the number of attractive tourism destinations, 3) ICT implementation is an important factor in promoting, integrating and building brand loyalty in Serbian tourism.

The research study has been conducted by sending questionnaire online to 100 addresses of tourism organizations, travel agents, hotels, restaurants, resorts, professionals in tourism, travel and hospitality industry across Serbia. Limitation of the study refers to the relatively small sample size, the short time of the survey in just 3 weeks and a relatively low % of received answers (35%). The objectives of the study were:

6. To identify the role of ICT in tourism industry;
7. To find the gaps in level of usage of ICT in tourism industry in Serbia;
8. To suggest measures to improve the competitiveness and profitability of Serbian tourism industry by implementing ICTs.

## Data Representation and Interpretation

The online survey had 15 questions and in 35 received questionnaires respondents expressed the following views.

Table 3: *Questions and answers from the questionnaires*

Question	Answer
New technologies with website online presence will increase your business potentials	95.2%, agree 4.8% mainly agree
Is top level management in your organization included in the activities of ICT implementation in your business?	90% yes 5% no 5% do not know
Internet media (Facebook, YouTube..) are equally important in the promotion of tourism organization as mass media (TV, radio, newspapers).	66.7% agree 28.6% mainly agree 4.8% disagree
Web site optimization and the use of Google search engine as marketing promotion tool contribute to convey your tourism product to your tourism target group.	95.5% agree 4.8% mainly agree
How many search engines is the Website of your company registered in?	71.4% one 14.3% more than one 14.3% do not know

Introduction of online payment for tourism services will further improve your online sale.	61.9% agree 28.6% mainly agree 9.5% do not know
Is there a possibility to realize online payment for your services on your website?	57.1% yes 38.1% no 4.8 % do not know
Computerization contributes to a great extent in easy & fast functioning of tourism organization in all segments of tourism industry (for example online reservation system).	95.2% agree 4.8% mainly agree
Is there a training for employees in your organization for the ICT implementation?	57.1% yes 38.1% no 4.8 % do not know
Mobile communication is going to be the next high demand service that supports tourism offer in Serbia.	52.4% agree 33.3% mainly agree 14.3% do not know
Is your site adjusted for mobile application?	47.6% yes 38.1% no 4.8 % do not know
Model “one stop shop” offer of different tourism services (hotels rent-a car agencies, carriers, etc.) through the central websites directly to consumers could be efficiently used in domestic tourism industry.	55% agree 25% mainly agree 20% do not know
Virtual tour contributes to rise of the number of visits to your tourism website and acts as an online marketing pull factor.	76.2% agree 14.3% mainly agree 9.5% do not know
Is there a virtual tour on your website?	70% yes 15% no 15 % do not know
Do you agree that your target tourist group readily accept ICT trends that would reduce classical tourist transaction and open the possibility for cost reduction in tourism services?	47.6% agree 47.6% mainly agree 4.8% disagree

Source: *Survey results.*

According to the research results, there is high awareness in Serbian tourism enterprises about potentials of ICT for the improvement of business processes and for the promotion of tourist offer as 95.2% of the respondents agreed that the updated website has the vital role in improvement of their business potential. In the 90% of surveyed tourism companies top level management is included in the activities of ICT



implementation. At the same time, 38.1% of the respondents confirm that there is no ICT training for employees in their tourism organizations.

More than a half of respondents (66.7%) agree that the Internet media (Facebook, YouTube...) are equally important in the promotion of tourism organization as mass media (TV, radio, newspapers), but 71.4% respondents confirm that website of their organization is registered in only one search engine. Almost all received answers (95.5%) were positive concerning the contribution of Web site optimization to marketing promotion and the use of Google search engine for the placement of tourism product to target tourist groups. Received answers also confirm that the current information and communications technologies in our tourism organizations should be updated and upgraded as, for example, 70% of the respondents state that there is no virtual tour on their websites, despite the agreement that virtual tour acts as an online marketing pull factor and can raise visit of one website.

Very high percentage of respondents (95.2%) agree that online reservation system is essential to sell the tourism products and services and that computerization contributes to a great extent to easy and fast functioning of tourism organization in all segments of tourism industry. Although 61.9% of the respondents agree that the online payment will further support online tourism transactions, 57.1% of the respondents confirm that there is no online payment service on their sites. At the same time, 55% of the respondents agree that the offer through the central websites may reduce the tourism intermediaries and that model "one stop shop" offer of different tourist services (hotels rent-a car agencies, carriers etc.) through the central websites directly to consumers could be efficiently used in domestic tourism industry.

Concerning rising importance of mobile communications, 52.4% of the responds agree that the role of mobile commerce is very high in tourism industry and that mobile communication is going to be the next high demand service that supports tourist offer in Serbia. Still, 38.1% of the respondents confirm that their websites are not adjusted for mobile application.

Among surveyed tourism companies there is a rising awareness that their target tourist group readily accepts ICT trends that would reduce classical tourist transaction and open the possibility for cost reduction in tourism services (47.6% of the respondents agree). Although Serbian tourism

industry is in constant progress concerning ICT implementation, the conducted survey indicated gaps that still exist (Survey results):

- Almost the half of Serbian tourism, travel and hospitality websites are not mobile ready;
- In 40% of tourism organizations, employees are not still trained in the usage of ICT;
- More than 60% of tourism organizations do not offer possibility for online payments of tourism services on their websites;
- Majority of enterprises are not integrated with the updated ICTs (like virtual tours), and
- Most of the enterprises (71.4%) register their website in only one search engine.

Survey results can be used for the creation of suggested strategy orientation for domestic tourism enterprises. For them, it is essential that the current information and communications technologies should be updated, upgraded and seamless integration both internally and externally should be done to improve their business operations. The following key factors for applying ICT in domestic tourism enterprises should be considered:

- Maintenance and updating of websites,
- ICT training for all levels of workers,
- Establishing electronic linkages between all related sectors,
- IT education and training for policy makers, managers and other players in the industry,
- Integration of various sectors like transport, lodge etc.,
- Technical Infrastructure,
- Human Infrastructure, which includes skilled people, vision and management,
- Legal Infrastructure,
- ICT culture,
- Creation and sustainability of ICT environment.

Important topics for Serbian tourism industry in the future should also be: digital marketing strategy; online reputation and the use of social media; m-tourism (use of smartphones throughout the entire customer experience).

## Conclusion

The role of ICT in tourism industry cannot be underestimated and it is the crucial driving force in the current information driven society. E-tourism represents the *paradigm-shift* experienced in the tourism industry as a result of the adoption of ICTs and the Internet. It is evident that all best business practices have been transformed as a result and that the each stakeholder in the marketplace is going through a redefinition of their role and scope. Although ICTs can introduce great benefits, especially in efficiency, coordination, differentiation, and cost reduction, they are not a universal remedy and require a pervasive re-engineering of business processes, as well as strategic management vision and commitment in order to achieve their objectives.

By implementing ICTs, Serbian tourism organizations can improve both their business processes and market positioning with the following goals: 1) to promote the development of sustainable, responsible, and high-quality tourism in Serbia, 2) to increase tourism demand, 3) to improve the range of tourism products and services on offer, 4) to enhance tourism quality, sustainability, accessibility, skills, 5) to enhance the socio-economic knowledge base of the sector, 6) to stimulate competitiveness in the Serbian tourism sector, and 7) to promote Serbia as a unique destination.

The visibility and competitiveness of Serbian tourism industry in the global marketplace will increasingly be a function of the technologies and networks utilized to interact with individual and institutional customers. Unless the Serbian tourism sector utilizes the emergent ICTs, and develops a multi-channel and multi-platform strategy they will be unable to take full advantage of the emerging opportunities (Buhalis & Licata, 2002). It is safe to assume that only creative and innovative tourism enterprises which apply continues innovation in using intelligent e-tourism applications and adopt their processes accordingly will be able to achieve sustainable competitive advantages in the future.

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# INFORMATION TECHNOLOGY AND TOURISM IN SERBIA

Tatjana Miladinović<sup>1</sup>, Ivan Petrović<sup>2</sup>

## Abstract

*Information technologies are playing important role in tourism today. Research in this field contributes to the continuous development of strategies to support the tourism and the satisfaction of tourists. This study, through qualitative research gives some important facts how Serbian's tourists "think" and "look" about using information technology in the sense of searching and reservation of the touristic destinations in Serbia with the aim to give a tourist workers some useful information in order to improve their offer. Also, this paper provides a realistic analysis of the potential benefits of ICT applications to the tourism industry. Travel agencies and their partners, as well as independent tourist product suppliers can then plan their business strategies for ICT development at their destinations. At the end, the paper advocates the importance of ICT in the tourism industry and stresses the need for travel agency managers to be ICT competent in order to take full advantage of technology. Data were collected by interviewing people of different ages and with different levels of computer literacy.*

Keywords: *Tourism, Serbia, Information technology*

JEL classification: Z30, C63

## Introduction

The impacts of tourism can be sorted into several general categories: economic, environmental, social and cultural, services, taxes, community attitude. In this paper, we will address the two aspects: economy and social and cultural. We started from the first one. Based on this, it is a fact that the tourism is an important economic activity in most countries

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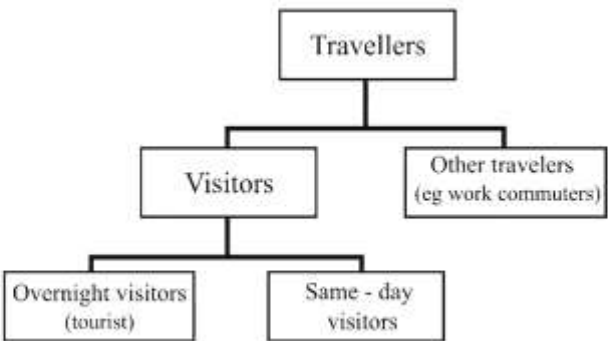
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around the world. At the same time, it is one of the fastest growing industries worldwide. For many developing countries tourism is important for economic progress because of material profits it brings and because it generates employment opportunities and provides employment for a wide range of qualifications i.e. to unskilled, semi-skilled and skilled manpower. It is important to mention that the tourism industry is the source of income for both public as well as private sector.

On the other hand, tourism can serve for recreational, leisure or business purposes, but also a social, cultural and economic phenomenon which has implications on the economy, on the natural environment, on the local population at the destination and on the tourists themselves. The World Tourism Organization<sup>3</sup> defines tourists as people "travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes" (UNWTO, World Tourism Organization, 2009). All travelers can be divided into groups on different way. One is based on the length and nature of stay. Figure 1 illustrates this (on very general form).

Figure 1: *Types of travelers*<sup>4</sup>



Nowadays Commination Information Technologies have been transforming tourism globally (Buhalis & Law, 2008). Information and communication(s) technology or information, usually abbreviated as ICT, is often used as an extended synonym for information technology (IT),

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3 The World Tourism Organization(UNWTO)is the United Nations agency responsible for the promotion of responsible, sustainable and universally accessible tourism.

4 A visitor is classified as a tourist if his/her trip includes an overnight stay.



but is usually a more general term that stresses the role of unified communications and the integration of telecommunications (telephone lines and wireless signals), computers, middleware as well as necessary software, storage and audio-visual systems, which enable users to create, access, store, transmit, and manipulate information. The marriage between tourism and ICT is now firmly recognized by the new term “e-tourism”, the “e” standing for “electronic”. Some of the tools of ICT, such as the internet, reduce the entry barrier to the tourist industry and therefore can potentially bring developing economies at par with the developed counter parts.

Closely related with e-tourism are e-travelers which tend to have higher levels of education, to be from higher socio-economic groups, and to earn more money. Living in a big town or city does not appear to influence use of the internet for travel planning or booking purposes but, as might be expected, e travelers tend to be younger than travelers in general. More than 30% of them are between the ages of 25 and 34.

The ICT increases the supply of information. Information is shared and disseminated to larger audience. Also, it reduces the cost of production and overcomes the constraints of distance and geography (Shanker, 2008). Because of this, today, more than earlier, information is a crucial factor in the planning, booking and during the travel.

The different ICT tools are used, such as (Buhalis, 2003):

- Information search: by category, geography, keyword
- Itinerary planning for customers
- Reservations
- Weather, transport timetables, etc.

Also it can be found and (Henry, 2016):

- Booking systems - Latest research suggests that more than half those who travel book online when they have the option so it pays to have a real-time system for sales and reservations.
- Delivery of visitor experiences - Tourism operators are using technology to:
  - provide an initial experience on-line, for example, experience-driven web content or tasters delivered pre-trip by online audio podcast or video clips
  - deliver audio tours for use on-site via MP3 players

- provide interpretation via mobile phones or handheld devices
- link customers to other experiences in your region, such as recommending other things to see or do on your website or as part of your tour or experience. In this way, you can help your customers understand how they can be part of a bigger visitor experience.

Closely related with information is the *internet* which is a useful tool for finding *information*.

### **Internet and tourism**

The *Internet*, sometimes called simply "the Net" is generally *defined* as a global network connecting millions of computers. More scientific definition of the internet is an interconnected system of networks that connects computers around the world via the TCP/IP protocol. No matter how we defined it, the fact is that today, the internet is a global "people's network" for communicating and sharing information. But, the quality of the information is a mixture of the good and bad, and finding important information relevant to the target needs has become increasingly significant. (Hatton, 2004 & Vinod, 2011).

The *Internet* has a dramatic effect on the distribution of *tourism* products (Sahut, 2009) and has changed forever the *tourism* environment. Number of the internet users on the world constantly grows and reaches 1.7 billion [Internet World Stats, 2010]. It is evident that the use of the Internet has been growing rapidly in the worldwide tourism industry. The internet can be used in many different ways such as making online reservation, checking availability and obtaining detailed information about some travel arrangements, finding and reading experience of other. As a result, there has been rapid increase in the online booking of hotel/motel rooms, airline tickets etc. (Christodoulidou et al., 2010; Gronflaten, 2009; Smith, 2007). Additionally, travel planning can be considered as a fundamental component of the trip experience in that a traveler often needs to obtain a substantial amount of information in order to develop a travel plan (Sigala, & Sakellaris, 2004; Zeithaml et al., 2002, Bai et al., 2008). Here available information, obtained from internet, can be crucial in the traveler's decision, especially when choosing a destination to visit (Bieger & Laesser, 2004; Fodness & Murray, 1997; Gursoy & McCleary, 2004; Jeng & Fesenmaier, 2002).

How internet is important tourism tool it can be seen from the fact that more than 148.3 million people use the Internet to make reservations for their accommodations, tours and activities (Statistics on Travel and Tourism You Need to Take Note Of—Part 1, 2016; Trends and factors, 2015). This is more than 57% of all travel reservations. Internet travel booking revenue has grown by more than 73% over the past 5 years.

### **Tourism in Serbia**

Tourism has a long history in Serbia which provides diverse opportunities for travel and recreation. All year around, numerous cultural, entertainment, traditional and sporting events are held, demonstrating the creative power and spiritual vitality of Serbia.

A great touristic potential is reflected in numerous mountains, lakes, rivers as well as historical heritage - monasteries and churches, and numerous monuments which belong to different periods. The monasteries represent an important historical and cultural inheritance of Serbia [Monasteries and churches]. Built between the XII and the XVII century, they have shaped not only the landscape of the orthodox Serbia, but they represent the reliable medieval architectural and painting witnesses. Today, these monasteries attract the tourists from all over the world who come to admire their extraordinary architecture, frescos, icons and manuscripts. Orthodox religious painting represents one of the most valuable heritage richness of Serbia.

Also in Serbia there are over 300 different thermal springs, called “spa” (Vrnjačka Banja is one of most known and popular<sup>5</sup>) with a great number of persons going for health reason.

In the last decade, new “ethno villages”<sup>6</sup> sprung outaround the country and they represent an actual strength and capacity that is important in the development of tourism in Serbia, especially in its development based on consulting and cooperation with the community. It has opened doors for the locals, as well as visitors from abroad. Some of them are Drvengrad or Kustendorf on Zlatibor district, village of Sirogojno.

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5 Some popular are Banja Koviljača, Bukovička Banja, Sokobanja and Niška Banja.

6 The “ethnic village” is a place that preserves the national heritage, which is reflected in their architecture, national cuisine and the content of activities.

In the following table, we give some interesting data about the tourism in Serbia related with the number of domestic and foreign tourists in Serbia during the period 2003-2016.

From Table 1 significant increase of the contribution (amount) of the foreign tourists in the total tourist number can be seen. So in 2016, in Serbia 55% are Serbian tourists and approximately 45% are foreign, while in 2003, 85% were domestic tourists and approximately 15% foreign. This has many implications. One important is that, in 2014, the total contribution of travel and tourism to employment, including jobs indirectly supported by the industry, was 6.4% of total employment (87,500 jobs). This is expected to rise by 0.7% in 2015 to 88,000 jobs and rise by 1.3% pa to 100,000 jobs in 2025 (7.5% of total) (*The World Travel & Tourism Council, 2017*).

Table 1: *Domestic vs. Foreign tourist arrivals in Serbia in the period 2003-2016 year*<sup>7</sup>.

Year	Total tourist arrivals	Domestic	Foreign
2003	1 997 947	1 658 664	339 283
2004	1 971 683	1 579 857	391 826
2005	1 988 469	1 535 790	452 679
2006	2 006 488	1 537 646	468 842
2007	2 306 558	1 610 513	696 045
2008	2 226 166	1 619 672	646 494
2009	2 021 166	1 375 865	645 301
2010	2 000 597	1 317 9161	682 681
2011	2 068 610	1 304 443	764 167
2012	2 079 643	1 269 676	809 967
2013	2 192 435	1 270 667	921 768
2014	2 194 268	1 165 536	1 028 732
2015	2 437 165	1 304 944	1 132 221
2016	2 753 591	1 472 165	1 281 426

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7 Source: [https://en.wikipedia.org/wiki/Tourism\\_in\\_Serbia](https://en.wikipedia.org/wiki/Tourism_in_Serbia) and World Tourism Organization, Yearbook of Tourism Statistics, Compendium of Tourism Statistics and data files (<http://data.worldbank.org/indicator/ST.INT.ARVL?end=2015&locations=RS&start=2002&view=chart>) (26 April 2017)

## **Discussion**

Although tourism has a long history in Serbia research on tourism has a relatively short tradition. But for long-term goals, which include the development of Serbian tourism, and establishing basic guidelines for future development, identifying potential users and potential tourist regions require the necessary research.

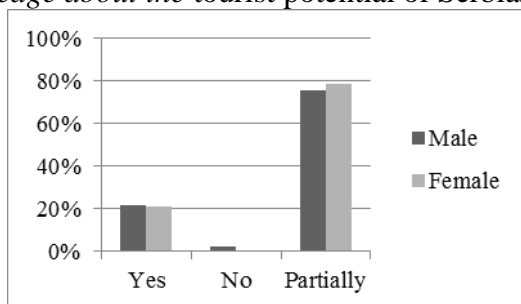
Here, we are especially interesting to show how much travelers in Serbia use the Internet, i.e. ICT, for travel information and/or booking. Generally speaking, researches about the use of ICT tools for tourism in developing economies is scanty or non-existence, so there isn't exact information how ICT affects a tourism. This study is an attempt to overcome this by giving an examination of the application of ICT in Serbia. Understanding how ICT impacts tourist behavior can be useful for travel agency to identify and develop effective and sustainable marketing communication strategies. Nowadays, it becomes more and more difficult for traditional travel agents to compete with web sites which offer many opportunities to tourists, such as online booking, virtual experience, online payment, experience exchange, online reservations.

For this purpose we made a questionnaire that is a method used in the quantitative research for data collection. We used a paper form. The research was conducted in the central Serbia. The target group were domestic tourists. The range of ages reported is wide, as well as a spectrum of interests and working experience.

We prepared 26 questions, divided into a few categories: general (gender, birth year-age, living place), multiple choice questions and comment question. Based on the obtained information, we'll try to generalize some trends in using ICT and make suggestions on future research directions in this field. Additionally, through this research we bring the gender aspect of using ICT.

First of all we were interested whether our responders are familiar with the touristic potential of Serbia. The Graph 1 illustrates obtained results:

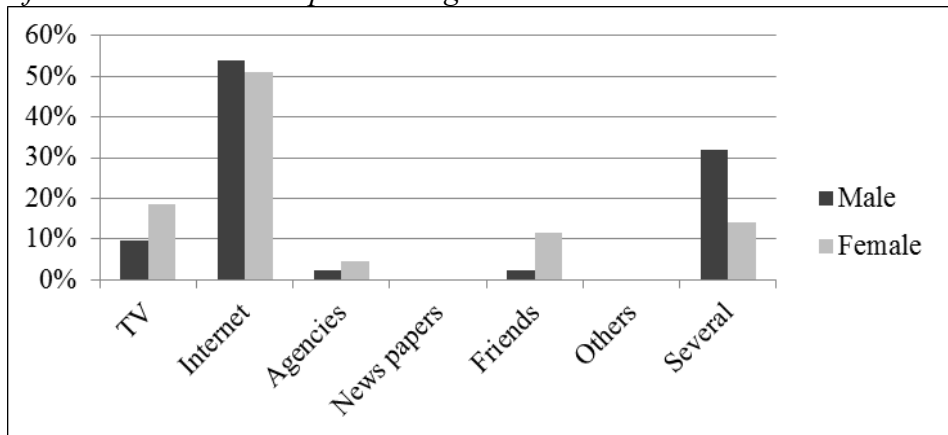
Graph 1: *Knowledge about the tourist potential of Serbia.*



To acknowledge the potential of certain countries (in this case Serbia) to generate touristic flows is essential for their tourism's and also economic development. Our results show that there is a huge opportunity for improvement in this domain. Only 20% respondents is informed of tourist potential of Serbia, while 70-80% of Themis partially informed. There isn't significant deviation between male and female responds. The majority of the respondents (86%) about the tourism potential of Serbia coming through the Internet. 78% of male and 67% female respondents use computer rather than the phone to make an Internet access.

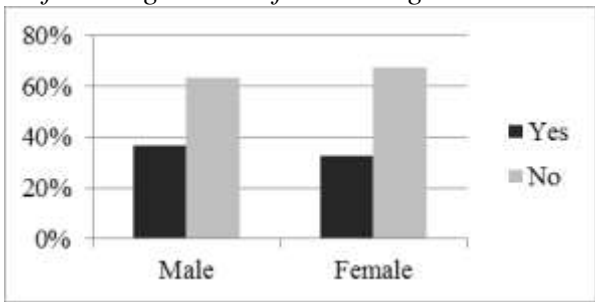
Next we asked which are the most frequently used sources of information about the touristic arrangements in Serbia. As presented in the Graph 2, the most frequently used sources of information about the touristic arrangements in Serbia include the following (M/F): Internet (53,8%/51,2%), friends/relatives (2,4%/11,6%), classical media (TV) (9,6%/18,6%), touristic agencies (2,4%/4,6%) and several sources at the same time (31,8%/14%). It is interesting that no one mentioned newspaper as a source of information. Our results show that the Internet has become the primary media used as a source of information regarding Serbian tourism destinations. Namely more than 50% of tourists use the Internet in general to obtain information, while only few percentages use touristic agencies. Friends and relatives remain the primary source of information with 2,4% male and 11,6% female which shows that the power of the reference groups is very important factor in the process of getting information about destinations for the female population.

Graph 2: *The results of comparing the frequency of used sources of information with the respondent's gender.*



It can be found that the Internet's easy accessibility has changed the way people plan their travel. So, we asked: Do you use the Internet to book tourist arrangements? Obtained answers are presented in the Graph 3.

Graph 3: *Results for using internet for booking tourist arrangements.*

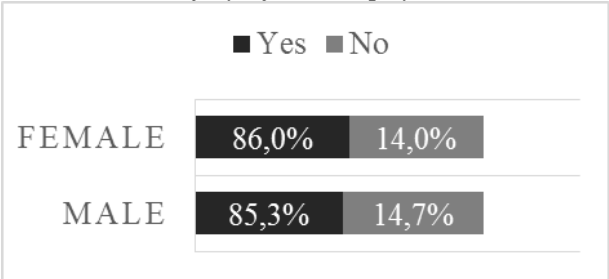


Between 30% and 40% of respondents prefer to do their travel booking online. Otherwise, it can be found that there is a big difference across the European Union with accommodation booked online - Netherlands (69%), France (68%) and Luxembourg (67%), while accommodation was booked online for fewer than 10% of the trips made by residents from Romania (7%) and Bulgaria (9%) (ICT use in tourism, Two thirds of air passengers bought their tickets online in the EU, 2016). It is obvious that our tourists have comparable results with those in developed EU economy. This can be treated as surprising, but certainly a positive result.

The question closely related with the online concerning the safety of reservation. Even 70% of respondents consider their online reservation safe.

Using the internet to make payments for trip saves considerable time and effort. There are, however, risks associated with online payments and you need to take care when making them. So, we asked respondents what they think about it?

Graph 4: *Opinion about a safety of online payment.*

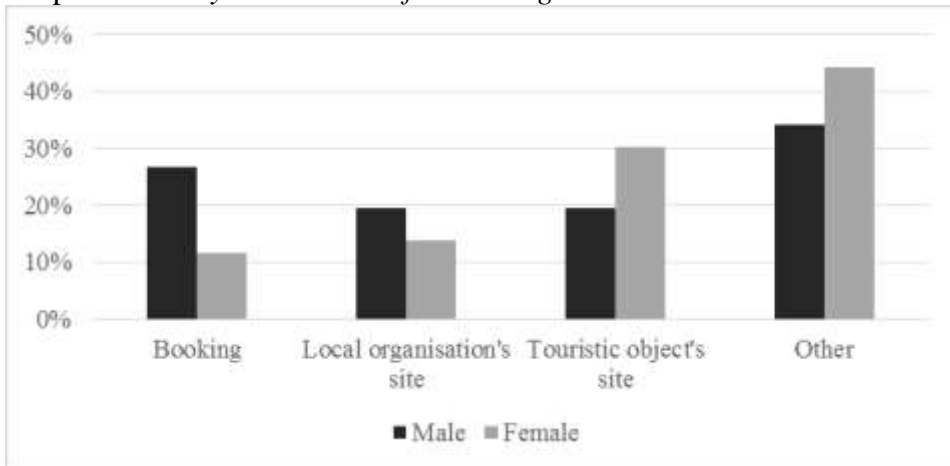


Almost 90% of all respondents consider online payment as safe. But, our results show that only 23% of them really use online payment. For this contradictory situation many reasons can be found.

For booking accommodation you usually use? This was our next question. According the usually organized offer of the touristic contents, we offered four categories: Booking, Local organization site, Touristic object's site and something else. Result shows that there isn't predominate used source. The contribution of the each particular offer is presented through the following result (M/F): Booking (26,8%/11,7%), local organization's site (19,5%/13,9%), touristic object's site (19,5%/30,2%) and something else (34,2%/44,2%).



Graph 5: *Usually used sources for booking.*

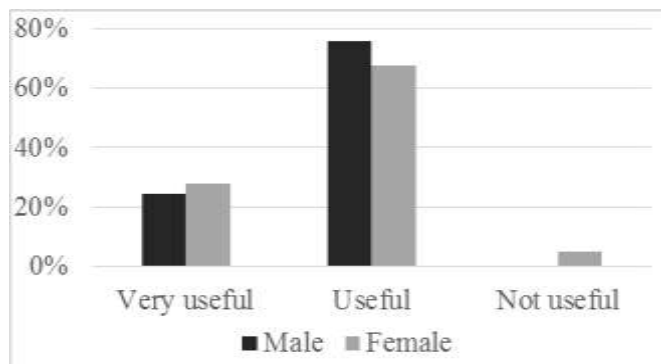


Some research showed that in 2016, rented tourist accommodation was booked online for 55 % of the trips made by residents of the Serbia (Tourism in Serbia, 2016;International tourism, number of arrivals, 2015).One particular limitation, according to industry observers, is the country's weakness in terms of online booking facilities. Serbia's hotel sector has been very slow to adapt to new technology, largely because of the predominance of small, independent hotels. A priority is to upgrade current internet banking systems to ensure that small business owners can sell their products freely online. The share of online booking decreased slightly for older age groups. However, online booking of rented accommodation tend to be a bit less important for the youngest age group, possibly because youngsters may be more inclined to book their rented accommodation on arrival instead of making pre-booked arrangements.

Tourists may have varying motivations for visiting particular destinations, and also may have different satisfaction levels and standards. Because of that it seems logical that some researches show that hotel guests read 6-12 reviews *before booking* (Hotel guests read 6-12 reviews before booking, says new TripAdvisor survey, 2014). *Also, some* studies reveal that less experienced respondents trust more the travel agencies for information. When they decide to book their travel details the study finds that most of young people use travel agents to book their travel (65%). As they start to get more experienced, travelers tend to prefer making their own travel arrangements using the Internet, instead of contacting travel agencies. We asked our responders do they read the comments (forums) of tourist before the booking and do they find obtained information useful?

Even 86% of all responders read the some online comment before booking. Obtained information they consider as useful. Graf 6 illustrates these results.

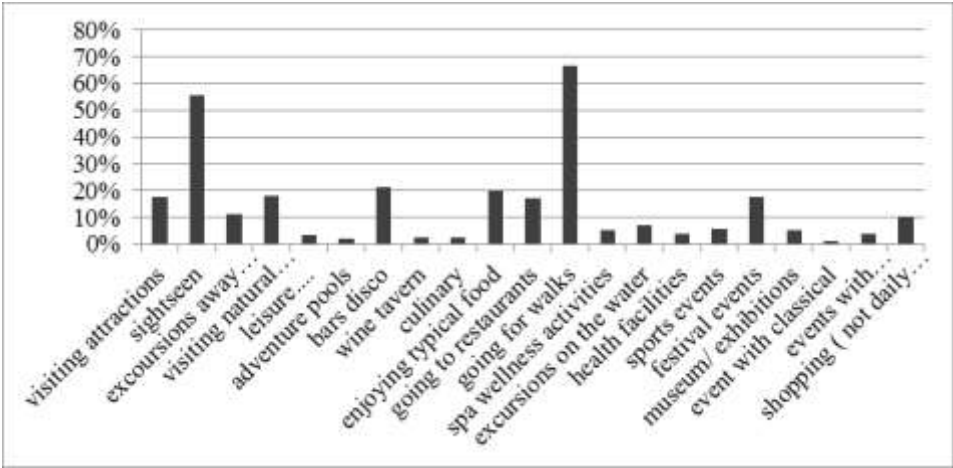
Graph 6: *Opinion on the usefulness of information obtained from the internet.*



According our data 67% consider online date as useful, 28% as very useful and only few percentages consider it as not useful. There isn't significant deviation between male and female responds.

According the data derived from the Statistical yearbooks of Republic Serbia can be seen that the more Serbians travel to foreign destinations than the resident country. Reason can be found in the lack of affirmed tourist resources, as well as the affinity of Serbian tourists that during the summer go to seaside (the most visited destination is the Greece). Winter holyday have relatively small number of Serbian tourist and as such, it's affect is not significant on the general touristic flow(Stanojlović, G. et al., 2010).Our results confirm this. Namely, even 72% Serbian tourists chose foreign destinations, while at the same time, only 23% domestic. The remaining 5% consider booth destinations are equally interesting. Additionally, we gave the comparative review of tourist activities in Serbia during the summer (Paunović, 2013):

Table 2: *The comparative review of tourist activities in Serbia during the summer*



For touristic destination with the best internet presentation the responders marked two main competitors in the Serbian mountain tourism Zlatibor and Western Serbia region and Kopaonik. For authors it was surprising that younger responders did not recognize Exit’s internet presentation as one of the most representative (the best) considering that it is acknowledged on a worldwide scale.

### Conclusion

The importance of information technology in tourism has increased significantly over the past year and this trend will certainly continue. Today the ICT is spread throughout almost all aspects of tourism and related industry. Our results show that the ICT has a significant impact on the Serbian’s tourists. Generally speaking, they use online reservation and consider the internet as an important source of information about touristic destination. Also, it is obvious that the touristic presentation of Serbian touristic potential must be improved. There are many different potential without appropriate internet “support”. There isn’t other choice for touristic workers but to understand and manage change, and implement the innovation that comes as a result of informational changes. This can help them to build a better, more accessible, more inclusive, more creative, more ambitious tourism.

## Acknowledgements

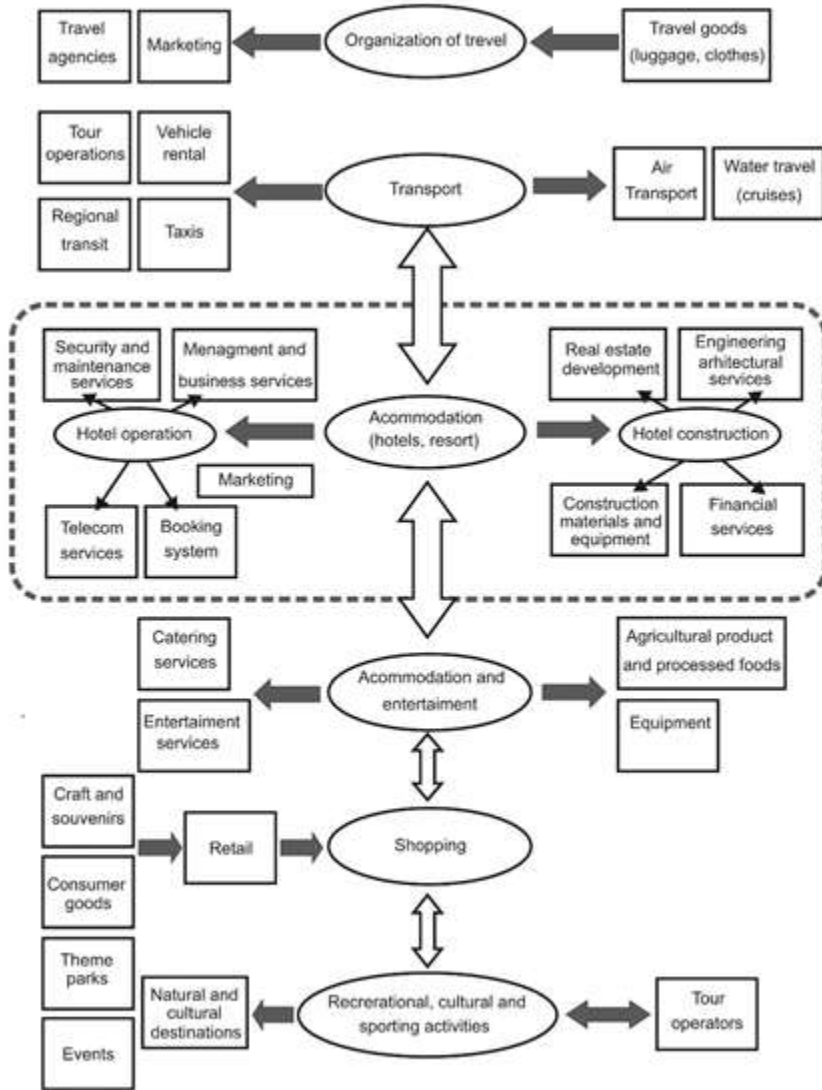
We are grateful to the Serbian Ministry of Education, Science and Technological Development for financial support through Projects 171020 and the Technical College of applied studies Kragujevac

### Appendix 1

Gender	
Age	
Living place	
Are you familiar with touristic potentials of Serbia?	<input type="checkbox"/> Yes. <input type="checkbox"/> No. <input type="checkbox"/> Partial.
Do you use the internet as a source of information about tourist arrangements?	<input type="checkbox"/> Yes. <input type="checkbox"/> No.
If you do use the internet as a source of information about touristic content you access the internet with:	<input type="checkbox"/> Computer. <input type="checkbox"/> Cell phone.
You learn about the touristic potential of Serbia usually through the:	<input type="checkbox"/> TV. <input type="checkbox"/> Internet – Web sites <input type="checkbox"/> Tourist agencies. <input type="checkbox"/> Newspaper. <input type="checkbox"/> Friends. <input type="checkbox"/> Other.
Do you use the internet for booking (making a reservation) arrangements?	<input type="checkbox"/> Yes. <input type="checkbox"/> No.
You prefer internet or phone for reservation (in the case when the on-line reservation is possible):	<input type="checkbox"/> Internet <input type="checkbox"/> Phone
Do you consider booking arrangements safe on line?	<input type="checkbox"/> Yes. <input type="checkbox"/> No.
Do you use the internet for paying for tourist arrangements?	<input type="checkbox"/> Yes. <input type="checkbox"/> No.
Do you think that paying for tourist arrangements is online safe?	<input type="checkbox"/> Yes. <input type="checkbox"/> No.
For booking accommodation you usually use:	<input type="checkbox"/> Booking. <input type="checkbox"/> Sites of local tourist organizations. <input type="checkbox"/> Sites of tourist.

	<input type="checkbox"/> Other
Do you read the comments (forums) of tourist before the booking?	<input type="checkbox"/> Yes. <input type="checkbox"/> No
Which tourist destination in Serbia has the best online presentation?	_____
Do you find information you get online about the tourist arrangement useful?	<input type="checkbox"/> Very useful. <input type="checkbox"/> Useful. <input type="checkbox"/> No.
When was the last time you booked any tourist arrangement in Serbia?	_____
How many times in last three years have you booked a tourist arrangement over the internet? Serbia/Abroad	_____/_____
How many times in the last three years have you booked a tourist arrangement with a tourist agency? Serbia/Abroad	_____/_____
If you have to choose between tourist arrangements in Serbia and abroad, you would choose:	<input type="checkbox"/> Serbia. <input type="checkbox"/> Abroad.
Do you know you can reserve tickets for transport online?	<input type="checkbox"/> Yes. <input type="checkbox"/> No.
How would you describe representation of tourist content of Serbia online:	_____ _____
Where do you see space for improvement of online presentation of tourist content of Serbia:	_____ _____

Appendix 2 - Tourism value chain, 2013.<sup>8</sup>



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# TOURIST VISITS TO SPAS OF SERBIA - GUIDELINES FOR IMPROVING THE OPPORTUNITIES FOR DEVELOPMENT OF TOURISM PRODUCTS

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## Abstract

*Tourism is the most adequate human activity to create economic property out of attractive natural and cultural resources by applying the sustainable development principles. The spas in Serbia and their environment testify to the deep and turbulent history of civilization and the rich cultural and historical heritage. Serbia has a great potential for tourism development. This research is directed towards the development and tasks to be performed in respect of spa tourism of the Republic of Serbia. The paper presents an overview of visitors to the spas of Serbia. The aim of this paper is to identify the development prospects of spa tourism and through analysis of the number of visits systematize the main spa destinations and perceive the possibilities of tourism product development. The active participation of tourists in the tourist traffic is the main factor of implementation of the tourism product.*

**Keywords:** *tourism, spas of Serbia, number of visits, overnight stays, development, tourism product*

**JEL classification:** *Z31*

## Introduction

Modern tourism had its beginnings in the 19th century, and is associated with organized visits to spa, health resorts. Complex geological reliefs in Serbia, deep fissures of the earth's crust and shallow and deep aquifers are the basis of the spas of Serbia. Particular spas and climatic health resortshave been known since the ancient Roman time (Vrnjačka,

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Gamzigradska, Slankamenačka, Brestovačka, Vranjska, etc.). Later, they were used by the Turks as well, however, due to the lack of doctors, treatments provided in them were unprofessional, and the very spas were not organized by plans. Building-up spa resorts primarily requires mineral water examinations to complete their categorization by types of diseases to be treated. The first analysis was performed in Vienna in 1834, the second was conducted by Baron Herder in Belgrade in 1835, and after that the analysis was done by Serbian experts in 1863. Along with chemical analyses, other activities were undertaken, such as refurbishing the accommodation capacities, organizing medical control with the engagement of physicians, opening new springs and adopting administrative regulations in order to introduce rules and order in spas. Thus, on the 30 May, 1888 the regulation "Rules of keeping order in the mineral waters" was adopted, and at the beginning of the 20th century, the Law on Spas, Mineral and Warm Waters was also adopted (Bukovička, Brestovačka, Jošanička, Vranjska, Ribarska, Soko Banja and Mataruska spas were the first spas with a large number of visitors). The contemporary trends of tourism development indicate that tourism of the 21st century, i.e. of the modern age, is an essential activity and need of a modern man (Vučković & Trmčić, 2011). The basic role of tourism is the fact that this industry has managed to coordinate man's essential functions, such as: relief of boredom and stress, relaxation, recreation, versatile development of personality in cultural and psychophysical terms. Today, tourism is an economic, social, political, technological and cultural phenomenon. We can quite reasonably say that tourism is a cultural need, which is created and cherished from birth to the old age (Čerović, 2003). Tourism is the most appropriate human activity that may create a public property out of attractive natural and cultural goods without their degradation by application of the sustainable development principles.

The aim of this paper is to identify development prospects of spa tourism, and through analyses of visits to tourist destinations, observed in this study, systematize the main spa destinations and study the possibilities of tourist product development. Our initial hypothesis is that spa tourism can be one of the most important guidelines for economic development of the spas based on the following hypothetical statements: the favorable geographic position of the spas is an important factor of development of cultural functions of the spas in Serbia; accommodation of all categories is provided; the standardized quality of tourist offer is of great importance; spa places have significant cultural resources; there is a wide range of cultural events organized; development of spa tourism in cultural and

economic aspects strengthens its sustainability by creating tourism product. Tourist organizations in spas are of great importance for further development of spa tourism, as well as spa tourism products are, in terms of achieving competitiveness in relation to other destinations.

### **Research methods**

The paper uses the following methods:

- The method of content analysis and literature review in the print and electronic form;
- The deductive method, which will be the subject of the research to explain the variables;
- The inductive method, which will provide a comprehensive overview of the research subject;
- SWOT analysis.

### **Perspectives and possibilities of development of spa tourism - development guidelines**

Natural properties of thermal mineral water and range of accommodation capacities have not had a crucial influence on size of the tourist traffic to individual spas in Serbia, but their geographical location and distance from urban areas have. According to the size of traffic in spas in Serbia, they can be divided in several groups. The first group consists of the most visited spas: Vrnjacka Banja and Sokobanja. Vrnjacka Banja is the most advanced Serbian spa with a share of about 20% of total overnight stays in spas, which is far ahead of all other spas in Serbia. The best results in Vrnjacka Banja, like in other major tourist centers in Serbia, were achieved during the 1980s. Later tourist results, during the "crisis of the 1990s", were much more modest. However, Vrnjacka Banja has always dominated over other spas in the country. It is the most developed Serbian spa, with the longest tradition, lying at the foot of breathtaking mountain Goc and showing the most homogenous traffic distribution by months of the year, which indicates very favorable prospects for its future development, thus deserving a special place in tourism growth in Serbia. Right behind Vrnjacka Banja, the largest traffic is realized in Sokobanja (18% of the overall overnight spa stays in Serbia in 2005), with a solid base of accommodation and medical facilities and long tradition and which, together with mountain Ozren, at the foot of which it is situated, creates a unique tourist and functional whole. The second group includes spas with more than 100,000 overnight stays per year each - Niska Banja,

Banja Koviljaca, Bukovicka Banja and Mataruska Banja, which belong to a group of the most developed spas in the country (Vićentijević, 2015). They are characterized by a relatively developed healing function, solid material base and a favorable geographical position (vicinity to lines of communication, urban areas and other motives). The third group includes spas with over 50,000 overnight stays, such as: Gornja Trepca, Gamzigradska, Sijarinska and Prolom Banja. Other spas to be mentioned are Vranjska (excellent position, the most famous hypertherma in our country, with water temperatures higher than 90°C) Bogutovacka, Kursumlijska (near Kopaonik) and Ribarska Banja, which has accomplished a significant growth over the past few years, using the advantages of its location, as being situated on the slopes of Jastrebac, near Krusevac, and which has also developed a medical treatment function and improved the material base. All other spas do not keep pace with the above mentioned and cannot be expected to achieve significant results in the short and medium term (Jovičić, 2009). Spa tourism treats culture as the appropriate basis, presenting it through tourist brochures without designed and organized tourist and cultural products. The relation of cultural heritage within the spa tourism provides conditions for better promotion and preservation. Of all the analyzed spa tourist destinations in this paper, Vrnjacka Banja is the most visited spa in Serbia.

### **Cultural aspects of spa tourism in the function of tourist product development**

Culture and development of an area can be viewed as a process and as a product. Culture as the process would be linked with the community as anthropological and social entity with its system of values and customs. The fact is that culture can be attractive to tourists as an entity of a local social community, the above mentioned spas, as well as regions, even of the whole country, broadly speaking. In the process tourists always require specific feature, authenticity and character. Culture as a product is associated with individual culture and its ability to create. Thus we get to know individual works of art expressed through the entire artistic creation (architecture, painting, sculpture, literature, music, film, etc.). Therefore, cultural offer of a region involves a complex whole of the culture of groups and individuals, connected into one system of values (Djukić-Dojčinović, 2005). Cultural spa tourism is defined by several different aspects. From an economic point of view, it also implies presence of cultural products on the tourist market with artistic values that bring profit and, above all, general benefit; from tourism aspect, it is defined as the

movement of individuals motivated by cultural needs and refers to places that are not touristically developed and culturally affirmed enough (Jelinčić, 2008). Tourists should spend at least one day in such a place actively exploring the potential and realizing consumption, which is a precondition of cultural spa tourism; from the cultural point of view, it is all the hidden cultural potential that a city or a region possesses bringing cultural and artistic experience to local audiences and visitors; from the educational point of view, this is a tourist trip out of desire to explore, discover and learn about national and local cultural values of the region visited, as well as needs for the purpose of treatments offered in spas. Within tourist and cultural offer, there are increasingly organized schools, courses and other educational contents, functioning at the same time as marketing guidelines.

### **Resources of spa tourism**

Resources represent tangible and intangible values of a social community that can be used to implement different types of programs and production. Cultural resources are defined as the collective evidence of past activities and achievements of people. Buildings, facilities, locations, functions and structures with scientific, historical and cultural significance are examples of cultural resources. In order to develop spa tourism in a particular area, the quality and potential of the existing resources must be assessed. This assessment contributes to perceiving the current and potential tourism development in particular areas. In addition, management mechanisms should be established to ensure wise and rational utilization and protection of the existing resources (Živković, 2012). Cultural resources can be: archaeological sites, architecture (ruins, famous buildings, entire cities), museums, art, sculpture, crafts, galleries, festivals, various events, music and dance (classical, folk and modern), drama, theater and film, language and literature, religious feasts, pilgrimages, the entire folk culture and subculture. According to the second type of classification they are based on the analysis of the actual and potential tourism development in given areas.

**Tourism product in terms of spa tourism-** In order to explain what tourism product exactly means, as viewed from the aspect of spa tourism, general definitions of the tourism market should be considered. The most widely accepted definition that puts together specificities of trade in tourism is that the tourism market is a place where tourist demand and supply meet, and that this is a set of relations and the emergence of supply

and demand in the area of services and goods, which are used for providing tourist services in a particular area, and they occur under the influence of tourism trends. The subject of exchange on the tourist market thus defined is a tourist service, i.e. the tourism product. Basic characteristics of tourism products (services) are intangibility (there is no possibility of seeing, tasting or touching the service before buying), indivisibility (the moment of providing service cannot be separated from the time of using it), volatility (conditioned by the mobility of tourism demand), impossibility of storage (the services by their nature cannot be stored). The fact is that tourism is an activity which combines a number of other activities that can affect forming tourist offer by their products and services. Some of the activities have the character of services (transport, catering, commerce, tourist agency), although there are activities that have a clear commodity character (e.g. craftsmanship). It means that the product is a result of a synthesis of all these activities, and unified with tourism, it has an integral character, i.e. it is an integral part of manufacturers on the side of the tourist offer (Cook, & Marquardt, 2005). Cultural resources of spa tourism become tourism resources by a planned design, and they become cultural products through the processes of presentation and interpretation. No city, landmark or event is tourism resource in itself. They become tourism resources only when the tourism system marks, establishes and elevates them to the status of cultural attraction. Transformation of cultural heritage in the product initiates a cumulative process, due to the increasing number of tourists, a growing number of travel agencies oriented to the same product and its constant presentations in brochures of tour operators appearing on the tourism market. The tourist product in cultural spa tourism is very complex because of a number of attractions that are of interest to cultured tourists. Options for creation of a product (service) to be traded in the cultural spa tourism are diverse, which can be concluded by the quantity of cultural goods potentially interesting to tourists, such as the spa Vrnjačka Banja. Under the current conditions cultural resources must be offered on the market as a cultural 'product'. The cultural product is becoming increasingly important; customers are tourists and must be treated as such. Middleton and Clark highlight the complexity of the cultural 'product' and state that the main components of such products are: quality of promotional materials and information on web pages that affect the expectations tourists may have concerning their first visit to a particular attraction, then the first visual impressions, access to attraction, physical appearance, ambience, attractive entrance to the attraction, hospitality of staff, management, presentation and interpretation of cultural resources,

audiovisual materials and any additional events and activities, exhibitions, presentations and interpretations of secondary attractions, etc. Urban places offer a range of tours of historical sites, museums, buildings with interesting architectural style, monuments, theater performances, night clubs and major sporting events, etc. In practice, it is possible that a tourist destination with less quality resources achieves better results in the tourism market (Popesku, 2009). Such a situation may arise from a destination compensating for the lack of natural, cultural and historical resources with knowledge - the human factor, capital or the level of development of infrastructure and superstructure.

From all the above stated, it can be concluded that a tourist product is a coherence of products and services of various economic activities which participate together in creation of a specific experience a tourist, as a participant in cultural tourism developments, takes home in form of memories. In order to make the experience as complete as possible, these forms of tourist movement involve to a great extent active participation of tourists in the implementation of the tourism product. History, culture, architecture are frequently one of the main motives for the arrival in a tourist destination. A need for new experiences motivates tourists to visit cultural heritage and cultural sights, especially in spas in Serbia.

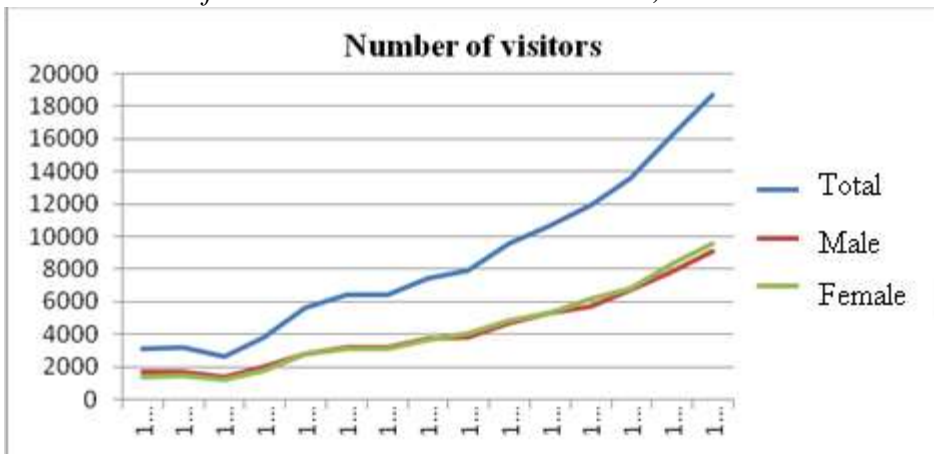
Inclusion in tourist flows is the reason not only for visits to famous cultural sights, but also to new attractions and events. To achieve a successful placement of a certain destination on the tourism market of spas in Serbia, it is necessary to discover motives for arrival in the destination and motives for visits to cultural sights, as well as to obtain the information on tourists' satisfaction with the offered cultural 'product'. It is important to learn about the interaction between cultural resources, such as monuments, events and the like, on the one hand, and the expected experiences of tourists on the other hand. Even a passive vacation requires certain comfort, goods or services and a certain degree of experience (Djukić-Dojčinović, 2005). Cultural 'product' should be formed as attraction 'product' offered to tourists who want to become more familiar with the past and present heritage of a destination. Very important is a way of interpretation of a place, history, people, art, etc., it is what can create a memorable experience.



## Characteristics of tourist demand of the spas of Serbia

The following charts show the original data on visiting tourist destinations of the spas in Serbia and their evolutionary flow of tourist visits from the First World War to 2016, as a guideline for consideration of stability, sustainability and development prospects of the tourist product.

Chart 1: *Visits of tourists until the First World War, 1894-1908*



An overview of the number of visitors during the period from 1894 to 1908 is given, which includes summer period (5 months are included- May, June July, August and September for each year and in some spas there is a number of visitors beyond this period, but it is relatively insignificant). For some years of the period there is no explanation of the lack of data on individual months for some spas, while according to the number of visitors in terms of gender, it can be concluded that there was a relatively equal participation of both genders in the total number of visitors in the researched period.

Chart 2: *Tourist visits before the Second World War – arrivals, stays 1929-1939*

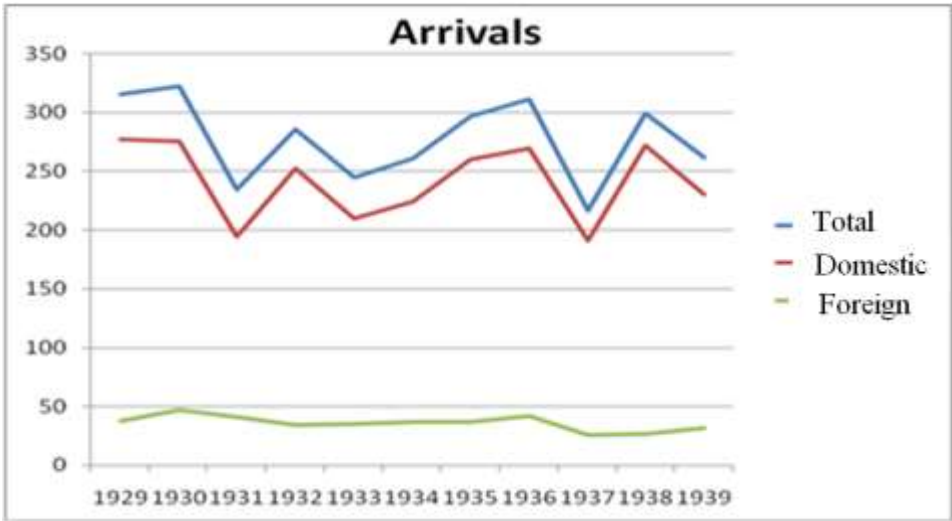
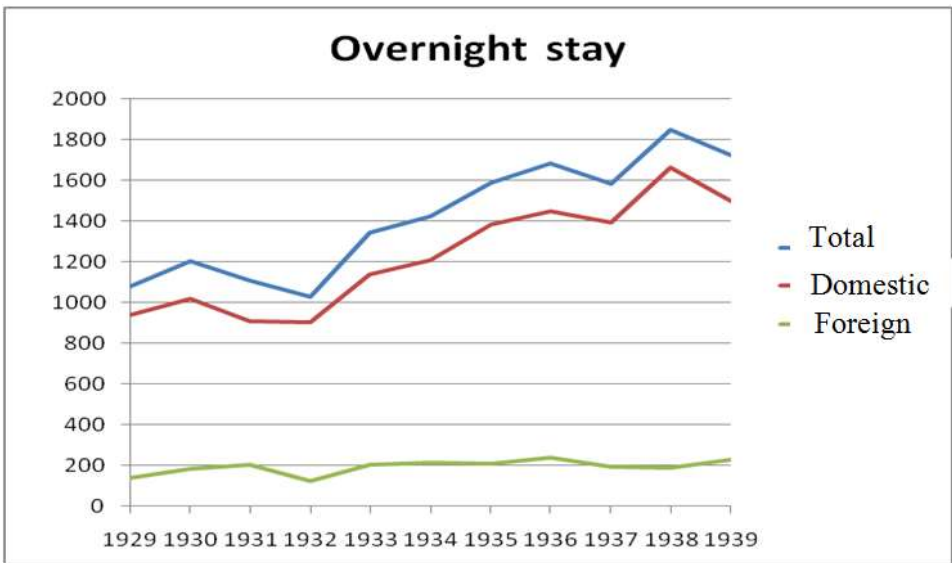


Chart 3: *Tourist visits before the Second World War – overnight stays, 1929-1939*



Data on tourist visits in the period from 1929 to 1940 was analyzed on the basis of the complete data on the Danube and Morava banovina (administrative unit), the city of Belgrade, as well as data on certain tourist places within the Drina and Vardar banovina. They do not represent the current territory of Serbia, but they include its greater part.

The number of overnight stays was estimated according to the available data on the total overnight stays at the level of banovina for the available years and according to the number of arrivals of domestic and foreign tourists calculated as a multiple of the average number of arrivals and overnight stays.

Chart 4: *Tourist visits in spas after the Second World War*

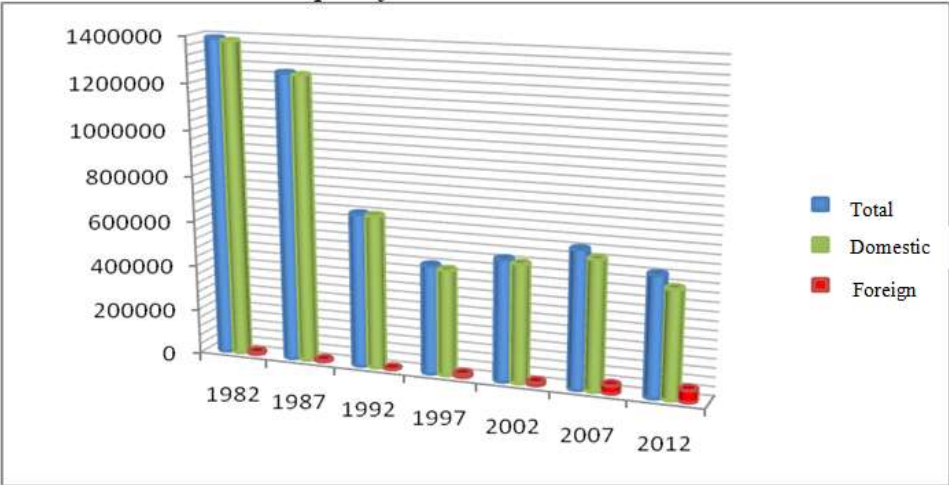


Chart 5: *Tourist visits in spas of Serbiaafter the Second World War (%)*

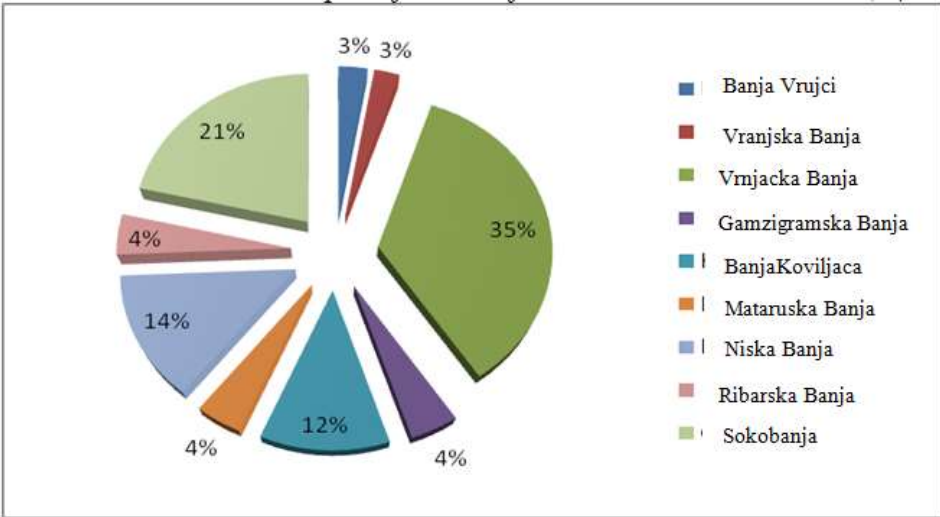


Chart 6: *Different choices of tourist accommodation in spas in 2012*

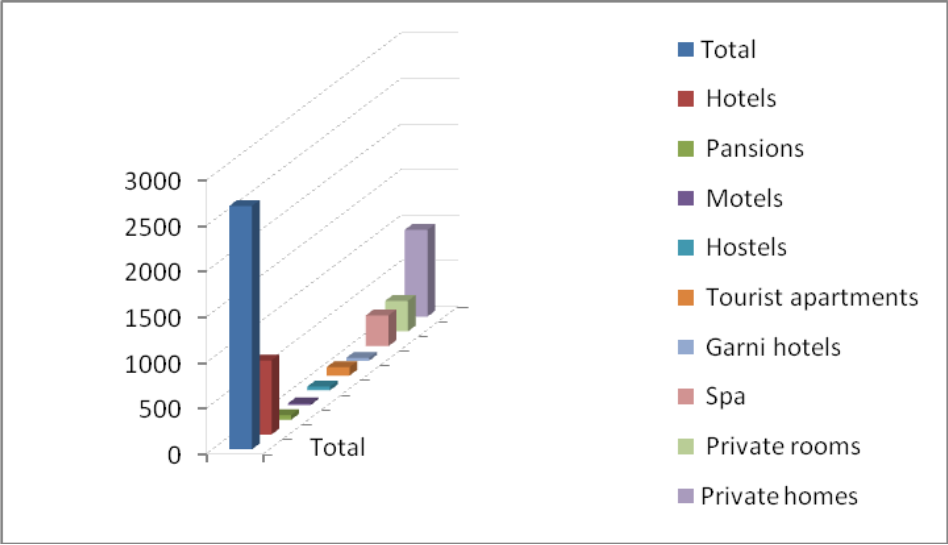


Chart 7: *Different preferences of tourist accommodation in spas in 2012(%)*

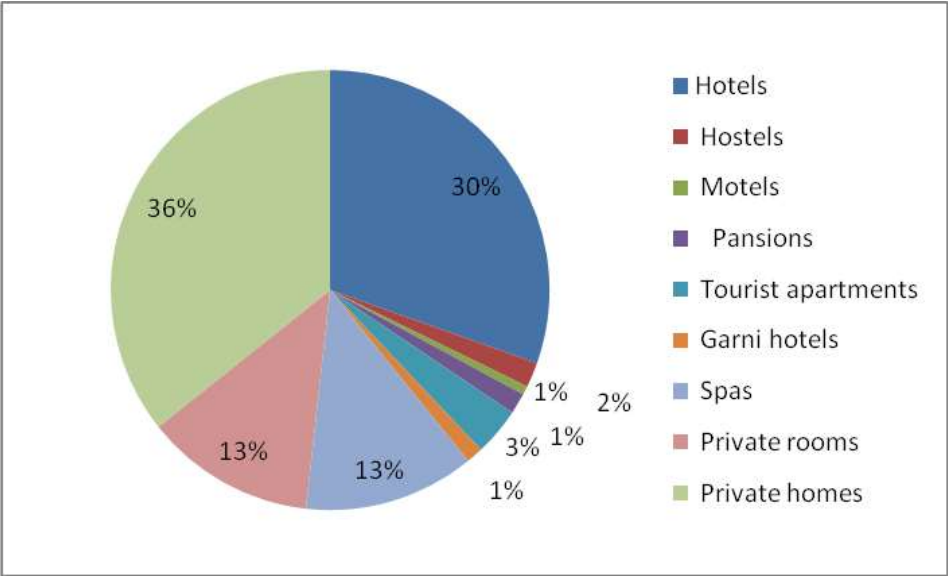


Chart 8: Arrivals and overnight stays of domestic and foreign tourists in 2014

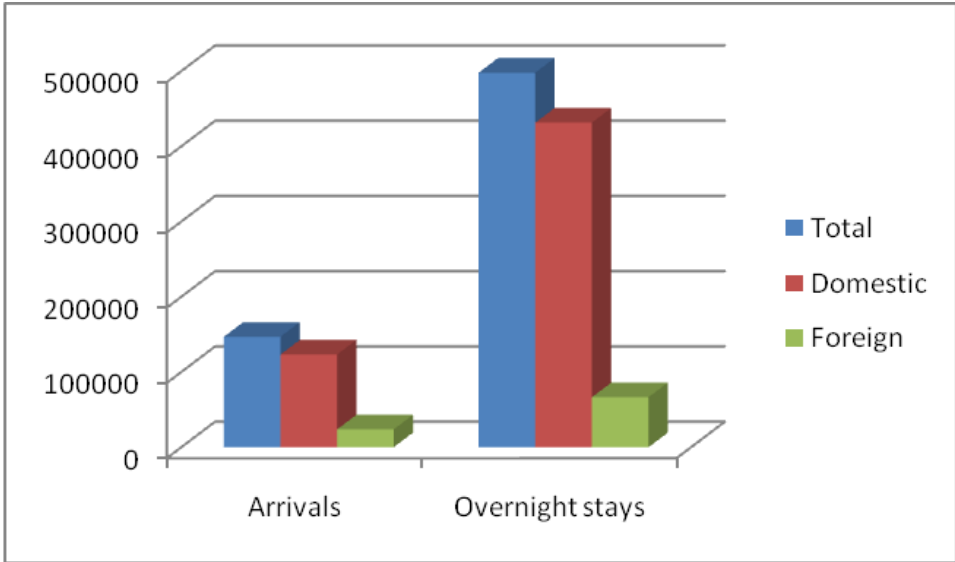


Chart 9: Total arrivals of domestic and foreign tourists in percentage in 2014 (%)

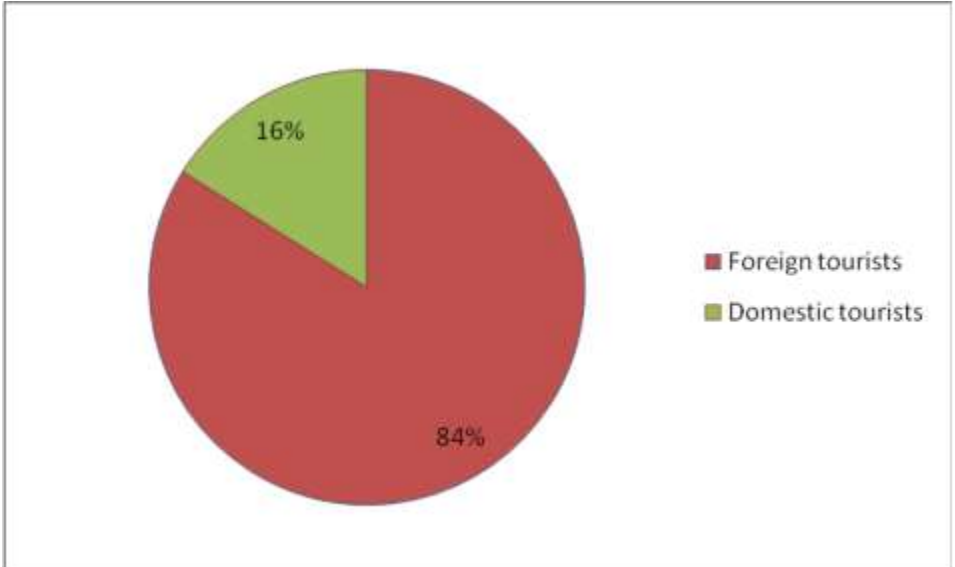


Chart 10: *Arrivals and overnight stays of domestic and foreign tourists in 2015*

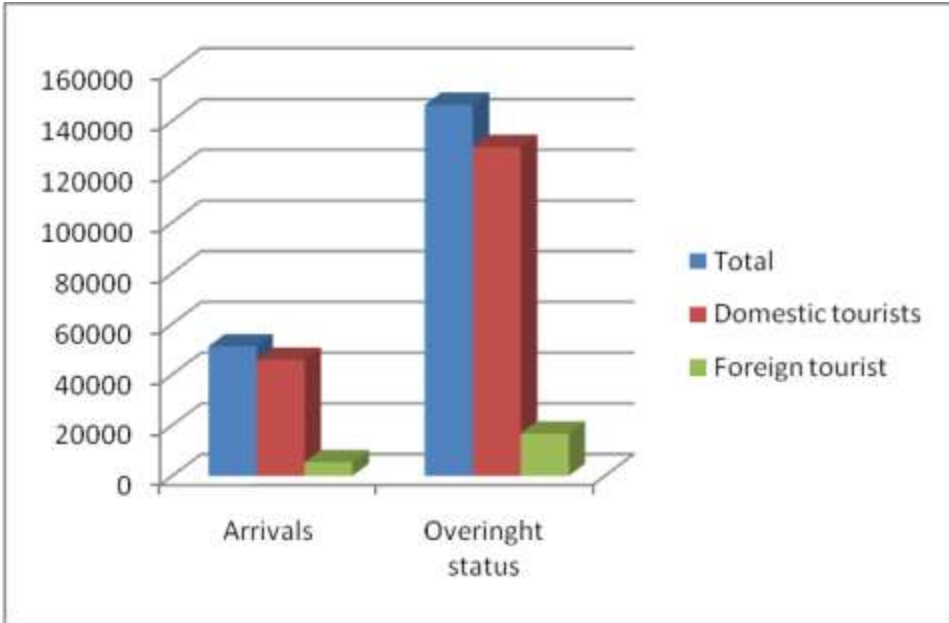
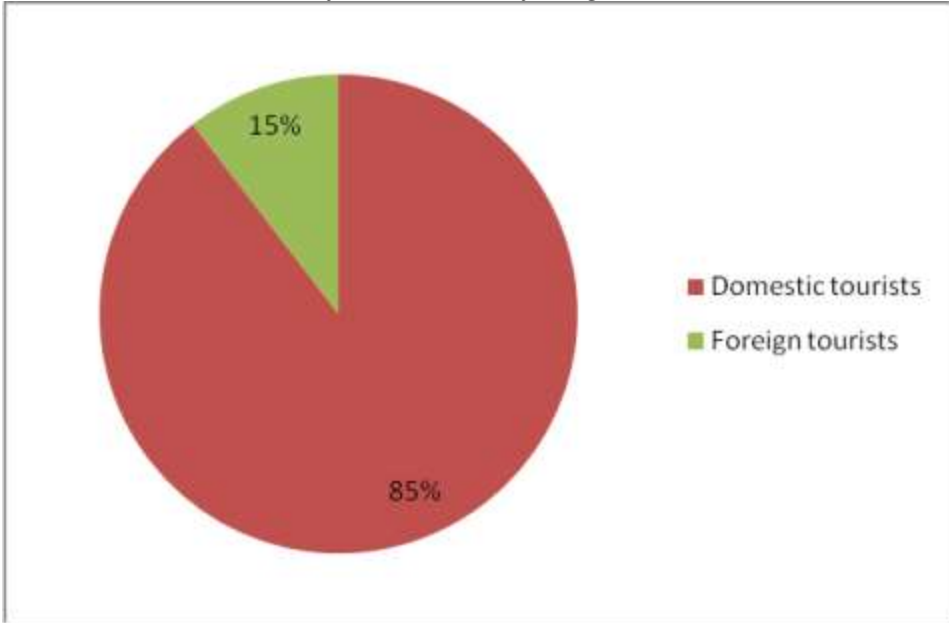


Chart 11: *Total arrivals of domestic and foreign tourists in 2016 (%)*



From chronological point of view, as shown in the graphs in this paper, visits to spas in Serbia have their own evolutionary flow. The greatest

number of tourists comes to the spas in spring (May and June) and in autumn (from September to December), with certain fluctuations. We assume that the motives are different, which is reasonable considering business activities and other obligations (institutions, conventions, conferences, seminars, meetings and trade shows). Tourist demand in July and August is low due to the lack of high-quality products for holidays and package tours. Spas are among the leading tourist destinations in Serbia with a share of over 45% in the total number of visitors and of about 30% in the total number of overnight stays. Tourist travel in the area of spas had a positive dynamics in the period 2000 -2007 in all observed years, with the exception of 2006, when there was a decline in the number of overnight stays compared to the previous year, and also in 2003, when negative indicators in the trend of the number of tourists and overnight stays appeared. Basic indicators of the tourist travel structures suggest participation of foreign tourists: in the total number of visitors in 2012 the number of foreign tourists is significantly greater than the number of domestic. The same phenomenon occurred in 2010 and 2011, while in 2015 there was an opposite trend of considerable number of domestic tourists (85%) compared to foreign tourists (15%). As for the period January-May in 2016, we can conclude the following according to the data shown in the chart:

- There are no characteristic season variations in demand typical of the tourist spa destinations (summer or winter season), and the lowest volume of the total number of overnight stays occurs during winter months;
- Spring and autumn period observed together have a greater share in the total number of overnight stays, while as far as foreign tourists are concerned, this ratio is even more favorable in comparison with the scope of overnight stays in winter and summer months;
- The largest volume of overnight stays in 2012 was achieved in May, while in 2014, it was in September; these and similar fluctuations indicate that the so-called event tourism, the tourist product, plays a significant part in directing tourism demand oriented to the spas of the Republic of Serbia as tourist destinations.

## SWOT analysis of spa tourism of the Republic of Serbia

<p style="text-align: center;"><b>ADVANTAGES</b></p> <ul style="list-style-type: none"> <li>- Constant increase in overall economic activity in the spas of Serbia;</li> <li>- Adequate level of development of network and wholesale supply activities;</li> <li>- New trends in the distribution of network and the presence of almost all relevant brands in the domain of wholesale offer of vehicles and spare parts;</li> <li>- Good basis for further development of market activities and entering some form of PPP cooperation;</li> <li>- Performances in the production of water and waste material disposal;</li> <li>- Adequate level of development of the financial sector, with the presence of almost all forms of banking services.</li> </ul>	<p style="text-align: center;"><b>WEAKNESSES</b></p> <ul style="list-style-type: none"> <li>- A small percentage of participation of broader and narrower tourism industry in the 'making' of social product;</li> <li>- Inadequate level of development of the commercial network, particularly in the retail trade, as well as a higher degree of concentration in the field of daily shopping;</li> <li>- Low quality organization of communal activities and potential problems with the lack of facilities for waste materials recycling;</li> <li>- Relatively low level of investment in public utilities from the budget of the local community and tying of co-financing and special investment in these activities only from the central source</li> </ul>
<p style="text-align: center;"><b>CHANCES</b></p> <ul style="list-style-type: none"> <li>- Further convergence of spas to the European integrations and infrastructure binding for Russian raw material supply;</li> <li>- Increase of investments by foreign investors in the trade and in particular in the communal area of the economy of the spas of Serbia (concessions to foreign companies for managing communal issues, production and distribution of water, public parking services, etc.).</li> <li>- Greater infrastructure investment from the state budget.</li> </ul>	<p style="text-align: center;"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>- Slowdown of economic and political integrations of the Republic Serbia;</li> <li>- Closure of the Republic of Serbia, spa places for faster entry of foreign investors, particularly in the public utilities. ➤ Prevention of the development of competition in the trade sector and further concentration of market share in the hands of a small number of chains;</li> <li>- Not investing in construction of wholesale markets, as well as commercial and communal</li> </ul>



	institution that is missing in the channels of distribution of perishable products; - Slowdown of the development of utilities.
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### **SWOT analysis of the spa tourism of the Republic of Serbia from the cultural aspect**

SWOT analysis of the spa cultural tourism should facilitate drawing conclusions, based on which actual measures are directed to further development of cultural tourism of the spas. Naturally, the increase of the opportunities for the development of tourism on the whole, attracting foreign investment and increasing the number of the appropriate structure of hotels, as well as better regulation of traffic in tourist spa destinations in Serbia contribute to the competitiveness of the cultural aspects of spa tourism in creation of the stable tourist product of the spas.

<b>ADVANTAGES</b> - Existence of a large number of cultural resources - Various entertainment and nightlife - Positive attitude of the society towards tourists.	<b>DISADVANTAGES</b> - undeveloped cultural product and infrastructure - insufficient intra-sector cooperation, lack of awareness of the importance and possibilities of cultural heritage in tourism - incompatibility of the calendar and term-time of events and working hours of institutions.
<b>CHANCES</b> - world trends of the increased demand for cultural heritage of the spas of Serbia, as tourism of special interests - previous modest presence on the cultural tourist market makes them undiscovered destinations - education of potential coordinators of cultural tourism projects of the spas of Serbia.	<b>THREATS</b> - great competition in visits to the spas of Slovenia, Croatia, Switzerland and other European spa destinations.

## Conclusion

It is evident that the Serbian spas, with their natural beauty and healing properties, have always attracted tourists, both domestic and foreign, as well as all the above mentioned has its evolutionary development, as confirmed in this paper. Through visits to different tourist spa destinations, a tourist feels, sees and discovers their cultural wealth by means of sightseeing in the spas, as in the case of the most visited spa of Serbia-Vrnjačka Banja. This form of tourism, in addition to static cultural resources, emphasizes festivals and special happenings that include music, theater performances, literature, general culture, folklore, competitions, traditions and the like, so that tourists with their experiences and impressions affect the fundamental creation of the tourism product.

Cultural heritage is important in the process of cultural comprehension as an aspect of tourist attraction. In the analysis of tourist valorization of the cultural heritage of Vrnjačka Banja, as the most visited spa, as well as other spas considered in this paper, it is confirmed that there is a promotion of the total spa tourism and increase of its competitiveness in foreign markets.

Tourists, who visit the spas, visit them mainly because of their cultural and historical values and healing properties. This trend should continue, as well as the efforts to create such a tourist product that will allow tourists to enjoy the cultural beauties of the spas and thus make them desirable tourist destinations on the competitive foreign market. Having analyzed the above mentioned spas in Serbia, it is necessary to create marketing campaign for each segment referring to a tourism brand of the spas of Serbia, which undoubtedly leads to progress. In order to make foreign tourists continue visiting the spas of the Republic of Serbia in large numbers, it is necessary to focus more on discovering tourists' wishes and needs, as well as to improve promotion of the elements of the tourist offer of attractive tourist destinations of the spas.

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# CONTEMPORARY APPROACH IN THE TREATMENT OF VARICOSE SYNDROME OF THE LOWER EXTREMITIES - THE POSSIBILITY OF SPA TREATMENT

*Momir Šarac<sup>1</sup>; Dragan Sekulić<sup>2</sup>*

## Abstract

*Radiofrequency ablation is efficient in great saphenous vein occlusion on the long term. Ultrasound-guided foam sclerotherapy is the most cost-effective strategy in many models. Balneohydrotherapy seems to improve the quality of life of patients with chronic venous insufficiency.*

*96 patients with chronic vein insufficiency were treated in 2016 with minimal invasive methods. 14 patients (14.6%) were treated with ultrasound guided foam sclerotherapy, and 82 patients (85.4%) were treated with radiofrequency ablation of great saphenous vein. Both lower extremities at the same time were treated in 33 patients (34.4%). Aesthetic moment was completed with minimal incisions and absence of sutures. The recovery included: wearing compression stockings during 2-3 weeks, walking, cold water bath. After 2-week time, all patients were ready to undertake normal every-day and business activities.*

*Endoluminal thermal ablation is an easy, safe and well tolerated method for the treatment of varicosis. Spa balneotherapy may give a good chance of secondary prevention and effective therapy of chronic vein insufficiency of inferior limbs, but also that it needs of other clinical controlled trials.*

**Key Words:** vein, radiofrequency ablation, foam therapy, balneohydrotherapy

**JEL classification:** I10

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## Introduction

Incompetent superficial veins are the most common cause of lower extremity superficial venous reflux and varicose veins (Kuyumcu et al., 2016). Varicose veins (VV) are, by WHO definition, abnormally dilated superficial veins (Picture 1).

Picture 1: *Varicose veins*



Source: *Pinterest*

Risk factors that increase the chance of developing varicose disease are: family history to VV, age ( $\geq 50$  years), female gender, 2 or more pregnancies (multiparity), the use of oral contraceptives, standing job ( $> 6$  hours per day), and obesity. There are several different theories about the etiology of primary VV, such as valvular incompetence of the vein, the inherent weakness of the vein wall, and the existence of arterio-venous fistula (AVF). The common pathogenic mechanism in all these hypotheses is increased pressure in the superficial veins, with their sequential dilation and valvular incompetence (Marston & Johnson, 1995). Common signs of changes in the vein system is the feeling of heaviness and swelling in the legs, pains, warm feeling of the skin, swelling of the ankles, leg spasms, leg fatigue, visible augmented veins, tiny veins and changed or peeling skin. Chronic venous disorders encompass a spectrum of venous diseases from simple telangiectases (spider veins) and reticular veins, varicose veins, leg edema from dysfunctional venous tone with valve incompetence and abnormal calf muscle pump function, to more severe and advanced forms of venous

disorders, including hyperpigmented skin changes, dermal sclerosis, and ulcer formation.

Complication of varicose veins unthreatment is superficial thrombophlebitis (SVT). Varicose veins are the most common predisposing risk factor for the development of SVT. SVT in varicosities may be manifested as tender nodules with localized induration and erythema. (Picture 2).

Picture 2: *Superfital thrombophlebitis below knee*



Source: *Authors*

Some focused study evaluated the incidence of pulmonaly emboly in 11% patients with isolated SVT in the thigh (Picture 3).

Picture 3: *Superfital thrombophlebitis below knee and at the thigh*



Source: *Authors*

The most common site was propagation of the SVT in the GSV into the common femoral vein, what could have a lung thromboemboly as a consequence (Cronenwett & Johnston, 2014). Some manifestations of chronic venous disorders are aesthetic problem as a spider and reticular veins (Picture 4 and 5).

Picture 4: *Spider veins*



Picture 5: *Spider and reticular veins*



Source: *Authors*

However, the most limiting and painfull complication and manifestation of chronic venous disorder and unthreatment varicose veins is ulcer formation (Picture 6 and 7).

Picture 6: *Chronic vein ulcer*



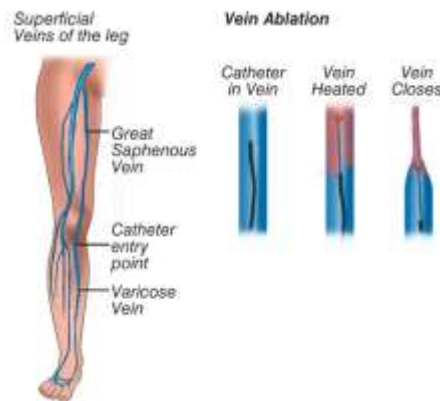
Source: *Authors*

This complication limits gait and leaves a patient in bed. The threatment of ulcers is very long, difficult and painfull.

Until recently, standard treatment has been a surgery, with high ligation and stripping GSV, combined with phlebectomies. Following the development of new technological and technical accomplishments in vascular surgery, including stent grafts, it became possible to solve such problems by the use of endovascular approach (Šarac et al., 2011). In the past decade, alternative treatments such as endovenous ablation of the GSV with laser (EVLA), radiofrequency ablation (RFA) and ultrasound-guided foam sclerotherapy (UGFS) have gained on popularity.

Radiofrequency ablation is efficient in great saphenous vein occlusion in the long term (Balint et al., 2016) (Picture7).

Picture 7: *Radiofrequency ablation of GSV*



Source: *Lorven Heart and Vascular, Florida*

Radiofrequency ablation is less painful than endovenous thermal laser ablation (Sporbert, et al. 2016). As long-term differences in recurrence and quality of life are small, the overall cost effectiveness is driven primarily by initial treatment costs and ultrasound-guided foam sclerotherapy is the most cost-effective strategy in many models (Meissner, 2016). Some randomised trials have compared several methods of treating great saphenous vein (GSV) insufficiency. The technical failure rate was highest after foam sclerotherapy, but both radiofrequency ablation and foam were associated with a faster recovery and less postoperative pain than endovenous laser ablation and stripping (Rasmussen et al., 2011). That is why we have decided to treat GSV



insufficiency with radiofrequency ablation and miniphlebectomy using tumescent anesthesia, and ultrasound guided foam sclerotherapy respecting strict indication. French authors in unoperating patients used balneohydrotherapy program which consisted of Kneipp therapy (10 minutes), walking 10 minutes in a special mineral water pool with underwater jets at 23 degrees C, massage and bathing in a mineral water tub at 34 degrees C. They concluded that balneohydrotherapy and usual care combined is superior to usual care alone, and balneohydrotherapy seems to improve the quality of life of patients with chronic venous insufficiency (Forestier, 2014).

Ultrasound Guided Foam Sclerotherapy (UGFS) is a highly specialised procedure for treating advanced varicose veins that are hidden beneath the skin (Picture 8).

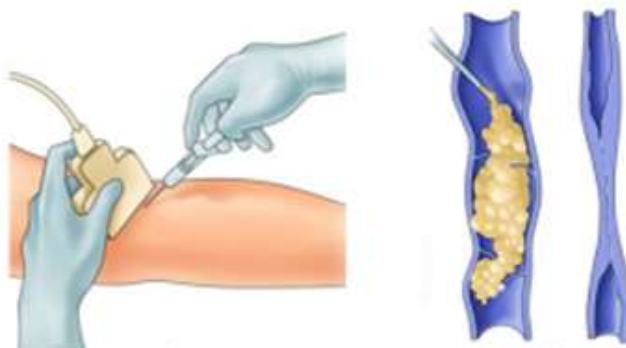
Picture 8: *Ultrasound guided foam sclerotherapy*



Source: *Cardiac & Vascular Consultantas*

The procedure is extremely safe and effective, involving injecting a sclerosant solution into the abnormal veins usingultrasound guidance, causing the vein wall to collapse (Vein Health, Medical and Cosmetics) (Picture 9).

Picture 9: *Ultrasound guided foam sclerotherapy-illustration*

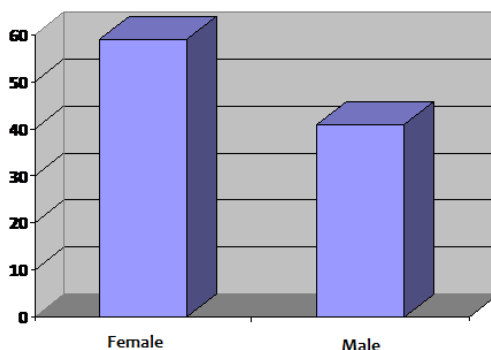


Source: *Vascular Surgery, UK*

### **Matherials/Methods**

96 patients with chronic vein insuffitiency were threathed in 2016 with minimal invasive metods. 57 patients (59%) were female, and 39 of them (41%) were male.

Figure 1: *Distribution concerning sex*



Source: *Authors*

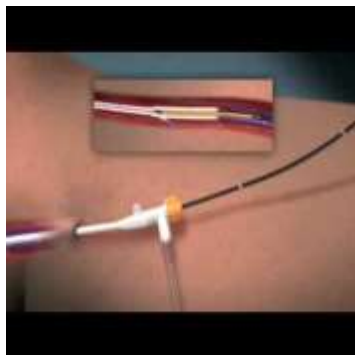
All of them done preoperative Color duplex scan of lower extremities and we confirmed indication for operative (RF) threathment or ultrasound guided foam sclerotherapy threathment. Possible contraindications such as deep vein thrombosis, coagulopathy, or cardiac disease were excluded with Color duplex scan, laboratory examination and cardiologic exam. The disturbances in hemostasis may influence the perioperative and early postoperative period inducing serious complications (Šarac et al., 2016).

14 patients (14.6%) were treated with ultrasound guided foam sclerotherapy, and 82 patients (85.4%) were treated with radiofrequency ablation of great saphenous vein. 65 patients (67.7%) were treated with radiofrequency ablation of great saphenous vein. In that group both lower extremities at the same time were treated in 33 patients (34.4%). RF was combined with UGFS in 17 patients (17.7%): 7-10 days after RF, we did UGFS for small residual veins.

During the month we followed the local and systemic complications, which included hematoma, infection, pain, thrombosis of deep veins, and lung thromboemboly. Hematoma was measured in centimeters and expressed as significant when it was larger than 5 cm. We also followed the period of recovery to return to normal activities. Infection was significant when followed with high temperature (more than 37 degrees). Verbal rating scale (VRS) has been used extensively in the acute and research setting to measure pain. Patients characterised pain as: “No pain”, “Mild pain”, “Moderately strong pain”, and “Strong pain”. They provide simple, efficient and minimally intrusive measures of pain intensity (Wall & Melzack, 1999).

Radiofrequency ablation (RFA) is a medical procedure in which dysfunctional tissue is ablated using the heat generated from medium frequency alternating current (in the range of 350–500 kHz). Radiofrequency ablation catheters cannot be easily passed along a tortuous superficial vein; therefore, the procedure is principally used in the treatment of truncal varicose veins, such as the great saphenous vein (Picture 10).

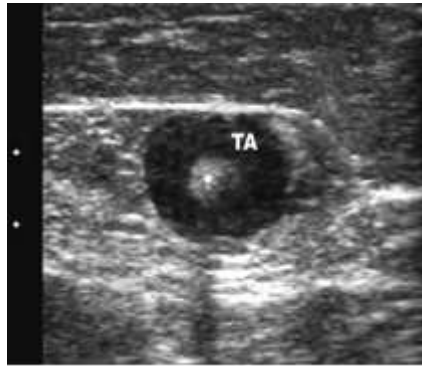
Picture 10: *RF ablation illustration*



Source: *Varistop, Radiofrequency Ablation*

It is ultrasound guided procedure where we place the probe in GSV and give tumescent anesthetic in vein compartment. In this way, we take vein of skin and subcutaneous tissue, and it is ready for termoablation (ElKaffas et al., 2010) (Picture 11).

Picture 11: *GSV with tumescent anesthetic in the compartment of vein-ultrasound view*



Source: *Min, J.R. (2009), Saphenous Vein Ablation*

The advantage of this method is that we can do bilateral ablation of GSV in the same act. Two days after intervention, we did rewinding. Four days after the intervention, the rewinding was not necessary in the ambulance and the patient had a shower at home. Elastic bandage is needed for 2-3 week, but a week after the procedure patient returned of usual activities (Picture 12).

Picture 12: *Before and after RF ablation GSV*



Source: *CDI Vascular Care, Treatment Options for Varicose & Spider Veins*

When we decided for UGFS, we respected the strict indications and contra-indications. None of the treated patients had atrial or ventricular septal defect, and all of them had intact GSV. Ultrasound was used to verify sclerosant in varicose vein, and in GSV it was either not detected or found only in traces (Picture 13).

Picture 13: *Ultrasound view, no sclerosant in GSV*



Source: *Crows Nest Cosmetic and Vein Clinic, Austria*

Elastic bandage was advised in the next 4-10 days. Only a day after the procedure, the patients were able to walk, work and have usual activities wearing an elastic bandage. After 4-10 days, there was no need for one. 27 patients (28.1%) of the total number had a spider or reticular veins what we treated with UGFS or with infrared lamp guided (Picture 14 and 15).

Picture 14: *Red lamp guided vein sclerotherapy*



Source: *Health Management*

Picture 15: *Before and after UGFS or infrared lamp guided threatment of reticular veins*



Source: *Authors*

The aesthetic effect achieved by the entire treatment was very satisfactory.

### Results

Of 82 patients threated with RF ablation GSV, we had 5 patients (6.1%) with hematoma wider than 5cm, and it was retreated after 10-21 days. The complications which followed after a month are summarized in Table 1.

Table 1: *Percent of followed complications*

Followed complication	Patients (%)
Hemathoma wider than 5cm	5 (6.1%)
Infection	1 (1.2%)
Pain	16 (19.5%)
Deep vein thrombosis	0 (0%)
Lung thromboemboly	0 (0%)

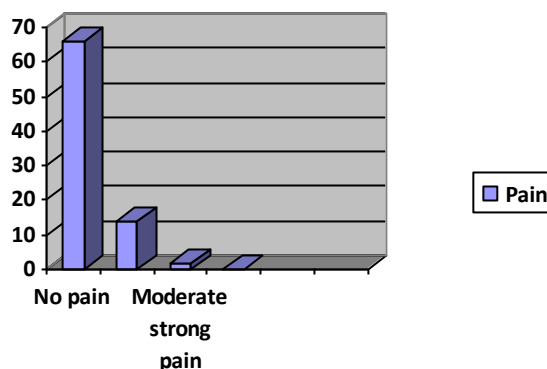
Source: *Authors*

One patient (1.2%) had infection, where we made incision and evacuated the infected hematoma. That patient did not have high temperature and the infection was non-significant, and non-systemic. This complication did not persist in a recovery period.

66 patients (80%) described their state as that of “No pain” on Verbal rating scale. 14 patients (16.9%) confirmed “Mild pain” and 2 patients

(3.1%) acknowledged “Moderate strong pain” on Verbal rating scale (VRS). We had no patients with “Strong” pain on VRS Figure 2.

Figure 2: *Grade of pain*



Source: *Authors*

All patients with pain had that symptom during 1-4 days. After the first and second rewinding, the pain disappeared in 100% patients. 7 patients (7.2%) had pain during changes of weather (only in RF group). That means the pain is associated not only with the procedure, but it can also be associated with bandages or body-mass-index, or complications existing before the procedure (thrombophlebitis, etc.). Adequate application of tumescent anesthetic has a great significance in lower pain after RFA. Manifestation of pain was measured by VRS in group with unilateral, bilateral and RF combined with UGFS.

We did not have complications as a deep vein thrombosis and lung thromboemboly, which we can associate with good perioperative management and excluding contraindications to the treatment.

In postoperative period, we recommended short-distance walking on the direct postoperative period, a shower, a bath after 4 days, and mild massage after 7 days. Elastic bandage with stockings was necessary in the first 7 days, day and night; after this period, we recommended only on a daily wearing during the period of 7-21 days. Every procedure helps in withdrawal of hematoma, and returning to normal life activities. Physical exercise was possible 4 weeks after the operation, without any complications.

In the group treated with combined RF and UGFS methods, recovery and return to usual activities was similar to the group treated only with RF method. They used the expressions "No pain" or "Mild pain" on VRS to describe their condition, and did not suffer hematoma wider than 5cm. Postoperative walking and cold bath were recommended just as after applying only RF method. These patients were recommended short-distance walking on the direct postoperative period, a shower, a bath after 4 days, massage after 7 days, while physical exercise was possible 4 weeks after the operation. No complications were recorded.

14 patients were treated with UGFS only, and in that group no haematomas wider than 5cm were recorded, pain was classified as "No pain", and patients had usual activities a day after the procedure. After UGFS we had no systemic or local complications in terms of hematoma, pain or infection. Physical exercise was recommended 5-7 days after the procedure. Cold bath were possible after 4-5 days. Walking was recommended a day after the procedure.

Spider and reticular veins were treated in 5 patients with sclerotherapy guided with infrared lamp. All of them used elastic bandage for a few days (3-7) and the day after the treatment they could return to usual activities. 3-6 days after the procedure they were able to take sports training.

## **Discussion**

Minimal invasive procedures in treating chronic venous insufficiency are very popular because of minimally painful procedures, a short period of recovery, fast return to job duties, while the aesthetic moment is without scars and threads. Less postoperative pain gives an advantage to RF ablation compared to endovenous laser ablation and stripping. Good indication and selection patients are very important in treating with UGFS. This method is more comfortable and it is a method of ambulatory care. Combination of RF and UGFS in patients with GSV insufficiency and spider and reticular veins give very good effect in both therapy and aesthetic moment.

Contrary to widespread belief, bathing in water at temperatures above 28 degrees C does not adversely affect venous function in patients with varicose veins. When applied in moderation (34 degrees C for 20 minutes) this physical therapy should not be regarded as contraindicated



in this and related conditions, especially given its known hemodynamic benefits (Hartmann, et al., 1998).

Due to the minimally invasive threatment and fast recovery, walking in direct postoperative period we have a place and time for spa therapy in recovering. After 7 days, we recommended walking, cold water hydromassage, elastic bandage during 7 days. If we threatred spider or reticular veins only, all spa procedures will be possible a day after this threatment.

Spa treatment is a popular way to administer physical therapy for CVDs in France, but its efficacy has not yet been assessed in a large trial. Patrick at all. study demonstrates that spa therapy provides a significant and substantial improvement in clinical status, symptoms, and quality of life of patients with advanced venous insufficiency for at least 1 year (Carpentier, et al., 2014). According to the studies by Alberti et al., physical exercise increases the muscle tone of the lower limbs and as a consequence it can improve its effect on the venous system, resulting in a drop in pressure when walking and an increase in venous blood return (Petraccia, et al., 2014).

There are spa centers in Slovenia, the USA, Australia, and Singapore offering preoperative care, diagnosis, postoperative care, or neoperative care of different forms of chronic venous disease (Dempsey, 2017) (Picture 16 and 17).

Picture 16: *Spa vein center USA*



Source: *Spa Vein Center*

Picture 17: *Before and after hydrotherapy of spider veins in Spa center in Singapore*



Source: *Asia USA Realty (Singapore)*

Comparing the prices of such procedures in the near and far surroundings, we can see that lower prices of these procedures in Serbia provide an opportunity for foreign tourist treatment in our country.

## Conclusion

The requirements for operative treatment are one ambulance with portable equipment for RF or UGFS, and ultrasound for diagnostic and guide procedures. We can do this procedure in every spa center in Serbia. Spa treatment and operative care would act in common in development of spa and health tourism in Serbia. Minimally invasive procedures are increasingly present and provide greater comfort for a patient and faster recovery. Such an approach could lead to the development of health tourism in Serbia, especially if you compare the prices of these procedures in our country and in the countries of EU.

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# EXPLORATORY RESEARCH ON DETERMINANTS OF ON LINE INFORMATION PROVIDERS OF MEDICAL TOURISM

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## Abstract

*Medical Tourism, as one of the main components of international trade in health, has an increasing importance for the developing countries. Medical tourism attracts the attention of many actors of the medical profession, medical tourism facilitators, medical tourism agencies, health analysts and policy makers. Key criteria in selecting specific destinations for medical tourism are primarily the quality and the price of medical services, the accreditation of the facilities, its equipment as well as the attractiveness of the location in terms of tourism. The purpose of the research is exploratory and policy oriented. It is based on predictions of the theoretical literature findings and subsequent analysis of over 78 portals specialized in medical tourism. The questions raised refer to role of government, credibility, ethical concept, content information and internet marketing strategy. Research results point out to the need for further research and development of the national framework on on-line medical tourism information providers in the Republic of Serbia.*

**Key Words:** *medical tourism, portals, facilitators, developing countries, Serbia.*

**JEL classification:** *I15, L83, Z32*

## Introduction

Medical Tourism, as one of the main components of international trade in health, has an increasing importance for developing countries also in the region of Western Balkans economies. “The future of the economies in the region will depend on enhancing their efficiency and performances in industry, service and know-how” (Vapa-Tankosić et al, 2013, p.227).The

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developing countries have registered a significant increase in the number of tourists from developed countries with the potential to become an extraordinary generator of income generation through the provision of additional medical services to foreign customers. Growing demand for medical tourism services in the world is based on the high cost of health services in developed countries. Medical tourism as a major component of international trade in health care attracts the attention of many actors of the medical profession, the agency for the promotion of tourism, health analysts and policy makers. As the services are offered in developing countries the slogan "first-class treatment at Third World prices" may be emphasized (Čavlin & Ignjatijević, 2014). Key criteria in selecting specific destinations for medical tourism are primarily quality and price of medical services, accreditation and state-of-the-art equipment of the health systems, as well as the attractiveness of the location and organization in terms of tourism. The key research objective of the paper is to give an insight and analyze the on line information providers of the latest information technology solutions in medical tourism and to analyze the emergence of specialized Internet sites. The purpose of research is exploratory and policy oriented based on the survey of concerning literature and analysis of on line providers. The research results suggest a need for further styling the role, use and impact of these sites on consumers of health care. This paper points out to further direction of the integrated research on medical tourism and development of the conceptual framework of potential web-based information solutions.

This paper is divided into four parts as follows: overview of medical tourism in the medical tourism sites, discussion of literature related to the Internet and medical tourism; empirical analysis and understanding of the representation medical tourism on the Internet and policy recommendations of developing web based conceptual framework in Serbia.

### **Literature overview**

Qualitative research on Canadian medical tourists have shown that the key factors in the process of deciding on medical treatment abroad are reliable information about the surgeon's reputation abroad as well as the testimonies of other patients who stayed in the hospital. Access to this type of information is bound to increase confidence in consumers' decision-making. (Crooks et al., 2012).

Still little is known on the profile of the consumer of medical tourism services, taking into account the socio-demographic status, age, sex, state of health. It is also important to consider the factors that direct consumer not to use the services of local providers and/or to attract them to foreign providers. Generally, synthesis of existing evidence indicates that the following factors shape "willingness to travel" (WTT)" for the use of medical services outside the country (Exworthy & Peckham, 2006, p. 279):

1. Type of Health Care: Specialist health care is associated with higher WTT;
2. Reputation of the hospital/surgeon: a good reputation increases WTT especially among groups with higher incomes;
3. Urgent or serious condition: emergencies associated with higher WTT.
4. Frequency: frequent users of the service may exhibit lower WTT;
5. Gender: Men show higher WTT than women;
6. Age: older people (over 60 years) are associated with lower WTT;
7. Socio-economic status: high status (especially income) is associated with a higher WTT;
8. Responsibility: parents or guardians of minors are associated with lower WTT;
9. Nationality: connection is poor or lower WTT is associated with some minority ethnic groups;
10. Geography: limited comparative evidence WTT in rural and urban areas.

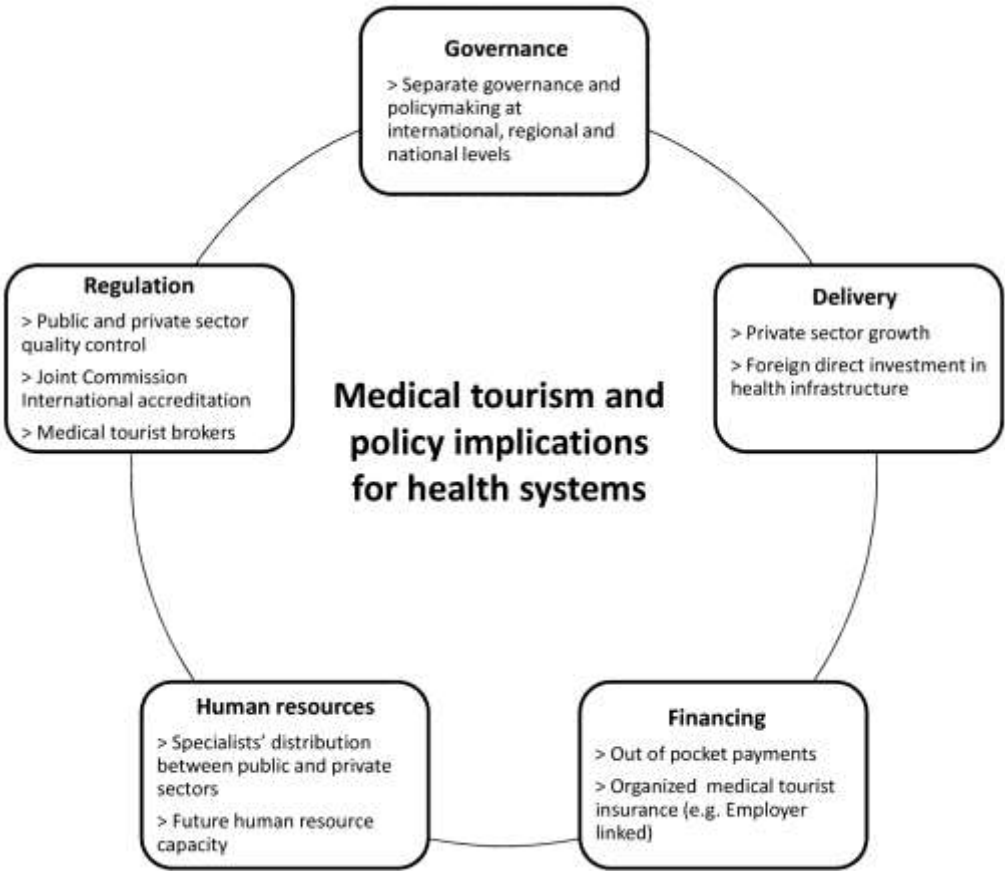
The findings of Wagle (2013) point out to the countries of USA, the UK, India, Canada and Poland as these countries have a largest number of facilitators. The quality of information provided on the portals is self-regulated by the medical tourism facilitators as they play an important role in the patients' choice of provider and information on the health provider is a decisive factor while choosing a hospital. Since these are quite expensive the people search for financing options and can also put mortgage on their home in order to fund these trips. Crowdfunding websites (CrowdRise, Fundly, FundRazr, GiveForward, GoFundMe, Indiegogo Life, Razoo, and YouCaring in the USA) have merged as the common form of solving expenses related to medical care but still they are not transparent enough in fees they charge to donors as well as to prohibit campaigns that make medical claims for unproven medical treatments (Snyder, 2016). For example, since the launch of the website from 2008, Give Forward campaigns have raised over US\$8.8 million,



and about 7600 campaigns for medical and living expenses, caregiver support, funeral costs, pet emergencies, and disaster relief. GoFundMe has the the largest percentage of health-related campaigns, and at You Caring in the area of medical expenses, according to their founders (Sisler, 2012).

The rise of medical tourism in Thailand, Singapore and Malaysia have raised a question of creating a common reference point for issues raised by medical tourism in established and emerging destinations.

Figure 1: *The framework of medical tourism*



Source: Pocock & Phua, 2011, p.10

The framework facilitated the identification of the following variables for empirical analysis (Pocock & Phua, 2011, p.10):

1. Governance: the number and content of GATs health sector commitments, the number and size of medical tourist government committees or agencies, availability of medical tourist visa.
2. Delivery: number of hospitals in public and private sector treating foreign patients, consumption of health services by domestic and foreign population (hospital admissions).
3. Financing: medical tourist revenues, type of medical tourist payment (service fee or insurance, level of copayment), foreign direct investment in the health sector.
4. Human resources: doctor and nurse ratios per 1000 population, proportion of specialists in the public and private sectors, number of specialists treating foreign patients.
5. Regulation: number of Joint Commission International accredited hospitals, number of medical tourist visits facilitated by brokers.

Additional considerations to this framework have been integrated by Johnston et al (2015). They included the involvement of international development agencies in facilitating interest in the sector, cyclical mobility of international health human resources, and the significance of health insurance portability in driving the growth of international hospital accreditation. In their latter research on Mexico, Guatemala, and Barbados four common drivers of medical tourism development were identified:

1. unused capacity in existing private hospitals,
2. international portability of health insurance, vis-a-vis international hospital accreditation,
3. internationally trained physicians as both marketable assets and industry entrepreneurs, and
4. promotion of medical tourism by public export development corporations.

Three common inhibitors for the development of the sector:

1. the high expense of market entry,
2. poor sector-wide planning, and
3. structural socio-economic issues such as insecurity or relatively high business costs and financial risks (Johnston et al., 2016, p.9).

The eEurope initiative was launched by the European Commission on 8 th December 1999, with the adoption of the Communication 'eEurope – An Information Society for all (COM (1999), 687 final, of 8.12.1999) '. The European Commission adopted a Communication setting out a set of

Quality Criteria for Health Related Websites. The Communication states that these criteria be tailored according to particular audiences and describes methods of implementing quality criteria. The purpose was to encourage the adoption of a common set of basic quality criteria for health related sites. It outlines the criteria shown in Table 1.

Table 1: *Quality Criteria for Health Related Websites*

<b>Transparency and Honesty</b>	<ul style="list-style-type: none"> <li>- Transparency of provider of site – including name, physical address and electronic address of the person or organisation responsible for the site (see Article 5 and 6 Directive 2000/ 31/ EC on Electronic Commerce).</li> <li>- Transparency of purpose and objective of the site</li> <li>- Target audience clearly defined (further detail on purpose, multiple audience could be defined at different levels).</li> <li>- Transparency of all sources of funding for site (grants, sponsors, advertisers, non-profit, voluntary assistance).</li> </ul>
<b>Authority</b>	<ul style="list-style-type: none"> <li>- Clear statement of sources for all information provided and date of publication of source.</li> <li>- Name and credentials of all human/ institutional providers of information put up on the site, including dates at which credentials were received.</li> </ul>
<b>Privacy and data protection</b>	<ul style="list-style-type: none"> <li>- Privacy and data protection policy and system for the processing of personal data, including processing invisible to users, to be clearly defined in accordance with community Data Protection legislation (Directives 95/ 46/ EC and 2002/ 58/ EC).</li> </ul>
<b>Updating of information</b>	<ul style="list-style-type: none"> <li>- Clear and regular updating of the site, with date of up-date clearly displayed for each page and/ or item as relevant. Regular checking of relevance of information.</li> </ul>
<b>Accountability</b>	<ul style="list-style-type: none"> <li>- Accountability -user feedback, and appropriate oversight responsibility (such as a named quality compliance officer for each site).</li> <li>- Responsible partnering -all efforts should be made to ensure that partnering or linking to other websites is undertaken only with trustworthy</li> </ul>

	individuals and organisations who themselves comply with relevant codes of good practice. - Editorial policy -clear statement describing what procedure was used for selection of content.
<b>Accessibility</b>	- Accessibility -attention to guidelines on physical accessibility as well as general findability, search ability, readability, usability, etc.

Source: *eEurope 2002: Quality Criteria for Health related Websites*

The oldest ethical labels is the Health on the Net Foundation (HON) non-Governmental Organization whose goal was to set mechanisms to provide quality, objective and transparent medical information tailored to the needs of the audience. Provost et al. (2006) has attempted to develop a comprehensive and standard quality assessment of health sites, the “WebMedQual”, considering existing guidelines and rating tools, as a scale to assess the quality of health web sites to be further used by health professionals and Internet information providers.

Lunt and Carrera (2011a) have analyzed 50 sites according to HON criteria and British Association of Plastic, Reconstructive and Aesthetic Surgeons (BAPRAS) criteria: “the number of years the surgeon had been practicing; the practitioner’s experience with the procedure; the possibility of pre-operative consultation in the UK; professional qualifications and organizational membership; English as a language in the clinic and of the surgeon(s); arrangements for follow-up; details on facilities and backup; information on potential complications and risks rates; details of who will sort out complications and their costs; and details of a body that regulates the clinic or practice” (p.61). Their findings confirm the fact that commercial sites create a need, and motivate the consumer to purchase as they included photographs and modern and hi-tech tours of facilities but it is still unclear how the individuals judge the information retrieved from the websites.

Miller and West (2007) have investigated a sample of 928 people from United States of America in order to determine the frequency of user access to Web sites that provide health information, government (public sector) and non-governmental (private sector) providers and to identify similarities and differences in the characteristics that are associated with the use. More than twice as many respondents have visited private sites (29.6%) compared to public sites (13.2%). However, only 23.6% and

18.9% of private and public website visitors have visited these sites are once in a month or more. Visitors of public and private web sites with higher education diplomas had expressed a higher degree of concern about the availability of health care. Young people who live in urban areas with higher health literacy and expressed higher degree of concern regarding the accessibility (in price) of health care have more frequently visited privately sponsored websites.

### **Materials and Methodology**

One of the key determinants of the modern development of medical tourism globally is to develop an internet platform that provides users with up to date information and easy access to numerous medical information from different providers. The aim of this study is to provide a brief overview of specialized Internet sites. Despite the fact that the phenomenon of medical tourism, with a consequent increase in the number of sites in the field of providing medical services, has been researched increasingly still there is a very limited number of studies, as well as the relevant literature There is still a lack of empirical evidence on the role, use and impact of these sites on the behavior of consumers of health care in the field of e-health.

The authors have performed an online search for specialized medical tourism sites using search engines and keywords. These web sites were examined on the basis of the content and then divided according to the typology. The authors have identified 78 portals in English and located their websites. In reviewing their websites we excluded from the study ones that appeared to be inactive. This study of exploratory natures “an exploratory study may not have as rigorous as methodology as it is used in conclusive studies, and sample sizes may be smaller. But it helps to do the exploratory study as methodically as possible, if it is going to be used for major decisions about the way we are going to conduct our next study” (Nargundkar, 2008, p.41).

### **Discussion and results**

A summary of websites included in this analysis is found in Table 2.

Table 2: *Typology of medical tourism portals*

Type	Example
Open portals	<a href="http://www.treatmentabroad.com">www.treatmentabroad.com</a> <a href="http://medicaltourism.com/Forms/about-us.aspx">http://medicaltourism.com/Forms/about-us.aspx</a> <a href="http://www.cromedicor.com">http://www.cromedicor.com</a>
Portals of government bodies, tourism organizations, associations or clusters	India's 1st healthcare tourism portal launched by Indian Government: <a href="http://www.indiahealthcaretourism.com/">http://www.indiahealthcaretourism.com/</a> Dubai slobodna zdravstvena zona: <a href="http://www.dhcc.ae/Portal/en/home.aspx">http://www.dhcc.ae/Portal/en/home.aspx</a> Dubai Health Experience: <a href="http://dxh.ae/">http://dxh.ae/</a> Australian Government: <a href="http://smartraveller.gov.au/guide/all-travellers/health/Pages/medical-tourism.aspx">http://smartraveller.gov.au/guide/all-travellers/health/Pages/medical-tourism.aspx</a> Seoul Metropolitan Government: <a href="http://english.visitmedicalkorea.com/eng/seoul/seoulServiceProvider/seoulServiceProvider04.jsp">http://english.visitmedicalkorea.com/eng/seoul/seoulServiceProvider/seoulServiceProvider04.jsp</a> Singapore Tourism Board (STB) in the Ministry of Trade and Industry in Singapore: <a href="https://www.stb.gov.sg/industries/healthcare/Pages/Overview.aspx">https://www.stb.gov.sg/industries/healthcare/Pages/Overview.aspx</a> Association for Medical Tourism Development in Croatia: <a href="http://cromedicalnetwork.com/">http://cromedicalnetwork.com/</a> Kvarner Health Tourism Cluster: <a href="http://www.kvarnerhealth.com">www.kvarnerhealth.com</a>
Health care providers hospitals or hospital groups	<a href="https://www.specialistdentalgroup.com/">https://www.specialistdentalgroup.com/</a> <a href="http://islandhospital.com/">http://islandhospital.com/</a> <a href="https://www.wockhardthospitals.com/">https://www.wockhardthospitals.com/</a> <a href="https://www.maxhealthcare.in/">https://www.maxhealthcare.in/</a> <a href="https://www.apollohospitals.com/">https://www.apollohospitals.com/</a> <a href="http://www.fortisescorts.in/">http://www.fortisescorts.in/</a> <a href="https://www.bumrungrad.com/#">https://www.bumrungrad.com/#</a> <a href="https://www.mountelizabeth.com.sg/about-us">https://www.mountelizabeth.com.sg/about-us</a> <a href="https://emenders.com/about-us/">https://emenders.com/about-us/</a>
Single destination portals (medical tourism + tourism package)	<a href="http://www.beautyinprague.com">www.beautyinprague.com</a> <a href="http://www.phuket-health-travel.com/">http://www.phuket-health-travel.com/</a> <a href="http://www.surgeon-and-safari.co.za/">http://www.surgeon-and-safari.co.za/</a>
Single treatment	<a href="http://www.medicalprague.com/en/about">http://www.medicalprague.com/en/about</a> (Prague-Prague-only dental)

portals (dental)	<a href="https://www.perfectprofilesclinics.co.uk/">https://www.perfectprofilesclinics.co.uk/</a> (UK-UK only dental)
Medical Tourism Facilitator– targeted at a single country	<a href="http://www.fly2india4health.com/">http://www.fly2india4health.com/</a> (India-India) <a href="https://www.voyagermed.com/">https://www.voyagermed.com/</a> (US-US) <a href="http://doctour.es/#">http://doctour.es/#</a> (Spain-Spain) <a href="https://www.francemedicalaccess.com/">https://www.francemedicalaccess.com/</a> (France-France) <a href="http://www.philmedtourism.com/">http://www.philmedtourism.com/</a> (Philippines-Philippines) <a href="http://www.travel4treatment.eu/en/">http://www.travel4treatment.eu/en/</a> (Croatia-Croatia) <a href="http://www.medicalport.org/">http://www.medicalport.org/</a> (Portugal-Portugal)
Medical tourism facilitators- targeted at multiple countries	<a href="http://www.timelymedical.ca/about-us/overview/">http://www.timelymedical.ca/about-us/overview/</a> (Canada-US and Canada) <a href="http://www.bbhealthsolutions.co.uk/">http://www.bbhealthsolutions.co.uk/</a> (UK--Turkey) <a href="http://www.surgicaltourism.ca">http://www.surgicaltourism.ca</a> (Canada-ndia,USA,Canada and Mexico) <a href="http://www.themedicaltouristcompany.com/">http://www.themedicaltouristcompany.com/</a> (UK-India, Turkey, Spain, Poland, Croatia) <a href="http://www.europeanmedicaltourist.com/">http://www.europeanmedicaltourist.com/</a> (US-Germany, Europe) <a href="http://www.allmedicaltourism.com/">http://www.allmedicaltourism.com/</a> (US-Americas, Asia, Europe, Middle East) <a href="http://www.medretreat.com/">http://www.medretreat.com/</a> (US-Argentina,Brazil, Costa Rica,El Salvador, India,Malaysia, Mexico, South Africa,Thailand, Turkey) <a href="http://www.placidway.com/">http://www.placidway.com/</a> (US-Over 40 Countries) <a href="https://www.health-tourism.com/">https://www.health-tourism.com/</a> (US-Latin America, Asia, Europe, Middle East, Africa) <a href="http://www.medjourneys.com/about-medjourneys.php">http://www.medjourneys.com/about-medjourneys.php</a> (US-24 countries) <a href="http://www.gosculptura.com">http://www.gosculptura.com</a> (UK-Argentina) <a href="http://ihcproviders.com/">http://ihcproviders.com/</a> (Canada-Mexico, South America) <a href="http://www.passportmedical.com/">http://www.passportmedical.com/</a> (US- Mexico, Costa Rica) <a href="http://www.celsusmedical.co.uk/">http://www.celsusmedical.co.uk/</a> (UK-Czech Republic) <a href="http://www.intermedline.com/">http://www.intermedline.com/</a> (Romania-Romania, India, Turkey, Thailand, Malaysia, Singapore, and other countries) <a href="http://euromedicaltours.com/">http://euromedicaltours.com/</a> (UK-Belgium, Croatia,Greece, Hungary, India, Pakistan, Turkey) <a href="http://www.klinikummedicallink.com/">http://www.klinikummedicallink.com/</a> (Germany-Germany, Slovenia, Macedonia) <a href="http://www.croatia-medical-travel.com">http://www.croatia-medical-travel.com</a> (Croatia-Croatia, Slovenia, Austria).

Portals of Support Services for Medical Tourism	<a href="https://www.clements.com">https://www.clements.com</a> , <a href="http://www.hcpro.com/">http://www.hcpro.com/</a> <a href="https://www.homewatchcaregivers.com/">https://www.homewatchcaregivers.com/</a> <a href="http://www.senditcertified.com/">http://www.senditcertified.com/</a> <a href="http://www.indushealth.com/corporate-programs/">http://www.indushealth.com/corporate-programs/</a> <a href="http://medextra.com/">http://medextra.com/</a>  <a href="http://www.medicaltourismtraining.com/about-medical-tourism-training/">http://www.medicaltourismtraining.com/about-medical-tourism-training/</a> <a href="http://higowell.com/">http://higowell.com/</a>
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Source: *authors' analysis*

### **Open (independent) portals**

Open portals serve as an entry point for many medical tourism destinations which is consistent with findings of Lunt et al (2010). The consumers can vastly explore providers, the treatments, and compare costs among an providers. “MedicalTourism.com is a free, confidential, independent resource for patients and industry providers. Our mission is to provide a central portal where patients, Medical Tourism providers, hospitals, clinics, employers and insurance companies and information come together - easily, independently and confidentially in the area of medical tourism, dental tourism, and health tourism.” (<http://medicaltourism.com/Forms/about-us.aspx>). The site provides a comparison on prices of a number of surgeries (such as heart bypass, angioplasty, heart valve replacement, hip replacement, hip resurfacing, knee replacement, spinal fusion, dental implant, lap band, gastric sleeve, gastric bypass, hysterectomy, breast implants, rhinoplasty, face lift) in 14 countries (USA, Costa Rica, Colombia, India, Jordan, S. Korea, Mexico, Israel, Thailand, Vietnam, Malaysia, Poland, Singapore and Turkey). The patents can request a quote for the treatment listing 3 preferred countries. The patients can firstly explore and Research top Hospitals & Destinations, then Request a Quote, MedicalTourism.com will match their request with the top Hospitals/Providers which shall contact the patient directly to arrange the treatment and finally the patient can compare quotes and finalize the treatment with the Hospital/ Provider of his/her choice. The services of MedicalTourism.com are free and they do not charge patients anything for their services. CroMedicor platform was created with the aim of integrating all areas of health tourism, from treatments to the travel enabling users to quickly and easily finding the required treatment and tourist activities in Croatia.



## **Public portals of government bodies, tourism organizations, associations or clusters**

In the following study cases we can see that the national government has actively taken part and assumed responsibility for the development of medical tourism in the observe countries. The authors can underline the cases of Dubai, India, Seoul and Singapore Tourism Board (STB) where private healthcare providers can receive assistance from the Government to expand their services in target markets. The role of the Government is to foster along with healthcare and travel agencies, an integrated "medical-tourism packages" for foreign patients. From an established world largest health zone in Dubai and quality of therapy, range of procedural and treatment options, infrastructure and skilled doctors to perform any medical procedure with zero waiting time, the list of benefits of travelling for medical destination of India, Singapore, Dubai is quite high. It is interesting to note that Croatia has recently received an award from the International Medical Travel Journal in 2016 for the the Kvarner Health Tourism Cluster which has created a recognizable and competitive health tourism product as one of the first in the Region.(<http://www.kvarnerhealth.hr>).

## **Portals of health care providers (or corporate hospital groups)**

From the year 2000, private companies have set up chains of health clinics across the countries that promise to bring quality to the Indian healthcare system and look at the patient as a customer offering the high level of medical services and state of art technology. They can provide information about particular treatments (e.g. dentistry) and allow customers to search different locations and facilities inside the group or chain of "super-specialty hospitals. Foreign patients have an International Services desk, and the hospital is allied with health insurance providers around the world. International Services desk helps foreign patients with visa arrangements, airport pick-ups, accommodation, travel arrangements and other logistics. The majority of such providers are based in India, Vietnam, Singapore, Malaysia, South Korea, Philippines, Dubai and Thailand.

These hospitals have started corporate initiatives aligned national economic strategy. They perceive the medical tourism as an "export" product. They have also initiated co-branding initiatives in international marketing campaigns with US recognized medical institutions. Johns

Hopkins Medicine International has been affiliated with India's Apollo Hospitals and has a clinic in Singapore. Harvard Medical International is part of Dubai Healthcare City, affiliated with India's Wockhardt Hospital chain, and has several hospitals in China (Turner, 2010).

### **Portals of Medical Tourism Facilitator or Medical Tourism Agency (targeted at a single country or multiple countries)**

The facilitators find an accommodating solution for all of medical and travel-related components and their clients always get personalized service and the option of the first available appointment. They are able to reduce the amount of time and steps involved in order to move from diagnosis to medical treatment. They possess a network of providers to help clients' access timely surgery at affordable prices. In principle they are able to negotiate significant discounts and customary hospital pricing, while still maintaining high patient satisfaction and surgical quality. The facilitators can be domestic and international, based on their network with a destination country. FSFs frequently integrated services together into individual packages (such as an all-inclusive vacation) making the planning easier for potential patients what is in line with findings of Turner (2010) and Dalstrom (2013). These FSFs have in mind that medical travel is complicated because of cultural and logistical barriers as they "attempt to collapse the cultural and social distance between the patient and the doctor through reimagining the patient/doctor relationship as the doctor/consumer relationship operating exclusively on the Internet" (Dalstrom, 2013, p. 28). The five countries with the maximum number of facilitators in recent years were the USA, the UK, India, Canada and Poland. Their representation in the Web depends on the quality of information (self-regulation). The portals can also be evaluated and rated by health professionals or receive accreditation by international bodies. Their information on the health provider is a decisive factor for patients choosing a hospital so they "should ensure that they provide correct information about the education, qualification and years of experience along with the registration details of the provider" (Wagle, 2013, p. 32).

### **Portals of Support Services for Medical Tourism**

We have several support services for medical tourism facilitators and patients:

- Insurance solutions to individuals and organizations operating outside their home country (<https://www.clements.com>)

- Expertise in long-term care, accreditation, credentialing, privileging, medical record management, regulatory compliance, nursing, quality/patient safety, and infection control (<http://www.hcpro.com/>)
- Specializes in after-care services ([www.homewatchcaregivers.com](http://www.homewatchcaregivers.com))
- Provides secure e-solutions for exchanging protected health information among patients, foreign healthcare providers, and pharmacies (<http://www.senditcertified.com/>)
- Global Health Option for employees targeted at corporates by including this option in their employer's health plan.  
(<http://www.indushealth.com/corporate-programs/>)
- B2B and B2C provider of Supplemental Health Services <http://medextra.com/>
- Global Medical Tourism Training Medical Tourism Training creates and shares solutions to help service providers including facilitators and governments <http://www.medicaltourismtraining.com/>
- Medical and Wellness Tourism Software solution provider (<http://higowell.com/>).

### **Serbia - Low Cost Medical Tourism: Is the offer of medical tourism service in Serbia visible on the Internet?**

The offer medical tourism service in the English language that is visible on the Internet is listed in Table 3.

*Table 3: Typology of medical tourism portals in Serbia*

Type	Example
Open portals	<b>Not present</b>
Portals of government bodies, tourism organizations, associations or clusters	Fond Klaster Zdravstvenog Turizma Vojvodine <a href="http://www.spaklaster.org/">http://www.spaklaster.org/</a>  Udruženje "Klaster zdravstvenog, velnes i SPA turizma Srbije" <a href="http://www.wellnessklaster.rs/">http://www.wellnessklaster.rs/</a>
Health care providers private hospitals	Bel Medic <a href="http://www.belmedic.rs/">http://www.belmedic.rs/</a>  Alfa Medic General Hospital <a href="http://en.alfamedic.rs/2014/09/05/international-patients/">http://en.alfamedic.rs/2014/09/05/international-patients/</a>  Health Centre "Dr Ristić" <a href="http://dr-ristic.medigroup.rs/?lang=en">http://dr-ristic.medigroup.rs/?lang=en</a>

	<p><b>General hospital - MEDICAL SYSTEM BELGRADE</b>  <a href="http://www.plasticcosmetic-surgery.net/en/medical-tourism-plastic-cosmetic-surgery.html">http://www.plasticcosmetic-surgery.net/en/medical-tourism-plastic-cosmetic-surgery.html</a></p> <p>Sava Perovic Foundation  <a href="https://www.savaperovic.com/medical_history.htm">https://www.savaperovic.com/medical_history.htm</a></p> <p><b>"Badawi" Polyclinic</b> <a href="http://www.badawi-su.net/">http://www.badawi-su.net/</a></p>
Single treatment portals (dental tourism)	<p>Dental plaza <a href="http://dentaltoursserbia.com/">http://dentaltoursserbia.com/</a>  A1 Dental Studio <a href="http://www.a1dentalstudio.rs/en/">http://www.a1dentalstudio.rs/en/</a></p> <p>Private dental practice „Dr Popovic“  <a href="http://drpopovic.com/en/dental-tourism/">http://drpopovic.com/en/dental-tourism/</a></p> <p>Dental practice Parodont <a href="http://parodont.rs/en/dental-tourism/dental-tourism-in-serbia">http://parodont.rs/en/dental-tourism/dental-tourism-in-serbia</a></p>
Medical Tourism Facilitator	<p>Health and Medical Care Solutions  <a href="http://www.healthandmedical.eu/za-pacijente">http://www.healthandmedical.eu/za-pacijente</a></p>
Single destination portals (medical tourism + tourism package)	<p>Derby-Direct <a href="http://www.derby-direct.com/medical-tourism/en/medical-tourism-serbia/">http://www.derby-direct.com/medical-tourism/en/medical-tourism-serbia/</a></p>
Medical Tourism International Facilitator wherein Serbia is listed as a destination for medical tourism	<p><a href="https://www.treatmentabroad.com/destinations/serbia/why-choose-serbia">https://www.treatmentabroad.com/destinations/serbia/why-choose-serbia</a></p> <p><a href="http://www.themedicaltouristcompany.com/medical-tourism-serbia">http://www.themedicaltouristcompany.com/medical-tourism-serbia</a></p> <p><a href="http://www.placidway.com/country/29/Serbia-Medical-Tourism">http://www.placidway.com/country/29/Serbia-Medical-Tourism</a></p> <p>Medical Tourism Serbia  <a href="http://www.medicserbia.com/categories/Why-Medical-Tourism-in-Serbia-%3FAbout-Serbia/">http://www.medicserbia.com/categories/Why-Medical-Tourism-in-Serbia-%3FAbout-Serbia/</a></p> <p><a href="http://www.intermedline.com/blog/medical-tourism-in-romania-medical-tourism-in-serbia-montenegro/">http://www.intermedline.com/blog/medical-tourism-in-romania-medical-tourism-in-serbia-montenegro/</a></p>
Portals of Support Services for Medical Tourism	<p><b>Serbia medical tourism guide</b>  <a href="http://www.medicaltourisminserbia.com/">http://www.medicaltourisminserbia.com/</a></p> <p>MEDNET SV – Beogradske medicinske ustanove koje nude usluge u oblasti Medicinskog turizma na jednom mestu, <a href="http://mednetsv.com/sr/">http://mednetsv.com/sr/</a></p>

Source: *authors' analysis*

The number of websites (especially in English) is very limited, and the offer is mainly concentrated on dental tourism and private hospitals. We have observed one medical tourism facilitator and two clusters of medical tourism (integrated offer of wellness and medical tourism). Serbia is represented on the sites of international facilitators (USA, UK, Romania) offering low cost cosmetic surgery, low cost dental treatment, low cost infertility treatment, low cost addiction treatment and low cost eye surgery (<http://www.themedicaltouristcompany.com/medical-tourism-serbia>). As it has been pointed out by Ignjatijević and Čavlin in their earlier study (2016) an increasing number of clinics and other organizations in Serbia recognizes the importance of medical tourism. They have cited some of them such as: "Vista travel," Bel medic, dentist practice Cvejanović, Health and Medical Care Solutions, Panakeia dentist practice, Private specialist dental practice "Dr Kuljača", Colic hospital and many others.

### **Policy recommendations for Serbia**

Republic of Serbia does not possess a specific strategy concept for developing medical tourism, current integrated offer of health medical services is not especially visible on the Internet (with dentistry as well as the most promising area of medical tourism in Serbia). In the Strategy of Tourism Development of the Republic of Serbia for period 2016 - 2025 medical tourism has been outlined as one of the promising strategic tourism products (Strategy of Tourism Development of the Republic of Serbia for period 2016 – 2025, <http://mtt.gov.rs/download/3/strategija.pdf>, p.28). Serbia is also increasing its position on in the field of medical tourism with substantial savings on medical treatments of 35-40% comparable to other medical services in Western Europe. With over 50 health resorts and 1,300 mineral baths, Serbia is a popular medical destination for a variety of medical treatments, procedures, health spas and services. Compared to other countries, Serbia has a strong reputation for professionalism and modern treatment services.

### **Government role**

The national government agencies and policy initiatives have sought to stimulate and promote medical tourism in their countries. The Polish and Hungarian government has in recent EU accession tried to capture the potentials of medical tourism positioning as the medical tourism destination cheaper than European medical facilities (Lunt et al, 2011b).

The role of government in encouraging, developing, structuring and promoting medical tourism in the country of destination varies across nations. Such policies may include (HOPE - European Hospital and Healthcare Federation, p.17): facilitated visa procedures or new medical visa categories; tax incentives; investment in healthcare infrastructure; special organizations solely for boosting the growth of medical tourism industry (either state-funded or private); and subsidies”.

### **Creating medical tourism portals and the Internet marketing strategy**

Internet plays an important role in the overall development of the Strategy for medical tourism. Internet is changing the way people consume medical services, the way we get information and how to evaluate alternatives. Depending on the websites of different providers, there are significant differences in relation to the content of the presented information. Most providers of medical services use the Internet marketing strategy where the ranking is done on the basis of leading search engines like Google, using search engine optimization. Through the use of keywords, inbound links, and adequate promotion strategies for ranking sites, providers of medical tourism shall result in improved visibility. If the site provider of medical tourism in the leading search engines like Google, occupies a higher rank, it will be easier and faster for online users to meet with his range of services for medical tourism. A good Internet marketing strategy will result in an increase in the number of potential clients. This type of marketing strategy creates interaction and creating relationships that result in the exchange of information of beneficiaries of various medical services and procedures, since the vast majority of providers of medical tourism in the first place emphasizes factors such as the high quality of medical services, the latest technology, expertise and reliability of medical staff.

### **Quality content**

EU Directive on electronic commerce 2000/31/EC states that any specific service provider of medical tourism in Europe requires to enable recipients of services and competent bodies simple, direct permanent access to a minimum of the following information: full name of the service provider, address, e-mail, if the service provider is registered in a commercial or similar public register, the data on the commercial register, his registration number, if the activity is subject to regulatory control

information on the competent body. In addition to other information requirements established by Community law, Member States must ensure that the minimum price when referred to the information society, clearly and unambiguously stated in particular should be clearly written. Regarding contracts concluded by electronic means Member States shall ensure that their legal system allows for the conclusion of contracts by electronic means.

### **Ethical issues**

On the portals the information regarding potential risks of a procedure, as well as any risk associated with their travel and stay, should be stated before a decision to use medical tourism has been made. The relevant health regulations and ethical guidelines in the country where the patient is going for treatment must be outlined on the website (Wagle, 2013). Is it necessary to develop stricter international regulations to minimize undesirable outcomes in medical tourism around the world? The question of ethics in the provision of information by the service is also very actual because in many cases the information provided by providers of medical services does not mention the risks of failure of surgery or lack of comprehensive information on the safety of the individual and the outcomes of treatment (Adams et al, 2013). MacReady (2009) pointed to the phenomenon known as stem cell tourism. The problem is particularly serious because it happens that after reviewing sites treatments for stem cell transplantation, severe patients and their families are ready to go to foreign clinics with the hope of improving their condition. In recent times, Chinese clinic stem cells have alleged treated more than 5,000 patients from different countries.

### **Credibility**

Credibility is a very important factor in patient decisions as cost (Crooks, et al. 2011). The quality, accreditation and a system of external assessment at the international level, primarily by the organization JCI (Joint Commission International) and the World Health Organization, represents a good framework for all clinics that provide international medical tourism services to follow. The adherence to such standards shall be cited on their websites in order to raise their credibility. For example, the OECD Health Care Quality Indicators project, which has initiated in 2002, compares the quality of health service provision in the different countries. Krajnović et al (2013) have pointed out to the importance of

establishing a system monitoring and control monitoring quality at national level in all countries that have developed medical tourism, as well as a system of destination management level for tourist destinations on the principles of IQM (Integrated Quality Management).

## **Conclusion**

One of the key determinants of the modern development of medical tourism globally is to develop an independent internet platform that provides users with up to date information and easy access to numerous medical information, as well as advertising from different providers. The authors have tried to analyze the existing sites on medical tourism and to group them in several categories, although some of the sites can have more than one function. What is common for most of them is the description of treatments (photos or videos), details of the establishment, staff qualifications and professional experience, technology (virtual tours of facilities), accreditation, and very often also patient testimonials and recommendation for patients.

The advantages of using medical facilitator are nowadays well known as they are usually professional organizations, founded by professionals with a background in healthcare. They are used by patients for specialist knowledge and expertise (network of best clinics in different countries), to find appropriate treatment often at the best price (access to special prices and discounts that are not available to individuals). They have experience and provide priority when booking clinics, accommodation and flights in order to obtain a complete medical package per consolidated price (no surprises hidden in any other unexpected costs).

The improved market access instruments are aimed toward enabling better conditions for trade and investment, preparing the Western Balkan countries for the EU market and for fostering economic growth (Vapa-Tankosić et al, 2015). In the region, Republic of Croatia has, up till now, achieved major success in building the platform on medical tourism and building a brand as a medical tourism destination. The governments of Western Balkans countries, especially of the Republic of Serbia, shall recognize medical tourism as a potential high revenue sector in the years to come. Is it possible to establish a regional hub of affordable premium medical tourism service in Serbia?



The assistance of international expert bodies in developing a Strategy of medical tourism would be highly recommended. The Internet sites and web based portals in Serbia need to be developed professionally having in mind the good practices of countries with developed medical tourism, in line with the recommendations of OECD, European Commission and criteria of the Health on the Net Foundation, which can serve as precious guidelines.

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# GASTRONOMY AS A MEANS OF COUNTRYSIDE TOURISM POSITIONING IN SERBIA

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## **Abstract**

*Being engaged in countryside tourism means applying various skills and numerous scientific disciplines. However, every contribution to the development of countryside tourism is welcomed to help it become a profitable business in Serbia at the same time being a possible guidepost for those who start being engaged in this branch of economy.*

*This work has the aim to motivate the self-employment of young people and their staying in villages with the esteem of high ecological standards for the sake of long term sustainable valorization of tourism potentials of countryside and preserving authentic country houses, old interesting skills and crafts. Agricultural production on small areas and finding a market for goods through tourist services, as autochthonous and traditional gastronomic specialties is a way of branding and marketing positioning of the Serbian village as well as maintaining the village vitality and the attractiveness of country life style.*

*Standards are set before Serbian householders and the question is: can we implement them in time and be ready for the next phase in the development of countryside tourism?*

**Key words:** *countryside tourism, positioning, sustainable development, gastronomy, autochthonous specificities.*

**JEL:** *Q13, Q26, R41*

## **Introduction**

The rural areas comprise about 80% of the total territory of the European Union with the 25% of all population. In the tourism development plans of Spain, Italy, Slovenia, Hungary, Austria and many other countries, the

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countryside tourism is getting more and more important. The growth of all its parameters (greater offer, increased number of tourist nights, larger circulation of capital) is evident. The contribution to the whole development of the rural areas given by countryside tourism also means keeping the young in villages, the changed relationship of the local people to the environment, more intense employment of women, the usage of earlier unused capacities, new working places and so on (Veer & Tuunter, 2005).

The attractiveness of the rural areas for tourism and relaxation can be best explained by the image of the rural, which is closely connected with the traditional and romantic idea of 'old good times', naive and simple way of life, intact nature and the perfect adjustment of a man to his natural environment. So the longing and the need for returning to one's roots and to a simple way of life without organized, stressful and urban surrounding leads to greater and greater interest for the rural areas (Kastenholz-Davis et al., 1999).

The research about the countryside way of living and activities (most often through agriculture) done by British magazine "*Country Living*" in 2004 gave interesting data. Out of 1,000 surveyed people, 41% think that moving to the countryside put excitement to their life, while 39% feel their life has become better or they expect it to happen. Most of the questioned consider the life in the countryside as better for health, to have less crime so they expect to live longer. Among those who moved to the countryside, 44% say that they spend more time with their partners, 38% have more mutual friends, 27% argue less frequently, and the general level of satisfaction is higher among the people who moved from an urban to a rural area than with the people who did not move.

According to the World Tourist Organization (WTO), the market trends in the world are going in the direction of countryside tourism. The demand for this kind of tourism in the last twenty years shows significant growth. The biggest increase rate in yearly capital circulation of about 25% has been recorded in some of the South and Eastern Europe countries. In the region of South-Eastern Europe the most developed countryside tourism is in Slovenia. The World Tourist Organization (WTO) recommends Serbia to a rapid development of this kind of tourism, which it considers one of the comparative advantages of Serbia at global tourist market (<http://www.world-tourism.org>)

The indicators for Europe (2010) are as follows:

- - 200,000 recognized registered service offerors in countryside tourism;
- - 2,000,000 registered beds;
- - 500,000 – the number of directly or indirectly employed in countryside tourism;
- - 65,000,000,000 € is a tourist expenditure a year.

The competitiveness of Serbia in the sphere of countryside tourism is not at a significant level, although there are all natural, cultural and social prerequisites for its development (natural potentials, considerable agricultural land, considerable number of people actively involved in agriculture, the traditional approach to agriculture, land not polluted by chemical substances and the possibility for producing “healthy food”, a good potential for developing complementary activities such as taking walks, recreation, hunting, fishing, riding, taking part in everyday chores in country households, traditional local gastronomic specialties and so on).

It is necessary for marketing to create special packages with the experience of salash, rural resorts and rural villages as well as a special kind of camping in rural landscape. In the beginning this offer should be intended to domestic visitors from urban areas, but also to foreigners residing in Serbia, that is to the travellers in transit. After setting all the prerequisites (standards, the Internet websites, rural buildings catalogues), the product should be valorized and commercialized at the international market.

Countryside family households represent a great chance for tourist development in these regions and without large concreting they fit in the rural area where they exist and even more importantly they have a special, personalized relationship with tourists. If they apply a marketing conception, countryside family households will be able to realize all their goals and the goals of rural tourism in general. The bigger and bigger demand for these services in the world, as well as the fact that tourism in the countryside family households is in expansion relating to stagnating mass tourism, significantly has an effect on making thematic marketing activity in offering this kind of tourism, one of the most influential factors which will contribute to the development of tourist offer in Serbia and its balancing as well.

We can determine that the present situation in tourism in Serbia is marked by insufficient existence of quality offer of receptive capacities in rural areas. Taking the whole of tourist offer in consideration, we have come to the conclusion that the development of these capacities can be the characteristic of creating Serbian recognizable brand. Serbia has all important and relevant prerequisites to become a significant tourist destination with the offer of small family accommodation capacities not only in Europe but all over the world, too. This segment of selective form of tourism will constantly get stronger owing to its flexibility and competitiveness, which is based primarily on the quality of offer and the personalized relationship with guests. Anyway, countryside tourism of family type can be one of the major trump cards in tourism in Serbia in the following years.

### **Tourism in countryside family households in Serbia**

Serbia is a country of rural character and one of the most agricultural countries in Europe. Rural development, as a part of regional policies, is the key instrument for agriculture sector restructuring and it should have the task to direct and strategically use the potential of villages attractive for tourism. Local specificities and resources availability make difficult the creation of a universal model for developing rural tourist products and destinations (Mathieson & Wall, 1982).

The development of tourism in the villages of Serbia, as an organized activity, started a little more than three decades ago. Its beginnings were connected with a spontaneous movement of tourists, who wanted, even for a short time, to escape from town, ecologically disrupted environment and to spend certain time in the nature. In the beginning, only some of the households were engaged in this kind of tourism. At the end of the 1980s, about 50 villages with 3,000 beds in 800 households were in the business of tourism. Only three decades later, 2,500 households had about 18,000 beds. A crucial advantage of countryside tourism reflects in getting the income with a minimum investment, but also in the possibility for the countryside households to sell their own products at the most favourable retail prices, without the cost of the transport, as the guests come to buy the goods themselves. Tourism in countryside family households in Serbia is a real trump card of the revitalization of numerous smaller and larger countryside space entities, which, if not died away, are very dormant. Tourism development in these areas can stop the young from leaving, as today it means creating elementary conditions for general,



considerably greater community comfort of countryside settlements. In such circumstances, the young can find not only economic, but also socio-cultural motives to stay at their family homes in the environment in which the general quality of life actually comes close to the level that is nowadays considered as necessary world-wide (Vratuša & Anastasijević, 2002). The environment and its protection represent a very important business segment and influence the quality of the entire lifestyle, with a tendency to become more important in future (Rudež-Riznić et al., 2015).

Taking specific economic and other functions of tourism into consideration, as well as various, high-quality potentials, the site plan and the economic policy of the Republic of Serbia were both given the possibility and the adequate importance in the development of this activity. Besides, the Strategy of Tourism Development in Serbia determined a selective approach, with rural tourism being treated as having a high priority among those types of tourism with special interests. According to this Strategy, countryside tourism in Serbia should contribute to preserving environment and cultural heritage and also motivating local people to stay in villages. This type of tourism could also contribute significantly to the protection of bio-diversity, but also provide funds for the survival and development of the countryside.

The rich natural and cultural-historical diversity of the Republic of Serbia creates extraordinary prerequisites for countryside tourism developing and placing the rich offer of different demand segments to the tourist market. Countryside tourism is a large potential area, as there are many great opportunities in it. At rural area, which comprises more than 85% of the total territory of the Republic of Serbia, live about 43% inhabitants in about 42% households that are directly or indirectly involved in agriculture. Bearing in mind the natural and cultural diversity of the area, the rich resource foundation of the tourist attractions, the preserved environment and more than a thousand agricultural households, the Republic of Serbia possess all the conditions for developing countryside and other specialized forms of tourism related to rural area. Ecological crisis, primarily in the developed but also more and more in the developing countries, is bigger, deeper than it seems to be at first sight. In the rural areas of Serbia there is not such a problem (Rudež -Riznić et al., 2015).

Countryside tourism, like other kinds of rural tourism, greatly enriches tourist offer and gives quality and an impulse to the development of tourism in Serbia (Đorđević-Milošević & Milovanović, 2012.)

The villages in Serbia possess extremely favourable natural and cultural qualities for developing countryside tourism. Shorter staying in villages are recommended, most often family weekends. Rest, recreation, fishing, mountaineering, riding, herbs gathering, picnics and other activities are a real opportunity for enjoying the beauties of the intact nature.

For the fear of harmful elements in the form of pesticides and heavy metals, people are willing to pay from 30 to 80% higher price for certified products. In the rural parts of Serbia they can get them even at a lower price. Organic production is more profitable, although the yields are in smaller quantities (Pavlović et al., 2014).

The tourists will be welcomed by hospitable local people, with rich home made food and the preserved tradition of countryside households. It is necessary to enable the guests to buy healthy, organic food at prices considerably lower than at town markets. It is not rare that new friendships are made, while the children enjoy the charms of careless running across meadows and pastures, where, if nothing else, they will get to know that cows are not of violet colour. Countryside tourism in Serbia has definitely advanced and the present offer is the best sign of that: a countryside house with a tennis court with dross or tartan covering, with a swimming pool in a shadow or overlooking a field covered with milfoil, with a Finnish sauna or Turkish bath, even with a massage! Thanks to the Internet presentations, which has recently begun, the guests' profile has changed and now it is more and more rarely that grandmas come with their grandchildren. Mostly, the countryside tourists are families with their children, as well as couples. Then follow the groups of friends, students, the young looking for a different kind of pastime. At the fourth place, there are the business people who like working themselves, watching the local dancing groups, eating a lot and they pay well for all of that. Only at the last place, there are retired people, which is a complete turnover in relation to the last ten years.

A swimming pool is not always asked for, but the guests can have it in about twenty households: Gostoljublje (Mionica, Kosjerić), Vila Milica (Trudelj, Gornji Milanovac), Obradovići (Katići, Ivanjica), Lepenica (Ključ, Mionica)... Kačerac in the village of Brančić near Ljig has a tennis

court. A sauna and a jacuzzi have become a standard offer in the households in Gornji Milanovac, Kosjerić, Knić and Užice. Villa Etna in the village of Ugrinovci near Gornji Milanovac offers a real wellness, together with a Turkish bath, massage and a salty room. There is an opinion that it is not a tourism any more, but everything that is in a village is countryside tourism. However, the guests do not imagine countryside tourism to be like sleeping in a bed stuffed with straw or waking up in an outdoor toilet. There are exceptionally luxurious accommodations where only a night costs 160 euros! If two people are ready to travel to the village of Zdravac in order to pay 300 euros for a weekend and go back home satisfied, then it is the top of countryside tourism (Krsmanović, 2013.)

Serbia is well-known as an agricultural country and it should be taken as a comparative advantage. Tourists are given an opportunity for an ideal break from an urban life, with fresh air, the scent of hay, flowers, pine and freshly mown meadows and clean spring water and rivers. There is a possibility for various activities: hiking through the nature and gathering herbs and forest fruit, hunting and fishing, but what a guest will never forget is the hospitality of the hosts and delicious homemade food. Village people still keep on living an autochthonous way of life, working hard in the field and feeding domestic animals. During the harvest in summer and autumn months each village is a little factory, where winter stores, fruit brandy and juice are made by the recipes kept for centuries. The offerors in countryside areas can make a profit, because they are mostly ecologically healthy areas, where food products, outside hothouse, can be grown, and that is the most profitable kind of production. According to the research (Pavlović et al., 2014), a conventional cucumber costs 652.50 € per a surface unit, while the price for the organically grown one is 390 €.

The most important products are raspberries, plums, which the world famous “sljivovica” is made of, grapes and autochthonous wines, as well as other alcoholic and non-alcoholic drinks. During a stay one must not miss to try homemade “kaymak”, a product unique in the whole world.

The relative technological backwardness of our agricultural production (an extensive way of production, an insufficient usage of mineral fertilizers, a lessened usage of crop protection chemicals and the like) can transform overnight into a comparative advantage and a form of tourist

product differentiation by fitting into the world megatrend (the production and consumption of healthy-organic food) (Đenadić, 2010).

### **Challenges and directions of countryside tourism development in Serbia**

Countryside tourism is the key factor in the activation and sustainable development of rural areas, which helps preserving the local identity, tradition and custom and enhances autochthonous, traditional and ecological healthy food production. Since the very beginning of countryside tourism development in Serbia everyone wanting to start providing tourist services at their households has been facing the shortage of useful and detailed pieces of information and the knowledge about countryside and rural tourism as a more overall concept. Such types of information (regarding obligations, promotion, marketing and other issues) are at first place needed for those who intend to be engaged in countryside tourism.

Tourist business in the villages of Serbia does not have a long tradition, as a more organized tourist trade on these areas started only in the beginning of the '70s. So far the development of countryside tourist offer in Serbia has been marked by an uncoordinated and unsynchronized development of the offer's components, without adjusting them to other subjects. Such a development has formed an incomplete and insufficiently differentiated offer of countryside tourism (Hrabović-Tomić, 2008).

One of the most important tasks in the development of countryside tourism is the education of the hosts for dealing with this activity. It is necessary, by using an expert analysis of home and foreign positive experiences in this field, to point out the economic justification of being engaged in this business. By using an aggressive advertising and marketing approach, propaganda and spreading information, it is needed to set a goal for making both home and foreign tourists, that is the whole public, familiar with the extraordinary beauties and possibilities that the countryside tourism offers.

The strategy for developing countryside tourism and its realization should be done with the co-operation not only at the local community level, but also through a regional co-operation and integration in broader international programmes. To obtain a significant promotion in the region, rural tourism should apply a marketing approach, which would be

undertaken by local communities, tourist organizations, non governmental organizations, private business sector etc. Bonding with national and international associations whose activities are related not only to the development of countryside tourism but also to an integral and sustainable development on the whole enables the exchange of information and experiences and adopting methodology, which leads to a more efficient marketing as well.

The degree of the countryside tourism development in a country depends mostly on an overall socio-economic growth. The total income made by countryside tourism subjects in our country is very small and insufficient, but even though, from the individual household's point of view, it is not negligible. A very notable effect of developing countryside tourism is a prevailing engagement of woman working force in this kind of business. Taking into the consideration the most important elements of rural tourism in Serbia, we can underline the following observations:

- Insufficient utilization of already low range accommodation capacities
- Shortage of suites and other accommodation capacities of higher class resulting in lower prices and income
- Considerable number of countryside households (almost 40%) do not provide food service thus earning less
- Inadequate and undeveloped promo-advertising mix, as well as inadequate channels of sale, which is primarily shown in the limited use of the Internet as a worldwide web and in insufficient taking part in tourist trade of local tourist organizations
- Low average accommodation and food prices, which, together with a small range of services, results in small overall earnings (The average price of a bed-and-breakfast is about 10 Euros, with one more meal 14 Euros, and of boarding and lodging 16 Euros)
- Poor offer of accompanying activities in countryside households (sports-recreational, trade, transport, crafts and the like)
- Insufficient investment in the capacities, which is the sign that still there is not a need for their broadening

The most frequent consequence of the exclusive or prevailing reliance to agriculture in the rural development of a country (although it is the most important and the most present activity in rural economics) is a phenomenon of rural poverty and unemployment. The experiences of developed countries in solving economic and demographic problems of rural areas put the non-agricultural aspects of sustainable rural

development in the first place: manufacturing (secondary) industry, autochthonous crafts, the trade of people's own products and especially countryside tourism.

SWOT analysis is used for estimating the strengths and the weaknesses of rural tourism development in the Republic of Serbia but also for estimating the chances and threats from the neighbourhood. Based on this analysis, it has been noticed that the weaknesses of rural areas are more numerous and with a stronger effect comparing the competitiveness advantages and that in the following period the neighbourhood factors will, at the same time, represent both great chances and a danger to a sustainable development of rural tourism in Serbia. We think primarily of the forthcoming European integration, a necessary level of the tourist product quality, foreign trade balance in the field of agricultural goods, meeting the competition in this area and the like.

Table 1: *SWOT analysis of the rural tourism of the Republic of Serbia*

<b>Strengths</b>	<b>Weaknesses</b>
Geographic and tourist location Preserved natural resources and rural landscapes Biodiversity Geothermal springs, lakes, rivers, forests The rich cultural and historical heritage Traditional rural hospitality	Lack of financial resources for investments Underdeveloped infrastructure Migration of populations from rural areas Unfavourable educational and age structure The isolation and rural poverty Undeveloped and undiversified rural economy Inadequate production in terms of quality and volume Inadequate waste treatment Insufficient economic integration
<b>Opportunities</b>	<b>Threats</b>
Sustainable use of natural resources Economic diversification Development of small and medium-sized enterprises Horizontal and vertical integration in tourism	Competition in the domestic and international markets Low purchasing power of the local population Changes in trends and consumer demand Socio-economic and political

The production and use of renewable energy	instability
Organic and traditionally prepared food	Climate changes
Autochthonous products with protected origin	Inadequate use of natural resources
EU pre-accession fund	International standards of service quality
	Lack of skilled labor

Source: Đenadić- Muhi et al. (2016)

Both an effort and an endeavour are needed to help the development of countryside tourism in Serbia through education, that is to encourage those who have the intention to start providing tourist services in their households. Also, it is necessary to make dealing with business more easily for all those who are already engaged in tourism as countryside households (who are engaged in agro-tourism). There is a need for further motivation as regards preserving: ambience architecture, rustic houses, local specificities, tradition, customs, old and interesting skills and crafts, bio-diversity, agricultural production on small spaces, original products. The aim should be, through tourist services as the motivators of countryside development, to enable keeping village vitality and the attractiveness of country lifestyle. All this needs to be done in the way it was done many years ago in France and other nowadays well-developed tourist destinations all over the world (Đenadić-Muhi et al., 2016).

### **Modern trends in gastronomic offer**

Once, not so long ago, food used to be simple and natural. For many, it means travelling backwards, in the time of their childhood, when tomato still smelled although it was not of such a beautiful shape as it is today, when apples were still full of vitamins, not pesticides, when all the fish was good for health and when beef could be eaten without a danger for you to get mad. However, nowadays, when we say healthy food, we mean, at first place, *vegetarian food*, that is the food that excludes any kind of meat.

The first vegetarian society was founded in London in the middle of the 19<sup>th</sup> century, while today it consists of hundreds of members all over the world, which comprises 3% of the total population. Many people, inspired by a new way of diet, wrote down their thoughts. One of them, found on an old Egyptian papyrus, reads: *We live on of a quarter what we swallow*,

*doctors live on the rest three quarters* (<http://www.gastro.hr/ekogastronomija-2219.aspx>)

Each visitor during a stay in a tourist destination wants to be treated not as a part of a mass of tourists but as an individual with his wishes and habits. He wants to enjoy, with all his senses, consuming food whose flavour will be unforgettable to him. He often likes trying other, so far completely unknown flavours of various agricultural products. Today modern agricultural production can produce different kinds of agricultural products. For tourists, including healthy, organic food in tourist offer is very interesting. A large number of consumers (tourists) divisions can be made according to their demands and wished regarding food and drink consumption in catering-hotel firms and restaurants. We will mention only three segments of consumers (tourists):

- Those who want vegetarian food
- Those who want macrobiotic food and
- Those who want eco-gastronomic food

In all earlier times the amount of consumed meat grew in accordance with social status. The meat in the most developed countries is becoming more and more food for lower social classes, while the citizens who are well paid and who have a university degree eat meat and saussages least. That is the result of the National study in Germany on diet, which also deals with the relationship between the consumption of certain food and social status. There is a threat that meat will become food for lower social classes, asserts one of the authors of the study, Professor *Achim Spiller*, sustaining food marketing professor at the University of Göttingen. One of the reasons is lowering the reputation of meat industry, which has been struggling for years with the scandals regarding livestock contagions or the use of illicit substances in breeding and curing livestock. Besides, a considerable number of citizens is ready to lessen the consumption out of health reasons, as well as due to the warning of ecology experts that meat production has a negative effect on the world climate changes. Meat consumption in Germany has decreased from 66 kg a year per a person during the mid '80sto 60.3 kg. (<http://www.gastro.hr/ekogastronomija-2219.aspx>)

The price of healthy food products, alternative food products and special demands of hotel guests is the most important barometer. If a customer is willing to pay for a certain agricultural product or a gastronomic specialty feeling satisfied, that is the right sign that the agricultural manufacturer,



processing industry and caterers have done their job. Agriculture economics, which, among other things, comprises the marketing of agricultural goods to rural tourism, implies that the agricultural manufacturer has to know where his marketing is, what a consumer (tourist) wants to buy out of their products, what they want to consume in country family house holds, how much they are ready to pay for that, what quality of agricultural, i.e. gastronomic products they ask for and the like.

In 2005 the Strategy for Agriculture Development was enacted in Serbia, which will enable an unobstructed development of agriculture in the Republic of Serbia and the integration into the agriculture of the European Union. The Strategy envisages the changes that need to be done in agricultural sector. They include three most important elements: the end of the transition from socialist to completely marketing economics; the integration into and the association with the European Union; a more radical reconstruction and modernization of the entire agricultural sector, as well as the establishment of marketing economics, which will have strong effects on the state role in agriculture, and on the relationships between agricultural manufacturers, the state and consumers. (The Strategy for Agriculture Development, 2005)

### **Eco-gastronomy in rural tourism**

Food is a basic human need which connects us with the rest of the world and is an integral part of our future. Often, it is a motive for tourist travelling or staying at a country family household that offers it. It is necessary that country households should make a conception of their gastronomic products aimed at customers and thus differentiate from the competition. The use of natural, organic food is a way of differentiation. Country family households engaged in tourism can make an infrastructure of agriculturists that will supply them with fresh products which are made according to the standards of healthy food. By creating unforgettable gastronomic experiences, this type of tourism can place itself to the market of tourist services (Kotler-Bowen et al., 2010).

The differentiation of gastronomic offer which excites the guest and offers something new can lead to excellent public relationship opportunities, to the loyalty of potential tourists and to bigger earnings. The country family household that is well-known for the high quality of its gastronomic offer and service has a stronger competitive position than

the competition that has no continuity as regards high-quality products and services. The marketing kind of the relationship with the guests and loyal customers are created by a high-quality service (Cravens, 1995).

The service production and consumption in countryside tourism occur in one place and at the same time, and the user actively takes part in them having a unique interactive relationship with the service provider. Frequently, the quality of such a service personally experienced by the user depends on the quality of the interaction (relationship). The managing of the interaction between the provider and the user is the essence of the strategy of countryside tourism as a business, whose aim is to provide a lasting relationship with the user, who once entering the circle stays in it. Because of that, the quality of the product (service) in countryside tourism to a great extent depends on the quality and qualification of the provider, which is often a limiting factor in this business.

*Carlo Petrini*, the founder of *Slow Food* movement, which came into being as an answer to *fast food*, has opened a new chapter in the area of food understanding and so eco-gastronomy was born. To everyone concerned it should be pointed out that putting a carrot into a mouth is not enough. A very important question is who has grown that carrot, how it has come to us, who has produced the seed for it, how it has been served on a plate in a restaurant, who has served it and what way... and there are many other questions. The programme that combines a nutritional, agricultural and catering approach will not drastically reflect on the traditional love for pizza and beer, but it will teach people to look upon food from as many points of view as possible so that they can understand better the sustainable principle of food production and consumption. We have become aware of a growing interest of the young in food and the sustainable development and of their wish to understand the link between the local, the regional and the global food system. Eco-gastronomic offer in countryside tourism should get more and more space.

Creating a menu with organic, macrobiotic or vegetarian food is done through several phases: making the activity plan of a restaurant, choosing recipes, preparing food and taking pictures of it, making the design, printing the menus... Such projects are extremely demanding and in layers, and it is primarily necessary that the people who are highly professional and creative in their jobs should be consulted so that all the elements could be put into an attractive design. The guests must be

convinced that it is possible, even with such a limited culinary approach, to create and make both the dishes that look attractive and the dishes of different culinary directions. *Vegetarian* cuisine is always thought of as the cuisine that excludes a whole series of ingredients and that is why there are many people who are skeptical about it. Because of that, it is necessary that all the natural foodstuff should be used to the maximum to make an acceptable dish as much as possible. At present, the situation is that in such restaurants about 80% of vegetable is truly organic, and the rest is supplied by the manufacturers who, even though smaller in their business range, surely stick to the standards.

There is a big difference in tastes and habits across the continents separately. For example, the Americans mix fruit with everything, they mix the sweet, the sour and the chilly. Anything will do there. However, the Europeans, for example, are used to certain flavours and the extreme exotic will not do. Customers accept experiments to a certain extent but such an approach does not have success in long term. The guest looks for something familiar, possibly with an addition of some elements of other cuisines. The situation in Serbia is very similar. Our customers like trying something new, but they rather chose relatively recognizable flavours. Innovations in gastronomy should make people begin not only to recognize the dishes as “healthy” but also to take tourist trips because of interesting tastes themselves, because of the combination of the elements from various cuisines combined into new and delicious meals.

Frequently, traditional kitchen with its interior dominates the entire country household and enables exquisite opportunities for getting to know autochthonous culinary techniques, and for the foodstuff it is important to say that they come from the verified suppliers. There are no artificial flavours, no ready-to-serve sauces in bags – there are only natural ways of discovering new tastes and the combinations of them, and of having fun with food and wine. The high quality of the cuisine is not only the one served in expensive and shiny restaurants. The label of the haute cuisine deserves all first-class dishes, products or holiday places, regardless where they give us the pleasure: in a warm country family household or in a luxurious restaurant that attracts the jet-set.

### **Traditional tourist-gastronomic offer in Serbia**

Serbian traditional cuisine has its specificities due to very different, traditional ways of preparing food. The German historian from the 12<sup>th</sup>

century Helmond, while describing the conquering campaigns of Carl the Great into the Slavic countries, wrote about an abundant feast at the court of Serbian king Pribislav: *on the table they had laid for us there were twenty different dishes*. The basic foodstuff in the national diet was bread baked on the hearth or over the fire in the forest. The kneaded dough used to be covered from under and from above with the leaves of dock plant, cabbage or some other plant, put into the embers and then covered with the ash. The bread made in such a way was of a special taste. It was recorded that during the famine in 1813 bread was made of ground oak nuts. Traditional ways of preparing food were: outlaws' cooking in the tree bark, roasting lambs wrapped with mud in embers and ash, frying (boiling) meat in a paunch hanging over the fire, using red-hot stones for roasting etc. Maybe these ways of preparing food nowadays seem ritual and archaic, but still they are able to arouse the imagination of modern gourmands.

In our country a large number of traditional food and drinks that are the characteristics of many an entertaining-tourist manifestation are prepared. The varied gastronomic offer prepared in a way and in the form that have not changed for centuries is a part of the interesting, attractive and tempting tourist offer of Serbia. Such a gastronomic diversity definitely represents notable ethnographic richness and a component of the cultural heritage of Serbia and furthermore an attractive and original tourist product that contributes to positioning Serbia as a tourist destination. Certain traditional and autochthonous dishes from Serbia have already found their place in the global offer of the world tourist market. Some food with a global sign (pizza, hamburger) with an addition of the national cuisine can be also found in the tourist offer of Serbia. At the moment, the trend of organizing ethno events related with traditional gastronomy is in great expansion. In Serbia there are about 150 manifestations of regional and international importance. As almost every village wants to have its own manifestation, at present there are 660 in Vojvodina only. It is interesting to mention that a considerable number of these manifestations are concentrated along Pan-European corridors through Serbia. Next, 49.2% of them are held in places extremely suitable for the development of rural and countryside tourism, and 54.0% in places qualified as tourist places. Bearing in mind that every manifestation contributes the economic development of the region, we have to say that this is a good trend if the manifestations are well-designed and well-organized. About 40,000 such manifestations are organized in the USA a year. Because of the growing extension of this type of tourism in our

country, every year the Chamber of Economy of Serbia organizes the manifestation organizers' gatherings where the organizing experiences are shared, help is granted, the ways of providing funds are discussed and the like. The recommendation made on these gatherings and addressed to the government agencies is that an expert help to the manifestations is the most important in the beginning, not later when they get independent and begin to make profit.

The comparative advantage of countryside is the clean and unpolluted nature, which enables the production of ecologically healthy food. Food is imported into Serbia in considerable volume, but as far as country family tourist facilities are concerned the households should endeavour to make food for tourists themselves. Healthy food is a priority and a matter of prestige in the Western world. From the same reason country households should secure their products, pack them into authentic packaging accentuating their quality. Preparing, cooking, arranging and serving food logically go with it all.

Hard-working and skilled housewives cherish the traditional way of preparing food. The best of them could organize trainings for preparing gastronomic specialties of home cuisine, which are rarer and rarer on the town table. Various kinds of pies (buckwheat, dock plant, pumpkin, cheese), layered cheese pie, "cicvara" (a type of polenta), "proja" (cornbread), home-made bread and unique dishes and roasted pork and lamb under sach (baking bell) leave nobody indifferent. The very act of cherishing home cuisine underlines the unique milieu of intimacy and welcome. The ritual of country dinner has many specificities: country parties with food, toasts, orations, which all leads to a relaxing and authentic atmosphere. Meeting the need for food is not only a biological need, but also a culinary-gastronomic experience fit into a complete autochthonous content of a country tourist destination. The tendency that healthy food should become a brand and as such become an export product that can give our tourist economy a considerable and sustainable competitive advantage and fulfill the prerequisites for further countryside tourism developing.

### **Which food to offer**

On a country family tourist facility there should be the dishes of the regional character (traditional specialties) and in accordance with it the entire food offer has to be designed and created. It is especially

recommended that specific specialties, the ones that can be found only in that village or neighbourhood, should be offered. Guests always need to be given an explanation about what food is offered, what it is made of, how it is prepared. If there is a story about some food or a dish, it needs to be told (how the food came into being, why that way of preparation and how it is related to that region). It is always interesting to point out that a certain dish is made of autochthonous sort of vegetables, fruit, grains, fowl and livestock (meat, eggs, milk) or wild, self-sprouted, edible plants. Further, including some of the long forgotten dishes in the menu is always desirable, even though they may seem to be so simple that they do not represent traditional specialties.

Some minor interventions regarding the traditional menu are permitted only in cases when some guests do not take certain foodstuff (out of health, religious reasons or personal convictions), but even then with an amount of creativity, following the local tradition and using autochthonous foodstuff. It is not a rare case that a number of guests expect and demand the standard and classic dishes that are offered in most of the hotels and restaurants (Karageorge's schnitzel, grilled minced meat, grilled pork meat on the stick etc.). Such guests need a kind explanation that the point of country tourism and its basic characteristic is to offer exclusively authentic, traditional and almost forgotten dishes of the region and that they will certainly find something which suits their taste. Although this can provoke temporary misunderstandings and difficulties, we are sure that a consistent and principled offer of traditional food will pay in long term, as only with such a gastronomic offer your country tourist household will make a position and be recognized as a unique destination with an authentic and original gastronomic supply. Otherwise, by offering all kinds of things and fulfilling the gastronomic wishes that cannot be classified as traditional and autochthonous, you will turn your authentic country family household into a classic restaurant which has lost its recognizability.

As far as drinks are concerned, the principle of tradition, the same as with food, has to be obeyed. Of all the drinks that are served in a country family tourist facility, wine is, of course, chiefly served as a traditional product, then there are different kinds of brandy ("rakija") as aperitifs, home-made juice and local mineral water (if there is one). Fashionable carbonated beverages and beer are really not appropriate to be in the offer of country tourism (except in case of beer being made in that household – for example, Slovenia, Germany). A special emphasis is put on offering

home-made juice and syrups, made of the fruit and plants from the area (blackberry,raspberry, sour cherry, elderflower etc.)

Traditional Serbian dishes that are most frequently served in country family households:

- Cornbread, “somon” (a kind of bread), Serbian soda bread, lepinja (triple-raised soft baked flatbread), layered cheese pie, polenta, “cicvara” (a kind of polenta), “popara-masanica” (a kind of panada);
- “Belmuž” (corn flour and cheese) – Eastern Serbia;
- “Šardeni” (lamb intestines in an earthenware dish) Brus, Kopaonik;
- “Čalaufa” (boiled pieces of pie pastry) Čačak, Western Serbia;
- “Ležbaba” (fat pancakes) Sombor;
- “Trkanica” (a tomato salad with leek and baked paprika) Soko Banja;
- “Plašnic” (Vlach pancakes filled with cheese) Eastern Serbia;
- “Mamaljuga” (polenta with kaymak and dried meat) Užice, Western Serbia;
- “Šuš-muš” (chitterlings) Eastern Serbia;
- “Češket” (chicken with barley or wheat) Herzegovinian, Smederevo;
- “Medžanik” (mashed beans) Brus;
- “Kvrguša” (small pieces of chicken on dough);
- “Čulama” (boiled chicken) Zaječar.

## **Conclusion**

It can be concluded that for now only natural, cultural-historical and ethnographic contents represent a significant and positive impulse to tourist positioning of Serbia as a tourist destination. The recommendation of the World Tourist Organization (WTO) to Serbia follows that course, too. It says that Serbia should rapidly develop countryside tourism, which is judged as one of the comparative advantages of Serbia on the global tourist market. The tourist offer in countryside tourism is based on existing potentials, including real estates; on existing agricultural production; on autochthonous knowledge and skills such as traditional crafts, folk instruments handiwork, folk dancing, customs, hunt and fishing.

The developing concept of countryside tourism includes the use of the foodstuff that is produced and prepared in a healthy way and in the spirit of Serbian traditional cuisine. Traditional, autochthonous food products, specific for the region, should be presented and promoted in the offer of

the country family household, and that should be the base for home-made food choice. It is especially recommended to offer particular specialties that can be found only in that village or the region where the household is. As far as drinks are concerned, the principle of traditional, local products has to be obeyed, too. In a country family tourist facility home-made wine, made of traditional sorts of grapes characteristic for that region should be served, but also there are different kinds of brandy ("rakija"), home-made juice and local mineral water (if there is one) that should be served as well.

How and in which ways these potentials will be used and made into an attractive tourist offer depends on a precisely elaborate idea of a potential provider of the tourist services in a country family household, as well as on recognizing the attractiveness which the future tourist offer in countrytourism can be formed on.

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# GASTRONOMY TOURISM AS A COMPETITIVENESS FACTOR OF TOURIST DESTINATIONS - MODEL OF LESKOVAC

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## Abstract

*Gastronomic tourism is an extremely important factor in creating a local brand that makes it one of the inevitable factors of competitiveness of tourist destinations. Food and drinks typical for an area may be an important differentiating toll used for evaluating the value of tourist destination. The paper deals with gastronomic events and products of Leskovac, which would be sufficiently distinctive to differentiate this city from other gastronomy tourism destinations. In order for selection and manner of presentation of authentic gastronomy products, it was performed a survey of employees in restaurants in the mentioned area. The processed data are used as a predictor for the model of gastronomic identity of Leskovac.*

*Keywords: gastronomy identity, competitiveness factor of tourist destination, city of Leskovac*

## Introduction

Gastronomy is one of the basic factors of tourist destination attractiveness. Local gastronomy represents one of characteristics of destination that increases tourists' intension to come back and visit it again. Specific gastronomy experience is the base of marketing mix of destination, because it provides different variety identification such as: gastronomic products, art and custom of preparing and consuming food, sensory elements (appearance, smell, taste...), source of food (organic food, national cuisine, food of local producers...), methods of preparing food, ways of serving food, its harmonization with local drinks,

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environment that food and drinks are served (catering facilities, markets...) and other. Sensory experience during consumption local drinks and food is the essence of touristic experience because it provides activity and fun (Kim et al., 2009). During their travel, tourists spend about 40% of their money on the food. As part of transformation, food and drinks are of essential support for tourism (tourists necessary have need for food) because they have grown in to main reason for visiting some of destinations (Mitchell, 2003; Hall, 2003).

### **Gastronomic tourism as a factor of competitiveness of a tourist destination**

At its beginning, gastronomic tourism has grown more and more every year. Number of consumers for this kind of tourism has grown thanks to the big number of culinary shows on the TV. Although big number of people claims that one of the pleasures on these trips are searching and tasting different kinds of food is essential, the reality is much different. Massive market and popular destinations bring to saturation some of the diet and after a short period of time people are asking for certitude from local and familiar food. Until recently the food has just been part of tourist offer, although the food has much bigger role. Nowadays, the food has got attention that it needs. Today, food represents status symbol, identity, life style, and the matter of taste, freshness and quality are known as leading element in catering services. In certain moments, when it comes to food, tourists can search for experiences that are not familiar to them. Searching for new and unfamiliar experiences can also refer to food. Tourism is offering new chances for tasting food. New experience with food can be dully: new ingredients and flavors that tourists didn't try before or new ways of preparing familiar food. Making that top feeling consuming food makes gastronomic tourism.

Branding destination means making a picture of place that tourist will remember and it will separate it from other places. By opinion of many management organizations, local gastronomy is important part of branding (Okumus et al., 2013). For the purpose of branding, there are taken many security measures because of geographic, cultural and climate factors (Carraa et al., 2015).

Gastronomy and gastronomic tourism can be the potential reason for visiting a tourist destination (Sirše, 2015). Local cuisine and gastronomic products are second in the series of factors of tourist destination (Enright

& Newton, 2005). The food is physiological need, but also sociological and cultural activity. When consuming food, tourist doesn't just satisfy his hunger, but also experiences local culture. Requests of tourists for food are manifesting in different intensity across 2 motives: some tourist are traveling because of gastronomic experience, while others perceive local gastronomy as part of cultural experience.

Gastronomy which is a characteristic for some region, determinates the specific touristic destination. Competitiveness stands out as a critical impact on tourist destination in the competitive world market (Enright & Newton, 2005). People are more interested to be directly present when food is preparing then to consume industrial products. According to Kim (2009) there are nine enogastronomic (wine and food) motivational factors: exciting experience, escape from routine, health care, authentic experience, sense of community... These factors are variable depending on the demographic factors (gender, age and education) and psychological factors (Jackson, 2009). Wine and food tourist doesn't visit destination just for getting education, but also to experience wine culture and to feel another emotion (Vigano, 2003). Many people who live in big cities would rather choose more rural destination, just because of beauty of the nature. The possibility to combine food chain, from the very beginning to the end result brings full experience (Di Matteo & Cavuta, 2016). The development of gastronomy in certain destination brings to the full experience that guests have. Gastronomy tourists especially visit some places to taste local specialties. Gastronomic tourism is becoming very significant. In some contexts it is the same as see or mountain. Advantages of gastronomic tourism are: creating completely high-quality product, development off the season, development of rural areas, motivation for management, employment and self-employment, cherish the culture and tradition... But still, this potential isn't fully used. Food and drinks aren't just gastronomic products but they are also brands of some places, and they need to be emphasized with marketing assets. People need to have consciousness about attributes that certain destination has. The goal in gastronomic industry are local and foreign tourists of all ages, with high or medium-high spending power and experienced travelers (Williams et al., 2014).

Basic characteristics of gastronomic tourism:

- Gastronomic tourism is seasonally adjusted, it can be performed throughout whole year (Sahin, 2015);

- Gastronomic tourism is a new form of a positive trend, where tourists can stay at short period of time – usually for the weekend;
- Gastronomy contributes to the context of traditional vacation;
- Gastronomic tourists want high-quality product which indicate on high-quality relation with caterer;
- Gastronomic tourists look for connection between gastronomic product and local history, tradition and culture. They are interested on every occasion that helps them to get to know the destination they are in.

Gastronomic experience is very important part of marketing mix of a destination because it allows tourists to feel and get to know the place. In today's tourism business where competitiveness of marketing already exists, marketing is a complex phenomenon. Aggravating circumstances during the formation of marketing mix of one destination is different purpose of visiting (Uner, 2014). Current efforts are focused on opening ranking lists to see quality of the product. For the purpose of branding there are taken many security measures of geographic, cultural and climate factors (Carraa et al., 2015).

### **Model of gastronomic identity of Leskovac**

Concept of gastronomic identity is built on the influence of environment (geographic, climate factors and local products), sociological characteristics (economic and social factors and legal regulations) and culture (history, tradition, religious affiliation, ethical affiliation...) (Figure 1).

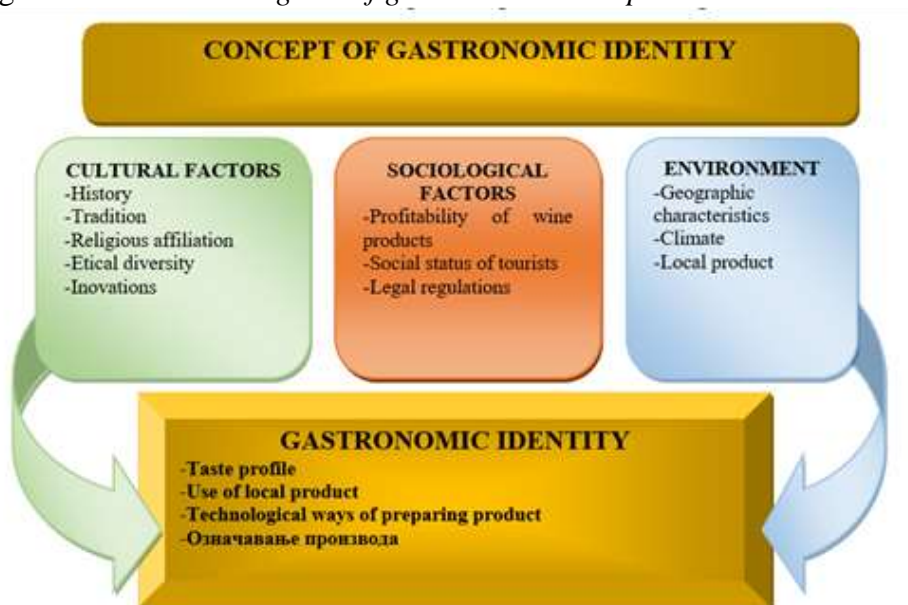
Leskovacka kotlina is a part of macro region of Serbia. Leskovacka kotlina alone represents micro regions in South Serbia. It extends in behalf of Rodopski system (Serbian-Macedonian mass), in the central part of the flow of Southern Morava, between Vranjske, on south and Niske kotline on north of the country. Leskovacka kotlina is on central part of Balkan Peninsula. It is one of the biggest in Serbia. Main streams in Leskovacka kotlina is South Morava, in which are 4 more rivers flowing in: Veternica, Pusta reka, Jablanica and Vlasina, as well as smaller number of streams. Because of that Leskovacka kotlina is divided on smaller regions: Leskovacko polje (central part of kotlina), Porecje, Jablanica, Pusta reka etc... Toward south Leskovacka kotlina is surrounded by mountains Goljak, Kukavica and Ostrozuba.

East side is also surrounded by mountains: Krusevica, Babicka gora and Selicevica. On west side there are Pasjace, Vidojevce, Arbanaske mountains and Radan Mountain. The climate is mild, moderate continental with average temperature about 11,10°C, rainfall 625.40mm and mild elevation 210-240 m, extremely suitable for life. Moderate continental climate with given latitude of 430, elevation 210-240m and land had perfect affect to create perfect life. Fruits, first of all juicy paprika, are the mark of this little city. On that, you can add tradition of baking barbecue and you have cuisine with “strong character”.

In terms of territorial affiliation Leskovacka kotlina includes bigger part of Jablanicki okrug and that: Lebane, Leskovac, Vlasotince, Medvedja and Bojnik. The biggest community is city of Leskovac, but not just in county, but also in the whole country.

Out of total number of population, on territory city of Leskovac, economic active population is 41,24%, out of which 26,53% renewed their interests, and 14,71% are unemployed. Percentage of economic inactive population is much bigger then economic active population. The biggest percentage are pensioners with 21,57%, on the second place are children less than 15 years old with 14,57% (ALER, 2013).

Figure 1: *Schematic diagram of gastronomic concept*



Source: *Authors*

By number of employed population the most common industries are: food industry, pharmaceutical industry, wood processing industry, chemical and textile industry. The largest number of employees works in the food industry, after that in pharmaceutical industry.

Within food industry, on territory city of Leskovac the most common is production of fruit, vegetables and meat. The total number of companies within this production is 116. And number of employees is total of 1088. Mesokombinat d.o.o. Leskovac is the modern and classical industry who works import and export of meat. It is located in village Turekovac, on about 10km away from Leskovac. There, on 8 hectares are objects-slaughterhouse and land who extends on 7000m<sup>2</sup>. On its own production, Meskombinat has all kinds of meat and over 60 smoked meat products. Special place is saved for Leskovacko grill meat, product with the longest tradition in preparing. Beside these activities, Meskombinat deals with import and export fresh meat (beef and pork).

Another firm is Jugprom d.o.o. Leskovac, already several years before is adapting 9000 tones of various fruit, which allows export of almost 7500 tones of frozen fruit on European market, which provides profit about 7000 000 € (ALER, 2013).

Out of 17083 employees on territory of Leskovac, 143 people are providing services of accommodation (Hotels “ABC”, “Hajat S”, “Gros”...) and restorants (“Cap-cap”, “Princ”, ”Zlatno bure”, “Dale 11”, “Koliba”, “Gurman”...).

Planning and implementation of gastronomic tourism is very complex, because the key of success is in harmony between producers and owners of hotel objects (Brunori & Rossi, 2000). Communication between hotel owners and producers takes place indirectly which additionally makes things harder to purchase wine in catering industry. Despite the fact that most destinations are visited by low-budget tourists, local food and wine are attracting different kind of people. Practical proof of this theory are many manifestations. On territory of Leskovac the most significant manifestation that represents city is “Leskovcka rostiljada”, which is held every year in September, for 20 years. It lasts 7 days and in that 7 days, it is visited by over 500 000 people, from all over the country and abroad. This manifestation is followed by series of events such as fireworks, preparing the biggest hamburger for Guinness book of records.

Picture 1: *Preparing the biggest hamburger for Guinness book of records.*



Source: [www.juznevesti.com](http://www.juznevesti.com).

Of all existing manifestations on territory of the city we should also mention manifestations who take places in rural areas, such as:

- “PIHTIJADA” in village Grabovnica, taking place in January;
- “DANI JAGODE” (Days of strawberries) in village Dusanovo, taking place in Jun;
- “DANI VISNJE” (Days of cherries) in village Lipovica, taking place in July;
- “DANI KRUSKE” (Days of pears) in Vucije, taking place in August;
- “DANI PAPRIKE” (Days of paprika) in village Lakosnica, taking place in September;
- “DANI POVRTARA” (Days of farmers) in village Nomanica, taking place also in September;
- “IZLOZBA KRAVA I JUNICA” (Exhibition of cows and heifers) in Leskovac, taking place in September;
- “DANI MEDA” (Days of honey) in Leskovac, taking place in October;
- “KROMPIRIJADA” (Days of potato) in village Pecenjevac, taking place also in October.



Picture 2: *(Days of paprika) in village Lakosnica.*



Source: [www.rominfomedia.rs/rm/category/leskovac/page/31](http://www.rominfomedia.rs/rm/category/leskovac/page/31).

Based on the census of agriculture from 2012, in Leskovac region there are 1459,72 hectare with vine variety. More over 10863 producers own vineyards. Production of the wine is characterized with small quantity, but large number of producers. Produced wine is usually for family use or local market, and producers are usually placed in Vlasotince and Leskovac. Some of more famous vinery's are "Filipajac" from Vlasotince, "Vinarija Cirkovic" from Kozare, but they are only producing wine for local market (Jaksic, 2015).

### **Methodology**

The sample contained 52 examinees, who are working in different facilities in Leskovac. The questionnaire was send to examinees by mail, after a conversation with managers from catering objects. The largest number of examinees were males, from 31 to 40 years old. Also, the largest number of examines were with finished High school and 89,4% have finished hospitality and tourism school. The biggest number of examinees have 6 to 10 years of experience.

Table 1: *Sociodemographic characteristics of examinees*

Gender: Male 68,3% Female 31,7%	Hospitality and tourism school: Yes 89,4% No 10,6%
Age: ≤20 1,9% 21-30 28,8% 31-40 37,5% 40-50 23,1% 51-60 6,7% ≥61 1,9%	Working experience  ≤5 years 16,3% 6-10 35,6% 11-15 20,2% 16-20 27,9%
Level of education: High school 30,8% Higher school 52,9% Master studies 10,6% PHD 5,8%	

Source: *Authors*

In this questionnaire there were questions necessary for differentiation of gastronomic products that examinees consider indispensable for making gastronomic brand. Groceries were divided into groups: meat, fruit, sweets and drinks. The rest of questioner was referring on ways how to prepare food on traditional or modern way.

### Results of work and discussion

One of the goals of this research was to establish perception of technique preparing food and drinks, from local products to national brand. Dominant opinion of 42,2% of examines is that they prefer preparing food according to technical conditions.

Table 2: *Perception of examines about technique of preparing food*

<b>Technique of preparing and presentation food</b>	<b>%</b>
Specifically modern	10,6%
Traditional preparing, but modern presentation	11,5%
Some traditional- Some modern	26,9%
Preparing by traditional technique and traditional presentation	46,2%
Specifically traditional	4,8%

Source: *Authors*

The attitude by majority examinees is that they prefer preparing food on traditional way, but they like presentation on modern way. Also, this

attitude is qualified by minimal investment in training staff. After that, examinees were asked about local products on territory of Leskovac, but also which product can go into menus in local restaurants.

Table 3: *Traditional gastronomic products in city of Leskovac*

Type of fruit that you consider traditional for Leskovac?	What drink would you suggest to be part of national meal in Leskovac?
Berries 27,9% Apple 5,8% Quince 65,4%	Rakija 61,5% Wine 24% Juice 2,9% Water 11,6
Which product from meat or fish you consider product of Leksovac?	Which type of meat you consider necessary for meal in Leskovac?
Bacon 44,2% Roast beef 21,2% Pork 20,2% Sausage 10,6% Smoked trout 3,8%	Pork meat 36,5% Veal meat 6,7% Lamb 10,6% Beef 46,2%
From suggested sweets pick one you would like to national meal in Leskovac?	
Pumpkin pie 33,7% Mus with raspberries 4,8% Racalj 43,3% Tufahije 18,3%	

Source: *Authors*

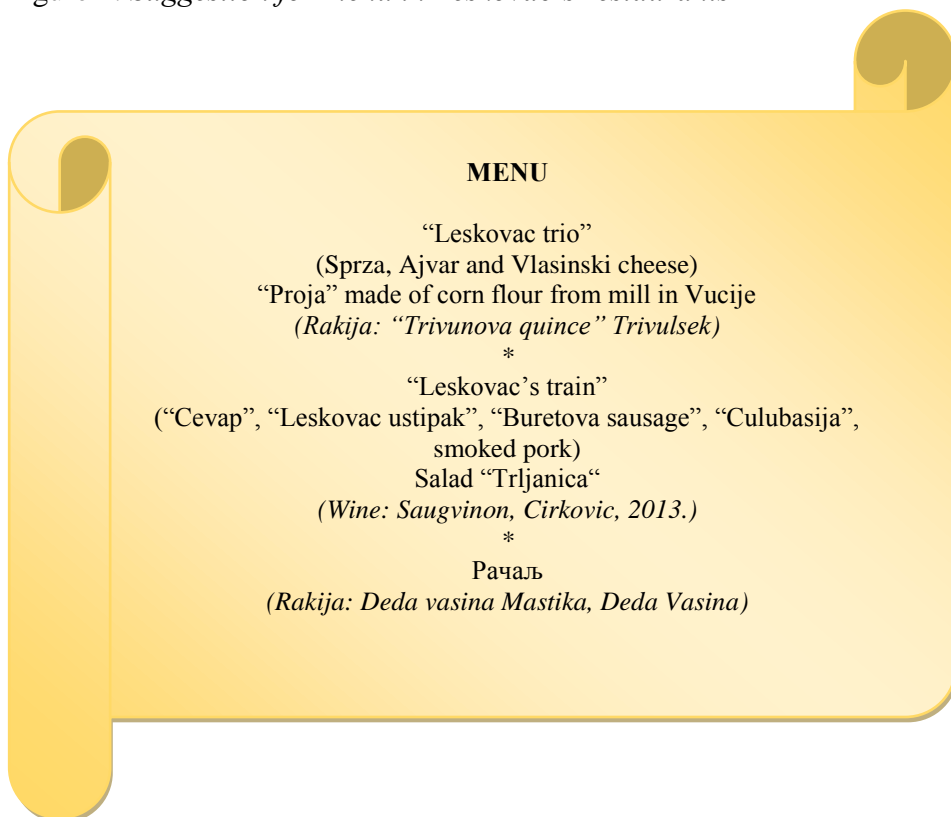
The results indicate that examines consider that quince-fruit and pork-product of meat are the traditional meal in Leskovac. When it comes to drinks that they would suggest as part of national meal, the majority of people said rakija. Also majority thinks that beef is necessary for national meal in Leskovac. And as for sweets they seed racalj. The bacon as product of meat could represent a problem for use for some kind of people. Many people do not consume meat because of religious reasons.

### **Practical display of gastronomic model as a part of identity of Leskovac**

On behalf of research that is been done in Leskovac, as gastronomic and tourist destination, this city has one of a kind specialty that it goes perfectly with all drinks. Practical model has for purpose to present region through its food and drinks. Here is the menu that represents mix of

traditional diet of locals in Leskovac, innovative technique of preparing and presentation of food and its harmonization with local region.

Figure 2: *Suggestion for menu in Leskovac's restaurants*



Source: *Authors, based on the questionnaire results*

The introductory dish “Leskovacki trio” is consisting of traditional sprza, ajvar and Vlasotinacki cheese followed by proja, made with white corn flour, from the famous mills in Vucije. Sprza is also known as “Leskovacka kavurma”, which is a real delicacy and it can be served as worm or cold appetizer. Accompanied by Leskovac’s brand ajvar, this dish is spicy and pleasant at the same time. Strong sense from “Leskovacki trio” can be diluted with proja from white corn flour. The indispensable part of this traditional dish is rakija, made from Leskovac’s quince, which it belongs to the best sort of quinces in the World.

Picture 3: *Sprza* is also known as “*Leskovacka kavurma*”



Source: [www.saveursdefrance.es](http://www.saveursdefrance.es)

“Leskovacki voz” is traditional way of serving barbecue in Leskovac. The segments of serving consists of uniform time intervals where the barbecue is served. “Leskovacki cevap” is delicacy from minced beef meat, shaped like mini sausage. “Leskovacki ustipak” is also delicacy that is made of minced meat with hard cheese, garlic and hot pepper. “Buretova kobasica” is the only delicacy from grill that you don’t especially use beef meat, but you can use combination of beef and pork meat. The best ratio for perfect sausage is 70% of pork meat and 30% of beef. Pork meat is ground to larger pieces while beef is ground on smaller ones, so that mixture would combine well. From spices you add salt, pepper, garlic and when the compound is good enough, you can start filling natural intestine. “Culbastija” is traditional steak from beef, thinned and grilled on barbecue. “Dimljena vesalica” is pork bacon, smoked and roasted on the grill. These specialties represent temperament of Leskovac’s cuisine, and these dishes are followed by salad “Trljanica”. In summer this salad is prepared with roasted paprika, garlic and sunflower oil, but in winter its prepared with dried paprika’s and just a little bit of onion. Spicy and temperamental taste of these dishes was awarded along with “Leskovacko vino” of production Cirkovic, Sovinjon, picked 2013. This will circularize the authentic experience of Leskovac’s gastronomic offer.

“Racalj” is famous dessert on South Serbia, and many of examinees considered that exactly this dessert should be the mark of this region. We must mention “Deda Vasina” rakija, made in distillery Deda Vasa from Leskovac. This rakija is the pride of our region, because it has very pleasant aroma and it’s only Mastika made in Serbia.

Picture 4: “Deda Vasina” rakija, made in distillery Deda Vasa from Leskovac.



Source: <http://www.agromedia.rs/agro-teme/prehrambena-industrija>

## Conclusion

Recent researches show that gastronomic tourists would rather spend their time to socialize with their friends, then to cook family meals. With this type of tourists it is necessary to wake up their interest that they could also spend time with friends on gastronomy trip. Tasting food and drinks can be also fun activity that can be done with a group of friends. Some tourists visit a destination because of sincere interest for different excitement, while others just tend to show their possibility of paying. For tourists who are searching for real gastronomic experience, tourist agencies can be helpful. That kind of tourists, beside catering facilities, can visit culinary schools and then have chance to prepare something on their own, as well as taste that and sell like traditional product of that region. Thus, this is excellent form of marketing.

The richness of Serbian cuisine comes from its geographic, national and cultural diversity, which were created by mixing different populations for centuries. Influence on Serbian cuisine had Greek, Bulgarian, Turkish and Hungarian culture.

The city of Leskovac is synonym for the best barbecue in all of Serbia. In diet of that region in large scale is present paprika. From paprika you can make entrees, soup, main courses, salads such as: paprika in sour cream, stuffed paprika with cheese, Serbian soup, djuvec, papazjanija, salad from roasted paprika and pasteurized paprika.

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# DEVELOPMENT OF ECOTOURISM IN SERBIA: THE IMPORTANCE OF ORGANIC FARMS<sup>1</sup>

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## Abstract

*Ecotourism is extremely popular trend worldwide, but it is also important factor of sustainable development, necessary in all areas of human activity, including tourism. The organic ecotourism provides services based on sustainable development, with the emphasis on sustainable agriculture, conservation of ecosystems and natural resources, alternative energy sources, healthy nutrition and tradition preservation. Serbia has enormous potential in ecotourism due to the large number of protected resources, natural areas, parks and reserves, monuments and a large number of protected plant and animal species. Organic farms as active participants in ecotourism activities also include segments of food and wine tourism, offering a completely new experience with the possibility of active rest, education and awareness in terms of ecology and sustainability.*

*The results of this research show that there is an evident potential for the development of ecotourism on organic farms and organic producers are interested for this type of activities. However, several persisting problems limit organic producers to offer tourism activities. The main problem is access to finance, followed by registration process for conducting tourism activities and the lack of motivation and incentives from the State. This research has numerous limitations and further effort should be made to increase its quality and importance.*

**Key Words:** *ecotourism, organic farms, tourism activities, rural tourism, development potential*

**JEL classification:** *O13, Q10*

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## **Introduction**

Approximately one billion people worldwide use some form of tourism services every year and thus the question of sustainability in tourism is gaining on importance. The spirit of adventure is more evident in modern tourism, as well as greater demand for holidays that are filled with outdoor activities, cultural and recreational facilities. It was noted that most tourists avoid destinations with degraded environment, with the evident shift of tourists towards the eastern Mediterranean and Central and Eastern Europe (Lazić et al., 2013). According to Ubavić (2015), the most important areas of tourism in Serbia in the future will be: (1) city break; (2) business travel; (3) mountains and lakes; (4) cruise; (5) health tourism; (6) sailing; (7) events; (8) special interests; and (9) rural tourism.

An increasing number of tourists pay attention to the conservation of resources during their travel, which includes a visit to destinations with hotels that base their business on the principle of sustainable development, the choice of the beaches with the green flag, and the offer of healthy organic meals. Tourists primarily pay attention to this new type of offer in order to protect themselves and their family, to be sure of safety, quality and standard of tourism offer and to be sure of food safety and quality. They also want to spend their leisure time in the “green” natural environment, on the fresh air, away from city crowds and noise. Especially, tourists from urban areas often want to spend their free time in natural surroundings and want to return to their roots and connect with the nature. Having this in mind, organic farms, particularly those based on the principle of permaculture and biodynamic production are the ideal destination. Ecotourism as a segment of tourism as one of the fastest growing sectors of economy can represent important factor of sustainable development.

In order to meet the refined tastes of a number of tourists, to widen and enrich the offer and to provide an opportunity to acquire new experiences while traveling, tourism organizations are now offering experiences during which clients can use ecological transport, stay in eco-hotels and ethno-villages, volunteer on organic farms in exchange for accommodation and meals and use other numerous services. To a certain extent, this could be considered as an innovation in tourism offer. Companies operating in the field of tourism have recognized this trend long ago and are increasingly offering arrangements that are sustainable, eco-friendly, earth-friendly, energy-saving, green, natural, rural, etc.

The benefits of ecotourism for organic producers can be numerous. When organic farms open themselves for tourist visits they receive the opportunity for additional revenue and they can attract new customers. This can also motivate other farmers to turn to organic production. The development of tourism in the field of organic production can affect the growth of employment, since joining organic farms in tourism offer imposes the need to organize additional services that can enrich tourism offer. These activities range from tours and education of tourists to services of food and beverage, all in accordance with the principles of sustainable development and the use of environmentally friendly transport. Tourism industry has great economic importance for every country as it contributes to its overall economic development, increased employment, contributes to foreign exchange inflow and improves the balance of payments (Lazić et al., 2013). In addition, these tourists are aware of the natural surroundings, preservation of the natural resources and protection of the environment.

Worldwide, many organic farms are included in the tourism offer with accommodation, food and beverage, have a variety of activities to enrich the offer such as natural tours, horse riding or even the offer of volunteering on sustainable farms in exchange for accommodation and food. The global movement of WWOOF (World Wide Opportunities on Organic Farms) connects the volunteers and tourists-organic farms in order to support sustainable development. Their goal is, “to promote culture and education based on trust and non-monetary exchange in order to build a healthy sustainable global environment” (source: <http://wwof.net/#wwof>). Forty nine farms in Serbia that operate according to the principles of sustainable agriculture offer this type of tourism services in WWOOF platform. Using this platform, an organic producer partially meets the need for additional work force at much lower costs, because the tourists who perform daily activities on the farm do it in exchange for accommodation or accommodation and meals. Tourists find the benefit in the reduction of vacation costs, since tourism services are offered in return for volunteering on a farm.

Serbia has a big potential in terms of development of ecotourism, due to the large number of protected resources, natural areas, national parks, reserves, monuments and a large number of protected plant and animal species. Since organic food has gained an increasing popularity worldwide including Serbia recently, there is the trend of increase of the cultivated land area under the organic production. However, this amount

is in Serbia significantly smaller compared to the total agricultural fertile land (Ljumović et al., 2015).

Unfortunately, this type of tourism in Serbia is insufficiently supported and promoted, there is no adequate infrastructure for the implementation of such programs, nor is there sufficient awareness of all stakeholders that could actively participate in the creation of this type of tourism offer and there is still relatively low level of environmental awareness. It goes without saying that unfavorable situation contributes to the lack of standards and legislation. Also, International Society for Ecotourism (TIES) does not recognize Serbia as ideal eco-trips in their recommendations of the environmental destinations in Europe.

### **Responsible tourism, sustainable tourism or ecotourism**

Responsible tourism is any form of tourism that can be consumed in a more responsible way and it implies responsible behavior by tourists. The idea of sustainable tourism was developed by Jost Krippendorf. He used A.H. Maslow's hierarchy of needs theory and applied it to tourism "because the development of tourist needs in course of time is very similar to the development of human needs in general" (Krippendorf, 1987, p. 67). Although sustainable tourism has been adopted primarily by small, independent operators, a number of the world's larger tourism companies, from hotels to tour operators, are also restructuring their management and operations to reduce the consumption of water, energy and to improve the management of waste (Goodstein, 2006). According to World Tourism Organization, sustainable tourism is "Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities". Sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Sustainable tourism implementation is a continual process which requires constant monitoring of impacts, and the introduction of the necessary preventive and/or corrective measures whenever necessary. Sustainable tourism should also maintain a high level of tourist satisfaction and ensure a meaningful experience to the tourists, raising their awareness about sustainability issues and promoting sustainable tourism practices amongst them (UNEP&UNWTO, 2005). Ecotourism is a form of sustainable tourism. According to the International Ecotourism Society, ecotourism is "responsible travel to natural areas that conserves

the environment, sustains the well/being of the local people, and involves interpretation and education” (www.ecotourism.org).

### **Literature review**

the concepts of agro-tourism, rural tourism and ecotourism are very often mixed, confused and used as synonymous. Agro-tourism involves tourism activities that happen on the farm or ranch. These activities can range from staying on the farm for a couple of hours or prolonged stay for several days, the use of farm services or products or involvement in the farm production etc. For many people that use this kind of services this is the only chance to connect with nature, to be included in the process of food production or to get informed about food production.

Rural tourism refers to all types of tourism carried out in rural areas that are not necessarily performed by an agricultural entrepreneur through the use of his farm (agritourist, direct sales in farm, educational farms), also including the initiatives of hospitality in rural villages (Sgroi et al., 2014, p. 409).

Ecotourism emerged as a bridge between tourism development and environmental protection (Wu et al., 2015) and presents a small fragment of tourism overall and only a subset of nature tourism - defined as tourism where appreciation of the natural environment, for example bird watching or game viewing, is at the heart of the trip (Goodwin, 2015). Ecotourism is a rational method for nature reserves to both realize ecological protection and to benefit their local residents (Wu et al., 2015). The framework of ecotourism consists of three primary, interdependent, and inseparable models for recreational use of nature: tourism in specially protected areas, ethnographic tourism, and rural ecotourism (Evstropéva & Korytnyi, 2016).

According to Wood (2002), ecotourism contributes to conservation of biodiversity; sustains the wellbeing of local people; includes an interpretation/learning experience; involves responsible action on the part of tourists and the tourism industry; is delivered primarily to small groups by small-scale businesses; requires lowest possible consumption of non-renewable resources and stresses local participation, ownership and business opportunities, particularly for rural people (p. 10).

The organic ecotourism provides services based on sustainable development, with the emphasis on sustainable agriculture, conservation of ecosystems, the conservation of natural resources, use of alternative energy sources, healthy nutrition, preservation of tradition and others. Organic farms are active participants in tourism activities, including ecotourism segment, as well as the segment of food and wine tourism. In order to meet the needs of tourists with different preferences they offer them a whole new experience with the possibility of active rest, education and awareness in terms of ecology and sustainability.

### **Ecotourism certification**

Developed countries have standardized certification process for ecotourism development. Certification programs provide security for tourists and guarantee a certain quality of service, which is backed by a strong commitment to sustainable practices.

Blue Flags Awards system was introduced in 1985 and it was the beginning of the eco-labeling process in tourism. In 1998, Green Globe Standards were launched and its logo could be used by companies fulfilling certain requirements in the field of ecology and having their operations based on ecological principles. In the same year, the UNEP (United Nations Environment Programme) published the report on eco-labeling. A large number of eco-labels and eco-activities in tourism emerged during the nineties. Many Sustainable/Eco workshops were introduced, while numerous countries started with the introduction of organic certification in the field of tourism, in order to raise sustainable tourism to a higher standard and enable tourists' safety, quality and environmental standards when selecting destinations.

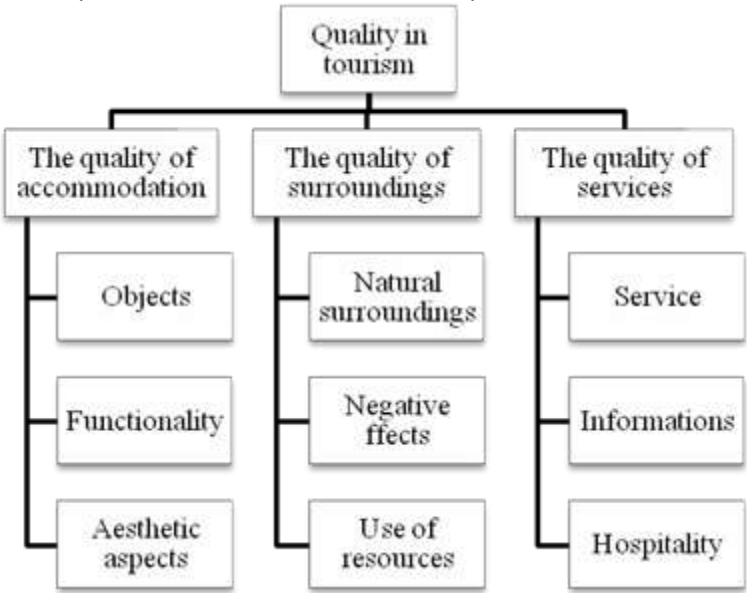
Like any other form of quality label, an ecolabel had to define transparent criteria for use and effective means to prevent abuse. Australia is unique in the development of the Nature and Ecotourism Accreditation Program (NEAP), one of the strongest program certifying tour operators (Font & Buckley, 2001, p. 8, p. 19).

Australia, Canada and many European countries, where Germany is highlighted, are good examples of a successful introduction of the certification system in the field of ecotourism. Serbia still does not strictly regulate the issue of ecotourism since there are no certification bodies to deal with the organic certification process in the field of tourism.

Nevertheless, when a tourist in Serbia decides to visit a sustainable farm, he/she has certain expectations from his/her host that include eco-organization of work on the farm, which is based on the principles of sustainable development including energy efficiency, efficient waste management, and sustainable use of resources, especially water. The preparation of the meals has to fulfill a number of requirements, e.g. raw material has to be organic, even that which is not produced on the farm and in addition it is necessary to use environmentally friendly dishes. On the other hand, environmental business sector prefers self-regulation and market-based instruments as opposed to external regulations and direct controls over output, pricing and production (Anton et al., 2004).

There is another set of standards relevant for tourist activities - ISO 9001. Despite the increasing popularity of international standards and increase of the number of companies that have international standards, these standards are not widely used in the sector of tourism. There is still an opinion that standards are written for production companies. However, the revision of ISO 9001 standard that were made in 2000 and especially the last revision of 2008 devoted special attention to adapting this standard to service industries.

Figure 1: *Quality dimension in tourism industry*



Source: Romeiss-Stracke, 1995



ISO standards are a tool of quality assurance and certification is the starting point of the whole process with the aim to rationalize business operations (Figure 1). Although enterprises in Serbia often decide to apply ISO standards, tourism industry is characterized by a low level of application of quality standards. This can affect the overall competitiveness and negatively affect the development of tourism in the country, given that the quality of service is the main condition for raising the competitiveness of any tourism destination.

### **Organic production as a development potential**

On a global scale, organic production is interesting and important because it protects natural resources from pollution and preserves biodiversity. It also provides long-term maintenance and enhancement of soil fertility. At the country level, it can ensure sustainable socio-economic rural development. At the consumer level, organic production provides safety. Developing and transitional countries with optimal environmental conditions in rural areas have the opportunity to increase their supply of organic products on international market and thus boost profit without compromising the environment with dirty technologies, typical of these countries (Ljumović et al., 2015). Ecotourism creates opportunities for additional earnings for organic farms. Environmental quality of a destination is a prevailing issue in making travel-related decisions; it is a competitiveness factor among different tourism destinations with varying environmental quality (Mihalčić, 2000).

The agriculture in Serbia has favorable conditions for development and represents an important factor in total national economy. Rural areas occupy large percentage of the territory of Serbia and are still characterized by a preserved natural environment and good conditions for the organization of crop and livestock production (Paraušić & Cvijanović, 2014).

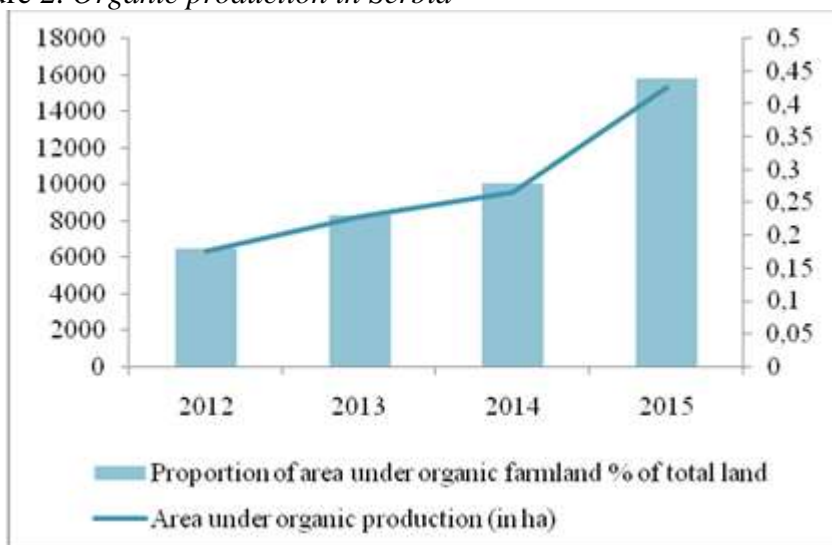
However, many farms do not base their activities on the principles of sustainable development. They do not take into account the optimal use of natural resources, such as land or water; they are growing monoculture with a series of negative consequences for the ecosystem; often use excessive amounts of chemical products such as pesticides, artificial fertilizers or aggressive treatment of the land. All these activities cannot be identified as environment or ecology friendly and therefore, tourist

visits to these farms certainly cannot be classified in the field of ecotourism.

In the area of ecotourism in organic agriculture, there are a number of requirements that a farm must meet. Above all, they have to own certificate on organic production. Also, they have to comply with all aspects of sustainable agricultural production: efficient management of limited natural resources (especially land and water resources); protection of biodiversity; sustainable management of pests and diseases; efficient use of land while improving its quality; respect of basic social and economic principles in agriculture.

It is estimated that in Serbia there are almost 230,000 ha of organic land, where 96% is used for wild collection, primarily for harvesting of berries, mushrooms and medicine herbs. Sector of organic production is slowly developing and every year there is an increasing number of farmers who are converting the land and are joining national system of the organic production (Ljumović et al., 2015). Latest report on organic production in Serbia shows that organic farming peaked in 2015 with record growth in total surface involved in the production, the number of producers and the number of animals bred. Organic production was performed on the total area of 15,298 ha (meadows and pastures included), including organic surfaces and the ones in the conversion period. Compared to the 2014, the total surface under organic production has increased for more than 60% (Simić, 2017). Currently there are two types of organic producers in Serbia (Figure 2). First group that accounts 334 organic producers in Serbia act as individual holders of organic certificate. A much larger group, subcontractors, is subject to the so-called group certification, in accordance with the Law on Organic Production. These producers are in a contractual relationship with companies that purchase the entire production, but also provide them with support, repro-material, and education.

Figure 2: *Organic production in Serbia*



Source: *Simić, 2017*

The Law on Tourism (prior version from 2005) defined services in rural tourism as the provision of accommodation and food in rural households, ethno facilities and farms; organization of tourism tours, picking herbs, horseback riding, fishing and other themed activities; tasting and sale of product; preparing and serving traditional dishes for compensation; production and sale of handicrafts, as well as organizing activities about introducing heritage, lifestyle and traditional culture of rural areas (Law on Tourism, 2005, art. 81).

### **Methodological framework for the research**

To identify potential provider of ecotourism services, we used interview and a survey method. The hypotheses and a small survey were developed based on interviews with organic producers and employees in tourism offices. During the interviews, organic farmers stated that they started their activity for economic reasons and that they are currently content to a certain degree with the results they achieved.

Our primary idea was to determine what type of tourism activities are offered in the segment of ecotourism on organic farms. However, at the beginning of the research, we encountered a major problem. We could identify only small number of organic farms that offer tourism activities. Additional problem was that a number of them was not ready to

cooperate, so we could not get the answers. As you will see later, the response rate was only at the level of 24%. Having these limitations in mind, we decided to change the subject of the research, and try to determine the activities that have the potential to be included in the tourism offer on organic farms. At this stage of our research we are aware of numerous limitations of this analysis, the biggest one being the number of the respondents.

Most of the interviewed farmers stated that they are very interested in providing tourism services. Some of them plan to spread their activities in the field of ecotourism while certain number of farmers tried to provide tourism services but they encountered numerous problems. On the other hand, interviews with employees in tourism organizations show that the demand for this kind of services is growing and that offer is currently above the offer. Having analysed the material gained in the interviews and having in mind the potential number of organic producers involved in tourism, we decided to design small survey that will help us understand the capacity of organic farms for tourism and what activities in the field of tourism are interesting to organic producers. Based on this, we have formulated our hypotheses:

- H1: Organic producers are interested in providing tourism services.
- H2: Organic producers have the capacity to engage in tourism services.

For the purpose of data collection, structured questionnaires were distributed in three ways. We distributed them through database with email addresses of organic farms and by telephone questionnaire. The first method was inefficient, while the second was relatively efficient and about 35% of the sample was collected in this way. All other collected material included direct visit to the farms. To ensure reliability of the collected data, respondents were asked to give information about their identity and person for contact (this information are not disclosed in this research). Questions included in the questionnaire were stipulated in a way that allows further processing and statistical analysis.

The questionnaire consisted of two parts. In the first part, respondents gave answers to the questions that determined their basic characteristics and identity: name and address, type of registration, status of the farm, details about the certificate of organic farming and process of land conversion, primary activity, etc. The second part of the questionnaire contained questions that were used to test the capacity of organic farms

for tourism and to determine what activities in the field of tourism are interesting to organic producers. Each question in the questionnaire was given with concise explanation, in order to eliminate possible errors and ambiguity in answers. The survey covered selected rural areas in the territory of the Republic of Serbia, mostly in places where there are organic producers. The study included 67 respondents, while the response rate was at the level of 24%. The collection of primary statistical material was carried out from January to April 2017. Table 1 shows the distribution of the basic characteristics of the sample.

Table 1: *Frequencies of the basic characteristics of the sample*

Question	Answer	Frequency	%
Registration	Company	0	0
	Entrepreneur	4	25
	Farm	12	75
Do you own OP certificate	Yes	16	100
	No	0	0
Have you converted all the land	Yes	12	75
	No	4	25
Activity	Fruit	10	62.5
	Vegetable	8	50
	Crops	8	50
	Livestock	8	50
	Other	2	12.5
Region	Belgrade	4	25
	Vojvodina	8	50
	Šumadia and West Serbia	2	12.5
	South and East Serbia	2	12.5

Source: *Authors own calculation based on the survey*

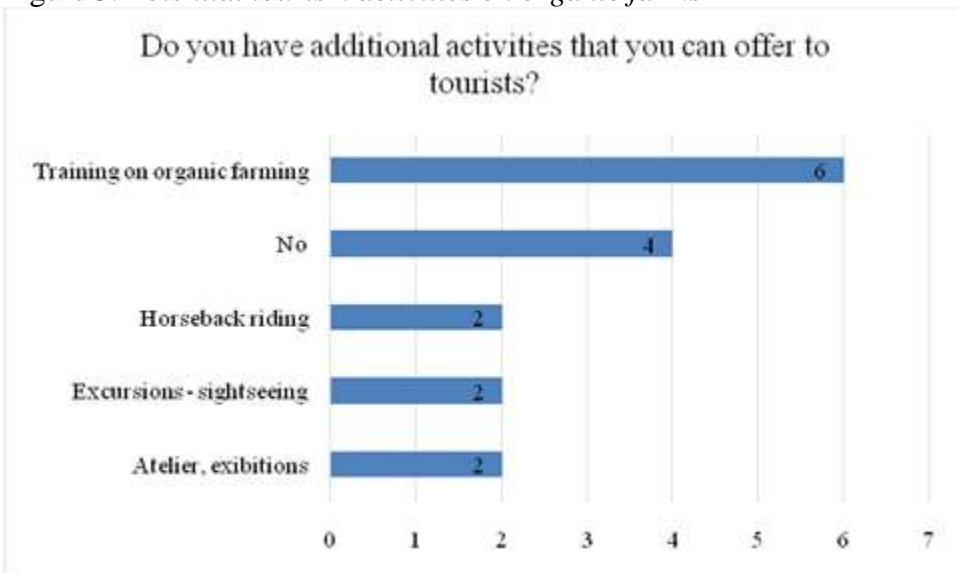
The vast majority of respondents (75%) are registered as a farm (natural person according to Serbian law). All of the respondents own the certificate on organic production, while 75% of them converted all land. It is interesting that some of them plan to acquire additional land in the following period, especially if they decide to get engaged in tourism activities. This will request additional conversion of the land. The question regarding activity was a multiple choice question with 62.5% of the producers cultivating fruits. However, most of them cultivate several types of cultures at the same time. The greatest number of respondents was from the statistical region of Vojvodina.

## Results and discussion

Data analysis was performed by using MS Office Excel and SPSS.

We interviewed organic producers and wrote the questionnaire with a number of ideas for content that could be offered to tourists: trainings and workshops on organic production, the organization of children's excursions, working with children with autism who could visit the farm and thus could contribute to improving their health, organizing art workshops, exhibitions, sightseeing, etc. For organic farms with livestock, there is also a willingness to enter the field of tourism and the most interesting offer would be introduction of the indigenous Serbian race of animals, as well as horseback riding or volunteering by working with animals. All respondents stated that they have organized visits to their farms, primarily to provide education in the field of organic production. Visitors are mainly potential manufacturers that are willing to enter the process of education in order to launch their own business in organic production. Some farms have developed their own systems of visitor education. They are also linked with other manufacturers, so visitors can visit several farms, volunteer on them and find out the specifics of each manufacturer. Figure 3 presents respondents' answers to the question “Do you have additional activities that you can offer to tourists”.

Figure 3: *Potential tourism activities on organic farms*



Source: *Authors own calculation based on the survey*

Certainly the most interesting ecotourism offer in Serbia would be the visit to biodynamic farms. In the Balkan region there are only a few biodynamic organic farms, but a large number of farmers are interested in this type of organic farming, which is carried out in an independent production system, whose quality is guaranteed by Demeter certification. Biodynamic organic farms would certainly be the most attractive offer in Serbia, because they represent a sustainable system with a holistic approach to agricultural production.

Our results show that only 2 out of 16 respondents organize tourism offer on their organic farms. We must note that we identified a larger number of organic farms that offer tourism services, however, they were not willing to participate in the survey. The general problem with the research was low response rate, at the level of 24%. Farms that have tourism services offer training on organic production to their visitors, have meals and one of them occasionally organizes eco-happenings. Other respondents stated that they do not have tourism services on organic farms, but they are mainly interested in these activities. 50% of them claimed that they are willing to enter the market of tourism services on their farm. However, only 25% of respondents have the capacity for accommodation on their farms, and this accommodation is usually very modest. It is interesting that respondents who stated that they do not have the possibilities for accommodation are starting to consider this option for their farms. When we asked them if they serve meals on the farm, only two of them stated yes. These are farms that already offer some form of tourism services. On the other hand, other farms can offer mostly groceries they cultivate on the farm. Others do not even consider selling their products. It is interesting that 62.5% of respondents think that visitors are interested in participating in the daily activities on the farm, but none of the respondents offers this type of services.

Table 2: *Survey results*

<b>Question</b>	<b>Answer</b>	<b>Freq.</b>	<b>%</b>
Does your farm offer some form of tourism services?	Yes	2	12.5
	No	14	87.5
If the previous answer is negative, say if you would be interested in tourism services and tourism visits to your farm?	Yes	8	50
	No	6	37.5
Is there a possibility of accommodation in your household?	Yes	4	25
	No	12	75

Did you offer meals for guests?	No	10	62.5
	Yes, to go	4	25
	Yes, meals are served on the farm	2	12.5
In your opinion, are your visitors interested in participating in the daily activities carried out on the farm?	Yes	10	62.5
	No	6	37.5

Source: *Authors own calculation based on the survey*

## Conclusion

Primarily, this research was intended to determine what type of tourism activities are offered in the segment of ecotourism on organic farms. However, due to a number of limitations we encountered, we decided to change the subject of the research, and try to determine activities that have the potential to be included in the tourism offer on organic farms. After a series of interview, meetings and surveys with organic produces, our general conclusion is that this type of activities has a huge potential and that organic farms are extremely important in the development of ecotourism in the Republic of Serbia.

The results of this research show that eventough our hypotheses were changed, they were set right. There is an evident potential for the development of ecotourism on organic farms and organic producers are interested in this type of activities. However, there are several problems that limit this development. The main problem the organic produces face when they want to extend their offer to additional services is the access to finance and high expenses that they cannot cover. This is not surprising since some previous research, already mentioned in this paper determined access to finance as one of the most limiting factors for the development of organic producers. There are numerous problems with the registration process for conducting tourism activities. It is complicated and has numerous procedures concerning the categorization of objects and requirements that must be met. Farmers are already facing numerous problems in their core business, agricultural production, and are often not willing to engage in tourism as it imposes numerous requirements, obligations and higher level of responsibility. The lack of motivation and incentives from the State are additional problems.



Although in small amount and varieties, State incentives do exist. Organic producers can use State aid for tourism activities and have the possibility for incentives supporting construction and maintenance of facilities, supply of equipment and tools and promotion of non-agricultural activities. However, organic producers in Serbia need a comprehensive support in order to engage in tourism activities. The support should include not only financial incentives from the government, but other activities as well, such as support in the form of projects and programs in order to develop ecotourism activities, assistance in analyzing the current situation and finding effective solutions, and the help in decision-making, implementation, monitoring and evaluation of projects. These activities should include educational institutions, especially institutes and universities, associations, non-governmental organizations, local communities and require regional cooperation in order to encourage the development of organic ecotourism.

At this stage of our research, we are aware of numerous limitations of this analysis. Further effort should be made to include more organic farms in the research and to try to determine and quantify the significance of organic farms to the development of ecotourism.

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# TOURISM VALORIZATION OF THE CARNIVAL AS A FACTOR OF COMPETITIVENESS OF VRNJAČKA BANJA TOURISM

*Jelena Vićentijević<sup>1</sup>;*

## **Abstract**

*Vrnjačka Banja is the symbol of spa tourism in Serbia. Healing mineral springs, favorable geographical position and pleasant climate have influenced the development of traditional medical and health caring tourism. In addition to spa tourism, Vrnjačka Banja develops event tourism. The most important manifestation is the Carnival, due to which Vrnjačka Banja has been a member of Federation of European Carnival Cities since 2006. Method used in the paper is tourist valorization by geographical and economic criteria. The Carnival attracts a large number of participants and visitors, which is assessed positively from the standpoint of income and negatively when one bears in mind the limited spatial capacity and environmental sensitivity of spa. It emphasizes the necessity of continuing research and application innovations in order to accompany the rapid changes occurring in tourism market for even better positioning in tourism offer of both Vrnjačka Banja and Serbia.*

**Key Words:** *Vrnjačka Banja, carnival, tourism, valorization.*

**JEL classification:** *Z32, Z13*

## **Introduction**

Vrnjačka Banja is one of the most visited tourist destinations in continental part of the Balkan Peninsula, and the symbol of spa tourism in Serbia (Stanković, 2001). For healing and recovery in Vrnjačka Banja came Roman legionaries, and the first official spa season was opened in 1870 (Štetić, 2007). Nowadays many tourists still don't understand the full meaning of spas and they don't find themselves in spa tourism (Dimitrovski & Todorović, 2015).

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Tourism as a comprehensive concept is increasingly gaining importance and has a strong reverse effect on society in general. The tourist market puts the spotlight on service whose number is constantly increasing (Vićentijević, 2016). In the economy of Vrnjačka Banja, tourism certainly takes the most significant place and it directly and indirectly influences the development of other industries. Although the wider area of Vrnjačka Banja is one of the richest and most interesting tourist areas in Serbia which can offer to the visitors a variety of cultural, entertainment, sports and recreational facilities, the emphasis is still exhibited at health and wellness tourism. In Vrnjačka Banja events, sport, recreation, cultural and conference tourism occupy an important place, in addition to healthcare and medical tourism. In this paper, the emphasis is on the International Carnival in Vrnjačka Banja which is the most important part of event tourism for the last 10 years in this spa. The aim is to reveal the role of the Carnival in tourism of Vrnjačka Banja and point to the fact that traditional medical tourism must be enriched with additional contents and complementary forms of tourism.

### **Carnival of Vrnjci**

Carnival in Vrnjačka Banja is fun tourist event which is, with the „Sabor trubača“, Guča and festival „Exit“, Novi Sad, the largest tourist event in Serbia. Besides Carnival of Vrnjci, as the youngest and the most visited, four carnivals have been held in Serbia: Carnival of Flowers in Bela Crkva, Carnival of boats in Belgrade, Carnival in Pančevo and Carnival in Vršac (Bjeljac & Ćurčić, 2007). From year to year program of Carnival in Vrnjačka Banja is richer and brings together an increasing number of participants and visitors from the country, the region and even the whole world. The recognition of work so far is presented by the award „Turistički cvet“ given by Tourism Organization of Serbia for the best tourism event in the country. It should be mentioned that Carnival of Vrnjci is the biggest carnival of Southeast Europe (Turistička organizacija Vrnjačka Banja, 2017).

Program of the Carnival in Vrnjačka Banja consists of the various concerts, games, music, theater and comedy performances, folkloric clauses, cabarets, exhibitions of photographs and flowers, carnival of pets, sport competitions and numerous events for children. The Great International carnival parade is masquerade, which presents the essence of the entire manifestation (Vrnjačka Banja Karneval, 2017). It is interesting to mention the unusual competitions held during the carnival,

namely waiters' race, race in high heels, carnival race roller skates and bikes, street football, juggling evening, basketball masquerade etc.

Precursors of today's carnivals can be found in Ancient Greece and its famous celebrations held in the honor of the god of wine Dionysus. In ancient Rome, Street celebrations called Saturnalia were organized (Vrnjačka Banja Karneval, 2017). The word carnival is of Italian origin and consists of the word „*carne*“ which means meat and word „*vale*“ which could be translated as a goodbye. This meaning of word carnival becomes clearer when we consider the fact that in the Middle Ages, carnivals were associated with Christianity and especially Easter fasting (represented a last chance for different types of satisfaction, which people had to abstain during fasting<sup>2</sup>). Just then, in the Middle Ages in Italy the carnivals appeared in its present form (Mackellar, 2006).

History of occurrence of forerunner of Carnival of Vrnjci is related to the year 1868, when it was founded modern spa in Vrnjci. At that time, people of Vrnjačka Banja paid great importance to the Kermes<sup>3</sup>. Kermes held in Vrnjačka Banja were characterized by a rich cuisine, dances, music and masquerades. During Kermes streets were illuminated with decorative lanterns, and people were able to meet the singers, painters, poets and actors. Those were the days and nights when the population of all parts of Vrnjačka Banja was brought together (Vrnjačka Banja Karneval, 2017). In the middle of 20<sup>th</sup> century masked balls were the most visited events of Vrnjačka Banja. They were organized in hotels „Sloboda“, and „Zvezda“. According to the claims of old residents of Vrnjci, in the 60s of the 20<sup>th</sup> century, consolidating Kermes, balls and masquerades Vrnjačka Banja organized a carnival. More precisely, several carnivals were organized, but without significant success. In the 1980s, tradition of masked balls have continued in cafe „Lipa“, and in the 1990s, along with numerous performances, school of acting and music workshops, masquerades have been organized in cafe „Elegant Drašković“. Since 2002, masquerade has been traditionally organized in cafe „Savka“, (Vrnjačka Banja Karneval, 2017).

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2 For this reason, for example, carnivals in Rio de Janeiro and Venice are held in February.

3 Kermes is a part of the Ottoman tradition - celebration, festival and feast in which people come together in the streets, trade and prepare various forms of entertainment, and all proceeds were given to impoverished.

In 2005, Touristic and sport center „Vrnjačka Banja“, established and organized the first International Carnival of Vrnjci. Carnival was held from 12-17 July 2005, and the central event of the carnival, The Great International Carnival Parade, was held on 14 July 2005 (Turistička organizacija Vrnjačka Banja, 2017). This date was chosen because the first tourism organization in Vrnjačka Banja, and the Balkans, called “Osnovatelno fundatorsko društvo kiselo vruće vode u Vrnjcima“, was founded precisely on July 14, 1868 (Stanković, 2001). The first Carnival included more than 40 entertainment, cultural and sport events, brought together 34 carnival groups from the country and abroad, and the carnival procession consisted of over 1500 participants. In the following year, the first Children's parade was organized, and the Carnival of Vrnjci became a member of FECC (Federation European Carnival Cities). As a result, in May 2011, in Vrnjačka Banja was held 31st Congress of FECC, with over 200 participants from 127 European cities (Vrnjačka Banja Karneval, 2017).

### **Method of tourism valorization according to geographic and economic criteria**

Tourism valorization is one of the most significant and most complex issues of tourism, both in theoretical and practical terms (Stanković, 2008). In tourism, there is no set method of valorization. It is more often a combination of methods of other sciences adjusted to the needs of tourism. The aim of tourist valorization is determination of the current status of resources, thus realistic possibilities of tourism development could be set (Čomić & Pjevač, 1997). For the tourism valorization of the Carnival, it needs to be seen as part of the event tourism. Event tourism is a form of tourism that is related to the tourist events, or all events and performances with characteristics that bring material and immaterial tourism effects in different types of destinations (Jovičić, 2009).

In order to make a tourism product more successful, basic elements that improve the product should be determined (Hoyle, 2002). Those elements are: attraction, specificity, content, ranking, tradition, quality of organization, number of visitors, the location of organization, association with natural and anthropogenic tourist values of destination and the time or duration of manifestation (Bjeljac, 2010, Terzić et al., 2013).

Tourism valorization of Carnival of Vrnjci, in this paper, was done on the basis of these elements, which are classified into a group of geographic and economic criteria. Each of the criteria of a geographical groups is

evaluated in the range from 0 to 5 and finally the average value of all these indicators was given. On the basis of average value the degree of program quality for the tourist event can be seen (Bjeljac, 2010). All economic criteria were observed before and after the manifestation, and a grading scale went from 0 to 5 points. Through geographical and economic groups of criteria manifestations important for visits can be divided into three categories (Getz, 2004): the first category (manifestation that has standalone tourist value), the second category (events that are significant element in tourism offer) and third category (other events in which special attention is paid to events in less developed regions of Serbia). Adding up all the highest values of all indicators from geographical and economic groups of criteria, the sum of 115 is obtained. In the first category are manifestations which have 97 and more points, in the second category from 73 to 96, and in the third are manifestation that have less than 73 points (Bjeljac, 2010). In order to avoid partially subjectivity, when evaluating tourism attractions, several tourismologists were interviewed (they have no direct connection with the tourism sector of the spa, and they are familiar with this manifestation) and interviews with residents of Vrnjačka Banja (an employee in Municipality of Vrnjačka Banja, an employee of the Tourist Organization of Vrnjačka Banja, and a hotel manager in Vrnjačka Banja). On the basis of these interviews the ratings of geographical and economic criteria are presented. The research was conducted during April 2016.

Table 1: *Evaluation of geographic criteria for tourist valorization*

<b>Geographic criteria</b>	<b>Grades (0-5)</b>
Content	5
Traditionalism	5
Ranking	5
Location	5
Traffic accessibility and links	5
Time of the event	5
Number of visitors and participants	5
Number of accompanying events	5
The organizers	5
Pleasure of visitors and participants	3.85
Artistic value	2.71
<b>Total</b>	<b>51.56</b>

Geographical criteria in tourist valorization are evaluated from 0 to 5 and they include:



Content of manifestation in world literature, when referring to the content of manifestation the most commonly used is classification of Getz. He stands out manifestations in which content is dominated by the culture, arts/entertainment, business/commerce, show, sport, family events, social events, education and science, recreation or policy (Getz, 1991). In the case of Carnival of Vrnjci, we can say that dominated roll has the entertainment but individual events within the manifestation include artistic, commercial, recreational character, and social role is also significant. In Serbia, classification that gave Željko Bjeljac is also in use. According to him, manifestations can be classified into: artistic, economic, ethnographic, scientific, religious, sports, political, historical, entertainment, touristic and children (Bjeljac, 2010). According to this classification Carnival in Vrnjačka Banja is entertaining event, as it aim is to amuse and entertain visitors. In practice the contents of event are often overlap, so neither Carnival of Vrnjci can be evaluate as a purely entertaining event, because it is partly artistic, touristic and child event, and elements of economic, ethnographic and historical significance can be also noted. Considering that the content of manifestation is rich and includes a lot of elements from the previous classification, this criteria can be evaluated with grade 5.

Traditionalism – in order to evaluate traditionalistic of manifestation it is necessary to determine the number of years and durability of the event. Bjeljac states that manifestation is traditional “if has a steady stream of at least five consecutive maintenance, with known date and location of it“, (Bjeljac, 2010). As Carnival of Vrnjci has a known date (it is held every year in the week around the 14th of July) and location (the center of Vrnjačka Banja), and besides of that it has been held for the last 10 years without interruption, traditionalism can be evaluated with grade 5.

Ranking – by ranking, objectives and program content, all manifestations can be divided into: local, regional (zonal), national and international (Bjeljac, 2006). Ranking is often directly proportional to the traditionalistic of the event, however this isn't always the rule. Therefore it is necessary to mention that the criteria which determinate the ranking of events. The criteria for determining the ranking are: geographic origin and number of visitors, the importance, and the size of funds allocated for organization, effects arising from the event determined by certain norms and rules set by the organizers, geographic origin of the participants and content of the event (Bjeljac, 2010). The event gets the appropriate rank, if it fulfills at least two of the above criteria. Origin of visitors designates

the area from which visitors come. In the case of Carnival of Vrnjci, the largest number of visitors come from Vrnjačka Banja. Also a significant number are visitors from other parts of Serbia, as well as foreign visitors, which is enough to determinate that criteria as international. Geographic origin of the participants has also international character, so the two criteria are fulfilled. In practice it is often that with the advent of several participants from the countries of former Yugoslavia the event is immediately declared international. Because of that, in order to gain a true picture of the range, it is significant that the event fulfilled at least two of the following criteria: the organizer is an international organization or association, organizing committee members are from a minimum of three different countries, the members of referees are from a minimum of three different countries, the total number of participants from foreign countries is at least one third of total event participants, or they come from a minimum of five countries (Bjeljac, 2010). Carnival in Vrnjačka Banja is a member of FECC, the jury members are from three countries (sometimes more, depending on years), and the participants come from many countries from the region, Europe and the world. The requirements of this criteria is fulfilled and rank of Carnival is international, so the grade is 5.

Location of the manifestation – This criteria is significant because it shows the correlation between the event with anthropogenic and natural geographic tourism values and affects the previous criteria. The choice of location is important also because of the functionality of the event and the arrival of participants and visitors. Criteria for evaluation location are: vicinity of potential participants and visitors and easy accessibility for those traveling from further regions, availability of parking spaces, ambience and originality of the location, a good and practical logistical support for the organization, a favorable infrastructure for access to the surrounding tourist attractions and other auxiliary activities, the existence of interactive connections between audience and the organizers, the degree to which location corresponds to character of the event, the safety of participants and visitors of the event, the availability of surplus space (Goldblatt & Nelson, 2001). Carnival of Vrnjci takes place in the central streets of Vrnjačka Banja (on the promenade) and all the associated activities and events are in the center of the city (except Morava descent), where is the largest number of tourist attractiveness of the city. Availability is easy for both participants and visitors from the environment, and for those who come from afar, parking spaces in the immediate vicinity are provided, however since it is a mass event, with a

large number of participants and an even larger number of visitors, it is impossible to fully meet this criteria, the ambience of the spa is extremely pleasant and complements the event, the infrastructure is satisfactory, nature of the event corresponds to the location, the safety of visitors and participants is provided, and a number of accommodation capacity is also satisfactory Vrnjačka Banja has about 20.000 beds in official statistics (Štetić, 2007), which is enough, if we take into account that the majority of visitors of the Carnival are people from the surround. Bearing in mind all elements, mark for the location is 5.

Traffic accessibility and links – a criteria that is closely connected with the place when manifestation is held. Vrnjačka Banja belongs to a group of Serbian spas that are located close to major traffic communications (Jovičić, 2009). Favorable traffic position stems from a favorable geographical position, and the main roads are related to the Zapadna Morava valley. By regional roads, Vrnjačka Banja is connected via Kraljevo and the Ibar highway to the west and to the north with Kragujevac, and east through Kruševac connects with the highway E-75 (Belgrade-Niš). From Belgrade to Vrnjačka Banja it is possible to arrive by main road E-761 (Turistička organizacija Vrnjačka Banja, 2017). Center of Vrnjačka Banja is well connected with local roads, and general accessibility may be highly assessed. Assessment of this criteria is 5.

Time of the manifestation – this is an important criteria to determine the connection between organization of manifestation and leisure of visitors. Also, important issue is notification of the TOS, about the exact dates of the event, which is important for the promotion. Carnival of Vrnjci is held every year around the 14th of July and lasts for one week. Since it is held in July, which is exactly the peak of tourist season in Vrnjačka Banja and the fact that there is a coordination with the TOS (information about the Carnival can be seen on the website of the TOS months in advance in the calendar of tourist events in Serbia) mark for this criteria is 5.

The number of visitors and participants of manifestation – this criteria is in causal connection with the range, time and place of the event. In practice, it is difficult to predict precisely and determine the number of visitors, and therefore, in Serbia, the number of visitors is often exaggerated, especially when there is no ticket sale (Bjeljac, 2010). It is even more difficult to certainty determine the structure of visitors (whether they come from the region, the country or abroad). For now, the

number of visitors is estimated on the basis of spatial capacity and the assessment of Ministry of Interior of Serbia.

Table 2: *The number of tourist arrivals during the season in Vrnjačka Banja*

Year	June			July			August		
	Domestic	Foreign	Total	Domestic	Foreign	Total	Domestic	Foreign	Total
2006	18174	809	18983	16902	1041	17943	12357	797	13154
2007	21390	1211	22601	19667	1217	20884	15246	1216	16462
2008	18224	1183	19407	17660	1257	18917	18442	1273	19715
2009	14834	2561	17395	17945	1517	19462	19435	1905	21340
2010	14460	2844	17304	16938	1651	18589	19934	2389	22323
2011	16276	2906	19182	19675	3547	23222	22422	2872	25294
2012	12942	3605	16547	16878	2752	19630	19678	2660	22338
2013	14719	2999	17718	18903	3334	22237	21797	3909	25706
2014	13140	2566	15706	16390	3143	19533	27805	7483	35288

Source: *Department of finance, local public revenues and economy within the Municipal administration of Vrnjačka Banja, 2016.*

From the data in Table 2, it can be seen that the total number of visitors during the month of July, when a Carnival of Vrnjci is held, is not significantly increased compared to other two seasonal months, even it is smaller. In 2006, 2007 and 2011, the number of foreign tourists in the season is the largest in July, but in 2009 and 2010, the number of foreign tourists in July was lower than in June and August. This is explained with the fact that current tourism statistics of Vrnjačka Banja, which is based primarily on registration of visitors when accommodating in hotels and other accommodation facilities, does not include all visitors of the Carnival, so it is imprecisely to determine the participation of visitors of the Carnival in the total number of tourists of Vrnjačka Banja in July. From the above it can be concluded that Tourism Organization of Vrnjačka Banja, as well as the municipality itself should pay more attention to the introduction of new statistical methods that would give more precise information about Carnival visitors themselves and their share in the total number of visitors of spa. The number of visitors of the Carnival of Vrnjci is estimated at about 200.000 (in the record year 2008, the number of visitors is estimated at 300.000). Regarding participants of manifestation, information about them is much easier to get, because

there is application and registration for the participants. The average number of participants of the Carnival is 1500-2000 (in 2008 the parade of the Carnival included 3.000 people) (Vrnjačka Banja Karneval, 2017). Given the fact that Carnival of Vrnjci is one of the biggest events in Serbia grade for this criteria is 5.

The number of accompanying events – a criteria that indicates the variety and attraction of the program which includes the manifestation into the tourist offer (Bjeljac, 2006). During the carnival choreographies, cabarets, exhibitions of photographs and flowers, sports competitions, Morava descent, various uncommon races (of waiters, in high heels, roller skates and bicycles), juggling night are organized. The carnival program contains rich program for children (children choirs, theater performances, children's costume party and number of events for children, including the Children's carnival parade). On the website of Carnival of Vrnjci (Vrnjačka Banja Karneval, 2017) it is mentioned that this is "a manifestation with the richest program in Serbia", and considering to that and a really big variety of accompanying events the grade for this criteria is 5.

Organizers of the event – allocated criteria for determining the objective of organization of manifestation (Bjeljac, 2010). The organizer of the Carnival in Vrnjačka Banja is Tourist sports center "Vrnjačka Banja" in cooperation with TOVB. Assessment of this criteria, given because of the touristic importance of the carnival is 5.

Satisfaction of visitors and participants with the manifestation program – an important criteria for evaluating the successfulness of an event. Factors affecting the assessment of manifestation of the visitors are: ambience, tourist activity in the region, the quality of event like tourism product (authenticity, quality of program content), the attitude of the local community to visitors of the event and vice versa, the relationship between the visitors and the local population, the security at the destination, social impact of manifestation (Hadžić, 2005). Each of these factors is evaluated in the range 0-5 and at the end it gives medium grade, which represents the satisfaction of visitors (Bjeljac, 2010). The ambience of Carnival of Vrnjci could be evaluated with 5, since it is a spa which is one of the most popular tourist resorts in Serbia, mark of tourist activity in the region is also 5, the quality and authenticity of event program could be assessed with 3 (it's not the unique carnival in Serbia and the program is rich in content, but it has elements in common with other events), the

attitude of local community towards the visitors was estimated to 4, the ratio of visitors to the population 3 (if we take into account the crowd, which creates a mass visit and problems it brings with it), security stay at the destination is on the middle-lower level, since there is security for participants, while the visitors are completely free access (no search of visitors such as the case of "Beer Fest" visitors in Belgrade), the assessment of this sub-criteria is 3, social impact of the Carnival is significant and can be evaluated to 4. GPA for this criteria is 3.85.

Artistic value of manifestation – in order to evaluate this criteria, it is necessary to do tourism valorization by the method of Hillary du Cros, which was modified for the purpose of valorization of manifestation. Each indicator is scored from 0 to 5 and at the end obtained value is important for the evaluation of artistic manifestations (Bijeljic, 2010), but also for the quality of certain parts of popular and touristic manifestation which refers to Carnival of Vrnjci. Sub-indicators which are important for the evaluation of artistic value of the event are (Cros, 2000): Ambience – ambience of Vrnjačka Banja is adequate, touristic very attractive and can be evaluated with 5. Well known outside the local area – Carnival of Vrnjci is the biggest carnival in South Eastern Europe and an event that has an international character, however due to the fact that promotional activities related to the Carnival could be improved the given mark is 4. Important national symbol or icon – Carnival of Vrnjci is one of the most popular events in Serbia (instantly after the "Sabor trubača" in Guča and "Exit" in Novi Sad), however, it could not be said that it represents a national symbol, so the mark is 1. Can tell an interesting story – evocative place – about the Carnival in Vrnjačka Banja can it can be definitely told a lot of interesting stories, so the grade is 4. Has some aspect to differ it from the nearby attractions – Carnival of Vrnjci is quite different from other tourist motives in Vrnjačka Banja (spa tourism is mainly linked to the health and recreation motives), and on the other hand, some parts of the program (e.g. concerts and music events), can be seen under other manifestations. Also, this is not the only carnival in Serbia. The grade is 3. Appeals to special needs or uses – the main character of the event is entertainment, but it can be found program components that can satisfy some special needs (e.g. sports competitions). Mark is 2. Manifestation associated with culture or heritage – the program of the carnival present different cultural events (exhibitions, performances, concerts, folklore), and learning more about foreign participants of Parade, different cultures and customs are learned. The assessment shall be 4. Complements other tourism products in area/region/destination – although Vrnjačka Banja

has a long history and definitely possesses anthropogenous tourist values, they are not so much expressed to prevail over natural values. In the vicinity of Vrnjačka Banja one can visit significant monasteries such as Ljubostinja, Stubal and Žiča. The evaluation is 3. Educational value – within of the Carnival are held various art and children's workshops, as well as numerous exhibitions, so there is an educational value, although not the primary. The grade is 2. Historical value –Carnival of Vrnjci is an event which has been held for the last 10 years. Although the precursors of today's Carnival dates back to the 19th century, one cannot say that it has a very long history, and therefore no historical value. The mark is 1. Social value – The carnival in Vrnjačka Banja has positive influence on development and tourist income, and hence on the quality of life of the local population, so it can be said that the social role is visible. The grade is 3. Scientific and research value – Carnival of Vrnjci is mostly entertainment event so we cannot talk about scientific research value. Hardly anyone goes to the carnival to deal research. The evaluation is 0. Rare or common cultural assets (locally, regionally, nationally) – Carnival of Vrnjci is the biggest carnival in Serbia and Southeastern Europe, but not the only one (in Serbia are held Carnival of Flowers in Bela Crkva, Carnival of Boats in Belgrade, Carnival in Pančevo and Carnival in Vršac). Some parts of program are not rare (concerts, competitions, exhibitions) and Great International Parade is the specificity. The mark is 3. Potential for ongoing involvement and consultation of key stakeholders – in the organization of the Carnival of Vrnjci participate numerous sponsors and financiers who are changing from year to year. Since the organizers (TOVB and Touristic and sport center "Vrnjačka Banja") are open to cooperation and potential investors can obtain a well-placed advertisement (given the mass of the visit), and certainly all investment opportunities are not exhausted, we can say that the mark is 3. The GPA of all sub-indicators, and hence the mark of artistic value of Carnival in Vrnjačka Banja is 2.71.

The total score of the economic criteria for tourism valorization of the Carnival of Vrnjci is 45.

Economic criteria of tourism valorization are observed before and after the manifestation and they are evaluated from 0 to 5. Those criteria are:

Table 3: *Evaluation of the economic criteria in tourism valorization*

Economic criteria	Grades (0-5)	
	Before	After

Capital investments	3	4
Ecological impact	2	2
Media-promotional impact	5	4
Social and political impact	4	4
Economic impact	4	5
Stakeholder impact	4	4
<b>Total</b>	<b>45</b>	

Capital investments – as for capital investments, you cannot say that Carnival in Vrnjačka Banja has great influence on the overall infrastructure and other investments. However some improvements in the form of repairing lights in the center, marking the faded labels for parking spots and renovation of certain buildings are noted. The mark before is 3, and the mark after is 4.

Ecological impact – for the tourism significance in Vrnjačka Banja ecological impact is very important. As regards the impact of the Carnival on ecology of Vrnjačka Banja certainly is quite negative, primarily because of very large number of visitors and participants. If we have in mind setting up additional litter bins, signposts and signs that should not endanger the nature and the park, which are set before the carnival, score before and after would be 2. Further increasing awareness of the importance of this influence and protection of the environment is very important, since Vrnjačka Banja is a very sensitive area whose ecology can greatly be endangered by massiveness.

Media-promotional impact – this criteria referring to the representation of the carnival in print and electronic media and promotional activities can be evaluated before with grade 5 and after with grade 4. Carnival of Vrnjci has its own website, it is present on the website of the TOVB, it is promoted at tourism fairs in the country and abroad, it is presented on the national television (TV program „Žikina šarenica“, Dnevnik RTS), included in the calendar of events of TOS and articles related to this manifestation can be found in numerous print and electronic media.

Social and political impact – tourism manifestation in some way shows the quality of living standards and the level of services of the state and local sector. This influence can be seen through the fact that Carnival of Vrnjci affects the development of tourism, development of tourism affects in economic development, which is suitable for the political sphere, and



indirectly influences on the quality life in the community. However the difference before and after is small and this impact can be assessed with

Economic impact – direct influence of manifestation to economy is still impossible to measure due to lack of adequate legislation. For Carnival of Vrnjci there is no ticket sales, no entrance charge, so it cannot be able to talk about direct revenues. Certainly, there are revenues from the sale of different souvenirs and a substantial income from restaurants in carnival time, but again it cannot be precisely measured. The marks are: 4 before and 5 after the Carnival.

Stakeholder influence and cooperation of the organizers with tourism organizations, tour operators and travel agencies – This factor includes the effect of all participants in organizing manifestation on the course of its planning and maintenance and it is extremely important in the development of tourism (Bjeljac, 2010). In close relation to this criteria is a criteria of cooperation between the organizers, tourism organization, tour operators and travel agencies. In the case of the Carnival organized by the Touristic sport center "Vrnjačka Banja" and TOVB is seen mutual cooperation of the two organizers and TOS, part of which is TOVB. For now, the impact of all participants of the organization is satisfactory, but there is always room to improve relations between organizers. Assessment before and after is 4. The total score of the economic criteria for tourism valorization of the Carnival of Vrnjci is 45.

Cumulative value of score of geographic and economic criteria is 96.56, which can be rounded to 97, so that the Carnival in Vrnjačka Banja can be placed in the first category, which means that this manifestation is an independent tourist value, which is recognizable in the tourist offer of Serbia.

### **SWOT analysis of Carnival in Vrnjačka Banja**

"SWOT" analysis of the Carnival of Vrnjci includes analysis of its current strengths, weaknesses and future opportunities and threats.

Table 4: *SWOT analysis of Carnival in Vrnjačka Banja*

<b>STRENGTHS:</b>	<b>WEAKNESSES:</b>
<ul style="list-style-type: none"> <li>–Ambience of Vrnjačka Banja</li> <li>–A rich and various content of the accompanying program</li> <li>–The international character of the manifestation and its membership in Federation European Carnival Cities</li> <li>–The interest of the local population for the manifestation</li> <li>–The uniqueness of the event at the local level</li> <li>–The hospitality of locals towards visitors and participants of the event</li> <li>–The growing offer of additional facilities (souvenirs, handicrafts, arts, gastronomy)</li> <li>–The wealth of mineral resources and tradition of spa tourism</li> <li>–Positive attitude of the Municipality towards the further development of tourism</li> <li>–A large number of participants and visitors</li> </ul>	<ul style="list-style-type: none"> <li>–Lack of European road corridors to the location of the manifestation</li> <li>–Insufficient number of parking places</li> <li>–Insufficient environmental awareness of the need for greater environmental protection</li> <li>–Failure to implement the law and penal policy in the field of environmental protection</li> <li>–Lack of cooperation and interaction of all the institutions involved in the organization of manifestation</li> <li>–Insufficient involvement of cultural institutions in the organization of extra activities of the manifestation</li> <li>–Insufficient marketing of the carnival oriented to foreign countries via the Internet and social networks (multi-language web site)</li> </ul>
<b>OPPORTUNITIES:</b>	<b>THREATS:</b>
<ul style="list-style-type: none"> <li>–Existence of tourism infrastructure (road signs, labels, directions, info centers)</li> <li>–Positive opinion about Vrnjačka Banja and entire Serbia in international market</li> <li>–Creating plan of marketing and presentation of Carnival of Vrnjci in foreign markets</li> <li>–Improving service quality and motivation for the further development of event tourism in Vrnjačka Banja</li> <li>–The possibility of joint appearance of Carnival of Vrnjci with other carnivals from European cities in the world market</li> </ul>	<ul style="list-style-type: none"> <li>–Insufficient number of local sources of funding</li> <li>–Lack of professional tourist products for foreign tourists</li> <li>–Lack of human resources for further development of extra activities in manifestation (animators of recreation, guides)</li> <li>–A large number of participants and visitors (negative impact on the capacity of the area and the environment)</li> <li>–Strong competition of carnivals with built image in the world market (Rio de Janeiro, Venice)</li> </ul>

Ambience and location of the Carnival of Vrnjci stand out as special advantage, because Vrnjačka Banja is one of the most popular tourist resorts in Serbia. Perhaps precisely for this arises the greatest weakness and that is insufficiently developed awareness and the absence of more stringent legal regulation in the field of environmental protection, bearing in mind that this is a very sensitive natural area. At present Carnival of Vrnjci cannot match famous world carnivals by building its own brand so it would be desirable that, as a member of FECC, Carnival of Vrnjci be more active and involved in cooperation with other European carnivals in order to promote its own offer on the world market.

### **Conclusion**

Vrnjačka Banja is known for its health caring medical effect and primarily development of spa tourism. Carnival in Vrnjačka Banja is the manifestation held for over the past 10 years, which significantly manages to present Vrnjačka Banja in a different way. Although Carnival of Vrnjci can be presented as an independent tourist value, on which TOVB draws special attention, this event is significant as a complementary form of health care, medical and spa tourism. Carnival of Vrnjci, the biggest carnival of South Eastern Europe and one of the biggest manifestations in Serbia, attracts large number of visitors from abroad and thus, of course, can influence on the creation of positive image of Serbia in the world. However, although this carnival has numerous and evident advantages both for Vrnjačka Banja and its surroundings as well as for Serbia, there is still a lot of manifestation elements that need to be upgraded and improved. The main disadvantage of organization of Carnival in Vrnjačka Banja certainly is lack of multilingual website of the Carnival and TOVB, because current contents are available only in Serbian. Since the Vrnjačka Banja, in ecological terms, is place of limited spatial capacity, it need to be worked on the establishment of stricter legislation in this area, because as far as attendance of the event has a positive effect on the overall development of tourism, one cannot deny the negative impact of massiveness of visitors and participants. It should be pointed some positive reviews regarding the pleasure of visitors, varied offer of accompanying programs, the relatively high media coverage of the Carnival and the whole atmosphere in Vrnjačka Banja during Carnival. Commendable is the designation of membership of Carnival within FECC, which is positive for the positioning of Vrnjačka Banja in the tourist offer of European Carnival Cities, with whom would certainly be considerable larger, more organized and planned cooperation.

For Carnival in Vrnjačka Banja, in the future, certain innovations are necessary, because tourism of today, operates according to the principles of the modern era, in which the changes are very rapid and continuous, and one should not be satisfied with the current situation, but constantly strive for better positioning in the tourist offer.

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# TOURISM IMAGE FACTORS OF JABLANICA DISTRICT IN SERBIA: PERCEPTION OF INTERNAL STAKEHOLDERS

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## Abstract

*The main objective of this paper is to identify and determine the significance of certain factors for tourism competitiveness in Jablanica District (Serbia). In this study we used a questionnaire in order to determine factors of image of Jablanica District tourist destination, by examining the attitudes of internal stakeholders (tourism managers and employees). For research purposes, 44 attributes of destination image were rated with a five-point Likert type scale. We collected a total of 91 validly completed questionnaires that were used in the statistical processing and data analysis. By using a factor analysis, the most important destination image factors were extracted: natural and cultural attractions, entertainment and catering facilities, economic and geographic accessibility, relaxation and recreation, pleasant environment, tourism infrastructure and superstructure. Based on this six-factor solution, T-test analysis and ANOVA were performed in order to determine the existence of statistically significant differences in the attitudes of internal stakeholders.*

**Keywords:** *tourism image factors, destination competitiveness, local development, Jablanica district*

**JEL classification:** *C10, C38, L11*

## Introduction

In today's extremely dynamic economic environment, the key issue in tourism becomes: how destination can develop, maintain and improve its competitiveness when faced with a constantly growing international

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competition (Dwyer & Kim, 2003; Crouch, 2010; Croes, 2010). There are numerous elements and factors that affect competitiveness of tourism destinations, and that identify important factors for setting up competitiveness as a primary question. Also, it is difficult to improve competitiveness, if the strengths, weaknesses, opportunities and threats in tourism market cannot be identified, understood and measured. This is not an easy task and involves a complex analysis of many determinants with the difficulties that have been further compounded by the unavailability of quality data.

Destinations, especially underdeveloped districts, are often at loss in understanding the nature and determinant of tourism destinations competitiveness, despite their need for a policy of strengthening its relative competitive position. The essence of this problem is the lack of knowledge and understanding of relevant factors affecting the destination competitiveness, the extent to which of these factors are affecting competitiveness, as well as failure to prioritize the factors that require optimization of resources in order to mitigate the weaknesses and to strengthen their relative strength. The challenges of tourism competitiveness are further complicated by the nature of destination offer, which can be summarized as an overall unique experience produced and supplied by several stakeholders who have a higher number of goals.

Foreign scientific literature includes a large number of studies which, in many different ways, put the questions of tourism development in the focus of their interests – from conceptualization of destination, tourism development planning and destination life cycle, through the problems that tourism development brings to the destinations in the area of natural and socio-cultural environment, destination marketing issues (*e.g.* image, destination branding, destination choice factors by visitors, perception, visitors' behavior), the question of relations between key stakeholders from private and public sectors. Contrary to the abundance of these works abroad, in Serbia, their number is relatively small, with only a few authors and works that approach the issue in a systematic way (Stamenković, 2012).

In domestic literature the analysis of competitiveness factors was performed at the level of individual city's tourist areas (Bolic, 2013; Milenkovic & Bošković, 2014) and at the national level (Zecevic 2011; Popescu & Pavlović, 2013; Ubavić, 2015), but not on the level of district as a tourism destination (Stamenković & Djeri, 2016). In this regard,

there was a need for this kind of research because tourism is recognized as one of the key elements for development of districts with underdeveloped tourist infrastructure but preserved natural and anthropogenic resources, such as Jablanica District. In order of tourism progressive development and contribution to the diversification and promotion of the regional economy, employment growth and reduction of depopulation, it is necessary to identify the factors that increase tourism competitiveness in Jablanica District.

In order to verify the competitiveness of isolated factors, following research hypotheses were created:

**H1** - *Attitudes of internal stakeholders* (managers and employees in tourism and catering industry) about *Jablanica District* tourism image factors, are significantly different in respect to their socio-demographic characteristics.

**H2** - The interrelation of *variables grouped into* factors that explains the *degree of consistency of internal stakeholders* (managers and employees in tourism and catering industry) with Jablanica District tourism offer elements, shows a positive medium, and high correlation value.

### **Methodology and data sources**

When examining the perception of managers and employees (internal stakeholders) on the destination competitiveness factors of Jablanica District, a questionnaire composed of two thematic parts, which observed various aspects, was used. The first part of the questionnaire provides the basic information on the legal entity as well as the socio-demographic characteristics of subjects relating to gender, age and education level, function in the company, type of employment and the estimated level of annual income. In the second part of the survey, managers and employees (internal stakeholders) have given their views on the construct of Jablanica District tourism destination image, as well as their overall perception of destination competitiveness.

Basic statistics dataset consisted of those enterprises in Jablanica District, involved in tourism business, and expressed their final accounts for the year of 2013, at the Business Registers Agency of the Republic of Serbia: in accommodation sector 69 business entities, and in the sector of other tourist service businesses 22 business entities. Thus, the overall statistics



dataset was 91 business entity with reported final account. Structuring the sample by economic sector was carried out on the basis of encrypted basic activity of tested business entities in the annual accounts for the year of 2013. The basic set includes all activities that have been registered, and which form economic structure of tourism in Jablanica District. Basic division of the accommodation and food sector was performed, and from the sector of other services tourism industry was allocated (Table 1).

Table 1: *The structure of the sample by tourism sector*

Type of sector - economic activity	According to the final account for 2013.		According to the sample		Difference: Share per sample - share in the final account(in%)
	Total number of legal entities	Share (%)	Total number of legal entities	Share (%)	
<b>Accommodation and food services</b>	69	75.8	28	75.7	-0.1
<b>Tourism industry</b>	22	24.2	9	24.3	0.1
<b>Total:</b>	<b>91</b>	<b>100</b>	<b>37</b>	<b>100</b>	<b>0.0</b>

Source: *Authors research*

It is estimated that the sample is representative for the test target group of business entities in the area of Jablanica District, and according to the distribution of economic characteristics (number of companies stratified by multiple criteria) provides precise estimation of the parameters. The objective set by the selection of subjects from tourist business entities engaged in activities in all parts of Jablanica District, has enabled the realization of given proportionality between the basic set and the sample. Eliminating the tourism and hospitality business entities that do not show the final account slightly changed the structure of the sample by section from the actual spatial distribution of legal entities. In general, the pattern indisputably provides proportion assessment of the basic statistical gathering with at least 95.0% confidence interval. Statistical processing and data analysis was conducted after collecting the results of questionnaires. Statistical software IBM SPSS 20.0 (Statistical Package for the Social Sciences) is used in the following methods of statistical data processing: descriptive statistics (frequency distribution, mean, standard deviation); Cronbach's Alpha Reliability Coefficient; Exploratory Factor Analysis – EFA; Independent samples T-test; Analysis of variance – oneway ANOVA; and Pearson's correlation coefficient.

## Results and discussion

The attitudes of managers and employees (internal stakeholders) in tourism industry in Jablanica District, concerned with the competitiveness of tourist destinations, were examined with the aid of 100 valid completed questionnaires, used in statistical processing and analysis. The overview of socio-demographic characteristics of the surveyed managers and employees (internal stakeholders) is shown in Table 2. Gender structure demonstrates predominance of males 72% compared to females 28%. In the age structure we find dominance of the age group of 40 to 49 within the sample, and those of the age group of 60 to 69 years least present. By level of education, the highest number of respondents (68%) have completed secondary school in the field of hospitality. On the basis of the functions they perform in the enterprise, questionnaire covered 22% of managers and 78% of employees in the structure of the sample. The largest percentage of respondents (97%) earns less than € 20,000 per year.

Table 2: *Socio-demographic profile of managers and employees (internal stakeholders) in tourism industry in Jablanica District*

<b>Variables</b>	<b>Frequencies</b>	<b>Valid %</b>	<b>Cumulative %</b>
<b>Gender</b>			
male	72	72.0	72.0
female	28	28.0	100.0
<b>Age</b>			
19-29 years old	16	16.0	16.0
30-39 years old	17	17.0	33.0
40-49 years old	42	42.0	75.0
50-59 years old	23	23.0	98.0
60-69 years old	2	2.0	100.0
<b>Education</b>			
high school	68	68.0	68.0
college	30	30.0	98.0
master	2	2.0	100.0
<b>Area of qualification</b>			
tourism	23	23.0	23.0
hospitality	44	44.0	67.0
economy	26	26.0	93.0
geography	1	1.0	94.0
art	1	1.0	95.0
law	3	3.0	98.0
technical sciences	1	1.0	99.0
linguistics	1	1.0	100.0
<b>Position in the company</b>			

manager	22	22.0	22.0
employee	78	78.0	100.0
<b>Level annual income</b>			
< 1,000 €	1	1.0	1.0
€1,001 - €5,000	75	75,0	76.0
€5,001 - €10,000	11	11,0	87.0
€10,001 - €20,000	10	10,0	97.0
€20,001 - €30,000	3	3,0	100.0

Source: *Prepared by the author based on data analysis in SPSS 20.0.*

In order to analyze the perception of internal stakeholders' (managers and employees) satisfaction with attributes of tourism destination image, the exploratory factor analysis (EFA), has been applied with the extraction method of principal components (PCA) and Varimax rotation of factors.

Principal component analysis was carried out on 44 tourism destination image attributes, which were used for evaluation of internal stakeholders' (managers and employees)satisfaction degree with given attributes. Validity of the matrix was confirmed by the Kaiser-Meyer-Olkin measure in the value of 0.943, which exceeded the recommended value of 0.60 (Kaiser, 1974).Bartlett's test of sphericity showed statistically significant value ( $p = 0.000$ ), and confirmed validity of exploratory factor analysis (Bartlett, 1954) (Table 3).

Table 3: *KMO and Bartlett test of sphericity –Image factors*

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.943
Bartlett's Test of Sphericity	Approx. Chi-Square	5196.737
	df	946
	Sig.	.000

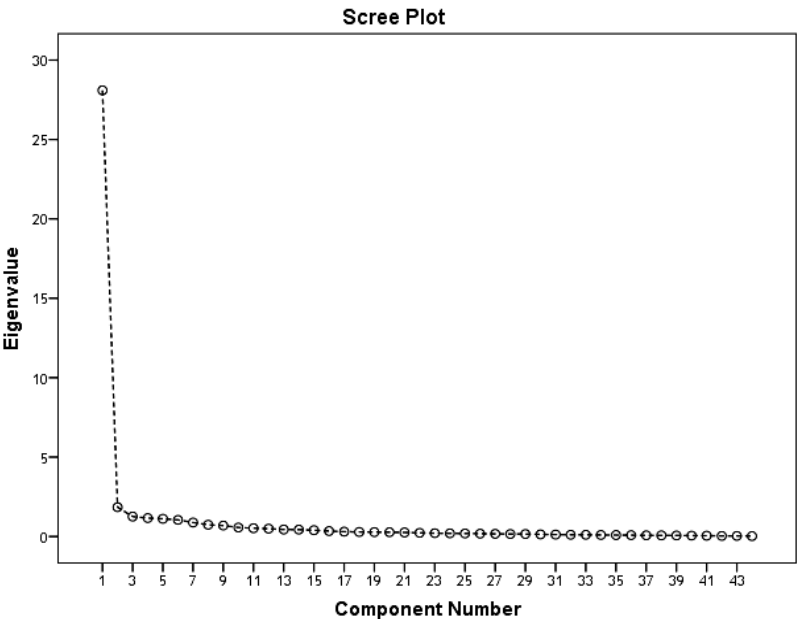
Source: *Prepared by the author based on data analysis in SPSS 20.0.*

Extracting dimension and defining factors was carried out on several criteria: the eigenvalue, the percentage of variance, the reliability test of the questionnaire (Cronbach's alpha), the extracted communalities of individual motives, Scree plot, and the factor saturation with its structure.

The analysis of the principal factors (PCA) with Varimax rotation, yielded factorial solution with six dimensions on 44 variables that explained 78.43% of the total variance in the attributes of destination image (Figure 1).All isolated factors had the characteristic values greater than 1. Adequacy of this six factor solution structure was confirmed by examining the Scree plot.

The communality values on 44 analyzed variables were ranged from 0.656 to 0.873, which means that the variance of each of the original variables, sufficiently explained factorial solution with 6 components.

Figure 1: *Scree plot – Image factors*



Source: *Prepared by the author based on data analysis in SPSS 20.0.*

The communality values on 44 analyzed variables were ranged from 0.656 to 0.873, which means that the variance of each of the original variables, sufficiently explained factorial solution with 6 components. The extracted factors have been appointed on the basis of attributes that constitute them: F1 - natural and cultural attractions, F2 - entertainment and catering facilities, F3 - economic and geographic accessibility, F4 - relaxation and recreation, F5 - pleasant environment, F6 - tourism infrastructure and superstructure.

Application of Cronbach's alpha ( $\alpha$ ) coefficient showed the reliability of the measuring instrument. The values of the instrument were ranged from  $\alpha = 0.912$  to  $\alpha = 0.969$ , which confirmed adequate internal consistency of isolated factors (Table 4).

Table 4: *EFA - the six factor solution of Jablanica District tourism destination attributes image*

	Eigenvalue	Percentage of Variance	Cronbach's alfa	Factor Loadings	Communalities
<b>F1 Natural and cultural attractiveness</b>	<b>28.095</b>	<b>63.853</b>	<b>0.969</b>		
A great place for rest and relax				0.701	0.836
Attractive tours/carriage ride/ train				0.686	0.780
Intriguing culture of South East Europe				0.645	0.829
Enchanting mountains and valleys				0.624	0.814
Holiday atmosphere				0.622	0.762
Interesting museums/exhibitions				0.610	0.813
Old cultural and historical monuments				0.604	0.784
Authentic culture and heritage				0.582	0.774
SPA offer one-day trips and getaway from noise				0.577	0.772
Unspoiled nature and wildlife				0.542	0.757
Clean and tidy environment				0.542	0.802
Safe and secure environment				0.532	0.795
Pleasant weather				0.508	0.721
<b>F2 Entertainment and catering facilities</b>	<b>1.842</b>	<b>4.187</b>	<b>0.936</b>		
Interesting cultural events and festivals				0.801	0.864
Good quality entertainment and nightlife				0.763	0.767
Wide range of entertainment				0.693	0.815
Wide range of trade fairs/exhibitions/events				0.638	0.821
Great choice of restaurants				0.613	0.793
Great choice of				0.592	0.786

accommodation					
Accessibility				0.520	0.656
Transportation system easy to use and available				0.520	0.676
	<b>Eigenvalue</b>	<b>Percentage of Variance</b>	<b>Cronbach's alfa</b>	<b>Factor Loadings</b>	<b>Communalities</b>
<b>F3 Economic and geographic accessibility</b>	<b>1.257</b>	<b>2.856</b>	<b>0.931</b>		
Shopping with the possibility of bargaining				0.666	0.833
Reasonable prices of accommodation and food				0.656	0.806
Well-organized traffic and parking information				0.631	0.760
Reasonable ticket prices and tours				0.615	0.789
Exciting winter sports/ activities (skiing, snowboarding)				0.518	0.799
Extraordinary places for a picnic/hiking/hunting				0.407	0.671
<b>F4 Relaxation and leisure</b>	<b>1.158</b>	<b>2.632</b>	<b>0.950</b>		
Large number of activities for children				0.717	0.841
Friendly environment				0.654	0.821
Large number of activities for both genders				0.649	0.808
All necessary components for old age tourists				0.602	0.791
Breathtaking landscapes and natural beauty				0.587	0.824
Maintained parks, lakes and rivers				0.479	0.714
Escape from daily routine				0.430	0.764
<b>F5 Pleasant environment</b>	<b>1.14</b>	<b>2.533</b>	<b>0.938</b>		
Community attitude -				0.673	0.845

live and let live					
Wide range of recreational activities				0.620	0.801
Diverse community				0.610	0.784
Exciting water sports/water activities (rafting, fishing)				0.521	0.831
Friendly locals				0.477	0.715
	<b>Eigenvalue</b>	<b>Percentage of Variance</b>	<b>Cronbach's alfa</b>	<b>Factor Loadings</b>	<b>Communalities</b>
<b>F6 Tourism infrastructure and superstructure</b>	<b>1.046</b>	<b>2.378</b>	<b>0.912</b>		
Availability of tourist information				0.685	0.768
Tourism organizations/info centers				0.640	0.693
Great choice of actions of consumer goods				0.533	0.826
Consistency of quality and price				0.521	0.873
Interesting local crafts				0.438	0.739

Source: *Prepared by the author based on data analysis in SPSS 20.0.*

T - test for independent samples was used in order to compare the mean of continuous variables in the two different groups of subjects, and determine the statistical significance of their differences. When testing Jablanica District tourist destinations factors of image, T-test will show whether between independent variable (gender) and dependent variables (grouped into six factors: *natural and cultural attractiveness, economic and geographic accessibility, relaxation and recreation, a pleasant environment, tourism infrastructure and superstructure*) there is a statistically significant difference in attitudes of internal stakeholders (managers and employees).

Table 5: *Results of t-test with respect to gender (image factors)*

FACTOR	Gender	N	M	$\sigma$	t	Sig. (2-tailed)
<b>F1 Natural and cultural attractiveness</b>	Male	72	3.3418	.79006	0.224	.824
	Female	28	3.2967	.94645		
<b>F2 Entertainment and catering facilities</b>	Male	72	3.5989	.95564	0.607	.545
	Female	28	3.4687	.97990		
<b>F3 Economic and geographic accessibility</b>	Male	72	3.2939	1.05501	0.158	.875
	Female	28	3.2559	1.15602		

<b>F4 Relaxation and leisure</b>	Male	72	3.6388	.95485	0.418	.677
	Female	28	3.5510	.91408		
<b>F5 Pleasant environment</b>	Male	72	3.5138	.95467	0.225	.822
	Female	28	3.4642	1.07228		
<b>F6 Tourism infrastructure and superstructure</b>	Male	72	2.8222	.77754	-	.780
	Female	28	2.8714	.81869		

Note: t - t-test value; **Sig. (2-tailed)** за  $p \leq 0.05$ ;

Source: *Prepared by the author based on data analysis in SPSS 20.0.*

In Table 5, it can be noted that within extracted image factors, there are not any statistically significant differences in attitudes between the surveyed male and female internal stakeholders (managers and employees). This can be explained by the fact that in the analyzed Jablanica District municipalities, internal stakeholders (managers and employees) of both sexes have a relatively balanced position on the image of a tourist destination factors. When testing Jablanica District tourist destinations factors of image, T-test will also show whether between independent variable (position in the company) and dependent variables (grouped into six factors: *natural and cultural attractiveness, economic and geographic accessibility, relaxation and recreation, a pleasant environment, tourism infrastructure and superstructure*) there is a statistically significant difference in attitudes of internal stakeholders (managers and employees).

Table 6: *Results of t-test with respect to position in the company (image factors)*

<b>FACTOR</b>	<b>Position in the company</b>	<b>N</b>	<b>M</b>	<b>σ</b>	<b>t</b>	<b>Sig. (2-tailed)</b>
<b>F1 Natural and cultural attractiveness</b>	Manager	72	3.0419	.69888	1.856	.066
	Employee	28	3.4102	.85250		
<b>F2 Entertainment and catering facilities</b>	Manager	72	3.4772	1.03985	-0.470	.639
	Employee	28	3.5865	.94110		
<b>F3 Economic and geographic accessibility</b>	Manager	72	3.0151	1.07510	-1.326	.188
	Employee	28	3.3589	1.07412		
<b>F4 Relaxation and leisure</b>	Manager	72	3.2467	.96908	<b>-2.113</b>	<b>.037</b>
	Employee	28	3.7179	.91109		
<b>F5 Pleasant environment</b>	Manager	72	3.2272	.95078	1.481	.142
	Employee	28	3.5769	.98507		
<b>F6 Tourism infrastructure and superstructure</b>	Manager	72	2.8000	.82807	-0.242	.809
	Employee	28	2.8461	.77822		

Note: t - t-test value; **Sig. (2-tailed)** за  $p \leq 0.05$

Source: *Prepared by the author based on data analysis in SPSS 20.0.*



Based on the data from Table 5, we can conclude that in factor F4 - relaxation and recreation ( $p=0.037$ ), there is a statistically significant difference between the mean values of internal stakeholders views on the level of significance ( $p\leq 0.05$ )  $t\geq 1.98$ . In other factors of the image there are no statistically significant differences in the attitudes of managers and employees in the tourism and hospitality industry.

Analysis of variance - ANOVA was applied with the aim of comparing the average results of the three or more groups. Analysis of variance compares the variability of the results (the variance) between multiple groups, where an independent variable is divided into several levels, or more than one group in order to determine a statistically significant difference in measurements of some features (Turjačanin & Čekrlija, 2006).

Table 7: ANOVA compared to age group of internal stakeholders (image factors)

FACTOR	Age group	N	M	$\sigma$	F	Sig. (2-tailed)
<b>F1 Natural and cultural attractiveness</b>	19-29	16	3.3509	.88643	0.060	.993
	30-39	17	3.2986	.94793		
	40-49	42	3.3388	.82692		
	50-59	23	3.2976	.79580		
	60-69	2	3.5769	.48953		
<b>F2 Entertainment and catering facilities</b>	19-29	16	3.5859	.74960	1.174	.327
	30-39	17	3.2941	1.07886		
	40-49	42	2.4851	.87262		
	50-59	23	2.3641	1.13845		
	60-69	2	4.0833	.17677		
<b>F3 Economic and geographic accessibility</b>	19-29	16	3.2291	1.14806	0.382	.821
	30-39	17	3.3431	1.08728		
	40-49	42	3.3135	1.03803		
	50-59	23	3.1521	1.17627		
	60-69	2	4.0833	.11785		
<b>F4 Relaxation and leisure</b>	19-29	16	3.6428	.93313	0.662	.620
	30-39	17	3.6890	1.01171		
	40-49	42	3.6428	.86710		
	50-59	23	3.4161	1.05850		
	60-69	2	4.4285	.40406		
<b>F5 Pleasant environment</b>	19-29	16	3.4875	1.19547	0.161	.958
	30-39	17	3.6353	1.02770		
	40-49	42	3.4762	.95248		
	50-59	23	3.4260	.94446		
	60-69	2	3.8000	.00000		

<b>F6 Tourism infrastructure and superstructure</b>	19-29	16	3.0125	.58637	0.646	.630
	30-39	17	2.6353	.91442		
	40-49	42	2.8238	.83016		
	50-59	23	2.8434	.75307		
	60-69	2	3.3000	.42426		

Note: **F** - quotient of variance ( $F \geq 2.37$ ); **Sig. (2-tailed)** 3a  $p \leq 0.05$

Source: Prepared by the author based on data analysis in SPSS 20.0.

The variance between groups, divided by the variance within a group is represented by the coefficient of the ratio F.

Great value of the ratio F shows that the variability between groups is greater than within each group, which rejects the claim of mean values equality in the sample (Pallant, 2011). One-way analysis of variance ANOVA was used to test the independent variables: age, education level and the amount of annual income.

Statistically significant differences between the independent variables with five groups, based on the age, we established by observing the results of ANOVA, by examining the column significance (Sig. (2-tailed)). When significance is less than 0.05, we can conclude that there is a statistically significant difference between the mean values of the dependent variable in each group.

The analysis of variance indicates whether, and to what extent there is a statistically significant connection ( $p < 0.05$ ;  $F \geq 2.20$ ) between independent variable (age group) and dependent variables (grouped into six factors: *natural and cultural attractiveness, economic and geographic accessibility, relaxation and recreation, a pleasant environment, tourism infrastructure and superstructure*).

Analyzing the obtained results we can conclude that among the tested groups by the age, there are no statistically significant differences at the significance level of  $p < 0.05$ ;  $F \geq 2.20$ , with the satisfaction with the image factors of Jablanica District tourism destination (Table 7).

Statistically significant differences between the independent variables with three groups, based on education level, we established by observing the results of ANOVA, by examining the column significance (Sig. (2-tailed)).

The analysis of variance indicates whether, and to what extent there is a statistically significant connection ( $p < 0.05$ ;  $F \geq 2.20$ ) between independent variable (education level) and dependent variables (grouped into six factors: *natural and cultural attractiveness, economic and geographic accessibility, relaxation and recreation, a pleasant environment, tourism infrastructure and superstructure*).

Table 8: ANOVA compared to education level of internal stakeholders (image factors)

FACTOR	Education level	N	M	$\sigma$	F	Sig. (2-tailed)
<b>F1 Natural and cultural attractiveness</b>	High school	68	3.2737	.83637	0.493	0.612
	College	30	3.4384	.84582		
	Master	2	3.5769	.48953		
<b>F2 Entertainment and catering facilities</b>	High school	68	3.5239	.95813	0.435	0.649
	College	30	3.6125	.99424		
	Master	2	4.1250	.47140		
<b>F3 Economic and geographic accessibility</b>	High school	68	3.2549	1.07105	0.691	0.504
	College	30	3.2888	1.12438		
	Master	2	4.1666	.00000		
<b>F4 Relaxation and leisure</b>	High school	68	3.5693	.93090	0.545	0.581
	College	30	3.6761	.98969		
	Master	2	4.2142	.10101		
<b>F5 Pleasant environment</b>	High school	68	3.4323	.94985	0.841	0.434
	College	30	3.6066	1.07316		
	Master	2	4.2000	.56568		
<b>F6 Tourism infrastructure and superstructure</b>	High school	68	2.7647	.76719	0.887	0.415
	College	30	2.9933	.84115		
	Master	2	2.9000	.14142		

Note: **F** - quotient of variance ( $F \geq 2.37$ ); **Sig. (2-tailed)**  $\alpha p \leq 0.05$

Source: Prepared by the author based on data analysis in SPSS 20.0.

Based on data from Table 8, we conclude that in the extracted factors there are no statistically significant differences in attitudes at the level of significance  $p < 0.05$  between groups of respondents by education level.

Statistically significant differences between the independent variable with five groups, according to the amount of annual income, we have established by observing the results of ANOVA, by examining the column significance (Sig. (2-tailed)). When significance is less than 0.05, we can conclude that there is a statistically significant difference between the mean values of the dependent variable in each group.

The analysis of variance indicates whether there is a statistically significant connection ( $p < 0.05$ ;  $F \geq 2.32$ ) between independent variable (annual income) and dependent variables (grouped into six factors: *natural and cultural attractiveness, economic and geographic accessibility, relaxation and recreation, a pleasant environment, tourism infrastructure and superstructure*).

Table 8: ANOVA compared to annual income of internal stakeholders (image factors)

FACTOR	Annual income (EUR)	N	M	$\sigma$	F	Sig. (2-tailed)
F1 Natural and cultural attractiveness	<1000	1	3.7692	.	0.492	0.741
	1001-5000	75	3.3815	.85465		
	5001-10000	11	3.0489	.86501		
	10001-20000	10	3.2230	.68653		
	20001-30000	3	3.2564	.82967		
F2 Entertainment and catering facilities	<1000	1	3.6250	.	1.766	0.142
	1001-5000	75	3.5533	.93793		
	5001-10000	11	3.0568	1.23283		
	10001-20000	10	4.1500	.55839		
	20001-30000	3	3.6666	.92138		
F3 Economic and geographic accessibility	<1000	1	4.0000	.	0.820	0.516
	1001-5000	75	3.3377	1.09014		
	5001-10000	11	2.8030	1.08989		
	10001-20000	10	3.4333	1.08069		
	20001-30000	3	2.9444	.69388		
F4 Relaxation and leisure	<1000	1	3.8571	.	1.366	0.251
	1001-5000	75	3.6990	.92241		
	5001-10000	11	3.0000	1.25681		
	10001-20000	10	3.6142	.58728		
	20001-30000	3	3.6666	.64417		
F5 Pleasant environment	<1000	1	4.2000	.	0.842	0.502
	1001-5000	75	3.5493	.78055		
	5001-10000	11	3.0727	.83077		
	10001-20000	10	3.1400	.59665		
	20001-30000	3	4.5555	1.51437		
F6 Tourism infrastructure and superstructure	<1000	1	3.0000	.	0.513	0.726
	1001-5000	75	2.8213	.78055		
	5001-10000	11	2.6727	.83077		
	10001-20000	10	3.1400	.59665		
	20001-30000	3	2.7333	1.51437		

Note: **F** - quotient of variance ( $F \geq 2.37$ ); **Sig. (2-tailed)**  $\alpha p \leq 0.05$

Source: Prepared by the author based on data analysis in SPSS 20.0.

By reviewing Table 9, we conclude that there are no statistically significant differences in attitudes at the level of significance  $p < 0.05$  between groups of subjects according to the amount of annual income.

Analyzing the socio-demographic characteristics of the internal stakeholders with appropriate statistical methods of data processing, we can conclude that attitudes of internal stakeholders on Jablanica District tourism image factors, are not significantly different, thus we *reject the Hypothesis 1 (H1)*.

Correlation analysis shows the strength and direction of a linear relationship between two variables (Pallant, 2011). With Pearson correlation coefficient, we examined links between extracted tourism destination image factors by internal stakeholders (managers and employees in the tourism and hospitality industry in Jablanica District).

Based on the results of correlation matrix, we can conclude that, in the opinion of internal stakeholders, most tourism destinations image factors achieved positive correlation values of medium and high strength with statistical significance at the level of  $p < 0.01$ . Positive high correlation values are achieved between all the extracted factors in the values of  $r = 0.752$  to  $r = 0.865$ . This suggests that internal stakeholders share the opinion that among extracted factors there is a high correlation, so that elements of the tourism offer have tremendous mutual influence (Table 10).

Table 10: *Pearson coefficient of linear correlation - internal stakeholders (image factors)*

FACTOR	F1	F2	F3	F4	F5	F6
F1	1					
F2	,805**	1				
F3	,862**	,800**	1			
F4	,865**	,807**	,833**	1		
F5	,857**	,752**	,852**	,827**	1	
F6	,788**	,807**	,822**	,766**	,784**	1

\*\* Correlations are significant at the level of  $p < 0.01$  (2-tailed)

Source: *Prepared by the author based on data analysis in SPSS 20.0*

By using an adequate statistical analysis, we determined that the interrelation of variables grouped into factors that explain the degree of consistency of internal stakeholders (managers and employees in tourism

and catering industry) with Jablanica District tourism offer elements, showed a positive medium, and high correlation value. This result leads to the conclusion that we can accept Hypothesis 2 (H2).

## **Conclusion**

Jablanica District as unrecognized tourism destination should, when planning development strategy, particularly direct attention to improving the quality of tourist offer in relation to competing regions, especially in the field of tourist destination management, marketing and information systems in tourism, referring to them as key development elements. By analyzing the main elements of destination micro environment in Jablanica district, we conclude that stakeholders of tourism development in the district are not adequately related to their business. On the territory of the district, there are city Tourist Organization of Leskovac and a municipal tourist organization of municipalities Vlasotince, Lebane, Bojnik Crna Trava.

Promotional activities of these tourist organizations are not at a satisfactory level, in order to be in function of tourism development activation. It was identified that the main reason for this situation is lack of cooperation between the mentioned organizations, and also between local governments, public and private sectors in the district. For more successful performance in the domestic and international tourism market, the recommendation is to establish a regional tourism organization of Jablanica Districts, so all destinations in the district could be presented as integrated product to tourist demand at home and abroad. In addition to tourism organizations in the territory of the District, there are many cultural institutions whose work is complementary to the tourist activity, and which should be included in the creation of tourism destinations products in order to achieve greater number of visits from this market segment. It is essential to, in further activities of these institutions, perform synchronization of activities of all institutions that are in their scope of work engaged in activities related to tourism, because it is one of the preconditions for the integral development of a competitive tourism product. Optimal combination of the strategic management models in this tourism destination should be reserved to the selection and implementation of the strategy of tourism segmentation, in order to gain and categorize target market segments, and a particular group of tourists with a precisely known needs and desires, which is partly done in this study through the analysis of research hypotheses.

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# CITY BREAK TRAVEL AS A FACTOR OF TOURISM INDUSTRY COMPETITIVENESS

Milena Podovac<sup>1</sup>

## Abstract

*Modern trends in the development of tourism indicate a growing interest of tourists for shorter but more frequent holidays in cities during the year. In addition to the main holiday during the summer season, the tourist demand is directed towards the urban destinations in order to satisfy the need for fun, relaxation, getting to know the cultural heritage, the acquisition of knowledge, etc. Consequently, cities are significant receptive destinations, and with their complex supply, they can meet the needs and demands of tourists even where seasonality is not expressed. City break travel includes holidays in a town, which usually lasts from one to three days. Although it has the character of additional leave during the year, tourists often opt for this type of travel in the time of important events or holidays. The subject of this study represents the city break travel and their role and importance for competitiveness of the tourism industry. Special attention was paid to the development of this type of holiday in the Republic of Serbia.*

Key words: urban tourism, city break travel, tourism, competitiveness.

JEL classification: L83, M21.

## Introduction

Urban tourism is a relatively developed market niche, especially in the areas of Europe. Modern development of tourism has caused growing interest of tourists to stay in the cities due to the creation of real conditions for travel and meeting tourism needs in the geographical areas such as urban destinations. On the other hand, tourism represents an important economic activity in all those cities which do not have developed production industry, but which, due to their active resources, are

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in a position to develop tourism as a sustainable and profitable activity. Urban tourism is developing in the cities which are very specific in their nature. They represent major economic, cultural and political centers, which developed a number of other activities with which tourism is directly or indirectly connected (Podovac, 2016a, p. 2). On the other hand, tourism is an important economic activity for all those cities which do not have developed industry, but due to attractive resources they can develop this economic activity that is profitable and sustainable. Multifunctional mainland cities provide year-round influx of tourists, thus creating significant economic effects on tourism and other complementary economic activity (Podovac, 2016b, p. 161).

City break travel is of particular importance for cities, as they represent a vacation implemented in the city center where tourists flows are not affected by seasonality (Zlatić & Dragičević, 2007, p. 101). Its comparative advantage lies in the year-round sustainability and the ability to satisfy multiple motives of staying in the city. City break travel is actually a secondary form of travel, practiced by tourists who engage in off-season period and/or during the significant holidays during the year. The main reasons for travel are reflected primarily in learning about cultural heritage, presence of events, shopping, partying, etc.

In this paper, the subject of analysis is the city break travel and its basic characteristics. In addition to conceptual determinations of city break travel, the paper analyzes the potential of Belgrade, Novi Sad and Niš as the most visited cities in the Republic of Serbia with the real possibility of being recognized on the European map of the city destinations. Analyzed cities are the examples of successful (Belgrade, Serbia), prosperous (Novi Sad) and potential (Niš) development of urban tourism. Concluding remarks provide guidelines that can improve an offer of city break travel in the analyzed cities.

### **The concept and characteristics of city break travel**

Modern development of tourism is characterized by changes in the behavior of tourism demand. Specifics of modern tourism demand point to the existence of diverse and multiple travel motives, as well as different ways to meet them (Jovanović Tončev & Podovac, 2016, p. 123). Over the centuries, cities have been traditional places of gathering of large number of people (Milićević & Đorđević, 2016, p. 21). Ever more common today are short, frequent trips, which are not the primary

vacation in a year such as summer or winter holidays. This trend has contributed to the growing number of city break travel. Trew and Cockerell (2002, p. 86) define a city break travel as a short trip to rest in a city that does not include an overnight stay in another destination. According to this definition, a city break travel is focused on brief visit to one destination. On the other hand, arguing that it is a short trip, Charterina and Aparicio (2015) point out that city break travel is being realized by flights, performed at short distances to neighboring towns or immediate environment.

City break travel is a tourism product with the capacity to develop on a large scale (Štetić et al., 2011):

- The increasing trend of a large number of short (2-4 days long) trips during the year;
- The fastest growing tourism product;
- High revenue per tourist;
- The possibility to position a city on a map of trips at the regional level;
- The growing interest of business in short trips and vacations;
- Travel in the preserved nature.

According to the Tourism Development Strategy of the Republic of Serbia (2005), city break travel lasts from one to four days and make second, third or fourth vacation of the year for tourists. This phenomenon does not represent the primary form of travel and rest, but supplementation during leisure time (holidays, events, visits to relatives and friends, etc.). The main prerequisite for the realization of this type of travel is the quality transport infrastructure and connectivity of emissive and receptive destinations and accommodation offer of the diverse structure. Rabotić (2012) points out the key features of a city break travel as follows:

- Shorter trip for a period of usually less than three nights;
- Destination is located in the vicinity, often neighboring country;
- Represents supplementation to the main vacation during the year;
- Tourists travel in pairs or in groups of friends.

The division of market of the city break travel was done on organized trips (package tours) and individually organized holiday. Organising individual travel has resulted as a consequence of *low-cost* airlines, which have enabled lower prices for transport services and faster journey to the

final destination. In addition, the possibility of booking through the Internet, especially in Western Europe, caused a simpler and cheaper purchase of tourism services (Tourism Development Strategy of Serbia, 2005, p. 63).

An important feature of this traveling form is by no means its duration, which is classified by different authors in various ways. The difference between all forms of travel according to the number of days is made in the following way: a city break (1-2 nights), a short vacation (3-4 nights) and longer holidays (8 or more nights) (Charterina & Aparicio, 2015). Length of stay in the city can be associated with the availability of resources and facilities at the destination. Accordingly, an important segment represents the motivation of tourists to visit the cities. Dunne (2009) pointed out two key features of the city break travel: the secondary character of vacations and short stay in the city. City break travel is usually realized during the vacations and lasts between one and three days (sometimes longer). According to his opinion, the length of stay depends on the nationality of the tourists. He supports this with the example of German residents who stay for longer periods in cities as opposed to the British. The secondary character of the trip highlights the fact that the city break travel is actually supplemental form of vacation in off-season period. City break travel is mainly popular among the inhabitants of the European continent, which have led to significant structural changes. Europeans are most often opt for this form of tourism due to dynamic structural changes, which led to an increase in the number of secondary vacation during the year (Dunne et al. 2007, p.5):

- The realization of workers' rights in terms of rests over the years;
- Shorter vacations during the year due to the existence of a large number of national and religious holidays;
- Increase of the family members and disposable cash income;
- Changes in the perception of people on travelling prices and quality of service;
- Improvement in the traffic quality in terms of speed and comfort of travel.

This form of travel has gained special popularity with the increase of leisure time fund of people due to more flexible working hours in the case of engagement. It is very often the case that the company itself uses travel agencies to organise this type of holiday for its employees in the period of major holidays. On the other hand, travel agencies offer potential tourists arrangements for city break travel in off-season period (during spring and

autumn) and during holidays like New Year, Christmas, Easter and others. In literature, terms of urban tourism and city break travel is interpreted in the same way, although there are some differences (Peroš, 2003):

- The duration of the trip. City break travel implies staying at a destination for a period of two or three days.
- The lack of need for planning. The decision to travel is brought spontaneously several days in advance.
- The possibility of independent travel arrangements. City break travel does not require separate organization; respectively, it can be organized without mediation of travel agencies depending on the availability of funds and time.
- Low prices. Prices of city break travel include the cost of accommodation in a hotel or private accommodation, transport and sightseeing.
- Motivation. The primary motivation of travel to cities is the desire to get knowledge about historical and cultural sites, then gastronomic offer, shopping, job, etc.
- Individualization of offers by agencies. Adopting the trend of individualization of travel and the length of city break travel duration, travel agencies create trips according to the requests of tourists.
- Accommodation. The growing trend of urban tourism development, followed by the process of journey individualization encourages a special kind of small, specially designed facilities for accommodation, such as boutique or designed hotels.
- Communication. Communication, as far as city break travel is concerned, includes special interpersonal skills of communication since the journey means a direct contact between a guest and a host.

A significant exploring segment of city break travel is the motivation of tourists for short stays in the city. Difficulties in investigating the reasons for visiting cities are connected with the fact that tourists travel to cities due to multiple motives, or one trip can meet many of your needs. Accordingly, it is possible to identify several reasons why cities are a destination for city break travel (Pivac, 2004, p. 64):

- In the cities there is a large number of people, which creates conditions for accordingly large number of visits to friends and relatives.
- As the ultimate destination, cities are also important tourism points in the tourist-transit exchange.

- In cities, there is a large concentration of commercial, financial, industrial and production services, due to which cities are places where a large number of people are gathered together.
- Cities provide opportunities for different experiences of cultural, artistic and recreational character.

The motives for taking city break travel can be classified into two groups. The first group includes visits to cultural attractions, while the second group classifies experiencing the city through its specific characteristics in terms of entertainment, gastronomy, night life, the way of life of local residents and others (Štetić et al., 2014, p. 157). City break travel is a growing segment of tourism market. Since there is a large number of tourism attractions in cities, tourists often choose to stay in urban areas due to multifunctionality of a city as a tourism destination. Multifunctionality of cities is reflected in their ability to provide the tourists with an integrated tourism product, and the entire experience that they expect from a visit to a city. With their offer, cities can meet the needs of almost all market segments ranging from business travelers to younger tourist population. On the other hand, city tourism is a significant source of income, especially for those who do not have developed economy. The specificity of the city break travel is reflected in the reduced impact of seasonality on the tourism demand, and therefore the operation of tourism enterprises. The constant influx of tourists in cities ensures the sustainability and profitability of the business of hotels, travel agencies, transportation companies and other entities that provide services to tourists. Modern trends in tourism market indicate a pronounced competition between cities, especially on the territory of Europe. The similarity, in terms of type of tourism attraction, points out the necessity of introducing new tourism services, in order to attract more tourists and retain competitive position in the market.

### **The analysis of the current state of the development of city break travel in the Republic of Serbia**

City break travel has been identified as one of the key products in tourism portfolio of the Republic of Serbia (Tourism Development Strategy of the Republic of Serbia, 2005). However, despite their prevalence, very few cities have adequate resources and facilities for the creation of integrated product of city break travel. Tourism offer of the city break travel is developed in several towns, mostly in the main administrative centers of Belgrade and Novi Sad. The specificity of city break travel is reflected in

the necessity for looking at the existing tourism cities of the Republic of Serbia and its integration with other, mutually complementary, forms of tourism. On the other hand, an essential factor in the development is a comprehensive tourism offer complemented by high-quality traffic infrastructure and promotional activity in the domestic and international tourism market. The limiting circumstances of developing city break travel in the Republic of Serbia are reflected in the underdeveloped awareness of key stakeholders in tourism on the economic importance of this form of tourism. On their trips in cities, tourists stay shorter than in the case of overnight trips and spend significant funds during their city break. City break travel attracts commercial segment, which is largely sophisticated in terms of accommodation and transport service quality, but because they expect quality content of leisure activities.

As a tourism destination, the Republic of Serbia has significant potential for extremely dynamic development of city breaks and long-term positioning in this market. Tourism potentials of Serbia lie in the favorable geographical position and good connection with the main emmusive markets, the manifestations of rich content, cultural and historical heritage, facilities for sports, recreation and entertainment, and rich cuisine. The comparative advantage of Serbia is the possibility of combining urban tourism with other tourism products, such as business, events, nautical, cultural, youth, etc. On the other hand, having in mind serious and long-term development of this form of tourism, the crucial moment for urban destinations in Serbia involves connecting large tour operators, the entry of low-cost airlines on the domestic market, as well as investments in improving the quality of the accommodation offers and promotions of cities in the Republic of Serbia as attractive city destinations. A more detailed analysis in this paper focuses on the analysis of Belgrade, Novi Sad and Niš as the most visited cities in the Republic of Serbia by tourism demand. The selection criteria include the cities of tourism traffic, the structure of tourism resources and the number of population.

### **Belgrade**

As the capital of the Republic of Serbia, Belgrade is situated in South-Eastern Europe, and covers an area of 322,268 ha, which is divided into 17 municipalities. According to the 2011 census, there are 1,659,440 permanent residents in Belgrade (<http://www.beograd.rs>). Its natural features are favourable for the development of different tourism forms.

The average altitude of the territory of Belgrade is 117 m. The Rivers of Sava and Danube have about 200 km of river banks within the city borders. The characteristics of the moderate continental climate are dominant with an average temperature of 30°C. Natural resources which have the importance of tourism potentials are Great War Island, the Danube rim and backwaters and canals, Ada Ciganlija, etc. Other tourism products with special importance are Avala (511 m), on the top of which there is the Monument to an Unknown Soldier and Kosmaj (628 m), on the road Avala-Ralje (Institute of Economic Sciences, 2008).

Infrastructure represents an important element of the tourism system of the city of Belgrade. Two very important roads with European significance intersect in Belgrade, i.e. E-75 (as the northern and southern branch of Corridor X) and E-70 (as the Western Corridor X and the road leading to Romania) (Institute of Economic Sciences, 2008). Belgrade has a developed traffic network, from the railway (there are 15 stations used for goods transportaion), to the road traffic (with over 2,500 freight vehicles with the transportaion capacity of over 5 tons). The river economy companies have about 700 vessels of different types and purposes, with a total capacity of 510,000 tons. The harbor complex on the Danube represents cargo transportation center including an area of 120 ha. Unlike other cities, the comparative advantage of the transport network of Belgrade is air transport, which is one of the main prerequisites for the development of city break travel. The carrier of the air traffic development is Nikola Tesla Airport, which annually records a turnover of 5,500,000 passengers and has regular flights to 39 destinations (<http://www.beograd.rs/>).

As the capital of the Republic of Serbia, Belgrade is an important cultural center due to the sites of cultural and historical heritage and a large number of cultural institutions and cultural events. The oldest cultural and historical monument in Belgrade is the Belgrade Fortress. Other buildings worth mentioning are the Princess Ljubica Shelter, Captain Miša's Mansion, Old and New Palace, the building of the National Assembly and the Temple of Saint Sava as one of the most important religious buildings. Belgrade is a sitting for significant institutions of importance for Serbian culture and history, such as the Serbian Academy of Sciences and Arts, the *National Library of Serbia*, the *National Museum*, the *National Theater* and others. Cultural events such as the *Festival*, *Bitef*, *Bemus*, *Belef* contribute to the development of the cultural life of the city of Belgrade (<http://www.srbija.travel/>).

Table 1: *The structure of the accommodation offer in Belgrade*

Category	Number of hotels	Number of rooms	Number of apartments	Number of beds
5-star Hotels	4	559	73	949
4-star Hotels	40	2,426	272	4,003
3-star Hotels	27	1,175	92	2,112
2-star Hotels	9	443	17	801
1-star Hotels	3	530	14	1,036
Hostels	90	863	/	3,468
Private accommodation	545	/	/	1,177

Source: *Internal data of the Tourism Organization of Belgrade*

High-quality and diverse range of accommodation is one of the essential prerequisites for tourist city stays. Therefore, Belgrade is one of the cities on the European map which has developed the accommodation offer with hotel accommodation as the dominant form. Data in Table 1 point to the 4-star hotels as the predominant accommodation facility. On the other hand, an important segment of the accommodation offer of Belgrade are the hostels, which mainly provide services to young tourist population that chooses accommodation in cities on the basis of price as a key criterion. As the capital of the Republic of Serbia, Belgrade has the most significant potential for the development of urban tourism, primarily city break holidays. The structure of tourism resources, developed accommodation offer and excellent transport infrastructure with special emphasis on air traffic indicate its potential of being a competitive city break destination to the leading European destinations such as Vienna, Budapest and Athens.

As a tourism city destination, Belgrade attracts tourists of different age groups, and purchasing power as well as those of different needs and preferences. Compared to other cities in Serbia, its comparative advantage in terms of city break travel is reflected in the ability to meet multiple motives of tourists who visit it. Developing city break travel to Belgrade is also connected to the constant increase in the number of business travelers who come for business and other events, at the same time using the resources and tourism offer of Belgrade.

## **Novi Sad**

Novi Sad is located on the Danube in the central part of Vojvodina, which is well connected with road, rail and water corridors. Novi Sad is the



center of the South Bačka District and the capital of the Autonomous Province of Vojvodina (Official Gazette of Novi Sad, 2012). According to the 2011 census, there are 335,701 inhabitants living in Novi Sad (<http://media.popis2011.stat.rs>). It is located at an altitude of 72-80m on the left side and 250-300m on the right side. The climate is moderately continental and continental with an average temperature of 10.9°C (<http://novisad.travel>). In the area of Novi Sad, one can note the natural beauties of the Fruška Gora National Park with the most complex types of forest and rare species of animals as well as those of the Fen of Kovilj and Petrovaradin which stretches along the Danube banks. In addition to these extremely valuable natural assets, there are some spatial also subject to protection, such as Park Institute for chest diseases in Sremska Kamenica, and the Parks of Danube, Futog and Kamenica (Department of City Planning Novi Sad, 2009, p. 16).

Novi Sad is intersected by traffic Corridor No. 10, which has the primary direction Salzburg-Thessaloniki, thus connecting eight countries and another six are connected to it indirectly. Corridor No. 7 or the Danube Corridor Waterway links Western Europe with the Black Sea. With a navigable small canal Novi Sad is connected to the system of Danube-Tisa-Danube, which provides transport links to the waterway upstream to Central Europe and downstream to the Black Sea. Novi Sad is located on 1,255km of the Danube, which flows through this city making numerous islands, backwaters and inlets (<http://www.novisad.rs/>).

Cultural Treasury of Novi Sad is very important for the development of tourism. Cultural tourism offer includes the Museum of the City of Novi Sad, with the permanent display, which shows the way people lived in the first half of the eighteenth to the twentieth century; Planetarium; the Vojvodina Museum; the Gallery of Matica Srpska (with more than 7,000 works of art); the Serbian National Theater; the Memorial collection of Pavle Beljanski and Jovan Jovanović Zmaj. Novi Sad is also known as event tourism destination for all age groups of tourists. The most visited events are Zmaj's Children Games, the International Jazz Festival, the International Fair of hunting, fishing, sports, tourism and nautical *Lorist* and Exit - the biggest music festival in Southeast Europe (<http://www.srbija.travel/>).

Table 2: *The structure of the accommodation offer in Novi Sad*

Category	Number of hotels	Number of rooms	Number of beds
5-star Hotels	3	102	639
4-star Hotels	8	250	816
3-star Hotels	10	410	675
2-star Hotels	3	79	167
1-star Hotels	1	18	31
Garni hotels	1	58	116
Private accommodation	1	91	160
Hostels	2	197	688
Farms	2	4	10

Source: *Internal data of the Tourist Organization of Novi Sad*

In accommodation offer of Novi Sad, the predominant form is that of hotel accommodation with 5-star hotels being far overnumbered by 4- and 3-star ones. However, the accommodation offer of Novi Sad can meet the needs of different market segments according to their preferences and purchasing power. Apart from Belgrade, Novi Sad is an important destination for city break travel.

The main peculiarity of Novi Sad as a city break destination is reflected in the possibility to merge multiple products into an integrated tourism product, which as such links the attraction of urban areas and the multiculturalism of the City. The rich cultural heritage of Novi Sad allows tourists quality activity during their stay in this destination. On the other hand, Novi Sad is known as a destination for congress tourism, which creates the possibility of connecting the supply of business and city tourism. The organization of events in Novi Sad, such as the EXIT music festival is especially attractive to tourist population, which, besides visiting this event, uses other tourism facilities during their short stay.

## Niš

One of the oldest cities in the Balkans is located in Niš basin at the confluence of the Nišava and the Južna Morava. Geographically, Niš is located at the crossroads of the most important Balkan and European traffic routes. The main route, starting from Belgrade on the north, comes down the Morava valley and divides in Niš into two branches – the one heading toward south, down the Vardar valley follows direction of Thessaloniki and Athens, and the other heading toward east, down the

valleys of Nišava and Marica goes toward Sofia and Istanbul and further to the Middle East. Niš has 255,518 inhabitants and, at the same time, it is the third largest city in the country, the largest city in central Serbia and the headquarters of Nišava District (<http://www.ni.rs/>). The territory of the city of Niš is located in the lower Ponišavlje and northern area of the Južna Morava and covers an area of 596.7 km<sup>2</sup> (Department of Urban Development, 2011, p. 8). The approximate altitude is 194m. The climate is moderately continental (hot summers and moderately cold winters). The natural resources of Niš include geothermal water (Niška Banja, Banja Topilo, Miljkovac, Ostrovica), mineral water (Jelašnica), gorges (Sidevačka klisura, Jelašnička klisura, Cerjanska klisura) then the Heath of Kamenica and Suva planina (City of Niš, 2011). The structure and diversity of natural resources of Niš and its environment are favorable for the development of tourism, especially eco, recreation, excursions, spa tourism and other tourism forms.

The City of Niš is characterized by developed transport network. Both highway and railway go through the territory of the city connecting thus north and south of Serbia. There are important regional roads and/or railway links from Niš to Kopaonik, Novi Pazar and Montenegro, Kosovo and Metohija, Zaječar and Negotin Districts. Two important branches of the European Transport Network, i.e. Corridor 10 and Corridor 7 (Danube waterway which connects Germany with the Black Sea) directly or indirectly connect Niš with the wider, European surroundings. In the northern zone of the city, there is *Constantin the Great* International Airport with excellent technical and meteorological conditions for the provision of passengers and cargo air transport (City of Niš, 2009). This airport represents a strategically important facility to attract tourists from distant emissive markets.

The rich history of origins and development of the city of Niš is evidenced by the numerous sites of cultural and historical heritage, the most important being (City of Niš, 2009): *Medijana* (archaeological complex at 100 ha); Fortress of Niš; central area of the old part of the city of Niš; prehistoric sites in Niš villages; Naissus - excavations of the city of II - VI century; Skull Tower - a unique monument in the world built from the skulls of the killed Serbian heroes; Monument of Čegar of XIX century dedicated to Stevan Sinđelić, etc. Niš is an important meeting place for cultural events and tours brought together from different parts of the world and Europe, as well as the local population. Important cultural events are certainly the Days of Ss. Emperor Constantine and Empress

Helena, Nišville (the international festival of jazz music), *Film Festival* (festival of Serbian actors' realization), *Nisomnia* (a music festival), etc. (<http://www.visitnis.com/>).

Table 3: *The structure of the accommodation offer in Niš*

Category	Number of objects	Number of beds
Hotels	7	832
Accommodation in spa resorts	2	859
Lodging houses and overnights	18	593
Hostels	9	178
Private accommodation	/	925

Source: (*City of Niš, 2007, p. 34-36*)

The primary form of accommodation in Niš is a hotel accommodation, which includes 7 hotels with the capacity of 832 beds. Spas have two guest accommodation facilities, with a capacity of 859 beds. Tourists coming to Niš may use the services of boarding houses, hostels and private accommodation with the capacity of 925 beds. Niš is not a recognizable destination of city break travel in the Republic of Serbia. Analyzing the tourism turnover of the city of Niš, it should be noted that the development of city break travel is accompanied by constant fluctuations, indicating the disproportionate ratio of domestic and foreign tourists in the total tourism turnover. Due to the fact that it mainly relies on the domestic market, Niš cannot be said to be fully developed as a tourism destination city.

On the one hand, there is a realistic resource base to meet the needs of tourists as well as developed air transport, and on the other, it lacks in aggressive promotional policy and a unique City tourism offer that would direct tourists towards the urban area of Niš and its key attractions. Further development of Niš as a city break destination is conditioned by the intensive promotion of Niš in both domestic and international markets in order to join already distinctive city break destinations in Serbia, such as Belgrade and Novi Sad.

## Quantitative indicators of tourism development in the cities of the Republic of Serbia

Tourism traffic is one of the main and most reliable indicators of the performance of tourism destinations in the market. In this part of the paper we present quantitative indicators of tourism traffic (number of tourists and the total number of nights) for the analyzed cities, in order to indicate their current position in tourism market.

Table 4: *Number of visitors in the cities of Serbia in the period 2010-2016*

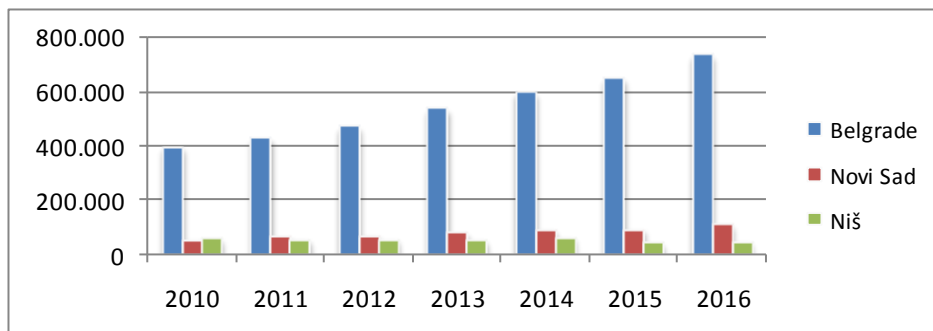
Y	Belgrade			Novi Sad			Niš		
	D	F	T	D	F	T	D	F	T
<b>2010</b>	223,046	395,408	618,454	43,320	52,681	96,001	51,368	36,811	88,179
<b>2011</b>	162,211	428,473	590,684	43,422	63,011	106,433	52,861	36,091	88,952
<b>2012</b>	189,375	471,299	660,674	48,323	65,690	114,030	45,986	31,796	77,782
<b>2013</b>	182,006	536,937	718,943	45,869	76,603	122,472	32,989	30,061	63,050
<b>2014</b>	155,977	597,765	753,742	53,872	86,874	140,746	31,297	37,391	68,688
<b>2015</b>	157,245	650,362	807,607	61,489	89,883	151,372	34,924	41,045	75,969
<b>2016</b>	176,087	737,063	913,150	67,808	106,681	174,489	404,191	44,629	85,048

Source: Statistical Office of the Republic of Serbia, <http://www.stat.gov.rs/WebSite/Default.aspx>

Table 4, shows the tourism traffic of the analyzed cities, which are also the most visited in the Republic of Serbia for the period 2010-2016. Based on the presented data, it is evident that Belgrade in the reporting period is the most visited city in relation to Novi Sad and Niš. Looking at the tourism turnover for a five-year period, we observe significant fluctuations. For example, in 2014 Belgrade recorded the attendance of 753,742 tourists, while the lowest attendance was recorded in 2011 and amounted to 590,684 tourists.

According to the number of foreign visitors, Belgrade is the first with an increasing trend from year to year. Niš is almost equally visited by local and foreign tourists. For example, the largest attendance was recorded in 2011 (88,952 tourists). The biggest attendance of domestic tourists was recorded in 2011 (52,861 tourists), while the largest number of foreign tourists visited Niš in 2014 (37,391 visitors). Novi Sad is a major tourism destination in terms of tourism turnover.

Graph 1: *The ratio of the number of foreign tourists in the analyzed cities of the Republic of Serbia*



Source: *Statistical Office of the Republic of Serbia*, <http://www.stat.gov.rs/WebSite/Default.aspx>

Graph 1 shows a comparative analysis of domestic and foreign guests in the cities analyzed for the period 2010-2016. It is noticeable that Belgrade keeps track of the growing tendency when it comes to the number of foreign tourists. This trend is due to the continuous improvement of tourism offer, which allows tourists to stay longer in the city and meet their travel needs.

Table 5: *Total number of overnight stays in the most visited cities in Serbia*

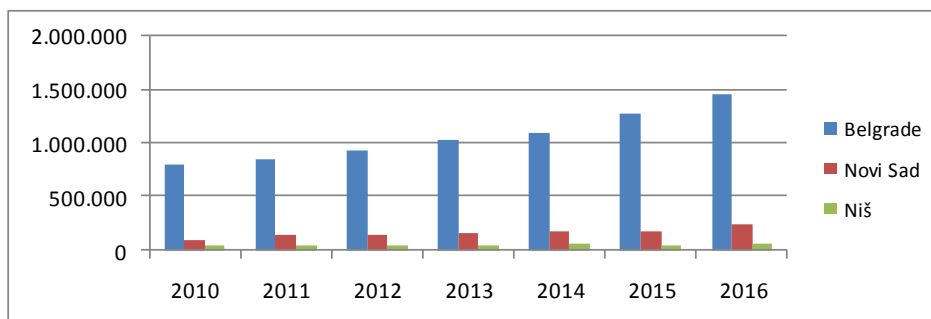
Y	Belgrade			Novi Sad			Niš		
	D	F	T	D	F	T	D	F	T
2010	509,807	809,822	1,319,629	71,606	103,795	175,401	254,834	54,824	309,658
2011	301,114	847,915	1,149,029	70,926	142,623	213,549	244,906	50,334	295,240
2012	493,531	937,853	1,431,384	79,845	151,444	231,289	235,505	51,252	286,757
2013	453,526	1,036,275	1,489,801	83,045	169,672	252,717	72,827	49,682	122,509
2014	231,237	1,106,085	1,337,322	103,893	183,274	287,167	71,714	58,532	130,246
2015	400,323	1,285,694	1,686,017	113,205	183,892	297,097	34,924	41,045	75,969
2016	406,674	1,460,476	1,867,150	118,956	241,622	360,578	90,175	70,772	160,947

Source: *Statistical Office of the Republic of Serbia*, <http://www.stat.gov.rs/WebSite/Default.aspx>

Table 5 shows data on the total number of overnight stays of domestic and foreign guests in the analyzed cities for the period 2010-2016. Based on the data, it can be concluded that Belgrade is the most visited city, which is logical given that it hosts the largest number of tourists. Novi Sad is, after Belgrade, the most visited city by foreign tourists, while tourism turnover in Niš recorded the highest share of domestic tourists

with the noticeable fluctuations in the number of overnight stays of foreign tourists.

Figure 2: *The relationship between the number of overnight stays of foreign tourists in the analyzed cities of the Republic of Serbia*



Source: *Statistical Office of the Republic of Serbia*, <http://www.stat.gov.rs/WebSite/Default.aspx>

Based on the comparative analysis of the number of overnight stays in analyzed cities, it is obvious that Belgrade is in the first place according to the number of overnight stays of foreign tourists, which is also the result of a quality tourism offer and additional facilities for leisure.

### **Concluding considerations**

City break travel is a promising tourism product for cities. Their potential is reflected in the full-year inflow of tourists and the ability to combine different tourism products into a single one which is offered as such to city tourists. The growing interest of tourists for this type of tourism is associated with an increase in the amount of free time, especially in the period of marking holidays and important events of the year. Due to this trend, mainly off-season tourists opt for breaks in cities, which are dynamic in character and include a large number of services and content.

City break travel is a part of the tourism offer of the Republic of Serbia. Nonetheless, Serbia has a long tradition in the development of this form of tourism, with the exception of Belgrade, which is an important city break destination. According to the Tourism Development Strategy of the Republic of Serbia (2005, p. 121), other cities can also be adequately presented in the international market of city break travel. The proposed guidelines refer to investments aimed at the market adjustment of this

product to the demand requirements especially in the sense of informing tourists about the product, commercialization, providing supporting elements of city break travel (arranging footpaths, tourism signposting, decorating shops, etc.). In order to make the offer of city break travel in Serbia complete and recognizable on the international tourism market, it is necessary to change the direction regarding promotional strategies to Serbian cities to be competitive in the market of city break travel.

In this study, the analysis of the potentials of Belgrade, Novi Sad and Niš, which are selected on the basis of tourism turnover, population number and resource structure. The offer imposes conclusion that Belgrade, as the most visited city in the Republic of Serbia, is a proper example of the city break destination, which has a rounded tourism and attracts many tourists. Beside Belgrade, Novi Sad is a destination rich in cultural heritage which organizes business events. Its multiculturalism and urban part of the town is attractive to tourists, who mostly come from abroad. On the other hand, Niš is not recognized in the tourism market as a city break destination. It is realistic to expect Niš to become an attractive city break destination thanks to its rich cultural heritage, event content and the intensive growth of air traffic.

Further development of the city break travel in the Republic of Serbia will depend on the capacity of the main actors in the tourism sector to continuously improve existing tourism offer by introducing additional facilities to meet the needs of urban tourists. It is inevitable that the Serbian cities, except Belgrade, according to the quality of urban tourism offers, are far behind European cities. Therefore, real efforts should be put into developing tourism industry reputation to be able to compete the city break travel of European cities such as Vienna, Berlin, Athens and others. An important segment of city break travel development is air transport, which, as far as Serbian cities are concerned, places utmost importance on the increase in the number of low cost airline companies whose prices of transportation services are a lot more competitive compared to the regular airlines. In general, the competitiveness of Serbia as a city break travel and urban tourism destination is dependable upon very implementation of modern information technology in the promotion and distribution of urban tourism. In this way, Serbian cities will be available to a wider market at a lower cost and the ability to create their recognition as city break destinations increases. The mentioned guidelines would result in the significant economic benefits in the form of increased influx of tourists and tourism revenues. However, one of the objectives in



the long run would certainly be linked to the achievement of competitiveness of Serbian city destinations in the international market and their recognition as an attractive, vibrant and hospitable city areas.

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# TRIPADVISOR IN ORGANISING A VACATION: TOURISTS' CHARACTERISTICS AND TYPES OF INFORMATION

*Desimir Bošković<sup>1</sup>; Suzana Đorđević<sup>2</sup>*

## **Abstract**

*For decades printed information sources have been used in information gathering process in tourism and personal contact with tourism providers in the process of organizing a vacation was needed. This trend began to change with the introduction of computers, in particular with the development of Internet and social networking web sites. Internet can be used for many different purposes that include promotion of tourism destination, creation of tourism destination image, but it is also an excellent tool in organising a vacation. The main purpose of this paper is to examine the characteristics of tourists who visited Istria County, Croatia in 2016 from the aspect of using TripAdvisor as a tool in organising their vacation. Data was collected through self-complete questionnaire on a sample of tourists staying in hotels and camping sites in nine tourism towns. This study was conducted from July through September in 2016. A total of 1554 responders were taken into analysis. Based on the descriptive results a little bit less than 30% of responders used TripAdvisor for organising their vacation. First time visitors relayed more on TripAdvisor compared to repeat visitors and country of origin also played important part in using TripAdvisor for organising vacation. Information about beaches, cultural heritage and restaurants in Istria County, Croatia were the most commonly searched types of information about the destination.*

**Key words:** *tourists' characteristics, types of information, TripAdvisor, vacation organisation*

**JEL classification:** *Z31*

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## **Introduction**

The number of Internet users is constantly increasing. Currently it is estimated that more than 3 billion people use Internet and it is forecasted that more than 4 billion people will use Internet in 2020. ICT and Internet are becoming a part of our everyday life (Kotler & Armstrong, 2010). Internet is used for many different activities like entertainment, on-line sales, and information collection. In marketing, Internet can be used for many different purposes: promotion of different commodities and services, creating company image, public relations, e-sales (Ozretić Došen & Previšić Škare, 2003). Currently, Internet and social networking web sites present a great opportunity for promotion and sales of goods and services (Kotler & Caslione, 2009) because they enable direct contact with customer. Through Internet and especially social networking web sites customers obtain information in an easy and quick manner. They can also find different types of information, see their occupancy, book services, write their comments and desires, make payments etc.

Social networking websites are becoming more and more popular in recent years. In 2009 the social networking web sites with the highest number of users were: Facebook (123 million), YouTube (85.1 million), MySpace (54 million) (Hollensen, 2011). In 2015 Facebook is still number one regarding active users (The Statistics Portal, 2016) with 1.550 millions of users. In general the number of social networking web sites users increased from 0.97 billion in 2010 to 1.96 billion in 2015 and further growth is projected to 2.44 billion in 2018 (The Statistics Portal, 2016).

Through different tool, social networking web sites connect different individuals that have common interests forming a certain type of community. These virtual communities connect their users in different manners. Virtual communities like Facebook, YouTube, LinkedIn, Pinterest, Google +, Instagram, Tumblr, VK, Flickr, Vine, Meetup Netlog, MySpice.com and Twitter offer different connection and types of information that are shared on them. Different manners of communications are available like messages, discussion forums, photographs, videos, blogs etc. Users can easily become a part of the community and share their experiences. This is especially important for tourism because the main focus of tourism lies on the creation of experiences (Andersson, 2007).

On social networking web sites, tourists can express and share their tendencies for certain tourist destinations, opinions, preferences and experiences. More and more people join social networking web sites daily, so these sites are fast gaining on importance and should be explored and used in marketing tourist destinations. Social networking websites provide tourist destinations and enterprises with a very efficient way for promoting their products and services compared to “classic” communication channels. They also enable direct promotion and may decrease promotion costs. Tourists that had a satisfactory and fulfilling experience with a tourist destination may become powerful promoters of the tourist destination and its services and products. On the other hand, Internet and social networking web sites may provide different benefits to tourism enterprises especially in the form of cost reduction. Rumours and bad experiences shared through social networking web sites spread very quickly to other users and may have bad influence on tourist destinations and tourism enterprises. There are different web sites related to travel and tourism. TripAdvisor is one of the most popular and largest travel sites. It enables travellers to plan and book their trip by offering advices from different travellers. This site covers more than 5.2 million accommodations, restaurants, and attractions in more than 26,000 destinations and operates in 47 countries worldwide (TripAdvisor, 2015). It is in part similar to a social networking web sites, a virtual community and a blog, its primary function is collecting and disseminating user-generated content about travel, including comments, ratings (reviews), photos and videos (Limberger et al., 2010). Previous research is mostly focused on examining TripAdvisor taking into consideration different aspects related to their users like ranking (Jeacle & Carter, 2011), satisfaction (Limberger et al., 2010), reviews (Tuominen, 2011) etc. The main purpose of this paper is to examine the characteristics of tourists who visited Istria County, Croatia in 2015 from the aspect of using TripAdvisor as a tool in organising their vacation.

### **What are Social Networks**

The Social Network is a theoretical construct that is useful for applying in social sciences to study the relationships between individuals, groups, organizations, or entire societies (social units) (Danah, 2007). This term is used to describe a social structure that is determined by social interactions, and the relationships are referred to in the structure as nodes. Nodes that connects any social unit represents the convergence of different contacts and social units. More types of these relationships can

form a network between such nodes and thus get social networks. This approach is needed to model and clarify more social phenomena but this can be achieved by other means of modeling as a system approach. In order to understand social interactions, it is important that this social phenomenon is explored through the relationship of relationships between and within the units themselves instead to explore the settings of these units. In social sciences this area includes, but is not limited to, anthropology, biology, communication science, sociology and sociolinguistics, geography, economics, information science, organization of science and psychology.

### **Chronology of Social Network Development**

In today's world of weak links and serious differences between the layers of society, widely available technologies and techniques are needed to make it easy to get in touch with the rest of the world and engage in interactive conversations. Social media use digital and often mobile technology and Internet applications to exchange information and create conversations, in other words, social media are the media for interaction. At present, social media are an integral part of modern society, and social networking sites are a very large industry. With a virtually instantaneous response to any queries in social media, social networks (Web sites) are a great marketing tool. Historically, there have been many technologies that have created conversations, and only a great number of innovations in this sector have emerged in the last 40 years. People have only recently used digital media for networking, socializing and gathering information. There are currently social networking sites for the Internet for any area of interest in photography, cooking, traveling, etc. There are websites for sharing photos, sharing videos, getting friends to know about various activities, getting to know new people, and re-connecting with old friends. Similarly, it is easier to keep track of messages and movements of celebrities through these websites as they put new posts on them. Social media can be useful for building a social authority, individuals or organizations can be established as experts in their areas and can begin to influence those areas. Accordingly, one of the basic concepts of social media is that through social media, one person can not completely influence the other message, but it can also contribute to the conversation about it. Social media have moved far beyond its origins in IRC channels, and are still developing. Below you will see the emergence of the first social media as follows (Adams, 2012).

Table 1: *Chronology of Social Network Development*

BBS (Buletin Bord System)	The first BBSs appeared in the late 70s of 20th centuries They were set up on personal computers and users had to dial the user modem number
Usenet (news grupe)	Allows users to submit articles or announce news These are the first true attempts on the Internet
Online usluge	These are the first true attempts on the Internet
IRC ICO	Developed in 1988. It is considered to be the beginning of instant messaging. Six Degrees This page was launched in 1997
Six Degrees	This page was launched in 1997
AsianAvenue	These are the sites that followed the popularity of Six Degrees, which are formed between 1997 and 2001. Allows you to create profiles and add friends.
Live Journal	This site started in 1999, allowing users to create their own network around refreshed blogs
Word of Warcraft	This game is featured by the most famous MPMORPG representative where its players participate in the game world and communicate in forums
Friendster	Friendster was the first modern online tree + grid network. It was established in 2002
HIS	This social network was established in 2003 and currently has over 6 million users
LinkedIN	LinkedIN was established in 2003. One of the first networks dedicated to business.
MySpace	MYSpace was founded in 2003 and 2006 has grown to the most popular social network in the world. Unlike the competition, it allows its users to completely adjust the look of their profiles. Video submissions can also be sent
Facebook	Facebook page was launched in 2004. Originally conceived as a Harvard network that later spread to other faculties, schools. Facebook has become the most popular web site for social networking. Facebook allows users to put video content, images.
Twiter	Twiter was created in 2006. There is limited communication with other users. And only through private networks

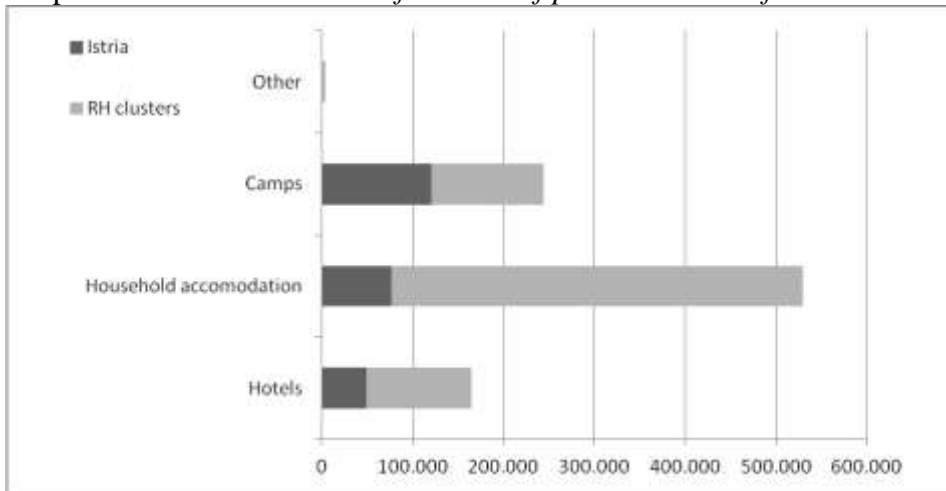
Source: *Adams (2012)*



## Some indicators of tourism in Istria

Istria County is the county with the most developed tourism industry in Croatia. The main characteristics of this development are presented below.

Graph 1: *Istria share in total of number of permanent beds for 2015*



Source: Croatian national tourist board, 2016

In Croatia there are three major categories of accommodation facilities: household accommodation, camps and hotels. Household accommodation is the largest category with the most number of permanent beds (Graph 1). When considering Istria, camps are the most important type of accommodation facility, because they account to almost 50% of total number of beds in Croatia for this type of accommodation facilities.

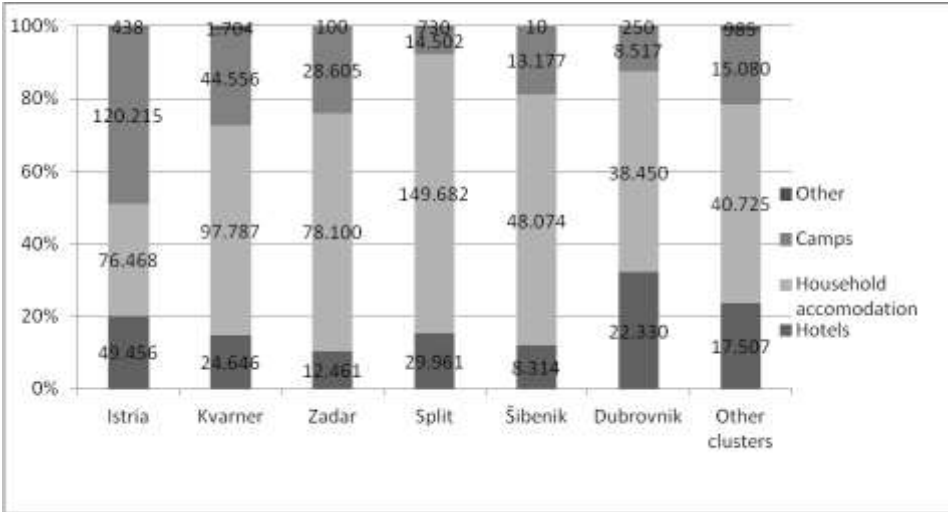
Compared to other coastal clusters, in Istria cluster camps are also the most predominant type of accommodation (Graph 2). Based on the data obtained from Croatian Ministry of Tourism (2017), in Istria there are 104 hotels (28.675 beds), 18 resorts (10.743 beds), 20 residences (8.829 beds) and 53 camps (116.578 accommodation capacity) with approximately 2/3 of those capacities being owned by seven large tourism companies. Household accommodation is in the second place and accounts for 31% of total accommodation facilities, which is a bit less than Croatian level. On the level of Croatia, this type of accommodation accounts for about 50% of total accommodation capacity. However, there are same variations among other Croatian counties as well, e.g. in Split this type of

accommodation is the most predominant type of accommodation (76%). The main characteristics of this type of accommodation are: a large amount of providers and small capacity per provider (in average 8 beds).

Istria is also the cluster with the most number of tourist arrivals (Graph 3) and achieves the largest number of tourist nights (Graph 4). The previously mention structure of accommodation facilities in Istria also reflects on number of tourist nights, thus, the most number of night is achieved in camps (Graph 5). This fact is probably linked to the fact that for the last 10 years, average length of stay in Istria was 6.8 days (Tourist board of Istria 2007-2016), with average number of nights in camp being 7.9 (Hrvatska turistička zajednica, 2016).

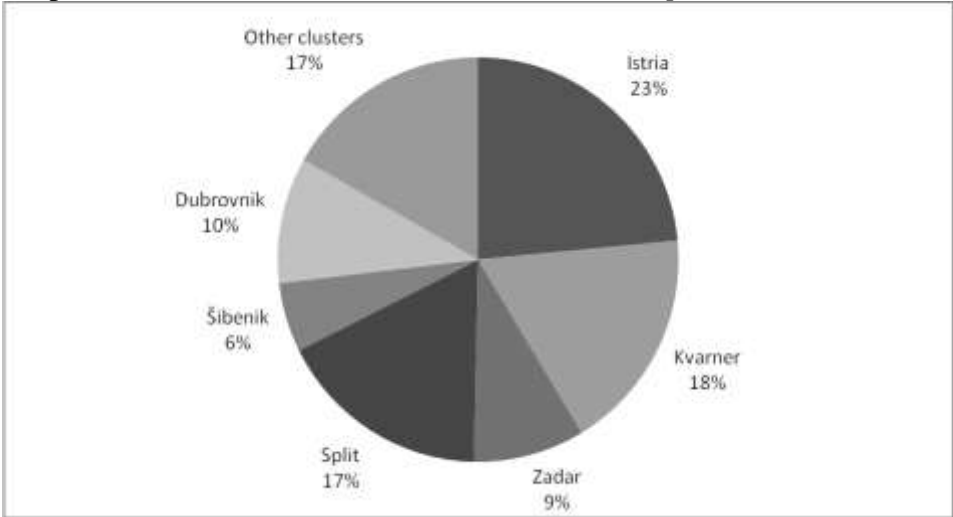
However, when it comes to the number of tourist arrivals, the situation is slightly different. Namely, the most number of tourist arrivals is achieved in hotels (Graph 6) though tourist stay there for only 5.1 days (Croatian national tourist board 2016), but they are probably open longer than other types of accommodation.

Graph 2: *Structure of accommodation facilities in Istria, other coastal clusters and other clusters in RH in 2015*



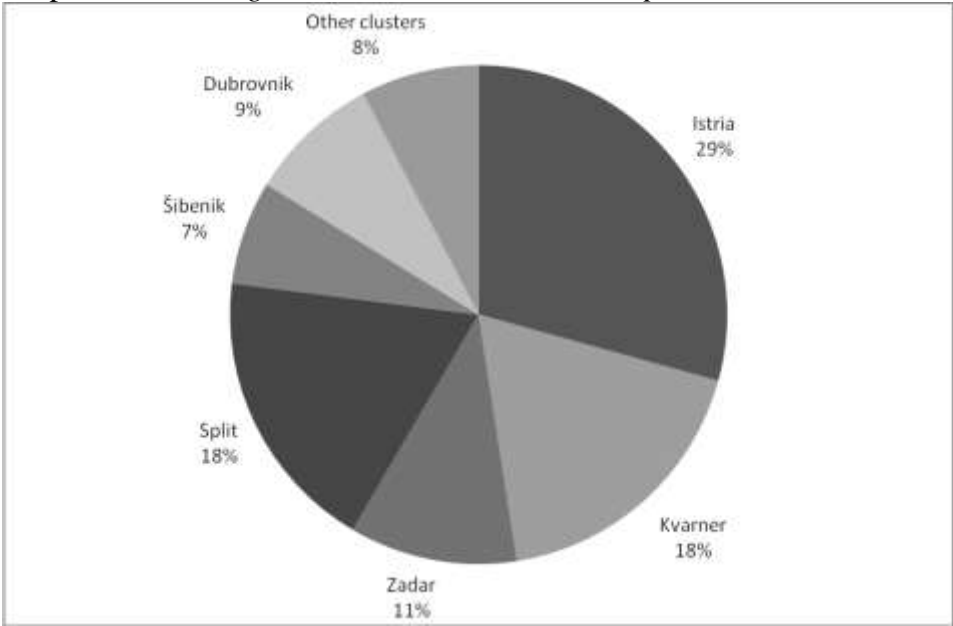
Source: *Croatian national tourist board (2016)*

Graph 3: *Tourist arrivals in RH in 2015 – structure per clusters*



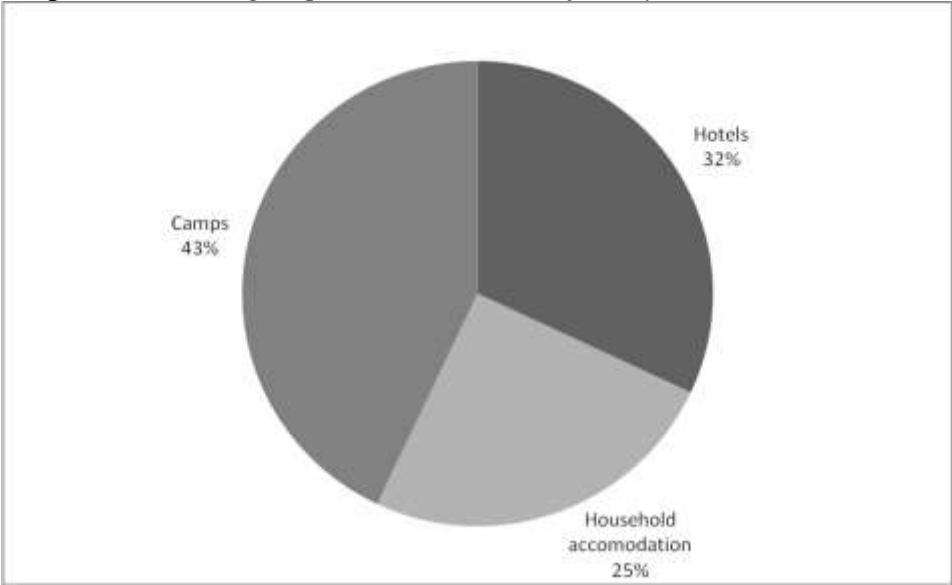
Source: *Croatian national tourist board, 2016*

Graph 4: *Tourist nights in RH in 2015 – structure per clusters*



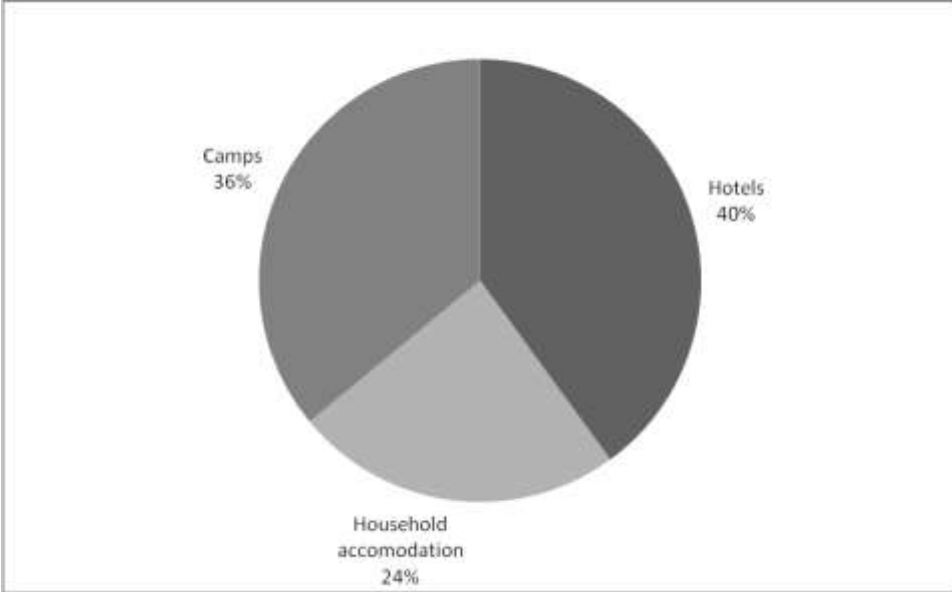
Source: *Croatian national tourist board (2016)*

Graph 5: *Tourist nights per accommodation facility in Istria in 2015*



Source: *Croatian national tourist board (2016)*

Graph 6: *Tourist arrivals per accommodation facility in Istria in 2015*



Source: *Croatian national tourist board (2016)*

## Methodology

A study focused on tourists' usage of Internet and social networking web sites in tourism context was conducted from July to September. In this study the target population included those tourists who visited nine seaside tourist resorts in the Istria tourist destination: Umag, Novigrad, Poreč, Vrsar, Funtana, Rovinj, Pula, Medulin and Rabac. The survey was carried out in 20 hotels and six camping sites through a self-completed questionnaire. Tourists were approached by trained researchers and asked to participate in the survey. The researcher explained the purpose of the survey, said that the survey was anonymous and handed out a questionnaire in the appropriate language. In the process of on-site data collection in hotels, researchers were stationary while responders were mobile while in the case of camping sites researchers were mobile while responders were stationary (Veal, 2006). A convenient sample was used. Hotels and camping sites were preselected based on location i.e. they were located in seaside tourists resorts and hotels' capacity was from 100 to 500 rooms while camping sites' capacity varied between 1,000 and 5,000 people.

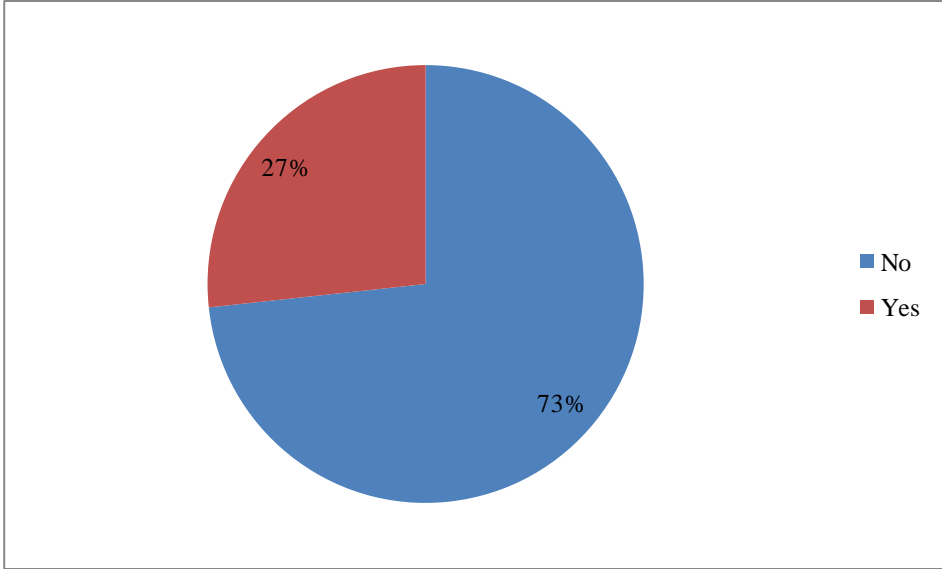
For the purpose of data gathering, the questionnaire was constructed. It consisted of 16 questions which were divided into six sections: 1) general usage of Internet, tourist web sites and social networking web sites, 2) usage of Internet and social networking web sites for the purpose of organising vacation, 3) benefits and obstacle in using social networking web sites for tourism purposes, 4) usage of Internet and social networking web sites during vacation, 5) usual usage of Internet and social networking web sites after returning home and 6) respondents' socio-demographic characteristics (country of origin, age, gender, income level, occupation, size of settlement, travelling party) and trip characteristics (number of visits, length of stay and sources of information). It was originally designed in Croatian and then translated into the following languages: English, German, Italian and Slovene.

A total of 2500 questionnaires were prepared and 1554 questionnaires were taken into analysis. Data was processed using univariate statistics (general description of sample) and bivariate statistics, namely chi square test, for determining differences between those responders who used TripAdvisor as a source of information when they organized their current vacation based on their personal characteristics.

## Results and discussion

A bit less than 30% of responders used TripAdvisor web site as a source of information when they organized their current vacation (Graph 7).

Graph 7: *Usage of TripAdvisor in organising current vacation*



Source: *Data processed by authors*

The proportion of female responders (54.0%) was slightly higher than that of male (Table 2). Most of the responders were between 35 and 54 years of age (53%). The majority of responders obtained some kind of higher education level (58%). The responders had different backgrounds and occupations, most of the responders stated that they were employees (56%), while 13% were self-employed or freelance. Most of the responders were from Austria (23%), about 18% were from Italy and 17% from Germany (Table 3). Most of the responders stated that their monthly net income was between €1,000 and €2,000 (31%). They mostly stayed in the accommodation facility for the first time (82%) but most of them have already visited Istria County as a tourist destination (52%) (Table 4).

Table 2: *Demographic characteristics of respondents (in %)*

Variable	Usage of TripAdvisor.com		Total
	No	Yes	
Gender			
Male	34,5	11,5	46,0

Female	38,1	15,9	54,0
Age (M; SD)	40,07 (12,538)	39,19 (12,075)	39,83 (12,417)
16-24	8,9	3,5	12,4
25-34	15,7	6,4	22,2
35-44	19,7	7,7	27,4
45-54	19,1	6,3	25,5
55+	9,5	3,1	12,6
Education level			
Elementary school	5,1	0,6	5,6
Secondary school	27,4	9,2	36,6
College or Bachelor's Degree	19,6	8,0	27,6
University or Master's Degree	17,2	8,6	25,7
Ph.D.	3,1	1,3	4,5
Profession			
Self-employed/freelance	9,7	3,3	13,1
Manager	7,8	3,9	11,8
Employee (full time)	33,0	12,2	45,2
Employee (part time)	8,6	2,0	10,7
Student	6,0	2,7	8,6
Retired	3,1	0,8	3,9
Other	4,7	2,1	6,8

Sources: *Data processed by authors*

Table 3: *Responders country of origin and income (in %)*

Variable	Usage of TripAdvisor.com		Total
	No	Yes	
Income			
Up to € 500	4,5	1,5	6,0
€ 500 – € 1,000	9,0	2,6	11,6
€ 1,000 – € 2,000	21,6	9,2	30,9
€ 2,000 – € 3,000	16,8	5,4	22,2
€ 3,000 – € 4,000	7,7	3,3	11,0
€ 4,000 – € 5,000	4,2	2,0	6,2
€ 5,000 – € 6,000	2,8	0,5	3,3
Over € 6,000	5,8	3,1	8,9
Country of origin			

Austria	20,9	2,6	23,5
Italy	11,5	6,9	18,4
Germany	14,0	2,9	17,0
UK	4,8	8,2	13,0
The Netherlands	4,3	1,0	5,3
Slovenia	4,1	0,7	4,8
Other	13,3	4,8	18,1

Source: *Data processed by authors*

Table 4: *First /repeat visitation (in %)*

Variable	Usage of TripAdvisor.com		Total
	No	Yes	
First/repeat visitation (accommodation)			
Repeat visitor	15,9	2,3	18,2
First time visitor	57,4	24,4	81,8
First/repeat visitation (destination)			
Repeat visitor	42,4	9,9	52,3
First time visitor	31,2	16,5	47,7

Sources: *Data processed by authors*

Education level ( $\chi^2 = 20,789$ ;  $df = 4$ ;  $sig. = 0,000$ ), first/repeat visitation (accommodation) ( $\chi^2 = 33,281$ ;  $df = 1$ ;  $sig. = 0,000$ ) and first/repeat visitation (destination) ( $\chi^2 = 44,391$ ;  $df = 1$ ;  $sig. = 0,000$ ) were significant related to usage of TripAdvisor for the purposes of organising their current trip. Those responders who obtained University or Master's Degree were more likely to use TripAdvisor while those with Elementary school were less likely to use TripAdvisor for the purposes of organising their current trip. The responders who visited accommodation facility for the first time were more likely to use TripAdvisor compared to repeat visitors. Likewise, those responders who previously visited Istria County were more likely not to use TripAdvisor compared to first time visitors. Information about accommodations (71%), beaches (51%) were the two types of information that responders searched for the most in general (Table 5). Information about Cultural heritage (21%), restaurants (20%) and Suggestions on one-day individual trips (20%) were of interest for about 1/5 of the responders (Table 5). Some of the responders used TripAdvisor in order to obtain this information. Although over 70% of responders searched for information about accommodation through Internet, only 1/5 of the responders used TripAdvisor for those purposes. The same pattern is present for other types of information.



Table 5: *Types of information-basic tourist offer (in %)*

Variable	Usage of TripAdvisor.com		Total
	No	Yes	
Accommodation			
Not searched	23,9	5,2	29,2
Searched	49,4	21,5	70,8
Restaurants			
Not searched	62,0	18,5	80,5
Searched	11,3	8,2	19,5
Beaches			
Not searched	38,4	11,1	49,4
Searched	34,9	15,6	50,6

Source: Data processed by authors

Table 6: *Types of information- additional tourist offer (in %)*

Variable	Usage of TripAdvisor.com		Total
	No	Yes	
Cultural and historical heritage			
Not searched	61,0	18,4	79,4
Searched	12,3	8,3	20,6
Natural Heritage			
Not searched	65,0	21,0	86,0
Searched	8,3	5,7	14,0
Events			
Not searched	66,0	22,1	88,1
Searched	7,3	4,6	11,9
Traditional food and drink			
Not searched	67,6	21,5	89,1
Searched	5,7	5,2	10,9
Trails (e.g. walking, cycling trails)			
Not searched	67,2	23,8	91,0
Searched	6,1	2,9	9,0
Suggestions on one-day individual trips			
Not searched	61,1	19,4	80,5
Searched	12,2	7,3	19,5

Source: *Data processed by authors*

Based on the results certain implications can be drawn. In general, only 1/3 of responder used TripAdvisor in order to obtain information about

Istria County as a tourist destination. This may be due to the age factor. Namely, tourists that stayed in Istria County were mostly older than 35 years of age, with almost 40% 45 or older. Responders who used TripAdvisor for the purposes of organising their current trip are more likely to have a higher level of education. TripAdvisor as a source of information is more likely to be used by first time visitors. First time visitors of a certain accommodation facility used TripAdvisor more frequently compared to tourists to visiting Istria County for the first time. This is probably due to the fact that TripAdvisor offers more information regarding accommodation in Istria County. This is supported by the fact that most of the tourists used Internet to find information about accommodation. Although only 1/5 of the responders used TripAdvisor for those purposes, it was still the most frequently sought information in the case of TripAdvisor. Since many tourist destinations are present on TripAdvisor, it is advisable to reinforce efforts in promoting Istria County through this site, as well as other sites.

## **Conclusion**

Internet and social networking web sites present a great opportunity for promotion of tourist destination and enterprises. They may also be a good tool in the process of planning a vacation. There are many different sites that collect and disseminate user-generated content about travel. TripAdvisor is one of such tools.

Although TripAdvisor offers information about thousands of tourist destinations and lists a few million accommodation facilities, only about 1/3 of tourists staying in Istria County have used this site to get information about the destination. This is probably related to age of tourist. Those responders that have used TripAdvisor to get information about the destination, were usually first time visitors (accommodation facility and Istria County) and have obtained higher education level. The most commonly sought information was about accommodation facilities. Information regarding beaches was of interest to one half of the tourists which is directly related to the main motive for visiting Istria County i.e. sun and sea.

There are some limitations to this study. These results are based on a sample of tourists who stayed in selected hotels and resorts and the responders either used or not used TripAdvisor for planning their vacation so the results may not be generalized to the overall Istria County's tourism market or to user of TripAdvisor in general. The sample included commercial accommodation users only, so tourists not staying in

commercial accommodation were omitted from the study. Future research regarding Internet and social networking web sites may focus on differences and similarities among different accommodation facilities. Since only 1/3 of responders used TripAdvisor in planning their vacation, future research may focus on reasons why tourists do not use TripAdvisor and similar sites while they are planning and organising their vacation.

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# THE IMPACT OF TRAFFIC ON THE QUALITY AND TOURIST OFFER OF VRNJAČKA BANJA

*Dragan Rajković<sup>1</sup>; Saša Vasiljević<sup>2</sup>;*

## Abstract

*The importance of transport has become one of the major and leading elements of each service industry, and not only of service but also of all the major industries in the world. Therefore, traffic and all traffic characteristics are given a lot of attention starting from the safety itself to the ecology of vehicles that are the key to road transport. This is the case also in the tourism industry as one of the leading service industries, which largely depends on traffic, particularly on travelers transport and the possibilities to reach certain tourist destinations. One of such destinations and the leading tourist offer in Serbia is Vrnjačka Banja. In this paper, we analyzed traffic safety and the possibility of visitors to reach Vrnjačka Banja, both in terms of domestic tourists and foreign tourists. In addition, we analyzed traffic improvement of one of the influential factors on the ecosystem of Vrnjačka Banja as an important factor in attracting tourists.*

Key Words: *safety, traffic, tourism, quality, Vrnjačka Banja*

JEL classification: Z30

## Introduction

Today, when many sciences and many disciplines increasingly "unite" and thus becoming dependent on each other, the quality and demand for certain services are highly correlated and industries largely dependent on each other. Such a correlation can involve traffic and tourism. The reason for this may be the demand of such a tourist destination, of course, if we have adequate access from major cities towards this destination, the

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impact of traffic on the pollution on such tourist destinations by vehicle or the traffic safety as one of the important factors of attractiveness.

In one such correlation, we can connect traffic in the Republic of Serbia with Vrnjačka Banja as one of the most important tourist destinations in Serbia. Vrnjačka Banja is one of the leading tourist destinations in Serbia. Based on the foregoing, in this paper, we will analyze the impact of traffic on the aforementioned tourist destination in terms of possible access of tourists, both foreign and domestic. We also analyzed traffic in terms of the influence of negative effects on the ecosystem, the source of which are vehicles, as another factor in attracting tourists.

### **The position of Vrnjacka Banja as a tourist attraction in the Republic of Serbia**

Vrnjačka Banja is the economic, political and cultural center and covers an area of 239 km<sup>2</sup> with 26,481 inhabitants or 111 inhabitants per km<sup>2</sup>, that are spatially distributed in 13 settlements and one municipal center. In the municipal center, there are 37.3% of the population, while 43.2% of the population of the municipality live in other 5 villages (Vrnjci, Rudinci, Novo Selo, Podunavci, and Gračac). It is located in the central part of the Republic of Serbia at 43°37' of north latitude and 20°54' of east longitude GMT, about 200 km south of Belgrade on infrastructure corridor Kraljevo-Kruševac. By its surface area, Vrnjačka Banja belongs to the group of smaller municipalities of Serbia. As a spa, it belongs to the first category Serbia resorts. It is in a direct territorial contact with the municipalities of Kraljevo, Trstenik, and Aleksandrovac. Vrnjačka Banja territorially belongs to the Raška district, covering also Raška, Novi Pazar, and Tutin, whose administrative and political center is Kraljevo (Milićević, 2008).

Vrnjačka Banja dominates by the size of traffic among the tourist places of Serbia, thanks to its excellent geographic position, thermo-mineral waters, natural beauties, cultural-historical heritage, the long tradition in tourism... However, in tourism industry today, it is no longer sufficient to have "a long tradition," natural beauties, cultural-historical heritage... The offer of tourist products and services must constantly follow the needs of a modern tourist characterized by sophistication, mobility, and dynamism. It is necessary to have a completely new approach to tourism development. We need new, modern and attractive facilities and offerings in line with modern trends. Constant innovation of products, experiences,

and emotions, the search for new experiences, traveling for culture and education, return to oneself and nature, have become the new standards and market facts, without which it is no longer possible to participate in the global tourism industry.

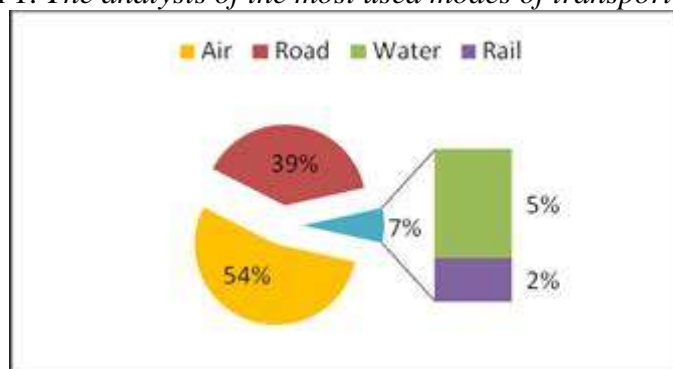
### **The importance of traffic in tourism**

The development of traffic and tourism are rigidly interconnected with each other. Higher level of living standards, technical breakthroughs, more free time and a growing desire to travel, motivate people of different professions and ages to travel. One of the basic conditions for tourism development, in addition to the construction of modern accommodation facilities, is the construction of traffic infrastructure. Specific features of the traffic service are: high price (in tourism - with the cost of accommodation, the majority of costs), seasonal character (planning - the problem is how to ensure traffic functioning in high season and increase capacity utilization in low season), interdependence (of the majority of tourist entities, e.g. hotels and transportation companies), impact on society (especially on the local community - both positive and negative impacts), the great impact of external factors (on tourism and transportation - economic crises, wars, epidemics of communicable diseases...). The development of tourism in the world as a mass and organized economic activity is one of the most important characteristics of this time. Traveling for leisure today has a huge scale and allows many of the national economies in the world to realize large revenues from tourism. People who travel for leisure use various means of railway, road, air, sea and river transport. The historical development of traffic has had a stimulating effect on the transformation of tourism into a mass phenomenon only to have, again, at a later stage, tourism's retroactive effect on the development of traffic. It can be said that the development of tourism, as a separate economic activity in touristically developed countries, has influenced the change in the traffic system structure and the growth in the demand for passenger transport services. Traffic is the basic prerequisite for the development of the tourism industry.

Tourist potentials of a country such as natural beauty and cultural-historical motives come into play only with the construction of an appropriate traffic infrastructure. The impact of individual traffic branches on tourism development depends primarily on the structure and the composition of their transport capacities, their technological and

economic characteristics. Particular attention should be paid to the modernization and mutual harmonization of means of transport. The negative impacts of traffic on tourism are: traffic infrastructure, as it takes up an increasingly larger space (roads, gas stations, parking space, etc.) which is a visual degradation of the space; means of transport as they have a negative environmental aspect such as noise, harmful gases and substances, the problem of disposal and recycling of obsolete means of transport; and safety - the intensification of traffic is often accompanied by reduced safety. Taking into account that we have more modes of transport, we can conclude that not all modes of transport are equally represented in tourism, that is, not all modes of transport are equally used in tourists transport to their destinations. Histogram 1 shows the distribution of modes of transport from 2015, according to which it is possible to conclude that air and road traffic is the most used in the transport of tourists to their destinations. Of course, we must also note that this applies to tourists who travel to foreign countries. However, according to this and according to the observation of the situation of tourists who travel to the Republic of Serbia, they can use road traffic the most. Based on this, the further text analyzed the situation of road traffic in Serbia towards Vrnjacka Banja, which is the subject of our research in this paper. Also, we must not forget the tourists who come from other countries, and on the basis of diagram 1 identify some of the measures and benefits that can be included in this tourist offer and thus improve the quality of service and the very motive for visiting a tourist destination.

Histogram 1: *The analysis of the most used modes of transport in tourism*



Source: *Statistics of using modes of transport for the transport of tourists*, <https://www.statista.com/statistics/305515/international-inbound-tourism-by-mode-of-transport/>



Analyzing the share of individual modes of transport in the total tourist traffic, we must point out that the share of rail transport in the total volume of tourist traffic decreased due to the increase in the number of cars, the development of road networks, and huge competition of road transport. Railroad largely absorbs the needs of domestic tourists, while foreign tourists use it during the off-season.

### **The connection of Vrnjačka Banja traffic with major cities in Serbia**

Based on the above, it can be concluded that traffic has a huge impact on the quality of a tourist offer and the very tourist service. The reason for this is that traffic has a great role in what connects the place of residence of passengers and the very tourist offer. The better connection of places with a tourist destination is, the more visitors will come to the destination. The connection itself can be assessed by the quality and the goodness of the connection with the traffic infrastructure itself. In countries where the roads are streamlined and where the construction of roads with modern pavement is greater, the conditions for faster and greater circulation of motor vehicles, and thus the conditions for increased tourist movements are created. In addition to this expansion of the traffic branch, it should be noted that some elements, such as safety in transport, the impact of the time factor and energy crisis, give railway traffic some degree of priority. The development of this structure of facilities and the quality of services is of great importance for the development of tourism industry, and especially receptive tourism. In our case, we will observe the connection of Vrnjačka Banja, as one of the most visited tourist destinations in Serbia, with five largest cities by population, in terms of road traffic. The reason for this research is that these are the largest nodes in Serbia where most of the population lives and therefore it is to be expected that the largest number of tourists comes precisely from these cities. Table 1 shows the distances of Vrnjačka Banja to the largest cities in Serbia, being Belgrade, Novi Sad, Leskovac, Niš, and Kragujevac. The table shows the values of the distances in kilometers as well as the average required travel to Banja.

Table 1: *The distance of major cities in the Republic of Serbia to Vrnjačka Banja*

City	Spatial distance (km)	Time distance (h)
Belgrade	196	3.07
Novi Sad	271	4.5

Niš	114	2.13
Kragujevac	60	1.07
Leskovac	169	2.22

Source: *The author, based on research*

On the basis of the aforementioned, it may be concluded that Kragujevac is one of the closest major cities which are near Vrnjačka Banja, while Novi Sad is the city farthest from this tourist destination. However, for this reason, the connection of all the cities to this destination is important; the very connection can define the very possibility and the quality of the access to this offer. The construction of new roads creates conditions for new tourist movements as well. If the road network is developed, it enables the achievement of shorter transport links between production and consumer regions, but also between initiative and receptive tourist areas. In countries where the roads are more streamlined and where the construction of roads with modern pavements is greater, the conditions for faster and greater circulation of motor vehicles, and thus the conditions for greater tourist movements are created.

So, it is very important to observe this in terms of Vrnjacka Banja as a tourist destination of both domestic and foreign tourists. The connection to the public transport from other cities is also very important, of course, both in terms of road and rail transport, which is also important to note (Opština Vrnjačka Banja, 2010).

Good road connection of Vrnjacka Banja is affected primarily by the fact that it is located in central Serbia. It is located at the intersection of local and regional roads which allow for a good position in the road transport network. Pojate-Kruševac-Čačak-Kraljevo highway connects Vrnjacka Banja with two major roads in the road infrastructure of Serbia.

Ibar highway is 30 km away from Vrnjačka Banja and is easily reached from Kraljevo. It connects Belgrade to the Adriatic Sea. On the other hand, through Kruševac and Pojate, one can reach Belgrade-Niš highway, which passes 60 km from Banja. This highway is a part of Pan-European Corridor 10, whose main route connects Salzburg, via Ljubljana, Zagreb, Belgrade, Niš, Skopje and Veles to Thessaloniki. The corridor has more branches, which connect Graz and Zagreb, Budapest and Belgrade, Niš and Istanbul, so it provides a link of Central and Western Europe to the Far and the Middle East. Through the territory of the municipality of Vrnjačka Banja, three regional roads also spread - R222 (Vrnjci-

Aleksandrovac), by which one can reach Aleksandrovac and Kopaonik; R224 (Novo Selo-Ušće), which connects the spa with Goč mountain and Kraljevo, and R225 (Kraljevo-Stanišinci), which also leads from the spa via Goč to Kraljevo. Public transportation by road traffic is very well-developed. From the spa bus station, there are direct lines which travel each day to Sombor, Subotica, Novi Sad, Belgrade, Smederevo, Požarevac, Svilajnac, Zlatibor, Čačak, Užice, Požega, Niš, Leskovac, Vranje and to Herceg Novi. Direct departures for Kosovska Mitrovica, Podgorica, Herceg Novi, and Budva are organized from the bus station in Kraljevo. On the other hand, there are numerous direct lines by which from other cities one can reach Vrnjačka Banja. Most buses for Banja depart from Belgrade and Novi Sad, and there are direct buses from Subotica, Sombor, Požarevac, Svilajnac, Zlatibor, Leskovac, Vranje, Kosovska Mitrovica and Herceg Novi. By rail traffic, Vrnjačka Banja is also well connected with other cities. The railway station is located in the village of Vrnjci, 3.5 km from the center of the spa. Stalać-Kraljevo-Požega line passes through the village, connecting the spa with two major rail lines - line Belgrade-Niš-Skopje-Thessaloniki and line Belgrade-Bar.

Of course, it is important to note that the reconstruction of line Belgrade-Bar has begun and the first phase will reach the reconstruction of 77 kilometers of line Resnik-Valjevo, which will allow trains to travel at speeds of up to 120 km / h, which will allow travelers to more quickly arrive at their destinations. According to the estimates, instead of the current two hours and fifteen minutes, it will take an hour and ten minutes to arrive in Valjevo from Resnik. To the train station in Vrnjci, there are regular bus lines from the spa and the services of many taxi drivers can also be used (Milićević, 2008).

### **The impact of traffic safety on the quality of national tourist offer and demand for tourist visits**

In addition to all the important factors of traffic or so far mentioned in the work, an important factor for the selection of a destination during tourist visits is the very traffic safety, the safety of road sections which tourists use or travel to a specific destination. Traffic is one of 4 existential functions of each living space (work, housing, leisure, and traffic), which is aimed at connecting other functions, with as little negative effects as possible (Lipovac, 2008).

In modern tourism, 77% of all travels take place through road traffic. Thus dominant road traffic can be explained by its flexibility, price, and independence at disposal to all passengers, and therefore tourists. In addition, tourists often opt for renting cars in selected destinations, all with the aim to, in accordance with own interests and capabilities, get to know them better. Due to the demand for this type of services, many companies dealing with renting vehicles have emerged around the world, but of course, with all this, it is very important to what extent all the roads are safe, or how well the traffic safety management system is developed at the local level. For tourists, among other things, it is very important to be as safe as possible and not to have any problems on the road, in one word, the safety of travel is very important to them. The development of supporting facilities on our road network is not satisfactory, which affects the quality of transport services. On our roads, there are not enough motels for a break or real parking spaces, so the concentration of drivers weakens due to fatigue which causes a large number of traffic accidents.

The quality of transport services and the destination can be significantly increased by introducing the quality management system according to SRPS ISO 9001 (Punoševac, et. al., 2010).

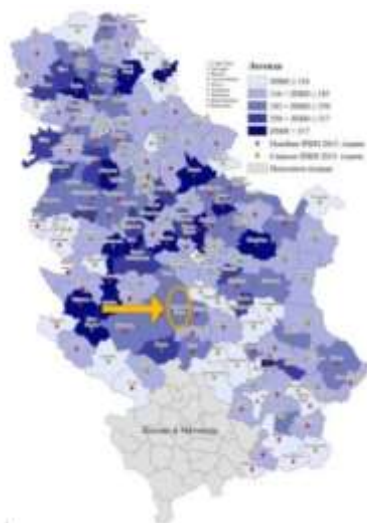
With the implementation of the quality system, both internal and external benefits are expected (Veselinović & Rajković, 2016). The synergistic effect is achieved by the integration of standardized management systems (Šofranac & Rajković, 2016).

The importance of traffic safety is a very important category that is related not only to general safety but also to safety in terms of tourism. On this basis, different standards governing the traffic safety management systems are adopted. This standard in the Republic of Serbia is ISO 39001: 2016. This international standard specifies the requirements for the safety management system of road transport (BDS) with the instructions for use, to allow the organization to function in the road transport system in terms of reducing deaths and serious injuries in road traffic accidents, which cannot be affected by this organization Institute for Standardization of Republic of Serbia, 2016).

When it comes to traffic safety in Vrnjacka Banja, on the basis of the data of Traffic Safety Agency, of course at the local level, according to statistics from 2015, the value of the public weighted risk for the

municipality of Vrnjačka Banja belongs medium risk value level class, as shown in Figure 1, where in 2015 there was a reduction of the public weighted risk compared to 2014.

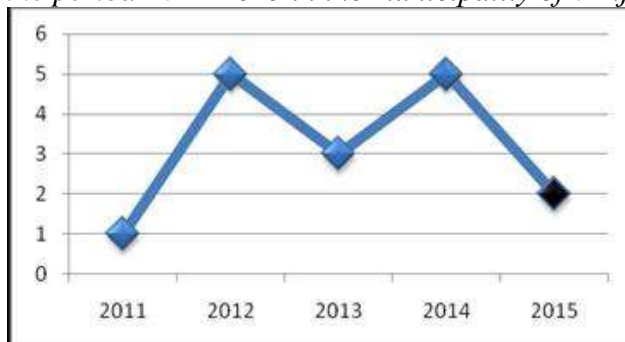
Figure 1: *The overview of weighted risk values of deaths by municipalities in 2015*



Source: *Road Traffic Safety Agency, Statistics of local self-government Vrnjačka Banja 2011-2015*

According to the same data, in the period from 2011 to 2015, there were 566 traffic accidents. However, in these accidents during this period, it was registered that a total of 15 people were killed as a result of traffic accidents, the death toll by the year of data is shown in Diagram 1. Of course, from the diagram it can be concluded that this number is in 2015, after the year of 2011, the lowest, thereby we can conclude that the number of killed tends to decrease.

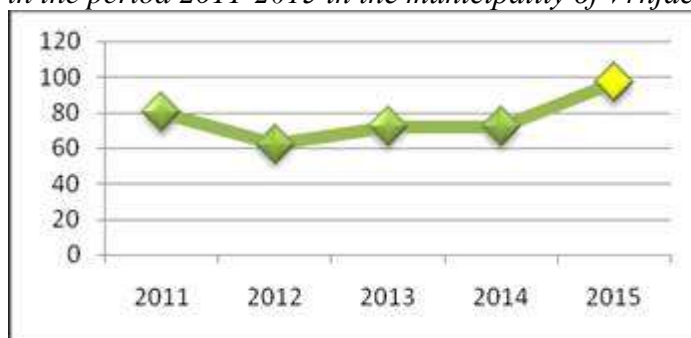
Diagram 1: *The overview of the number of people killed in traffic accidents in the period 2011-2015 in the municipality of Vrnjačka Banja*



Source: Road Traffic Safety Agency, *Statistics of local self-government Vrnjačka Banja 2011-2015*

When it comes to the number of injured in road accidents, according to Traffic Safety Agency, in the period 2011-2015, a total of 383 people were injured, see the distribution by years in Diagram 2. Analyzing Diagram 2, we can conclude that the largest number of injured was precisely in 2015, which means that we have a tendency of the increase in the number of injured persons in the municipality of Vrnjačka Banja.

Diagram 2: *The overview of the number of people injured in traffic accidents in the period 2011-2015 in the municipality of Vrnjačka Banja*

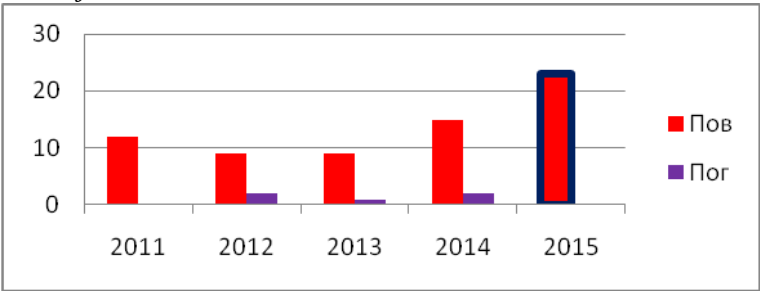


Source: Road Traffic Safety Agency, *Statistics of local self-government Vrnjačka Banja 2011-2015*

Tourists themselves, while visiting tourist offers or tourist destinations, participate as pedestrians in traffic, for the reason of sightseeing of the very city, in our case, getting to know the city and the attractions in the city. For this reason, a very important indicator of traffic safety can be a number of accidents involving pedestrians. According to the Traffic Safety Agency, in the period from 2011 to 2015, a total of 5 pedestrians

were killed in traffic accidents, provided that in 2015 there were no pedestrians killed. When it comes to pedestrians injured in the same period, the situation is different, the total number of injured was 68, of whom 23 were injured in accidents in 2015. These data are plotted in Diagram 3.

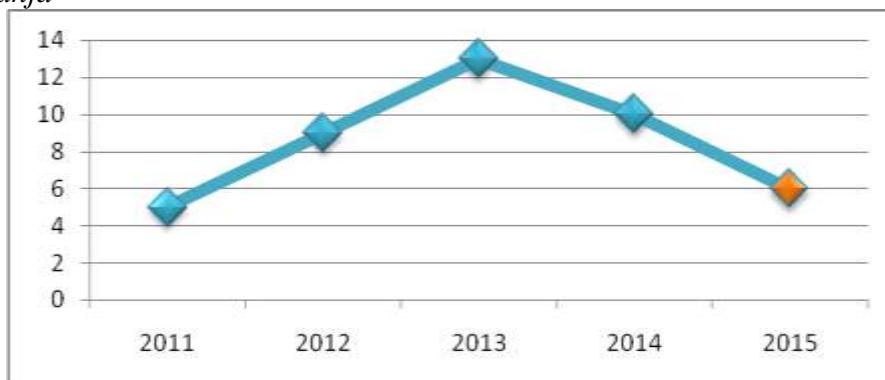
Diagram 3: *The overview of the number of pedestrians killed and injured in traffic accidents in the period 2011-2015 in the municipality of Vrnjačka Banja*



Source: *Road Traffic Safety Agency, Statistics of local self-government Vrnjačka Banja 2011-2015*

A common choice of tourists during tours as a replacement for walking is renting bicycles, the reason for it being a faster exploration of the destinations offered. In this case, a tourist becomes a participant of cyclist's category. According to the Safety Agency in the territory of Vrnjacka Banja in the period of 2011-2015, not one cyclist was killed in a car accident while the total of 43 was injured, the statistical overview is given in Diagram 4.

Diagram 4: *The overview of the distribution of injured cyclists in traffic accidents in the period from 2011 to 2015 in the municipality of Vrnjačka Banja*



Source: Road Traffic Safety Agency, *Statistics of local self-government Vrnjačka Banja 2011-2015*, <http://www.abs.gov.rs/statistika-lokalne-samouprave>

### **The analysis of the quality and possibilities of the visits of foreign visitors to Vrnjacka Banja in terms of traffic connections**

Tourism today has become one of the most common tourist service industries, which is reduced to the visits to tourist destinations both within a country and international tourist destinations. So, for one tourist destination, it is necessary to have a good road connection in order to have more foreign tourists; it is simply for the reasons of good comfort and easy access to such destinations. In previous work, it has already been said about the most used modes of transport used by foreign tourists while visiting some of the tourist destinations. On this basis, we can also observe a possible access to one of the destinations in Serbia by foreign tourists.

When it comes to Vrnjacka Banja, we can easily analyze the possible access of foreign tourists to this destination in terms of multiple modes of transport. If we analyze the access to Vrnjacka Banja by air traffic, direct access is not possible because Vrnjacka Banja has no airport. So, by this transport, passengers could reach the cities in which we have airports like Niš which has Konstantin the Great Airport and Belgrade which has Nikola Tesla Airport. In the event of such a selection of transport to Serbia, it is necessary to use another mode of transport which is road traffic, and in this case, it is of great importance to have the connection of



the roads of major cities with Vrnjačka Banja, which was discussed in the previous part of the paper. As with the analysis of the length of driving from major cities in the Republic of Serbia to Vrnjačka Banja, we will analyze the length of travel from five greatest European cities to Niš and Belgrade (bearing in mind that we are analyzing air traffic and that only in those cities we have airports), and the already known and treated length of travel from these major cities to Vrnjačka Banja, therefore we will be able to analyze the connection and the quality of connectivity of European cities with Vrnjačka Banja. Table 2 shows the time distance of travel from London, Berlin, Madrid, Rome, Paris, and Vienna to Belgrade and Niš (cities in Serbia which have airports). We must note that the distances in time are taken from Google Maps, according to the data of travel time of different companies, therefore, minimum time distances in terms of traveling are shown.

Table 2: *Time distance of traveling by air traffic from major European cities to Belgrade and Niš*

European city	Time distance from the airport in Belgrade (h)	Time distance from the airport in Niš (h)
London	2.58	5
Berlin	1.67	2.08
Madrid	4.83	Over 5 hours
Rome	1.42	4.83
Paris	2.25	5.25
Vienna	1.08	4.08

Source: *The author, based on research*

According to known data from Table 2 and in Table 1, it is easy to specify the exact time distance and travel time for tourists from some major European cities to Vrnjačka Banja, via Belgrade or Niš, depending on the selection of the very tourists, and this is shown in Table 3. Of course, it is important in this case to say that in such cases when there is no airport in a tourist location, it is essential to combine several modes of transport, in this case, air and road transport.

Table 3: *Required travel time from larger European cities to Vrnjacka Banja via Belgrade or Niš*

European city	Travel time to Vrnjačka Banja via Belgrade (h)	Travel time to Vrnjačka Banja via Niš (h)
London	5.65	7.13
Berlin	4.74	4.21
Madrid	7.9	7.13
Rome	4.49	6.96
Paris	5.32	7.38
Vienna	4.15	6.21

Source: *The author, based on research*

According to these data, the shortest distance of the European cities to Vrnjačka Banja, by to the travel time, is distance Vienna-Belgrade-Vrnjacka Banja, or if you travel through Niš, the shortest travel is from Berlin. Of course, it is important to know that the transport of tourists to Belgrade or Niš is done by air traffic, while the transport from Belgrade or Niš to Vrnjačka Banja is done by road or other transportation. Travel agencies and airlines have realized the role of air traffic in tourism and the importance for transport. So based on that, many airlines offer tourists

transport from major cities to Belgrade at very reasonable prices, while the transport is of very good quality and, perhaps very important to passengers, the ticket is valid for departure and arrival, such flights are known as low-cost flights. Of course, there is the possibility of improving the quality and ease of travelling from both the abovementioned European cities and other cities in the world, this measure is enabling and increasing the capacity of the Morava airport near Kraljevo, which is located about 40 kilometers from Vrnjacka Banja, further work will analyze the possibility of the impact of this airport on the possibility of increasing the number of visits of foreign tourists.

Of course, a large number of passengers from great European cities can still decide to come to Vrnjacka Banja by some sort of road traffic transportation, whether personal transportation or organized transportation of passengers from their cities. Table 4 shows the distances from major cities in Europe to Vrnjačka Banja, of course, if the tourists opt for road transport.

Table 4: *The overview of distances of major European cities to Vrnjacka Banja*

European city	Spatial distance from Vrnjačka Banja (km)
London	2321
Berlin	1471
Madrid	2812
Rome	1505
Paris	2082
Athens	996
Sofia	282
Bucharest	538
Warsaw	1466

Source: *The author, based on research*

Of course, in addition to this transport, we have rail transport of tourists, but to Vrnjačka Banja we have no direct lines from European cities, so tourists always have to change trains in the cities in Serbia.

## **The impact of vehicles on environmental pollution and tourism demand**

Vehicles are, as already known, one of the greatest sources of environmental pollution; however, the vehicles themselves can have a very bad impact on the tourism attractiveness. When choosing a tourist offer, tourists have a motive for relaxation, recreation, and enjoyment, if a tourist destination is polluted, the number of tourists will be smaller, with increasing environmental pollution of some tourist offer will decrease the number of tourists because they will not get the expected holiday, recreation and enjoyment. For the reason of the importance of environmental protection, different standards were adopted. Standards series SRPS ISO 14000 covers various aspects of environmental management. These standards provide practical tools for organizations that want to identify and control their impact on the environment and to continuously improve their environmental performance. SRPS ISO 14001: 2015 and SRPS ISO 14004:2005 are internationally accepted standards focused on environmental protection management systems. SRPS ISO 14001 specifies the requirements and describes how to establish an effective environmental protection management system (Institute for Standardization of Republic of Serbia, 2015). It applies to those environmental aspects that an organization can identify as those controlled and those that can be influenced. Requirements in SRPS ISO 14001 are intended to be included in any environmental protection management system. This means that the standard is applicable to any organization that wishes to establish, implement, maintain and improve the system of environmental protection management. The scope of application will depend on factors such as the environmental policy of the organization, characteristics of the activity, products and/or services, location and other conditions in which it operates. SRPS ISO 14004 gives guidelines for the introduction, application, maintenance and improvement of the environmental protection management system and its synchronization (integration) with other management systems. These guidelines can be applied to any organization, regardless of its size, type, location or the level of maturity.

The greatest pollution whose source are vehicles is precisely the pollution of the very air, and it is inevitable, especially vehicles using internal combustion engine as a power generator. In addition, most of these fuels during combustion remain unburned, or we have soot which is very

harmful to the man because it is cancerous. The problem of air pollution is that we have the problem of water pollution as well, and even soil pollution. Also, in addition to the water pollution by road vehicles, these pollutions concern the soil itself, as land can be contaminated also by pollutants from the atmosphere.

In addition to the emission of harmful substances from the vehicles in road traffic, the very noise of the vehicles themselves also represents harmful substances. Noise has a very bad and negative impact on the environment. Noise is one of the consequences of the movement of both an individual vehicle (because of all the circuits on the vehicle, due to the engine work, due to the movement of the vehicle and movement of tires on the road,...) and the very delays and congestion in cities. Noise also has a great impact on the psychological state of a man, in what way and to what extent depends on its level, spectrum of sound, exposure length... Increased noise can cause the deterioration of hearing, premature fatigue, but the impact on residents in cities can have a negative impact on normal rest, restoring power, being comfortable,...

These negative impacts of vehicles on the ecosystem are the leading factors that can have an important influence on the choice of tourist destinations. In order to provide a holistic consideration of the environmental situation, priority problems and development opportunities in the municipality of Vrnjačka Banja, REC and the municipal administration of Vrnjacka Banja conducted a broad survey among the citizens in the whole territory of the municipality. The survey was carried out thanks to the financial support to the Swedish Agency for International Development. The survey was delivered to all home addresses in the municipality, and a part was distributed through the working group members, primary and secondary schools. Completed questionnaires were submitted by 1,083 people. The survey consisted of several parts, but in our case, the important part is the part that is related to the environment. The current state of the environment was rated by 61% of respondents as unsatisfactory or poor, while almost 23% thought that the state of the environment is good or satisfactory. At the same time, about 16% of the respondents did not have an opinion on this topic. According to the survey, the problem pointed out by the respondents is noise and poor local roads, tracks and lack of parking, and the quality of drinking water. Of course, as a measure for the reduction and environmental protection aimed at increasing tourist demand, we may

propose the use of electric vehicles or hybrid vehicles, promoting the use of bicycles... As mentioned earlier, the cleaner and quieter the environment, the greater tourist attractiveness, and the vehicles play an important role in the influence on the environment and quality, (township Vrnjačka Banja, 2010).

### **The analysis of the impact of infrastructure and tourist signs in Vrnjačka Banja on the quality of the tourism offer**

Besides all the already mentioned characteristics, which are associated with Vrnjačka Banja as a tourist destination, and that we analyze in this paper from the aspect of the traffic impact, it is important to mention some other facts that are related to the infrastructure and tourist signalization in terms awareness.

Regarding the infrastructure, the main problem is the state and quality of the roads, because many were built decades ago, of different materials and do not meet the standards with regard to road elements, the thickness of the pavement structure, the bearing capacity and the like. Due to insufficient investment in the road network, its maintenance is not proper and regular, which is why many roads are in an unsatisfactory condition, so they require rehabilitation, reconstruction, and construction of individual sections. Particularly unfavorable is the situation at regional roads.

The elements of local roads are very scarce because they are constructed from materials that do not meet the standards for road construction. Roads protection against surface waters is generally insufficient. The occurrences embankments settlement, slopes instability, and landslides are common.

As parking space for parking during the construction of facilities is not timely provided, Vrnjačka Banja has a significant problem of parking motor vehicles, especially in the central zone in which hotels and commercial facilities are mostly located. Available surfaces that are intended for that purpose are used irrationally and are insufficient, especially in the high season or when organizing some major events. Vehicles are left on all available areas, especially on sidewalks, impeding both pedestrian and motor traffic. The problem of parking is one of the most pressing problems of the municipality. The conditions for

conducting pedestrian traffic are also unfavorable because on a substantial part of the road network there are no sidewalks or their width is insufficient.

The condition of traffic signs is satisfactory, but the direction signaling is in poor condition. Many signposts, as well as tourist signs are damaged. For tourist signalization can simply say, as defined signpost signaling that is used for guiding a user to tourist destinations. Tourist signalization makes signs notice that traffic participants refer to tourist facilities and tourist attractions. What is characteristic of tourist signalization is certainly the fact that these characters can not be used as a substitute for regular signs for traffic management, not for advertising purposes of certain tourist sites. They represent the type of traffic signs and therefore have a clearly defined content, form and color, as well as the manner and place setting. So this is one of the problems that should be solved. The reason for this is that tourists often a difficulty coming to Vrnjačka Banja, but besides visiting all remarkableness and places that tourists can be very attractive and interesting. As in the previous part of the paper mentioned is of great importance for tourists can be just that easy and simple to navigate and coming to their own tourist destinations. So you need to invest a lot on how to preserve these traffic signals for the purpose of tourists can better instruct the tourist attraction offered.

### **Possible directions of tourism development through improved traffic and infrastructure**

The analysis of the possibilities of tourism development in this case, of course, taking into account the traffic and infrastructure, will be viewed through the SWOT analysis. This analysis of the strengths, weaknesses, opportunities and threats of Vrnjacka Banja as a tourist destination is presented in Table 5.

Table 5: *The overall effect of the traffic and infrastructure on the tourist offer of Vrnjacka Banja*

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>- • A good traffic-geographical position</li> <li>- • The gravitation center of central Serbia, significant economic, health, educational and cultural center of the region,</li> </ul>	<ul style="list-style-type: none"> <li>- • Bad connection to the main railway routes, leading through our country</li> <li>- • Conditions for pedestrian traffic</li> <li>- • Insufficient number of parking</li> </ul>

<ul style="list-style-type: none"> <li>- • Traffic safety at a high level,</li> <li>- • Environment preserved from traffic</li> </ul>	<ul style="list-style-type: none"> <li>- spaces</li> <li>- • Low use of bicycles</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>- • The existence of organizations with the purpose of investment and implementation of projects in the field of infrastructure construction</li> <li>- • Improving traffic and tourist signs</li> <li>- • Valorization of the railway line into a tourist attraction</li> <li>- • Commercialization of Lađevci Airport</li> <li>- • Increasing awareness on arrival in the destination</li> <li>- • Development of rent-a-car agencies</li> </ul>	<ul style="list-style-type: none"> <li>- • Lack of application of standards in the quality of transport services and safety</li> <li>- • Condition and quality of roads</li> <li>- • Lack of funds to improve the entire infrastructure</li> <li>- • Under-investment to raise the level of competence in the field of transport</li> <li>- • A systematic analysis of the impact of traffic on the environment and ecotourism</li> <li>- • Changes in desires and habits of users-tourists</li> </ul>

Source: *The authors*

Based on the SWOT analysis, which is the data in Table 5, one can conclude that the benefits of Vrnjačkoj Banja are some that can not have any tourist destination. First of all, the most important is the favorable geographical position it has in relation to other tourist destinations in Serbia. In addition, an important center of events during the whole year, what requires to propose a possibility of an increased number of tourists, hence the need to improve transport infrastructure, especially traffic signs. But already on this basis can be concluded that one of the weaknesses is the number of parking spaces that also need to be addressed. The chances to improve the access of foreign tourists to this tourist destination are too large. Commercialization of the airport would primarily Lađevci could attract tourists avid accession to this tourist destination, taking into account the spatial and temporal distance between the airport and Vrnjačka Banja. Also, the chance is to develop and rent-a-car agencies that could offer tourists the vehicle from the airport to get to Vrnjačka Banja. Also it is possible to improve access to rail traffic from different cities in Serbia to this tourist destination. All previous chances are possible to achieve with organizations that are aware of this effect and that could be invested in development of traffic. Of course with all we have and the dangers, which most can't reflected in the pollution of the



environment in which traffic can be a major cause. The danger to the overall development can be a failure to apply the prescribed standards of service quality and standard of transportation that are directly related to traffic safety. In the previous part of the work has already been said about the impact of security on the quality and the possibility of influencing tourists to choose a tourist destination just for safety.

## **Conclusion**

According to the so far seen in this study, we can conclude that traffic has a big impact on the tourism offer, and the visit to a tourist offer itself as is the case with Vrnjačka Banja. Of course, we still need to observe the options of connecting Vrnjačka Banja with major cities, in order to increase the number of tourists, both domestic and foreign. It is necessary to develop more all forms of transport to the destination, but also the very infrastructure to the destination and in the tourist offer itself in order to increase the quality of the tourist attraction, from the field of traffic so that tourists can feel as safe and comfortable as possible.

If the quality of transport and transport infrastructure is higher, the better is the tourist attraction. Thus the analysis in this paper, the impact of traffic on the tourist attraction Vrnjačka Banja can be concluded that, despite its association with other cities must in any case to increase the level of integration to a higher level, because the demand would be greater. Traffic affects the development of tourism by building and modernizing transport networks, the scope and quality of transport vehicles, prices of transport services and the organization of transport. Construction and modernization of the transport network to access certain areas, regions and countries. The satisfaction of tourist needs can not be fully achieved if the means of transport to their technical and other characteristics do not suit the needs of tourists. Therefore, the bit speed, comfort and safety of means of transport used by tourists because it affects their choice of means of transport. It is important to know that investment in transport in order to improve tourist attractions represents not that the funds invested in vain but is closely related to national income 'or income of a municipality. So that consequently the development and modernization of transport infrastructure and the introduction of new types of transport means and the contribution of resources Vrnjačka Banja and its tourist attractions, which is not negligible. So the commercialization aerodrome Lađevci significantly increased visits

Vrnjačka Banja by foreign tourists, so in addition to the contribution of the municipality would be developed and the standard of living of people, opening new restaurants or similar catering facilities, the possibility of developing temporary foreign tourists during vacation time.

We must not forget the only condition that we have in terms of traffic connections as well as a state of transport infrastructure. It is necessary to consider all the possibilities that are given in the paper but also other disadvantages or dangers that may arise as a result of the introduction of new systems and the development of transport infrastructure. Also a danger to Vrnjačka Banje as one of tourist destinations in Serbia must be taken into account and the application of quality standards because it can badly affect the tourists who choose their potential tourist destination. All that has so far mentioned is very important in the case of Vrnjačka Banje as one of the most popular tourist destinations in Serbia.

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