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**ANNA MICHÁLKOVÁ ET AL.**

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**REGIONAL ASPECTS**



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## Introduction

Tourism is a recognized factor in the development of the socio-economic level of regions and, as a cross-cutting sector of the economy, brings positive effects not only directly in the tourism industry across the sectors of the tourism industry, but also in the supply sectors, and its induced effects across the sectors of the national economy are also obvious. The United Nations World Tourism Organization (UNWTO) considers tourism to be a key driver of the socio-economic level of regions and countries, its development goes hand in hand with growing diversification and competition between destinations. It requires responsible growth and the best possible use of its potential and opportunities for tourism to have such strength.

Until the beginning of 2020, tourism was characterized by the attributes of the most dynamically developing, continuously growing, potential sector of the world economy. The continuous growth of tourism in the last ten years has been higher than the growth of the overall world economy. Tourism ranked third in the ranking of the highest export category. According to the WTTC the tourism industry was one of the best partners of governments in terms of creating new jobs and thus fighting unemployment. The turning point came in early 2020. The crisis caused by anti-pandemic measures has now been added to the list of the factors that have caused minor or major setbacks in tourism, be it political, social, environmental or economic ones. This crisis has adversely affected the clearly dynamic annual growth of the sector on a global scale. Its immense impact has had such significant repercussions that it has and will continue to have a profound effect on the nature of certain types of tourism, consumer behaviour and on tourism businesses specifically. This is quite a disaster, turning tourism into one of the most affected industries, but also a challenge for the future.

Our intention in the presented teaching text was to present selected economic aspects of tourism development in the region.

Many topics covered in this textbook are based on the identification of the most current problems in the field of regional tourism development that have been published in monograph Regional Economics of Tourism – selected problems (authors: Micháľková, Gáll, Özođlu; output of the KEGA project no. 034EU-4/2020). The monograph is based on research and interviewing experts in the field of regional tourism from Slovakia, as well as from abroad - from European countries, from professional and academic environments (regional tourism organizations responsible for the development of regional tourism in countries).

Chapter 1 in this textbook Tourism Satellite Account and its economic indicators deals with tourism as a significant economic activity able to contribute to the economic growth. Tourism Satellite Accounting Methodology allows to quantify the direct effects of tourism in the territory while the impact of individual sectors on tourism performance is different.

Chapter 2 Tourism economics in a region deals with the importance of statistical indicators for tourism and tourism planning, interpretation of the reasons for fluctuations in demand and the influence of tourism product on it, with the competitiveness of tourism and future opportunities for tourism development.

The role of tourism within the broader regional economic environment is solved in the chapter 3, it explains the role of tourism in regional development and economic growth.

Chapter 4 demonstrates that the return of emigrants can contribute to the development of tourism in their places of origin considering the importance of innovation and competitiveness, as well as the increase in tourism demand for the development of tourism in the most deprived areas.

The next chapter 5 Economic impact of tourist attraction on a territory deals with the measurement of the impact of tourist attraction through its economic direct benefits based on measurable selected indicators but also its secondary benefits using the multiplier effect.

Chapter 6 introduces the issue of evaluating benefits of investment in the restoration of cultural monuments for the city and tourism. The lack of financial resources raises the need to argue for investment in the restoration of monuments. Evaluating their benefits at the city level is difficult. The benefits of investments in the restoration of cultural monuments are observable in many economic and non-economic areas. An easily applicable method to evaluate the impacts of investments in the restoration of cultural monuments on the public realm is explained.

Chapter 7 explains tourism potentials through cultural attractions. They are the basis of tourist attractiveness as a crucial element of the tourism sector and the opportunities for creating jobs and business opportunities by diversification of tourism products.

Chapter 8 analyses the potentials of cultural history that attracts, presents and interprets the authenticity of people and ambience, explains how to implement cultural routes in regional development, preserve cultural heritage and develop economic sustainability through stakeholders' partnerships.

Assessment of spatial differentiation of tourism potential an environment in a region is the main topic in the chapter 9. It characterizes and evaluates the spatial differentiation of tourism potential in the context of the natural environment using a synthetic measure. Tourism is in this chapter seen as a spatial phenomenon that has a major impact on society and various departments of the national economy, including construction, transportation, trade. It affects the financial situation of counties and their residents, the development of infrastructure, jobs, new businesses, the quality of life of residents.

The last 10th chapter explains the possibilities and limitations of measuring the primary performance of tourism in the destination and presents the method and importance of defining the territory of a tourism destination not on the basis of administrative borders, but on the basis of visitor flows.

The textbook is primarily intended for university students in study programs focused on tourism and regional development. It can be an interesting publication and source material for the further education of professional workers at the level of local or regional self-government with competencies in the development of tourism, as well as for destination management organizations and other regional organizations involved in the tourism sector. Finally, tourism development managers at the national level can find a meaningful framework for their activities in the texts.

The textbook is created as a publication output of the KEGA project no. 034EU-4/2020 providing content and technical innovation approaches to teaching regional tourism.

Anna Micháľková

# 1 Tourism Satellite Account and its economic indicators

## **Brief characteristic**

*Tourism is a significant economic activity able to contribute to the economic growth. The UN Statistics Division approved Tourism Satellite Accounting Methodology allows to quantify the direct effects of tourism in the territory. The impact of individual sectors on tourism performance is different as demonstrated in this chapter by difference in several indicators of internal tourism consumption and tourism gross value added. The content of this chapter is assessment of influence of individual tourism industries (as stated in the methodology of TSA) on selected performance indicators of tourism. The need to report performance indicators of tourism not only at national level but also at regional and destination level is explained.*

## **Learning objectives**

*The main learning objective of this chapter is to have comprehensive knowledge and to understand the issue of quantification of direct economic effects of tourism. The student should be able to identify and analyze the problems of quantification of primary economic benefits of tourism in the area, he should understand different sources of information, demonstrate the ability to critically assess various data with a view to their use to measure the benefits of tourism and understand their methodological background and informative value.*

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## **1 Tourism Sattelite Account - introduction**

Measurement of the tourism performance in the territory is a complicated process, which is a synthesis of many partial methods relying on definition of economic indicators and chosen calculation methodology, relying on primary findings, estimates, and additional adjustments. It is a challenge not only for the practice but also for the tourism economy.

However, the starting point for measuring tourism performance is the most precise definition of the term tourism. For these purposes, the UNWTO definition (2013), which provides a more detailed spatial definition, is suitable: *"Tourism is a social, cultural and economic phenomenon that involves the movement of people to countries or cities outside their usual environment for personal or professional purposes. These people are called visitors (they can be one-day visitors, tourists, residents, or non-residents) who come for tourism activities and some spend tourism-related expenses during these trips."* The recommended methodological framework of the TSA: RMF: 2008 (OECD, 2017) draws attention to the importance of distinguishing between the terms travel and tourism. Tourism is understood as a subset of travel and the visitor is a subset of the traveler (UNWTO, 2010).

EU Regulation 692/2011 on European tourism statistics, which also governs Eurostat (a European statistical system combining information from all sectors of the European Union economies) defines the definition of the demanding nature of tourism with clear boundaries of space, purpose, and time. Tourism is defined here as *"activities of visitors traveling to the main destination outside their usual environment for a period of less than one year for any*

*main purpose, including business purposes, spending free time or other personal purposes, which is different from getting a job in the visited place with a resident entity".*

Thus, tourism is understood as a set of activities that the visitor performs during the trip outside the usual environment if his purpose is other than to get a job in the given location. During this trip, the visitor incurs tourism-related expenses. It follows from this that activities within the usual environment do not belong to consumption in the tourism industry.

Measurement of the tourism performance in the territory is a complicated process, which is a synthesis of many partial methods relying on definition of economic indicators and chosen calculation methodology, relying on primary findings, estimates, and additional adjustments. It is a challenge not only for the practice but also for the tourism economy. Selection of a model appropriate for measurement of economic effects of tourism depends on a complex of factors; among others for example there is data availability, its accuracy and integrity. Klijs, et al. (2012) have identified 52 various criteria, which they have allocated into ten groups. One of the models is the Tourism Satellite Account (TSA), which in its methodology of reporting the economic indicators of tourism (UNSTATS, 2008) identifies tourism industries, based on which it provides a calculation of direct effects of tourism (Tourism Satellite Account: Recommended Methodological Framework 2008 in OECD, 2017) and The International Recommendations for Tourism Statistics TSA: IRTS 2008 (UNWTO, 2010). Countries develop TSA in order to collect basic data for reporting key economic indicators and present it in a consistent and authoritative way, using international concepts and definitions. TSA represents more than a statistical tool and framework for development of statistical system in a country. It creates a clearer picture of tourism position and evaluates more accurately its economic gain. (Dwyer and Forsyth, 2010). Since 2005, TSA has been applied also in Slovak Republic, with the most current results for the year of 2019.

The uniform classification of the tourism industry according to these criteria has been established by the World Tourism Organization UNWTO in two categories and they are: characteristic industries - internationally comparable and industries specific to the country. Tourism industries are those whose main activity is the provision of tourism services or the production of goods in tourism industries (OECD, 2017), see also Annex 7. According to UNWTO, tourism industries are defined for tourism statistics and tourism satellite accounts (TSA) as follows:

a) characteristic industries (which are internationally comparable): accommodation for visitors, activities of catering facilities, passenger transport (rail, road, water, air), rental of equipment for personal transport, activities of travel agencies and agencies and other reservation and related activities, cultural activities, sports, and recreational activities.

b) country-specific industries (which are not internationally comparable): defined in the conditions of individual states, different from the characteristic industries that produce a significant share of tourism for the country (OECD, 2017). (The starting tables - TSA outputs, which are used in this text, are listed in the Annexes 1-7)

Tourism Satellite Account offers a deep quantitative understanding of nature and structure of tourism; it also provides a foundation for monitoring performance of various tourism industries; it has represented a revolution in a way that governments measure and assess tourism (Getz, 2000). TSA is considered to be an optimal method for reporting a direct effect of tourism, composed by total internal tourism consumption, direct economic contribution of tourism, direct internal expenses in tourism, and direct internal consumption of tourism (Frechtling, D. C., 2013).

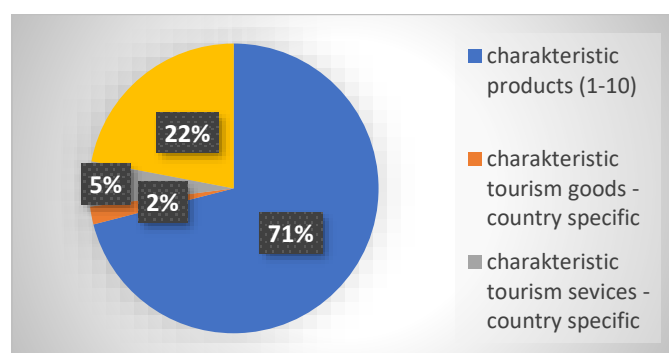


Basic starting synthetic indicator of TSA is internal tourism consumption, which according to TSA methodology (TSA T4) includes internal tourism expenses and other consumption components (input rent, natural social government and nonprofit institutions' transfers to serving households). Tourism direct gross value added is a part of value added of all economic sectors, and it directly serves visitors and was established to cover the internal tourism consumption. Unlike the employment in tourism industries, (TSA T7), by purifying tourism gross value added indicator (a sum of gross value added of all enterprise units integrated into tourism industries, regardless whether their total production was supplied to visitors, and regardless of their production process specialization degree) for purposes of tourism performance reporting, it is possible to acquire directly from TSA results a value of tourism direct gross value added (TSA T6). In this paper, the attention is on a share of individual tourism industries on a creation of direct tourism gross value added. In order to be able to compare individual tourism industries and their ability to participate in creation of direct tourism gross value added, a relative indicator is selected, using internal tourism consumption indicator and produced coefficient of creation of tourism direct gross value added and its value calculated in SR and in selected European countries. Attention is also on a share of tourism direct gross value added on tourism gross value added, based on individual tourism industries. Based on these indicators, the tourism industries productivity and assumed tourism significance in individual tourism industries are analyzed (data presented in Annex 1-9).

## 1.1 Internal tourism consumption

Based on products, TSA methodology classifies internal tourism consumption into characteristic products, characteristic tourism goods – country specific, characteristic tourism services – country specific and other products. Following chart shows a share of individual internal tourism consumption units based on individual consumption units in Slovakia, according to TSA results for the year of 2019 (the most current results).

**Chart 1** Internal tourism consumption in SR based on products, share in %

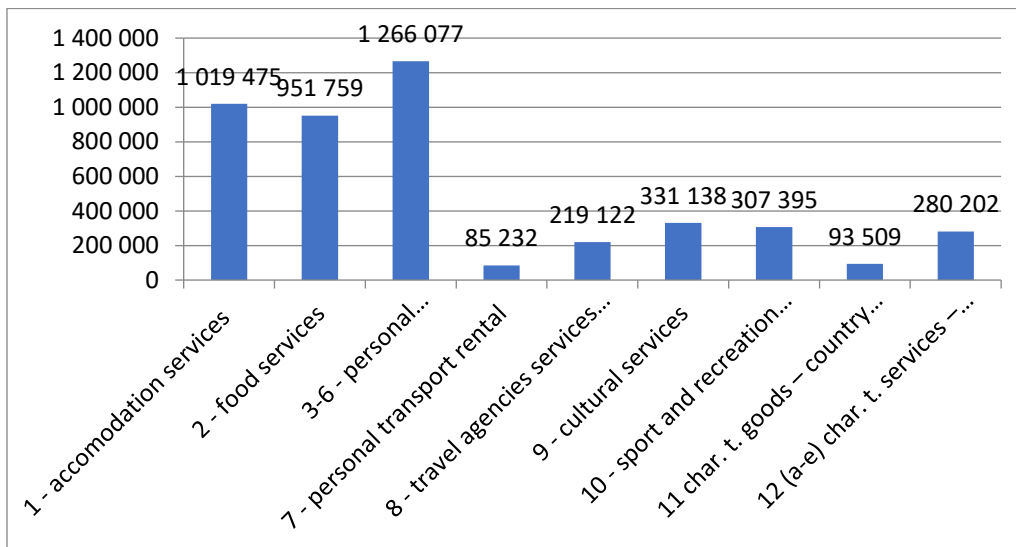


Source: processed based on TSA T4, TSA SR, ŠÚ SR, 2022.

It is obvious from the chart that tourism consumption consists mostly of characteristics products consumption. Following chart no. 2 presents attained values of internal tourism consumption with regard to individual consumer goods for 2019. Characteristic products are segmented under individual products; their total consumption share represents 71%. The highest consumption values were achieved within personal transportation services (21,55 %), then characteristic accommodation services products (17,35 % of total consumption) and the third place took food services (16,20 %); the lowest values were recorded by personal transport rental (1,45 % of total consumption value) and characteristic tourism goods –

country specific - souvenirs and other related products (1,59%). Overall the chart presents also characteristic, country-specific tourism services (financial and insurance services, rent of other items, personal comfort services, medical services, and other selected services) with a total share of 4,77 % of total consumption, while the highest values belonging to medical services consumption (3 % of total consumption).

**Chart 2** Internal tourism consumption based on consumer goods for 2019, in thousands of EUR, p.p.

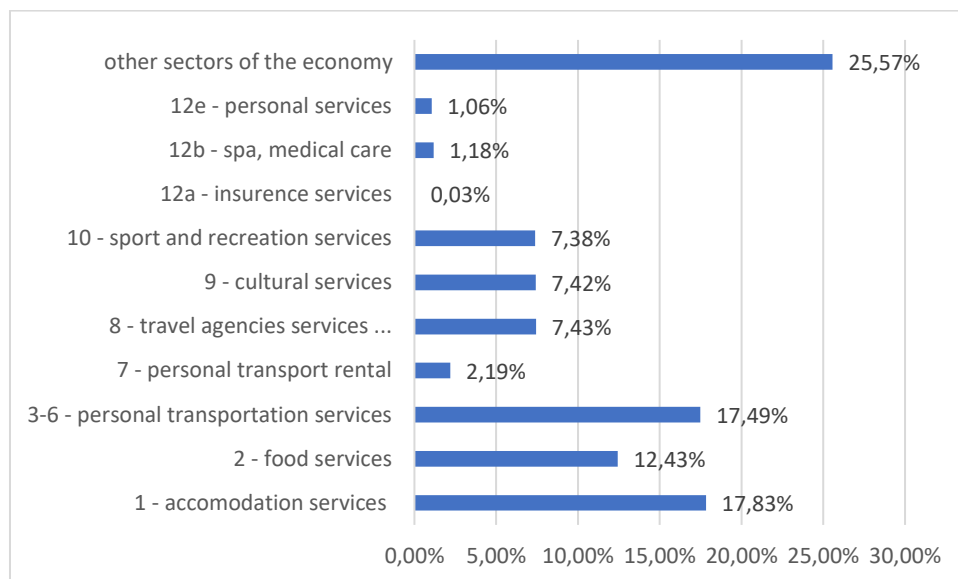


Source: processed based on TSA T5, TSA SR, ŠÚ SR, 2022.

TSA results from 2010 provide also values of direct tourism gross value added, as this indicator is defined above. The following chart presents these values.

## 1.2 Tourism direct gross value added

**Chart 3** Tourism direct gross value added total for the year of 2019, in %

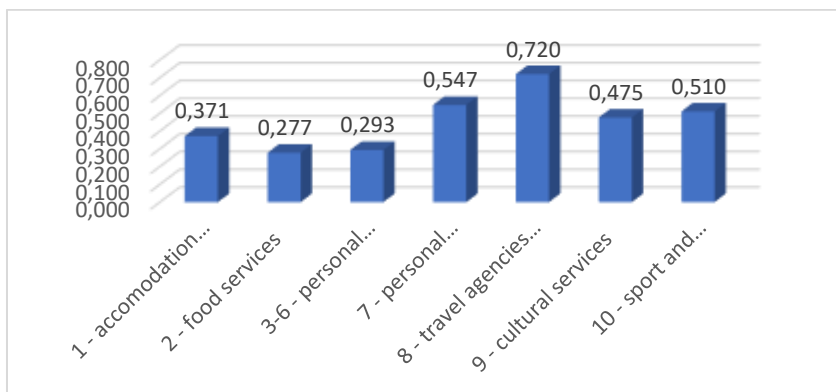


Source: processed based on TSA T6, TSA SR, ŠÚ SR, 2022.

Chart captures values of tourism direct gross value added for individual tourism industries. 1, 580, 426 thousand EUR of tourism direct gross value added in tourism industries was achieved (total tourism direct gross value added was 2, 123, 375 thousand EUR, while other economic sectors contributed by a value of 542, 949 thousand EUR, which represents 25.57 %). Proportionally, mainly following tourism industries were involved in generation of direct tourism gross value added: accommodation services with 17.83 %, personal transportation services with 17.49 % share and food services with 12,43%. All of these are characteristic tourism industries. Overall, characteristic tourism industries (1-10) represented 72,17 % share, tourism industries specific for SR 2,26 %, so together tourism industries were involved in generation of tourism direct gross value added on 74,43 %. This means that individual characteristic tourism industries are not only important based on their significance in internal tourism consumption, but also in generation of direct tourism gross value added. Tourism direct gross value added (TSA data) is presented in Annex 5.

If we look more closely at generation of value added by individual industries, we can calculate their attained absolute values in relation to internal tourism consumption (TSA T5, chart 5). Let's call the calculated coefficient a tourism direct gross value added generation coefficient, while we count with consumption values recalculated to basic prices. Coefficient designed in relation to corresponding industry consumption values better expresses ability of individual tourism industries to generate tourism value added. It conveys a value of tourism direct gross value added that falls on one euro of internal tourism consumption. Following chart depicts coefficient values for characteristic tourism industries in SR.

**Chart 4** Tourism direct gross value added generation coefficient for characteristic tourism industries in SR for the year of 2019



Source: own calculation based on the following data: TSA T5 a T6, TSA SR, ŠÚ SR, 2022.

Tourism direct gross value added generation coefficient shows the highest value for travel agencies services ... 0,720 and personal transport rental 0,547, the lowest value is recorded for food services and personal transportation services. Overall, in the year of 2010, this coefficient was 0.58 for characteristic tourism industries. It means that less than a half of total characteristic tourism products expenses (on the national level expressed by internal tourism consumption value of 1-10) is covered by direct tourism value added (average coefficient 0,456). Tourism direct gross value added generation coefficient in European countries is presented in Annex 8.

If we follow a tourism ability to create tourism direct gross value added in relation to the total generation of tourism industries gross value added, we can see that from the total value of the gross value added generated in tourism industries (4,639,654 thousand EUR), the tourism direct gross value added presents 34,06 % (1,580,426 thousand EUR). When it comes to characteristic industries, the percentage is 39,51%, and tourism industries specific for SR take up 6,30 %.

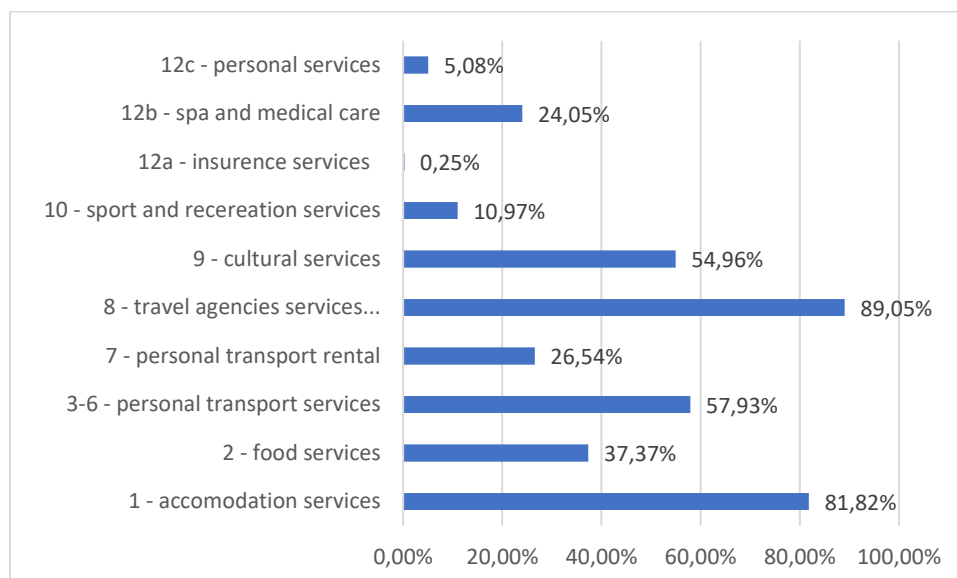
**Chart 6** Generation of tourism direct gross value added in 2019, in thousands EUR, in basic prices



Source: own calculation based on data: TSA T6, TSA SR, ŠÚ SR, 2022.

Following chart shows a tourism direct gross value added (TDGVA) share on tourism gross value added in tourism industries; basically it depicts a significance of tourism in generation of tourism industries value added.

**Chart 7** Share of TDGVA according to individual tourism industries in 2019, in %



Source: own calculation based on data from TSA T6, TSA SR, ŠÚ SR, 2022.

It is clear that 89% of gross value added in travel agencies services is generated in relation with internal tourism consumption (thanks to tourism), tourism is of course significant for accommodation services (almost 82%). On the other hand, insurance services as a part of tourism consumption, have insignificant share in generation of gross value added in this industry, tourism plays a small role in this regard. So, industries included by TSA methodology to tourism industries, contribute by their production in different measures to generation of tourism value added, and to generation of value added in other national economy industries.

### 1.3 TSA at the regional level

Basic question of territory tourism economic impact analysis is - what are the visitor expenses in a given territory (STYNES, D. J., 2002). Expenses of tourists are a starting point for any economic indicator, based on which it is possible to monitor tourism performance, and it also presents a basis for generation of tourism value added. TSA is on a national level in Slovakia, in some countries national TSA underwent regionalization (Australia, Canada, Finland, Norway), or regional level estimations are taking place (some regions of Spain, Belgium, United Kingdom). Proposals in the regional TSA (RTSA) methodology are stated in Regional Tourism Satellite Account (UNWTO, 2013). Need to report tourism performance on regional level is high in Slovakia as well; however, this issue is connected not only with methodic, but also with financial and institutional part. Creation of RTSA would require, most of all, a modification of primary data collection methods in relation to visitor expenses based on the respondents sample size and respondents selection criteria, and, of course, a methodology modification of acquired data evaluation. Within tourism consumption we are talking, besides visitor expenses, also about facilitation of other internal consumption sections. Methodologically more demanding is the process on the supply side, mostly when it comes to recording interregional relations and production processes. Mainly tables would be considered

a good tool in terms of regional reporting. These tables provide information about foreign and local visitor consumption, other accessible data could be production bills data, employment in tourism industries data, and selected nonfinancial indicators (basically, we are talking about tables 1, 2, 4, 5, 6, 7, partially 10). Ratio indicators could be interesting, using database of absolute financial and nonfinancial indicators and connecting them. Indicators recalculated this way are applicable also to regions comparison and their comparison based on tourism performance.

It is questionable what territorial entity should be considered applicable for tourism performance indicators reporting. Regions in Slovakia are not tourism destinations. In their core, destinations are final destinations and visitors decide about their borders, or visitor segments decide; and this decision is obvious in their consumer behavior, expressed mainly by consumption of tourism services in different territory parts, monitored by visitor expenses for these services. So the destination borders should be set not by the interests of destination management organization member base, but by consumer behavior of visitors, monitored mainly through visitor expenses for various services in the area. In order to ensure coordinated and continuously maintainable growth, also tourism economic performance reporting in territory is more sensible in terms of such defined territory. Applying TSA methodology on regional level is an opportunity for regional politics in tourism to find decision process footing in economic effect analyses in region. (Jones, Munday, 2010). It is important to report tourism performance systematically and on regular basis. It is also required for analysis of usage of complex public sources supplied for tourism support in regions, and supplied for support of profit and nonprofit tourism sphere. „Tourism development is fundamentally driven by business. However, governments play a significant role as partners in tourism development to an extent which is not replicated in most other industries through their extensive engagement ... and through their role in managing environmental and community impacts of tourism.“ (Dwyer, L., Spurr, R., 2011).

In this chapter the attention is paid mainly to tourism direct gross value added as one of the tourism performance indicators, and to its chosen indicators mainly in relation to internal tourism consumption and to tourism gross value added. Tourism (measured as direct gross value added in tourism) has an 2,6 % share on gross value added of Slovak economy (TSA, Tab. 1, for the year of 2019). Tourism (internal tourism consumption) participates not only in generation of tourism industries value added (tourism direct gross value added indicator in tourism industries), but it contributes to productivity of other economic industries as well. Not all tourism industries have the same influence on generation of tourism value added. Some tourism industries are crucial based on internal tourism consumption in its value expression, or they are necessary for tourism realization and satisfaction of tourists' needs; some industries are more significant based on generation of value added. Characteristic tourism products are pivotal not only from the viewpoint of fulfillment of tourists' core needs, but also from the viewpoint of tourism direct gross value added generation in its absolute expression (in order - mainly personal transportation services, accommodation services, boarding services, sport and recreation services, travel agency services, other booking and related services, rent of vehicles for personal transportation, cultural services).

## Assignments and Discussion Questions

<b>1</b>	Several definitions of tourism are presented in the chapter. Find other definitions in the literature and assess them in terms of their use for a clear demarcation of tourism, e.g. for the purpose of measuring performance economic indicators in a certain area.
<b>2</b>	Choose a European country and discuss which specific tourism industries might this country be defined by.
<b>3</b>	What is the difference between tourism expenditure (demand side) and domestic tourism consumption? Please explain.
<b>4</b>	Which data sources do you know that the tourism satellite account methodology uses when compiling individual tables?
<b>5</b>	What is the position of characteristic tourism services in the consumption of internal tourism in Slovakia and which sectors of tourism are the most important from this point of view?
<b>6</b>	Explain the difference between the gross value added of tourism industries and direct gross value added in tourism.
<b>7</b>	Which tourism industries are the most productive in the creation of direct gross tourism value added in relation to domestic tourism consumption?
<b>8</b>	In which countries is tourism the most productive in the creation of direct gross tourism value added in relation to domestic tourism consumption. Compare the situation according to the appendix total domestic supply and internal tourism consumption and the appendix tourism direct gross value added generation coefficient in European countries.
<b>9</b>	Analyze the "tourism ratio" in individual countries according to the table in the appendix total domestic supply and internal tourism consumption?
<b>10</b>	Which tourism industries have the highest dependence on tourism considering their ability to generate direct gross tourism value added?
<b>11</b>	What are the possibilities and limitations of compiling a regional tourism satellite account, use the information in the text and discuss.
<b>12</b>	Critically assess the methodology of the tourism satellite account.
<b>13</b>	Discuss the importance of compiling a tourism satellite account and its significance.

## 2 Economics of tourism in the region

### **Brief characteristic**

*Chapter deals with the economics of tourism in the region explained on the example of Croatia. Croatia has become synonymous with popular destinations. Every year, better results are achieved, which increase investments, generate new employment opportunities, increase living standards and personal consumption, and strengthen Croatia's image. The emphasis of tourism in 2022 should have been on diversification of tourism product, tourist spending and Croatia's position in distant markets, while maintaining a good position in European markets. The COVID-19 pandemic disrupted all plans, changed lifestyles and provoked problems caused by the high share of tourism in the economy. From January to June 2022 tourists have been coming in higher numbers than in the same period of 2019. The negative consequences of tourism in protected areas have appeared again, which represents a serious problem, negatively affecting sustainable development and endangering the destination. The problem that should definitely be pointed out in future tourism development is a rising overtourism all over the country, which has not been solved during the Corona period (strategy for future tourism arrivals).*

### **Learning objectives**

*Learning objectives of this chapter are: To understand the importance of statistical indicators for tourism and tourism planning, being able to interpret the reasons for fluctuations in demand and the influence of tourism product on it, to form guidelines for analysing trends in Croatian tourism, to identify the competitiveness of Croatian tourism and tourism in the region and to analyse future opportunities for tourism development.*

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### **1 Croatian tourism in the European Union - contribution to regional tourism development**

The continent of Europe is experiencing slower growth in international tourism, but growth estimates are 3% per year, and 717 million arrivals after 2020. Most arrivals will take place in Western European countries. Northern and Central Europe are experiencing higher than average growth due to the arrival of Asian tourists in Germany and the Scandinavian countries. At the same time, the interest of tourists in the countries of "New Europe" is growing. Therefore, the greatest growth is achieved in travel to and from Central and Eastern Europe (UNWTO, 2020). Other travellers still prefer the beaches of the Mediterranean basin. By 2020, the Russian Federation and the Czech Republic had joined the world's top 10 destinations for international tourism. After the start of the war in Ukraine and the impending crisis, the picture of global tourism is changing.

Table 1 shows the number of tourist arrivals by country in the period from 2010 to 2018.



**Table 1** International tourism arrivals (mil.) – Top 10 (2010/18)

Country	Tourism arrivals		% (change)	
	2010	2018	18/10	11/10
<b>France</b>	<b>77</b>	<b>89</b>	<b>15.5</b>	<b>3.0</b>
USA	60	80	33.3	4.2
China	56	57	1.7	3.4
Spain	53	83	56.6	7.6
Italy	44	62	40.9	5.7
Turkey	27	46	70.3	8.7
Great Britain	28	36	28.5	3.2
Germany	27	39	44.4	5.5
Malaysia	25	26	4	0.6
Mexico	23	41	78.2	0.5
<b>Croatia</b>	<b>9</b>	<b>17</b>	<b>88.8</b>	<b>0.7</b>

Source: Author, according to:

[http://www3.weforum.org/docs/WEF\\_TravelTourism\\_Competitiveness\\_Report\\_2011.pdf](http://www3.weforum.org/docs/WEF_TravelTourism_Competitiveness_Report_2011.pdf).

<https://www.e-unwto.org/doi/pdf/10.18111/9789284421152/12.07.2020>.

In 2011, Croatia had 852.4 thousand permanent beds in registered commercial accommodation facilities, of which 13% were in hotels, 25% in camps, 13% in other collective capacities and 49% in households. After that period, the dominance of private accommodation has significantly increased to this day and exceeds half of the structure of accommodation capacities on offer. Croatia tourism has a tendency to increase its market position (70.3 million overnights stays and 12.3 million arrivals in 2011, and almost 17 million in 2018), but it has insufficient quality advantages compared to the Mediterranean market.

Most visitors in Croatia come to the city of Dubrovnik (Dalmatia). This famous city in terms of culture and cruising tourism is followed by the Istrian cities of Rovinj, Poreč, Medulin, Umag and Pula, and the Dalmatian city of Split. Of the continental cities, the city of Zagreb is the most visited, especially after the arrival of the Ryanair low-cost company in 2021, when it became popular as a city break destination. In Continental Croatia, the most common motives for coming are nature (32%), touring (26%), city break (26%), sports and recreation (24%), work (22%), culture and art (16%), hiking and villages (10% each), gastronomy (7%), manifestations and events (6%) and others (Tomas Croatia, Ministry of Tourism, 2020). Therefore, tourist arrivals motivated by the sea and nature are dominant in Croatian tourism. Yet, since 2010, interest in entertainment and new experiences has been growing and the share motivated by natural motives (sun, sand, beach) is declining. Cultural attractions are at the level of secondary and tertiary, but they are evolving and can provide added value for the client.

With the emergence of new cheaper tourist destinations in surrounding countries, such as Bulgaria and Montenegro, the situation is changing. For example, after 2014, Romania

achieved higher growth rates in the tourism sector, which was predicted by scientists and world organisations (Rusu, Badulescu, 2009, T&T index 2019).

Furthermore, during the global pandemic period, there was a noticeable trend of planning vacations by car instead of by plane. The Croatian advantage over its competitors is its proximity to significant emitting markets, especially Germany and its southern federal states. However, Croatia is recording a decline in the number of guests from traditional markets. The reason for this is the lack of experience in marketing and destination management, insufficient entertainment, but also many factors that competitors struggle with, and which are impossible to influence, such as bad weather, school holidays, the economic crisis and general uncertainty. The situation was improved by guests from Scandinavia in the capacity of numerous visitors to Croatian campsites and, until 2020, from Russia. With all the comparative advantages (geographical position, proximity to emitting markets), Croatian tourism is still characterised by:

- Insufficient differentiation of products and services,
- Lack of innovations and better-quality accommodation for guests,
- Growth based mainly on the expansion of family accommodation in households,
- Lack of quality hotel offer accompanied by insufficient investment activity,
- Insufficient infrastructure and sea connections,
- Static system of national marketing,
- Orientation towards the Russian market without adequate market replacement,
- Few globally branded destinations,
- Inadequate destination tourist infrastructure,
- Devastation of space (reconstructions),
- Lack of manpower and insufficient preparation through the education system,
- Inherited orientation of the local population towards seasonal business.

Membership of the European Union significantly affects the image of Croatian tourism and can contribute to greater competitiveness of the offer and quality of services in the future.

### 1.1 Evolution of economic importance – EU membership

Membership includes new investments and greater interest of foreign capital in the development of the tourist offer. Entry for Croatian tourism is important in the application of complex standards of consumer protection and safety at work, and environmental standards. Table 2 shows the expected benefits and costs of entry, considering the need to apply solutions, experiences, standards, benefits and costs.

**Table 2** Effects of association on Croatian tourism

Expected benefits	Costs
Improving the country's image, joint marketing, demand development	Increasing costs due to transport regulations and adopting higher standards
Raising the level of service and greater consumer protection, new technologies	Necessary investments in infrastructure
Application of stricter spatial planning standards	Increasing the level of construction due to increased interest in real estate ownership

Extension of the tourist season (part of major cultural and other European itineraries)	Rising real estate prices
Raising the level of business transparency, stakeholders' partnership	Difficult business of domestic hotel companies due to the entry of foreign competition
Environmental protection and responsible behaviour in tourism (sustainability and responsibility)	Adjustment difficulties due to changes in tax calculation

Source: Author, according to Nestoroska, Prenc (2022), Weston (2019).

Accession to the European Union is associated with a number of long-term benefits, while the costs are mostly short-term and related to accelerating necessary reforms, adjusting to rules, procedures and standards and using available EU funds to raise competitiveness. Institutions at national and regional level provided (*European Tourism Forum*, ETF, Malta, 2010):

- Clear preliminary impact assessments on the tourism sector for each legislative proposal in order to implement the principle of "better regulation",
- Creation of an appropriate budget EU line for tourism,
- Advantage of solutions that come directly from the tourism industry,
- Tailored and simple rules for the tourism sector,
- Reduction of bureaucracy, small and medium enterprises,
- Improved access to finance for tourism at all administrative levels,
- Lower tax rates.

Based on the presented data, it is difficult to judge the future of Croatian tourism, although it is assumed that it will progress in terms of increasing intraregional travel. The World Tourism Organisation (UNWTO) predicted that tourism would continue to grow at a rate of 4% per year, and that in 2020 the expected 1.6 billion arrivals of foreign tourists would be realised in the world, and 717 million would be related to Europe. The real scenario was worse because of the global pandemic.

Associated tourism aims to contribute to the quality of partnership, coordination, cooperation of all key stakeholders at local, regional and national levels through cooperation with institutions and member states. In order to maintain business, the sector must show resilience because, given the situation, it is assumed that the recovery will be long-lasting. In 2021, some of the countries that did not enter the "red zone" of COVID-19 global maps have reached or approached the previous levels of tourist arrivals.

Table 3 shows the measures taken by the Croatian tourism sector to survive in tourism under the influence of the pandemic and other risks of loss and closure of businesses for tourist facilities. Adjustments during the global pandemic were related to protection measures against infection, while the offer of digital tours, business on the concept of "memorabilia today, for travel tomorrow" was missing compared to, for example, Switzerland (Sučić Čevra, Gržinić, 2020). Job protection measures did not help travel agencies to retain employment and guarantee liquidity (UHPA, 2022). Stakeholders managed to integrate with other stakeholders in order to find the best solutions. It turned out that the EU directives in tourism had not been fully implemented, which is necessary to align the national economy with long-term goals in the tourism sector and position it at a higher level of global tourism (European Commission, European tourism legislation, 2022).

**Table 3** Sustainability measures in times of crisis

Measures	C	O	V	I	D
C - cost cutting	Cost-cutting measures	System design (protection, health, safety and operating procedures)	Insurance of online presence and technological impact	Integration with other stakeholders	Orientation towards the domestic market
O - orderliness					
V - virtualisation					
I - integration					
D - domestication					

Source: According to Mensah (2020)

The domestic market was stimulated to travel within the country through numerous promotions, while clients who paid for trips that were not realised due to the new situation were more damaged. The economic crisis caused by the war in Ukraine has brought a redistribution of power in the receptive markets and the loss of the Russian market which accounted for a significant part of air travel. On the other side, the introduction of the euro in Croatia at the beginning of 2023. will bring significant and lasting benefits to the economy, and the positive effects will be particularly reflected in tourism due to the size of the sector and the high representation of euro area member states in tourism demand (Ministry of tourism, Republic of Croatia, 11.11. 2020).

There is a significant difference between the way some Mediterranean countries manage resources in times of crisis and the consequences for everyone else of the impact on tourism benefits (Midmore, 2010). According to the tourism development strategy of the Republic of Croatia until 2020, the tourist offer emphasises the importance of Croatian tourist attractiveness and tourist infrastructure, the general structure and the importance of accessibility as well as the availability of human resources. Furthermore, the importance of the tourism product through the dominant factor (sun and sea) should be transferred to nautical tourism, business, golf and cultural tourism and other transformative tourism forms (dark, astro, recreational, literary). Transformative tourism is a paradigm with a development perspective in tourism (tourism with energy and emotions from both market sides). The tourism development strategy until 2050 has not even yet been prepared.

### 1.3 Croatian competitiveness in global tourism

Despite the lack of the sea, Switzerland, Canada and Austria are among the top 20 countries according to the competitiveness index in international tourism. Germany, Switzerland, Austria and France (European countries) held the top four competitive positions in the global rankings in 2010. Compared to 2019, this relationship is changing, and the first place is occupied by Spain, France and Germany, while Switzerland comes in 10th and Austria in 7th place (table 4). Austria was replaced in 4th place by Japan which proved its economic power.

**Table 4** Comparison of competitive position – selected countries (2019)

Country	First 7	Value (from 1-7)
Spain	1.	5.4
France	2.	5.4
Germany	3.	5.4
Japan	4.	5.4
USA	5.	5.3

United Kingdom	6.	5.2
Australia	7.	5.1
<b>Croatia</b>	<b>27.</b>	<b>4.5</b>
<b>Country</b>	<b>Last 7</b>	<b>Value (from 1-7)</b>
Angola	134	2.7
Mauritania	135	2.7
Congo	136	2.7
Burundi	137	2.7
Liberia	138	2.6
Chad	139	2.5
Yemen	140	2.4

Source: according to: [http://www3.weforum.org/docs/WEF\\_TravelTourismCompetitiveness\\_Report\\_2011.pdf](http://www3.weforum.org/docs/WEF_TravelTourismCompetitiveness_Report_2011.pdf). /12.07.2012/.

During the period from 2011-2019, Croatia increased its level of competitiveness compared to, for example, Bulgaria, Poland and Turkey, but also Finland, Brazil, Slovenia, Malta and the United Arab Emirates. It is interesting to note that it is more competitive than the new members of the European Union from Central and Southeast Europe. Competing countries such as Italy (shift by 19 places), Spain and Turkey (shift by 7 places), Greece (4 places) are advancing, while the leading Switzerland (2010) fell by 9 places. Montenegro, which improved its position by 16 places by 2010 for the next 9 years, worsened it by 31 places.

The best rated elements of the leading countries are the cultural heritage, tourism infrastructure, and openness to tourism. Croatian tourism is ranked in 34th position in the overall world ranking. It achieves lower scores than competing Mediterranean countries on the elements of foreign investment and partnership opportunities, in the area of price competitiveness, and road security (increased number of traffic accidents, especially during the season). The values of the index of legal regulations, business environment and infrastructure, as well as the wealth of human, cultural and natural resources are lower than competitive Mediterranean countries.

Although coastal tourism is the backbone of the development of Croatian tourism, it lags behind competing destinations in terms of attractive seafront facilities and beaches. Problems of urban aesthetics still exist in Croatian tourism. It is necessary to solve the problem of parking in destinations as well as traffic signals.

On the other side, it is necessary to change the structure of accommodation capacities that will adapt to changes in the market. The awareness of mostly private accommodation in the structure of the offer (50%) will maybe channel activities through this segment. The number of beds increased per capita by 38.3%, if we compare Year 2022 to 2012. The strategy must be defined because there are already negative externalities (rising real estate prices, traffic jams, garbage accumulation, excessive noise and antagonism of the local population). Positive strides are built-in added value in products and specialisation through the system of experiences (e.g., Gourmet tourism, Cycle tourism and other projects in some Croatian regions).

The WTTC recommendations in 2022 refer to: a) infrastructure as a crucial part of competitiveness development, b) natural capital of destinations, c) sustainability of global tourism, d) monitoring the results of digital search engines, e) imaginative supply, f) digital economy (<https://reports.weforum.org>), which until the global pandemic did not intensify to this extent through recommendations for sustainable and digital tourism and the economy of experience. Croatia failed to achieve expectations, except for a few individual initiatives: progress in evaluation of tourism destination attractiveness, national security and a national visitor registration programme (e-visitor).

According to the latest index of tourism and travel competitiveness (T&T index) for the observed periods for three countries (Croatia, Greece, Spain), national tourism should be improved in terms of business environment (although Greece has a pronounced problem of this nature), tourism and technological infrastructure and human resources competitiveness. Positive developments have been made in terms of attractiveness, price competitiveness and safety, which was especially important during the global pandemic (COVID-19). The governments of the countries facing the global pandemic in 2020 focused on: (<https://www.policycenter.ma>): 1. ensuring a balance of interests between visitors (providing information, consumer protection, repatriation assistance) and tourism workers (e.g. providing income support), 2. ensuring the survival of businesses throughout the supply chain, with special emphasis on small and medium-sized enterprises, 3. interventions focused on coordination mechanisms, including manpower and coordination measures to better target actions and support the recovery of the sector. Croatia did not enter the Covid period well prepared (apart from the EU recognition that it was the first to use the Covid passport and thus alleviate barriers to travel). This was an emergency measure because of the high level of tourism share in GDP compared to other European countries (24.4%) (Lider.hr).

Croatian competitors in the international tourism market are coastal countries of Europe; Greece, Spain, Italy, France, Turkey and Portugal (12th place in the world ranking). Too much reliance of the economy on tourism reduces resilience to market shocks and leads to structural imbalances. With the emergence of new and still insufficiently discovered tourism destinations, such as Bulgaria, Romania and Montenegro, the situation is changing. Due to the recognition of new destinations by global travellers, the order of "rocked" destinations could move to the surprise of many stakeholders.

## **2 Overtourism and externalities**

Croatian tourism is most developed and strongest in the summer months - June, July, August and concentrated on the pre-season and post-season periods. The group of consumers in 2020 was represented by: couples, individuals, families with children whose demand was primarily for safety, then for individualised products and services. The interest of the FIT customers (Free and Independent Travel) for the destination has increased (Tomas, Croatia).

Tourism indicators are proof that the UNWTO forecasts on the number of international trips in the period from 2010 to 2030 have been exceeded. According to the eVisitor system (Croatia), which includes tourist traffic generated in commercial and non-commercial facilities and nautical charters (eCrew system), in 2020 there were 7.8 million arrivals in Croatia (37 percent of the results from 2019) and 54.4 million overnight stays (50 percent of the 2019 results). Due to good epidemiological conditions, Croatia was recognised as a safe destination.

The following is a pictorial representation of the crowds in the Plitvice Lakes National Park (Picture 1). It can be concluded that interest and demand for the National parks continued during the pandemic period. That is why it is important to work on preserving the park in every sense, as well as the presentation and quality experience of the Plitvice Lakes National Park (Plitvice Lakes, 2019). The satisfaction of visitors to the park is crucial, but, above all, it is necessary to work on the preservation of the park, as well as promoting sustainable development in protected areas in order to avoid bad practices (WWF, 2017).

**Picture 1** The growth trend of the peak number of visitors in the lake zone (Plitvice Lakes)



Source: Plitvice Lakes (2019): Plitvice Lakes, Park Management Plan 2019 – 2028, p. 80, <https://np-plitvicka-jezera.hr/o-parku/dokumenti>, 28.12.2020.

According to the analysis of the tourism development index at the county level in Croatia for 2019, Istria County (Croatia’s highest tourism region) is achieving the best results. Istria was the most sought-after destination due to its excellent epidemiological situation and was called “the green safe European zone”. Istria has a rich offer, especially in the summer months when many tourist products and services are offered that can be used on land, but also at sea. These are the cities of Rovinj and Poreč whose development index is 37, followed by Umag and Medulin (36), Tar Vabriga (35), Labin (34), Novigrad (33), Fažana (32), Pula (32), Bale (30), Buje (28), Vodnjan (24), Buzet (22) and Pazin (20). The key criteria for destination analysis are: number of beds, number of beds in hotels, number of tourists and overnight stays, number of employees in catering, and all this was considered in relation to the number of inhabitants in a particular city or municipality and the number of beds per capita, tourists per capita, and the share of employees in the hospitality industry. Destinations Pićan and Karojba (12) have the lowest tourist index in Istria, but this is roughly expected because they do not have close access to the sea, which is still one of the most common motives for arrivals, but this high development index brings a high index of saturation so rural destinations are more relaxed and prepared for specialised tourism offers.

Table 5 below shows the number and type of certificates issued according to eco standards in Croatia. Due to the growth of overtourism numerous externalities appear in different negative forms, so Istrian destinations started the process of certification in a large number of tourism subjects, as a guarantee of good environmental practice.

**Table 5** Number of certificates for sustainable business in Croatia (2020)

Certificate	Number of sustainable certificates in Croatian tourism
Certificate Eco Domus (Awarded only in Istria)	40
“Green Globe Standard”	1
“Green Key award”	10

Source: Author, by hrturizam.hr

The number of certificates for sustainable tourism is still low at the national level. It is growing the awareness of responsibility and ethics in tourism, especially through some tourism agency initiatives. In Croatian tourism, although there are sustainable initiatives, they are not related at the level of some other European countries, such as the Netherlands, in terms of e.g., eco tours that include eco hotels, organic food, eco transport and others (Bakker, van Wijk, 2006).

The travels of the future will force people to step out of their comfort zone to break through their personal boundaries. The same is expected from the Croatian tourism offer. Travellers are recognised in the form of "cultural creatives", "digital nomads" and "influencers". Trends that Croatian tourism should turn to in the coming period (until 2050) are:

- Tourist as his own creator of experience,
- Tourism – a trigger for transformation,
- Hotel industry – a magnet for investment,
- Awareness of transience and connection with the local community,
- "Smart consumers"
- Travelling by car
- Reservations of private accommodation
- Using "digital tourism" as the main sales channel,
- Nautical tourism (isolation and safety)
- Declining trend of cruising,
- Increased demand for holiday homes,
- Re-popularisation of glamping,
- Purchase of groceries from domestic family farms,
- Staying in nature,
- Existential travel,
- Travels for relaxation and renewal of soul and body,
- Single travel,
- Events that affirm cities through stakeholder partnership,
- Travel that combines work and pleasure,
- Travels for the renewal of mind and body,
- Instagram travel and YouTube video blogging,
- Discover hidden pearls,
- Travels for the golden age,
- High relevance of the EU strategy for sustainable development.

Along with tourists, destinations and facilities should be encouraged to operate sustainably and to be informed about the benefits of such business. In the case of sustainable tourism, some problems may be encountered, such as higher prices, lack of information, destination limits, etc., but if sustainable tourism continues to develop and is encouraged and properly managed, some of these problems could be solved.

## **Conclusion**

Economic tourism development brings several benefits to the destination as it is based on careful planning that results in preserving the environment, protecting the socio-cultural heritage and creating economic sustainability which ultimately results in the well-being of living in the destination. In this way, everyone benefits from the tourism economy. More and more tourists are beginning to understand the importance of sustainable tourism, so the habits, strategies and actions of tourism offer are changing.

In Croatian tourism, it is necessary to develop partnerships of regional stakeholders, and to preserve culture and ecosystems from further unacceptable expansion, devastation and pollution of space. In addition, we will be accompanied by challenges such as epidemiological, migrant, environmental and other crises. We conclude that planning is becoming a daily need today and is increasingly taking on the characteristics of short-term adjustment. It is not only related to tourism but also the equal participation of all sectors of the economy for its purpose.

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supported by the Faculty of Economics and Tourism "Dr. Mijo Mirković", Juraj Dobrila University of Pula, Croatia.

### Discussion Questions

1.	Suggest ways to deviate from the seasonality of the tourist product and inelasticities of the tourist offer in Croatian tourism.
2.	Is the dependence of the Croatian economy on tourism a good development option?
3.	Croatia is losing its own population due to emigration. Can workers from other countries meet the demands of emitting markets?
4.	According to the Competitiveness Index, which countries are Croatia's direct competitors in tourism?
5.	How EU membership can reduce problems with infrastructure, space sustainability and high seasonal load on destinations.
6.	Suggest how local communities can achieve better sustainable development planning in the future.
7.	What kind of initiatives can improve sustainable standard certification/specialisation?

## 3 The role of tourism within the broader regional economic environment

### **Brief characteristic**

*The chapter offers a deep understanding of factors that are operative within tourism development with regard to the economic regional environment explained on the example of in North Macedonia. It develops a thorough understanding of tourism in North Macedonia by involving the collection of multiple sources of evidence and using a range of quantitative analyses. An attempt is made to explain the role of tourism in regional development and growth and its empirical application. New insights are provided as a comparison to selected countries of South and Mediterranean Europe, with an accent to the neighboring countries. Two major topics are explained: (1) The nature of tourism in the broader regional economic growth, and (2) The role of tourism in the economic development of North Macedonia. Finally, the discussion focused on stronger integration between the neighbouring countries in the region.*

### **Learning objectives**

*Students will be able to acknowledge the problems and challenges for tourism development in North Macedonia embedded in the regional context, driving through economic impacts. Data are presented to stimulate a broad spectrum of positive thinking and provide real examples.*

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### **Background**

According to the last official census from 2021, North Macedonia has 1,836,713 inhabitants (Statistical Office of the Republic of North Macedonia, online data). Table 1 presents data on the basic economic indicators.

**Table 1** Basic indicators for North Macedonia, 2021

GDP per capita (current USD)	6,720.9
GDP growth (%)	4
Total unemployment (%)	16.2
Inflation, consumer prices (annual, %)	3.2

Source: World Bank (online data).

In 1995, tourism revenue in North Macedonia was 19 million USD (0.4% of the gross national product – GNP) and only 129 USD receipts per tourist. More than two decades later, in 2019, the role of tourism significantly increased with 401 million USD and 529 USD receipts per tourist (World Data, online). Tourism revenue covers different forms of accommodation, including hotels for leisure, hotels for business and conference centers, camping sites, and spas. Increased tourism activity meant generating 20,000 jobs in tourism-related industries accounting for about 3% of total employment (Statistical Office of the Republic of North Macedonia, online data). The absolute impact of a change in tourism activity depends on the size of the country and tourism intensity. As a small country, North Macedonia in 2019

attracted 1,184,963 tourists out of which 63% foreign tourists and 36% domestic with almost equal contribution of overnights and a modest length of stay of only 2,8 days.

The positive trend in tourism development was harshly interrupted by the COVID-19 pandemic spreading over 2020. It dramatically affected the tourism sector provoking a loss of -61% in total tourist arrivals when the international tourism demand was practically wiped-out with -85% loss. The total overnights noted a loss of -48% when domestic demand fully dominated with 85% of total registered overnights. Tourism-generated employment decreased by almost 4,500 jobs severely affecting the overall economy. Various health and economic measures were introduced in the country in the line of preventing further damage to the tourism sector. Consequently, in 2021, a slow increase in tourism activity was noted compared to 2020 (total arrivals +51% and total overnights +36%) with a modest increase in foreign arrivals (+17%) and a fantastic increase of foreign overnights (+165%) (Statistical Office of the Republic of North Macedonia, online data).

**Table 2** Factors explaining the total effect of tourism impacts in North Macedonia, 2019

Total employment	621,821
Tourism-generated employment	19,194
Tourism-generated employment as a share of total employment (%)	3.09

Source: Authors' calculations.

Table 2 presents the factors that explain both the absolute and relative impacts of tourism (Zhang et al., 2007). The absolute impact on the economy is shown by the total employment and the tourism-generated employment, while the relative impact is shown by the share of tourism-generated employment in the total employment.

**Table 3** Factors explaining the direct effects of tourism impacts in North Macedonia, 2019

Number of tourist overnights	3,262,398
Tourist overnights / population	1.78
Tourism revenue in the GNP (%)	3,2

Source: Authors' calculations.

Factors that explain the direct effects of tourism impacts are presented in Table 3. The factors, such as the number of tourists and tourism revenue, determine the absolute magnitude of the direct effects of tourism (Zhang et al., 2007). The relative importance of tourism is also examined by the tourist intensity, represented by the ratio of tourists to the population.

There is considerable interest among scholars in the regional economic development issue and the role of tourism. This is particularly urged in the early 1990s when adding tourism as an important multidisciplinary topic, first by developing 'New Economic Geography' (NEG) and 'Evolutionary Economic Geography' (EEG) (Calero and Turner, 2020), and later by introducing Tourism Satellite Account (TSA) (UNSC et al., 2008). Over the years, tourism has been recognized as an important driver of regional development, so many scholars propose and apply models to theoretically and empirically evaluate the role of tourism.

There is a vast literature based on statistical and econometric models, like the Keynesian income multipliers (Archer and Fletcher, 1996), the input-output model (Lamonica and Mattioli, 2015; vanWyk et al., 2015; Williams, 2016), social accounting matrix based models (Wagner, 1997, Zhang, 2002), computable general equilibrium model (Allan et al., 2017; Dong et al.,

2018; Dwyer et al., 2016; Li et al., 2017), time-series and structural vector autoregressive approaches (Andraz et al., 2015; Cashin et al., 2014), gravity models (Park and Jang, 2014; Santana-Gallego et al., 2016), neuron network systems and fuzzy logic (Ma et al., 2018), model of a small open economy under conditions of perfect competition (Zhang, 2017), etc.

So, many theories and models on tourism impacts have been posed and numerous methodologies have been developed, offering various aspects of knowledge with supporting or opposing attitudes. Yet, generally, one may summarize them as:

- (1) Theories that discuss tourism and regional convergence (addressing the impact of tourism on economic development, like Andraz et al. 2015; Ma et al., 2018; Pascariu and Țigănașu 2014; Sharpley and Telfer, 2014), and
- (2) Theories that relate tourism to regional growth theory (focusing on regional economic impacts and evolution, like Brouder, 2017; Meekes et al., 2017; Mellon and Bramwell, 2016; Polukhina, 2016; Yang et al. 2018).

The myriad of empirical work will continue, with models addressing tourism as a development factor for regional development in developed countries, and as a contributor to economic development in less-developed countries (Calero and Turner, 2020).

The following two research questions (RQ) are addressed to gain a thorough understanding of the many elements that influence tourism growth in North Macedonia in relation to the regional economic environment:

RQ<sub>1</sub>: Mapping the nature of tourism in the broader regional economic growth and development.

RQ<sub>2</sub>: Quantifying the role of tourism in North Macedonia.

The RQ<sub>1</sub> is addressed by comparing and discussing data for selected countries in South and Mediterranean Europe on: (1) Number of overnights and (2) Tourism income.

The RQ<sub>2</sub> referred to identifying insights for North Macedonia for: (1) Intensity of tourism-generated employment, (2) Level of the seasonality of tourism market among selected incoming neighboring tourism countries, and (3) Constructing a valid model for forecasting international tourism demand in the line with the structural break of the COVID-19 pandemic.

Both research questions served as triggers providing the basis for systematic discussion and conclusion. Data were collected from multiple secondary sources of evidence for North Macedonia and the following selected countries from South and Mediterranean Europe: Albania, Croatia, Greece, Montenegro, Serbia, and Slovenia. National and international statistical documents were reviewed, and data were extracted for various calculations. Simultaneously, a comprehensive content analysis was conducted on the literature covering the issues of regional economic development and the role of tourism. The quantitative methods referred to various calculations as chain indexes, Gini and Theil indexes, and the seasonality auto-regressive moving average model (SARIMA) for forecasting. The data set differed with regards to the calculations, but generally started as of 2012 until 2021.

## **1 Tourism in North Macedonia within the Broader Regional Concept**

Tourism development of North Macedonia is compared within the South and Mediterranean Europe (selection of Albania, Croatia, Greece, Montenegro, Serbia, and Slovenia) to investigate tourism nature and dynamics within the broader regional economic growth and development. Table 4 presents stylized facts on the number of total overnights

along with chain indexes calculated for selected countries in South and Mediterranean Europe for the period 2015-2021.

**Table 4** Number of total overnights and chain indexes in selected countries in South and Mediterranean Europe, 2015-2021

Country/Year	2015	2016	2017	2018	2019	2020	2021
Albania	:	:	:	3,074,657	3,253,419	1,605,444	3,186,072
				100	106	49	198
Croatia	71,339,000	77,824,114	86,094,847	89,567,653	91,178,083	40,771,344	70,201,959
	100	109	111	104	102	45	172
Greece	106,064,266	110,020,042	119,009,014	142,940,411	143,594,467	38,475,016	73,886,813
	100	104	108	120	100	27	192
Montenegro	11,054,947	11,250,005	11,953,316	12,930,334	14,455,920	2,587,255	9,423,803
	100	102	106	108	112	18	364
North Macedonia	2,394,205	2,461,160	2,775,152	3,176,808	3,262,398	1,697,535	2,313,543
	100	103	113	114	103	52	136
Serbia	6,651,852	7,533,739	8,325,144	9,336,103	10,073,299	6,201,290	8,162,430
	100	113	111	112	108	62	132
Slovenia	10,224,207	11,057,731	12,460,084	15,694,705	15,758,691	9,188,303	11,251,158
	100	108	113	126	100	58	122

Source: Croatian Bureau of Statistics, Eurostat, State Statistical Office of Albania, State Statistical Office of the Republic of North Macedonia, Statistical Office of Montenegro, Statistical Office of Serbia, Statistical Office of Slovenia, World Bank (online data).

Based on Table 4 it is noticeable that during 2015-2021, Slovenia had the largest cumulative increase in total overnights (54%) and the smallest decrease in 2020 due to the COVID-19 pandemic. Second-ranked is Serbia which had an increase in total overnights of 51%, while Croatia had the lowest increase of only 28%. North Macedonia noted an increase of 36%, which is slightly lower compared to the average increase in total overnights for the whole sample (39%). This indicates modest tourism development compared to the average for selected countries from South and Mediterranean Europe.

In 2020, the COVID-19 pandemic provoked severe damage with an extreme decrease in the total overnights of 82% in Montenegro, 73% in Greece, and 48% in North Macedonia. While some countries had difficulties overcoming the negative effects of the pandemic, some successfully managed to recover. In 2021, in only just two years since the COVID-19 pandemic, Albania noted the largest increase in total overnights by returning 98%, Serbia 81%, and North Macedonia 71%. Consequently, in the post-pandemic period, the number of total overnights averaged 73% of total overnights in 2019 for the whole sample, indicating accelerating recovery and stimulus for tourism development. North Macedonia with a 71% recovery is still lacking behind that average of the region of South and Mediterranean Europe, pointing to the importance of financial incentives, strengthening promotion activities, and boosting consumer confidence for a speedy recovery.

Table 5 provides data on the tourism income of selected countries from South and Mediterranean Europe for 2015-2020, as well as their share in total export.

**Table 5** Tourism income (000 USD) and share in total exports (%) in selected countries in South and Mediterranean Europe, 2015-2020

Country/Year		2015	2016	2017	2018	2019	2020
Albania	Tourism income in 000	1,499,000	1,693,000	1,943,000	2,186,000	2,329,000	1,134,000
	% of total exports	51.96	52.94	49.47	48.20	50.97	35.92
Croatia	Tourism income in 000	8,022,000	9,028,000	10,320,000	11,127,000	11,753,000	5,568,853
	% of total exports	35.69	37.32	37.60	36.94	37.94	23.27
Greece	Tourism income in 000	15,665,000	14,727,000	16,875,000	18,821,000	20,276,000	5,015,000
	% of total exports	28.02	27.88	27.30	26.38	28.33	10.49
Montenegro	Tourism income in 000	903,000	933,000	1,067,000	1,171,000	1,224,000	166,000
	% of total exports	55.27	54.81	54.81	52.16	52.64	14.43
North Macedonia	Tourism income in 000	265,000	280,000	327,000	382,000	396,000	252,000
	% of total exports	5.46	5.20	5.30	5.08	5.14	3.52
Serbia	Tourism income in 000	1,048,000	1,151,000	1,345,000	1,547,000	1,604,000	1,245,000
	% of total exports	7.58	7.60	7.80	7.77	7.65	5.58
Slovenia	Tourism income in 000	2,399,000	2,517,500	2,869,000	3,181,100	3,179,800	1,370,300
	% of total exports	7.82	7.82	7.55	7.35	7.36	3.39

Source: World Bank (online data).

Table 5 shows that Montenegro had the largest share in the exports of the selected countries, but also the largest decline in 2020. Understandably, Greece had the highest tourism income of over 20 billion USD in 2019, followed by Croatia with almost 12 billion dollars. Serbia has the smallest decrease in income, followed by North Macedonia. Among selected countries, North Macedonia noted the lowest participation in exports (an average of 4,95% for 2015-2020). Yet, being surrounded by neighboring countries that have much bigger tourism income and significant participation in total export, opens new horizons for North Macedonia in the line of creating joint regional tourism product.

## 2 Tourism impacts in North Macedonia

Quantifying the role of tourism in North Macedonia is important to understand the main factors that affect its development. In this line, some new insights are presented with regard to tourism-generated employment, the tourism market, and international tourism demand.

**Table 6** Tourism-generated employment in North Macedonia, 2014-2020

Year	Catering trade and services	Travel agencies, tour operators, and other booking services as well as other related activities	Total tourism-generated employment	Total employment	Share of total employment (%)	Chain indexes (%)

2014	13,076	1,186	14,262	501,788	2.84	100
2015	14,874	1,254	16,128	519,031	3.11	113
2016	15,209	1,267	16,476	534,200	3.08	102
2017	15,665	1,318	16,983	548,681	3.10	103
2018	16,985	1,357	18,342	567,230	3.23	108
2019	17,662	1,532	19,194	621,821	3.09	105
2020	13,397	1,300	14,697	602,722	2.44	77

Source: State Statistical Office of the Republic of North Macedonia (online data).

Table 6 gives stylized facts on tourism-generated employment in North Macedonia during 2014-2020. Total tourism-generated employment in North Macedonia encompasses employees in the catering trade and services, together with those employed in travel agencies, tour operators, and other booking services as well as other related activities. Over 90% of the tourism labor force originates from accommodation facilities and facilities that provide food preparation and service. To this, the number of employees in the travel sector is added, in terms of travel agencies, tour operators and various travel and booking services. The number of the latter was rather constant over the years. Based on Table 6 it is noticeable that there were no significant changes in the number of employees in tourism during the sample period (2014-2020). The share of total employment spread between 2.84-3.23%, with an average of 3%. The biggest increase of 9% was noted in 2015 (1,866 employees), and the biggest decline of 28% was registered in 2020 when due to the COVID-19 pandemic, almost 4,500 employees lost their jobs in tourism.

At this point, the total contribution of travel and tourism to employment encompassed 54,800 employees (6,9% of total jobs) in 2019, dropping to -12.1% (41,000 jobs) in 2020, expecting to recover +6.6% or 51,300 jobs in 2021 (WTTC, 2022).

Seasonality in tourism is a general character as an influencing factor for limiting continuous development. When investigating the case of North Macedonia, it is found low seasonality with no significance (Petrevska, 2013, 2014; Petrevska and Nikolovski, 2018). This is also the case when investigating its level among selected top incoming neighboring tourism countries from South and Mediterranean Europe (Albania, Bulgaria, and Serbia). Table 7 presents summarized statistical data from the calculation of Gini and Theil indexes.

**Table 7.** Summarized data for selected incoming neighboring tourism countries from South and Mediterranean Europe

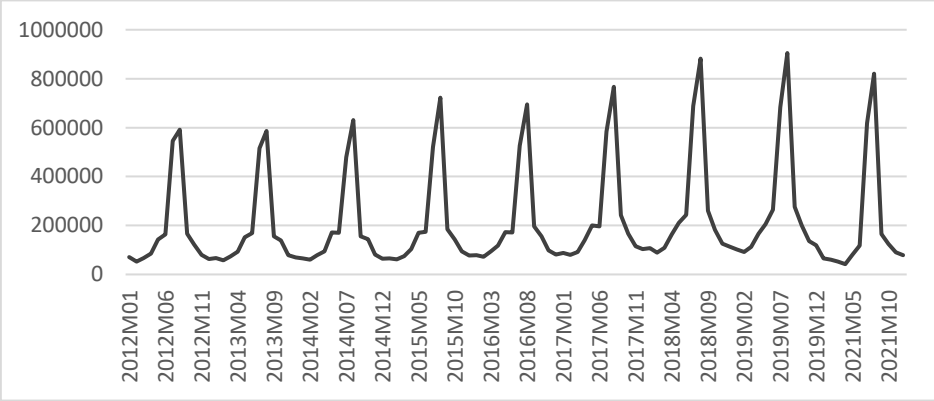
Indicators	Albania	Bulgaria	Serbia
International overnights (%), 2019	3.53	5.91	6.72
Average Gini index, 2011-2019	0.111028	0.101895	0.113792
Average Theil index, 2011-2019	0.025560	0.019574	0.029896
Correlation coefficients between Gini and Theil indexes	0.860063	0.946001	0.772322

Source: Authors' calculations based on the State Statistical Office (online data).

Despite the modest contribution of 3-7% share of the inbound tourism market in 2019, Albania, Bulgaria and Serbia as neighboring countries from the region of South and Mediterranean Europe, are important to North Macedonia. Based on calculations of Gini and Theil indexes for the period 2011-2019, the level of seasonality in terms of international tourism demand, is identified. Based on Table 7, Bulgaria has the lowest average seasonality indexes (Gini 0.101895, and Theil 0.019574) meaning that visitors from Bulgaria have the most variation in the statistics, just slightly bigger than Albania (average Gini 0.111028, and Theil 0.025560) and Serbia (average Gini 0.113792, and Theil 0.029896). The calculated values of the correlation coefficients between the seasonality indicators (Albania 0.860063, Bulgaria 0.946001, and Serbia 0.772322) imply no substantial difference in seasonality between the years in any of the selected incoming countries. So, the tourism seasonality of the neighboring countries Albania, Bulgaria, and Serbia is low which practically means that North Macedonia is attracting visitors from these countries all year round. This is a good starting point for more intensive promotion to increase the modest share in total international overnights.

The global COVID-19 pandemic provoked a new environment different than the previous setting myriad of open issues for discussion as possible development pathways (Lew et al., 2020). North Macedonia noted a loss of more than half of total tourist arrivals and total overnights, with almost no international tourism demand. In the line with the structural break of the COVID-19 pandemic, a SARIMA model was constructed that may further forecast valid data in the post-pandemic period.

Graph 1 presents monthly data on international overnights 2012M1:2019M12 in North Macedonia, as well as the monthly data for 2021. The series deliberately omits data for 2020 since it is not a reference year due to the pandemic, but might make modeling with invalid forecasted values.



**Graph 1** Foreign tourism overnights in North Macedonia, monthly data 2012-2021

Source: Authors' calculations

After performing all pre-processing of the series (logarithm, differentiations, unit root test, identifying the structural change, stationing and correlation of the series, identifying seasonal autoregressive component), several different models were tested. The one that was selected contained the following variables AR(12), AR(1) and MA(2) (Table 8).

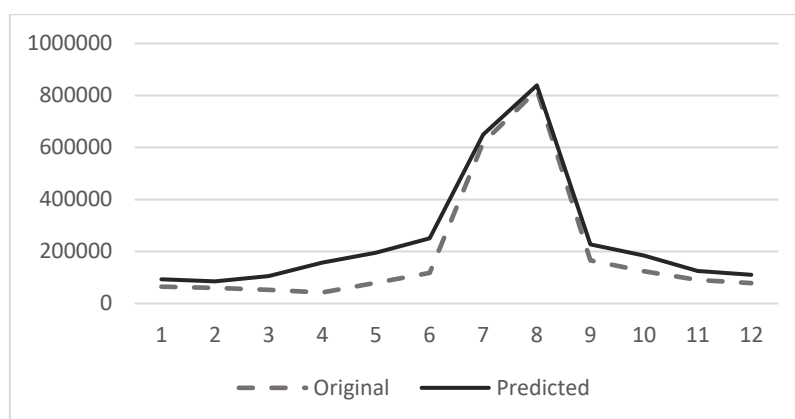


**Table 8** Forecasting model

Included observations: 94				
Convergence achieved after 164 iterations				
Coefficient covariance computed using outer product of gradients				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
AR(12)	0.936839	0.024395	38.40249	0.0000
AR(1)	-0.045442	0.021738	-2.090395	0.0394
MA(2)	-0.182539	0.055147	-3.310035	0.0013
SIGMASQ	0.051848	0.004606	11.25734	0.0000
R-squared	0.901244	Mean dependent var	-9.87E-05	
Adjusted R-squared	0.897953	S.D. dependent var	0.728461	
S.E. of regression	0.232706	Akaike info criterion	0.252583	
Sum squared resid	4.873685	Schwarz criterion	0.360809	
Log likelihood	-7.871416	Hannan-Quinn criter.	0.296298	
Durbin-Watson stat	2.014134			

Source: Authors' calculations

Upon the constructed model, a 12-month extension was calculated. So, based on the original data for 2021, an in-sample forecast was performed (Graph 2). It presents a clear insight into comparing the original number of foreign overnights registered in 2021 to the predicted one. It is noticeable that the biggest error in the estimation occurs before the main tourism season (April-June) and after (September-November).

**Graph 2** In-sample forecast for 2021

Source: Authors' calculations

Nevertheless, the suggested model is completely valid and offers accurate modeling of series through which the impact of the pandemic on tourism development can be monitored.

After sufficient time in the post-pandemic period, the model may produce valid forecasted values.

## **Conclusion**

The chapter investigated two major aspects related to tourism development and regional economy.

Firstly, the chapter addressed the nature of tourism within the broader regional economic growth and development. It compared tourism of North Macedonia to the tourism development of Albania, Croatia, Greece, Montenegro, Serbia, and Slovenia as selected countries from South and Mediterranean Europe. During 2015-2021, North Macedonia noted an average cumulative increase of only 36%, being far the lowest in the sample. This is even lower than the average increase in total overnights for the whole sample (39%). In 2021, as a post-COVID-19 period, North Macedonia managed to successfully recover 71% of total overnights in 2019, which is also under the whole sample average (73%). Modest tourism development was further confirmed by the fact that North Macedonia had the lowest participation of tourism in total exports compared to the neighboring countries from the sample. As such, new frontiers are set as open for North Macedonia in the line of creating joint regional tourism product.

Secondly, the chapter tried to quantify the role of tourism in North Macedonia. The analysis found no significant change in the number of tourism-generated employment (an average of 3% share of total employment), except for 2020 when almost 4,500 job losses were registered. Furthermore, seasonality as a limiting factor for tourism development was addressed. When investigating its level in the inbound tourism market for tourists coming from Albania, Bulgaria, and Serbia, it was found low seasonality. This means that tourists from these neighboring countries visit North Macedonia continuously around the year, thus presenting a good starting point for more aggressive regional tourism promotion. Finally, the chapter suggested a valid model that incorporates the structural break of the COVID-19 pandemic, which may serve for predicting international tourism demand in the post-COVID-19 period.

Generally, this chapter not only provided practical information for the tourism policymakers in North Macedonia but also produced conceptual patterns for identifying and establishing the broad regional concept for developing tourism crossover several countries in South and Mediterranean Europe. Hence, the chapter may assist destination marketers to acknowledge the main factors for the creation of a specific regional tourism product, along with the possibility to enhance the current modest tourism development of North Macedonia. Understanding the factors that affect decision-making for tourism growth in line with the regional economic environment is critical to predict future visitor flow patterns and tourism demand.

However, the generalization of the results of this chapter must be taken with caution, as several factors were identified as limitations, which on the other hand can serve as productive starting points for future work. First, the chapter was focused on investigating only a relatively small set of factors related to tourism development and economic growth. So, in some future work, it could be enhanced by introducing other indicators of investigation to better identify tourism impacts in the regional context. Second, the chapter addressed international tourism as a form of international trade in terms of the export of goods and services, so future work may focus on additional research on trade theory and tourism, at national and regional levels. As such, tourism may be treated as another economic factor enabling to developing of a system of analysis within the context of regional economics. Third, the chapter lacked a multidisciplinary approach to draw a more sophisticated conclusion.

Despite the limitations, the chapter gains in the significance findings since it highlights and suggests broad directions that tourism in North Macedonia must be guided forward to

planning regional economic development. This means embracing various approaches for introducing systematic interaction with other countries in the region and developing conceptual modelling at a broader scale. Such a model may encompass the competitiveness of the country as a tourism destination aiming at strengthening regional development and economic growth.

### Assignments and Discussion Questions

1	Suggest ways to provide a full theoretical framework to validate assumptions of tourism impacts.
2	Suggest empirical tests for the assumptions related to tourism impacts.
3	Discuss neoclassical view vs. normatively view of regional economic development in the line of tourism impacts.
4	Extend approaches including the social development, cultural diversity, and labor force development.

## 4 The return of emigrants and the development of tourism in rural areas

### **Brief characteristic**

*This chapter intends to demonstrate that the return of emigrants can contribute to the development of tourism in their places of origin. The results obtained in a chapter in Portugal, through the application of a questionnaire survey to 5,157 Portuguese emigrants has shown that the emigrants in active age and with a house in a rural area (or more needy) have more training and professional experience in tourism and sufficient capital to invest in a business, as well as greater propensity to return, invest and have a job in this area in Portugal. When considering their experiences and migratory characteristics we argue, similarly, that there is a strong probability that the return of emigrants from Southern European countries can also contribute to the development of tourism in these countries.*

### **Learning objectives**

*The chapter introduces the variable Emigration as a positive impact for tourism development in rural areas in Portugal. This argument is valid considering the importance of innovation and competitiveness, as well as the increase in tourism demand for the development of tourism.*

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### **Background**

One of the issues that have motivated the chapter of the relationship between migration and development has been the role of return migration and its relationship with local development. The type of return migration which is addressed here refers to the movements of workers and relatives of the more developed countries or regions for the regions that provide labour from rural areas (see King, 1986). We intend to argue that the permanent return of migrants can contribute to rural development, since to the impact on consumption can be joined to the impact on production, because they are also the people who return, and not just the savings and consumption models. According to OECD (2008) the emigrants bring with them training and work experience they have acquired outside, can return with financial capital, in the form of savings accumulated during their stay outside, and have social capital obtained by their experience during the emigration. In addition, the vast majority of businesses and jobs created in rural areas are of migrants who were born or grew up in these areas.

Studies about the rural-urban migration in the cities of Southern Europe also reveal that emigrants maintain strong ties to the land of origin for which return on vacation and, if the distance is not too big, on weekends (King, 1984). In this way, the emigration return movement, except in its initial phase (the departure), presents several potential, in terms of local development, since migrants are preferentially to the starting regions, which are the most in need (see, for example, Ferrão, 1996; Gonçalves, 2007; Lewis & Williams, 1986; Portela & Nobre, 2001; Rocha-Trindade, 1976; Rocha-Trindade, 1992; Serrão, 1985; Silva, Amaro, Clause, Conim, Matos, Pisco, & Seruya, 1984). However, in the countries of Southern Europe and the Mediterranean the impact of the return of emigrants in the development of their places of origin did not happen. This is because the emigrants have returned but they did it with conservative ideas, which reflected, above all, in the acquisition of a small parcel of land and

a new house and with business objectives that were based only on the creation, on a small scale, of companies linked to the services sector, in particular shops and bars (King, Strachan & Mortimer, 1986; Williams, 1984).

In Portugal the studies which have addressed the returned emigrants highlight also the application of their savings mainly in consumer goods (food and clothing) and the construction or purchase of house – a goal to which aspire most emigrants (see Amaro, 1985; Batista & Portela, 1995, as cited by Portela & Nobre, 2001; Cepeda, 1988; Gonçalves, 2003, as cited by Gonçalves, 2007; Goldey & Jesus, 2001; Lewis & Williams, 1986; Madeira, 2001; Poinard, 1983; Portela & Nobre, 2001; Nave & Reis, 1986; Silva et al., 1984). The impact of the return of Portuguese emigrants in rural development did not occur due to the existence of external barriers such as the lack of a migration policy to take care of the human and professional enhancement of emigrants, a return policy to report about the socio-economic local alternatives of rehabilitation and regional development policy that could stimulate them (Portela & Nobre, 2001; Cepeda, 1988; Silva et al., 1984). In addition, the cautious risk management (a behaviour which is rooted in peasant culture) and the non-existent or limited entrepreneurship capacity had constituted internal barriers to the occurrence of the development of the locations of origin of the Portuguese emigrants (Portela & Nobre, 2001; Cepeda, 1988; Silva et al., 1984).

To demonstrate that the emigrants may contribute to the development of rural areas (or needy areas), it is important to highlight that there is a consensus that these areas have several problems, such as economic decline, large increase in unemployment, emigration, adverse impacts of the restructuring of agriculture and the loss of cultural identity (see, for example Cavaco, 2003; Labrianidis, 2003; Sharpley & Vass, 2006). At European level, the countries whose majority of its regions is less competitive are those of Southern Europe, where agriculture plays a relatively important role. In this context, Labrianidis and Thanassis (2003, cited by Labrianidis, 2003) argue that entrepreneurship can increase employment and small- and medium-sized enterprises (SMEs) play an essential role in rural areas, to the extent that comprise the volume of local business activity. The empirical results of a study that discussed the variation of entrepreneurship among regions of different sizes showed that local accessibility and external to the Gross Regional Product (or accessibility to markets) has a significant impact in the entry and exit of new companies (Grek, Karlsson, & Klaesson, 2009). For the primary and secondary sectors this impact is negative, while for the services sector this impact is positive (Grek, Karlsson, & Klaesson, 2009).

The literature review reveals that, in the period after World War II, the contribution of the agricultural sector to the Gross National Product and as a source of employment has declined in Spain, Italy, Greece and Portugal (Jones, 1984; Williams, 1984). During the period of 1970-85 the reinforcement of the services and of small industrial enterprises was the most notable feature in rural development (Fuà, 1991; Hoggart & Buller, 1987; Hudson & Lewis, 1984; Maitland & Cowhig, 1958; OECD, 1988; Pires, 1986). However, the study of Meller and Marfán (1981), about the impact of the small and big industry in job creation in a developing country, demonstrates that despite the importance of direct job created by the small industry the indirect multiplier effects of employment created by the big industry are noticeably larger. The fact that the major industry location preferences are located in urban centres (see for example Hayter, 1997), together with the importance of the role of small- and medium-sized enterprises for rural development, leads to suggest that the industrial sector is not the most appropriate strategy as an engine of development, since the small industry has a lower multiplier and income effect compared with the major industry.

We equally argue that, although the construction sector, while the secondary sector of economic activity, stimulates employment, through the emergence of some local industries, are temporary jobs, because its continuation depends on the regular flow of returned

emigrants to the areas of origin to maintain the construction *boom* (see King, 1986). On the other hand, during the 80s increasing employment in the predominantly rural areas of the countries of the Organisation for Economic Cooperation and Development was due largely to network growth in the services sector (Bryden & Bollman, 2000; Kilkenny & Partridge, 2009; King & Strachan, 1980a; 1980b, as cited by King, 1984). The results of a study conducted in the United States of America (USA) show this situation, revealing that intensive rural areas in the services sector have economically grown more than the intensive rural areas in the sectors of agriculture, mines or industry, by the increase in employment, per capita income and greater balance in rural income distribution (Kilkenny & Partridge, 2009). In this sense, the increase of employment in the tertiary sector has proved to be the key variable for explaining immigration or low emigration (see King & Strachan 1980a, 1980b, as cited by King, 1984).

So, in the words of Kay, James, Pratt, and Warner (2007), economic development should be directed to local services and recognize its upstream and downstream connections, in order to account empirically the entirety of its role in economic development should be directed to local services and recognize its upstream and downstream connections, in order to account empirically the entirety of its role in economic growth.

However, not all activities of the tertiary sector demonstrate the same ability to generate employment. For example, although in the 80s public services (education, health and public administration), while economic activity in the tertiary sector, have been significant employers in many rural areas in the late 90s its importance became smaller (see Bryden & Bollman, 2000). Likewise, it turns out that the activities that include the small business also do not have a significant impact on job creation. Alternatively, the role of employment in the tourism has had a major contribution in the growth of the national economy, as well as in the transformation of some regional economies (Williams, 1984). The empirical evidence reveals that tourist spending creates more jobs and income than any other sector of the economy, as well as generates and maintains employment in other sectors of the economy that support or provide visitors and tourist companies. Several studies conducted in developing countries and in rural areas testify this argumentation (see, for example, Bergstrom, Cordell, Ashley, & Watson, 1990; Fleischer & Felsenstein, 2000; Lipman 1997, as cited by Hughes & Shields, 2007; Mahony & Zyl, 2002; Vanegas & Croes, 2003).

It is to highlight, however, that not all rural areas that lack employment opportunities and income are candidates to promote tourism as a strategy for economic development (Fleischer & Felsenstein, 2000). For this it is necessary that the rural areas have quality resources and know how to take advantage of them and may, therefore, tourism be one activity capable of contributing to the revitalization of local economies, diversification of activities that are tributaries, development of other economic sectors (by the multiplier effect), creation and qualification of employment, income generation, improvement of transport infrastructure, of services (which also benefit the local society) and the creation of local government revenue (see, for example, Reeder & Brown, 2005). According to Hughes and Shields (2007) a tourist program can also be used to attract new residents to a certain area. In his book, McWatters (2009) identifies a correlation that results in a kind of migration (semi) permanent consumption-oriented. Begins with the evolution of the short-term tourism, the development of amenities and consumer-oriented services and the creation of different streams to more permanent forms of consumption, oriented to migration in a given destination or area (McWatters, 2009).

However, a strategy may not succeed everywhere or under all conditions, but in some places which are under some conditions. This means that, firstly, a country development policy must be based on large investments at the level of infrastructure and services essential to the investment (roads, railways, electrification, and so on) and the establishment of human resources (Kilkenny & Partridge, 2009). In this way, tourism should be only one component of

a broader rural development programme, being essential to a close collaboration between the public sector, the private sector, communities and civil society, in order to ensure that the goals of its investment policy are achieved (Mahony & Zyl, 2002). It is in this scenario that we argue that the development of tourism, under certain conditions, can become a driving force for the development of rural areas, though not isolated, since all sectors of the economy have to give their contribution. In this context, the European Union (2006) states that the sustainable development of the tourism is entirely in line with the cohesion objectives of balanced development of the Union's territory.

## **1 The tourism as a lever for rural development**

As we recognize that the return migration can contribute to rural development and that tourism is able to boost this process, in April 2008 began a study in Portugal, funded by the Foundation for Science and Technology, in order to assess the contribution of the potential return of Portuguese emigrants for the development of tourism in rural areas. The data collection process started in the 1st July, 2011, and ended on 31st October of the same year, totaling at the end 5,157 filled and valid questionnaires. The population of Portuguese emigrants is not known and the data were obtained through the application of a questionnaire survey to emigrants.

One of the ways of administering the survey was by mail, having been sent questionnaires to 4,000 households of Portuguese emigrants in the various countries of emigration. From the 4,000 questionnaires sent by mail, 54 were returned and were obtained a response rate of 9.32%. For obtaining the respective addresses of the houses of the emigrants abroad a methodology already tested in an exploratory study conducted in a region of Portugal was followed, in the framework of visits of Portuguese emigrants. In this study it was assumed as population the database provided, in a very cooperative way, by a regional newspaper. To the extent that this was an exploratory study, it was assumed that a very significant number of emigrants bought the newspaper from their motherland and therefore was considered that this population is representative of the Portuguese, from the respective municipality, resident abroad.

In order to follow the same methodology, the identification of districts (and selection of the respective municipalities) with the largest number of Portuguese emigrant houses, from 1970 to 1981, has, in turn, also be possible to identify the monthly regional publications, or if non-existent, weekly, associated with each of these counties. The complete listing of regional periodicals in Portugal was supplied by the regulatory authority for the media (ERC). If the collaboration of a publication was not possible, due to its termination or absence of contact, or a situation of refusal of one of the publications, the criterion followed to the request for collaboration in the study was always the order of the publications included in the list provided by the ERC.

During the same period from 1st July until 31st October, the administration of the questionnaire was also done by the internet and the social network of Facebook, allowing us to gather, in the end, more 4,800 filled and valid questionnaires. Until 31st July, the administration of the questionnaire was made in the press and in digital electronic portals aimed at Portuguese communities abroad, as well as by sending e-mails to emigrants associations and official bodies directly related to emigration. In addition to giving continuity to the administration of the questionnaire on the internet, during the month of August we proceeded to its disclosure on the social network Facebook, through the official pages of administrators themselves singers of Portuguese music.

In the past two months, the questionnaire management strategy was extended to the creation and maintenance of an own study page in the Facebook. During this period, with the

goal of informing the Portuguese emigrants about the forms of participation in the study, the page was disclosed, several times a day, through the Portuguese radio and television, through channels of the International and Africa Radio, as well as International RTP channel (RTPI). In addition, the disclosure was also made in all digital newspapers, which co-operated in the administration of the questionnaire to Portuguese emigrants; and through e-mails sent to the Director-General of Consular Affairs and Portuguese communities, consulates/embassies, associations and Benfica and Porto Houses abroad. We refer also the divulgation by the researcher in the Facebook, administrator of the page of the study, in several groups of Portuguese emigrants, in Portugal theme related profiles (and other selected by the greatest number of fans), as well as by contact with some emigrants, administrators of group pages in Facebook, through their mailboxes.

## **1.2 The contribution of Portuguese emigrants to the development of tourism in Portugal**

The results of the study about the evaluation of the contribution of the potential return of Portuguese emigrants to the development of tourism in rural areas support the empirical thesis that we have been advocating in this chapter. The municipalities of house location of emigrants were organized into two groups, according to the respective analysis index of centrality. To this effect, it is considered that the counties with the highest index of centrality are up to rank 50 (hierarchy of urban centres in Portugal (INE, 2004)). The results obtained from the Pearson correlation test (table 1) made it possible to conclude that the municipality of house that the emigrants have in Portugal negatively influence the contribution of their participation in Portuguese associations in the host country ( $r = -0.094$ ), their desire to return ( $r = -0.007$ ) and there will to have a job in the area of tourism ( $r = -0.037$ ), as well as positively influence having sufficient capital to invest in a business there too ( $r = 0.059$ ). The analysis of the intersection of the same variables allowed observing also that the participation of emigrants with house in a municipality with lowest index of centrality in Portuguese associations in the host country has not contributed to their desire to return to Portugal (30.4%). However, emigrants with a house in a municipality with lowest index of centrality are those that most wish to return and settle in Portugal (39.4%) (table 2).



**Table 1** The Pearson correlation test

		Municipality of the house in Portugal
Participation in Portuguese associations in Portugal.	Pearson Correlation	-0.094*
	Sig. (2-tailed)	<b>0.014</b>
	No.	690
Desire to return and settle in Portugal.	Pearson Correlation	-0.007
	Sig. (2-tailed)	0.710
	No.	2,806
Desire to have a job in the tourism sector in Portugal.	Pearson Correlation	-0.037
	Sig. (2-tailed)	<b>0.050</b>
	No.	2,806
Have sufficient capital to invest in a business in Portugal.	Pearson Correlation	0.059**
	Sig. (2-tailed)	<b>0.000</b>
	No.	5,157

Source: Authors

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

**Table 2** Municipality of house in Portugal vs. desire to return and fixing in Portugal

%	Emigrants that that most wish to return and settle in Portugal				Total
	Yes	Maybe	No	Doesn't Know / Doesn't Answer	
Highest centrality index	<b>9.3%</b>	4.5%	2.7%	1.2%	17.7%
Smallest centrality index	<b>39.4%</b>	<b>24.9%</b>	<b>10.4%</b>	<b>7.2%</b>	<b>81.8%</b>
Doesn't Know/Doesn't Answer	0.4%	0.0%	-	0.1%	0.5%
Total	49.0%	29.4%	13.0%	8.5%	100.0%

Source: Authors

In relation to the most important factors for those emigrants, in active age and with house in a municipality with less centrality index of return are, fundamentally, may have a house in the place where they were born (89.3%) engage in a remunerated activity, of their own, in the tourism (83.8%) and have a rural lifestyle (of origin) (83.3%) (table 3). These data also suggest that, most likely, the house which they regard as "own" can be the property of their direct relatives. Although these emigrants are those who more deny to have capital to invest in a business in Portugal, are also at the same time, the ones that most confirm this situation (12.9%) (table 4). We highlight also that among these emigrants, in active age and house in

a municipality with lowest index of centrality (77.4%) there is still a significant proportion who does not know or did not respond to these issues, related to their propensity for the return, investment and employment in the tourism in Portugal. For them, the tourism is also the area where they more would like to invest in Portugal, after livestock (84.4%) and transport (84.9%) (table 5). In this context, compared with emigrants residing in counties with higher index of centrality (15.5%) also stand out significantly (83.9%).

**Table 3** Municipality of house in Portugal vs. Most important factors for returning and fixing in Portugal

%	Most important factors to return and settle								
	a)	b)	c)	d)	e)	f)	g)	h)	No
Highest centrality index	18.2%	<b>19.4%</b>	16.3%	<b>18.6%</b>	18.0%	17.1%	10.5%	15.5%	16.0%
Smallest centrality index	81.0%	79.9%	<b>83.3%</b>	80.9%	81.3%	82.3%	<b>89.3%</b>	<b>83.8%</b>	<b>84.0%</b>
Doesn't Know/Doesn't Answer	0.8%	0.7%	0.4%	0.5%	0.7%	0.6%	0.3%	0.7%	-

Legend: A: job opportunity; B: income opportunities; C: a rural lifestyle; D: near family in Portugal; E: returning with children; F: existence of infrastructure for living and investing in a business at the place of origin exist; G: a house in the place of origin; H: being able to engage in a paid activity of their own in the tourism sector; I: none. Source: own study.

Source: Authors

**Table 4** Municipality of house in Portugal vs. Sufficient capital to invest in a business in Portugal.

%	Have sufficient capital to invest in a business in Portugal.				Total
	Yes	Maybe	No	Doesn't Know/Doesn't Answer	
Highest centrality index	<b>4.2%</b>	<b>7.2%</b>	5.4%	4.7%	21.5%
Smallest centrality index	<b>12.9%</b>	24.4%	<b>28.7%</b>	<b>11.3%</b>	<b>77.4%</b>
Doesn't Know/Doesn't Answer	0.1%	0.3%	0.2%	0.5%	1.1%
Total	17.2%	31.9%	34.3%	16.6%	100.0%

Source: Authors

**Table 5** Municipality of house in Portugal vs. Sector/s where emigrants would like to invest in Portugal.

Source: Authors

		Highest centrality index	Smallest centrality index	Doesn't Know Doesn't Answer
Sector/s where emigrants would like to invest in Portugal.	a) Agriculture	18.1%	81.2%	0.7%
	b) Forestry (forest)	16.6%	82.9%	0.6%
	c) Fisheries	<b>20.2%</b>	78.8%	1.0%
	d) Livestock	15.6%	<b>84.4%</b>	-
	e) Hunting	<b>26.3%</b>	73.7%	-
	f) Extractive industry (mining, oil, wood and paper)	<b>23.2%</b>	75.9%	0.9%
	g) Manufacturing	18.2%	81.0%	0.9%
	h) Construction	<b>20.7%</b>	78.7%	0.6%
	i) Energy production	18.8%	80.8%	0.4%
	j) Trade	18.2%	81.2%	0.5%
	l) Tourism (hotels, restaurants, transportation, cultural services, etc.)	15.5%	<b>83.9%</b>	0.6%
	m) Transport	14.7%	<b>84.9%</b>	0.4%
	n) Financial Activities	<b>20.2%</b>	78.5%	1.4%
	o) Other	17.6%	<b>82.4%</b>	-

Finally, the analysis of the knowledge that the emigrants have acquired during their stay in the country of emigration leads us also to observe that although most have few formal knowledge in the area of hospitality and/or tourism, are again the emigrants residing in counties with smaller index of centrality that record more (new) knowledge (course/training/professional experience) in that area (tables 5-7). In this case, between the emigrants in active age, was observed that those who are between the ages of 29-39 years are who more refer to have own house in Portugal (table 8).

**Table 5** Municipality of house in Portugal vs. Course in hospitality and/or tourism

a)		County of the house in Portugal.			Total	
		Highest Centrality Index	Smallest Centrality Index	Did Not Know/ Did Not Answer		
During the emigration, the emigrant obtained (new) knowledge in the field of hospitality and tourism.	Yes	1,0%	<b>6,7%</b>	0,1%	7,8%	
	No	<b>15,0%</b>	<b>65,3%</b>	<b>0,4%</b>		
	Did not know/					80,7%
	Did not answer	1,7%	<b>9,8%</b>	0,0%		11,5%
	Total	17,7%	81,8%	0,5%		100,0%

Source: Authors

**Table 6** Municipality of house in Portugal vs. Professional training in hospitality and/or tourism

b)		County of the house in Portugal.			Total
		Highest Centrality Index	Smallest Centrality Index	Did Not Know/ Did Not Answer	
During the emigration, the emigrant obtained professional training in hospitality/tourism.	Yes	1,7%	<b>11,0%</b>	0,1%	12,9%
	No	<b>14,5%</b>	<b>62,3%</b>	<b>0,3%</b>	77,0%
	Did not know/				
	Did not answer	1,5%	<b>8,6%</b>	0,0%	10,1%
	Total	17,7%	81,8%	0,5%	100,0%

Source: Authors

**Table 7** Municipality of house in Portugal vs. Professional experience in hospitality and/or tourism

c)		County of the house in Portugal.			Total
		Highest Centrality Index	Smallest Centrality Index	Did Not Know/ Did Not Answer	
During the emigration, the emigrant obtained professional experience in the field of hospitality and tourism.	Yes	4,6%	<b>25,2%</b>	<b>0,3%</b>	30,0%
	No	<b>12,4%</b>	<b>53,1%</b>	0,2%	65,7%
	Did not know/				
	Did not answer	0,7%	<b>3,5%</b>	0,0%	4,2%
	Total	17,7%	81,8%	0,5%	100,0%

Source: Authors

**Table 8** Property of house in Portugal vs. Age

%		Age			Total
		Less than 18 years old	Between 18-28 years old	Between 29-39 years old	
Property of the house in Portugal.	Have their own house	1,1%	12,0%	<b>22,3%</b>	35,4%
	Rented	-	0,6%	<b>2,3%</b>	2,9%
	Family home	<b>1,7%</b>	<b>21,7%</b>	<b>38,3%</b>	61,7%
	Total	2,9%	34,3%	62,9%	100,0%

Source: Authors

The results obtained give empirical support to conclude that the Portuguese emigrants in active age and with a house in rural areas (or needy) are the ones who have training and experience in the area of tourism and sufficient capital to invest in a business, as well as those who most would like to return, invest and have a job in tourism in Portugal. In addition, the return of this segment of emigrants will also contribute to the increase in tourism demand in their places of origin, since they too have developed their own social networks during the time in which they were living abroad. Thus, we suggest that should also be considered the impact of the potential return of emigrants from the Southern European countries, because there is a strong probability that they may also contribute to the development of tourism in their place of origin. The same emigration profile could also contribute to achieving economic convergence and long-term well-being among European regions, with a view to the development of sustainable tourism.

### Assignments and Discussion Questions

<b>1</b>	Inquire Portuguese Emigrants as potential touristic demand of Portugal.
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## 5 Economic impact of tourist attraction on a territory

### **Brief characteristic**

*This chapter deals with the measurement of the impact of tourist attraction through its economic benefits based on measurable selected indicators. There is a focus not only on the direct economic benefits but also on the secondary benefits by incorporating the multiplier effect. The starting point is the measurement of direct economic benefits through visitor spending. Several methods of determining multipliers of tourism can be used. In this chapter the focus is on Leontief's input-output model. The issue of measuring economic benefits is applied and explained on the case of the event Coronation Celebration in Bratislava, one of the largest cultural events in Slovakia, and the input-output multiplier of production in cultural services is used.*

### **Learning objectives**

*The student becomes familiar with the basics of the methodology for measuring the economic benefits of a tourist attraction to the territory. At the same time, he gains an insight into the main problems related to the quantification of these benefits, either direct or secondary benefits, as well as the limitations of the methodological procedure.*

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### **Background**

The impacts of the event on a particular territory are very diverse. In principle, domestic and foreign literature distinguishes, and the practical application of theoretical approaches accepts the classification of impacts into economic, social and cultural, and environmental impacts. The object of the chapter is a cultural event held in an urban environment and therefore, due to the aim of the chapter, this section mainly focuses on economic or socio-economic impacts.

In the economic or socio-economic area in general, the events are attributed with the ability to contribute mainly to revenue generation in the territory, permanent or temporary (or seasonal) employment of domestic population in tourism, improvement of civic amenities in the territory, and enhancement of the living standards of the population. According to Allen et al. (2006), in terms of economic benefits of an event, the primarily monitored attributes are the financial aspects related to the justification of costs by the entities funding or co-funding the event. Bowen et al. (2003) highlights local and state tax revenue and employment growth in tourism businesses. Similarly, Custino and Perna (2008) talk about the increase of number of visitors at the destination, creation of job opportunities, and higher tax revenue. They also highlight the fact that events help to place the destination on the market and create a destination profile and its positive image, allow increasing the economic revenues of the destination, extending the traditional season, and attract both domestic and foreign visitors.

Prosser (2001) considers tourism activities to be of great benefit to regional economies by generating demand for local goods and services. Similarly Cooper et al. (1998) mentions the opportunity to support the local economy if visitors' spending is maintained in its cycle. Hall (2008) completes the economic dimensions of organizing an event, as shown in the following table. 1.

**Table 1** Economic dimensions of an event

<b>Economic environment</b>	
<b>positives</b>	<b>negatives</b>
increased expenditures	increased prices of goods and services
creating jobs	replacement of local labour force with foreign one
increased job offers	higher seasonal unemployment
increased real estate value	real estate speculation
increased standard of living	increased gap between the rich and the poor
greater investment in infrastructure and services	the cost of investment opportunities in tourism (i.e. other services and sectors don't receive support)
free trade growth	free trade growth
growth in foreign investment	loss of domestic ownership
diversification of the economy	excessive dependence of employment and economic development on tourism
<b>Industry and businesses</b>	
<b>positives</b>	<b>negatives</b>
increased awareness of the destination	acquiring a bad reputation as a result of inadequate practices and inflated prices
increased investor awareness of potential for investment and business activities in the destination	negative reactions of companies in the competition for human resources and state support
development of new infrastructure and facilities including accommodation and attractions	use of inappropriate destination brand and image
increased destination accessibility	
improved image of the destination	

Source: Hall, 2008.

These impacts can be immediate, such as increased overnight stays of visitors, use of catering services, local price increases at the time of the event; or long-term, when the event results in long-term investments such as transport related construction, increase in total accommodation capacity, expansion of tourism services, and so on. Chalip (2004) points out that the immediate economic impact of an event depends on the amount of visitor expenditures related to the attendance of the event. The course of the event should therefore encourage visitor spending and maintain visitor spending within the destination economy. Offerings of the destination must incite tourists to remain in the destination even after the conclusion of the event, or for multiple days.

When organizing a cultural event, socio-cultural influences also come to the forefront. Delamere (1999) classifies social impacts into positive ones - improvement of region's image, a sense of prosperity, pride in the event or region, enhancement of the quality of life, increased attractiveness of the region, and negative ones - disruption of privacy, overcrowding, increased noise, increased traffic, increased prices. Gursoy et al. (2006) outlines additional positive effects of organizing events, including the reinforcement of regional traditions and values, which can lead to a better understanding of other customs. Custido and Pernej (2008) draw attention to the negative impacts associated with the loss of authenticity, opportunity cost, "inflated" prices, and resistance of the community. Getz (2003) highlights the added value for the community in terms of the sense of pride of the people that may be associated with the organization of important events, as well as the improvement of leisure time options for the residents of the destination. In general, it's clear that an event is designed to raise awareness and it represents a challenge to make specific activities more visible in a particular destination for a shorter or longer period (Goeldner & Ritchie, 2009).

## 1 Quantifying the economic effects

Many studies have been done in regard to quantifying the economic effects of organizing events, such as Herrero et al. (2006), Seaman (2003), Rogers (2008), which aimed to assess the economic significance of events and to analyse the activities and financial flows associated

with such events. The authors highlight a number of difficulties in identifying the economic effects of events, in particular selecting a sample of respondents as a base to estimate the total expenditures of the attendees of the event. As with any other primary research, it's necessary to ensure a representative selection of respondents, but it remains an important question whether or not local population should be included in the research. Another problem is the possibility of separating different types of expenditures, such as expenditure on catering, transport, purchase of goods and their localization inside or outside of the territory under consideration.

The economic benefits of an event manifest as direct, but also secondary benefits, i.e. indirect and induced ones. Direct impacts of an event are the benefits of tourism that have been induced as a direct consequence of tourism expenditures of visitors. However, the consumption of the event's visitors has not only this direct impact associated with the visitors' expenditures before, during, and after the event. A multiplier effect is attributed to this consumption as well. All expenditures that cause a chain reaction of increased spending in downstream economic activities have multiplier effect. Indirect impact on the economy is represented by the purchases of goods and services in the region and the country made by tourism service providers in order to secure their production. Indirect effects are thus related to production of supply sectors. They capture intermediate consumption for the production of goods and services in the tourism sector. Induced economic impacts are represented by an increase in consumption caused by wage increases in the sector. Induced effects, in this way, include the consumption of businesses that directly or indirectly benefited from the initial spending in the tourism sector (Vellas, 2011). Total economic impacts of tourism in the world's regions and in Slovakia quantified by WTTC are presented in the Annex 18 and 19.

In theory and practice, we can identify several methods of determining multipliers of tourism. Three models may be denoted as relevant and applicable for measuring the multiplier effect of tourism (Frechtling, 2013), namely the Keynesian model of multiplier, input-output model (I-O model) and Computable General Equilibrium model (CGE model). The Keynesian multiplier model is based on the employment multiplier (developed by Kahn), and it relies on the assumption that the growth of income, employment and consumption is a multiple (result of multiplication effect) of investment increment. By applying the Keynesian multiplier in tourism the tourism multiplier was developed, it captures indirect and also induced effects of the expenditure by a participant of tourism. CGE as a model of computable general equilibrium is technically a follow-up to I-O analysis. There are various opinions of the application of CGE model; according to some authors it represents the best tool for the quantification of economic impacts as a result of continuous changes in tourist expenditures. However, despite its positive features, the model has not found a broader application in practice. Its main cause can be seen in its excessively complicated structure and the data-intensive nature of the model. Moreover, the model works with numerous assumptions and simplifications, which finally results in imprecise results.

The most prevalent approach to estimating the direct and secondary effects of visitor spending on a territory is input-output model (I-O model). The model is used to calculate multiplier values based on input-output tables. These tables quantify the inter-sectoral links in the economy, on the basis of which the calculation of technical coefficients and the multipliers themselves is possible. It is a multiplier of employment, production, value added, import, etc. The basic premise of this model is that the sum of intermediate consumption and final demand is the total production (Hara, 2008). Applying this model to the tourism environment makes it possible to quantify the changes induced by the final consumption of the tourists in the total volume of production. This is a model used by the majority of authors of studies measuring economic benefits of tourism in a territory (Khan et al, 1990; Adams, 1992; Chang, 2001; Mules, 2005; Bod'a, 2006; Chang at al., 2010; Bakos, 2011; Stynes, 2002; Kubičková et al., 2017 and many others). Input-output analysis has clear advantages: a) comprehensiveness -



it provides a holistic picture of the economic structure of a region (or a system of regions) and enables the analyst to identify interrelationships among economic sectors; b) flexibility – depending on the level of detail desired in an application and the available resources, any economic sector can be disaggregated, and its relationships to the other sectors can be traced and studied in detail; c) tourism is labour intensive, it is characterized by stable production functions.

### **1.1 Event as a tourist attraction**

The issue of measuring economic benefits is applied and explained on the case of the event Coronation Celebration in Bratislava, one of the largest cultural events in Slovakia. The Coronation Celebration (see Annex 17) has been organized by the civic association Coronation Bratislava since 2003 (co-organizer is the Bratislava Tourism Board). The event takes place in June in the centre of the capital of Slovakia, in Bratislava. The main program is always based on the current anniversary of the coronation of Maria Theresa. The event is an experience-based way of explaining the coronation of kings and queens, creating a unique atmosphere in the city. Visitors are presented with authentic period costumes, craftsmen present their skills at the fair. Atmosphere is complemented by authentic music from the time of coronation of Maria Theresa, period instruments, and also the areas in which the coronation took place. The program also includes a presentation of battles for the Austrian heritage, dubbing of knights, and folk festivities. Strengths of the event also include the accompanying activities that create space for entertainment of families with young children. According to the organizer, a weakness is the exposure of the event due to the weather; its extreme manifestations have a significant impact on the attendance. Since there is no "wet variant" of this event, the impact of weather on its execution is significant.

The target group of the event are mainly families with children, but the organizers are trying to make the event as accessible as possible for the widest public. The event attracts not only the residents of Bratislava, but also visitors from abroad who appreciate the uniqueness and the historical accuracy of the coronation celebration festival. Promotional materials for foreign visitors are available in three language versions - English, German, and Hungarian, which, in addition to the event's program, explain the history of coronation in Bratislava to visitors. In regard to commentary or translation of the event, the organizers do not directly provide these services to foreign visitors; the visitors use the services of guides through historical Bratislava. The Coronation Celebration is regularly promoted at international tourism fairs abroad. When promoting the event, the organizers bet on a combination of two factors. The first is the historical accuracy of the coronation process. The second factor is exploiting the relative obscurity of Bratislava and its historical centre, which attracts visitors to combine the visit of Bratislava together with the visit of the event.

The partners of the event are Bratislava Region Tourism - regional destination management organization and Bratislava – Old City. In terms of finances the cooperation reaches financial limits of participating organizations. According to the organizer, total expenditures directly related to the event amount to approximately EUR 57,000 (PR and advertising, coronation ceremony, coronation procession, accompanying activities, technical equipment). Most of the funds are related to the coronation ceremony itself along with the coronation procession, these expenditures alone amount to approximately EUR 34,000. The capital city has provided funds in the amount of EUR 30,000 in the past two years. The civic association Coronation Bratislava had to finance the rest with its co-organizers and partners, who provided more than EUR 20,000. Total revenue of the organizer is equal to total expenditures for the event.

## 1.2 Visitor expenditure as a starting point for measuring direct benefits

The issue of measuring economic benefits for the territory is explained in the following text using the example of the Coronation Ceremony event organized in Bratislava. The organizer of the event and the destination management organization in Bratislava do not specifically focus on the evaluation of the event in terms of its economic significance. The evaluation of individual years of the event from an economic point of view is based only on their economic return. Therefore, the starting point is primarily the selection of relevant indicators to assess the economic significance of this event. We can define three basic indicators, namely the aggregate expenditures of the attendees of the event, the revenues from the admission, the total production generated by the consumption of the event's attendees. We use a number of sub-indicators, including the average daily visitor spending (in total and also according to the geographical segments and the length of stay in the destination), the average daily visitor spending directly at the event, before and after the event, and we design various indicator ratios, mainly related to the cost of organizing the event, the income tax revenue for accommodation in connection with attendance of the event, the expenditures of the city of Bratislava in support of tourism, and we put the income indicators obtained from the event in proportion to the size of the location where the event was carried out expressed by the number of residents.

Aim of the primary research is to identify the expenditures of the visitors of the event realized in connection with the event's attendance. The survey took place directly on the venue of the event in the form of a structured questionnaire, and we received valid data from 147 respondents. In order to get the most accurate result, we tracked the visitor structure according to whether it was a visitor with overnight stay (tourist) or an excursionist. In addition, a significant segmentation criterion is also the geographical origin of the visitor - we studied four different segments - a resident of Bratislava, Western, Central or Eastern Slovakia, a foreign visitor. The expenditures of these segments were monitored according to the structure of individual paid services consumed - accommodation services, catering services, transport services, purchase of souvenirs and other goods.

The researched event is an open event, held in open spaces mostly by the city centre. From this point of view, the necessary starting point for further calculations - the number of attendees of the event - was determined by an interview with the organizer and co-organizer of the event. The event's organizer estimated 37,000 visitors, the co-organizer estimated 50,000 visitors. Therefore, we used the mean value between these estimates in calculations. Admission is collected only for the coronation ceremony and it's EUR 25 for an adult. The capacity of the temple, where the coronation takes place, is 300 people.

Primary research provided the initial findings related to the structure of attendees of the event and their consumer behaviour. According to the survey of the event's visitors, the inhabitants of the Bratislava Region (81% of the visitors) are clearly predominant, and they are mostly families with children (37%), another large group are visitors who come with friends (25%). Representation of other regions and representation of visitors from abroad is roughly the same. Approximately half of the visitors will spend 1 day in Bratislava without overnight stay in connection with the visit of the event. Approximately 16% of visitors will stay for 1 night, the same percentage will stay for 2 nights, and only a minimum of visitors will spend 3 nights in Bratislava.

Attendance of the event is the target activity for the respondents, but it's not the only activity included in their stay. 65% of visitors of the event also take advantage of other attractions of the capital or nearby surroundings, especially the visit of Devin, Červený Kameň (Častá), Pezinok, but also Hainburg an der Donau (Austrian Niederösterreich) or the Schlosshof castle.

The average expenditures of the event's visitors were examined according to geographic segments. The results are broken down by the services that the visitors paid for during their stay. The values are shown in the following Table 2.

The largest amount of money was spent by residents from abroad, an average of EUR 168.10 per person and visitors from Eastern Slovakia with an average per person of EUR 128.67. Third largest expenditures were made by respondents from Central Slovakia, on average EUR 87.79 per person. Visitors from Western Slovakia spent an average of EUR 51.51. Respondents from Bratislava spent an average of EUR 10.4 per person; respondents from the Bratislava Self-governing Region (outside of Bratislava) spent EUR 19.86 per person.

**Table 2** Average expenditures of event visitors according to geographic segments broken down by expenditure items, in Euro

	Accommodation services	Catering services	Travel	Souvenirs and other items	Other:	Total
visitor from BA	0.00	9.43	0	0.6	0.37	10.4
visitor from BSR (without BA)	0	13.55	2	2.59	1.73	19.86
visitor from WS	28.86	14.15	4.38	1.85	2.27	51.51
visitor from CS	46.00	25.00	9.89	2.16	4.74	87.79
visitor from ES	39.00	29.00	30.00	2.67	28.0	128.67
visitor from abroad	74.62	34.33	13.25	6.87	39.03	168.10

Note: BA – Bratislava, BSR – Bratislava Self-governing Region, WS – Western Slovakia, ES - Eastern Slovakia, CS - Central Slovakia

Also the respondents' expenditures according to the length of their stay in the region were analysed. Respondents were divided according to the length of their stay into excursionists, whose stay did not exceed 24 hours and tourists, whose stay in the region lasted for at least one overnight stay. On average, one excursionist has spent EUR 12.4 worth of expenditures. The average expenditure per one tourist is EUR 138.7 per day. The largest spending item of excursionists was catering, while the least amount of money was spent on souvenirs and other items, an average of EUR 3.7 per respondent. Tourists spent the largest amount of money on accommodation services, on average EUR 53 per one tourist per day. On the other hand, they spent the least amount of money on souvenirs and other items. The data found is listed in the following Table 2.

**Table 3** Average visitor expenditures by length of stay, in Euro

	Accommodation services	Catering services	Travel	Souvenirs and other items	Other:	Total
Average per excursionist	0	8.6	2.8	3.7	4.2	12.4
Average per tourist	53	43.5	14.5	9.2	18.5	138.7

Total average expenditure per one visitor is EUR 40.04 per day. The total average expenditure per visitor during the event is EUR 13.55 per day. The average expenditure a respondent spent outside the event was EUR 26.49 per day per person. Based on the calculated mean value between the number of visitors for all three days of the event estimated by the organizer and the co-organizer we will work with the number of 43,000 visitors. After calculating the averaged expenditure amounts for all visitors of the event, the total expenditures of the participants during the event are EUR 582,650, and the total expenditures that the visitors spent in the region before and after the event are EUR 1,139,070. Total expenditures of the event's visitors in connection with attendance of the event represent EUR 1,721,720.

### **1.3 Quantifying the secondary benefits**

Calculated values can be used to calculate other interesting indicators. One is the ratio of total expenditures of the visitors related to the event and the expenditures directly at the event. The calculated value of EUR 2.96 denotes that every 1 Euro spent as the visitor's expenditure directly during the event is able to generate a total of almost 3 Euro within the surveyed area as a total of expenditures related to attendance of the event, for every 1 Euro of expenditure spent directly during the event, EUR 1.95 is spent before or after the event. This ratio clearly indicates the economic contribution of the event, which cannot be measured only by the expenditures of the visitors spent directly at the event, but the contribution is greater thanks to expenditures related to the attendance of the event (outside of the event itself).

The total revenue from the event can also be quantified by means of the organizer's revenue indicator, which consists of collected admission for the crowning ceremony of EUR 7,500. The obtained data can be used to calculate other related indicators. One is the amount of expenditure by visitors related to the event's attendance attributable to 1 EUR of costs of the organizer for organizing the event. Total costs of the organizer (as mentioned above) are EUR 57,000. Total expenditures of the visitors have been calculated in the amount of EUR 1,721,720. It results from the above data that each Euro invested by the organizer of the event induced visitor expenditures in the amount of 30.2 Euro. This indicator is suitable for assessing the economic significance of organizing the event for the location, or region. If we calculate how many Euros of expenditures directly at the event were generated by 1 Euro of costs of organizing the event, in this case it's EUR 2.24 and it's an indicator that tells us the contribution of the event directly to the providers of paid services at the event.

Another sub-indicator, which is the income from the event for the city, can be calculated through the accommodation tax, with the tax rate in Bratislava amounting to EUR 1.70. With 9,653 accommodated guests from the total number of visitors (22.45% of the respondents used accommodation services - result of the field survey), the city receives a local accommodation tax of EUR 16,410, which covers more than 50% of the subsidy granted by Bratislava for organizing the Coronation Celebration event. In relation to the city of Bratislava, another indicator can be constructed as the ratio of the accommodation tax income in connection with the attendance of the event and the costs of the city aimed directly at supporting tourism in the given year in the amount of EUR 750,000 (Magistrate office of the capital of the Slovak Republic of Bratislava, 2015). The value of this indicator is EUR 0.022. Of course, this is only a sub-indicator that reflects only part of the benefit of organizing the event.

In order to determine the overall economic benefits, we also need to incorporate the multiplier effect of consumption made in connection with the event's attendance. We therefore also take into account the secondary benefits across the supply chain and the induced benefits. For the sake of simplification we can use multipliers calculated on the basis of Leontief's input-

output model based on symmetric input-output table by Fodranová et al. (2015) or Dujavová (2015). According to Dujavová (2015), the multiplier of domestic tourism production (version B) reaches 1.7048. Fodranová et al. (2015) provide a more specific value of the production multiplier for cultural services 1,313 for the simple multiplier and 1,944 for the induced effect multiplier. The overall economic effect achieved by incorporating multipliers of production can be calculated using the following formula:

$$\begin{aligned} & \text{agggregated expenditures of visitors} \times \text{multiplier} \\ & = \text{total economic contribution generated by final consumption} \end{aligned}$$

If we calculate based on the production multiplier according to Dujavová, the total domestic production generated by the final consumption in relation to the event's attendance is EUR 2,935,188. More specific result with regard to the subject of research of this paper, which is a cultural event, can be obtained if we calculate using the multiplier for cultural services. Thus, if we calculate using the value of a simple multiplier for cultural services by Fodranová et al. (2015), the production of EUR 2,260,618 was generated, directly and indirectly, as a result of final consumption in connection with the visitors' attendance of the event. When calculating with a multiplier that also includes the induced effect, the generated production is worth EUR 3,347,023.

### Assignments and Discussion Questions

<b>1</b>	Explain the principle difference between the direct and secondary benefits of tourism.
<b>2</b>	Clarify the methodology used to collect data on visitor spending. Then consider the problems and various limitations of quantifying the direct economic benefits of tourism.
<b>3</b>	Explain the methodological procedure for using the multiplier effect for the purposes of quantifying the secondary benefits of tourism.
<b>4</b>	Consider the challenges and various limitations of quantifying the overall economic benefits of tourism.
<b>5</b>	Discuss the possibility of using the value of the multiplier calculated on the basis of national input-output tables for the purpose of quantifying the total economic benefits of tourism at the regional or local level or the benefits of the tourism attraction to the territory.

## 6 Benefits of investment in the restoration of cultural monuments for the city and tourism

### **Brief characteristic**

*The chapter introduces the issue of evaluating benefits of investment in the restoration of cultural monuments for the city and tourism. The lack of financial resources raises the need to argue for investment in the restoration of monuments. Evaluating their benefits at the city level is difficult. The benefits of investments in the restoration of cultural monuments are observable in many economic and non-economic areas. This chapter uses an easily applicable method to evaluate the impacts of investments in the restoration of cultural monuments on the public realm.*

### **Learning objectives**

*The student will broaden and deepen his/her awareness of the problems of restoration of cultural monuments and the possibilities of evaluating the benefits of investment in their restoration. Using a simple method, the student will practice how to evaluate the impact of investments in the restoration of cultural monuments on public space and how to interpret the results.*

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### **Background**

The basic principle of sustainable development is to preserve for future generations the legacy of tangible and intangible cultural heritage that is important for the preservation of the cultural identity of the nation. Over the past decades, tools have been developed to systematically support the restoration of heritage sites. In the Czech Republic, since 1993, the restoration of monuments in the territory of Urban Monument Reserves (UMR) and Urban Monument Zones (UMZ) has been financed by the Programme of the Regeneration of the Ministry of Culture of the Czech Republic. The aim of the Programme is to preserve the cultural heritage values of cities and to promote the use of heritage buildings for appropriate purposes. This Programme is open to municipalities with the status of Urban Monument Reserves or Urban Monument Zone, of which there are 294 in the Czech Republic. (Matoušková, 2012) Between 1993 and 2021, 17,661 monuments were restored thanks to the Programme of the Regeneration. (own calculations based on Ministerstvo kultury ČR, 2022).

An important aspect in the effort to preserve cultural heritage is the financial cost and its economic justification. As a result of significant external political events and changes, their economic consequences and the emerging recession, the issue of restoration of monuments is facing the risk of insufficient allocation of financial resources. Evaluating the effectiveness of investments in the restoration of monuments is a very complex issue. The evaluation of the benefits of investments in the restoration of monuments for the city is becoming a topical issue, as cities are important initiators and co-investors in the restoration of monuments. In the past, studies have been carried out evaluating this issue from a macroeconomic perspective. At the level of the urban economy, this issue has been dealt with sporadically.

## **1 Benefits of investment in the restoration of cultural monuments**

Cultural monuments have a double value - cultural-historical value (aesthetic, artistic, value of national identity) and economic value (monuments create potential for the development of tourism and related services).

According to several studies carried out in the Czech Republic, CZK 1 spent on the restoration and maintenance of the heritage fund induced by the programmes of the Ministry of Culture to compensate the public interest returns CZK 0.49 in taxes to the state budget. (Matoušková, 2015) The economic benefits are direct, indirect and induced. The restoration of cultural heritage generates employment and others are generated by the use of restored monuments to provide services to tourists and residents.

The non-economic benefits of investment in heritage restoration are very significant, particularly in improving the appearance of the city, creating conditions for the provision of services in more welcoming spaces and improving the conditions for cultural life in the city for tourists and residents. According to UNWTO estimates, the element of culture is present in 57% of all (more than one-day) trips by international tourists and in 39% of trips it is the dominant theme and focus of the trip. (Richards, 2018) These non-economic benefits are difficult to quantify in financial terms.

## **2 Explanation of basic terms**

*Cultural heritage* represents that which has been created by man throughout history and has influenced the development of society and has cultural and heritage value (Horák, Nejedlý, 2013).

*A monument* is an immovable or movable object that is an important document of the historical development of society (in the Czech Republic it is declared according to Act No. 20/1987 Coll. in the categories of cultural monument, national cultural monument, monument reserve, monument zone. (Zákon České národní rady o státní památkové péči, 1987)

*The restoration of a monument* can be e.g. maintenance, repair, reconstruction, restoration, modernization, revitalization, regeneration, conversion of a monument.

*Regeneration* is a general term, it means restoring a monument to its original state or restoring it.

*Investments* are funds that have been invested by an investor in a specific project for the purpose of appreciation and return. Investment is referred to in economics as deferred consumption. Investing in an asset should bring benefits to the owner, both direct and indirect.

## **3 Basic categories of impacts of investments in the restoration of monuments**

The impact of investments in the restoration of monuments has many facets and manifests itself at different levels. In order to assess the impacts, it is first of all necessary to identify all the essential links of the restored monuments in the city system and to determine the impact of the restoration of the monuments on the change of condition, i.e. the added value of the restoration of the monuments. Due to the nature of monuments and their perception in society, most of the impacts of their restoration are in the category of qualitative and difficult to quantify changes. It is essential to define the impacts in terms of territoriality, whether the impacts will be monitored at the level of the state, region, city

or from the perspective of the owner of the restored object. A basic overview of possible approaches for looking at impacts is presented in Table 1 below.

**Table 1** Criteria for classifying the impact of investments in the restoration of cultural monuments

Aspect	Category I	Category II	Category III
Duration of restoration	Short-term	Medium-term	Long-term
Impact on the surrounding environment	Positive externality	Neutral	Negative externality
Nature of change	Quantitative	Qualitative	--
Capturing impacts	Quantifiable	Non-quantifiable	--
Measurability	Measurable	Non-measurable	--
Impact in the economy	Direct	Indirect - Multiplier effect - Synergy effect	Induced
Geographical	Country	City/Destination	Owner
Interest groups	Residents	Residents-Businesses	Visitors
Type classification	Economic - Trade, services - Culture - Tourism - Construction - ...	Non-economic - Socio-cultural environment - Nature environment	--

Source: own processing

The impact of investments in the restoration of monuments leads to various changes over time. In the short term (1 - 3 years after the restoration period), restoration of a monument can cause a number of negative impacts, both due to the hustle and bustle associated with the construction work and in the socio-cultural sphere, where residents do not perceive the changes in their environment positively and take some time to accept them. In the medium term, the situation stabilises and the positive impacts gradually increase. In the long term, the synergistic effect of the renovation of more urban buildings will become apparent.

Most towns have proceeded with the regeneration of UMR/UMZ by first focusing regeneration on the core buildings, the landmarks of the town (town halls, castles, town gates), then on other buildings (town houses) and adjacent public spaces (squares), and in the next phase on smaller buildings further away from the centre (smaller religious buildings, walls, parks). This makes the historic core of the town a picturesque and attractive destination for events for both local residents and visitors, but also for the congress and film industry (where the exteriors of the town are used as backdrops for films).

Table 2 provides a detailed overview of the impacts of heritage restoration investments in each generic category.



**Table 2** Overview of the impact of investments in the restoration of cultural monuments in individual categories at the city level and indicators for monitoring changes

		<b>Change</b>	<b>Indicator</b>
Economic environment	Positive	Creation of new space for residents (retail, services, ...) Creation of new space for visitors – new tourist destination, primary or secondary attraction New jobs and business opportunities Municipal budget revenue	<ul style="list-style-type: none"> <li>• Number of new facilities</li> <li>• Change in capacity of facilities (beds, chairs)</li> <li>• Revenues</li> <li>• Number of visitors to the town/monuments</li> <li>• Structure of visitors</li> <li>• Visitor expenditure</li> <li>• Structure of visitor expenditure</li> <li>• Number of self-employed persons</li> <li>• Number of employees</li> <li>• Amount of wages/salaries</li> <li>• Reinvestment in monuments</li> <li>• Relevant revenue items of the municipal budget</li> </ul>
	Negative	Increased costs for cleaning, security, waste collection Rising prices of real estate, goods and services in the historic zone	<ul style="list-style-type: none"> <li>• Cost of these services</li> </ul>
Socio-cultural environment	Positive	Improvement of the public environment (townhouses, squares) Promotion of genius loci Increasing the residents' relationship to the city, their sense of pride, strengthening their identity and belonging to the city Improvement of the conservation of monuments Maintaining traditions Preserving the cultural values of the town Responsibility for the maintenance of monuments Awareness of the city Preserving the function of housing in the historic part of the city Promoting social transformation and cohesion, inclusion Greater offer of events for social gathering, leisure Support for education Aesthetics - improving the appearance of the city Increase safety	<ul style="list-style-type: none"> <li>• Population change in the UMR/UMZ</li> <li>• New housing units</li> <li>• Change in the value of the city's potential</li> <li>• Change in residents' attitudes towards the city</li> <li>• Resident satisfaction / quality of life index</li> <li>• Citizen participation in activities in the monuments</li> <li>• Barrier-free access for disadvantaged or disabled user groups</li> <li>• Awards for conservation, preservation of cultural values</li> <li>• Number of events in UMR/UMZ</li> <li>• Change in the number of crimes in the UMR/UMZ</li> </ul>
	Negative	Negative perception of change	<ul style="list-style-type: none"> <li>• Irritation of the population</li> </ul>
Environmental impacts	Positive	Landscaping (park landscaping, greenery in the streets) Better microclimate, lower dust	<ul style="list-style-type: none"> <li>• Emission values</li> <li>• Dust particle values</li> </ul>
	Negative	Higher environmental burden (traffic due to increased traffic - emissions, noise, light pollution during events) Greater use of resources - energy, water	<ul style="list-style-type: none"> <li>• Noise pollution (dB)</li> <li>• Complaints from residents about disturbance of night-time peace</li> </ul>

Source: own processing

#### 4 Methods for evaluating contributions to the restoration of cultural heritage

Different methods can be used to assess the benefits of investments in the restoration of cultural monuments. They differ in their difficulty and limits in the use and interpretation of the results. It is necessary to identify, capture and evaluate the changes caused by investments in the restoration of cultural heritage. The flowchart of the procedure is as follows:

- 1/ Identification of the impact of investments (direct and indirect)
- 2/ Determining the level of impacts
- 3/ Purification from other influences
- 4/ Estimation of the overall effect

The following overview outlines methods that can be used to evaluate contributions to the restoration of cultural heritage sites:

- Cost-benefit analysis (economic efficiency of investments).
- Total Economics Value (TEV) concept (comprehensive value of the investment), (více v Pagiola, 1996).
- Investment multiplier (total macroeconomic impact of the investment).

(Since the investment multiplier includes all investment by private firms, it is more appropriate to work with the government investment multiplier, which is currently estimated at 0.7 in the Czech Republic. (Ambriško, 2021)

- Production multiplier at the local level (sectoral macroeconomic effects of investment).

(The value of multipliers varies across countries for different sectors. For tourism in the Czech Republic, the most commonly reported multiplier is around 1.85. (Studnička, 2013)

The production multiplier at the local level takes into account the location of the monument depending on the economic performance of the region in which it is located and introduces coefficients taking into account the type and type of construction, the age of the evaluated object, the complexity of the construction, reconstruction and rehabilitation works and the purpose of the use of the object after reconstruction. (Merta, 2016)

- LATI (Local Area Tourism Impact) model (a mathematical model for data disaggregation to determine the impact of investments on a selected area, in tourism the indicator of visitor spending is used).
- Evaluation of the increase in the potential of the territory (scoring of the change in the potential of the territory).
- Feeling maps to identify zones where the impacts of heritage restoration are more intense.
- Evaluation of the impact of investment in the restoration of cultural heritage on public space.

#### **4.1 Evaluation of the impact of investments in the restoration of cultural monuments on public space**

Building monuments are an important part of the public space, so it is predictable that investments in the restoration of monuments will result in a higher quality of public space. The impact of investment in the restoration of monuments on the public realm cannot be easily quantified. The quality of the public realm has to be assessed primarily from a human, subjective point of view. The recommended methodology for impact assessment therefore proposes a range of qualitative categories within which the assessor, based on his/her knowledge or a survey of residents and visitors, determines and evaluates the degree to which the target condition of the public realm has been achieved.

For the assessment of the impact of investments in the restoration of cultural monuments on the public realm, sample Table 3 can be used.

**Table 3** Sample table for assessing the impact of investments in the restoration of cultural monuments on public space

Heading	Category	Elements	Pre-investment score (0-4)	Post-investment score (0-4)	
Safety in public space (outside and inside the monument)	Traffic safety	<input type="checkbox"/> Safe sidewalks or pedestrian paths			
		<input type="checkbox"/> Safe paths for cyclists			
		<input type="checkbox"/> Safe crossings			
		<input type="checkbox"/> Pedestrian zones			
		<b>Average point value</b>			
			<input type="checkbox"/> Clarity of space		
			<input type="checkbox"/> Lighting		
			<input type="checkbox"/> Camera system		
			<input type="checkbox"/> Protection against vandalism and theft		
			<b>Average point value</b>		
Accessibility of the monument	Physical accessibility	<input type="checkbox"/> Possibility of barrier-free movement			
		<input type="checkbox"/> Appropriate ergonomics and materials used			
		<input type="checkbox"/> Furniture for seating, bicycle storage			
		<input type="checkbox"/> Possibility of shelter from bad weather			
		<b>Average point value</b>			
	Information and time accessibility		<input type="checkbox"/> Information panels		
			<input type="checkbox"/> City information system		
			<input type="checkbox"/> Friendly opening hours		
			<input type="checkbox"/> Connection to public transport		
			<b>Average point value</b>		
Attractiveness	Favourable microclimate	<input type="checkbox"/> No annoying noise			
		<input type="checkbox"/> No unpleasant odour			
		<input type="checkbox"/> Water feature			
		<input type="checkbox"/> Quality greenery			

		<b>Average point value</b>		
	Activities on offer	<input type="checkbox"/> Refreshments available, other services		
		<input type="checkbox"/> Activities for children (playground, play areas)		
		<input type="checkbox"/> Regular events (exhibitions, markets)		
		<input type="checkbox"/> Community gatherings (clubhouses, etc.)		
		<b>Average point value</b>		
	Aesthetic level	<input type="checkbox"/> Period features		
		<input type="checkbox"/> Quality of the works carried out		
		<input type="checkbox"/> Cleanliness and neatness		
		<input type="checkbox"/> Viewpoints free of distracting elements		
		<b>Average point value</b>		
Other impacts on the public realm				

Source: own processing

Procedure for assessing the impact of investment in the restoration of cultural monuments on public space:

1. The evaluator selects headings, categories and elements according to his/her discretion and need and assigns a point value to each element, based on his/her own knowledge or on a survey conducted among residents and visitors, for the condition of the monument in relation to the public space in the period before and after the investment.

Scoring:

0 = not relevant, completely inadequate

1 = poor

2 = average

3 = very good

4 = excellent

2. The evaluator will average the scores for each category on a bar graph.

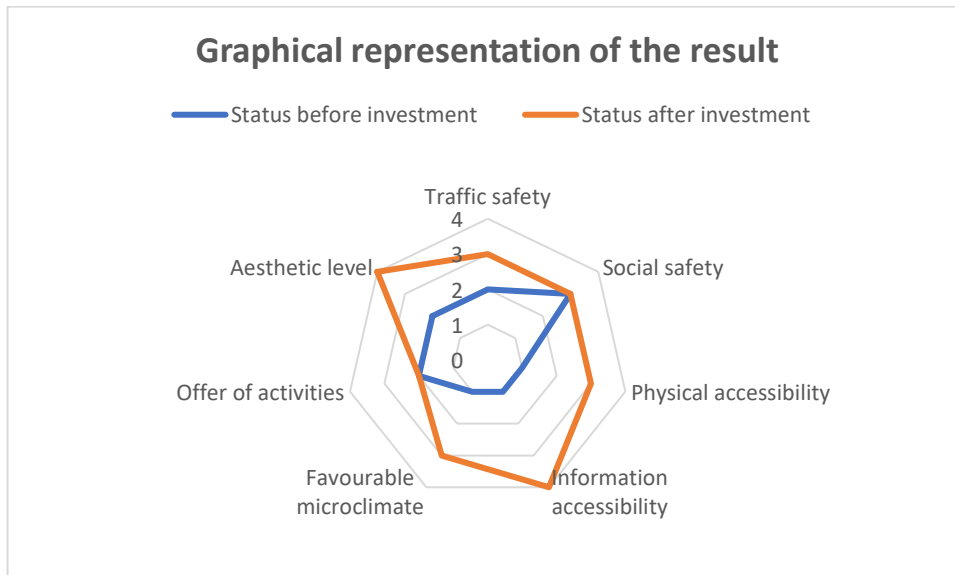
## 4.2 Example of application of the methodology on an illustrative example of a city - Revitalization of a square

**Table 4** Selected parameters and simulated values of the illustrative example

Parameter	Status before investment	Status after investment
Traffic safety	2	3
Social safety	3	3
Physical accessibility	1	3
Information accessibility	1	4
Favourable microclimate	1	3
Offer of activities	2	2
Aesthetic level	2	4

Source: own processing

**Graph 1** Graphical representation of the result of the illustrative example



Source: own processing

The evaluator selected seven evaluation criteria based on his knowledge of the environment, with each criterion containing four sub-elements. He calculated the average point value in each category before and after the investment and entered these average point values in a bar chart. It can be seen that after the investment, two of the evaluated categories (Aesthetic Level and Information Accessibility) reached an excellent level, and the Information Accessibility category showed the most significant improvement, by three quality levels. On the other hand, the weak points are still the categories Social Safety and Activity Offer, where the investment has not led to any improvement.

### Conclusion

The impact assessment of investments in the restoration of cultural monuments is a key economic argument in favour of investment. However, the restoration of monuments cannot be seen only through an economic lens, as the city creates a socio-cultural environment whose

quality is crucial for the lives of residents and for the decision of potential tourism participants to visit the city.

### Assignments and Discussion Questions

1	What sights are located in the city where you live/study? What is the condition and use of these monuments? Which of these monuments have been restored in the last 10 years?
2	Evaluate how the restoration of these monuments has contributed to the development of the city, and tourism. Use the method for evaluating the impact of investments in the restoration of cultural monuments on public space.
3	What are the limits of your calculation according to this method?

## 7 Tourism potentials through cultural attractions

### **Brief characteristic**

*The aim of this chapter is to explain the basis of tourist attractiveness as a crucial element of the tourism sector and to understand the opportunities for creating jobs and business opportunities by diversification of tourism products. This chapter is applied to the example of Croatia and presents Croatian (Istrian) cultural tourism potentials as a unique resource of intangible heritage. The chapter covers the tourist attractions of Istria together with the drivers of the development of real attractions, as well as those that still have potential or are in transition to real ones. In addition, the author analyses the Istra Inspirit cultural event that emerged in this transition process and suggests the need for partnerships to foster innovation and creative networks.*

### **Learning objectives**

*Learning objectives of this chapter are: To learn the classification of tourism attractions, to recognise how to develop cultural and creative tourism in special interest forms, to discuss the roles and responsibilities of the public and private sectors in development of tourism attractions and to involve sustainable practices in valorisation of tourism activities and benefits for the community.*

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## **1 Tourism attractions – Theoretical background**

Attractions were initially monitored in terms of research and organisation, and then monitored by involving consumers in the formation of the value of offers (new motives and experiences). Tourist attractions (nature and man-made) are managed through resource awareness, tourism development planning, participant actions, tourism visits and satisfaction, destination load levels, and sublimation of environmental impacts. *External elements* of environmental impact (development of attraction mix, connection to regional itineraries, comparison with developmentally similar destinations, entering the category of "must see" destinations, UNESCO lists or "The best historical sites in the world") and *Internal elements* of influence (based on the developed selective forms of tourism, monitoring of visitors and their opinions, tradition of localities, characteristics of resources) should be analysed by tourism stakeholders.

Numerous, especially foreign, authors have dealt with tourist attractions and developed multiple classification criteria. Table 1 provides a comprehensive overview of research based on current scientific knowledge in the field of tourism attractiveness and management. Most authors classify tourist attractions based on origin, human activity, and capacity and ownership, but also the scope, appearance and type of activity.

**Table 1** Theoretical understanding of attractiveness - review by the authors and chronology of origin

Typology of definitions	Description of contributions	Authors
<b>Economic (market)</b>	Market design of the image of attractiveness: Me too, Grand inspiration, New version, Wonder Market - image - location	Wanhill (2003)
	Event management and success factors	Shone, Parry (2001)
	Development and management of tourist attractions, diversified offer of destinations	Swarbrooke (2007)
	Planned development / individual engagement of the organisation / special product treatment	Jeffries (1971)
	A place to look at and a marker that marks the place as significant to the tourist	MacCannell (1976, 1999)
	Sublimation of influence	McDonnell (1999)
<b>Nominalistic</b>	Attractive features of the destination, suitability and accessibility for tourist sightseeing (interest in travel and tourist product)	Gunn, Var (2002)
	Tourist attraction base, primary and secondary, potential and real attractions, natural and inherited, created or produced, attractions for the sake of attraction and Para attraction	Kušen (2002)
	According to occurrence (space / event) Degree of attraction (Primary / stationary; secondary / visitation-excursion) Way of origin / source (natural, social attractions)	Weber, Mikačić (1995)
	Tertiary attractions Stories that attract and present	Alvarez, Go, Yüksel (2016)
<b>Experiential</b>	Cultural (civilisational) Traditional (customs, language, folklore) Physical (vegetation, natural features, climate) "Wildlife" (oceanology, participation in hunting, fishing) Amusement (team amusement parks, film, theatre)	Hudman (1980)



	Hidden places and potentials attractiveness	Paine (2006)
<b>Organisational-experiential</b>	Cultural, natural, event, recreational, fun attraction	Goeldner, Brent Ritchie (2003)
	Attraction construct and understanding by demand	Edelheim (2015)
	Quality as the reason for success and the experience of the same, the future of visits	Yoeman (2007, 2012)
	Categories of attractions and adjustments to the visitor	Holloway, Humphreys, Davidson (2009)
<b>Universal</b>	Innovation in the development of attractions, expansion of supply elements (added value) Site management techniques "Usability of tourist attractions" (simplicity and design)	Garrod, Wanhill (2009)  Navarro-Ruiz, McKercher (2020)
	Recreational and educational activities undertaken by tourists, property, natural and artificially created attractions	Cooper, Fletcher, Gilbert, Wanhill (1993, 2008)
	Market connections, superstructure, entertainment, events, history and culture, climatic characteristics	Ritchie, Crouch (2000)
	Tourist attractions and perspectives	Gržinić (2014, 2019), Gržinić, Zanketić (2008)
	Attractive element in a tourist destination in the form of cultural and historical heritage, natural units or phenomena, events or events, attractiveness variables	Vukonić, Čavlek (2001)  Dobre (2005)

Source: Author

Table 2 presents typologies of tourist attractiveness through observing the development of destinations in space and time (Swarbrooke, 1995, Gunn, Var, 2002, Paine, 2006, Garrod, Wanhill, 2009, etc.). This is understandable because space (positioning, features) and improvement through time (usage, orientation to resource), influence the classification of attractions into categories by importance. In addition to location and timing, the typology is dependent on tourism motivation, supply activities and external influences. Only a few destinations can afford image-based development (e.g., Las Vegas, New York, Maldives).

The table shows the typology of tourist attractions that are closely related to the formation of the destination brand analysed through chapter further in the article.

**Table 2** Typology of tourist attractions (types and characteristics)

Features	Types		
	Primary	Secondary	Tertiary
<b>Positioning</b>	Nucleus attractions (natural / artificial resource)	"Leaning" on primary attractions	Visits depend on distance, equipment motivation, climate
<b>Features</b>	Making an impression, original features	Development of destination attractiveness	New experiences, out of routine, specialised interests
<b>Use</b>	Attracting tourists	Additional value for the client	Attraction network, resource properties / brand development
<b>Orientation to resource</b>	Phenomena, objects, events	Base upgrade (space features, events)	Creating stories (storytelling), a sense of pride and belonging

Source: Gržinić, J. (2020), Turističke atrakcije; nastanak, razvoj, utjecaji (Tourism attractions; origin, development, influences) Juraj Dobrila University of Pula, Scientific book, p. 12.

"The intention of cultural trips is based on specific interests, (...) such as discovering the value and attractiveness of monuments and locations, but also traditional societies, dances, songs and stories that pass from one generation to another" (Geić, 2011). The main goal is to learn, discover, experience and consume tangible and intangible cultural attractions/products in a tourism destination (UNWTO, 2017). Newer theories are increasingly turning to the economy of experience in order to influence the image of the destination and customer loyalty through cultural attractions (Suhartanto, Clemes, Wibisono, 2018, Alexiou, 2019). Staging historical events in co-creation with visitors to performances organised throughout the peninsula, for several years have had effects through a unique and individual "tourist view" of the destination (Richards, 2001).

## 1.2 Istria – Croatian propulsive tourism region

Istria is a region that divides space with three countries (Croatia, Italy, Slovenia). The Croatian part (Istrian community) has not yet sufficiently used resources such as intangible heritage, storytelling, oral tradition and ancient customs for tourism purposes. Istria County achieved 24.8% of tourist arrivals in 2020, between 20 Croatian counties and the city of Zagreb (Tourism in figures 2020, Ministry of Tourism, Republic of Croatia). Behind it are the Primorje-Gorski Kotar county and Split-Dalmatia county (18.9%, 17.5%).

However, Croatian Istria is still primarily a destination of sun and sea. The project launched by the Istria County Tourist Board in 2012 tried to influence the change of the destination's image by developing cultural attractions.

## Project Istra Inspirit

The Istra Inspirit project supported the desire of the stakeholders to promote intangible cultural property, and to transfer potential to active tourism attractions. This project has been recognised / awarded for proclaiming Istria as a cultural destination through Istrian legends based on nine historical events depicting life in Istria in 1000 BC to the present day. Tourist boards continue to encourage and promote the participation of local people in numerous events, but also domestic and foreign tourists.

### a. The main goals

One of the preconditions for achieving this goal is the involvement of the local community in planning. In this way, the best future solutions will be found for both sides of the tourism market. The behaviour and involvement of tourists will only reflect the correctness of the dialogue and the efforts of the local community. Travel agencies should contribute to the stability and dynamics of community transformation through tourism. Istra Inspirit is a multi-award-winning experience tourism project. This is an example of good practice and an innovative form of tourism (table 3).

**Table 3** Istra inspirit - sustainable practices, valorisation of work and benefits for the community

Project goals	Famous events	Acknowledgments	Use
Interpretation of historical and cultural heritage	Morgan's treasure,	MRAK (Network for Development and Creativity)	New tourist product
Organisation of festivals, performances, various events	Buzet by Starinski,		Originality, authenticity Quality of execution
Education	Witch Mare, Mining Republic, Vodnjanske Štorije,	Golden Goat 2012, award for the best innovative product in the County of Istria	Connecting with foreign stakeholders (Scottish International Storytelling Festival, Edinburgh)
Network the public, local family farms, students, actors, tourist boards	Horns or Oxen, Kuperwieser on the Brijuni Islands,	Simply the best, UHPA and Way to Croatia journal	Recognition of the destination through motifs and legends
Visitor interaction: ballroom dancing, tasting gastronomy and local wines, understanding cultures	The legend of the thorns. Jules Verne (plays)	Numerous praise and help from the cities: Buzet, Poreč, Medulin, Rovinj, Pula, Pazin, Umag, Svetvinčenat and Labin	Reducing seasonality, sustainability Nine event destinations Popularisation of locations: Roman villas, city centres, museums, castles

Source: Author's observation according to <https://www.istrainspirit.hr/en/calendar>

## b. Market recognition

The festivals want to entertain visitors through performances of applied art and numerous performances, especially comedies, but also musical and dance points (satirical festival). Also, the project is known for its "one stop shop offer" in tourism. One offer includes multiple added offers as end benefits of the visit. One such form of event (tourism offer) is described below.

"According to Jules Verne's novel in 1867, Count Mathias Sandroff was preparing a conspiracy to secede Hungary from the Austro-Hungarian Monarchy together with two other conspirators. However, the plan was discovered and the Count and his friends were captured and sentenced to death, and in the meantime thrown into the dungeon of the Pazin castle. This event includes a welcome drink, an Austro-Hungarian dinner, a tour of the Ethnographic Museum of Istria, live music and an attempt to escape from the castle. With this event, Istra Inspirit wants to encourage the development of hitherto undeveloped resources and forces the experience economy to survive by constantly investing in new resources. This attraction is special because it is based on storytelling and challenges tourists to feel something special." (Istra Inspirit; 23.05.2022).

Part of the stage presentation is shown in Figure 1. The revival of history and the involvement of historical events in tourism are an increasingly common occurrence in discussions and publications that are important for understanding modern tourism. In other words, the Istra Inspirit project is becoming a "Croatian tourist rarity" due to the permeation of tangible and intangible cultural heritage as a case study that others should follow, respecting their specifics.

**Picture 1** Presentation of Jules Verne's short story, *Escape from Kaštela*



Source: <https://www.istrainspirit.hr/event/jules-verne-bijeg-iz-kastela/>

Thus, Istra Inspirit was covered by the author in an extensive edition of *Istrian Tourism* entitled "Tourism in Istria - from ancient times to the present" (published by the Čakavian Choir Žminj, Istria), then in "Istria in old travelogues" (December 10, 2019, lecture by Prof. Svein Mønnesland), Department of History and Department of Culture and Tourism, Juraj Dobrila University of Pula, University textbook (Gržinić, 2014) and elsewhere.

Some festivals are also organised during August, during the main tourist season, with the aim of affirming the offer. For example, tourists who repeat their visit to Croatia already know the location of the authentic Grimani castle. The festival has a location that alludes to the Middle Ages. The event is a presentation of knightly equipment and games, entertainment

such as fencing, but also a presentation of domestic animals, stables, backyard hosts, making unique souvenirs and gastronomic offerings.

c. Regional policy and partnership – opportunity for innovation and creative networks

In the largest Istrian city (Pula) traditional cultural resources such as castles, fortresses, etc. are no longer just a locality in the area but attract tourists in a way that they turn into attractive tourist attractions. For example, the amphitheatre in the city of Pula is the venue for a film festival, numerous concerts and a simulation of gladiatorial fights (Picture 3).

Three examples of good practice (destination stakeholder integration), which are related to the analysed project, are described.

- a) *The municipality of Savičenta*, in Istria, organises the Medieval Festival, which is inspired by the former knights' games and successfully testifies to the time and local identity of this destination. This is also a result of partnership between stakeholders in tourism (tourism board, local tourism agencies, Istrian cities authority and local residents).

**Picture 2 3** Medieval festival of the Municipality of Savičenta and the manifestation "Spectacvla Antiqva" - gladiator fights (Amphitheatre in Pula)



Source: Savičenta Community (2020.) Medieval festival, <http://tz-svetvincenat.hr/event/9-srednjovjekovni-festival/> (24.05.2020.), Tourism board - City of Pula.

- b) *Batana Eco Museum* (in the city of Rovinj, Istria) is an example of a tourism partnership. Batana is the name of a traditional Rovinj boat that was crucial to the lives of fishing families, who launched this initiative. The presentation of cultural heritage in this way contributes to the Istra Inspirit project, but also to other projects that cultivate the culture of the area. Thus, cultural visits are dispersed to a wider attraction web within the region as a destination. The development concept of sustainable valorisation of cultural heritage is also supported by a new museum in Istria called the Batana Eco Museum. This is exactly the speciality for the destination, the launch of the museum by the initiatives of the local population. The Batana Eco Museum is registered in the UNESCO Register of Best Practices for the Preservation of the Intangible Heritage of the World, and it started operating in 2004.
- c) Promotion of "*Mining story*" (*Towns of Raša and Labin*) is a relatively new tourism attraction. The organiser of the event is the Association Labin Art Express XXI, which has been taking place in Labin, Lamparna and in the Raša mine since 2014 (Labin Art Express, 2022). Visitors are taken to the past, in 1921. The Raša mine is located 150 metres below the earth's surface beneath twenty million tons of stones. In the description of the events it is written that at these depths sunlight and time cease to

exist and that there is only darkness and revolution. Visitors can descend into the mine with the aim of an authentic experience of the life of the miners there.

The basic elements of the presented Istra Inspirit initiatives are based on the tourist marketing mix and the future activities should be focused on:

- a) Clarity of the purpose and goals of the event (education, creating recognition),
- b) Content of the event (Istrian history and tradition, mining menu),
- c) Rules of conduct (without flammable substances, alcohol, protective equipment, marked movement, list of visits, escort of guides),
- d) Economics of experience (gaining experience, experience, learning and involvement of tourists),
- e) Price formation (differentiated offers for groups; local residents, family packages),
- f) Sponsorships (Ministry of Tourism of the Republic of Croatia, Croatian National Tourist Board, Privredna banka Zagreb, American Express, Allianz, Autowill, Chevrolet, Favorit, Cromaris, OTP banka and Dragon venue),
- g) Security (entry is not allowed for under-12s, pensioners, people with poor physical fitness, as well as those who suffer from claustrophobia or are heart patients),
- h) Transport (bus transport).

The organisation of this event proved to be a complex process. A "difficult topic" of human lives was opened, which was reluctantly discussed in public. The challenges are huge because the events need to be made interesting for all market generations (from baby boomer to generation Z the challenges are great because the events need to be made interesting for all generations).

## Conclusion

It is no longer enough to just tour cultural monuments while the guide is talking about them, but it requires the interaction of the guide (through the dimensions of his verbal and nonverbal competence in communication competence) that is more focused on smaller groups or individuals. Although this is a medium-intensity event with regard to space, we want to attract the attention of tourists, instead of just watching closely. By organising such events, the Tourist Board and Istra Inspirit achieve cultural commodification in a sustainable way (satisfying the motives of curiosity, the need for new knowledge or solving a dilemma, gaining new experiences). In the case of organising concerts of celebrities, the attractiveness of the destination is enhanced by emitting markets because the potential of cultural heritage is combined with entertainment content that increases its value. This chapter is a result of the scientific project "Tourism development and destination impacts," Faculty of Economics and Tourism "Dr. Mijo Mirković", Juraj Dobrila University of Pula, Croatia.

## Assignments and Discussion Questions

1.	Have you ever heard about Pula amphitheatre?
2.	Has Croatia repositioned its image in tourism?
	Can Jules Verne's story be connected with some other events from his life and presented by a tourism agency specialist?
3.	Suggest ways of involving Croatia in Mediterranean cultural tours.
4.	Suggest a mix of tourist attractions that destinations can still develop.

## 8 Thematic routes – contribution to tourism sustainability

### **Brief characteristic**

*Regionalisation in the context of European tourism is networking of destinations and offers linked to cultural geography. The European Institute of Cultural Routes through the information-advisory function addresses thematic trails to interested clientele. Thematic itineraries are reflection of strong stakeholder partnerships and shows the orientation of the area towards cultural tourism and tourism of natural oases (protected areas and resources). According to this initiative, many Mediterranean countries improved their development on the paradigms of sustainability of agriculture and tourism (Italy, Greece, Tunisia). Tourism demand is homogeneous, with common interests and high expectations. New tourism itineraries, as sustainable and transformative tourism offers, can lead to sustainable cultural valorisation through specialised tourism offers. Future potentials in Croatian cultural tourism are well known - wine and olive routes, herbal (lavender) national and regional itineraries.*

### **Learning objectives**

*The learning objectives of this chapter are: to analyse the potentials of Croatian cultural history that attracts, presents and interprets the authenticity of people and ambience, to implement cultural routes in regional development (known: wine and olive oil and unknown: lavender), to learn how to preserve cultural heritage and to develop economic sustainability through stakeholders' partnerships (example of Croatian destination Bale).*

## **1 Croatian cultural environmental routes – Theoretical background**

Destinations need to develop products and routes for which they have available resources and comparative advantages. Environmental tours encourage direct contact between people and spaces, promote knowledge of one's country, awareness and responsible attitudes (Wendenbaum, 1992). Today's cultural tourism needs to be developed as multidisciplinary (Liu, Lin, 2011). Cultural routes that combine tourism and agriculture are in the focus of many tourism countries (France, Italy, Greece) as an opportunity to connect the local population with tourists in some less developed tourism regions. Cross-border cooperation on common topics revitalises continental parts of numerous countries (Croatian regions: Istrian and Slavonian communities, Islands).

Table 1 presents recognised cultural routes in Croatian tourism.

**Table 1 Cultural environmental routes in Croatia**

Cultural Route	Description	Year
Routes of the Olive Tree	The presence of the olive tree, landscape and everyday lives of the Mediterranean peoples	2005
Iter Vitis Route	The culture of the vine, winemaking and viticultural landscapes	2009

Source: According to Androić et al. (2012) and Council of Europe (2020)

The market capacities of cultural routes are measured by the attractiveness of the space, facility and events for the visitor. Route planning involves distance between sites, initial travel position, departure time, time duration of tour, total cost, scores and popularities of sites (Zhang et al., 2020). The culture of the vine, winemaking and viticultural landscapes and olive tree tradition is already well known in Croatia according to the huge success of tourism attraction management. But still, the Croatian territory is not recognised on the basis of products based on aromatic herbs as a destination brand because no offer has been generated (Popić, 2014, Škoro, Gržinić, 2018). Further growth of the world wellness industry based on the values of cultural features of the area is predicted (Stoewen, 2017, Pilzer, 2007). Croatia has not developed specialised offers according to all the potentials of the rural places (Demonja, 2014). In the neighbouring Slovenia tourism offer consists of: outdoor wellness, medical and therapy services and beauty treatments. A healthy way of life, wellness for kids, lavender festival, etc. through the study of "plant complexity" is growing in tourism hotel offer (Cigale 2012, Šuligoj, 2020). The same situation exists in Cyprus (Cyprus Tourism Organisation, 2022) and Italy (Adam, 2006) and further destinations (Japan, Bulgaria). Vojnović (2012) analysed groups of visitors who come to Croatia from emitting areas, do not live here, and "spend" resources while leaving money in another destination. Example: the tourist spends his summers and nights in Portorož (Slovenia), and comes to Poreč for the Euphrasian Basilica, but will not leave money in the receptive market.

The European Institute of Cultural Routes tends to connect regions through cross-border cooperation on common topics, a journey through space and time, sharing and living cultural heritage (Council of Europe, 1987). It is possible to successfully develop both astronomical and plant tourism and thus keep pace with the trends of transformative tourism: cultural immersion, regeneration of mind and body, interpersonal fulfilment (Reisinger, 2013). Throughout history, astrology and herbs have often been linked - phenomena that appear incompatible (Tisserand: 2001). In Croatia, the mountain Petrova Gora has been officially proclaimed an International Dark Sky Park, by the International Dark-Sky Association; IDA (Croatian Astronomical Union report, 2019). The location near Plitvice Lakes (UNESCO cultural heritage) gives it the opportunity for related promotions and added value for the client, from the aspect of environmental and cultural sustainability.

### **Croatia as an aromatic destination - the untold story of the destination**

New Croatian tourism initiatives base their development on the integration of agriculture and tourism. The creation and development of new quality tourism brands and products implies the cooperation of rural stakeholders according to all given standards. In order to generalise the supply and activate demand local tourism boards are in partnership with specialised travel agencies. Specialist tour operators can be excellently included in the "aromatic story", not only because of the paradigm of responsible business they are tuned to, but also because of safety, knowledge of destinations, diversified offers and multi-segmentation of demand.

As a result of these partnerships Lavender Festivals (Hvar, Šibenik, Vodnjan), Festival of Wild Plants (Kršan), Wellness academies (Opatija), Aromatic days festival (Bale) and other initiatives were held in Croatia. The first lavender festival was held in the town of Vodnjan (region of Istria) in 2008.

In recent years, the cultivation of aromatic crops has been in the centre of interest of many agricultural producers. It is increasingly present as an economic activity that significantly affects the development of agro and eco-tourism. However, there is still a lack of recognition of the initiative by all necessary stakeholders (local / regional level) in terms of promoting and



valuing the tradition. Yet the initiatives are still individual and insufficiently supported. Distribution channels have a limited ability to potentiate demand, although the situation is changing for the better compared to previous periods. In Istria, the use of agricultural land is very low. By planting aromatic crops, neglected agricultural areas would be turned into arable land and thus increase the possibility of employment of the local population.

## **2 New tourism initiatives – sustainable cultural valorisation through specialised tourism offer**

Croatia is an example of a region (country) that has not yet sufficiently used resources such as intangible heritage, storytelling, oral tradition and ancient customs. It is primarily a destination of sun and sea (motive for 81% of visitors) and its image needs to be changed (Tomas 2019, Institute of Tourism, Croatia). The uniformity that is still present in some destinations in Croatia (mostly in the south) can be associated with passivity in approach and ignorance of trends, due to the desire for fast economic benefits. Staging historical events in co-creation with visitors to performances organised throughout the country, for several years have had effects through a unique and individual "tourist view" of the destination.

Furthermore, tourism today is experienced by the senses of smell, taste, hearing and others (Shao, Lin, 2021, Buzova, Sanz-Blas, Cervera-Taulet, 2021). Therefore, it is not to the detriment of stakeholders to promote destinations through the above categories by which they build a dual image of the destination (e.g., "Fragrant destination Bale" with a fixed natural and cultural resource base).

Istria County is the most important tourist destination in the Republic of Croatia in terms of the number of tourist visits (27% of all visitors to the country, Istrian County statistics, 2022). The region is divided into 7 clusters (picture 1) that together form a tourist attraction mosaic of Istria as a destination. The Istrian peninsula is a bilingual area (represented by the Italian population), so the signposts are bilingual (Pula-Pola, Rovinj-Rovigno, Vodnjan-Dignano, Bale-Valle, Fažana-Fasana, etc.).

Aromatic cultures grown through controlled biological cultivation in the Istrian peninsula are the drivers and link to reduce environmental pollution, contribute to the creation of new products in preserving health, natural resources and environmental awareness of the community and all stakeholders (DMC - destination management company, DMO - destination management organisation, local population, supply, residents).

This form of tourism includes another very important influence in tourism today and that is ethics. Etiquette and ethics are highly represented through including acquainting the client with the ways of working (e.g., wellness centre), vision, employees, used appliances and preparations, avoidance of inconvenience, information on reservations, cancellations, arrivals, payments, adjustments to the market group, special notes and the right to discretion, etc.

### **2.1 Economic sustainability and ethics through tourism offer – Istrian destination Bale/Valle**

Bale is a small place halfway between the cities of Rovinj and Pula in the Istrian County, and is developing exceptionally in terms of tourism and agriculture (picture 1), but Croatia has some other places where hospitality offer is adapted to modern trends like specialised hotels,

resorts, camps (Floričić, Pavia, Gržinić, 2014) Some of them oriented to authenticity are the village of Mužolini Donji (luxury hotel in the rural ambience), Camp Zaton (inspired by aromatic plants), San Rocco (Brtonigla), Heritage Villa Nobile (Dubrovnik<sup>1</sup>) and others.

**Picture 1** Bale - destination logo and Soardo-Bembo Palace/destination position of Istrian tourism cluster map



Source: <https://www.istria-culture.com/palaca-soardo-bembo-i46>,  
[https://www.researchgate.net/figure/Model-for-branding-of-Istria-as-the-umbrella-brand-tourism-region-and-its-clusters\\_fig2\\_289099430](https://www.researchgate.net/figure/Model-for-branding-of-Istria-as-the-umbrella-brand-tourism-region-and-its-clusters_fig2_289099430)

Days of Aromatic Herbs organised in Bale, 2019 was the impetus for the promotion of Bale through aromatic cultures. The Tourism Forum was organised with the aim of encouraging innovation and knowledge transfer for the purposes of tourism development, in the beautiful Soardo-Bembo Palace (Bale). At the same time, tangible and intangible cultural heritage is merged into one tourist story. Aromatic crops are closely related to renewable energy, energy efficiency and green marketing.

The latest trend in the cosmetics industry, the so-called "Green glamour" is based on the development of products that:

- a) have not been tested on animals,
- b) are not produced using children as labour (Third World countries),
- c) without PEGS (use of stabilisers and preservatives).

Clients (consumers) and potential tourists who belong to the "High class" are looking for luxury and clean food, natural cosmetics or organic fabric. Aromatic cultures have this potential and through their integrity contribute to the style of modern living (Škoro, Gržinić, 2018). The definition of wellness indicates the need and connection of aromatic cultures that significantly affect the physical, mental and spiritual satisfaction of man (Piltzer, 2007, Stoewen; 2017, wellness.hr; 2022).

Based on all the above, the offer of these products can significantly jump in price and present a potential for luxury tourism. It is possible to include in this initiative other countries of the Adriatic Sea (e.g., Montenegro, Bosnia and Herzegovina) known for their tradition of growing herbs and transmission of stories about plant healing.

<sup>1</sup> Dubrovnik has the oldest European pharmacy from 1317 that is still working. <https://www.dubrovnik-travel.net/old-pharmacy-at-franciscan-monastery>

### a. Comparison of wine and herbal tourism offer in Istrian/Dalmatian rural places

As part of the world tradition, the potential of natural heritage through tradition is a strategic goal appropriate to the Croatian economy and the development of competitiveness in tourism (Table 2). Through the tourist valorisation of aromatic cultures, together with other cultures, an attractive mix is achieved through resource management so that economic, social and aesthetic needs are met. It also achieves cultural integrity, influences ecological processes and preserves biodiversity.

**Table 2** Stakeholder initiatives and offer development (wine/herbal tourism)

Elements of specialised tourism offer	Sustainable development forms in wine tourism	Sustainable development forms in herbal tourism
Quality offer potentials	Istrian Malvasia, Teran, Momjan Muscat, Chardonnay, Cabernet Sauvignon	Lavender, bay leaf, myrtle, sage, thyme, immortelles
Tours	Pass through Istrian settlements, vineyards and cellars	Not developed - huge potential in connection with neighbouring regions (Provence, Tuscany)
Bars	Tasting rooms within the wineries	No specialised herb bars
Events and festivals	Vinistra (May), Istria Wine and Walk (May), Open Wine Cellars Day (May), Istrian Wine Run (September).	Developed in some destinations (Istria, Dalmatia, Bale, Vodnjan, Sibenik, Hvar)
Cultural route of the Council of Europe	Iter Vitis	No part of cultural routes
Museums	On some Croatian Islands (Pelješac) and rural places (with shopping possibilities)	Not developed (only as a souvenir)
Interpretation centres	Not developed, except planned Wine festivals across the country	Not developed, it is possible to develop through thematic destination management
Development of the region's attraction mix	It is possible to develop museums of tradition, historical development and life of the population e.g., "Centre of Istrian flavours and wine tradition", town of Brtonigla.	Not developed (on individual initiatives)  Bike Tours Istria (individual exploring of environment)

Source: Authors

In order for regions to develop wine tourism, winemakers must understand that they are thus contributing to the development of the local community with integration of other parts of the tourism product (tourism attraction mix). Emotions and energy play a central role in an individual's life (Lekić, 2019). They are related to all events that accompany life expectancy and enter all spheres of human life. Therefore, education in this process is needed. They also appear in the economy as a product that can be bought in the form of emotional value (gastro.hr, 2022).

We can conclude that all presented offers are an integral destination mix, especially nowadays, when there is a growing need to escape from reality, and the most important part of life. The offer of numerous other gastronomic affinities is extremely developed in Istria: the

Olive Oil Route, the Boškarić Delicacy Route, the White Truffle Route and the Wild Asparagus Route which are being revised and supplemented.

### **b. Croatian destinations and transtourism - "Creative scented cities"**

The destination needs to be developed based on an attraction mix (Alvarez, Go, Yüksel, 2016). Today, we call transformations in tourism transtourism (Dukić, Ateljević, Tomljenović, 2018). In the analysed case, this can be explained by encouraging brand development through associations e.g., aromatic festival, fragrant destinations, presentation, wellness centre, event development. The types of events can be analysed as follows (according to Mc Kercher, Du Cros, 2002): a) INSPIRATIVE EVENT - (growth and use of plants - passion), b) AFFIRMATIVE EVENT - (list of attractions - culinary, aromatic, decorative and medicinal plants), c) PLEASANT EXPERIENCE - (visit to the botanical garden), d) ENRICHED EXPERIENCE - ("Open Doors Days" for buying plants, "Learning about garden design", "Knowledge of horticulture"), e) CELEBRATORY EXPERIENCE - ENCOURAGES CULTURAL EXPERIENCE (knowledge of life values, victory in the "floral show").

This typology of wellness events can be observed through the interpenetration of categories. For example, an inspiring event is also enriched, except when the visitor is cheated, embarrassed, disappointed, and unpleasantly surprised. Also, music is part of wellness (indigenous music as a contribution to indigenous wellness). Locations across the country that have a wealth of plants as a cultural heritage could be linked to an offer called "creative fragrant cities / spaces".

Suggestions for sustainable cultural valorisation are shown in table 3. Turning to a narrower market segment relieves the destination of mass visits and opens the way for "green development policies". The tourist offer emphasises the information-advisory function due to addressing the clientele, which has high expectations for which it is willing to pay more. Proposals for the development of environmental tours based on the paradigm of sustainability of agriculture and tourism are shown in Table 3.

**Table 3** Preservation of cultural heritage and economic sustainability through stakeholders' partnership

<b>Individual goals</b>		
<b>Added value</b>	<b>Proposed initiatives</b>	<b>Stakeholder roles</b>
Holistic approach - aromatherapy cosmetic wellness and SPA centres	Networking of activities due to new needs (a consequence of the modern way of life)	Learning about the characteristics of the Mediterranean and resources
Creating a Tea Shop	Getting to know and consuming teas	Collecting plants
Cooperative activities	Creating a cooperative	Gathering initiatives, better risk management
Specialised guides	Analysis of prerequisites for types of education (teacher competence and student knowledge)	SWOT analysis (strengths, weaknesses, opportunities, threats)
A healthy plant-based diet	Essential and cold pressed oils in cooking	Finding possibilities for micro / macro application (offer in rural households and / or cuisine)
Aroma and phyto workshops (SPA, Wellness, clinical aromatherapy, according to the season,	Gathering of experts (science + practice)	Application of aromatherapy using selective forms of essential oils

obtaining essential oils and hydrolates)		
Art-eco-ethno tours	Connecting multiple destinations based on the concept of natural heritage and tradition	Tour design and interpretation
Hydrolate therapy	Through nutrition and cosmetics	Transfer and exchange of experiences (England, France, Germany, Slovakia, Czech Republic)
<b>General goal</b>		
Added value to the tourist offer	Proposed initiatives	Stakeholder action steps
Increasing the competencies of vocational schoolteachers	Curriculum expansion and preparation for the introduction of new occupations	Pointing to new needs
Institutional networking	Connecting available education and services	Anticipating modern trends in tourism
Promoting specialisation in students	Cooperation with schools and holding workshops	Inclusion in professional practices

Source: Škoro, Gržinić (2018)

The proposed initiatives in the above table point to product development based on a balance of sense of place, experience and memorability. This is how the lavender roads should be recognised like the roads of Istrian Malvasia and Istrian Teran are developed, with numerous market-recognised stakeholders. The question arises whether the market potential has been sufficiently used. Travel agencies include in their offers tourist package arrangements (excursions) recognised through attractive, desirable, affordable and content acceptability. By doing so, they are fighting for survival in the tourism market. Although many winemakers and olive oil distributors have adapted to the offer, as well as agencies through tourism specialisations. So, this is a great opportunity for lavender tourism offer. Necessary activities in the process of recognising attraction of this cultural type are:

- Identification and list of destination attractions (wine and related products, lavender, olives, truffles, recreation, health tourism, gastronomy),
- Assessment of the quality of the product offer and the possibility of market placement,
- Creation of an attraction service package,
- Discussion and reflection on how to improve the visitor experience with the attraction (e.g., lunch in a vineyard with a spectacular view of a small rural area, etc.).

## Conclusion

Sustainable tourism is a long-term goal of destination development and enters all selective forms of tourism in modern tourism. In creating the long-term quality of a sustainable and competitive tourism product principles and beliefs are needed, not mere formalism about the long-term nature of the tourism product. The new Croatian tourism strategy should be in accordance with the new modern world philosophies.

Furthermore, monitoring the impacts of organised events, from the aspect of socio-cultural, environmental and political, action is the crucial element of regional tourism development. A new event is a continuation of an existing or good start of something new, as in the case of the promotion of Croatia through blue and green (coastal and rural part).

This chapter is a result of scientific project "Tourism development and destination impacts", Faculty of Economics and Tourism "Dr. Mijo Mirković", Juraj Dobrila University of Pula, Croatia.

### Discussion Questions

1.	Does the Republic of Croatia have a potential (resource) that is not valorised in tourism?
2.	Who helps in the realisation of tourism business?
3.	Do you think that the stakeholders of the destination recognise the efforts to develop a tourism product?
4.	Consider about responsible tourism initiatives and some new destination products.
5.	Is it possible to develop a dual image of a destination?
6.	Is it worth investing in added value for the client?
7.	Is there investment potential to build a new content?

## 9 Assessment of spatial differentiation of tourism potential and environment

### **Brief characteristic**

*Tourism is an important part of human life. Knowing the diversity of tourist attractiveness of regions plays an important role in planning the proper use of environmental resources, which is one of the most important determinants of the development of this sector. Tourism, as an important sphere of socio-economic activity, is a reflection of the standard of living of societies and an indicator of awareness and progress of civilization. Tourism potential takes into account the natural and cultural values, tourism infrastructure and economic conditions of tourism development, as well as the natural potential of the environment with the changes introduced by man. The main purpose of the chapter is to characterize and evaluate the spatial differentiation of tourism potential in the context of the natural environment using a synthetic measure explained on the example of the poviats of Poland. In light of the variables and linear ordering methods included in the chapter, the synthetic measure of tourism ranged from 0.04 to 0.41 in 2010 and 0.07 to 0.56 in 2020, while the measure of the natural environment and ecology ranged from 0.36 to 0.60 in 2010, 0.32 to 0.64 in 2020, respectively. Tourism is seen as a spatial phenomenon that has a major impact on society and various departments of the national economy, including construction, transportation, trade. It affects the financial situation of counties and their residents, the development of infrastructure, jobs, new businesses, the quality of life of residents. Systematic studies of tourism, as well as of the environment and ecology, should provide the information necessary for authorities to evaluate and correct their policies. An increase or decrease in synthetic measures must be considered as a way of evaluating the effects of past activities. The results obtained can be an important source of information for local authorities on disparities between units.*

### **Learning objectives**

*The main purpose of the chapter is to characterize and evaluate the spatial differentiation of tourism potential in the context of the natural environment using a synthetic measure. The analysis carried out was done by 314 districts of Poland.*

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### **Background**

Tourism is an important part of human life. Knowing the diversity of tourist attractiveness of regions plays an important role in planning the proper use of environmental resources, which is one of the most important determinants of the development of this sector (Szczecińska, Bąk, 2014). Tourism, as an important sphere of socio-economic activity, is reflection of the standard of living of societies and an indicator of awareness and progress of civilization. The development of tourism is, on the one hand, an impulse for socio-economic development, and on the other hand, is reflection of it (Kierunki Rozwoju Turystyki do 2015). The development of tourism makes it a source of income and employment, but also cultural and social development. Tourism encompasses all activities of people who travel and stay for leisure, business or other purposes for no more than a year without interruption outside their daily surroundings (Terminologia turystyczna, ...).

Tourism potential takes into account natural and cultural assets, tourism infrastructure and economic conditions for tourism development, as well as the natural potential of the environment along with human-induced changes. It is shaped, among other things, by tourist assets, which are tourist natural potential and

cultural potential, as well as facilities serving tourists, i.e. technical potential (Zajdacz, 2004). Therefore, it can be defined as all elements of the geographic environment and human behavior used to practice or engage in tourism (Kaczmarek, Stasiak, Włodarczyk, 2002). Approaching the potential in a more systemic way, we can say that it is formed by all elements of the geographic environment and human behavior, all values and tourist development, communication accessibility, as well as economic, ecological, political, cultural, technological, psychological and socio-demographic, conditioning the development of tourism in the region (Ślusarz, et al., 2019; Marciszewska, 2010; Kaczmarek et al., 2002).

The main purpose of the chapter is to characterize and evaluate the spatial differentiation of tourism potential in the context of the natural environment using a synthetic measure. The analysis carried out was done by 314 districts of Poland. Addressing the issue of assessing tourism and the environment, the following research question was formulated: how is the spatial differentiation of the studied areas in terms of districts in Poland? Whether and how the level of tourism depends on the level of variables characterizing the natural environment (endogenous variables of the region resulting from the rent of location)?.

Tourism has a significant role in local development, both in the social and economic spheres. Its development influences the creation of new jobs, increases the household income of workers in the sector, the income of tourism enterprises, increases revenues to local government budgets. Tourism is a field that activates various environments and endogenous potentials, builds awareness of local and regional communities, strengthens and integrates social capital, is an important component of sustainable development, improves the quality of life of local communities, increases the competitiveness of regions (Kordek, *Współczesna turystyka; Kierunki Rozwoju Turystyki do 2015*).

The development of tourism also determines negative effects, primarily in the natural environment, but also in the social and economic environment. These result from poor or excessive use of the resources on which tourism is based (Rakowska, Pomianek, Ozimek, 2020). Negative effects of tourism development also include, among others: increased collection and disposal of waste, increased maintenance costs of tourist attractions at risk of overcrowding or vandalism, environmental degradation, low return on investment due to location rents due to seasonality of tourist demand (Śłodowa-Helpa, 2002; Kachniewska, 1996).

Economic, social, political, technical and demographic factors are among the most important factors affecting the development of tourism. An important economic element is also the increase in the income of the population by which access to all services, including tourism services, increases. Tourism provides employment opportunities in the sphere of tourism and hotel business (*Kierunki działań na rzecz rozwoju turystyki ...*). Socio-economic development in tourism takes place as a result of the growth of wealth and the allocation of a portion of national income for expanded reproduction and changes in social relations (Marciniak, 2002). Golebski counts among the basic determinants of the analyzed socio-economic phenomenon: the increase in the amount of leisure time, the increase in the level of real income of the population, the spread of education and changes in the sphere of customs, tourist values and infrastructure and tourism policy, or elements of the natural environment (Golebski, 2005).

Elements of the natural environment influence the differentiation of the tourist attractiveness of regions, condition tourist development and are the basic tourist asset, which the more unique, the more it attracts the attention of tourists. Natural assets are common, but differ in the intensity of their occurrence in space (location rent) (Gaworecki, 2003; Wojcieszak, 2016). The problem of appropriate management of the environmental resources of areas is important in connection with the competitiveness of these areas. The condition of resources, their quality and protection can generate constraints, as well as growth in local development (Pondel, 2015). Tourist space is part of the environmental space in which the phenomenon of tourism occurs. The dynamism of tourist space is manifested in the ongoing relationships between the elements that make it up, or its inhabitants, (users-tourists) and the transformations of space associated with changes in the tourist economy (Włodarczyk, 2011).



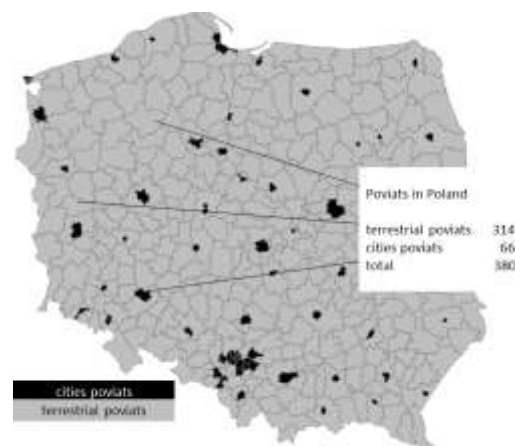
## 1 Methods of assessment of spatial differentiation of tourism potential and environment

The tourism potential of Poland's counties varies due to their tourism assets, transportation accessibility, the degree of its use relative to the level of development. A *powiat* (NUTS 4; Figure 1) is a local self-governing community (unit of basic territorial division) covering an area of several to a dozen municipalities or the entire area of a city with *powiat* rights (Rozporządzenie Rady Ministrów z dnia 7 sierpnia 1998 r.; Ustawa o samorządzie powiatowym). The study area is characterized by great diversity and different conditions of tourism development in each county, as well as differences in area and number of inhabitants.

The choice of diagnostic variables was determined by the availability of secondary data collected in the Bank of Local Data of the Central Statistical Office (BDL GUS) for the years 2010-2020, thanks to which it was possible to capture possible changes regarding the phenomenon in question.

The synthetic measure (built using the Technique for Order Preference by Similarity to an Ideal Solution) facilitates the comparison of objects in multidimensional spaces, but also makes it possible to order them due to the phenomenon under study. The synthetic measure makes it possible to rank and group counties from the point of view of the main criterion, as well as to study whether and to what extent the variables of its structure determine it, and to indicate the importance of local research and the information obtained in the framework of the research conducted at various stages of decision-making in the territorial unit.

**Figure 1** Research area of tourism potential differentiation and natural environment and ecology



Source: own study

In the process of creating a synthetic feature, it is possible to distinguish successive stages of the procedure. The first is the selection of features describing the selected objects (stage I). Then it is necessary to determine the direction of preference of simple characteristics in relation to the general criterion under consideration, dividing them into stimulants and destimulants (stage II). The next stage is to normalize the variables (stage III) and calculate the value of the synthetic measure (stage IV). The final stage was the linear ordering of objects, separating typological classes according to the synthetic measure, determining the measure of descriptive statistics, and presenting maps of differentiation (stage V).

When studying spatial differentiation in terms of the main criterion (tourism, environment and ecology), it is necessary to extract a number of diagnostic variables that characterize the level of the analyzed phenomenon, which can be written using a multidimensional data matrix (Zeliaś, 1991; Szulc, 2007). The selection of diagnostic variables and their verification in terms of content and/or statistics, made it possible to determine an observation matrix, consisting of objects and features. It was written in the form of  $X_{ij}$ :

$$X_{ij} = \begin{bmatrix} X_{11} & X_{12} & \dots & X_{1m} \\ X_{21} & X_{22} & \dots & X_{2m} \\ \dots & \dots & \dots & \dots \\ X_{n1} & X_{n2} & \dots & X_{nm} \end{bmatrix}, \quad (1),$$

where:  $X_{ij}$  – denotes the values of the  $j$ -th variable for the  $i$ -th object, object data matrix,  $i$  - object number ( $i = 1, 2, \dots, n$ ),  $j$  - variable number ( $j = 1, 2, \dots, m$ ).

The determinants that characterize tourism and the environment and ecology are interactive in nature. They are a tangle of interrelated variables that form a multidimensional space. The study distinguished the following variables shown in Table 1.

**Table 1** List of tourism and environment and ecology variables

Tourism variables			
X1	S	Share of forest land in total area	%
X2	S	Share of legally protected areas in total area	%
X3	S	Natural monuments/1km <sup>2</sup>	sz/km <sup>2</sup>
X4	S	Municipal and district hard-surfaced roads per 10,000 population	km
X5	S	Baretje;a Deferta (tourist function indicator)	msc
X6	S	Charvat (the saturation of the tourist base)	sz.
X7	S	Density of accommodation base	msc/km <sup>2</sup>
X8	S	Deferta (indices of tourist function)	osoba/km <sup>2</sup>
X9	S	Schneider (tourist intensity indicator)	osoba
X10	S	Nights given to foreign tourists in tourist accommodation facilities per 10 thousand residents	sz.
X11	S	Overnight stays provided to domestic tourists in total tourist accommodation facilities per 10 thousand residents.	sz.
X12	S	Tourist accommodation facilities excluding hotels/1km <sup>2</sup>	ob/km <sup>2</sup>
X13	S	Occupancy rate/ occupancy rate of total lodging establishments by county	%
Environment and ecology variables			
X14	S	Share of area total forest land area	%
X15	S	Share of total legally protected areas	%
X16	S	Share of green areas in total area	%
X17	S	Wastewater treated during the year ... Total discharged per 1 km <sup>2</sup>	dam <sup>3</sup> /km <sup>2</sup>
X18	S	Industrial and municipal wastewater treated as % of wastewater requiring treatment	%
X19	S	Population using wastewater treatment plants as % of total population	%
X20	D	Mixed waste collected during the year ... Total per capita	kg
X21	S	Share of recycled waste in waste generated during the year	%
X22	D	Share of industry in total water consumption	%

Source: own study (S-stimulant, D-destimulant)

Diagnostic features should show sufficient spatial variability, i.e. carry information that differentiates the objects under study. From the set of variables were eliminated features that meet the inequality  $|V_i| \leq V^*$ , where  $V^*$  means the critical value of the coefficient of variation. The critical value was taken as the magnitude of  $V^* = 0.10$  (Kukuła, 2000). We also eliminated highly correlated variables as carriers of similar information (threshold level of correlation coefficient  $r^* = 0.75$  (Malina, 2004)). The selection of variables was also based on factor analysis performed in Statistica software. The indicated method makes it possible to reduce the number of analyzed variables and transform the old arrangement of variables into a new arrangement consisting of main factors (Sobczak, 2003).

In order to bring the variables to comparability, a zeroed unitization procedure was applied, the purpose of which is to replace the varying ranges of variation of individual variables with a constant range. The variables were normalized according to the following formulas (Kukuła, 2000; Pluta, 1977; Hellwig, Siedlecka, Siedlecki, 1995):

$$Z_{ij} = \frac{x_{ij} - \min_i x_{ij}}{\max_i x_{ij} - \min_i x_{ij}}, \text{ when } x_i \in S \text{ (2)},$$

$$Z_{ij} = \frac{\max_i x_{ij} - x_{ij}}{\max_i x_{ij} - \min_i x_{ij}}, \text{ when } x_i \in D \text{ (3)},$$

where: S-stimulant, D-destimulant,  $i=1, 2, \dots, n$ ;  $j=1, 2, \dots, m$ ,  $\max_{x_{ij}}$  - the maximum value of the  $j$ -th variable,  $\min_{x_{ij}}$  - the minimum value of the  $j$ -th variable,  $x_{ij}$  - denotes the value of the  $j$ -th variable for the  $i$ -th object (Wysocki, Lira, 2005; Młodak, 2006; Dziekański, Prus, 2020; Grabiński, Wydymus, Zeliaś, 1989),  $Z_{ij}$  normalized value of the  $j$ -th variable for itego object (belongs to the interval  $[0;1]$ ). The study was conducted in a dynamic manner, determining the  $\min\{x_{ij}\}$  and  $\max\{x_{ij}\}$  values for the entire study period.

All variables are unified in terms of their range of variation, as well as their location in the observation space. As a result of the unitization, we obtain a matrix of feature values  $Z_{ij}$ :

$$Z_{ij} = \begin{bmatrix} Z_{11} & Z_{12} & \dots & Z_{1m} \\ Z_{21} & Z_{22} & \dots & Z_{2m} \\ \dots & \dots & \dots & \dots \\ Z_{n1} & Z_{n2} & \dots & Z_{nm} \end{bmatrix} \text{ (4)},$$

where,  $Z_{ij}$  unitarized value of the  $j$ -th variable for the  $i$ -th object.

A synthetic measure based on the Technique for Order Preference by Similarity to an Ideal Solution (TOPSIS) method was used to assess the spatial differentiation of tourism (otaz natural environment and ecology). This measure made it possible to take a multidimensional and comprehensive look at the level of the phenomenon at the various sites under study, to conduct comparative analyses of the sites (spatially as well as temporally) and to linearly order them. The first synthetic measure of development was proposed by Z. Hellwig for assessing the economic development of selected countries (Hellwig, 1968).

Eudidean distances of individual objects from the pattern and anti-pattern were calculated successively. The synthetic measure for each site was determined based on the formula:

$$q_i = \frac{d_i^-}{d_i^- + d_i^+}, \text{ where } 0 \leq q_i \leq 1, i = 1, 2, \dots, n; \text{ (5)},$$

where:  $q_i \in [0; 1]$ ;  $d_i^-$  - means the distance of the object from the anti-pattern (from 0),  $d_i^+$  denotes the distance of the object from the benchmark (from 1). Thus, the higher its value, the higher the position of a given object in the ranking (the higher the tourism potential of a given province) (Jahanshahloo, Lotfi, Izadikhah, 2006; Velasquez, Hester, 2013; Zavadskas, Zakarevicius, Antucheviciene, 2006).

In the final stage of the research work, typological grouping was used to interpret the obtained measures, scatter plots and maps of spatial variation were presented, the results of descriptive analysis. The first, second and third quartiles were used as threshold values (Wysocki, 2010; Kozera, Wysocki, 2016). The size of the synthetic measure in the first group denotes the better unit, while in the following groups it denotes the weaker units. The necessary calculations were carried out using Statistica, Gretl software (Ward, 1963; Gigerenzer, 2004).

## 2 Results and discussion

In light of the variables and linear ordering methods included in the chapter, the synthetic measure of tourism ranged from 0.04 to 0.41 in 2010 and 0.07 to 0.56 in 2020, while the measure of environment and ecology ranged from 0.36 to 0.60 in 2010, 0.32 to 0.64 in 2020.

Figure 2 illustrates the classification of counties due to the synthetic measure of tourism and environment and ecology. The classification of counties was carried out on the basis of quartiles, which were the threshold values for the following groups. The black color denotes the group of provinces characterized by better condition in the main criterion studied, the lighter color the weaker units. The

analysis showed high spatial differentiation of synthetic measures. Tourism there is mainly based on natural and natural values. There are also a significant number of counties with minimal tourism.

**Figure 2** Spatial differentiation of tourism and natural environment and ecology in the districts of Poland



Source: own study

The statistical characteristics of the synthetic measure of tourism and the environment and ecology in 2020 compared to 2010 show a variation in the studied phenomenon (Coefficient of variation, Range). In 2010, the most numerous group of surveyed objects was 0.15-0.20 units (104 units, 33% of all surveyed), in 2020, respectively - 0.10-0.20 (215, 68%); in the aspect of the measure of natural environment and ecology - 0.48-0.50 (88, 28%), 0.40-0.45 (159, 51%).

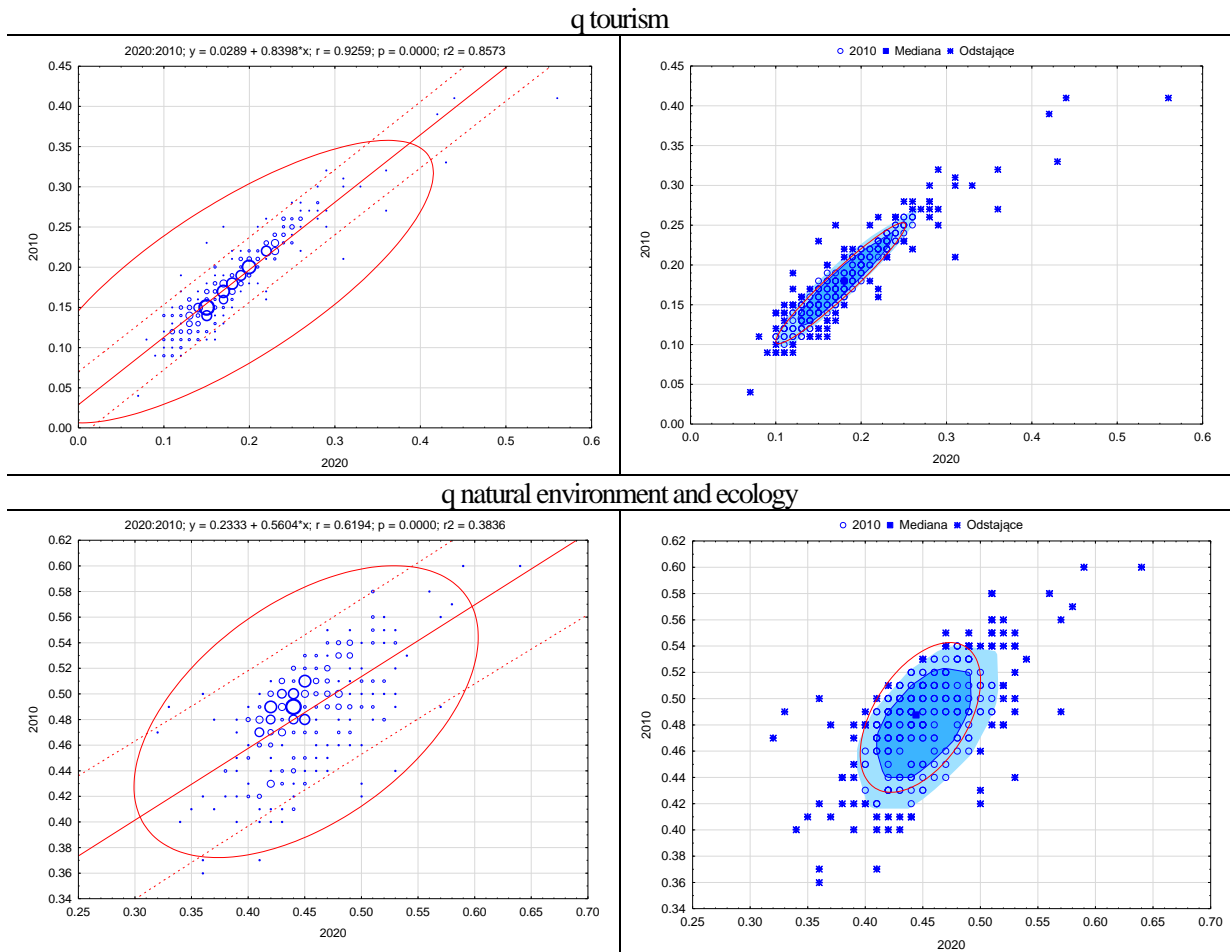
**Table 2** Measures of differentiation q tourism and q ecology and environment of provinces in Poland in 2010 and 2020

	2010	2020	2010	2020
	q tourism		q natural environment and ecology	
Average	0.18	0.18	0.49	0.45
Median	0.17	0.17	0.49	0.45
Min	0.04	0.07	0.36	0.32
Max	0.41	0.56	0.60	0.64
Range	0.37	0.49	0.24	0.32

Quartile range	0.08	0.08	0.04	0.06
Standard deviation	0.05	0.06	0.04	0.04
Coefficient of variation	29.71	32.7	8.04	9.57
Skewness (asymmetry)	0.89	1.79	-0.26	0.45
Kurtosis (measure of concentration)	1.77	6.8	0.56	1.39

Source: own study

**Figure 3** Scatter plot with fit line (a) and bag plot (b) of synthetic measure of tourism and environment and ecology in Poland

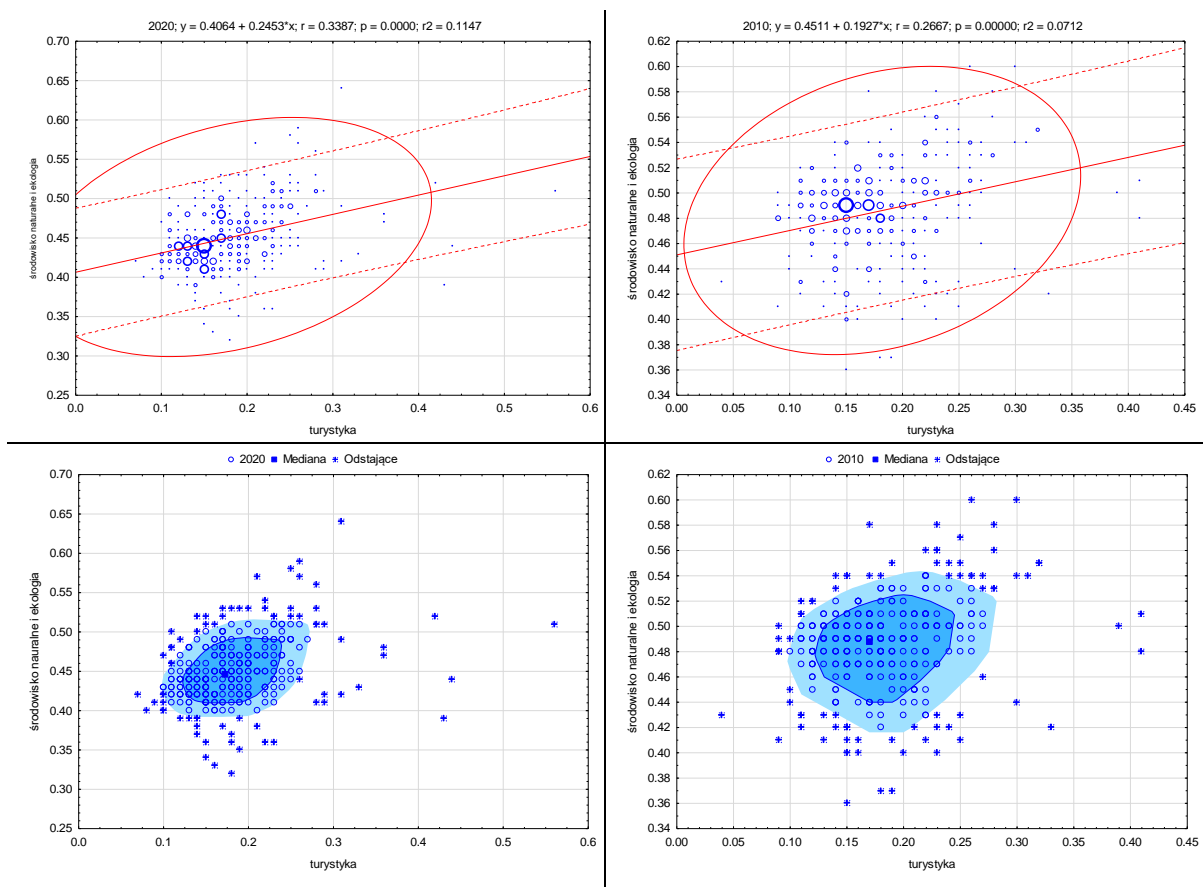


Source: own study

Pearson's correlation coefficient between the value of the synthetic measure in 2010 in relation to 2020 according to the measure of tourism was 0.942. Outlier units were the following poviats: bieszczadzki, leski, kołobrzeski, karkonoski, tatrzański. In the case of the measure of environment and ecology - 0.619, and the outlier units were the poviats: gryfiński, policki, bełchatowski oraz sanocki, nowosądecki, nowotarski (figure 3).

The Pearson correlation coefficient between the value of the synthetic measure (tourism, environment and ecology year-on-year) in 2010 was 0.266, in 2020. - 0.338. As outliers, the graphs indicate the poviats nowosądecki, leski, tatrzański, karkonoski, kołobrzeski (2010 r.) and gryfiński, policki, bełchatowski i nowosądecki, sanocki, tatrzański, leski, kołobrzeski, karkonoski (2020, figure 4).

**Figure 4** Scatter plot with fit line and bag plot of the relationship of the synthetic measure tourism and environment and ecology in Poland



Source: own study

Measures of tourism and natural environment and ecology for Poland's counties in the analyzed years correlated with forest land area (0.5382 - q tourism; 0.2762 - q natural environment and ecology), share of legally protected areas (0.5909; 0.5046), the rate of use of accommodation (0.4929; 0.127), the share of legally protected areas in total area (0.5901; 0.504), mixed waste collected (0.1932; -0.2892) and the share of industry in water consumption (-0.0183; -0.4485). In addition, the tourism measure also correlated with beds per 1,000 population (0.673), the number of tourists using lodging per 100 square kilometers (0.6669) and using lodging per 1,000 population (0.7191), the number of lodging provided per 1,000 population (0.7068) and beds (0.6519).

We can consider tourism as a manifestation of economic, social (including cultural) and spatial activity. By researchers of regional and local development, tourism is indicated as one of the ways of this development for many cities, municipalities and otherwise distinguished systems. Tourism is that sector of the economy that particularly activates the underutilized (e.g., natural or post-industrial) potential of areas (Januszewska, Nawrocka, 2015).

Tourist activity is one of the measures of the standard of living of the population and an indicator of the civilizational development of societies. Its importance is manifested in its high ability to generate new jobs, improve the quality of life of local communities, increase the competitiveness of regions. At the same time, tourism contributes to the discovery of the most valuable cultural and environmental resources, the display of which improves the internal and external image of the country, regions and localities (Drozdowski, Dziekański, 2022).

Tourism provides an excellent basis for the activation of local societies and the development of regions with special tourist attractions. It is a very important source of income for the population, generating significant revenues for budgets. Tourist phenomena and processes, which are associated with the movement of people and change of their place of stay, take place in a specific space, which they create, cause its specific development, but also model and transform. Spatial distinctions can be a source of competitive advantage and contribute to the development of a territory (Guzik, Ostrowska, 2013).

The increase in the importance of tourism and the intensive development of many tourist destinations has led to the need to treat tourism as one of the main development tools at the local, primarily municipal, level. This is especially true in areas that used to be agricultural in nature, for example, whose residents are now struggling with the problem of structural unemployment, looking for ways to activate the economy, create new jobs (Szostak, Głabiński, Duda, 2020).

Assessment of the tourist function can be carried out on the basis of tourist assets, development and tourist traffic. The tourist function of cities is complementary in relation to industrial, agricultural, residential. The centers attracting tourists are cities that concentrate many natural and cultural values and are famous for numerous cultural and entertainment events, such as Busko-Zdrój, Chęciny, Kielce and Sandomierz (in the case of Świętokrzyskie voivodeship) (Kiniorska, Partyka, 2017).

The excellent natural and scenic conditions of the Warmian-Masurian Voivodeship and the numerous historical buildings found here, as well as the dynamically developing accommodation and catering facilities, along with recreational facilities and amenities, account for the fact that tourism is a leading field of development, generating new jobs and an increase in the income of the population. An important factor hindering the development and strengthening of the tourist attractiveness of the region, and consequently their tourist competitiveness, is the existing state of communications infrastructure (Jasiński, Suchta, 2013).

The problem of appropriate management of natural environmental resources becomes extremely important in connection with the competitiveness of these areas. The mere presence of resources and values of the natural environment in a given area is not yet a factor that guarantees the growth of its competitiveness and development (Pondel, 2015).

## **Conclusion**

Tourism is seen as a spatial phenomenon that has a major impact on society and various departments of the national economy, including construction, transportation, trade. As a result of the transformations taking place, tourism can become a factor of change (development), but it can also contribute to the degradation of the natural and cultural environment. Tourism is an important factor in local development. It affects the financial situation of counties and their residents, the development of infrastructure, jobs, new businesses, the quality of life of residents. It is shaped by economic activity and working conditions, health, education, leisure and social relations, economic and physical security, quality of the natural environment, among others.

Elements of the natural environment can be a factor that increases the competitiveness of the county in the implementation of social, economic, or environmental functions. The environment is constantly changing as a result of human activity. However, it should be remembered that the environment is both a stimulating and limiting factor in the development of the sector under study. There are regions naturally predisposed to its development, as well as those that, from an environmental point of view, are not attractive for tourism. Hence, in interpreting the spatial differentiation of tourism potential, especially in terms of the environment, it is necessary to keep these conditions in mind.

Systematic studies of tourism, as well as of the environment and ecology, should provide the information necessary for authorities to evaluate and correct policies. An increase or decrease in synthetic measures must be considered as a means of evaluating the effects of past activities. The results obtained can be an important source of information for local authorities on the disparities that exist between units.

## 10 Defining the territory of the tourism destination

### **Brief characteristic**

*This chapter deals with the organizational provision of development of tourism in the region in the context of destination management, by various organizations operating in the region and engaging in tourism. It points to a new approach to destination management with the application St. Gallen model in connection with the definition of the territory of the destination and the meaningfulness of the organization covering this territory.*

*This issue is clarified in the example of a region, which explains the various possibilities and limitations of the integration of the regions as applied to destination management.*

### **Learning objectives**

*The main goal is the student's ability to identify the problems of destination management in the organizational context and to understand the context of its construction at the level of knowledge and understanding. At the level of competence, the student can use their knowledge and skills in critical discussion of identified problems and in designing ideal organizational security by incorporating the conditions of tourism development in the territory.*

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### **Background**

Tourism has a cross-sectional character and cannot be isolated from other sectors (Higgins-Desbiolles, 2006; Dwyer et al., 2009) which is reflected in the difficulty of coordinated development in a particular destination. In many countries this is the role of destination management organizations (DMOs). Slovakia responds to the need of DMOs in Act. 91/2010 Coll. on the promotion of tourism, which can be considered a major step towards the implementation of destination management in Slovakia. Under this Act there are formed local and regional tourism organizations (LTOs and RTOs), which are to fulfill the roles of DMOs.

DMOs established under Act Nr. 91/2010 of Coll. on Support of Tourism should create conditions for the development of tourism in their territory, represent the interests of their members and use public resources for these purposes in the form of subsidies from the state budget and membership fees (since most members belong to the public sector). Local tourism organisation (LTO) consists of at least five municipalities where a summary of the number of overnight stays by visitors in accommodation establishments in the founding municipalities in the previous calendar year was at least 150.000. LTO may be established also by less than five municipalities in case when a summary of the number of overnight stays by visitors was at least 250.000. Except the municipalities, members of LTO may also be the natural or legal persons which do business or operate on their territory. Members of LTO pay a membership fee which is set by the General Assembly of LTO and may differ among LTOs. The grant from the State budget is provided for the financial year. An LTO can receive the grant in the same amount as is the total sum of membership fees collected in the year prior to the previous financial year. The maximum amount of the grant may not exceed 90 % of the total overnight tax collected in all member municipalities in the year prior to the previous financial year. The main income of LTOs consists of membership fees and grants made under the law on the promotion of tourism. Since 2011 until now 39 LTOs have been established in Slovakia. On



average, one LTO has 25 members, with municipalities and cities representing almost 40 %. Other member entities come from the business sphere and self-government of interest.

RTO is defined in the Act as a legal person established under this Act, which promotes and creates conditions for tourism development in the region and protects the interests of its members. RTO consists of one of eight self-governed regions in Slovakia and at least one LTO from the territory. Only one RTO can be established in a self-governed region. It means that the maximum allowed number of RTOs in Slovakia is eight and up to now there have been established all eight RTOs.

The grant from the State budget is provided for the financial year. The rules for providing the grant are set out in the law as follows:

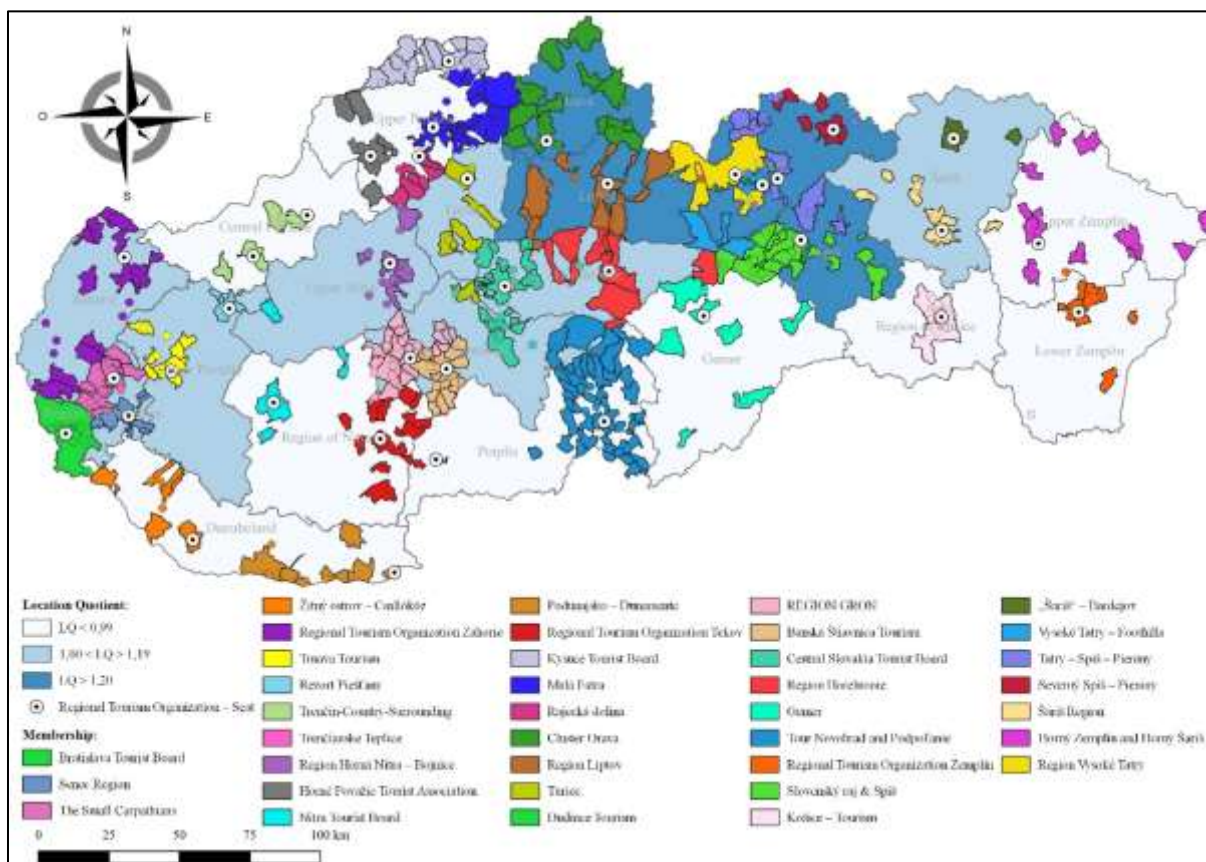
a) LTO can receive the grant in the same amount as is the total sum of membership fees collected in the year prior to the previous financial year. The maximum amount of the grant may not exceed 90 % of the total overnight tax collected in all member municipalities in the year prior to the previous financial year.

b) RTO can receive the grant in the same amount as is the membership fee of self-governed region in the year prior to the previous financial year. The maximum amount of the grant may not exceed 10 % of the total overnight taxes collected in all member municipalities of the member LTOs in the year prior to the previous financial year.

According to the Act the grant may be used for marketing and promotion, operation of tourist information centre (TIC), the creation and operation of the booking system, creation and promotion of tourism products, tourism infrastructure except for building of accommodation facilities, provision of strategic documents and statistics, and the establishment of evaluation system of service quality and for educational activities.

The following map shows local tourism organisations according the available register of the Ministry of Transport and Construction of the Slovak Republic (Annex 10 – List of LTOs with approved subsidies).

**Figure 1** Map of LTOs in Slovakia with identification of sectoral concentration of tourism in regions



Source: Micháľková & Gáll, 2021.

The concept of destination management is based on the understanding that networking, strategic location and branding will increase the competitiveness of the destination in the long run. Cooperation and the creation of regional networks have thus become key factors in destination management (Micháľková, 2010). Fesenmaier and Xiang (2017) understand destination management as a set of coordinated techniques, tools and measures applied in the planning, organization, communication, decision-making process and regulation of destination tourism. Destination management is a comprehensive management process with regard to the specifics of tourism, which includes the implementation of a wide range of activities with emphasis on their effectiveness in order to achieve the maximum positive impacts of tourism on the destination (Gajdošík, 2019). In order to do this, it is necessary to take into account the main attributes related to the building of destination management, specified with the following scheme.

**Figure 2** The flower of destination management in tourism



Source: own proceeding

### **St. Gallen Model of Destination Management**

One of the new approaches to destination management is the St Gallen Destination Management Model (SGDM), which focuses on the optimization of processes in the destination. This model represents a process-oriented approach to coordinating and marketing a tourism destination. Unlike approaches that are based on structures, SGDM focuses on the travel processes of strategically relevant groups of visitors. Individual steps of SGDM enable the optimization or redesigning of marketing and management processes for the service chain based on actual visitor behavior (Beritelli et. al, 2014).

One of the application model results is a clear division of tasks and responsibilities among the persons involved in the destination and the allocation of financial resources to specific activities. Such a clear system enables a more efficient evaluation of the activities of individual persons involved in the destination and thus also of the DMO.

The starting point of this model is a new definition of the destination, which puts visitors and their movement in space first. The logic of the model is based on the assumption that destination management should be based on an analysis of the movement and behavior of its visitors. Although the model comes from Switzerland, a country where tourism is at a high level, the authors themselves claim that the model is acceptable for all countries or regions, because it is not based on a specific offer and structure of tourism, or even on specific cultural and legal frameworks.

To define a destination as a dynamic, complex system of interdependencies that are activated by visitors in a certain space, i.e. space that they use for a certain period is the basic idea of SGDM. It is very important for organizations and institutions that are part of the TI system to understand how they can intelligently and actively shape these spaces. SGDM is a cyclical model that consists of six key activities (Beritelli, et al., 2015):

1. identify visitor flows and define, draw, and describe strategic visitor flows (SVF);
2. discuss the variable geometry by overlapping individual SVFs and assessing the SVF portfolio;
3. analyse demand and supply networks and reconstruct the network's main levers and driving mechanisms;

4. describe the management and marketing processes per SVF and allocate as well as distribute tasks along the process;
5. arrange strategies and actions among organizations and persons involved and assign resources according to corresponding competencies;
6. update the SVFs, the marketing, and management processes, and the use of resources continuously and moderate the destination-level learning and decision-making processes.

The table in Appendix 12 is a tool for setting up the marketing and management processes of individual identified strategic visitor flows, based on the analysis of networks influencing supply (system leaders) as well as demand (demand leaders).

## The application of the issue

The Kopanice region, defined by the territories of the towns of Brezova pod Bradlom, Myjava, Stará Turá, and other municipalities, falls according to the material Regionalization of tourism in the Slovak Republic (Ministry of Economy of the Slovak Republic, 2005) into two tourism regions - part of the region of Central Považie and part of the Záhorie region. It is an example when the chosen criteria for dividing the territory of the Slovak Republic into tourism regions caused the division of a homogeneous territory in terms of civilizational and natural features, but also common features of a specific offer in the tourism industry, especially concerning the primary offer and identification of the population with the territory. The document states within the framework of tourism in the region of Central Považie in the long term the importance of the Subregion – Kopanice settlement under Javorina, Myjava is listed as an important urban-type locality, Brezova pod Bradlom, which is listed as an important urban-type locality and Bradlo as an important place with cultural monuments.

In practice, an institutional partnership of cities, municipalities, and other subjects of MAS Kopanice region was naturally created, which goes beyond the officially defined tourism regions (Brestovec, Brezova pod Bradlom, Bukovec, Bzince pod Javorinou, Hrachovište, Hrašné, Chvojnica, Jablonka, Kostolné, Košariská, Krajné, Lubina, Myjava, Podkylava, Polianka, Poriadie, Priepasné, Rudník, Stará Myjava, Stará Turá, Vaďovce, Višňové, Vrbovce). In addition, the association of municipalities: subregion Brezova pod Bradlom (municipalities Bukovec, Chvojnica, Košariská, Podkylava, Polianka, Priepasné, Vrbovce and the town of Brezova pod Bradlom) also operates in a more narrowly defined area in the region.

**Figure 3** The territory of the Kopanice region



Source: [www.kopaniarskyregion.sk](http://www.kopaniarskyregion.sk), 2022.

In terms of natural conditions, it is a hilly area where the Little and White Carpathians intervene here. The highest point of the region is 970 meters above sea level the high massif of High Javorina with a constructed ski resort. The dominant of the central part of the region is the 543 meters above sea level high Bradlo with the impressive mound of M.R. Štefánik. The pleasant natural character of the area predetermines its use in tourism, cross-country tourism, and recreational cycling. The Kopanice region is characterized by several characteristic

elements such as scattered settlements, harsh dialect, original folk culture, and folklore, and has preserved traditions or the typical gastronomy which is linked mainly to fruit orchards and especially plum orchards (e.g. the developed product Kopanice fruit-distillate route). The entire region has a rich historical and cultural tradition with important personalities associated mainly with the revolutionary period of the Slovak national movement (half of the 19th century), the creation of national consciousness during the Magyarization period, and the formation of modern statehood during the beginning of the 20th century as well as the period of World War II.

**Photograph 1** The Mound of M.R. Štefánik on Bradlo



Source: Spoločnosť M. R. Štefánika, mrstefanik.sk

The Mound of General M.R. Štefánik on Bradlo can be considered the greatest attraction of the area with the potential to be used for the development of tourism (Milan Rastislav Štefánik, scientist, soldier, and a politician of a European format, the creator and commander of the Czecho-Slovak legions, he stood at the birth of our modern statehood). It is a national cultural monument registered in the list of European cultural heritage, the work of the famous architect Dušan Jurkovič, which belongs to the high standard of monumental architectural creation due to its location in the countryside and its design. The M.R. Štefánik Museum is located in Štefánik's birthplace in Košariská (a village below the hill Bradlo), in the building of the former Evangelical parsonage. The exhibition contains personal items of this famous Slovak personality and presents his life from his birth to his tragic death. Among the most interesting exhibits is Štefánik's uniform as a Brigadier General of the French army, parts of the furniture of his Paris apartment and a set of objects from his travels around the world (Tahiti, Japan, Africa, New Zealand). Dušan Samuel Jurkovič, the creator of the mound, whose founder is the city of Brezova pod Bradlom, is directly linked to the personality of M.R. Štefánik. There is a tourist train to the mound, a tourist information center near the mound, and catering services are offered also.

## 1 Organization of tourism in the region

The towns and villages of the Kopanice region are not part of any destination management organization (regional tourism organization). OO CR Záhorie, OO CR Trnava Tourism, and the REZORT PIESTĀNY operate in neighboring regions. Individual towns and villages deal with tourism within their organizational structures (e.g. in the town of Brezova pod Bradlom, tourism is handled cross-sectionally, although as a priority due to its cultural character it mainly belongs to the department of social, education, culture, and projects. In addition, the town established a commission for culture, education, youth, sports, and tourism.) The towns have established tourist information offices.

Several regional associations operate in the region, which also deal with the development of tourism (e.g. Information Service Center Bradlo in Brezova pod Bradlom, Center for Traditional Culture in Myjava, Civic Association Slow Food Western Slovakia, Civic Association of Pensions under Bradlo in Brezova pod Bradlom, Center of cross-border cooperation in Stará Turá, Association of municipalities of the Kopanice region High Javorina – Bradlo in Myjava). The goal of the Association of Municipalities Subregion Pod Bradlom is cooperation in the field of tourism, building infrastructure, and preserving cultural heritage. The association includes 8 villages and 2 towns (Brezova pod Bradlom and Vrbové). The activity of this Association is aimed at preserving the folk architecture of the Kopanice region, supporting the development of regional - Kopanice customs, traditions, and regional products. During its existence, the Association participated in several projects, which contributed to the development of the Kopanice region. Among other things, the Association devotes a great deal of attention and activities to the Mound of General M.R. Štefánik on Bradlo and is the initiator of development projects at Bradlo and the organizer/co-organizer of events at Bradlo.

The civic association Kopanice region – Local Action Group was established with the goal of financing rural development using the Leader approach - axis 4 within the Rural Development Program of the Slovak Republic. *Community Led Local Development (CLLD)* is a tool for involving local persons involved in making decisions about the social, environmental, and economic development of their territory. It is based on the bottom-up principle and features of the LEADER method, used as an independent initiative of the European Union and also as part of rural development programs. The goal is to find new possibilities and opportunities in the region, to support and ensure their use, and to raise the socio-economic level of life in the countryside. Other goals involve the participation of citizens in decision-making, development of civic life, protection of the environment, spiritual and cultural activities, support of business and services, development of infrastructure, cross-border cooperation, and others. 45% of the membership is made up of the public sector (23 towns and villages, a total of 43,000 inhabitants) and the rest of the individuals and organizations based in the region. Like every local action group, this one has also developed a basic strategic document, The integrated strategy of local development led by the Kopanice region community - local action group. This document states the strategic goal: To increase the prosperity and attractiveness of the territory "Kopanice region - local action group" through a quality business environment, efficient public services, and the development of rural tourism presenting the specifics of the Kopanice region. The local action group ensured the creation of the "Kopanice Regional Brand - Regional Product" and ensures its viability.

Both associations are active in the development of tourism and implementing regional projects aimed mainly at preserving and making the natural and cultural heritage of the region available.

The territory has a rich cultural life, in which a large number of non-profit organizations participate, e.g. many folklore ensembles, cultural clubs, sports associations, etc.

## 2 The performance of the region

Accommodation services in the region are provided by standard accommodation facilities of various categories and classes, but also by very original, traditional Kopanice cottages. Several farms offering agro-tourism services have been built in the region. The region is mainly visited by domestic visitors. Due to the crisis period caused by measures to mitigate the consequences of Covid-19, the following table presents data for the "pre-Covid" years regarding the basic performance indicator within the residential tourism industry. The table captures the number of overnight stays in the addressed region, which is created by Myjava district and Nové Mesto nad Váhom district, and at the same time compares the number of overnight stays achieved in the entire Trenčín region of which the examined region is a part, and the number of overnight stays in Slovakia (in the appendix there is a table regarding the performance of the regions and the performance of all districts of the Trenčín region).

**Table 2** Number of overnight stays for the years 2017 - 2019

<b>Number of overnight stays</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Myjava district</b>	-	17 081	32 199
<b>Nové Mesto n. V.district</b>	67 126	86 804	68 374
<b>Trenčín region</b>	1 374 363	1 454 952	1 584 442
<b>Slovak republic</b>	14 936 762	15 515 083	17 703 695

Source: ŠÚ SR, 2022

Excursion tourism is important in the region, but its performance is problematic to measure. The main problem consists of the questionable possibility of calculating the number of visitors, especially in open spaces. In the region, the task of quantifying attendance at the most significant tourist attraction - the national cultural Mound of General M.R. Štefánik on Bradlo hill was solved by the project. It is an open area accessible throughout the year with accessibility on foot, by bicycle as well as by motor vehicle. The goal, in addition to quantification, was to find out the selected qualitative indicators about the visitation of the mound regarding the behavior of visitors in the territory. Field research was carried out using several standard methods - statistics of the number of cars in the parking lot, counting vehicles and people, and questioning visitors (structured interview). The survey was carried out between the months of June and September. It was carried out on selected days of the week (school year and holiday week), on weekends, specifically during holidays and during special events at Bradlo or in the region.

It was found that most visitors come by car (53.6%), by bus (almost 36%), on foot as tourists (4.1%), by motorbike (3.5%), and by bicycle (2.8%) in a survey of 2,104 visitors to Bradlo Mound. In contrast to the previous survey, attendance is stronger during the week (in the previous period, attendance was predominant during weekends). The majority of visitors are residents of Western Slovakia (almost 60%), Central Slovakia (22%), and Eastern Slovakia



(almost 4%) and 15% of the total number of visitors are foreign visitors (Czech Republic, Poland, Germany, Austria, USA, and others).

The survey shows that for 35% of respondents, visiting the Mound of General M.R. Štefánik at Bradlo is the goal of their trip. For another 41% of visitors, Bradlo is the main stop on the way through the Kopanice region. The main reason for visiting Bradlo for these visitors is to honor the memory of the personality of M.R. Štefánik. 62% of visitors are day-trippers (without overnight stays), 27% spend 2 or more nights in the Kopanice region, and 11% spend one night in the region. The majority of visitors are over 40 years old (36%), a quarter of visitors are 20-30 years old, and another quarter is youth (15-19 years old).

A typical visitor to Bradlo is a tripper, who travels by car and the visit to Bradlo is the main stop, and the goal of the trip through the Kopanice region, while the main motive is to honor the mound of M.R. Štefánik. The total number of visitors to the KP mound of M.R. Štefánik on Bradlo was estimated at approximately 128,800 people (the year 2019) based on the above findings.

### Application of the St. Gallen model

The conducted field survey (mentioned in the previous section) made it possible to find out basic facts about visitors and their movement and behavior in the region. This information is necessary for the application of the first two points of the methodology of the St. Gallen model. Three important entities from the region dealing with and supporting tourism participated in the development of the model within these two points. It is the Center for Cross-Border Cooperation and the Stará Turá Tourist Information Office (SCS and TIK Stará Turá), which acts as a contribution organization of the town, the Local Action Group Kopanice Region (KR-MAS, Myjava) and the Association of Municipalities - Interest Association Subregion Under Bradlo (Brezova pod Bradlom). The first step of processing the model is dedicated to the basic findings about the visitors of the Kopanice region and their identification.

**Table 3** Basic information about visitors to the Kopanice region based on interviews with regional persons involved

Respondent's question/answer	SCS a TIK St. Turá	ZO Subregion Under Bradlom	KR – MAS
Type of visitor (according to the length of visit)	holidaymaker	tripper	holidaymaker
Type of visitor (according to the age of visit)	senior	families with children	families with children
Type of visitor (according to geographical point of view)	local	regional	Regional
Origin of visitors	TN, BA, ZA, Morava	BA, TT, Morava	BA, TT
Length of visit	2 nights	min. 1 night	2 nights
The influence and type of seasonality	Yes- summer	Yes- summer	Yes- summer

Attendance by organized tours	Yes - from Moravia - museums, recreation	Yes - from Piešťany, etc., Mound, museums	Yes – educational excursions (traditions, gastronomy)
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The next turn is focused on the main motivations of visitors for visiting the Kopanice region. Table 4 shows the answers to the questions.

**Table 4** The main motivation for visiting the Kopanice region

Respondent's question/answer	SCS a TIK St. Turá	Zo. Subregion Under Bradlom	KR – MAS
Visitor motivation	1. tourism; 2. learning about culture, history, and traditions; 3. culture – event;	1. sport and recreation; 2. tourism; 3. learning about culture, history, and traditions	1. learning about culture, history, and traditions; 2. gastronomy; 3. culture – event;

Table 5 shows answers about specific attractions in the destination area of the Kopanice region.

**Table 5:** The most popular attractions in the Kopanice region

Respondent's question/answer	SCS a TIK St. Turá	Zo. Subregión Under Bradlom	KR – MAS
Specifically, attractive attractions for visitors in the territory of the Kopanice region	<ul style="list-style-type: none"> <li>● Veľká Javorina;</li> <li>● Dubník water reservoir,</li> <li>● Stará Myjava, Zelená Voda;</li> <li>● Lubina – mini farm;</li> <li>● Turá Lúka – Farmyard;</li> <li>● Podkylava – agrofarm;</li> <li>● Jablonka – fairy house;</li> <li>● Castles -Čachtice a Beckov;</li> <li>● Poriadie – partisan bunkers</li> </ul>	<ul style="list-style-type: none"> <li>● Mound M.R. Štefánika on Bradlo;</li> <li>● Museums of the Kopanice region;</li> <li>● High Javorina;</li> <li>● Castle Branč;</li> <li>● Cycle routes of the Kopanice region;</li> <li>● Myjava folklore festival;</li> <li>● Turá lúka – Farmyard;</li> </ul>	<ul style="list-style-type: none"> <li>● Turá Lúka – Farmyard;</li> <li>● Museums of the Kopanice region;</li> <li>● Castles - Čachtice a Beckov;</li> <li>● Mound M.R. Štefánika on Bradlo;</li> <li>● Lubina – mini farm;</li> <li>● Podkylava – agrofarm;</li> <li>● High Javorina;</li> <li>● Myjava folklore festival;</li> </ul>

According to experts, the answers about the visited locations of the destination coincide with the answers obtained from the survey of visitor movements. With these answers, information about localities within the territory of the destination was obtained, but it is also possible to define the classification of tourism in the destination according to the motive of visitation, with the predominance of educational and recreational. Additional information about the use of services by visitors during their visit to the region was also obtained from the interviews. Visitors use more accommodation and catering services, fewer additional ones -

for example, wellness and the like. The types of accommodation and catering facilities in the traditional Kopanice style with typical gastronomy are especially attractive. Clientele prefers a higher standard of hotel services, e.g. in Myjava, a business clientele and golf players are using the infrastructure in Senica and Skalica (outside the region).

Another set of questions was aimed at obtaining information about the movement of visitors outside the borders of the destination and the answers are shown in Table 6.

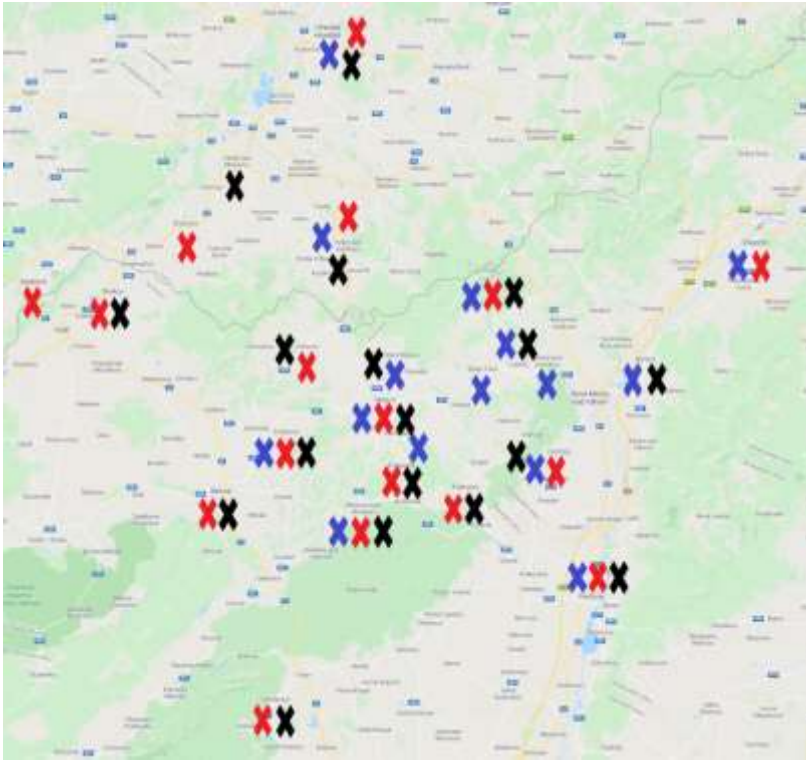
**Table 6** Searched attractions outside the destination borders of the Kopanice region

	Specifically searched attractions by visitors outside the borders of the Kopanice region		
TOWN / MUNICIPALITY	SCS a TIC St. Turá	Zo. Subregión pod Bradlom	KR – MAS
Skalica and surroundings	-	Baťa canal; walking tourism;; golf; cycle paths; gastronomy	Baťa canal, rotunda; golf; Zlatnícka valley – tourist and recreation area; cycle paths
Skalica and surroundings	-	golf; recreation – Kunov reservoir	Golf
Nové Mesto nad Váhom and surroundings	Museum of Ľ. Podjavorinska; reservoir Zelená Voda	-	Castle Čachtice
Piešťany and surroundings	spa; walking tourism; House of Arts	spa; cultural events	spa; cultural events, walking tourism;
Trenčín and surroundings	Castle Trenčín a Beckov	Castle Trenčín; walking tourism	Castle Beckov
Uherské Hradiště and surroundings	walking tourism; swimming pool	walking tourism; swimming pool	swimming pool
Hodonín and surroundings	-	Baťa canal, Zoo	-
Another town/municipality:	Kunovice – cultural events	The guardroom – cultural events, an open-air museum	Veselí above Moravou and surroundings – Baťa canal, cultural events

According to the answers, it is possible to determine the movement of visitors to the Kopanice region even outside the borders of the region being addressed. Respondents - experts from the region agreed on the attractions in the nearby spa town of Piešťany and the more distant larger town of Trenčín.

All three of the interviewed persons involved agreed that the movement of visitors is more in the direction of Czech Moravia - the area around Hornácko, which surrounds the towns of Uherské Hradiště, Strážnica, Veselí above Moravou and, more distantly, Kunovice. The Moravian region of Hornácko is followed by the visitation of the neighboring Záhorské region and its towns Skalica and Senica with their attractions. The following image captures the detected flows of visitors within and also outside the addressed region graphically. These are strategic flows of visitors as identified by the cooperating regional persons involved.

**Figure 4** Movement of visitors to Bradlo in the territory

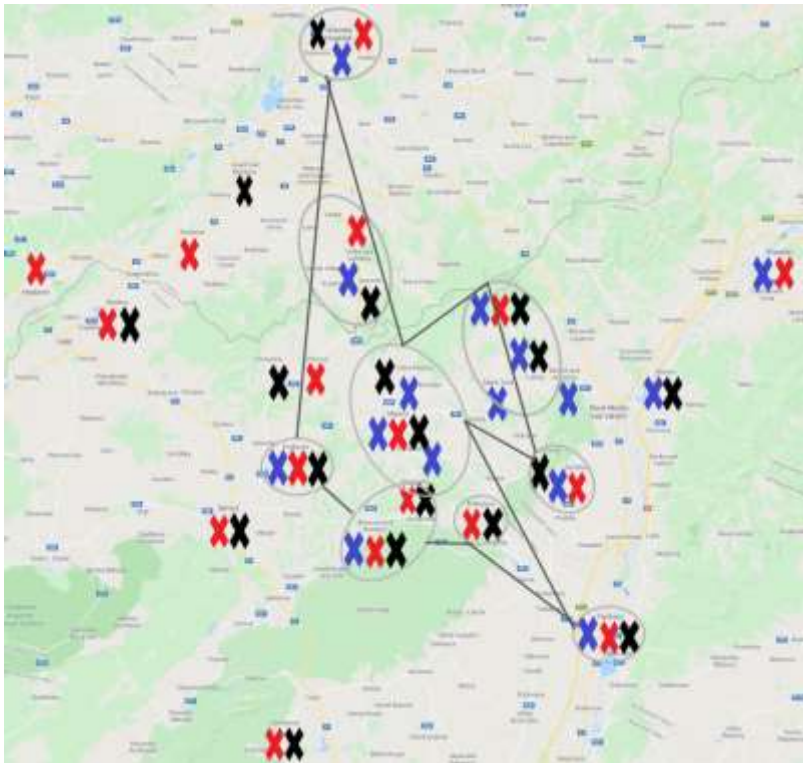


The legend: **X** – SCS a TIC Stará Turá; **X** – Zo. Subregion Under Bradlo; **X** – KR – MAS

Source: Processed according to the results of a survey with experts in practice using Google Maps and a 3D sketchbook (Zemanová, Z.).

The map is a direct starting point for the design of the borders of a tourism destination with a core destination in the Kopanice region, which is not determined by membership in regional associations or administrative borders of territories, but by strategic flows of visitors. The territory defined in this way can be considered according to the St. Gallen model as a destination - and thus the destination of visitors.

**Figure 5** Proposal of the borders of the tourism destination with a core in the Kopanice region



Source: Processed according to the results of a survey with experts in practice using Google Maps and a 3D sketchbook (Zemanová, Z.).

The destination includes the town of Myjava with the surrounding Kopanice villages – Stará Myjava, Poriadie, and other smaller villages, then the town of Brezova pod Bradlom with the adjacent villages of Košariská and Prieasné and the town of Stará Turá mainly for the important area of High Javorina. However, the territory of Podbranč, Podkylava, and Čachtice also belong to the tourism destination defined in this way, and the town of Piešťany is important. The destination has a cross-border character - there is a clear connection with the area around Veľká nad Veličkou and with the town of Uherské Hradište and nearby Kunovice from the surveys.

### Assignments and Discussion Questions

1	Use the map of destination management organizations presented in the text and assess the coverage of the territory of the country by these organizations.
	Evaluate the LTOs about the tourism support subsidy (using the relevant annex), and discuss the strength of these organizations in this context.
2	Evaluate the organizational provision of the development of tourism in the subject area and discuss the possibility of the region's involvement in destination management within the framework of the Act on the Promotion of Tourism in Slovakia and the subsidy mechanism to support destination management. In addition, use the region performance indicators presented in the text and the appendix as well as the information in the appendix regarding Trnava Tourism.

<b>3</b>	Compare the operations of LTO Trnava Tourism and LTO Region High Tatras (use the appendixes), analyze the membership base, its size, and structure, activities, and management of the non-profit organization.
<b>4</b>	Compare the principled functioning of destination management organizations under the Tourism Promotion Act and a local action group operating in the region (use the point of view of the organizational and legal side, the way the organization was founded, membership, financing, and activity).
<b>5</b>	Propose realistic solutions for the organizational provision of destination management in the subject area. What are the different methods that come into play?
<b>6</b>	What are the problems/limitations and what are the advantages/benefits of implementing destination management according to the St. Gallen model?
<b>7</b>	Discuss the possibility of creating a destination management organization in the territory of the destination determined by the results of the application of the St. Gallen model. Which assumptions and/or limitations affect, in your opinion, the functionality of such an organization in the addressed region?
<b>8</b>	What problems need to be solved, or what restrictions must be taken into account when processing the first two steps of the St. Gallen model?
<b>9</b>	What problems need to be solved, or what restrictions must be taken into account when processing steps 3-6 of the St. Gallen model?
<b>10</b>	Suggest options for measuring the number of tourists, or tools that could be used to calculate the number of tourists in the area.
<b>11</b>	Compare and assess the number of visitors to the Mound of M.R. Štefánika at Bradlo with the number of visitors to selected cultural monuments of a similar nature.

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## Annexes

## Annex 1 Set of tables in TSA/ Slovakia

Tab.1	TSA T4-T8	Summary indicators, in thousands of EUR, shares, and annual indexes as a %
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Tab.2b	TSA T1-T4	Expenditures on domestic tourism by-products, in thousands of EUR as a %
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Source: TSA, ŠÚ SR, 2022

## Annex 2 Summary indicators TSA in Slovakia (Tab. 1 TSA)

Indicators, in thousands of EUR	2013	2014	2015	2016	2017	2018	2019
Internal tourism expenditure	2 923 664	2 885 813	3 590 769	4 099 924	3 885 092	4 068 409	4 694 608
Internal tourism consumption	3 727 934	3 762 623	4 651 159	5 190 160	5 069 502	5 219 711	5 875 157
Gross added value of tourism industries	3 849 715	3 899 188	4 469 840	4 174 547	4 293 254	4 806 468	4 639 654
Direct gross value added in tourism	1 453 135	1 344 424	1 667 222	1 762 122	1 776 764	1 963 223	2 123 375
Direct GDP in tourism	1 706 821	1 603 525	2 019 934	2 129 044	2 162 381	2 395 883	2 618 106
Share indicators, in %	2013	2014	2015	2016	2017	2018	2019
Share of gross value added of tourism industries in added value of the economy	5,83	5,79	6,45	5,84	5,70	6,14	5,68
Share of direct gross value added in tourism on added value of the economy	2,20	2,00	2,41	2,46	2,36	2,51	2,60
Share of direct GDP in tourism in GDP of the economy	2,35	2,15	2,62	2,68	2,58	2,74	2,86
Interannual index in %	2013	2014	2015	2016	2017	2018	2019
Internal tourism expenditure	-	98,7	124,4	114,2	94,8	104,7	115,4
Internal tourism consumption	-	100,9	123,6	111,6	97,7	103,0	112,6
Gross added value of tourism industries	-	101,3	114,6	93,4	102,8	112,0	96,5
Direct gross value added in tourism	-	92,5	124,0	105,7	100,8	110,5	108,2
Direct GDP in tourism	-	93,9	126,0	105,4	101,6	110,8	109,3

Source: TSA, ŠÚ SR, 2022

### Annex 3 Domestic tourism consumption in Slovakia

								in thousands of EUR
	Indicator	2013	2014	2015	2016	2017	2018	2019
	<b>Internal tourism expenditure</b>	<b>2 923 664</b>	<b>2 885 813</b>	<b>3 590 769</b>	<b>4 099 924</b>	<b>3 885 092</b>	<b>4 068 409</b>	<b>4 694 608</b>
	Inbound tourism expenditure	1 164 004	1 175 883	1 435 787	1 816 126	1 558 978	1 608 697	1 645 316
	Domestic tourism expenditure	1 759 660	1 709 930	2 154 982	2 283 798	2 326 114	2 459 712	3 049 292
	Households	1 590 591	1 578 266	1 962 018	2 102 449	2 142 323	2 287 364	2 826 941
	Enterprise and Government (SLC)	169 069	131 664	192 964	181 349	183 791	172 348	222 351
	<b>Other internal consumption components</b>	<b>804 270</b>	<b>876 810</b>	<b>1 060 390</b>	<b>1 090 236</b>	<b>1 184 410</b>	<b>1 151 302</b>	<b>1 180 549</b>
	The imputed rent	55 032	62 816	63 720	65 199	67 076	95 417	102 815
	Social transfers in kind	749 238	813 994	996 670	1 025 037	1 117 334	1 055 885	1 077 734
	Government	702 576	762 371	945 409	972 198	1 060 949	1 009 536	1 034 978
	NISD	46 662	51 623	51 261	52 839	56 385	46 349	42 756
	<b>INTERNAL TOURISM CONSUMPTION</b>	<b>3 727 934</b>	<b>3 762 623</b>	<b>4 651 159</b>	<b>5 190 160</b>	<b>5 069 502</b>	<b>5 219 711</b>	<b>5 875 157</b>

Source: TSA, ŠÚ SR, 2022

#### Annex 4 Gross value added in tourism by sector, in basic prices

in thousand  
EUR

Sector	2013	2014	2015	2016	2017	2018	2019
<b>TOURISM INDUSTRIES</b>	<b>3 849 715</b>	<b>3 899 188</b>	<b>4 469 840</b>	<b>4 174 547</b>	<b>4 293 254</b>	<b>4 806 467</b>	<b>4 639 654</b>
<b>Characteristic tourism industries - internationally comparable</b>	<b>3 249 825</b>	<b>3 221 860</b>	<b>3 660 543</b>	<b>3 439 045</b>	<b>3 594 537</b>	<b>3 962 751</b>	<b>3 878 101</b>
<b>1 - Accommodation services</b>	301 268	284 454	331 155	354 727	352 614	446 948	462 687
<i>1a Hotels and other accommodation services</i>	259 136	243 051	289 040	311 283	307 600	367 066	374 842
<i>1b Second home services at own expense/free of charge</i>	42 132	41 403	42 115	43 444	45 014	79 882	87 845
<b>2 - Catering services</b>	568 617	550 411	592 478	616 905	687 633	733 833	706 613
<b>3-6 - Personal transportation</b>	470 339	434 707	589 509	593 507	589 905	618 914	641 013
<b>7 - Rental of equipment for personal transport</b>	207 367	95 494	111 988	84 605	136 197	175 362	175 521
<b>8 - Travel agencies and agencies, other reservation and related services.</b>	142 230	131 347	112 067	113 564	151 242	217 692	177 170
<b>9 - Cultural services</b>	186 043	174 521	178 625	239 480	253 262	273 721	286 484
<b>10 - Sports and recreation services</b>	1 373 961	1 550 926	1 744 721	1 436 257	1 423 684	1 496 281	1 428 613
<b>Characteristic industries - specific for Slovakia</b>	<b>599 890</b>	<b>677 328</b>	<b>809 297</b>	<b>735 502</b>	<b>698 717</b>	<b>843 716</b>	<b>761 553</b>
12a - Insurance services	297 045	350 555	398 270	371 579	302 527	310 377	215 010
12b - Spa, medical care	80 518	80 518	121 720	86 226	90 041	95 771	103 820
12c - Personal services	222 327	246 255	289 307	277 697	306 149	437 568	442 723
<b>OTHER ECONOMIC SECTORS</b>	<b>62 157 422</b>	<b>63 429 040</b>	<b>64 797 542</b>	<b>67 340 691</b>	<b>71 075 754</b>	<b>73 384 071</b>	<b>77 094 869</b>
<b>ECONOMY TOGETHER</b>	<b>66 007 137</b>	<b>67 328 228</b>	<b>69 267 382</b>	<b>71 515 238</b>	<b>75 369 008</b>	<b>78 190 539</b>	<b>81 734 523</b>

Source: TSA, ŠÚ SR, 2022

## Annex 5 Direct gross value added in tourism, in basic prices

v tis. EUR

Sectors	2013	2014	2015	2016	2017	2018	2019
<b>Direct gross value added in tourism, total</b>	<b>1 453 135</b>	<b>1 344 424</b>	<b>1 667 222</b>	<b>1 762 122</b>	<b>1 776 764</b>	<b>1 963 223</b>	<b>2 123 375</b>
<b>Tourism industries</b>	<b>1 029 791</b>	<b>934 022</b>	<b>1 162 999</b>	<b>1 130 007</b>	<b>1 238 596</b>	<b>1 550 025</b>	<b>1 580 426</b>
<b>Characteristic tourism industries - internationally comparable</b>	<b>996 909</b>	<b>901 233</b>	<b>1 114 973</b>	<b>1 093 893</b>	<b>1 200 697</b>	<b>1 501 455</b>	<b>1 532 415</b>
<b>1 – Accommodation services</b>	173 916	179 321	248 022	264 472	242 705	368 061	378 554
<i>1a Hotels and other accommodation services</i>	131 784	137 918	205 907	221 028	197 691	288 179	290 709
<i>1b Second home services at own expense/free of charge</i>	42 132	41 403	42 115	43 444	45 014	79 882	87 845
<b>2 – Food services</b>	146 241	144 413	183 913	156 339	223 938	271 294	264 030
<b>3-6 – Personal transport</b>	264 646	227 629	296 785	294 676	299 657	344 026	371 338
<b>7 – Rental of equipment for personal transport</b>	18 995	18 220	20 725	17 483	32 627	35 916	46 580
<b>8 - Tour operators and travel agencies, other reserv.</b>	116 111	100 719	89 144	93 277	127 163	197 655	157 772
<b>9 – Cultural services</b>	100 206	69 437	77 342	111 435	122 297	139 374	157 454
<b>10 – Sports and recreation services</b>	176 794	161 494	199 042	156 211	152 310	145 129	156 687
<b>Characteristic industries – specific for Slovakia</b>	<b>32 882</b>	<b>32 789</b>	<b>48 026</b>	<b>36 114</b>	<b>37 899</b>	<b>48 570</b>	<b>48 011</b>
12a – Insurance services	157	459	584	733	585	559	540
12b – Spa, medical care	18 435	17 512	24 889	18 459	22 450	25 106	24 968
12c – Personal services	14 290	14 818	22 553	16 922	14 864	22 905	22 503
<b>Other economic sectors</b>	<b>423 344</b>	<b>410 402</b>	<b>504 223</b>	<b>632 115</b>	<b>538 168</b>	<b>413 198</b>	<b>542 949</b>

Source: TSA, ŠÚ SR, 2022



**Annex 6**

Non-financial indicators - number of journeys, number of overnight stays, average number of overnight stays

		Incoming Tourism	2015	2016	2017	2018	2019
non-residents in Slovakia	NUMBER OF TRIPS						
	<b>visitors total</b>		<b>14 935 596</b>	<b>17 376 100</b>	<b>15 405 545</b>	<b>15 299 514</b>	<b>16 086 663</b>
	one day visitor		10 066 592	11 641 987	9 859 549	9 846 222	10 456 331
	tourists		4 869 004	5 734 113	5 545 996	5 453 292	5 630 332
	NUMBER OF OVERNIGHT STAYS						
	<b>visitors total</b>		<b>15 726 884</b>	<b>17 987 913</b>	<b>17 358 969</b>	<b>16 687 074</b>	<b>16 440 570</b>
	one day visitors		x	x	x	x	x
	tourists		15 726 884	17 987 913	17 358 969	16 687 074	16 440 570
	AVERAGE NUMBER OF OVERNIGHT STAYS						
	<b>Visitors total</b>		<b>1,1</b>	<b>1,0</b>	<b>1,1</b>	<b>1,1</b>	<b>1,0</b>
	One day visitors		x	x	x	x	x
tourists		3,2	3,1	3,1	3,1	2,9	
residents in Slovakia	<b>Domestic Tourism</b>		<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	NUMBER OF TRIPS						
	<b>Visitors total</b>		<b>33 571 488</b>	<b>36 423 684</b>	<b>33 541 980</b>	<b>37 260 241</b>	<b>45 435 179</b>
	One day visitors		27 055 829	28 582 787	25 258 455	27 863 041	35 086 897
	Tourists		6 515 659	7 840 897	8 283 525	9 397 200	10 348 282
	NUMBER OF OVERNIGHT STAYS						
<b>Visitors total</b>		<b>23 220 385</b>	<b>24 506 374</b>	<b>26 544 027</b>	<b>32 910 064</b>	<b>36 830 833</b>	

	One day visitors	x	x	x	x	x
	Tourists	23 220 385	24 506 374	26 544 027	32 910 064	36 830 833
	AVERAGE NUMBER OF OVERNIGHT STAYS					
	<b>Visitors total</b>	<b>0,7</b>	<b>0,7</b>	<b>0,8</b>	<b>0,9</b>	<b>0,8</b>
	One-day visitors	x	x	x	x	x
	Tourists	3,6	3,1	3,2	3,5	3,6
	<b>Outgoing Tourism</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
	NUMBER OF TRIPS					
	<b>Visitors total</b>	<b>5 194 081</b>	<b>6 335 580</b>	<b>6 649 426</b>	<b>8 321 106</b>	<b>9 669 457</b>
	One day visitors	1 967 531	2 844 304	2 405 250	3 007 934	3 698 551
	Tourists	3 226 550	3 491 276	4 244 176	5 313 172	5 970 906
	NUMBER OF OVERNIGHT STAYS					
	<b>Visitors total</b>	<b>22 285 812</b>	<b>20 595 674</b>	<b>23 272 110</b>	<b>28 841 899</b>	<b>34 660 660</b>
	One day visitors	x	x	x	x	x
	Tourists	22 285 812	20 595 674	23 272 110	28 841 899	34 660 660
	AVERAGE NUMBER OF OVERNIGHT STAYS					
	<b>Visitors total</b>	<b>4,3</b>	<b>3,3</b>	<b>3,5</b>	<b>3,5</b>	<b>3,6</b>
	One day visitors	x	x	x	x	x
	Tourists	6,9	5,9	5,5	5,4	5,8
<b>Residents outside Slovakia</b>						

Source: TSA, ŠÚ SR, 2022

## Annex 7 Classification of tourism industries

Code SK  
NACE  
REV.2

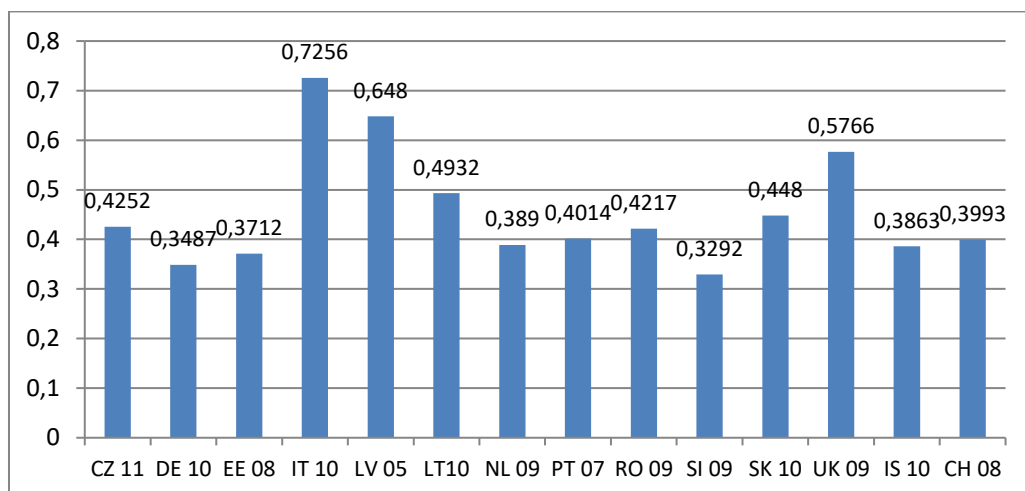
Description

CHARACTERISTICS OF TOURISM INDUSTRIES, INTERNATIONALLY COMPARABLE		
<b>1.a</b>	<b>Accommodation for visitors other than in point 1.b</b>	55.10 Hotel and similar accommodation
		55.20 Tourist and other short-term accommodation
		55.30 Car campings, campsites, and places for caravans
		55.90 Other accommodation
<b>1.b</b>	<b>Accommodation related to all types of vacation home ownership</b>	
<b>2</b>	<b>Activities of catering facilities</b>	56.10 Restaurant activities and mobile food sales
		56.21 Food delivery
		56.30 Catering services
<b>3</b>	<b>Passenger railway transport</b>	49.10 Passenger rail and intercity transport
<b>4</b>	<b>Passenger road transport</b>	49.31 Urban or suburban personal ground transport
		49.32 Taxi service
		49.39 Other personal ground transport
<b>5</b>	<b>Passenger water transport</b>	50.30 Inland personal water transport
<b>6</b>	<b>Passenger air transport</b>	51.10 Passenger air transport
<b>7</b>	<b>Rental of equipment for personal transport</b>	77.11 Rental and leasing of cars and light motor vehicles
		77.34 Rental and leasing of water vehicles
		77.35 Rental and leasing of air vehicles
<b>8</b>	<b>Activities of travel agencies and other booking and related activities</b>	79.11 Activities of travel agencies
		79.12 Activities of travel offices
		79.90 Other reservation services and related activities
<b>9</b>	<b>Cultural activities</b>	59.14 Film screenings
		90.01 Stage art
		90.02 Supporting activities related to stage arts
		90.03 Artistic creation

		90.04	Operation of cultural facilities
		91.02	Museum activities
		91.03	Operation of historical monuments and buildings and similar tourist attractions
		91.04	Activities of botanical and zoological gardens and nature reserves
<b>10</b>	<b>Sports and recreational activities</b>	93.11	Operation of sports facilities
		93.12	Sports club activities
		93.13	Fitness centers
		93.19	Other sports activities
		93.21	Activities of funfairs and amusement parks
		93.29	Other entertainment and leisure activities
		92.00	Activities of gaming and betting offices
		85.51	Sport and recreation education
		77.21	Rental and leasing of recreational and sports equipment
<b>CHARACTERISTICS OF TOURISM INDUSTRIES SPECIFIC FOR SR</b>			
<b>12a</b>	<b>Insurance services</b>	65.11	Life insurance
		65.12	Non-life insurance
<b>12b</b>	<b>Spa, medical care</b>	86- selected units	Spa, medical care
<b>12c</b>	<b>Personal services</b>	96.02	Hair and cosmetic services
		96.04	Services related to personal well-being
		96.09	Other personal services

Source: TSA, ŠÚ SR, 2022

## Annex 8 Tourism direct gross value added generation coefficient in European countries



Note: Calculation is based on a voluntary collection of data about TSA member countries (2. collection round), realized by EUROSTAT (EU, 2013). Data used were the tourism direct gross value added data from tourism industries and other economic industries (TSA Table 6), and internal tourism consumption data 1-12 (TSA Table 4). Study presenting TSA data collection results in European countries does not offer data for individual tourism industries, therefore a comparison of partial coefficients of tourism industries direct gross value added generation was not possible.

Data of other European countries are not accessible, or are only partially comparable with regard to other methods used in TSA methodology. Data collection on TSA 2012 – 13.

**Source:** own calculation based on data from Tourism Satellite Accounts (TSA's) in Europe. EUROSTAT Statistical working papers. EU, 2013.

## Annex 9 Total domestic supply and internal tourism consumption (TSA Table 6)

Country	Tourism gross value added (at basic prices) (Million EUR)	Domestic supply (at purchasers' prices) (Million EUR)	Internal tourism consumption (Million EUR)	Tourism ratio* (%)
<b>EU-28</b>	<b>869 092</b>	<b>37 672 000</b>	<b>1 276 000</b>	<b>3.4</b>
Belgium	7 972	1 135 849	20 774	1.8
Bulgaria	:	131 365	4 479	3.4
Czechia	4 876	599 609	11 107	1.9
Denmark <sup>(1)</sup>	89 041	716 922	17 212	2.4
Germany	105 252	8 268 827	287 207	3.5
Estonia	845	57 786	2 202	3.8
Ireland	:	:	:	:
Greece	:	:	:	:
Spain	236 131	2 446 123	123 899	5.1
France	:	:	187 575	:
Croatia <sup>(2)</sup>	4 215	107 089	10 441	9.8
Italy	87 823	3 711 419	146 334	3.9
Cyprus	:	:	:	:
Latvia	893	46 946	1 414	3.0
Lithuania	1 052	98 976	2 045	2.1
Luxembourg	:	:	:	:
Hungary	6 050	309 157	6 293	2.0
Malta	331	19 947	1 150	5.8
Netherlands	30 442	2 100 552	87 450	4.2
Austria <sup>(3)</sup>	26 111	905 478	40 147	4.4
Poland	3 514	954 517	14 505	1.5
Portugal <sup>(4)</sup>	11 147	417 076	23 321	5.6
Romania	4 556	326 479	8 946	2.7
Slovenia	1 463	118 552	4 269	3.6
Slovakia	1 847	269 291	5 291	2.0
Finland <sup>(5)</sup>	4 609	505 642	13 979	2.8
Sweden	10 175	1 093 075	31 257	2.9
United Kingdom <sup>(6)</sup>	83 492	5 040 236	188 436	3.7
Norway <sup>(7)</sup>	12 573	710 748	18 300	2.6
Switzerland	14 502	1 303 645	35 461	2.7

(\*) Tourism ratio = Internal tourism consumption (at purchasers' prices) as proportion of domestic supply.

Note: Reference year for TSA data: See Table 3.

(1) Tourism specific and tourism related industries in T6.1. Margins included in T6.2

(2) Croatia-specific tourism characteristic industries are the following: retail trade and industries producing merchandise (one column in table 6), mooring services of nautical port, renting of vessel (nautical charter).

(3) "Tourism ratio": In the Austrian TSA Tourism Direct Gross Value Added (TDGVA) is defined as the value added generated by tourism industries and other industries of the economy in response to internal tourist consumption. However, the starting point of the calculation of TDGVA is TSA-Table 6, which shows products characteristic of tourism on the supply as well as on the use (demand) side (internal consumption). Calculating the "tourism ratio" of any given supply of commodities the amount purchased by tourists is related to the total supply of the respective commodity. These "tourism ratios" are applied to the Gross Value Added (GVA) of each of the "symmetrically" corresponding industry in TSA-Table 5, the TDGVA of each industry results. Therefore, the result under T6.8 differs from the national published one. Incl. Business trips.

(4) The amount of trade margins of the connected and non specific goods are implicit under internal tourism expenditure (margins in table 1 + margins in table 2) and under "total output of domestic producers".

(5) We have published a tourism ratio of 2.5% because we subtract the price of commodities for Tourism connected products and non-tourism related products from the internal tourism consumption in table 4. For these, only margins are included in Internal Tourism Consumption in Table 6. These products are mainly related to fuel and shopping.

(6) Trade and transport margins not estimated.

(7) T6.1 is Gross value added for tourism industries. Tourism industries does not include services associated with own vacation homes and retail trade of country-specific tourism characteristic goods. Production of local passenger transport is included in the transport industries. T6.7, see comments under T2 and T4.

Source: Eurostat, Data collection on TSA 2019.

Source: EUROSTAT (2019). Tourism Satellite Accounts in Europe. Luxembourg: Publications Office of the European Union, 2019

**Annex 10** List of applicants who were granted a subsidy from the state budget pursuant to Act 91/2010 Coll. on tourism support, as amended, year 2022

DMO	Contract number	Subsidy entitlement (EUR)	Required subsidy (EUR)	Approved subsidy (EUR)
<b>Oblasťné organizácie CR</b>				
Bratislavská organizácia cestovného ruchu	1055/8C00/2022	1 128 040,00	1 054 040,00	1 054 040,00
	1668/8C00/2022		74 000,00	44 000,00
Región Senec	1081/8C00/2022	88 000,00	88 000,00	73 000,00
Malé Karpaty	1071/8C00/2022	62 355,45	62 355,00	62 355,00
OOCR Záhoria	1090/8C00/2022	87 211,50	67 211,50	67 211,50
	1683/8C00/2022		20 000,00	20 000,00
Trnava Tourism	1102/8C00/2022	113 726,43	113 726,43	113 726,43
Bazost Pieniny	1082/8C00/2022	126 000,00	126 000,00	126 000,00
OOCR Štýri ostrov – Csalókás	1095/8C00/2022	277 500,00	277 500,00	267 280,00
Podunajsko	1077/8C00/2022	60 790,44	19 490,00	19 490,00
	1682/8C00/2022		41 300,00	41 300,00
Stárovo - Parkan	1091/8C00/2022	30 000,00	30 000,00	30 000,00
Nitrianska OCR	1074/8C00/2022	95 750,00	85 750,00	85 750,00
	1677/8C00/2022		10 000,00	10 000,00
OOCR Takov	1096/8C00/2022	38 771,08	38 771,00	34 371,00
Región Horná Nitra – Bojnica	1068/8C00/2022	139 636,00	139 636,00	139 636,00
OOCR Trenčianska Teplica	1076/8C00/2022	223 355,00	223 355,00	216 319,49
Región Horné Považie	1079/8C00/2022	1 765,36	1 765,36	1 765,36
	1674/8C00/2022		13 500,00	13 500,00
OOCR "Trenčín a okolie"	1098/8C00/2022	94 050,00	94 050,00	84 355,00
Klasber ORAVA, s.o.z.	1070/8C00/2022	69 600,00	69 600,00	66 600,00
OCR Kysuce	1155/8C00/2022	63 378,23	63 378,23	63 378,23
Malá Fatra	1094/8C00/2022	268 957,00	243 957,00	243 957,00
	1680/8C00/2022		25 000,00	25 000,00
Bajecká dolina	1078/8C00/2022	60 211,00	60 211,00	60 211,00
Furtec	1101/8C00/2022	67 188,00	50 118,00	50 118,00
	1670/8C00/2022		10 000,00	10 000,00
Región Liptov	1092/8C00/2022	1 026 602,00	952 986,00	829 816,81
	1673/8C00/2022		73 616,00	73 616,00
OOCR Dudince	1067/8C00/2022	318 849,80	219 479,00	206 479,00
	1676/8C00/2022		99 370,00	99 370,00
Región Banská Štiavnica	1100/8C00/2022	99 654,00	87 654,00	87 654,00
	1667/8C00/2022		12 000,00	12 000,00
Stredné Slovensko	1091/8C00/2022	223 205,50	223 205,50	223 205,50
Región Horehronie	1069/8C00/2022	192 471,84	192 470,00	192 470,00
Turistický Novohrad a Podpoľanie	1089/8C00/2022	82 321,88	82 312,87	82 312,87
Šinon	1104/8C00/2022	76 320,00	76 320,00	76 320,00
Región Vysoké Tatry	1081/8C00/2022	1 243 067,43	1 168 602,41	1 163 602,41
	1681/8C00/2022		74 465,00	74 465,00
Vysoké Tatry - Podhorie	1101/8C00/2022	25 400,00	25 400,00	25 400,00
Tatry - Spiš - Pieniny	1143/8C00/2022	69 030,00	61 210,00	61 210,00
	1669/8C00/2022		7 820,00	7 820,00
Horný Zemplín a Horný Šariš	1212/8C00/2022	38 527,00	38 527,00	38 527,00
Severný Spiš – Pieniny	1088/8C00/2022	75 007,50	75 005,99	75 005,99
OOCR Šariš - Bardejov	1075/8C00/2022	165 229,32	37 100,00	37 100,00
	1679/8C00/2022		128 129,00	83 129,00
Región Šariš	1080/8C00/2022	60 086,42	56 023,00	42 023,00
	1678/8C00/2022		4 060,00	4 060,00
Väčt Košice	1105/8C00/2022	320 200,00	286 200,00	286 200,00
	1671/8C00/2022		34 000,00	34 000,00
Slovenský raj & Spiš	1090/8C00/2022	62 082,00	45 782,00	45 782,00
	1675/8C00/2022		16 300,00	16 300,00
Zemplínska OOCR	1097/8C00/2022	40 800,00	40 800,00	40 800,00
OOCR Gemer	1066/8C00/2022	41 696,53	28 896,53	31 096,53
	1672/8C00/2022		12 800,00	10 600,00
<b>Krajské organizácie CR</b>				
Turizmus regiónu Bratislava	1106/8C00/2022	460 000,00	440 000,00	417 250,00
Trenčín región	1084/8C00/2022	84 327,20	84 300,00	74 300,00
Žilinský turistický kraj	1087/8C00/2022	239 237,37	239 237,00	239 237,00
OOCR Severovýchod Slovenska	1072/8C00/2022	232 073,11	232 070,00	225 486,67
Košice Región Turizmus	1085/8C00/2022	81 115,31	81 115,31	81 115,31
Banskobystrický kraj Turizmus	1073/8C00/2022	131 513,45	131 513,45	131 513,45
OOCR Trnavský kraj	1086/8C00/2022	145 093,36	145 093,00	145 093,00
Spolu		8 643 696,51	8 616 577,58	8 397 724,31

Source: Ministry of Transport and Construction of the Slovak Republic, 2022

**Annex 11** Number of overnight stays in districts of Trenčín region and other regions in Slovakia

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Trenčín region</b>	783 284	839 369	1 584 442	1 454 952	1 374 363
Okres Bánovce nad Bebravou	D	D	22 400	15 004	D
Okres Ilava	D	D	27 279	27 401	20 602
Okres Myjava	D	D	32 199	17 081	D
Okres Nové Mesto nad Váhom	D	D	68 374	86 804	67 126
Okres Partizánske	14 562	D	32 529	21 612	7 466
Okres Považská Bystrica	25 495	33 957	72 464	99 759	87 401
Okres Prievidza	237 010	256 765	464 094	410 304	409 718
Okres Púchov	D	D	273 829	233 769	201 010
Okres Trenčín	338 295	317 231	591 274	543 218	547 896

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Slovak Republic</b>	8 169 505	9 790 597	17 703 695	15 515 083	14 936 762
Bratislavský kraj	1 007 875	1 139 586	3 278 025	3 082 284	3 103 541
Trnavský kraj	856 248	795 204	1 548 352	1 352 397	1 351 121
Trenčiansky kraj	783 284	839 369	1 584 442	1 454 952	1 374 363
Nitriansky kraj	433 289	560 856	1 081 854	970 827	977 268
Žilinský kraj	1 805 298	2 425 503	3 633 294	3 097 483	2 896 764
Banskobystrický kraj	1 144 025	1 335 801	2 141 489	1 825 981	1 680 907
Prešovský kraj	1 698 428	2 148 439	3 380 394	2 901 080	2 790 308
Košický kraj	441 058	545 839	1 055 845	830 079	762 490

Source: ŠÚ SR, 2022



## Annex 12 Marketing funnel

	Networks and dependencies (Who/what has what influence?)		Marketing and management processes (Who does what? What must be done?)				
	System leaders (influence the offer)	Demand leaders (influence demand)	Analysis	Product development and its maintenance	AID (attention-interest- desire), information	A (action)	System management (supervision of SVF)
Strategic Visitors Flows (SVF)							
A title or even better a simple number or a fictitious name. SVFs are best described by flows on a map. Individual terms in the title represent the potential for misunderstanding and misinterpretation..	Attractions and/or organizations/institutions that hold the offer-side network together. Consciously/unconsciously they lead the offer system in the strategic visitors flow. They have a direct interest in maintaining the strategic flow.	They influence visitors and their decisions. They control decision-making processes and are opinion leaders. They may have a direct interest in maintaining strategic flow.	What do we know about the visitors in this strategic flow? What information/data do we know/have? What data are we missing? What must be done here?	Services and infrastructure for strategic visitor flow, networks, standards, coordination. Who does what? What must be done?	Information, advertising, communication through all possible channels. Who does what? What must be done?	Distribution and sales (direct and indirect). Who is going to do what? What must be done?	Perfect name of one person (not necessarily for permanent employment) and the name of the organization for which the person works. Only one person!
SVF 1	-	-	-	-	-	-	-
SVF2	-	-	-	-	-	-	-
...	-	-	-	-	-	-	-

Source: Processed by Beritelli et. al, 2015, pp. 54

### **Annex 13** Regional tourism organization Trnava Tourism

The regional tourism organization Trnava Tourism currently operates under the name Trnava Tourism and was founded in 2011. TRNAVA TOURISM was officially registered by the Ministry of Transport, the Construction and Regional Development of the Slovak Republic on 23 February 2012 pursuant to Act No. 91/2010 Coll. on the support of tourism, as amended, based on the activities of external consultants, businessmen and, above all, the municipality of the city of Trnava

The basic objectives of Trnava Tourism are:

- continuous efforts to make the tourism offer of the destination of the Trnava Region more attractive,
  - marketing and sales of the destination,
  - support for the creation and sustainability of new tourism products,
  - Provide a tourist information service for visitors to the TRNAVA Region through its tourist information center
  - implementation of innovations in the destination Trnava Region
  - increase the competitiveness of traditional products of the destination
- 
- improve the quality of services, especially in the HoReCa segment in Trnava and the surrounding region.

These ambitions reflect the belief in the potential of Trnava as a tourism destination based on its history and quality culture, especially with regard to sacred music. The results in the field of wine-making and mead-making and their international reach are also significant. These ambitions reflect our belief in the economic potential of the tourism industry in Trnava and its ability to positively stimulate employment in the HoReCa segment and related areas.

**Trnava Tourism**, as a destination management organization (DMO) for the Trnava region and its surroundings, chose to increase the number of visitors to Trnava and the surrounding region in the coming years as a strategic goal.

DMO Trnava Tourism entered the tourism market as a unique initiative in Slovakia with the vision of building the Trnava region into a recognizable European destination in the future.

Both the vision and the strategic objectives are supported by other specific objectives:

1. the targeted placement of the Trnava brand
2. building attractive product lines and destination products
3. building a comprehensive tourism management system in the Trnava region (Trnava district) through a functioning regional organizational structure
4. proactive and friendly communication with local residents as well as with visitors to Trnava and the surrounding region

### **Members of the regional organization Trnava Tourism**

#### **SELF-GOVERNMENT**

Town Trnava  
Municipality Biely Kostol  
Municipality Dolná Krupá  
Municipality Jaslovské Bohunice  
Municipality Ružindol  
Municipality Smolenice  
Municipality Suchá nad Parnou  
Municipality Špačince

#### **ENTERPRISE AND OTHER ENTITIES**

Bar Impresario | cocktail & bar agency  
Ján Palárik's TheatreGolf Trnava  
Hotel Spectrum \*\*\*  
KIRA n.o.

The non-profit organization Regional Innovation and Development Agency was established by the Trnava self-governing region mainly for the need to implement investments within the framework of financial support from the NFP, operational programs, and other external sources, in such a way that TTSK leads the preparation of innovative, development, energy and environmental projects for TTSK and organizations in the scope of establishment, as well as for functional regions or cities and municipalities, which are small functional units for such types of projects.

#### Smolenice Cluster

The first rural cluster in Slovakia, Smolenice Cluster, was established in 2010. It has 13 members and the motivation for establishing the cluster was destination management organizations in Austria, Moravia, and Slovakia, and the Liptov Cluster was a model. The objective is a wider and joint promotion of Smolenice village, their establishments, and upcoming events for visitors and citizens and to bring the history of Smolenice, Smolenice Castle, Drina Cave, Smolenice personalities, natural attractions - Small Carpathians, etc.

#### MediaFlash

Mead-making Apimed  
Mead-making Včelco  
Olympic Casino Trnava  
OZ Publikum.sk

The cultural organization Publikum.sk operates mainly in the town of Trnava, where it organizes approximately 100 cultural and artistic events annually. Its project is also the Small Berlin Cultural Center, which is independent and is the only cultural center in Trnava and in the wider region.

#### Pension Patriot \*\*\*

Slavotour - tourist guide  
Synagóga Café  
Trnavský lanáč  
Winery Karpatská Perla  
Winery Terra Parna  
Winery Vína z Mlyna  
Winery Víno Mrva & Stanko

Source: processed according to regiontrnava.sk

## **Annex 14** Management of the Trnava Tourism regional organization for 2021

### Revenues

The organization achieved total revenues to the amount of 312,611 €. In addition, the highest item is revenue from the sale of services to the amount of 49,764 € (according to the annex to the financial statements, Article IV, these are guide services: 6,615.33 €, commission for sales and MV entrance fees: 23,198.10 €, other services (marketing intermediary services): 18,093.00 €). Another type of income is the sale of goods worth 11,290.69 €. The organization received subsidies from the Ministry of Transport and Construction of the Slovak Republic: 113,726.43 €. (subsidy based on the Act on the Support of Tourism for Regional Tourism Organizations), as well as a subsidy of the Trnava Self-governing Region of 4,350.00 €. Membership fees of members represent a value of 11,112.8 € and as part of the contribution of the Ministry of Transport and Construction of the Slovak Republic to minimize the negative impacts of measures related to COVID-19, the organization received 8,280.00 €.

### Costs

The total costs of the organization were to the amount of 274,274,00 €. The highest cost types are payroll costs (including statutory social insurance, health insurance, and statutory social costs) a total of approx. EUR 116,400.00 €. Another cost type is other services amounting to the value of 89,354.00 € followed by material consumption, depreciation of long-term intangible and tangible assets, and contributions provided to other accounting units.

The economic result after taxation reached the value of 38,337.00 €.

Source: processed according to the Financial Statements of the non-profit accounting unit Trnava Tourism.  
<https://www.finstat.sk/42288924/> Financial Statements

## **Annex 15** Regional tourism organization of the High Tatras Region - basic characteristics

The Regional tourism organization of the High Tatras Region was founded in 2011 based on Act no. 91/2010 Coll. on the promotion of tourism. The founding members are three municipalities - the town of Vysoké Tatry, the town of Poprad, and the municipality of Štrba, and three business entities Tatry mountain resorts a.s., Aquapark Poprad s.r.o. and the High Tatras Tourism Association. The organization has 3 employees (the year 2021).

### **Members**

1. the town of High Tatras
2. the town of Poprad
3. the village of Štrba
4. the High Tatras Tourism Association
5. Tatry mountain resorts a.s.
6. Aquacity Poprad s.r.o.

### **The subject of the activity**

The organization is a legal entity established to support and create conditions for tourism development to build an important and internationally renowned tourist destination in the territory of the organization.

### **Activity areas:**

1. supports the activities of its members in the creation and implementation of the concept of tourism development in the area of its competence,
2. creates and implements marketing and promotion of tourism for its members in the home country and abroad,
3. promotes the common interests of its members,
4. cooperates with municipal authorities in the development of the territory within its competence, including the processing and implementation of programs for its support and development, with particular regard to sustainable tourism development,
5. supports cultural, social, and sports life and the preservation of the natural and cultural heritage,
6. cooperates in organizing events for residents and visitors,
7. provides its members with advisory and consulting services,
8. processes and submits tourism development projects and ensures their implementation,
9. promotes sustainable tourism development so that all components of the environment are protected and preserved from all sides and the way of life of the local population is respected and property rights are respected,
10. compiles and implements a long-term and short-term concept and strategy for tourism development, based on its analyses, the concept and strategy of tourism development, a regional concept of tourism, and a national concept of tourism,
11. develops and implements an annual activity plan, monitoring and annual report on the development of tourism in its territory in cooperation with the authorities of the municipalities that are its members, as well as other members of the regional organization,
12. initiates and/or ensures the creation, management, and presentation of tourism products on its territory,
13. compiles an annual plan of activities, which is approved by the general meeting,
14. updates and manages the integrated information system within its scope,

15. maps the products, activities, and values of the destination in its territory in cooperation with municipalities, members of the regional organization, and representatives of the professional public,
16. compiles an annual report, which is published on its website,
17. establishes or founds a tourist information office,
18. carries out marketing research of the tourism market according to its basic components: needs development and requirements, demand, supply, and competition analysis,
19. creates, produces, and distributes print, audiovisual, and multimedia promotional materials,
20. creates and distributes products for visitors in the territory of the organization,
21. ensures participation in tourism trade fairs and exhibitions, presentation of the region, service providers and members of the organization,
22. ensures the preparation, modification, and maintenance of cross-country ski paths and cycle paths on its territory,
23. coordinates the project preparation and the implementation of joint investments in infrastructure and transport, landscape design, creation of prerequisites for the use of European funds,
24. updates the integrated information system within its jurisdiction.

Source: regiontatry. sk

## **Annex 16** Management of the Regional Organization of the High Tatras Region for 2021

### Revenues

The organization achieved total revenue to amount of 2,391,061.00 €. The highest item is the membership fees of the members of the organization, to the amount of 1,421,183 €, and subsidies from the Ministry of Transport and Construction of the Slovak Republic to the amount of 953,575 € (subsidy based on the Tourism Support Act for regional tourism organizations). The organization received contributions from other organizations worth 10,000 € and another 6,003 € from the sale of services.

### Costs

The organization had total costs of 2,174,949 €. The highest cost types are the costs of other services amounting to the value of 1,794,335 €, the costs of repairs and maintenance to the value of 213,012 €, and contributions provided to other accounting units to the value of 101,876 €. Other cost types are payroll costs (including statutory social insurance, health insurance, and statutory social costs) of 35,530 €, depreciation of long-term intangible and tangible assets, and material consumption.

The economic result after taxation reached the value of 216,112 €

Source: processed according to the Financial Statements of the non-profit accounting unit Region Vysoké Tatry.  
<https://www.finstat.sk/42234077/> Financial Statements

## **Annex 17** Coronation Celebration in Bratislava

Coronation Celebration festival is one of the largest cultural events in Slovakia where you can experience the historical coronation ceremony of the Hungarian kings. During this event annually held in the streets of Bratislava at the end of June, you will be taken back in time to the period when the kings used to get crown jewels from the Archbishop, admire the beautiful contemporary clothes, music, dances, fighting performances, purchase traditional products at the contemporary crafts fair, taste delicious wines or a special goulash.

The coronation is staged according to historical documents, with over 200 actors performing in period costumes. The show starts off at the Castle, from where the procession walks to the city center.

The coronation itself is performed in a Jesuit church, and is followed by a coronation oath, accolade of knights and a folk festival in the historical center.

Each year the coronation is focused on a different king or queen (f.e. in 2019 Maria Ludovika of Austria-Este, the third wife of Emperor Francis I and granddaughter of Maria Theresa, who was crowned in 1808 at the St. Martin's Cathedral.

Program usually consists of:

Coronation of Maria Theresa – an exhibition at the Hviezdoslav's Square, picturing the difficult onset of the reign of Maria Theresa, who had to defend her Austrian heritage from all over Europe. Contemporary crafts fair at the Hviezdoslav's Square. Coronation procession and transfer of the coronation insignia from the Bratislava Castle. Coronation ceremony of Maria Ludovika (every year an another king or queen) at the Church of the Most Holy Savior (Jesuit Church) at the Main Square/Hviezdoslav's Square and Coronation procession. The accolade of knights of the Order of the Golden Spur – Hviezdoslav's Square.



Source: <https://www.welcometobratislava.eu/coronation-celebration-festival-bratislava/>

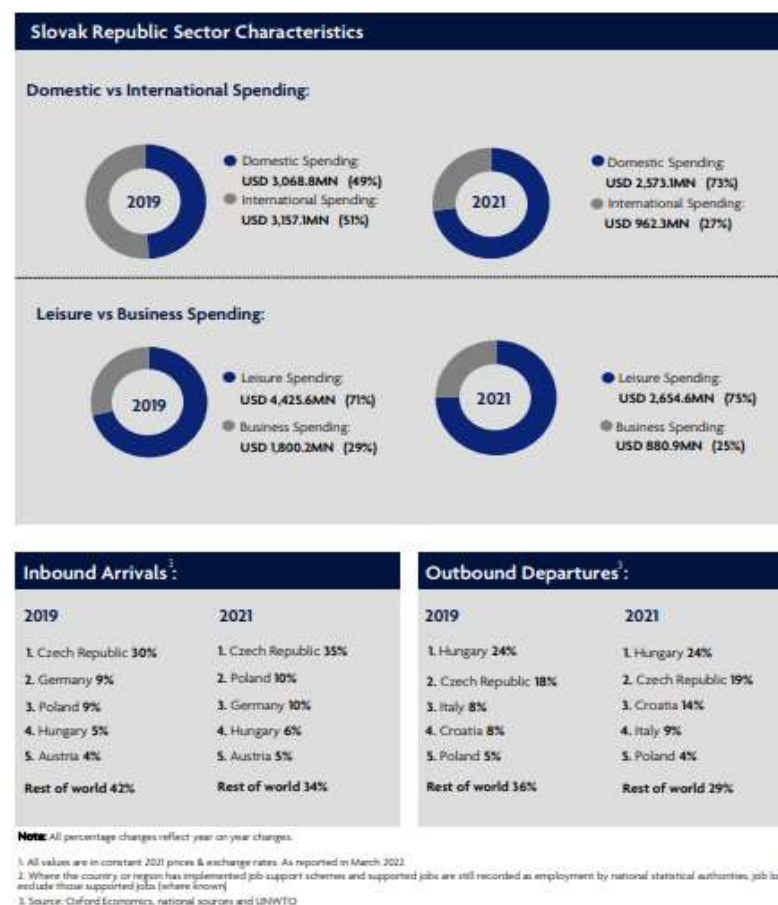


**Annex 18** Travel and Tourism Economic Impact in 2019



Source: <https://wtcc.org/research/economic-impact>

## Annex 19 Travel & Tourism's contribution to national economy in Slovakia



Note: The main objective of the WTTC/Oxford Economics economic impact research is to provide, on an annual basis - consistent, reliable, timely, and comparable data and forecasts to assess Travel & Tourism's contribution to national economic activity. This includes the number of jobs and GDP created by the Travel & Tourism sector, both directly and in total, and measured as a percentage contribution of total economy employment and GDP. An increasing number of countries are compiling elements/full Tourism Satellite Accounts (TSA) which can provide more detailed statistics than this research. Ñ

Source: WTTC. 2022. Slovak Republic Annual Research: Key Highlights. <https://wttc.org/research/economic-impact>

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