



# МЕНАЏМЕНТ У ХОТЕЛИЈЕРСТВУ И ТУРИЗМУ

## HOTEL AND TOURISM MANAGEMENT



УНИВЕРЗИТЕТ У КРАГУЈЕВЦУ  
UNIVERSITY OF KRAGUJEVAC

ФАКУЛТЕТ ЗА ХОТЕЛИЈЕРСТВО И ТУРИЗАМ У ВРЊАЧКОЈ БАЊИ  
FACULTY OF HOTEL MANAGEMENT AND TOURISM IN VRNJAČKA BANJA



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*Менаџмент у хотелијерству и туризму – Hotel and Tourism Management* is an open access peer-reviewed journal which discusses major trends and developments in a variety of topics related to the hotel and tourism industry. The journal encourages quantitative and qualitative studies that are multidisciplinary in their nature. It contains both theoretical and applied research papers, giving full support to collaborative research efforts taken jointly by academia and industry. According to its editorial policy goal, *Менаџмент у хотелијерству и туризму – Hotel and Tourism Management* has constantly been striving to increase its quality, by allowing and promoting the popularization of science and providing significant scientific and professional contribution to the development of hotel industry and tourism, both in Serbia and in the global scale. The journal is published by the Faculty of Hotel Management and Tourism in Vrnjačka Banja, University of Kragujevac.

*Менаџмент у хотелијерству и туризму – Hotel and Tourism Management* includes following sections: Original Scientific Paper, Review Article, Short or Preliminary Announcement and Scientific Critique. It is published biannually. This journal offers an open access of its contents, which makes research results more visible to a wider international academic community. All articles are published in English and undergo a double-blind peer-review process.

The originality of the study, contribution to the theory and practice and use of grammar and style (American or British English are accepted, but not a mixture of these) have been considered as main aspects important for a paper evaluation. Normal turn-around period is one to two months from the date of receipt. The crucial requirements for the submission of a manuscript are that the submitted manuscript has not been published before, nor it is under consideration for publication anywhere else. The manuscript will be initially checked to ensure that it meets the scope of the journal and its formal requirements. Submitted content will be checked for plagiarism. The names and email addresses entered in the journal will be used exclusively for the stated purposes of this journal and will not be made available for any other purpose or to any other party.

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The first issue of the journal was published in 2013. Until this moment twelve issues have been published. I am pleased to invite you to look into the latest research in the fields of hospitality and tourism presented in the current issue No. 13.

I am glad to announce that *Менаџмент у хотелијерству и туризму – Hotel and Tourism Management* is indexed in ERIHPLUS (European Reference Index for the Humanities and the Social Sciences), CEEOL (Central and Eastern European Online Library), DOAJ (Directory of Open Access Journals), SCIndeks (Serbian Citation Index), WorldCat and Google Scholar databases.

I would like to use this opportunity to express my deep gratitude to authors, reviewers, the members of the Editorial and Publishing Boards, and thank them all warmly for invested time and effort that has contributed to the development of our journal.

Editor in Chief  
prof. Drago Cvijanović, PhD

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## **Ecotourism and sustainability: Practices of the Lebanese nature-based operators**

**Jad Abou Arrage<sup>1\*</sup>, Suzanne Abdel Hady<sup>1</sup>**

<sup>1</sup> Lebanese University, Faculty of Tourism and Hospitality Management, Beirut, Lebanon

**Abstract:** Doubts exist about the ability of ecotourism to make tangible contributions to sustainable development. Despite the doubts ambiguity, ecotourism is closely related to sustainability. This paper aims to study the contribution of ecotourism to sustainable development in Lebanon from a market perspective. In order to assess the level of understanding of the ecotourism concept by the Lebanese nature-based tour operators and their contribution to sustainable development, field data related to their profile and practices was collected using a survey administered to 50 operators. The main findings showed that their compliance with the international ecotourism principles and guidelines is weak and that they have a low level of specialization. However, despite this fact, ecotourism is trending in Lebanon and is providing rural areas with some economic benefits and opportunities without having a comprehensive contribution to ecological conservation and cultural preservation. Two decades after its emergence in Lebanon, ecotourism remains an unorganized sector.

**Keywords:** ecotourism, sustainable development, ecotourism practices, nature-based tour operators, Lebanon

**JEL classification:** Q01

## **Ekoturizam i održivost: Prakse libanskih organizatora putovanja čije je poslovanje zasnovano na prirodi**

**Sažetak:** Postoje sumnje u sposobnost ekoturizma da obezbedi opipljiv doprinos održivom razvoju. Uprkos ovoj sumnji, ekoturizam je usko povezan sa održivošću. Ovaj rad ima za cilj da prouči doprinos ekoturizma održivom razvoju u Libanu sa tržišne perspektive. Da bi se procenio nivo razumevanja koncepta ekoturizma od strane libanskih turoperatora čije je poslovanje zasnovano na prirodi, prikupljene su informacije putem ankete u kojoj je učestvovalo 50 turoperatora o njihovom doprinosu održivom razvoju, kao i terenski podaci vezani za njihov profil i prakse koje primenjuju. Glavni rezultati su pokazali da je njihova usklađenost sa međunarodnim principima i smernicama ekoturizma slaba i da imaju nizak nivo specijalizacije. Međutim, uprkos toj činjenici, ekoturizam je u trendu u Libanu i pruža ruralnim područjima određene ekonomske koristi i mogućnosti bez sveobuhvatnog doprinosa ekološkoj konzervaciji i očuvanju kulture. Dve decenije nakon pojave ovog koncepta u Libanu, ekoturizam i dalje ostaje sektor koji nije u potpunosti organizovan.

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\* [jadarrage@gmail.com](mailto:jadarrage@gmail.com)

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**Ključne reči:** ekoturizam, održivi razvoj, prakse u ekoturizmu, organizatoru putovanja usmereni na prirodu, Liban

**JEL klasifikacija:** Q01

## 1. Introduction

In the last two decades, ecotourism has become widely popular and one of the most dramatic outcomes of the environmental movements in developing countries for its potential contribution to sustainable development. This nature-based tourism form incorporates principles that revolve around the concept of sustainability such as biodiversity conservation, environmental education, economic development, social inclusion, and cultural preservation.

Along with the development of the tourism industry, the growth of research on ecotourism increased as well ([Yeo & Piper, 2011](#)). Various writers categorized ecotourism as a subset of the bigger concept of sustainable tourism and linked it to other types of tourism, such as nature and adventure-based tourism ([Cater, 2015](#)). Ecotourism is nowadays seen as the fastest growing sub-component of tourism. It will cover 5% of the global holiday market by 2024. The growth of this niche market is related to the fact that tourists are demanding a more environmentally friendly experience ([Das & Chatterjee, 2015](#)). The main reason behind unfolding ecotourism's potential in developing countries resides in its capacity to contribute to sustainable development ([Browder & Rich, 2004](#)). However, the true purpose of ecotourism was debated and criticized since its emergence, where some researchers (e.g., [Wheeller, 1993](#); [Drumm & Moore, 2005](#); [Courvisanos & Jain, 2006](#)) claim that ecotourism's main purpose is misunderstood by many and is a matter of marketing. Moreover, people who abuse the concept of ecotourism attract conservation conscious tourists to nature-based tourism programs under the banner of ecotourism ([Cobbinah, 2015](#)).

The main purpose of this study is to understand if ecotourism is misinterpreted and misused by nature-based tour operators in Lebanon through the assessment of their awareness and specialization levels, and the compliance of their practices with international ecotourism guidelines. This paper aspires to help in distinguishing real "eco" tour operators from free riders who abuse the ecotourism concept to gain an additional market share. This differentiation could prevent tourists from eco-exploitation by offering them an opportunity to evaluate the genuine ecotourism service providers.

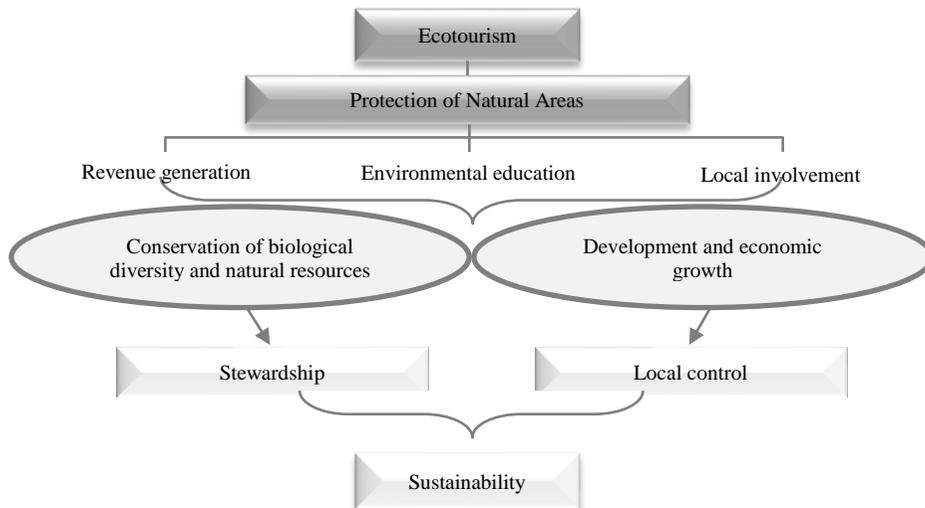
## 2. Ecotourism and sustainability

Despite the fact that there are no precise studies on the origins of ecotourism, there is an implicit reinforcement that the ideas behind this concept emerged in the 1970s following the concern over the misuse of natural resources. In the late 1980s, the sustainable development concept was integrated into the tourism industry and different alternative tourism forms, including ecotourism, appeared on the market ([Fennel, 2009](#)). The International Ecotourism Society (TIES) gave the most inclusive definition of ecotourism as "responsible travel to natural areas that conserves the environment, sustains the well-being of the local people, and involves interpretation and education" ([Mondino & Beery, 2018](#)). However, ecotourism overlaps with other forms of tourism such as adventure tourism, agro-tourism, rural tourism, etc. ([Leksakundilok, 2004](#)). [Fennel \(2001\)](#) classified five common variables that aid in distinguishing ecotourism: 1) the natural environment; 2) education; 3) protection or conservation of resources; 4) preservation of culture; and 5) community benefits. Moreover, [Fennel \(2015\)](#) considers ecotourism as a sustainable form of natural resources-based tourism, focused on experiencing and gaining knowledge about nature.

An increasing number of critics argue that ecotourism might be good in theory but it can be harmful in practice, especially in countries that lack proper management and norms, and where legislation ignores the risk of natural resources over-exploitation. Other researchers claim that ecotourism may lead to the abuse of marginalized communities and the commercialization of native cultures ([Barzekar et al., 2011](#); [Dekhili & Achabou, 2015](#)).

The overlap between the main principles of ecotourism and sustainable development is evident. Researchers state that sustainability may be present in each particular piece of literature related to ecotourism ([Browder & Rich, 2004](#)). Ecotourism is often perceived as an excellent tool for promoting sustainable development and is considered as an applicable way to conserve the natural environment and foster social and economic gains ([Jalani, 2012](#); [Houtte, 2015](#)). Sustainability is not only considered a goal for ecotourism but essentially a tool for reaching that goal (Figure 1). Due to the difficulty in measuring sustainability, it is crucial to highlight sustainability as the purpose and not necessarily the outcome. Most importantly, the best way to improve ecotourism is to maintain the philosophy of sustainable development and to have the will to maximize the probability of positive effects while minimizing the negative ones ([Browder & Rich, 2004](#)).

Figure 1: Ecotourism and sustainability



Source: [Ross & Wall, 1999](#)

In spite of the fact that the information on ecotourism’s contribution to development is rich, there remain a lot of doubts and ambiguity, which requires more investigation in the matter of what ecotourism truly implies. While numerous issues related to ecotourism will keep on being disputed, consent on the guiding principles of ecotourism has turned out to be obvious and many nations’ development strategies have embraced ecotourism in their plans believing that it can be a promising tool to reach sustainable development ([Browder & Rich, 2004](#)). The existing literature on ecotourism presents few empirical studies that examine the characteristics of its operators. According to [Burton \(1998\)](#), there are few tour operators that can qualify for ecotourism in reference to environmentally responsible behavior. After they recognized their negative effects on ecotourism destinations, many “eco-tour operators” developed voluntary guidelines to help themselves in controlling their actions ([Sirakaya & Uysal, 1997](#)). Accordingly, in 1993 the guidelines for “real” eco-tour operators were published by The Ecotourism Society ([Wood et al., 1999](#)). [Wood \(2002\)](#) states that responsible eco-tour operators are those who are successful in working to foster well planned interactive learning experiences that primarily present small groups of travelers to new

environments and cultures while decreasing the adverse impacts on the environment and guaranteeing the ways to preserve its resources. The following table summarizes the main ecotourism guidelines for the “eco-tour operators” (Table1).

Table 1: Ecotourism Guidelines for Nature-based Tour Operators

<b>Guideline</b>	<b>Objective/description</b>
Prepare and inform travelers	Minimize their negative impacts while visiting sensitive environments and cultures
Hire local people and buy local products	For each encounter with local cultures and with native animals and plants
Offer the opportunity to meet and interact with local communities	To provide economic benefits for local communities
Use adequate leadership	In a setting that is not just commercial
Limit group size taken to an area in a season	To ensure minimum group impact on destinations, the environment, and local cultures
Avoid under-managed and over-visited areas	
Give managers and staff access to programs that upgrade their communications ability	
Be a contributor to the conservation of the region being visited	Through financial support and payment of entree fees to protected areas
Provide competitive and local employment	In all aspects of business operations
Offer site-sensitive accommodations	That are not wasteful of local resources or destructive to the environment
	That provide ample opportunity for learning about the environment ensure interchange with local communities

Source: [Sirakaya & Uysal, 1997](#); [Wood, 2002](#); [Kiper 2013](#)

In recent years, ecotourism has become a buzz word. In some ways this looks like the propensity of manufacturers to mark various items as Green or ecologically friendly. Thus, there has been an increase in launching publications in the travel industry with references such as an eco-tour, eco-travel, eco-vacation, eco-adventures, eco-expedition and, of course, ecotourism ([Wight, 1993](#)). Moreover, the term ecotourism is used differently around the world and does not often refer to an activity that is environmentally responsible. It can be used as a marketing pull factor to sell products that might cause environmental deterioration. Likewise, many tourism service providers label their products under the term “ecotourism” without in truth changing their approach and practices ([Acott et al., 1998](#); [Das & Chatterjee, 2015](#); [Dekhili & Achabou, 2015](#)). However, the idea behind ecotourism remains ineffectively comprehended and much mishandled, and despite its rising popularity, ecotourism practices are not seen as beneficial as they should be neither for preservation nor for local people ([Das & Chatterjee, 2015](#)). Many scholars contend that the absence of a reasonable definition and ambiguities that encompass the term ecotourism make it relatively insignificant ([Weaver, 2001](#)). [Browder & Rich \(2004\)](#) argues that ecotourism is widely used to portray anything related to nature or irrelevant to mass tourism. Moreover, the term is frequently abused or misunderstood in relation to the original meaning of the concept ([Wight, 1993](#); [Mosammam et al., 2016](#)).

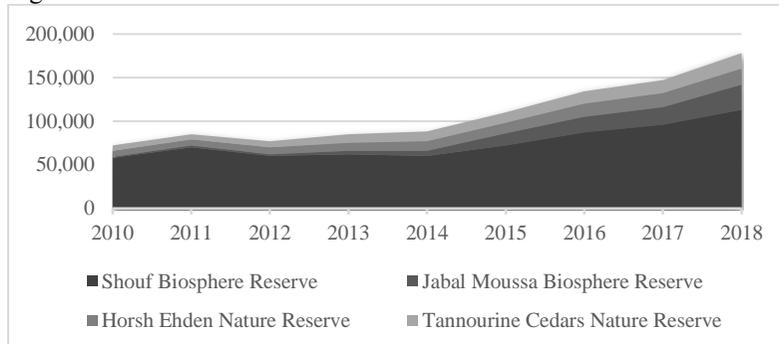
### 3. Ecotourism in Lebanon

Despite the small surface area of Lebanon (10,452 km<sup>2</sup>), the rich cultural and natural heritage, its varied landscapes, mild climate, and the strategic location on the eastern Mediterranean allow tourism to play a leading role in the Lebanese economy. Tourism constitutes a main source of income and employment; according to [Blom Invest Bank](#)

(2018), it accounted for 19% of Lebanon’s GDP in 2017. However, the Lebanese tourism industry faces many challenges including political instability, low competitiveness, seasonality, and environmental degradation. In the last two decades, Lebanon’s tourism market recorded important fluctuations driven by internal and external factors. Lebanon has been severely affected by the assassination of his Prime Minister Rafiq Hariri in 2005, the war with Israel in 2006, internal political instability in 2008, and the influx of Syrian refugees since 2011. According to the Lebanese Ministry of Tourism, the number of international arrivals to Lebanon dropped from around 2.17 million in 2010 to 1.21 million in 2013. Though, by the end of 2017 signs of recovery started showing with 1.86 million tourist arrivals and around 2 million in 2018. Despite this unstable situation, the tourism industry has witnessed positive changes since 2008. In parallel to the decline of conventional tourism in main Lebanese cities, alternative forms of tourism are prospering in rural areas, mainly providing nature and adventure-based tourism products. This new trend in the tourism market benefits from a unique natural and cultural landscape characterized by a combination of diverse ecosystems and distinguished biodiversity with many endemic species. (Abou Arrage et al., 2014; Abou Arrage, 2017)

Nonetheless, the ecosystems of Lebanon are threatened by a multitude of factors that are causing the loss of biodiversity, the fragmentation of habitats and different forms of pollution. In response to environmental degradation, the Ministry of Environment designated 14 Nature Reserves, in addition to 3 UNESCO Biosphere Reserves, covering around 2.2% of the Lebanese territory and constituting an important asset for ecotourism. Three out of the fourteen nature reserves and one biosphere reserves have ecotourism management plans and account the number of their visitors. The total number of visitors to these four reserves increased by 147% in the last eight years, from 72,000 in 2010 to 178,000 in 2018. The Shouf Biosphere Reserve remains the main attraction among these four reserves with the highest number of visitors (64%) due to its large size, advanced management, availability of services and activities, and accessibility (Figure 2).

Figure 2: Evolution of the number of visitors to Lebanon’s nature reserves



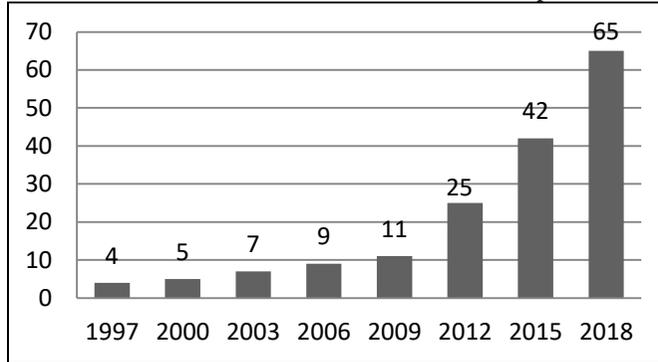
Source: Data collected from Nature Reserves managers

Although the concept of ecotourism was not spread among tourism professionals in Lebanon, the years 1995 to 2006 witnessed the rise of nature-based tourism with the establishment of the first seven nature reserves and the creation of six tour-operators offering nature-based tourism activities such as hiking, climbing, caving, paragliding, and rafting. Between 2007 and 2012, the existing nature reserves upgraded their strategies and prepared ecotourism management programs, seven additional nature reserves were established. The Lebanon Mountain Trail, a national hiking trail extending over 470 km, was created in 2008, and more than 30 local hiking trails were created through rural tourism and ecotourism development

projects implemented with the support of international organizations. As a result, the number of nature-based tour operators increased to 25 by the end of 2012 ([Abou Arrage, 2017](#)).

Despite the political and security situation in the country between 2011 and 2018, a steady increase in rural tourism activities and accommodation services has been recorded and the number of nature-based tour operators increased to 42 in 2015 and reached 65 in 2018, which is considered a high number compared to the size of the Lebanese market (Figure 3).

Figure 3: Evolution of the number of nature-based tour operators in Lebanon

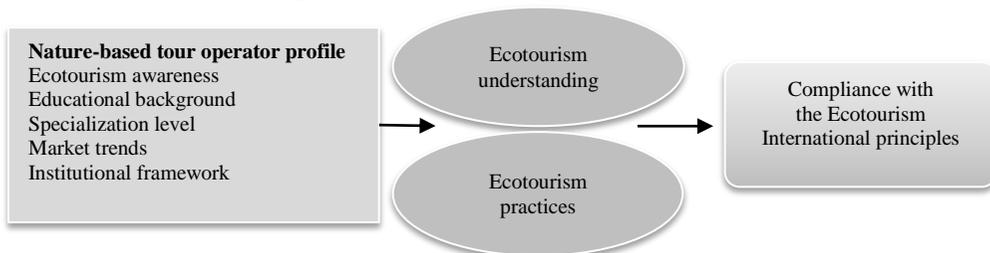


Source: Data collected from field work

#### 4. Research methodology

The research objectives were to study the evolution and dynamics of ecotourism trends from nature-based tour operators' perspective in Lebanon and to measure their specialization level in the existing supply market through the exploration of their profile and practices compared to the international ecotourism principles and guidelines. To achieve the research objectives a conceptual framework has been developed based on series of variables and indicators (Figure 4 and Table 2) where the dependent variables (DV) are: Ecotourism understanding and practices; and the independent variable (IV) are: nature-based tour operators' awareness of the ecotourism concept, educational background of the tour operator owner, specialization level of the tour operator, market trends and dynamics followed by the tour operator, and the institutional framework of the tour operator. The compliance with ecotourism international principles is set as a DV reflected through the nature-based tour operators' practices.

Figure 4: Research conceptual framework



Source: Authors

The following hypotheses were developed to examine the relation between the dependent and independent variables:

(H1): ecotourism understanding and practices of nature-based tour operators are influenced by their awareness about the concept;

(H2): ecotourism understanding and practices of nature-based tour operators are influenced by their educational background and specialization level;

(H3): ecotourism understanding and practices of nature-based tour operators are influenced by the market trends and dynamics.

The field study was conducted in 2018 with 50 nature-based tour operators using a researcher administrated questionnaire including 27 open and closed ended questions guided by the literature review and designed to be exploited in descriptive and analytical statistics to examine the variability in different phenomena and the relationships between different variables in order to validate or reject the different hypotheses. The collected data was analyzed quantitatively in SPSS.

Table 2: Research variables and indicators

Variable	Indicator
<b>Ecotourism awareness</b>	<b>Ecotourism definition and perception</b>
<b>Educational background</b>	University degrees Certificates
<b>Specialization level</b>	Operations' time (full time/part time) Enhancing the employees' ability to manage visitors in sensitive natural and cultural settings Number of tours to nature reserves yearly Number of tours in nature yearly Activities practiced during tours
<b>Market trends and dynamics</b>	Nature commodification
<b>Institutional framework</b>	Formal /Non-formal Registered /Not Registered in the Ministry of Tourism Size of the company
<b>Compliance with ecotourism principles</b>	Environmental conservation measures Cultural preservation measures Community participation Economic contribution to conservation Economic contribution to the local community Empowerment of vulnerable groups Group size per tour Environmental education experience Hiring local guides Promoting local products Type of accommodation used Type of restaurants visited

Source: Author's own research

## 5. Results and discussions

The educational background of the participants revealed that 96 % of the nature-based tour operators (NBTOs) in Lebanon do not have any degree related to tourism, and only 3 out of the 50 interviewed operators said that they have obtained professional certificates pertaining to sustainability and ecotourism. Concerning the institutional framework, more than the half of NBTOs (54%) are informal groups operating through social media platforms, 30% are registered as general commercial companies, 12% as NGOs, and only 4% are registered as travel agents.

The lack of proper legislation for nature-based and ecotourism activities is a major challenge in Lebanon. NBTOs working in a non-formal way do not have any official status or license. Therefore, their practices might be muddled due to the inexistence of any legal prosecution in case of environmental damages inside or outside nature reserves. Regarding the number of employees, 14 NBTOs have 2 to 5 permanent employees and 36 have 1 or 2 permanent

employees; while 4 NBTOs use the services of 10 to 15 part timers, 19 have 5 to 10 part timers, and 27 have less than 5 part timers. The majority of the permanent and part timer employees are not officially registered and do not have rights based on the Lebanese labor law. These figures do not comply with the ecotourism principles that stress the importance of sustaining the wellbeing of local people and ensuring their source of income.

To measure their level of specialization, the NBTOs were asked about the number of their visits to nature reserves. The results showed that 78% of them include nature reserves in their tours. This figure reveals a good awareness regarding the ecotourism principle that stresses visiting protected areas and generating revenues to support their management and conservation. Table 3 shows that the Shouf Biosphere Reserve is the most visited reserved followed by Jabal Moussa, Horsh Ehden, and Tannourine reserves. This high percentage of visits to the top four nature reserves is related to the possibility of visiting them during different seasons with the existence of good infrastructure and management, as well as a wide range of activities. NBTOs do not give the same importance for all nature reserves in Lebanon due to multiple factors such as accessibility, activities, seasonality, management, services and infrastructure. Consequently, the economic contribution to conservation and local development is not equal between NBTOs neither between reserves in Lebanon.

Table 3: Percentage and frequency of visitation to nature reserves

Nature Reserve	% of NBTOs visiting the nature reserve	Number of visits per year as distributed among NBTOs			
		1 to 3 times	4 to 6 times	7 to 12 times	> 12 times
Shouf Biosphere Reserve	78%	43%	38%	17%	2%
Jabal Moussa Biosphere Reserve	76%	61%	32%	6%	2%
Horsh Ehden Nature Reserve	72%	86%	10%	2%	2%
Tannourine Cedars Forest Reserve	72%	81%	11%	6%	2%
Palm Island Nature Reserve	22%	100%	0%	0%	0%
Yammouneh Nature Reserve	16%	75%	25%	0%	0%
Chnanair Nature Reserve	12%	100%	0%	0%	0%
Bentaal Nature Reserve	6%	100%	0%	0%	0%
Tyre Coast Nature Reserve	4%	100%	0%	0%	0%
Jaj Cedars Reserve	4%	100%	0%	0%	0%

Source: Author's own research

The survey showed that Hiking is by far the most spread activity with 88% of NBTOs offering it in their programs. Simultaneously, other activities such as snow activities, biking, camping, caving, mountaineering, kayaking and rafting are offered by 42% of NBTOs. On the other hand, activities such as bird watching, star gazing, participation in community events and cultural events, wildlife watching, culinary tourism and wine are offered by 8% of the NBTOs only.

The above findings show that most of the Lebanese NBTOs focus on few nature reserves and on limited activities related to ecotourism which affects their level of specialization. Furthermore, the results have shown that only 10% of the NBTOs offer training sessions to enhance their employees' ability to manage visitors in sensitive natural and cultural settings. As for the percentage of income that derives from the tourism services and activities that they provide, 66% of respondents stated that tourism constitutes a minor source of income for them, 14% stated that tourism constitutes a complementary source of income, and 20% reported that tourism services constitute a major source of income.

When asked about their practices, all the respondents stated that they provide information to the visitors about the characteristics of the destinations prior and during the visit, and they prepare the visitors for cultural interaction with locals before departure. On the other hand, the provision of materials to inform the visitors about the importance of environmental

conservation is done mainly on-site by 80% of the NBTOs. Concerning the financial contribution to conservation, 94% of the interviewed NBTOs considered that they are doing it through the payment of entrance fees to the visited nature reserves. Only 3 NBTOs showed a willingness to have additional financial contributions by paying a sort of green premium or donating up to 10% of their profits for nature conservation and community support. This shows very limited compliance with the ecotourism principle that stresses the importance of financial contribution to support both conservation efforts and community-based projects.

The results revealed that only 14% of the interviewed NBTOs respect the ideal group number for an ecotourism activity which is 12 to 20 persons per trip; while 18% allow between 21 and 40 persons, 38% have a group size ranging between 41 and 60 persons, and 30% between 61 and 100 persons per trip. Thus, the majority of NBTOs (86%) tend to constitute potential threats to the environment. This practice is contrary to what the ecotourism guidelines recommend regarding low visitor impact and being small scale.

Moreover, the results showed that 73% of the NBTOs organize one-day tours labeled under ecotourism banner, and 27% of them stated that the one-day tour constitutes around 70% of their total tours per year, while the remaining 30% are weekend tours. Nature-based tours extending for more than 3 days are rarely organized, especially for the domestic market. These results contradict the ecotourism principles related to local economic development, since one-day tour expenditures in the visited area are very low and do not benefit the accommodation services which are vital in ecotourism destinations.

The NBTOs who use accommodation services in their tours do not give a priority for Eco-lodges and guesthouses, 90% of them stated that they do not consider the eco-lodge as an accommodation option, and 64% do not use guesthouses. They rather use resorts, hotels, and camping sites, which do not match with the ecotourism concept and principles. Similar to accommodation, the results of the food and beverage services showed a weak comprehension of the ecotourism concept and principles related to this subject where 70% of the NBTOs do not use the services of local bakeries, snacks or restaurants, and ask the tourists to bring their own food, however they all stated that they encourage tourists to buy locally produced handicrafts and processed food. In terms of hiring local guides, 74% of the interviewed NBTOs stated that they do it.

As a reaction to the increasing demand for nature-based activities, 12% of the NBTOs are increasing the number of tours per week or per month, and 68% of them are increasing the number of tourists per tour. In the latter case, the small scale character of ecotourism and the low visitor impact on the destination is not respected. Only 20% of the NBTOs are not reacting to the market trends and do not have plans to increase the number of their tours or the number of tourists per tour. None of the interviewed NBTOs organizes disabled friendly tours; hence, this is an indicator of weak compliance with the inclusivity principle. On the other hand, 11 NBTOs organize elderly friendly trips, and 9 have tailor made tours for school students.

The last question of the survey asked the NBTOs to give a definition for ecotourism in their own words. Answers were analyzed based on the frequency of key words with reference to the IUCN definition of 1996 and TIES definition of 2015. The findings showed that:

- 58% of the NBTOs agreed that ecotourism is environmentally responsible
- 46% stated that ecotourism should improve the welfare of local people
- 40% mentioned that ecotourism is about appreciating nature
- 26% referred in their definition to the conservation principle
- 24% mentioned keywords related to the respect of the cultural features
- 18% mentioned that ecotourism should have low visitor impact

- Only 8% mentioned education and interpretation
- Only 2% said that ecotourism should be in undisturbed natural areas

Based on the above results, NBTOs have shown a weak understanding and awareness of the ecotourism concept. This weakness, which is reflected through their practices and interpretations, derives from the inexistence of any law that requires a degree or certificate in tourism or ecotourism for the workers in this domain. This was obviously represented through the high percentage (above 90%) of NBTOs who lack such degrees and certificates. As a result, this will weaken the specialization level of these nature tour organizers and will lead to uncontrolled nature activities that may harm the environment.

To analyze the relation that exists between the variables that influence the NBTOs practices, cross tabulation and Pearson Chi-square tests were done. The relationship that exists between the maximum number of visitors allowed per tour (practice) and the ecotourism awareness revealed through the definitions given by NBTOs (concept awareness), showed that whenever the number of visitors per tour increased, the awareness about this ecotourism principle did not exist (Table 4).

Table 4: Cross tab between visitors' number allowed per tour and low visitor impact

		<b>Low visitor impact principle</b>		<b>Total</b>
		Yes	No	
<b>Number of visitors per tour</b>	10-20 visitors	4	3	7
	21-30 visitors	3	3	6
	31-40 visitors	0	3	3
	<b>41-50 visitors</b>	2	<b>13</b>	15
	<b>51-60 visitors</b>	<b>0</b>	<b>4</b>	4
	<b>61-70 visitors</b>	<b>0</b>	<b>2</b>	2
	<b>91-100 visitors</b>	<b>0</b>	<b>4</b>	4
	<b>Above 100 visitors</b>	<b>0</b>	<b>9</b>	9
<b>Total</b>		9	41	50

Source: Author's own research

Based on the Pearson chi-square test, the number of tourists allowed per tour as an ecotourism practice is changing with the level of awareness about the ecotourism. The obtained value is (0.021) which is less than the alpha value (0.05), thus the hypothesis (H1) is accepted: ecotourism understanding and practices of nature-based tour operators are influenced by their awareness about the concept. The relation between the educational background of the Lebanese NBTOs (profile) and the ecotourism awareness revealed through the definitions given by NBTOs (concept awareness) showed that NBTOs who do not hold any degree or certification in tourism or ecotourism have a very low level of awareness of the essential principles of the ecotourism.

The Pearson chi-square test for these two variables confirms the above result with a value of (0.025), thus the hypothesis (H2) is accepted: ecotourism understanding and practices of nature-based tour operators are influenced by their educational background. Furthermore, the relation between the maximum number of visitors allowed per tour (practice) and the response to the increase in demand for nature based tours (market trends and dynamics) showed that with the increasing number of visitors allowed per tour, the response was to market trends was the additional increase of number of visitors allowed per tour (Table 5). The Pearson chi-square test for these two variables was (0.000), thus the hypothesis (H3) is accepted: ecotourism understanding and practices of nature-based tour operators are influenced by the market trends and dynamics.

Table 5: Cross tab between visitors' number per tour and NBTOs response to market trends

		Market Trends & Dynamics			Total
		Increase the number of tours per week	Increase the number of visitors per tour	None	
Number of visitors per tour	10-20 visitors	0	0	7	7
	21-30 visitors	1	2	3	6
	31-40 visitors	0	3	0	3
	<b>41-50 visitors</b>	3	12	0	<b>15</b>
	<b>51-60 visitors</b>	2	2	0	<b>4</b>
	<b>61-70 visitors</b>	0	2	0	<b>2</b>
	<b>91-100 visitors</b>	0	4	0	<b>4</b>
	<b>Above 100 visitors</b>	0	9	0	<b>9</b>
<b>Total</b>	<b>6</b>	<b>34</b>	<b>10</b>	<b>50</b>	

Source: Author's own research

The descriptive and analytical results presented in this paper confirm that the reasons behind the misuse and misinterpretations of the ecotourism term by the Lebanese NBTOs are, the lack of awareness about the concept, their low specialization level, their obedience to the market trends with very weak compliance with the internationally ecotourism principles and guidelines, and the inexistence of an institutional framework that to control their practices.

## 6. Conclusion and recommendations

The analysis of the relationship between nature-based tour operators' profile in Lebanon and their ecotourism practices and level of awareness revealed that the term ecotourism is misused and misinterpreted. The study yielded considerable information about the evolution of ecotourism in Lebanon and revealed that two decades after the introduction of the concept to Lebanon, the level of specialization in ecotourism is still weak and the existing practices are not compliant with the international principles and guidelines. The majority of nature-based tour operators in Lebanon do not respect the principle of low visitor impact and did show a very low willingness to contribute financially to environmental conservation. In terms of activities, hiking is the dominant activity, while environmental education activities are ignored by the majority of operators. Consequently, ecotourism is not fulfilling its role in terms of sustainable development in Lebanon. However, the booming number of nature-based tour operators shows a constant evolution in the market trends.

Despite their low contribution to sustainable development in its three dimensions, the existing "ecotourism" products and activities bring benefits to the Lebanese rural areas, especially in terms of creating economic opportunities for local guides, rural accommodation facilities, and local producers. As for their contribution to conservations and socio-cultural preservation, they are limited to a very small number of stakeholders, namely some leading nature reserves and few pioneer tour operators.

In order to have a more sustainable form of ecotourism in Lebanon, it is essential to improve the institutional framework, especially on the supply level, with the creation of specific rules and regulations for operators who would like to offer ecotourism services and activities. On the other hand, introducing the ecotourism concept to the Lebanese society through the educational system might be a good strategy to enhance its role in sustainable development. Further researches may enclose the study of the legal perspectives that might impose regulations on the practitioners.

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## Incoming tour operators perspectives in a highly competitive environment - case of Slovakia

Iveta Fodranová<sup>1</sup>, Mária Puškelová<sup>1</sup>, Katarína Mrkvová<sup>2</sup>, Branislav Dudič<sup>3\*</sup>

<sup>1</sup> University of Economics in Bratislava, Faculty of Commerce, Department of Services and Tourism, Bratislava, Slovakia

<sup>2</sup> College of Business and Hotel Management, Brno, Czech Republic

<sup>3</sup> Comenius University, Faculty of Management, Bratislava, Slovakia and University Business Academy, Faculty of Economics and Engineering Management, Novi Sad, Serbia

**Abstract:** Tour operators play a central role in the tourism industry. For tourism distribution channels, the emergence of new ones has been of particular significance, since it leads to priorities change in terms of distribution. The purpose of the current study was to examine the Slovak incoming tour operators in relation to tourism distribution in a highly competitive environment. The findings show that the Slovak incoming tour operators as a mediator of accommodation services are not the first choice of a foreign customer when it comes to accommodation provision. This is the consequence of the fact that tour operators are not able to compete in an adequate way with electronics distribution channels (e.g. Booking, Trivago, Go global and others). The research results show that the Slovak incoming tour operators are not able to develop their activities concerning booking offer. If they want to survive, they will have to change their traditional business model and structure their product portfolio and focus on offer of new different services and dynamic products.

**Keywords:** tour operator, tourism distribution channel, accommodation services

**JEL classification:** Z32, L83, L84

## Perspektive receptivnih turoperatora u visoko konkurentnom okruženju - slučaj Slovačke

**Sažetak:** Turooperatori imaju centralnu ulogu u turističkoj delatnosti. Od posebnog značaja za kanale distribucije u turizmu je pojava novih kanala što dovodi do promena prioriteta u smislu distribucije. Svrha studije bila je ispitati slovačke turooperatore u vezi sa turističkom distribucijom u visoko konkurentnom okruženju. Rezultati pokazuju da slovački turistički operateri kao posrednici usluga smeštaja nisu glavni izbor stranog turista kada je u pitanju usluga smeštaja. To je rezultat činjenice da turooperatori nisu u mogućnosti da se u dovoljnoj meri nadmeću sa elektronskim kanalima distribucije (npr. Booking, Trivago, Go global i drugi). Rezultati istraživanja su pokazali da slovački receptivni turooperatori ne mogu izgraditi svoje aktivnosti u vezi sa ponudom usluga rezervacije. U slučaju da žele da opstanu, moraju da promene svoj tradicionalni poslovni model i strukturiraju svoj portfolio proizvoda i fokusiraju se na ponudu novih različitih usluga i dinamičnih proizvoda.

**Ključne reči:** turooperator, turistički distributivni kanal, usluge smeštaja

**JEL klasifikacija:** Z32, L83, L84

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\* [dudicbranko@yahoo.com](mailto:dudicbranko@yahoo.com)

## **1. Introduction**

The travel industry is highly structured, and businesses within the industry tend to specialize in one or a small number of functions driven by their core business ([Saffery et al., 2007](#)). One of the most critical elements is distribution channels. Tourism distribution channels are usually associated with travel agencies ([Ivanov & Zhechev, 2011](#)) which include tour operators and travel agents. A tour operator enters a distribution process as an intermediary ([Sheldon, 1986](#)). They liaise with several organizations to design packages and sell them to tourists at a single price ([Tepelus & Córdoba, 2005](#); [Khairat & Maher, 2012](#)). According to [Pilelienė and Šimkus \(2012\)](#), the tour operator is the principal service provider in the tourism industry, responsible for the provision of promised service package, fulfilling commitments, and constant control through the whole period of service provision. The tour operators arrange standard as well as customized tour packages to meet the customer demand ([Bhatia, 2014](#)).

Several studies have explored a tour operator as the main service provider. "It is responsible for delivering and/or concluding contracts and monitoring the promised mix of services, including all measures related to tickets, transport, accommodation, tours, guiding services throughout the service period" ([Atilgan et al., 2003, 4](#)). [Holloway and Humphreys \(2012\)](#) define a tour operator as a company that individually purchases product components such as transportation, accommodation and other services and combines them into a package that can be sold directly or indirectly to the customer. [Singh \(2008\)](#) states that a tour operator is a business that deals with the sale of travel that are based on products and services. According to [Jeeva and Tran \(2014\)](#), tour operator can also be viewed as wholesalers in the tourism distribution channels. They play the role of professional sources of information for customers; and tourists tend to rely on these intermediaries for information about tour packages ([Alamdari, 2002](#); [Bieger & Laesser, 2004](#)).

Tour operators focus on either domestic or outbound travel tourism in the context of creating travel offers. According to the UN World Trade Organization, there are three kinds of tours – outbound, domestic and inbound - and consequently three types of tour operators. The first group consists of outgoing tour operators (broadcasters) that cooperate with a variety of suppliers both at home and abroad. Suppliers operate mostly abroad in the foreign destination where the tour operator organizes the tour and where tour operator's clients are heading. The second group of tour operators is domestic ones that run trips and sightseeing to a domestic participant in the national territory. From the accounting perspective, the cash flows of a company can be summarized in the cash flow statement in three sections: operating activities, investment activities and financing activities ([Knežević et al., 2018](#)). The third group is incoming tour operators (receiving) that prepare and organize the offer of services in the destination where they operate. These offices fulfill a recipe function based on a specific market feature - to displace the offer from demand. Inbound tour operators (ITOs), on the contrary, are based at a destination and have expert knowledge of the destination ([Mayaka & King, 2002](#); [Budeanu, 2005](#); [Akama & Kieti, 2007](#)).

The relationships between incoming and outgoing tour operators are characterized by interconnectedness and reciprocal influence. The incoming tour operator can thus influence its suppliers ([UNEP, 2014](#)). [Theobald \(1998\)](#) states that some outgoing tour operators may influence or at least partially operate on their local partners in terms of implementing different quality standards in providing quality service or employing the workforce. The incoming tour operator plays a key role in the distribution channel.

An incoming tour operator organizes local transfers or city tours faster and is more flexible based on the requirements of a foreign tour operator. An important role is the knowledge of

local language and cultural backgrounds. [Buhalis and Laws \(2004\)](#) state that an important aspect is the ability of the incoming tour operator to represent their destination internationally. [Horster \(2014\)](#) states that during presenting products and establishing contacts with potential clients (foreign outgoing tour operators), it is necessary to think about the typology of final clients with regard to the possible length of stay. Depending on the length of stay, the tour operator defines the product and territorial portfolios. The selection of destination, either short or long haul, determines various factors such as economic, socio-cultural, environmental and political ([Horster, 2014](#)). According to [Block \(2014\)](#), the primary motivation for holiday planning is the choice of a destination.

The main aim of this research was to examine the Slovak incoming tour operators in relation to tourism distribution in a highly competitive environment. The specific objectives were testing the relationship between (1) booking and source markets, and (2) class of accommodation provider and the source market.

## **2. Research methodology**

The aim of the study was to examine the adoption of incoming tour operators to highly competitive environment. We have analyzed the distribution channels that the foreign clients used to book accommodation facilities. The traditional business model of the Slovak incoming tour operators predominantly consisted in providing accommodation. If the traditional model persists, which means that the Slovak incoming tour operators would book accommodation for visitors, then this relationship has to be manifested within the tested variables.

H<sub>1</sub>: There is a correlation between hotel booking and source market

H<sub>2</sub>: There is a correlation between hotel rate and source market.

If there is the absence of dependence between the monitored variables (accepting the hypothesis H<sub>0</sub>), it will imply that the traditional role of the incoming tour operators in the distribution channel has changed and other activities have become the dominant source of profit for the incoming tour operators. The object of the current study is the Slovak incoming tour operators, their entries and activities in the international market.

Data collection: Data for this study were collected from multiple sources, including primary data and secondary data. Primary data collection took place during five months in the year 2015 in the accommodation facilities of three self-governing regions with the highest number of overnight stays by foreign visitors – Bratislava, Žilina and Prešov Regions. The primary data were collected through the print semi-structured questionnaires distributed to the tour inbound operating companies. Altogether 201 of 2\* to 5\* accommodation facilities were addressed through the survey method, with 61% response rate (121 responses), out of which 44 hotels were in the Bratislava Region, 43 in the Žilina Region and 34 in the Prešov Region. The secondary data were gathered from the Statistical Office of the Slovak Republic. In the course of data analysis, quantitative research method was applied in the study. The acquired data were processed in IBM SPSS Statistics Standard computer application, Pearson's chi-square test of the independence of quality indicators, with the related characteristics evaluating the intensity of the correlation in question - proved suitable for the given variables. The hypothesis were tested at the significance level  $\alpha=0.05$  (with 95% probability).

### 3. Study results and discussion

The international growth of inbound travels has been reflected in positive numbers in the Slovak inbound tourism as well. New transport connections with various source markets have contributed to the increase of the number of visitors in the Slovak Republic in 2015. Based on that, the country has encountered increased number of customers from some source markets (Riga – Poprad, Wizz Air, 2015; London – Poprad, Wizz Air, 2015; Kiev – Košice, ČSA, 2015; United Arab Emirates – Bratislava, Fly Dubai, 2015, etc.). The better accessibility of Slovakia to the foreign customers can be attributed to a better railway connection with the Czech Republic, in the form of schedule density increase. The entry of the third foreign railway transporter, Leo Express, operating on route between the Czech Republic and the Slovak Republic has caused a decrease of transport fees. Quoting the report from the Slovak Tourism Agency (Slovenská agentúra pre cestovný ruch) from 2016, the increase in the number of visitors and overnight stays from foreign countries was aided by good viewing statistics of the [www.slovakia.travel](http://www.slovakia.travel) web site, offering the targeted campaigns under Google and YouTube, as well. The agency was efficient in advertising the fact that the Slovak Government was about to take presidency of the council of EU in the second half of 2016, which positively contributed to the promotion of the country and attracting potential foreign customers ([Slovenská agentúra pre cestovný ruch, 2016](http://www.slovakia.travel)). Table 1 illustrates structure and dynamics of foreign customer accommodation by the source market in the accommodation facilities in particular Slovak regions between 2012 and 2015.

Table 1: Overnight structure and dynamics of foreign clients in chosen parts of Slovakia in 2012-2015

Region	Number of foreign overnights				change %	
	2012	2013	2014	2015	2014/2013	2015/2014
Bratislava	1 073 480	1 193 611	1 059 758	1 392 198	-12.6	23.9
Žilina	847 079	913 416	787 166	852 768	-16	7.7
Prešov	689 843	738 318	670 460	715 084	-10.1	6.2

Source: Own processing on the basis of data Statistical Office of the Slovak Republic

In 2014, a decrease of number of visitors and overnight stays in Slovakia (compared to 2013) was due to multiple reasons. One of those having negative consequences on the international inbound travels was the fact that within the foreign customer structure there were citizens of countries not using the euro (the Czech Republic, Poland, Ukraine, Hungary, the Russian Federation, the USA) ([Slovenská Národná Banka, 2015](http://www.slovakia.travel); [Slovenská agentúra pre cestovný ruch, 2016](http://www.slovakia.travel)). In 2014 the exchange rate of euro to Hungarian forint, Ukrainian hryvna, Russian ruble, Czech koruna and US dollar have fluctuated ([Slovenska Národná banka, 2015](http://www.slovakia.travel)). This weakened the purchase power in primary source markets. Devaluation of these currencies made overnight stays in the Slovak Republic more expensive. Decrease in the number of the customers is indirectly linked to the persisting instability in Ukraine. This may have caused feelings of insecurity and unwillingness of the potential Western European and overseas customers to visit the country that is neighboring the one with unrests (in this case Slovakia). Aside of these factors, the development of tourism was affected by the weather as well. Ski resorts of the lower altitudes without artificial snowmaking suffered insufficient snowfall. Cold and rainy summer was not suitable for mountaineering and at the end of the day caused overall decline in the number of visitors to Slovakia ([Slovenská agentúra pre cestovný ruch, 2016](http://www.slovakia.travel)). In 2015, almost every part of the world reports increase in the international inbound travels, which was positively reflected in Slovakia, too. The three mentioned regions – Bratislava, Žilina, Prešov - remained steadily attractive to foreign customers.

In Table 2, 3 and 4 we did not want to provide information about market source in each class of the hotel (3, 4, 5\*) for simple reason - Slovakia is small and each of the three regions (Bratislava, Žilina, Prešov) is also small, thus we found more suitable to display provided information on a bigger sample (i.e. 3 + 4 + 5\* hotels).

Table 2: Overnight structure and dynamics of foreign clients in Bratislava Region according to source market in 2012-2015

No.	Region	Number of overnights				change %	
		2012	2013	2014	2015	2014/2013	2015/2014
1	Czech Republic	204 538	202 342	187 195	226 377	-7.5	20.9
2	Germany	102 835	126 068	113 917	144 087	-9.6	26.5
3	United Kingdom	61 773	66 505	55 358	95 027	-16.8	71.7
4	Austria	54 837	63 285	62 731	77 262	-0.9	23.2
5	Italy	55 680	61 559	56 888	72 373	-7.6	27.2
6	Poland	62 751	65 633	66 665	70 113	1.6	5.2
7	United States	20 690	42 480	35 108	51 542	-17.4	46.8
8	France	35 319	37 425	28 538	38 152	-23.7	33.7
9	Ukraine	20487	48 327	31 797	36 327	-34.2	14.2
10	Hungary	26 603	28562	28 102	31 850	-1.6	13.3

Source: Own processing on the basis of data Statistical Office of the Slovak Republic

Table 2 mentions the USA as a source country and Table 3 provides data on an Asian country. Other countries from Asia are not mentioned for simple reason. There were not too many guests from those countries to fit in the provided scope. We asked hotels who (which nationality) stayed overnight in their hotel. 10 most frequent nationalities were evaluated = market sources that were put in the top 10 in the table. The same was done in Table 3 and Table 4. Those three tables provide the data on the country of origin of the most clients. We did research in 3\*, 4\* and 5\* hotels.

Table 3: Overnight structure and dynamics of foreign clients in Žilina Region according to source market in 2012-2015

No.	Country	Number of overnights				change %	
		2012	2013	2014	2015	2014/2013	2015/2014
1	Czech Republic	397 100	398 542	330 124	387 495	-17.2	17.4
2	Poland	179 855	195 751	173 634	183 588	-11.3	5.7
3	Ukraine	37 561	73 690	63 264	40 349	-14.1	-36.2
4	Russia	33 723	46 516	36 009	21 600	-22.6	-40.0
5	Germany	35 277	31 821	30 231	36 099	-5.0	19.4
6	Hungary	16 873	19 951	16 346	22 777	-18.1	39.3
7	Lithuania	12 482	14 311	15 835	13 751	10.6	-13.2
8	South Korea	29 133	13 915	9 759	9 486	-29.9	-2.8
9	Romania	9 429	8 097	9 020	9 223	11.4	2.3
10	United Kingdom	7 030	8 375	6 834	8 733	-18.4	27.8

Source: Own processing on the basis of data Statistical Office of the Slovak Republic

Table 4: Overnight structure and dynamics of foreign clients in Prešov Region according to source market in 2012-2015

No.	Region	Number of foreign overnights				change %	
		2012	2013	2014	2015	2014/2013	2015/2014
1	Czech Republic	265 747	264 219	231 224	274 088	-12.5	18.5
2	Poland	118 361	110 402	102 695	101 212	-7.0	-1.4
3	Germany	59 190	64 454	55 878	62 029	-13.3	11.0
4	Ukraine	40 214	84 730	66 086	47 674	-22.0	-27.9
5	Hungary	31 020	32 684	31 867	39 240	-2.5	23.1
6	Belorussia	6 074	9 074	28 652	25 497	215.8	-11.0
7	Austria	14 337	13 687	10 945	13 963	-20.0	27.6
8	Russia	30 628	35 369	24 099	12 412	-31.9	-48.5
9	Lithuania	10 069	11 486	11 160	11 193	-2.8	0.3
10	United Kingdom	8 492	8 944	7 674	11 087	-14.2	44.5

Source: Own processing on the basis of data Statistical Office of the Slovak Republic

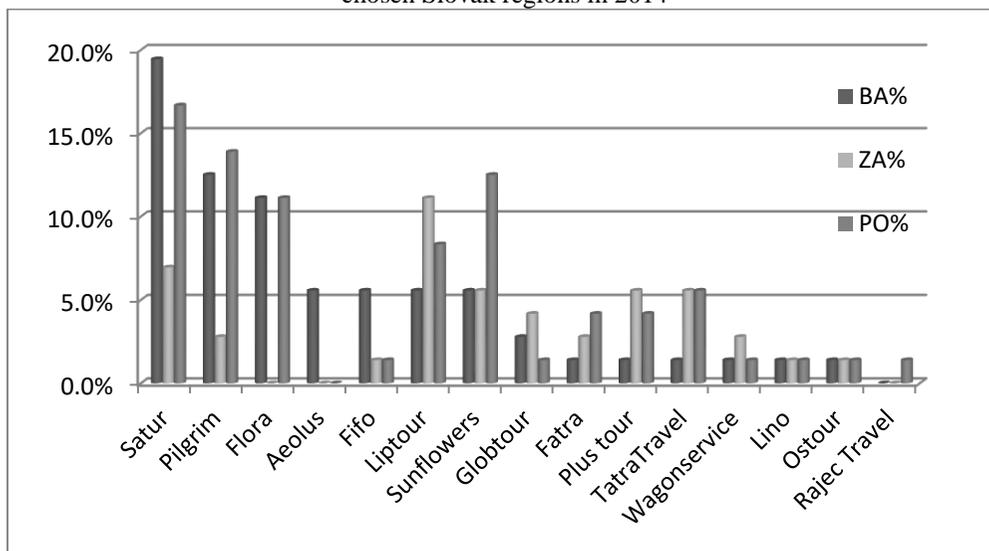
The abovementioned tables show a decrease in the number of visitors in 2014 (in percent) almost in all source markets. In 2015, Slovakia experienced decline in the number of arrivals of Ukrainian and Russian customers. Among the main reasons we can list is the devaluation of Russian and Ukrainian currency and trouble with obtaining a Slovak visa.

Slovakia has no database of incoming tour operators. In order to create a functional database we have employed methodology with classifying criteria that estimated the number of incoming tour operators and their links to the accommodation facilities in the destinations that they book for their customers – home-based incoming or foreign outgoing tour operators or companies. The results of the study show that the greatest volume of accommodation services was ordered by these tour operators:

1. Satur (Bratislava) – 25.6 %
2. Pilgrimage (Liptovský Mikuláš) – 17.4 %
3. Liptour (Liptovský Mikuláš) – 14.8 %
4. Sunflower (Bardejov) – 13.2 %

Aside of the already mentioned incoming tour operators, other tour operators cooperate with hotels as well. The form of their cooperation with the hotels varies from region to region. Some tour operators (e.g. Ostour, Fatra Travel or Tatra Travel) prefer cooperation with accommodation facilities located in the region of tour operator's activity. The outcomes of the research show that e.g. the tour operator specialized in spa breaks – Sunflower – cooperates mostly with spa and wellness hotels. To the contrary, the biggest tour operator in Slovakia – Satur travel – cooperates with business hotels to a large extent. Hotels situated mostly around ski resorts report cooperation with tour operators such as Lino, Fatra travel or Liptour.

Figure 1: The incoming tour operator that cooperates with accommodation providers in the chosen Slovak regions in 2014



Source: Own processing

Chart 1 shows that Slovak tour operators provided accommodation in 3\* and 4\* hotels - more than 260 times. The least interest was shown for 5\* hotels. These data imply that requests for accommodation in:

- 5\* hotels came from Austrian, German and American customers; the overall covering of 5% share on the demand side
- 4\* hotels came mostly from Czech customers (51.2%), followed by Germans (44.6%) and Austrians (26.4%).
- 3\* hotels came from Czech customers (50.4%); the other source markets were Poland (38%) and Germany (24.8%).

Based on the results of the research, we can state that in the facilities that we have addressed, the incoming tour operators are not the main purchasing agent of the accommodation for the foreign customers. In Bratislava Region 20.8 % of hotels do not receive orders from them. In Žilina Region this number reaches 27.8 % of hotels, while in Prešov Region it is 15.3 % of hotels. Study also shows that the individual customers contact the accommodation facility without mediation from the incoming tour operators. Out of 121 accommodation facilities in research:

- Up to 81.82% of the total number of orders is received via electronic distribution channels (booking.com, HRS, Go global, etc.).
- 18.2% of the orders were facilitated in other forms (directly via tour operator or eventually via hotel booking system).

If a foreign customer does not use incoming tour operator, he manages the booking:

- via the electronic distribution channels (mostly using websites like booking.com. Go Global, etc.) - 29.4%
- via web site of the hotel or their email - 28.5%
- as a corporate customer - 30.8%
- as a foreign outgoing tour operator - 11.3%.

The ratio of the use of different means of booking per accommodation facility in three regions included in the research was uneven. The electronic distribution channels prevail and so the order placement via incoming tour operators plays a secondary role. Despite this, we can state that it is not insignificant and it plays important role in the booking style of foreign customers. Statistic data of the processed results demonstrate the relation between method of booking / source market and a hotel rate / source market. The following analysis employs Pearson's chi-square test of the independence of quality indicators with the related characteristics evaluating the intensity of the correlation in question (if the statistically significant correlation was confirmed).

There follow the acquired numbers of customers in particular source markets per particular way of booking:

Table 5: Observed frequencies ( $f_0$ )

Booking	Source market			$\Sigma$
	Asia	Europe	USA	
Direct booking by foreign outgoing tour operator	3.32	130.37	3.32	<b>137</b>
Booking by Slovak incoming tour operator	5.72	224.57	5.72	<b>236</b>
Direct booking from corporate customer in Slovakia	5.67	222.67	5.67	<b>234</b>
Direct booking from foreign corporate customer	5.04	197.93	5.04	<b>208</b>
Direct booking via e-mail or hotel's website	8.45	332.10	8.45	<b>349</b>
Direct booking via elec. distribution channels	8.81	346.37	8.81	<b>364</b>
<b>Sum</b>	<b>37</b>	<b>1 454</b>	<b>37</b>	<b>1 528</b>

Source: Own processing

Chi-squared Test is valid, provided 80% or more of  $E_{ij} \geq 5$ .

Table 6: Expected frequencies ( $f_e$ )

Booking	Source market			$\Sigma$
	Asia	Europe	USA	
Direct booking by foreign outgoing tour operator	0.85	0.087	0.85	<b>1.79</b>
Booking by Slovak incoming tour operator	0.08	0.001	0.01	<b>0.10</b>
Direct booking from corporate customer in Slovakia	0.02	0	0.07	<b>0.10</b>
Direct booking from foreign corporate customer	0.76	0.004	0.21	<b>0.98</b>
Direct booking via e-mail or hotel's website	1.4	0.025	0.03	<b>1.47</b>
Direct booking via elec. distribution channels	0	0.001	0.07	<b>0.08</b>
<b>Sum</b>	<b>3.14</b>	<b>0.12</b>	<b>1.27</b>	<b>4.53</b>

Source: Own processing

The Chi-Square test statistic is:

$$\chi^2 = \sum_{\text{all cells}} \frac{(f_0 - f_e)^2}{f_e} \quad (1)$$

where:

$f_0$  = observed frequency in a particular cell

$f_e$  = expected frequency in a particular cell if  $H_0$  is true

df = degree of freedom

$$\chi^2 = 4.530$$

$$df = (r - 1)(c - 1) = 10$$

$$x^2 = 4.530 < x^2_{0.05} = 18.307 \Rightarrow \text{we accept } H_0$$

At the significance level  $\alpha=0.05$ , we could not confirm statistically significant correlation between method of booking of the hotel and the source market which means that currently there is no statistically significant correlation between the method of booking a hotel in Slovakia and the source market.

In the following part, a relation between hotel rate and source market of the customers was evaluated. Chi-square test of the independence of quality indicators with the related characteristics evaluating the intensity of the correlation in question (if the statistically significant correlation was confirmed) was used. The second statistic hypothesis was tested at the significance level  $\alpha=0.05$  (with 95% probability).

The same methodology is employed for the data presented in Table 7, 8 and 9. However, all answers from the research (all information provided from the hotels) are summed. The number of users was not divided according to particular market sources, but rather summarized according to where they came from - Europe, Asia and the USA.

There follows the acquired number of visitors from the particular source markets in the particular hotel rate:

Table 7: Observed frequencies ( $f_0$ )

Hotel rate	Source market			$\Sigma$
	Asia	Europe	USA	
3*	0.58	43.09	2.33	<b>46</b>
4*	0.35	26.23	1.42	<b>28</b>
5*	0.06	4.68	0.25	<b>5</b>
<b>Sum</b>	<b>1</b>	<b>74</b>	<b>4</b>	<b>79</b>

Source: Own processing

Table 8: Expected frequencies ( $f_e$ )

Hotel rate	Source market			$\Sigma$
	Asia	Europe	USA	
3*	0.58	0.09	0.76	<b>1.43</b>
4*	1.18	0.06	0.24	<b>1.47</b>
5*	0.06	0.10	2.20	<b>2.37</b>
<b>Sum</b>	<b>1.82</b>	<b>0.24</b>	<b>3.20</b>	<b>5.26</b>

Source: Own processing

$$x^2 = 5.2642$$

$$df = (r - 1)(c - 1) = 10$$

$$x^2 = 5.2642 < x^2_{0.05} = 9.488 \Rightarrow \text{we accept } H_0$$

At the significance level  $\alpha=0.05$ , we could not confirm statistically significant correlation between the hotel rate and source market of the customers.

In the traditional model, the incoming Slovak tour operator negotiated with suppliers (accommodation) at the destination and received a discount. The results of the research

showed that the common way of booking is direct one via electronic distribution channels regardless of source market or hotel rate. There is no special relevant segment of clients or special relevant source market which should require booking via Slovak tour operators. In presence, incoming Slovak tour operators are not able to generate relevant profit from the service. However, the loss of this income should be a motivation for development of a new marketing strategy with emphasis on customization, specialization, active presence on social media and investments in information technology.

#### **4. Conclusion**

The results of the realized primary research suggest the following conclusions: the Slovak incoming tour operators have no significant influence in the mediation of the booking of accommodation for foreign customers. Advancements in technology had particularly high effects onto the way the tourism and hospitality industry operates ([Kapiki, 2012](#); [Scaglione et al., 2013](#)). The entire industry shifted from traditional computer reservation systems to global distribution systems and finally towards the Internet age resulting in the emergence of online travel agencies (OTAs) such as Expedia, Orbitz, and Priceline ([Inversini & Masiero, 2014](#)). Foreign customers make booking mostly via world-wide electronic distribution channels. This is due to the simplicity of reservation that is conditioned by the existence of multi-lingual versions of the web-sites of the accommodation facilities and the customer reviews of these accommodation facilities. That means that the incoming tour operator cannot significantly compete with electronic distribution channels (e.g. Booking, Trivago, Go global and others) that have an advantage of world-wide coverage with unified web-site look and structure in each particular country. As a result, the Slovak incoming tour operators cannot primarily focus on mediating the booking of the accommodation services. New information and communication technologies shift the power of market players ([Berne et al., 2012](#)). This decreases their overall dependence on travel agencies and even makes them the stronger party in negotiations ([Ivanov et al., 2015](#)). Specific role in providing accommodation services is seen in booking accommodation for the customers from the source market that are obliged to have a visa upon arrival in Slovakia. In this case, the incoming tour operator deals with the formal requirements, so it is easier for the foreign customers to direct their requirements towards the operator (granting of the visa in Slovakia is conditioned by booking of the accommodation in the majority of cases). Therefore, they can ensure their access to the country much easier through the tour operator. The results do not show a correlation between hotel booking and source market as much as any correlation between hotel rate and source market which implies that the profiling of the segments by booking preference or hotel rate has no importance at this moment.

In current turbulent times, it is difficult for tour operators to maintain their position in the market. This is due to the continuously increasing globalization and more sophisticated information technology systems. On the other hand, this is also due to various economical and non-economical fluctuations that enormously increase competition not only among the enterprises but also among the majority of the destinations that are and may become attractive for any type of visitors. A way that the tour operator can address this situation is to prepare and subsequently offer complementary additional services related to the accommodation, i.e. offer an attractive complex quality product package.

Staying competitive in this industry requires continuous creativity to find innovative ways to attract new customers. Tour operators must be actively present on social media, which can help create brand awareness cost-effectively while engaging with the target audience. A customer must be always in the centre of their activity.

A future research direction should focus on whether the orientation of changes in consumer behavior has a significant effect on travel intentions, demand and expenditures. Another important stream of research should concentrate on the development of powerful digital marketing platform from which companies can actively promote relevant goods and services to create new opportunities for revenue growth.

#### 4.1. Research limitations

The two most important limitations were found. There is no a reliable verified and classified system that could allow to expressly identify the Slovak incoming tour operators. The second limitation concerns unwillingness of some tour operators to participate in the research.

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## Offer quality affecting consumption of hospitality products and services in franchised restaurants in Nairobi Central Business district Kenya

Gitau Annie Wambui<sup>1\*</sup>, Kibe Judy<sup>2</sup>, Macharia Stephen<sup>1</sup>

<sup>1</sup> Karatina University, School of Business, Kenya

<sup>2</sup> Moi University, School of Tourism Management, Kenya

**Abstract:** The fast-food concept seems to attract franchisees and is growing rapidly in Kenya. The purpose of the study was to look into the offer quality affecting consumption of hospitality products and services in franchised restaurants in Nairobi Central Business Kenya. The objective of the study was to explore the extent to which offer quality affect consumption of hospitality products and services to achieve competitive advantage in Franchised Restaurants. The problem being investigated was why the offer quality is favouring some franchises and not others. It focused on food and beverage production and service techniques adopted to increase consumption. The research was carried out in the Nairobi CBD in franchised restaurants. The study adopted the descriptive research design. A census study was done on the 15 restaurants and their 15 managers in the CBD while systematic random sampling was done to select 10% of 3250 customers. The data was collected by use of questionnaires and interviews. Descriptive and inferential statistics were used for data analysis. The findings revealed that the quality of food and the price greatly influenced the consumption of the products and services.

**Keywords:** food and beverage, products and services, offer components

**JEL classification:** L83

## Uticaj kvaliteta ponude na promet ugostiteljskih proizvoda i usluga u franšiznim restoranima u Centralnoj poslovnoj oblasti Najrobija u Keniji

**Sažetak:** Čini se da koncept brze hrane privlači franšize i da se ubrzano razvija u Keniji. Svrha ove studije bila je da se ispita kvalitet ponude koji utiče na promet proizvoda i usluga u ugostiteljskim objektima u Centralnoj poslovnoj oblasti Najrobija u Keniji. Cilj studije je bio da se istraži u kojoj meri kvalitet ponude utiče na promet ugostiteljskih proizvoda i usluga, kako bi se postigla konkurentna prednost u franšiznim restoranima. Glavno pitanje istraživanja je zašto kvalitet ponude favorizuje neke franšize, a druge ne. Istraživanje se fokusira na proizvodnju hrane i pića i uslužne tehnike usvojene u cilju povećanje potrošnje. Istraživanje je sprovedeno u Centralnoj poslovnoj oblasti Najrobija u franšiznim restoranima. Studija je usvojila dizajn deskriptivnog istraživanja. Studija je obuhvatila 15 restorana i 15 menadžera tih restorana u Centralnoj poslovnoj oblasti, dok je sistematsko nasumično uzorkovanje izvršeno kako bi se odabralo 10% od 3250 korisnika. Podaci su prikupljeni

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\* [anniegitau@gmail.com](mailto:anniegitau@gmail.com)

korišćenjem upitnika i intervjua. Za analizu podataka korišćene su deskriptivne i inferencijalne statistike. Nalazi su otkrili da kvalitet hrane i cena uveliko utiču na promet proizvoda i usluga.

**Ključne reči:** hrana i piće, proizvodi u usluge, komponente ponude

**JEL klasifikacija:** L83

## 1. Introduction

Franchising is a business management strategy which helps businesses to expand and venture into global markets. It allows the use of a hybrid marketing mix strategy. Using a hybrid marketing tactic, the franchisor would provide the overall strategy for running the business but may leave aspects of the business for the franchisee to determine ([Gikonyo et al., 2015](#)).

Tactic is the creation of a unique and valuable position, which usually involves different sets of activities. Tactic also refers to the ideas, plans and support that firms employ so as to compete successfully against their rivals. The main focus of tactical positioning is to choose activities that yield superior profitability and thus create a sustainable competitive advantage against rivals ([Munyaka, 2016](#)).

Organizations aiming to survive in a turbulent environment must come up with strategies that guide their decisions. To survive in the market, organizations adopt various tactics in the face of competition and also to ensure success. Some organizations strive to improve their performance and market standing by achieving lower costs than rivals, while others pursue product superiority or personalized customer service or development of competencies or capabilities that the rivals cannot match. This sets it apart from rivals, builds customer loyalty and achieves a sustainable competitive advantage ([Wambura, 2012](#)).

The fast-food concept seems to attract franchisees mostly as a result of high viability of the business and the positive cash flow that comes faster from franchises than from independent businesses ([Mendelsohn, 2004](#)). [Nicholas and Quinn \(2002\)](#) observed that the largest fast-food companies are involved with franchising.

The United States are considered as home of franchising, has developed to maturity, plays a key role in the business activities that contribute significantly to that economy ([Gikonyo et al., 2015](#)). Nineteen years ago the first foreign fast food chains Steers and Debonairs Pizza were launched in Nairobi Kenya ([Estelle, 2016](#)). Generally, the most successful franchises are closely related to the food, restaurant and beverages industries. Kenyans are spending more time and money eating out or ordering, so fast food industry has benefited greatly as a result ([George, 2016](#)).

American franchises such as KFC and Naked Pizza have begun to pop up in Nairobi, Kenya. Given the establishment of the counties, investment prospects outside of Nairobi are likely to emerge in the coming years ([Malinda, 2013](#)). The Kenchic Inn is such a chain. It was the largest fast food chain to franchise fried chicken restaurants and sometimes referred to as Kenya's answer to KFC.

The Kenchic Inn is owned by Kenchic Ltd. which is one of the largest poultry producers and distributors in Africa. [Michira \(2016\)](#) says that it has unfortunately stopped its eatery business due to the fast food market rapidly evolving, causing a gradual drop in the number of Kenchic Inn-branded outlets in Kenya. In an interview with The Standard Digital, a Kenchic official said "We have been unable to maintain the standards that we would desire as a company. When you have customers complaining of bad food, you can guess what that does to our brand," ([Michira, 2016](#)). Kenchic Inn outlets have set minimum standards

required in terms of quality, but the firm has been unable to ensure the specifications are met leading to dwindling image among customers, despite a reduction in their prices ([Michira, 2016](#)).

Gavin Bell was hired to oversee the setup of the KFC franchisee in 2011 when they entered the Kenyan market, but he is quitting KFC to rebuild his brand Kengeles Bar and Restaurant, a chain that has fallen from nine outlets to one. Kengeles, which was built 16 years ago, has suffered massive losses due to changes in its business model. He looks forward to utilize the lessons he learned while running KFC ([Mulupi, 2014](#)).

While at the peak of success, Kengeles was franchised to nine restaurants with a manager, appointed by the owner, Bell, to oversee them. He stated that “franchising can be a good business model when done properly but running one’s own local business and applying lessons from international franchise systems to professionalize your brand can be effective”. Bell cites the case of Kenya’s leading coffee chain Java House, whose owners run it themselves by copying the principles of a franchise ([Mulupi, 2014](#)).

Over the recent years there has been an upsurge of fast food franchises setting shop in Nairobi with the aim of bringing international food quality standards ([Wanja, 2015](#)). African franchisees are supposed to maintain sufficient supplies of the products that drive their businesses and the said products must meet the franchisor’s set quality standards. Case in point, KFC among other fast food brands requires adequate supplies of chicken that meet their specifications. This may be difficult to achieve in some African countries where supply of chickens from local chicken farmers does not meet the franchisor’s criteria for food safety and security and quality and quantity ([Tyre & Han, 2015](#)).

International chains are still reluctant to franchise, because of the difficulties in maintaining brand standards when they are not in management control. The brand owners can only guarantee standards if they are in control of the management, and the funds are available from the owner to renew or renovate as required. The experience should be the same; they not only have to match quality with their other stores but with the other worldwide outlets as well ([Samanani, 2013](#)). Despite these issues, more franchised restaurants are rapidly coming up mostly in Kenya’s capital, Nairobi and most recently in the major cities and performing very well despite the increasing competition.

The objective of the study was to explore the extent to which offer quality affects consumption to achieve competitive advantage in Franchised Restaurants. The problem being investigated was why offer quality is favouring some franchises and not others, since some are closing while the rest are opening new branches all over the country. The research question was, to what extent does the quality of hospitality products and services offer affects consumption in franchised restaurants in Kenya’s Central Business District in Nairobi, Kenya.

## 2. Literature review

### 2.1. Theory of SERVQUAL model

[Parasuraman et al. \(1998\)](#) developed service quality model which is named SERVQUAL model. The model has five factors which form the acronym RATER, one of which is reliability. This theory stresses customer retention, if the quality standards are observed then the customers will not go to the next competitor. [Parasuraman et al. \(1988\)](#) argue that, with minor modification, SERVQUAL can be adapted to any service organization. They further

argue that information on service quality gaps can help managers diagnose where performance improvement can best be targeted.

The assumption of the service quality models is that customers' encounter with a service is always with certain prior expectations, which is then matched with the actual experience so as to establish the organization's service quality. [Salvador et al. \(2007\)](#) suggested that value, benefit and cost should be included in the price, and value is received when the cost of purchasing a product or service is less than the benefit obtained from it.

Reliability is ability to perform a promised service or offer a product consistently and accurately. An employee is supposed to perform a task or offer a product consistently so as to assist in customer retention. When an outlet is consistent in the quality of its products and services, there will be repeat customers. A restaurant may use this variable to make its services and products stand out from those of its competitors. This will make customers visit that particular restaurant to enjoy that service and product. A customer will pay for good and quality service and products. When good products and excellent service are combined, the customer is happy. This can be achieved by training and retraining the staff on proper customer service, etiquette, service delivery and product preparation methods.

Assurance is knowledge and courtesy of employees and their ability to convey trust and confidence. Service providers are expected to be the experts of the service they're delivering. Communicating the expertise to customers is considered significant, since customers' lack of awareness of service providers' competencies can lead to less confidence in the provider as well as more negative service quality assessment results. Before conducting the work, service providers' expertise and competences should be communicated to customers in ways such as display industry certifications on patches, badges or buttons worn by employees, include certification logos on emails, letters & reports, put certifications into posters, newsletters & handouts. The communication of competencies is important as it contributes to managing customers' expectations and influence their service quality assessment in advance ([Arlen, 2008](#)).

Tangibles is appearance of physical facilities, equipment, personnel, and communication materials. The restaurant should not concentrate too much on appearances and fail in other factors ([Arlen, 2008](#)). This will include the décor, furniture and all that makes a room look and feel great. Customers may go to an outlet simply because it feels good to sit and be served there. The restaurant can provide a product or service that their rivals cannot and gain power over buyers because they cannot get the same thing from anyone else.

Franchises have products of the same quality, quantity, portion and taste etc. in all similar outlets. The product and service should be the same locally and globally. This can be achieved by coming up with a special food item that the restaurant associated with. It may be a special tasting chicken with a secret recipe or the way they present their food, packaging etc. for instance, when Steers came into the Kenyan market, it was known for including a toy with every child pack of food and that attracted many children.

Empathy is defined as providing caring and individualized attention to company's customers. Services can be performed completely to specifications, yet customers may not feel employees care about them during delivery, which may have a negative effect in the process of assessment carried out by customers. Not only is service delivery important, but also how it is done, which is why employees should undergo a training in which they would learn how to interact with customers, their end-users. Even a brief session during initial orientation helps employees understand their impact on customers' assessment of service quality ([Arlen, 2008](#)). A simple greeting or 'how was your meal' makes the customer happy.

Responsiveness is willingness to help customers and provide prompt service. Respond quickly, promptly, rapidly, immediately and instantly. It is important for customers to feel providers are responsive to their requests and not just emergencies (Arlen, 2008). The food might not be what the customer ordered and a quick response is very welcome. Informing customers why their meal is taking longer than usual and answering their queries promptly will make customers feel they are important.

## 2.2. Research variables

The independent variable was reliability in terms of service delivery, products quality, quantity and price. The dependent variable was Consumption of products and services.

## 3. Research methodology

The researcher used both qualitative and quantitative research method to determine relationships. The study was conducted in the Nairobi Central Business District (NCBD) in Kenya. The study targeted all the 15 Managers of the 15 restaurants in the Nairobi CBD, the average number of customers were 2,050 for foreign and 1,150 for local franchises.

The study adopted a census sampling method on the restaurants as they were not many in the NCBD. All Managers were respondents because they were a small number in the CBD but 325 customers were selected from the 3,250 by systematic random sampling. The study adopted questionnaires and interview guides as instruments. The respondents were asked to indicate the factors that were important in their opinion along a five-point Likert scale.

Table 1: Sample - Foreign Franchises

	<b>Restaurant</b>	<b>Number</b>	<b>Managers</b>	<b>Customers</b>
1.	Pizza Inn	2	2	40
2.	Debonaires Pizza	2	2	30
3.	Subway	2	2	25
4.	Galitos	2	2	40
5.	Steers	3	3	50
6.	KFC	2	2	20
	Totals	11	11	205

Source: Research data, 2017

Table 2: Sample - Local Franchises

	<b>Restaurant</b>	<b>Number</b>	<b>Managers</b>	<b>Customers</b>
1.	Kengeles	1	1	35
2.	Highlands	2	2	80
	Totals	3	3	115

Source: Research data, 2017

## 4. Data analysis

Data analysis was done using descriptive statistics, mainly frequencies, percentages, mean scores, and standard deviation. The results have been presented in table form. Descriptive statistics, correlation and regression analysis were used to analyze the data. The data from the respondents was summarized using frequencies percentages and mean scores. Standard deviation was used to determine whether there were variations in responses of the restaurants being studied.

## **5. Findings of the study**

The research sought to establish information on the respondents used in the study with regards to the age, gender and education level of both the customers and the managers and duration of work in that industry, the number of years the restaurant had been operating in Kenya as well as the number of branches they have in the country.

The results indicate that 62% of the restaurant managers were male while 38% of the restaurant managers were female. This indicates that majority of the managers in franchised Restaurants in Nairobi, Kenya are male. They also suggest that, 57.54% of the restaurant's customers were females while 42.46% of the restaurant's customers were male which indicates that majority of the customers in franchised Restaurants in Nairobi Kenya are female.

As for the age factor of managers, it was established that 25% were between 25 to 35 years, 50% were between 36-45 years and 25% were 45 years and above. The findings therefore indicate that most of the restaurant managers in Kenya are between 36-45 years. This being the most active age group, they are involved in management. As for the age category of customers, the study found that 38.77% were aged between 18-25 years, 16.62% were between 25-30 years, 32.92% were between 30-45 years and 11.69% were 35-40 years and above. This indicates that most of the customers of franchised restaurants in Nairobi, Kenya are aged 18-25 years.

The study findings on the academic background of managers, indicate that 7.975% are those who have had four years of secondary school education with a Kenya certificate of secondary education (KCSE), 1.53% are those who have had six years of secondary school education with a Kenya advanced certificate of education (KACE), 7.055% are holders of craft certificates, 63.80% have a diploma certificate, 12.58% have a higher national diploma certificate, while 4.1% are university graduates and 3.067% represent other levels of education. Most of the managers are diploma and higher national diploma certificate holders. As for the academic background of customers, the study findings indicate that 26.15% of the customers are those who have had six years of secondary school education with a Kenya advanced certificate of education (KACE), 8% are those who have had four years of secondary school education with a Kenya Certificate of secondary education (KCSE), 22.46% are craft certificate holders, 32.31% university graduates, 4.308% Higher national diploma certificates holders, while 4% are diplomas certificate holders and 2.769% represent other levels of education. Most of the customers are university graduates and those who have had six years of secondary school education with a Kenya advanced certificate of education (KCSE).

As for work experience, the findings suggest that 2.5% of the managers had been managing the business for less than 2 years, (50%) which is the majority have run the business for 3-5 years, and 25% had been there for a period of 6-8 years while and only 12.5% had worked for more than 10 years. The findings therefore established that majority of the Managers of franchised Restaurants in Nairobi Central Business District had worked for quite a while and were thus familiar with the offer quality components affecting consumption of hospitality products and services in restaurants in Kenya.

As for the time the restaurant has been in operation, results indicate that 37.5% of the restaurants have been in the industry between 0-2 years, 37.5% for 3-5 years, and (25%) have been operational for between 6-8 years. The research therefore established that majority of the Managers of franchised Restaurants in Nairobi Central Business District in Kenya have worked for restaurants that have been in existence in the industry for a considerable period of time.

### 5.1. Offer Components and Consumption of Products and Services

The study sought to explore the impact of offer components on the consumption in franchised restaurants in Nairobi Central Business District, Kenya. Study results are as tabulated below:

Table 3: Offer Components

Offer Components	Mean	Standard deviation
The price is better than the competing restaurants	2.973446	1.276630
The portion size is better than the competing restaurants	2.773844	1.418964
The food is of good quality	2.873846	1.378660
It's convenient	2.893213	1.245866
It provides something unique that is valuable to clients beyond simply offering a low price	2.573549	1.478361

Source: Research data, 2017

As for the descriptive statistics, it is clear that “the price is better”, “the food is of good quality” and “it is convenient” were agreed to a great extent with a mean of 2.973446, 2.873846 and 2.893213 respectively and a standard deviation of 1.276630, 1.378660 and 1.245866 respectively. “The portion size is better” and “it provides something unique that is valuable to clients beyond simply offering a low price” were agreed to a very great extent as factors affecting adoption of offer components as a competitive strategy in the restaurant industry in Nairobi Central Business District in Kenya. The findings on “something unique that is valuable to clients beyond simply offering a low price” agree with a study by [Amor \(2013\)](#) which noted that Burger King had a limited menu but it has had a focused niche of markets since. Moreover, “the portion is better” finding was related to a study by [Dudovskiy \(2016\)](#), where economies of scale were employed to give people products that they want in McDonalds ‘Happy Meal’ cliché.

#### 5.1.1. Relationship between Offer Components and Consumption of Products and Services

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of estimate
1	0.735	0.5603	0.493	0.06309

a. Predictors: (Constant), Offer Components

Source: Research data, 2017

The relationship between offer components and consumption of products and services in franchised restaurants in Nairobi Central Business District in Kenya was tested using Pearson’s Correlation Coefficient (R). The results showed that offer components had a moderately positive relationship with a Pearson Correlation Coefficient of 0.735 at 5% level of significance. The value of  $R^2$  was 0.5603 indicating that 56.03% of consumption of products and services is explained by offer components.

Table 5: ANOVA for Offer Components and Consumption of Products and Services

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	45.030	9	5.003	7.398	.001 <sup>b</sup>
	Residual	18.103	70	.259		
	Total	63.163	79			

a. Dependent Variable: Consumption of Products and Services

b. Predictors: (Constant), Offer Components

Source: Research data, 2017

From the ANOVA table above, further test at 5% level of significance indicated that the model was significant with F ratio equal to 7.398 at  $p\ 0.001 < 0.05$ . What the results shows that 71.3% of the variance (R-square) in consumption of products and services has been significantly explained by the offer components in the study. It also means the offer components are a useful predictor of consumption of products and services in franchised restaurants.

Table 6 below shows the regression coefficient between offer components and the consumption of products and services in franchised restaurants in Nairobi Central Business District in Kenya. The result shows that the model had an intercept of 0.193 and a slope of 0.547 with a p value of  $0.001 < 0.05$  at 5% level of significance. This indicates that the relationship between offer components and the consumption of products and services in franchised restaurants in Nairobi Central Business District in Kenya is statistically significant.

Table 6: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig
	B	Std. Error	Beta		
(Constant)	0.193	0.051		3.54	0.001
Reliability on Products	0.547	0.312	0.735	1.25	.001

a. Dependent Variable: Consumption of Products and Services

Source: Research data, 2017

## 6. Conclusions

The research employed a sample of 325 respondents from the chosen restaurants to whom the questionnaires were issued. The research aimed at restaurants in the Central Business District in Nairobi, Kenya. The study's main objective was to explore the offer components affecting consumption of hospitality products and services in franchised restaurant in the Central Business District in Kenya.

Offer Components affecting consumption of hospitality products and services in franchised restaurants in Kenya's central business district, Nairobi, are critical factors in business strategies adopted by franchised restaurant businesses in Kenya. The study shows that in franchised restaurant businesses in Kenya, offer components offer very strong competition. Other critical issues in franchised restaurant businesses in Kenya include responsiveness to service, tangibility on branding, and assurance of service quality. These offer components were to ensure that the franchised restaurants in Nairobi CBD offered quality output, enhanced quantity production, customers' satisfaction and amount of sales made, which made the consumption of hospitality products and services increase.

This study revealed that most restaurants offer products according to their menu and this makes them to be reliable to customers. Additionally, offering reliable products and services affect organizations profit margins. While it is believed that offer components attract all seasonal consumers when it comes to the issue of fast food the notion changes, this may be because of the fact that most fast food restaurants serve consumers who are seasonal and most of them are one-time customers. Another issue that arises is limited concern about market share and economies of scale.

The franchised restaurants in the county are set to grow with many people buying from them because of accessibility. With the few barriers to entry, more players are set to join the industry and thus those who have formulated adequate tactics are the ones who will survive the cut throat competition.

Education level of the managers is very critical. The diploma holders tended to perform better than the degree holders because of their hands-on training and practice. The age of the manager also plays an important role because the young generation is the one visiting these restaurants and young managers can relate to their needs. The time the manager spends at a restaurant as a manager is critical. The study shows that the restaurants performing well had managers who had worked in the restaurant for 3-5 years.

One of the tactics that is set to determine the winners and losers in the industry is price. The price must be affordable to the target market, although not too low because it would make the customers doubt the quality of the product. The products must be of a quality which can survive the test of time. In this case those who want to make money quickly by compromising quality are set to lose since customers will be in a position to blacklist them and sooner or later they will run out of business.

Customer service is also very important for the survival of the restaurant business in Nairobi CBD. This includes getting recommendations from customers for what they want; ensure that they supply customers with quick service and also the ability to provide after sale services. This is important because when customers are treated well they feel appreciated and will be in a position to come back again as well as bring other customers along.

### **6.1. Further study**

To ensure that comprehensive strategies are used in the franchised restaurants, other studies should be done in other sectors such as the fast food restaurants. This will ensure that the relevant authorities be in a position to take the relevant action in the restaurant industry based on these and other findings.

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## **Do events contribute to the brand of Novi Sad? A millennials` perspective**

**Đurdica Jojić Novaković<sup>1\*</sup>, Marija Mandarić<sup>2</sup>**

<sup>1</sup> PhD student, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Serbia

<sup>2</sup> University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Serbia

**Abstract:** In the era of the global economy and more expressed need for obtaining a competitive advantage, strong brands and the branding process itself gain importance, which is why brand management principles are being applied even to geographical areas and destinations. Events and festivals represent an important element of brand destination, i.e. of cities worldwide, whereas in strategic documents related to the tourism both of the Republic of Serbia and of the city of Novi Sad, they are recognised as priority tourist products. The topic of this research is the analysis of importance of festivals for the "city of festivals" i.e. Novi Sad, but from the point of view of population that had little attention of researchers – millennials. Millennials, i.e. those born in the 1990's, are the largest generation humankind ever had and their attitudes are dominating on the market. The research conducted in May 2018 on a sample of 102 students in Novi Sad has shown absolute domination of Exit festival in all aspects, but also some other interesting characteristics of Novi Sad brand.

**Keywords:** Novi Sad, millennials, festivals, branding, destination

**JEL classification:** M31, Z32

## **Doprinos manifestacija brendiranju Novog Sada: istraživanje stavova milenijalaca**

**Sažetak:** U doba globalne ekonomije i sve izraženije potrebe za sticanjem konkurentske prednosti, jaki brendovi i proces brendiranja dobijaju sve više na značaju, zbog čega se principi brend menadžmenta sve češće primenjuju i na geografska područja i destinacije. Manifestacije i festivali predstavljaju značajan element brenda destinacija, odnosno gradova svugde u svetu, a i u strateškim dokumentima vezanim za turizam i Republike Srbije i grada Novog Sada, prepoznati su kao prioritetni turistički proizvodi. Istraživanje se bavi analizom značaja festivala za „grad festivala“, odnosno Novi Sad, ali sa aspekta do sada malo istraživane populacije – milenijalaca. Milenijalci, tj. oni rođeni u 1990-im godinama, su najbrojnija generacija koju je čovečanstvo do sada imalo i njihovi stavovi polako počinju da prevladavaju na tržištu. Istraživanje koje je sprovedeno u maju 2018. na uzorku od 102 studenta u Novom Sadu pokazalo je apsolutnu dominaciju Exit festivala u svim aspektima, ali i druge interesantne odrednice brenda Novog Sada.

**Ključne reči:** Novi Sad, milenijalci, festivali, brendiranje, destinacija

**JEL klasifikacija:** M31, Z32

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\* [djurdjica.jojic@gmail.com](mailto:djurdjica.jojic@gmail.com)

## 1. Introduction

The city of Novi Sad has been pronounced the European Capital of Culture 2021. It is the first time, since 1985 when this project started, that a city from the Balkans i.e. from ex-Yugoslavia has been designated as a capital (and only 4<sup>th</sup> time for the city outside European Union).

This project started in 1985 when ministers of culture of Greece, Melina Mercouri, and of France, Jack Lang, came up with an idea to establish institution of European capital of culture, which would be announced each year, with the intention to connect people of Europe and to increase awareness of common history and values. Quickly it became one of the most important events in Europe, and the chosen cities have each year become role models of richness and diversified cultural heritage of Europe ([Novi Sad 2021, 2018](#)).

The project of European culture capital is designed in such a way to emphasize richness and diversification of cultures in Europe, to celebrate common characteristics of culture that Europeans share, to increase the sense of belonging to the same cultural area of citizens of Europe and to encourage contribution of culture to the development of cities. Besides that, the experience showed that this event is an excellent opportunity to improve the international profile of those cities, to improve the image of the city in the eyes of their own residents, to revive cultural life and finally to boost tourism ([European Commission, 2018](#)).

Process of the application and selection criteria are complex and have several phases, whereas criteria for the selection are the following ([European Commission, 2014](#)):

1. Contribution to the long term culture strategy;
2. Cultural and artistic content;
3. European dimension;
4. Reach i.e. involvement of local population;
5. Management (with special attention to city brand management);
6. Capacity for realisation.

From the above mentioned it is obvious that quite a lot of attention is given to residents, and to the importance of their integration in the destination itself and in all (tourism) activities that take place at the destination. Involvement of the local community is crucial to obtain long term sustainability of image of the destination ([Ryan & Montgomery, 1994](#); [Ooi & Strandgaard Pedersen, 2010](#); [Nunkoo & Gursoy, 2012](#)). Not only tourists, but residents as well expect from cities and destinations to offer rich content, and among all events and manifestations that can cover all types of interest and themes, from fun to business and lifestyle events ([Getz, 2016](#)). Further, debating on sustainability of events, ([Henderson, 2011](#)) argues that involvement of residents is one of the three main pillars which need to be in balance so that some event can achieve long term sustainability, with other two being caring for the environment (ecological pillar) and profit (financial pillar).

Therefore, the issue of branding of the city arises, as support of residents is a very important factor for successful and sustainable functioning of a destination from a tourist point of view. As branding of a destination is a very similar concept to the concept of branding with the corporate brand as the main one, participants of the organisation or in this case inhabitants of the city, must give their full support and truly believe in brand, which is one of the five main principles of such branding strategy ([Veljković, 2010](#)). A strong city brand can provide lots of benefits for its residents and especially to the younger population, in sense to feel proud to live in a city with the strong brand, to believe and support city public policy, hence the tourist activities that take place in that city. According to [Morgan et al. \(2015\)](#), the most effective strategy for a destination to manage its image is based upon its own population,

companies and organisations. If all of them combined send a unique, convincing and interesting message to the world, then we can argue that the destination has control over its image. However, little research was devoted to the part of population referred to as “millennials”, i.e. its young population. The aim of this research is to explore millennials’ perspective on whether, and how, events contribute to the image of Novi Sad, as numerous events tend to be one of the most distinguished characteristics of Novi Sad’s image ([Grad Novi Sad, 2018](#)).

## **2. The branding of a tourist destination**

Globalisation is one of the main characteristics of the modern world economy. It is a process of connecting to the world. In other words, it implies elimination of economic borders, fast overcoming of geographical distances, connecting of business partners, consumers and information flows, i.e. growth of international trade and transnational interactions. In order to achieve the success of the global market, a company should have a strategic approach in brand creation, in order to win the fight of large corporations with the goal of satisfying demands of buyers all over the world. Along with the globalisation of the world’s economy, the importance of the concept of competitiveness becomes dominant both in theory and practice. Traditional sources of competitiveness were based on economy of scale, while modern ones are based on intangible investment i.e. intangible assets, one of the most important elements being technological know-how. However, even product’s superiority isn’t guarantee for success anymore. It is a brand that is intangible assets which is hard to copy. Therefore it is the brand that has got a critical role in achieving and maintaining a competitive advantage ([Mandarić, 2016](#)).

The American Marketing Association defines a brand as a “name, term, sign, symbol, or design, or combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition” ([Kotler & Gertner, 2002](#)). But a brand is the term that means not only some specific product or service, but also its transferred characteristics such as some special values, beliefs and feelings, and image it carries. In the early stage of mass production, branding was the process of marking or “labelling” of animals, i.e. cattle, so that people know whose farm they belong to. Later on the meaning of a brand expanded and developed and today it means “the way in which a consumer sees, senses and understands certain marked product or service in all its dimensions“ ([Veljković, 2010](#)).

In the modern world, where today there are over seven billion people, creating a brand destination is a challenge to national or macro-economic aspect. In the Republic of Serbia, the present problems such as the low standard of living, unemployment and underdeveloped infrastructure, are essential characteristics of both urban and rural areas. The need to attract tourists, to find new tourist attractions and to offer a unique positive experience, requires that all makers of tourist offer consciously approach the process of branding. Success in attracting tourists is determined by the strategic approach to branding. Branding encourages the positive association to a specific geographic location and creates a positive image of the destination in order to attract more visitors. Geographical territories and rural areas as carriers of the brand can have a huge impact on the development of tourism and economic activity of a region or country. Territorial or place marketing is studied as a special discipline in the developed countries, where each region is approached with special care, both in the economic and tourist sense. It is not possible to change the name of territory and sites, but it is possible to customize the branding strategy, so that it promotes local values in the awareness of the general public. Traditional products and services from a specific destination

should be improved by slogans, symbols, legends, with the aim of better promoting the region both at domestic and foreign markets ([Mandarić et al., 2017](#)).

Place branding is defined as “the practice of applying brand strategy and other marketing techniques and disciplines to the economic, political and cultural development of cities, regions and countries“ ([Ashworth & Kavaratzis, 2009](#)). The implementation of marketing philosophy and methodology, or at least of marketing techniques that were easy to adapt and use in the practice of city governance, has been mirrored by the increasing interest of academics from various fields, who believe that the principles of marketing are, with the necessary modifications, applicable to cities and their operational environment ([Kavaratzis, 2004](#)). The practice of branding places as destinations - places to visit - is now a well-established aspect of public administration, local authorities were encouraged to become more strategic, developing and implementing public policy in collaboration with key stakeholder and interest groups ([Hankinson, 2009](#); [Paddison & Biggins, 2017](#)). Tourist destinations, i.e. geographical areas, whether they are cities, regions or countries, are facing increasing competition, and fight for tourists as well as for resources. Globalisation era enables an easier flow of people, goods and of capital which can be development chance for some destinations, or break and loss for others. Just like some classic product, a destination can be subject of branding, too. A destination brand is a name, symbol, logo and other visual elements which serve to identify and separate destination from its competition. It offers a promise of unforgettable experience by travelling to a certain destination, to potential visitors, and to those who have already visited it, it serves to remind them and strengthen their nice memories ([Mandarić & Milićević, 2016](#)).

Goals of destination branding are: attracting visitors, both tourists and business people; attracting new businesses, i.e. business operations from other areas, as well as keeping and expansion of existing ones; export and investments increase; increased population or change of its structure ([Veljković, 2010](#)).

It is clear that a destination brand should have all the elements that a product or service brand has got. In the context of a destination, one of the important brand aspects are certainly events and manifestations which take place, as an element of offer and as an element of city's competitive advantage and of its identity ([Yuan & Chong, 2006](#); [Lee & Arcodia, 2011](#); [Riza, 2015](#); [Anastassova & Luizov, 2016](#)).

### **3. Influence of events on a destination**

There are numbers of examples in literature which emphasize the importance of events from many aspects and especially from the aspect of tourism and the general development of a destination where the event takes place. Positive experience from some event transfers to the positive attitude about the region or destination where this event took place ([Yuan & Jang, 2008](#); [Mason & Paggiaro, 2012](#); [Folorunso Adeyinka-Ojo & Khoo-Lattimore, 2013](#)) therefore manifestations can be considered as a leverage i.e. as a tool for destination promotion. Besides this, manifestations cause a number of other effects on a destination: they attract visitors and therefore foster business activity and increase employment, they make a destination more popular, but there are also negative ones such as a negative impact on the environment and/or local community ([Anastassova & Luizov, 2016](#)).

Carnival in Rio de Janeiro, Mardi Gras in New Orleans, Glastonbury festival in England, San Remo festival in Italy, New Year's concert in Vienna are only the examples of manifestations that are popular worldwide. Besides permanent manifestations, there are also manifestations that each time change its venue, such as the Olympic games, the Eurovision

Song Contest, World Championship in football, Expo etc. These manifestations also can contribute a lot in the popularisation of a destination ([Arnegger & Herz, 2016](#)).

In accordance with extensive research and analysis conducted by authors of the Strategy of Development of Tourism of the Republic of Serbia 2016-2025, key tourist products are defined, the two most important being the tourism of cities and that of manifestations i.e. events ([Vlada Republike Srbije, 2016](#)). Similarly, the City of Novi Sad adopted the Programme of the development of tourism of Novi Sad 2018-2022 in which also the two most important products are business events, cultural events and events in general ([Grad Novi Sad, 2018](#)).

#### **4. The importance of youth population**

There are a few generations identified in the literature. Although the boundaries cannot be precisely set, generations of people born in the period from the late 1980's to the late 1990's are named millennials, i.e. generation Y. The generation to follow is generation Z, referring to those born in the period after. This is the largest generation that human mankind has ever had. Today they form 1/3 of the world's population ([Fromm, 2011](#)). This generation has specific characteristics, which cause big changes in all aspects of society and economy, therefore in tourism, too. One of the most important trends in modern tourism, which this generation has contributed to, is a change in the motives of travel, where tourists are less interested in a classic sun-sand-sea concept and seek more excitement, new experiences and adventures. This generation grew up with modern technologies so partially thanks to them it is that importance of digital technologies and modern means of communication became critical for all actors in tourist offer. They have such a different set of needs, habits, behaviour, thinking process and system of values, that creators and promoters of tourist offer already now have to form special segments for millenials only, should they wish to be successful. Some of the main characteristics of this population are the following: they easily understand digital technologies and are always "connected"; they have short span of attention; they are very well informed; they are susceptible to influence of trend and role models; they are not materialists and instead of purchasing a house or a car they rather spend money on travelling; they are extremely price sensitive; they are considered to be disloyal consumers and have very unpredictable purchasing habits.

Millennials already represent the strongest group when it comes to the consumers' power and it is only the matter of time when the will dominate so much that their needs, motives and habits will overtake the whole market ([Starčević & Konjikušić, 2018](#)).

In accordance with all above mentioned statements, the research has been designed to have millennials as the target population (i.e. students of the city of Novi Sad). The goal of the research was to examine the attitude of millennials about the contribution of manifestations to the branding and positioning of Novi Sad as a famous cultural destination.

#### **5. The influence of manifestations to the branding of Novi Sad**

Collection of primary data in the research has been realised using a method of enquiry. A questionnaire has been created based on questionnaires in similar researches which examine these topics ([Richards & Wilson, 2004](#); [Anastassova & Luizov, 2016](#); [Grad Novi Sad, 2018](#)) and it consists of the two parts. The first part contains 12 questions related to the opinion of respondents on manifestations that take place in Novi Sad and their influence on image and brand of the city. Out of these, 5 questions are open-ended and 7 questions are closed-ended. The other part of the questionnaire is related to the demographic characteristics of respondents.

The enquiry has been conducted using the technique of personal interview of students within the Campus of the University of Novi Sad (54 respondents) and partially using e-mail survey, via internet i.e. by filling in the survey online (48 respondents), in May 2018. Out of a total of 110 inquiries distributed, 102 returned fulfilled, which makes a rate of respondents satisfactory, 92.7%.

The data analysis was done using Microsoft Excel as well as a statistical package for data analysis IBM SPSS 20.0.

### 5.1. The results of the empirical research

The total number of 102 answers has been analysed in this research. The majority of the sample consisted of female persons, 70.6% compared to 29.4% of male respondents, and the majority in terms of age belongs to persons from 19 to 22 years (Table 1).

Table 1: Demographic characteristics of the sample

Variable	Gender		Age										Place of living before studying		
	Male	Female	19	20	21	22	23	24	25	26	27	28	Novi Sad	Outside Novi Sad, rural area	Outside Novi Sad, urban area
Frequency (%)	70.6	29.4	3.9	19.6	23.5	18.6	8.8	8.8	5.9	2.9	2.0	5.9	38.2	37.3	24.5

Source: Author's own research

When asked what their first association is when they think of Novi Sad, the majority of respondents chose “architecture and ambience“ (36.3%). The next two most common associations are “Danube, quay, Strand“ (19.6%) and “Exit and other festivals“ (18.6%). Other marks have less than 10% (table 2). These results correspond to the research conducted for writing of the Programme for development of tourism of Novi Sad, in which respondents most frequently stated that their first association for Novi Sad were Exit festival, food, Danube, people, Fortress etc. ([Grad Novi Sad, 2018](#)).

Table 2: Respondents’ first association of Novi Sad

No.	Mark of Novi Sad	Frequency (%)	No.	Mark of Novi Sad	Frequency (%)
1	Architecture and ambience – Petrovaradin fortress, cathedral, Miletic square, Danube park etc.	36.3	6	Culture, local „tambura“ musicians, Djordje Balasevic	4.9
2	Danube, quay, Strand	19.6	7	Bicyclists	3.9
3	Exit and other festivals	18.6	8	People and their kindness	2.9
4	Multicultural Vojvodina	7.8	9	IT industry	1.0
5	Food and drink	4.9	10	Something else (specify what)	0.0

Source: Author's own research

One interesting aspect is an insight into the first association of Novi Sad from the point of those who lived in Novi Sad before studies and those who did not, and if so, whether they came from a rural or from an urban area. Although the first association to all segments remains “architecture and ambience“, to those who lived in rural area before moving to Novi Sad, 4th association is “culture, tamburaši-musicians and Djordje Balasevic“ (10.5%), whereas to those who lived in Novi Sad before studies, 4th association is “multiculture“ (10.3%), as represented in Table 3.

Table 3: Connection between the place of origin and the first association of Novi Sad

First association of Novi Sad	Place of living before studies			Total
	Novi Sad	Outside NS, rural area	Outside NS, urban area	
Architecture and ambience	35.9%	36.8%	36.0%	36.3%
Bycyclers	7.7%	0.0%	4.0%	3.9%
Danube, quay, Strand	17.9%	21.1%	20.0%	19.6%
Exit and other festivals	12.8%	21.1%	24.0%	18.6%
Food and drink	5.1%	5.3%	4.0%	4.9%
IT industry	2.6%	0.0%	0.0%	1.0%
Culture	2.6%	10.5%	0.0%	4.9%
People	5.1%	0.0%	4.0%	2.9%
Multiculture	10.3%	5.3%	8.0%	7.8%
<b>Total</b>	100.0%	100.0%	100.0%	100.0%

Source: Author's own research

Table 4 represents answers to questions related to whether respondents consider events as a significant characteristic of Novi Sad. Here, too we can see compliance with the above mentioned research in which respondents were giving grades from 1 to 5 to certain characteristics, and the highest rated ones were those related to “diversified and quality festivals and cultural events“ ([Grad Novi Sad, 2018](#)).

Table 4: Importance of events for Novi Sad

Question	Yes	No	I don't know	Total	
Do you think that manifestations are an important characteristic of Novi Sad?	90.2%	3.9%	5.9%	100 %	
Do you think that Novi Sad is recognisable by its events?	80.4%	9.8%	9.8%	100 %	
Do you know that Novi Sad has got a title of European Capital of Culture?	89.2%	2.9%	7.8%	100 %	
Do you think that Novi Sad has a sufficient number of events?	<b>Yes</b>	<b>No</b>	<b>There should be even more</b>	<b>There should be less</b>	<b>I am not sure</b>
	54.9%	1.0%	32.4%	1.0%	10.8%

Source: Author's own research

Question no. 5 is created in such a way to assess knowledge dimension of a brand, i.e. whether respondents can remember brands, or festivals, therefore they were asked to name all festivals they can remember. The strongest awareness was expressed for the Exit festival, which was mentioned by 86% of respondents. The following festivals are “Zmajevе dečje igre“ (33%) and ”Tamburica fest“ (32%). The total number of festivals that respondents thought of in this question was 17 (Table 5).

Table 5: Awareness of brands of festivals – respondents` memory

No.	Manifestation	Frequency (%)	No.	Manifestation	Frequency (%)
1	Exit	86%	9	Museum night	15%
2	Zmajevе dečje igre	33%	10	Interfest	12%
3	Tamburica fest	32%	11	Novosadski festival zanatskog piva	11%
4	International Agricultural Fair	25%	12	Sterijino pozorje	11%
5	Ledena šuma	23%	13	Day of young portugieser	8%
6	Street musicians festival	20%	14	Koncert godine	8%
7	Serbia Fashion Week	20%	15	Fair of tourism	8%
8	Fruška gora trail	19%	16	LORIST – Hunting and Fishing Fair, Sports Expo	4%
			17	Winter fest	2%

Source: Author's own research

In question no. 6 (Table 6) respondents named which of the given events they have visited. Events were listed as in the official calendar of Tourism Organisation of Novi Sad ([TO Novog Sada, 2018](#)). What we can see in this case is that respondents` events visits do not correspond to those they have awareness of, i.e. whose brands are known to them. This refers mostly to “Exit festival“ and we can explain these with the fact that the ticket price exceeds the purchasing power of respondents. The most visited events are “Ledena šuma“ and “New Year`s Eve“. The least visited are events related to cultural manifestations with more serious content such as avant-garde theatre and classical music (“Infant“ 0%, “Piano City“ 0%, “Nomus“ 3%, “Boat Theatre“ 5%, “Jazz festival Novi Sad“ 6%).

Table 6: Events visited by respondents

No.	Manifestation	Frequency (%)	No.	Manifestation	Frequency (%)
1	Ledena šuma	71%	15	Novosadski noćni market	16%
2	Doček nove godine	63%	16	Researchers` night	15%
3	Exit	52%	17	Novosadski festival zanatskog piva	14%
4	Museum night	37%	18	Ukusi Vojvodine	14%
5	Festival uličnih svirača	37%	19	Sterijino pozorje	12%
6	Fruška gora trail	36%	20	Cars Fair	12%
7	International Agricultural Fair	36%	21	Novi Sad half marathon	10%
8	Zmajevе dečje igre	36%	22	Day of young portugieser	10%
9	Serbia Fashion Week	29%	23	Jazz festival Novi Sad	6%
10	Novosadski Oktoberfest	29%	24	Boat theatre	5%
11	Tamburica fest	26%	25	Nomus	3%
12	Interfest	24%	26	Infant	0%
13	Koncert godine	20%	27	Piano City	0%
14	LORIST – Hunting and Fishing Fair, Sports Expo	16%			

Source: Author's own research

In the next, 7<sup>th</sup> question, respondents were asked to rank 10 most important events who contributed to obtaining the title of European Capital of Culture 2021 for Novi Sad. Ranking was done in such way that the 1<sup>st</sup> event obtained 10 points, 2<sup>nd</sup> event obtained 9 points and so on. Then means were calculated for each event, and represented in table 7. The “Exit“ is

still considered to be the most important event (average grade 8.6), but quite important are also “Ledena šuma“ (6.8), “International Agricultural Fair“ (6.7) and “Nomus“ (6.4).

Table 7: Importance of events for obtaining the title of 2021 European Capital of Culture

No.	Manifestation	Average	No.	Manifestation	Average	No.	Manifestation	Average
1	Exit	8.6	10	Day of young portugieser	5.5	19	Infant	5.1
2	Ledena šuma	6.8	11	Serbia Fashion Week	5.5	20	LORIST – Hunting and Fishing Fair, Sports Expo	5.0
3	International Agricultural Fair	6.7	12	Piano City	5.4	21	Cars fair	4.6
4	Nomus	6.4	13	Koncert godine	5.4	22	Interfest	4.5
5	Street musicians festival	5.8	14	Museum night	5.3	23	Jazz festival Novi Sad	4.3
6	Fruška gora trail	5.7	15	Novosadski Oktoberfest	5.3	24	Zmajevе dečje igre	4.2
7	Researchers' night	5.6	16	Novi Sad half marathon	5.3	25	Novosadski festival zanatskog piva	4.1
8	Novosadski noćni market	5.5	17	Tamburica fest	5.3	26	Ukusi Vojvodine	4.0
9	Doček nove godine	5.5	18	Sterijino pozorje	5.2	27	Boat theatre	3.4

Source: Author's own research

Respondents were giving answers to the next question related to which events contribute most to the image of Novi Sad. Table 8 contains events that were the most frequently mentioned. The “Exit” dominates in this segment, too, as it was mentioned 83 times but this time, unlike for the events important for obtaining title of European Culture capital 2021, respondents think that also economic and cultural manifestations are important for the city’s image: “International Agricultural Fair“ (17 mentions), “Tamburica fest“ (14 mentions), “Zmajevе dečje igre“ (11 mentions), “Ledena šuma“ and “Sterijino pozorje“ (10 mentions).

Table 8: Importance of events from the point of contribution to the city’s image

No.	Manifestation	Number of mentions	No.	Manifestation	Number of mentions
1	Exit	83	15	Cars fair	5
2	International Agricultural Fair	17	16	Interfest	4
3	Tamburica fest	14	17	LORIST – Hunting and Fishing Fair, Sports Expo	4
4	Zmajevе dečje igre	11	18	Novi Sad half marathon	3
5	Ledena šuma	10	19	Boat theatre	3
6	Sterijino pozorje	10	20	Infant	3
7	Fruška gora trail	8	21	Piano City	3
8	Serbia Fashion Week	7	22	Koncert godine	3
9	Museum night	7	23	Researchers' night	2
10	Novosadski Oktoberfest	7	24	Novosadski festival zanatskog piva	1
11	Jazz festival Novi Sad	7	25	Ukusi Vojvodine	1
12	Doček nove godine	7	26	Day of young portugieser	1
13	Nomus	6	27	Novosadski noćni market	1
14	Street musicians festivalvirača	6			

Source: Author's own research

The largest number of respondents believe that events should remain one of characteristics of Novi Sad (38.2%), followed by culture, people, atmosphere and architecture (15.7%, 14.5%, 13.7% i 11.8%, respectively) (Table 9).

Table 9: Future desirable marks of Novi Sad

No.	Mark	N. of respondents	%
1	Manifestations	39	38.2
2	Culture	15	15.7
3	People	15	14.5
4	Atmosphere	14	13.7
5	Architecture	12	11.8
6	Gastronomy	6	5.9
	<b>Total</b>	<b>102</b>	<b>100.0</b>

Source: Author's own research

The next question was also open-ended and it referred to what type of manifestations can improve the image of Novi Sad. All answers can be grouped into 8 categories presented in table 10. The majority has chosen concerts (24.5%) as well as other types of cultural manifestations (19.6%), followed by events that promote local gastronomy and wines (14.7%).

Table 10: Manifestations that can improve the image of Novi Sad

No.	1	2	3	4	5	6	7	8	Total
<b>Type of manifestation</b>	Concerts	Culture	Gastronomy	Dances	Youth related	Sports	Avant-garde, modern	Open space	
<b>No. of respondents</b>	25	20	15	9	9	9	8	7	<b>102</b>
<b>%</b>	24.5	19.6	14.7	8.8	8.8	8.8	7.8	6.9	<b>100</b>

Source: Author's own research

Lastly, respondents were asked about direct and indirect effects that Novi Sad has from manifestations. All answers were grouped into 6 categories and are presented in table 11. The majority recognises the importance of events as a source of revenues (66%) and as a tool for improving the image and recognisibility of Novi Sad (55%). However, 16% of respondents think that events have some negative effects, too, in terms of pollution and destroying the nature and objects of the city.

Table 11: Events' effect on Novi Sad

No.	Effect	No. of respondents	%
1	Revenues	67	66%
2	Image and recognisability	56	55%
3	More visitors – tourism	33	32%

No.	Effect	No. of respondents	%
4	Pollution, destroying nature and objects	16	16%
5	Learning about the city and local culture	10	10%
6	Influence on economy and citizens	9	9%

Source: Author's own research

These answers show that young people do have certain consciousness about environment protection and factors that have an influence on it.

## 5.2. Limitations and directions for future research

The limitations of the research should be taken into account when making conclusions and formulating recommendations for some future researches.

*Firstly*, the biased opinion of respondents can be expressed in two ways. One way refers to the fact that this research examines only the attitude of inhabitants of Novi Sad who, with or without intention to be biased, may have been providing subjective answers to questions in the questionnaire. Inhabitants of other cities could be included in the sample for some future research, which would enable more in-depth view of the importance of festivals for the branding of Novi Sad.

*Secondly*, a limit of the research is related to the fact that the sample consists only of students who live in Novi Sad, which could have influenced on results in favour of some events. Therefore, the research could be expanded to those inhabitants who do not attend the university.

*Thirdly*, it is desirable to develop techniques of measuring the effects of manifestations on Novi Sad, which will be based on more objective criteria, rather than on subjective opinion. This would ensure a more realistic base for future investment in culture and for assessment of important components of brand strategy.

## **6. Conclusion**

This research has proven that events definitely are considered as one of the marks of Novi Sad in the eyes of the most growing population – millennials. Although there are slight differences, we can say that a brand of Novi Sad is consistently positioned so that both residents and tourists, and both millennials and other generations, have the same or quite similar perception of what makes city's identity and its value as a brand.

It is also notable that although millennials do not attend certain events, such as “Nomus”, “Piano City” or “Sterijino pozorje” they do understand their importance.

The “Exit festival” is convincingly dominating in all aspects, which makes it one of the most important marks not only of Novi Sad but of Serbia in general.

The benefits of Novi Sad branding in the stated context are numerous:

- Strengthening the identity of Novi Sad as of a “city of festivals”;
- Channelling direction of the development of city's tourism in accordance with strategically defined tourist products, one of them being events and manifestations;
- Strengthening positive image that millennials have got about the city; this is the generation that will soon dominate city's population and that will be a key player in economic and other activities in the city;
- A positive image of popular international festivals, primarily the “Exit festival” is being transferred to the city of Novi Sad;
- Indirectly, all above mentioned is making the destination more popular, attracts more tourists and generates more revenues both for the Budget of the city and for businesses and citizens.

Therefore as a last point of the conclusion, it can be stated that the vision of the city of Novi Sad is properly defined, taking into account all answers obtained from this research. The official vision of the city of Novi Sad states as follows:

“Novi Sad in 2025 is a modern European city, culture capital, youth capital, a capital of European values and of European lifestyle, which attracts people to visit it and to live in it with its urban contents, tradition and multicultural environment.

Novi Sad is a city which welcomes all people with an open heart and open arms, a city that knows how to tell its story and that is proud of its tradition and its values. By continuously

investing in new knowledge, digital technologies and technological growth and development, Novi Sad enables stable development in the best interest of its citizens.

Novi Sad leans on tourism to a great extent, not only as its tool for development but mostly as an efficient medium for global presentation of its identity and achievements. By innovatively converting and arranging city's core area, by arranging Petrovaradin and its part Podgradje, by introducing content and developing areas on the banks of Danube, Novi Sad creates unique zones of experience, it seizes people who come to visit it with its charm and it gives them a role of co-habitant who can have fun and experience cultural, historical and natural values of Novi Sad and its specific lifestyle in the proper manner" ([Grad Novi Sad, 2018](#)).

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## **Service quality and customer satisfaction in the hotel industry in Serbia**

**Milan Vujić<sup>1</sup>, Snežana Đorđević<sup>2</sup>, Marija Lakićević<sup>3\*</sup>**

<sup>1</sup> College of Vocational Studies in Aranđelovac, Serbia

<sup>2</sup> PhD student, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Serbia

<sup>3</sup> University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Serbia

**Abstract:** The significance of quality measurement and the value of components of a hotel service offer can be observed in the connection with the clients' satisfaction. The goal of this paper is to measure the level of satisfaction with the quality of hotel service, i.e. to identify the possibilities for establishing and development of long-term relations with the hotel's clients. Happy guests show a larger degree of satisfaction and loyalty and they visit the hotel again, recommend it to their friends, which affects the hotel's profits, and the development of tourism as a whole. The research was conducted in eight hotels in Serbia. Primary data were obtained by using survey method and 87 respondents, all of which were the guests of the hotels. The respondents expressed their claims on 7 points of Likert scale. The data analysis was conducted by applying the statistical program IBM SPSS (Statistical Package for the Social Sciences SPSS 20).

**Keywords:** service quality, consumer satisfaction, tourism, hotel management

**JEL classification:** M21, Z30

## **Kvalitet usluga i zadovoljstvo korisnika u hotelijerstvu Srbije**

**Sažetak:** Značaj merenja kvaliteta i vrednosti komponenti uslužne ponude hotela ogledaju se u njihovoj povezanosti sa satisfakcijom gostiju. Cilj rada jeste prikazivanje nivoa zadovoljstva kvalitetom hotelskih usluga, odnosno sagledati mogućnosti za uspostavljanje i razvijanje dugoročnih odnosa sa gostima hotela. Zadovoljni gosti ispoljavaju veći stepen satisfakcije i lojalnosti, pa će ponovo posetiti hotel, preporučiti ga prijateljima što utiče na profit hotela, a time i na razvoj turizma u celini. Istraživanje je sprovedeno u osam hotela u Srbiji. Primarni podaci prikupljeni su metodom anketiranja, pri čemu je anketirano 87 ispitanika koji su bili gosti hotela. Ispitanici su svoje stavove iskazivali na sedmostepenim Likertovim skalama. Analiza podataka je sprovedena primenom statističkog programa IBM SPSS (Statistical Package for the Social Sciences SPSS 20).

**Ključne reči:** kvalitet usluga, satisfakcija potrošača, turizam, hotelijerstvo

**JEL klasifikacija:** M21, Z30

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\* [marija.lakicevic@kg.ac.rs](mailto:marija.lakicevic@kg.ac.rs)

## **1. Introduction**

The hotel industry today represents a global industry, which consists of global consumers who use hotel services all around the world. The use of hotel facilities such as: room, restaurant, bar, fitness center, and pool are no longer considered a luxury. For many hotel customers, these facilities are the constituent component of the hotel ([Sekulić & Mandarić, 2013](#)). A thorough strategy of hotel companies starts with the idea that the value components of the hotel's offer package should reflect a high level of quality services provided. This concept is a base for many domestic, and especially international theoretical and empirical studies, which accept the fact that a high level of value components of hotels' offer package has positive implications on customers' satisfaction, and to the business performance of hotel companies and their competitive advantage. The customers satisfaction in terms of hotel management represents a sum of overall satisfaction with different services offered in the hotel. Different factors can impact customers' satisfaction. Accordingly, the quality is actually one of the satisfaction catalysts, and often the main one ([Marinković & Sekulić, 2016](#)).

Quality is most often defined as a sum of characteristics of products or services with the capacity to meet explicit and implicit needs ([Kotler et al., 2010](#)). The research subject of this paper is the satisfaction of customers, the users of the hotel service offered. Based on that, the value components of the hotel's service offered and the customers satisfaction represent the key factor of long-term profitability and hotel management development contribution to the overall tourism development.

## **2. Review of literature**

### **2.1. Tourism multiplier effect as exemplified by hotel companies service quality**

The role of service quality in the success of hotel companies is essential. Hotel managers must have substantial understanding of what exactly the customers want ([Akbaba, 2006](#)). In order to achieve competitive advantage, hotel companies must search for a profitable way to differentiate on the market. One of the successful strategies is related to delivering high quality services in the environment of intense domestic and international competition ([Rao & Kelkar, 1997](#)). The quality as a market concept means production and service offer that fully meets customers' needs, wishes, and expectations ([Radosavljević, 2009](#)). [Parasuraman et al. \(1985\)](#) observe the service quality from the customer's point of view, and compare their expectations with the perception of delivered service. The quality service represents one of the most important 'triggers' of customer's loyalty and generates wide scope of interests among researchers and practitioners ([Marinković & Senić, 2012](#)).

Hotel service quality becomes the key determiner of business performance and its competitive advantage. Additionally, from the point of view of the tourist as the customer, and the hotel as the offer provider, the quality of hotel services becomes important determinant of tourism multiplicative development factor in Serbia. The benefits of hotel industry provide for the development of many other businesses i.e. successful business never stands alone. The increase of consumption of a tourism company (hotel) implies the increase of production in non-tourism sectors, such as food, drinks, equipment, etc., that is a side effect of a successful hotel industry. These stand for a multidimensional significance and integral characteristic of quality hotel services, as well as its dependence on customers' satisfaction and tourism resource multiplier. Many national economies see a chance for economic progress in hotel industry and tourism in general, as an industry branch with best prospects. While modern economic trends are related to a number of problems, and

economies deal with unemployment and social changes on the one side and intensive work and stress on the other side, this, at the same time, enables the development of tourism industry which plays an important role in GDP and employment creation ([Milovanović & Milićević, 2014](#)).

The money spent by foreign tourists does not stop circulating ([Tiebout, 1960](#)). Both hosts and guests engage in new consumption behaviors as a result of cross-cultural contact in the context of tourism and domestic economy with increase of incomes. That reflects the multiplicative effects of tourism and hotel industry on the economy of a country. According to [Vizek \(2008\)](#) “the multiplicative effects of tourism are based on the fact that the resources of tourist consumption after its basic circulation, continue to circulate in economy and affect all economy of the country, until the moment when, through imports, travels of the domestic population abroad, and retrieving the money from circulation in the form of savings, they ‘flow out’ again.”

Tourists spend money on hotels and restaurants, transportation, tourist agencies, markets, sports events, cultural sites, etc. The multiplicative effects of tourism decrease if tourists are consumers of imported goods and services and not domestic. In that case, incomes from tourism is profitable, but it is disputable whether such income increases the domestic or foreign production. ([Bošković, 2009](#)). Tourism multiplier can be explained by the example of hotel companies which spend part of the earnings on non-tourist sectors, in order to provide food and drinks, and equipment, that is the source of income for the producers of these products. The hotel’s consumption as a tourism company in non-tourism sectors is seen as an indirect impact on their development. The larger the number of transactions is, the larger the multiplier is, but under the condition that the money from tourists’ consumption is not spent on imported goods. With the import components or savings increase, the tourist multiplier decreases, and vice-versa. The analysis of the structure of a tourist product is very difficult to determine, which also means it is very difficult to find out how much each business directly or indirectly participates in the tourist product ([Milićević, 2016](#)).

## **2.2. Concept of customer satisfaction in hotel industry**

If we perceive the satisfaction from a conceptual view, we can observe it as a result or as a process ([Yi, 1990](#)). The customers’ satisfaction as a result represents a state which is a consequence of an experience resulting from a purchased product or a used service. The satisfaction as a process represents a psychological process of evaluation. This process includes consumer’s expectations and cause of pleasure sensed in servicing process.

In his researching of satisfaction, ([Wong, 2004](#)) sees satisfaction as a unity of cognitive and emotional reaction. Pleasure as cognitive concept means comparison of delivered product or service to expectations. On the other hand, pleasure as an emotional reaction appears through servicing process, in which customer’s experience affects their feeling. Accordingly, the customer evaluates the product or the service based on their perception, but also on the feelings sensed in the process.

Other authors see the consumer’s satisfaction as three mutually dependent and conditioning concepts. The first concept is related to the consumer’s expectations from the product or the service. The second concept is related to meeting the customer’s expectations. The third concept related to the customer’s satisfaction compares the delivered value to the previous expectations. If the consumer’s previous expectations are met, as a result there is a satisfied customer. On the contrary, when the previous expectations are not met, they result in customers' dissatisfaction ([Javalgi, 2006](#)).

Some authors believe that in service businesses, such as hotel management, the evaluation of

service satisfaction is based on the evaluation of the satisfaction with individual service elements. Such evaluation offers detailed information, and the guests' satisfaction or dissatisfaction with individual service components affects the assessment of total satisfaction with provided services ([Kozak & Rimmington, 2000](#)). In hotel management, the guests' satisfaction can be connected to different components of service such as the eye appeal and furnishing, attitude, courtesy and professionalism of the employees, additional contents, etc. The satisfaction with single components of the service affects total satisfaction of the guests ([Grigoroudis & Siskos, 2010](#)). Based on the previous information, it can be said that there are different approaches to explaining satisfaction and dissatisfaction of customers. Thereby, Richard Oliver's theory of expectation and disconfirmation model of customer satisfaction is the most famous. According to the theory mentioned, the consumers purchase products and services in accordance with satisfaction experienced and delivery expectations ([Oliver, 1980](#)). There are numerous studies which indicate that hotel image and customer satisfaction with quality of housekeeping, reception, food and drinks, and price are positively correlated to their loyalty ([Kandampully, 2010](#)). In some businesses - such as travel, tourism, catering, and banking, the delivery of high quality services to customers is increasingly recognized as a key factor affecting the company performance. As expected service quality measurement has become the main subject of several empirical and conceptual studies in services marketing ([Atilgan et al., 2003](#)). Faced with intense market competition, it can be assumed that there is a limited number of customers prepared to deal with patronage. It is imperative for hotels to adapt hotel services to the changing needs and lifestyles of customers with a view of increasing customers' loyalty and retention ([Min et al., 2002](#)).

### 3. Research desing

*Survey method* is used for primary data collection. The questionnaire is conceived and structured so that it follows the cycle of hotel service customers (guests) from their arrival in the hotel to their departure. The goal of the survey is to measure the level of satisfaction with the hotel service offer package quality component the guest resides in. The questionnaire contains questions for the respondents in the form of claims and contains four parts:

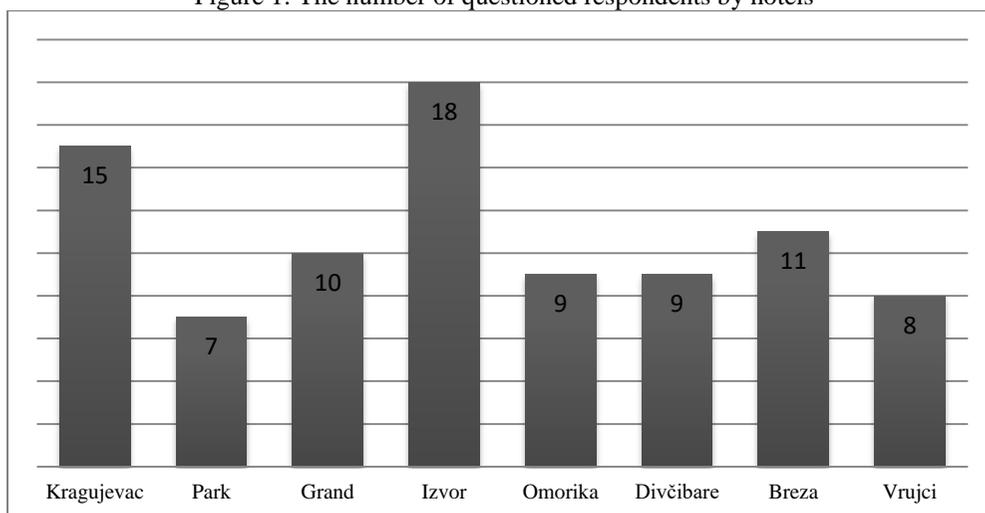
- First part is related to claims that reflect the guests' satisfaction during their stay in the hotel.
- Second part includes questions related to general opinion over the stay in the hotel.
- Third part are questions about the hotel's brand name, as well as willingness for recommendation and the continuation of using hotel services.
- Fourth part of the questionnaire is related to general information about the respondents (sex, age, education, and motives for their stay in the hotel).

The respondents expressed their claims on 7 points of Likert scale. The stated claims were graded on the scale from 1 to 7, where 1 denotes "absolute dissatisfaction", while 7 means "absolute satisfaction". The survey research was conducted in eight hotels in Serbia, during December, 2018, and first half of January, 2019, with 87 respondents, hotel guests who were surveyed. The data analysis was conducted by applying the statistical program IBM SPSS (Statistical Package for the Social Sciences SPSS 20). With reliability analysis, the Cronbach's alpha coefficient was determined for each individual value component, which shows whether the claims which were used to measure the subject variables are internally consistent. The multicollinearity problem with multiple regression analysis was examined on the basis of VIF value - Variance Inflation Factor ([Hair et al., 2014](#)).

The hotels in which the research was conducted are: "Kragujevac" in Kragujevac, "Park" in Belgrade, "Grand" in Valjevo, "Izvor" in Arandelovac, "Omorika" on Mountain Tara, "Divčibare" on Mt. Divčibare, "Breza" in Vrnjačka Banja, "Vrujci" in Vrujci Spa. The graph

chart of the number of the respondents to the survey in these hotels is shown below (Figure 1).

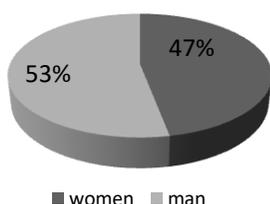
Figure 1: The number of questioned respondents by hotels



Source: Authors

Based on general questions in the questionnaire, the respondents are differentiated according to their sex, age, education and the motive of the stay at the hotel. Figure 2 shows the pie chart of the respondents differentiated by sex. As it can be noted according to the respondents' sex structure, out of the total number of respondents the largest relative share are males 53.0%, while females follow with 47.0%

Figure 2: Sample structure by sex



Source: Authors

Figure 3: Sample structure by age

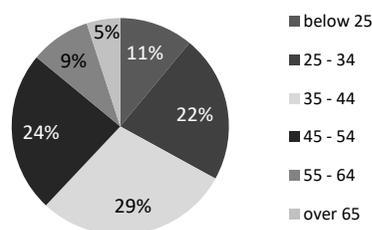


Figure 3 illustrates the respondents differentiated by age. By observing the subsample structure of hotel guests, the largest number of respondents is of age between 35 and 44 (29.0%). The smallest is the share of persons over 65 (9.0%), while approximately an equal share goes to people age 25-34 (22.0%) and 45-54 (24.0%).

According to the subsample structure by education, the largest number of respondents has university degree (34.0%), while a slightly smaller number of respondents has an associate's degree in education (31.0%), and 27.0% has high school education. By observing the sample structure of the motive of guests' stay in the hotel, the largest portion of respondents said that it is for the purposes of vacation (48.0%), and 19.0% that the purpose is business. Likewise, 12.0% of respondents said that the motive for their stay are seminars, and 8.0% participation in conferences. 13.0% of respondents gave other reasons for their stay in the hotel.

When a specific variable is measured in several claims, it is very important to calculate whether the given variable is reliable, i.e. whether the claims measured are internally consistent. For the purposes of this analysis, a value of Cronbach's alpha coefficient is calculated and measured between the intervals of 0 and 1. The claims are internally consistent, i.e. the variable is reliable if the value of this coefficient is 0.7 or more.

Table 1: Results of reliability analysis and descriptive analysis for formed variables

Variable	Arithmetic mean	Standard deviation	Cronbach's alpha
Hotel	5.8953	0.88623	0.781
Staff	6.1376	0.90220	0.935
Reception	6.0773	0.87479	0.875
Room	5.9640	0.89747	0.947
The restaurant and the bar	6.0075	0.92372	0.914
Hotel's contents	5.4560	1.38811	0.824
Price	5.6574	1.12009	0.864
Renown	5.9311	1.05939	0.895
Satisfaction	5.8321	1.00453	0.878
Loyalty	5.7033	1.24433	0.923

Source: Authors

The formed variables represent *the value components which the hotels offer to their guests*. The claims related to amiability, complaisance, and neatness of the staff are grouped into the variable *Staff*. The general appearance of the hotel, the quality of the Internet connection in the hotel, the hotel's location and the cleanliness of the hotel together make for the variable *Hotel*. All claims related to check-in/check-out of the guests (accuracy of the reservation, availability of the room, check-in and check-out speed) make for the variable *Reception*. The appearance, equipment, cleanliness of the room and the bathroom together make for the variable *Room*. The claims for the food and drink quality in the restaurant, appearance and cleanliness of the restaurant and the bar make for the variable *The restaurant and the Bar*. Additional contents of the hotel (SPA centres, halls, parking spots, playgrounds, etc.) for the variable *Hotel's contents*. Claims which are related to the guests' satisfaction with the price, as well as the comparison of the price to other competitors make for the variable *Price*. The opinions of the hotel's brand name, recognition, and renown are grouped into the variable *Renown*. And finally, satisfaction with the hotel's services and offer make for the variable *Satisfaction*, while readiness for recommendation and the continuation of using the hotel's services is *Loyalty*.

#### 4. Research results

Based on the descriptive analysis for the formed variables, it can be noted that the satisfaction of the guests of the hotel is highest with the Staff (arithmetic mean is the highest 6.14), Reception's work (6.08) and restaurant and bar's work (6.00). On the other hand, the guests are the least satisfied with the available Extra Services of the hotel (playgrounds, parking spots, SPA, etc.), for which the arithmetic mean is the lowest (5.46).

The most homogenous claims of the respondents are with the variable Reception, since the value of the standard deviation is the lowest. Variables Hotel and Room follow. On the other hand, the most heterogeneous claims of the respondents are with the diversity services of the hotel, for which the standard deviation is the highest.

The regression analysis measures the influence of one independent variable on one dependent variable, and in that case it is the matter of a simple regression analysis. Aside from a simple one, there is a multiple regression analysis, where the influence of multiple independent variables on one dependent variable is measured. Beta coefficient ( $\beta$ ) shows the intensity of the influence of the independent variable on the dependent one. The higher value of the beta coefficient is, the stronger the influence is. If the *sig* value is larger than 0.05, then the given independent variable does not have a statistically significant influence on the dependent variable. Also, in regression analysis, an indicator Determination coefficient ( $R^2$ ) is used, which shows which percent of variability of the dependent variable is under the influence of the independent variable. The value of the determination coefficient is measured between intervals 0 and 1. If it is higher than 0.4 it can be concluded that the regression model is good.

Table 2: Influence of independent variables on satisfaction - regression model 1

Variables	sig.	t	$\beta$	vif
Hotel	0.000	5.522	0.256*	3.558
Staff	0.000	6.494	0.267*	2.803
Reception	0.000	3.182	0.128*	2.667
Room	0.000	5.547	0.227*	2.768

Source: Authors

\* Value is significant at level 0.01;

$R^2=0.702^*$ ;  $F=248.931$

Given that the multiple regression consists of several independent variables, if they mutually influence each other, the problem of multicollinearity would appear, and in that case the beta values which show the influence of independent variables on a dependent variable would not be realistic, and the regression would not provide reliable results. In order to perceive the problem of multicollinearity, it is necessary that the value of variance inflation factor (vif) is lower than 10. The value t corresponds with the beta coefficient, and if t value is higher, beta coefficient is higher too. The results of the conducted multiple regression satisfaction analysis is presented in Tables 2 and 3.

Table 3: Influence of independent variables on satisfaction - regression model 2

Variables	sig.	t	$\beta$	vif
Restaurant and bar	0.000	6.632	0.186*	2.579
Hotel contents	0.000	4.265	0.101*	1.861
Price	0.000	17.210	0.384*	2.607
Renown	0.000	8.576	0.238*	2.532

Source: Autors

\* Value is significant on level 0.01;

$R^2=0.751^*$ ;  $F=659.416$

Considering that the inclusion of a large number of variables in a multiple regression model can lead to less accurate results, two regression models will be formed. The first model will measure the influence of the variables Hotel, Staff, Reception and room on the dependent Satisfaction variable. Second model will measure the influence of the variables the restaurant and the bar, service offer, price, and renown on satisfaction.

The data in the given regression model are suitable for analysis since the values of variance inflation factor (the last column) are less than 10. The determination coefficient is 0.702, meaning that 70.2% of variability of satisfaction (dependent variable) is described with this

model, accordingly this regression model is good. The value of determination coefficient is statistically significant on level 0.01. All four variables have statistically significant influence on the guests' satisfaction (all values are lower than 0.05).

In the given regression model there is no problem of multicollinearity, meaning that all data is suitable for analysis ( $vif < 10$ ). The determination coefficient amounts to 0.751, meaning that 75.1% of the dependent variable (satisfaction) is described with this regression model. Therefore, this regression model is applicable, too. The value of determination coefficient is statistically significant on level 0.01. In the Regression model 2 all four variables have statistically significant influence on satisfaction.

When the influences of all eight processed variables in these two regression models are compared, there is a conclusion that the Price has the highest influence on the hotel guests' satisfaction (since the  $\beta$  coefficient is the highest and amounts to 0.384). The second strongest influence goes to the hotel's Staff. On the other hand, the least influence on the guests' satisfaction is related to other services of the hotel (SPA, playgrounds, parking spots, etc.). All variables have statistically significant influence on the guests' satisfaction.

## 5. Conclusion

The satisfaction of the customers with hotel service is the main prerequisite for their loyalty. The improvement of the guests' satisfaction and their retention leads to the increase of loyalty, which further leads to larger capacity usage and the increase of the hotel's profit per guest. A loyal customer contributes to the stability of business and the increase of hotel company incomes, which also contributes to the development of tourism. Based on the analysis of the variables, it is concluded that there is room for improvement in the level of services which would lead to the greater guests' satisfaction.

With the help of the previous two regression models it can be concluded that *the value of hotels' offer components has a statistically significant influence on the guests' satisfaction*. The regression models (Tables 2 and 3) imply that all eight analyzed variables have a statistically significant influence on the guests' satisfaction, with Price having the strongest one. Considering the sample size, the authors of this paper decided to use eight independent variables, which were divided into two models. The proposition for further research is to perform a single model and multiple regression. The presence of extreme data values should be reported with an established matrix of variable correlation coefficient.

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## **Online marketing promotion of local tourism organizations: the analysis of the situation in Moravica administrative district**

**Dušan Garabinović<sup>1\*</sup>**

<sup>1</sup> Higher business school of vocational studies “Prof. dr Radomir Bojković”, Kruševac, Serbia

**Abstract:** Modern information and communication technologies, especially the Internet, have caused many changes that influenced further development of the society, economy and tourism as their integrative part, and will do so in the future. Communication, that is the basis of every promotion, becomes more virtual, digital, online, but its purpose remains the same. Nowadays, even the tourist offer based on highly traditional values should be promoted in a modern way. The institutions of tourism at regional and local levels are much “closer” to the specific product, and such closeness enables better knowledge and understanding. Modern trends in tourism promotion enable local products to reach world proportions and be represented globally. The aim of this paper is to determine the Internet promotion orientation of local tourism organizations from the Moravica administrative district, examine their presence on the Internet in terms of having the official website and social network accounts, and make a comparison between them.

**Keywords:** marketing, promotion, tourism, Internet marketing, local tourism organizations

**JEL classification:** M31, Z30

## **Onlajn marketing promocija lokalnih turističkih organizacija: analiza stanja u Moravičkom upravnom okrugu**

**Sažetak:** Savremene informaciono-komunikacione tehnologije, a posebno Internet, dovele su do brojnih promena, promena koje su uticale i uticaće na dalji razvoj ljudskog društva, privrede i turizma kao njihovog sastavnog dela. Komunikacija koja je u osnovi svake promocije postaje sve više virtuelna, digitalna, online, ali njena svrha ostaje ista. U današnje vreme čak i na krajnje tradicionalnim vrednostima zasnovana turistička ponuda mora biti promovisana na savremen način. Turističke institucije na regionalnom i lokalnom nivou mnogo su „bliže“ konkretnom proizvodu, a blizina omogućava njegovo bolje poznavanje i razumevanje. Savremeni trendovi u promovisanju turizma omogućavaju da lokalni proizvodi dosegnu svetske razmere, da budu globalno predstavljeni. Cilj ovog rada je utvrditi kolika je opredeljenost lokalnih turističkih organizacija sa teritorije Moravičkog upravnog okruga promovisanju putem Interneta, kakva je njihova prisutnost na Internetu u smislu postojanja veb-sajta i društvenih mreža, kao i međusobno poređenje turističkih organizacija.

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\* [dušan.garabinovic.032@gmail.com](mailto:dušan.garabinovic.032@gmail.com)

**Ključne reči:** marketing, promocija, turizam, Internet marketing, lokalne turističke organizacije

**JEL klasifikacija:** M31, Z30

## 1. Introduction

Online marketing promotion of local tourism organizations is largely based on the changes caused by information and communication technology development. Therefore, it is necessary to emphasize the novelties that technological solutions have brought into tourism promotion. [GlobalData Technology \(2018\)](#) states six trends to pay attention to in travel and tourism industry: “(1) Augmented and Virtual Reality (AR and VR), (2) Artificial Intelligence (AI), (3) Internet of Things (IoT), (4) Voice technology, (5) Wi-Fi connectivity, and (6) Wearable devices”. While we could ask the question “Virtual reality and tourism: fact or fantasy?” in the 1990s ([Williams & Hobson, 1995](#)), it is clear now that not only products of tourism are promoted in this way, but also tourism entered deep into the area of virtual tourism. In addition to the above-mentioned Virtual Reality, AI, chatbots and integration of the IoT, [Newman \(2018\)](#) emphasizes three main transformational trends in catering and tourism: “Mobile Integration, Focus on Data, and Reputation”. We should also mention websites, blogs (as specific form of websites), email (mailing list registration included), social networks, Internet forums (discussion groups included), etc; in combination with Location Based Marketing – LBM, Mobile Marketing and electronic Word of mouth marketing – e-WOM Marketing, they all form the foundation of modern approach to potential and existing customers market.

In order to achieve success in modern business for all the subjects in tourism, local tourism organizations included, it is necessary to introduce new technologies – to change. Therefore, we should hold on to our tradition and features, but they should always be “refreshed” with the spirit of the time we live in. Local tourism organizations should provide thorough information on products offered in their territories, at the same time becoming much better acquainted with what they have available. Thus, the analysis of local tourism organizations is the starting point for determining the quality of tourism organization structure in a country such as Serbia, especially in the area of applicable promotion activities.

The subject of this paper is to determine promotion activity representation based on the Internet (websites and social networks) in local tourism organizations in the Moravica district territory. The aim of this paper is to determine the Internet promotion orientation of local tourism organizations from the Moravica administrative district, examine their presence on the Internet in terms of having the official website and social network accounts, and make a comparison between them. The official documents from local governments, districts and tourism organizations (strategies, plans, programs, reports, etc) which refer either completely or partly to the issues in question were used as a source of information about the orientation of local tourism promotion via the Internet. The data available on local tourism organizations’ official websites and official accounts on social networks were used as a source of information about real presence of local tourism organizations on the Internet (websites and social networks which are actually in use).

## 2. Local tourism organizations online marketing

According to the [Statistical Office of the Republic of Serbia \(2018, 14-30\)](#), 72.9% of households in Serbia have an Internet connection (mostly via mobile phones, Tablet or 3G network 67.5%), and the number has been on a steady rise in the previous ten years (since 2017 for 4.9%), while “96.4% of the population between the age of 16 and 24 have an

account on social networks (Facebook, Twitter)” and 6.4% of people have ordered accommodation services (hotel) on the Internet in the last 12 months.

In the Tourism Development Strategy 2016-2025, the National Tourism Organization of Serbia “assumes the central role in tourism marketing system in the Republic of Serbia, the role of the mentor and active associate within the entire network of tourism organizations in the country” ([The Government of the Republic of Serbia, Ministry of Trade, Tourism and Telecommunications, 2016, 81](#)), which can be at the provincial, regional as well as at the local level. According to that, one of the main activities of the Tourism Organization of Serbia to focus on is “to provide a unique information and communication system in tourism with the application of modern ICT tools” ([The Government of the Republic of Serbia, Ministry of Trade, Tourism and Telecommunications, 2016, 81](#)). Therefore, one of the key requirements of well-designed and implemented local tourism organization marketing activities is cooperation with the tourism organization at the national level.

A large number of authors have dealt with the analysis of national tourism organization online marketing activities: [Baggio \(2003\)](#), [Giannopoulos & Mavragani \(2011\)](#), [Zouganeli et al. \(2011\)](#), [Dwivedi et al. \(2012\)](#), [Rojas-Méndez & Hine \(2016\)](#), etc. On the other hand, local tourism organizations (often also known as “destination” – DMO), have the same importance as the national ones, and even greater when we speak of tourism products which are not singled out as “the main ones” by the national organization. The [Tourism organization of Serbia and Pro Pozitiv agency \(n. d.\)](#) research results (25th January – 18th March 2016; a sample of 2005 respondents (17% of population), age 18 and over; territory: 51 municipality) confirmed the attitudes and habits of domestic tourists, including the information that the Internet sites are present in the third place according to usage frequency (16%) on destination information. Among the internet sites, local tourism organizations and sites promoting local tourism destination are in the first place according to usage frequency (40%), without neglecting the role of social networks (Facebook 19%).

In addition to the above-mentioned websites, local tourism organizations are also largely present on social networks.

### **3. Local tourism organizations in Moravica administrative district and online promotion orientation**

The Moravica administrative district consists of four local governments: Čačak, Gornji Milanovac, Ivanjica and Lučani, but only Čačak has the properties of a city. Local tourism organizations in the Moravica administrative district territory (according to the foundation year starting from the oldest one): Tourist organization of Čačak (1997), Tourist organization of Gornji Milanovac municipality (2000), Tourist organization of Ivanjica municipality (2002) and Tourist organization of Lučani municipality “Dragačevo” (2012).

The analysis of Sustainable Strategy Development for Lučani municipality 2011-2021 ([Lučani municipality, 2011](#)) and Sustainable Development Strategy for Lučani municipality – Action plan 2015-2020, ([Lučani municipality, 2015](#)), leads to the conclusion that tourism promotion is mentioned, but modern technology based promotion is not mentioned. According to the Tourist organization of Lučani municipality report for 2017 ([Tourist organization of Lučani municipality “Dragačevo”, 2017](#)), it is evident that “new website presentation was created” in April, as well as that the organization helped in the organization of an event in July, with “an advertizing campaign on social networks” among other things. The activity program and plan for 2018 ([Tourist organization of Lučani municipality “Dragačevo”, 2017](#)) states “appropriately promoted tourism offer” as one of the goals (specific goal 4), but specific modern forms of promotion are not mentioned.

The Sustainable Development Strategy for Ivanjica municipality 2009-2014 ([Ivanjica municipality, 2009](#)) was adopted in Ivanjica in December 2009, but a new strategy was not made afterwards. We can find parts related to tourism promotion within the strategy ([Ivanjica municipality, 2009, 17, 18, 27, 29, 52](#)), but its modern forms are not represented at all. The promotion is present in the Tourist Organization of Ivanjica Municipality Report for 2017 ([Tourist Organization of Ivanjica Municipality, 2017](#)) in the area of rural tourism featured in the Ivanjica TO website (among other forms), followed by the special part on marketing based on “electronic marketing” among other things. When we speak of modern forms of promotion, we should mention that “interactive showcase was on display in Ivanjica TO premises” in December 2009. There is a special part devoted to electronic marketing where regular website update is mentioned as well as the presence on social networks. In the Activity plan for 2018, a special part within the Marketing plan is devoted to electronic and Internet marketing in the business plan of Ivanjica TO for 2018 ([Tourist Organization of Ivanjica Municipality, 2017, 6](#)).

The analysis of the Sustainable Development Strategy for the city of Čačak ([the city of Čačak, 2011, 121-124](#)) tourism promotion is mentioned as insufficient and subject to improvement, while, on the other hand, modern forms of tourism potentials promotion are not cited anywhere, although it is obvious that the Internet is the media used by 93.8% of the respondents as a source of information on products and services, on the basis of the research on information technologies and Internet marketing usage in various promotion strategies in the city of Čačak ([Garabinovic & Papic, 2018a, 67](#)). The respondents most frequently use websites and social networks for information on new or the existing products/services ([Garabinovic & Papic, 2018a, 74-75](#)), they have the best opinion about them and they have the most influence on the product/service purchase ([Garabinovic & Papic, 2018a, 77](#)).

In the Sustainable Development Strategy for Gornji Milanovac municipality 2012-2021 ([Gornji Milanovac municipality, 2012](#)), tourist promotion is not mentioned, except as marketing activities (promotion material) for the achievement of the specific goal – the improvement of work in the tourist organization ([Gornji Milanovac municipality, 2012, 49, 63](#)), while modern promotion forms are not mentioned at all.

[Tourism development program 2012-2022, Inter-municipal partnership of Kraljevo, Raška, Vrnjačka Banja, Gornji Milanovac and Čačak](#), considers marketing as a constituent part of the mission (“...more efficient marketing...”), but also as a special goal “2. Positioning of the tourist region on the domestic and international market with the authentic products of tourism”, where we should emphasize sub-goal 2.2 marketing improvement and better usage of new technology advantages, mainly the Internet through: regional marketing system establishment and marketing strategy development, creation of clear and recognizable region identity, maximum usage of new technologies (the Internet, mobile applications) for promotion as well as sales. There is also centralized development and marketing management among the key factors of success. In the analysis of the Delivery of Quality Experience, we can notice that Marketing and Communication occupy a central place where, among other things, it is stated that “the Internet Usage Plan” is an important form of modern communication.

#### **4. Research organization**

The research on local tourist organizations’ marketing promotion activities representation in the Moravica district territory (TO Čačak, TO Lučani, TO Gornji Milanovac, TO Ivanjica) in terms of having the official website, accounts on chosen social networks (Facebook, Instagram, Twitter and YouTube) as well as their usage during 2018, was conducted on 17<sup>th</sup> January 2019. The important steps in the research are as follows: (1) to establish whether

there is the official website; (2) to evaluate the website quality (according to [Giannopoulos & Mavragani, 2011](#) & [Garabinović & Papić, 2018b](#)) and compare them; (3) to establish whether there are accounts on chosen social networks according to a) website links and b) social network search, then their comparison; (4) data collection on social networks account activities in 2018 and their comparison. We should remark that the total number of posts also include the posts from other accounts shared through the local tourist organizations official accounts, which has little effect on the number of likes, shares and comments. The total number of likes and shares includes the likes and shares by the local tourist organizations themselves (other accounts). The total number of comments includes all posts, that is, all comments in correspondence (comments, responds to comments, etc, regardless of whether they come from the local tourist organization or some other person).

## 5. Results and discussion

When it comes to the official website analysis, it is determined that each of the four local tourist organizations in the Moravica district territory have one. The analysis has been conducted according to fifteen chosen criteria, and they are presented in table 1 with the results. The criteria are determined on the basis of [Giannopoulos & Mavragani \(2011\)](#) and [Garabinović & Papić \(2018\)](#).

Table 1: Website quality evaluation

		Criteria															
		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	Total
Local tourism organizations	Čačak	+	+	+	+	+						+	+	+	+	+	10
	Gornji Milanovac	+	+	+	+		+	+		+		+	+	+	+	+	12
	Ivanjica	+	+	+	+	+	+	+		+		+		+	+	+	12
	Lučani	+	+	+	+		+	+		+	+	+	+	+	+	+	13
<b>Total</b>		4	4	4	4	2	3	3	0	3	1	4	3	4	4	4	

**Note:** A – Homepage is transparent and easy to read, B – Important links are on the homepage, C – Contents are clear, concise, useful and relevant for the audience, D – The information is grouped in logical units, E – There is downloadable material, F – The site contains photos, video and sound effects in addition to the text (at least 2 criteria), G – Horizontal scroll is avoided or minimal, H – The information describing your position in the site structure appear on each page, I – Site search box is located on the homepage, J – Newsletter registration, K – The site’s connection with social network accounts, L – The site offers possibilities for interaction with visitors (comments, messages), M – There is a version of the site in a foreign language, N – The site has links to similar organizations and partners, O – Posts are regular during the entire year – 2018.

Source: The author’s research conducted on 17<sup>th</sup> January, 2019

On the basis of the criteria in table 1 and to what extent they are met, we can infer that the Tourist Organization of Lučani municipality has the best website (13/15). We can also notice that most of the criteria (8; 53.33%) are present in all websites (100%), while the worst positioned is newsletter registration (1; 25%, Lučani), as well as the information about your position in the website structure, which does not appear in any of the websites (0%). For comparison, the National Tourism Organization of Serbia website ([www.srbija.travel](http://www.srbija.travel)) meets all the listed criteria. It is also necessary to mention that English language is the most common among foreign languages (100%), while German version of the website is only available at the site of Tourist Organization of Čačak (25%).

The connection of websites with accounts on social networks (table 2) is evident in all four local tourist organizations (100%). On the other hand, the search for the accounts on social networks showed a disagreement between website connection with social networks in three local tourist organizations (75%), the worst in the case of TO Čačak (50%, that is, 75% of links lead to the old YouTube account), while only in the case of TO Lučani is there the complete connection of website links with social network accounts.

Table 2: Social networks (website links, accounts existence and usage in 2018)

		Social Networks***											
		Facebook			Twitter			Instagram			YouTube		
		A	B	C	A	B	C	A	B	C	A	B	C
<b>Local tourism organizations</b>	<b>Čačak</b>	+	+	+		+	+		+	+	+	+	+
	<b>Lučani</b>	+	+	+	+	+		+	+		+	+	+
	<b>Gornji Milanovac</b>	+	+	+	+	+			+	+		+	
	<b>Ivanjica</b>	+	+	+	+	+	+		+	+		+	+
***Note: A – Link on Web site; B – Account exists; C – Used in 2018;													

Source: The author's research conducted on 17<sup>th</sup> January, 2019

It is evident that all the analyzed tourist organizations have open accounts on all four social networks (100%) – table 2. However, when it comes to the accounts' usage in 2018 (according to posting criterion – table 2), Facebook is the only one used by all tourist organizations (100%), while Twitter is the least used (50%). If we consider 2018, it is clear that only Čačak and Ivanjica tourist organizations (half; 50%) are the only ones that used all four social networks (100%) – the rest used two. According to [Papić et al. \(2018, 45\)](#), there was a total of 12 accounts in the Moravica district on 22<sup>nd</sup> February 2018 (4 less than the current situation – 16), so we should emphasize that new accounts were registered on Instagram by three local tourist organizations – Ivanjica in February, Čačak in August, Gornji Milanovac in September, one on YouTube – Ivanjica in December, as well as new Twitter accounts by the Tourist organization of the Ivanjica municipality (one was registered in 2014 and deactivated at the end of 2018, one registered in June 2018 and one in December 2018 – with the posts following one another). It means that five out of sixteen current accounts on social networks (31.25%) were registered in 2018. Also, it is important to remark that although opened in 2015, YouTube channel of the tourist organization of Čačak had its first post as late as October 2018. From all the above stated, we can say that 2018 was a year with very good results when it came to new account registrations or starting to use certain social networks.

In order to establish the real situation in the usage of certain social networks by tourist organizations in the Moravica administrative district, it is necessary to compare their mutual usage. When we speak of Facebook, which was used by all four local tourist organizations in 2018, the Tourist organization of the Gornji Milanovac municipality had the largest number of followers (4911), the Tourist organization of the Čačak municipality had the largest number of posts (158), likes (3656) and shares (202), while the Facebook page of the Tourist organization of the Lučani municipality had the largest number of comments (80). It is distinctive that the option “event announcement” was used by only two (50%) of the organizations (Lučani – 4, Ivanjica – 2). A good summary of the state of things can also be seen in the average values table (table 3). According to this table, the Facebook page of the Tourist organization of the Lučani municipality has the best position when it comes to the number of likes (40.89), shares (2.26) and comments (0.98) per post. The Tourist organization of Čačak had the largest average number of posts per month in 2018 (13.17). The data in table 3 also show that there is no great connection between the number of posts

and the number of likes, shares and comments. The highest positive correlation can be noticed between the number of likes and shares (about 0.928), likes and comments (about 0.815), shares and comments (about 0.77), but also between the followers and likes (about 0.742), while significant negative correlation is present in relation to event announcement and posts (about -0.692), as well as event announcement and followers (-0.584). Facebook usage data is in Table 3.

Table 3: Facebook usage

Facebook	(F)	(E)	(P)	(L)	(S)	(C)	(L)/(P)	(S)/(P)	(C)/(P)	(P)/M*
Čačak	3558	0	158	3656	202	48	23.14	1.28	0.30	13.17
Lučani	2503	4	82	3353	185	80	40.89	2.26	0.98	6.83
Gornji Milanovac	4911	0	104	2934	126	49	28.21	1.21	0.47	8.67
Ivanjica	557	2	121	822	77	15	6.79	0.64	0.12	10.08
<b>Note:</b> (F) – Followers, (E) – Events, (P) – Posts, (L) – Likes, (S) – Shares, (C) – Comments, M* - 12 months										

Source: The author's research conducted on 17<sup>th</sup> January, 2019

Three of the tourist organizations (75%; Čačak, Gornji Milanovac and Ivanjica) started using Instagram in 2018, as it has already been mentioned, and the only organization already present on the network did not even use it in 2018 (Lučani). Therefore, it comes as no surprise that it took the last place in the number of followers (193). The Instagram account of the Tourist organization of Čačak held a convincing lead in the number of followers (1664; 67.26% of all the followers); it also held the first place in the number of likes (3470). The Tourist organization of the Ivanjica municipality had a better position in the number of posts (131) and comments (40). The Tourist organization of Čačak' Instagram account was the best positioned when we consider all three average criteria (likes/posts 55.97, comments/posts 0.37 and posts/months 12.4), while Ivanjica was in the second place in two cases (comments/shares 0.31 and posts/months 11.91), Gornji Milanovac in one case (likes/posts 28.39). All the values analyzed (followers, posts, likes and comments) had a positive connection, but significant relations were noticed between posts and comments (about 0.979), likes and comments (about 0.919), posts and likes (about 0.86), followers and likes (about 0.656). The data on Instagram usage is presented in Table 4.

Table 4: Instagram usage

Instagram	Followers	Posts	Likes	Comments	Likes/ posts	Comments/ Posts	Posts/ months
Čačak	1664	62	3470	23	55.97	0.37	12.4
Lučani	193	0	0	0	-	-	-
Gornji Milanovac	244	31	880	4	28.39	0.13	7.75
Ivanjica	373	131	3442	40	26.27	0.31	11.91
<b>Note:</b> Number of months in 2018 starting from the Instagram account opening: Ivanjica (11), Čačak (5), Gornji Milanovac (4).							

Source: The author's research conducted on 17<sup>th</sup> January, 2019

Through the analysis of the number of followers on Twitter, it is interesting to notice that the tourist organizations with the largest (Gornji Milanovac 396) and the smallest number of followers (Lučani 1), had no posts in 2018. The Tourist organization of the Ivanjica municipality' Twitter account had the best position according to the number of followers (292 – account opened in 2014, closed at the end of 2018; 25 per new account), posts (131)

likes (516), shares (198), comments (none for Čačak), average number of likes per post (3.94), shares per post (1.51), comments per post (10.92 – Čačak 0) and posts per month (10.92). It is obvious that there is a large correlation among all the elements analyzed (with the exception of number of followers): likes and shares (about 1), likes and comments (about 1), shares and comments (about 1), posts and shares (about 0.804), posts and likes (about 0.804), posts and comments (about 0.802). The data on Twitter usage are presented in Table 5.

Table 5: Twitter usage

Twitter	(F)	(P)	(L)	(S)	(C)	(L)/(P)	(S)/(P)	(C)/(P)	(P)/M*
Čačak	6	82	2	1	0	0.02	0.01	0	6.83
Lučani	1	0	0	0	0	-	-	-	-
Gornji Milanovac	396	0	0	0	0	-	-	-	-
Ivanjica	25 or 292	131	516	198	5	3.94	1.51	0.04	10.92

**Note:** F – Followers, P – Posts, L – Likes, S – Shares, C – Comments, M\* - 12 months

Source: The author's research conducted on 17<sup>th</sup> January, 2019

As in the case of Instagram, YouTube channel with the largest number of followers (Gornji Milanovac, 156) had no posts in 2018. Considering only the YouTube channels with posts in 2018 (3; 75%), we came to the conclusion that only tourist organization of the Lučani municipality had followers (28). The Tourist organization of Čačak had the largest number of posts in the analyzed period (7). Only the Lučani municipality tourist organization recorded likes and comments. It is obvious that there was generally a small number of posts per month – not exceeding 1, while the relation between the number of posts and followers was in negative correlation (about -0.539), regardless of whether we calculated the average number of posts during the entire year or only in one month as in the case of the Tourist organization of the Ivanjica municipality (December). The largest number of reviews, as well as the largest average number of reviews per video in 2018 was in the Tourist organization of Lučani (1701) – one post. The data on YouTube usage are presented in table 6.

Table 6: YouTube usage

YouTube	Followers	Posts	Likes	Comments	Average No. of posts per month	Max. No. of views	Average No. of views per post
Čačak	0	7	0	0	0.58	40	24
Lučani	28	1	41	2	0.08	1701	1701
Gornji Milanovac	156	0	0	0	0	0	0
Ivanjica	0	1	0	0	0.06*; 1**	10	10

**Note:** \* 12 months taken into account; \*\* 1 month taken into account (opened in December 2018)

Source: The author's research conducted on 17<sup>th</sup> January, 2019

When observed in absolute terms, Facebook is by far the best positioned social network according to all the criteria (followers, posts, likes, shares, comments – all above 50% share) in three tourist organizations (75%; Čačak, Lučani and Gornji Milanovac), while in one case (25%; Ivanjica) it was in the first place only on the basis of the number of followers. In case of the Tourist organization of the Ivanjica municipality, Instagram and Twitter are equal in

the number of posts; in the number of likes (72.01%) and comments (66.67%), Instagram is very convincing, but Twitter in the number of shares (72%). When it comes to the average number of likes per post, Instagram is in the first place in three tourist organizations (75%; Čačak, Gornji Milanovac and Ivanjica), while in the case of one (25%; Lučani), it is YouTube. Facebook has the best position when we speak of the average share number per post in case of three tourist organizations (75%; Čačak, Lučani and Gornji Milanovac), but in the case of tourist organization of Ivanjica municipality, Twitter is in the first place. The largest average number of comments per post is on Instagram in half of the tourist organizations (2; 50%; Čačak and Ivanjica), while in Lučani it is YouTube (25%) and Facebook in Gornji Milanovac (25%). Facebook is in the first place on the basis of the average number of posts per month in 2018 in three tourist organizations (75%; Čačak, Lučani and Gornji Milanovac), while in the case of the Tourist organization of the Ivanjica municipality it is Instagram (if we consider the number of months the account existed in 2018), that is, Twitter (if we consider all 12 months).

## **6. Conclusion**

Information and communication technologies, the Internet in the first place, represent one of the main components in modern promotion strategies. According to that, online marketing is a part of the Tourism Development Strategy in the Republic of Serbia 2016-2025, and it is one of the key trends in tourism. The activities in tourism in the four local governments of the Moravica district are based on the general strategic documents (for example, sustainable development strategy, etc), where tourism is mentioned, but not the promotion based on modern technologies (with the exception of the [Tourism development program 2012-2022, Inter-municipal partnership of Kraljevo, Raška, Vrnjačka Banja, Gornji Milanovac and Čačak](#)). The reports and plans of the local tourist organizations offer, on the other hand, short information about the analyzed form of marketing, whether within the promotion as a unity or as a separate part.

The contribution of this paper is in the analysis of the real characteristics of online promotion activities in local tourist organizations because they are significantly neglected in comparison to the ones at the national level. The main conclusion is that although all four tourist organizations have official websites, there is still enough room for their further improvement (unmet criteria). When we speak of social networks (all four local tourist organizations have accounts on all four social networks), it is necessary to enable better connection to websites (complete connection in only one; 25%), use them more since only 12/16 social network accounts are used (75%; 50% of tourist organizations used all four social networks), improve post quality since the number of shares (max. 2.26) and comments (max. 2; others <1) per post is extremely small, (the number of likes per post is slightly better, but not very large – maximum 55.97), which will potentially increase the number of followers (maximum number is 4911). We should still mention the improvement in the account number and usage on social networks compared to February 2018 ([Papić et al., 2018, 45](#)), and it is a good signal for further development.

The analysis of the strategic documents and the research conducted on websites and social networks usage in the local tourist organizations of the Moravica administrative district meet the subject and goal of this paper. The focus on the Moravica administrative district alone and the focus on some elements of online marketing (websites and social networks – Facebook, Instagram, Twitter and YouTube) are the main restrictions to this paper, and therefore, in order to obtain more complete results, this research should be extended to local tourism organizations from other administrative districts in Serbia (but also in Europe and the world) and to other elements of online marketing, which will be the subject of further

research. Also, the analysis of the effects of implemented promotional activities on customer behavior can be an interesting subject of future research.

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## Opportunities for sustainable tourism development and nature conservation in Special Nature Reserve "Deliblatska peščara"

Igor Trišić<sup>1\*</sup>

<sup>1</sup> PhD student, University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Serbia

**Abstract:** The area of the Special Nature Reserve "Deliblatska peščara" has a huge capital of pristine nature. On the one hand, this is an important area for plant and animal species, while, on the other hand, it is attractive for tourists as important users of place. This area has sensitive ecosystems and is important for conservation of geodiversity. Precisely for this reason, it represents a significant tourist potential. The economic revenues of tourism can be used for proper monitoring and nature protection by directing the money to improve protection area system. It is one of the basic postulates of sustainable tourism development.

**Keywords:** tourism, management, sustainable tourism development, tourism and area protected

**JEL classification:** Z32, Q57

## Mogućnosti održivog turističkog razvoja i zaštite prirode u Specijalnom rezervatu prirode „Deliblatska peščara“

**Sažetak:** Prostor Specijalnog rezervata prirode „Deliblatska peščara“ obuhvata ogroman kapital netaknute prirode. Ta sredina je značajna za biljni i životinjski svet sa jedne i privlačna za turiste kao korisnike prostora, sa druge strane. Posедуje osetljive ekosisteme i važna je za održavanje geodiverziteta. Upravo zbog toga, „Deliblatska peščara“ je značajan turistički potencijal. Pravilan monitoring i zaštita prirode, mogu iskoristiti ekonomske priloge od turističke potrošnje i usmeriti ih u unapređenje sistema zaštite prostora. To bi bio ujedno i jedan od osnovnih postulata održivog turističkog razvoja.

**Ključne reči:** turizam, upravljanje, održivi turistički razvoj, turizam i zaštićen prostor

**JEL klasifikacija:** Z32, Q57

### 1. Introduction

The area of the Autonomous Province of Vojvodina has 135 protected natural sites on the surface of 141,044.65 ha. This is 6.56% of the total surface of the territory of Vojvodina (Environment Protection Program of the Autonomous Province of Vojvodina for the Period 2016-2025 - "Official Gazette of AP Vojvodina", [№ 10/2016](#)). The Special Nature Reserve

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\* [trisici@hotmail.com](mailto:trisici@hotmail.com)

(SNR) "Deliblatska peščara" constitutes a significant part in these natural resources. Within the protected area of this special nature reserve, there are diverse biocenoses inhabited by endemic plant and animal species, a fragile ecosystem, wetlands, significant parts of geodiversity, in which ecological goals are priorities in monitoring systems, protection, and preservation, and many other reasons for the preservation of this area as a unique spatial unit. For these reasons, the SNR "Deliblatska peščara" has a very significant tourism potential. Proper monitoring and protection can make use of the economic income from tourism consumption, and direct it towards the improvement of the area protection systems ([Webb et al., 2018](#)), which would be one of the basic postulates of sustainable tourism development. The role of the country is based on the adoption of certain legal regulations regarding the goals and models of the management of this area. In addition to the social-economic and catalyst function, tourism could have a great impact on the development and sustainability of Deliblato Sands. Properly planned tourism development can contribute to the economic, socio-cultural, and equally important environmental benefits of the destination. It is precisely the concept of sustainable tourism development that is based on this principle ([Stojanović et al., 2014](#); [Redžić, 2017](#)).

This research paper focuses on models of sustainable tourism management in the protected area of the Deliblato Sands. The aim of this paper is the analytical research of written data, as well as the data obtained after the questionnaire had been conducted regarding the ways and the extent of the protected areas' impacts to tourism and travel decisions of potential users of this protected area. The research also includes data analysis concerning the importance of management and the establishment of protection levels and regimes.

## 2. Background

The Deliblato Sands is located in southern Banat and covers the area of about 35,000 ha (Decision on Adopting to Spatial Plan for Special-Purpose Area of Special Nature Reserve “Deliblatska peščara” (“Official Gazette of AP Vojvodina”, [№ 8/2006](#))), of which 34,829 ha is the area of SNR "Deliblatska peščara" ([Kovačev, 2014](#)). The reserve occupies the territories (Figure 1) of the following local community areas: Alibunar, Vršac, Bela Crkva, Kovin, and Pančevo ([Vesić, 2017](#)). This large ellipsoidal-shape area is surrounded by agricultural surfaces. It ranges from 44°48' N and 45°10' N, and 38°36' E to 38°58' E ([Popović et al., 2012](#)). In the area of the Deliblato Sands there is a semi-arid climate, with average precipitation of 633 mm, and average air temperatures ranging from 9.5 to 11°C. Extraordinary large fluctuations of air temperature have been recorded both during the year and during the day ([Kovačev, 2014](#)).

From the given data, it can be concluded that the SNR "Deliblatska peščara" has a favorable geographical location and climate which are also favorable to tourist activities.

The Sands were protected in 1965 primarily as a general nature reserve, and in February 2002, after rescission of this term, it was proclaimed as a I category SNR of national significance ([Management Plan of the SNR “Deliblatska peščara”, 2011](#); [Kovačev, 2014](#)). A special nature reserve is "an area with unchanged or slightly changed nature of remarkable significance for its uniqueness, rarity, or representability, which involves the habitat of endangered wild species of plants, animals, and fungi" ([Delić et al., 2017](#)). The area of the Deliblato Sands is rich in flora with more than 900 species, subspecies, and varieties of plants ([Kovačev, 2014](#)). Over 200 animal species with the status of natural rarities are present in this area ([Amidžić, 2007](#); [Mrkša, 2008](#)). It is also a European natural rarity and the best-preserved sands in Europe. For its rich flora and fauna, it is one of the most internationally significant centers of biodiversity. Creating a protection plan should be one of the first steps in managing the protected areas for visitors, where it is important to ensure the

best relationship between protected nature and visitors ([Panjković, 2016](#)). The [Spatial Plan of the RS](#) (2010-2020) ("Official Gazette of the RS" [№ 88/2010](#)), provided the nomination for the enlistment of the Deliblato Sands in the List of Biosphere Reserves – UNESCO - MAB Program (Man and the Biosphere Programme) ([Liburd & Becken, 2017](#)). Based on the IUCN categorization, the Deliblato Sands is under the IV category of protection ([Kovačev, 2014](#)). According to this nomenclature, this is the area of habitat or species management, and the area of the country managed by active protection measures in order to preserve the habitat and enable the environment for subsistence of certain species ([IUCN-WCPA, 2018](#)).

Figure 1: Stretching of the Special Nature Reserve "Deliblatska peščara"



Source: Author

A three-degree protection regime has been established in this area: *I degree of protection* - 2,354 ha; *II degree of protection* - 8,219 ha, and *III degree of protection* - 24,257 ha ([Kovačev, 2014](#); [Puzović et al., 2015](#)).

The following activities are established in the three-degree system of protection:

*The I Zone* (6.76% of the territory) is designed exclusively for the preservation of authentic natural resources, with a restricted possibility of scientific research and education ([Kovačev, 2014](#));

*The II Zone* (23.60%) is designed for the preservation and improvement of existing natural resources, with the possibility of restricted use, including tourism. This is organized with ecological forms based on the preservation and improvement of nature ([Lazić et al., 2008](#));

*The III Zone* (69.65%) involves the largest area of this reserve. Any other forms of tourism without negative effects on the environment are allowed in this zone ([Lazić et al., 2008](#); [Kovačev, 2014](#)).

It is important to include these restrictions and illegal activities when planning tourism development because their implementation supports the goals of sustainable tourism management and development ([Maksin et al., 2018](#)). Although sustainability is included in the developmental paradigm of the 1980s, it remains a priority. Sustainable development was defined as early as 1987 in the World Commission on Environment and Development (WCED) as "a development that meets the needs of the present, without compromising the ability of future generations to meet their needs" ([Bosak, 2016](#)). Ecological pillar of sustainable development is related to the protection of natural resources such as air, water, land, biodiversity, forests, mineral resources, and renewable energy sources ([Pivašević &](#)

Hafner, 2013). Therefore, the basic postulate of sustainable tourism development should be imperative in protecting the area of the SNR “Deliblatska peščara”.

### 3. Materials and methods

At the beginning of 2018, the author conducted a study on traveling to the protected areas of Vojvodina and opinions about the significance of protection and sustainable tourism development within certain protected areas, including the area of the SNR “Deliblatska peščara”. The survey was conducted among 210 potential travelers (109 females) who plan to visit this reserve again or for the first time. The structure of the respondents consisted of a total of 37 persons aged 17 to 25, 121 persons aged 26 to 49, and 52 persons aged 50 or more. All respondents have traveled at least once. The cities inhabited by the respondents are Smederevo, Belgrade, Vršac, Bor, Kovin, Novi Sad, Pirot, Indjija, Niš, and Pančevo, which are significant tourist centers of Serbia. Within the written questionnaire, they were asked three questions regarding sustainable tourism development of the SNR “Deliblatska peščara”. The respondents could circle one or more given answers to 2<sup>nd</sup> and 3<sup>rd</sup> question in this article.

The analysis of the respondents' answers can contribute to the constitution of the conclusions related to the planning of sustainable tourism development, and managing a protected natural area. Also, the results can refer to some future research regarding this special nature reserve.

### 4. Results and discussion

All the answers that may have be significant for constituting the conclusions related to the planning of sustainable tourism development and managing a protected natural area such as the SNR “Deliblatska peščara” are analyzed in this paper.

The first question in the questionnaire (Table 1) was: Do you consider that the inclusion of Special Nature Reserve “Deliblatska peščara” in tourism offer can contribute to an increase in the quality of a destination:

- agree;
- disagree.

Table 1: Do you consider that the inclusion of protected areas in tourist offer of Vojvodina can contribute to the increase in the quality of a destination?

	Structure	Agree	Disagree
	$\Sigma$		
(17-25)	37 respondents	210=100%	0
(26-49)	121 respondents		
50 >	52 respondents		

Source: Author

A total of 100% of the respondents voted for the inclusion of this protected area in a tourist offer, and are willing to visit such a destination. Analyzing the collected data, it is noted that all three age groups consider that the activation of protected areas can contribute to the quality of a destination. This result can be used when creating a travel program for this area, which is important for the realization of this travel motive. Natural potentials make the area of SNR “Deliblatska peščara” a significant spatial unit comprised of dune relief, a specific climate, and diverse flora and fauna. Therefore, this area is exceptionally attractive to visitors of various interests. Considering the significant economic and other functions of tourism, as well as individual values, the spatial plan of the Republic of Serbia and its economic policy give the opportunity and significance for the development of tourist activities in this reserve.

In addition, the Tourism Development Strategy of Serbia establishes a selective approach, where rural and sustainable tourism are treated as priorities within many tourism activities (Forcan et al., 2016). Protected areas can contribute to the quality of a destination with international protection regimes. In terms of established international protection regimes and statuses, in SNR "Deliblatska peščara" we should name the following (Puzović et al., 2015):

- IBA (Important Bird Areas) significant for birds, with the of 48,758 ha;
- IBA Area "Labudovo Okno" - 6,488 ha;
- IPA (Important Plant Areas) significant for plants, with the of 35,332 ha;
- PBA (Prime Butterfly Areas) significant for butterflies, with the of 35,496 ha;
- Ramsar site "Labudovo Okno", protected since 2007, with the of 3,733 ha;
- ICPDR area along the Danube (International Commission for the Protection of the Danube River);
- DNPA (Dartmoor National Park Authority) area;
- EMERALD area - 34,829 ha;
- a potential NATURA 2000 area

The second question (Table 2) within the same questionnaire was: The choice of your future travel destination will include:

- visiting only cultural sites;
- visiting the Special Nature Reserve "Deliblatska peščara";
- visiting combined localities.

Table 2: The choice of your future travel destination will include?

Structure		Visiting Only Cultural Sites	Visiting the SNR	Visiting Combined Localities
$\Sigma$		30=14,29%	70=80,95%	10=4,76%
(17-25)	37 respondents	6	26	5
(26-49)	121 respondents	20	96	5
50 >	52 respondents	4	48	/

Source: Author

By analyzing the data in Table 2, we can see that the vast majority of the respondents (80.95%) chose the answer form which their future trip would include a visit to this protected area. A total of 14.29% of the respondents will visit only cultural sites, while 4.76% of the respondents will visit combined localities. The highest number of respondents aged 26-49 (96 respondents) opted for the inclusion of this special nature reserve in the tourist offer. The conclusion that the protected natural localities will be a part of future travel in a vast majority of the respondents is based on the great significance of these areas to tourism, when selecting destinations, in almost all ages of tourists.

The third question (Table 3) within the same questionnaire was: How would you support the sustainability and protection of the Special Nature Reserve "Deliblatska peščara":

- by promotion;
- by ecological activity;
- by educating others on conscientious ecological behavior.

Table 3: How would you support the sustainability and protection of this Protected Area?

Structure		by Promotion	by Ecological Activities	by Educating Others
Σ		19=9,04%	196=93,33%	205=97,63%
(17-25)	37 respondents	15	27	32
(26-49)	121 respondents	4	117	121
50 >	52 respondents	/	52	52

Source: Author

The data analysis in Table 3 shows that 196 - 93.33% and 205 - 97.63% of the respondents chose the answers under 2 and 3, which means that they would support the sustainability and protection by conscientious behavior and educating others in this protected area. A total of 9.04% of the respondents opted for the promotion as a means of support to sustainable development (15 respondents aged 17-25 and 4 respondents aged 26-49). The obtained results indicate the importance of having a sustainable conscience in the vast majority of the respondents. In addition to their own positive opinions about sustainable development, the respondents are willing to educate the existing or potential visitors of this protected area about the behavior and habits in this protected area. Implementation of sustainable development also involves understanding the significance of species existence, recognizing the degree of their vulnerability and preventing their extinction by adopting various measures and activities ([Kostić & Petrović, 2013](#); [Bennett et al., 2018](#)). The planning of protection also includes the development of efficient implementations which are based on the task and goals of the protected area manager, interests and needs of visitors, as well as the presentation of unique and significant spatial characteristics ([Smrekar et al., 2016](#)). The ideas of sustainable development have always affected tourism. They have arisen as a reaction to the global effects of human activities and negative outcomes of great developmental projects on the environment ([Štetić & Trišić, 2018](#)).

The obtained results of the questionnaire are a good sample and significant basis when planning sustainable tourism development in the protected natural area of the SNR "Deliblatska peščara". The motive and conscience about the significance of such tourist destinations, which is present in the vast majority of the respondents, represents a significant potential for the development of tourism, and the obtained results of the survey show that the SNR has the required attractions for the development of the specific forms of tourism, such as ecotourism, adventure tourism, rural tourism, health tourism, sports, hunting, fishing, i.e. the forms of tourism based on natural resources ([Trišić, 2018a](#)). The natural potential of this reserve, the proximity of urban settlements such as Belgrade, Pančevo, Bela Crkva, and Vršac, the proximity of the Danube and Romanian border can be used for development of diverse forms of tourism. First of all, nautical tourism would be significant and it would be developed on the Danube, but also on Nera River and Karaš River, which have recreational potentials. It is necessary to strengthen the hunting and fishing tourism in the Deliblato Sands hunting area, but also in surrounding hunting areas. Then, transit tourism is also significant and it should be more developed after the implementation of the construction plan of Corridor 11<sup>th</sup> from Vršac, through Belgrade to Montenegro. Ecotourism, rural tourism, excursion tourism, and manifestation tourism would be the primary forms of tourist movements in the area of the SNR "Deliblatska peščara" ([Štetić et al., 2014](#)). Ecotourism, with ecological and sustainable components, would be the most significant for the protection of this area ([Trišić et al., 2018](#)). Ecotourism and rural tourism could certainly not be developed without preserved nature and cooperation with the local community ([Trišić, 2018b](#)). Therefore, for ecotourism and rural tourism users, the destinations with protected areas are of particular importance ([Cochrane, 2017](#)). In such an area, tourism is both useful

and harmful, while its effects are interacting in various ways (Njegovan et al., 2015). Ecotourism would here represent a model of aspiration of possible negative consequences, which would manifest themselves in certain ways. This means that ecotourism can condition a number of positive effects in the environment, where tourists satisfy their needs. Awareness about the significance of the preservation of space and the improvement of the environment can be developed through tourism. Ecotourism improves quality and positively affects the environment (Eagles-Paul, 2014).

Through ecotourism, the following can be achieved:

- raising the awareness about the significance of the environment (Kostić & Petrović, 2015);
- protecting nature, natural functions, and space in the function of tourism;
- improving the total aesthetic quality of the environment (Čučulović et al., 2012).

Tourism can provide a positive economic contribution to all users of a protected area. For instance, carefully regulated and organized tourism, as is the case with small groups interested in science education, could help fund research and protection. Such income has already directly helped the establishment of national park financing, especially in developing countries (Newsone et al., 2013). Tourism is seen as a mechanism for replacing lost finances through different methods, including donations, tickets, rental fees and licenses, the taxation of tourist retailers, and economic subjects related to tourism (Holden, 2013). Successful implementation of ecological components, environmental and tourism protection, and giving priority to those products organized according to ecological standards are imperatives in future conducting of tourism marketing activities in this protected area (Vujović et al., 2012). Ecotourism is one of the most widely accepted forms of space use because it has positive results on the level of total sustainable development (Buckley, 2013). Only recently has ecotourism become one of the routes and safe models of tourism development of Deliblato Sands through the opening and promotion of facilities and educational trails. The tourism offer of this protected area includes the aforementioned educational and recreational health trails, which additionally enriches the visits to the reserve (Pantelić et al., 2012; Kovačev, 2014).

Analyzing the mentioned values and results, tourism management in the area of SNR should be based on the 6 basic principles of sustainable development and nature protection:

- using the space for tourism purposes with minimal impacts on the environment and the local community (Fennell, 2015a);
- raising awareness of the sustainability of natural and cultural systems of area development, as well as involving the local community and visitors in resolving issues affecting those systems (Holden, 2016);
- emphasizing the significance of the preservation and management of a protected area (Corral-Verdugo & Frias-Armenta, 2016);
- timely and long-term participation of the local community in decision-making processes, that determine the form and size of tourism that should be implemented (Weaver & Lawton, 2014);
- to direct economic benefits to the local community. They should complement other income achieved through regular jobs (agriculture, hunting, and fishing, etc.) (Bushell & Bricker, 2017);
- providing opportunities for the local community to participate in the limited use of the resources from protected areas (Fennell, 2015b).

## 5. Conclusion

By analyzing the given data in the paper, it can be concluded that the SNR "Deliblatska peščara" is a significant treasure of rare natural forms and representatives of flora and fauna. The majority of them is endangered, both by natural and anthropogenic factors. On the other hand, a favorable position, the relief, climate, and biogeography enable the use of these areas in recreational purposes. Every use represents additional stress for the area. Under the pressure of users, the elements of the area are modified because they are very often adapted to the needs of users. From all of the above, it is necessary to implement the protection regime and to control, minimize, or completely eliminate certain activities. It certainly should not imply a ban on using it for tourism purposes. The key to successful improvement of the values of the space and tourist potentials is specifically sustainable tourism development. It involves intensifying of economic, ecological, and socio-cultural benefits (Valdivieso et al., 2015). Besides the users' satisfaction and the preservation of natural values, the local community also must have certain benefits from the protection and improvement of tourism. Only such a sustainable environment can be a significant tourism destination (Buclet & Lazarević, 2015). Protected natural areas are very important when selecting a trip, which can be concluded by analyzing the results of the conducted survey which is presented in this paper. Tourists who are very aware of the protection and improvement of such natural resources are opting for visiting protected natural resources in large numbers, and want to share their knowledge with the existing or potential travelers. The results of the survey indicate the significance of the existence of such destinations, which can result in economic benefits. After engaging the members of the local community in tourism planning and managing of the protected area, the basic demand for sustainable tourism development would be achieved. The concluding observations indicate that the SNR "Deliblatska peščara" can be an area of active sustainable development and nature protected. The role of the state and the legislation regulating the model, the system of protection and financing will be provided by the results of future research.

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## **Investments and employment in tourism in the Republic of Serbia**

**Nemanja Pantić<sup>1\*</sup>, Ivan Milojević<sup>2</sup>**

<sup>1</sup> University of Kragujevac, Faculty of Hotel Mangement and Tourism in Vrnjačka Banja, Serbia

<sup>2</sup> University of Defence, Military Academy, Belgrade, Serbia

**Abstract:** Investments in tourism are crucial for the development of both tourism and other activities that are directly or indirectly related to it. Despite the immense potential of tourism, the insufficient development of infrastructure appears as one of the reasons that diminishes the role of tourism in Serbian economy. It is therefore of great importance to invest in infrastructure development in tourism. The subject of this paper is to compare Serbia with the countries in the region of Western Balkan and with several other European countries (Germany, France, Italy, Austria, and the Netherlands) in terms of the level of capital investments and employment in tourism. The insight into the amounts of investments will show the position and perspective of Serbia in relation to the countries in region and Europe. By adopting the measures of investment policy in tourism and associated incentives, Serbia will create the climate that will increase the amount of capital investments in tourism, which will have a multiplier effect on employment and also the entire economy.

**Keywords:** tourism, employment, investments, Republic of Serbia

**JEL classification:** Z30, Z32

## **Investicije i zaposlenost u turizmu u Republici Srbiji**

**Sažetak:** Investicije u turizmu su ključne ne samo za njegov razvoj, već i za razvoj svih delatnosti koje su kako direktno, tako i indirektno povezane sa turizmom. Uprkos ogromnom potencijalu turizma, nedovoljan razvoj infrastrukture se pojavljuje kao jedan od razloga koji umanjuju ulogu turizma u srpskoj privredi. Stoga je od velike važnosti ulagati u razvoj infrastrukture u turizmu. Predmet ovog rada je poređenje Srbije sa zemljama u regionu Zapadnog Balkana i sa nekoliko drugih evropskih zemalja (Nemačka, Francuska, Italija, Austrija i Holandija) u pogledu nivoa kapitalnih investicija i zaposlenosti u turizmu. Uvid u iznose investicija će pokazati poziciju i perspektivu Srbije u odnosu na zemlje u regionu i Evropi. Usvajanjem mera investicione politike u turizmu i pratećim podsticajima, Srbija će stvoriti klimu koja će povećati iznos kapitalnih investicija u turizmu, što će imati multiplikativni efekat na zaposlenost, ali i na celokupnu privredu.

**Ključne reči:** turizam, zaposlenost, investicije, Republika Srbija

**JEL klasifikacija:** Z30, Z32

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\* [nemanja.pantic@kg.ac.rs](mailto:nemanja.pantic@kg.ac.rs)

## **1. Introduction**

The tertiary sector in developed countries is an important generator of GDP creation and, as such, it has been the subject of frequent research aimed at its improvement, which will result in multiplier effects on all spheres of both economic and social life. Tourism is one of the key activities of the tertiary sector. According to [Ubavić \(2015\)](#), at the end of the 20th century and the beginning of the 21st, tourism became one of the most massive global phenomenon which, at the same time, offered a great development opportunity for underdeveloped and developing countries.

However, if one takes Western European countries as a benchmark and the reference point to be reached, will see that the situation is very difficult. Being a country of turbulent events, both at the end of 20th and at the beginning of the 21st century, as well as suffering the effects of the global financial crisis, Serbia clearly did not have enough time, will and, above all, financial resources to focus the attention to such issues. Tourism has long been marginalised due to the lack of roads or infrastructure, insufficient accommodation capacities, and the poor quality and out-of-date accommodation facilities. Inadequate marketing activity resulting in the lack of information provided to potential tourists is just one of the links in the chain of insufficient exploitation of tourism potentials.

From the point of view of an average Serbian resident faced with the issue of unemployment and consequent lack of finances, the question arises as to whether the underdevelopment of tourism is really the issue that deserves such an importance. The answer is an unequivocal yes. The reason is simple and most efficiently described through the Win-Win situation, where tourism development directly and indirectly affects many macroeconomic indicators. The impact of tourism on GDP, employment, investment and other macroeconomic indicators has been discussed and proved many times. This paper will provide the insight into where the Republic of Serbia is today, where it was in the past and, most importantly, where it will be in the future and highlight the measures that will be taken to improve the situation related to the employment in tourism.

## **2. Tourism globally: its position and situation**

Tourism has positioned itself as the world's fourth export industry, right after chemistry, fuel and food ([Ohlan, 2017](#)). According to [Nawaz & Hassan \(2016\)](#), "Tourism has long been considered as a way of enhancing understanding and peace among nations". Over the past decades, the focus of the intense research has been the relationship between tourism consumption and economic growth for both developed countries and those in developing ([Chou, 2013](#)). [Onetiu & Predonu \(2013\)](#) point to the fact that tourism encourages communication and the exchange of ideas and information, broadens cultural horizons, raises the level of education and increases the rate of employment. According to [Vetrakova \(2000\)](#), the importance of tourism is so great that it even managed to solve the problem of unemployment caused by changes in the economic structure, on the one hand, and the global financial crisis, on the other.

Direct employment in tourism implies positions in those establishments which imply direct contact with tourists, e.g. hotels, restaurants, travel agencies, various forms of transport, i.e. the places where tourists' needs can be responded to in a direct way. Accordingly, there are establishments that indirectly meet the needs of tourists. Those would include book-keeping agencies, construction companies, various craft shops that provide products for the tourism market, etc. In other words, these are the professions which a tourist does not have direct contact with; still, they make a necessary part of the chain of meeting tourists' needs. There is a two-way relationship between economic growth and tourism. Understanding the causal

relationship between tourism development and economic growth is of enormous significance and its defining is the basis of relevant policy decision making. (Seghir et al., 2014). Tourism development generates employment in both direct and indirect institutions whose products or services are of crucial importance. For example, the development of construction companies enables civil engineering development which absorbs a share of the unemployed and, at least partially, resolves the problem of unemployment. This mechanism of (inter)dependence and connection between different economic sectors is obvious and clearly points out the importance of tourism development.

Naturally, apart from the classification into direct and indirect employment, a distinction can be made between the qualifications and gender structure of tourism workers. When it comes to this issue, the importance of the development of this branch of economy may be crucial, given that today a large number of unemployed workers are unqualified or semi-skilled. A large part of such workforce can be absorbed by tourism. The seasonal character of tourism and the possibility of seasonal employment is also something that should not be discarded. A gender employment structure is mentioned bearing in mind the fact that a large number of women are dominant in some tourism industry activities. The following table shows the total number of tourism workers worldwide.

Table 1: Employment in tourism in the period 2007-2018 (in millions)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
World	273.1	262.4	254.6	251.6	256.7	261.1	265.8	276.8	278.3	280.1	282.4	284.3

Source: [World Travel & Tourism Council, 2019](#)

Table 1 provides data related to employment in tourism at the world level given in millions for the period 2007-2018. As a starting point, 2007 was taken as a reference since this is the year preceding the global financial crisis. The number of employed tourism workers was slightly above 273 million, followed by the expected drop in 2008 for just a little under 11 million workers or, more precisely, by 10.7%. This downward trend continued for the next 2 years, ending in 2010, when the minimum number of workers was recorded at 251.6 million, which is 21.5 million less than in 2007. Roughly speaking, the global financial crisis led to job loss for more than 20 million workers worldwide. The policies of countries had to adapt to the newly created situation and the measures undertaken in the forthcoming years were struggling to overcome this situation for a long period of time. The situation significantly changed in the period 2011-2018, when the number of workers in tourism increased from 251.6 million to 284.3 million or, in other words, for 32.7 million work places. The significance and consequences of the global financial crisis is well illustrated by the fact that it took 7 years to reach and slightly overtake the 2007 number of employees - 273.6 million workers in this industry in the pre-crisis year vs. 276.8 million in 2014.

Table 2 gives an insight into the number of employees in tourism. In order to compare the situation on a global level, it is impossible to compare absolute values by countries as they would not provide an insight into the real situation having in mind the variability in the country's population. For this reason, for the purpose of easier comparison, the relative values are used, i.e. the percentage share of the number of tourism workers in relation to the total number of workers.

Table 2: The share of tourism employment in the overall employment (%)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Great Britain</b>	10.4	10.2	10.0	10.5	10.3	10.4	12.7	12.8	12.8	13.1	13.3
<b>Austria</b>	13.7	14	13.7	13.1	13.3	13.3	14.5	14.5	14.7	14.6	14.9
<b>Germany</b>	4.6	4.5	4.8	4.7	4.7	4.7	11.7	12.0	12.3	12.3	12.8
<b>France</b>	9.7	9.5	9.4	9.5	9.5	9.4	9.9	10.1	10.2	10.2	10.4
<b>Spain</b>	15.8	15.8	15.5	15.9	15.8	15.7	15.0	14.8	14.6	14.7	14.6
<b>Italy</b>	10.6	10.2	10.1	10.1	10.2	10.2	11.4	11.5	11.6	11.7	11.9
<b>Serbia</b>	1.83	1.56	1.6	1.68	1.75	1.73	1.72	1.82	1.84	1.86	1.9
<b>World</b>	9.7	9.5	9.2	9.3	9.4	9.5	9.4	9.4	9.5	9.5	9.7

Source: [World Travel & Tourism Council, 2019](#)

The observation period is 2008 to 2018. In the observed period of time on a global level, this share hit the bottom of 9.2% in 2010 as the result of a two-year fall due to the 2008 global financial crisis. After the period of slight fluctuations, the highest value of 9.7% was reached in 2018, which equals the value recorded in 2008. The table provides the data in the European countries with a notable relation in tourism share in the total employment. Namely, observed for 2018 only, it can be noticed (with the exception of Serbia that will be discussed in part 3 of the paper) that this share ranges from 10.4% in France to up to 14.9% in Austria. The apparent difference between most countries is reflected in only a few percentage points and is above the world average. Comparing the starting and the final years of the observed period, without making comparisons on individual year basis, it becomes clear that the share grew except for Spain. The largest percentage growth was recorded in Germany, from 4.6% in 2008 to 12.8% in 2018. This boom was first recorded in 2014, when the percentage share of employment in tourism increased by as much as 7%, i.e. from 4.7% in 2013 to 11.7% in 2014.

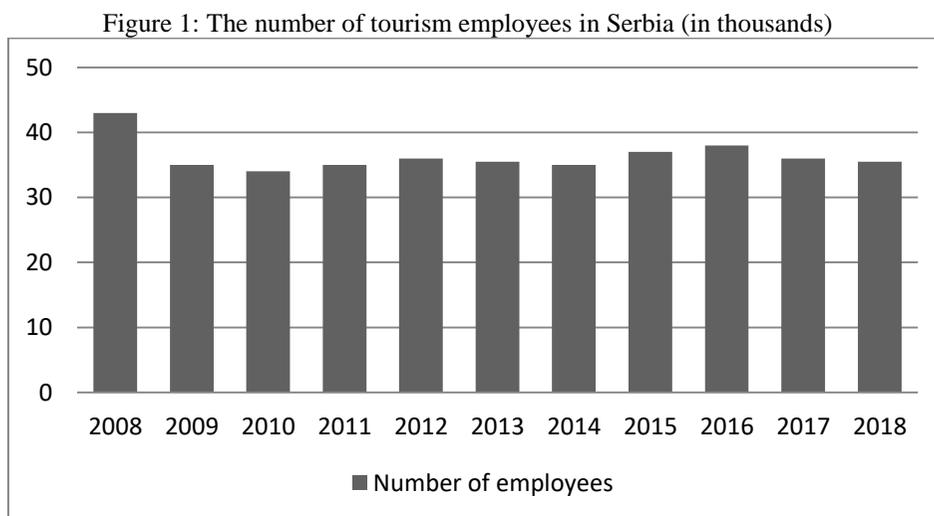
### 3. Tourism in Serbia: current state and perspectives

The Republic of Serbia, undoubtedly, has an excellent basis for the development of tourism ([Pantić, 2016](#)). The exceptional geographical position, due to which Serbia is a part of the most important traffic routes, its natural beauties, and a moderate continental climate provide all the necessary preconditions for focusing attention to tourism in the future. However, unless followed by attractiveness, accessibility and tourist services, the comparative advantages of a destination are of no practical significance ([Dobrivojević et al., 2017](#)). Since the development of transport infrastructure defines tourism development, special attention must be paid to its renewal, having in mind both keeping it up to date and connecting tourist sites in an efficient way.

Quality in tourism and hospitality means the consistent delivery of products and services to clients in accordance with the expected standards. One of the key challenges that managers face today is service quality assurance, which is one of the basic conditions for achieving business goals in the global tourism market ([Redžić, 2018](#)).

Since tourism is a complex economic activity, the competitiveness of tourist destinations is the result of many factors. In addition to the factors specific to tourism, the competitiveness of tourist destinations is also conditioned by a whole range of factors that affect tourism service providers ([Ubavić, 2015](#)). According to [Štetić \(2006\)](#), the creation of a tourist offer nowadays significantly differs from those made during the last decades of the 20th century. Tourism development leads to new directions in the development of this industry and different approaches to tourism activity.

Concerning the employment in tourism in the Republic of Serbia, Figure 1 shows that the maximum number of employees was in 2008 when it amounted to slightly less than 42 thousand. After this year, up to date, such a level of employment has not been achieved. Namely, not a single year in the observed period recorded 40 thousand employees; instead, the number of the employed in the period 2009-2018 was rather at the average of 35 thousand.

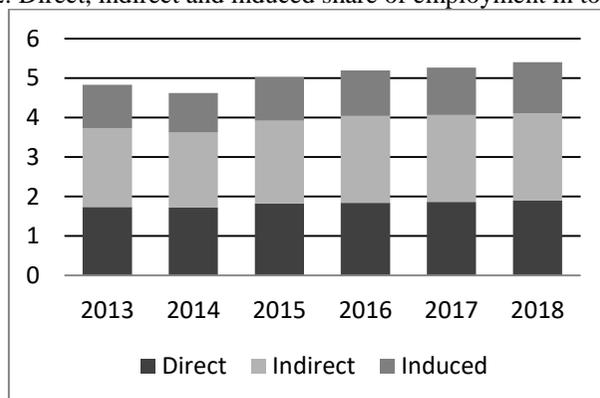


Source: [World Travel & Tourism Council, 2019](#)

Absolute values of the number of employees do not provide much information on the significance of this figure in the overall structure of employment. Therefore, relative values are used instead for a more detailed analysis. Varying from 1.56% recorded in 2009 to the maximum of 1.9% recorded in 2018, the percentage share in Serbia is at a significantly lower level than the world average, with even more dramatic contrast compared to the other observed countries. It is obvious that, regardless of some smaller fluctuations, the situation did not change structurally during the given period. The encouraging fact is that since 2014 this share was steadily increasing and it can be concluded that in the observed period it increased by 0.18 percentage points.

Table 2 showed only the employment in those facilities that are directly related to tourism consumption, i.e. in those facilities where tourists can directly meet their needs, as discussed in the introductory part of the paper. In addition to direct employment, the analysis must also include indirect and induced ones in order to consider their overall effect on employment. Figure 2 provides an insight into the three categories. Namely, it is noticeable that indirect employment in tourism is slightly higher than the direct one in the observed five-year period, i.e. from 2013 to 2018.

Figure 2: Direct, indirect and induced share of employment in tourism (%)

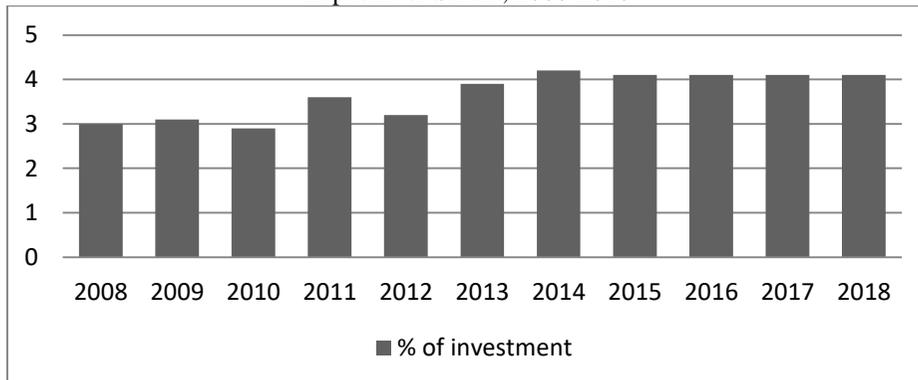


Source: [World Travel & Tourism Council, 2019](#)

If observed cumulatively in the given period, direct, indirect and induced employment began to increase slightly since 2014, and, in the last four years, they were constantly at above 5%. The only drop was recorded in 2014 when, compared to 2013, it was about 4.5%.

The following figure shows the percentage of investments in the tourism industry in total amount of investments. Investments are the subject of consideration because of their priority in the process of building the necessary infrastructure which will change the status of a certain locality from being only potential tourist destination to becoming an attractive one.

Figure 3: Percentage share of investment in tourism in total amount of investments in the Republic of Serbia, 2008-2018



Source: [World Travel & Tourism Council, 2019](#)

The observed ten-year period shows a range from 2.9% of total investments realised in 2010, up to the maximum of 4.2% in 2014. Comparing the first and the last observed year, the 1.1% growth of the overall investment is noticeable, which is insufficient. So we agree with [\(Zečević & Pindžo, 2016\)](#) that is necessary to redirect a part of the budget spending to funding infrastructure as a prerequisite for faster tourism development and, furthermore, to investing in its promotion, education, development of small and medium-sized enterprises in order to increase the employment and contribution of tourism to the overall economic development of a country. In addition to the increased state investment activities, it is crucial not only to increase capital investments, but also to direct it towards those activities that can, either directly or indirectly, contribute to the necessary infrastructure as an indispensable condition for tourism development. [\(Tomjanski, 2015\)](#). Its development will generate new employment, reduce unemployment and attract additional capital.

The following table gives an overview of the amount of capital investments in tourism in the countries of Western Balkan.

Table 3: Capital investment in tourism in the countries of Western Balkan in the period 2008-2018 (in € mill.)

	<b>Bosnia</b>	<b>Bulgaria</b>	<b>Croatia</b>	<b>N. Macedonia</b>	<b>Slovenia</b>	<b>Montenegro</b>	<b>Serbia</b>
<b>2008</b>	148,632	1.489,234	1.750,166	50,324	823,652	414,743	360,532
<b>2009</b>	128,028	1.324,035	1.261,937	50,125	638,953	221,356	291,342
<b>2010</b>	133,805	1.270,716	983,750	51,021	644,624	222,234	224,659
<b>2011</b>	123,477	1.282,608	944,252	52,247	703,821	183,452	263,781
<b>2012</b>	113,251	1.277,109	915,998	53,659	703,253	186,538	241,132
<b>2013</b>	106,553	1.379,601	912,223	55,425	702,192	201,426	251,532
<b>2014</b>	127,874	1.413,922	900,004	61,358	700,438	211,358	241,834
<b>2015</b>	127,823	1.308,084	943,820	72,426	691,562	247,623	256,825
<b>2016</b>	157,171	1.424,613	993,894	81,521	634,651	311,538	258,149
<b>2017</b>	163,358	1.577,536	1.049,505	90,325	693,724	374,273	293,415
<b>2018</b>	176,191	1.577,635	1.088,264	90,437	711,815	397,642	315,986

Source: [World Travel & Tourism Council, 2019](#)

Table 3 gives an insight into the amounts of capital investments in tourism in Serbia and the surrounding countries. There is a noticeable decline in investment activity after 2008 as a result of the global economic crisis in all observed countries. Only Bosnia and Herzegovina, Bulgaria and North Macedonia managed to exceed the 2008 figures. Bulgaria and Croatia were those that invested most in the tourism sector, regardless of the fact that there was a significant drop in investments since the beginning of the observed period. There immediately followed Slovenia, while North Macedonia was far below others in terms of the investment activities in tourism. Investment activity in Serbia was significantly higher in relation to both North Macedonia and Bosnia and Herzegovina. Despite the obvious fact that the level of investment activity from 2008 was not reached, it was steadily rising since 2014, though at a lower level compared to Bulgaria, Croatia, Slovenia and Montenegro. It would be important to make a comparison with the developed countries and their investment activities, the data on which is given in the following table.

Table 4: Capital investment in tourism in European countries, 2008-2018 (in € bill.)

	<b>Germany</b>	<b>France</b>	<b>Spain</b>	<b>Austria</b>	<b>Italy</b>	<b>Netherlands</b>
<b>2008</b>	24,132	22,652	19,324	2,813	17,174	4,234
<b>2009</b>	19,356	26,351	19,672	3,352	11,816	3,415
<b>2010</b>	26,142	27,912	16,826	3,216	12,902	3,381
<b>2011</b>	24,826	38,654	14,735	2,942	10,414	2,871
<b>2012</b>	25,714	31,925	14,316	3,561	11,359	3,384
<b>2013</b>	21,368	37,357	13,628	3,589	9,123	5,218
<b>2014</b>	22,346	36,915	13,631	3,214	7,932	3,764
<b>2015</b>	24,782	30,419	14,856	2,913	9,241	3,684
<b>2016</b>	23,935	33,872	17,128	3,271	9,871	4,192
<b>2017</b>	25,014	35,134	17,838	3,491	10,149	4,253
<b>2018</b>	26,198	36,815	18,692	3,698	10,436	4,396

Source: [World Travel & Tourism Council, 2019](#)

Table 4 gives an insight into the amounts of capital investments in the tourism sector in some of the developed European countries in billions of euros. According to the amount of capital investments, Germany and France stand out. There immediately follow Spain and Italy,

while the amounts of capital investment in Austria and the Netherlands are significantly below the abovementioned countries. Only France manages to significantly increase its investment activity compared to 2008, while in the case of Italy it significantly decreases. However, it should be borne in mind that the amounts are expressed in billions of euros, which makes an obvious difference compared to the countries given in Table 3. Thus, it can be concluded that Serbia is well below the developed economies in Europe and even lags behind the amounts of capital investments in relation to some countries in the near surroundings. Next table shows percentage share of capital investment in tourism in total amount of investments in European countries and in the countries of Western Balkan in period 2011-2018.

Table 5: Percentage share of capital investment in tourism in total amount of investments in European countries and in the countries of Western Balkan, 2011-2018

	2011	2012	2013	2014	2015	2016	2017	2018
<b>Germany</b>	4,1	4,2	3,5	3,6	4,0	3,7	3,6	3,7
<b>France</b>	8,0	6,3	7,5	7,2	6,1	6,8	6,9	7,0
<b>Spain</b>	6,3	6,7	6,6	6,3	6,7	7,7	7,8	7,8
<b>Italy</b>	3,0	3,6	3,1	2,7	3,2	3,4	3,3	3,3
<b>Netherlands</b>	2,0	2,6	4,3	3,1	2,6	2,7	2,7	2,7
<b>Austria</b>	3,6	4,6	4,4	4,2	3,6	4,0	4,1	4,2
<b>Slovenia</b>	9,0	9,7	9,5	9,3	9,2	9,1	9,2	9,3
<b>Croatia</b>	10,3	10,3	10,2	10,2	10,7	10,9	10,8	10,8
<b>Bosnia</b>	4,6	4,4	4,2	4,7	5,0	5,1	5,2	5,3
<b>Bulgaria</b>	6,1	6,1	6,3	6,8	7,2	7,1	7,3	7,2
<b>N. Macedonia</b>	1,8	1,9	2,1	2,2	2,3	2,4	2,4	2,5
<b>Montenegro</b>	23,2	25,3	27,1	30,8	32,7	33,6	35,5	36,4
<b>Serbia</b>	3,6	3,2	3,9	4,3	4,2	4,2	4,2	4,1

Source: [World Travel & Tourism Council, 2019](#)

It is noticeable that N. Macedonia and Netherland are the only countries with less percentage share of capital investment in tourism in total amount of investments then Serbia. Serbia has similar percentage share as Italy but in total amount of investments Italy has a significantly higher amount. Montenegro is at the first place after Croatia in percentage share of capital investments. In 2012, in Serbia, only 3.2% of investments were invested in tourism. Last years that percentage is higher and stable at the level of 4.2%.

Therefore, if capital investment is taken as a necessary resource for the progress and growth of an economy, especially for the countries in transition, it is clear that Serbia must increase their amount. What should be taken as a bare necessity in the upcoming period is primarily the increase in the share of domestic investments in tourism and the creation of an even more favourable climate for the inflow of foreign capital into this industry. The growth of investments in tourism, through hotel construction, and the growth of investments in transport infrastructure create favourable conditions for employment rate growth in this sector. Such a growth should be fostered at least to the global average of about 10%, as shown in Table 2, since the share of employment at a level which is constantly less than 2% can be described as very low. With such conditions, tourism does not affect the generation of GDP as much as it should, which is necessary, if there are strives to follow the world trends and conditions which they set forward. This necessity will bring about significant positive consequences in the years to come.

## 4. Conclusion

The significance of tourism development in contemporary society is not a need, but more a necessity. Tourism has a Win-Win effect on one economy, since its development also stimulates the development of other fields of economy, which consequently increases the employment rate. The country should use the policy measures to accelerate tourism development through investments, both domestic and foreign. In Serbia, there is an extremely small share of employees in the tourism sector both in absolute and relative terms comparing with European countries. The share of investments in tourism in total investments is also at the low lever. This makes the circumstances in Serbia behind the world trends and figures, but it certainly should not be a barrier to future progress. It is positive matter that Serbia is a very attractive location for investments. Therefore, additional measures and incentives have to attract foreign capital in those activities which are directly or indirectly related to tourism. This opens the possibility for creating new work places, consequently leading to unemployment reduction. Tendencies were positive in the past years, and, in future, they are certainly going to be even more so.

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## **Religious tourism as a factor of tourism development in Greece: A case study of the monastery of St. Nektarios on Aegina**

**Dalibor Redžić<sup>1\*</sup>**

<sup>1</sup>Singidunum University, Belgrade, Serbia

**Abstract:** The economic and political conditions prevailing both in Greece and around the world determine the overall development of all forms of tourism. The rapid development of specific forms of tourism, such as religious tourism, is gaining an increasing interest in the global tourism market. Religious tourism is one of the key factors for the development of the national economy, and it is also important because it represents the heritage for future generations of enormous cultural, ecological and social significance. Aegina island is characterized by rich natural and cultural resources that are recognizable for their authenticity and beauty, and as such are significant elements for the creation and development of specific forms of tourism. In a study of religious tourism in the St. Nektarios monastery on the island of Aegina, a study was conducted on the impact that religious tourism has on local development and the promotion of pilgrimage to the island of Aegina as a tourist destination of exceptional cultural and religious interest in the international tourist market. In addition, the paper emphasizes the importance of religious tourism as a specific form of tourism that contributes to the development of areas in which religious monuments are located.

**Keywords:** pilgrimage, religious tourism, St. Nektarios monastery, special forms of tourism, religious motives

**JEL classification:** L83, Z12

## **Verski turizam kao faktor razvoja turizma u Grčkoj: Studija slučaja o manastiru svetog Nektarija na Eginu**

**Sažetak:** Ekonomski i politički uslovi koji preovlađuju kako u Grčkoj tako i širom sveta određuju opšti razvoj svih oblika turizma. Ubrzan razvoj specifičnih oblika turizma poput verskog turizma dobija sve veći interes na globalnom turističkom tržištu. Verski turizam predstavlja jedan od ključnih faktora za razvoj nacionalne ekonomije, a značajan je po tome jer predstavlja nasleđe za buduće generacije od ogromnog kulturnog, ekološkog i društvenog značaja. Ostrvo Egina karakterišu bogati prirodni i kulturni resursi koji su prepoznatljivi po svojoj autentičnosti i lepoti, i kao takvi predstavljaju značajne elemente za stvaranje i razvoj specifičnih oblika turizma. U studiji slučaja o verskom turizmu u manastiru svetog Nektarija na ostrvu Egina, sprovedeno je istraživanje uticaja koji verski turizam ima na lokalni razvoj i promociju hodočašća na ostrvu Egina turističkoj destinaciji od izuzetnog kulturnog i verskog interesa na međunarodnom turističkom tržištu. Pored toga, u radu je stavljen akcenat na značaj verskog turizma kao specifičnog oblika turizma koji doprinosi razvoju područja u kojima se nalaze verski spomenici.

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\*[dalibordredzic@hotmail.com](mailto:dalibordredzic@hotmail.com)

**Ključne reči:** hodočašće, verski turizam, manastir svetog Nektarija, posebni oblici turizma, verski motivi

**JEL klasifikacija:** L83, Z12

## 1. Introduction

Today, religious tourism is one of the fastest growing forms of tourism in the world. In recent years, Greece has seen a significant increase in foreign tourists visits to monasteries and churches in all parts of the country. Thus, religious tourism plays a very important role in the growth and development of tourism in Greece. It is estimated that over 300,000 Greek tourists visit religious sites annually in their country, and that 85% of the total number of international tourists to Greece visit some of the religious sites ([Poulaki et al., 2015](#)). Tourists and pilgrims from abroad who most often visit Greek monasteries mostly come from Eastern European and neighboring Balkan countries such as Serbia, Bulgaria and Romania ([Skoultos & Vagionis, 2015](#)).

The geographical position of Aegina island located in the Mediterranean basin and favorable climatic conditions provide ideal conditions for the development of religious tourism throughout the year. Aegina island is characterized by rich natural and cultural resources that are recognizable for their authenticity and beauty, and as such are significant elements for the creation and development of specific forms of tourism. The most important natural resources of Aegina are thick pine forests, seven endemic species of plants unique in Greece and thermal springs located near the town of Souvala in the northern part of the island. The most important cultural resources are the early antique settlement of Colona Hill, a temple dedicated to the ancient god Apollo, Venetian medieval fortress of Paleochora, and St. Cathernie and St. Nektarios monasteries. These resources as preserved cultural monuments testify to the history of Greek civilization and represent an inseparable part of the cultural and historical heritage of Greece. Compared to similar tourist destinations within the country visited by a large number of religious tourists and pilgrims, such as the islands of Patmos, Chios and Tinos, tourism on Aegina has not been developed to a satisfactory level, primarily due to the lack of tourism development and the improvement of tourism products and services. Religious and cultural wealth as an attractive resource in any tourist activity is a key potential for the development of religious tourism in Aegina island. This paper explores the importance of religious tourism on the Greek island of Aegina, where there are a large number of Orthodox monasteries and churches that are of utmost importance both for the Greeks and for all Orthodox believers in the world. In the conducted research, special emphasis was put on the contribution of religious tourism to the development of the local economy on the island of Aegina in order to identify the development potentials and opportunities for promoting the monastery of St. Nektarios as a destination of great religious interest.

## 2. Literature review

Today, tourism encompasses new cultural values that are focused on the sustainable development and preservation of the environment at the international level. This is related to numerous activities involved in tourism such as modern technology in transport, reservation systems, computer applications, business management, communication and marketing activities. According to [Fernandes et al. \(2012\)](#) religious tourism can be defined as a form of tourism whereby people of faith travel individually or in groups for reasons related to religion or spirituality in their quest for meaning. According to [Durán-Sánchez et al. \(2018\)](#) pilgrimage is a journey that comes from religious causes, externally to a holy site, and internally for spiritual purposes and internal understanding. Also, believers in sacred places

seek communication with the Divine ([Štefko et al., 2014](#)). In addition to the classical pilgrimage, a modern version of pilgrimage is becoming more and more popular which, in addition to visiting the holy sites and religious monuments, includes a visit to the monuments of cultural and historical heritage and cultural pilgrimage ([Griffin & Raj, 2017](#)).

Pilgrimage is mainly shaped by the influence of other factors that are currently dominating the market, such as economic, political, social and other factors. The issue that has been present in the scientific community for years is the difference between pilgrims and religious tourists ([Polyxeni et al. 2009](#)). The difference is present depending on the area in which a person travels (secular or religious), and according to the purpose of the journey, his/her wishes, behavior and needs are shaped ([Van Nuenen & Van Der Beek, 2016](#)). [Abad-Galzacorta et al. \(2016\)](#) considers that such a type of trip consists of two forms and only depends on the way and type of travel. The first form involves a religious feeling (pilgrim), and the second form involves a journey to acquire new knowledge that suits the profile of a religious tourist ([Puscasu, 2015](#)). [Heather et al. \(2014\)](#) considers that the journey of pilgrims and religious tourists includes two key dimensions in space and time. The main difference that separates the pilgrimage from other journeys is that time and space are unique, but at the same time it is a symbolic journey in which spiritual changes take place ([Collins-Kreiner & Wall, 2015](#)). Bearing in mind that today there is vast literature on the topic of pilgrimage and tourism, there is lack of empirical work that deals with understanding the relationship between pilgrims and tourists, taking into account their similarities and differences ([Stausberg, 2010](#)). Pilgrimage and religious tourism are two different social phenomena that have touch points on religious elements ([De Ascaniis & Cantoni, 2017](#)).

Thanks to its excellent geographical location, natural resources, developed infrastructure and preserved cultural and historical heritage, Greece has attracted many international tourists for years. The main reason why Greece attracts a great number of pilgrims and religious tourists from all over the world is its rich cultural and historical heritage, which besides monuments from the ancient period has a large number of Orthodox monasteries and churches that mostly originate from the period of Byzantine rule, numerous icons and books of priceless value, church relics, frescoes and more. The most important monuments of the cultural and historical heritage of Greece are the temple of Apollo Epicurius, Sanctuary of Delphi, Sanctuary of Asklepios, Mount Athos, medieval city of Rhodes, Meteora, Paleochristian and Byzantine monuments of Thessaloniki, archaeological site of Mystras, archaeological site of Olympia, archaeological site of Delos, archaeological sites of Mycenae and Tiryns, the monastery of Saint John Theologos and the cave of the Apocalypse in Patmos island ([Visit Greece, 2019](#)). Many monasteries and churches in Greece in addition to their great religious significance, are cultural monuments that are listed on the World Heritage List and under the protection of UNESCO. The UNESCO list includes 17 monuments of Greek cultural heritage, of which 7 are from the period of Byzantium and represent heritage of significant religious and cultural interest ([UNESCO, 2018](#)). The most significant monasteries from the Byzantine period on the UNESCO list of Greek cultural heritage visited by many pilgrims and tourists throughout the year are the monastery of Saint John Theologos and the cave of the Apocalypse in Patmos, the monasteries of Meteora, the monasteries of the Atos peninsula, church of St. Dimitrios in Thessaloniki and church of St. Spiridon in the city of Kerkyra ([Religious Tourism in Greece, 2019](#)). In a study of religious tourism at St. Nektarios Monastery research has been carried out on the contribution of religious tourism to local development and conditions for the promotion of religious tourism and the pilgrimage of the island of Aegina as a destination of immense religious and cultural importance in the international tourism market.

### **3. Research methodology**

The research includes the literature of numerous international authors, including tourist and religious journals used to identify changes in the international tourism market in terms of religious tourism, the website of the Tourism Organization of Greece, as well as the websites of travel agencies from Serbia that are active on the island of Aegina and which deal with the specific forms of tourism such as religious tourism and pilgrimage. In addition, in order to obtain relevant information on the research topic on the development of religious tourism in the monastery of St. Nektarios, as well as the significance of the island of Aegina as a place of special interest for pilgrims and religious tourists, a primary survey was conducted using questionnaires.

The primary research on market conditions was conducted at the level of visitors and travel agencies with the aim of assessing the tourist product of St. Nektarios monastery on the island of Aegina. Based on the questionnaire, the author analyzed the experience of visitors who visited St. Nektarios monastery, their suggestions for the improvement and development of new tourist products, as well as the opportunities for attracting new market segments. The responses of travel agencies that organize trips to the island of Aegina have also been analyzed to determine ways to improve the sales of tourist packages for travel agencies that specialize in specific forms of tourism such as religious tourism in order to improve tourism promotion and development both in the area of St. Nektarios monastery and on the island of Aegina. The results of the survey were supplemented by the collected data obtained from structured interviews. In order to obtain relevant responses, a structured questionnaire is designed based on a set of rules as to avoid hypothetical questions, obscure terms and expressions, questions that require answers about past events, and questions requiring the provision of personal data. In order to better formulate the questions, Likert Scale was used. The questionnaire consisted of 35 questions and it was divided into two parts. The first part of the questionnaire contained 15 questions related to the profile of the monastery visitors, while the other part contained 20 mixed questions related to the selection of St. Nektarios monastery as the ultimate destination. In total 160 questionnaires were distributed by e-mail and local distribution at the destination to tourists who first visited the St. Nektarios monastery and who are not permanent inhabitants of the island. The questionnaire for travel agencies consisted of three parts. The first part of the questionnaire contained 6 questions related to the profile of the travel agency, the second part contained 8 questions about the customer profile, and the third part contained 16 mixed questions related to the evaluation of the tourist destination. A total of 15 questionnaires were distributed via e-mail to travel agencies that organize tourist trips and pilgrimages on the island of Aegina. Structured interviews were conducted with hotel owners located in the city of Aegina. The conducted qualitative research using structured questioning aimed at identifying key factors that significantly influence the behavior of customers towards tourism products and services. A total of 12 structured interviews were conducted. Based on the conducted interviews, the answers received were captured in writing. The survey was conducted in the period from 1st August 2018 to 1st September 2018.

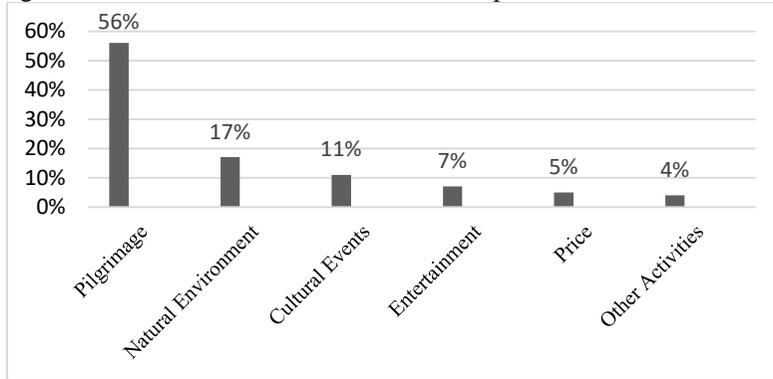
### **4. Research results and discussion**

By analyzing the answers from the primary research, the following results were obtained. The visitors filled out a total of 117 questionnaires, travel agencies filled out 13 questionnaires, and a total of 12 complete interviews were conducted with hotel owners.

#### 4.1. Visitor questionnaire results

By analyzing the visitor's responses, we found that the main motive for their trip to Aegina island was pilgrimage (Figure 1).

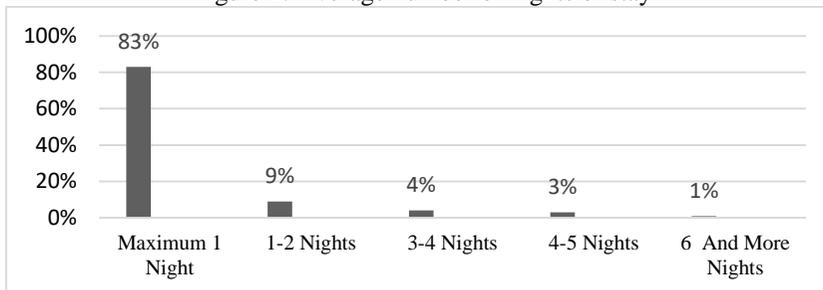
Figure 1: The main motives of visitors for a trip to St. Nektarios monastery



Source: Author

Most visitors who visited the St. Nektarios monastery stayed on the island of Aegina for a maximum of two days (Figure 2).

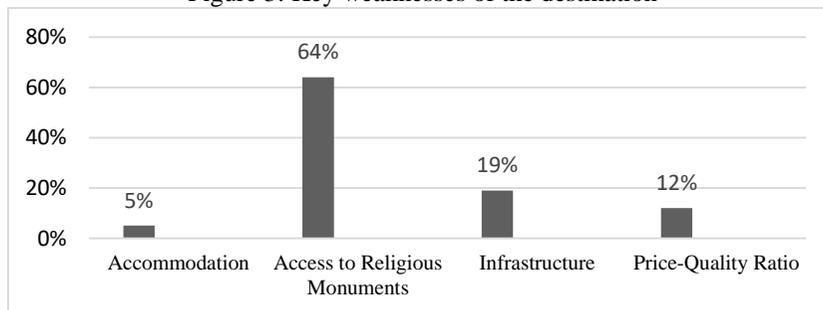
Figure 2: Average number of nights of stay



Source: Author

Infrastructure and access to religious monuments represent some of the weaknesses of the destination on whose development special attention must be paid to fully meet the needs and demands of visitors, and also promote the destination on the international tourist market (Figure 3).

Figure 3: Key weaknesses of the destination

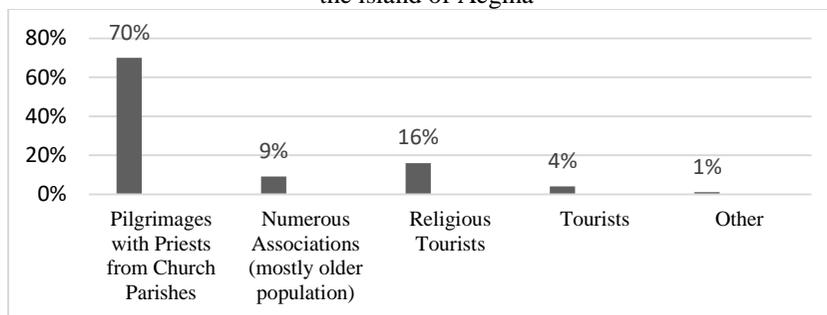


Source: Author

## 4.2. Results of travel agencies survey

Travel agencies that participated in the research are agencies from Serbia that organize pilgrimage and tourist trips to the Greek island of Aegina. Travel agencies mainly organize trips to the island of Aegina in cooperation with the Serbian Orthodox Church, at the request of church parishes, numerous associations, institutions and individuals. Travel agencies organize trips to Aegina throughout the year, especially during great religious holidays such as Easter, Christmas and St. Nektarios day, because during that period there is great interest of pilgrims and religious tourists to travel to the destination.

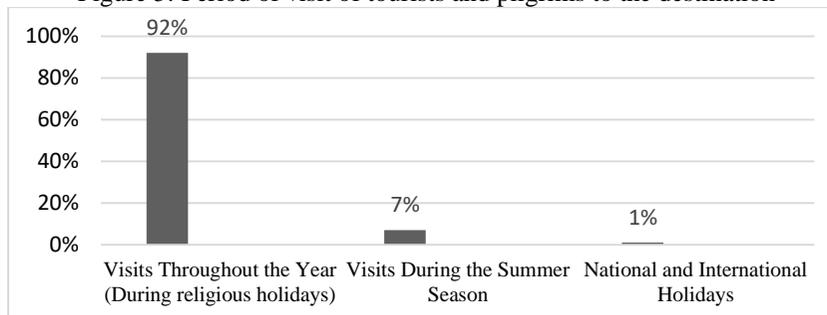
Figure 4: Groups from Serbia, which most often travel to the monastery of St. Nektarios and the island of Aegina



Source: Author

The largest percentage of travel agents agreed that tourists and pilgrims travel to St. Nektarios monastery throughout the year, which means that there is no specific time / season during the year when tourists and pilgrims travel and that their fluctuation is distributed throughout the year (Figure 5).

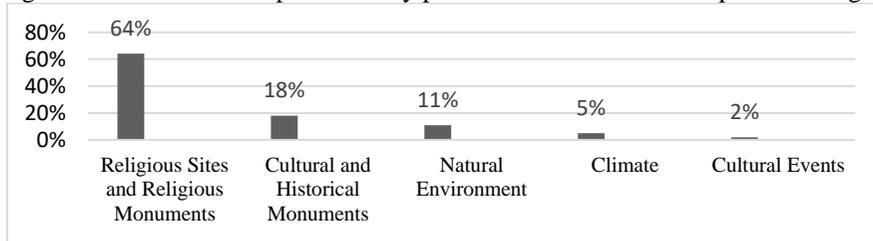
Figure 5: Period of visit of tourists and pilgrims to the destination



Source: Author

For travel agencies, the key potential for tourism development at the destination is the cultural and historical heritage, the preserved natural environment as well as the Mediterranean climate that creates the ideal conditions for visiting the destination throughout the year. Based on these factors, travel agencies plan to organize pilgrimage and tourist trips in the future on the island of Aegina, and some agencies plan to organize their tourist packages in combination with other specific forms of tourism at the destination (Figure 6).

Figure 6: Elements that represent a key potential for tourism development at Aegina

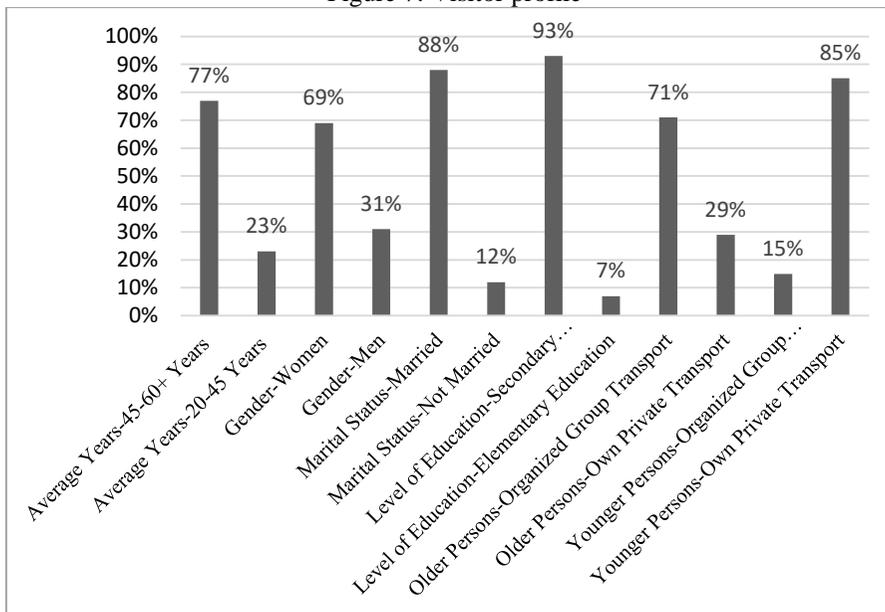


Source: Author

### 4.3. Interview results

By analyzing the answers received from the conducted interviews, we found that the highest percentage of respondents gave approximate answers to questions related to the average age of visitors, their education and their marital status. Accordingly, the average age of visitors is between 45 and 60 years old, more than half are married persons, the majority of visitors are women. The highest percentage of visitors is persons with either secondary or higher education and on the basis of income they belong to middle and upper middle class. Also, the largest number of elderly people prefers organized group trips by bus, while younger people travel most often with their own means of transport (Figure 7).

Figure 7: Visitor profile



Source: Author

Visitors mostly come from Eastern European countries and stay on average from one to two nights, while domestic Greek tourists stay on average for three or more nights at the destination. Due to the small number of beds in monastery apartments, and also because of the small number of apartments in the place where the monastery is located, visitors most often stay in the town of Aegina where the largest number of accommodation facilities is located, such as apartments, hotels and hostels. At the destination, there are not many hotels with four and five stars that would attract tourists with special and high demands. Existing

hotels where tourists most often stay make their efforts in order to fulfill the needs and requirements of guests based on the delivery of quality services. At the destination, there is no special tourist development which is especially reflected in the poor development of infrastructure whose reconstruction and development would have a significant impact on the improvement of the conditions for the development of tourism on the level of the entire destination. The coordination among stakeholders in tourism that is active at the destination is not at a satisfactory level, which is largely reflected in insufficient tourism development. Regarding local traffic and road network, there are some weaknesses that are reflected in the poor correlation between certain points at the destination and underdeveloped internal transport networks. Most respondents agree that the pilgrimage to the monastery of St. Nektarios can also be combined with visiting other places of religious interest to Aegina as well as monasteries in the wider area of the destination.

#### **4.4. Comparison of research findings**

The results of the conducted secondary research indicate that the tourist policies and strategies as well as the tourist planning at the tourist destination have not been elaborated in the best way. Responses gained by questionnaires that included visitors and travel agencies as well as interview responses largely coincide, in particular on questions related to travel motives, visitor profiles, ratings and elements that represent the potential as well as the disadvantages for the development of tourism at the destination. Also, the answers from questionnaires and interviews related to the development of religious tourism at the research destination obtained from travel agencies and hotel owners are approximately identical. In the conducted interview, the respondents pointed to the main disadvantages that adversely affect the development of tourism at the destination such as underdeveloped infrastructure, difficult access to tourist attractions, the absence of tourism policies and strategies, as well as poor coordination of local authorities with regard to tourism development, but respondents also expressed the need for tourism development.

### **5. Conclusion**

In order to establish a balanced development of religious tourism in the research area, it is necessary to establish a framework of organized tourism policy based on the selection of key priorities for the development of religious tourism and with the adequate use of appropriate means of implementation. Converting comparative to a competitive advantage by respecting cultural identity and preserving cultural, historical and religious heritage should be the primary goal of religious tourism development. Also, the development of actions, promotion and promotion of the destination in the international tourist market as well as undertaking actions aimed at attracting the younger population of visitors through sending clear messages about religious sites and monuments at the destination plays an important role in the development of religious tourism, especially because of the multiculturalism of society in a global context. Strategic approach to the area of the St. Nektarios monastery should include the participation of the state as well as undertaking joint activities in order to attract domestic and foreign investors in order to restore and build new infrastructure to make access to the area of the monastery much faster and safer. In addition, investment projects for the modernization of existing and construction of new hotels, improvement of accommodation quality, improvement of the quality of tourism products and services, implementation of training programs and education of employees on religious tourism, organization of events in the field of culture and religion are elements that play a significant role in the development of religious tourism on the island of Aegina.

## 6. Study limitations and future research

The main constraint in conducting research was long-term access to visitors in collecting responses to fill in the questionnaire. As a limitation, we can also indicate the avoidance of visitors to participate in the research, citing numerous reasons for this, as well as their mistrust that has been overcome by explaining that it is an analytical research. In addition, as a limitation during the survey, we can also indicate the avoidance of a small number of hotel owners to participate in a structured interview, stating a number of reasons such as lack of free time, while the majority agreed with pleasure to participate in the research. Some travel agencies refused to take part in the survey, stating the overload of work as the main reason, but it was soon overcome in a telephone conversation where the purpose and subject of the study were explained. Future research should include a more precise identification of similarities and differences between religious tourists and pilgrims as well as a more comprehensive understanding of the relationship between them. doi:10.21427/D7KT5N

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## Detection of fraudulent actions in the financial statements with particular emphasis on hotel companies

Dragan Vasilev<sup>1</sup>, Dragan Cvetković<sup>2\*</sup>, Aleksandar Grgur<sup>3</sup>

<sup>1</sup> Service for Combating Organized Crime, SPBOK, Serbia

<sup>2</sup> Police Directorate for the City of Belgrade, Criminal Police Directorate Belgrade, Serbia

<sup>3</sup> ATOK, Belgrade, Serbia

**Abstract:** Financial statements are one of the key sources of information for stakeholders of companies. Therefore, financial reporting aims at presenting an objective and transparent state of an enterprise. In order to protect the interests of all stakeholders of companies, whether external or internal, the role of financial accountants is very important, which is related to the detection of fraudulent activities in the financial statements. Forensic accountants with the knowledge they possess in the field of accounting, auditing, management and other skills, have the ability to clearly understand the irregularities and injustices that occur within the company. Fraudulent actions are most often a case of using an enterprise management strategy to gain benefits to the interests of other marketers that surround it. The aim of the paper is to show the significance of the role of a financial accountant in detecting fraudulent actions in the financial statements. The subject of this paper is to investigate the possibility of fraudulent actions and to look into the specific role forensic accountants have in this process.

**Keywords:** financial statements, fraudulent actions, forensic accountants, forensic accountants tools, hotel companies

**JEL classification:** M40

## Otkrivanje prevarnih radnji u finansijskim izveštajima sa posebnim osvrtom na hotelijerska preduzeća

**Sažetak:** Finansijsko izveštavanje ima za cilj prikazivanje objektivnog i transparentnog stanja preduzeća. Kako bi se zaštitili interesi svih interesnih grupa preduzeća, bilo eksternih, bilo internih, veoma je važna uloga forenzičkih računovođa, čija se uloga vezuje za otkrivanje prevarnih radnji u finansijskim izveštajima. Forenzičke računovođe uz pomoć znanja koje poseduju iz oblasti računovodstva, revizije, upravljanja i drugih veština, imaju mogućnost jasnog uvida u nepravilnosti i nepravednosti koje se javljaju unutar privrednog društva. Prevarne radnje su najčešće slučaj korišćenja strategije menadžmenta preduzeća radi sticanja koristi na uštrb interesa drugih tržišnih subjekata koji ga okružuju. Cilj rada predstavlja prikazivanje značajnosti uloge forenzičkog računovođe u otkrivanju prevarnih radnji u finansijskim izveštajima. Predmet rada je istraživanje mogućnosti nastanka

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\* [cvetkovicdragan@mts.rs](mailto:cvetkovicdragan@mts.rs)

prevarnih radnji, te sagledavanje posebne uloge koju forenzičke računovođe imaju u tom procesu.

**Ključne reči:** finansijski izveštaji, prevarne radnje, forenzičke računovođe, alati forenzičkih računovođa, hotelijerska preduzeća

**JEL klasifikacija:** M40

## 1. Introduction

Financial statements are one of the most important results of the accounting function of the company, which makes them an important and indispensable source of information. The basic financial statements are balance sheet, income statement, cash flow statement, statement of changes in equity and notes to the financial statements ([Zakon o računovodstvu Republike Srbije, 2013](#)). However, no financial statement can provide a complete picture of the company, if it is viewed and analyzed separately from other statements. „The purpose of accounting is to record, and communicate to interested users, the effect of economic events or transactions on an entity” ([Ross, 2016](#)). On the other hand, financial statements can be used to obtain unlawful benefits from certain individuals in the company. In a situation where the information in the financial statements is presented untrue and does not present an objective financial position, then the published financial statements certainly do not fulfil the mission they are generated for. Fraudulent actions in financial statements play a major role in publishing transparent and sound financial statements. The scientific discipline concerned with the detection of fraud in the financial statements is forensic accounting. Forensic accountants use different methods and techniques to succeed in identifying and evaluating fraudulent actions that are the result of inadequate financial reports.

## 2. The significance of financial reporting for stakeholders

The financial statements represent the information basis for making decisions about investment, credit and other economic matters. Internal and external users expect the presented financial information to be understandable, reliable, relevant and comparable and should show the real state of the company in a certain period of time ([Ross, 2016](#)). Financial reporting is important for all interest groups - stakeholders. Stakeholders can be divided into internal and external.

Internal stakeholders are the owners and management of the company. External stakeholders are buyers, suppliers, creditors and the state. The owners of the company are interested in the indicators of the growth of the company, while the management is more focused on the current indicators, i.e. liquidity, solvency, profitability, etc. The indicators that are important for the management of the company are in the balance sheet and the income statement. The management of the company should be interested in all aspects of managing the company ([Knežević et al., 2016](#)). The owners of the company are interested in returning their own capital, the movement of own capital, indicators of activities and the like. In companies, there is often a conflict between the owner and the management of the company. The role of the company management is to increase the welfare of the company owners, without departing from the increase in the value of the company as a whole.

External users are all stakeholders surrounding the company. They apply to all users who have business activities with the company, that is, customers, suppliers, creditors, investors and regulatory authorities. Customers are most interested in activity indicators, which can be obtained from the income statement, while suppliers and creditors are most interested in liquidity and solvency indicators, i.e. balance sheet data. Activity indicators are very

important for buyers because they use the inventories of the company, which can indicate its efficiency. High inventory turnover will result in higher customer satisfaction. Low inventory turnover may lead the company into a problem because it can be due to lack of sales, inventory obsolescence, saturation of demand, inadequate products and the like (Higgins, 2009). No customer will be interested in purchasing products or goods that have been in stock for a long time. Suppliers and creditors are interested in the liquidity of the company, or its ability to settle the due obligations within the deadline. It is very important for the company to have good business relations with these two groups of stakeholders because they should provide a smooth functioning of the company business activities. For this reason, financial reporting is very important because it represents an important relationship between companies and customers. The relationship between creditors, suppliers and customers can be shown through the indicators of the business activity of the company. If the company has a fast turnover of inventories, it is more likely that it will be liquid, which is also a stable basis for an efficient financial policy. On the other hand, investors are most interested in the profitability and market value of shares of the company. Profitability indicators show the degree of return on shareholders' equity, that is, they are one of the main indicators of the market value of shares. From this point of view, the company should find the optimal ratio of reinvested earnings and dividend payments in order to maximize the market value of the share. A large amount in the name of the dividend will attract dividend-oriented shareholders, but this can not be a long-term solution, because high dividend payments, and small amounts of reinvested earnings, indicate a small possibility of company growth, and consequently a decrease in market value of the shares. A high amount of reinvested earnings will increase the growth ability of the market value of shares, but on the other hand, it will dissuade dividend-oriented investors. In addition to profitability, investors must pay attention to cash flows that are often the subject of manipulative actions in the financial statements (Knežević et al., 2011).

The state and regulatory bodies represent a stakeholder group whose main focus is on the liquidity and growth indicators of the company. Regulatory bodies should provide a framework for timely information on the illiquidity of certain companies, so that a contracting party would not be damaged, as well as for the transparency of reporting by all companies. The state is interested in determining short-term liquidity, for the purpose of certainty of payment of taxes, fluctuation of employees and the volume of production and sales of a company. Regular fulfilment of tax obligations is of particular importance for the management of public revenues so that the stated tax obligations (corporate tax) should be presented on a realistic basis.

### **3. Fraudulent financial reporting in hotel companies**

The International Standard of Auditing (ISA) 240 (IAASB, 2016) defines corporate fraud as "an intentional act by one or more individuals among management, 2 those charged with governance, employees or third parties, involving the use of deception to obtain an unjust or illegal advantage" (Dorris, 2018). Financial statement fraud is thus fraud committed by the management of an organisation with the goal to artificially improve the financial performance and results of the company as stated in the financial statements. False financial reporting is a criminal act that deceives users of financial statements in order to make future decisions in favor of the legal entity that created the financial report and to the detriment of users of information from the financial statements (Coenen, 2008). No one can know how many failures in the business of the company are actually caused by fraudulent actions, but a large number of small and medium-sized enterprises are bankrupt, precisely because of the losses that result from fraudulent activities in financial reporting. Falsifying of financial statements primarily involves manipulating elements by

overstating assets, sales and profits, or understating liabilities, expenditures or losses. Fraudulent financial statements are the product of manipulation management, especially the executive and finance director, because without their participation it would not be possible to prepare and make a financial report ([Md Shamimul et al., 2017](#)). The most common forms of fraudulent actions in financial statements are ([Reilly & Swisher, 2015](#)):

- “fictitious revenue recognition;
- hiding obligations;
- non-disclosure of transactions with related legal entities;
- improper asset valuation.”

One of the most common cases when doing fraudulent actions in hotels is fictitious revenue recognition. The hotel industry is capital intensive, which is why it faces high fixed costs, which not all hotels can cover. The way to increase company income, and therefore the performance of the company is done through fictitious revenue recognition ([Dorris, 2018](#)). Fictitious revenue implies the absence of real customers. Fictitious bills based on goods and services turnover are made, their booking is done without any inflow of funds into the account of clients. In this way, revenue increases, resulting in an increase in profits that have not got coverage in cash flows. The financial statements also disclose claims for which it is known in advance that they are uncollectible and will be written off in some future period ([Ministarstvo finansija Republike Srbije, 2013](#)). When there is revenue at the moment of delivery of goods or services, regardless of whether the product or service fee is paid, such a situation creates room for manipulation. Namely, the hotel may record revenue on behalf of the delivered service, although it knows that it will not obtain the money, but it will become customer receivables, which will later be written off.

Liabilities and costs are hidden in order to show a better financial position of the company. With the exclusion of obligations and costs, the company may try to hide loan agreements or other debt from stockholders with the intention of presenting a better position of the company ([Riley & Razaee, 2008](#)). The common situation that happens with the hotel to disguise the obligations that the hotel has towards the owners of the company, or non-company creditors, with which the hotel hides these loan agreements, in order not to come into the situation of being marked as indebted. The situation in which the company's liabilities are hidden is especially present at hotels with high debt and capital ratios.

Non-disclosure of transactions with legal licenses relates to situations where hotels may ignore invoices of the seller, and do not take them into account when preparing financial statements. As invoices are one of the main procurement control documents ([Martin, 2004](#)), they must, as a rule, be kept in the hotel and at the seller. Non-reporting of invoiced transactions may be reflected in legal implications in the following year. If the hotel does not record the invoice it receives from the buyer, it risks being legally convicted. The goal of the hotel is to reduce the amount of the company's costs and overestimate the profit when not reporting the invoices. Hotels in this way manipulate the profit by displaying better performances and thereby gaining a better relationship with the lenders and hotel owners. A frequent case of non-disclosure of transactions in the tourism industry is among the hotels and travel agencies. Namely, there may be a situation in the organizational structure of the hotel and tourist agencies that have persons that are related in private life. In this way, there is a possibility of non-disclosure of transactions, which will not be reflected later in the financial report, although it is executed.

An incorrect valuation of assets relates to overvaluation or underestimation of the value of the property of a hotel intended to be sold, in order to benefit at the expense of the interests of users of information from the financial statements. When selling a particular fixed asset,

hotel managers can overestimate the value of assets to generate higher profits from the sale of a fixed asset, and thus show better performance of the company. The benefit of the hotel, in this case, will relate to a better financial position, which is set on a false basis. On the other hand, if the hotel intends to reduce its tax base, it will, together with the evaluator, conclude the contract, reducing the value of the asset, and consequently the incomes from the sale of assets in order to avoid payment of taxes. In this situation, there may be another form of fraud, where the contracting between the hotel and the appraiser determines the underestimated value of the asset for reporting purposes, and the remaining difference between the real value of the asset and the subtraction of value is shared between the assessor and the authorized hotel manager.

The practice so far has pointed to the existence of numerous and varied ways of committing fraudulent activities in the hotel business, which certainly have a negative impact on the quality of the financial information presented in the financial statements and thus on the amount of the taxable base and the quality of the services provided to customers. Below, some of them are presented:

- Individuals are engaged in hotel/catering business even though they are not registered for this. Goods are purchased on a black market for cash, after which they are sold at catering establishments at much higher prices than purchasing, while providing catering services for cash, without showing them in the financial statements and without paying the corresponding taxes to the state.
- In order to reduce the amount of the tax base, some hotels/restaurants, show in the bookkeeping documents that the goods were purchased/bought at much lower prices than the selling price, mainly at a price which is only 1-5% lower than the selling price. In this way, they minimize their taxable income.
- Some people who are engaged in the sale of food and beverages sell food and beverages from the kitchen or bar without registering their sales to the appropriate sales account and using them for their own needs or selling to the guest of the hotel/restaurant taking the received money from the user without giving a sales account and recording the sale.
- Some hotels/catering facilities can be fraudulent in three directions with one sale: quantity, quality and price of sold goods/services to hotel/restaurant guests. This form of fraud is one of the most massive. The essence is that the goods are sold above the price determined by the management. Particularly favorable for it is the market demand for these hotels, restaurants (for example, due to a good location, etc.), as well as the negligence of guests regarding quantity, quality and price. Workers save on the amount of beverage they pour, and in that way, they still have enough quantity for additional drinks that they will sell without registration; procure drinks on their own and sell it without any records; dilute drinks and take money from extra sales, charge high-quality goods (beverages) and deliver low-quality goods (for example, they replace a good quality wine with a lower quality one, and charge it as a better quality wine. They retain the difference in price to themselves.
- Some employees at the reception delete from the guest book the guest who came late and left early and made a payment and take his money; constitute false charges/payments that were allegedly immediate or that they could not "wait".
- Issuing invoices to the guests of the hotel without the number of the same.

The users of the financial statements are concerned about the correctness and truthfulness of the financial statements. When the financial statement contains counterfeit amounts, so that the elements do not reflect the true picture, then we are

talking about fraud. Such financial statements do not help business decision makers, but instead, by presenting incorrect data, they mislead decisions that result in the inefficient allocation and use of resources. Managerial fraud can be defined as "deliberate fraud by the management of the company, thereby distorting the interests of investors and creditors through misrepresented financial statements". Management by making false financial statements use strategies to show more or less profit in relation to the achieved one, in order to gain a certain benefit, at the expense of the interests of certain stakeholders. Like company management, auditors may have a personal interest in achieving personal material benefits due to the non-disclosure of fraud in the financial statements.

#### **4. The role of forensic accountants in detecting fraudulent actions**

The decision on engaging forensic accountants can be made by the management of the company, the owner but also the other users of the financial statements, if they need an objective, independent and expert assessment of whether there are criminal acts in the company and, therefore, whether the data in the financial statements are true, relevant and reliable. Engagement of forensic accountants aims at:

1. Detecting areas of possible irregularities, or narrowing the error field;
2. Detecting specific irregularities;
3. Assessment of the level of risk of identified irregularities (deliberate or unintentional, high or low level of irregularities, etc.);
4. Presentation of evidence (for court proceedings).

“Forensic accountants with the knowledge they possess in the fields of accounting, auditing, management and research skills, have the ability to clearly understand (ir) regularities and (un)fairness that occur within a company”(Koletnik & Kolar, 2008). In criminal activities in organizations, the goal is to determine whether the criminal act has already happened or happens and determine who its perpetrator is. In support of disputes, the client is the one who determines the goal.

During the investigation, forensic accountants are not limited to the internal area (employees and managers), but also take into account the external area, or the possibility of criminal actions by business partners (customers, suppliers, banks and/or other partners). Like every serious job, an investigation conducted by forensic accountants requires a certain kind of preparation. Namely, before starting the investigation, the investigators must master the rules of financial accounting; to study in detail the International Financial Reporting Standards; master the skills of analyzing financial reports; examine the accounting techniques that most often appear in the formulation of financial statements; master the rules, techniques, and skills of analyzing criminal actions.

The procedure for performing forensic accountant tasks takes place in the following steps (Muminović, 2011):

1. The start of the investigation (engagement of a forensic accountant, defining the objectives of the investigation);
2. Theoretical analysis of criminal acts;
3. Forming a plan of evidence collection;
4. Collection of evidence;
5. Analysis of the collected evidence;
6. Producing a report on the findings of the forensic accountant.

The first step in the investigation of a criminal act is the initiation of an investigation. If we are talking about criminal activities in the organization, then this usually starts with a warning or accidental discovery of a criminal act. Reasonable doubt is necessary in order to investigate criminal activities. The reasonable doubt is a set of circumstances that, in a prudent and reasonable manner, indicate a professionally trained individual to believe that a criminal act has already happened, is happening or will happen. However, in support of disputes, the suspicion is made by the legal representative.

In a situation where the criminal act is not known or the existence of limited information about this criminal act, the next step would be the theoretical approach to the criminal act. Based on this approach, a forensic accountant using "brainstorming"<sup>1</sup> suggests a more likely criminal scheme and the possible way in which such a criminal scheme could be committed in a damaged organization. It is clear that the forensic accountant must know the methods of criminal actions and warning signs for each of these criminal schemes. Theoretical knowledge then serves as the basis for the elaboration of an investigation plan, i.e. the plan of a collection of evidence. Using this theory, a forensic accountant develops a plan for collecting sufficient and relevant evidence. This is a step in which a crime auditor comes to a special expression. Under this step, an examination of accounting records, transactions, documents and data is carried out in order to obtain sufficient evidence to confirm or challenge the previously identified criminal act ([Singleton & Singleton, 2010](#)).

After collecting accounting evidence forensic accountants are trying to collect evidence from eyewitnesses through interviews. This process is based on people who are the furthest from the criminal act (they are not involved in such actions, but can possess certain knowledge) to narrowing down of the circle of people who were in the immediate vicinity of the criminal act (first-hand knowledge) until the last step, which is to conduct interviews with suspects.

It is important to note that the last step in the investigation process is to approach the suspect. This can happen with intent or by accident. An intentional approach is easy to avoid but random access requires additional efforts. When an investigator encounters an anomaly (a document, an accounting transaction, or other evidence of something that should not be there or as a warning sign that relates to criminal actions or a violation of internal controls) before accessing a particular person for the purpose of obtaining an explanation, the investigator should first determine whether the cause of such anomaly is a possible criminal act or not. The reason for this prudence is the case when unconsciously we have the proof in our hands and when we turn to the side responsible for the criminal act and ask that person to give explanations in the disclosure of the discovered anomaly. At this point, the research is, at best, significantly hampered and, in the worst case, already compromised ([Singleton & Singleton, 2010](#)).

Upon completion of the investigation, a forensic accountant expounds his findings in a report whose form and content depend on the purposes it has been compiled for. As the results of an investigation, a report may be drawn up for the contracting authority under the name of an investigation report or a report for the purposes of judicial proceedings when designated as an expert report. Regardless of the form of a report, the forensic accountant must be objective and professional when compiling it. This means that, regardless of whether the case will come to court, the work of a forensic accountant has to be effectively demonstrated. The report purpose is to present the investigation results in a way that would allow the users of the report to make the correct decision. The information contained in the report must be accurate, clear, impartial, relevant and timely.

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<sup>1</sup> Webster's (Merriam-Webster) dictionary defines brainstorming as a "group-solving technique that involves spontaneously getting ideas by all members of the group in order to solve the problem," but also as "designing ideas by one or more individuals with the aim of solving a particular problem."

The report must contain information to assist the investigation of the competent state authorities, to be sustainable in court, but not explicitly to accuse an individual of a group of employees. For this reason, forensic accountants have to be very careful in forming the reports, especially regarding the manner of expression in connection with the investigation. Therefore, after performing these steps, there are two possibilities. One is that the perpetrator of a criminal act has been identified and that there is sufficient evidence to substantiate the underlying suspicion of his criminal responsibility, whereas the other is just the opposite. If the perpetrator is not known, further research needs to be carried out. Otherwise, the evidence collected during the investigation may include witness statements, collected documentation, means of executing a criminal act, assets as a result of the criminal act committed and, possibly, recognition of the perpetrator. Experienced investigators know what evidence is essential and necessary to prove certain crimes and how to obtain such evidence. An interview with the suspect or the taking of a statement is done only after all relevant data has been identified, collected, assessed and explained.

## 5. The tools used by a forensic accountant

In the phases of carrying out the task, a forensic accountant applies different analytical procedures or techniques to identify areas of criminal activity. In their work, among other things, the financial accountant uses analytical techniques for analyzing the relationship between items in the financial statements, or analysis of business transactions. From the procedures in modern accounting and financial practice, investigators use the following analytical procedures:

- horizontal analysis;
- vertical analysis;
- ratio analysis;
- mathematical methods and models.

These are the techniques that break down the problem to the detail in the context of forming a comparison of certain interconnected segments of the business, and these relationships eventually, possibly, imply the possibility of a criminal act. They represent a useful tool in determining whether individual accounts balances, balance positions, have a greater chance of being the subject of criminal actions ([AICPA-CPA Letter Supplements](#)).

Due to the fact that in the bookkeeping, every recorded business event is reflected in two or more accounts of financial statements, it is reasonable to expect that there are firm correlations between the data that are contained and disclosed in those reports (for example, accounts receivable by nature of things always have a correlation with sales revenue accounts). It is precisely on these premises that an analysis of the financial statements is based, which essentially represents an analysis of significant indicators and trends, including test results, fluctuations and relationships that are not consistent with other important information or deviating from pre-set sizes ([Andrić et al., 2008](#)). Based on the stated guidelines, it can be clearly concluded that the basic characteristic of analytical procedures is that they bring their results and conclusions based on the comparison of certain data from which in practice the most commonly used are the following ([Golden et al., 2006](#)):

- Comparison of the company's current data in relation to data from previous periods;
- Comparison of the data of the company with regard to the data expressed in the budgets, forecasts or projections;
- Comparisons of data from companies in relation to business branch data and/or comparable data from other market participants;

- Comparison of the financial data of the company in relation to its non-financial (operating) data;
- Comparison of the data of the company in relation to the previously determined and expected data.

As with any other analysis of financial statements, the horizontal and vertical analysis does not in any way incriminate anyone or proves the existence of criminal activities, but only represents an indication of the possibility of having financial irregularities in one or more areas of business. It is necessary to point out several mathematical methods and models that can be used to support the analysis of financial statements aimed at detecting illegal financial procedures, as well as predicting bankruptcy that may result from financial fraud. Among the most commonly used are Altman's Z, Benford's law and Beneish M-score.

Also, one of the ways of detecting criminal actions in financial statements is the use of appropriate computer software, which is able to track and record certain discrepancies in bookkeeping, employee procedures, using inadequate documentation, and the like. The unusual activities are recorded and reported by the software to the competent controllers. Analyzing data in the accounting system, the software can spot certain signals of possible fraud, among which the most important are: similar names of buyers or suppliers, whereby the fraudster attempts to "push through" false invoices using non-existent customers or suppliers; similar customer or supplier information; the same address of the buyer or supplier and the address of any of the employees; payment to the buyer or supplier made to a current account or address that does not correspond to their basic data, payment in identical or similar amounts, frequency of repayment of payments made to customers or suppliers by the employees.

## **6. Conclusion**

Detecting fraudulent acts, for its own sake, aims at protecting the interests of all interest groups in a company. Fraudulent actions, like all other illegal activities, must be legally sanctioned, and the perpetrators adequately punished. Most professional fraudulent actions show certain behaviors that may be warning signs of their crimes. Management, employees, auditors and others should be trained in identifying warning signs, which in combination with other factors could indicate a fraudulent act. Detection and evaluation of fraudulent actions require the role of financial accountants, who must be trained to combine various methods and techniques, discover and report on time to the competent authority on fraudulent activities in a company. The detected fraudulent act does not always have to lead to the perpetrator of a criminal act. Namely, if the perpetrator is not known, further investigation is needed in order to reach the perpetrator and sanction him or her. Acquiring the unlawful benefits of certain entities in an enterprise is not ethical and moral, and on the other hand, it is almost in all cases reduced to the violation of the interests of certain stakeholders. Modern forensic accounting requires, in addition to traditional financial analysis, the application of certain information and communication technologies in detecting fraudulent activities. In today's environment, the detection of fraudulent activities should become a continuous process, in order to recognize a certain violation of regulations in time, and thus achieving great savings in company costs, which can consequently lead to the bankruptcy of the company.

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Announcement

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## **TOURISM IN FUNCTION OF DEVELOPMENT OF THE REPUBLIC OF SERBIA - Tourism as a Generator of Employment**

Conclusions of the 4<sup>th</sup> International Scientific Conference held at the Faculty of Hotel Management and Tourism in Vrnjačka Banja, May 30<sup>th</sup> – June 1<sup>st</sup>, 2019

**Andrej Mićović<sup>1\*</sup>**

<sup>1</sup> University of Kragujevac, Faculty of Hotel Management and Tourism in Vrnjačka Banja, Serbia

For the fourth consecutive year, the International Scientific Conference TOURISM IN FUNCTION OF DEVELOPMENT OF THE REPUBLIC OF SERBIA took place in Vrnjačka Banja. The Conference was held from May 30<sup>th</sup> to June 1<sup>st</sup>, 2019. The special theme of the Conference *Tourism as a Generator of Employment* was carefully selected, like in previous years, focusing on the impact of tourism on the creation of new jobs. The Conference was organized by the Faculty of Hotel Management and Tourism in Vrnjačka Banja in co-organization with numerous domestic and foreign institutions, with the support by the Ministry of Education, Science and Technological Development of the Republic of Serbia. The relevance of the topic brought together a large number of domestic and foreign participants (156 authors/co-authors of 85 scientific papers) coming from India, Portugal, Russia, Tanzania, Puerto Rico, Lebanon, Romania, Bulgaria, North Macedonia, Bosnia and Herzegovina, Montenegro, Croatia, Slovakia and Serbia.

The Conference participants were greeted by the Dean of the Faculty, Prof. Drago Cvijanović. Keynote speakers at the event were distinguished Prof. Boris Frumkin (Head of the Agri-Food Complex Research Sector at the Institute of Economics, Russian Academy of Sciences / Head of Group at Primakov National Research Institute of World Economy and International Relations, Russian Academy of Sciences, Moscow) and Prof. Nancy Duxbury (Senior Researcher and Co-coordinator of the Cities, Cultures and Architecture Research Group at the Centre for Social Studies, University of Coimbra, Portugal). Furthermore, the Conference was also greatly honored by hosting the representatives of the Ministry of Education, Science and Technological Development of the Republic of Serbia, Prof. Marija Kuzmanović (Assistant Minister for International Cooperation and European Integration) and Ms. Spomenka Simonić, (Assistant Minister for Student Standard and Investments) as well as the representative of the Ministry of Trade, Tourism and Telecommunications of the Republic of Serbia, Mrs. Vera Božić-Trefalt, (Assistant Minister for Tourist Inspection), Ambassador of India to Serbia, H.E. Mr. Subrata Bhattacharjee, President of the Municipality of Vrnjačka Banja, Mr. Boban Đurović and Rector of the University of Kragujevac, Prof. Nenad Filipović.

With the aim to establish a stronger cooperation with other institutions of higher education, Dean of the Faculty of Hotel Management and Tourism in Vrnjačka Banja, Prof. Drago Cvijanović, signed agreements with Prof. Natalia Dmitrievna Alekseeva, Head of Department of Hospitality and Cross-Cultural Communications, Volga Region State

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\* [andrej.micovic@kg.ac.rs](mailto:andrej.micovic@kg.ac.rs)

University of Service, Russian Federation and Prof. Andrei Vasile Jean, Director of The Research Network on Resources Economics and Bioeconomy Association (RebResNet), Romania.

In addition, at this occasion two other Agreements on Cooperation were signed between the Research Network on Resources Economics and Bioeconomy Association (RebResNet), Romania, represented by Prof. Andrei Vasile Jean and the Balkan Scientific Association of Agricultural Economists, Belgrade, Serbia and the Development Academy of Agriculture of Serbia, Belgrade, Serbia, represented by their presidents, Prof. Goran Maksimović and Prof. Drago Cvijanović, respectively.

The main focus of the Conference was in line with the issues and challenges related to the role and importance of tourism in generating new jobs, reducing the unemployment and increasing the living standard of the population of the Republic of Serbia and other countries. The presentation of the Conference participants' contributions was streamed in three sections. The first section addressed issues related to development of sustainable mining tourism, the indirect impact of tourism on the environment, contribution of ecotourism to sustainable development, socio-economic contribution of homestays, digital competences in the function of reducing unemployment, the impact of e-commerce on organizational performance of the travel agencies, relations between mountain tourism, demographic structure and employment, hotel architecture and ambience as an answer to the contemporary challenges of tourism. The second section focused on topics concerning policies and strategies aimed at increasing tourism competitiveness, agro-tourism, sustainable tourism development, cycle tourism, prospects for job creation and resource efficiency in rural areas. The third section, organized in cooperation with The Research Network on Resources Economics and Bioeconomy Association (RebResNet), was dedicated to the presentation of papers and promotion of young researchers under 35 years of age. Since all the papers presented within this session were highly competitive, RebResNet Young Researcher's Best Paper Award Commission decided to award the between authors of two papers. The first paper entitled *Homestay and Women Empowerment: A Case Study of Women Managed Tourism Product in Kasar Devi, Uttarakhand, India*, is authored by Binita Chakraborty. The second paper entitled *Perceptions and Attitudes of Students Regarding the Working Conditions in the Tourism Industry* is co-authored by Danijela Durkalić and Nataša Đorđević.

The remaining papers were presented in the form of poster presentations at the Hall of the Faculty where all the participants had not only the opportunity to direct questions to the authors of the respective papers, but also to see the Faculty publications comprised of 19 textbooks and 9 monographies, as well as the volumes of TISC Conference proceedings and the journal of Hotel and Tourism Management. Both Conference Proceedings and Journal of Hotel and Tourism Management are accessible online.<sup>1</sup> The Faculty publications are complemented with the two volumes of the Thematic Proceedings from this year's Conference (ISBN 978-86-89949-37-7, ISBN 978-86-89949-38-4, ISBN 978-86-89949-39-1) comprising a total of 85 scientific papers available to the wider scientific community.

As a result of valuable contributions of the authors in the form of scientific research, fruitful discussion and practical experience, the following Conference conclusions can be pointed out:

- Tourism and hospitality sector today depends mainly on the ability of service providers to create and deliver unique experiences each and every time. The destination leadership

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<sup>1</sup> For the further information please visit: <http://www.hit-vb.kg.ac.rs/conference/> and <http://www.hit-vb.kg.ac.rs/htmanagement/index.php/HITM>

should, therefore, build capacity in terms of creative endeavours. Destinations need an unabated supply of creative human power.

- Agritourism (or rural tourism) is becoming one of the most promising areas - almost the only type of tourism directly interconnected with the industrial and spatial development of a large sector of the economy - agriculture. Moreover, agritourism is primarily a way of supporting agricultural producers and solving social problems of the rural territories, and only secondly - a form of development of domestic and inbound tourism.
- Creative tourism, at its core, involves active learning experiences enabling creative self-expression and skill development. An essential feature in this process is the firm link of creativity to place and its embeddedness in the local milieu, enabling visitors to immerse themselves within the local culture, meaningfully interact, and actively create with local trainers/guides and other local residents.
- The long-term definition and establishment of a clear conceptual framework of the labour force demand is a great challenge that all countries are facing. Consequently, it is extremely important to deal strategically with the issues of education, establishment of educational programs in tourism that are adapted to real market needs, the issues of minimizing "grey" economy and informal work, seasonal employment issues, as well as establishment of a measurement system of direct and indirect tourism employment as well as monitoring of all other indicators that are important for the labour market in tourism industry.
- The tertiary sector occupies a dominant position in the number of employed in the Republic of Serbia. The number of employed in the tertiary sector has been continuously growing for years, as opposed to oscillatory movements in the number of employed in the primary and secondary sectors.
- Even though the implementation of tourism growth model in the Republic of Serbia by 2025, defined by the Tourism Development Strategy, can achieve exceptional economic effects on the entire national economy, especially in the field of employment, the question arises whether Serbia will have enough trained and skilled labour force who will be able to follow the projected growth of tourism.
- Accommodation and food service sector in Serbia employs the largest number of employees.
- Tourist activity, as well as its complementary activities, in synergy with cultural tourism, directly affects the economic growth and increase of the employment of each country, especially at the local level.
- The development of local economy through agro-tourism is possible through entrepreneurial activities in the form of micro, small and family organizations, as well as through additional activities.
- Tourism is such a business activity where employees are those who make the difference, who "mark" and differentiate tourist service from the competition.
- The high level of employee satisfaction has an impact on the quality of hotel services and thus on customer satisfaction, which confirms the indirect influence of the employer brand on these two variables. The social and development values of the employer brand have the strongest impact on employee satisfaction.
- One out of many factors affecting the unemployment rate in one country is the level of digital competences of its citizens. With the purpose of raising the level of these competences, significant efforts should be made by individuals, organizations, and the whole country.
- Tourism can accelerate the employment of vulnerable groups such as women, youth, long-term unemployed, ethnic minorities, and the like. Serbia needs to continue to create more favorable business opportunities for the employment of the most vulnerable categories, especially young people and women.

- The highest level of guests' satisfaction is present exactly because of the hotel staff (in Serbia), and that the staff is one of the factors that most respondents from abroad are most satisfied with.
- The specificity of innovations in tourism in relation to the production sector is less reliance on research development departments and intellectual property protection, while the key competences are related to employee competencies, investment in modern infrastructure, especially information and communication technologies, creation and implementation of superior business processes and external cooperation.
- Sustainability concept as such would contribute to the Republic of Serbia, as more jobs would be created, and with the help of enriched offer, tourism seasonality would be reduced.
- Contemporary technologies greatly support the implementation of the concept of sustainability in tourism. They influence the reduction of costs, but also time savings for all stakeholders in tourism.
- The application of e-commerce in travel agencies is still new and at an initial stage, and the importance of electronic commerce is not realized yet. The most common usage of e-commerce amongst the tour operators is for accepting the payments through debit/credit card followed by social media and mobile marketing for their services.
- In protecting tourist destinations and the environment from various forms of endangerment, one of the safest and most important tasks is adequate legal regulations governing this matter, fully harmonized with international legal standards.

Overall, exchange of comparative experiences and good practice between the Conference participants led to the general conclusion that Serbia has a potential for increasing tourism activities that will generate a greater number of jobs in either tourism or in related industries. However, the greatest challenge (for Serbia and less developed countries) would be to keep trained and skilled labour force who will be able to follow the projected growth of tourism.

## **A model for preparing manuscripts for submission to the journal Hotel and Tourism Management**

### **Title of the paper in English**

**Name Surname<sup>1\*</sup>, Name Surname<sup>2</sup>, Name Surname<sup>3</sup>**

<sup>1</sup> Institution

<sup>2</sup> Institution

<sup>3</sup> Institution

**Abstract:** This document presents a model for preparing the camera-ready manuscripts to be submitted for publishing in the Journal of Hotel and Tourism Management. The abstract briefly summarizes the article, at the same time enabling a reader to assess its relevance. The author(s) should elaborate the goal(s) of their research or state the reason(s) for writing the paper. They are additionally required to describe the methods used during the research and give a brief description of the results and conclusions of the research. The abstract should be between 150 and 200 words long.

**Keywords:** 3-5 keywords

**JEL classification:** 10 pt ([http://www.aeaweb.org/jel/jel\\_class\\_system.php](http://www.aeaweb.org/jel/jel_class_system.php))

## **Naslov rada na srpskom jeziku**

**Sažetak:** Ovaj dokument predstavlja obrazac za formatiranje radova tako da izgledaju kao da su već spremni za štampu. Sažetak predstavlja kratak informativni prikaz sadržaja članka koji čitaocu treba da omogući brzu i tačnu ocenu njegove relevantnosti. Autori treba da obrazlože ciljeve istraživanja ili navedu razlog (razloge) iz kojih pišu članak. Zatim, potrebno je da opišu metode korišćene u istraživanju i ukratko opišu rezultate do kojih su došli u istraživanju. Sažetak treba da sadrži od 150 do 200 reči.

**Ključne reči:** 3-5 ključnih reči

**JEL klasifikacija:** 10 pt ([http://www.aeaweb.org/jel/jel\\_class\\_system.php](http://www.aeaweb.org/jel/jel_class_system.php))

## **1. Introduction**

Papers should be written **in English** using Microsoft Word for Windows. The minimum number of pages is **6** full pages, whereas the maximum number should not be higher than **10** full pages including the text, figures, tables, references list and appendices. The page should be formatted as **B5 (JIS)**. Allow **20mm** for the bottom and top margins and **25mm** for the left and right margins on a page. The line spacing within a paragraph is single whereas the spacing between two paragraphs is **6pt**. The text should be written using **Times New Roman** font. The maximum number of authors per paper is three.

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\* e-mail address of the correspondent author

\*\* For papers that are a part of a project or a programme, the title and number of the project, i.e. programme, and the name of the institution supporting the project.

\*\*\* If the paper was previously presented at a scientific gathering (with the same or similar title), please, specify.

## 2. Background

The title page should contain the Title of Paper in English (16pt). Names of authors, institutional affiliation, addresses and e-mail addresses should be typed as shown at the previous page. After the address of the last author, leave an empty row followed by a short abstract (10pt). Keywords should follow the abstract. Below the keywords, the title of paper and the abstract are to be given in Serbian.

For numbered first-level subtitles use a bold font of 12pt whereas a bold font of 10pt is used for second-level subtitles. The text and the references list should be written using the font size 10pt.

## 3. Materials and methods

Materials and Methods section should provide a reader with sufficient details and argue all the necessary aspects in order to allow other researchers to replicate the research and build the published results.

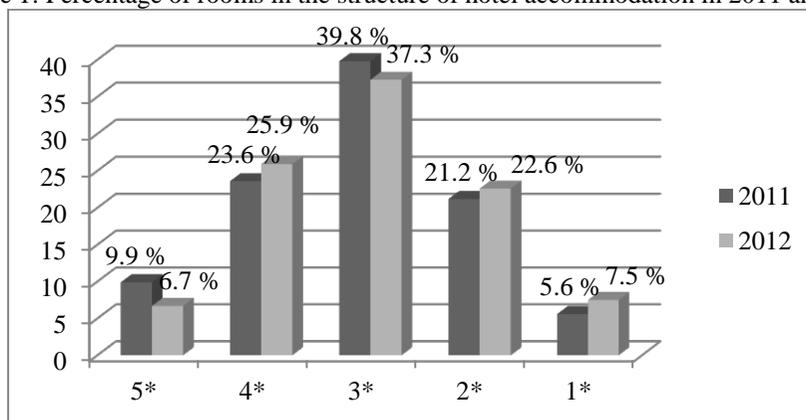
## 4. Results and discussion

The results obtained in the research should be described in this section. The discussion should highlight the main findings.

### Figures, tables and equations

All illustrations whether diagrams, photographs or charts are referred to as Figures. The name and number of figures should be centered on the line above a figure.

Figure 1: Percentage of rooms in the structure of hotel accommodation in 2011 and 2012



Source: Ministarstvo finansija i privrede, 2013

The equations are written using Microsoft Word (MathType); they are consecutively numbered and centered.

$$PV_0 = \frac{FV_n}{(1+i)^n} \quad (1)$$

The name and number of tables should be centered above the table.

Table 1: Percentage of rooms in the structure of hotel accommodation in 2011 and 2012

Category	2011	2012	Number of rooms (2011)	Number of rooms (2012)
5*	9.9	6.7	1,452	990
4*	23.6	25.9	3,486	3,911
3*	39.8	37.3	5,895	5,636
2*	21.2	22.6	3,102	3,420
1*	5.6	7.5	1,133	1,132
Total	100	100	15,068	15,089

Source: Ministarstvo finansija i privrede, 2013

The paper with all tables, figures, etc. should be sent as one data bank. Besides, all figures and tables (grayscale) should be sent as separate files in JPF or TIFF formats with the smallest resolution of 300dpi.

## 5. Conclusion

Conclusion summarizes the results achieved during the research.

## References

The reference list should not contain sources which were not used in the paper. All the sources mentioned in the paper should be hyperlinked to the corresponding sources in the bibliography (e.g.: [Luque-Martinez et al., 2007](#)). Authors should kindly note that all references must be provided in the original language, while the title of the references that have not been published in the English language should be translated and provided after the original title, in square brackets.

When giving references, APA system of referencing should be used. For more information see *Publication Manual of the American Psychological Association* (6th ed.).

**When citing an author in the text**, if the author and the original words are mentioned, the year of publication of the cited text should be given in parentheses after the author's name, whereas the number of the cited page should follow the last sentence of the citation, e.g. according to Čerović (2012), 'the cited text' (pp. 10). When the author is not mentioned in the sentence, his surname, the publishing year and the cited page number should be given in parentheses at the end of a sentence. When paraphrasing or summarizing, the page number is not necessary (Čerović, 2012). Citations of two or more references of the same author published in the same year should be stated in the following way: (Harish, 2008a; Harish, 2008b). If there are two authors of the cited text, surnames of both authors should be given in the following way (Petković & Pindžo, 2012). Citations of references in the text to papers of three or more authors should be stated as follows: (Luque-Martinez et al., 2007). When citing the resource without pagination (e.g. electronic resources), the author's surname and the publishing year should be given. The author being a corporation or an organization, name of the organization/corporation and the publishing year should be provided (Ministarstvo finansija i privrede, 2013).

All **references** should be given at the end of the text in an alphabetical order. There follow the examples of APA style for citing different types of text (a book, a paper published in a journal, a paper published in proceedings, electronic resources, etc.).

### **One-author book**

E.g.: Hrabovski Tomić, E. (2009). *Destinacije zdravstvenog turizma [Medical Tourism Destinations]*. Novi Sad: Prometej.

### **A multiple-author book**

If there are more authors, they are all named. Before the name of the last author ‘&’ is used. When there are more than seven authors, the names of the first six are given and the name of the last author is preceded by ‘...’.

E.g.: Barrows, C. W., & Powers, T. (2009). *Introduction to the Hospitality Industry*. 7th edition. Hoboken, New Jersey: John Wiley&Sons, Inc.

### **A book, translation**

E.g.: Spic, E. H. (2011). *Umetnost i psiha: studija o psihoanalizi i estetici [Art and Psyche: A Study of Psychoanalysis and Aesthetics]*. (A. Nikšić, Transl.). Beograd: Clio.

### **A book with an editor, anthology**

If a book is an anthology, editor is considered to be the author of the book. In such a case, his or her name is followed by (Ed.). If there is more than one editor, then use (Eds.).

E.g.: Đurković, M. (Ed.) (2007). *Srbija 2000-2006: država, društvo, privreda [Serbia 2000-2006: State, Society, Economy]*. Beograd: Institut za evropske studije.

### **A paper published in proceedings**

E.g.: Feret, K. (2011). Serbia and Poland on map of the global air cargo shipment. In V. Babić (Ed.), *Contemporary Issues in Economics, Business and Management - EBM 2010* (pp. 3-16). Kragujevac: Faculty of Economics University of Kragujevac.

### **One-author paper published in a journal**

E.g.: Harish, R. (2008). Brand Architecture and its Application in Strategic Marketing. *The Icfai University Journal of Brand Management*, 7(2), 39-51.

### **Two-author paper published in a journal**

If the cited paper is given a DOI number, it should also be included.

E.g.: Tew, C., & Barbieri, C. (2012). The perceived benefits of agritourism: The provider's perspective. *Tourism Management*, 33(6), 215-224.  
<https://doi.org/10.1016/j.tourman.2011.02.005>

### **A paper with more than two authors published in a journal**

E.g.: Luque-Martinez, T., Castaneda-Garcia, J. A., Frias-Jamilena, D. M., Munoz-Leiva, F., & Rodriguez-Molina, M. A. (2007). Determinants of the Use of the Internet as a Tourist Information Source. *The Service Industries Journal*, 27(7), 881-891.  
<https://doi.org/10.1080/02642060701570586>

### **An article with a known author**

E.g.: Mišić, M. (1. feb. 2012). Ju-es stil smanjio gubitke [US Steel Has Cut Losses]. *Politika*, pp. 11.

### **An article with no author given**

E.g.: Straževica gotova za dva meseca [Straževica Finished In Two Months]. (1. feb. 2012). *Politika*, pp. 10.

### **A thesis**

E.g.: Dewstow, R. A. (2006). *Using the Internet to enhance teaching at the University of Waikato* (Unpublished master's thesis). University of Waikato, Hamilton, New Zealand.

**Documents or data bases taken from the Internet, a private or official Internet page with a known author**

E.g.: Kraizer, S. (2012). *Safe child*. Retrieved October 29, 2012 from <http://www.safechild.org/>

**Documents or data bases taken from the Internet, a private or official Internet page with an unknown author**

E.g.: *Penn State Myths*. (2006). Retrieved December 6, 2011 from <http://www.psu.edu/ur/about/myths.html>

**Documents or data bases taken from the Internet, a private or official Internet page with an organization or corporation as an author**

E.g.: Ministarstvo finansija i privrede. (2013). *Informacije o turističkom prometu u Srbiji* [Information on Tourist Traffic in Serbia]. Retrieved February 6, 2013 from <http://www.turizam.mfp.gov.rs/index.php/sr/2010-02-11-17-24-30>