

Tourism in the Slovak Republic

Petra Ščepánová^{1*}

¹University of Economics in Bratislava, Faculty of National Economy, Slovakia

Abstract: The presented article offers an overview of Slovak tourism and its recent development in terms of visitors, expenditures and value added to the national economy of the Slovak Republic. The goal of the article is to provide a snapshot of the tourism industry based on main indicators of the tourism sector with a short introduction into the touristic potential of Slovakia for its visitors. For this purpose, statistical data mainly of the Slovak Statistics Office is used descriptively. Despite its smaller size, Slovakia is rich with cultural, historical and natural assets, but also with potential for future improvement and development of the tourism services sector, with only a 3% contribution to the value added. Untapped resources in the area of tourism have unused potential for important contributions to the national economy, but especially to the regional and local economy of rural areas in terms of providing employment, securing development and raising living standards.

Keywords: Slovakia, tourism, indicators, development, expenditures

JEL classification: L83

Туризам у Словачкој

Сажетак: Представљени рад даје преглед туризма у Словачкој и његовог скорашњег развоја у погледу посетилаца, расхода и вредности коју је донео националној економији Републике Словачке. Циљ овог чланка је да пружи слику туристичке привреде, на основу главних показатеља сектора туризма, са кратким уводом у туристичке потенцијале Словачке за своје посетиоце. У ту сврху, статистички подаци, углавном Завода за статистику Словачке, описно су употребљени. Упркос својој малој територији, Словачка је богата културним, историјским и природним добрима, али има и потенцијал за будуће унапређење и развој сектора туристичких услуга, са само 3 % доприноса у додатој вредности. Неискоришћени ресурси у области туризма имају недовољно употребљен потенцијал да би могли дати значајан допринос националној привреди, а посебно регионалној и локалној економији руралних подручја, у смислу стварања бољих услова за запошљавање, обезбеђивања развоја и подизања животног стандарда.

Кључне речи: Словачка, туризам, показатељи, развој, расходи

JEL класификација: L83

* petra.scepanova@gmail.com

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1. Introduction

The tourism industry has a difficult position in the framework of the national economy of the Slovak Republic. Despite rich natural and cultural treasures that Slovakia has to offer, the potential of tourism in Slovakia remains mostly understated and its tourist assets underrated. Tourists targeting the central European regions tend to prefer neighbouring countries more and the government approach of Slovakia remains unfocused seemingly without a clear set of priorities.

From a historical perspective, the orientation of the Slovak economy was traditionally on heavy industries and even though the service sector grew rapidly after the transition to a market economy after the fall of communism in 1989, it appears that tourism related services are still facing many structural difficulties. From unsatisfactory support from the national government and a generally inadequate government's and society's view of the role of tourism in the national economy as opposed to heavy industries; to low standards and lacking quality in tourism related services, the tourism sector falls behind other economic activities and fails to improve substantially in competitiveness and attractiveness.

Improving the situation of tourism in Slovakia is therefore vital in order to ensure the adequate use of Slovakia's natural, cultural and historic assets, which can be more beneficial on several different levels. This is especially important when considering the opportunities that a more viable tourism industry can offer for regional development, rural employment, and diversity of economic activities.

2. Natural, Cultural and Historical Potential of Tourism in Slovakia

Though the area of Slovakia is not big in size, it is generously endowed with tourist attractions. Slovakia has 9 national parks, 14 protected landscape areas, almost 4,000 caves out of which 12 are publicly accessible and 12,000 km of marked tourist paths. UNESCO has included 2 following natural sights to The World Heritage List:

- Caves of Aggtelek Karst and Slovak Karst: the variety of formations and the fact that they are concentrated in a restricted area means that the 712 caves currently identified make up a typical temperate-zone karstic system. Because they display an extremely rare combination of tropical and glacial climatic effects, they make it possible to study geological history over tens of millions of years.
- Primeval Beech Forests of the Carpathians and the Ancient Beech Forests of Germany – The Ancient Beech Forests of Germany, represent examples of on-going post-glacial biological and ecological evolution of terrestrial ecosystems and are indispensable to understanding the spread of the beech (*Fagussylvatica*) in the Northern Hemisphere across a variety of environments. The new inscription represents the addition of five forests totaling 4,391 hectares that are added to the 29,278 hectares of Slovakian and Ukrainian beech forests inscribed on the World Heritage List in 2007. The tri-national property is now to be known as the Primeval Beech Forests of the Carpathians and the Ancient Beech Forests of Germany (Slovakia, Ukraine, Germany).

Almost 62 % of the country is covered by mountains and mountainous areas, which makes for a good potential of the development of winter tourism in Slovakia. There are more than 350 ski resorts, 20 of them having good facilities and international status.

About two thirds of the area of Slovakia are of rural nature, offering high potential for the expansion of rural tourism and agrotourism. Of growing attractiveness are the wine routes connecting the phenomena of wine, country beauties, history and gastronomy such as

Malokarpatská, Nitrianska, Podunajská, Tokajská etc. Malokarpatská (the Small Carpathian Wine Route) located on the south-west of Slovakia represented by the cities Pezinok, Modra and Svätý Jur is the area where high-class wine has long history as being the producer of the most favourite wine among royalty and nobility of its time.

Slovakia is rich in history, it has dozens of castles, palaces and 19 city memorial areas. Slovakia has 5 cultural sights inscribed in the World Heritage List:

- Banská Štiavnica is the oldest mining town in Slovakia. Its town seal of 1,275 is the earliest known bearing a mining emblem.
- Vlkolínec, situated in the centre of Slovakia, is a remarkably intact settlement of 45 buildings with the traditional features of a central European village. It is the region's most complete group of these kinds of traditional log houses, often found in mountainous areas.
- Spišský Hrad has one of the largest ensembles of 13th and 14th century military, political and religious buildings in eastern Europe, and its Romanesque and Gothic architecture has remained remarkably intact.

The extended site features the addition of the historic town-centre of Levoča founded in the 13th and 14th centuries within fortifications. Most of the site has been preserved and it includes the 14th century church of St James with its ten altars of the 15th and 16th centuries, a remarkable collection of polychrome works in the Late Gothic style, including an 18.6 metre high altarpiece completed around 1,510 by Master Paul.

- Bardejov is a small but exceptionally complete and well-preserved example of a fortified medieval town, which typifies the urbanisation in this region. Among other remarkable features, it also contains a small Jewish quarter around a fine 18th-century synagogue.
- The Wooden Churches of the Slovak part of Carpathian Mountain Area inscribed on the World Heritage List consist of two Roman Catholic, three Protestant and three Greek Orthodox churches built between the 16th and 18th centuries. The property presents good examples of a rich local tradition of religious architecture, marked by the meeting of Latin and Byzantine cultures.

There are more than 1,200 thermal and mineral springs in Slovakia creating conditions for the year round development of spa and health tourism. There are already 19 natural healing spas built based on the natural healing waters and 6 natural healing spas built based on climatic conditions suitable for healing with total capacity of more than 12,000 beds. The preventive part of spa tourism, so-called health tourism, i.e. prevention of illnesses often in a form of new wellness centres is coming forward relatively rapidly. Combination of mountain ski resorts with newly built aqua parks and climate are becoming much sought for.

3. The potential of tourism in Slovakia and its goals

The potential of tourism in Slovakia is relatively extensive, covering almost all major types and forms of tourism:

- summer tourism and stays by waters,
- spa and health tourism,
- winter tourism and winter sports,
- urban and cultural tourism,
- rural areas tourism and agro-tourism.

Strategic goal of tourism in Slovakia is the increase of the competitive strength of tourism by improved exploitation of its potential with purpose of evening up of regional differences

and creation of new jobs.

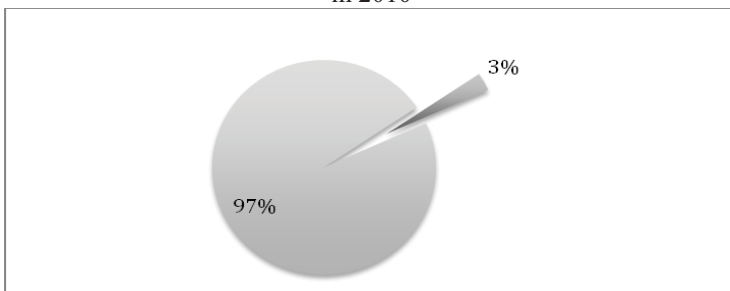
Five specific goals of tourism development in Slovakia may be specified based on the strategic goal and leading forms of tourism:

1. Strengthening of position of tourism industry in the national economy;
2. Increase of attractiveness of Slovakia as holiday destination;
3. Increase of amount of stay tourism;
4. Improvement of structure of foreign visitors of Slovakia by improving of provided services;
5. Support of creation of new jobs mainly in regions with important tourism potential;

4. Tourism in Slovakia – selected indicators

Direct value added in tourism reached 1.59 billion euros in 2010 which made a 2.7 percent contribution to the total direct value added of the economy (Direct gross domestic product (the sum of direct gross value added and net taxes on products of tourism) in tourism was 1.73 billion which represented a 2.6 percent share on gross domestic product of the Slovak economy).

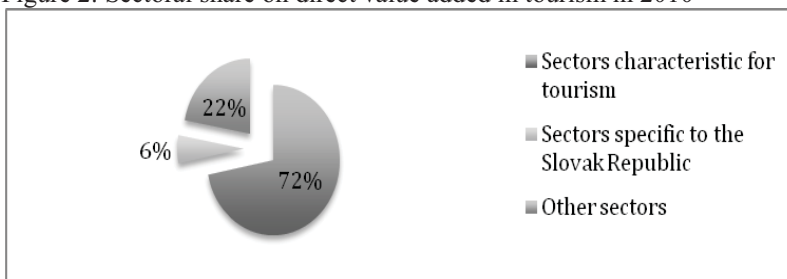
Figure 1: Direct value added in tourism as a percentage of total value added in the economy in 2010



Source: (Slovak Statistics Office, 2013)

71.9 percent of the total direct value added in tourism was accounted for by sectors characteristic for tourism, 6 percent by sectors specific to the Slovak Republic and the rest (22 percent) is accounted for by other sectors.

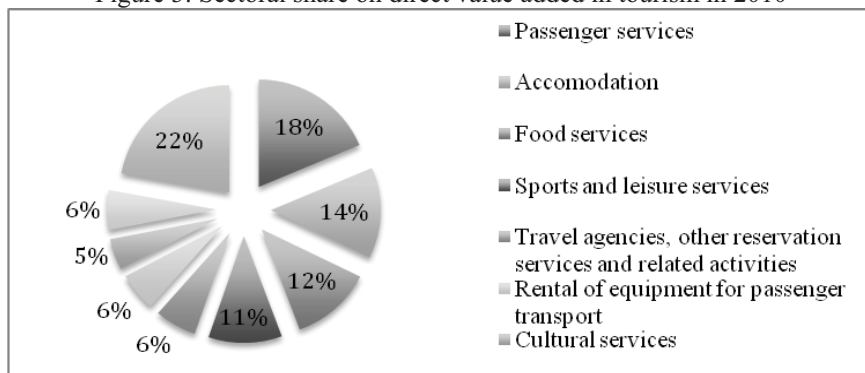
Figure 2: Sectoral share on direct value added in tourism in 2010



Source: (Slovak Statistics Office, 2013)

Within the sectors characteristic for tourism the biggest share of the direct value added (18.6 percent) was contributed by the segment of passenger services followed by accommodation (13.7 percent), food services (12.1 percent), sports and leisure services (10.9 percent), travel agencies, other reservation services and related activities (6.2 percent), rental of equipment for passenger transport (5.8 percent) and cultural services (4.7 percent).

Figure 3: Sectoral share on direct value added in tourism in 2010

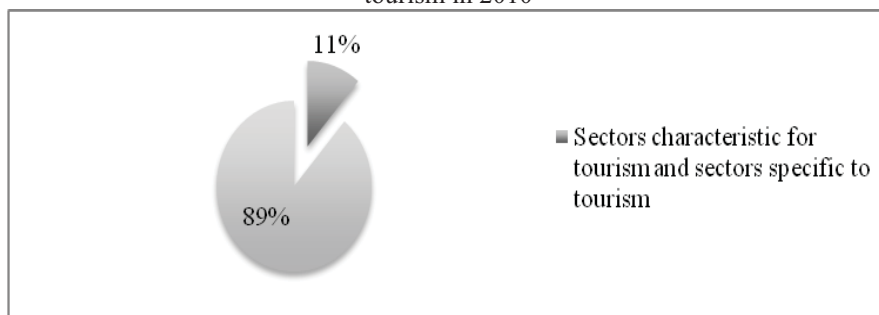


Source: (Slovak Statistics Office, 2013)

The value added of segments of the tourism sector includes the value added for all its activities, regardless of whether they are part of the tourism sector and whether they directly serve visitors.

Sectors characteristic for tourism together with sectors specific to tourism in the Slovak Republic reached the value added of 6.7 billion euros in the year 2010 which represented 11.2 percent of the total value added of the Slovak economy.

Figure 4: Value added of sectors characteristic for tourism together with sectors specific to tourism in 2010



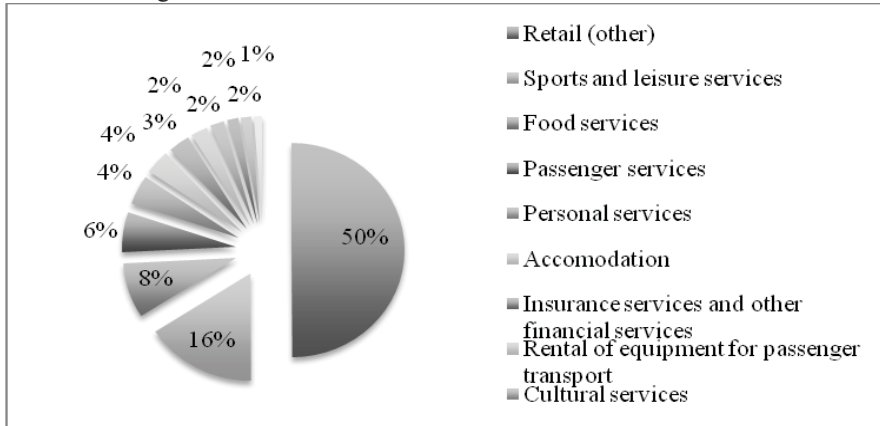
Source: (Slovak Statistics Office, 2013)

Sectors characteristic for tourism created a value added of 2.7 billion euros which constitutes 40 percent of total value added of the sectors of tourism. Sectors specific to tourism in the Slovak Republic contributed to the overall value added the sum of 4 billion euros, which represents 60 percent of the total value added of the sectors of tourism.

Retail contributed the biggest share to value added in tourism in 2010 with 1.6 percent in retail offuels and 49.9 percent in other retail. In sectors characteristic for tourism, the

greatest value added was created by sports and leisure services (16 percent), food services (8.3 percent), passenger services (6 percent), personal services (4.4 percent), accommodation (3.6 percent), insurance services and other financial services (3.1 percent), rental of equipment for passenger transport (2.4 percent) and cultural services (2 percent).

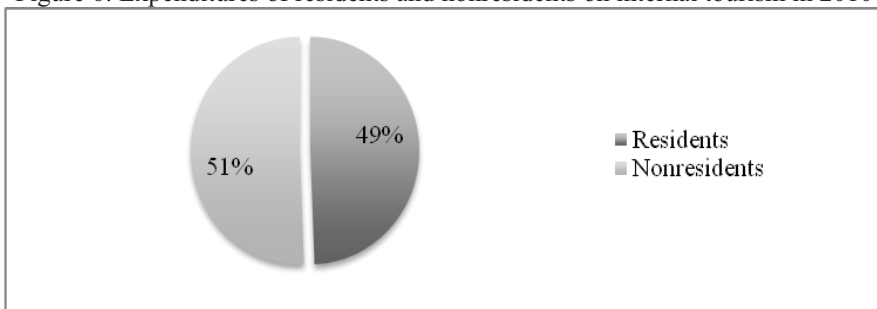
Figure 5: Sectoral share on value added in tourism in 2010



Source: (Slovak Statistics Office, 2013)

Visitors spent nearly 4.37 billion euros in 2010 within domestic (36.6 percent), inbound (37.5 percent) and outbound (25.9 percent) tourism in Slovakia. Residents of the Slovak Republic spent 1.6 billion euros which represents 49.4 percent of expenditures on internal tourism. Nonresidents who spent their leisure, recreation or business trip for less than one year in Slovakia, spent 1.64 billion euros and contributed by 50.6 percent on expenditures in internal tourism.

Figure 6: Expenditures of residents and nonresidents on internal tourism in 2010



Source: (Slovak Statistics Office, 2013)

In outbound tourism, residents of the Slovak Republic traveling abroad for the purpose of leisure, recreation, or business purposes for a period not exceeding one year spent 1.13 billion euros.

Table 1: Balance of payments - Travel

	2011	2012	INDEX 2011/2012
International Tourism Receipts (mil. EUR)	1,744.7	1,789.0	102.5
International Tourism Expenditures (mil. EUR)	1,566.8	1,666.3	106.4
Balance of International Tourism (mil. EUR)	177.9	122.6	68.9
Share of Inbound Tourism on GDP (%)	2.5	2.5	100.0
Share of Inbound Tourism on Export of Services (%)	36.7	32.1	87.5
Share of Inbound Tourism on Export of Goods (%)	3.1	2.9	93.5
Share of Inbound Tourism on Export (Goods&Services) (%)	2.8	2.6	92.9

Source: (Slovak Statistics Office, 2013)

In the year 2012, Slovakia reached a positive balance of international tourism of 122.6 million euros. Even though international tourism receipts have been higher than the previous year, increasing from 1,744.7 to 1,789.0 euros, international tourism expenditures have been rising by a higher pace, from 1,566.8 to 1,666.3 euros. Share of inbound tourism on GDP makes only 2.5 percent, but its share on the export of services has been relatively high in 2012, reaching 32.1 percent. The share of inbound tourism on export of goods is negligible, making 2.9 percent.

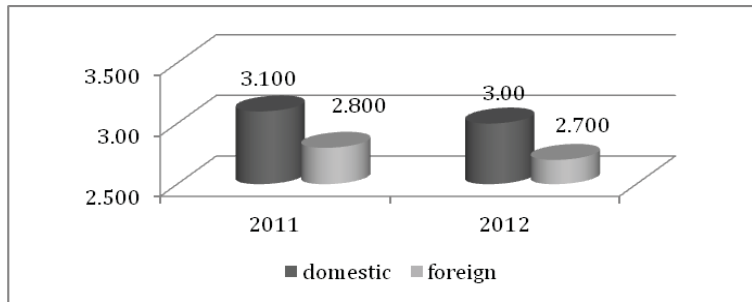
Table 2: Visitors in Tourism Accommodation Establishments

	2011	2012	INDEX 2011/2012
Total number of tourists (accommodated visitors)	3,571,093	3,774,062	105.7
of which: foreign	1,460,361	1,527,500	104.6
domestic	2,110,732	2,246,562	106.4
Total number of nights	10,524,738	10,908,200	103.6
of which: foreign	4,038,635	4,101,201	101.5
domestic	6,486,103	6,806,999	104.9
Average length of stay (nights)	2.9	2.9	100.0
of which: foreign	2.8	2.7	96.4
domestic	3.1	3.0	96.8

Source: (Slovak Statistics Office, 2013)

The number of foreign tourists to the Slovak Republic has been increasing, reaching 1,527,500 in 2012, but domestic tourists still create the vast part of the total number of visitors making 2,246,562 in 2012. The total number of nights spent by the tourists has been increasing as well, unfortunately the average length of stay has decreased both for the domestic, from 3.1 to 3.0 as well as the foreign tourists, from 2.8 to 2.7.

Figure 7: Average Number of Nights Spent by Visitors in Tourism Accommodation Establishments



Source: (Slovak Statistics Office, 2013)

Table 3: Top 10 countries by visitors in 2012

Country	Number of visitors	Share of visitors (%)
Czech Republic	491,136	32.2
Poland	163,754	10.7
Germany	135,897	8.9
Austria	65,621	4.3
Hungary	59,885	3.9
Italy	50,377	3.3
United Kingdom	46,641	3.1
Russian Federation	40,817	2.7
Ukraine	39,458	2.6
France	35,347	2.3

Source: (Slovak Statistics Office, 2013)

Neighbouring countries make the vast contribution to the total number of visitors, the main three countries Czech Republic, Poland and Germany creating more than a half of all visitors. The visitors from the Czech Republic alone make nearly one third of all visitors reaching the total amount of 491,136 visitors in 2012.

5. Conclusion

A developed tourism sector can be beneficial on many different levels for the local and regional communities and in case of the Slovak Republic, there appears to be vastly unused potential for improvement and substantial tourism related benefits that can be made use of. With only 3 percent of value added of tourism to the value added in the national economy of Slovakia, tourism is right now far from a relevant source of economic development.

An improvement in the situation of tourism in the national economy of Slovakia is especially important due to the multilayered benefits tourism can offer to the regional and local development, employment and living standards. Even though the number of tourists from abroad is increasing, they tend to stay less than 3 days in average and domestic tourists still make a substantial portion of consumers in the tourism industry with an almost even portion. Increased attractiveness for foreign tourist and promotion of prolonged stay should

therefore be high priorities for future development in this sector on a policy level, as well as on a practical level.

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