Mayors for Economic Growth

Market Research of the **TOURISM SECTOR** of economy in the Eastern Partnership countries

November 2019

Table of content

List of Abbreviations

EaP	Eastern European Partnership
CEE	Central and Eastern Europe
SEE	South-Eastern Europe
TUI	Touristic Union International, Tour operator
DMO	Destination Management Organisation
WTTC	World Travel and Tourism Council
UNWTO	United Nations World Tourism Organisation

Executive Summary

The present study **aims at** supporting tourism-oriented municipalities in the Eastern Partnership countries to successfully build and develop local tourism industries. Next to putting in place attractive tourism products and to organising tourism value chains, destination managers and tourism entrepreneurs need to have a thorough understanding of promoting and selling their destinations. It is imperative to know source markets, market segments and profiles of potential customer groups in order to conceive and implement marketing strategies and marketing plans.

Tourism destinations operate in a highly competitive environment which allows the travelling public to choose from multiple places and products. This report gives an overview of relevant facts and trends in modern tourism marketing with particular focus on Eastern European Partnership countries.

The first chapters of the report analyse tourism development in the region over recent years on the level of countries for which sufficient statistical data is available. The countries differ, sometimes significantly, in their past and present tourism development, as well as in the geographic, social and economic context. Although some countries can look back on a long tourism history, the late entry into *international* tourism markets is common and challenging to all. Since national governments have established Destination Management Organisations and Tourism Marketing Agencies, country tourism websites offer a fine overview of attractions and infrastructure. The assessment of tourism development on the regional and local level is limited to typical challenges many regions in Eastern Europe have faced in the past decades.

The subsequent chapter addresses the competitive status of destinations and the importance of conducting research on competing destinations in view of benchmarking, self-assessment, and good practice.

Key source markets and market segments for EaP countries are identified and described in the following market analysis. Particular attention is paid to domestic markets, most likely the most important source of visitors for municipalities. Short- and medium distance source markets include neighbouring countries and most Central and Western European markets. Russian tourists are omnipresent in some countries, but apart from leisure purposes, they often visit for business or visiting friends and relatives. Long-distance source markets like the United States and China carry an interesting potential in the future.

Chapter 7 presents current travel trends of European source markets, probably the most important markets for nature and culture tourism. Social media, authenticity, sustainability and personal experiences are key aspects which determine travel decisions and travel patterns.

Chapter 8 identifies 7 types of tourism prevalent in all or most EaP destinations: Cultural, nature-based/Ecotourism, gastronomy, rural, adventure, urban and event tourism. For each type, a comprehensive description of visitor expectations, travel patterns, customer typology and segmentation is presented offering destination managers criteria for better matching products and customers. Case studies, good practice examples and practical tips illustrate the analysis with the intention to connect theory and practice.

Finally, chapter 9 proposes practical recommendations on managing and promoting local tourist destinations intended for involved stakeholders at the local level. On the management side, an organisation appropriate for the particular municipality is to be put in place. To upscale destination development, opportunities for horizontal (neighbouring municipalities, private sector) and vertical (with national and regional tourism bodies) cooperation shall be explored. Regional products, such as theme routes, often result from cooperation. Tourism products shall be designed in a holistic way by offering an experience to visitors rather than a sterile product. Authenticity, interaction and customer-orientation are the guiding principles in product development.

Although the study is limited to a market overview, the report's final section attempts to engage the reader in reflecting on the marketing process: Who are the customers and the competitors? How to conceive the main marketing pillars? And which marketing tools can be applied?

Introduction

Central and Eastern European countries benefitted over the past two decades from a globally growing tourism demand and in particular from a catch-up effect resulting from opening formerly 'restricted destinations' to the world markets. Privatisation, the restructuring and modernisation of tourism infrastructure raised the quality level and competitiveness of those new destinations. Eastern European capital cities became the first big winners of this development due to excellent access, diverse cultural attractions and a broad offer of hotels, restaurants, etc. Peripheral regions, however, face considerable challenges in both upgrading their tourism offer and infrastructure, and in accessing tourism source markets. Many peripheral regions and municipalities tend to regard tourism a potential and a relatively low investment sector for creating economic growth and they put therefore enormous hopes in its development.

Municipalities in the M4EG Initiative which opt for tourism development have very different conditions and perspectives for tourism to become a strong pillar of their local economies. One of the biggest impediments is the lack of a nationally orchestrated tourism policy connecting and supporting central, regional and local governments. Another challenge concerns the weakness of the private sector, the backbone of the tourism industry. Concerted efforts must be made to link public and private, center and periphery.

The intention of this study is to support and encourage actors on the local level to create best conditions for building a local tourism industry or make it grow dynamically. The main purpose of the study is to provide information on markets, trends and customers for those types of tourism which are prevalent in the EaP countries and relevant for M4EG participants. Furthermore, practical recommendations on managing tourism on local level shall create awareness for an effective promotion of tourism.

<u>Overview of tourism development in Eastern Partnership (EaP) countries</u>

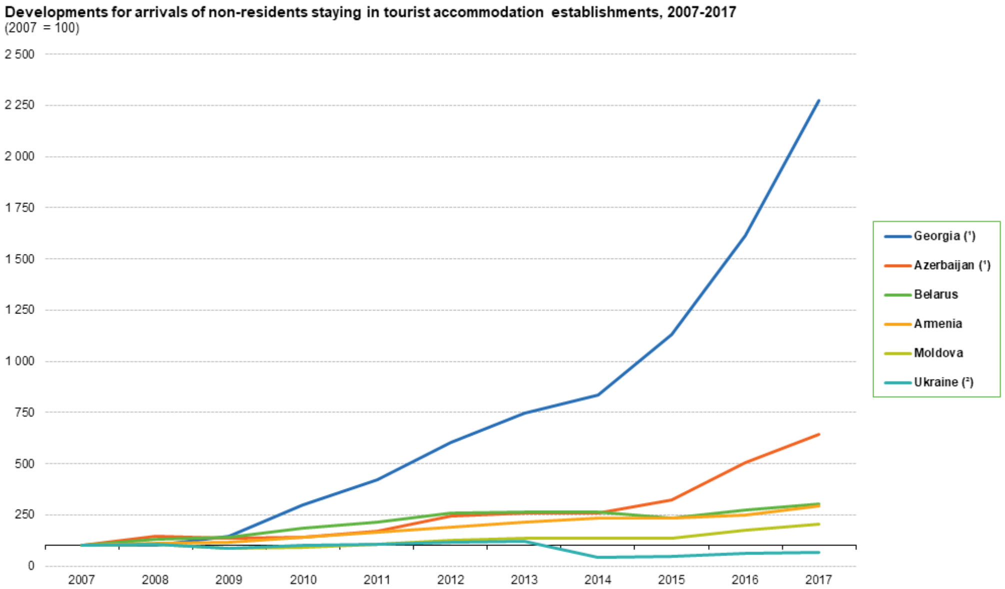
In the course of political transformation of the 90s, the tourism industry in Eastern Europe and the Caucasus experienced a dynamic development with increasing mobility of citizens coming from countries so-far separated from each other. Residents of post-socialist countries began discovering places they had not seen before. Western tourists visited the formerly more closed Eastern countries to learn about their cultural heritage and peoples' way of life. The rapid increase in arrivals was recorded after the enlargement of the European Union, and later, on the occasion of cultural or sporting events of an international scale (e.g. UEFA EURO 2012 in Poland and Ukraine). A modern tourist infrastructure was created, travel agencies and tourist information centres emerged. Advertising campaigns aimed at changing the stereotypical image of the region. Governments initiated new tourism management structures such as National Tourism Administrations and marketing offices, modelled after examples from the Western Europe. The process of *touristification* in different countries proceeded at a different pace, but the course of action was convergent.

The accession of new countries to the European Union and the Schengen Agreement was another breakthrough for tourism in the new Eastern Europe. Cooperation with the 'old Union' had been encouraged in the pre-accession period: cross-border structures were created, so-called euro-regions within which cooperation was being promoted in favour of transnational strategies for destination development, integrated promotion, harmonization of standards, staff training and subsidizing local initiatives. Applications for EU grants had to meet certain criteria corresponding with trends in European and worldwide tourism. From the very beginning, sustainable tourism development has been not just lip service, but a serious concern. Due to the turbulent history, the region is abundant in historical monuments, of which several have been included in the UNESCO World Heritage List. Socialist architecture and culture were discovered as new attractions unique and typical for the eastern part of the continent.

The legacy of cultures of ethnic and religious minorities, long time neglected or even 'erased' from memory, was rediscovered. Reinterpretation of history on the one hand and rediscovery of traditions and regional characteristics on the other have formed today's tourism setting.

1. Country industry performance

Tourism statistics are an important source of information, but often hardly comparable due to different methodologies applied in data collection and interpretation. Since 2009, visitor arrivals started to increase in all countries, with Georgia recording the strongest growth rates. The following table shows the increase of tourist arrivals at accommodation establishments from 2007-2017 in all EaP countries (2007=100). In Ukraine, tourism was hard hit by the loss of the Crimea in 2014 and the following conflict in Eastern Ukraine resulting in a steep decline in tourist arrivals and a shrinking accommodation capacity. In recent years, the tourism industry revived and tourist arrivals picked up again.



(¹) Number of arrivals of non-residents staying in hotels and similar establishments.
(²) Number of arrivals of non-residents staying in hotels and similar establishments and specialised establishments. 2014-2017: excluding the territories which are not under effective control of the Ukrainian government and the illegally annexed Autonomous Republic of Crimea and the City of Sevastopol.
Source: Eurostat

eurostat

Number of arrivals of non-residents staying in tourist accommodation establishments, 2007-2017
(thousands)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
EU-28	:	*272 292*	*257 725*	*273 122*	*295 830*	305 701	*323 092*	*338 797*	374 320	388 708	:
Armenia	510	558	587	729	833	963	1 082	1 204	1 192	1 260	1 495
Azerbaijan (¹)	153	224	209	212	258	372	396	393	496	777	981
Belarus	368	477	512	677	783	955	966	973	861	1 003	1 116
Georgia (¹)	104	104	151	307	439	626	774	866	1 170	1 670	2 355
Moldova	70	73	60	64	75	89	96	94	94	121	145
Ukraine (²)	1 366	1 428	1 148	1 395	1 428	1 555	1 665	552	666	864	933

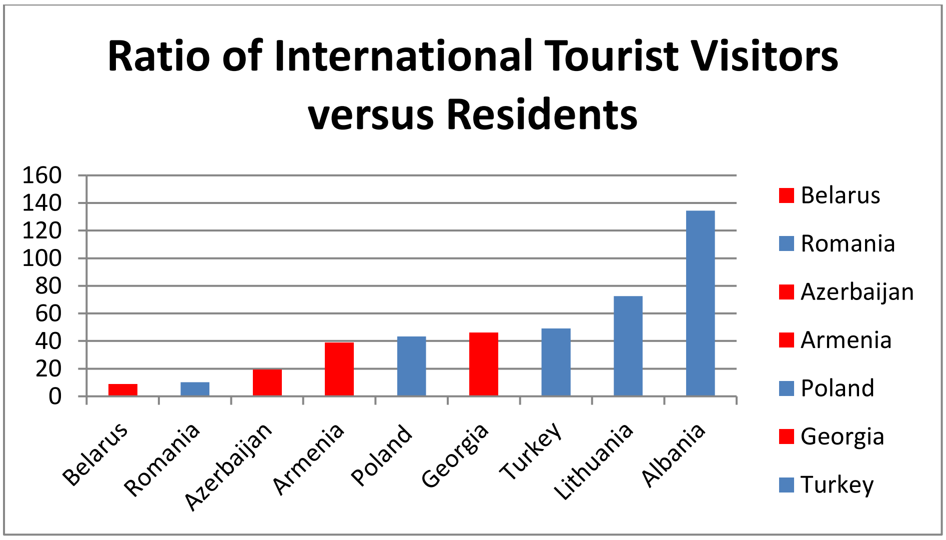
(¹) Number of arrivals of non-residents staying in hotels and similar establishments.
(²) Number of arrivals of non-residents staying in hotels and similar establishments and specialised establishments. 2014-2017: excluding the territories which are not under effective control of the Ukrainian government and the illegally annexed Autonomous Republic of Crimea and the City of Sevastopol.
Source: Eurostat

eurostat

https://ec.europa.eu/eurostat/statistics-explained/index.php/European_Neighbourhood_Policy_-_East_-_tourism_statistics

In the past two decades, the Eastern part of the Central Europe and Eastern Europe has seen an impressive rise in tourism activities. From the year 2000 to 2018 the number of tourist arrivals to the Central and Eastern Europe has risen from 69 million to 144 million. Between 2007 and 2017, the highest increase in arrivals of non-resident tourists among the European Neighbourhood Policy-East countries took place in Georgia, where it grew 23 times over the ten-year period. Each EaP country has its specific customer segment depending on geographical position, ethnic and religious relations as well as long-time established migration patterns.

The ratio of international visitors to the residents of a country allows a more realistic picture of the relative volume of tourism in a country. The table below compares the ratio of tourists to residents between 4 EaP[1] countries (red colour) and selected other Eastern countries (blue colour). For example: Poland, Georgia and Turkey have a similar tourist-resident ratio.



Source: Towards Data Science 2017

[1] No data available from Ukraine and Moldova

With respect to the tourism sector, the 6 EaP countries have different, as well as similar strengths and challenges. Common challenges are:

- Travel time and travel costs (relatively long travel to the Caucasus countries)
- Non-members of the European Union with less or more nuanced travel restrictions
- Involvement in political and/or territorial conflicts
- Local population has low purchasing power which limits domestic tourism
- Relatively low quality of tourism management and marketing
- Tourism attracts little private investment due to low profitability
- Weak presence of international tour operators.

The analysis of the websites of National Tourism Administrations reflects the weaknesses of governments to organise the sector:

- Websites barely showcase comprehensively the tourism offer of the countries
- Weak linkage with commercial services, and
- Lack of 'internal marketing', i.e. providing stakeholders in the country with the information on strategies, market data and networks.

2. Tourism development on regional and local levels

As stated earlier, the group of M4EG members which aspire to tourism development is rather heterogeneous, whereby some municipalities are just entering the market, while others are firmly established and possess a well-developed tourism infrastructure.

The weakness of National Tourism Administrations impacts critically on tourism development in the regions and municipalities. In the absence of an elaborate national tourism development strategy and its implementation, regional and local Governments often operate in an isolated way without cooperation partners. The Government funding for regional and local projects is hard to get due to national projects often having priority. The legal framework for investors is incomplete or unclear. The main tourism players are based in the capital city focussing on local opportunities.

Frequent challenges on regional and municipal levels in the EaP countries are

- Weak or undeveloped tourist attractions (museums, historic and cultural sites)
- Insufficient or inadequate tourism infrastructure (hotels, transport, restaurants, etc.)
- Fragmented accommodation and service offers
- Little cooperation amongst stakeholders
- High seasonality and short summer season
- Lack of tourism strategy or its deficient implementation
- Unorganised tourism marketing and tourist information provision
- Little cooperation with neighbouring municipalities for tourism development
- Insufficient local budget for public relations and destination marketing.

Very often, several of those factors come together which makes it difficult for municipal leaders and tourism managers to find a clear and powerful strategy.

An additional critical factor is insufficient transformation of natural, cultural and historic sites into tourist attractions.

Natural, cultural and historical tourism are among the most sought-after travel experiences, according to the European Travel Commission. This is relevant for all of Europe, especially for the EaP countries, where funding of nature and heritage site maintenance has to compete with other pressing social needs. Despite the growing tourist interest in more authentic destinations, the region's natural and cultural resources are given rather limited protection. Rehabilitation and maintenance of historic sites is expensive, especially if a municipality is endowed with several or many of such sites. An additional cost factor is staff costs for manning the ticket or information office and security staff.

For EaP destinations, natural, cultural and historic sites are key elements of their tourism attractions and need therefore priority attention in restoration and maintenance.

- Seasonality:

A short tourist season can restrict companies' ability to gain access to capital, to fully utilise their resources of both staff and facilities and to operate profitably. It is assumed that EaP countries also face the dilemma of a peak summer season and low tourist numbers in the rest of the year.

- Regional cooperation

A stand-alone micro-destination can be marketed successfully if the destination is blessed with outstanding tourism attractions. Even then, and in all other cases, small destinations need to cooperate with the larger region, other partner municipalities in the country or across the border, in order to create a proper destination which is in a position to attract visitors for at least 3 days. Administrative reforms, political ambitions or a strong wish for autonomy block effective cooperation with other partners.

3. Tourism resources and products in the EaP countries

The following assessment of tourism resources and products of the EaP countries is based on the analysis of national tourism websites and travel packages offered by tour operators.

- Moldova: Wine and gastronomy, outdoor activities, tradition and folklore, events, monasteries and churches
- Typical tour operator package: 1 week combined tour of Chisinau, Transnistria, village life, wineries, castles, monastery
- Azerbaijan: Historical and cultural sites, culinary traditions, adventure and nature, winter sport, beach holidays, cultural events, Silk Road
- Typical tour operator package: 10-day nature and cultural round tour, including Baku, Absheron (oil production), Kish, Ganja, Gobustan
- Georgia: Hiking and trekking, culinary/wine, cultural life and traditions, churches and monasteries, health tourism, nature sites
- Typical tour operator packages: 7-11 days - Tbilisi, Mtskheta, Gori, Uplistsikhe, Kakheti, Svaneti
- Ukraine: cultural heritage, churches and monasteries, outdoor adventure, hiking and bicycling, beach holidays, nature discovery, rural tourism
- Typical tour operator packages: 7-12 days - Kyiv, Lviv, Odessa, castles, monasteries, the Carpathian Mountains.
- Armenia: historical places, culture and traditions, adventure, nature sites, religious tourism, wine and gastronomy, health tourism, winter sports
- Typical tour operator packages: 6-8 days - Yerevan, Sevan, Chor Virab, UNESCO sites.

- Belarus: Nature and rural tourism, traditions and folklore, water sports, Socialist architecture
  - Typical tour operator packages: 6-8 days Minsk, Vitebsk, Polotsk, Brest, Mir.

Several European tour-operators combine neighbouring destinations in travel packages such as

- Armenia, Azerbaijan and Georgia
- Ukraine, Belarus and Poland
- Moldova and Romania
- Belarus and Lithuania.

4. Competitiveness of Destinations

According to the OECD, '…"tourism competitiveness" of a destination is about the ability of the place to optimise its attractiveness for residents and non-residents, to deliver quality, innovative, and attractive (e.g. providing good value for money) tourism services to consumers and to gain market shares on the domestic and global market places, while ensuring that the available resources supporting tourism are used efficiently and in a sustainable way'[2].

Destination marketing involves the promotion and marketing of a tourist destination; and the strategic positioning of a destination enhances its competitiveness in the domestic and international markets. Inter-destination direct competition occurs among touristic zones that have the infrastructures to meet the needs of inbound as well as domestic tourists. According to the regional dimension, inter-destination direct competition takes place at the local, national, and international levels. A good example for local competition can be rivalry among recreation zones, which are located in the same or nearby area. This includes zones in a neighbouring country in case of cross-border destinations. With the rise of globalization, cross-border tourism has grown and induced intense competition among countries. The European Union supports cross-border cooperation of municipalities and regions trying to bundle tourism resources.

Within the framework of this study, it is not plausible to assess the competitiveness of *EaP municipalities* because of the different conditions of their tourism industries. However, the competitiveness of a country on the national level can also indicate the competitiveness of its regions and municipalities. The World Economic Forum ranks the travel & tourism competitiveness of 136 countries on a yearly basis. In 2017, the EaP countries were ranked as follows[3], with the exception of Belarus, which was not included in the analysis:

Country	Ranking (out of 136)
Georgia	70
Azerbaijan	71
Armenia	84
Ukraine	88

[2] Indicators for Measuring Competitiveness in Tourism, page 17. OECD,Paris. 2013

[3] See Annex 2 for a detailed country competitiveness profile

Moldova	117

Source: World Economic Forum: Competitiveness Index 2017 Edition
See also Annex 2: Travel and Tourism Competitiveness Index for EaP countries

Several factors determine the competitive status of a micro-destination

- The uniqueness of tourism attractions
- Scope, quality and price of tourism offer and services
- Image and reputation

A municipality with a unique attraction or a combined group of outstanding attractions is in a position to attract customers from far away. If the same tourism offer is available in many other destinations, the competitive status deteriorates. Nature and rural tourism, sports and adventure and cultural sightseeing are key products in EaP countries which increases the competitive pressure amongst them. Destinations with rare or less common tourism offers such as health, seaside tourism, mountain trekking and climbing enjoy a competitive advantage.

See also Annex 1: Key Elements of Destination Competitiveness

5. Key markets for EaP destinations

5.1 Domestic market

Domestic tourism is the key driver of the tourism sector globally, accounting for 73% of total travel & tourism spending in 2017. For most tourist destinations, the domestic market is the main source of day visitors and overnight tourists alike. In fact, in 22 countries of the 31 countries analysed by the WTTC, domestic tourism accounted for at least 50% of the total travel & tourism spending, with Brazil ranking first with 94% of spending coming from domestic tourists. Brazil is followed by India, Germany, China and Argentina, each with 87%.

The distance from home to the destination is generally short allowing day visits. Main motives of day visitors are: visiting friends and family, shopping, medical care, holiday and recreation. Easy and quick transport and no language barrier facilitate travel and communication.

Share of domestic and international visitors

Country	Share of domestic (overnight and same-day visitors) of total visitors	Share of international Overnight visitors (tourists) of total visitors
Armenia	42%	58%
Azerbaijan	43%	57%
Belarus	33%	66%
Georgia	66%	33%
Moldova	45%	55%
Ukraine	86%	14%

Source: UNWTO. Country Tourism Statistics 2017 https://www.e-unwto.org/toc/unwtotfb/current

By comparing the number of domestic and international travellers, the relative share of domestic travellers seems quite impressive. However, the table does not reflect the economic importance of the two groups. International tourists spend considerably more time and money during their visit than domestic travellers.

Why is the domestic travel market so important?

- It pioneers international tourism (if you make a destination more attractive for residents, then tourists will follow)
- It creates national pride
- It balances seasonality.

The rapid growth in middle class income households in emerging markets has been an important driver of domestic tourism. In most European countries, at least 50% of travel & tourist spending is generated by the domestic market.

5.2 Diaspora tourism markets

Diaspora tourism refers to the travel of people in diaspora to their ancestral homelands in search of their roots or to feel connected to their personal heritage. Whereas most tourists become attached to a destination after repeat visits, the tourist-destination relation in diaspora tourism is unique because tourists with immigrant origin often feel connected to the people, culture, and heritage of the destination before actually visiting the place.

Data on diaspora visitors are rare, often outdated and hard to verify. Diaspora visitors are not registered as such in official tourism statistics for several reasons, mainly because many emigrants have taken on the citizenship of their new home country. Reliable data could be collected through visitor surveys or border immigration arrival forms requesting current and previous citizenship. A relatively good quantitative indicator with a high correlation with that group is the purpose of travel 'Visiting friends and relatives' (VFR), indicated also in visitor surveys.

5.3 International source markets

A thorough analysis of tourist movements requires valid and comprehensive tourism statistics published by the National Statistics Offices. Each member of UNWTO submits yearly a set of basic tourism data which is then published in UNWTO's e-library. Those data are comparable and are therefore used in this study. As to additional data, each statistics office decides on the themes and scope of data it wants to research and publish. Only a few EaP countries are working on setting up a Tourism Satellite Account which would standardize scope, collection and treatment of data. As tourism statistics of the EaP countries vary strongly in content, comparisons are limited.

Top 5 international source markets

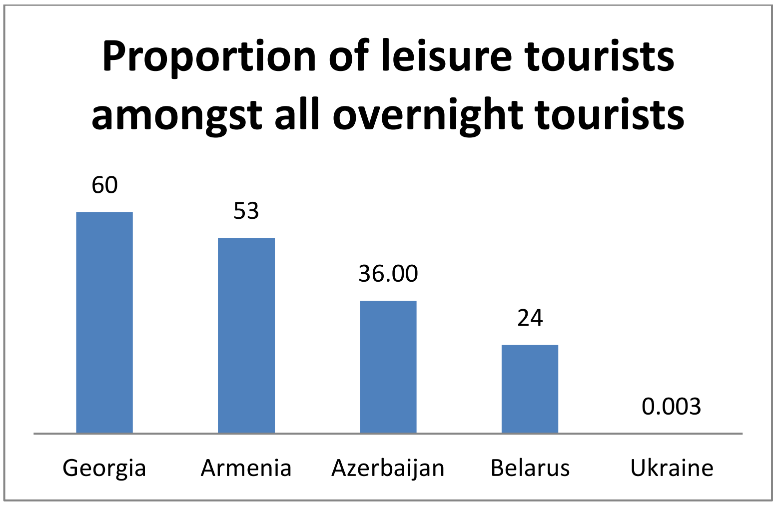
Armenia	%	**Azerbaijan**	%	**Belarus**	**%**
CIS	63,1	Russia	31,6	Russia	67,8
Iran	14,4	Georgia	19,9	Lithuania	9,6
France	1,30	Iran	13,5	Poland	8
Germany	1,70	United Arab Emirates	3,8	Latvia	2,3
India	0,8	Iraq	2,3	Ukraine	1,5

Georgia	%	**Moldova**	**%**	**Ukraine**	**%**
Azerbaijan	20,1	Romania	20,5	Moldova	31,2
Armenia	19,9	Ukraine	11,5	Belarus	19,2
Russia	17,5	Russia	9,8	Russia	10,3
Turkey	15,5	Turkey	4,6	Poland	8,0
Iran	4,4	USA	4,4	Hungary	7,9

Source: UNWTO, Country Tourism Statistics, 2017. https://www.e-unwto.org/toc/unwtotfb/current

The table shows that neighbouring countries are by far the main suppliers of tourists for each EaP country. Russia is the single most important market for all EaP countries. The critical question is, how many of the tourists come for leisure, for visiting friends or relatives, for business or for any other purpose.

The purpose of visit is an imperative criterion for understanding the structure of visitors to a country.



Source: UNWTO Country Tourism Statistics 2017[4]

Leisure tourists are the main target group for tourism marketers, particularly for rural and peripheral destinations. Business tourism, however, is more relevant for larger cities. It is assumed that visiting friends and relatives is also a major purpose of travel, but no comparable data is available. A serious deficit is the absence of data on the share of leisure tourists and the socio-demographic structure on a market-by-market basis which would allow a better grasp of each source market. Most EaP national tourism administrations have not conducted (or published) regular and representative visitor surveys.

The importance of a source market for a destination depends on several factors:

- Number of tourists
- Number of leisure tourists
- Average length of stay
- Average expenditure.

The top statistical source markets are not necessarily the most important ones for a destination, if revenues from them are low. The essential question for peripheral municipalities remains: Which source market and which customers match my products and generate a maximum of revenues?

The Russian source market

Russia seems to be statistically the most important single source market for all EaP countries. Around 1.4 m Russians travelled to Ukraine in 2018 (of which 4.830 as tourists) and 1.2 million to Georgia.

The Russian Tourism Market Report[5] summarizes Russian travel patterns as follows: ‘Russians often go to neighbouring countries for business trips and to visit their relatives and friends."

Summer and beach vacation trips are the most popular travel motives. The main leisure destinations are Turkey, Thailand, Italy, Spain and the United Arab Emirates. 9 out of 10 Russians visit only 1 country per trip. The Russian travel market is heavily divided in a small group of high spenders, a growing, but limited middle class, and a large group of budget travellers. Neighbouring countries are often visited on organised bus trips.

[4] No data available for Moldova

[5] Russian Tourism Market Report:Trends, Analysis and Statistics. Published, RMMA Group, 2019

According to Visa Global Travel Intentions Study 2018, the average expenditure per person for a trip is about 1.676 USD, compared with 1.174 USD average spending by European travellers. 51% of the budget is spent before travel, 49% at the destination. This expenditure amount stands in contradiction to the 945 Euro expenditure mentioned below. It is possible that the Global travel study surveyed only credit card holders.

Near and Middle East markets

Iran is an important source market for Armenia, Azerbaijan and Georgia, but little analytical data is available. 10.5 million Iranians travelled abroad in the year 2017-2018 of which 43% for religious purposes. Iran's economic slump impacted negatively on outbound tourism in recent years. Other Middle East countries are statistically less important with the possible exception of the United Arab Emirates to Azerbaijan.

82% of outbound tourist flows from Gulf Cooperation Council countries (Saudi Arabia, Bahrain, United Arab Emirates, Qatar, Kuwait and Oman) are for leisure purpose, while the remaining 18% are driven by business motivations. The main markets segments are

- Families with children or older families
- Visiting friends and relatives
- Couples and
- Honeymooners.

The most important travel criteria are: luxury indulgence, , shopping, dining and entertainment.

European source markets

Central and Western European source markets are important for EaP destinations because of their demand for nature, culture and adventure tourism, their interest in new destinations, customer's spending power and a highly professional travel organisation.

Important European tourism source markets for EaP countries (2016)

Country	3 Top European Source Market	Number of tourists
Armenia	France Germany United Kingdom	18.791 16.541 6.927
Azerbaijan	Germany Italy France	13.042 8.654 5.785
Belarus	Germany France Italy	41.729 12.888 12.856
Georgia	Poland Germany United Kingdom	47.602 40.826 14.624
Moldova	Romania Germany	57.804 12.007

	Italy	11.777
Ukraine	Poland Hungary Slovakia	1.195.163 1.119.500 410.508

Source: UNWTO Country statistics 2017

European tourists spent on average 945 Euro per holiday trip in 2017, an increase of 4% from 2016.

5.4 Long-distance source markets

Although American and Chinese tourists play presently an insignificant role in the EaP countries, those markets are expected to grow strongly in the future, similar to the development in other Eastern Europe countries.

The US citizens have recently discovered Eastern Europe. Although the region lags behind other European regions, CEE records the highest growth rate of annual 8% in the US market. However, American tourists tend to be non-pioneers in new destinations, they prefer already renowned cities like Budapest and Prague and will then slowly move to further Eastern borders.

CEE is the preferred regional destination in Europe for Chinese tourists. Their annual average growth rate until 2022 is estimated at 6.8%. Similarly, tourism from Russia to CEE has the highest annual growth rate in Europe at 7.8%. In 2016, the growth rate of Chinese travellers to Eastern Europe had increased by 226%. Poland, Czech Republic, Hungary, Serbia and Slovenia recorded the highest increase in tourism. After the Chinese government announced the “Belt and Road Initiative”, countries in that zone could increase tourist arrivals. Russia, the Czech Republic, Hungary and Belarus are countries that benefit primarily from this policy. The history of Eastern European countries is fascinating to Chinese tourists who want to understand the communist background. Chinese travellers are also drawn by old- and new-style architecture in Eastern Europe.

5.5 Growth potential of EaP destinations

Amongst the 10 fastest growing destinations in Europe, 4 are located in EaP countries[6]:

- Georgia (place 2 with 27.9% annual growth rate)
- Azerbaijan (place 7 with 20% annual growth rate)
- Republic of Moldova (place 8 with 19.6% annual growth rate) and
- Armenia (place 10 with 18.65% annual growth rate).

6. Travel trends in European Markets

EaP countries are not mass market destinations. As mentioned above, Russia and neighbouring countries are key tourist source markets, but Central and Western Europe play an important role in the field of nature, cultural and activity tourism. The travel patterns and trends below refer in particular to the non mass market segment.

Outbound travel is on the rise

Tip:

✓ Keep in touch with your visitors to attract repeat customers. Email marketing is an especially useful tool for this.

[6] UNWTO Country Tourism Statistics 2017

The European outbound travel market continues to grow steadily, despite recent geopolitical instability worldwide. However, European travellers increasingly choose destinations they consider to be relatively safe. This creates opportunities for unaffected destinations. At the same time, affected regions need to prepare for the recovery of their tourism industry. An unfortunately continued trend in the travel industry is the effect of geopolitical instability. Countries are increasingly exposed to for example political turmoil, terrorist attacks and natural disasters. Especially developing countries are vulnerable to these events. They are exposed more often, while having fewer resources and mechanisms to cope. Tampered by the effects of geopolitical instability, European outbound travel increased with 2-3% in recent years. Now the market is picking up again, with 5.5% growth in 2017 and predictions of a 4% increase for 2018. It has become clear that geopolitical instability doesn't put Europeans off travelling. They just choose "safer" destinations.

Shifts in travel patterns

The number of European tourists travelling abroad continues growing. The extension of the European Union in the East generated additional dynamic in European outbound travel. But next to growing markets, significant shifts in travel patterns are taking place such as:

- Through gaining experience with more frequent travelling, people are becoming more demanding when choosing new experiences and destinations
- People are getting more mobile and accept long travel times. Air travel has become easy and affordable
- Paid holiday is getting longer allowing additional short trips/city breaks
- People are getting more active on holidays and seek new activities
- The European population is getting older, but more active
- Environmental concerns rank higher on people conscience.

From authentic to transformational experiences

European travellers continue to search for unique, exclusive experiences that create lasting memories. Part of this trend is an interest in authentic experiences in non-traditional destinations where travellers can interact with local people. Developing country destinations and their unique cultural and natural resources are a perfect match for this trend. For example, travellers can forage for local ingredients and prepare a traditional meal with a local.

At the same time, there is a movement from an experience economy towards a transformation economy. In a transformation economy, the value of an experience is in its potential to transform and improve consumers' physical or mental wellbeing. This development also leads to an increased interest in transformational or transformative travel.

Transformative travel offers travellers personal growth and enrichment. The purpose is to stimulate self-reflection, development and a new perspective, as well as a deeper connection with nature and culture through travel. Transformational experiences are a key trend within, for example, adventure, luxury and wellness travel.

In 2017, 54% of travellers attached considerable importance to transformative travel. In addition, 52% place increasing value on this type of travel. The most common reasons to consider an experience a transformational one are: gaining a new perspective, learning something new and having a reflective moment. Various external factors influence such transformational moments, some of which you can control, some of which you cannot.

Peer-to-peer travel is expanding

Related to exclusive and authentic experiences, peer-to-peer travel continues to expand rapidly both in numbers and in segments. Its exact impact on the traditional travel industry can be disputed, but collaboration may offer opportunities.

In peer-to-peer travel, consumers offer travel products to other consumers through online platforms. This allows inhabitants of tourist destinations to sell tourism products to travellers, without involving professional tourism suppliers. It started out with overnight stays at people's homes, followed by dining experiences. This type of travel is booming. For example, Airbnb now has more than 4 million listings.

These platforms can be a threat to a traditional tourism supplier. They increase competition and offer individualised choices, often at a lower cost. However, whether or not the peer-to-peer sector has an impact on the traditional travel industry remains a point of discussion. Some industry experts think it does negatively affect the business of traditional accommodation providers. Others suggest it might

Tip:

- ✓ Collaborate with local providers of peer-to-peer travel products. Think of individual house owners, dinner hosts or tour and activity guides. This can be mutually beneficial. It allows you to provide a total package with local presence and opens up business-to-business marketing channels to the peer--peer providers.

have tapped into an additional market.

Tips:

- ✓ Offer unique, exclusive and authentic experiences with the possibility to interact with locals.
- ✓ Add potentially transformative aspects to your product offer, for example by focusing on storytelling. However, note that what makes an experience transformational differs from traveller to traveller, making it difficult to guarantee.
- ✓ Note that this type of traveller is looking for more in-depth knowledge and information than your average customer. You should carefully select the information, tour guides and tour items you offer them.

Now, peer-to-peer travel is expanding into other areas of the travel industry. Travellers increasingly want to book all aspects of their trip, including tours and activities, "on demand", where and when it suits them. This is leading not only online travel companies like TripAdvisor and Expedia to offer tours and activities, but also peer-to-peer platforms. In November 2016 Airbnb rolled out its 'Experiences' in 12 cities worldwide. With some 60 destinations in 2017, Airbnb intends to expand to 1000 destinations in 2018.

Peer-to-peer platforms cleverly play into the continuing travel trend of authentic experiences. The tours and activities they offer have a more local, experiential and unique feel than traditional guided tours. This offers opportunities for locals who can host their own tours and activities, but like in the accommodation sector, the impact on traditional travel industry is unclear.

Tip:

- ✓ Be flexible. Offer personalised products and allow your customers to build their own package out of different types of activities and accommodations.

Tips:

- ✓ Focus on specific target groups and adapt your products to their needs and preferences.
- ✓ Work with specialised tour operators when focusing on specific target groups.

<u>Mature source markets prefer personalised travel</u>

Personalised travel is becoming increasingly popular among European travellers, especially those from mature source markets. Personalised travel can mean one of the following:

- ➢ Customers have a choice to build their own travel package from several building blocks or
- ➢ Tour Operators (especially internet-based) offer customized packages composed according to personal profiles they gained from data collection.

European tourists are becoming experienced travellers. They increasingly want to control the process of selecting and composing their holidays and demand flexibility. As a result, personalised trips and packages are replacing standardised holidays. These customised packages also allow travellers to get the most value out of their holidays.

This trend is especially clear in the more mature tourism source markets in Western and Northern Europe. It is set to continue and expand in the coming years. In Germany and the United Kingdom, Google is experimenting with dynamic packaging of automated air and hotel combinations. As emerging source markets in Eastern Europe mature, their interest in personalised travel is expected to increase as well. To meet demand across the market, offer customised as well as standard trips.

<u>Increasing interest in specialised holiday offer opportunities</u>

European travellers increasingly prefer specialised holidays to general mass holidays, especially those from mature source markets. As a result, tourism companies are specialising in specific tourism segments. This is a promising development for EaP destinations. Specialised holidays generally offer tourism companies in new destinations better opportunities than mainstream holidays. This is because specialised holidays are more customised, thus relying more on local tourism providers. Furthermore, margins for specialised holidays are generally higher.

According to industry experts, segments that offer good opportunities on the European market include:

- adventure tourism, including cycling and diving
- community-based tourism
- culinary tourism
- cultural or religious tourism
- nature and eco or wildlife tourism
- inner and physical wellness tourism

This trend is especially clear in the more mature tourism source markets in Western and Northern Europe. Interest in specialised travel from emerging source markets in Eastern Europe is expected to increase as they mature.

Promising new target groups are emerging

Relatively new European target groups are becoming interesting markets. If you can meet their specific needs and preferences, these groups can offer good business opportunities.

As the European population ages and the composition of households changes, new types of travellers emerge. According to industry experts, promising target groups include:

- senior travellers
- disabled travellers
- solo travellers
- LGBT (lesbian, gay, bisexual and transgender) travellers
- families with older children
- single parents, millennials and groups.

To successfully target these groups, you have to cater to their specific needs and preferences. For example: seniors may require extra comfort and service, whereas single parents like family-friendly accommodations.

Tips:

- ✓ Specialise in a specific tourism segment.
- ✓ Work with specialised tour operators when focusing on a specific segment.
- ✓
- ✓ Be good at what you do. Although travellers may be willing to spend, they are critical of their travel products and want their money's worth.

Professional online presence is becoming a necessity

To attract European travellers, your online presence is becoming increasingly important. Social media, review sites and blogs are key channels to communicate with your potential customers. Visual storytelling is an especially effective way to reach them. As the market share of mobile bookings (smart phones and tablets) has reached 33% in Europe, your website must be mobile friendly.

Social media and review sites are key in travel planning

Social media have become the main sources of travel information before, during, and after a trip. Facebook, Instagram, Twitter, YouTube, blogs, forums and review sites play a major role in European travellers' planning. In fact, consumers trust 'earned' media (non-commercial communication, bloggers or individuals talking about a brand) more than any other form of advertising. This makes User Generated Content a must. In addition to helping companies generate more sales, social media can be a useful tool to manage customer relationships.

For international travellers the internet is by far the most important source of information, with about 75% using online information as part of their trip planning compared to about one third for travel agencies and about one fourth using information from friends. About 30% of these 'online' international travellers actively use social media when researching about their trip, only slightly behind the numbers using websites of destinations and accommodation (about one third) and notably more than those using, for example, airline or tour operator websites, according to World Travel Monitor figures.

The key question, of course, is whether information on social media is merely helpful or actively influences travellers' decisions about which destination to visit or which accommodation to book. The answer, according to the World Travel Monitor, is clear: "In general, about 70% of international travellers say that social media influence their travel decisions." The most-used social media – review sites, blogs and forums – influence in particular the choice of destination (nearly 40%) and accommodation (about 30%) but are less important in terms of the holiday type (about 20%[7]).

Is the sharing economy good or bad for the tourism sector? More and more international travellers are also actively posting their holiday experiences on social media, with the percentage now having risen to nearly 50%, according to World Travel Monitor® figures. Most post on review sites while some post on blogs. Overall, one can say that review sites and travel blogs/forums are the most influential social media in terms of influencing travel planning and bookings, especially for destinations and accommodation, while social networks are relatively unimportant.

Blogging is developing into a popular travel marketing tool

Travel blogging has become highly popular in Europe. For example, since 2015 the annual Dutch Story Makers event attracts more than 100 participants. Tourist destinations and companies increasingly use blogging as an effective, cost-efficient marketing tool that drives traffic to their website. It allows you to tell your story, create awareness, build an image and reach new target groups. In addition, content is customised, measurable and easier to control than traditional media.

Visual content and storytelling are on the rise

Visual storytelling is becoming increasingly important, especially in the travel sector. A picture really does speak a thousand words. Potential customers want to see what tourism companies have to offer, rather than just reading about it. Visual storytelling gives them a taste of the experience. It allows people to picture themselves at the destination, or partaking in an activity. On social media, visuals result in more than double the engagement.

The travel sector is increasingly catching on to the importance of visual storytelling. For example, 72% of adventure travel professionals consider visuals core to how they communicate and tell their brand's story. Over two out of three of them expect photography and video content to become even more important in the coming years.

Mobile travel bookings are increasing their market share

Europeans are amongst the most digitally savvy travellers in the world. They already make wide-scale use of mobile devices like smartphones and tablets to gather travel information. Now booking through mobile devices is gaining ground, especially for last-minute bookings.

Mobile's share of online travel bookings increased with double figure growth rates in 2017, driven by smartphone bookings. For Europe as a whole, mobile reached a 33% market share in 2017. Northern and Western European travellers are the most familiar with mobile travel booking. Sweden, France, Spain, Denmark and the United Kingdom are leading with above average mobile shares of 35-41%. Some markets were lagging behind, however, like Germany (23%) and Belgium (28%).

[7] ITB World Travel Trends Report 2015

Sustainability is becoming the norm

The European travel industry increasingly demands sustainability from its suppliers. A sustainable approach is also in your own interest, to ensure the long-term preservation of your destination.

Sustainability continues to be an important topic in the travel industry. The UN declared 2017 the International Year of Sustainable Tourism for Development. It has moved on from being a competitive edge to being the norm. European tour operators increasingly require their suppliers to be sustainable. For example, by 2020 TUI Benelux' accommodation partners must have sustainability certification. TUI also intends to increase their offering of sustainable tours and activities.

Tips:

- ✓ Make your website (and booking tool) mobile friendly. Particularly focus on smartphones.
- ✓ Study the option of working with Online Travel Agencies

This comes at a time when there are increasing reports of destinations dealing with overcrowding. In 2030, 57% of international tourist arrivals will be in emerging economies. This is a considerable increase compared to 45% in 2015. To protect and preserve your local environment and community, you need to focus on the sustainable development of your destination.

7. Types of tourism practised and relevant for EaP countries

Based on information described above, the following types of tourism have been identified as the most practised and relevant for EaP countries[8].

Cultural Tourism	• Cultural tourism is a type of tourism activity in which the visitor's essential motivation is to learn, discover, experience and consume the tangible and intangible cultural attractions/products in a tourism destination.
Nature-based/Ecotourism	• Ecotourism is a type of nature-based tourism activity in which the visitor's essential motivation is to observe, learn, discover, experience and appreciate biological and cultural diversity with a responsible attitude to protect the integrity of the ecosystem and enhance the well-being of the local community
Gastronomy Tourism	• Gastronomy tourism is a type of tourism activity which is characterized by the visitor's experience linked with food and related products and activities while travelling. Along with authentic, traditional, and/or innovative culinary experiences, Gastronomy Tourism may also involve other related activities such as visiting the local producers, participating in food festivals and attending cooking classes. Eno-tourism (wine tourism), as a sub-type of gastronomy tourism, refers to tourism whose purpose is visiting vineyards, wineries, tasting, consuming and/or purchasing wine, often at or near the source
Rural Tourism	• Rural tourism is a type of tourism activity in which the visitor's experience is related to a wide range of products generally linked to nature-based activities, agriculture, rural lifestyle / culture, angling and sightseeing
Adventure Tourism	• Adventure tourism is a type of tourism which usually takes place in destinations with specific geographic features and landscape and tends to be associated with a physical activity, cultural exchange, interaction and engagement with nature. This experience may involve some kind of real or perceived risk and may require significant physical and/or mental effort
Urban/City Tourism	• Urban/city tourism is a type of tourism activity which takes place in an urban space with its inherent attributes characterized by non-agricultural based economy such as administration, manufacturing, trade and services and by being nodal points of transport. Urban/city destinations offer a broad and heterogeneous range of cultural, architectural, technological, social and natural experiences and products for leisure and business
Event Tourism	• Event tourism is a type of tourism activitiy aiming at attending a temporary cultural, sport or other event

8. Travel trends and market profiles of types of tourism relevant for EaP countries

[8] UNWTO definition/typology of tourism

8.1 Cultural tourism

Cultural and heritage tourism refers to tourism where arts, culture and heritage form a key attraction for visitors and the focus of their activities. Cultural tourism is a wide spanning concept including tangible and intangible cultural heritage, languages, traditions, customs and religious practices, performing arts, social practices, rituals and festive event, traditional craftsmanship, gastronomy, culinary preparations, forms of collective socialization and organizations, music and traditional dance.

Cultural tourism market size

It is widely recognized that culture is often a primary motivation for tourists to visit a destination, but that it can also be important as a secondary motivation for travel. A UNWTO Study[9] distinguishes between a narrow and a broad measure of cultural tourism and estimates that approximately 16% of tourists travels with a specific cultural motivation, while 40-50% undertake cultural activities.

A more nuanced typology distinguishes 5 groups:

- The purposeful cultural tourist: Cultural tourism is the primary motive for visiting a destination and the tourist has a very deep cultural experience
- The sightseeing cultural tourist. Cultural tourism is a primary reason for visiting a destination, but the experience is less deep
- The serendipitous cultural tourist. A tourist who does not travel for cultural reasons, but who, after participating, ends up having a deep cultural tourism experience
- The casual cultural tourist. Cultural tourism is a weak motive for travel and the resulting experience is shallow
- The incidental cultural tourist. This tourist does not travel for cultural reasons, but nonetheless participates in some activities and has shallow experiences.

For the EaP countries, the distinction between highly motivated and less motivated cultural visitors is important. It is assumed that the first group is nominally low and travels in organised groups accompanied by an expert guide, while the second group is much larger combining cultural visits with various other activities.

The average reported growth rate in cultural tourism for the past five years was just over 20%, or around 4% per year. The overall growth in world tourism in the same period has been just over 19%, or 3.9% a year. This provides some support for the general idea that cultural tourism is growing faster than global tourism as a whole.

The motivated cultural tourist features a profile like this:

a) higher education background
b) medium to high income
c) considerable interest in culture
d) considerable interest in social and environmental issues.

Customer segmentation by stage of life:

a) Young and hip (age 20-39)
   This segment mainly consists of couples and groups of friends. Most tourists in this group prefer sun and beach holidays. However, they increasingly incorporate cultural elements too. Women are generally more interested in cultural elements than men.

[9] Report on Tourism and Cultural Synergies, UNWTO, 2018

b) Middle-aged (age 40-54)
   This is the largest cultural tourist segment. Many members of this group are motivated cultural tourists
c) Older generation

Europe has a relatively large generation of people between 55 and 70 years old. This generation generally has more time and money available than other groups. The segment is growing due to Europe's ageing population. In many cases their children have moved out and/or they are entering retirement. Cultural holidays are the most popular holidays among this group. Many of these people are experienced travellers who travel at least once a year. They value their annual long holiday and mostly travel in couples, with a full schedule of cultural activities. They prefer destinations they have wanted to see all their lives ('bucket-list' travel). Quality is important to them. They look for comfort, more so than the other age segments.

d) Families with children (age 20-50)
   Many families combine a relaxing holiday with cultural activities. Parents like to introduce their children to other cultures. Both families with young children and families with older children are interesting segments. Health and safety at the destination is important to them. Convenience is a decisive factor.

According to the initial findings of the Tourism and Culture Survey 2015 by UNWTO (https://www.e-unwto.org/doi/pdf/10.18111/9789284418978), cultural tourist arrivals are growing steadily compared to overall international arrivals. 40% of international arrivals are considered to be "cultural tourists", that is, travellers who participate in a cultural visit or activity as part of their stay.

As an example, the Romanian city of Sibiu was European Capital of Culture in 2007. The number of cultural tourists rose from 48.000 in that year to 100.000 in 2015.

Average expenditure of cultural tourists: 267 Euro per day vs 143 Euro per day by normal tourist[10].

<u>What do cultural tourists want?</u>

European cultural tourists like to interact with locals. They are interested in locals' ideas and opinions about everyday topics. Cultural tourists don't want to just passively experience culture. This means rather than being shown, they prefer open communication about locals' daily lives. In recent years, authenticity has become a major factor in tourism. This is not expected to change any time soon. Cultural tourists apply relatively high standards for authenticity. They like aspects of culture that are supported by the local population. There is demand for both authentic and more 'packaged' cultural experiences. Here, authentic means that individual tourists visit/arrange cultural activities themselves. For example, excursions to sites that tourists don't visit much. It can also mean individual visits to popular cultural activities.

Study tourism is a growing niche market that is expected to increase further in the coming years. Gaining cultural knowledge is the main purpose of a study trip. These tours provide in-depth knowledge of the destination and are generally led by scholars, like archaeology teachers.

'Red Tourism'/Communist heritage tourism

[10] Tourism and Culture Survey 2015 by UNWTO

Communist heritage tourism in Central and Eastern Europe emerged after 1990 and used as resources heritage sites related to the former communist regimes and their downfall[11]. Communist heritage tourism involves visits to places associated with the Communist or socialist past and present or to sites which represent or commemorate past and present. Communist heritage tourism can also be defined as the consumption of sites and sights associated with the former communist regimes. Almost all Central and Eastern European states have developed tourism programs and tours based on sites related to the communist period (museums, memorial parks, etc.). 'Red tourism' has a strong educational side directed to future generations, but those sites appeal strongly to international tourists. Red tourism is a special /unique Central and Eastern Europe tourism product that should be part of the national product portfolio.

Red Patrol Tours with vintage Dacia Cars in Bucharest

Checklist for Destination Management Organisations:

- ✓ Is a cultural tourism development and marketing strategy available?
- ✓ Are historical sites accessible and prepared for visitors?
- ✓ Are tourist guides available for visitors?
- ✓ Are trip packages available offering a variety of activities?
- ✓ Are specific walking itineraries with a special cultural theme prepared and ready for visitors?
- ✓ Is promotional material for the 'walk-in visitor available?
- ✓ Do you use storytelling in promotional material, videos or 'live' sessions?

8.2 Nature-based tourism/Ecotourism

Ecotourism is primarily a travel philosophy of sustainable travel, being aware of nature and environment, and secondly a type of tourism interested in experiencing nature and local culture. Principles of ecotourism shall guide visitors, while nature tour operator guidelines aim at tour companies to work in a socially and environmentally respectful manner.

This chapter focuses on nature tourism as enjoying nature as the primary motive for travelling. Nature-based tourism includes a wide range of 'soft' activities, for example:

- camping
- boat trips
- walking

[11] Except in Ukraine

- hiking
- visiting a national park or wildlife observation.

European tourists mainly choose a nature holiday to enjoy the quality of natural, unspoiled landscapes. This is often more important than the level of accommodation. Nature tourists are generally concerned with the impact of tourism on the environment. This is especially true for eco-tourists. They prefer tourism to have the minimal environmental and social impact at their destinations. They want the money they spend to directly benefit the local environment and communities.

For most European nature tourists, authenticity is more important than luxury. They like unique, small-scale accommodation that is run by local people and preferably reflects the local nature and culture. However, they are gradually becoming more demanding in terms of standards of facilities and comfort. They certainly expect clean rooms, good meals and comfortable beds.

Ecotourists prefer accommodation with a minimum impact on their destination. This can range from budget-conscious eco-lodges to luxurious eco-hotels. Nature tourism is especially popular with older Europeans who are its largest target group. Tourists in this segment are between 50-70 years of age and their children have left home. Many are experienced travellers who enjoy natural, quiet environments and look for new experiences. They expect high value for money and are willing to pay more for authentic experiences. They generally seek higher standards of comfort than younger age groups.

18 to 44-year-olds are the second largest segment for nature and ecotourism. Most of them have travelled a lot and/or worked or studied abroad. They are increasingly interested in exploring new destinations further away. There are two groups in this market segment:

<u>High income, little time</u>

These are young professionals with high income but limited time to travel. They are mostly between 31-44 years old. They often travel in couples, although there is also a singles market within this age group. The people in this group are looking for unusual 'once-in-a-lifetime' experiences. They want to fit as much into their holiday as possible. Comfort is important to them.

<u>Smaller daily budgets, much more time</u>

This group is mostly between 18-30 years old. Think of backpackers and gap year travellers. Their daily budgets are small but they travel over longer periods of time, anywhere between a month and a year. They choose cheaper accommodation, are keen to engage with local communities and experience local activities and products.

European nature and eco-tourists are generally:

- well-educated
- well-travelled
- from higher socio-economic backgrounds.

According to the Rainforest Alliance, nature-based tourism accounts for about 20% of international travel. Research on nature tourism has shown that as much as 50% of the total travel market wants to visit a natural area during a trip, which often includes a day stop in a National Park.

Tips:
- ✓ Develop active nature tourism products, such as walking or cycling heritage trails and themed routes. Also consider horse-riding or canoeing trails and routes.
- ✓ Provide trails and routes of different lengths and difficulty levels to meet the needs of a wide range of nature and eco-tourists. Make sure these trails don't endanger the local nature / ecosystem.
- ✓ Show nature and eco-tourists what your community does with the money it earns from tourism. For example, investing in conservation projects and education or creating jobs for the community.
- ✓ Instruct your guests on how to behave towards wildlife. For example, no touching or feeding and no flash photography.
- ✓ Focus on older tourists, as this is the largest segment for nature and ecotourism
- ✓ Engage good and knowledgeable guides, as this segment is very interested in interpretation and education.
- ✓ Offer different options for accommodation and activities that young nature and eco-tourists can combine. This way, they can create a personal travel package that meets their budget.

Hiking

Walking and hiking tourists are defined as international visitors, aged 15 years and over, who participate in some form of walking or hiking activity (over and above a ½ hour). 15%-20% of people go hiking regularly. The average time of a hike in Germany amounts to 2:40 hours.

The preferred duration of a hike amongst German hikers is shown in the table below:

Preferred duration of hike	
Half-day hike	46%
All-day hike	37%
Several days hike with same place of accommodation	15%
Several days hike with changing accommodation	14%
Round-trip hikes	37%

Hikers on a day visit spend on average 16 Euro, hikers with overnight stays - 57 Euro (excluding transport).

What is needed?

- ➢ Signed trails with distance and time
- ➢ Hiking maps
- ➢ Safety and security on trails
- ➢ Variety of scenic trails in different ecosystems
- ➢ Information boards on nature and history.

8.3 Gastronomic tourism

Gastronomy plays a significant role in the motivations for travel and tourism. Developing gastronomy experiences for tourism is an attractive development strategy, because it appeals to high yield tourism. In addition, integrating gastronomy experiences into sustainable tourism development in rural and outlying areas helps to ease poverty. Because of the important relationship between gastronomy and other policy areas (agriculture, food production, country branding and cultural and creative industry), it is very important to develop an integrated and holistic approach to policy development and implementation.

The values of the society have changed and, today, products like wine and food are associated with leisure and relaxation, and not merely basic necessities. Food is now a cultural element, an experience similar to visiting a museum or going to a music concert. Today, we witness an increasing number of travellers interested in culinary destinations, a trend that seems to consolidate year after year.

The territory is the backbone of gastronomic offerings. The terroir is an element that differentiates and is the source of local identity. It encompasses environmental and landscape values, history, culture, traditions, the countryside, the sea, the own cuisine of the place. In this regard, the conversion of the territory into a culinary landscape is one of the challenges of tourism destinations.

It's no longer about dining at fancy restaurants. It's more about visiting local farms, taking cooking classes in a local's house, or attending popular food or drink festivals. As with anything travel related nowadays, the focus is on the authentic experience.

Categorisation of tourists with respect to food and beverage is shown in the table below:

GROUP	FOOD FOCUS	% OF MARKET
Culinary Tourists	They seek unique, memorable eating and drinking experiences	10%
'Food as Fuel' Tourists	They want to consume food as quickly and as cheaply as possible	10%
Leisure Tourists	They want high-quality food and experiences but this is not a primary motivation for travel	80%

Source: Irish Tourist Board

Another typology of culinary tourist distinguishes 4 types:

a. **Recreational**
They prefer familiar foods to feel safe and comfortable in a destination. They seek fast-food chains, package tour foods, and restaurants with a predictable menu

b. **Diversionary**
They love to party and are social but aren't really concerned about the setting. They would rather not take the time and energy to research dining information

c. **Existential**
They seek out local and regional cuisine and eat where the locals eat

d. Experimental

They are trendy and embrace the latest foods, flavours, and cooking techniques. They seek out restaurants with innovative menus, smart designs, and chic service. They travel for personal indulgence, to experience the good life with fine cuisine and being pampered.

Travel motives and patterns:

- Food and beverage are an increasingly significant motivator for travel, as 75% of leisure travellers have been motivated to visit a destination because of a culinary activity.
- Tourists spend about 25% of their travel budget on food and beverages, and sometimes even as much as 35%, depending on how expensive their destinations are.
- Regardless of income, culinary travellers prioritize spending on food and beverage, directing about 50% more of their budget towards food and beverage related activities than non-culinary travellers.
- Culinary Travellers (34%) are more motivated to visit a destination because of a posting about food or drink on social media than non-culinary travellers (23%). And on at least half of their trips, 64% of leisure travellers chose to share their food and beverage experiences on social media.

Good practice:

Sweet memories, traditional flavours from Galanta to Mándok (Slovakia+Hungary)

The aim of this project is to reconstruct and thematically introduce the rich culinary-confectionery culture from the Esterházy Castle to the Forgách Castle, which is part of the intangible heritage. During the Monarchy, French confectionery in baronial castles later appeared in peasants' kitchen too. Consequently, a growing number of traders started selling gingerbread, sweets and wafers in trade fairs in Upper Hungary, and especially in towns along commercial routes in the 18th century, so as to give space to famous confectioners, who no longer travelled with their merchandise, but offered them at location.

The significant change in the history of confectionery can be seen both in the cookbooks of noble courts and in the pastry recipes of country nuptials. It is possible to demonstrate the phenomenon from the perspective of raw material usage, appliances, interior design, and the related – mainly festive, nuptial – customs. Under the project, one can discover the relics of cultural heritage and a display of the collection. On some stops of the culinary road, guests visit a travelling exhibition in trade fairs and festivals with a mobile display and demonstration area. On the two endpoints of the route, in the Esterházy Castle and in the Forgách, culinary-touristic services will be offered: cooking competitions, thematic workshops, touristic programmes (interactive group displays, events) and publications (recipe collection, description of the route in 5 languages).

Currently food tourism is still a regional phenomenon, meaning that visitors travel within their region. According to the results of a survey, the marketing of gastronomic tourism products gives top priority to regional markets. At a second level are the local and national markets. And in last place is the international market.

Food tourists seek an authentic experience:

- ✓ *Food festivals or taste events that present local cuisines*
- ✓ *Distillery or brewery visits*
- ✓ *Local food markets*
- ✓ *A visit to a local producer or processor*
- ✓ *Activities such as 'catch and cook' and 'make your own'*
- ✓ *Guided trails and tours*
- ✓ *Long-table dining*
- ✓ *Self-guided food and foraging walks and trails that are linked to landscape/seascape*
- ✓ *Producer experiences such as farm visits*
- ✓ *Visiting specialist food shops, bakeries and markets.*

Wine Tourism

In 2014, the movement of more than 15 million travellers within the United States, many of them US citizens, was motivated exclusively by wine tourism. France receives 10 million wine tourists, Italy - 5 million. Argentina reports 1.5 million wine tourism visits, many of them by international tourists. Interestingly, the percentage of wine tourists out of all international tourists visiting Argentina (5 million) is very high.

There are 4 different types of wine tourism:

• "Open Door"– Receiving people for wine tastings and cellar visits

• "Edutainment" (education+entertainment) Blending session, harvesting workshop, vineyard nature walks, cooking class...

• "Disneyland Wine Tourism"

• "Eventification": Wine Festivals, Gastro-Walks, Village Harvest Festival.

Profiles of wine tourists:

a) Wine expert, who has an extensive knowledge of wines and visits the winery for buying, tasting and learning about wine.

b) Wine lover, who likes wines, has some experience in tastings and is eager to deepen his/her knowledge.

c) Occasional wine tourist, or wine curious, who has a low to moderate interest in wine, is motivated to visit the region by non-wine reasons and wineries are seen as 'just another attraction'. She/he is satisfied with basic knowledge of wine.

Focus should be placed on wine lovers and occasional wine tourists, as they represent the most important portion of the tourism segment.

What do visitors want to see and do? What can you offer?

- ✓ Tasting wine in a tasting room
- ✓ Visit the wine cellar
- ✓ Take a look in the vineyard
- ✓ Blind tasting
- ✓ Participate in harvesting
- ✓ Learn how to prune
- ✓ Learn how to identify grape varieties
- ✓ A botanical vineyard walk
- ✓ Sample tasting from barrels and tanks
- ✓ Blend your own wine

Innovative Idea: Wine Cube Armenia (www.bkwine.com)

A Wine Cube is a small cabin located in the vineyard where one can enjoy wine where it all starts, amongst the grapes. The hosts, Narine and Nver Ghazaryan, are both winemakers and sales people. The concept of the construction is minimalistic and in accordance with the surroundings. Mountains, vineyards and serenity give visitors the chance to concentrate on tasting the product.

Tips:

- ✓ Classified homestead?
- ✓ How to reserve?
- ✓ Interesting activities to do?
- ✓ Website available?
- ✓ Activities for children?
- ✓ Good sanitary conditions?
- ✓ Shops nearby?
- ✓ Easy to find, good directions?

8.4 Rural tourism/Agrotourism

Although overlapping with nature-based tourism, rural tourism is included as a separate type of tourism in this chapter because of its popularity in many Eastern European and EaP countries. Many villages in the countryside see an opportunity to attract city dwellers especially in the summer. Village or rural tourism associations organise marketing and cooperation of cottages and farmhouses. Holidays in rural areas are one of the least expensive ways of travel for domestic tourists.

Rural tourism showcases the rural life, art, culture, and heritage at rural locations. It is another kind of sustainable tourism that exploits resources in rural regions, causes little or no harmful impact, and generates increasing benefits to rural areas in terms of rural productivity, employment, improved distribution of wealth, conservation of the rural environment and culture, local people's involvement, and a suitable way of adapting traditional beliefs and values to modern time. While local communities benefit economically and socially from rural tourism, visitors learn from interaction and gain first-hand insight into local life.

Case study: The Wallachian Culture Trail (Poland)

The idea of having an international trail leading along the arc of the Carpathians associated with the traditions of the Wallachian culture aimed at the protection and revitalization of natural and cultural heritage. The idea to create the Wallachian Culture Trail came from the inhabitants of Ochotnica and activists of the local Rural Cultural Centre. In 2011, the working group "Building the Wallachian Culture Trail" was established, which is now leading the development and promotion of the trail. The development of the trail is to contribute to the development of the unique brand of the Carpathians and to the cooperation between the inhabitants of different parts of the Carpathians, which will enable economic development of the region based on local resources. The project focuses on key elements like the protection and revitalization of cultural heritage, and popularizing folk traditions related to the Wallachian culture. The project includes identification and protection of traces of settlements of the Wallach in the Carpathians, revitalizing traditions, restoring traditional economy based on herding sheep and cattle as well as preservation of the cultural landscape and biodiversity through the restoration of huts and active protection of grassland. This case study calls the attention to the history of pastoralism, an important activity throughout the Carpathians. It is a very complex, well designed project combining cultural, conservational and social activities. Also very important is that it is grass rooted, initialized by local organisations.

<u>Types and forms of rural tourism:</u>

Agrotourism: although often used to describe all tourism activities in rural areas, it relates more frequently to tourism products which are ‘directly connected with the agrarian environment, agrarian products or agrarian stays’: staying at a farm, whether in rooms or camping, educational visits, meals, recreational activities, and the sale of farm product or handicrafts.

Farm Tourism: explicitly farm-related and most usually associated with tourism involving staying at a farm accommodation and seeking experiences from farm operations and attractions.

Various estimates suggest that tourism in rural areas makes up 10 to 20% of all tourism activity, and a Eurobarometer survey reported that 23% of European holidaymakers choose the countryside or rural areas as a destination every year.

Rural travellers participate in activities, lifestyles and traditions of rural communities. This way they get a personalised experience of the countryside. They usually rent rural accommodation, which they can combine with (rural) activities and attractions, preferably using the local social, cultural and natural resources.

Examples of rural accommodation area:

- Campground or tent
- Community lodge
- Family-run guesthouse
- Farm
- Local family or home stay
- Rural bed & breakfast or small hotel

Common activities include:

- Animal observation
- Boat trips
- Using cycling or walking trail
- Horse riding
- Tours (e.g. village, coffee, tea or wine tours)
- Workshops (e.g. cooking or handicraft)

Rural travellers are looking for a wide variety of accommodation types within a broad price range, from campsites to rural hotels. They like authentic, small-scale accommodation run by local people, preferably reflecting the authentic rural heritage of the area. Freedom and flexibility are also important, especially for families.

3 main market segments

- Older generations

Rural tourism is especially popular among Europe's relatively large older age group of 50–70. They have more free time and money than other groups. Often their children have moved out, or they are entering retirement. These are usually experienced travellers that enjoy rural, quiet environments and look for new experiences. They want high value for money and are willing to pay more for authentic experiences. Older travellers generally seek higher levels of comfort than younger groups.

- Smaller daily budgets, extensive time

This group is mostly between 18–30 years old and includes, for example, backpackers and gap year travellers. Their daily budget is small but they travel over extended periods of time. These travellers choose cheaper accommodation. They want to engage with local communities and experience local life. Some are interested in volunteer work on community or conservation projects.

- Families

Family travel is a large, growing segment. It includes parents and grandparents with children or grandchildren, or sometimes several generations travelling together. Rural tourism is popular among families. In Germany, families are one of the largest market segments for rural tourism. Families are becoming more quality-conscious and price-conscious. They want good facilities and wish to balance safety and fun. Families like to combine rural holidays, fun and excitement with cultural enrichment.

8.5 Caravanning and camping are trendy

Caravanning is a popular pastime and tourism activity by families with young children, but also elderly people and people who do not want to move around with a tent or who want to bring along a pet. It is an ideal means of travel combining mobility and accommodation and is therefore highly suitable for more remote destinations which lack accommodation infrastructure. When camp-mobilists go on a journey, it is often 3-4 weeks and for long distances. Motor campers prefer nature and scenic places for overnight stops.

Some figures:

Leading camping and caravanning destinations in Europe

- France: 109.000.000 overnight stays
- Italy. 53.000.000
- United Kingdom: 50.000.000
- Germany: 47.000.000.

- Number of camp mobiles in Germany: 500.000
- Campsites in Europe: 26.000
- Daily expenditure of caravanning tourist is 50 Euro (mostly for restaurants and shops).

Infrastructure need for camp mobiles:

- Overnight parking site
- Sanitary facilities
- Electricity and water supply

- Waste discharge possibility
- Listed in camping and camp mobile site guides

8.6 Active/Adventure tourism

In ecotourism the prime motivation is the observation and appreciation of natural features and related cultural assets, whereas in adventure tourism it is rather the physical exercise and challenging situations in natural environments.

There are two main categories of adventure activities: hard adventure and soft adventure which makes categorization not always easy.

According to the 2014 annual global tourism trade study, 53% of their travellers were female and 47% of them male. The average individual income of an adventure traveller is estimated at around USD 47,000 per year. Adventure tourism attracts high value customers: they are willing to pay a premium for exciting and authentic experiences. Adventure operators have reported an average expenditure of USD 3,000 with an average trip duration of eight days, excluding flights. Adventure travellers prefer travelling in a group and organised by tour operators.

Considering the size of market and infrastructure needs, trekking and bicycling are the most relevant for EaP destinations. Although the present infrastructure is still rudimentary, it can be built up rapidly, as done in the Baltics, Poland, etc. To begin with, systematic signing and mapping of trails is needed.

8.6.1 Trekking

Europe is a key source market for adventure tourism such as trekking. A trek is a long (multiple days) adventurous trip on foot, in mountainous areas where common means of transport are generally not available. Trekking is considered a form of hard adventure tourism. Treks should be graded according to their level of difficulty, so travellers know what to expect. Solo trekking and combinations with community-based tourism are increasingly popular.

The safety of treks is of utmost importance to European trekking travellers. As treks are often done in lesser-developed and mountainous areas, trails can be easily damaged by natural disasters, flooding, heat or drought. Trekking equipment has to be safe and of good quality. Trekking travellers from Europe check the quality of the equipment, as well as education, training and certificates of guides and instructors. Also, if animals (horses or mules) are used during the trek, they need to be well treated and fed.

Trekkers generally expect and prefer an untouched natural environment for their trekking holiday. Trekkers expect trekking tourism companies to be actively involved in preserving their local natural environment. Guides should be able to tell interesting facts and stories about the trek. Trekkers need information on the kind of trekking they can do at your destination, so they know what to expect in terms of difficulty. A trek grading system classifies different trekking routes as for example: easy, moderate, strenuous and difficult.

Traveller profile

Trekking travellers seek a physical and mental challenge (in different degrees), authentic experiences and like to connect with local people. Sustainability and responsible tourism are important to them and they are looking for a once-in-a-lifetime experience. Besides these general characteristics, trekking travellers can be divided into four segments, based on age and their level of trekking enthusiasm.

Leisure trekkers

This is the largest segment. Travellers in this segment opt for less strenuous treks. Trekking is often their main holiday activity, but they like to include cultural activities and a relaxing (beach) break at the end of their holiday as well. In general, their treks are safe and not very challenging.

Young leisure trekkers look for an adventure and a challenge and like to take risks, within limits. They search the internet for good deals and new destinations. Some prefer some days of relaxation at the end of their trekking holiday, especially those travellers with demanding jobs.

Mature leisure adventure travellers have often experienced trekking as a part of their holidays in their youth and like to continue doing it. They generally:

- have more time and money for holidays than younger travellers
- take several holidays per year
- book through tour operators more often than younger travellers
- keep fit in their daily life by exercising regularly
- like a physical and mental challenge, although they prefer lower risk activities
- require more comfort than other segments, although this doesn't have to mean luxury

Trekking enthusiasts

This group is the most active in trekking. However, it is a small segment. Trekking is not only the main purpose of their holiday, it is often the only thing they do. Trekking enthusiasts like to be physically and mentally challenged by the treks they are doing. They do not mind some discomfort, but safety is very important. Young trekking enthusiasts are generally energetic people, looking for physical challenges. They are interested in high-adrenaline and high-risk or higher-risk activities. Mature adventure tourism enthusiasts are not directly thrill-seekers, but are generally very fit and active. They do not need a special programme for their age.

8.6.2 Bicycling

Europe is a key source market for cycling tourism. Safe cycling routes, good cycling infrastructure, quality material, cycling-friendly accommodation, luggage transport and knowledgeable guides are basic requirements. E-bikes and customised itineraries are increasingly in demand. Cycling tourism can be centre-based, where people are based in a particular location for several days and go out for day rides from there. It can also be a tour where cyclists stay at different locations along the way.

The intensity varies from soft cycling, enjoying the scenery while gently pedalling on a bicycle, to hard-core cycling, where physical fitness is the main goal. Cycling tourism is considered a form of soft adventure or sports tourism.

Good cycling infrastructure is another main requirement of European cycling travellers. This includes such things as:

- a variety of cycling routes and tracks
- good road surfaces
- clear and consistent route signage
- route maps
- information material regarding sightseeing

- Bicycle maintenance shops

European cycling tourists are used to high quality standards. They expect bicycles and related material of a good quality at their holiday destination. Cycling travellers prefer to stay in accommodation which allow secure bicycle storage and bicycle repair and can also give route information. They also appreciate breakfast options with a lot of calories, such as oatmeal, pancakes, pasta, bacon and eggs. In case of cycling tours where travellers stay at different locations, they expect their luggage to be transported from accommodation to accommodation.

Traveller profile

- are slightly more often male
- are often aged 40–60 years old
- are generally well-educated with higher incomes
- usually enjoy cycling as a form of sport or physical exercise
- like to be close to nature
- often travel in couples or small groups
- often arrange their travel and accommodation themselves

4 main segments of cycling tourists

Segment	Description
Infrequent leisure cyclists	People who do not cycle often at home. They usually cycled regularly as children, but less in adulthood. Infrequent leisure cyclists may not even have a bicycle, but if they do, they probably hardly use it. They are especially interested in low-traffic cycling and packaged cycling holidays, as a means to see the scenic countryside at a moderate pace. This is a large segment within cycling tourism. It also includes families with young children.
Occasional leisure cyclists	This segment includes people who cycle for pleasure several times a year, mostly during summer. They are especially interested in centre-based day cycling rides of 30–40 km, preferably on quiet country roads and low-traffic paths. This large segment especially offers opportunities for day cycling trips as an additional activity.
Frequent leisure cyclists	These are people who like to go leisure cycling very often during summer and possibly at least once or twice during winter as well. As frequent leisure cyclists are more used to cycling, they manage longer rides. They are especially interested in centre-based day cycling rides of up to 70 km, on quiet country roads and low-traffic paths.

Cycling enthusiasts	This segment includes people who go leisure cycling at least once a week, whatever the time of year, although perhaps less often during the winter. These experienced cyclists generally bring their own bicycle on holiday. They are especially interested in longer day rides of over 60 km and independent cycling tour trips. Cycling enthusiasts usually plan their own rides, using (digital) cycling route maps. Although this is the smallest segment, they are most likely to go on a cycling holiday abroad.

The popularity of e-bikes is increasing sharply in Europe, partly due to the ageing population. Senior citizens live and stay healthier and they use e-bikes for continued outdoor activity. E-bike sales increased in Europe at an average of 18% per year since 2012, reaching 1.7 million in 2016. At over 600.000 units, e-bike sales are highest in Germany, followed by the Netherlands (273.000) and Belgium (168.000).

Mountain biking

Mountain biking has become *the* trend sport in the past decade. Tourist towns in the European Alps which are equipped with cable cars have turned to this market and installed adequate infrastructure (trails, signage, digital maps, etc.). Mountain bikers like travelling in early and late summer and fall.

Mountain biker profile:

- Predominantly male (about 75%)
- 70% are 25-45 years old
- 55% have household income of over 70.000 Euro
- Average stay 3-5 days
- Average expenditure: 60-90 Euro per day
- On average, two mountain bike trips a year

Some figures

- 15 million Germans have mountain bikes
- 9.4 million have an interest in mountain biking during holidays
- 25% of newly sold mountain bikes are e-bikes

8.7 Urban/city tourism

UNWTO defines urban tourism as: "A type of tourism activity which takes place in an urban space with its inherent attributes characterized by non-agricultural based economy such as administration, manufacturing, trade and services and by being nodal points of transport. Urban/city destinations offer a broad and heterogeneous range of cultural, architectural, technological, social and natural experiences and products for leisure and business."

Within the holiday segment, city trips were the main growth driver in 2017 in Europe with a year-on-year increase of 16%, while sun & beach holidays grew by 9%.

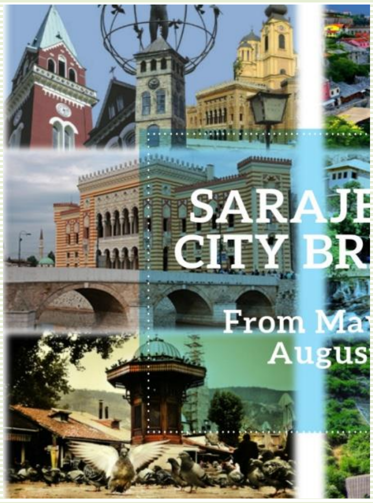
A visit to Central or Eastern Europe and the EaP countries includes mandatorily a visit of the capital city and most likely secondary cities and larger towns. The urban environment acts as a contrast to rural life and offers attractions and lifestyles which appeal to tourists. Medium and

City Break Package

4 DAYS / 3 NIGHTS
INCLUDING ACCOMMODATION, TRANSFERS & TOURS

Day 1. Welcome to Sarajevo

Day 2. Sarajevo Grand Tour



Day 3. Mostar UNESCO city & Blagaj

Day 4. Leisure time and transfer to airport

<u>THE PRICE INCLUDES:</u>

*3 nights on BB basis at selected hotels
(city centre), city taxes

*Private transfer airport – hotel – airport

*1 HD guided tour with English speaking guide

*1 FD excursion with included transfer and guide

Prices are net per person; Valid for min 2 persons

smaller-sized cities can take advantage of urban tourism and create the conditions for a week-end city break or an extended stay.

For domestic and international tourists, city breaks are ideal short holidays at any time of the year. In Britain, city breaks continue to be the nation's favourite type of holiday, with almost half of all tourists (48%) taking a city trip.

What are visitors interested in?

- Historic districts
- Museums and exhibitions
- Waterfront
- Shopping areas
- Festivals and events
- Gastronomy
- Nightlife

Cultural tourism in cities is an activity attracting all age groups:

- Those over the age of 50 tend to visit more cultural attractions than younger tourists.
- Culture is the single most important motivation for city trips, although relatively few visitors view themselves as 'cultural tourists'.
- Cultural events tend to be much less important than fixed attractions in city visits.
- The most important source of information is personal recommendation from family or friends, but the influence of the Internet is rapidly growing.
- City cultural tourists travel frequently by air and tend to stay in hotels.
- Although city cultural tourism continues to be dominated by the established 'cultural capitals', there is evidence of trends towards more trips to smaller destinations and new regions of Europe.

City breaks are typically marketed as packages.

Sarajevo City Break

Discover capital of Bosnia and Herzegovina, amazing Sarajevo city. You will be amazed by all of the history and culture that can be found around every corner. Sarajevo is a city in which even strangers can feel at home. Neither geographically expansive nor characterised by large buildings, the city retains a particular, arresting charm with its abundance of busy café's and abiding tradition of hospitality

8.8 Event tourism

Types of events:

- Cultural events
- Business events
- Educational events
- Sport events
- Art and entertainment events
- Political events
- Recreational events

The main purpose of organising events in a municipality is to improve the quality of life of citizens by creating opportunities for entertainment, recreation, education and sports. But events can generate attention beyond the region, attracting visitors from all over the country for one or several days. Spectacular events can be used as a catalyst to promote the destination in the neighbouring countries or even further away.

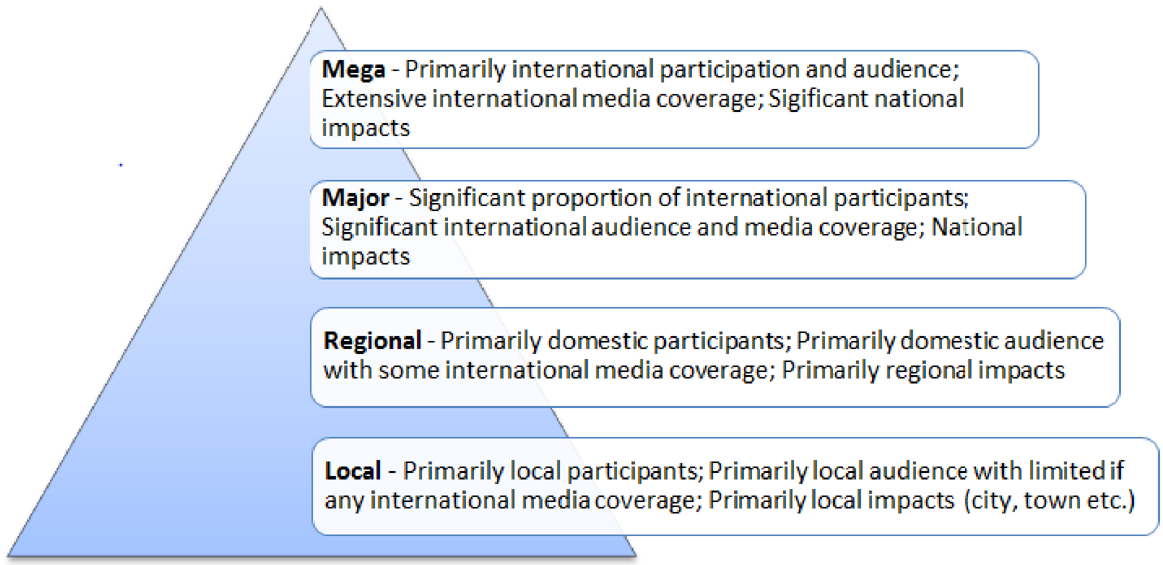
Most popular events with a tourism impact are the following:

a) Cultural events (music and theatre festivals, art exhibitions, book fairs, etc);
b) Historical events (medieval markets, restaging of battles, religious events, town anniversary, etc.);
c) Thematic events, especially related to food and drink (beer and wine festival, farmers markets harvest fairs, etc.);
d) Sport competitions with national or international participation.

By definition, festivals attract visitors. And visitors spend money, which boosts the local economy both on and off the festival site. On-site spending includes admission fees, parking fees, food, beverage and souvenir sales, etc. Off-site spending related to festivals generates revenue for communities, too. For example, visitors stop at local gas stations, souvenir shops, and restaurants. Overnight visitors provide another source of off-site revenue to communities that host festivals.

Festivals also provide free marketing and advertising for local businesses as visitors talk about their experiences when they go back home. Encourage visitors to post comments and photos about their experiences on social media. The economic benefits of successful festivals ripple throughout a local economy, affecting tourism and non-tourism- related businesses alike.

Typical event categories:



Aspects to consider when planning an event for tourism purposes:

- The event should have a relation with the municipality (historically, economically, thematically)
- Target events that attract visitors during off-peak periods
- In terms of marketing and branding there must be a strategic fit between the host destination and the type of event to be organised.
- The event industry is very competitive and to attract an international audience, a country must invest in developing the expertise, competence and professionalism of local event organisers.
- Organising events can be a costly affair. Financing must be monitored as this is public money and those spending the money must be held accountable for their actions and performance.
- A strategic approach to event tourism will require collaboration, communication and coordination between key stakeholders.
- Keep in mind that the event should be repeated every year or every other year in order to build up a reputation.
- When planning a new event, consider also unusual, different, unique themes.
- Communicate the event through as many media outlets (print and digital, local and national) as possible.

Case study: Fishing Festival in Tekija Village (Serbia)

One of the oldest events in Eastern Serbia is the Bucka festival, organized each year since 1984. It helps to keep the old traditions still alive, and provides an opportunity for the further development of tourism in the region. During its 30 years, the organizers have improved the event. This event is very important in the region as one of the places where it is still possible to see and try the traditional way of fishing of the catfish. Nowadays, the organizer of the event is Tourist Society of Tekija. Up to ten volunteers participate in organizing the event. Apart from a fishing competition, the event offers accompanying programs to the visitors. On several locations in the village Tekijamany singers and dancing groups are performing during this three-day festival. Visitors are offered to join the whole-day contest of preparing fish soup. In the last three years, the budget of the event increased from 8.000 to 12.000 Euros per year. About 80% of the budget comes from the local community and 20% form sponsors. The event receives 5.000 to 7.000 visitors per year, of which 10% are from abroad, 30% from other regions of Serbia and 60% from nearby municipalities. Why the case study was chosen: The event helps to preserve and promote local traditions and community. It also shows how a large event with a long tradition can help improve the situation of an economically under-developed region. More information: www.zlatnabuckadjerdapa.com

9. Recommendations for promoting local tourist destinations

9.1 Organising tourism on local level

The municipal administration is usually the focal point of tourism management and development. As a minimum, one person in the municipal administration should be tasked to manage tourism development issues and to bring together stakeholders in order to coordinate tourism activities. Stakeholders in sustainable tourism management planning are all the individuals who are interested in and/or affected by tourism development.

They should participate in the planning process from the early stage. Sustainable tourism development emphasizes in particular the importance of considering and respecting the wishes and needs of the local population of the tourism destination.

Tourism development is usually not a primary subject of public administration, and therefore can only be managed effectively if all the stakeholders participate in the decision-making process. The tourism sector includes a great variety of products and services and influences the local economy, as well as the culture and living-conditions of the tourism destination. This means that there is a wide range of people involved in tourism, such as local tourism service providers, retailers, hoteliers, etc.

A proper **Tourism Office** tasked with conceiving and implementing tourism projects, marketing the destination and providing information to visitors is an ideal condition for professional tourism management. If sufficiently staffed, that unit may take the role of a Destination Management Organisation (DMO). The DMO is an implementation body for the tourism strategy, offering a political continuity and integrity to the destination development process and serving the interests of the entire value chain. DMOs are formal structures that build on cluster efforts to manage and market the destination. A major DMO function is to create a master management plan and destination marketing strategy. Typically, local-level DMOs operate tourism information office, frequently with a retail shop. Some forms of regional-level DMOs are heavily involved in regional promotion and destination management.

9.2 Vertical and horizontal cooperation

Tourism development on the local level is severely handicapped by limited funding and lack of professional staff, as well as by a small number of tourism businesses. Available tourism resources and products are insufficient to achieve a reasonable market position. It is indispensable to seek partnerships and alliances

a) with regional and Central Government to obtain expertise in strategic planning, funding for realising investment and tourism projects and getting included in promotional materials and campaigns
b) with other municipalities and regions to build a larger destination that can offer a stronger product
c) with private tourism companies (hotels, restaurants, excursion sites, tour and travel firms) to put together trip packages

<u>Transnational cooperation</u>

Transnational tourism is evolving rapidly as tourists seek a broad experience in different cultural settings. Tourists already think in transnational terms, and tourism professionals are responding to this demand with transnational tours, cruises and other products. Tour operators are opening up markets based on niche themes and in various country combinations. In summary, some important trends will further drive the development of transnational themed tourism:

- The inevitable development of international exchange. Crossing borders without difficulty is becoming an increasing expectation of modern tourists – with the exception, of course, of high-conflict zones, and in times of high insecurity. In Europe, the vast majority of consumers have travelled to foreign countries, many of them on multiple occasions, and are becoming increasingly accustomed to international travel.
- The development of technology will continue to facilitate travel, by reducing costs, making booking easier, and by providing other services.
- The increasingly active support of international bodies. Transnational themed tourism is encouraged and supported by organizations such as UNESCO, UNWTO, the European Travel Commission (ETC), the Council of Europe, the European Parliament by major charities and by international development agencies.
- The desire of overseas tourists visiting several countries on one trip.

Example: Euroregion Country of Lakes – Latvia, Lithuania and Belarus

The Euroregion Country of Lakes stretches across the border regions of Latvia, Lithuania and Belarus and was established in 1998. A key goal is to promote cultural and historical identity of each region and attain balance between tourism development and environmental protection. Tourism related projects have included “Culinary heritage as a method of development regional tourism network in Euroregion Country of Lakes” (2005–2006). In their 2020 strategy, the development of cycling routes and infrastructure is planned, alongside a project called the Cool Tour, promoting cultural tourism through three major festivals.

9.3 Selling a product or an experience?

Selling a product? A hotel room, a museum pass, bike hire	Selling an experience? A relaxing break, a family-friendly exhibition, a whiskey tour
Focus on what it does	Focus on what it makes you feel
Is what you buy	Is what you remember
Bought as a single activity	Stimulates interactions with wider communities and all parts of a business/other businesses to deliver authentic experiences
It is what it is – no links to anything else	Promotes whole geographic areas around themes
Usually a stand-alone and price-driven	Driven by value and can attract a premium price
Limits the stay to the single activity. Little opportunity for spending	Lots to see and do and so likely to stay longer and spend more through creative cross selling
Can be impersonal and feel cold and uncaring about them	Is usually warm, personal and interactive
Is easily forgotten once the activity ended	Creates strong memories and associations
Not generally talked about	Encourages word of mouth recommendations and opportunities for social media

Checklist for creating an experience:

✔ *It must be globally unique.*
Visitors are looking for offerings that can only be found in the location they're visiting, or a focus on things that are distinctly your destination.

✔ *It must be authentically local.*
Genuine local experiences are often the ones that provide the stand-out quality that people remember. Visitors want something they can't experience elsewhere.

✔ *It must be interactive.*
Visitors don't want to just see things. They want to learn something new that evokes emotions; feel a sense of belonging and feel alive.

✔ *It must be aligned to the needs of our visitors.*

Cooperation with other municipalities or regions enables the cooperating group to put together complementary and attractive travel packages under a common and overarching theme which facilities destination marketing.

Examples include:

- Thematic routes (pilgrimage, salt, Gothic churches, industrial heritage, Emperors and Kings, etc.).

- Thematic regions (i.e. in Poland: Masurian Lakes, Bieszczady Mountains, Elblag-Ostroda Canal, In the Land of the Jatzvingians, Cistercian Monasteries).

9.4 Market research and destination marketing

Who are your customers?

- Identify market segments inclined to visit your country according to available resources and products (culture, rural tourism, etc.)
- Establish the target group's motivations for travel.
- Decide whether these are the people who, if they visited, would help to fulfil the destination's tourism objectives.
- Check whether the destination has the appropriate products and services to meet the needs, desires, and expectations of potential customers or can create and develop them.
- Persuade them to visit using appropriate, targeted messages and media.
- Evaluate and review the impact of the marketing on the segments that have been targeted.

Who are your competitors?

- In the region?
- In the country?
- In neighbouring countries?
- What are they doing better?
- Benchmarking competitors?

Benchmarking enables you to compare against key competitors and to monitor trends, initiatives and strategies adopted by competitors, internationally and intra-country.

The Four Ps in destination Marketing

- **Product**. What experiences and services should be packaged for target markets? Product development and packaging includes product-market matching, product mixes, product life cycle, product packaging, and new product development.
- **Price**. Which price point appeals to target markets? Can the right balance between price and volume be achieved?
- **Place**. What distribution channels are most appropriate to distribute product to target markets? The destination place (distribution) strategy should take into account changes in the traditional travel channel, the emergence of the Internet and other new media and the role of low-cost and scheduled airlines.
- **Promotion**. What is the best mix of promotional techniques to reach target markets?

International good practice suggests that an effective branding and communication strategy should follow a well-structured and comprehensive action plan. First, the target markets' needs are identified and analysed and suitable offers selected to match the demand. Second, the brand is designed and developed according to the definition of an ideal brand positioning, tailoring the brand messages to the priority markets' segment. The use of the brand is then promoted via the appropriate communication channels (e.g. international fairs, websites, social media and brochures) and the development and implementation of a communication strategy. There could be incentives to use the brand, for instance through the provision of free communication materials and services for businesses using it.

Common marketing tools used by Destination Management Organisations/DMOs[12]:

- Brochures. Leaflets, flyers, or other descriptive circulars; these are particularly useful for tourism and service businesses.
- Print media. Newspapers, magazines, and specialty publications.
- Broadcast media. Radio can be targeted to specific markets; cable television can likewise target specific markets; network stations can be very expensive.
- Online advertising. Paying for visibility on other websites; these can be banner ads, sponsorship of other sites, purchasing key words and phrases (tags) for search engines
- Advertising specialties. Items imprinted with the organization or destination logo and given to customers (calendars, caps, desk sets, pens, and gifts).
- Direct mail. Flyers, catalogues, brochures, and coupons.
- E-mailings. Regular or infrequent mailings to email lists; these can be direct advertisements or online newsletters.
- Events. Showcasing the destination through themed parties, informational workshops, and performances of local culture.
- Public relations. Free feature and news articles in the media and other publicity, usually secured by public relations specialists.
- Informal marketing/networking. Activities such as public speaking or attending conferences and trade shows.
- Website. A very effective way to describe products or services in depth for customers everywhere at all hours.
- Social media. A way to increase word-of-mouth marketing by using online networks to share information about the destination.

Is your destination ready for international tourism?

- ✓ Focus on two to three priority international markets. The source market consists of many countries with different characteristics. Product, price, promotion and distribution strategies have to be defined for each market
- ✓ Before targeting a specific source market, check transport and access to your destination. Can travellers easily reach your country/region and are flights affordable?
- ✓ Is a professional inbound tour operator interested to sell the destination?

When selecting your priority market(s), take the following criteria into account:

- ✓ number and growth rate of trips to Central and Eastern European countries as a reference
- ✓ number and growth rate of trips to your region/country
- ✓ tourism expenditure
- ✓ availability of airline connections to your destination, preferably direct flights
- ✓ market trends and consumer preferences
- ✓ historical and economic bonds between market and destination.

Germany, France, the United Kingdom, Poland and Italy are the key European source markets for EaP destinations. These countries represent almost two thirds of the total European outbound market.

Opportunities to join professional tourism marketing and development organisations.

European City Marketing Association (ECM)

[12] See also Annex 3: Marketing and Communication Tools

Bigger cities with an already established tourism industry can consider a membership with ECM (www.europeancitiesmarketing.com), which supports cities in tourism marketing, organisational improvement, benchmarking on cities competitiveness, networking and research. ECM provides the platform for convention, leisure and city marketing professionals to exchange knowledge and best practice.

Two of the following 3 conditions must be met to qualify for membership:

- More than 3,000 beds or 1,500 rooms in commercial accommodations
- Capacity to host a meeting of at least 300 delegates in one plenary room, providing sufficient supporting facilities for breakout and catering
- At least three international meetings per year with a minimum of 300 delegates coming from at least three countries during the last three years.

Membership fee starts at 2.000 Euro per year.

ANNEXES

Annex 1: Key Elements of Destination Competitiveness

Key Elements	Parameters
Product development	Product differentiation, innovation, investments, market share, provide unique experiences, Increase the added value of tourism, develop high value segments, marketplace perspective (including prospective travellers, tourism operators and small businesses)
Quality of tourism services	Improve quality, welcome of visitors, quality of life, social equity and cohesion, services to
Price competitiveness	Prices, exchange rates, ratio price/quality "value for money"
Accessibility/connectivity	Infrastructure development, geo-strategic position of the destination,
Branding of the destination	Promotion and marketing, identity, image, awareness of the destination, breadth of appeal, market diversification
Natural and cultural resources	Sustainability, gastronomy, climate, biodiversity
Human resources development	Skills, education and training, labour productivity, tourism training centres

Annex 2: Travel and Tourism Competitiveness Index for EaP countries

Armenia

84th /136

Travel & Tourism Competitiveness Index 2017 edition

WORLD ECONOMIC FORUM

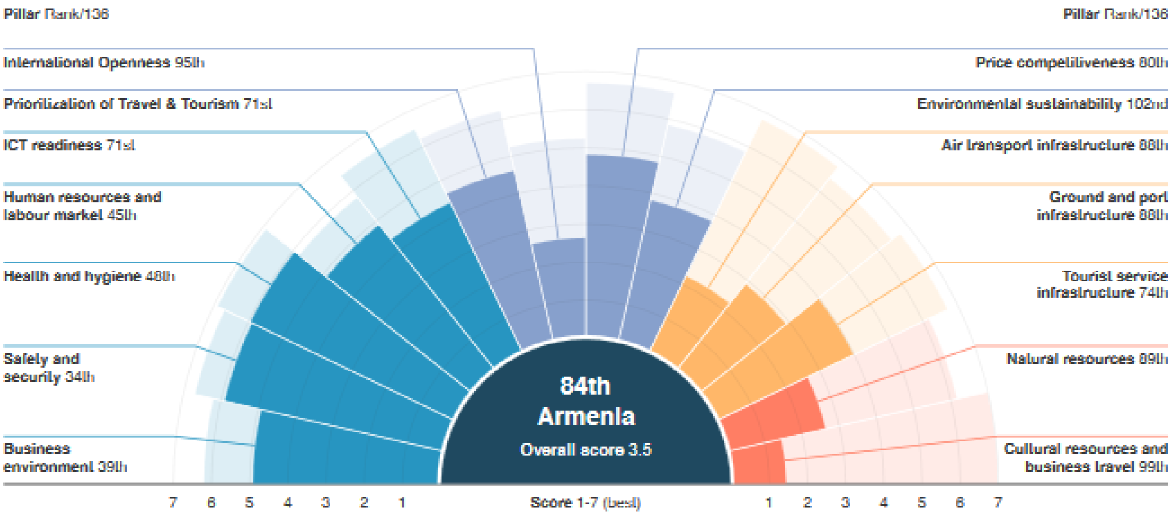
Key Indicators

Sources: World Tourism Organization (UNWTO) and World Travel and Tourism Council (WTTC)

International tourist arrivals	1,191,910	**T&T industry GDP** % of total	US $383.1 million 3.8%
International tourism inbound receipts	US $935.8 million	**T&T industry employment** % of total	40,158 jobs 3.3%
Average receipts per arrival	US $785.1		

Performance Overview

Key Score — Highest score



Past performance

Travel & Tourism Competitiveness Edition	2015	2017
Rank	89 / 141	84 / 136
Score	3.4	3.5

Azerbaijan

71st/136

Travel & Tourism Competitiveness Index 2017 edition

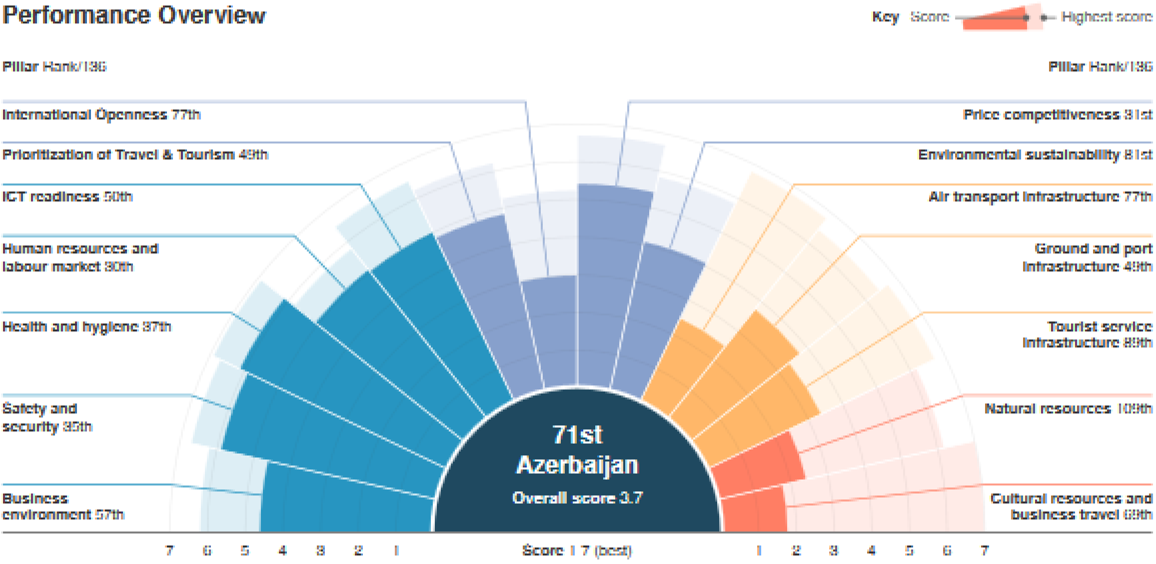
Key Indicators

Sources: World Tourism Organization (UNWTO) and World Travel and Tourism Council (WTTC)

International tourist arrivals	1,921,925
International tourism inbound receipts	US $2,309.5 million
Average receipts per arrival	US $1,201.7

T&T industry GDP	US $1,504.9 million
% of total	2.8%
T&T industry employment	118,453 jobs
% of total	2.6%

Performance Overview



Azerbaijan (71st) is one of the most improved economies this year, rising 13 places in the global rankings. While Azerbaijan's international arrivals decreased in 2015 as a result of an economic slowdown in the region, the growth of international arrivals since 2010 and the country's investment in the sector have increased and are consistent with the improvement in the rankings. Azerbaijan's liberalization of its visa regime has led to an improvement in the nation's openness (77th). At the same time the country has made efforts to enhance its natural and cultural resources by increasing the total size of protected areas (83rd) and actively promoting its oral and intangible cultural expressions (14th). Azerbaijan has become a cheaper destination thanks to a lowering of hotel prices (31st), and exchange rate fluctuations. Azerbaijan's relatively safe environment (35th), flexible labour market (20th) and positive health conditions (37th) contribute to its growing attractiveness as a tourist destination. However, the country's T&T competiveness could be enhanced even further by increasing air connectivity (currently ranked 77th), focusing on natural and cultural resources (109th and 69th, respectively) and developing and communicating entertainment and leisure attractions.

Past performance

Travel & Tourism Competitiveness Edition	2015	2017
Rank	84 / 141	71 / 136
Score	3.5	3.7

Georgia

70th/136

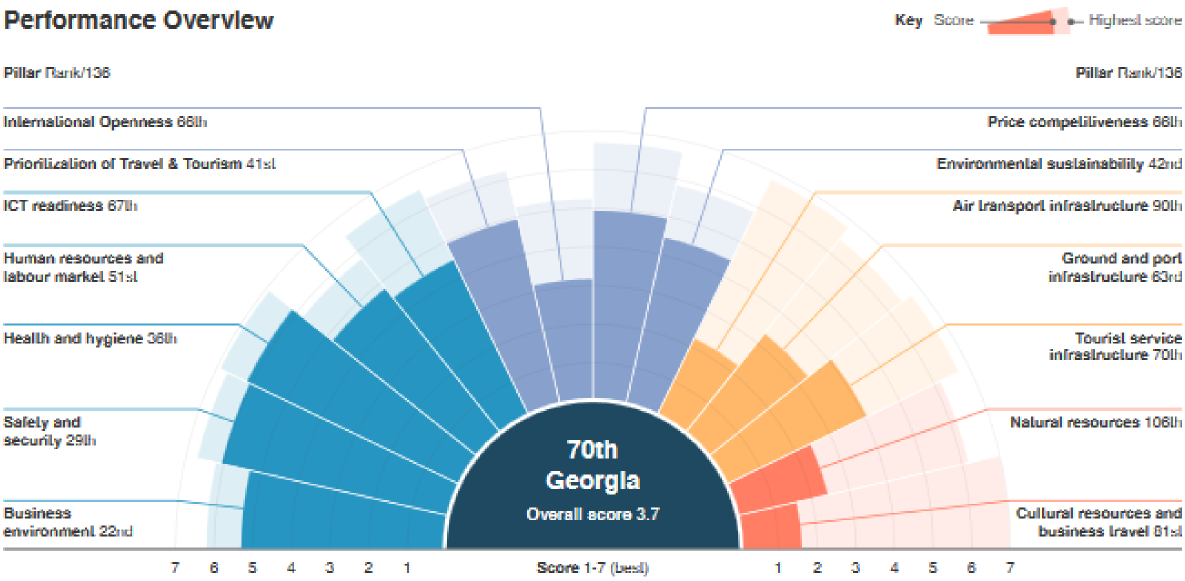
Travel & Tourism Competitiveness Index 2017 edition

Key Indicators

Sources: World Tourism Organization (UNWTO) and World Travel and Tourism Council (WTTC)

International tourist arrivals	2,281,971
International tourism inbound receipts	US $1,935.9 million
Average receipts per arrival	US $848.4
T&T industry GDP	US $966.3 million
% of total	7.1%
T&T industry employment	100,601 jobs
% of total	5.8%

Performance Overview



Past performance

Travel & Tourism Competitiveness Edition	2015	2017
Rank	71 / 141	70 / 136
Score	3.7	3.7

Moldova

117th /136

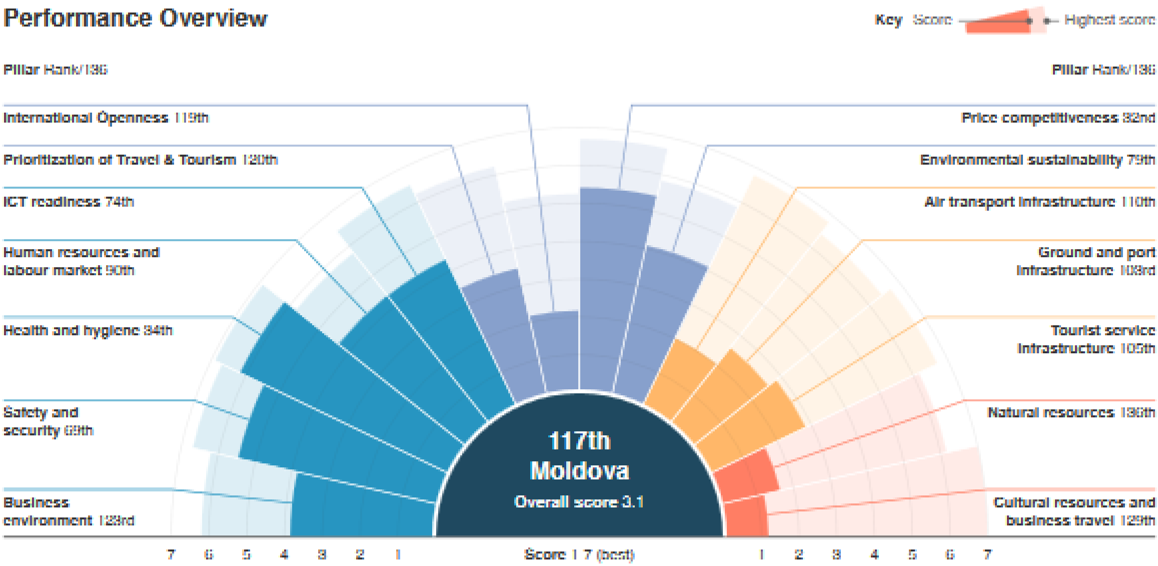
Travel & Tourism Competitiveness Index 2017 edition

Key Indicators

Sources: World Tourism Organization (UNWTO) and World Travel and Tourism Council (WTTC)

International tourist arrivals	94,381
International tourism inbound receipts	US $204.1 million
Average receipts per arrival	US $2,162.5
T&T industry GDP	US $60.1 million
% of total	1.0%
T&T industry employment	9,502 jobs
% of total	0.8%

Performance Overview



Past performance

Travel & Tourism Competitiveness Edition	2015	2017
Rank	111 / 141	117 / 136
Score	3.2	3.1

Ukraine

88th / 136

Travel & Tourism Competitiveness Index 2017 edition

Key Indicators

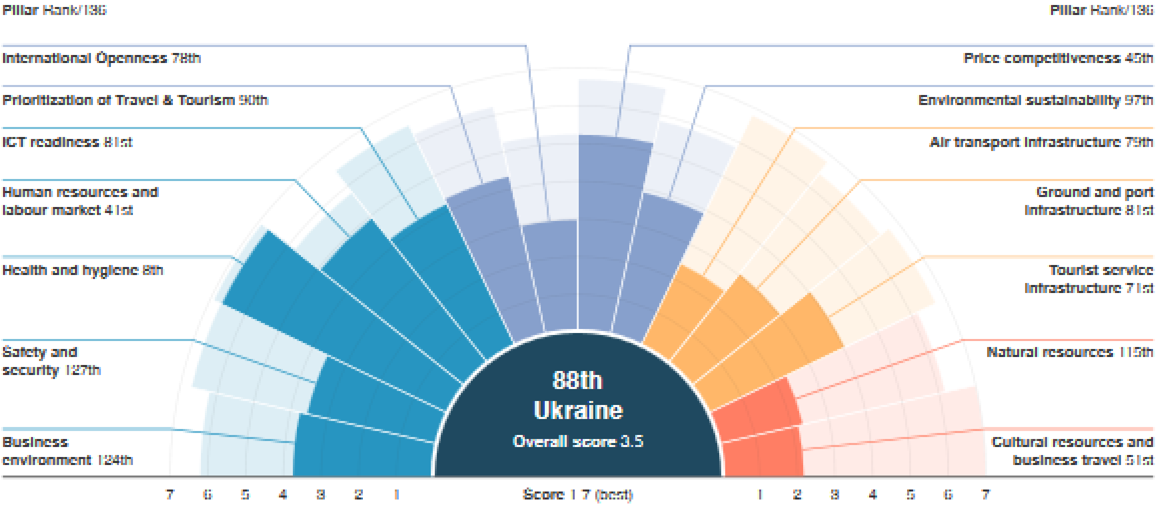
Sources: World Tourism Organization (UNWTO) and World Travel and Tourism Council (WTTC)

International tourist arrivals	12,428,286
International tourism inbound receipts	US $1,082.0 million
Average receipts per arrival	US $87.1

T&T industry GDP	US $1,304.8 million
% of total	1.4%
T&T industry employment	214,364 jobs
% of total	1.2%

Performance Overview

Key: Score — Highest score



Past performance

Travel & Tourism Competitiveness Edition	2017
Rank	88 / 136
Score	3.5

Annex 3: Marketing and Communication Tools

OUTPUT TOOLS	OUTREACH TOOLS
• Print products - Brochures and Leaflets - Posters - Fact sheets - Monographs • Internet-based information - Websites - Mailing Lists - Newsletters - E-Forums • Media relations - Relationship with Local Media - Press Releases - Media Events - Newspaper Ads - Newspaper Supplements • Public Information Display and on-site Information - Information Repositories - Infield Notification and information - Visitor Information Centre - Guided Tours • Meetings, Events and Personal Contacts - Public Meetings - Public Availability Sessions - Local Events **INTPUT TOOLS** • Written and web-based forms - Email - FAQ programme - Public comment period - Public input - Surveys - Polls • Meetings and Personal Contacts - Public meetings - Field trips - Individual consultations	- Posters and public displays - Exhibitions - Special theme days - Community Events - Education Outreach activities - Toll-free Hotline - Public Television/Public Access Television Shows - Video Productions **INVOLVEMENT TOOLS** • Planning events - Public forum - Public meetings - Planning days / Planning weekend - Activity week - Workshops • Project Centre • Incentives - Award Scheme - Competition • Look & Decide Tools - Interactive Displays - Choice catalogue - Design Games - Mapping & Models - Participatory editing - Prioritizing • Group activities - Community profiling - Photo surveys - Reconnaissance trips - Simulation - Assistance teams - Task force - Focus groups - Design workshop - Community Groups • Technical Assistance - Funds and Trusts - Grant schemes

Literature:

Afonso, Carolina/Great Wine Capitals Global Network	Wine Tourism Consumers: Who are they and what motivates them?
Alebaki, Maria and Iakovidou, Olga	Market Segmentation in Wine Tourism: A Comparison of Approaches. Thessaloniki
Alebaki, Maria and Iakovidou, Olga	Segmenting the Greek Wine Tourism Market using a Motivational Approach
Bricker, Dr. Kelly S	Trends and Issues for Ecotourism and Sustainable Tourism,
Bundesministerium für Wirtschaft und Technologie	Zukunftsmarkt Wandern, Kassel, 2010
CBI/Ministry of Foreign Affairs	What are the opportunities for adventure tourism from Europe? 2018
European Commission	Survey on the attitudes of Europeans towards Tourism. Brussels. 2010
European Travel Commission	European Tourism -Trends and Prospects. Quarterly Report Q1. 2018. Brussels. 2018
ITB Berlin/IPK International Literature	What are the Trends to Look out for? Berlin. 2018
Ministry of Science, Research and Culture. Land of Brandenburg	Leitfaden Kulturtourismus in Brandenburg. Potsdam. 2005
Northern Ireland Tourist Board	A practical Guide to Experiental Tourism in Northern Ireland.
OECD	Fostering Tourism Competitiveness in South East Europe. 2016
OECD	Tourism Papers. Major Events as Catalysts for Tourism Development. Paris. 2017
OECD	Indicators for Measuring Competitiveness in Tourism. Paris. 2013
OECD	Tourism in South-East Europe. A Policy Outlook. Paris. 2018
Republik of Armenia, USAID	Tourism Development Concept Paper
SNV/Netherlands Development Organisation	The Market for Responsible Tourism Products.
Unknown	Nachhaltiger Tourismus auf der Grundlage des Kultur- und Naturerbes.
UNWTO	Compendium of Tourism Statistics. Data 2013-2017. Edition 2019. Madrid, 2019
UNWTO	European short term tourism trends. Volume 2. 2018. Madrid. 2018
UNWTO	UNWTO Silk Road Project. Ukraine Action Plan.
UNWTO	European Tourism Trends. Madrid 2015
UNWTO	Tourism for Development. Volume II. Good Practises.Madrid. 2017
UNWTO	Tourism in the BSEC Region. Madrid. 2018
UNWTO	Second Global Report on Gastronomy Tourism. Madrid. 2017

UNWTO	European Tourism Trends. Madrid 2018
UNWTO	Global Report on Adventure Tourism. Madrid. 2014
UNWTO	Yearbook on Tourism Statistics. Data 2012-2016. Madrid. 2018
UNWTO	Working Together in Europe-A Shared Leadership. Madrid. 2014
UNWTO	3rd UNWTO Global Conference on Wine Tourism: Wine Tourism as a Tool for Rural Development. Chisinau. 2018
UNWTO/European Travel Comission	Handbook on Marketing Transnational Tourism Themes and Routes. Madrid. 2017
UNWTO/WTCF	City Tourism Performance Research. Madrid. 2018
USAID	Tourism Destination Management. Washington
Voskarova, Martina, Editor	Good Practises of Sustainable Tourism in the Carpathians. 2014
WEFs & T&T Competitiveness Report	Tourism in South-Eastern Europe-Driving the Recovery?
World Travel & Tourism Council	Domestic Tourism. Importance and Economic Impact. London, 2018
World Travel & Tourism Council	Travel and Tourism Economic Impact. 2019

Author – Gottfried Hilz-Ward