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STRATEGIC DECISIONS FOR THE DEVELOPMENT OF TOURISM DURING THE TRANSITION PERIOD IN SERBIA¹

Abstract

Tourism represents a very perspective and significant economic activity for the Republic of Serbia, being one of the basic branches of economy, creator of GDP and supporter of the development of different environments. Unfortunately, since the beginning of the 1990s of the twentieth-century conditions for the development of activities in the field of tourism have been very negative, because of many reasons. Reasons that certainly belong among others are: the shortage of capital, reduced turnover scope in tourism, very small investment, but the basic reason is the deep economic crises that have taken hold of our society.

Under the influence of the arisen changes, present level in the development of the domestic tourism is under the actual possibilities that are enabled by natural, as well as social respectable resources. The politics of undifferentiated marketing was immanent during the whole period of the post-war development in tourism after the W.W.II up until today and has not been giving results that were real according to the available resources. During the period of transition it is often heard of tourism being one of the bases for the future economic development of the Republic of Serbia. However, it hasn't been done much to actually take steps in practice.

The aim of this work is to point out the state of tourism in the current economic situation in the country with the special stress on the possible strategic moves in the further development in tourism.

Key words: tourism, transition, politics, economy, marketing

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СТРАТЕШКА ОПРЕДЕЉЕЊА РАЗВОЈА ТУРИЗМА У ПРОЦЕСУ ТРАНЗИЦИЈЕ У СРБИЈИ²

Абстракт

Као једна од базних грана националне економије, стваралац GDP-а и ослонац развоја различитих средина, туризам представља за Србију веома перспективну и значајну економску активност. Нажалост, од почетка 90-тих година XX века услови за одвијање активности у области туризма показали су се веома неповољним, из великог броја разлога, међу које свакако спадају и недостатак капитала, смањен обим туристичког промета, веома мале инвестиције и основног узрока дубоке економске и политичке кризе у којој се нашло наше друштво.

Под утицајем насталих промена, садашњи ниво развоја домаћег туризма налази се испод реалних могућности које пружају бројни респектабилни ресурси како природни, тако и друштвени. Такође политика недиференцираног маркетинга која је, за читав период развоја туризма након Другог светског рата па до данас, била иманентна, није давала резултате који су на основу присутних ресурса били реални. У годинама транзиције често се чује да је туризам један од ослонаца будућег привредног развоја Србије. Међутим, у пракси се мало урадило и чини да се пређе „са речи на дела“.

Циљ рада је да укаже на место туризма у тренутној економској ситуацији у земљи са посебним акцентом на могуће стратешке правце његовог даљег развоја.

Кључне речи: туризам, транзиција, политика, привреда, маркетинг

Introduction

In spite of the great number of attitudes stated in public about the changes that would appear after 2000. in all spheres of economic and social life, we conclude that new government preserved to a great extent the old model of rule and accumulation of wealth which caused increase of social inequality and rapid decrease of democratic potential in the society. Harmful consequences of the struggle for power within the ruling political elite are felt mostly by citizens, those who actually at the most expected from the promised democratic and economic reforms.

However, the period of transition started in some important economic branches from which results are expected. Appropriate documentation was gathered (legal and sub-legal acts, strategies and plans of action for the future development).

² Рад је део истраживања на пројекту 149007 „Мултифункционална пољопривреда и рурални развој у функцији укључења Републике Србије у Европску унију“, Министарства науке и технолошког развоја Републике Србије и пројекта XXX

1. Position of tourism in the former politics of economic development

During the former economic development, primary and secondary sector had the priority. After the W.W.II through the rapid flow of industrialization, our country was trying to overcome the inherited, evidently big economic regional inequalities. An attitude and determination to pay equal attention to the development of all economic sectors was present, with the special stress on the rapid industrial development whose aim was to enable creation of the material base for economic development of underdeveloped republics and regions within. Former strategy of economic development was the rapid flow of industrialization. Rapid development of tertiary sector began in 1970s of the twentieth-century.

Declarative support has been given to the whole economic development of the Republic of Serbia, but without real and serious action in order to improve it. Events that happened during the last decade of the twentieth-century caused spoiling the image of tourism and lost of interest in all segments of foreign countries' touristic demand for our country. These conditions are pictured in the best way through the reduction of statistical indicator values related to the field of tourism (number of arrivals, number of overnight stays, income in foreign currency of tourism etc.). Because of impoverished economy it hadn't been invested into the development of tourism during the 1990s.

A lot of factors influenced bad inheritance considering the development of tourism in the Republic of Serbia. It is good to mention that during the same period a great progress in the world regarding information technology took place (its modernization), that has opened opportunities for new forms of application in tourism. It could be stated that regarding modernized information technology our country has been outstanding as well, in other words, the gap has become even more deepened.

2. Politics of development in tourism

In order to revitalize and restore the position that tourism had in the past it is necessary to improve the image of the Republic of Serbia and to approach all marketing segments with maximum appreciation of all the factors that determine the demand which would enable a successful placement of our tourism product. Strategic elements for the development of tourism should be based on the selective determination of aiming markets and segments. A condition to achieve more significant effects in tourism is complementary to the development of domestic and foreign tourism. Consequently, to access international markets has become a must!

Certain destinations in the Republic of Serbia would be treated as small destinations on international tourism market. A chance lies in focusing on the specific segments of tourism demand, in other words in the target marketing, in the development of special interest tourism and in rural and transit tourism.

Regarding the tendency of a large number of international companies to manage global affairs, as well as the fact that former development of tourism (domestic and foreign) was elemental, theoretically it is important to present what is meant by managing affairs on the

international tourism market and what the segmentation on this kind of market represents. This is a condition for making the right choice of strategy and its successful implementation.

Starting with an assumption that segmentation is based on the difference of final consumers' - tourists' needs (motives and requests), that are represented within different demand for products and service on the market, it is necessary to adapt given tourist destination and its tourism product to specific tourism requests and motives (its segments), in order to place the product on the market successfully.

Considering necessity to access the international market, phases in the business politics of the firms, as well as of destinations could be:

The first phase-development-Large number of destinations (except Belgrade) have not yet been defined on the domestic market. Therefore, the possibilities for animation and attraction in certain segments of domestic demand are higher. At the starting phase of destination, all economic subjects (their business orientation) must pay attention to the aiming groups within certain segments of domestic demands. At the moment of reaching saturation point, diversification with new elements to enrich tourism offer and differ from eventual competitive destinations could be realized.

The second phase, **internationalization** – these two phases should be developed complementarily, considering that foreign tourism developing effects are also expected, by which, as I already mentioned, development of tourism and achieving more important effects are conditioned. This phase would include: engagement of intermediaries, opening local departments for offering travel arrangements by which higher level on the international market, in other words, larger economy scope would be achieved and tourist destinations (elements included in the offer) must be based on export.

The third phase would include **activities on the international market**. The activities would be: strategy formulation for acting on any market where tourism product is being placed, afterwards all the forms of marketing and organization, and in the later part research activities related to certain international market and all its segments.

The fourth phase in theory has been related to Global Affairs Management. The world will be seen as a unique market, which, in the case of certain destinations in the Republic of Serbia, considering potential (resources) that are in their possession and aims that could be achieved, because they are small destinations is unreal.

3. Strategic decisions for creating marketing attitude

Regarding marketing of tourist destinations management, especially when discussing about planning of marketing activities and choosing right strategy, tourist destination has three general applications:

1. application of the so-called **undifferentiated marketing** – tourist destination is placed on the market frontally, offering the product, disregarding the existence of numerous differences that appear in tourist demand
2. application of **differentiated marketing** – includes consideration of the fact that a market could be divided into smaller and more homogeneous (compact)

consumer groups and therefore adapting the politics of tourism offer to the circumstances

3. application of **concentrated marketing** – includes the choice of only several target markets, or even only one on which product would be placed. The last one represents the strategy of concentrated marketing or focus marketing.

It could be concluded that, during the former development of tourism in the Republic of Serbia, in spite of the development support voiced in public, the concept of undifferentiated marketing has been unrestrainedly applied, where the existing attractions have been offered frontally, without a clear politics of marketing and demand, in other words without answering the needs of certain marketing segments (target groups).

In literature which deals with the questions of marketing approach to consumers, the priority is given to the focus strategy which enables series of advantages:

1. It enables more precise market definition and better understanding of consumers' needs;
2. Once the consumers' needs are understood, it is easier to determine marketing mix;
3. Continuous program of market segmentation strengthens firm capabilities (destinations) by satisfying the changeable market needs;
4. Enables the management to make better evaluation of the competitors' weak and strong sides;
5. Segmentation leads to a better directing of the marketing effort;
6. Enables more precise definition of market segments.

Pointing out that there are large number of bases for market segmentation, P.Green reminds that in the basis, two analytical approaches have been traditionally used and those are: a) *'a priori'* segmentation which is based on the characteristics of consumers that had been established beforehand and b) *'post hoc'* segmentation which is based on the appreciation of consumers' similarities regarding the defined set of variables. Combination of these two approaches is so-called *'hybrid approach'*.

Considering numerous specific characteristics of tourism demand, world trends according to which the priority should be given to the focus strategy, it is necessary to state 'target markets' precisely and to invest in that regard and expect effects by reason of that kind of investment. It should be complementarily paid attention to the domestic, as well as to the foreign tourism demand, particularly if the effects of tourism development are expected (financially in the first place).

4. Possible directions in market segmentation of tourism

According to the inspection of resources (natural and social) and, on the other side, domestic and international tourism demand, we had been trying to predict demand (actual and potential) and propose market segmentation based on it, on which it would be good to direct appropriate marketing and management activities, so that the effects of tourism would be higher.

Markets could be divided into two basic groups: domestic and international. International could be divided into three segments within which target markets should be stated precisely (focus strategy). The division would be the following:

I) Domestic market - focus strategy could be clearly performed and target groups underlined. Those would be:

- **Excursionists:** pupils' excursions and organized groups for visiting monuments pertaining to the history of culture and cultural institutions, numerous historical sights, various manifestations, gatherings etc.
- **Fair tourists:** fair manifestation program lasts during the whole year. Fair spaces in Belgrade and in Novi Sad are bases for planning and expecting in regard to this.
- **Conference tourism:** Belgrade has the biggest possibilities for this type of tourism development. The existing built infrastructure for conferences (Sava centre, etc.) should be mentioned, being one of the most important facts, as well as the vicinity of an airport. It is good to mention that other centres in the Republic of Serbia do not possess these possibilities, therefore tourism based on workshops and small gatherings should be developed. This attitude is based on the fact that modern businessmen of today do not wish to lose their time travelling to destinations that are more than 100 km away from the airport, because basic moto of businessmen is 'time is money'.
- **Vacation tourism:** organized visits (group or individual) to natural attractions the Republic of Serbia is rich in with clear investment activities in building appropriate infrastructure in localities could bring long-term effects.
- **Sport:** organization of various sport manifestations could attract suitable number of tourists from the country.
- **Special interest tourism:**
 - a) **Hunting and fishing** - Organized visits (group or individual) to various domestic hunting associations and to their members;
 - b) **Rural tourism** - Interest of the people from our bigger city centres (Belgrade first of all) in visiting decorated rural houses has been increasing recently;
 - c) **Visits to monasteries and castles** - It could be closely connected to excursionists and appropriate programs of pupils' stay during excursions, organized groups could be formed, etc.
 - d) **Photo Safari** – It hasn't still been popular and developed sufficiently, the fact that should be changed.

II) International market

International market could be divided into three market groups, within which smaller homogeneous groups could be formed, by which certain programs of stay could be offered. The three market groups would be:

- 1) **International markets where rapid access is possible.** Starting income in foreign currency could be enabled by these markets. East European Markets could be the example. But, those should be the countries whose image hasn't been ruined to a great extent. There is least prejudice in these countries and there are good traditional bonds (economic, cultural, and historical). Those countries are: the Russian Federation, Ukraine, Czechoslovakia, Slovakia, Hungary, Romania, Bulgaria, Greece and Macedonia.

- 2) **Perspective markets** – require bigger investments for regaining their position and for answering the increasing requests of the tourists. By this I primarily speak about the quality of services that many people name as being crucial factor when they rate their stay at a particular destination. Certain tourism products had already been present on these markets before the 1990s (for example: visits of numerous hunting grounds, etc.). The following countries belong to this group: Great Britain, France, Germany, the Netherlands, Sweden, Austria, Italy.
- 3) **Distant markets** – are the markets that need long-term investments. Those markets are: the USA, Canada, Japan and China and they require high marketing activity and long-term investments, in the first place in:
 - a) promotion – so that the certain homogeneous groups within these markets could be animated and potential (resources) could be represented to them in order to attract them for staying on these destinations, and afterwards
 - b) investments in the quality plans and programs for arrivals and stays on destinations.

The more prior aspects of tourism that I already mentioned as being the big chances of a destination will be developing on one side, and division of international tourism market will be performing on the other side, in other words segments will be formed and within them 'target groups' will be focused, and it will be more possible to carry out plans and programs of stays on destinations for every segment, or target group. Creativity in making plans and programs of stays on destinations means guaranteed success. The following table shows an attempt to predict foreign tourism demand according to the prior aspects of tourism basis of development.

Table 1. Perspective aspects of tourism in the Republic of Serbia and potential demand on the international tourism market

Aspect of tourism	Potential demand
City tourism	Tourists from all European countries interested in familiarization with destinations with the human inheritance
Transit tourism	Tourists from Western and Central Europe while travelling towards the Mediterranean, or towards Near or Middle East
Mountain vacation	Kopaonik, Zlatibor, Tara etc. If they are presented in quality and promotional way, they can attract large number of tourists that are in love with nature
Tourism related to the Danube	Construction of ports, of all the necessary port capacities, hotels and restaurants could attract large number of tourists that are travelling towards the Red sea. The tourists are from Europe, as well as from distant markets (the USA, Canada, Japan).
Health tourism	Considering the large number of spas and sanatoriums across Europe, the effects could be expected if continuous investments in quality of service, of accommodation, etc. should be performed. In this way positive long-term results could be expected.

Special interest tourism:	
a) Hunting and fishing	Demand existed during economic sanctions, as well as during the whole period of the 1990s. That demand comes from the following countries: Italy, Germany, Austria, France.
b) Photo Safari	Large number of men in love with nature that come from Europe, Japan, the USA, Canada could bring significant income
c) Rural tourism	Tourists from highly urbanized industrial countries in Europe, the USA, Canada, Japan.
d) Visiting monasteries	Tourists from the so-called 'orthodox countries', afterwards from Japan and the USA, as well as all of those who are interested in our cultural and historical inheritance.
e) Castle visiting	Considering large number of castles across Europe, as well as the offer, visit could be an integral part of certain programs for stays.
f) Wine tourism	Wine lovers from the entire world. This specific aspect of tourism brings significant income to a large number of countries and has the tendency of growth and development, to which the attention should be paid.

5. The role of firms in the tourism economy during the period of transition

Considering the variety of aspects in tourism, it is possible to expect real effects, based on clear determination of all the represent of the tourism offer and the investment in this field, in short-term, as well as in long-term period. Therefore, the development of tourism and its success are based on development and investments in tourism product and in its width and depth with a clear focus on target markets and creativity in making plans and programs of stays. In that sense, privatization with the property owner stated precisely would enable tourism to become effective as a part of the whole economic system.

The changes that were started through the process of privatization have been brought to an end. According to the data of the Privatisation Agency of the Republic of Serbia in the branch tourism and hotel management, by auctions, to the 25th of March, 2009. inclusive, 105. tourism and hotel management firms were privatized, while 38. of them are still under procedure of privatization. Almost the whole tourism economy practically got its titular.

This is, certainly, an encouraging data, however in order to make it effective, it is necessary to give vigour to strategic determination. In that sense an integral part of the access that was mentioned above must play the crucial role, or in contrary, without clear vision of tourism, many times voiced attitude about tourism as being 'Serbian chance for development' would remain a dead letter.

Tourism Organization of the Republic of Serbia and numerous officials as well must contribute so that it really something would be done. Wishes and plans would become real that way, and tourism would have marked its own route by coordinated action. Difficulties that our society has been facing with should not be an excuse, but they should be a motive.

Conclusion

Transition entered deeply into all pores of our economy and society. Being very important economical branch tourism hasn't been immune to all these processes. However, 'process' shouldn't be left to the element development, and it wasn't the case up until today. Politics of clear marketing and management with precise focusing on appropriate target markets with the economic interest of tourism economic objects' owners would give long-term results. Therefore, natural and human resources that are in possession of the Republic of Serbia must serve to the further development of tourism.

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