Edited by
Susan L. Slocum · Valeria Klitsounova

Tourism Development in Post-Soviet Nations
From Communism to Capitalism

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László Puczkó has been working as a travel and tourism expert, researcher, and advisor for over 25 years. He graduated as an economist specializing in tourism from Budapest University of Economics and from Art & Design Management of the Hungarian University of Applied Arts. He completed his PhD in 2000 and became a certified management consultant in 2003. He is a guest experience and tourism advisor to the Liget Budapest Project. He is the (co-)author of numerous specialised books (e.g. From Attraction to Experience, Tourism in Historic Cities or Impacts of Tourism) and articles in professional journals.

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CHAPTER 1

Introduction

Valeria Klitsounova and Susan L. Slocum

The year 2021 celebrates 30 years since the collapse of the Soviet Union and the opening of numerous economies to capitalism in Eastern Europe and Asia. Capitalism has had major impacts on these countries including increased economic opportunity and quality of life, while presenting numerous social challenges including the exodus of young adults to the West, exposure to globalization and cultural change, rural-to-urban migration, and increased tensions between local populations and international visitors.

Former Soviet bloc countries have chosen a variety of liberalization paths as a means to enter the global economy. Eastern European countries have taken one of two paths to establish market privation after the fall of communism. Countries like Hungary, Poland, and the Baltic states have embraced Western values and sought alliance with the European Union (EU). Other countries, such as Belarus, have maintained strong ties with Russia. In Asia, Kazakhstan and Mongolia have aligned their economic relations with China or close Islamic/Buddhist neighbours

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(Abdelal, 2002). However, most of these countries have struggled to reach the economic growth goals that capitalism promised, including stable inflation, investment in infrastructure, higher wages, and a transition to a democratic political system. Tourism, through its capitalist nature, promotes Western values of independence, consumerism, and cultural exploitation (Sharpley, 2009). These values are often in sharp contrast to the communist ideals of solidarity and the collective proletariat. As Lagace (2000) writes, "An explanation…lies in nationalism: in the degree to which these countries constructed and embraced their own concepts of national identity and allowed such concepts to influence economic policy" (n.p.).

The aim of this book is to provide a comprehensive research-related book to inform the opportunities and challenges facing former communist countries in tourism development. These countries face unique issues in developing and marketing tourism businesses, communities, and attractions because of polices that discourage international influences. While Soviet economies relied on state influences to facilitate community development, the success of capitalism lies in access to a variety of resources (capitals), such as the environment, fiscal services, infrastructure, and market knowledge at the local level. Moreover, communal societies potentially possess social capital that can provide unique economic development opportunities. Therefore, this book attempts to incorporate a regional perspective that widens the tourism development debate to include theoretical perspectives, applied research, and case studies that document the broader successes and challenges that affect tourism stakeholders and address the necessary elements that facilitate a comprehensive tourism development strategy in emerging former communist countries.

This book is different from most books about tourism development in post-Soviet countries, which are generally authored or edited by Western academics. These former publications generally reflect the views of researches of the Anglo-Saxon school. Here you will find the views of insiders—those who are native to, or live and work in, post-Soviet countries. Many of our authors were born during the socialist period and have grown up with socialist ideals. Most are old enough to have witnessed the revolutionary period and the collapse of the communist system. Moreover, our authors range from seasoned academics to those who work in tourism non-governmental organizations. All of our contributors have been at the forefront of tourism capitalistic development in former communist countries. These authors have also been vital players throughout the transition-

ary period, experiencing a different pace of life and trying to find their way, and their country's way, in a new world. We are happy to present their voices and to help them find a wider audience for their institutional and personal knowledge and development lessons. We hope that this book will be not only interesting but an important counterpoint to previous research derived from the West.

The list of destinations and topics described in these chapters is rather wide and, initially, may look random. However, they are written by professionals from tourism post-Soviet professional circles, by authors well established in their fields. In fact, it is this very randomness that represents and reflects the diversity of the process happening in this part of the world.

The geographical context of the book is rather diverse as well—from Estonia in the North to Georgia in the South, from the Slovenia in the West to Kazakhstan in the East. All of these countries belonged to the so-called Eastern Bloc including regions within the USSR. The Cold War left a long-lasting geographical discourse, a sort of dichotomy, between 'us' and 'them'—the developed Western democracies. This group of countries possess immense diversity and heterogeneity, while also having experienced similar histories and ideologies. Some of these countries went straight to capitalism, such as Poland, some have tried to follow a 'convergence theory' like Belarus, and some are looking for their own path towards socio-economic development.

The goal of this book was never to cover all countries from the former Soviet bloc, but rather to conceptualize the process of post-socialism transformation typical for this area, using tourism as a social lens. We do not treat these tourism destinations monolithically, which we hope will make this book interesting—different scenarios, a different pace, and different models of economic and political development which are reflected through tourism. Additionally, by allowing local actors to tell this story, we hope that the issues of importance are well represented.

Historical Contexts

The historical context of this book mainly covers the period after the collapse of socialism (1989–1990) and the breaking of the 'Iron Curtain' through to today. However, some articles highlight the periods after World War II, including representative experiences during communism and throughout the transition stages. Most authors have distinguished three stages in tourism development—the periods of socialism, transition, and global emergence.

The Period of Socialism

In relation to tourism, the period between 1945 and 1990 could be described as the 'social' or 'domestic' tourism period. People did not travel much because of a lack of freedom for movement outside of the Eastern Bloc. Visa restriction, financial problem, and difficulty in obtaining a passport for travelling created limitation in mobility. However, there were a lot of organized travellers inside these countries, and three tourism organizations promoted domestic travel round the region (Intourist, Trade Union Tourism, and Sputnik). These organizations were governed by the state and served as travel agencies for excursionists inside the Soviet bloc. In the USSR, all tourism enterprises and organizations were state owned, but in Poland, Hungary, Yugoslavia, and East Germany, the private sector was allowed to develop minor tourism business units especially in the mountains and seaside resorts.

The primary focus of tourism was social tourism where sanatoriums and recreational resorts boomed. Primarily for workers and their families, facilities were dynamically developed to provide access to leisure and recreation. Everything was subsidized by the state. Excursions were organized for school groups, students, and workers to enhance education and promote socialist-value propaganda goals. Holidays were not bought but were partly 'granted' by one's employment organization. As a matter of tradition, travellers paid 10–20% of the cost, or many paid nothing. Tourism was not a business but rather a social activity. Some international tourism existed but was highly controlled by state tourism agencies.

The Transition

The period 1990–2004/2006 is called the 'touristification' period by some experts. The focus of tourism development during that time changed from domestic leisure to international investment and marketing. Western foreign currency for regional economic growth was needed, and tourism supported foreign exchange earnings. Political transformations boosted mobility and the dynamic development of the tourism industry as privately owned businesses. Foreign tourists visited the countries of the 'new Europe' intensively. As modern tourism infrastructure was created, such as information centres, travel agencies, and hotels, tourism turned from a social activity to a real, and very attractive, global industry.

However, a decline in productivity did not allow many former Soviet citizens the luxury of travel. Therefore, as facilities were upgraded and political and financial insecurity dominated the economies, tourism in these areas was generally an export industry. The first interactions between these residents and the global world occurred in the tourism centres and on the beaches and mountains formerly visited by the domestic communities. Not only was it an opportunity for cultural exchange, tourism provided a window into the lifestyles and decadence of the global elite. A lack of tourism knowledge, inadequate infrastructure, and poor customer service dominated tourism in the former Soviet states.

Global Emergence

The next period started in 2004/2006 and still exists today. It is connected to the accession of new countries to the EU (and later the Schengen area), as well as those who have not yet fully integrated with the West. A rapid increase in arrivals in this part of the world was recorded after the enlargement of the EU. The EU provides a new impulse to tourism development—integrated promotion, harmonization of standards, staff training, subsidized local initiatives, new forms of networking (informal and formal), best Western practices (greenways trails, eco-museums, tourism clusters, creative tourism product), as well as financial investment through small-scale community grants. The criteria for EU grants corresponds with the values and trends prevalent in European and worldwide tourism development, including the concept of sustainable development. Many tourism projects supported by the EU are mentioned in different chapters of this book.

The rapid growth of income from the tourism economy has resulted in situations where many researchers analyse tourism from the point of view of business. However, it is important to also mention the anthropological dimension inherent in tourism. The process of rapid development in the tourism field reflects the process of development in society as a whole. This process has been rather dramatic and much more complicated than it would first appear because these countries are facing changing values that often contradict and disrupt socialist ideals.

Our authors emphasize that economic indicators are not the only measures which should be taken into consideration when discussing tourism. It is very important to understand how people have adopted to a new

system, if it has improved their quality of life, and if they are satisfied or just surviving. Social capital is one of the most valuable assets in the Eastern Bloc, which can support and possibly determine the success and pace of development. Therefore, it is important to include elements of human and social aspects in relation to the varied development paths undertaken in these countries.

Tourism in post-Soviet countries is becoming an active part of the global economy and reflects many of the international trends and innovations, such as sustainable development, experience economy, creative industries, over- and under-tourism, networking and tourism cluster development, public-private partnership, and social media marketing. All of these can be found in this book. Each chapter provides specific features and peculiarities from different countries, but all have a common principle and direction—capitalism.

Book Overview

The book is divided into two parts. The first part provides a variety of models designed to measure the success of tourism (Chaps. 2, 3, 4, 5 and 6). These chapters all contain detailed historical descriptions of Soviet and post-Soviet era policies and practices as they relate to tourism development. The second section engages the reader with a number of case studies intended to highlight specific aspects of change in the market-based system and the challenges these regions are facing (Chaps. 7, 8, 9, 10, 11 and 12). Together, there is a comprehensive picture of the great strides taken over the past 30 years by many post-Soviet countries, as well as a laundry list of things that still need work. Together, these chapters show a number of similarities resulting from a common history, but also stress the variety of trajectories taken within tourism development that have resulted in different outcomes.

In Chap. 2, Ruukel, Reimann, and Tooman remind us that the 50 years of Soviet influence is a relatively short time span in the history of these countries. By recounting over 800 years of history, they provide a clear understanding of the role of nature in Estonian society and culture, the ways in which nature was used to battle communist ideals, and how that has led to a value system that supports the sustainable development of tourism today. Specifically, they argue that tourism itself has contributed to the identity and cultural distinctiveness of rural places in Estonia. It is,

perhaps, because of the Soviet regime and the tight controls in Estonia's border areas that much of the natural landscape has been saved and available for tourism development today.

Chapter 3 moves to Bulgaria, where Stankova, Vasenska, Stoykova, Kaleychev, and Paskaleva assess the relationship between tourism and economic development as a result of Bulgaria's targeted tourism policy. Using linear regression analysis, they measure changes in gross domestic product (GDP) and GDP per capita based on purchasing power parity, inflation rates, population growth rates, the human development index (HDI), and international tourist arrivals pre- and post-communism. By means of the tourism-led growth model, they apply the assumption that expansion of international tourism, specifically increasing foreign exchange earnings, corresponds to the generation of economic growth. They conclude that changes in international tourist arrivals impact inflation rates, which invoke multiplier effects for tourism. However, policy limitation during the communist period resulted in an increase in arrivals, yet a decrease in GDP. Post-communism, increases in visitation have resulted in positive GDP growth.

Zmyślony and Nowacki use the tourism area lifecycle model to evaluate seven Polish cities over the past 70 years in Chap. 4. They chose the number of overnight stays in hotels (demand variable, primary use) and the number of hotel beds (supply variable, secondary use) as data points because hotels have always played a leading role in the development of tourism, public statistics on hotels cover the entire population of existing facilities, and methodological changes affected this type of establishments in the smallest degree. Their research uncovers three different models of tourism evolution showing that tourism lifecycles can vary across destinations. They highlight how the individual factors of each destination verify broad and systemic issues, such as indigenous heritage, individual tourist attractiveness, and resistance potential. They conclude that central government's control over the economy, society, and ideology either stimulated or suppressed tourism development.

Wroblewski, Ussenbayev, Nartov, Abenova, and Sagyndykov, in Chap. 5, compare local and non-local, as well as tourism professional and non-professional, perceptions of tourism as a means to analyse the direction of socio-economic changes in Kazakhstan. As a country that has resisted liberalization, government involvement in tourism enterprises, through quasi-governmental ownership structures, has had a negative impact on tourist perceptions. The primary formal (institutional) barriers to tourism

development include a lack of tourist information, medical services, and poor roads, and the informal barriers include sanitary conditions, limited investments in innovations and modern services, the image of Kazakhstan and the Central Asian region, and corruption. Moreover, poor management of the tourism sector (mismanagement), safety and security issues, and a lack of investment in tourist attractions were also noted. Non-residents cited mismanagement and bureaucracy as significant barriers, although residents did not. They conclude that institutional problems within the governance system, management, and the mentality towards tourism development have limited tourism success for Kazakhstan.

In Chap. 6, Kučerová, Gajdošík, and Elexová highlight the interconnections between policy and successful tourism development in Slovakia. They provide a detailed overview of tourism policy during the periods of socialism, transition, and post-European Union and Eurozone membership. By analysing the financial backing of 812 projects within the Operation Programme Competitiveness and Economic Growth and Slovakia—Rural Development Programme, they develop an integrated model of destination competitiveness that highlights the importance of product development and attractiveness and access to financial resources. They find that financial assistance is concentrated in the most competitive destinations, which in turn is deepening regional disparities. Instead, they suggested that competitive destinations should be weaned from subsidies to encourage a more sustainable business model, using fiscal resources to support less competitive destinations. Specifically, they acknowledge a lack of professionalism in destination marketing as a constraint to competitiveness.

Part II begins with a case study regarding over-tourism in Budapest by Smith and Puczkó in Chap. 7. They recognize that transitions have been uneven throughout post-Soviet countries, specifically in Budapest where tourism lagged behind that of other post-socialist cities like Prague. Today, tourism has become an agent of social inequality because of poor tourism planning, inconsistent and inadequate legal and regulatory frameworks, and inherent corruption. The rise in budget airlines, ruin bars, Airbnb properties, the fragmented management of the city, and varying regulations relating to the night-time economy have resulted in over-tourism in certain areas of the city, specifically Districts VII (the former Jewish ghettos region). As the city changes its marketing focus to highlight spa tourism and heritage, as well as gastronomy and festivals, there is optimism that the new form of tourism can become a catalyst for positive change.

Returning to Bulgaria in Chap. 8, Stoyanova-Bozhkova describes stakeholders' perceptions of sustainable tourism development and the degree to which the principles of sustainability have been implemented in the policies and practices of tourism development along the Black Sea coast over the past 30 years. Using a path-dependency path-creation approach, the chapter acknowledges that historical events influence decision-making resulting in actions that are constrained by existing institutional resources. Simultaneously, social forces can redesign the rules of the game, in this case a movement towards a more sustainable approach to tourism development. Results show that the transition to a free-market economy, marked by wide-ranging societal and structural changes and mass tourism development, has resulted in dissatisfaction by stakeholders in the way tourism was restructured after 1989. The exception was the purpose-built resorts of Albena and St. Constantin & Elena which employed an integrated approach to all new development and adhered to established carrying capacities.

In Chap. 9, Čampelj recognizes the power of the tour guide profession as an agent of change for the perceptions, images, and attitudes of a country, specifically in Slovenia. However, in order to do so, a redefinition of the profession from tour guide to Cultural Immersion Facilitator is required. Using the curriculum from the G-Guides institute's tourist guide training from the Julian Alps region, this chapter shows how human capital expansion, specifically as a means to aid the negotiation of culture, can advance the goals of the national strategy and contribute to a more sustainable form of tourism. Traditionally, tour guides had two primary functions, the first, path finding, has been diminished by advanced technology, and the second, mentoring, can project a favourable image of a destination to the tourists and deliver the brand. However, today tour guides can also become powerful communication tools that can advocate for sustainable local development.

Belarus provides a valuable case study on tourism product clusters by Klitsounova in Chap. 10. Specifically, the experience economy requires supply-side entities to deliberately design engaging experiences that command a fee. This is done by encompassing the product in culturally specific attributes that not only engage consumers but also support public-private partnerships. By establishing networks of producers, policy makers, and knowledge institutions, the focus shifts to value chain development. This is especially important in situations with limited financing but high-quality social and human capital, as is apparent in post-socialist societies. By presenting three case studies in Belarus, this chapter highlights factors that

strengthen these linkages and utilizes opportunities to generate added value by constructing visitor experiences. Klitsounova argues that success depends on the strength of social ties between the cluster members in the network and their ability to work together as a team.

Graja-Zwolińska, Maćkowiak, and Majewski explain, in Chap. 11, how tourism product development has transformed rural tourism in Poland towards a market-oriented economy over the past 20 years. They present multiple case studies, along varied stages of development, of different types of tourism products to extrapolate how supply and demand attributes support essential main motivational needs, benefits, or experiences to community and travellers alike. Using the tourism product approach has added value to the tourism offer in Poland and assisted in the success of the rural tourism sector. Specifically, as transitional economies, ones based on goods and services, move towards experience-based economies in tourism, the experiential element of the tourism product core has become an extremely important issue. However, rural tourism experiences are distinctly different than experiencing rurality, and the authors provide a detailed explanation of the relationship between constructed experiences, brand identity, and synergic interactions among all components of the tourism product.

In Chap. 12, Engländer and Robitashvili take the readers to communities neighbouring protected areas to underline the transformation of social and economic structures in Georgia. Using path dependence theory, the authors identify that the main processes of decision-making is a reactive sequence, where responses to an event are similar to responses to prior events, resulting in the same decisions. They argue that isolation, Soviet control, and ethnic differences created dependency, which is still visible today in the lack of concern for common property and the reliance on central government to develop rural areas. The key to successful transition to a market-based economy, they claim, lies in interpretation which affords opportunities for small businesses to enhance knowledge acquisition. By involving the community during the earliest stages of planning, trust was created and opportunities were recognized, leading to community support of the protected areas and to tourism in general.

Additional Thoughts

While no one book can cover all the nuances of transitioning economies, we hope that this book supports new knowledge in the challenges facing post-Soviet countries. Socialist heritage and history is a very sensitive subject for

discussion and interpretation. It does, however, provide unique opportunities for cultural product development. It is very important to prepare new types of informational media, as well as guiding, that is based on new approaches of dialogs, truth, and revelations. Since the collapsing of socialist system 30 years ago, a new generation has appeared, and they will decide where to travel, what to experience, and they will craft their own tourism narrative. They will suggest new ideas and trends in tourism development because the future belongs to them. And we hope that this book will help them to make educated decisions.

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PART I

Transitions and Indicators of Progress

CHAPTER 2

Rural Tourism as a Tool for Sustainable Development: Lessons Learned in Estonia

Aivar Ruukel, Mart Reimann, and Heli Tooman

Introduction

This chapter examines the development of rural tourism in post-communist Estonia, after regaining its independence, and describes the activities that supported the transition towards market-oriented sustainable rural tourism. Post-communist economic restructuring has significantly influenced the development of tourism in Estonia. This leads to a discussion on tourism restructuring, particularly the privatization and regulation of tourism activities, the establishment of standards and quality criteria, and the training and education of rural tourism entrepreneurs and personnel.

The 50 years of the communist regime has been a relatively short period in the history of shaping Estonian attitudes and relationships towards nature and sustainability. In order to contextualize the post-communist era, the authors also give a brief overview of the previous 800 years.

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Authors review tourism literature and historical and economic documents in order to analyse how tourism has contributed to the identity and cultural distinctiveness of rural places, as well as how tourism has supported the preservation of natural values and the protection of environmentally sensitive areas. In order to get a more comprehensive overview of communist and post-communist periods in Estonia, authors have conducted 70 interviews with stakeholders from farmers and tourism entrepreneurs to civil servants and decision-makers from both eras. Due to its unique location on cultural and natural crossroads, Estonia has had quite a different history and development path than its neighbours. In this chapter, the authors discuss why Estonian rural tourism development, including the transition from the Soviet regime to Western standards and market-oriented economy, differs from other countries behind the iron curtain and how it has influenced sustainable development in the country.

Estonian Connections to Nature

Estonian people have always been closely related to nature due to its natural amenities, such as big wetland areas. Poor sandy soils, which were appropriate for forest growth but not arable land, has kept the rural population quite sparse throughout the ages. Since 1227, Estonia has been under the rule of Germans, Danes, Swedes, Polish, and Russians, and nature has protected Estonians from all conquerors and enemies during every war and occupation by allowing Estonians to hide themselves in the forests. During the last (Soviet) occupation, up to 30,000 Estonian men participated in the guerrilla resistance of the 'Metsavennad' ('Forest Brothers') by hiding themselves from the authorities in the forest (Laar, 2013). The last forest brother, having hidden himself in forests for 34 years, died in 1978 after escaping from 2 KGB officers. The forests have formed a very important part of Estonian identity and folklore, and Estonians like to call themselves "forest people" (Kull, 2001).

A very special phenomenon in Estonian culture is the high tolerance and respect towards large carnivores. It has been evidenced that Estonians, in comparison with Lithuanians, are more tolerant to the close presence of bears and lynx (Randveer, 2006). Respect for wolves, bears, and lynx has made hunting sustainable (Rootsi, 2005). Farmers count a so-called wolf's share into their cattle breeding costs because they believed that if wolves get their share, they will leave the rest of the cattle untouched and protected. In Estonian folklore, there was a belief that if a wolf kills cattle, it

raises the fertility of the livestock (Hiiemäe, 2007; Rootsi, 2005). There are several written documents with complaints by foreign landlords and priests that highlight frustrations regarding pagan beliefs, such as the disappearance of wolves will lead to bad ghosts who will take all their cattle, resulting in a resistance to wolf hunting by peasants (Rootsi, 2005).

The Baltic people have a long history of worshipping natural features in Pagan traditions. This has been particularly pronounced in Estonia, which has retained a strong attachment to particular groves, woodlands, and individual natural features (Caddell, 2016). While the official religion in Estonia is Lutheran, Estonians are the least religious nation in Europe (EU Observer, 2009) and 61% of Estonians think that the appropriate religion for Estonians is Animism, so-called earth believers. At the same time, 60% of Estonians admit that they support Christian values (Altnurme, 2011). Sacred natural sites (holy groves, rivers, springs, boulders) have been respected and visited since ancient times. The records show that in 1644, farmers fought against the watermill's dam building in Southern Estonia on the holy river of Võhandu (Valk, 2015), and in 1988 Estonians protested against phosphorite mining, which led to the independence movement. The expression 'peasant wisdom' has followed Estonians for ages, and it is still used today as a description of sustainable actions that Estonian ancestors have followed since ancient times.

Beginning of Rural Tourism Services in Estonia

The first tourism service providers in the countryside were taverns, which functioned as community centres and also provided beds for travellers. The first evidence of taverns in rural Estonia dates from the fifteenth century, and by the seventeenth century taverns had formed an extensive accommodation network throughout Estonia. As locals were still illiterate at that time, information on the quality of tourism services from that period comes from the writings of foreign travellers. Local people are often described as wild-looking savages, but infrastructure, facilities, and food received good reviews (Rennit, 2013). In 1805, the Peasants' Injunction was adopted, which mentioned that tavern hosts who did not show enough hospitality towards their guests would be punished. It can be considered the first tourism law in Estonia (Tooman, 2018).

Modern tourism services started in the first half of the nineteenth century when a number of holiday and curative resorts were established, eventually becoming highly renowned destinations for upper classes and

intelligentsia from St. Petersburg. Resorts were mainly established next to the coast (Tooman & Müristaja, 2014). It was also a time known for farm holidays by native Estonians who lived in the cities and who spent weeks or months in the country. These domestic travellers valued rural life and did not have, or did not want to pay for, resort services.

Rural Tourism During Independent Estonia (1918–1940)

After the First World War and Estonian Independence War (1918–1920), the development of tourism suffered. In the early stages of independence, tourism in Estonia was mostly limited to domestic travel and travel to neighbouring countries. For inbound tourism, it was a period for the formation of the leisure and tourism industry on a national level with cooperation at the international level. In 1920, the Tartu Peace Treaty (the last certificate for Estonian independence) was signed with the Soviet Union. During the first half of the 1920s, European beach culture—public unisex beaches, the cult of sunbathing, and the fashion of recreational activities in the fresh—reached Estonia (Hinsberg & Kask, 2014). Despite the fact that a majority of tourism infrastructure lay in a state of decay—"the inbound tourism in the newly independent countries of the 1920s focused on the rebuilding the industry" (Jarvis & Kallas, 2006, p. 156).

The Estonian Society of Tourists was established in 1920 as a people's initiative, aiming to raise interest in travelling among both domestic and foreign tourists. The establishment of the Central Management Office of Tourism in 1930 encouraged systematic development of tourism. Realizing that state support and initiative were required for promoting tourism, Estonia became a world leader in adopting the Tourism Management Act in 1938 (Tooman & Müristaja, 2014). Already by 1938, the Institute of Nature Preservation and Tourism had been established under the Ministry of Social Affairs in order to address the issues of tourism development, promotion, and conservation of natural resources (Tooman & Ruukel, 2012). The countryside had strong and well-managed farms and agricultural products, which were the main Estonian export good. Political and trade connections with Finland, Sweden, Norway, and Denmark were very strong. Estonian farmers even organized the aid supplies for the Scandinavians after their harvest failed in 1935. Farm holidays and visits to the rural resorts were very popular during this time.

Tourism Development in the Beginning of the Communist Regime

Military occupation by the Soviet Union started on June 17, 1940 and brought several limitations to hotels, restaurants, and other tourism service providers. All hotels were nationalized and reserved for specially selected people by the nomenclature (Tooman, 2018). After the Second World War, Estonia was hit hard by the communist regime ruled by Stalin. The countryside faced collectivization and repression, which culminated in more than 20,000 people (over 2.5% of the Estonian population) being sent to Siberia in a three-day period in March 1949. After this event, the countryside population shrank rapidly. Collectivization did not allow private farms, as the land was nationalized and everybody had to become members of collective farms. Authorities were allowed to keep one cow for every family and one calve for their own use, as initially the work in the collective farm was not paid.

The countryside and forests were full of forest brothers, some heroic guerrillas fighting against the regime, others living away from society, who had to rob and steal to survive. The countryside was not safe for travellers, and tourism appeared to be very minimal during the first decades of the Soviet communist regime. Moscow instilled a particular focus of Soviet patriotism through education, and tourism contributed to the construction of Soviet identity on a larger, collective level across the Soviet Union. Tourism was also promoted as a part of the cultured 'good life' for loyal Soviet citizens. Tourists were reminded that it was only within the borders of the socialist homeland that Soviet citizens could let down their guard and be confident of a warm welcome.

Borders were closed and, due to the very scattered 4000 km-long coastline and more than 1500 islands, almost 20% of the Estonian territory was classified as a border zone (Reimann, Ehrlich, & Tõnisson, 2017). It was, by far, the highest percentage of border within the Soviet republics, resulting in 250,000 military personnel stationed in the region, which formed 20% of the Estonian population at that time. The border zone was heavily guarded and none of the private citizens could own a boat. Fishing was restricted next to border guard stations, and the main role of the Soviet border guard was to prevent citizens from escaping their homeland (Reimann et al., 2017). Residents were restricted to only 8 of the 1500 islands. Tourism on the inhabited islands was limited, requiring visas to

visit relatives in the border zone. This strict control over the mobility of people throughout the Estonian SSR ultimately facilitated the maintenance and (re)establishment of pristine areas (Caddell, 2016). The territories had no development and nature could succeed in its own rhythm.

Thaw Period of the Communist Regime

Stalin's death in 1953 brought change to the Soviet Union. Stalin's repressions were criticized in a closed section of Nikita Khrushchev's 1956 Report to the 20th Congress of the Communist Party of the Soviet Union as 'monstrous acts' and 'rude violations of the basic Leninist principles of the national policy of the Soviet state'. Khrushchev's rule brought a thaw period to the regime (Khrushchev, 2000). Deported survivors could return from Siberia, and the countryside started to thrive again. The thaw opened up economic and social reforms, facilitated international trade, established new educational and cultural contacts, and allowed foreign movies and books into Soviet society. Agricultural reforms initiated by Khrushchev after 1955 led to increases in production. Starting in 1956, members of collective and state farms received salaries, and in 1958, agricultural machines were introduced to collective farms. The regulation of the Ministry of Agriculture in Estonia converted struggling collective farms into state farms (Abrahams & Kahk, 1994), which were tied to the government's budget.

Step by step, tourism activities started again. Domestic tourism now included the entire USSR, which constituted 20% of the world's population. Estonia had visitors from Russia as well as from the other 14 Soviet republics. Domestic tourism was actively organized, and tourism programmes were planned around visiting the heroic sites from the Second World War. Independent tourists from outside of Estonia were very rare. The beginning of the 1960s was a period for the establishment of sanatoriums as a means to create recreational opportunities for Soviet labour. Sanatoriums were mainly located next to large cities in pleasant natural settings. Sanatoriums were managed by the trade unions and free vouchers were given for good workers. Borders were relaxed and foreign tourism began in the 1960s, although it was limited to Soviet citizens. The travel agency Sputnik organized travelling for young Soviet people, and the travel agency Intourist arranged travelling for foreigners into the country (Tooman, 2018). All organizations operated under the strict supervision of the KGB.

From the 1950s, outdoor activities were also highly promoted throughout the Soviet Union, especially among youth. The message was to travel the homeland to see the important places and to follow a healthy lifestyle. It was part of the propaganda aimed to promote good Soviet Union citizenship and to visit the best country in the world. Another aim for outdoor skill development was to train people for potential guerrilla warfare, therefore, outdoor trainings (like climbing) were subsidized by the Ministry of Defence. Massive outdoor events were organized by companies and trade unions (Künnap, 2004).

A very important landmark of tourism development in Soviet Estonia was the re-opening of the Tallinn-Helsinki ferry line in 1965 (Jaakson, 1996). At this time, foreign tourists could only be accommodated in Tallinn and Pärnu. Tartu, the second biggest city in Estonia, was totally closed to the foreigners due its proximity to the military airport (Unwin, 1996). Finns were not just tourists, but messengers from the West who brought new information and culture to Estonia. Many of the foreign tourists were taken for short visits to the countryside to highlight the agricultural achievements of communism. All the programmes were very carefully planned and every group was accompanied by a member of the KGB. Tour itineraries were full of propaganda. While most of the people in the Soviet Union were in deep information isolation, people in Northern Estonia could watch Finnish TV and were far better informed than most of the Soviet citizens.

Political Stagnation and Economic Boom in the Countryside

In 1964, the communist party was tired of the weakening regime and removed Khrushchev from power. His successor, Leonid Brezhnev, revoked several of the relatively liberal reforms of Khrushchev and partially rehabilitated Stalinist policies, which resulted in the 'Era of Stagnation', or as Brezhnev called it, the "period of developed socialism". The hardest period followed the suppression of the Prague Spring in 1968 (Freeze, 2009).

Despite overall economic decline throughout the Soviet Union, Estonian countryside began to flourish during this time. The Soviet Union suffered from a scarcity of food, and authorities realized that Estonians were able to produce better than the other regions. Estonian farms started to produce milk and meat for the entire Soviet Union. Twenty-five percent of the labour force was employed in agriculture, and agricultural

salaries were the highest in the country. People began moving from the cities to the countryside. Government policy allowed employees to keep more animals, and collective farms built free recreational centres for their employees. Despite the collectivization, many people still kept their small farms, and farm holidays were popular. Also, independent tourism was now common in the Soviet Union, and the farms had visitors from all over the USSR, specifically from Moscow and St. Petersburg. In coastal areas, families were also accommodating tourists, who came for several weeks or months, by renting their primary houses and moving into storage or farm houses (Vunk & Kask, 2014).

Collapse of the Soviet System

Due to full employment and the demoralization of the Soviet labour force, the production of the collective farms declined during the second part of the 1980s. By 1980, agriculture and forestry contributed about 14% of the labour force and approximately 30% of the population was classified as rural. Thus, although Estonia was widely seen as being more civilized and sophisticated than other parts of the Soviet Union, rural life continued to play an important role in the consciousness of the Estonian people (Unwin, 1996). With the collapse of the Soviet Union, many collective farms in Estonia collapsed. During the privatization process, people could claim their ancestors' land back. Many big companies and organization also collapsed, and their recreational centres were privatized.

Privatization was facilitated through a voucher system, resulting in state property falling to enterprises and political insiders with privilege and contacts within the bureaucracy. Compared to other Soviet republics, the privatization process in Estonia was more equal, and capital did not concentrate to a small group of people. The representatives of large capital groups, who became infamously known as 'oligarchs', had a lot of power which created obstacles for sustainable rural tourism in other former Soviet republics (Gotz, 2013; Novokmet, Piketty, & Zucman, 2018).

Due to the loss of the Russian market, a large part of the agricultural production collapsed and the countryside was again under a depression. Many new options emerged and tourism was one of them. Especially in remote areas, the creation of tourism farms became common. Many former military training areas and strictly guarded border zones were opened for all the nation. Those regions became valuable and popular rural recreation and tourism areas (Reimann & Palang, 2000).

Rural Tourism in Independent Estonia

Independence was re-established on August 20, 1991. The 1990–2000 period included a transition from the Soviet centralized planned economy into a market-oriented Western-type economy. Once again, the Estonian tourism industry acted as a catalyst in reorienting Estonia from the East to the West (Worthington, 2001).

According to Unwin (1996), "In the euphoria of the moves towards independence, various estimates suggested that there would be some 40,000–60,000 private farms in Estonia by the years 1998–2000. In reality, by 1992 the number of private farms had only risen to 8,406, and by 1995 to 13,375" (p. 100). Much of the agricultural land was left unharvested and unemployment in the countryside was enormous. This pushed farmers to find alternative activities in the countryside.

The Estonian tourism sector developed rapidly from the early 1990s, buoyed by re-independence and the re-opening of borders. Estonians were able to travel freely, and interest in Estonia as a new destination increased. The Ministry of Culture created the Estonian Tourist Board in 1990 as an avenue to implement government policies in tourism. The international tourism fair 'Tourest' was held in Tallinn in 1991, creating an annual tradition and a meeting place for tourism entrepreneurs (Tooman & Müristaja, 2014).

Modern rural tourism started at the end of the Soviet period with the support of Finland and Sweden. The first farmers' union was established in Võru County in 1989. In the same year, Swedish farmers, having heard from their ancestors about the Estonian help to Swedes in 1935, felt that it was their turn to return the favour. The result was the development of the first rural guesthouses in Võru County. In Northern Estonia, many families had friends in Finland, which they visited. Later, they developed more professional accommodations. During that time, the differences in currency values were large and willingness to pay was high, so expenditures of Finns and Swedes made a good base for further investments. Many Finnish and Swedish experts were the first trainers for Estonians tourism entrepreneurs.

Unlike other former Soviet republics, micro entrepreneurship was highly encouraged by the new government. Regulations, the entrepreneurial minds of Estonians, and proximity to Western markets helped grow rural tourism development at the fastest rate within the former USSR (Abadijan, 2010; Gotz, 2013; Novokmet et al., 2018). Success was achieved through

the privatization of hotels and recreational centres, and all the facilities found new owners. There were no ghost towns in Estonia as in other former Soviet republics.

The process of rural tourism development started at the end of 1980s. In 1991, the National Farm Tourism Network was created by the Estonian Farmers Union. In September 1994, the Kodukant Ecotourism Initiative was established (Kodukant' translates as home region) as a multidimensional project of the Rural Development Program to meet the challenges of increased pressure on the traditional lifestyle in a rapidly changing environment. Ecotourism initiatives were aimed at establishing new livelihoods through tourism, contributing to local communities and the conservation of wild lands, and protecting heritage through tourism (Kodukant, 1995). The international knowledge transfer was provided by Jan Wigsten, a board member of the International Ecotourism Society. As a result of various activities and undertakings of this project, the Estonian Ecotourism Association (ESTECAS), a non-governmental and non-profit membership organization, was established in 1996. Its mission is to connect individuals, organizations, and authorities for ecotourism development in Estonia (The International Ecotourism Society, 2010).

To work with quality standards, a non-profit organization called Estonian Rural Tourism/MTÜ Eesti Maaturism (ERTO) was established in 2000. ERTO is an umbrella organization for rural tourism service providers, and according to the statutes, its purpose is to serve the common interests of entrepreneurs providing accommodation services in the rural tourism sector and, therefore, to support the development of rural tourism in Estonia (Estonian Rural Tourism Strategy, 2015). Today, this professional membership organization has more than 300 rural tourism members. Rural tourism in Estonia is defined as all tourism activities in Estonia outside the main cities (i.e. the activities of tourists who stay overnight in places located in towns of less than 10,000). Tourism is increasingly perceived as a constructive approach towards alleviating underdevelopment and unemployment in the less developed rural areas of Estonia (Tooman, 2018).

The relative importance of tourism in the Estonian economy continuously increased in the 1990s, and in 2001 it amounted to 12–13% of the gross domestic product (GDP) (Unwin, 1996). Estonian rural tourism has focused attention on promoting sustainability. A system for certifying and labelling ecotourism products (Estonia—the Natural Way) was introduced by the Estonian Ecotourism Association in 2000 as one of the first ecotourism certification system in Europe. The international Green Key

label, which is awarded to environmentally friendly accommodation agencies, was first awarded in Estonia in June 2001.

At the World Conference on Environment and Development held in 1992 in Rio de Janeiro, Estonia signed the Convention of Biological Diversity. Historically, Estonia has been primarily agrarian and remains home to an exceptional variety of biodiversity. Given its northern latitude, it hosts a vast array of flora and fauna (Caddell, 2016). The National Biodiversity Strategy and Action Plan, carried out in 1999, stated that the role of ordinary tourism in the conservation of biological diversity is passive—to reduce the adverse impacts on biological diversity. However, the role of ecotourism is active—to influence positively, or directly support, the conservation of biological diversity. The harnessing of ecotourism as an instrument of sustainable development requires, above all, the integration of tourism development and nature protection with the economic interests of the local population (Estonian Biodiversity Strategy and Action Plan, 1999).

Entry into the European Union and Tourism

On May 1, 2004, Estonia became a European Union member state and joined the Schengen visa area in December 2007. This has spurred changes in the tourism industry and enhanced rural tourism development throughout Estonia.

In 2011, the Estonian tourism industry sought new niche areas with which to positively surprise visitors (Mändmets, 2010). One such niche is food tourism, local cuisine that has been incorporated into the tourism offer. Another is the Estonian sauna traditions, which have also been integrated into the tourism offer. The case of the expanded log boats (*haabjas*) of Soomaa National Park demonstrates identity markers of a single region connected to handicraft and tourist attractions. Visitors of Soomaa National Park are especially interested in 'the fifth season' (the flood season) and the *haabjas* boat used during this period (Rennu et al., 2018). Tourism entrepreneurs of Soomaa National Park have had *haabjas* building camps since 1996 thanks to the guidance of master builders from the older generation. Today, Estonia has ten new master boat builders who operate independently, launching between two to three new boats each year. The Soomaa region can be considered the forerunner in popularizing old fashioned wooden boats and the *haabjas* traditions survive because of tourism (Rennu et al., 2018).

Important attractions in the countryside are protected areas and national parks. Estonia has six national parks, which are all popular destinations. Estonian nature conservation provides an innovative system of zoning and regulates the coexistence of protected sites and the burgeoning ecotourism industry (Caddell, 2016). Research suggests that Estonia has been very effective at stays within carrying capacity limits in their national parks. The majority of local communities near national parks are supportive of tourism. While they see some threats from tourism, such as damage to nature, they also see possibilities for income and improved quality of life (Reimann, Lamp, & Palang, 2011).

Latest surveys have shown that rural tourism in Estonia is growing in a sustainable way. Demand for private and peaceful accommodations with rural idyll is high and a large proportion of tourists visit countryside festivals (Ministry of Agriculture of the Republic of Estonia, 2012). The largest growth in the countryside accommodation has been among small bed and breakfast accommodations (Ministry of Agriculture of the Republic of Estonia, 2012). Every Estonian rural municipality has developed a festival, which highlights their natural and cultural speciality, makes the region more attractive to tourism, and sustains local traditions at the same time.

There are many challenges in the current situation. Estonia's logging volumes have almost tripled in the past decade and a quarter of Estonia's forest land is at risk. Estonian tourism companies are concerned. In January 2017, a public appeal by tourism companies was presented to the Environmental Commission of the Parliament of Estonia and the Minister of Environment concerning the sustainable management of Estonia's forests. Proposals by tourism companies include appeals to retain the forests in protected areas in natural conditions to support long-term economic profit from the tourism industry. They are calling for a consideration of the interests of the tourism sector in forest policy and involvement of the tourism sector in forest policy-making institutions (Ruukel, 2017).

Conclusion

Since the ancient pagan mentality and permanent shelter seeking in forests, Estonians have lived in harmony with nature and supported sustainability. Intensive cooperation and communication with the countries around the Baltic Sea supported the creation of rural tourism habits, which the Soviet large-scale industrial approach could not damage. Soviet repressions in Estonian, which closed borders and established military zones across 20% of

the Estonian territory, prevented development allowing natural conditions to be preserved and shielded local communities from social and cultural influences. Small farms, households, and villages existed throughout the Soviet period. The industrial economy, intensive agriculture, and support of Swedish and Finnish farmers provided a sound basis for sustainable rural tourism development after the collapse of the Soviet Union.

The proximity of foreign markets and long-time networks in the West, which brought foreign experts to the country after the collapse of the USSR, forced the Estonian rural tourism sector to adapt to international standards faster than other ex-Soviet republics. Estonian government efforts to promote micro entrepreneurship prevented Soviet properties from transforming into oligarchs' properties, as in most of the other Soviet republics. Estonians like to say that peasant wisdom has saved their culture and nature.

In an era of globalization, sustainability in Estonian rural tourism faces several challenges. Disappearing authenticity is a concern of tourism entrepreneurs and several actions to protect sustainability are being pursued, such as the provision of traditional food and handicrafts programmes. Tourism entrepreneurs are important players in campaigns against intensive forest cutting of the state forests. Tourism entrepreneurs are often important pressure groups against any trends or decisions that can be dangerous for sustainability. Current trends give hope and confidence that rural tourism development will continue in sustainable ways in the future.

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CHAPTER 3

From Communism to Capitalism: The Transition of Bulgarian Tourism Sector and Contemporary Discourses

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Introduction

On November 10, 1989, during the central news transmission on Bulgarian State Television, the dissolution of power of the communist party leader and the beginning of a political, social, and economic shift in Bulgaria was announced. For most Bulgarians, it was the end of the world

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as we knew it. Interhotels—Balkantourist, the first hotel chain in the country, was abolished in 1990. At that time, the tourism sector was one of the few economic activities bringing foreign currency into the Bulgarian economy. These currency flows were mainly Russian roubles, German Deutshe marks, Polish zlotys, and Czechoslovak korunas, which provide evidence of the tourist markets which were allowed entrance into Bulgaria. Nevertheless, that was long, long time ago, during the pre-euro era.

It is challenging to elaborate on the history of the Bulgarian tourism industry trends from the communist era to the contemporary era in relation to policy patterns. However, this study focuses on the tourism policy of destination Bulgaria pre- and post-communism. The object of this research is to understand Bulgaria's policy effectiveness and the destination's ability to promote increases in tourism development. Moreover, the aim is to elaborate on the link between tourism and Bulgaria's economic development as a result of the tourism policy choices and their effects.

This chapter begins with an overview of tourism development history, starting in the 1920s, and highlights the changes in visitor numbers and tourism infrastructure development. Using the tourism-led growth hypothesis (TLGH), this chapter attempts to show the relationship between expansions in tourism and the generation of economic growth as measured by gross domestic product (GDP), GDP per capita based on purchasing power parity (PPP), inflation rates, population growth rates, human development index (HDI), and international tourist arrivals (ITA). The methodology is based on the Granger Causality Analysis, using correlation and linear regression analysis (Granger, 1969) using statistics for the period 1980–2017. Data are divided into two groups, 1980–1989 as the communist era and 1990–2017 as the contemporary era. The results show that the GDP growth rate decreased during the communist period and increased in the post-communism period.

The History of the Bulgarian Tourism Industry

According to Vodenska (1992), the beginning of international tourism in Bulgaria can be dated to the summer of 1926 when about 15,000 tourists on organized tours from Germany and Czechoslovakia visited Varna. The Great Depression and the Second World War halted the embryonic development of the industry. In 1949, the country was visited by only about 2000 foreigners (tourists, businessmen, and official guests) (Vodenska, 1992).

After the communist party came into power, Bulgaria carried out the nationalization of private enterprises and agricultural lands, which left the country unable to pay much of their international debt. Georgi Dimitrov (Bulgarian head of state and leader of the Bulgarian Communists Party and the post-World War II Prime Minister (1946–1949)) and the Czechoslovak head of state developed a unique solution by allowing Czechoslovak tourists to vacation on the Black Sea coast as a form of a barter-style payment (Pickles, 2008, p. 176). The first Bulgarian tour operator and tour agent, Balkantourist (still in operation) was established on January 6, 1948 (Маринова, 2017) (although its existence can be found in the guidebooks of 1939). The greatest prospect of development, of course, was the Black Sea, as the foundations of tourism had been laid for such an activity. In 1948, Czech tourists began arriving in Varna and due to the lack of large, comfortable hotels at that time, tourists were accommodated in private lodgings. The first hotel built by Balkantourist was the resort of St. Konstantin and Elena. According to Ivanov (in bilgarian Иванов, 2004), at the end of the same year the construction of the new hotel, Roza, located near the monastery of St. Konstantin and Elena, was completed and operational for the following tourist season—the summer of 1949. During the original construction concept of two other sea resorts, Sunny Beach (Slanchev Bryag) and Golden Sands (Zlatni Pyasatsi), the policy was that buildings could be no higher than three floors. When the construction of the ten-storey Astoria in 1960 began, it turned out that the tall buildings were more suitable as tourism increased. By the middle of that decade, there was the long-awaited change in the tourist flows, which consisted of Soviet, Czechoslovak, Polish, and Hungarian tourists, as well as Western tourists predominately from Germany.

As early as the 1970s, the country had approximately 40 hotels, 12,850 beds, 22 restaurants with 13,300 seats, and 3 camps with 7500 beds and restaurants (Иванов, 2004), and the ten million tourist arrival count was passed. By 1974, the Bulgarian Riviera was the main stage of development, and tourists congregated partly to the north but mainly to the south. Its popularity was also due to three major international music events that united in the Holidays of Sunny Beach Festival—the International Golden Orpheus Song Festival, the International Folklore Festival and the Decade of Symphonic Music (Иванов, 2004).

Tourism advertising, which largely depends on the success of international marketing, was carried out by the Balkantourist offices abroad. The international tourism fairs in Berlin, Moscow, Madrid, Milan, Paris,

Gothenburg, and elsewhere played a significant role in the development of tourism. The international entertainment events, such as the racing competition Golden Sands (Rali Zlatni Pyasatsi) and the Golden Orpheus Competition, were of great importance (Маринова, 2017).

Undoubted successes in tourism, however, were accompanied by a number of mistakes in the construction of infrastructure and in the service quality, which together formed a series of unresolved problems in tourism up to 1989. The richest individual tourists, who could not get luxury amenities, were repelled. However, throughout the socialist period, tourism was a very profitable economic sector, providing the convertible international currency needed for the development of the economy and the social sector of Bulgaria. Tourism's contribution continued to increase due to the opportunities it provided for students, children, and families that camped at seasides and mountains at affordable prices.

The period up to the 1980s was successful for Bulgaria as a tourism destination. With the rapidly expanding mass holiday and international tourist market, Bulgaria offered two main product types based on the formulas 'mountain, snow, ski' and 'sea, sun, beach'. The successes were due to the targeted state tourism policy, secured in a resourceful and financial way. Among the countries belonging to the Soviet bloc, the Council for Mutual Economic Assistance (CMEA) was formed, making Bulgaria a tourist destination without competition. The country was marketing and selling to Western European markets as well. The intentional tourism sector market policy led Bulgaria to significant achievements in 1980 as the destination reached 1.92% market share in the world's international travel market and 0.28% share in world tourism revenue (Станкова, 2003, p. 73). However, starting from the second half of the 1980s, tourism development proved decisive, both for the country and for the industry. During this period, there was a constant discrepancy between the demands of the changing tourism market and the proposed product in terms of quality. The destination's economic tourism indicators started to give signs of fluctuations due to a decreasing volume of overnight stays, which in turn reduced revenue from international tourism (Table 3.1).

Although tourism was a decisive economic generator for the post-communism period up until 1994, the influence of the accumulated consequences of the 1980s began to have an effect. One year later, in 1995, the value indicators became considerably lower, due to the influence of external and internal factors, particularly by the lack of a clear and definitive state tourism policy.

Table 3.1 Natural and value indicators for international tourism of destination Bulgaria for the period 1980–1996

Year	*Number of international tourists without transit*	*Number of overnights by international tourist*	*Number of nights by international tourist*
1980	2,900,000	2,700,000	16,000,000
1985	3,600,000	2,800,000	18,000,000
1990	4,500,000	2,100,000	12,700,000
1991	4,000,000	700,000	4,700,000
1992	3,800,000	1,000,000	5,600,000
1993	3,800,000	1,100,000	7,500,000
1994	4,000,000	1,000,000	6,400,000
1995	3,500,000	800,000	5,400,000
1996	2,800,000	800,000	5,900,000

Source: UNWTO, Bulgarian National Statistical Institute, and Bulgarian National Bank

In the early 1990s, tourism development was taking place in an environment of worsening macro indicators. All activities, including tour operators, took place under a highly restrictive marketing setting. The internal political changes, the collapse of CMEA market, and the military conflicts in neighbouring countries lead to a decrease in tourism flows to Bulgaria and, to a great extent, may explain Bulgarian tourism development inconsistencies within the international tourism market. The combined effect of the international policy and the loss of profits resulted in the supply of a product characterized by an outdated two-fold main focus area—sea and winter holiday tourism. At this stage, the consumption of such products was driven by a low-paying market segment whose demand was limited to traditional holiday months—July to August for the summer, and January to February for winter. Overall, the lack of a clear and focused state and corporate tourism policy at this time was the prerequisite for a contradictory and hesitant attitude towards targeting particular markets, leading to a loss in market share to the Russian, Polish, and Czech markets (Статистически годишник, 1995). At the same time, Western European markets (German, French, Dutch, British, Scandinavian, etc.) opened tourism to the major European tour operators, such as TUI, International Travel Services, Thomson, and Airtours. This took Bulgarian companies out of the ongoing globalization and integration processes of the international tourism market. The only positive trend were the reverse capital investments—Western European tour operators invested in Bulgarian tourism infrastructures (following the example of Neckermann and TUI investing in the Black Sea resorts).

During this time, Bulgarian tour operators took a passive position regarding the imposed 'last minute' booking tendencies, and the reduction of expenditures during the stay in destinations greatly aggravated their competitive position on the international market. As a result, the destination lost additional market positions—along the South Turkish coast, Croatia, Slovenia, Cyprus, and Malta, which dominated in product quality, price, and flexibility regarding all-inclusive offers. The destination's position was negatively aggravated by the lack of a concept for a national advertising campaign and a common tourist reservation system.

At the beginning of the new millennium, tourism was already a necessity, inextricably linked to life, even in times of crisis. World tourism is growing and is expected to continue to grow. Bulgaria is not currently ranked in the United Nations World Tourism Organisation (United Nations World Tourism Organisation, 2018) rankings, although Eastern European countries are included. Poland had 16,722,000 arrivals in 2015, ranked 20th, and the Ukraine was ranked 23rd with 13,333,000 arrivals. Romania had 3,075,000 arrivals in 1999, placing it in the 40th position, while Poland and the Czech Republic are ranked in the 8th and 12th positions based on arrivals and ranked 11th and 13th place respectively by revenue from tourism.

In 2000, interest in Bulgaria as a tourist destination increased compared to previous years. Until September 2000, arrivals in the country were 20.6% more than in the same period of 1999. Bulgaria was visited by a total of 1,657,000 foreign tourists for tourism purposes (excluding children entering on the passports of their parents). The figures of foreigners in Bulgaria for tourism from some main markets are presented in Table 3.2. In addition to the countries listed in the table, there were increases in the number of tourists from Canada (+125.44%), Norway (+15.34%), Spain (+30.89%), Hungary (+30.31%), Austria, Switzerland, Latvia, Slovenia, Croatia, Japan, Australia as well as other markets.

Methodological Aspects of the Research

In order to ascertain the relationship between tourism and economic development as a result of Bulgaria's targeted tourism policy and its effects, a linear regression, correlation, and Granger Causality Test are used. Bearing in mind the complexity of this particular approach, we took into account conclusions and results made by authors such as Balaguer and Cantavella-Jordá (2002), Brida, Sánchez and Risso (2008), Gunduz and Hatemi-J (2005), Nowak and Sahli (2007), Tang and Abosedra (2016),

Table 3.2 Tourism visitation in Bulgaria—2000 (January–August)

Source market	*Tourist arrivals*	*% Change (1999–2000)*
Macedonia	425,487	+0.26%
Germany	208,455	+26.70%
Greece	198,511	+9.90%
Yugoslavia	144,763	+74.12%
Romania	132,103	+33.08%
Russia	92,613	+101.73%
Turkey	64,459	+44.13%
Ukraine	51,724	+13.23%
United Kingdom	42,268	−3.16%
Sweden	35,162	+53.85%
Czech Republic	25,144	+23.50%
Israel	19,684	+96.78%
Slovakia	17,386	+39.30%
Finland	17,009	+38.19%
Poland	16,013	+43.87%
France	15,486	+62.29%
Belgium	13,880	+59.96%
Denmark	13,470	+25.58%
USA	13,213	+12.21%
Italy	11,833	+29.00%

Source: National Border Police Service and the Department's Statistics, Analyses and Forecasts in Tourism, Ministry of Economy, 2000

Tang and Tan (2015), Lee (2012), Oh (2005), Payne and Mervar (2010), Tang and Jang (2009), Lee and Chang (2008), Holzner (2011), Shan and Wilson (2001), Singh (2008), Brida, Cortes-Jimenez and Pulina (2014), Salahodjaev and Safarova (2015), Surugiu and Surugiu (2013), Chou (2013), Aslan (2013), Deng and Ma (2014), Deng, Ma and Cao (2014), Chen and Chiou-Wei (2009).

An attempt to investigate the validity of the tourism-led growth hypothesis (TLGH) for Bulgaria was made. The TLGH assumes that expansion of international tourism corresponds to the generation of economic growth. This hypothesis suggests that economic growth is not influenced mainly by expanding human and technology sources inside the economy, but by increasing foreign exchange earnings. Therefore, the TLGH is used over the period of 37 years, from 1980 until 2017. The collected data contains annual observations at the country level, but has been divided into two sub-periods: 1980–1989 as the communist stage and 1990–2017 as the post-communist period. The following variables were explored:

Bulgaria's gross domestic product (GDP), GDP per capita based on purchasing power parity (PPP), inflation rates, population growth rates, human development index (HDI), and international tourist arrivals (ITA).

A Group Unit Root Test is applied to establish stationarity for all of the explored variables. The null hypothesis means that Ho: each time series contains a unit root, against the alternative

$$y_t = p_i y_{it-1} + x_{it}\delta_i + \varepsilon_{it} \tag{3.1}$$

Correlation analysis is used to reveal statistical relationships involving dependence between all of the explored variables. The correlation coefficient $\hat{\rho}(X,Y)$ between two random variables X and Y is defined as:

$$\hat{\rho}(X,Y) = \frac{\hat{\sigma}(X,Y)}{\left(\hat{\sigma}(X,X).\hat{\sigma}(Y,Y)\right)^{1/2}} \tag{3.2}$$

For the determination of causality relationship's direction between tourism, GDP, and the other control variables, the Granger Causality Test was applied.

$$y_t = \alpha_0 + \alpha_1 y_{t-1} + \ldots + \alpha_1 y_{t-1} + \beta_1 x_{t-1} + \ldots + \beta_1 x_{-1} + \varepsilon_t \tag{3.3}$$

$$x_t = \alpha_0 + \alpha_1 x_{t-1} + \ldots + \alpha_1 x_{t-1} + \beta_1 y_{t-1} + \ldots + \beta_1 y_{-1} + u_t \tag{3.4}$$

for all possible pairs of (x, y) series in the group.

In order to reveal the direct relationship between tourism and economic growth of Bulgaria, a linear regression was applied using the formula (3.5):

$$GDP = \alpha ITA + \beta \tag{3.5}$$

Results and Discussion

The results of the Group Unit Root Test show that the series has a unit root (non-stationary process) for both explored periods. The conclusions after applying correlation, Granger Causality Test, and linear regression for communism and post-communism periods are explained in the following section. The results of the correlation analysis for the period of 1980–1989 are displayed in Table 3.3.

Table 3.3 Correlation matrix for the period 1980–1989

	HDI	*GDP*	*INFL*	*POP*	*ITA*	*PPP*
HDI	**1.000000**					
GDP	−0.126373	**1.000000**				
INFL	0.044584	−0.892150	**1.000000**			
POP	−0.709810	0.662231	−0.555348	**1.000000**		
ITA	0.233214	−0.732716	0.741191	−0.568401	**1.000000**	
PPP	0.966142	0.014528	−0.104951	−0.678039	0.120001	**1.000000**

From the correlation analysis, it is revealed that in the period of communism, GDP growth was influenced negatively by inflation and international tourism arrivals. These results mean that inflation rates and international tourist arrivals were in an inverse relationship, namely, the increasing levels of both inflation and arrivals lead to decreasing levels of GDP growth. The others control variables: population growth and GDP PPP positively influenced the economic growth of Bulgaria during 1980–1989. It should be emphasized that the growth of the population of Bulgaria during the explored period had strong straightforward influence on the economic growth of Bulgaria. The inflows of international tourists had a positive influence over the measure of average achievement in key dimensions of human development, such as a long and healthy life, being knowledgeable and having a decent standard of living, measured by HDI. International tourist arrivals negatively influenced the population dynamics during the communism period.

After revealing the contemporaneous relationship between explored variables, the Granger Causality Test was applied. The results from Granger Causality Test are presented in Table 3.4.

For measuring the direct influence of tourism to growth, linear regression is used. The results are presented in Table 3.5. The constructed equation is significant with a significance F-score lower than 0.05 – (0.047760206). The results are consistent with the results from the correlation analysis. The coefficient value is negative and significant at 5% level and it is equal to −1.79932340451273E-06.

The results of correlation test for 1990–2017 are presented in Table 3.6.

It should be emphasized that international tourist arrivals positively influence GDP growth. The coefficient value is weaker than the same one in the communism period. Inflation is the variable that keeps its negative influence, but we should mention that this relationship is not as strong as the one

Table 3.4 Granger Causality Test for 1980–1989 *(2 lags)*

Null hypothesis	*F-statistic*	*P value*	*Decision*
GDP does not Granger Cause HDI	0.32883	0.7428	***Accept both hypotheses***
HDI does not Granger Cause GDP	0.81927	0.5201	
INFL does not Granger Cause HDI	0.60414	0.6234	***Accept both hypotheses***
HDI does not Granger Cause INFL	1.23244	0.4479	
POP does not Granger Cause HDI	3.54613	0.1621	***POP ← HDI***
HDI does not Granger Cause POP	5.99197	**0.0896**	
ITA does not Granger Cause HDI	0.03510	0.9661	***Accept both hypotheses***
HDI does not Granger Cause ITA	0.03597	0.9653	
PPP does not Granger Cause HDI	1.27441	0.3975	***Accept both hypotheses***
HDI does not Granger Cause PPP	3.85847	0.1481	
INFL does not Granger Cause GDP	28.6562	**0.0337**	***INF → GDP***
GDP does not Granger Cause INFL	10.9876	**0.0834**	***INF ← GDP***
POP does not Granger Cause GDP	5.13092	0.1076	***POP ← GDP***
GDP does not Granger Cause POP	7.85525	**0.0642**	
ITA does not Granger Cause GDP	0.15610	0.8650	***Accept both hypotheses***
GDP does not Granger Cause ITA	0.03723	0.9641	
PPP does not Granger Cause GDP	2.19358	0.2588	***Accept both hypotheses***
GDP does not Granger Cause PPP	0.47620	0.6613	
POP does not Granger Cause INFL	8.14729	0.1093	***Accept both hypotheses***
INFL does not Granger Cause POP	7.06277	0.1240	
ITA does not Granger Cause INFL	0.03980	0.9617	***Accept both hypotheses***
INFL does not Granger Cause ITA	0.27701	0.7831	
PPP does not Granger Cause INF	2.75041	0.2666	***Accept both hypotheses***
INFL does not Granger Cause PPP	0.89032	0.5290	
ITA does not Granger Cause POP	1.13923	0.4675	***Accept both hypotheses***
POP does not Granger Cause ITA	0.97331	0.5068	
PPP does not Granger Cause POP	42.4133	**0.0063**	***PPP → POP***
POP does not Granger Cause PPP	2.29365	0.2486	
PPP does not Granger Cause ITA	0.35310	0.7390	***Accept both hypotheses***
ITA does not Granger Cause PPP	0.33761	0.7476	

in the previous time period. Another transformation of the relationship from negative to positive is the connection between the dynamics of tourists' inflows and population growth. This may be explained by the change of fiscal politics and joining the European Union during 2007. International tourist arrivals have a strong straightforward relationship with HDI for Bulgaria. From the results above, we may conclude that the more integrated the Bulgarian market is to the European Union, the more attractive to tourists it is. ITA impacts negatively on the inflation rates. It contradicts the results for the communism period. The tourism sector influences GDP

Table 3.5 Linear regression analysis

Regression statistics	
Multiple R	0.636692745
R Square	0.405377651
Adjusted R Square	0.331049858
Standard error	2.91751459
Observations	10

ANOVA

	df	SS	MS	F	Significance F
Regression	1	46.42315	46.42315	5.453917464	0.047760206
Residual	8	68.09513	8.511891		
Total	9	114.5183			

	Coefficients	Standard error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%
Intercept	8.490857116	2.118889985	4.007219	0.00391019	3.604688049	13.37702618	3.604688049	13.37702618
ITA	−1.79932E-06	7.70469E-07	−2.33536	0.047760206	−3.57603E-06	−2.262E-08	−3.57603E-06	−2.26196E-08

Table 3.6 Correlation matrix of the examined variables for 1990–2017

	HDI	*GDP*	*INFL*	*ITA*	*POP*	*PPP*
HDI	**1.000000**					
GDP	0.400871	**1.000000**				
INFL	−0.354281	−0.230849	**1.000000**			
ITA	0.924619	0.181326	−0.304183	**1.000000**		
POP	0.215160	0.116770	0.090853	0.218853	**1.000000**	
PPP	0.986609	0.335667	−0.304368	0.938540	0.253672	**1.000000**

growth indirectly by determining inflation rates. Comparing the weights of the coefficients during both explored periods, we observe a transformation of the influence from strong and positive during the communist era to medium and negative during the post-communist era.

Table 3.7 shows the results of Granger Causality Test for the 1990–2017 period. Here, we should note the existence of more significant causalities in the post-communism period than during communism.

For accepting or rejecting the TLGH for 1990–2017, we used linear regression. The results are presented in Table 3.8.

The constructed equation is significant with an F-score lower than 0.05 – (0.005783). The results are consistent with the results from the correlation analysis. The impact of international tourist arrivals is positive. The coefficient value is significant at a 5% level of significance and it is equal to 5.5E-07. We observe converse influence again, from negative to positive. Tourism spillovers may be used by impoverished households to increase earnings, and they could become a large-scale resource transfer tool, able to alleviate poverty levels and increase final consumption.

A comparison between both explored periods is presented in Fig. 3.1. We should highlight that reversal of the significant relationship is observed. During 1980–1989, the economic development of Bulgaria determines the growth of population and GDP is influenced only by the inflation levels. The tourism sector is not a significant factor for the Bulgarian economy during this period. Before 1990, Bulgaria was not totally deprived of international tourist arrivals but neither was it actively involved in them.

During the period of 1990–2017, active interactions between the explored variables are revealed. The relationship between GDP growth and tourism provides valuable information on how to develop tourism activities for private investors. In particular, given the simultaneous links between growth and tourism, forecasts of general growth in the economy

Table 3.7 Granger Causality Test for 1990–2017 *(2 lags)*

Null hypothesis	*F-statistic*	*P value*	*Decision*
GDP does not Granger Cause HDI	1.84340	0.1830	***Accept both hypotheses***
HDI does not Granger Cause GDP	0.22068	0.8038	
INFL does not Granger Cause HDI	0.38122	0.6877	***Accept both hypotheses***
HDI does not Granger Cause INFL	1.40890	0.2666	
POP does not Granger Cause HDI	2.65481	**0.0938**	***POP → HDI***
HDI does not Granger Cause POP	0.32814	0.7239	
ITA does not Granger Cause HDI	2.19296	0.1365	***HDI →ITA***
HDI does not Granger Cause ITA	8.97929	**0.0015**	
PPP does not Granger Cause HDI	0.19522	0.8241	***HDI →PPP***
HDI does not Granger Cause PPP	5.34847	**0.0133**	
INFL does not Granger Cause GDP	3.86965	**0.0371**	***INF→GDP***
GDP does not Granger Cause INFL	0.13888	0.8711	
POP does not Granger Cause GDP	0.17958	0.8369	***Accept both hypotheses***
GDP does not Granger Cause POP	1.22796	0.3131	
ITA does not Granger Cause GDP	1.42317	0.2633	***Accept both hypotheses***
GDP does not Granger Cause ITA	0.85175	0.4409	
PPP does not Granger Cause GDP	2.19358	0.2588	***Accept both hypotheses***
GDP does not Granger Cause PPP	0.47620	0.6613	
POP does not Granger Cause INFL	0.31448	0.7335	***Accept both hypotheses***
INFL does not Granger Cause POP	0.25764	0.7753	
ITA does not Granger Cause INFL	3.64016	**0.0439**	***ITA→INF***
INFL does not Granger Cause ITA	1.90717	0.1734	
PPP does not Granger Cause INFL	0.89984	0.4217	***Accept both hypotheses***
INFL does not Granger Cause PPP	1.83115	0.1849	
ITA does not Granger Cause POP	1.73481	0.2008	***Accept both hypotheses***
POP does not Granger Cause ITA	1.25239	0.3063	
PPP does not Granger Cause POP	0.51355	0.6057	***Accept both hypotheses***
POP does not Granger Cause PPP	0.17928	0.8371	
PPP does not Granger Cause ITA	3.70086	**0.0420**	***PPP →ITA***
ITA does not Granger Cause PPP	0.23498	0.7926	

are signals that can help in the timing of supply side services in tourism organizations. Changes in international tourist arrivals impact other sectors and variables (inflation rates), and by this, it produces multiplier effects in tourism. The magnitude of tourism multipliers depends on the country's territorial size and its self-sufficiency of productivity. Government should be encouraged to devise sectorial policies that are able to support Bulgarian destinations since there are significant returns to the overall economy in terms of higher GDP growth rates and lower inflation rates. According to the results, inflation rates and population growth rates may

Table 3.8 Linear regression analysis for 1990–2017

Regression statistics								
Multiple R				0.18132645				
R Square				0.03287928				
Observations				28				
ANOVA								
		df	SS	MS		F	Significance F	
Regression		1	19.72399	19.72399		0.883924	0.00578256	
Residual		26	580.1671	22.31412				
Total		27	599.8911					
	Coefficients	Standard error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95,0%	Upper 95,0%
Intercept	0.98741367	2.793350796	2.353487	0.026573	−6.72922846	4.75440113	−6.72922846	4.754401129
ITA	5.1685E-07	5.49738E-07	2.940172	0.005783	−6.13154E-07	1.6469E-06	−6.1315E-07	1.64685E-06

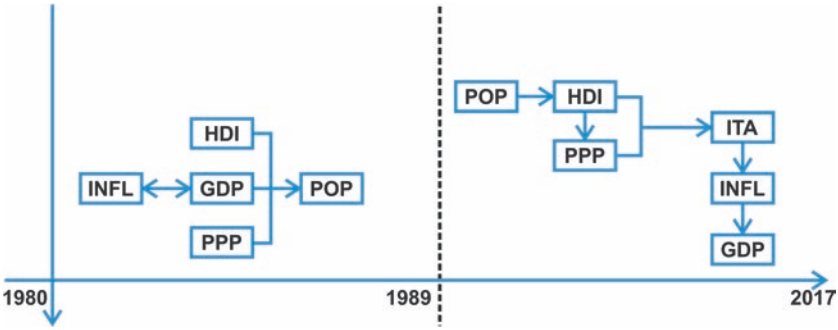

Fig. 3.1 Comparison of communism and post-communism models

generate economic growth. The aforementioned conclusions confirm the Mundell-Tobin effect, which states that an increase in inflation causes an increase in capital investment, and in turn, an increase in growth (Mundell, 1963).

Conclusion

Undoubtedly, the tourism industry is an utmost priority for Bulgaria. The country has a long-lasting tradition and experience of serving tourists. The benefits of purposeful development of the sector are noticeable and are evidenced by the primary data analysis. Exploring the link between tourism and the economic development of Bulgaria, the tourism-led growth hypothesis about Bulgaria is validated. Changes in international tourist arrivals impact inflation rates, and by this, provoke multiplier effects of tourism to economic growth. The results and findings clearly demonstrate that if the number of tourist arrivals increased, the GDP growth rate decreased during the communist period and increased in the post-communism period. To a very large extent, the observed change in interactions and co-relations between economic growth and tourism may be explained by the simultaneous effects of globalization and market integration and their reflections on the Bulgarian market. However, during the research elaboration, the applied methodology was restricted by the occurrence of limitations, mainly related to a lack of information for particular time slots. For example, it was difficult to gather complete and reliable statistical or analytical data for the period of 1950s–1980s, thus this research is restricted within the time interval from 1980 to 2017.

Despite the narrow limits, the study clearly showed that there is an obvious need for Bulgaria to establish and follow a clear structural tourism policy, which as such, does not currently exist. Moreover, the role of Bulgarian and foreign tour operators and other stakeholders related to the Bulgarian market are of key importance. They should retreat from mass winter and summer holiday tourism supply, diversifying the product range with precise and specialized travel trips. Maintaining the old markets and gaining new market share—imposing unique supply to traditional resources—sea, sun, mountain, and snow—are the background of a health-oriented, emotion-attaching, and adventurous tourist experience. Relevant promotion of specific resources will attract precise thematic segments of cultural, rural, ecotourism, short-term, recreational, religious, and wine tourism. In this way, both the international tourism arrivals, the domestic market, and the passengers passing through the territory of Bulgaria will be covered. As a result, in addition to boosting the positive effect of tourism growth on the economic development of the country, conditions will also be created for sustainability in tourism development. The success in this direction will be complete when it is understood by responsible planning organizations and can lead to the formulation of a working, targeted tourism policy combining Bulgaria's tourism pioneer experience with the management philosophy of sustainable practices for resources, social equity, and innovation potential.

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CHAPTER 4

From Centrally Driven Variations to Market-Driven Development: Models of Urban Tourism Evolution in Poland

Piotr Zmyślony and Marek Nowacki

Introduction

Politics, economy, and tourism have always been interrelated (Alejziak, 2000; Hall, 1994; Jeffries, 2001). However, it is tourism that generally fits into political and economic frames, and thus, it is vulnerable to sudden or progressive changes which usually occur on a national level or even on a global scale. Eventually, its strength lies in a local context, in which individual factors of each destination verify broad and systemic issues. This national-local nexus is visible and crucial in cities which have indigenous heritage, individual tourist attractiveness, and resistance potential.

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The socialist centrally planned economy, its collapse, and subsequent transformation into a market economy strongly influenced the evolution of tourism in Poland as well as in other Eastern European countries (Allcock & Przecławski, 1990). On the one hand, tourism was incorporated in subsequent planning cycles of national economic development and regarded to be a means of social policy. On the other hand, cities attracted both centrally organised tourists and individual visitors, so the impact of planning policy was not total. However, their full market value verification was carried out only after they had reached their maturity. All these processes influenced their tourist life cycle; however, we do not know to what extent. The aim of the chapter is twofold. Firstly, it analyses individual tourism trajectories of major Polish cities and identifies the factors triggering them at the time of communism and capitalism. Secondly, it verifies the hypothesis of the overall model of the post-Soviet urban destination life cycle.

The theoretical framework of the research is the Tourism Area Life Cycle (TALC) concept (Butler, 1980). Seven major Polish cities in Poland were examined: Gdańsk, Kraków, Lublin, Łódź, Poznań, Warszawa, and Wrocław. In order to describe the trajectories of urban tourism evolution mathematically, a nonlinear estimation was made for the cities using the function of the fourth-degree polynomial. The study covers the period from 1947 to 2017.

The chapter consists of five parts. The first one sketches a historical outlook of the Polish economy to point out the determinants of tourism development in centrally driven and market economies. Next, the TALC as a concept to evaluate an urban destination's evolution is discussed. The third part presents the research methodology. Then, the models of post-Soviet urban destination life cycles are shown, and their factors are discussed. The final part presents the conclusions regarding the impact of politics and economics on urban tourism.

Tourism in the Framework of Centrally Driven Economy, Transformation, and Market Economy

After World War II, Poland entered the era of the centrally driven economy. The communist party dictated the country's economic policy determined by the content and goals of successive five- or ten-year central economic plans and also controlled the execution of the plans. However,

since there was no market mechanism, the whole economy sought to maximise the material costs of production. As a result, the centrally driven economy became the economy of shortages, and the contents of successive plans usually became a matter of growing indifference as early as in the second year of their validity (Allcock & Przecławski, 1990; Lipton, Sachs, Fischer, & Kornai, 1990; Wilczyński, 1991). The industrial structure was strongly skewed towards heavy industry and capital goods and away from light industry, services, and consumer goods (Lipton et al., 1990, p. 82). Tourism was considered non-contributing to gross domestic product (GDP) and thus had a derivative role in central planning.

Shortly after the war, the state government concentrated on rebuilding, industrialisation, and nationalisation of the economy. The tourist sector declined and was strictly subordinated to politics and ideology, that is why its domestic part was of a primarily organised and group nature (Allcock & Przecławski, 1990). In the 1960s, intensive industrialisation and urbanisation referred to both population shifts from rural to urban areas and the adoption of urban lifestyles, which led to the growing pressure and growth of tourism demand and inspired national authorities to treat tourism as an instrument of social policy (Kruczała, 1990). The appropriate investments in tourist infrastructure came to be included in subsequent planning cycles. State-run hotels and vacation homes run by industrial companies were the most popular collective accommodation establishments (Banaszkiewicz, Graburn, & Owsianowska, 2017). The highest increase in hotel supply took place in the 1970s as a result of a partial opening to the global market by the creation of joint ventures with international hotel chains and the pro-spending government policy based on foreign borrowing (Błądek & Tulibacki, 2003; Buckley & Witt, 1990). However, tourism demand was still controlled and subsidised by the central government in the form of organised youth tourism using hostels and low-priced holiday accommodation, and social tourism aimed at state-run companies' workers using vacation homes (Szymański, 2004).

As Gołembski (1990) states, for political reasons international tourism—both inbound and outbound—was mostly restricted and limited to other socialist countries. However, it was also reduced because of the non-convertibility of the Polish currency, as well as relatively poor economic conditions of living. The gross domestic product per capita was $849 in 1970, $1592 in 1980, and $1626 in 1990 (Poland GDP, 2019). Moreover, in the 1980s, the state government imposed a system of rationing on consumer

goods. Thus, the majority of foreign trips of Poles and foreigners' visit to Poland had a quasi-business character, while tourist motives were melted with 'individual import/export' activities like smuggling scarce goods and money, exchanging foreign currencies on the black market, or working abroad (Gołembski, 1990). Nevertheless, as Hall (1994) remarks, any policy encouraging foreign tourism under these circumstances "would appear at best paradoxical" (p. 38). A constant problem accompanying tourist development was serious cyclic disruptions caused by economic crises and the related political upheavals of 1956, 1968, 1970, and 1976. The declaration of martial law by military authorities in December 1981, lasting until July 1983, was of the most dramatic impact. The tourist flows decreased dramatically.

In 1987, the bankrupting economy fell into the last crisis and, after two years, ceased to function (Wilczyński, 1991). It was a prelude to an unprecedented transformation, which could be divided into two stages: the stabilisation and liberalisation stage, and the integration with the European and global economy stage (Kowalski, 2013; Lipton et al., 1990). In 1989, key reformist legislation was launched to create the legal, institutional, and economic basis for a market economy. A stabilising programme was implemented, aimed at privatisation, decentralisation of power, putting an end to hyperinflation, establishing and regulating the monetary, fiscal and exchange rate policies, and liberalising foreign trade, including tourist services (Kowalski, 2013; Lipton et al., 1990; Svejnar, 2002; Wilczyński, 1991). Thus, during the 1990s, the economy faced a dramatic decline in effective demand and an increase in adverse supply shocks. In 1990, 18.1 million overnight stays and 330,000 beds in collective accommodation establishments were recorded (Statistics Poland, 2018).

Under the market economy conditions, tourism has been treated as a commercial activity. Thus, at first, numerous accommodation establishments were decapitalised while many other ones changed their functions. In national economic policy, tourism was considered an area which should be supported in terms of enhancing the legal and economic conditions of entrepreneurship and firms' competitiveness. Under the umbrella of the European Union (EU) (European Parliament, 1998; Polska Organizacja Turystyczna, 2009), the bases for a modern organisation of tourism governance and development based on a tourism product framework were forged. In the mid-1990s, administrative reforms gave local governments more responsibilities for tourism development.

In the second stage of transition, qualitative factors and conditions began to prevail. The most important were consistency and determination in the process of reforms; flexibility; and privatisation of the economy. These factors, with innovation absorption capability and the implementation of the *acquis communautaire*, led to the joining of the EU in 2004 and the Schengen zone in 2007 (Kowalski, 2013). Poland has become the fastest growing economy in the Central and Eastern Europe (CEE) region, deeply integrated with the core European economies. The improvement in transport infrastructure and technical modernisation of public facilities was also remarkable. However, Poland still has relatively weak legal institutions, and the confidence in public administration and state institutions is relatively low (Gorynia et al., 2016).

At the end of the century, two bills were introduced which founded the improvements in quality to the tourist system in Poland. The Act on Tourist Services (Sejm RP, 1997) regulated the tourist market. The Act on Polish Tourist Organisation (Sejm RP, 1999) featured the division between administrative and regulation tasks carried out by the Ministry of Sport and Tourism and regional/local governments, and the sphere of destination marketing and product development, delegated to National Tourist Organisation (NTO), Regional Tourist Organisations (RTOs), and Local Tourist Organisations (LTOs) (Butowski, 2004; Zawistowska, 2008). Since 2001, 16 RTOs and about 130 LTOs have emerged as partnership associations of public, private, and non-profit stakeholders (Polska Organizacja Turystyczna, 2009). Although they differ in organisational structure, economic potential, management style, level of expertise, and competencies, they have a wide range of tasks and can contribute to tourism governance (Fedyk, Meyer, & Potocki, 2017).

Additionally, over the next years, city administrations and tourist organisations functioning in the central Polish cities have increasingly been involved with destination strategic analysis, internationalisation of their marketing strategies, and development of the local meetings market by convention bureaus (Piechota, 2016; Zmyślony, 2014). These changes had a significant impact on tourism volumes and the quality of destination marketing, planning, and management. As a result, in 2017, 83.8 million overnight stays and 774,000 beds in collective accommodation establishments were recorded, which is respectively more than 4.5 times and almost 2.5 times more than in 1990 (Statistics Poland, 2018).

TALC and Post-Communist Urban Destinations

The TALC concept, proposed and popularised in 1980 by Butler (1980), is a reference model in this study. As one of the most frequently cited, applied, and debated concepts (Butler, 2000; Lagiewski, 2006; Ma & Hassink, 2013), it explains the evolution of tourist destinations. Its strength lies in versatility, clarity of stages, and a broad spectrum of factors influencing tourism evolution; and its controversy concerns descriptive methodology which lacks a formal base (Lagiewski, 2006; Ma & Hassink, 2013). However, one must remember that TALC is a hypothetical concept as it describes—in a way undistorted by any external factors—a path of tourism evolution of a destination. It passes through subsequent stages: from initial exploration through an involvement stage; a further development stage; later consolidation and stagnation; and finally a post-stagnation alternative stage involving a decline, rejuvenation, or stabilisation (Fig. 4.1). According to Butler (2000), variations in the life cycle curve can be due to many factors, even unpredictable circumstances and changing fortunes. It is essential to model a function that would estimate an evolution path and be useful to extract the various stages.

The TALC concept acquired particular relevance in studying the evolution of coastal and resort areas; however, it was also applied to urban destinations, such as Niagara Falls (Getz, 1992), Atlantic City (Stansfield,

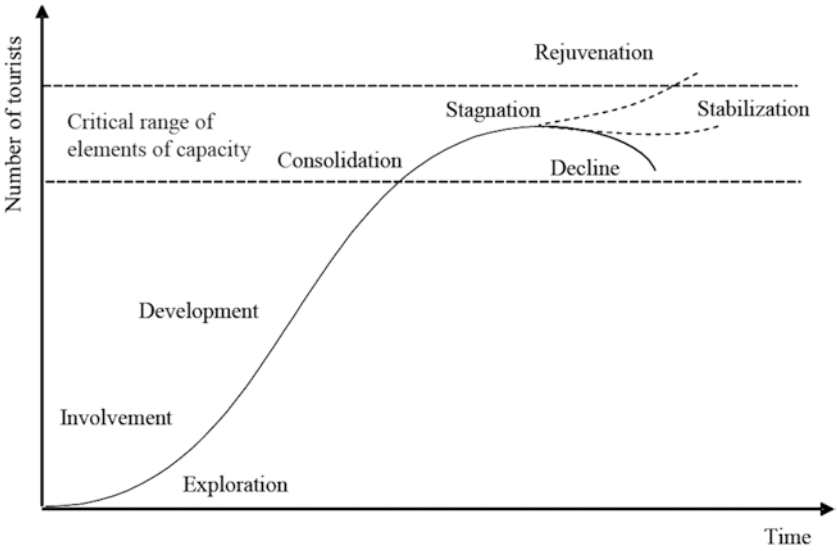

Fig. 4.1 The Tourism Area Life Cycle model

2006), Cesky Krumlov (Czechia) (Pásková, 2002), and Poznań (Poland) (Czernek & Zmyślony, 2011). In the study of 43 European cities, Grabler (1997) constructs a synthetic life cycle model based on changes in tourist numbers from decade to decade. Other studies are based on relatively short, about 20-year, periods.

Using the TALC as a tool for studying an impact of economic and political changes on tourism in post-communist destinations is rare. Besides the mentioned urban studies of Cesky Krumlov and Poznań, there are Petrevska and Collins-Kreiner (2017) who claim that the political context and the government's role in policy making and implementation in Macedonia created the double life cycle pattern of tourism development. However, the rare use of the TALC concerning post-communist urban destinations can be explained by difficulties in obtaining the long and complete time series data needed to produce an accurate and comprehensive picture of phenomena influencing tourism development.

Methodology

Keeping in mind the above considerations, determination and analysis of a city's tourist evolution path is a complex and challenging task. In order to achieve the research objectives, secondary analytical methods have been employed (i.e. a critical analysis of available sources, statistical methods on the basis of statistical data, and databases published by Statistics Poland [2018], and regional statistical yearbooks), as well as extant literature on the subject.

At the beginning of the research, we aimed to indicate tourism evolution trajectories of all major Polish cities (i.e. 10 cities with more than 300,000 inhabitants) using several kinds of indicators. In Poland, the statistical information for tourism was collated and published mostly at the regional level, as local level data was less critical in the central planning perspective. Only in major cities such data was gathered; however, it was not always officially published. Unfortunately, several administrative reforms and modifications of public statistics, which took place during the considered period, limited the continuity, reliability, and comparability of data, even though we searched the archives of individual statistical offices. Finally, we managed to gather the data for only seven Polish cities: Gdańsk, Kraków, Lublin, Łódź, Poznań, Warszawa, and Wrocław.

The variable most often used to determine the destination evolution is demand (i.e. a number of tourists or visitors, and overnight stays or visitations). However, in Poland, the local and regional level statistics lack data on visitor and visitations numbers. Moreover, it is also possible to include

supply indicators as in the number of bed places or tourist-related establishments (Ma & Hassink, 2013).

On the basis of the literature (Butler, 1980; Lundtorp & Wanhill, 2001), two variables were accepted as the basis for the modelling of the evolution of the tourist function: the number of overnight stays in hotels (demand variable, primary use), and the number of hotel beds (supply variable, secondary use). Thus, both demand and supply information could be taken into consideration. Apart from the availability of the information concerning these two variables over a long time series, we argue that there are three reasons for focusing on hotel data. Firstly, hotels have always played a leading role in the development of tourist establishments in cities. Secondly, the data recorded by public statistics concerning this type of tourist establishments cover the entire population of existing facilities. Thirdly, modifications and methodological changes, discussed earlier, affected this type of establishments in the smallest degree. However, the number of hotel beds should be treated as an additional variable, as supply development was the subject of state intervention during the communist period.

Subsequently, the analysis of the tourism function evolution cycles was carried out using nonlinear estimation, which consists of calculating the relationship between a set of independent variables and a dependent variable. The first decision was to determine the nature of this relationship. According to the literature review (Kruczek & Szromek, 2011; Lundtorp & Wanhill, 2001, 2006), the logistic function of the form $Y = \frac{a_0}{1 + a_1 e^{-X}}$ is used. However, the preliminary analysis of the cycles showed that it was impossible to describe them using a logistic function, as Lundtorp and Wanhill (2001, 2006) did, or as a multilogistic growth model (Albaladejo & Martínez-García, 2017) as they do not estimate the tourism evolution cycle of the cities in a proper manner. Only in the case of Kraków did the increase in the number of hotel guests create a monotonically increasing function, which would allow applying a logistic model. For the other cities, the function appeared to be nonmonotonic, which prompted us to search for a different nonlinear model. It turned out that the function that described the evolution cycles of the cities was a fourth-degree polynomial, in the form:

$$y = a_0 + a_1 * x + a_2 * x^2 + a_3 * x^3 + a_4 * x^4$$

Where: y denotes the number of overnight stays in the year x in a given city, and

a_0, …. a_n stands for nonlinear regression coefficients.

Therefore, for all the cities, a nonlinear estimation was made with the use of the fourth-degree polynomial function and using the Quasi-Newton estimation method. The function approximates the data to a sufficient degree since the proportion of variance accounted for by the model amounted to 66.61% for Łódź and 98.32% for Kraków (Table 4.1).

As Lundtorp and Wanhill (2001) state, "Butler's stages are linked to changes in the behaviour of the curve, which the mathematics can elicit as operational points where the stages begin and end" (p. 952). Thus, in order to identify the tourism evolution's stages, we determined the time moments of the changes in trends in the demand variable. The derivatives (i.e. zero points) are informative about the rate of change of the functions adequately to its arguments. The first derivatives informed us about the function's extrema, which determined the lowest/highest demand volumes:

$$y' = a1 + 2 * a2 * x + 3 * a3 * x^2 + 4 * a4 * x^3$$

Three extrema for Gdańsk, Poznań, and Łódź and two extrema for Warszawa, Wrocław, and Lublin (the last one because of missing data) were found.

The second derivates informed us about the inflexion points of the polynomial, which were important to identify the changes in the trends (acceleration or deceleration) in tourism evolution paths:

$$y'' = 2 * a2 + 6 * a3 * x + 12 * a4 * x^2$$

Two inflexion points were found for Gdańsk, Poznań, Łódź, Lublin, and Kraków. Only one point was found for Warszawa and Wrocław.

In a mathematical perspective, an interpretation of the third derivative is problematic. Lundtorp and Wanhill (2001, p. 953) claim that it indicates a change in acceleration of the function:

$$y''' = 6 * a3 + 24 * a4 * x^2$$

One point of acceleration change was found for each city.

Table 4.1 Tourism evolution cycles of Polish cities

Miasto	*Var. Expl. (%)*	*Min. (1 der.) (A)*	*Change of trend (2 der.) (B)*	*Change of acceleration (3 der.) (C)*	*Max. (1 der.) (D)*	*Change of trend (2 der.) (E)*	*Min. (1 der.) (F)*
Kraków	98.320	–	1959–1960	1968–1969	–	1977–1978	–
Warszawa	95.377	–	–	1964–1965	1978–1979	1983–1984	1989–1990
Wrocław	94.609	–	–	1968–1969	1975–1976	1983–1984	1990–1991
Gdańsk	96.126	1964–1965[a]	1973–1974	1983–1984	1986–1987	1994–1995	1999–1900
Poznań	86.088	1958–1959	1969–1970	1981–1982	1985–1986	1994–1995	2001–1902
Łódź	66.614	1950–1951	1962–1963	1975–1976	1977–1978	1989–1990	1998–1999
Lublin	77.503	[b]	1962–1963	1975–1976	1977–1978	1989–1990	1998–1999

Note: [a]Incomplete data; [b]Missing data

Results

Having compared the course of the functions (Table 4.1), we can observe that there was not one, but three separate models of tourism evolution in the examined Polish cities.

The first model is represented only by Kraków (Fig. 4.2a). Assuming (according to the literature [Błądek & Tulibacki, 2003; Pawlusiński & Kubal, 2011]) that before 1955, the city's tourism function underwent at least an exploration stage (and before the war, the development and decline stages) and entered the involvement stage related to the nationalisation of hotel supply, its continuous growth was observed. It was characterised by three minor changes in trends, resulting in two more stages of evolution. In 1959–1960 (B), there was a weakening of the growth trend, and in 1968–1969 (C) a further slight slowdown. These changes resulted in the 18-year-long period of consolidation that followed, in which tourism demand reached the critical range of hotel supply inhibited by national planning. Cultural tourism based on heritage and blooming city life dominated, augmented by organised youth tourism and industrial tourism. In 1978 (E), the Old Town and the Kazimierz Quarter were inscribed on the UNESCO World Heritage List. This triggered a long development stage characterised by a constant acceleration of growth that continued up to 2017, not even disrupted by the initial short-term drop in demand resulting from martial law. Investments in hotels, culture, and conference organisation flourished, accelerated in the following years by free market and internationalisation of tourist flows. Kraków became a multicultural tourist hub, attracting not only sightseeing, religious, and entertainment tourists, but also business visitors (Pawlusiński & Kubal, 2011).

The second model emerged in Warsaw and Wrocław. The curve of their tourism evolution cycles was characterised by four turning points marking five consecutive stages (Fig. 4.2b, based on data from Warsaw, additional references for Wrocław). Even though both cities incurred significant losses during World War II, they started their tourism evolution with a stage similar to the second phase of the classical development stage when the demand growth was increasingly pushed by the economic potential of the cities. In 1964–1965 (Wrocław, 1968/69), the volume of overnight stays was slowing down because of insufficient supply (C). After nearly 15 years of the consolidation stage, a maximum demand function was achieved in 1978–1979 (Wrocław 1975–1976) (D), beginning a short stagnation and decline stage (1983–1984, (E)), which coincides with the times of martial law and economic crisis, despite a growth in the hotel supply. The volume

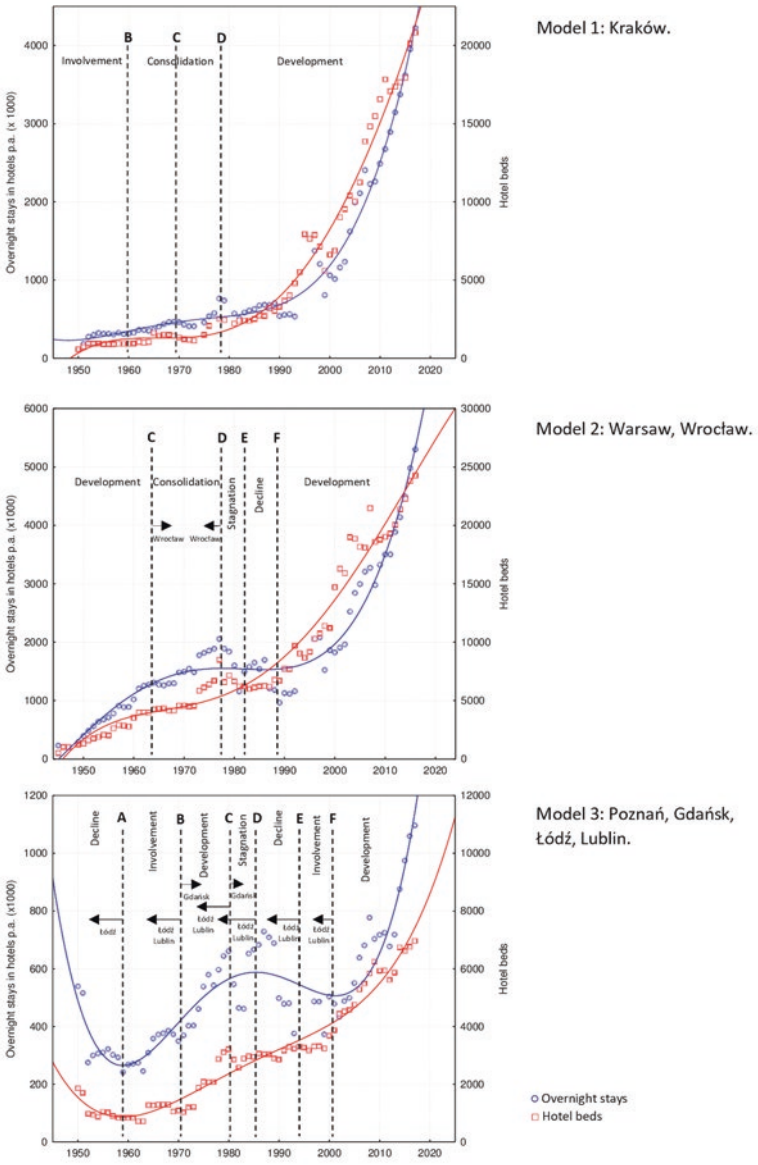

Fig. 4.2 Models of urban tourism evolution in Poland 1947–2017

of overnight stays reached a minimum in 1990 (F). Then, the curve of tourism evolution entered the development stage, using the competitive advantages of both cities: their geographical location and transport accessibility, modern economic structure, vibrant image, and a boom in investments. Their offer was based on historical heritage mixed with modern lifestyle and a strong position in the international meetings market.

The third model is shared by four other cities: Gdańsk, Poznań, Łódź, and Lublin. The curve of their tourism evolution cycles turned out to be the most complicated as it passed through six turning points and six stages, varying in duration and intensity (Fig. 4.2c), based on data from Poznań and additional references for other cities—the path of tourism evolution for Gdańsk appeared to be very similar, while for Lublin and Łódź it was expedited by three to seven years. In the post-war period, both demand and the supply curves declined as all the cities underwent strong nationalisation and industrialisation (Poznań—trade fair and food industry; Gdańsk—shipbuilding; Łódź—textile industry; and Lublin—car industry). This stage ended when the curve reached its minimum (Poznań in 1958–1959) (A), and was followed by the involvement stage until 1970 (B), characterised by increasing growth in demand triggered by the incorporation of tourism into the national planning system. Next, there followed a stage of development driven by sound economic prosperity and the partial opening of the market to international hotel chains, resulting in a growth in demand and supply. Then, the growth decelerated (C) because of the political and economic crisis, resulting in a stagnation stage in 1985–1986 (D) when the cycle reached the maximum. Next, the number of overnight stays decreased until the end of the decline stage 1994–1995, when there was only a change in the acceleration of the decrease (E), which can be interpreted as a transition into the second involvement stage. In 2001–2002, it reached the minimum (F), and has continued to grow through 2017. Also, around that time, owing to legislative changes and because of the constraints in public finances, LTOs and RTOs were initiated, cities' tourism strategies were launched, and EU's investments in tourism and transport infrastructure were made.

Conclusion

This chapter discussed the impact of politics and economics on urban tourism development in Poland over the last 70 years. The authors intended to verify the hypothesis of the overall model of the post-Soviet urban destination life cycle. As stated in the results, although there are

distortions, the impact of the shift from communism to capitalism and from the centrally driven economy to the market economy on the trajectories of tourist function is not unequivocal and equal for all the studied cities. Subsequently, three different models of the evolution of the urban tourist function have been identified.

In line with the first one, the centrally driven economy did not lead to the breakdown of the cycle. However, it interfered with its 'natural' trajectory by introducing the stagnation stage in compatible order (i.e. immediately after the involvement stage). Moreover, only the strong local tourist supply potential, extraordinary tourist attractiveness, and the external trigger of the inscription onto the UNESCO World Heritage List, allowed Kraków to follow a path of constant development during the stormy times of the systemic transformation.

In line with the other models, the centrally driven economy led to a shortening and flattening, or even an interruption, of the urban tourism evolution cycles (the second model), and, moreover, their initial disturbance (third model). This interference must be regarded as external for the tourist function, which leads to the decline stage, the velocity and duration of which depended on the strength of local economies and tourism industries.

To conclude, two different economic realities shaped Polish tourism. Its way from communism to capitalism and from a centrally driven economy to a market economy required a complete change to the rules of the game, and adapting to them was long and cost intensive. In effect, we can state that—with individual exceptions—the evolution of the post-Soviet urban destination life cycle assumes a cycle/recycle pattern with a distorted order of stages. It consists of two sub-cycle sequences. The primary centrally planned economy sub-cycle (1950–1989) is incomplete due to its inhibitions resulting from the non-adaptation of supply to demand at its development stage and the external factors (political and economic crises). Thus, it includes the following stages: decline and involvement (optional); development; stagnation; and decline. Being incomplete and centrally steered, it cannot, however, be regarded as a primary cycle. The most significant driving force was the total central government's control over the economy, society, and ideology, which acted either as a stimulant or suppressant of tourism development. The recycle, based on the transformation and free market conditions (1990–2017), consists only of the little and optional involvement and repeated development stage. It can be regarded both as a secondary cycle by virtue of its order in the sequence

or as a primary cycle because of the nature of its driving forces. The control over tourism development and sources of investment have been moved from the national to a local level, resulting in new cooperation tendencies and the emergence of quality initiatives.

Modelling tourism evolution has historical potential (e.g. the concept is useful only after the formation of most phases) (Lundtorp & Wanhill, 2006). It shows in Fig. 4.2a, b, c that all models conclude with development stages and with positive trends. Thus, given the hypothetical path of tourism evolution following this stage (Butler, 1980) and the length of the stage in all the described cities, we can assume that their tourist trajectories will turn into consolidation stage within the next few years. Nevertheless, this statement needs further verification in the future.

The study points out the limitations related to the methodology. Firstly, a nonlinear estimation of the tourism function evolution is a simplified form of the phenomenon explanation and may not reflect all significant changes and factors. Secondly, the descriptive historical analysis was limited due to the volume of the chapter.

These results are generally in line with the conclusions of Czernek and Zmyślony (2011), Kruczek and Szromek (2011), and Petrevska and Collins-Kreiner (2017). However, the contextual (e.g. the Polish character of the research) could blur the conclusions. Thus, it would be interesting to verify the result with the studies of the tourist function evolution cycles in other cities from the CEE region.

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CHAPTER 5

Institutional Challenges in the Development of Tourism in Kazakhstan

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Introduction

The Republic of Kazakhstan, the ninth largest country in the world, became an independent entity in 1991 as a result of the collapse of the USSR. With a vast territory, covering the size of Western Europe (2.7 million km^2) and huge oil and gas resources, it is the natural leader of the Central Asia region in terms of its economic position: 53th place in the Global Competitiveness Ranking (World Economic Forum, 2016–2017)

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and 42nd place in the process of transformation (The Heritage Foundation, 2017). As a tourist destination, Kazakhstan is seen as a country of endless steppes, and it is connected with traditions of the Silk Road which joined the East, the Middle East, and the West through trade.

This chapter presents the key challenges of tourism development in Kazakhstan in institutional terms, in which institutions are understood as "organisational solutions adopted in society, informal and formal rules of functioning", "dominant ways of thinking", and "rules of the game" (North, 1990; Williamson, 1985). In the research, it has been assumed that a given institution (such as a free market) will be stronger and more durable when the formal aspect (e.g. legislation) is supported by the informal dimension (e.g. trust, traditions, customs) (Sauted, 2005). To identify existing barriers, desk research and online research were conducted (October–November 2018) on statistics and other sources of information in the field of tourism in Kazakhstan. This research underlines the causes of problems in tourism development.

The structure of the article is as follows. The first part describes the stages of developments in the tourism industry since 1991—the year of independence for Kazakhstan. They include an overview of key statistics and indicators of economic development, existing challenges and barriers, and so on. The second part includes methodology and findings of research undertaken with an interpretation of the results. The article ends with conclusions derived from the research, including the identification of limitations and suggestions for further research.

Post-Soviet Legacy in the Kazakhstan Economy

One of the main challenges for the development of tourism in Kazakhstan is its Soviet past in terms of its by-gone administrative model of the economy. Like almost every country in the post-Soviet Union (USSR), Kazakhstan is facing institutional problems while trying to build its private sector. Governmental impact on the economy is small according to statistics. For example, in 2017, just 16.0% of all investments were attributed to the governmental sector (Committee on Statistics, 2018a) and in 2018 just 9.4% of all legal entities were classified as government-owned or with government participation (Committee on Statistics, 2018b). In terms of available data for Russia, the situation is comparable—in 2017, 16.5% of all investments were attributed to the government sector (Investments in Russia, 2017). In Kazakhstan, a phenomenon called 'quasi-governmental'

sector has been developed, where all activities of an enterprise are owned by different national funds, but in official statistics this sector is treated as private because such companies are not controlled by the executive branch of power directly. Some experts state that the government in Kazakhstan owns 60% of the economy (in terms of participation, control, and investments) (Total.kz, 2016). In 2017, at the Chief Financial Officers Summit in Kazakhstan, it was stated that government continues to increase its participation projecting a rate closer to 70–80% (Mazorenko, 2017).

In general, the economy of Kazakhstan has managed to avoid recession for the last three years. Overall, the GDP growth rate was 1.2% in 2015, 1.1% in 2016, and 4.0% in 2017 (Asian Development Bank, 2018; International Monetary Fund, 2018). The GDP growth rate has been slowed by a relatively high inflation rate: 6.6% in 2015, 14.6% in 2016, and 7.4% in 2017, which echoed the devaluation of the Russian rouble. The projected future growth for Kazakhstan is estimated to be 3–4% annually (Asian Development Bank, 2018).

Kazakhstan follows the world trend of building a service economy, as the overall production of services in 2017 was 57.4% (Committee on Statistics, 2018c), a decrease from 2015 (59.4%). Interestingly, official sources do not provide actual estimation of tourism input in the country's GDP (the latest are dated 2016), although the Kazakhstani government announced in September 2018 its goal to enlarge the share of tourism impact on GDP from less than 1% to 8% (Nurshaeva, 2018).

To increase the impact of tourism, the government will invest roughly 1.5 trillion tenge (approximately 4 billion USD) in tourism infrastructure (Nurshaeva, 2018). Currently, investment is equal to 17.1% of overall capital investments across all sectors of the Kazakhstan economy. In 2017, capital investments within 'services upon accommodation and meals' were just slightly above 135 billion tenge (approximately 364 million USD) (Committee on Statistics, 2018a).

The current situation regarding employment in the hospitality sector shows it employed only 2.2% of the population in 2017 (slightly more than 190,000 people) (Committee on Statistics, 2018d). The number increased to 14.8% compared to 2014. It is important to note that the average salary (per month) in the hospitality sector is 92.0% of the average national salary (according to the data for the first half of 2018), although the increase in salary payments from the second half of 2017 is slightly higher than the overall salary increase for the whole economy (111.2% vs. 108.5%) (Committee on Statistics, 2018d).

Officials in Kazakhstan do not designate tourism as an independent economic activity, so researchers have used indicators within the hospitality sector to estimate tourism growth. The data shows relatively slow improvements in tourism, as investments and employment in hospitality are insignificant compared with other sectors of the economy of Kazakhstan (in both cases less than 5%). Moreover, Kazakhstan encourages growth within the industrial sector of the economy, which is stimulated by high prices for the basic exported commodities. This circumstance implies additional burdens for the service sector in general, and tourism in particular, as private capital follows profitability and shorter periods of return on investments. Therefore, it is a challenge for the country to achieve its ambitious goals in tourism development, as Kazakhstan also faces institutional problems within the governance, management, and mentality.

The Tourism Industry in Independent Kazakhstan (1991–2001)

Development of tourism in Kazakhstan over the years of its independence since 1991 occurred in two main stages. The first, the 1990s, can be characterized as a period of spontaneous development of tourism. The second stage can be characterized by the planned development of tourism, which started with the *Law on Tourist Activity in the Republic of Kazakhstan*, dated June 13, 2001.

In August 1991, the Ministry of Tourism of the Republic of Kazakhstan was established. Unfortunately, the government did not propose policy documents on tourism development, therefore, tourism developed in a spontaneous manner. Having gained independence, Kazakhstan tourism received its share of post-Soviet legacy: a number of recreational centres, such as health resorts and recovery centres. While the country has a natural potential for tourism with a variety of landscapes and climatic zones, water reservoirs, and numerous historic locations, at that time there were no developed or recognized tourist destinations, with the exception of Medeo, Borovoye, and Shymbulak.

The main strategy of the tourist market in the nineties was outgoing tourism. A large number of private travel companies were emerging, mostly serving outbound travel, as visiting foreign countries was the long-time dream for many Soviet people. These commercial trips were directed to countries such as Poland and China, and a little later, Turkey.

The dominant part (73.2%) of all incoming traffic to Kazakhstan was business and professional travel, and some nostalgic tourism related to visiting places of the 'small homelands' (Zakon.uchet.kz, 2001).

Institutional Changes in Tourism Development

During the next two years, the Kazakhstan Hotel and Restaurant Association (KAGIR) and the Kazakhstan Tourist Association (KTA) were founded, and became the leading hospitality and travel industry associations. In October 1999, the Ministry of Tourism and Sport was transformed into the Agency of the Republic of Kazakhstan for Tourism and Sport. In 2000, several decrees of the Government of the Republic of Kazakhstan were issued: the action plan for the formation of the Tourist Image of Kazakhstan for 2000–2003; the establishment and functions of the Council for Tourism; the organization of the international festival 'Silk Road'; and the establishment of priority measures for the development of the tourism industry. Unfortunately, all of the above did not play a significant a role in the development of tourism because of a lack of financial governmental support.

The KAGIR and KTA have played a significant role in the development of organized tourism in Kazakhstan, as they strive for the improvement of the quality of services and the development of the hospitality industry. They are non-profit organizations that combine hospitality and tourism enterprises, representative offices of international hotel chains, suppliers of the hotel industry, mass media, hospitality-oriented universities, and universities that train specialists for the tourism and hospitality industry. KAGIR (http://kagir.kz/) works with governmental bodies, such as the Statistics Agency, the Chamber of Entrepreneurs, the Ministry of Education and Science. The latter (http://www.kaztour-association.com/kta2-1.htm) is a country-level association with over 880 members including travel and insurance companies, airlines, and universities that train specialists for the tourism market. KTA is a platform for the interaction between business, practice, education, and science. The main objectives of this association are protecting the rights and interests of members of the association in the relations to state bodies and other partners, promoting tourist products of Kazakhstan, and supporting a positive tourist image of the country worldwide. The core activities include promotion (ecotourism, rural tourism, ethnic tourism), publications, analytical materials on tourism, participation in international tourism exhibitions and fairs, and programmes for the development of tourism entrepreneurship, including small- and medium-sized enterprises.

In addition to these industry associations, the activities of such associations as the Association of Travel Agents of Kazakhstan (ATAK) and Association of Tour Operators of the Republic of Kazakhstan (ATRC) can be noted. It can be considered a sign of growing bottom-up activity within Kazakh society and a tendency to look for identity and to lobby for influence.

Second Stage of Development: Words, Words, Words (2001–Present)

The second stage of tourism development in the history of independent Kazakhstan is characterized by several Tourism Development Programs that were adopted with ambitious goals and objectives. In March 2001, the government approved the Tourism Development Concept for 2001–2002 in preparation of a state programme for the development of tourism through 2005. This was followed by another tourism development programme for 2003–2005, then for 2007–2011, and several others (Tourism Development Program, 2018). None of these plans fulfilled their goals presumably because their assumptions were unrealistic. An example of overly optimistic planning was the Asian Winter Games (2011), when 10,000 foreign tourists were expected, but only half attended (Nikitinskyi, 2011).

One of the reasons for the limited effectiveness of planning was constant changes in the managing authorities. The Ministry of Tourism and Sports was subject to reform several times. In 2012, tourism was housed in the Ministry of Investment and New Technologies, then was moved to the Ministry of Culture and Sports. It can be assumed that lowering the importance of tourism to a department within a ministry is not conducive to the serious treatment of tourism issues in the country.

Another example refers to the Program for 2003–2005, which set several priority tourist development sites, including Baykonyr (the first space harbour), Kenderli in Western Kazakhstan (Caspian Sea coast resort), Burabay (designated gambling and recreational zone), and the Zhana Ile project on the coast of Kapchagai Reservoir (family theme park). However, to date, realization of only two of the above projects, namely Baykonyr and Burabay, can be seen due to continued interest from international visitors.

Similarly, low efficiency can be noted in relation to the concept of clusters because the cluster plans lacked strategic vision in correlation with investment. The 2007 Program supported the development of tourist clusters in the Almaty region (the largest city of Kazakhstan and its former

capital), Akmola region, East Kazakhstan region, South Kazakhstan region, and Mangystau region. Only two regions have seen tourist flows: Almaty and Akmola regions (regions with the biggest cities and the biggest numbers of tourist attractions), and partial success in two others. The most recent plans include development of the Shchuchinsko-Borovsk resort area, the mountain ski area near Almaty, and the Kenderli resort in Western Kazakhstan. Ten tourist areas have been identified as priorities for development by state and private investors by 2025.

Current Tourism Challenges

Tourist Flows

The statistics of the tourist market of Kazakhstan for the first period of the country's independence shows many discrepancies. Data was unsystematic and sometimes completely absent. However, until 1996, there were growing trends in the main indicators, specifically increases in the number of residents of Kazakhstan travelling abroad, increases in visitors from other countries, as well as within domestic tourism, including the number of guests visiting tourist destinations. The main purpose of outbound travel in the 1990s was shopping (personal communication with the president of the KTA, April 20, 2017), which can be interpreted as an opportunity for residents to buy scarce goods, often for reselling as a means to cover the cost of travel.

From 1996 to 2000, there was a decrease in tourism by more than 300%, influenced by the financial crisis in 1998. In Russia, the crisis resulted in devaluing the rouble and a default on its debt. The crisis had severe impacts on the economies of many neighbouring countries, including Kazakhstan. According to 2007 data, the percentage of citizens going abroad exceeded inbound tourism almost three times. Outbound flow was mainly focused on Turkey (30% of all outgoing flow), China (23%), and the United Arab Emirates (11%). The main goals for outgoing travel were recreation and rest (44%), shopping tours (29%), and business and professional goals (18.7%) (On the governmental program of tourism development, 2006). Today, Kazakhstani tourists prefer Schengen countries as destinations (mainly Germany, Italy, Spain, Greece), which account for 32% of all trips. Turkey is still popular (19%); however, experts marked a decline in interest in Turkey due to political events and an unstable situation. Other popular destinations include UAE (17%), Thailand (8%), and Russia and Georgia, both 2% (Today.kz, 2016).

In terms of inbound tourism, a steady growth has been seen in the volume of tourist arrivals since 2005. According to the Committee on Statistics of the Republic of Kazakhstan, in 2017 there were 81,000 tourists visiting the country who declared tourism as a primary purpose of their visit (44.2% increase compared to 2013). The main markets generating arrivals to Kazakhstan are Russia, Germany, Turkey, China, Belarus, Ukraine, South Korea, and the USA (Tengri News, 2018).

Accommodations

From 2000 to 2017, the number of private accommodation facilities increased 20 times, mainly connected with the privatization of the sector. There was positive growth in the number of accommodation facilities during the country's economic boom from 2005 to 2010, when the number of hotels increased 3.5 times. In the next period, from 2010 to 2015, the number of hotels doubled, which was supported by international events being held in the country, such as the Asian Games of 2011. Two other events of global size occurred in 2017, the Universiade in Almaty and EXPO 2017 in Astana. In 2017, out of a total of 2987 registered accommodation facilities, 61 were state-owned companies, 79 had a share of foreign capital, and the remaining were private companies (Committee on Statistics, 2018e) (see Table 5.1).

Table 5.1 shows that most accommodation facilities are not categorized because, since the 2000s, the rating of accommodations is voluntary. Hotels of 5 stars rating in Kazakhstan are available only in the major cities of Almaty, Astana, Shymkent, and Aktau. Research indicates that

Table 5.1 Accommodation in Kazakhstan 2013–2017

Category	*2013*	*2015*	*2017*
Total	1678	2338	2987
5-star	17	20	22
4-star	53	75	87
3-star	103	138	132
2-star	22	10	18
1-star	17	17	14
Hotels not categorized	955	1256	1578
Other forms of accommodation	511	813	1136

Source: www.stat.gov.kz

Kazakhstan needs good economy-class hotels because of the low disposable income of domestic tourists and as an additional tool to enhance the attractiveness for foreign tourists.

Small Businesses

Statistical data shows that the stability of small- and medium-sized tourist businesses is low. Between 1995 and 1999, an annual increase in the number of tourism companies was recorded, but after 2000, there was a decline in the total number of such companies. In 2010, there were 1328 tourism companies, with 65% defined as medium-sized companies (up to 250 employees) and 27% defined as large companies (over 250 employees) (Committee on Statistics, 2018e). Micro-companies, up to five employees, accounted for only 7.9% of all enterprises in the tourism industry. In the majority of free-market tourist economies, micro- and small businesses are the majority of companies in tourism. For example, micro-companies with between one and nine employees account for 60–90% of all tourism companies in Organisation for Economic Co-operation and Development countries (OECD), such as travel agencies and the hotel trade (OECD, 2004). The different proportion seen in Kazakhstan may indicate that the small private entrepreneurs fear entrance into this market as companies with low capital are primarily exposed to economic disturbances.

Accessibility

Kazakhstan's vast area requires accessibility, especially by air. In 1996, Air Kazakhstan was established. Currently, the biggest national airline is Air Astana with 39 flight destinations. The largest airports in Kazakhstan are in Almaty and Astana, which have recently been reconstructed and modernized. Almaty airport accounts for half of the passenger traffic (5.6 million persons per year) and 68% of cargo traffic to Kazakhstan (International Airport, 2018). There are good prospects for the development of Aktau and Atyrau airports; however, other airports require major modernization and investment. Moreover, there is talk of privatization of airports in Kazakhstan.

Perception Challenges

The most accessible and yet objective way to study a country's image is through Google Trends (2018), provided by the Alphabet Inc. company. This tool compares the number of search requests for a destina-

tion. The highest number of requests for a certain word/phrase on a certain date is equal to 100% and all other dates and/or words are presented as a percentage of this. All data was derived in November 2018.

In a case of a comparison between the phrases of 'Travel to Kazakhstan', 'Travel to Russia', and 'Travel to China', the average interest in Kazakhstan is 1%, Russia is 13%, and China is 47%. The largest interest in 'Travel to Kazakhstan' is from the UK (2%). When evaluating 'Travel to Kazakhstan' with 'Travel to Kyrgyzstan', 'Travel to Uzbekistan', and 'Travel to Tajikistan', Kazakhstan receives only 11% of the interest.

While Kazakhstan expands a lot of effort to create a positive image, it appears that Kazakhstan is not an attractive destination for the global Internet community. Although this study does not cover business trips, private trips, and the impact of their 'word of mouth', the small interest in Kazakhstan potentially possesses a considerable threat to the development of tourism.

Tourist information centres at the city levels are relatively new institutions and could support increased visitor recognition of Kazakhstan. For example, Visit Almaty, with several offices throughout Almaty, is designed to disseminate information about events, excursions, tourist attractions, and entertainment in the city. They also take part in international exhibitions (e.g. IBTM 2018) dedicated to the meeting and convention business. Another important structure within the tourism industry is the Joint-Stock Company, Kazakh Tourizm, with the responsibility of promoting the Kazakhstan tourist brand in the international tourism market. It is worth mentioning that there are more than 40 universities in Kazakhstan that have a degree specialty in tourism, which should help in the preparation of new professionals needed for the above tasks.

Research Methodology

The research questions focus on identifying which barriers and challenges are the most important and how the existing challenges to tourism development are perceived as equally important by tourists and locals. The two research questions are:

RQ1: Which barriers and challenges are the most important to development of tourism in Kazakhstan?
RQ2: To what extent do tourists rank barriers and challenges as compared to locals?

For RQ1, numerous barriers and challenges faced by decision makers and investors in the tourism industry were identified using the desktop analysis methods. Numerous sources were taken into consideration, including official statistics, reports of international institutions, industry reports, and current articles in a variety of media. The five themes, with five elements in each, are labelled: macroeconomic; financial; cultural; management at national level; and management at local level (city, region) (see Table 5.2).

A survey was distributed to a selected group of contacts of the authors. The participants were from various groups, including travel agencies, hotel managers, members of tourism associations, corporate professionals, expatriates living in Kazakhstan, as well as university students of tourism and

Table 5.2 Barriers and challenges in tourism development in Kazakhstan

Theme	*Barriers and challenges*
Macroeconomic	1. Image of Kazakhstan and Central Asia region
	2. Unstable currency and inflation
	3. Time and costs of travel
	4. Costs of accommodation
	5. Competition from neighbouring countries
Financial	1. No investments in attractions
	2. Shortages in hotel infrastructure
	3. Limited investments in innovations and modern services
	4. Poor roads
	5. Limited disposable income of the population
Cultural	1. Language barriers
	2. Food considered by tourists as not healthy or attractive
	3. Islam religion considered as a potential problem for visitors
	4. Difference in mentality
	5. Lack of trust and cooperation in the society
Management at national level	1. Safety and security in the country
	2. Corruption
	3. Bureaucracy
	4. Not good education for tourism industry
	5. Insufficient tourist information
Management at local level	1. Limitations for governance at local level
	2. Poor management of the tourism sector (mismanagement)
	3. Sanitary conditions
	4. Medical services
	5. Not enough activity and effectiveness in representing the interests of the tourism industry in governing bodies

Source: Authors' elaboration

international relations programmes. An online questionnaire was prepared (Google Form) and numerous groups of people were invited to participate in a survey. Participants were asked to declare whether they were native or foreign, tourism professionals or non-professionals, and their gender in order to compare various viewpoints. Participants were then asked to rate the importance of each theme according to the following scale: 0—very unimportant, 1—completely unimportant, 2—somewhat more unimportant than important, 3—somewhat more important than unimportant, 4—important, 5—very important. Eighty-four surveys were completed.

Results of the survey were tested using internal consistency tests, such as Spearman-Brown split half test and Cronbach's α, to determine reliability. Various descriptive and test statistics (e.g. average, ranking, chi-squared statistics) are applied to analyse responses within themes (locals vs. tourists, professionals vs. non-professionals, male vs. female). The sample was divided into four age groups (under 25, 26–35, 36–50, and over 50).

To assess the degree to which tourists share the same view as locals on the importance of the certain barriers and challenges (RQ2), a probabilistic approach to evaluate mutual information based on the result of the survey was constructed. The range of possible values of the mutual information was from '0.00' to '1.00'. If locals and tourists do not share the same view on the importance of certain barriers and challenges, the mutual information takes the value of '0.00', and local and tourist views can be considered independent random variables. On the contrary, if their views coincide, then the mutual information takes the value '1'. Therefore, for each barrier and challenge the following formula is applied

$$X_i = \begin{cases} -1, \text{if } 50\% \text{ or greater of responses are in } [0;1] \\ 0, \text{if } 50\% \text{ or greater of responses are in } [2;3] \\ \text{or there is no } 50\% \text{ of responses in each intervals} \\ 1, \text{if } 50\% \text{ or greater of responses are in } [4;5] \end{cases} \tag{5.1}$$

where X_i is a 'I' barrier or challenges calculated separately for locals and tourists.

The probability scheme for all elements X_i is assumed to be equally distributed. Probability distribution for set $X = \{-1; 0; 1\}$ is calculated separately for locals and tourists according to:

$$p(x \in X) = \begin{cases} \sum_{X_i=-1} p_i \\ \sum_{X_i=0} p_i \\ \sum_{X_i=1} p_i \end{cases} \tag{5.2}$$

The mutual information is calculated according to well-known formula:

$$I(X;Y) = -\sum_{x \in X} \sum_{y \in Y} p(x;y) \log_2 \left(\frac{p(x;y)}{p(x)\,p(y)} \right) \tag{5.3}$$

where $I(X; \Upsilon)$ is a mutual information; X and Υ are probability distributions for locals and tourists respectively according to (2); $P(x; y)$ is a joint probability distribution of X and Υ and is calculated as the number of observations of a certain value from set $\{-1; 0; 1\}$ to the total number of observations.

Findings

Table 5.3 presents the descriptive statistics of the respondents. The number of completed surveys was 84, of which 62 were completed by Kazakhstanis (74%). The proportion of males and females appears to be equal, whereas the number of professionals from the tourism industry is greater than that of non-professionals.

A χ^2-test was applied to check for uniform distribution of respondents in the four age groups. It reveals that in relation to the other groups (professional, non-professional, male, and female) the sample is uniformly distributed according to age (p-value > 0.05). However, there is strong evidence that locals and tourists are not uniformly distributed according to age (p-value < 0.05), as locals tend to be younger. This can be related to many factors, such as older tourists being able to afford more travel due to their accumulated wealth, whereas the travelling experience of younger locals usually starts in their own country. The Pearson correlation of Spearman-Brown split half test and the values of Cronbach's α appear to be 0.81 and 0.86 respectively, which says that the reliability of responses is quite high.

Table 5.3 Descriptive statistics

Citizenship	*Work experience in tourism*	*Gender*	*Under 25*	*Ages 25–35*	*Ages 36–50*	*Over 50*	Total
Locals	Professional	Male	*7*	6	3	2	*18*
		Female	11	6	*7*	6	*30*
	Total (professional)		*18*	*12*	*10*	*8*	*48*
	Non-professional	Male	2	*7*	1	0	*10*
		Female	2	1	0	1	*4*
	Total (non-professional)		*4*	*8*	*1*	*1*	*14*
Total (locals)			*22*	*20*	*11*	*9*	*62*
Tourists	Professional	Male	0	2	1	3	*6*
		Female	0	2	1	0	*3*
	Total (professional)		*0*	*4*	*2*	*3*	*9*
	Non-professional	Male	0	3	3	2	*8*
		Female	0	1	3	1	*5*
	Total (non-professional)		**0**	**4**	**6**	**3**	*13*
Total (tourists)			*0*	*8*	*8*	*6*	*22*
Total (all respondents)			*22*	*28*	*19*	*15*	*84*

Source: Authors' elaboration

Table 5.4 provides the ten most important barriers and challenges for tourism development in Kazakhstan (RQ1) according to their average score. Managerial and financial are the top barriers and challenges for both individual groups and the pooled group, and the most important barrier and challenge common for all groups appears to be 'absence of enough information'. Although many barriers and challenges are the same for both tourists and locals, their rank of importance is not necessarily the same, for example, 'safety and security in the country', 'image of Kazakhstan and Central Asia region', 'corruption', and 'medical services'. There are also barriers which are important for one group but not for another. For example, 'bureaucracy' is important for tourists, whereas it is not so important for locals. 'Poor roads' is important for locals only. Among the top ten most important barriers and challenges, there are no cultural barriers.

Commonalities and differences among the importance of certain barriers and challenges between tourists and locals can have various reasons, which require an additional in-depth analysis. However, one possible explanation for concerns relating to 'poor roads' is that locals tend to travel across the countryside more frequently where the quality of roads

Table 5.4 Barriers and challenges for tourism development in Kazakhstan

Locals + Tourists		*Locals*		*Tourists*	
Rank	*Barrier and challenge*	*Rank*	*Barrier and challenge*	*Rank*	*Barrier and challenge*
1	Not enough tourist information	1	Not enough tourist information	1	Not enough tourist information
2	Sanitary conditions	2	Safety and security in the country	2	Poor management of the tourism sector (mismanagement)
3	Poor management of the tourism sector (mismanagement)	3	Sanitary conditions	3	Sanitary conditions
4	Safety and security in the country	4–6	No investments into tourist attractions	4–5	No investments into tourist attractions
5–6	No investments into tourist attractions	4–6	Limited investments in innovations and modern services	4–5	Limited investments in innovations and modern services
5–6	Limited investments into innovations and modern services	4–6	Poor management of the tourism sector (mismanagement)	6	Image of Kazakhstan and Central Asia region
7	Image of Kazakhstan and Central Asia region	7	Poor roads	7	Corruption
8	Corruption	8	Image of Kazakhstan and Central Asia region	8	Medical services
9	Medical services	9–10	Corruption	9–10	Safety and security in the country
10	Poor roads	9–10	Medical services	9–10	Bureaucracy

Source: Authors' elaboration

can be poor, whereas tourists visit well-established touristic places and large cities where road quality can be good. 'Sanitary conditions' appear to be equally important for both groups, which imply that cleanliness should be addressed. Indeed, there is currently much discussion among officials, business people, and tourists about the low quality of water, restrooms, and so on in distant places (Forbes.kz, 2016).

In addition to the derived findings, in order to answer the second research question—RQ2, authors have carried out the proposed methodology (1)–(3) to compute the mutual information. It appears to be 0.27, which means that tourists and locals have the same view on the importance

of proposed barriers and challenges to a certain significant degree, that is, partly, but they do not have the same view on importance for the majority of barriers and challenges (≥50%). These findings answer the second research question—RQ2. To identify reasons for such discrepancy among views of tourists and locals requires a further in-depth analysis.

There were some 30 additional suggestions collected using open-ended questions, which confirmed a high interest by the public in the topic of this survey. Among the additional comments, barriers and challenges frequently expressed by respondents include the high cost and low quality of services, transportation, and infrastructure, as well as visa procedures.

Conclusion

This chapter addresses general questions about the direction of socio-economic changes in Kazakhstan, specifically regarding tourism. An important challenge is the limited scope of privatization and decentralization, despite declarations by official institutions and ambitious plans which have encountered numerous barriers, including those relating to culture and mentality. The role of the tourism industry associations, as well as of professional education, will not be overestimated in this respect.

Of the top ten barriers and challenges in tourism development in Kazakhstan, several can be considered to be based in both formal and non-formal institutions, that is, 'Poor management of the tourism sector (mismanagement)', 'Safety and security in the country', and 'No investments in tourist attractions'. There is high probability that these barriers will be difficult to overcome. The phenomena of 'Mismanagement' and 'Bureaucracy' are considered very important by foreigners, while local people do not pay as much attention to these. In contrast, the aspect of 'Safety and security in the country' is much more important to local people than to foreigners. So international visitors might consider Kazakhstan a safe country.

There are three primary challenges which can be classified as formal institutional barriers: 'Not enough tourist information', 'Medical services', and 'Poor roads'. These challenges can be relatively easy to remedy, especially improvements in tourist information, as high financial investments are not required. Taking into consideration that tourist information is a top concern for foreigners, this should be a priority. Again there is discrepancy in the consideration of 'Poor roads' as an issue as foreigners

do not see this as an important problem. However, if tourism is to increase into less populated areas, this could be a cause for concern.

Four other challenges, 'Sanitary conditions', 'Limited investments into innovations and modern services', 'Image of Kazakhstan and Central Asia region', and 'Corruption' can be based on informal institutions (i.e. society consider these phenomena as relatively long-lasting). However, with some considerable effort from governmental institutions (regulations, modelling, investments), it could be possible to improve the situation.

The first ad hoc recommendation for the government in order to address these challenges in the tourism sector is to invest funds in the process of distribution of tourist information. By supporting organizations such as Kazakh Tourism, whose aim is to develop the tourist brand of the country, Kazakhstan can promote the country via digital channels, including Google-connected instruments.

Limitations and Further Research

The limitations of this research include incomplete and inconsistent official statics and the lack of previous tourism research in Kazakhstan. From a statistical point of view, it would be desirable to have more than 84 responses across all groups (professional, non-professionals, age, gender, locals, and foreigners). Moreover, not all barriers and challengers were considered since they were derived by the authors based on the limited information available from Kazakhstan.

Further research should be conducted to investigate the correlations between formal and informal factors which influence the barriers and challenges themselves. It will also be desirable to better understand the social and economic explanations behind the discrepancies between tourists and locals. This could better provide sound recommendations to the government on what factors should be prioritized.

The presented study of institutional factors in tourism development is new and archetypical for Kazakhstan. The formulated conclusions should be verified in the next stages of the study. As many participants are eager to participate in further surveys, Narxoz University will continue the research as part of its programme to strengthen their position as the leading research and education centre in the field of tourism, hospitality, and event management in Kazakhstan.

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CHAPTER 6

Tourism Development and Policy in Slovakia

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Introduction

Slovakia, previous part of Czechoslovakia, came into existence in 1993 and accessed the European Union (EU) in 2004 and the Eurozone in 2009. The country has undertaken many changes in political and socio-economic development, which have been influenced by socialism and the transition process to a free market economy. After the transition to a market economy, Slovakia did not achieve the number of incoming tourists and expenditures on domestic tourism as it did before 1989. The European Union has provided grants for tourism marketing and private tourism businesses, and in 2010, the Tourism Development Support Act was accepted. However, these changes have not contributed towards solving many of the regional disparities. Just three tourism regions in Slovakia are competitive in the international market.

The chapter presents the development of tourism and tourism policy from World War II until now. The objective is to uncover the basic characteristics of tourism policy throughout particular historical periods and their impact on tourism development, as well as to present a discussion on

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whether this development is sustainable for the long term. The chapter is divided into two parts. The first one is focused on the description of tourism policy in the period of socialism, the period of transition, and the period of the European Union (EU) and Eurozone membership. The second part presents the results of secondary data research focused on the impact of EU funds invested into tourism on tourism performance indicators by means of correlation analysis. Factor analysis is applied in investigating the competitiveness of existing local destination management organizations (DMOs) supported by the state budget through the Tourism Development Support Act no. 91/2010 C.c.

Country Overview and Historical Background

The small picturesque country of Slovakia is situated in Central Europe. It has common borders with Austria, Czech Republic, Poland, Ukraine, and Hungary. About 5.5 million inhabitants live in an area of 49,035 km^2. The capital city is Bratislava. Slovakia is divided into eight self-governing regions (Bratislava, Trnava, Trenčín, Nitra, Žilina, Banská Bystrica, Prešov, Košice regions), 79 districts, 138 towns, and 2891 municipalities (including towns) since the public administration reform in 2002. More than 57% inhabitants live in towns today.

The Slovak Republic was established in 1993 as an independent country from part of the territory previously known as Czechoslovakia. Slovakia became a member of the EU in 2004 together with other ten countries, and in 2009 joined the Eurozone. Since 1989 (after the 'Velvet Revolution'), it has undergone important changes including the transition from a centrally planned economy to a market economy. Other numerous reforms (health care, pension system, tax reform, public sector reform, education reform, etc.) followed this objective to improve the economic situation of the country and to secure democracy in the country.

Slovakia has various tourism resources concentrated on a relatively small territory. It is situated in a mild climatic zone, and more than 40% of the territory is covered by forests. Central and north Slovakia comprise mountainous landscapes, while the south and the east are lowlands. The highest peak is Gerlachovský peak (2655 m above sea level) and is located in the High Tatras Mountains. The most important Slovak river, the Danube, connects the capital city of Slovakia with the neighbouring capital cities of Vienna and Budapest.

The biodiversity is a typical feature of the natural potential of the country. With a total number of 198 important biotopes in Europe, 63 are situated in Slovakia. There are more than 5300 known caves in Slovakia, and 12 of them are accessible for tourists. Slovakia has more than 1300 mineral and hot spring waters with extraordinary curative effects. They serve as a base for 21 spas, but they are also used for drinking and table waters.

Slovakia also has unique cultural potential. Eighteen of 138 Slovak towns are proclaimed as cultural protected centres, specifically their historical squares. More than 300 wooden churches represent the religious heritage architecture, and 7 natural and cultural sights are listed on the World Heritage List (UNESCO).

The changes in the political life, as well as accession process into the EU, had a great impact on the tourism policy and development of Slovakia. Tourism development can be divided into three periods, with a special focus on the priorities of tourism policy. Each of these periods is special and has importance for tourism development as we observe it today.

Period of Socialism: 1946–1989

The socialist period is characterized by a centrally planned economy, state ownership of tourism facilities, support of domestic recreation, second home development, highly specialized research institutes, and a system of education from the vocational level to the university level. Tourism was researched mainly as an economic and social phenomenon. The impacts of the official ideology, the limited possibilities for people to travel to non-socialist countries, and the development of mass tourism through state travel agencies were typical features of this period. Tourism was considered an important part of the so-called 'socialist way of life'. Tourism in the former Czechoslovakia was concentrated on domestic tourism, due to the support of trade union recreation, and there was an increasing number of visitors (Table 6.1).

During the years following World War II, when it was necessary to restore the war-damaged economy, significant attention was placed on the development of tourism in the centrally planned economy of Czechoslovakia. The most explored facets were trade union recreation, children's recreation, and spa treatments. Opportunities for individual tourism developed gradually from the mid-1950s as a part of the growth

Table 6.1 Tourism development in Slovakia (1946–1985)

Year	*Domestic tourists (mil.)*	*Foreign tourists (mil.)*	*Incomes from inbound tourism (mil. EUR, real prices)*	*Expenditures on outbound tourism (mil. EUR, real prices)*	*Expenditures on domestic tourism (mil. EUR, real prices)*
1946	1.042	n.a	n.a	n.a	n.a
1950	2.372	n.a	n.a	n.a	n.a
1970	3.000	1.310	n.a	n.a	n.a
1975	4.300	5.260	n.a	n.a	n.a
1980	5.200	5.500	1817.362	621.729	4447.754
1985	5.800	5.700	1434.759	526.078	5595.561

Source: Franke, Lion, Picka, Čech, & Ríman (1980); Kopšo et al. (1985); Nádlerová (1985a, 1985b)

in the standard of living. In 1958, the government created the Coordination Council for Tourism, which focused on the coordination of activities within sectors involved in tourism development. In 1959, a national scientific conference on tourism was held in Slovakia under the title 'The importance and role of tourism development in the development of national economy of Czechoslovakia' and was organized on the grounds of the Bratislava School of Economics. This conference underlined, among other issues, the need for university education to support tourism praxis, as well as the development of scientific research in tourism.

Following the conclusions of the United Nations Conference on International Travel and Tourism (1963), a wide range of measures focusing on the development of tourism was adopted in Czechoslovakia. Between 1964 and 1965, higher education of tourism was established, and the origins of tourism research started. In the same year, the Governmental Committee for Tourism in Prague (in Slovakia, the Slovak National Committee for Tourism) and the Commissions for Tourism were established in the regions and districts as the coordination bodies of tourism development. In order to develop international tourism, numerous agreements on intergovernmental travel relations were signed with the countries of the Council for Mutual Economic Assistance (COMECON). In this way, the basis for the intensification of tourism development in Czechoslovakia were created.

Until 1990, tourism was the subject of a systematic review by the research institutions, which were an organizational part of the ministries in Czechoslovakia, such as the Ministry of Trade (Tourism Research Department) as a part of the Research Institute for Trade in Prague. In

1970, this transformed into the Tourism Research Institute, with its seat in Bratislava, which conducted tourism research for the whole country until 1992. The state planning commission had special institutions for land use (spatial planning), such as the TERPLAN Prague, URBION Bratislava, and the Centre of Urbanism and Architecture (CUA) in Bratislava. These institutions expanded territorial plans for recreation and tourism including the calculation of carrying capacities for particular destinations. The Ministry of Healthcare had a research institution, the Balneological Research Institute in Mariánske Lázně, which conducted highly specialized research related to the curative effects of mineral and hot spring waters and medical treatment on human health. Geographic research of tourism was mainly carried out at the Institute of Geography of the Czech Academy of Science in Brno and the Institute of Geography of Slovak Academy of Science in Bratislava (Kučerová & Gúčik, 2017).

The scientific research of tourism as an academic discipline started to be organized in 1964 at the Department of Tourism and Hospitality at Bratislava's School of Economics, and in 1975 at the Department of Tourism and Services at the School of Economics in Prague. Some tourism subjects were already taught at both universities in the mid-1950s. The professional profile of both departments was economic, and the graduate education focused on the economic discipline with respect to its application to tourism praxis. Research into tourism had a character of theoretical and methodological issues of tourism, hotel, and hospitality development (Kučerová & Gúčik, 2017).

Period of Transition; 1990–1999

This period was highly influenced by the democratization process and the establishment of the independent state of Slovakia (1993). The privatization of tourism facilities brought relatively high level of corruption mainly through the use a 'Dutch auction' where sales were based on willingness to pay more, without taking into account other criteria's such as experience in hotel and hospitality, education levels, or the financial power of the person.

This privatization had positive as well as negative impacts on tourism development. The existing structures of the tourism organizations and the research institutions were abolished, and the educational process started to focus on education at the secondary school level. The privatiza-

tion of tourism education started as well. Tourism was seen as the source of economic growth and as an income earner through balance of payments. The industry suffered problems related to service quality and professionalism within tourism organizations. The structural changes in this post-socialist country, with previously highly developed heavy industry and agriculture, contributed to a high level of unemployment (about 13% nationally and more than 25% in some regions). The transition process also affected tourism visitation as the number of domestic tourists fell by 31% and foreign tourists declined by 23% (Table 6.2). Moreover, total tourism consumption declined as the number of hotel nights by domestic tourists fell from 10.3 million to 3.0 million between 1989 and 1992 (Williams & Baláž, 2000, 2002).

Slovakia and other countries of Central and Eastern Europe were involved in the process of EU enlargement during this period. The European Association Agreement between the EU and Slovakia came into force in 1995. Among others, the Pre-Accession Assistance was implemented. Aid through this programme was earmarked for tourism development and was implemented through the PHARE programme (Poland and Hungary Action for Restructuring of the Economy) and SAPARD (Special Accession Programme for Agriculture and Rural Development) starting in 2000.

Table 6.2 Tourism development in Slovakia (1990–1999)

Year	*Domestic tourists (mil.)*	*Foreign tourists (mil.)*	*Incomes from inbound tourism (mil. EUR, real prices)*	*Expenditures on outbound tourism (mil. EUR, real prices)*	*Expenditures on domestic tourism (mil. EUR, real prices)*
1990	2.341	0.816	181.023	533.627	944.731
1991	1.625	0.635	337.238	249.806	465.697
1992	1.046	0.578	455.582	331.527	411.472
1993	0.823	0.625	755.834	507.765	455.432
1994	1.077	0.901	988.489	494.244	584.957
1995	1.185	0.902	892.101	474.828	585.040
1996	1.428	0.951	918.431	659.141	779.743
1997	1.386	0.814	781.738	629.693	811.414
1998	1.762	0.860	643.134	623.406	1057.773
1999	1.823	0.975	619.484	456.447	1032.990

Source: Cestovný ruch na Slovensku v roku 2000. Interný materiál Ústavu turizmu v Bratislave (2000); "Vývoj cestovného ruchu na Slovensku" (2001)

EU Membership and the Eurozone: 2000–2010

The main ambition of the country was to become an EU member state and eventually a member of the Eurozone. The country has undertaken very hard reforms, mainly through tax reform, administration reform, health care and social system reform, support of private businesses, and foreign investment incentives. Fiscal policy has become a state priority. In order to enhance Slovakia's tourism development efforts through EU accession, the Tourism Development Grant Scheme (TDGS) was included in the 2002 PHARE National Programme and 2003 PHARE National Programme (Ministry of Economy of the Slovak Republic, 2005). Tourism activities were also supported by the 2000–2006 SAPARD National Programme by establishing a separate framework focusing on the diversification activities of agricultural businesses operating in rural, and often underdeveloped, areas. Reconstruction and construction of agritourism accommodations and supplement service facilities have been financed (Ministry of Agriculture and Rural Development of the Slovak Republic, 2009). All these reforms have impacted the local population (Williams & Baláž, 2000, 2002).

Pre-accession assistance aid, in the form of combining national funds and EU funds, was focused most notably on infrastructure activities for the private sector (12.84 million Euros invested in 109 projects). Also, other activities like heritage restoration and conservation, tourism promotion, and other marketing-related activities for the public and third sector were supported (8.36 million Euros implemented in 121 projects) (processed based on data available in ex-post evaluation report Ministry of Agriculture and Rural Development of the Slovak Republic, 2009; Ministry of Economy of the Slovak Republic, 2005).

Slovakia's status as a pre-accession assistance receiver changed after entering the EU in 2004. Several objectives financed by the EU structural funds were defined in the National Development Plan. Tourism was included in the Sectoral Operational Programme Industry and Services (Ministry of Economy of the Slovak Republic, 2010) and in the Single Programming Document Bratislava Objective 2 (Ministry of Agriculture and Rural Development of the Slovak Republic, n.d.-b) (Table 6.3).

The socio-economic development in the country had a great impact also on tourism development (Table 6.4), as the number of tourists, as well as national incomes, increased steadily. However, the global economic crisis caused a decline in the number of domestic tourists by 10% and

Table 6.3 Financial support of tourism in the period of 2000–2007

Operational programme	*Measures aimed at tourism*	*No. of projects*	*Financial support (mil. €)*
National Programme	Support of tourism businesses	74	6.3
PHARE FM 2002(TDGS), PHARE FM 2003 (TDGS)	Activities in strategic planning, marketing and information services	82	2.4
SAPARD 2004–2006	Encouragement of rural tourism activities (including utilization of agricultural businesses in tourism)	186	29.8
Sectoral operational programme industry and services	Tourism infrastructure (including restoration of cultural heritage)	41	41.7
	Support of tourism businesses	43	34.0
	Promotion of tourism and information system creation	1	20.5
Single Programming Document Bratislava Objective 2	Support of tourism businesses	26	6.1
	Tourism infrastructure, networking and marketing activities	34	15.7
	Conservation of historical and cultural heritage and development of rural areas	133	40.5
Total		620	197.0

Source: Ministry of Agriculture and Rural Development of the Slovak Republic (2009, n.d.-b); Ministry of Economy of the Slovak Republic (2005, 2010)

Table 6.4 Tourism Development in Slovakia (2000–2010)

Year	*Domestic tourists (mil.)*	*Foreign tourists (mil.)*	*Incomes from inbound tourism (mil. EUR, real prices)*	*Expenditures on outbound tourism (mil. EUR, real prices)*	*Expenditures on domestic tourism (mil. EUR, real prices)*
2000	1.741	1.052	646.547	442.403	1292.480
2001	1.941	1.219	940.369	422.296	1491.867
2002	2.047	1.398	995.596	608.031	1616.593
2003	1.986	1.386	989.521	656.145	1305.459
2004	1.843	1.401	914.232	755.793	1170.550
2005	1.913	1.514	1201.978	840.297	1272.222
2006	1.972	1.611	1455.060	1013.976	1446.681
2007	2.093	1.684	1726.612	1309.027	1589.893
2008	2.316	1.766	1943.330	1617.751	1715.508
2009	2.083	1.298	1826.063	1640.240	1868.066
2010	2.065	1.326	1811.505	1581.398	1936.821

Source: Ministry of Transport and Construction of the Slovak Republic (2018)

foreign tourists by 26% (Ministry of Transport and Construction of the Slovak Republic, 2018). This negative effect was also influenced by the adoption of the Euro currency, as Slovakia has become an 'expensive' tourist destination for its main target markets (the Czech Republic, Poland, and Hungary); the countries with their own currencies.

Research Methodology

In order to examine current tourism development and policy in Slovakia, the impact of EU structural funds, as well as the networking approach pushed by Tourism Development Support Act no. 91/2010 C.c., is analysed based on secondary data. The correlation between the financial support of 812 projects within the Operation Programme Competitiveness and Economic Growth and Slovakia—Rural Development Programme in 72 districts and selected tourism performance indicators are analysed using a Pearson's correlation coefficient. The data were obtained from the Supreme Audit Office of the Slovak Republic. The competitiveness of Slovak tourism destinations, within the newly established DMOs, is analysed using factor analysis. The selected competitiveness criteria were chosen based on Ritchie and Crouch's (2003) conceptual model and Dwyer and Kim's (2003) integrated model of destination competitiveness. The analysis reduced the criteria into two factors. The first one is product development and attractiveness, and the second one represents the financial resources, number of beds, and number of overnight stays in a destination. These two factors explained 86.73% of the variability. This provides a graphical display of the destinations' competitive position.

The Impact of EU Funds and Networking

Period 2010–2013: The Impact of the EU Structural Funds

During the programming period of 2007–2013, the EU structural funds were considered to be the most important instrument for the financial support of tourism business innovation in Slovakia (Elexa, Elexová, Gajdošík, Gajdošíková, & Kráľ, 2018). The use of these instruments as a main strategy for tourism development documents in Slovakia was declared in the New Tourism Development Strategy of the Slovak Republic, approved by the Government of Slovak Republic in 2013 (Ministry of Transport and Construction of the Slovak Republic, 2007). Objectives of

the strategy were integrated into the National Strategic Reference Framework of the Slovak Republic for 2007–2013 (the main strategic document for the programming period of 2007–2013). Tourism development became a state priority because of the high growth potential of Slovakia. However, the strong atomization of service providers (who acted as individuals on the tourism market) led to their unwillingness and inability to collaborate in developing comprehensive tourism products on regional or national levels. Ongoing low levels of tourism infrastructure, coordination, and marketing and promotion of tourism were identified as the most serious weakness, causing low growth of Slovak tourism development. Support of tourism businesses was secured by the Operational Programme Competitiveness and Economic Growth, where tourism was a funding priority. It was focused on investments leading to the increase of diversity and quality of tourism services, with the objective to support comprehensive tourism services with year-round utilization of facilities. The second measure of this programme was aimed at the development of information tourism services and the presentation of regions, as well as the entirety of Slovakia. The activities of the Slovak Tourist Board (national tourism marketing agency) were financed via this instrument (Ministry of Transport and Construction of the Slovak Republic, 2006).

The Rural Development Programme of the SR 2007–2013 was a second operational programme supporting tourism businesses by focusing on rural tourism services and the diversification into non-agricultural activities (Ministry of Agriculture and Rural Development of the Slovak Republic, 2017), similar to the SAPARD programme in the transition period. There were also several other measures targeting the reconstruction of cultural heritage assets, networking, and marketing activities of the public and third sector in the framework of the Regional Operational Programme (Ministry of Agriculture and Rural Development of the Slovak Republic, n.d.-a) (Table 6.5).

Together, there were 812 financed projects within the Operational Programme Competitiveness and Economic Growth and Slovakia-Rural Development Programme aimed at the service infrastructure. Therefore, the relationship between financial support in 72 districts and selected tourism performance indicators was analysed. Pearson's correlation coefficient (r) was used to detect the relationships between the amount of financial support and four tourism performance indicators (Table 6.6).

According to the results, the number of visitors ($r = 0.635$) and number of accommodation facilities ($r = 0.759$) were strengthened by financial support in Slovak districts. A less significant relationship was identified

Table 6.5 Financial support of tourism in the programming period 2007–2013

Operational programme	*Measures aimed on tourism*	*No. of projects*	*Financial support (mil. €)*
Competitiveness and Economic Growth	Support of tourism businesses	256	172.7
	Development of information tourism services, presentation of regions and of Slovakia	1	27.2
Rural Development Programme	Encouragement of rural tourism activities (including diversification of agricultural businesses in tourism)	556	92.8
Regional Operational Programme	Strengthening of cultural potential of the regions and tourism infrastructure (including marketing activities)	131	120.2
	European Capital of Culture—Kosice 2013—cultural infrastructure	20	62.3
Total		964	475.2

Source: Ministry of Agriculture and Rural Development of the Slovak Republic (2017, n.d.-a); Ministry of Economy of the Slovak Republic (2014)

(almost no relationship) between financial support and overnight stays (r = 0.183) and number of beds (r = 0.214). The financial support contributed to an increasing number of visitors and accommodation facilities but had a low impact on increasing the occupancy rate of these facilities.

The Current Situation: Networking and DMOs

Slovakia has created clear organizational structures for tourism from the national to the local level resulting from the adoption of the Tourism Development Support Act no. 91/2010 C. c. and its amendments. The main ambition of this act was to create a clear organizational structure in tourism from local through regional to the national level. The objective of this act was to use tourism as an instrument to reduce the regional disparities and to increase the competitiveness of tourism destinations in Slovakia.

The Tourism Development Support Act financially supports the creation of DMOs. It can be seen as a 'bottom-up' approach, where organizations are created from the spontaneous will of the stakeholders and the process is highly stimulated by financial incentives. Currently, there are 37 DMOs operating at the local level and seven at the regional level (Fig. 6.1).

These DMOs represent destinations; however, they are not defined by homogenous approaches by respecting natural and cultural borders of the

Table 6.6 Relationship between financial support and selected tourism performance indicators

		Financial support	*No. of visitors_ average (2015–2001/2008)*	*No. of overnight stays_average (2015–2001/2008)*	*No. of accommodation_ average (2015–2001/2008)*	*No. of beds_average (2015–2001/2008)*
Financial support	Pearson correlation	1	0.635**	0.183	0.759**	0.214
	Sig. (2-tailed)		0.000	0.123	0.000	0.071
	N	72	72	72	72	72

Source: ** Correlation is signicicant at the 0.01 level

Fig. 6.1 Map of local DMOs in Slovakia

traditional regions, but are rather defined as organizational units. This approach affects the competitiveness of the destinations.

In Fig. 6.2, the *x*-axis represents the level of product development and attractiveness, while the *y*-axis represents the financial resources, number of beds, and number of overnight stays in a destination. Bratislava, the High Tatras (Región Vysoké Tatry), and Liptov (Región Liptov) are the most competitive Slovak destinations because they are able to attract large numbers of foreign visitors. They are the most attractive destinations, with the highest level of cooperation, and the highest level of state subsidies (Ministry of Transport and Construction of the Slovak Republic, 2018), and have adequate financial resources and infrastructure for tourism development. Moreover, from the demand perspective, they have the ability to focus not only on the domestic but also on the international tourism market.

Bratislava, as the Slovak capital, is included among the most competitive Slovak tourism destinations. This urban destination, with rich cultural and historical potential, is the centre of meeting, incentive, congress, and event (MICE) tourism in Slovakia. The destination management is quite developed as the DMO Bratislava Tourist Board has more than 80 members and the level of product development is relatively high. Moreover, Vienna's proximity is attracting many foreign, one-day, visitors to Bratislava. The High Tatras and Liptov are well-known mountain and winter sport destinations in Slovakia. The attractiveness, major investments in the ski lifts, chairs and ski slopes, and well-established DMOs with high levels of product

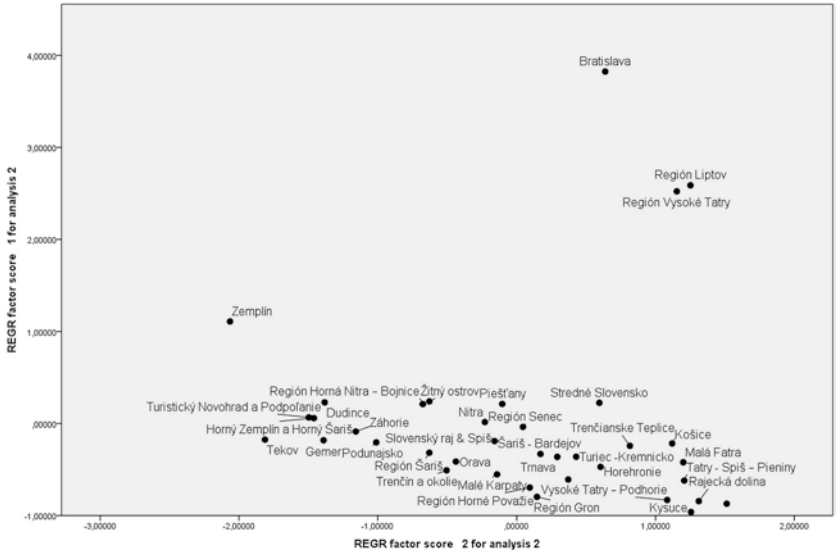

Fig. 6.2 Graphical interpretation of competitiveness of Slovak tourism destinations

development and marketing activities support the competitiveness of these destinations. These destinations attract foreign visitors mainly from the Czech Republic, Poland, and Hungary, as they provide high-quality sport and leisure services for their visitors.

From the other destinations, there are several ones which are competitive mainly in the domestic market with lower numbers of foreign visitors. Their DMOs are active, trying to promote the positive image of the destination and develop comprehensive tourism products. These destinations try to attract visitors based on their historical potential as urban destinations (e.g. Košice, Nitra and Trnava), nature resources (e.g. Stredné Slovensko, Senec, Slovenský raj & Spiš), or spa treatments (e.g. Piešťany, Trenčianske Teplice). Destination Zemplín has good tourism infrastructure; however, it is lacking in professional destination management, which could help strengthen its competitiveness. In the remaining destinations, early beginnings of creating comprehensive products of the destination and their marketing communication within the domestic market can be seen. However, low financial resources for tourism development and lower attractiveness mean that these destinations have insufficient resources for qualified destination management and marketing.

We must critically admit that the number of DMOs operating at the local level is relatively high and a majority of them suffer from a lack of financial sources (accommodation tax, membership fees, and subsidies), as well as professional staff. A majority of them have only one or two employees. According to the Tourism Support Act, the financial support is especially concentrated in the most competitive destinations (Fig. 6.3), and thus, is deepening the regional disparities. In particular, it can be observed that the three highest subsidies in 2017, which were also aimed at the most competitive destinations, accounted for 60% of total subsidies.

From a good governance point of view, the Slovak DMOs have specific shortcomings resulting from the lack of experience in governing the destinations (Table 6.7).

Although, the Tourism Development Support Act (based on the bottom-up approach to the creation of DMOs) stimulated the creation of many weak destination management organizations, the cooperation of tourism stakeholders in destinations was pushed forward, which is a posi-

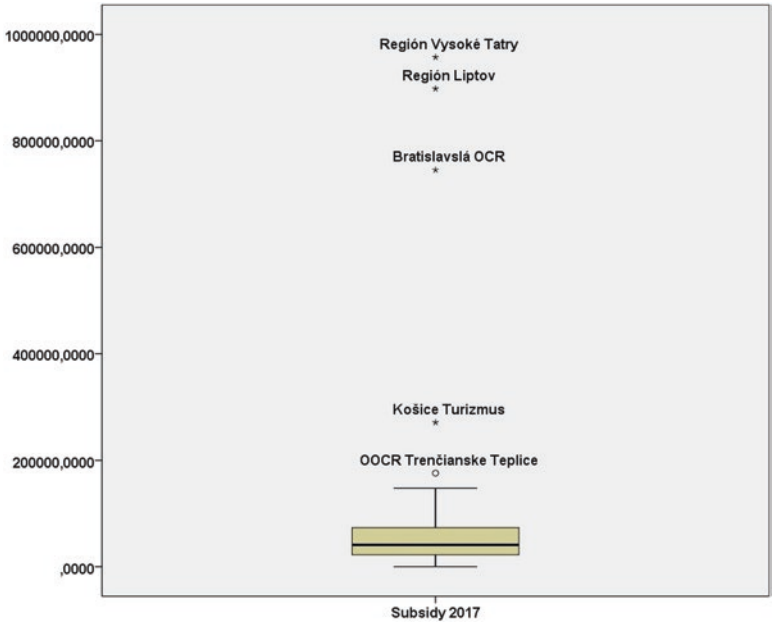

Fig. 6.3 Boxplot of subsidies for DMOs in 2017

Table 6.7 Implementation of the good governance principles in DMOs

Good governance principles	*Strengths (+) and weaknesses (–) in Slovakia*
Accountability	– Problems in justifying the activities and disclosing results
Transparency	+ Availability of financial statements
	– No external auditing
	– Problems in publishing policies, plans, and records from meetings
Involvement	+ Stakeholders' involvement in product development and marketing communication
Structure	+ All organizations have by-laws
	– In some cases the voting rights cause problems
Effectiveness and efficiency	– Lack of strategic planning
	– Too much attention is placed on marketing communication
	– No monitoring of the effectiveness of performed activities
Power	– In many cases, the DMOs are not true leaders in tourism development in the destination

Source: Gajdošík (2018)

tive feature. Without the impetus in the form of a state subsidy, several organizations would never have been established and their perspective for sustainability and a long-term efficient operation would be low. However, the most competitive destinations should be able to survive without a state subsidy, which should be reallocated to the organizations in underdeveloped regions in order to solve the regional disparities problems. Moreover, in the near future, we can expect the reengineering processes in several DMOs to focus on enhancing their efficiency and competitiveness.

The active tourism policy in Slovakia has also contributed to the increasing number of domestic tourist and incoming tourism revenue since 2015 (Table 6.8).

As is observed from the presented research and tourism development during particular historical periods, domestic tourism has been the basis of tourism development in Slovakia. The changes in tourism policy after the 'Velvet Revolution' had negative or no impact on the quantitative indicators of tourism development (see Figs. 6.4 and 6.5). The number of tourists and income from inbound and domestic tourism seen prior to 1989 and the fall of socialism were not achieved again until 2017.

Table 6.8 Tourism development in Slovakia (2011–2017)

Year	*Domestic tourists (mil.)*	*Foreign tourists (mil.)*	*Incomes from inbound tourism (mil. EUR, real prices)*	*Expenditures on outbound tourism (mil. EUR, real prices)*	*Expenditures on domestic tourism (mil. EUR, real prices)*
2011	2.11	1.46	1840.401	1652.743	1843.776
2012	2.246	1.527	1827.375	1702.043	2040.846
2013	2.378	1.699	1938.066	1794.562	2000.485
2014	2.252	1.475	1946.439	1865.396	2083.130
2015	2.609	1.721	2191.700	1917.200	2545.466
2016	2.996	2.027	2465.541	2008.540	2638.365
2017	3.213	2.162	2509.990	2061.300	2668.151

Source: Ministry of Transport and Construction of the Slovak Republic (2018)

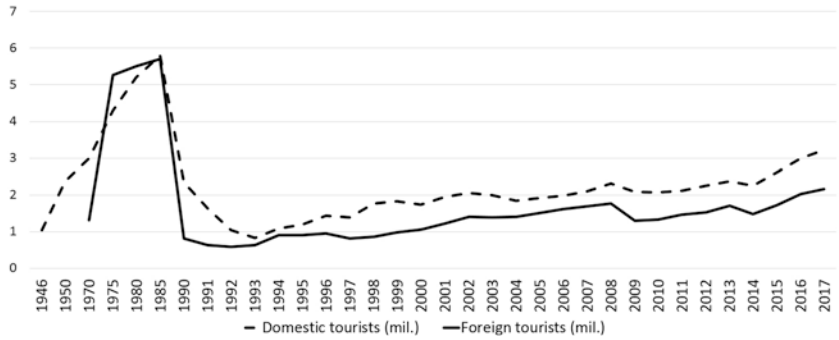

Fig. 6.4 Number of tourists in Slovakia (1946–2017)

Fig. 6.5 Economic impact of tourism in Slovakia (1946–2017)

Conclusion

Slovakia, which has been a part of the Austria–Hungary Monarchy, later a part of Czechoslovakia, and from 1993 an independent state, has undertaken many socio-economic and political changes in the last decades. The country has always had an active tourism policy in an attempt to support tourism development in the country. In spite of that, and based on the results of this research, it can be observed that the country is still implementing an economic approach to tourism development and not a sustainable one that takes into account socio-cultural and environmental effects of tourism on destinations. The support from EU programmes has contributed to the increasing quality and capacity of the tourism infrastructure but has not significantly contributed to the more effective utilization of the accommodation facilities. The existing act aimed at the support of tourism is not solving the problem of regional disparities; moreover, it can be seen as a factor of deepening these disparities. The majority of the local DMOs are facing problems in destination governance based on a lack of professionalism and erratic funding.

Contemporary tourism policy has focused on the support of destinations with highly developed tourism. However, in relation to sustainability, the support from EU funds has not been effectively utilized by the tourism sector. Therefore, a sustainable approach to tourism development should be implemented as a combination of economic, environmental, and socio-cultural approaches to tourism development. Moreover, the criteria for the establishment of local DMOs should be updated so that less developed regions with higher tourism potential could get higher subsidies. The reengineering process of DMOs should be boosted in order to fulfil the good governance principles, and thus, to better contribute to tourism development.

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PART II

Case Studies

CHAPTER 7

Post-Socialist Tourism Trajectories in Budapest: From Under-Tourism to Over-Tourism

Melanie Kay Smith and László Puczkó

Introduction

Post-socialist countries are often described as having adapted to new political and economic conditions in the transformation from communism to capitalism (Sýkora, 2009). However, it is important to note that post-socialist countries cannot be treated monolithically and that transition has been uneven (Banaszkiewicz, Graburn, & Owsianowska, 2017). This chapter examines tourism trajectories in Hungary, a post-socialist country which was often referred to as the 'happiest barracks' in the former Eastern Bloc because of its apparently more benign form of socialism. This meant that ideological and political control by the communist party was more

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lenient than in other countries (Valuch, 2014). It has been noted that tourism grew rapidly in many post-socialist countries in a "desire to make up for lost time" (Banaszkiewicz et al., 2017, p. 113); however, tourism in Budapest lagged behind that of other post-socialist cities, like Prague, for many years (Kádár, 2014; Puczkó & Rátz, 2006), despite joining the EU at the same time. EU accession accelerated tourism development because of increased mobility and access, as well as the advent of budget airlines. However, the image of Hungary and Budapest took longer to establish, especially among certain markets (Smith & Puczkó, 2010). Puczkó and Rátz (2006) noted that apart from Germany and Austria, where the image of Hungary was strong and positive, the knowledge about Hungary in other EU member states was rather limited or based on stereotypes.

National identity construction, image, and brand building became important for post-socialist countries in the transition period (Andrusz, 2004), an area within which tourism could play a major role. For the newer EU accession countries in Central and Eastern Europe (Hungary joined in 2004), the assertion of their 'Europeanness' was seemingly of foremost importance (Hall, 2004; Hall, Smith, & Marciszewska, 2006). However, Hall (2004) noted some of the ongoing problems with branding those countries due to international perceptions of regional instability, poor service, infrastructure, and the general quality of public facilities. Many countries also suffered from the problem of 'non-image'. Smith and Puczkó (2010) noted that for many years, tourists' image of Hungary was either non-existent or vague, and most of the tourism was concentrated in Budapest, if anywhere.

In the immediate post-socialist era, there was a fascination on the part of international tourists in communist heritage, but Hungarians were keener to promote elements of the pre-communist Golden Age (Young & Light, 2006), to focus on cultural tourism (Hughes & Allen, 2005), or health tourism (Smith & Puczkó, 2012). In subsequent years, Budapest was especially focused on heritage tourism, although the city started to attract growing numbers of tourists who were seeking cheap bars and pubs.

Unfortunately, transition up to the present day in Hungary has included *laissez faire* attitudes to urban and tourism planning, inconsistent and inadequate legal and regulatory frameworks, and inherent corruption. This has resulted in increased tourism, but greater social inequalities and often a decrease in local residents' quality of life. Indeed, Budapest is now grappling with an 'over-tourism' situation in one of the central districts (VII), which is described as the 'party district' (Smith et al., 2017).

This chapter will analyse the development of tourism from the early post-socialist years, through the relatively slow growth of tourism, up to and including the EU accession period (2004), to the exponential growth of tourism in Budapest in the past five years. Emphasis will be placed on the fragmented approach to tourism planning and the lack of adequate and transparent regulations, as well as attempts to diversify tourism away from the capital city and to create a distinctive brand.

The authors have been actively involved in tourism research and consultancy in Hungary for almost 20 years. This includes their involvement in some of the research studies cited here (e.g. Budapest Spas Corporation, 2016; Hungarian National Tourism Office, 2008; Tourist Office of Budapest, 2007), as well as the night-time economy (NTE) and 'over-tourism' research quoted in Pinke-Sziva, Smith, Olt, and Berezvai (2019). These studies were survey-based and featured representative samples, as far as possible. However, many of the observations are also derived from personal and professional experiences, as well as secondary data.

Post 1989: The Interpretation of the Socialist Past and Dissonant Heritage

In the early days of transition from 1989, one of the main motivations to visit post-socialist countries was curiosity about life behind the 'iron curtain' (Rátz, 2004). This waned over the years, but many tourists are still keen to visit museums and monuments pertaining to the socialist era. However, for the countries themselves, socialist monuments, statues, and street names often represented a form of dissonant heritage, which they preferred to remove. Indeed, Thorstensen (2012) refers to Palonen's (2006) observation that renaming and statue removal is a Hungarian tradition, even going back to the 1930s and 1940s. Palonen (2013) suggests that since 1989, politics in Hungary has focused on nation-building, and Light (2000) observed that the denial or erasure of memories associated with this time was common throughout the region. In Budapest, most of the communist statues were removed from the streets and placed in a statue park on the periphery of the city. This park is still visited by tourists, but it is overlooked by many because of its distance from the centre and lack of promotion. Light (2000) refers to the contradictory reactions of "express disappointment and even bewilderment that foreign tourists should want to visit" (p. 169).

Museums and galleries often had to re-think the presentation of their collections and to develop translations into other languages, something that was lacking in the immediate post-socialist period. In Budapest, the interpretation of the socialist past mainly took place in a visitor centre called the House of Terror, which was opened in 2002. Since that time, this interpretation has been contested (Rátz, 2006). Palonen (2013) described how "the project showed how Orbán's government rejected the communist past in the cityscape of Budapest" (p. 542). Many argue that the centre merely represents a simplistic, biased and historically inaccurate dissemination of a message of anti-Communism. Apor (2014) even goes as far as describing the House of Terror as "one of the most notorious examples of abusing spectacular new media audio-visual technology to exhibit a politically and ideologically biased historical narrative" (p. 328).

Thorstensen (2012) describes how several new instalments were made on Szabadság Tér during the 1990s to present new narratives and interpretations of post-socialist Budapest. One recent monument that has been the source of more recent contestation was erected in Liberty Square (Szabadság Tér) in Budapest in 2014. This narrative denies much of the Hungarian authorities' responsibility for the Jewish Holocaust claiming that they were merely victims of Nazi occupation. It was erected during the night under police surveillance and has never been officially inaugurated or used in any official ceremony or commemorative event, partly because of ongoing protests (Erőss, 2016). There is a counter-monument, called Living Memorial, in several languages with personal stories and artefacts, which tourists frequently visit (albeit sometimes by chance).

Cultural and Heritage Tourism

Many post-socialist cities initially presented a surprise to their new visitors in the post-1989 period, especially Prague. One of the major surprises was their cultural and architectural richness. While many tourists were keen to experience the post-socialist atmosphere of those cities, new narratives of place identity more frequently focused on the pre-socialist 'Golden Age', which was often the late nineteenth century (Young & Light, 2006), and the 2009 marketing campaign for Budapest featured this so-called Golden Age or Belle Epoque of the 1890s. Hughes and Allen (2005) argued that cultural tourism in Hungary (at that time) appeared to be almost inseparable from general tourism, and Smith and Puczkó (2010) confirmed that emphasis was mainly placed on heritage tourism in the first 20 years of

transition. A study of tourists' perceptions of Budapest in 2006 (Rickly-Boyd & Metro-Roland, 2010) revealed that tourists frequently tended to mention architecture and atmosphere as the main attractions (although they noted the deterioration as much as the grandeur). Perhaps less positively, they also remarked on the incomprehensible language and unsmiling people. In the wider country marketing, the Hungarian National Tourism Office also focused on health tourism and spas; Meetings, Incentives, Conventions, and Exhibitions (MICE) tourism; cultural tourism (including gastronomy); and activity tourism (mainly based around lakes and rivers) (Puczkó & Rátz, 2006).

Richards (2001) noted that there was a fall in the local consumption of 'high' culture in many post-socialist countries after 1989, mainly due to a lack of state subsidy and declining incomes. Thus, foreign tourism could provide the boost that was needed for flagging cultural attractions. Indeed, Puczkó, Rátz, and Smith (2007) found that many nationalities associated Budapest with culture and the arts. For example, Austrians especially admired the architecture, the French the café culture, and the Swiss the cultural sites and events. Cultural tourism was important for Hungarians too. A survey of 1000 residents by the Hungarian National Tourism Office (2008) showed that over 45% of domestic tourists were motivated primarily by cultural tourism, and a further 16% undertook cultural activities whilst on a trip (i.e. as a secondary motivation). However, by 2009, research was starting to show that visitors had other motivations for visiting Budapest, such as cheap airfares, low prices, dentistry, honeymoons, or parties. Visitors still tended to associate Budapest mainly with heritage, architecture, and museums, whether they were international or domestic, but there appeared to be a growing interest in other activities too (Smith & Puczkó, 2012). It should be noted that the Hungarian culture, language, and cuisine are quite culturally distinctive compared to many of the other post-socialist countries which share a common Slavic influence (e.g. Poland, Czech Republic, Slovakia, Bulgaria, and the former Yugoslavian countries). This gives Hungary unique selling propositions, despite the shared communist heritage.

By 2009, marketing had started to emphasise more creative and experiential activities as well, especially festivals. Egedy and Smith (2016) concluded that creativity and creative neighbourhoods were and are major components of the urban development of Budapest. One of the areas that became a major attraction for tourists was the Jewish quarter of the city (District VII), a former ghetto where several Jewish heritage tours take

place. Negussie (2007) explains how this area had remained largely intact for 150 years, but with considerable conservation challenges, including deterioration after World War II, the reluctance of the remaining Jewish population to move back, and rising land values and speculation. For a brief period in the early 2010s, this area was considered to be something of a creative quarter with its concentration of heritage buildings, restaurants, bars, design shops, galleries, and soon to become famous ruin pubs (Tóth, Keszei, & Dúll, 2014; Zátori & Smith, 2014). The latter were established from 2002 in empty and run-down buildings and courtyards and became atmospheric places to drink, snack, and enjoy cultural activities, like watching films or listening to music. However, the tourists' discovery of this area and its ruin bars has led to a greater degree of overcrowding and resident disturbance in recent years, now described as 'over-tourism' (Pinke-Sziva et al., 2019).

It should also be mentioned that a new Cultural and Recreational Quarter is currently being developed in Budapest called the Liget project (Liget is the city park), which is aimed at both local residents and tourists. The main objective is to provide a family-friendly cultural and recreational park including several new museums and the re-housing of some existing ones (e.g. the Hungarian National Gallery). However, this project is not without controversy either, mainly because of plans to cut down trees to make space for the new structures. Park protectors have been camping in the park for almost two years protesting against the project, which they believe was introduced by the government in an autocratic manner. Objections have also been voiced against the re-development of the parliament area, castle district, and the banks of the Danube in Római. Although many of the concerns are about the brutal removal of trees, much of the underlying tension is more closely connected to the autocratic leadership style of the government.

Another important development that may have influenced both cultural tourism and gastronomic tourism in Hungary, especially with regard to image, is the Hungarikum phenomenon. In 2012, the national government issued an Act with the aim of establishing an "appropriate legal framework for the identification, collection and documentation of national values important for the Hungarian people and by this providing an opportunity for making them available to the widest possible audience and for their safeguarding and protection" (p. 1). This has led to a growing list of so-called Hungarikums, which includes Pálinka (fruit brandy), certain wines (e.g. Tokaji), various types of sausage (e.g. kolbász from

Gyula or Békescsaba) and the spice paprika; folk dancing houses and traditions (táncház); various types of pottery and porcelain (e.g. Herendi, Zsolnay); and specific destinations and landscapes, some of them World Heritage Sites (e.g. Hollókő, Fertő) (Hungarikum Bizottság, 2012). Barlai and Sik (2017) ironically suggest that one further Hungarikum should be the Hungarian government's deliberate spread of moral panic about immigration and Hungary's external 'enemies' (including the EU). They also noted that xenophobia increased exponentially after 2015. It would be naive to assume that this will not affect local attitudes to tourists and the image of Hungary abroad.

Marketing and Branding

The Tourist Office of Budapest (TOB) was created in 1996 with the aim of promoting Budapest as a tourist destination. There was not much marketing communication before this time. In addition to promoting the pre-socialist 'Golden Age', as mentioned in the previous section, there were attempts to convey a vibrant and young image of the city partly based on festivals and events, some of which were created for tourists. Between 2000 and 2010, there was some change in emphasis from traditional, built heritage and classical arts towards more contemporary forms of culture and aspects of lifestyle. By 2004, the historic spas featured quite prominently in the marketing campaigns, with Budapest gaining the label as a 'City of Spas'. However, views and architecture featured just as much in the new campaign, especially those alongside the Danube. By 2005, the focus was on Hungarian hospitality, especially the gastronomy, wine, and MICE tourism.

However, by the mid-2000s after EU accession, budget airlines' marketing campaigns also played a major role in attracting tourists to post-socialist cities. Some of the marketing campaigns for Wizzair in the UK merely featured pictures of cheap beer in Hungary and Poland, encouraging British tourists to come and drink there. Smith and Puczkó (2010) noted that perception studies of budget airline travellers showed that many tourists did not have a well-defined image of Budapest but selected the city according to price and availability of routes. This was especially true of the British and Scandinavians. On the other hand, the study also showed that visitors tended to be pleasantly surprised by their visit to Budapest, which then enhanced their perception of the city and their word-of-mouth recommendations (at that time, social media reviews were less widespread than now).

The most recent campaign promoted Budapest as the 'Spice of Europe' in an attempt to attract even more tourists (albeit high-end ones). However, the growth of tourism in Budapest has been faster than in its main rivals Prague and Vienna. Visitor data from 2016, according to statista.com, compare Austria with 121.1 million overnight stays, the Czech Republic with 49.7 million, and Hungary with only 29.3 million (Johnson, 2018). Nevertheless, social media, more than national marketing, has created a concentration of visitors in Districts VI and VII of the city, which have the highest number of bars and pubs in close proximity (including ruin bars). In fact, Budapest has received a number of awards and commendations in the past year including:

- Country Living Magazine named Budapest 'the cheapest city for a cultural break' in the Autumn of 2018 (Jowaheer, 2018)
- The Economic Intelligence Unit named Budapest one of the five cities that make day-to-day living much easier than others (BBC, 2018)
- On the MasterCard's 2018 Global Cities Index Budapest was listed No. 32, seven positions better than the previous year (MasterCard, 2018)
- In Cruisecritic.com's Magazine 'Cruisers' Choice Destination Award' Budapest became No. 2 (Cruisecritic.com, 2018)
- Budapest Liszt Ferenc Airport received Skytrax Best Airport in Eastern Europe Award for the fifth consecutive time.

However, these awards, apart from that of Budapest Airport, do not form an integral part of any strategy or plan. It is also notable that many awards relate to cheap prices. However, the national government's vehement and ongoing anti-immigration campaign, coupled with diminishing media and academic freedom, will surely affect its image abroad and, perhaps subsequently, its appeal to foreign tourists.

Planning and Management

Before 1989, Budapest had had a centralised municipal system, but with limited autonomy under state socialism. Negussie (2007) described how processes of decentralisation in Budapest in the early 1990s led to the reorganisation of local government. A law was passed, which created a two-tier structure wherein the Municipality of Budapest acted on behalf of the whole capital and 23 independent district governments were given key responsibilities and powers. This has often resulted in conflicts and disruption to major developments (e.g. the castle area, city park) because of the lack of

agreement between local authorities. Bontje, Musterd, Kovács, and Murie (2011) consider this highly decentralised and bureaucratic system to be one of the most negative aspects of city development in Budapest, not least because of its failure to address widespread deprivation in the inner city. Egedy (2010) also noted the lack of legal and planning frameworks in the first half of the 1990s, as well as frequent disregard for them thereafter, resulting in numerous scandals and corruption. Kauko (2012) was especially critical of the period 2002–2010, which he suggested resulted in economically and socially regressive developments. He states that "during the period 2002–2010 in particular, Hungary has been nothing short of a disaster in terms of urban policy and planning issues" (ibid., p. 10). Barta, Beluszky, Czirfusz, Győri, and Kukely (2006) criticised some of the developments that took place between 1990 and 2005 as irrational and unconsidered, as well as uncoordinated. Politics has clearly influenced tourism development in Budapest. Palonen (2013) suggested that the Fidesz government's politics of architecture in Budapest from 1998 to 2002 actually focused on the negation of the city. This meant trying to downplay Budapest's importance and role in the country, including in tourism where it was also dominant. In recent years, the Budapest Tourism Office was abolished, suggesting the adoption of a similar approach.

Smith, Puczkó, and Rátz (2009) quote a 2007 study prepared by the Tourism Office of Budapest, which compared Budapest's strengths and weaknesses with those of its seven competitor cities, four of which were capitals (Copenhagen, Prague, Tallinn, and Vienna). The main aim of this study was to help with the development of an image and branding strategy for Budapest. Overall, Budapest was the most fragmented in terms of the management of the city, as well as the organisation of tourism. The Mayor's office rarely addressed tourism-related issues at that time, and although some of the districts had a tourism committee or one responsible person, this was not common practice. The Tourism Office of Budapest was funded by the Municipality of Budapest and was governed by a Vice-Mayor, but it had restricted opportunities for generating its own income and accessing financial support. Nevertheless, the research study showed that Budapest was accessible and had good transportation connections, benefited from its mosaic structure in terms of a concentration of attractions and visitation, and had a good communications strategy at that time.

The Fidesz government was re-elected in Hungary in 2010 (previously in power from 1998 to 2002). The Budapest Tourist Office was replaced by the Budapest Festival and Tourism Centre as the official city agency

responsible for tourism. The state-owned Hungarian Tourism Agency has, so far, been focusing on regulatory and organisational restructuring and planning activities. The new country brand (Wellspring of Wonders or WOW Hungary) was just launched in October 2018. The Hungarian Tourism Agency now has two pillars, one is responsible for regional and project development, and the other is for communication. How this new structure will impact on the planning, management, and international communication for Budapest is yet to be seen.

The role of visiting thermal baths or spas in Budapest is a good indication of what kind of market changes have been taking place in recent years. Since around 2012, Hungary had been promoting itself as 'The Land of Spas' and Budapest as 'The City of Spas', but without tourism-based research to analyse who was using the spas and why. In 2016, the Budapest Spas Corporation distributed a visitor survey in its five historic properties. Their aim was to find the role that thermal baths play in the overall Budapest visit and to understand the key motivations and impacts of visiting the baths (Puczkó, 2016). The responses from the 795 international respondents stated that (on a 1–7 Likert scale where 1 meant 'do not agree at all' and 7 meant 'totally agree'):

- "Visiting this spa is a unique Budapest cultural experience" (5.43)
- "I am [the tourist] likely to remember this experience for a long time" (5.14)
- "The spa visit was very likely to be one of the highlights of visiting Budapest" (4.96)
- "Being in this spa is like no other experience that I have had before" (4.68)

Personal communication, when discussing the results of the research with the Marketing Director of the Budapest Spas Corporation in 2018, suggested that the two main thermal baths in Budapest, Széchenyi and Gellért, are now predominantly visited by tourists, with 90–92% of visitors being foreign. Not long ago, these historic establishments used to be core service providers for older members of the local Hungarian community (often 55+), but have now become tourist attractions serving mainly an under-30s market. The latter are not health tourists, but many cited the historic buildings as a major reason for visiting, as well as hedonic motivations (i.e. to have fun).

Inconsistent regulations relating to the night-time economy (e.g. opening hours which vary district by district), the high concentration of Airbnb in three districts, property-related scandals, and soaring house prices (as much as 50% in five years) have led to considerable discontent among local residents. In response to a number of reports about 'over-tourism' and disturbance of residents in this district, the authors undertook survey-based research in autumn 2017, including 574 questionnaires collected from 283 local residents, 291 Hungarian visitors to the District, and 368 foreign tourists (see Pinke-Sziva et al., 2019). The data suggested that local residents are most disturbed by public urination, street crime, dirt and litter, homelessness, drunkenness, and night-noise. Tourism may not be the cause, but it is often viewed as the catalyst to decreasing quality of life for local residents. Although a Night Mayor was appointed in the main party district (VII) in 2017, the results of this remain to be seen.

Conclusion

Hall, Smith, and Marciszewska (2006) referred to many of the opportunities and challenges of EU accession for post-socialist countries, including Hungary. The benefits of involvement have increased mobility, bought new economic opportunities and new markets, as well as helped to improve the image. On the other hand, the fragmented structure of the city's policy-making and planning, as well as the lack of a transparent and consistent legal framework, makes it difficult to achieve sustainable development and optimum quality of life for residents. Budapest now suffers from an over-tourism situation in one or two districts, which is similar to that of Western cities which have been tourism destinations for much longer. The research in this paper suggests that Budapest was originally visited by first-time foreign visitors out of curiosity for the socialist heritage. However, younger generations may not be aware of, or attracted by, the socialist legacy. Cultural tourism has proved to be an ongoing attraction, especially museums and heritage sites, but increasingly festivals, gastronomy, and wines are motivators. The heritage spa buildings have also proved to be appealing for foreign tourists in recent years. The increase of budget airlines and advent of Airbnb have boosted numbers for all forms of tourism, especially those wishing to enjoy the night-time economy (NTE). The so-called ruin bars in the city's central district were the original catalysts for this form of tourism with social media word-of-mouth proving to be even more effective than promotions for cheap alcohol, which dated back to the mid-2000s after EU accession.

In the transition and EU accession period, post-socialist countries and their capitals were keen to be viewed as more European and cosmopolitan. However, as some post-socialist nation states (e.g. Hungary and Poland) have become more protectionist once again, even expressing anti-EU sentiments, it is a good question as what this will mean for European and international travel. Hungary's image may be affected by its national politics. As described by Thorstensen (2012) "the hegemonic Hungarian politics of memory reflects and adds to a political landscape that is drifting both into an idealized past and further and further away from democracy" (p. 31). The tourists consuming cheap alcohol in the ruin bars of District VII may be oblivious to, and even indifferent to, these changes. A recent study of young international visitors to Budapest's Sziget or Island festival suggested that they knew little about Hungarian politics (Hungary Today, 2018), but those with a keen interest in the revision of history, the reinterpretation of heritage, and the cultural politics of tourism, will find these developments fascinating, as well as a cause for concern.

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CHAPTER 8

Troubled Sustainability: Coastal Tourism in Bulgaria—20 Years Later

Svetla Stoyanova-Bozhkova

Introduction

The concept of sustainability has been an integral part of the tourism development discourse in Bulgaria over the past 20 years. National policies acknowledge tourism as a key priority sector with its main purpose being "to contribute to the implementation of the principles of sustainable development – protection of nature, prosperity of local communities and economic growth" (Ministry of Tourism, 2009, p. 1). Indeed, tourism is an important contributor to economic growth, generating 11.5% of GDP (forecasted to rise to 13.3% of GDP in 2028) and 10.7% of total employment (expected to rise to 13.4% in 2028) (World Travel and Tourism Council, 2018).

Bulgaria's Black Sea Coast emerged on the international tourism markets in the early 1960s as a summer beach destination. Known in the past as the Red Riviera until the early 1990s, it was popular with the elite of the former Eastern Bloc, as well as with tourists from Western Europe. The transition to a free-market economy at the beginning of the 1990s was marked by wide-ranging societal and structural changes affecting its main

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markets and resulting in a significant decline in visitor numbers and tourist receipts. In spite of slight temporary dips, since the late 1990s tourism has demonstrated steady growth. Unfortunately, the efforts to rejuvenate and upgrade the Black Sea Coast, by improving the capacity, efficiency, and quality of infrastructure, did not lead to the much-aspired repositioning of Bulgaria as a 'high-class tourist destination'. While it is recognised as a leading European destination, it is also popular as one of the cheapest sun and sea locations. Its offer is dominated by the 'all-inclusive' model, attracting budget-conscious holiday-makers from all parts of Europe, which in turn results in relatively low revenues. In addition, the sector is traditionally dominated by mass tourism development, which has implications on seasonality and sustained profitability.

In the last 20 years, tourism governance has been undergoing a constant restructuring process reflecting different political and economic priorities. Between 1990 and 2016, three strategic policy documents provided a framework for the development of the tourism sector:

- *Strategy for the Sustainable Development of Tourism in Bulgaria, 2006–2009.*
- *National Strategy for the Sustainable Development of Tourism in the Republic of Bulgaria, 2009–2013.*
- *National Strategy for the Sustainable Development of Tourism in the Republic of Bulgaria, 2014–2030.*

The national strategic documents recognise that in order to achieve sustainability goals, the sector has to address a number of crucial issues including over-development (which includes illegal construction), landslides, substandard customer service, environmental pollution, insufficient infrastructure within and between tourist places, noise levels, and safety and security among others (Ministry of Tourism, 2017, p. 51). Furthermore, the Black Sea Coast has an image problem relating to large numbers of young revellers visiting the country, being noisy and drinking heavily. While strategic planning has been well documented, there is a general consensus among the tourism stakeholders that tourism governance has been ineffective and reactive, not supported by appropriate monitoring and control systems. This is particularly evident in the largest tourist regions along the Black Sea Coast, Varna and Burgas, which collectively contribute two-thirds of the total accommodation facilities, bed nights, and tourism revenues (NSI, 2018).

This chapter is based on the findings of a research project, which was carried out between 2009 and 2015 on Bulgaria's North Black Sea Coast. Its purpose was to investigate the implementation of the principles of sustainable development in the restructuring and rejuvenation of tourism after 1989. The study involved 38 semi-structured, in-depth interviews with decision-makers from stakeholder groups at a local, regional, and national level, who were involved in the restructuring of the destination. The project built upon the tradition that calls for the incorporation of the contextual change in the process of destination development (Saarinen & Task, 2008) and sought to develop a framework for the study of the processes taking place in 'unstable' contexts characterised by rapid political, economic, and/or socio-cultural changes.

Sustainability and Tourism in Transition: A Problematic Relationship

Scholars researching post-socialist transition processes question the use of theoretical work deeply rooted in the Anglo-American academy, especially the employment of the economic theories of neo-liberalism (Burawoy, 1999; Stark & Bruszt, 1998, among others). It has been acknowledged that conventional approaches to tourism research are more adjusted to the analysis of relatively stable systems; however, these are less useful in exploring the turbulent phases in tourism development and the underlying dynamics of change (Hall, 2000; Saarinen & Task, 2008). Furthermore, the Eastern European countries entered the transition period with a developed tourist industry (Bachvarov, 1997; Jaakson, 1996), which was subsequently transformed under the influence of the various forces of transition. On these premises, this study draws on the central views of the *path-dependency path-creation* approach and New Institutional Economics in that it acknowledges the existence of a greater variety of structures, procedures, and processes and their capacity to interact with one another. This approach has had a major influence in the academic debate over transition. It has been applied in conceptualising the economic analysis of tourism development in certain Central and Eastern European countries (Saarinen & Task, 2008; Williams & Baláž, 2002) and in ethnography studies (Hörschelmann & Stenning, 2008). The concept of *path-dependency* suggests that events and decisions may be historically conditioned; therefore, actors and actions may be constrained by existing institutional resources, which favour some pathways over others (Stark, 1996). At the other end

of the continuum, the *path-creation* perspective asserts that "within specific limits, social forces can redesign the 'board' on which they are moving and reformulate the rules of the game" (Nielsen, Jessop, & Hausner, 1995, p. 7). Such an approach shares similarities with Hall's (2008) model of the tourism planning and policy systems, which is concerned with the issues of institutional arrangements, values, power, interests, culture, networks, and significant individuals.

Although there is a growing body of research on the transformation of tourism in the Central and Eastern European countries after 1989, only a few studies focus on the traditional coastal tourism destinations and attempt to critically evaluate the challenges of implementing the principles of sustainability (Alipour & Dizdarevic, 2007; Bachvarov, 1999; Jordan, 2000). Shapley and Harrison (2017) argue that this is a part of a broader issue relating to the study of mass tourism globally. While the evolution of tourism and the drivers for its development are well documented, there is limited research on the extent to which the historical processes might inform the knowledge and understanding of modern tourism.

In recent years, there have been attempts to investigate the positive economic contribution of tourism in Bulgaria (Ivanov, 2017); however, most scholars share their concerns about the overall sustainability of the Black Sea Coast and the inability of the society to effectively plan and manage tourism development to the benefit of all stakeholders. These are based on the studies of the modern manifestations of tourism, such as prostitution (Hesse & Tutenges, 2011), pub crawls and alcohol abuse (Tutenges, 2015), high staff turnover (Matev & Assenova, 2012), urbanisation of the sea coast (Holleran, 2015), destruction of sand dunes (Stancheva et al., 2011) and deteriorating seawater quality (Moncheva, Racheva, Kamburska, & D'Hernoncourt, 2012).

Varna North Black Sea Coast Tourist Region

The focus of this research project was Bulgaria's North Black Coast, the oldest tourism destination in the country, with the first tourist facilities developed in the late nineteenth century. Known as the seaside capital, Varna is the third largest city in Bulgaria and is connected to 35 countries and over 100 cities worldwide by an international airport. The region exemplifies the distinct aspect of tourism development on the Bulgarian Black Sea Coast, associated with both existing communities (Varna, Balchik, and Kranevo) and purpose-built tourist resorts (Golden Sands,

Albena, and St Constantine & Elena) (see Table 8.1). It also reflects all the complexities of a mature mass market destination (Carter, 1991; Harrison, 1993; Pearlman, 1990), which has experienced the impact of the socio-economic transition of the country (Bachvarov, 1997, 1999, 2006).

The city of Varna and the town of Balchik are the administrative centres of local self-governance. Under the regional development and planning system adopted in the 2000s, Varna is also the centre of the planning region, which encompasses the whole North-East of Bulgaria. The region specialises in sun, sea, and sand, and sports tourism with other types of tourism including business, medical, ecotourism, and cultural and festival tourism.

Table 8.1 Activity of resorts with national importance—Bulgaria, 2017[a]

Resorts	*Accommodation establishments*[a]*—number*	*Bed-places—number*	*Available bed-nights—number*	*Nights spent—number*	
				Total	*By foreigners*
Varna North Black Sea Coast resorts	**198**	**70,756**	**11,373,468**	**5,806,780**	**5,090,818**
Albena	36	19,861	2,541,954	1,445,036	1,214,911
Golden Sands (Zlatni piasatsi)	109	41,963	6,963,339	3,742,818	3,491,069
St. Konstantin and Elena	53	8932	1,868,175	618,926	384,838
Bourgas South Black Sea Coast resorts	**173**	**66,654**	**9,193,496**	**5,726,757**	**5,336,119**
Dyuni	5	3450	447,387	321,822	285,784
International Youth Centre Primorsko	4	1609	208,976	132,382	89,860
Sunny Beach (Slanchev briag)	164	61,595	8,537,133	5,272,553	4,960,475
Mountain ski resorts	**80**	**9980**	**2,840,848**	**850,006**	**316,412**
Pamporovo	52	5331	1,323,076	375,911	85,208
Borovets	28	4649	1,517,772	474,095	231,204

[a]Resorts with national importance defined by decision № 45/25.01.2005 of Council of Ministers

Source: Adapted from NSI (2018), author's calculations

Methodology

This study provides the example of Bulgaria's North Black Sea Coast to examine the destination stakeholders' perceptions of sustainable tourism development, and the degree to which the principles of sustainability have been implemented in the policies and practices in the past three decades. Research data was collected using a multi-method research approach with a combination of secondary data and primary data gathered using qualitative research techniques including a series of stakeholder interviews. The choice of a qualitative inquiry was determined by the nature and the complexity of the phenomenon under study. While tourism spaces and their sustainability are considered socially constructed, tourism development (especially in the context of transition) is a result of the processes of redistribution of power. Only a small number of social actors participated in these processes and were able to give rich descriptions of the 'social world' under study and share their lived experiences. The value of storytelling and life histories is increasingly recognised in tourism research. This project involved 38 semi-structured in-depth interviews with 24 research participants, 20 informal conversations with 'gatekeepers', and a large number of conversations with local people.

The in-depth interviews were conducted with high-profile decision-makers at the local, regional, and national level, who were involved in tourism development in the period between 1989 and 2015. The sample included ten former and current senior-level government officials, ten owners or Chief Executive Officers of the largest tourist businesses, and four executives of professional bodies and non-governmental organisations. The selection of the study participants was done through snowball sampling, based on pre-determined criteria of 'decision-makers' and 'knowledgeable sources' to ensure transparency. The primary data was organised and analysed using the five key stages of the Framework thematic analysis: (1) Familiarisation, (2) Identifying a thematic framework, (3) Indexing, (4) Charting, and finally (5) Mapping and interpretation (Walters, 2016). The Framework provides a straightforward procedural structure to which research data can be applied when qualitative data analysis software is not available in the native language of the study participants. It also enables the researcher to identify new themes and discover links to existing theories and concepts, whilst incorporating aspects of their personal subject knowledge. In the search for themes, the researcher looked for similarities and differences, missing data, and theory-related material.

The interviews with key decision-makers from the North Black Sea Coast region revealed a complete dissatisfaction and disappointment with the way tourism was restructured after 1989. The commitment to the principles of sustainable development was manifested in strategic documents, legislation, projects, and new institutional framework. However, in the 1990s, these were hindered by the pressing economic and social priorities at the national level; and in the 2000s, hampered by the economic priorities of the new stakeholders in tourism development—the local authorities and the business actors. Nevertheless, at a specific (embedded) level, the 'development model' of the North Black Sea Coast destination comprised three distinguishable trajectories of development, each reflecting a different type of spatial and temporal span: (a) restructuring and transformation of the former integrated seaside resorts of national importance (1989–2009), (b) development of 'new-generation' integrated golf resorts (after 2002) and (c) the emergence of the villa zones (c.2005 onwards). The different coastal settlements (cities, small towns, villa zones, and purpose-built resorts) followed varied trajectories and their sustainability performance varied dramatically. Overall, it was the transformation of the pre-transition integrated resorts that provided the specific characteristics of the destination in terms of diversity of spatial expansion practices and shifts of power relations.

Results

The findings from the qualitative interviews suggested that small coastal towns were most successful in addressing the triple bottom line. Whilst high on economic and social priorities, the city of Varna and the extensive villa zones failed to address environmental issues and, in fact, exacerbated old conflicts over the use of natural resources. The North Black Sea Coast is known to have been affected by landslides and some of them were reactivated due to a lack of planning and uncontrolled construction in the villa zones. At the other end of the continuum, traditional purpose-built seaside resorts and new integrated golf resorts, which had multiple ownership, ranked high on environmental issues and moderate on the economic growth issues; however, they scored very low on the social priorities in spite of the well-articulated aspirations of their owners. Lastly, very high on the economic growth but low on both environmental and social aspects came the purpose-built resort, which had a multiple-ownership structure (Fig. 8.1).

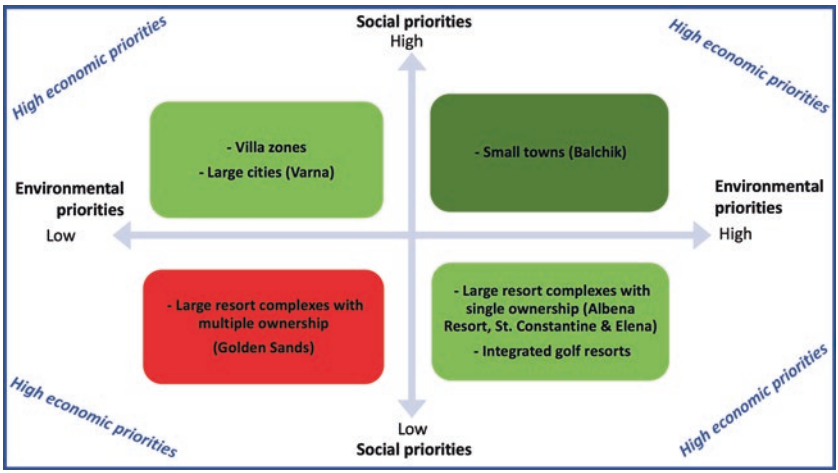

Fig. 8.1 Overall sustainability of Bulgaria's North Black Sea Coast (Author's elaboration)

The research findings showed that achieving sustainability is not necessarily a problem for the traditional, monoculture resort complexes. In fact, stakeholders agreed that the purpose-built resorts Albena and St. Constantin & Elena exemplified 'true sustainable tourism development', based on the planned and integrated approach to all new development and strictly complying with the carrying capacity indicators defined in the original urban development plans. Most of the study participants believed that such an approach was enabled by the privatisation of both resorts as whole units (as opposed to the hotel-by-hotel type of privatisation at the Golden Sands resort) and the consistent policies of the new business owners to preserve the territory while gradually upgrading both the accommodation facilities and supporting infrastructure.

The Forces of Change: Path Dependence Path Creation

As much as the transformation of a coastal destination was influenced by the social forces of the transition context (changes to the rules of the game, such as policy-making, regulation, and redistribution of power), the specific outcomes of tourism development were, to a large extent, determined by the state of the nation (availability of tourist assets, distribution of power, integrated planning and regulation, expertise, and administrative capacity) at the outset of transition. During most of the

1990s, the transformations taking place simultaneously in the political, economic, and socio-cultural spheres of life drove the tourist destination into a decline, despite its initial development in a planned and integrated way. The transition from a state-planned to a market economy was marked by the restructuring and privatisation of all assets, reforms of the banking and financial sector and the tax system, price and foreign trade liberalisation, the crisis of the banking system, and the introduction of the Currency Board in 1997. Between 1990 and 1997, seven governments changed in quick succession, which resulted in (too) frequent changes of priorities and threw the tourism sector and the entire economy into turmoil.

Once a relative political stability was established and the transformation of property rights completed, the rejuvenation stage that followed displayed the distinctive patterns and followed similar trajectories as those typical of coastal destinations in the developed countries. The research found that five major forces determined the sustainability path of tourism development on Bulgaria's North Black Sea Coast and these are discussed in the sections below.

Discussion

'Politicising' and Corruption Practices

The scale of politicising was recognised as a major barrier in achieving sustainable tourism development goals in the last 20 years. There was a widespread perception that individuals have been using their political position for personal gain through the practices of political influence and rent-seeking public administration. Lack of adequate political culture and corruption practices were issues that persisted from the start of the transition to the present day.

Some authors viewed the phenomenon of *political influencing* as being rooted in the powerful legacy of the communist period of 'moral decay' and the 'Balkan culture of corruption' (Ghodsee, 2005). While corruption at the high levels of government in Bulgaria was turning into a moral and economic problem (Grødeland, Koshechkina, & Miller, 1998), its manifestations have been observed across all Eastern European countries (Sajó, 2002). Previous research found that the rise of crime, proliferation of corrupt practices, rent seeking, and other opportunistic behaviour were outcomes of the transition and the large-scale privatisation opportunities (Tomer, 2002). While such practices have been the focus of the discourse on tourism development in Bulgaria, these have received little attention in the advanced economies. As Wheeller points out, "The question of

corruption and the degrees of intensity to which it is practised are conveniently ignored in the supposedly 'holistic', yet somewhat arbitrary, sustainable tourism vacuum. […] One can almost say that corruption has now become the global norm" (2005, p. 267).

In the views of the key public and business sector decision-makers, this new, 'mutant' economy dominated by political interests, predilections, and practices of nepotism was largely incompatible with their expectation of a free-market economy. The links between organised crime, politicians, and business groups were established in the chaos following 1989, when the strong state structures of the socialist era were dissolved to be replaced by an institutional vacuum. The lack of political experience and inadequate governance culture further encouraged rent-seeking attitudes and magnified all the deficiencies of the system.

Property Rights

The privatisation of the tourist assets occupied a dominant place among the instruments used to change the ownership rights due to the sheer scale of the legacy of assets concentrated in the large purpose-built resorts available for privatisation after 1989. The property rights theory states that the way in which property rights are defined and enforced has a fundamental impact on the performance of the economy by designating who bears the economic rewards and determining who the key actors are in the new economic system. Privatisation did not result, as expected, in polarised property rights between the public and private sectors (Stark, 1996). In reality, these have been complex and non-transparent (Williams & Baláž, 2002) and included different privatisation models (for instance, hotel-by-hotel and privatisation of the resorts as a whole unit), restitutions, transitional and mixed forms of ownership, lease agreements, and land swaps.

The two domineering privatisation models—the privatisation of the purpose-built resorts as a whole business and territorial unit, and the hotel-by-hotel privatisation model, determined the different patterns of development on their territories. In the resorts of Albena and St. Constantine & Elena, the new business owners aligned the upgrading and Corporate Social Responsibility strategies with the vision to preserve the integrity of the resort territory and natural environment. Where the resort was sold hotel-by-hotel (such as Golden Sands resort), its further development was not defined by a coherent concept; on the contrary, the different businesses competed on building 'more and higher', which led to over-development,

urbanisation, and price wars. The 'recombinant' property rights in the tourism sector dominated most of the 1990s, and the asset ambiguity shifted the effort of the largest business stakeholders from focusing on sustainable tourism development to portfolio diversification (or else 'empire building'), as a well-tested survival strategy.

After 2002, the development of a new generation of golf resorts required the negotiation of land swaps involving vast coastal areas and changing the status of this land for the purpose of tourism development, often to the disadvantage of the local community. This process of the conversion of land from cultivation to urban tourism development is not new to the European context (Andriotis, 2001; Bianchi, 2004). In Bulgaria, and the Black Sea Coast in particular, the largest owners of land appeared to be the coastal municipalities, which in pursuit of economic growth justified the land swaps, or consignment of land, for the purpose of tourism development, with a combination of insignificant agricultural revenues and the short-term profits to be made from property speculation and tourism.

Human Capital

The socialist legacy of administrative and expert capacity was far from adequate for the new, free-market economy. Where there were successes in the development and operation of tourism, these were ascribed to the role of the individuals. The lack of capacity determined the limited (if any) policy implementation particularly at the local and regional levels (Cooper, 2007), whilst limited business skills determined the trial-error approach to decision-making. The role of the individual in tourism development was seen as instrumental in determining the vision and the strategic directions of the business. It has far-reaching implications especially in relation to key industry players, where leadership and management styles affected other economic sectors through business acquisitions. For instance, the resort of Albena provided one of the most successful examples of tourism privatisation in Bulgaria, and this was largely attributed to the senior management of the company and in particular to the CEO figure.

Mentalities

The theme of mentalities played a significant role in determining the specific trajectory of tourism development. A new transition mentality, based on the 'old' (socialist) ways and reshaped by 'the new' ways of thinking,

had a profound influence on the decision-making and the consecutive actions of the key destination stakeholders. According to the study participants, the 'old' mentalities, such as mistrust of the institutions of civil society, were deeply enrooted in the socialist era. Simultaneously, 'new' mentalities were evolving from within the context of transition, such as the ownership culture and conscious non-compliance with legal norms.

The concept of mentality was significant in explaining the specific development pathways and the limited effect of the policy, legislative, and structural frameworks. At the beginning of the 1990s, many of the challenges related to the transformation processes were linked to the 'mental inertia'—a passive stance stemming from the old totalitarian ways of thinking (Koulov, 1996). The persistence of 'old' mentalities, in particular, the lack of trust and communication, was blamed for the serious deficiencies of tourism policy-making (Ghodsee, 2005; Giatzidis, 2002). As Cooper pointed out, "Whilst it may be that this overall lack of co-ordination is a historic legacy of communist rule, almost 20 years on from that regime, it is a concern that there appears to be such a strong level of mistrust and inability to communicate and share information" (2007, p. 50). Thus, the soft features of the former socialist system proved largely incompatible with those of Western-style capitalism (Tomer, 2002) and the reality proved Creed's (1999) prediction, that it will take a generation to turn things around in Eastern Europe, to be correct.

Local Community Empowerment

Community participation has been a widely accepted criterion of sustainable tourism development in the transition countries (Hall, 2000, 2003). In the context of Bulgaria, local community empowerment has been seen as a crucial element of the democratisation of the society and has been given priority in the legislative framework. Along the North Black Sea Coast, the local community had a central, and a rather dubious, role in the intensive spatial expansion of tourism development in the 2000s. The legacy of the centralised governance had not equipped the local decision-makers with the expertise needed to work in a democratic environment and, even though it was enforced by legislation, local community participation remained prescribed and ineffective. Instead of empowering the community through introducing different levels of local decision-making, the legislation concentrated all of the power in the hands of the local administration and the political tiers.

The local authorities have been granted almost unrestricted power in decision-making in regard to the spatial spread of tourist superstructure and infrastructure. The decentralised powers and responsibilities, including those for environmental management, have not been supported by adequate financial provisions, which placed a priority on the economic and political aspects over environmental considerations. As one of the mayors stated, the local authorities "followed the investors to such an extent that they destroyed large parts of their own territories".

The tax system further fuelled the hostility between the public and business stakeholders. Despite the nominal growth of tourism, its contribution to the local economy was seen as insignificant, coming largely from the construction of new facilities and related planning permits and taxes. In fact, the local authorities of Varna and Balchik perceived the tourism sector as the ultimate beneficiary of the local budget, rather than a valued contributor. The disconnect between the local community and the integrated resorts has increased since 2004 due to the growing numbers of migrants providing cheap labour to the tourist businesses. The prevalent view was that the economic effect of tourism development was far less than expected, and there was much more to be done in order to increase the economic benefits from taxes and employment opportunities.

Conclusion

The restructuring and rejuvenation of tourism on Bulgaria's North Black Sea Coast was ultimately determined by the socialist institutional legacies and shaped by the social forces of transition to a free-market economy and EU membership. The tourism system underwent fundamental changes in the 1990s, among which were changes in ownership rights, establishment of new stakeholders (the private business and the NGOs), the setting of legislative and regulatory frameworks—all of these processes taking place in the context of rapid societal changes. Since the beginning of the 2000s, the relative political and economic stability provided the appropriate environment for large-scale upgrades and expansion of the tourist facilities, product diversification, environmental enhancement, and diversification of the portfolios of the tourist businesses. The principles of sustainability have increasingly been incorporated in the general and tourism-specific policies since the mid-1990s, addressing the re-establishment of property rights, integrated planning, involvement of all stakeholders, and in particular, transferring decision-making onto the local authorities and

attempts to shift the focus from mass tourism to alternative tourism, among others. To the disappointment of all stakeholders, the tourism boom resulted in accommodation supply exceeding tourist demand, price wars within the destination, and a lack of co-ordination and governance at a local level. The upgrading of the tourist facilities and diversification of the tourism offer to include sport, spa, and golf tourism contributed little to the rebranding and repositioning of the destination.

This study adds new insights to the understanding of sustainable tourism development in the context of change. Although the research findings cannot be generalised and extrapolated to other contexts, they could be employed as a stepping stone for further research in other tourism destinations that have undergone (or are undergoing) political, economic, and socio-cultural changes. It must be noted that due to the scale of the research project, a number of themes remained beyond the scope of this chapter. These include social networks, human capital, the role of the individual, the organisational structures of public, private, and non-governmental institutions, and last but not least the impact of globalisation through the influence of the global and regional organisations. The issue of dependency emerged in connection with the perceived uncontrolled expansion of tourism accommodation and the threat of over-tourism.

Although the route to sustainability has been a challenging one for the destination stakeholders, the recent developments in the national tourism governance and good business practices send positive signals of growing political will to work towards achieving the sustainable development goals. The ultimate issue is that globally, the problem of tourism sustainability remains as serious as ever and this raises questions about the capacity of tourism ever to become sustainable.

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CHAPTER 9

From Tourist Guides to Cultural Immersion Facilitators: Sustainable Tourism and Redefining Destination Image in Slovenia

Maja Čampelj

Introduction

In the last 30 years, post-communist countries have witnessed tremendous changes at all levels, but it appears that the general image of these countries is not changing as quickly. Tourism, being one of the leading industries with the power to change perceptions, images, and attitudes, can contribute greatly to successful development, new green paradigms, and can redefine national as well as regional identities in these countries. One profession that is constantly in direct contact with visitors, and is managing the image of countries and destinations significantly, is the tourist guide profession. Thus, they can be the leaders in this transition and can influence the perceptions of the visitors and their attitudes towards countries. In order to do so, they must redefine the profession from tourist guide to cultural immersion facilitator, as this more precisely defines their new role.

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Cultural immersion facilitators are responsible for the negotiation of culture through "selectively identifying segments of the destination culture content to be shared with the tourists" (Salazar, 2004, p. 88). This redefinition implies that the content of their training needs to be improved greatly.

This chapter explores a case study from Slovenia, where the sustainable development strategy for tourism has been established for the period of 2017–2021 at the national level. At the same time, the G-Guides institute, in cooperation with Vocational School for Hospitality, Wellness and Tourism Bled (VSHWTB), has redefined and upgraded the content of tourist guide training in the region of the Julian Alps. As a result, tourist guides who receive the knowledge of this training can help implement the goals of the national strategy and contribute to a more sustainable form of tourism on the one hand, as well as shape the country's overall image on the other hand.

G-Guides is a private research institute which was founded in 2010 in Ljubljana, Slovenia, by the author of this chapter. The main purpose of G-Guides is the implementation of research and academic work regarding sustainable development, responsible tourism, and cultural intelligence and to inform tourist guides on multiple levels. The aims and objectives of the institute are achieved by delivering face-to-face and online training for tourist guides, as well as organizing events that raise awareness of the importance of sustainable tourism and to communicate the potential power of the profession. G-Guides publishes the tourist guides training curriculum (G-Guides, 2017), where the focus of the modules is on sustainable development, responsible tourism, communicating sustainability to the tourists, and intercultural communication, including a cultural immersion component.

Through the evolution of improving the tourist guide training, the curriculum has changed significantly to ensure that tourist guides holding the national licence in Slovenia gain this new knowledge. This evolution has resulted in the renaming of the tourist guide professionals to cultural immersion facilitators. According to an internal satisfaction survey at the end of the first year, participants of the training appreciated the new concept and the content of the tourist guide training.

Literature Review

As Light and Dumbraveanu noticed in 1999, the former communist countries of Central and Eastern Europe have been experiencing fundamental political and economic restructuring since 1989, as they seek to replace centrally planned economies and one-party states with market economies and

multi-party democracies. The transformation of communist-style governmental institutions into market-based ones by itself is a very difficult task (Papava, 2005). To further the elements of change, European Union (EU) membership increased pressure to strengthen democratic values and enhance democratic culture in post-socialist localities (Strzelecka, 2015). At the beginning of the 1990s, the former Yugoslav countries, among them Slovenia, began disintegration and territorial transformation, and tourism became increasingly subject to globalization (Petrović et al., 2017). Due to the advancing deindustrialization, as well as the growing importance of the third-economy sector, the significance of tourism services increased considerably (Cudny, Michalski, & Rouba, 2015).

With 1.3 billion people visiting in 2017, and an expected growth rate of 4–5% in 2018 (UNWTO, 2018a), tourism sits in the third position among all the export industries in the world. The tourism industry is not only an obvious economic opportunity for former socialist countries, but it can also be used to project a new identity to the international community (and particularly to Western Europe) as a way to affirm their status as post-socialist democracies (Petrović et al., 2017). Moreover, tourism in these countries has been seen to be of particular importance, not only as a new growth market but also for political reasons, as a means of producing favourable images of these countries (Horáková, 2010). Also, Petrović et al. (2017) claim that sustainable tourism can enhance the identity of the entire country because it is strongly related to ways of local production, local life, cultural celebration, heritage, and natural attractions. Therefore, local and regional actors strive to cooperatively manage the growth of the local tourism sector (Strzelecka, 2015).

With the rapid development of the tourism industry, its orientation towards sustainable and responsible tourism, and a strong desire for local development, a clear need for renewed tourist guide training is evolving. To better understand the need for change, it is essential to first look at current training systems for tourist guides, mainly in the European Union (EU) countries, and the issues, disadvantages, and challenges currently being faced. Subsequently, this chapter will present the proposal and implementation guidelines of the G-Guides training content, where the challenges are addressed. The main goals of the training are implementing sustainable development knowledge, intercultural communication, and rhetoric skills, as well as raising awareness about the responsibilities of the tourist guiding professionals and empowering them to be competent interlocutors in the tourism industry. Moreover, enhancing the marketing

and branding knowledge of tourist guides and empowering them to be cultural immersion facilitators for visitors is included in the curriculum. In order to succeed in its objectives, G-Guides has initiated the first international and independent award for responsibility in tourist guiding, Green Microphone—the voice of responsible tourism.

Tourist guides who are well trained and in possession of the right mix of knowledge, attitudes, and skills that correspond to the needs of modern tourists can contribute greatly to cultural immersion for their visitors and a redefinition of the image tourists may have had before visiting the country. By communicating great stories, tourists will share the projected favourable image of the country among their family and friends (as well as through social media), which can result in positive changes over time. As Rabotić (2010) discovered, the tourist guide profession is commonly perceived as an ancillary, repetitive, and mass tourism activity, although it can be a very effective and powerful tool in the construction of tourist experiences. İrigüler and Güler (2016) make a connection between the tourist guiding profession as the 'Cinderella' of the tourism industry because it is attractive and useful, but often complicated in that it comprises a multitude of unrelated roles and sub-roles.

In 1985, Cohen (in Lovretnjev, 2014) would define two distinct roles of tourist guide: path finding and mentoring visitors. Today, many tourist guides are focusing only on the first role when they are trying to lead tourists geographically to attractions. Advanced technology has diminished the need for this role, as most visitors have this information at their fingertips. On the other hand, the second role mentioned by Cohen, relating to mentorship, is becoming more important as a means to present and interpret the destination from many different viewpoints. Through this process, tourist guides can project a favourable image of a destination to the tourists, thus creating a mood in which tourists can experience and feel the destination or attraction (Lovretnjev, 2014). However, only well trained, knowledgeable, and competent tourist guides, who are aware of the importance of this function, can focus on this second role and become cultural immersion facilitators with the ability to deliver the brand promised by destinations (Čampelj, 2014).

Yi-Chien, Mei-Lan, and Yi-Cheng (2017) show the relationship between the work of a tourist guide and tourist satisfaction. Using exploratory research, the causal relationship between guides' professional competences, service quality, and tourist satisfaction was shown. This implies that tourists who perceived higher levels of tourist guides' professional competencies

will perceive higher service quality. Moreover, the correlation between tourist guides' professional competencies and tourist satisfaction was also confirmed, as well as the direct effects of service quality by tourist guides on tourist satisfaction. From these results, we can sum up that the construct of service quality directly influences tourist satisfaction, and that service quality is tied to a guides' professional competencies (i.e., professional knowledge, skills, and attitudes). Poudel and Nyaupane's (2013) study adds that effective interpretation has positive impacts on tourists' attitudes and behaviours and can be an effective and desirable tool in sustainable tourism and image redefinition. Therefore, the discussion above shows that there is an obvious need for a change in tourist guide training content in order to empower tourist guides to be able to provide quality service and to support the efforts of destinations and governments in moving towards responsible tourism, local development, and image redefinition, as well as to satisfy the need of tourists for authentic cultural immersion.

To understand the role of a tourist guide in local and responsible tourism development, their responsibility towards local hosts, cultural ambassadors, public relation representatives, and promoters of local products (Pastorelli, 2003) is of great importance and should be taken into account when introducing new training content for tourist guides (G-Guides, 2017). Furthermore, sustainability communication and engaging storytelling should be added as two additionally important roles (G-Guides, 2017) and included in training in order to empower guides and ensure that they communicate efficiently and clearly to the visitors in support of deeper cultural immersion. These additional roles are instrumental in the mentoring process and are becoming vital in delivering satisfying experiences for the guests, encouraging responsible tourism, bringing sustainable development to the local communities and destinations, providing authentic cultural immersion, and redefining the image of the country and destinations they represent.

Guide Training in the European Union

According to the Regulated Professions Database of Europe (EU Commission, 2018), the profession of tourist guide is regulated in 13 EU states: Austria, Croatia, Cyprus, France, Greece, Hungary, Italy, Lithuania, Malta, Romania, Slovakia, Spain, and Slovenia. In Slovenia, Italy, and Croatia, tourist guides can obtain both a national and regional licence (EU Commission, 2018). Requirements to obtain these licences are very

similar in all abovementioned countries (at least 18 years old, secondary education, a final exam, and language knowledge). However, there is a big difference in mandatory training and its content, which could be considered a disadvantage as tourists will experience differing levels of services. On the other hand, in Austria or Italy, thorough, long-term mandatory training is required in order to participate in the final exam for obtaining a tourist guide licence. Another disadvantage is that countries are missing an opportunity to communicate efficiently with their central stakeholders, the visitors.

In Slovenia, there is no mandatory training to obtain a national licence, and language competency is determined by the level of high school completed, with no further verification required (Gospodarska Zbornica Slovenije (GZS), 2018). Golembski (1991) posits that qualifications are not anything new in western countries, and, therefore, post-socialist countries should view the so-called character of a graduate in an entirely different way than during the period of communist governance. Ratiu and Oroian (2012) further explain that most occupations in post-Soviet countries recorded changes in the work content of employees due to a need to adapt to consumer needs, increased competition, and retrofitting. They highlight that the education and training systems are in the midst of change with transition towards the knowledge-based economy. Therefore, society must continue to adapt. Also, tourist guides need to adjust in order to better serve their customers and improve their destinations.

While studying the training programme content in eight different EU countries, Pereira and Mykletun (2017) discovered that the issues of sustainability are currently insufficiently integrated into tourist guide training programmes. Europe's traditional curricula in guide training have lagged behind in preparing them to address sustainability, so there might be room for improvements in how tourist guides contribute to visitors' understanding of sustainability issues, both in the place visited and in general.

G-Guides

Based on the emerging theoretical work in the area of tourist guide training, as well as from extended work in practice, a new training curriculum for tourist guides was developed for Slovenia in 2016 under the brand name *G-Guides: green, global and great tourist guides* (Čampelj, 2016). The initiative provides guidelines and support for tourist guides to create awareness of responsible tourism, local development, and destination image creation.

Using a code of conduct for responsible tourist guides, the training serves as a basic orientation for new and existing tourist guides who want to contribute to responsible tourism and local development (Čampelj & Hudnik, 2016). The contribution of this organization towards responsible tourism has been recognized by the United Nations World Tourism Organisation (in 2017, the year of sustainable tourism) for the development and promotion of a new initiative (UNWTO, 2017). Additionally, the proposed training content was presented at the International Annual Conference of Travel and Sustainable Tourism for Peace and Development, hosted by the United Nations in Geneva, Switzerland (Čampelj & Hudnik, 2018).

While training for tourist guides is not mandatory to obtain a national licence for tourist guides in Slovenia (GZS, 2018), the National Tourism Strategy 2017–2021 (Ministry for Economic Development of the Republic of Slovenia, 2017) has established the goal for Slovenia to become a green destination with the highest level of professional services. Therefore, the G-Guide programme is designed to support the national sustainability agenda by designing an effective implementation strategy utilizing the skills of national tourist guides. With full awareness of the importance of the tourist guide profession and its influence on tourists' behaviour, the G-Guides curriculum was developed as a means to: redefine the overall image of Slovenia as a destination; help orientate the Slovenia towards responsible tourism; promote local development; and to bring benefits from tourism to local communities.

G-Guides was initially implemented in smaller destinations in Slovenia. In 2017, it gained visibility and importance when VSHWTB recognized its value and decided to redesign existing training for regional tourist guides in the region of Julian Alps with the content proposed by G-Guides. A clear vision, strong desire for responsible tourism in the region, and a lot of work by the G-Guides' team and the training department of VSHWTB has contributed to the programme's continuation in 2018. The key to its success has been the ability to bring the tourism stakeholders on-board in the region and to encourage their cooperation in the training process of regional tourist guides.

Pereira and Mykletun (2017) determined it was difficult to gather information about specific training content because most training institutions were unwilling to share their programmes, which they regarded as their intellectual property that support competitive advantage. Hereby, the relevant part of the G-Guides training content is shared with a strong wish to support as many destinations as possible towards an understanding

that tourist guides are one of the most powerful communication tools that can advocate for sustainable local development, responsible tourism, and support overall destination image development. With its content, this tourist guides training covers three important areas—sustainable development and responsible tourism, communication skills with cultural intelligence, and marketing and branding—which are not sufficiently represented in other tourist guide trainings in Europe. Table 9.1 provides an overview of the content proposed by G-Guides regarding sustainable tourism and local development for tourist guides.

The above content is only one part of the training, which encourages tourist guides to think about the responsibility they have towards the country's development and overall image and to perform sustainable and responsible tourism from an early stage. These modules are followed by the second part, which is focused on improving tourist guides' communication and guiding skills, as well as formulating positive attitudes towards visitors. The second part includes modules such as basic communication skills, communication competence, intercultural communication, rhetoric, crisis management and communication, complaint management, group management, and handling questions. These knowledge, skills, and attitudes together form the set of tourist guides' professional competences (Yi-Chien, Mei-Lan, & Yi-Cheng, 2017) that are needed for the sustainable development of a destination and for creating a favourable image of a country through helping visitors achieve more intensive cultural immersion. The third part of the training, where the competences for creating and redefining an image of the country are being strengthened, is focused on marketing and branding and includes modules on the basics of creating and managing a destination image, communicating unique selling propositions, communicating brand values in the service sector, and storytelling for tourist guides.

The combination of these modules, together with reflective destination knowledge, provides the tools emphasized in theory and practice documents to insure the highest ability to perform successfully in the tourist guiding profession, help the tourism industry thrive, and serve a broader focus than just the economic contributions of tourism. This unique combination of knowledge and skills differentiate participants of such training from general tourist guides, and therefore, certifies participants into cultural immersion facilitators.

Tourist guides in the region of the Julian Alps finished this renewed training at VSHWTB in early 2018 and are currently offering cultural immersion to the visitors. The internal satisfaction survey (VSHWTB,

Table 9.1 G-Guide's tourist guides' training modules

Module	*Content*
1. Sustainable and responsible tourism—basics	Basics of sustainable development Definitions and terminology History of sustainable tourism development Triple bottom line approach in tourism Sustainable development goals
2. Responsible tourist guiding	Acceleration of responsible tourism, local development and circular economy with tourist guiding
3. Development of sustainable destinations	Levels of sustainable development in destinations Tourists' expectations from sustainable destinations Sustainable and responsible tourism products Acceleration of responsible consumption on a destination
4. Work and responsibilities of tourist guides	Cooperation with other stakeholders Responsibilities of a tourist guide professionals Positive impacts of responsible work of tourist guides Negative impacts of the irresponsible work of tourist guides
5. Sustainability as Unique Selling Propositions (USP)	Elements of sustainability turned into USP Sustainable development and circular economy as a key opportunity for destinations
6. Code of conduct for sustainable tourist guides	Code of conduct for responsible tourist guides
7. Collaboration and cooperation of local stakeholders	Cooperation between tourist guides and other stakeholders Including local stakeholders into our story Creating authentic experience with the cooperation of local stakeholders and engaging storytelling
8. Types of modern tourists and their expectations	Motives for travelling Expectations of modern tourists Influence of digital technology on the work of tourist guides Types of modern tourists Intercultural differences Segmentation of modern tourists
9. Best case examples	Case studies of responsible tourist guiding practices
10. Communicating sustainability	How to communicate sustainability Examples How to avoid negative connotative meanings of sustainability Encouraging responsible behaviour and consumption
11. Practicum	Practical use of the knowledge Guiding with all the principles of sustainable tourist guiding Improvement tips and suggestions

Source: G-Guides (2017)

2018) showed that overall satisfaction with the new tourist guides training was 4.7 out of 5. Additionally, some of the students already had valid national tourist guides licenses, speaking to the fact that the participants joined the training to gain new knowledge and skills. Satisfaction was also expressed by the tourism stakeholders involved in the region with two positive outcomes. The first was the involvement of the training participants in local tourist guiding, and the second was the support and contribution by the stakeholders for the next year's trainings. The second tour guide group began the training with the same content in September 2018.

With an understanding that this training is only the beginning and was offered in only one region of Slovenia, G-Guides' mission is to spread awareness of the important role tourist guides have in responsible tourism and destination image creation. One avenue to create awareness of responsible tourism was the development of Green Microphone, a global award for tourist guides. The award will be given annually to the tourist guide who contributes the most towards responsible tourism and the sustainable development of a destination. The goal is to recognize the efforts of all tourist guides who are connecting cultures through their stories and interactions (Hudnik, 2017). As cultural brokers and sustainability communicators, these guides create unforgettable experiences and act as educators and ambassadors of responsible tourism for all visitors and stakeholders. The award gained recognition from the House of the European Union in Slovenia and UNWTO (2018b), which published the details on their website.

Conclusion

The redefinition of the profession of tourist guides towards cultural immersion facilitators is only possible with renewed tourist guide training content that will enable the participants of the training to perform at a very high level, thus satisfying the needs of tourists and helping countries project favourable images to their visitors. It is hoped that the training will, at the same time, support sustainable development and responsible tourism to Slovenia. The main challenge in post-communist countries is that the importance of training, gaining new skills, and strengthening competences towards business excellence and development is being under emphasized at the national level. The answer is to promote the success of G-Guides' training for cultural immersion facilitators as an accelerated avenue to achieve sustainable development, responsible tourism, and overall destination image redefinition.

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CHAPTER 10

Networking, Clustering, and Creativity as a Tool for Tourism Development in Rural Areas of Belarus

Valeria Klitsounova

Introduction

Tourism is a fast-growing industry which attracts a lot of new actors from the rural periphery willing to develop it. At the same time, tourism is a cross-cutting industry. Unlike other products offered by manufacturing companies, tourism products are heterogeneous and consist of numerous complementary components provided by suppliers from various public and private sectors. There are several socio-economic models and frameworks which demonstrate their effectiveness in tourism development in rural area. One of the most successful is the cluster model based on strong public-private partnerships (PPP) and networking.

Two types of functional tourism networks are defined in the literature: formal and informal networks. The informal networks comprise individuals who run their own small businesses and interact with friends and relatives on an informal basis to obtain their support (Birley, 1985). Such tourism networks characterise the rural periphery in developing and post-socialist countries where informal contacts are the main assistance available

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(Ozcan, 1995). Formal tourism networks, on the other hand, denote business interaction either between individual businesses and various private or public organisations or among individual businesses only in order to take advantage of economies-of-scale and marketing (Copp & Ivy, 2001; Mansfeld & Rashty, 1999). The formation of tourism clusters seems to be the simplest way to create a formal network and organise an offer that would objectify a complete tourism product at the level of a tourism destination (Kachniewska, 2013).

Porter (1985) understood clusters as geographically proximate groups of interconnected companies, specialised suppliers, service providers, firms in related industries, and associated institutions in particular fields that compete but also cooperate. Cunha and Cunha (2005) define tourism clusters as a group of companies and institutions related to a tourism product or group of products. Such companies and institutions are concentrated spatially in the vertical and horizontal production chains that involve exchanges of information between similar agencies who offer tourism products. As an economic phenomenon, the tourism industry essentially represents a consolidation of related economic and non-economic entities. Tourism is the sum of the phenomena and the relationships arising from the interaction among tourists, business suppliers, host governments, host communities, origin governments, universities, community colleges, and non-governmental organisations (NGOs), in the process of attracting, transporting, hosting, and managing tourists and other visitors (Reid, 2003). These components are captured by the tourism value chain underlying both the production and consumption of holiday experiences (Bieger, 1997).

A tourism value chain is defined as a system, which describes how private sector companies in collaboration with government and civil society receive or access resources as inputs, add value through various processes, and sell the resulting product to visitors. The value chain describes the full range of activities that are required to facilitate visitor experiences from conception to actualisation and beyond. 'Experience' is an important component of products and services. It is connected with the concept of the creative or experience economy. Howkins (2013) identifies creativity as central to the emerging twenty-first-century global economy. Florida (2012) considers creativity a key driver of economic development.

According to Pine and Gilmore (1998), an experience is as real an offering as any service, good, or commodity. In today's service economy, many companies simply wrap experiences around their traditional offer-

ings to better sell them. To realise the full benefit of staging experiences, however, businesses must deliberately design engaging experiences that command a fee (Pine & Gilmore, 1998).

Early creative concepts were based on experiences related to traditional areas of culture and creativity. More recent models have been based on the integration of tourism and creative industries as a whole, engaging not only consumers but also producers, policy makers, and knowledge institutions (Organisation for Economic Co-operation and Development, 2014). It is related to tourism cluster development on the basis of PPP, when local small- and medium-size enterprises (SMEs), governments, marketing, and educational entities engage in the experience economy.

Drawing on three case studies from Belarus, this chapter considers how to strengthen these linkages and take advantage of opportunities to generate added-value by creating visitor experiences. Effectively linking tourism with the creative industries can have a range of potential benefits, which include increasing tourism demand, new image building through increasing the application of creativity to place marketing, developing small-scale creative businesses, and stimulating innovation by adding creative impulses to tourism development (Organisation for Economic Co-operation and Development, 2014). It is especially important in situations with limited financing but high quality social and human capital in post-socialist countries like Belarus.

Research Methods

When writing this chapter, a few main research methods were used—literature review, case study methods, and conducting interviews. Literature review provides the theoretical framework based on past research and familiarisation with the latest developments in the field of cluster analysis and visitor experience value chain formulation in tourism. Also, it broadens the horizon for interdisciplinary oversight on the situation in light of experience economy theory and innovative approaches in heritage interpretation concepts.

One of the aims of this research was to adopt the value chain concept to the experience economy concept to help make tourism products more creative and competitive. Interview methods were used to provide a general overview of different stakeholders' insight into tourism clusters development. These interviews included tourism experts, local community leaders, SME representatives, local authorities, and so on. The author

actively participated in starting and developing networking and cluster initiatives by organising different events, training and workshops, and designing strategies with the participation of local actors. All of these methods combine theoretical and practical components, which complement each other and provide synergy. The chapter includes three cases of tourism cluster development in rural areas of Belarus, under the names of 'Volozhin Routes', 'Mukhovets Pantry', and 'Zelva Diary'.

Goals of the Chapter

The goal of this chapter is to evaluate the processes of tourism cluster development in the rural areas of Belarus. The key objectives are:

- to demonstrate the role of informal networking and social capital in tourism cluster development
- to analyse the role of visitor experience value chain framework in creative tourism product and increasing destination competitiveness
- to analyse different processes of tourism cluster institutionalisation based on real cases

Background

Belarus is a country with a transitional economy, tolerant people, and a number of resources for tourism. Situated in the centre of the European continent, Belarus is one of the former Soviet Union countries which borders Russia, Ukraine, Poland, Lithuania, and Latvia. The area of the country is 207,500 km^2. Belarus boasts a beautiful environment (20,000 rivers, 10,000 lakes, 36% of the territory is forested, including 8.7% of protected areas). It also includes the largest peat bogs and fen mires in Europe and the oldest forest in Europe (the National Park of Belovezhskaya Pushcha, a UNESCO Man and the Biosphere Programme sight). The forests, rural countryside, villages, towns, and cities of Belarus provide an excellent venue for outstanding, world-class visitor experiences. One of the most important elements of this experience is interacting with the warm, friendly, and hospitable citizens of Belarus. Over the past decades, Belarus has made a strong beginning in developing rural tourism.

During the Soviet regime, all people in rural areas worked in 'kolhos' (or 'sovhos'), a type of state enterprise which controlled production, administration, and political functions, and where all land, equipment,

cattle, and houses were owned and ruled by members of these organisations. This type of political structure created a special mentality that included strong social ties between rural people. After the collapse of the Soviet Union, many people had to find their own way to survive. Many of them left for the cities, some became individual farmers, craftsmen, SMEs, and some decided to create tourism infrastructure and develop tourism products. They turned their houses and farms into small hotels, providing meals and excursions to visitors. However, it was not enough for successful tourism development.

This process in Belarus was oriented around innovation from the very beginning. A special law (President Decree №372 in 2006), lobbied by Country Escape, provides ideal conditions for rural tourism development—no taxes for farmstead owners and craftsmen. Small enterprises can have more than ten bedrooms in their houses to accommodate tourists, provide meals, and organise excursions. In other words, they can operate like tour operators. In 2016 and 2018, Belarus took first place in the category 'Agritourism' in the annual vote held by the National Geographic Traveler Awards in Russia. This success story is based on cooperation, networking, and clustering.

The process of rural area 'touristification' started in Belarus as a bottom-up approach. In 2002, the Belarusian Association of Agro- and Ecotourism Country Escape was created. Country Escape managed to build a strong team around an agro-ecotourism theme in Belarus, supporting the development of social capital through a network of a few thousand people who shared certain values, norms, and standards. The organisation promotes these stakeholders on a variety of levels, including lobbying the interests of the whole group, and as a result, rural tourism developed very quickly (Table 10.1).

Table 10.1 Rural tourism development in Belarus

Indicator	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*
1. Number of farmsteads	1576	1775	1881	2037	2263	2279	2319	2473
2. Tourism receipts, thousand $	4078	5325	8242	10,052	7519	7345	8901	10,012
3. Tourist arrivals, thousand people	1449	2226	2717	3188	2943	3018	3511	4223

Source: National Statistical Committee of the Republic of Belarus (2018)

To bring tourists into periphery tourism destinations, an attractive tourism product was needed. While some interesting tourism initiatives were created, entrepreneurs needed to be united, and tourism products needed to be promoted under one umbrella brand. The cluster model became the solution. The first step to build cooperation was using informal networking between friends, relatives, and partners. These kinds of ties were established during Soviet times and are still very strong. Financial capital was also needed. Many people invested their own money, taking loans (through a special credit programme of the state called Agroprombank that provided cheap money for agrotourism development), but it was a rather modest investment compared to European Union (EU) countries.

In this situation, a lack of financial capital could be compensated for by human capital quality and creativity. During the Soviet era, Belarusians were considered high-quality people with good education, knowledge, and creativity. These components are becoming key issues in tourism development and provide competitive advantages for tourism development. Clusters, as a form of cooperatively managed 'kolhos', are a familiar model for rural people. They provide opportunities to network and cooperate more easily than in capitalist countries because Belarussians did it for 70 years during Soviet rule.

The Experience Value Chain in Belarus

In this chapter, three cases illustrate different processes of tourism development in rural areas. All of these projects were started by forming informal networks with SMEs, local authorities, and communities. Each of these clusters developed under different scenarios as different stakeholders took leadership roles. All these initiatives were rather successful, and tourism has been chosen as a main strategic way to develop these regions.

Each destination created a mix of different tourist products and services that they wanted to suggest for the market. To help people to turn this mix into a holistic product with a distinct theme and brand, we used the visitor experience value chain framework as a means to demonstrate the necessary components of tourism product production. We organised training and workshops around clustering, the experience economy, heritage interpretation, and creative tourism product formulation. All three destinations are considered successful pilots, as they have received the 'Territory of Creative Economy' awards from Country Escape, and they are becoming inspiring examples for other regions.

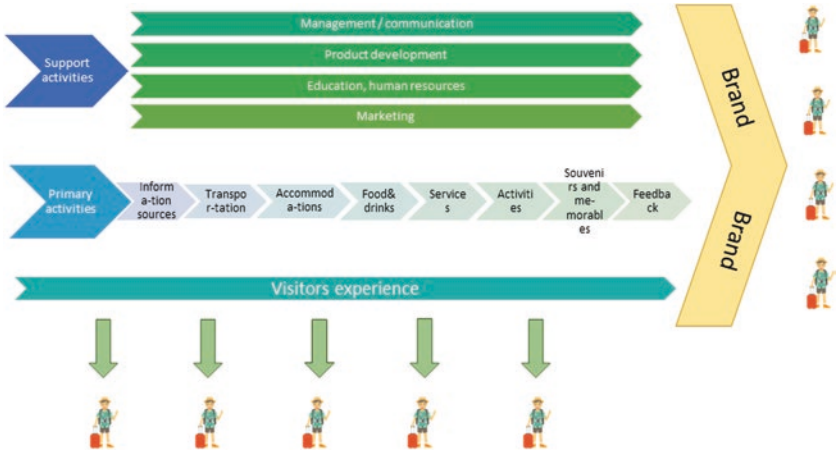

Fig. 10.1 Visitor experience value chain. (Source: Created by the author on the basis of Porter model)

The author suggests a new upgraded version where the core element of the chain should be incorporated in every element of the product (Fig. 10.1). Using the visitor experience value chain model in developing tourism clusters has its peculiarity and differs from Porter's classical version. This model demonstrates that tourism SMEs have much more freedom than in the classical model, as they may promote and sell their services and goods directly to the customers. This flexibility allows business owners the opportunity to be independent actors rather than just links in the tourism production chain. This model also provides additional access to other cluster members, which complements the whole tourism product and allows for cross-selling. In other words, they are united as one destination product and are promoted under one brand as a means to attract more customers.

A tourism value chain approach is similar to a methodology for analysing processes, identifying gaps, and determining opportunities to increase value through positive actions or the elimination of constraints. It demonstrates which actors are needed in tourism clusters and helps incorporate them into the whole process. Experiences and creativity are generally seen in this model as its immanent features for tourism development. Therefore, the model should result in value enhancement and increased competitiveness.

Our first step was to educate and train locals on how to provide unique visitors' experiences. The key design principles we used for experience creation were attributing a theme to each experience, harmonising impressions with positive cues, eliminating negative cues, supplying memorabilia as additional experience enhancers, engaging all five senses, stimulating participation and co-creation, and stirring emotions in visitors (Jelinčić & Mansfeld, 2019). We developed special training programmes for local SMEs and community members based on the experience wheel model, which comprises all of these principles. The experience wheel acts as a tool to implement experience concepts and to develop and measure the experience value of a tourism product or its elements. This model was developed by Lyck (2008) and is shown in Fig. 10.2.

The experience wheel model has been developed based on a variety of theories. One of them—Pine & Gilmore's theory of experience economy—has relevant ideas and emphasises entertainment, education, escapism, and aesthetics as core elements of an experience that attracts different

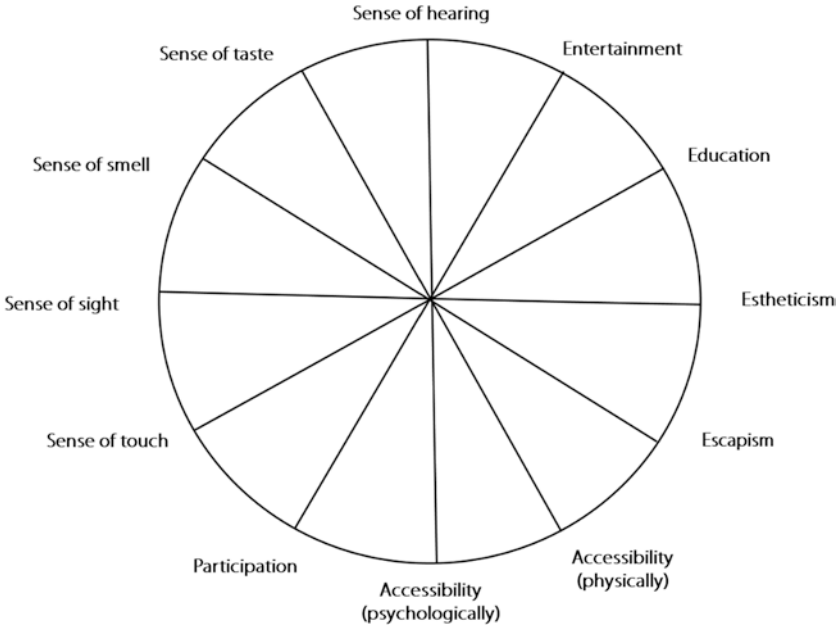

Fig. 10.2 The experience wheel model. (Source: Lyck, 2008)

tourism segments (Pine & Gilmore, 1998). Additional models within economic psychology emphasise that hearing, smell, taste, touch, and sight play a central role in experience creation. Through the sensory approach, tourists will experience a combination of entertaining and educational stimulation. These should be coupled with participation and accessibility as key parameters in relation to the value composition of the experience. All variables are connected in a balanced scorecard system.

For example, during our training to make information sources more efficient, we recommended the concept of integrated marketing communications that adds creativity to each component of promotion (social media marketing, booklets, website, tourism fairs, festivals, sales promotion, press-tours, direct mailing, etc.). When destinations participate in tourism fairs, they bring traditional local food, crafts, traditional costumes, and provide music to involve tourists in an animated programme and to actively interact with them.

Innovative concepts of heritage interpretation has been introduced to the audience. Heritage interpretation is an interactive communication process that guides visitors to discover meanings in objects, places, and landscapes (Buchholz, Lackey, Gross, & Zimmerman, 2015). Tilden (1977) defines interpretation as "an educational activity which aims to reveal meanings and relationships through the use of original objects, by first-hand experience, and by illustrative media, rather than simply to communicate factual information" (p. 8). This is a communication process that involves tourists and forges emotional and intellectual connections between the audience and the meaning inherent in the resource.

Interpretation is based on meaning, and meanings are at the core of every interpretive experience. Visitors, resources, and interpreters (or interpretive media) interact to produce meaningful experiences based on knowledge, insight, and inspiration. It reveals something new and is provocative and inspiring. This is a new method for our country, as it differs from the typical official Soviet style of top-down information (Klitsounova, 2015).

An excellent example of creating meaningful experiences based on the experience wheel model and interpretation concept is the programme 'Bread creation' on 'Hanka' farmstead in 'Volozhn Routes' cluster. Groups of tourists participate in master-classes in bread-making. Tourists watch how to make flour, then make dough and form their own bread. After baking it in a traditional oven, visitors can take their bread home. The experience includes interesting stories and legends about Belarusian bread. It is educational, entertaining, and aesthetic and allows for escapism

because people play the role of baker, which is different from their everyday life. This process involves all five senses and is very participative and interactive. It is accessible, psychologically and physically, and can be adapted for people with disabilities, schoolchildren groups, corporate teams, families, or individuals.

There are a variety of additional programmes, such as honey productions, traditional music and dancing, pottery, cheese, craft papermaking, and traditional rites and rituals in these destinations. These creative experiences do not require significant financial investments but can generate significant income and, what is more important, can leave a mark in the tourist's soul (Ham, 2013).

Three different cases of tourism cluster development are described below. They provide three different scenarios of cluster formulation and development—'Volozhin Routes' in Minsk region is based on cooperative management, 'Muhavetc Pantry' in Brest region is managed by private business owners, and 'Zelva Diary' in Hrodna region highlights how local authorities can be included in the process. All of these case studies use experience creation.

Volozhin Routes

The most successful example, which illustrates the process mentioned above, is the cluster 'Volozhin Routes'. There are several items that make the Volozhin region an excellent destination for tourists. First, the natural and cultural landscapes are outstanding. The Naliboki Forest is one of the best ecosystems anywhere in Europe. It contains a fascinating human story (Jewish partisans during World War II) that was transformed into the movie 'Defiance'. There are 184 heritage sites, which are included in the Belarusian heritage list. Second, the region has a number of established farmsteads that can accommodate tourists. Third, there are a variety of other activities for tourists to enjoy, including the Monkey EcoPark, river canoeing and kayaking, and hiking and bicycling trails (Fig. 10.3).

Ten years ago, the initiative group created strong informal networks for tourism development based on existing friendships. It was a bottom-up approach, and now the Volozhin region benefits from strong local leadership. The initiative group included 20 active people—country homestay owners, craftsmen, historians, representatives of local natural reserves, artists, musicians, farmers, and so on. This group has become a team, and the region soon piloted the United Nations Development Project's (UNDP) 'Sustainable

Fig. 10.3 Logo of 'Volozhin Routes' cluster

development on local level (2009–2011)'. In establishing this project, a Greenway was developed, as well as logo, brand, and the name 'Volozhin Routes'. Several banners, signs, and booklets were produced, and a mini-grant programme to support local tourism initiatives has been implemented. A strong public-private partnership was established (local authorities, local community, business, and NGOs) and since that time, the network is growing fast.

'Volozhin Routes' are based on a fundamental concept of Greenways as a sort of tourism cluster. In essence, the greenway visitor experience involves moving through the landscape, usually by non-motorised transport (walking, bicycling, paddling, and riding) along a continuous linear Greenway route that connects sites of natural, historic, or cultural significance and farmsteads. The quality of the visitor experience is determined by the environment (for example, the weather or physical characteristics of the trail, roadway, or waterway) and by the information (greenway brochures, websites, tour guides, or interpretive signs) provided to the visitor to help understand the significance of the sites and region. The goal in designing the ideal visitor experience is to touch all the visitor's senses in a deep and memorable way through interpretation.

The 'Volozhin Routes' has become an innovative tourism product with a variety of activities, tourist sites, and festivals. Newly created eco-museums raise tourists' interest—these are places where one can get acquainted with bee life, taste pancakes with honey, learn to dance and sing Belarusian songs, do something with clay, and the like. Modelling interactive excursions along the Greenway was developed, which was presented at the international tourism exhibition in Minsk (capital of Belarus). The informational centre was established. These processes led to rapid

tourism development in the region (Table 10.2). It unites people from different places in the region, and the name 'Volozhin Routes' is used now for all attractions in the destination.

To develop the creativity and attractiveness of the region, a special sign has been designed—Territory of Creative Economy. The concept of using the experience economy and innovative approach of heritage interpretation was actively introduced to the local community during different training sessions and workshops. We have chosen the most promising element of the value chain—eco-museums, farmsteads, workshops, farms, homestay, music groups, horse clubs, and so on—and teach them how to create visitor experiences and interpret local heritage. A special tourist passport with creative products has been designed. When tourists visit the places and have it stamped, they receive a discount from all SME indicated in the passport. The value chain in this region has been upgrading, and every element focuses on creating unique experiences. There are many talented and bright people here who use their knowledge and creativity as added-value for their product. In a certain way, it has replaced limited financing.

'Volozhin Routes' was the first destination in Belarus, which organised a non-governmental organisation—the Cooperative for Rural Tourism Development—and took responsibility for the growth and formalisation of the cluster. It united the most active tourism leaders, farmers, craftsmen and acts as an accelerator of innovation. The cooperative has developed a website, participates in different project initiatives, and attends tourism fairs.

Creativity became a main feature of the destination. There are farmsteads with unique educational programmes, master-classes, and workshops where tourist can learn how to make bread, pottery, musical instruments, handmade paper, as well as singing traditional songs, dance, or experience the life of Belarusian partisans in the forest by learning how to plant flowers, bee keep, or watch horse shows. Its success has inspired many other SMEs to do something creative, provide experience, and work together. The destination received 59,000 tourists in 2018, specifically increasing from 131 group tours in 2015 to 231 in 2018.

A new EU project 'Volozhin without barriers' has been launched and many services and attractions have become more accessible for people with disabilities. The first accessible eco-trail in Belarus was opened in the Naliboky forest recently. Cluster 'Volozhin Routes' plans to reach new levels by being involved in different project initiatives and signing new contracts with international tour operators as a means to become a learning arena for tourists and visitors.

Table 10.2 Tourism development in Volozhin region

Indicator	*Year*												
	2007	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*
Number of farmsteads	3	13	20	25	29	26	28	33	36	39	41	49	59

Source: Sport and Tourism Department, Volozhin Region Executive Committee

Muchavec Pantry Cluster

The Muchavec Pantry Cluster was formulated within the framework of the USAID's 'Local Entrepreneurship and Economic Development' (LEED Project), implemented by the UNDP in Belarus (2012–2014). The LEED Project aimed to strengthen the role of the private sector in the economy of the Brest region and the tourism sector overall within the Republic of Belarus. One of the LEED Project's targets was to establish destinations possessing tourism resources and high PPP, based on clustering potential. As a result, the LEED Project has given impetus to the establishment and development of 17 tourism destinations, one of which is 'Muchavec Pantry' (Fig. 10.4).

Since 2014, much has been achieved in this destination. The main theme that was formulated for this territory is connected to local culture and history—'Pantry of Valuable Things'. The local activists found and restored artefacts connected with local cultural heritage and organised ethnographic and ecological festivals as a means of safeguarding traditional folklore, rites, and crafts. They have their own website (www.kumora.by) and are very active on social media—Facebook, Instagram, YouTube, and the sites of Vkontakte and Odnoklassniki.

Fig. 10.4 Logo of 'Muchavec Pantry' cluster

The informal network for cluster development of the Muchavec Pantry consists of 13 homesteads ready to provide meals and accommodations for more the 90 people. There are five thematic clubs providing different programmes focused around the medieval period, Belarusian folk music, and horse entertainment. Also, there is a company producing different souvenirs by young people with disabilities. There are eight craftsmen with workshops (pottery, carpentry, haft, etc.). Moreover, this destination is famous for its gastronomic traditions and offers master-classes with local chefs from the homesteads. At least 20 different thematic programmes have been developed, and at least five annual festivals are taking place each year.

The cluster representative has signed contracts and cooperated with 16 tour operators from Belarus and the neighbouring countries. They promote and provide 50% of all sales. The number of events with special programmes for tourists increased from 17 in 2016 to 30 in 2018, and the number of tourists taking part in these events increases from 447 (including 58 foreigners) in 2016 to 873 (including 488 foreigners) in 2018. Foreign tourists are mainly from Russia, Israel, Sweden, and Poland. These are some indicators that demonstrate steady positive growth in Muchavec Pantry.

Since there are few large businesses in the destination, there has not been any large capital investments in the regions related to tourism. This is the reason why local SMEs participate in educational courses regarding experience economy creation. All programmes, activities, and events that they organise and promote are based on experience, creativity, and the key elements in the experience wheel model. This has resulted in a value chain that specialises in creative elements. This region has also been labelled as a Territory of the Creative Economy. A good example of creativity is one of the region's most popular programmes—a water tour in ancient Viking boats with people in special costumes. The Viking tell stories about their life and treat tourists with traditional food. They do not require a lot of financing. It makes the product unique and provides competitive advantage.

The support activities for cluster development are provided by a private business leader. This person became an accelerator of the innovative process in product development and marketing, and most of the small actors (tourism SMEs) united around his leadership. Some larger SMEs still operate independently and only join the cluster programme at times, which creates some difficulties in management and coordination. There is no formal organisation, such as a local NGO, which acts on behalf of the formal cluster, but members are planning to set one up soon.

Zelva Diary Cluster

Zelva Diary destination is located in Hrodna region in the western part of Belarus. It is not a very popular tourist destination, but does possesses the necessary infrastructure for accommodations, catering, entertainment, and recreational activities. There are eight farmsteads, six private farms, eight state agro-enterprises, one of the biggest artificial lakes, the oldest gothic church (XV century) in Synkovichy, and an annual Hanna Fair, which used to be the largest in Europe after Leipzig Fair in Germany. However, there is nothing special in this tourism product which differs from competitors, and most tourists and tour operators considered it as a transit destination (Fig. 10.5).

This is a territory where local authorities took the initiative to develop tourism, and the strategy of tourism cluster development was formulated within the framework of the USAID 'Local Entrepreneurship and Economic Development Project' (LEED Project). The local community, including private companies operating in the tourism industry, local authorities, and NGOs were involved in the strategic planning process. Efficient networks and cooperation within public-private partnerships can help establish a tourism cluster to serve as a basis for the formation of regional tourist products.

Fig. 10.5 Logo of 'Zelva Diary' cluster

During the last few years, members and partners of the informal cluster decided to structure and upgrade their tourism product, and we suggested using the visitor experience value chain as an effective tool. They choose the Greenway concept to create 'Zelva Diary', but they lacked a unique attribute to attract tourists. Using their culinary heritage as the main theme, the community created experiences around food and the use of local culinary intangible heritage, which turned Zelva region into a gastronomic destination that added creative components in each element of the value chain. Country Escape managed to get two small grants from the US Embassy in Minsk to support this programme.

To inform potential visitors about the tourism product cluster, members use many promotional tools and are active on social networks (Facebook, Instagram, Vkontakte, etc.) using descriptive photos of food. They have a billboard with a culinary map of the region, have written articles, and organised culinary regional contests. They added a gastronomic component to the annual Hanna Festival—a large food court with cooking classes, dégustation, samplings, presentations, and food souvenirs. The number of visitors attending this festival has grown from 3700 people in 2015 to 5000 in 2018. Local schools have organised culinary expeditions where they experience old recipes from the village, analyse them, and receive booklets and postcards with the best dishes.

Regional culinary contests actively engage the local population and include extensive media coverage, which has helped to raise awareness about local culinary heritage. Nine regional dishes were chosen as the best traditional dishes and have been introduced to local cafes and restaurants for their menus. In addition, culinary tours and cooking classes have been developed. One unique programme that has been introduced—a performance based on local folklore—highlights a local poet who wrote a play about 'Svezhina', which is connected with making different dishes from pork after Christmas lent (Nativity Fast). This programme has become very popular during the wintertime.

The local authority in Zelva region is very active and tries to strengthen the network of people developing tourism in the region. They have designed and implemented 18 different projects sponsored with EU funds, USAID, and the USA Embassy in Minsk. Fifteen of them are connected with tourism and designed to accelerate their growth. However, the number of tourism SMEs is still not enough to generate a critical mass to turn this region into a popular tourism destination. Their latest initiative in gastronomic experience sounds very promising. The region became

a partner in an EU Project 'Promoting preservation and promotion of culinary heritage and crafts', and recently created the destination management organisation 'Zeleva' to better structure their activities based on the visitor experience value chain.

Conclusion

For tourism development in rural destination, a combination of two models has shown to be very effective and inspiring for the local communities of Belarus—the tourism cluster model and the experience visitor value chain. Both help to create a holistic product within a distinct theme and brand, develop new creative tourism businesses, and enhance place-based quality and attractiveness of a destination.

The process of tourism clusterisation in rural area is rather effective and popular because it is based on the existing informal networks and social unity, which still remains from Soviet times. The role of social capital and creativity is especially important in post-socialist countries where financial resources are rather poor. All these components can enhance added-value by using the visitor experience value chain to improve the competitiveness of businesses and attract more tourists.

Tourism cluster development may follow different scenarios and have different starting points. In case studies from Belarus, clusterisation in different destinations has been conducted by local non-governmental organisations, private business representatives, and local governments. They provide management, communication, education of local SMEs and community representatives, product development, and marketing of the destination. However, in the end, success depends on the strength of social ties between the cluster members in the network and their ability to work together as a team.

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CHAPTER 11

Rural Tourism Product Development: The Polish Experience

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Introduction

This chapter analyses the process of implementing the product approach to rural tourism (RT) development in Poland. The process began in the late 1990s and has become a milestone in the transformation of rural tourism towards a market-oriented economy. Over the past 20 years, hundreds of tourism products (TPs) have been created.

In this chapter, tourism products are critically examined in the context of wider theoretical and practical concerns. Initially, the implications of demand and supply to practice are described, and structures of tourism products are briefly established in relation to the existing literature. Our next step is to adapt existing definitions of rural tourism to product purposes. The last part of the chapter regards Poland's experience with rural tourism product building. Case studies of different types

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of tourism products are presented and analysed, specifically sectorial categories of tourism products (case: the National Educational Farms Network), thematic villages (case: Camomile Land), and destination tourism products (case: Eco-museum Izerska Wieś). The research and conclusions drawn come for the authors' own participatory observations as coordinators, members of the industry, or scientific team members. These case studies have been developed using a combination of literature review techniques, interviews, personal participation in the projects, study visits to the sites, website reviews, promotional materials, and a survey of articles in the media.

Tourism Product

Demand and Supply Sides of Tourism Products

The concept of the 'tourism product' (TP) emerged in the academic literature about 50 years ago. The first specific publications on TP dates back to the early 1970s (Jeffries, 1971; Medlik & Middleton, 1973), although the implementation of a product approach to tourism development became more popular 20 years later. Over this period, the definition of TP has evolved, but ideas about its structure have remained relatively unchanged with only minor modifications.

The essence of TP lies in its ability to be a market transaction (i.e., to be saleable), and thus a potential commodity. In relation to the demand side, the definition is clearly underlined as "to be sold" (Burns & Holden, 1995, p. 172), "offered to satisfy consumers" (Kotler & Armstrong, 1989, p. 463), or "to meet marketplace demand" (Smith, 1994, p. 582).

The demand side is supported by the supply side whose function is "the facilitation of travel and activities of individuals away from their usual home environment" (Smith, 1994, p. 584). The supply side always consists of "tangible resources and intangible assets" (Goodall, 1991, p. 63), such as attractions, facilities, services, accessibility, amenities, physical objects, and accommodations (Middleton, 1989). TP components have two perspectives: first being produced, and later consumed. This obvious truth (interdependence) is not always present in practice by some product planners who focus only on the supply side. It can be assumed that the reason lies in the difficulty for product suppliers to plan and develop the intangible dimensions.

The Tourism Product Structure

The two aspects of TP (supply and demand) were outlined first by Levitt (1983) and are reflected in its structure whose concentric circles (core, expected, augmented, and potential) were later used by Kotler (1984) and then applied to tourism by Middleton (1988). Now there are usually three circles (levels): the core as an essential main motivational needs, benefits, or experiences; the actual activities (generic or tangible) or product as a formal offer; and augmented values added to a product (Fig. 11.1). For the purposes of this chapter, the first two levels are analysed in detail.

The core of a TP should be closely linked with the tourist's main travel motivation and purpose: for a producer this means answering a client's principal reason for travelling. In the beginning, emphasis was placed on services, later on benefits, and more recently on experiences. Kotler (2003) defined a core as an essential benefit designed to satisfy the identified needs of target customer segments. With Pine and Gilmore's (1999) conceptual transition from economies based on goods and services towards the experience-based economy in tourism, the experiential dimension of the TP core has become an extremely important issue.

Many tourism professionals now apply the concept of tourism experiences to the core of TP. Xu (2010) suggests that TP is a "complete experience that fulfils multiple tourism needs and provides corresponding benefits" (p. 608). Typically, TP can be equated with the total travel

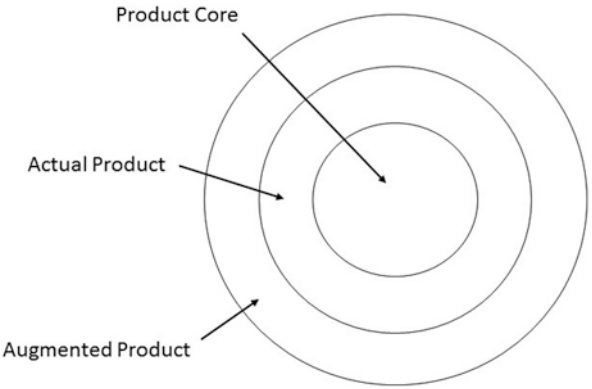

Fig. 11.1 The three levels of the tourism product

experience. From the supply side, a tourist experience is designed by product planners or enterprises who prepare activities based on their destination's potential (Garrod, Wornell, & Youell, 2006).

The meaning of the actual product concept has also evolved from resources through to attractions and on to activities. Activities can be understood as tangible components of TP because they are observable (the term comes from behavioural sciences). Resources are transformed into attractions, supported by infrastructure, facilities, service, interpretation and information, customer care, and so on (Middleton, 1988). Generally, activities are the basis to create opportunities that enable experiences.

Identity and Image of Tourism Products

Brand identity is the main impression of the product; the message sent by a producer to consumers. Marketers acknowledge that image is the main factor that influences people's behaviour (i.e., decision making). Brand identity is expressed clearly through a logo, name, slogan, or graphic form. Brand image goes a step further by creating a perception of the brand that exists in the mind of the consumer. It can be consistent with the brand identity or not, because different associations and memories connected with the product or destination interfere in the process of brand image in the tourists' minds (O'Regan, 2000). Image can be applied to tourism companies, products, and destinations.

Specifics of the Rural Tourism Product

The Definition of Rural Tourism for the Purpose of the Tourism Product

The question is whether the commonly accepted definitions of rural tourism (RT) are appropriate when analysing TP requirements, or whether there is a need to construct a new definition with modified content and scope. Understanding agritourism is simpler than RT, as agritourism is associated with on-farm activities and has such a strong image that it is often promoted as a separate product. On the other hand, rural tourism has a much wider scope. Understanding RT as all activities in rural areas seems to be too wide an option to create a distinctive, unique identity of rural TPs. Attempts to classify rural holiday types and activities have been

addressed by Lane (1994, p. 16). To understand the TP structure and its components, a definition should emphasize aspects of rural experiences and rural activities (Sharpley & Sharpley, 1997). Second, RT should be separated from other forms of tourism, which have their own identity and market share. In reality "tourism in rural areas is shared with nature conservation, agriculture, and forestry" (Cooper & Shepherd, 1998, p. 104). But for the purpose of image, wildlife and forest tourism cannot be taken into account as they have their own strong imagery and their own market segments (Font & Tribe, 2000; Oppermann, 1996). If TP providers want to meet the tourists' expectations and achieve an effective brand image, they must create an 'ideal type' of rural tourism that extract features to develop the image. One must be aware that the definitions constructed for the purpose of TP cannot be relevant in other cases and do not invalidate other views.

In summary, for the purpose of TP and to develop a distinctive image of RT, we include all activities which can be done in rural areas only and which have a rural character. "What defines rural tourism is inherently the intent of the tourist seeking out a rural experience. For these tourists, it is the rural character of places that is the attraction, and it's these characteristics that help us to define rural tourism experiences, not just experiences in rural places" (Knowd, 2001, p. 27). Therefore, RT (in its pure form for TP purposes) can be defined as an overall country experience that is based on rural attractions and activities.

Rurality in the Core and Actual Levels of Tourism Product

The above narrow definition of RT leads to an image of rural idyll that can be in conflict with reality. But Nilsson (2002) accepts such dualism of myth and reality as an advantage in marketing. Moreover, based on research in Denmark, he shows that in the case of reality awareness, tourists accept some extent of virtual idyll which does not result in lower demand. In reality, the rural tourism product may offer much less than promised as a reasonable and acceptable level of divergence is acceptable. Table 11.1 provides examples of two levels of TP which can be applied to each type of TP.

Table 11.1 shows the rural character of particular activities that constitute the actual TP. The core themes that have universal names (i.e., can be applied to many forms of tourism, not only rural) are adapting to fit 'rural recreation' or 'rural education' frameworks because the level of activity

Table 11.1 The core and actual levels of rural tourism products

Product theme	*Health*	*Recreation*	*Education*	*Entertainment*	*Aesthetics*
The main benefit or experience	Physical improvements Feeling well	Fitness Endorphin flow	Knowledge Discovery	Fun Tranquillity	Nice sites
Activity examples (actual products)	Apitherapy Herbal therapy Agilotherapy Hay bath	Horse riding Mazes Pick your own Hay riding	Farming Art Forgotten competitions	Folk festivals Food, cuisine Tractor rides	Architecture Art villages Landscape appreciation

makes clear that they have a rural profile. All the components of the actual product are consistent with the core. The same also applies when we add resources, objects, services, and augmented products. This process protects against the dilution of identity and facilitates the product theme in the form of a promotional image.

On the other hand, more sophisticated and demanding consumers expect specialized products. To meet their expectations, the product planners must prepare more focused, thematic, and niche offerings. The positive consequence is that these special interest products have a higher chance of achieving distinctive images. Specialization helps products improve quality, better adjusts services to meet needs, wants, and expectations, as well as facilitates customer care.

The Rural Tourism Product Components and Types

Generally, we can extract the following types of TPs according to their range (scope): company products and destination products. There are also sectorial products consisting of company products that have a similar core under one umbrella topic. These would be a set of company products that cannot be bought as a whole, but in parts. TPs also differ according to who plans and manages them, such as company products (managers or owners), sectorial products (product groups or consortia), and destination products (DMOs, tour operators, and local authorities). Horner and Swarbrooke (1996) note that "tourist destinations are perhaps the most complex forms of all tourism products" (p. 297).

Rural Tourism Products in Poland

Rural Tourism Product: A Short History

Rural tourism in Poland has a history that dates back to the last decades of the nineteenth century, and significant growth was observed in the 1930s. At that time, the joint marketing of associations at the local and regional level was a popular practice. RT survived the post-war period from 1945 to 1989 as a private property sector of the economy (85% of the agriculture land) and entered the transformation stage with some market experience. The crucial time for tourism in Poland was the formulation of the Strategy for Rural Tourism Development (Augustyn, 1998).

The strategy was a consequence of Poland's Tourism Product Strategy in 1996 in which rural tourism became one of the five priority categories for tourism development in Poland, selected based on market research and Poland's tourism potential (Baum, 2011). In this policy, the three national categories for building products that could create an image of rural tourism included 'discover Polish countryside culture', 'enjoy real nature', and 'rest in peace and quiet'. The main goal was to build a few model TPs in each category and to establish methods and procedures which could be used in later cases. Some of them, like 'the half-timbered houses land', 'the oldest in Europe hydro-power stations trail', and 'Hospitable Żegota' have been successful and are still operating today. Since then, strategies have been developed in all the regions of Poland, mainly using participative methods, and have been updated in recent years.

The period of the last 20 years provides a sufficient time frame and operational experience to make comparisons and provide a summary. Table 11.2, adapted from Augustyn (1998), provides a useful tool to compare significant changes in the process of product and brand creation.

Table 11.2 shows the progress and significant changes in RT in Poland. Particularly, the share of RT in overall tourism activity has reached significant levels. Two points need to be underlined. First, there is a higher level of linking tourism with agriculture, which has strengthened the rurality of the TPs. Second, the shift in branding initiatives from national to local and private levels has had adverse effects because of a lack of interest and support from central government. Funding challenges have been compensated through a large number of local initiatives.

Table 11.2 Differences and similarities in applying the concept of rural tourism products in Austria and Poland, using key criteria for success

Criteria of differences	*Austria 1998*	*Poland 1998*	*Poland 2015*
Share of RT in overall tourism activity	Moderate	Very low	Moderate
Share of RT destination development	Highly developed	Developed and underdeveloped	Developed
Tradition in providing RT services	Long	Short	Moderate
Linking tourism with agriculture	Important/ supplementary activity	Unimportant/ substitute	Important
Initiative of introducing the concept branding	Local, private (bottom to top)	National, public (bottom-to-top)	Local, private (top-to-bottom)
Forms of financing the concept	Private members fees, public funds	Public funds	Public funds, private fees

Source: Adapted from Augustyn (1998, p. 204)

Categories of the Sectorial Tourism Products

There is a wide and innovative set of rural products available in Poland's regions, including farm holidays, agricultural festivals, special events and festivals, the celebration of village historic sites, country fairs, and agricultural travel routes that feature themes. From this rich choice, a few have been selected as the most representative of TP. The categories analysed are simple conglomerates of existing TPs by individual providers, grouped under one brand, that are presented on websites and in catalogues. It was necessary to meet basic criteria by the service providers in regard to the quality and range of services in order to be used in this chapter.

'The Hospitable Farms' Sectorial Categories

The Polish Rural Tourism Federation's 'Hospitable Farms' collected proposals from individual tourism providers and organized them into eight thematic categories: farmers' place (42 objects); for families with children (43); mushroom picking (46); for anglers (38); in the saddle (40); traditions (23); hits of rural tourism (31); and 'eco-farm' holidays (23). Offerings for the segments of customers, like 'for anglers' or 'mushroom picking', are not strictly rural, but were included. The minimum criteria

for each category were determined by the ability to meet customer expectations. Designed primarily as a listing or index of TPs, the programme did not provide any special training or networking, and thus, tourism providers have not created ties (social networking) and act individually. The hospitable farms programme is not yet a complete TP but is at the start-up phase with further development planned. Generally, the function of such lists is designed to inform potential clients, but not to support the creation of brand image (see www.agitourism.pl).

A more developed project in this programme was implemented at the regional level in Małopolska. It is a set of accommodations in the area, but the addition of training and product improvement was done when selecting appropriate farms. The three sets of sectorial TP that were prepared and promoted include 'Małopolska fragrant herbs', 'Małopolska for children', and 'Małopolska for seniors' (see www.sot.org.pl).

The National Educational Farms Network

The most advanced theme project is 'the National Educational Farms Network' managed by the Agricultural Advisory Centre in Kraków (see www.zagroda-edukacyjna.pl). The network approves new members, organizes trainings, develops and guarantees quality curricula oriented towards practical business activities, hosts workshop in different subjects, and promotes the brand 'Educational Farm'. At the regional level, there is at least one qualified advisor who counsels entrepreneurs on how to adapt a farm for educational services and helps farmers develop programmes, which are then recommended to the Network for inclusion. The didactic programmes are designed and managed by farm-based tourism providers based on a farm's potential according to the criteria designed by the Centre. The most important target group is children at the beginning stage of their school education. The network itself cannot be treated as a TP, but the membership farms can; therefore, the analysis below regards them.

According to the criteria, an educational farm should be located in a rural area and provides educational activities based on agricultural and rural life, especially crop production, animal production, crop processing, consumer awareness in ecology and/or rural material cultural heritage, traditional professions, and handicrafts and folk art. The TP should have farm animals or crop plantations for presentation to groups of children and youth who visit the farm as part of their school curriculum or as part of their extracurricular activities. Animals or plantations could also be

shown as a tourist attraction to families with children or to individual adult travellers (Kmita-Dziasek, 2017). The innovative approach of combining education with entertainment has been met with great interest, and currently the network has 250 members' farm-based TPs.

- *The core experiences:* Direct contact with farm activities; animals and open rural spaces with smells, tastes, and sounds that provide cognitive and emotional benefits and helps participants discover, feel, and experience the biodiversity of plants; and a wide range of discoveries through shapes, forms, colours, smells, and tastes.
- *The actual product:* Components (activities): workshops; participatory hands-on learning experiences; personalized contacts and interactions; on-farm activities including work; participation in everyday family life; behind the scene tours; learning about the life of animals; sightseeing tours of farm buildings; learning about appliances and tools; breeding systems; the use of animals and their vital functions; home cooking; participation in customs and rituals; creating handicrafts; presentations and workshops showing milk, meat, cereals and the production and harvesting of seasonal vegetables and fruits; the transformation of food products as raw material to the final dainty or utility item; and artistic, culinary, or entertainment practices.

Thematic Villages

A thematic village is a village "where development is subordinated to a leading idea or topic, which makes it distinctive and unique" (Brunmayr, 2001, p. 3). Thematic villages are small tourist villages founded from a need to generate an alternative source of income and foster a feeling of community and pride in declining rural areas.

The first five thematic villages were founded during the years 2003–2008 in the most marginal rural areas in north Poland. In the beginning, the main purpose was not to develop TPs but for social animation of rural communities as a means to find solution to their difficult economic situation. But later, their role in promoting tourism was evident, and now there are over 120 thematic villages in Poland, of which 60% have some elements of TP. These villages have been built around a variety of topics and, although each village is different, they include a number of common themes, including art, knowledge, health, recreation, and many others. A common feature is that the TPs are prepared by the local communities, are

based on tangible assets (mainly local products, such as apples, birds, bread, camomile, cheese, fish, flowers, honey, milk, mushrooms, pumpkins, and sunflowers), and emphasize intangible, historical, and literaturary assets (such as adventure, imagination, mazes, legends, senses, dinosaurs, fantasy, good energy, health, Hobbits, Goths, and Slavs) (Idziak, Majewski, & Zmyślony, 2015).

The Thematic Village Case Study: Camomile Land
Growing camomile was the main economic activity for many farmers in Podedwórze County. By the early 1990s, production was bought by a nearby company producing herbal medicines, but rising costs of cultivation and unstable prices made the production of chamomile unprofitable. The community needed a new source of revenue earnings, and the idea of 'Camomile Land' was developed for the tourism industry. The TP is based on herbal traditions used in cuisine, folk medicine, and cosmetology and has incorporated rural spas that are different and less expensive than typical health resorts.

- *Product theme:* health; wellbeing; and wellness.
- *The core experiences:* hope; touch; and feeling younger.
- *Actual product:* activities: dance therapy; art therapy; Bach therapy; apitherapy; fitotherapies; aromatherapy; baths; plant energy; biodynamic garden in wooden and clay granaries; sensory gardens; Russian banyas (saunas); didactic gardens; herb recognition; pick your own; smells of the night; tasting the forest; watching and listening to birds; and night skies. Tangible products are: soap; shampoo; cosmetics; and food, including organic ingredients and herbs (see www.kraina-rumianku.pl).

Eco-Museum 'Izerska Countryside'
Until recently, the area of the 'Izerska countryside' was not perceived as a tourism destination, as it is located off the beaten path 20–40 km from two popular ski resorts in the south-west of Poland. The area has been unable to compete with other ski resorts, but the picturesque mountain landscapes and traditional architecture attracted city dwellers who appreciate aesthetic values and who moved there. The painters, sculptors, actors, and teachers that have relocated from larger cities have settled in the area creating artistic colonies that attract tourists. For many years, these artisans acted individually, but funds from the European Union, which supported

rural development initiatives (Leader Programme), have fostered public-private organizations (Local Action Groups) and collaboration. Currently, there are 26 TPs located within a radius of 20 km, and 16 in the neighbouring Czech Republic, all of which offer diversified activities based on art. Mini museums and art galleries (often combined) are placed in historic, neglected, or even abandoned buildings, such as a protestant church which survived ruin, a former school, a glass factory, an old smithy, and a tavern. Many buildings were built with timber-framing and/or stone construction, which have been renovated.

- *Product themes*: aesthetic; art; architecture; tradition; ambience; and culinary.
- *Core experience*: tasting; hearing; discovering; escaping; tranquillity; admiration; escapism; authenticity; participation; excitement; discovering knowledge; and awakening the senses.
- *Actual product*: workshops in the fields of art, sculpture, photography, and music: workshops to discover traditional crafts including producing souvenirs, manual clay modelling techniques, ceramic firing processes, sculpting relief, or sculpture; photomontage; filming concerts in medieval scenery; cooking traditional foods; pick your own; art therapy; sledding and dog trekking; hands-on learning experiences; exclusive access to venues and events; and memorable behind-the-scenes tours (see www.starakamienica.eu; www.uniaizerska.org).

Conclusion

Before 1990, Poland existed as a tourism destination but travelling to rural areas was only popular in the domestic market. After 1990, Poland was discovered by foreign tourists who also visited rural areas, especially because of their interest in nature attractions. The National Tourism Administration, supported by industry, implemented a product approach to build competitive advantage for the rural Polish tourism sector. The most fruitful period, when the number of rural tourism products increased significantly, occurred after Poland's accession to the EU in 2004. It was a result of special programmes and funding that supported rural development, as well as organizational structures created for destination TP development.

This chapter has analysed a few case studies in order to illustrate different types of rural TPs in Poland. The first two cases of sectorial products represent the lowest degree of complexity and collaboration between the TPs, as they have only been grouped together according to common themes and presented on websites. They can be treated as the first stage of TP development. The main benefit for producers has been marketing awareness, which highlights accommodation products with specialized services, as well as information for customers seeking rural experiences. The higher levels of collaboration, such as the case of the Network of Educational Farms, have a stronger component of cooperation in TP improvement and positioning. One of the most important issues when classifying TPs (especially in destinations) is that the TP cannot be a simple combination of components but must include synergic interaction among all components; the TP must be more than sum of its parts. This requirement is illustrated through the cases of eco-museums and thematic villages. Both are destination products and contain higher degrees of collaboration, including tourism businesses, local government, and the entire community. Moreover, the thematic villages and eco-museums as destination TPs have proven successful because they have synergic interaction among all components (experiences, activities, and tangible objects) that have been carefully selected and developed according to a main theme, ensuing distinctiveness and promoting a unique identity.

The introduction of a product approach to rural communities has resulted in economic and social impacts. Developing rural areas as tourism destinations with distinctive images has attracted both domestic and foreign tourists. On the other hand, human capital has been strengthened and cooperation has been facilitated, providing a market orientation to TPs and empowering community. TP is easier to build on a local scale rather than at the regional level, as regions are often too diversified to have a single, recognizable identity, and the diversity of stakeholders may possess different interests and values.

No doubt, without strong partnerships, a TP approach to tourism is difficult. Organizational structures must be adapted to specific conditions and different types of TP. At the local level, it is important to include the DMO, and for larger areas, the national or regional product groups (consortia) should be involved. Understanding how best to build TP on a larger scale (nationally) is still unknown as such research has not yet been conducted at the national scale in Poland. However, partial results are very promising.

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CHAPTER 12

Nature-Based Tourism Development as a Tool of Community Transformation from Communism to Capitalism: The Georgian Experience

Nato (Natalia) Bakhtadze Engländer and Nato Robitashvili

Introduction

This chapter presents the changes to the income and economic structures of several local communities in Georgia. These changes have occurred through the creation of protected areas, and the communities in this chapter lie in the neighbouring zones of protected areas. The Georgian case represents a very slow restructuring of income sources through tourism

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development in two different parts of Georgia, where the social landscape is very diverse and complicated. Two protected areas (PAs) and their support zones in southern and western parts of Georgia were selected due to their significance and the value of their natural features. The two areas include Javakheti Protected Area and Machakhela National Park. Both protected areas in this study are quite young. Javakheti Protected Area was created in 2011, while Machakhela National Park in 2012. Therefore, their effect on the support zone population is still in the formation process and both regions are not yet listed as popular touristic places of Georgia. Categories of protected areas in Georgia are based on international standards and the guidelines of the International Union for Conservation of Nature (IUCN), which Georgia has adopted since its independence in 1996. However, legally protected areas were created through Georgia's regulation entitled the System of Protected Areas.

The Soviet regime created an iron curtain between Soviet republics and the rest of the world and set territories into full isolation. The consequence of this isolation resulted in the development of a closed economy, where decision-making was completely handed over to the central authorities. Generations grew up under centralized control without any avenues to change their circumstances, and they lost their identity and an understanding of the importance of protecting their living environment. For many years, societies living within the borders of the Soviet Union were unable to take control or influence their surrounding reality and were not allowed to participate in decision-making processes (Paresishvili, Kvaratskhelia, & Mirzaeva, 2017). Thus, the transformation process from a Soviet regime lifestyle to a more open system of capitalism-based market structures and development was painful and difficult.

The transformation of social and economic structures in support zones of the abovementioned PAs from the past socialist system, and the adjustment to a new capitalistic reality, is quite an interesting process in terms of tourism development. To understand the past is crucial in understanding the tourism-developing processes because shifting from one regime to another may trigger new values and associated habits for the community (Kluvánková-Oravská, Chobotová, Banaszak, Slavikova, & Trifunovova, 2009). For this reason, the path-dependence theory was applied to identify the main processes of decision-making within the communities during their involvement in the tourism development processes (Brouder, 2014). According to many researchers (including Griffin, 1993; Isaac, 1997; Sewell, 1996; Tilly, 1994), answers to crucial social phenomena can be

found only through path-dependence theory. Furthermore, path-dependence theory can explain how certain decisions are made and how certain circumstances are determined/influenced by decisions made in the past, even if past conditions are no longer adequate (Mahoney, 2000).

The path-dependence theory has two subtypes, often referred to as self-reinforcing sequence and reactive sequence. The self-reinforcing sequence implies that institutional patterns firmly distribute rising benefits via constant adoption that, over time, becomes impossible to transform even if different options present themselves as more effective. Reactive sequence is more relevant in our case study and implies a chain of events, when a reaction to an event is the same as reactions to ancestor events, and each step depends on previous steps. Thus, the final event in the sequence results in typically the same outcome as past decisions along the decision-making path (Mahoney, 2000). Therefore, based on the path-dependence theory, we analyse the cause of social transformation and the effect it had on tourism development.

In this chapter, the authors reviewed projects in Javakheti and Machakhela, which were primarily implemented by the Georgian Ecotourism Association. In following subsections, key elements are underlined and discussed, such as:

- The involvement and participation of local communities in the tourism development process, specifically, destination development, conservation of natural and cultural resources, and the economic development of the community.
- Environmental interpretation as one of the most successful communicative processes aiming to awaken interest, a change in attitude, and to achieve the visitor's understanding and enjoyment in relation to the resource being interpreted.

The authors see natural and cultural heritage interpretation as one of the key instruments to influence the revitalization of intangible culture and lost traditions, the development of long-term economic growth, and the transformation of attitudes towards business development via supporting small- and medium-sized enterprises (SMEs) with start-up capital and basic knowledge acquisition. Therefore, the study identifies the main actors of the tourism industry in the selected areas, their education level, the social and economic situation of local communities, and outlines the need to raise awareness towards sustainable development via tourism services. Additionally,

this chapter highlights the use of participatory approaches of tourism planning in rural communities as a means to increase ownership of public decisions. As a result, this study suggests recommendations to achieve greater consent among conservation and tourism actors and the local population within community tourism projects located within the support zones of protected areas. As path-dependence theory looks at events that took place in the past and how they influence present decisions and define alternatives for the future (Brouder, 2014), this study explains forms and structures of tourism to assess and analyse tourism service providers.

The goal of this chapter is to present and share the Georgian experience of tourism development caused by the creation of PAs and shows the achievements of select projects, how to identify path-dependence, and how to build new tourism experiences with slight changes to the already existing phenomena.

Life at the Edge of the Iron Curtain

After 28 years of independence, Georgia is gaining popularity as an emerging destination on the world tourism map. According to the words of Secretary General of the UNWTO, Zurab Pololikashvili, "Georgia's position confirms that the country has become one of the leaders in the sector after several reforms" (Agenda.ge, 2019). But acceptance of these reforms by the local population was a very complicated process. To clearly understand how the economic landscape evolved over time, leading to changes in regional economies and ultimately tourism development, we need to look back to Georgia's Soviet past.

The first large-scale settlement of Armenians in Javakheti appeared after the war between the Ottoman and Russian Empires in 1828–1829, when Javakheti fell under the control of Russia's Imperial Army. While the communist regime ruled over Georgia from 1921 until 1991, the story of Russian annexation dates back more than two centuries, and the laws established by the ruling governments were aimed to decrease national self-consciousness.

Considering that the Soviet regime created what became known as the 'iron curtain' between the Soviet republics and the rest of the world and that all Soviet territories experienced full isolation, it is hard to imagine that there were communities with more restricted living conditions than rest of the Soviet Imperium. Because Akhalkalaki and Machakhela had shared a border with Turkey since 1952, during the Cold War the Soviet Union expanded the region's military base, and until 2007, the Russian

Army maintained a presence in Akhalkalaki. The proximity to the Turkish border also meant that Javakheti and Machakhela were closed zones during the Soviet period, foreigners were banned from entering the area, while the Soviet citizens needed a special permit to visit. Thus, on the one hand, Soviet isolationist policies alienated the area from other local communities in the mountainous Adjara region. Other communities living in the border zone along the outside boundary of the Soviet Union shared this situation. On the other hand, the area composed a closed community of ethnic minorities—Javakheti Armenians.

Isolation determined the development path of the region that included a closed economy dependent on Russian military bases (Øverland, 2009). The result was that:

- Decision-making was completely handed over the central authorities;
- Government had full control over the land and other agricultural assets;
- Generations grew up under centralized control without any ability to change their circumstances; and
- The community lost its identity and the understanding of the importance of protecting their living environment (in terms of nature and culture).

Moreover, these closed zones experienced a rise in xenophobia, which limited community-based activities and instilled low levels of trust towards other community members (Brooks, 1992). Only blood relatives were worthy of trust.

Soviet propaganda was extensively based on strengthening the working class. Therefore, establishing a system of 'government for the working classes' gradually transformed into a centralized regime that neglecting any property rights for its citizens. Dependency on this path is still visible today in the non-acceptability of a need to manage and care for common property, as well as an expectation that wellbeing and development will come from the central government to the rural areas.

Soviet Collapse

After the collapse of the Soviet Union in 1991, the common economy ceased to exist. The transformation was hugely chaotic and based on the consumption of common resources (wood cutting) and rural activity

(York, 2008). The primary aim of the local population was to escape from the country to improve their living conditions. In Machakhela, many residents began immediate migration to Turkey for summer temporary jobs. Agriculture and livestock farming was the main income source for those that remained behind. According to Mancheno, Zazanashvili, and Beruchashvili (2017), the difficult socio-economic situation mostly impacted the forest resources of the Machakhlistskali Valley, around modern day Machakhela National Park.

The military base was the only part of the old Soviet economic infrastructure that remained active after the fall of the Soviet Union with both formal and informal economic functions, especially in the Javakheti region. The most important formal contribution of the base to the local economy was through employment and wages. Base-related employment included military staff, support staff within the base, and auxiliary employers, such as the Russian school and hospital. Soviet, later Russian, military bases were a stable market for agricultural products produced by locals. Moreover, "The Russian military base at Akhalkalaki was the main socio-economic pillar of the Javakheti Armenian community, providing security, employment opportunities, education, and social security to the local inhabitants" (Øverland, 2009, p. 4) until its closure in 2007.

This negative historic memory has had a large impact on Georgia's transition to capitalism. Nihilism has affected almost every strategic planning process at the local, regional, and national levels (Shubladze, 2018). The initial phase of creating PA legislation, tourism strategies, and the masterplan for the local communities resulted in a lack of interest in the participation of the planning process. In both Javakheti Protected Area and Machakhela National Park, the creation of PAs cannot be seen as a well-known land-use conflict paradigm caused by restrictions of traditional uses of the surrounded resources. Instead, the creation of integrated support programmes for support zones around PAs was the first drive of change from the traditional Soviet economy.

Methodology

The general methodology for each case was slightly different based on the specifics of the study area. However, national government departments and agencies, local government, private sector, NGOs, professional associations, and local communities were used as the main contributors as a means to collect baseline information. Compiling baseline information

included a comprehensive set of categorized data, information, and knowledge that encompass the analysis and overview of strategies or previously conducted studies, including visitors surveys. This information was necessary to understand the environmental, social, and strategic planning context. The goal was to create a platform for the further development of ecotourism products by assessing the actual situation.

The main objective of stakeholders' involvement was to develop cooperation between the stakeholders and the project team for assuring successful project outcomes. The stakeholder analysis process was carried out in three essential steps:

- Identification of stakeholders and their interests in the project;
- Conducting individual meetings or workshops with stakeholders; for each conducted dialogue/workshop, there were elaborated meeting minutes; and
- Assessing the influence, importance, and level of impact upon each stakeholder and identifying how best to engage stakeholders.

Field work was aimed at collecting information from primary sources to identify tourism potential in terms of tourism resources and services available, as well as establish gaps that could impact the future of the tourism value chain. This component included an inventory of attractions (using datasheet for assessing nature and cultural monuments) and direct interviews with the local community (using questioners and assessment sheets for each type of potential tourism service provider, namely accommodations, food facilities, agritourism farms, craft producers, etc.).

Discussion

In remote areas that have traditionally relied on primary resource extraction, the expansion of tourism could be considered a viable scenario for poverty reduction. Tourism in remote areas is often introduced as a new economic activity at times when traditional industries are collapsing, as occurred in post-Soviet countries. Considerations of path-dependence, path-destruction, and path-creation are evidence of change from one regime to another, especially when discussing changes in the structure of economic systems. New paths should be adjusted to new realities. One of the most valuable resources of Georgia is its natural diversity, which makes destinations in the country potential places of Unique Experience Propositions.

Georgia has more than 100 years of tradition in the protection of nature and its richness. The first PA was Lagodekhi Strict nature reserve dating back to the year 1912. By the end of 1991, there were 15 strict nature reserves in Georgia covering 2.4% of the country's land area. Today, Georgia boasts 87 Protected Areas with different categories according to IUCN criteria: 14 strict nature reserves (140,672 hectares), 11 national parks (352,459 hectares), 41 natural monuments (2258 hectares), 19 managed nature reserves (70,392 hectares), and 2 protected landscapes (34,708 hectares) (Agency of Protected Areas, 2019). PAs cover more than 14% of the whole Georgian territory.

Georgian PAs play a key role in biodiversity conservation and, at the same time, offer an excellent recreational opportunity for visitors to enjoy the country's diverse nature. Ecotourism development in protected areas is defined as a tool for increasing the financial sustainability of the Georgian Protected Areas system. Over the last years, the Agency of Protected Areas and the Ministry of Environment Protection and Agriculture in Georgia, in a coordinated manner with international donors, have made efforts in order to develop tourism infrastructure and services in and around PA's to attract visitors.

Development of Protected Areas, Tourism Services, and Household Income

In the beginning, the local communities surrounding Machakhela National Park and Javakheti did not understand that the transformation of daily activities of rural life into services for interested tourists could become potential opportunities. A lack of awareness and knowledge of the tourism field triggered tourism development in an unsustainable way (Hausser & Siegrist, 2006). The primary cause of unsustainability was a false perception of tourists' needs. Authentic and historic houses started to lose their originality when adjusted to the needs of customers; for example, when building new bathrooms for the guest rooms, original and authentic materials or forms were never considered (Voll & Mosedale, 2015).

Financial support initiatives for PAs by donor organizations and implementation scenarios elaborated by the United Nations were focused on forms of ecotourism that did not overwhelm or degrade the main tourism attributes (i.e. the pristine nature and cultural landscapes). Various types of technical assistance were carried out in a variety of projects, such as the elaboration of tourism development plans, identification of training needs

in local communities, and the delivery of training that included theory, on-the-job training, and individual consultations.

In both regions, gaps in the tourism value chain were identified very quickly. It was obvious that local communities could benefit from food services activities, such as the sale of rural products, specifically honey or cheese, as food souvenirs. The masters of traditional crafts started to produce small-scale and inexpensive artworks. However, they adjusted their production to fit the needs of visitors based on the following criteria: handmade, characteristic to the area, functional, easy to transport, and inexpensive. Another successful source of income created through these programmes was the transformation of traditional farming activities into experiences for tourists, such as the annual harvest.

Development of tourism services in the support zone of the PAs ensured the sustainable growth of visitor numbers in Javakheti region and doubled visitation to Machakhela in 2016–2017 (Georgian National Tourism Administration, 2017). The growth in both regions in 2018 is also significant.

The value of natural resources has changed in both regions among the local communities. Natural attractions are no longer seen as just something that exists near their houses. It has become more valuable because people from other countries are motivated to visit the area and are spending money in the region.

Machakhela National Park: Community Involvement in the Sustainable Development of a Tourism Destination

Machakhela National Park was created in 2012 as part of an ecological corridor, which also includes Camili Biosphere, Mtirala National Park, and Kintrishi Nature Reserve, in order to preserve the ecosystem of the Colchic Forest. The park is located 40 kilometres from Batumi in Khelvachauri Municipality, Autonomous Republic of Adjara. In 2015, under the United Nations Development Programme, the Machakhela Tourism Development Strategy and Action Plan 2016–2020 was created to ensure the long-term sustainability of Machakhela National Park. However, distrust of past regimes resulted in a lack of confidence by the local community in the strategies and processes proposed.

Past memories of the common economy, especially for a closed community, resulted in disrespect towards public ownership of the land. Therefore, the creation of the national park and restricted access to local resources resulted in negative attitudes of locals towards the PA. In order

to remedy this, several projects were implemented in the national park and its surrounding support zone. The main focus was to encourage and involve the local community in the development processes and, therefore, to increase the benefits received from the creation of the PA. To take into account path-dependence, social research to identify local needs and abilities was started. Based on this information, capacity-building training sessions were planned with the main objective to develop a sustainable ecotourism product with involvement of community and local resources.

Four thematic eco-touristic trails were developed in Machakheli Valley based on the identification of their tourism potential.

- **Ethnographic route 'Machakheli'** is an exclusive opportunity to embrace both the valley's past and present lifestyle in a short period of time, to observe the unique traditions preserved until today, and personally meet people who have converted their ancestors' knowledge into contemporary daily routines.
- **Gastronomical route 'Machakhela Nobati'** offers a unique opportunity to explore an assortment of tastes throughout the valley. The tour provides an occasion for visitors to familiarize themselves with distinguished food and beverages, typical not only for Machakheli Valley but also for the whole Adjara region. The guests can observe traditional food cooking and winemaking processes first hand and personally experience the famous hospitality of Machakhela Nobati.
- **The Wine trail** is a tangible cultural resource of the valley, which connects vineyards, an old wine press, and a wine cellar dating back to the tenth to twelfth centuries.
- **Adventure route Dunga Waterfall Trail** offers opportunities to see Dunga Waterfalls, the Colchic Forest, and panoramic views.

The abovementioned trail designs included directional signs and information boards as small tourism infrastructure.

Along with development concepts of eco-touristic trails, training was provided for the local community. Based on the needs assessment, training programmes were aimed at increasing the understanding of the tourism sector in general, the potential linkages that could be created between local people and the tourism sector, and the potential costs and benefits of increased tourism. The training programmes also provided an overview of potential involvement by local people and ways to expand the tourism supply chains, while recognizing socially and environmentally sustainable practices.

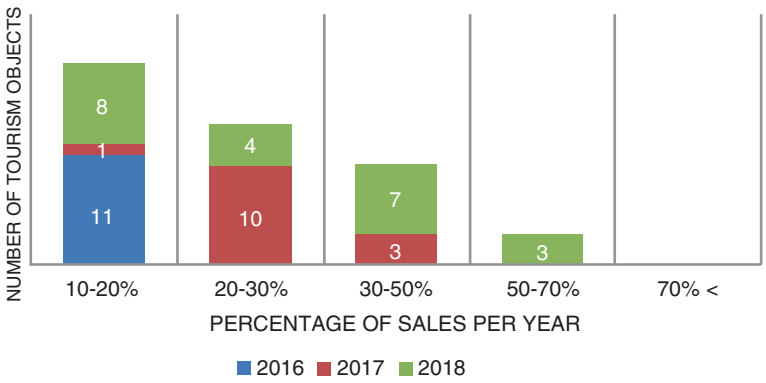

Fig. 12.1 Percentage of sales among tourism service providers

Cooperation between tourism stakeholders, local government, national park administration, and tourism service providers increased the effectiveness of community and destination development. This, in turn, led to an initiative to develop the region under one brand, the 'Machakheli' Green Destination concept. At the same time, increased demand from both organized and non-organized tourists, as well as both domestic and international arrivals (see Fig. 12.1), supported community unity. As evidenced, during the threat of building a new hydroelectric plant in the valley, the whole community stood together to oppose this development project.

Nature-Based Tourism Development in Support Zone of Javakheti Protected Area

Javakheti region, which unites Ninotsminda and Akhalkalaki municipalities, is a unique part of Georgia in terms of its natural, cultural, and social environment. It is situated in the Lesser Caucasus in the triangle of Georgia, Armenia, and Turkey and is an official border crossing into Turkey and Armenia. This area provides access to one of the main tourist attractions in Georgia, Cave City Varzia. The establishment of PAs, along with basic infrastructure, became the driving force for tourism development in both municipalities. The Protected Areas of Javakheti are situated on the almost tree-less Javakheti plateau at an altitude of 1800–2800 metres above sea level. It is confined by the Trialeti Ridge in the north and the Abul-Samsar and Javakheti Ranges in the south, which stretches into Turkey's north-eastern plateau (the Çildir Lake area).

The establishment of Javakheti National Park in 2011 was financed by Kreditanstalt für Wiederaufbau and was implemented by the World Wildlife Fund (WWF) in co-operation with the Agency of Protected Areas under the Ministry of Environment and Natural Resources Protection of Georgia. The main purpose of the Javakheti PAs is to protect the representative sections of the Javakheti Mountain ecosystems and wetlands. In order to protect the lakes and marshes, which are separated from the park, managed reserves/sanctuaries were created. The park and the reserves include important habitats of flora and fauna and are regionally and internationally important resting places for migratory birds. The lakes and surrounding ecosystem give wildlife watchers, namely bird-watchers, great opportunities to enjoy corncrake, marsh and Montague's harriers, common cranes, Dalmatians and white pelicans, red-necked and black-necked grebes, and white storks. However, bird-watching is seasonal, most attractive in spring and autumn.

The region is also rich in ethnic diversity. The Slavic community of Dukhobors, Georgians, Armenians, and Greeks have preserved traditional characteristics for each ethnic community. Based on the Samtskhe-Javakheti Regional Development Strategy 2014–2024, agriculture and tourism should become a major development strategy for the regional economy (Ministry of Regional Development and Infrastructure of Georgia, 2013). In the area's rural settlements, SMEs, such as guest houses, small cafes, and traditional craft masters who are offering interactive craft master classes to the visitors, are one of the fast-growing business sectors. Despite the fact that the number of visitors to Javakheti PAs is not high (6803 in 2016 and 6872 in 2017), tourism could be a key factor for the transformation of the current economic model because of the considerable dynamic growth each year.

The Ecotourism Development Strategy 2019–2025, supported primarily by the Caucasus Nature Fund, and a new strategy by the Transboundary Joint Secretary in the third phase of the programme and in cooperation with WWF, points to two challenging issues for the sustainable development of Javakheti region as an ecotourism destination. First, local tourism service providers still need to understand the value of their environment and intangible and tangible culture in relation to tourism development. Second, the main gap in the tourism value chain is the involvement of local community in the decision-making process in terms of destination development and capacity-building. Therefore, the ecotourism strategy was created using participatory approaches from the initial planning phase.

This was followed by a set of workshops, led by national experts, through which stakeholder working groups were formed in order to create the vision, a set of strategic goals, and strategic product development.

Based on a training needs assessment of local tourism service providers, the shortness of the season is the primary reason why local populations do not fully believe in development and job creation through the tourism sector. Moreover, limited communication with the outside world during the communist past has resulted in a lack of openness to international visitors and new developments. Services provided in the municipalities are still focused on the local market and not international visitors.

Armed with this information, the strategy creation process was divided into several phases:

- **Preparatory phase**: The first step was the creation of a relevant team based on a public-private partnership framework. Working groups were responsible for conducting a SWOT analysis, the creation of a vision, and strategic goals. The national ecotourism experts only had a guiding role in the process, supporting local stakeholders through a value chain assessment, attraction inventory, and needs assessment of local tourism service providers;
- **Second phase**: The creation of strategic products based on the gap analysis; and
- **Final phase**: An action plan and strategic product development plan were approved during a final workshop involving the local stakeholders.

The main success of this project was the participatory approach used during the strategy writing as a means to raise awareness for local stakeholders. The ecotourism strategy development approach was based on the regional and national standards for the management of ecotourism in protected area, elaborated in the Transboundary Joint Secretariat, Phase II framework. Path-dependency was identified during the assessment stage, and the creation of a new path, in terms of public, private, and civil involvement, ensured that the involvement of the local community supported ownership development throughout the whole processes. Workshops were implemented for rangers and guides, and local involvement was quite high. The inclusion of local stakeholders in the planning phase contributed to an increase in trust among the local communities, which accelerated the development of the touristic process.

Conclusion

The application of path-dependence theory to explain, realize, and create tourism development in remote areas of post-Soviet countries, like Georgia, is useful to understand the reason behind the appearance of gaps in the tourism value chain. Proper identification of the problems can lead to an adequate assessment of local reality, which is a good basis for further strategic planning.

In both cases of Georgian PA development, Soviet forms of social behaviour were primary challenges for tourism development. Reactive sequences of path-dependency, compared to self-reinforcing sequences, were the most relative method describing the situation in Georgia. By developing new development paths, the following accomplishments were noticeable:

- Nihilism against tourism strategies and plans were reduced through the involvement of the local population in the planning process, including the establishment of the vision and strategic goals for the area;
- Respect and protection of public property became more valued after moving to a public-private partnership allowing for increased community benefits from environmental resources; and
- The development of tourism products and services were based on the modifications of existing resources and their new life cycle.

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CHAPTER 13

Conclusion

Susan L. Slocum and Valeria Klitsounova

This book has attempted to highlight the development path of many former Soviet countries using tourism as a lens through which to view capitalistic changes in economies and societies. These chapters have featured not only a wide range of destinations, but also a variety of perspectives and unique influences throughout this transformative process. The changes occurring in this region are ongoing, and this book only presents a snapshot of the insights, obstacles, and achievements up to the present today. As we acknowledge the 30th anniversary of the collapse of the Soviet Union and its influence on a large part of the eastern world, many of the communist ideologies are still seen in tourism planning and development. Involvement from the west has spurred a capitalist society that attempts to mirror western European tourism realisations. Yet, the late arrival of these Eastern bloc countries to global tourism has allowed for a new form of development that brings together western principles of marketing focus, economic success indicators, and infrastructure financing with a flair for a more sustainable and geographically appropriate form of development.

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While these countries possess similar cultures and histories, this book has stressed the heterogeneity between these destinations and emphasised that there is no one, single way to move forward.

Book Themes

These chapters provide a valuable resource for tourism academia, although the topics covered are limited by the current research initiatives of our contributors. Specifically, there appear to be four major themes that have materialised from this book: transitional and emerging economies; different development paths inherent in post-communist economies; changing policy and changing stakeholders; and sustainability.

Transitional or Emerging Economies?

One of the key takeaways from this manuscript is the lack of dichotomy between transitional and emerging economies. A transitional economy is characterised by a set of structural transformations intended to develop market-based institutions and is the term usually used in relation to former Soviet economies (Bramwell & Meyer, 2007). A transitional economy assumes that industrial development has already occurred, and the drive is to reduce the centrally planned economy with private investment, market-focused decision making, and corporate governance (Young, Peng, Ahlstrom, Bruton, & Jiang, 2008). Simultaneously, former Soviet countries are emerging economies, or rapidly growing economies focused on industrialisation (Tretheway & Mak, 2006), and unlike other industries that were well established during the communist era, these chapters highlight the emergent nature that tourism, specifically, is facing. In other words, these economies are transitioning, but international tourism is emerging.

One key aspect of transitional economies is the move from domestic production and consumption towards global markets. As these chapters have shown, domestic tourism was well established prior to 1989 in many parts of the Soviet bloc, and capitalism has transitioned these tourism assets towards a more international audience. Part of this transition process includes updating and renovating ageing infrastructure (Stankova, Vasenska, Stoykova, Kaleychev, & Paskaleva), establishing tourism products with an international appeal (Graja-Zwolińska, Maćkowiak, & Majewski), and educating potential businesses on meeting customer

expectations (Engländer & Robitashvili). One could argue that the lack of modern tourism infrastructure and the former focus on small-scale domestic tourism markets resulted in an under-developed tourism economy that is now emerging towards a fully developed global industry. While many scholars refer to post-Soviet tourism as a transitional economy, it possesses all of the elements of an emerging economy as well. It is not surprising that the authors in the books use both terms, seemingly interchangeably.

Understanding Different Development Paths

There are three primary development scenarios discussed in this book, each facing different challenges and addressing unique issues. The most notable divide is between those countries that have joined the European Union (EU) and those that have not. Bulgaria (Stoyanova-Bozhkova), Estonia (Ruukel, Reimann, & Tooman), Hungary (Smith & Puczkó), Poland (Zmyślony & Nowacki; Graja-Zwolińska et al.), Slovakia (Kučerová, Gajdošík, & Elexová), and Slovenia (Čampelj) represent EU member post-Soviet examples. These countries have received extensive support through grants specifically aimed at private-sector infrastructure, heritage restoration, conservation, and tourism promotion (Kučerová et al.). Some may say that these programmes have become too successful, specifically with the advent of budget airlines (Smith & Puczkó). The Schengen region, which acts as a single jurisdiction for international travel purposes and shares a common visa policy, has also been a huge support for inbound tourism. It appears these countries have made higher achievements in developing tourism as EU membership brings with it easy access to European markets (Zmyślony & Nowacki). Countries like Estonia, Hungary, Poland, Slovakia, and Slovenia have benefited, especially in rural areas (Ruukel et al.).

Another unique situation is examined through Estonia (Ruukel et al.) and Georgia (Engländer & Robitashvili) in relation to former Soviet border zones. Both of these regions were under much tighter restrictions during the communist period, and their economies were based on military spending. With no tourist infrastructure and limited contact with the outside world (or with the rest of the Soviet republics), tourism progress has been especially difficult. Estonia, having close ties with Finland, seems to have had an easier transition, whereas Georgia, in comparison, still struggles with ethnic isolation and a mistrust of outsiders. Chow (2005) claims that isolated communities are better able to foster cultural diversity in the

face of globalisation, which is echoed by Engländer and Robitashvili. Moreover, both Estonia and Georgia have been able to maintain biodiversity because of their isolation and lack of industrial (non-military) development. The rich cultural and environmental resources should be an advantage for tourism, although tourism could potentially become a threat to these assets if not safeguarded.

The last observation in development paths presented here is the difference in urban versus rural development, which is not unique to former Soviet countries (Slocum & Kline, 2017). It is apparent that investments in urban marketing (Kučerová et al.) and infrastructure (Wroblewski, Ussenbayev, Nartov, Abenova, & Sagyndykov) have been at the forefront of tourism expenditures in some of these countries because that is where the majority of visitation occurs and is often the gateway to the country (Stankova et al.). Zmyślony and Nowacki show that cities in Poland are experiencing repeated development stages as financial investments are funnelled to urban areas, which could potentially result in over tourism, as seen in Budapest (Smith & Puczkó). Yet, rural development has also been highly successful in many of these countries (Klitsounova). In these rural communities, investments have fostered a rise in tourism products rather than traditional infrastructure, such as hotels and restaurants (Graja-Zwolińska et al.). Engländer and Robitashvili emphasise the inherent advantages in that these tourism products can promote a more authentic narrative, which in turn can improve destination image. Moreover, small business development support has enhanced thematic segments of cultural, rural, ecotourism, recreational, religious, and wine tourism (Stankova et al.). Although Zmyślony and Nowacki claim that prior to the fall of communism, urban-rural migration fostered tourism demand, international tourism is potentially creating new urbanisation challenges in emerging destinations (Stoyanova-Bozhkova) and transforming both the urban and rural landscape.

Changing Policy Is Changing Stakeholders

There is a clear indication in these chapters that the transformation in tourism policy from social dogma to an economic strategy has had mixed effectiveness. Stankova et al. show how current policy in Bulgaria has successfully increased tourism arrivals and gross domestic product (GDP) growth rates while lowering inflation rates. Yet, they question the efficacy of these policies on supply-side innovation. In Slovakia, Kučerová et al.

also demonstrate that current policy has increased tourism arrivals but has not addressed regional disparities. Smith and Puczkó are more critical of Budapest's urban policy, which they claim does not adequately address tourism, and Wroblewski et al. see infrastructure issues as a result of poor tourism policy that mirrors the past centrally-driven strategies remnant of the Soviet-era. All of these chapters conclude that sustainability is consistently overlooked in favour of economic achievements.

During the communist era, top-down policies and government ownership of tourism resources impeded local involvement. Stoyanova-Bozhkova asserts that prior to 1989, there was mistrust of civil society and their relationships with central authorities. Lagace (2000) claims that effective policy is one which allows communities to embrace their own identity, and Wroblewski et al. reiterate that institutions are more robust when the policy is supported by the informal facets of trust, traditions, and customs. It appears that some destinations have begun to use a more bottom-up form of planning and have had greater success in relation to community involvement, tourism product development, and sustainability. There is evidence here to suggest that governmental (EU), multinational (UNWTO), and local (NGO) organisations are far more influential in post-Soviet civil societies than in other western countries.

Wroblewski et al. show the lack of progress in increasing visitation, specifically because of a lack of managerial knowledge, financial backing, and the absence of tourism-specific information in Kazakhstan, a country that has resisted capitalistic policies. However, this book also shows a number of initiatives that highlight achievements where stakeholder support specifically targeted financial, marketing, or educational priorities. Kučerová et al. recognise that EU membership, and EU structural funding, put pressure on Slovakia to prioritise fiscal policy, which includes support for agritourism and supplementary services. They claim that these structural funds were 'the most important instrument for the financial support of tourism innovation'.

Kline and Slocum (2015) argue that NGO stakeholders encourage a more bottom-up approach to tourism development that often foster local involvement and empowerment. This book has shown that in the short history of capitalism, many of these destinations have developed an internal network of locally owned non-governmental/non-profit organisations using international funding mechanisms to include financing, marketing, and education. For example, Čampelj's G-Guides, a private research imitative in Slovenia, has been able to focus on specific challenges, such as

knowledge transfer and sustainability, which was deficient in the tourism sector. Klitsounova also shows how locals-training-locals has influenced the success of eco-agritourism in Belarus. Although we acknowledge that many of our contributors work for tourism NGOs, there does appear to be a positive narrative in relation to current stakeholder relations.

Sustainability

Sustainability is still a relatively new concept, specifically in relation to tourism development. McKercher (2003) argues that the "ultimate goal of sustainable tourism development is to move a destination from its current unsustainable position to a more favoured one" (p. 2). However, mature destinations and emerging destinations face differing challenges in the adoption of sustainability practices (Hunt & Stronza, 2014), as is evidenced in these chapters. For destinations that are transitioning or emerging, sustainability can be built into the tourism product, whereas mature destinations must alter the tourism offer, a risky endeavour when visitor numbers are high. Doxey (1975) explains that when tourism is a new economic activity, the hosts experience euphoria as new investment comes into the community, but evolves into antagonism as tourism dominates, both socially and economically. These feelings of excitement or resentment can impact local involvement and the priority of sustainability.

Ruukel et al. vividly describe the role nature has played in Estonian society. Rather than a resources to be consumed (although it was), the natural habitat was also a place to escape the repression of Soviet rule. However, Engländer and Robitashvili explain that communist policies isolated communities from the environment causing a loss of identity and appreciation for the inherent value of natural areas. Čampelj shows us ways to overcome sustainability issues through appropriate training and educational opportunities that highlight not only the importance of appropriate management of resources, but also through transferring that information to tourists through guiding programmes. This message is echoed by Engländer and Robitashvili. Finally, Graja-Zwolińska et al. and Klitsounova showcase a number of tourism products, which over time, have been better able to facilitate sustainability showing that experience-based economies might be better able to adapt to the changing needs of communities and tourists.

The primary weakness in achieving sustainability goals is the institutional frameworks inherent in post-communist countries (Zmyślony & Nowacki). Stoyanova-Bozhkova and Smith and Puczkó remind readers

that the focus on mass tourism continues to be problematic, as it often results in over tourism. Once these wheels are in motion, it becomes more difficult to convince policy makers to move in sustainable directions. The advent of revised and updated policy documents (generally every 10 years), as shown by many authors in this book, gives hope that policy makers will better incorporate sustainability challenges in the future.

Limitations and Future Research

Post-Soviet countries have made great strides in moving towards a market-based system. There is also evidence that local communities are adapting to tourism-based economies and finding their voice in both tourism product development and entrepreneurial endeavours. Yet, the process is ever-evolving and future research is warranted as these destinations progress and change with the market forces. Among future research topics that we highly recommended are investigations into outbound tourism narratives, inbound tourism perspectives including domestic travel trends, and monitoring social change.

Outbound Tourism Narratives

This book lacked contributions in relation to outbound tourism narratives from post-Soviet countries, where international tourism is only a recent privilege. The research about tourists' preferences, patterns of mobility, popular destination, duration of holiday stays, and their motivations may tell us a lot about how society has changed over the past 30 years.

Just after the collapse of the Soviet Union, people started to travel immediately, mostly to neighbouring countries wishing to see the 'free Europe'. The first wave was the more affluent tourists, and then later, according to the theory of class intervention (Prosser, 1994), people with less income began to follow these itineraries. Moreover, the advent of low-cost airlines has increased access for many former Soviet populations. Today, people from the Eastern countries are travelling more frequently and may have acquired many of the habits of western travellers. They frequent winter destinations, ski resorts, city breaks, sea and sun holidays, gastronomic tours, and ecotourism. All of these processes and travel tendencies require a more detailed investigation, as they may potentially reveal a lot about the process of assimilation and integration of these people into the global village.

Additional research into domestic travellers is an important aspect to help explain the role of tourism in the modern Eastern bloc countries. Local people have started to travel more actively within their own countries by experiencing new tourism routes, restored castles and buildings, new museums, rural programmes, and familiarising themselves with their own history, culture, and peoples. This kind of travelling is very important for self-identity and the self-identification process (Zhang, Tucker, Morrison, & Wu, 2017) in post-socialist countries where national (or party) ideals were prioritised over regional identities. Domestic tourism may provide avenues to help polish tourism products for international visitors by offering a wider perspective on national identity, destination distinctiveness, and authenticity (Yin & Poon, 2016). Hungary, with its project 'Hungaricum', could be a rather inspiring example.

Inbound Tourism Narratives

Inbound tourism perspectives can guide tourism development paths to ensure the success of tourism enterprises in post-Soviet destinations. Additional research can better ensure that tourism destinations meet customer expectations, resulting in positive experiences and customer satisfaction. Understanding the needs and expectations of new, fast-growing market segments, such as China, India, Japan, and Korea, can support the development of effective marketing campaigns that target these markets. Because there remains a number of limitations which challenge the post-Soviet tourism development processes (Ghodsee, 2005)—limited funding for tourist infrastructure and products, poor tourism planning, bureaucracy, corruption, language problems, different standards, and different service mentalities—inbound tourist research can support best-practice in post-Soviet tourism and should be a focus of future research.

There are many opportunities for cross-border tourism product development which have been opened after 1989 and could be used more actively in tourism product development and marketing. The most promising are European Cultural Route initiatives promoting European shared culture, history, and memory (Viking Routes, the Via Regia, European Routes of Jewish Heritage, Architecture of Totalitarian Regimes of the twentieth century, Iron Curtain trails, etc.). Also, the concept of Europarks or Euro-regions have potential in attracting tourists and integrating tourism sites in the pan-European context. However, there is still a lack of scholarly material on the relationships between post-Soviet countries and

how this influences tourism flows within the region. Likewise, understanding the travel paths of visitors, modes of transportation, and accessibility for extended travel is absent in the post-Soviet context.

Lastly, the experience and creative economy could be used more actively throughout the region. It is experience creation which is becoming an important component of tourism product design and heritage interpretation (Tscheu & Buhalis, 2016). The United Nations World Tourism Organisation recognises "a new profile of tourists – seeking experiences based in relaxation, discovery, enjoyment, and knowledge" (UNWTO, 2015, p. 35). This segment of tourists is growing, and we must consider the implications through further research in all its dimensions—as an element of tourism products, as an added value as a component in the tourism value chain, and as a source of human enjoyment and happiness. Tourist experiences are consumed individually and are dependent on individual perceptions, triggers, and memories; an attraction may elicit totally different emotions in different consumer segments. Significant issues of such study could greatly support experience creators in achieving desirable outputs (Jelinčić & Mansfeld, 2019). The process of experience creation involves new networks, both for experience producers and experience consumers. Such research is perceived as extremely demanding.

Monitoring Social Change

The voice of local residents is surprisingly quiet in these preceding pages. While Wroblewski et al. provide perspectives on local and non-local viewpoints of infrastructure needs in Kazakhstan, there is scant information on how tourism is facilitating social values in relation to capitalistic changes. Hillmer-Pegram (2016) claims that tourism can generate capitalist economic activity without significantly altering cultural and ecological systems, yet research should attempt to reveal the connection between capitalism, indigenous values, and alternative development paths within tourism destinations.

There are two different types of Soviet cultural tourism that are distinguished in the literature—red tourism (travelling to the countries of 'active' communist ideals) and communist heritage tourism (travelling to the former communist countries and former Soviet Union Republics) (Caraba, 2011). There are countries with mixed approaches to heritage, like Belarus and Russia. Therefore, the mentality and attitudes of local people toward socialist heritage vary according to the pace of historical

and cultural development of post-socialist countries. Many countries became a part of Soviet Union just after the revolution of 1917, and this regime lasted about 70 years. The result was at least three generations that grew up with socialist ideas. A majority of the population in these countries have a rather moderate attitude towards socialist heritage (Belarus, Russia, Kazakhstan, etc.). However, there may be different stories from those countries which were occupied by the Soviets just before or during World War II. At the same time, there are young people in some of these countries who have started to romanticise the socialism period and socialist ideals (Kalinina & Menke, 2016). Therefore, generational perspectives on post-Soviet society and the narratives associated with tourism could provide valuable insight into cultural adaptation and negotiation.

When tourists outside the bloc come to these countries today, they may find different socialist heritage interpretation. In countries like Poland, almost every object reminiscent of this time has been destroyed. In other countries, like Lithuania, Hungary, Latvia, and Estonia, there are special museums (Museum of Terror, Museum of KGB, Grudas Park, etc.) which highlight the atrocities of the communist regime. There are countries, like Belarus, where none of the socialist 'infrastructure' has been destroyed, and the interpretation by local guides and tourism signage can vary. And there are countries like Russia and Georgia where monuments and museum of Stalin (Gori, Georgia, place of his birth) still exist. There is no unified concept as to how to present this heritage to prevent this history from happening again.

Final Thoughts

At the end of our book, we would like to reiterate a very important issue. Countries in the Eastern bloc are multicultural, multi-ethnic, and heterogeneous. But all of them have a common history which is of interest to tourists. Their socialist heritage is still very dissonant and a sensitive issue for locals and tourists alike. Soviet heritage, especially architectural and industrial, as well as the lived experience of millions, may provide unique cultural products that support tourism growth. Yet this very heritage inherently rubs salt into the wounds of many. We hope that tourism industries can play crucial roles in negotiating this process, through guiding, interpretation programmes, museums, and the development of tourism products. We ask future researchers, philosophers, and social scientists to remain sensitive when trying to understand the impact of both Soviet and post-Soviet narratives and to remain

open-minded on the changes occurring in this unique region. Our work as scholars may largely influence the future, and, hopefully, tourism will have a very special mission in healing the east-west divide.

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[1] Note: Page numbers followed by 'n' refer to notes.

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