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CREATION OF MODEL FOR EVALUATION AND REESTABLISHMENT OF PRESPA REGION TOURIST OFFER¹

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Abstract

The functional development of the alternative tourism in Prespa region can be seen as a reality, being aware for the potential of several success factors. potential. Evaluation of the various synergy schemes based on the existing resources in Prespa region is largely determined by changing environment in the tourism sector and in particular based on global development of the alternative tourism customer needs. Furthermore, there is a clear need, above mentioned issue to be taken into the consideration in the alternative tourism development strategy. The need for methodology on ranging and valuation of the specific success factors (resources) is essential not only for the measurement of their isolated impact on alternative tourism but also for the establishment of the various combination options, for such factors. The process of piloting an alternative tourism synergy valuation model is separated into three steps. First step is ranking of the specific success factors and definition of the synergy models in the alternative tourism, the second step is formulation of the best valuation method (in the background observed) and the final step is evaluation of the various combinations.

Index terms: Prespa region, alternative tourism, Model for alternative tourism valuation,

¹ review scientific paper

1. INTRODUCTION

The region of Prespa is located in the southwest of Macedonia. It is bordered by the two national parks. Many unique species are present and climate conditions are one of the most beautiful on the Balkan Peninsula. In the same time it is also well known apple production region both by quality and quantity. Natural Lake of Prespa is part of the region too.

In the socialist period there was good infrastructure (extensively used) for the lake tourism, consisted of several thousands of hotel bedrooms, auto camps and private accommodation. In the transition period lack of investments and international competition for the traditional customers were key causes to its devastation. Such situation urged for the decision makers to start with preparation for the new tourist offer in Prespa.² In the same time tourism is seen as a major factor for the rural development by the lawmakers in Macedonia, in line with world standards³

2. RANKING OF THE SPECIFIC SUCCESS FACTORS FOR THE TOURISM DEVELOPMENT IN PRESPA

The need for ranking of the specific factors in Prespa is essential for the three sides involved: the regulator, supply-side as well as demand-side. It has been suggested that governance of globally competitive destinations features the following critical success factors (Poetschke, 1995, pp. 62–63):

- a significant level of private sector control over authority spending;
- understanding of the need to incorporate public sector objectives to achieve a balance between marketing and new product development;
- a dedicated revenue stream that is not subject to annual government control;
- a broad, integrated mandate encompassing all functions critical to developing a strong tourism industry, such as marketing, education, research, and infrastructure development.

²Kohl and partners (2016) National Tourism Strategy of Macedonia , Ministry of Economy , Government of Republic of Macedonia

³ Law on foundation of the agency for financial support for agricultural and rural development

The last of the factor(s) mentioned was researched in Prespa context, in particular the promotion, human resources and investment in infrastructure. To the previously mentioned factors the policy formulation and implementation factor was attached. The aim is to provide a framework within which the collective and individual decisions directly affecting tourism development and the daily activities within a destination are taken' Goeldner,et al. 2000.)

Hence, the methodology for ranking should be assessed through the impact of above mentioned factors.

Prespa is already known destination in the Balkan Peninsula for its eco resources, apple production, climate conditions as well as cultural heritage. As opposite to the previous potential of such resources is not successfully used for the alternative tourism purposes and there are some specific reasons for such situation. Local community and environment is naturally the producer of the attraction. If that is the case, then the views of the communities need to be a part of the assessment and decision-making process from the beginning of the project and not an after-thought(George et al 2009).

The survey was done (among the reference group of the 2 employees in the Municipality of Resen, local economic development, 2 employees in the Ministry of Agriculture, 2 employees of the Ministry of Economy, 2 tourist bureaus owners, 10 agriculture producers and 10 weekend house owners) with the question for ranking of five factors that are critical for alternative tourism development in Resen.

Table 1 : Results of the survey for ranking the factors that are critical for alternative tourism development in Resen (1- most important factor , 5 –less important factor):

| | |
|--|---|
| Human resources | 1 |
| Policy formulation and implementation | 4 |
| Potential for offer | 5 |
| Investment for the facilities and infrastructure | 2 |
| Promotion of the area | 3 |

Primarily it was noted that there is a need for building the human resources potential (in the field of alternative tourism management) which can be seen as

logical being aware that in the recent 20 years after the Macedonia's independence from former Yugoslavia the traditional tourism sector in Prespa was devastated due to the economic crisis and bankruptcies of the huge Macedonian companies, that were traditional customers while the alternative tourism development potential was not seen as a real option. The second ranked by importance is lack of investment for the facilities and infrastructure that is an inheritance factor and can be addressed as a lack for accommodation capacity and relevant adoption of the alternative infrastructure. Previous is essential in order acceptable standards for accommodation and hospitality to be established. Traditionally, governments are responsible for the development of infrastructure to enable tourism, such as utilities, sewerage, cleaning, health, and fixed communication and transport facilities (Bull, 1995). In the moment Prespa can offer only 20- 50 beds in the village of Brajcino (with implemented minimum standards). Such accommodation can be counted as a part alternative tourism. Another group of 20 – 30 beds can be found in the village of Stenje. Above mentioned situation implies capacity shortage, and it can be considered as inheritance factor.

Once human resources potential in the field will be developed and essential investment will be done, the next factor is a need for promotion of Prespa as a potential destination of the alternative tourism development.

Another factor considered by the reference group is policy formulation and implementation. Part of the policy formulation was already done through the state alternative development strategy and through the municipal local economic development plan, but partial implementation of the documents above is one of the causes for lack of investments in the area.

Finally the last ranked is potential for offer, which means that respondents of the reference groups are not seeing the lack of alternative tourism offer potential as an inheritance factor.

3. DEFINITION OF THE SYNERGY MODELS IN ALTERNATIVE TOURISM FOR PRESPA REGION

Choosing the right method should examine the options for synergy among the various factors that can contribute towards the tourism in the Prespa region. The valuation method should be based on the estimation for the number of tourists that will visit Prespa as well as with the amount of income that will be generated.

In the research there are three different combinations of synergies examined: First, synergy among the existing agriculture producers to offer the additional services to the alternative tourism visitors (bed and breakfast, trips around Prespa as well as introduction to the apple production process). Such synergy among the agriculture and alternative tourism can adversely affect the alternative hospitality industry (Tchetchik, Fleischer and Finkelshtain 2008). Second, synergy among the existing ecoresources in Prespa and the apple production process as a alternative tourism competitiveness factors. Whitson (2001) has traced the impact of the relationship between alternative development and the growing search for nature-based recreation. Third, synergy among the government support for the alternative tourism development and potential alternative tourism offer in Prespa. Governments must take steps to establish and enforce standards and to stimulate quality plans at destination level. (Vanhove 2006). Furthermore several authors (Murphy, 1985; Gunn, 1985; Blank, 1989; Pearce et al., 1996; Reid et al., 2001) highlight the importance of community involvement in planning tourism and alternative community development. Murphy (1985) argues that by having involvement and some control, a community can shape the type of industry that is most appropriate to its own needs.

There are some 3980 agriculture producers in Prespa.⁴

The survey was done in order to research some major supply side factors that are affecting creation of a synergy among the agriculture (in fact apple) production as well as adding the alternative tourism offer in their businesses. In fact it was estimated the potential accommodation capacity for the potential tourists of the local agriculture producers as well as need for the investments in order to such capacity minimum standards to be applied as per the methodology for standardization of the Municipality of Resen. Sample of 80 agriculture producers was included.

⁴ Data from the local agriculture producers associations in Prespa.

Table 2 – Results from the survey for the potential alternative tourism accommodation capacity of the agriculture producers in Prespa

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | Average |
|--|----|----|----|----|---|---|---|---|---|-----------|
| How many beds can you offer | | | | | | | | | | 3,35 beds |
| Number of positive answers | 5 | 21 | 19 | 22 | 8 | 2 | 1 | 1 | 1 | |
| Estimate the need for investment in order to prepare you accommodation (in thousands EUR)? | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 3,725 |
| Number of positive answers | 10 | 12 | 24 | 9 | 8 | 7 | 7 | 2 | 1 | |

The average value of the investments needed as per the assumptions of the agriculture producers to accommodate alternative tourism seekers is 3,725.00 EUR per agriculture production household. Additionally one agriculture household can offer in average 3,35 beds. The agriculture producers are also willing to offer tourist services and there is no limit for the minimum income

expected from the alternative tourism as additional business. However, due to the instable source of income from main activity (apple production) it is arguable that they are willing to make initial investments to start business in the tourism sector. "Any business subject to seasonal variations in demand for its output is faced with a dilemma." The dilemma is whether to resource the business to cope with peak demand and output (and therefore over resource for much of the year) or to estimate average demand and try to cope with periods of high demand Cooper et al. (1993,p. 132). Knowing the situation, synergy in terms of additional income to the agriculture producers can be established only after supporting the activities of adopting the existing accommodation by third body (central, local government or other source) in order effective supply to be created. Tourism is subject to direct and indirect government interventions primarily because of its employment and income producing possibilities. (Hall & Jenkins, 1995: 36). Since any financial effects (above 0) of the synergy are acceptable for the supply side the financial effect of such synergy can be measured as per the available demand. The framework of the travel cost method is applied for the reason of estimation of the effective demand for the alternative tourism model in Prespa. The following services were included to the potential customers: fishing day, apple harvest day; presence on the apple harvest festival, boat tours on the island Golem Grad, mountain tours for the Galicica mountain, mountain bike tours and eco resource tour with education.

Using the method of stratified random sampling⁵, sample was consisted of the potential tourists from the Austria 2, Germany 6, Serbia 10 and local tourists Skopje – 20 Bitola- 62. Most of the tourists are interested to come and visit Prespa, only if there are certain activities that will help them something new about the production, eco resources and the area as well as recreate through sports and visits of the places nearby.⁶ Although on the demand-side of destination marketing, the global market of consumer-travellers is not

⁵ Based on the countries that are subsidized by the Macedonian government as well as local tourists, see more at Annual report of the Macedonian tourism promotion agency <http://tourismmacedonia.gov.mk/wp-content/uploads/2018/08>

⁶ Stratified random sampling is a method of sampling that involves the division of a population into smaller groups known as strata. In stratified random sampling, or stratification, the strata are formed based on members' shared attributes or characteristics.

homogenous in terms of needs and the tourism demand does not represent a homogenous group of people with identical motivations (Wahab et al.,1976), the expectations for the consumer surplus were measured thorough readiness of the respondents to spend exact amount of money. According to Pike, tourism features a negotiation between two forces: a supply-side and a demand-side. The supply-side is the travel and tourism industry, which seeks to stimulate demand for products and services (Pike 2008). As per the survey, domestic tourists are willing to spend 3000 MKD (about 50 EUR) to visit Prespa while the tourists from abroad are willing to pay about 4500 MKD (75 EUR- Serbia) and 100 EUR (Germany and Austria). Estimates of the consumer surplus are seen as essential for the measurement of the potential alternative tourism destinations attractiveness. According to Bin the estimate of consumer surplus implies use of the travel cost method (Bin et al 2005). As per the travel cost method the tourist is expecting to get more than what they are willing to pay. Situation elaborated above implies that the pricing policy (as a pilot model) is to be adopted for the three groups of tourists- domestic (with the estimated value of services equal or more than 50 EUR), tourists from Serbia (with the estimated value of the services demanded equal or more than 75 EUR) and the tourists from Germany/ Austria (with the estimated value of the services demanded equal or more than 100 EUR). Local agriculture producers in Prespa are ready to extend their services with the alternative tourism offer with minimum of the services to be recognized with value in the range from 50 to 100 euro.

According to Monty and Skidmore, additional unique, interesting attempts include hedonic pricing based on product and service characteristics at bed and breakfast facilities (Monty& Skidmore, 2003).

In the beginning of the alternative tourism destination creation, high prices and hedonic pricing can be risky. As per the prices there should be three mixes of services for each of the mentioned groups. The product margins are accepted to be within the range from the 10% (5 EUR) for the local tourists 15% (11 EUR) for the Balkan tourists and 20% (20 EUR) to the tourists from far abroad. Vis a vis minimum investments of 3, 725 EUR in order to start with accommodation of the various services and having assumed that the economic lifetime of the project is 10 years, it is expected annually to be held some 74,5 overnights for the domestic tourists to be held, 33,86 overnights for the tourists from Serbia and 18,62 overnights for the tourists from Germany/ Austria. However, such expectations cannot be real in the first years having in mind that availability/ competition of the other kinds of domestic as well as foreign tourism for the

domestic demand, in mixture with small knowledge for Prespa as a tourist opportunity will decrease the demand.

Currently, in Prespa the number of overnights of the alternative tourism seekers Prespa is minimal⁷. Considering the low financial effects for the agriculture producers in the beginning period and the level of investment that is relatively high for them, it can be concluded that the overall alternative tourism destination setting cannot be done without the management of the government or other third parties in order the cost sharing of the investments to be covered. Thus, synergy between agriculture production and alternative tourism can happen with small investment by the governmental side. Value of synergy goes from above 0 to the value that can be determined through undertaking statistical survey for the number of the potential visitors and the profit margins from each of the trips.

Another area of synergy is between the agriculture producers offer and government support. Current governmental support goes through the alternative development department in the Ministry for Agriculture, Forestry and Water Management and much more through the Agency for financial support of agriculture and alternative development. In particular the government has supported the alternative tourism through the IPARD programme, within the measure 302 – Diversification and development of the alternative activities, consisted of the following subdivisions: 30221 – Reconstruction of the agricultural objects and adaptation towards alternative tourism accommodation objects and 30222 – Construction of alternative tourism hospitality, accommodation and recreation. In spite of the fact that overall programme is consisted of 40 million EUR, there is no data for direct governmental support of the state for alternative tourism development in Prespa region.

As mentioned previously, there is a need for synergy among the state promotional activities and agriculture producers in Prespa region with the final aim - alternative tourism activities to be established. That synergy cannot be established only through strong financial support of the state, through subsidies, but also through involvement in the promotion and support activities. In such context, preparation of strategy for the establishment of alternative tourism in Prespa region can be seen as an important prerequisite. The last mentioned synergy will be functional, if the initial establishment level goes through the

⁷ With the exception of Brajcino some 100 overnights per year there are no data for the alternative tourism visitors out of 42 other settlements in Prespa. In Stenje, Pretor, Krani and Ljubojno there are some visitors but the aim is different (mainly lake tourism)

understanding the needs of potential alternative tourism seekers-by the state authorities, than in the next step through involvement of experts and tour operators in the first phase. Involvement of the local self-government is essential but the attractiveness of the question however needs broader horizon.

In addition, results of the demand research are to be adopted to local conditions and matched with supply side – local agricultural producers.

The essence of state involvement for the alternative tourism destination success is already confirmed. The synergy effects for the Macedonian state are in the field of increased return of the taxes and other benefits like increased standard etc.

4. EVALUATION OF THE VARIOUS COMBINATION OF THE PRESPA ALTERNATIVE TOURISM DEVELOPMENT

The term region has a number of different meanings, ranging in geographic scope from a transnational area such as South East Asia to a local area. For the text the term is used to represent ‘concentrated tourism areas’ (Prosser et al., 2000, p. 4). The evaluation of Prespa alternative tourism offer has been made in comparison with the offer of some of the alternative tourism regions from Bulgaria⁸ and Serbia and the domestic Macedonian Vevchani region⁹. The

⁸ Regions of Trigrad, Momchilovtsi, Arbanasi, Ribaritsa, Voneshta voda, Shipkovo, Chepelare in Bulgaria as a small rural areas that can be compared with Prespa region as well as regions of Studenica, Sopocani and Zica in Serbia. For the regions in Bulgaria see more at Milen Penerliev (2017) Alternative tourism in Bulgaria – general characteristics, (Revista Brasileira de Geografia Economica, vol 10 2017 and for the regions in southern Serbia see more at Snezana Stetic and Dario Simicevic (2017) How to develop sustainable tourism in rural destinations in Serbia Glasnik Srpskog Geografskog Drustva, Broj 4 Godina 2008.

⁹ Vevchani region is one of the closest regions to Prespa (60 km) where rural and alternative tourism potential can be estimated as extensive. Vevchani was among the earliest locations identified as regions with alternative and rural tourism potential- Budinoski M (1984) :Tourist amenities at Jablanica mountain, their valorization and today's tourism situations, Geografski razgledi, Book 21-22 p.131-145 Skopje;

regions are selected on the basis of the already developed tourist offer by the geographical areas near (or competitive) to the region of Prespa in the field of alternative tourism.

| Services offered | Prespa Potential Alternative tourism offer | Bulgarian Alternative Tourism Ranches offer | Serbian Alternative Tourism Ranches standardized offer |
|--|--|---|--|
| Accommodation | Yes | Yes | Yes |
| Catering | Yes | Yes | Yes |
| Round Trip | Yes | Yes | Yes |
| Local Amenities | Yes | Yes | Yes |
| Hiking & Biking | Yes | Yes | Yes |
| Spa & Mineral Bath | | Yes | No |
| Traditional meals | Yes | Yes | Yes |
| Nature exploration | Yes | Yes | Yes |
| Cultural heritage sightseeing | Yes | Yes | Yes |
| Picking up fruits and vegetables from alternative garden | Yes | No | Yes |
| Picking up forest products and medicinal herbs | Yes | No | No |

| | | | |
|---|-----|-----|-----|
| Folklore-dance classes, culinary classes | No | No | Yes |
| Tractor racing | Yes | No | Yes |
| Boat riding, | Yes | No | Yes |
| Bird-watching | Yes | No | Yes |
| Bathing and swimming in nearby rivers and lakes | Yes | Yes | Yes |
| Fishing | Yes | Yes | Yes |

Table 3– Comparison of the potential alternative tourist offer of Prespa region and the alternative tourism offer in Serbia and Bulgaria

Being aware that the tourist requires as much as he can get, the potential offer of Prespa region must be positioned at least on minimum level in comparison to the offers of regions compared.

The specifics of Prespa region are offering solid base for standard alternative tourism offer establishment. Location among the two national parks, the lake of Prespa with the only island in Macedonia, tradition in agriculture production as well as favorable climatic conditions can be seen as unique combination on Balkans. The quality in the phase can be established through the standards in the accommodation, food safety and agreements with tour operators.

5. CONCLUSION

The region of Prespa has unique potential for the alternative tourism development. Such potential is not used with an acceptable capacity yet..

Need for definition, ranking and valuation of specific success factors is essential for alternative tourism development. Within the paper it was done through the community based approach. Usage of such approach had primarily identified five specific success factors that were firstly defined and then ranked. Ranking was from the most important to less important: human resources, investment for the facilities and infrastructure, promotion of the area, policy formulation, implementation and potential for offer.

Prespa region (Macedonian side) as an effective tourism destination can be developed through establishment of the three types of synergies: synergy through attaching the alternative tourism offer as additional product of the existing agricultural producers, than synergy among the existing eco resources in Prespa and agricultural production through adding of the both into the alternative tourism offer and finally support of the government to the agriculture producers towards establishment of the alternative tourism infrastructure.

Best valuation method (regarding the local conditions) can be developed through observation of the two forces: a supply-side and a demand-side. Both sides were observed first with the usage of travel cost method framework and then with usage of the return of investment method.

Results of the survey done for this paper are saying that on the demand side, sample of domestic tourists is expecting to spend 50 EUR in Prespa as destination while foreign tourists are ready to spend from 75 to 100 EUR.

On the supply side some 3980 agriculture producers in Prespa can offer the average of 3,35 beds each. Also they need average investment of the 3,725 EUR each in order such capacity offer to be adjusted to the standards for accommodation. Their businesses can be profitable within the average of 74,5 overnights for the domestic tourists, 33,86 overnights for the tourists from Serbia and 18,62 overnights for the tourists from Germany/ Austria.

Evaluation of the various combinations of the Prespa alternative tourism development is to be done through comparison with the alternative tourism offers from the region, while the term region is used to represent 'concentrated tourism areas'.

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