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COMPETITIVENESS FACTORS OF SERBIAN TOURISM

Faktori konkurentnosti srpskog turizma

Abstract

According to the concept of authenticity, competitiveness of a tourist destination depends on the complex interdependence of numerous destination components and their interaction with the visitors of the destination. The global standard for measuring competitiveness of countries is the TTC Index of the World Economic Forum, the ranking list where Serbia holds a relatively weak position. This position has been cyclically improving and deteriorating, and opposite trends of indicators within individual sub-indices also contribute to this, suggesting that activities are uncoordinated. The Tourism Development Strategy of Serbia (TDS), as an umbrella document to coordinate efforts to develop and improve the competitiveness of Serbian tourism, identifies priority products and destinations in Serbia. Such established priorities should contribute both to the coordination among key stakeholders and, consequently, to competitiveness in the international market. The analysis conducted in this paper indicates that TDS has only partially identified the products and destinations chosen by visitors.

Keywords: *competitiveness, index, tourist destination, strategy, tourism product, priority.*

Sažetak

Konkurentnost turističke destinacije, prema konceptu autentičnosti, zavisi od kompleksne međuzavisnosti brojnih komponenti same destinacije i interakcije ovih komponenti sa posetiocima destinacije. Globalni standard za merenje konkurentnosti zemalja predstavlja TTC indeks Svetskog ekonomskog foruma, na čijoj rang listi Srbija zauzima relativno slab položaj. Taj se položaj ciklično popravlja i kviri, a tome doprinose i suprotna kretanja pokazatelja unutar pojedinih sub-indeksa, ukazujući na nekoordinisane aktivnosti. Strategija razvoja turizma Srbije (TDS), kao krovni dokument u cilju koordinacije napora u razvoju i unapređenju konkurentnosti srpskog turizma, identifikuje prioritete proizvode i destinacije unutar Srbije. Poznati prioriteti bi trebalo da doprinesu kako koordinaciji ključnih stejkholdera, tako posledično i konkurentnosti na međunarodnom tržištu. Sprovedena analiza u ovom radu ukazuje da je TDS samo delimično identifikovala proizvode i destinacije koje biraju posetioci.

Ključne reči: *konkurentnost, indeks, turistička destinacija, strategija, turistički proizvod, prioritet.*

Introduction

Over the last few decades, up until the COVID-19 pandemic outbreak, the concept of a tourist destination has evolved due to intensive development of tourism, increase in the complexity of the structure of tourist destinations, maturing of theoretical thought, but also due to the influence of theorists on tourism development practice to a greater extent than in the past. However, it should not be forgotten that tourist destinations are the most complicated entities to manage and market due to complex and sensitive relationships among stakeholders [34]. Faced with increasingly fierce competition, the international tourism market needs to understand the sources of competitiveness for a tourist destination and how competitiveness can be improved and maintained [27].

In 2021-22, the Tourism Development Strategy of Serbia 2016-2025 (TDS) adopted in 2015 underwent an evaluation of the implementation process under the auspices of the EU Delegation to Serbia. Numerous findings of this evaluation process are presented in the following text.

As an overarching document, TDS should guide activities of different tourism stakeholders in a coordinated way, but without suspending the market competition. However, in many cases, there were instances of comments that are not indicative of a healthy, competitive market. For instance, there were reports about “unhealthy” competition from regional tourism agencies expecting Government of Serbia to protect the market from foreign competition, which is incompatible with the modern and pro-European business model. In addition to this, the civil servants have rather poor knowledge of TDS, and are therefore not capable of linking the evaluations of their work units to the achievement of strategic goals. However, TDS contains two robust coordinating mechanisms – priority tourism products and priority tourist destinations. It is expected that most marketing and other efforts will follow this prioritization and, consequently, that these priorities will drive tourism demand in Serbia. The research questions in this paper refer to the drivers of competitiveness of Serbian tourism: Has TDS properly targeted priority tourism products? Has TDS properly targeted priority tourist destinations in Serbia?

The evaluation methodology is based on three sets of data. The first set of data comes from an external source, the World Economic Forum, and covers general competitiveness of Serbia based on the Travel & Tourism Competitiveness Index (TTCI). The second set of internal data comes from the visitors’ survey managed by the National Tourism Organization of Serbia (TOS). Surveys at the national level are conducted every five years, one year on a representative sample of domestic tourists and the following year on a sample of foreign tourists. Data from four years were used in this analysis: 2015 and 2020 for domestic, and 2016 and 2021 for the foreign visitors’ survey. The third type of data stems from primary research carried out by authors who have held a number of interviews with different stakeholders, civil servants, experts from academic and business circles, and business people.

Literature review

Given that destination competitiveness is a complex and multifaceted concept [4], [17], the scholarly literature agreed that tourism competitiveness is challenging to define and specify due to the influence of multiple factors or dimensions that have an impact on a destination’s success [5], [14]. It is defined as the ability of a tourist destination to create added value and thus increase national wealth by managing assets and processes’ attractiveness by integrating these relationships into an economic and social model that takes sustainability into account [33]. In other words, it is the ability of tourist destinations to optimize their attractiveness to the local community and visitors, to deliver high-quality, innovative, attractive and differentiated tourism products and services while providing value for money [7]. A destination’s competitiveness has been increasingly recognized as a critical factor for its survival and success [1], [6], [8], [10], and it has become an essential tool in strategic destination positioning and marketing [11].

If the destinations thrive on being successful, they must create tourism products that simultaneously sustain their resources [15], [21] and combine elements of different approaches to the authenticity of tourist experiences [3]. In that sense, it is essential to understand what destination

competitiveness means from the tourists' perspective. Their attitudes about destination competitiveness define the destination itself [28], creating key competitiveness indicators/factors [30]. However, recent research suggests that individual experiences of tourists and the environment in which the tourist experience takes place must be interpreted more holistically – as a social practice that integrates participants and context [2]. More scholars claim that personal relationships and emotions awakened during the tourists' experience affect their perception of the authenticity of the destination itself, and consequently the degree of its competitiveness [18]. To better understand the modern approach to destination competitiveness, it is necessary to consider the interdependence of the overall (eco)system [22], given that a complex paradigm allows for a combination of elements of different approaches to the authenticity of tourist experiences, avoiding fragmentation and limitations [32].

Hence, tourists' perspective should be of interest to practitioners and policymakers [33] to help them better understand the level of destination performance against its major competitors [16]. However, there is no consensus on measuring a destination's competitiveness [19], [26]. Additionally, a single, universal set of indicators applicable to all destinations has not been developed yet [12]. Consequently, the introduction of systematic monitoring and measurement of destination competitiveness is crucial for creating a more objective assessment of the strengths and weaknesses of a particular destination. A better understanding of competitive advantages/disadvantages should contribute to formulating more efficient development policies [29] to implement tourism plans and actions [35]. The destination type, the stage of its life cycle, the tourism products offer and the market segments that it communicates are essential in understanding the factors affecting its competitiveness. Furthermore, these determinants reveal critical factors for improving the destination's competitive position and contribute to the development of competitiveness.

However, the current tourist flows are inextricably linked to the overall competitiveness of a destination, so the need to develop a framework and indicators of destination competitiveness [13] has become a necessity.

Several models for measuring competitiveness of tourist destinations were created, and we shall now provide an overview of the most relevant ones. In 2003, the Conceptual Model of Destination Competitiveness was developed, including five key determinants: destination policy, planning and development, destination management, core resources, attractors and supporting factors and resources [27], [20]. The criteria of environmental protection and sustainability were added subsequently. Furthermore, several variables mentioned above became a part of the so-called Integrated Model proposed by researchers in South Korea and Australia. In the same year, Dwyer et al. [9] added competitiveness determinants such as inherited resources, created resources, supporting factors and resources, destination management, situational conditions and demand conditions to the model. This model emphasizes the importance of demand and adds socioeconomic prosperity as the required outcome.

The Travel & Tourism Competitiveness Index (TTCI), circulated by the World Economic Forum, has significantly eliminated the problem of quantifying key indicators in the presented models. Although this index has been the subject of certain methodological criticism, such as the arbitrary weighting of variables [31], it is a composite indicator of competitiveness of the main tourist destinations in the world that aims to evaluate the factors and policies that make a destination attractive for international tourism [13]. In addition to this, some minor methodological changes have been introduced in the last few years. Still, this index allows us to benchmark the competitiveness of destinations during a specific period. Based on the assessment, destinations gain insight into their own competitiveness, primary sources and disadvantages that need improvement if they want to survive in the increasingly demanding tourism market.

Competitiveness of Serbia as a tourist destination

To assess the competitiveness of the Republic of Serbia, the Travel & Tourism Competitiveness Index (TTCI) has been selected as the primary methodological tool. The TTCI is used for the strategic decision-making process in

state and business sectors. Based on the available data, it is possible to perform a cross-country analysis and establish the competitiveness of the tourism sector of one country in comparison to others – globally, regionally and bilaterally. In addition, the index could be used for a competitiveness analysis of a country in a given time frame. The TTCI is a composite index comprising four sub-indices.

The first sub-index – A: Enabling Environment, aims to cover the general situation in each observed country in four pillars. These are: *A.01 Business Environment* (12 indicators that measure the level in which the business environment is favorable for economic entities), *A.02 Safety and Security* (five indicators to capture the level of security and threats of terrorism), *A.03 Health and Hygiene* (six indicators that cover drinking water quality, hospital beds, HIV and malaria cases), *A.04 Human Resources and Labor Market* (nine indicators that are divided into two groups - Qualification and Labor Force (four indicators related to the level of education in the labor market and consumer relations) and Labor Market (five indicators aimed at assessing the situation in the labor market in terms of finding and hiring trained workers, their wages and productivity, as well as gender equality), and *A.05 ICT Readiness* (eight indicators regarding development and usage of B2B transactions, internet, mobile telephones and quality of electricity supply).

The second sub-index, B: T&T Policy and Enabling Conditions, has 4 pillars and measures the impact of policies and strategic decisions on the T&T sector. The first pillar – *B.06 Prioritization of Travel & Tourism* (6 indicators that measure the extent to which the government in each country prioritizes the travel and tourism sector based on the assessment of development prioritization, expenditure for tourism, the effectiveness of marketing, availability of tourism statistics and country brand strategy). The second pillar, *B.07 International Openness*, includes indicators that cover policies for visa regime, the openness of air transport services and regional trade agreements. The second sub-index also includes the *B.08 Price Competitiveness* pillar, with 4 indicators focused on airport charges, hotel and fuel prices and purchasing power parity. The fourth pillar – *B.09 Environmental Sustainability*, consists of 10 indicators that assess the

environment as an essential competitive advantage of a country's future attractiveness as a destination. It mainly covers government policies and regulations governing this issue (particulate matter concentration, wastewater treatment, etc.).

Sub-index C: Infrastructure has three pillars – *C.10 Air Transportation*, with six indicators, *C.11 Ground and Port Infrastructure*, with seven indicators, and *C.12 Tourist Service Infrastructure*, with four indicators. This sub-index assesses the development and quality of these infrastructures.

Finally, the fourth sub-index **D: Natural and Cultural Resources** covers two pillars – *D.13 Natural Resources*, which measures the number of World Heritage natural sites and their condition, while *D.14 Cultural Resources and Business Travel* assesses the number of World Heritage cultural sites, sports stadiums and cultural and environmental tourism digital demand, within ten indicators in total. The individual value of each sub-index is generated based on indicator values (190 in total for TTCI).

The first TTC global index, which covered 124 countries, was published in 2007 and then republished every two years. The last report, published in 2019, included 140 countries.

In this research, the focus is on the 2015-2019 period, according to available data, from the baseline values to mid-term achievements, in order to cover the scope of the "Tourism Development Strategy of Serbia 2016-2025". The analysis includes all countries listed as Serbia's main competitors, as stated in the Strategy itself: "The main competitors (of Serbia) in the area of Southern, i.e., Mediterranean Europe are Slovenia, Croatia, Albania and Montenegro, as well as the bordering countries of Hungary, Romania and Bulgaria. The analysis also covers data for Bosnia and Herzegovina, North Macedonia, Russia and Turkey as countries with a significant impact on Serbian tourism.

The first step is the assessment of the position of Serbian tourism competitiveness, compared to all the countries (overall rank) and to the selected countries (sample rank).

According to the data in Table 1, it is evident that Serbia's competitive position is not favorable, neither on the

global list nor in comparison with the selected countries. Two reports confirmed a low ranking (95th place) at the comprehensive level, while in 2017-2019, Serbia moved up the scale by 12 places and reached 83rd place. If we observe only the selected countries, Serbia ranked 10th during the two reporting periods, and reached 9th place in the last report. The results achieved are certainly not satisfactory. An additional analysis should single out indicators that recorded a decline in ranking between 2015 and 2019 and indicators where there is most room for improvement.

If we group individual indicators listed in Table 2 according to sub-indices, we can conclude that they are

Table 1: Ranks and values of TTCI for Serbia and selected countries (2015-2019)

Country	Sample rank	2015		Country	2017		Country	2019	
		Rank	Value		Rank	Value		Rank	Value
HRV	1	33	4.3	HRV	32	4.4	HRV	27	4.5
SVN	2	39	4.2	SVN	41	4.2	SVN	36	4.3
HUN	3	41	4.1	RUS	43	4.2	RUS	39	4.3
TUR	4	44	4.1	TUR	44	4.1	TUR	43	4.2
RUS	5	45	4.1	BGR	45	4.1	BGR	45	4.2
BGR	6	49	4.0	HUN	49	1.1	HUN	48	4.0
ROU	7	66	3.8	ROU	68	3.8	ROU	56	3.9
MNE	8	67	3.8	MNE	72	3.7	MNE	67	3.6
MKD	9	82	3.5	MKD	89	3.5	SRB	83	3.6
SRB	10	95	3.3	SRB	95	3.4	ALB	86	3.4
ALB	11	106	3.2	ALB	98	3.4	MKD	101	3.4
BIH	12	n/a	n/a	BIH	113	3.1	BIH	105	3.3

Source: [37].

Table 2: Top 10 indicators with the most significant decline in ranking (2019)

Indicators	Rank			Decline (places) 2019/2015
	2015	2017	2019	
3.03 % of population with access to improved drinking water	43	51	89	46
6.06 Country brand strategy rating	98	127	133	35
2.04 Business costs of terrorism	58	74	77	19
5.06 Active mobile broadband internet subscriptions/100 pop.	39	40	57	18
1.12 Rate of other taxes (%) of profits	76	91	94	18
3.02 % of population using at least basic sanitation services	46	46	62	16
2.05 Homicide cases/100,000 pop.	30	-	46	16
9.06 Baseline water stress	36	46	49	13
9.09 Wastewater treatment	80	75	91	11
8.04 Fuel price levels	108	116	118	10

Source: [37].

grouped into only two – **A: Enabling Environment** (1.12 indicator in *A.01 Business Pillar*, 2.04 and 2.05 indicators in *A.02 Safety and Security Pillar*, 3.02 and 3.03 indicators in *A.03 Health and Hygiene Pillar*, and 5.06 indicator in *A.05 ICT Readiness Pillar*) and **B: T&T Policy and Enabling Conditions** (6.06 indicator in *B.06 Prioritization of T&T Pillar* and 9.09 indicator in *B.09 Environmental Sustainability Pillar*). Other indicators recorded an improvement on the ranking list over the same period, as presented in Table 3.

The *A.01 Business Environment Pillar* recorded an impressive growth in the 2015-2019 period (advancement by 59 places from 2015 and by 38 places from 2017) based on several indicators: 1.05 Time required to deal with construction permits (88 places), 1.06 Cost (% of construction cost) to deal with construction permits (86 places), 1.11 Extent and effect of taxation on incentives to invest (46 places), 1.02 Business impact of rules on FDI (44 places) and 1.08 Time required to start a business (40 places). *A.04 HR and Labor Market Pillar* is the second area with satisfactory improvement, especially for two indicators, 4.08 Pay and productivity (55 places) and 4.03 Extent of staff training (41 places). Both pillars are part of the first sub-index – Enabling environment. T&T Policy and Enabling Conditions also improved their respective rankings, with two leading indicators, 7.01 Visa requirements (49 places) and 6.03 Effectiveness of marketing and branding to attract tourists.

Table 3: Areas with the most prominent advancement in the 2015-2019 period

Pillars and indicators	Rank			Advancement (places) 2019/2015
	2015	2017	2019	
1.05 Time required to deal with construction permits	129	77	41	88
1.06 Cost to deal with construction permits	139	88	53	86
4.08 Pay and productivity	114	105	59	55
7.01 Visa requirements	67	69	18	49
1.11 Extent and effect of taxation on incentives to invest	134	105	88	46
1.02 Business impact of rules on FDI	128	102	84	44
4.03 Extent of staff training	133	125	92	41
6.03 Effectiveness of marketing and branding to attract tourists	119	107	78	41
1.08 Time required to start a business	68	40	28	40

Source: [37].

It is important to notice that within the same pillar, it is possible to identify shifts in opposite directions. This is most evident in *Pillar 6. Prioritization of Travel & Tourism*, where indicator 6.06 Country brand strategy rating showed a strong decline, while 6.03 Effectiveness of marketing and branding to attract tourists showed a substantial increase. It could be assumed that short-term “selling” efforts surpassed “strategic marketing efforts”. Albeit to a lesser extent, this is also present in *Pillar 1: Business Environment*, where significant progress was recorded in many indicators (time and cost of construction permits, treatment of FDI, starting a business), but where negative trends were observed when it came to taxes. This is an indicator that, on one hand, the state encourages new, especially foreign businesses. On the other hand, it taxes the existing businesses more directly, through taxes, or indirectly, through levies on fuel and other excise goods.

Table 4: Areas with most room for improvement of Serbia's TTCI

Pillars	Rank		
	2015	2017	2019
D.13. Natural Resources	135	130	127
B.06 Prioritization of Travel & Tourism	113	116	109
B.07 International Openness	101	106	71

Source: [37].

Such uncoordinated activities undid part of the positive trends, and the progress of Serbian tourism on the list of competitiveness was slowed down.

In order to find the elements with potential for improvement of Serbia's position on the T&T Competitiveness list, we isolated the indicators with lower individual ranks and therefore with significant room for improvement.

Even though all of the above indicators recorded improvement from 2015 to 2019, their values are still low, affecting their rank, and ultimately the position of the total TTCI for Serbia.

Evaluation of policy and promotional activities

Strategic promotional efforts – National campaigns focused on destination Serbia

Promotional efforts of Serbia as a destination should focus on priority products and destinations, expecting that these should be major pillars of competitiveness. National Tourism Organization of Serbia (TOS) has an essential role in promoting Serbia as a destination in target foreign markets. An overview of the campaigns delivered during the implementation of the new TDS is provided in Table 5.

Table 5: Overview of TOS campaigns

Year	Campaign	Content / products / motives
2015	My Serbia	Four international bloggers travelled around Serbia for two weeks and published their impressions with #MySerbia and interacted with four local bloggers and the public on social networks, proposing next destinations
2016	My Serbia Serbia – Everything I love (winter campaign) -	Promo caravan “My Serbia” in 14 cities: Beograd, Novi Sad, Niš, Kragujevac, Čačak, Zrenjanin, Sombor, Kruševac, Vranje, Valjevo, Novi Pazar, Užice, Zaječar and Požarevac. TOS promotional campaign aimed at promoting Serbia's winter holiday capacities in mountain centers, spa towns and cities
2017	#vidisrbiju – The perfect vacation is at your fingertips	The focus was on tourism products: active holidays and new destinations, spas, escaping the city to stay in nature. Pillars of the campaign: Nature (emotion); Vicinity (action); possibility (ratio: everything equipped); health (relax, family vacation)
2018	Serbia moments – What you will remember	#seeserbia – citizens shared their impressions, photos and short videos on social networks – each month a different tourism product / theme
2019	This summer / winter	#seeserbia – citizens shared on social networks their impressions, photos and short videos on cities, spas, cultural heritage, active holidays, mountains – each month a different tourism product / theme
2020	Choose your adventure! #seeserbia	Focus on active holidays and stay in nature – caused by the COVID-19 pandemic
2021	I♥Serbia	Campaign focus: active vacation, vacation in nature, cultural and historical heritage, vacation in spas and gastronomy – digital communication so as to discover additional attractions in new places in order to prolong stay
2022	Experience Serbia!	Focus on experiences in Serbia – promotion of a new visual identity

Source: [23].

This overview indicates that the focus of the TOS' campaigns was placed on the domestic market. Except for four international bloggers animating their followers in different countries, all the other campaigns were animating just the local visitors, even with the event roadshow at various Serbian destinations. Focus was also placed on social media, suggesting a wish to approach the young population in Serbia and instigate their interactive participation in sharing experiences.

When analyzing tourism products, emphasis was placed on active holidays, nature, health and occasionally on cultural heritage. Speaking of destinations, the campaigns focused on spas, mountains and occasionally cities. Some priority tourism products were out of focus: MICE, touring, nautical tourism, events and transit tourism. When it comes to priority destinations, it is not easy to single out destinations out of focus, but it could be suspected that rivers (Danube) were somewhat ignored. These indications can be compared with the share of certain products and destinations in total foreign and domestic visits from 2015 to 2021.

Strategy goals achievement – Tourism product portfolio

The Tourism Development Strategy 2016-2025 has recognized a portfolio of ten priority tourism products and classified them into three groups: high priority products – to be developed in the first five years; medium priority products – to be developed in the next five years; and value-added priority products that need to be developed continuously. The portfolio was adopted from an earlier version of the tourism development strategy, dating from 2006 and refreshed in 2010, with one product added: transit tourism. The TDS Action Plan envisaged a program for each tourism product to be developed, which did not occur. While interviewing civil servants, the following statement could often be heard, “Strategic products have not been developed – no documents have been adopted, and no one speaks of that. Tourist organizations are only concerned with the near future. Nothing motivates them to think strategically.”

The strategic marketing plan extracted “hidden” key proposals from these tourism products: Tailor-made

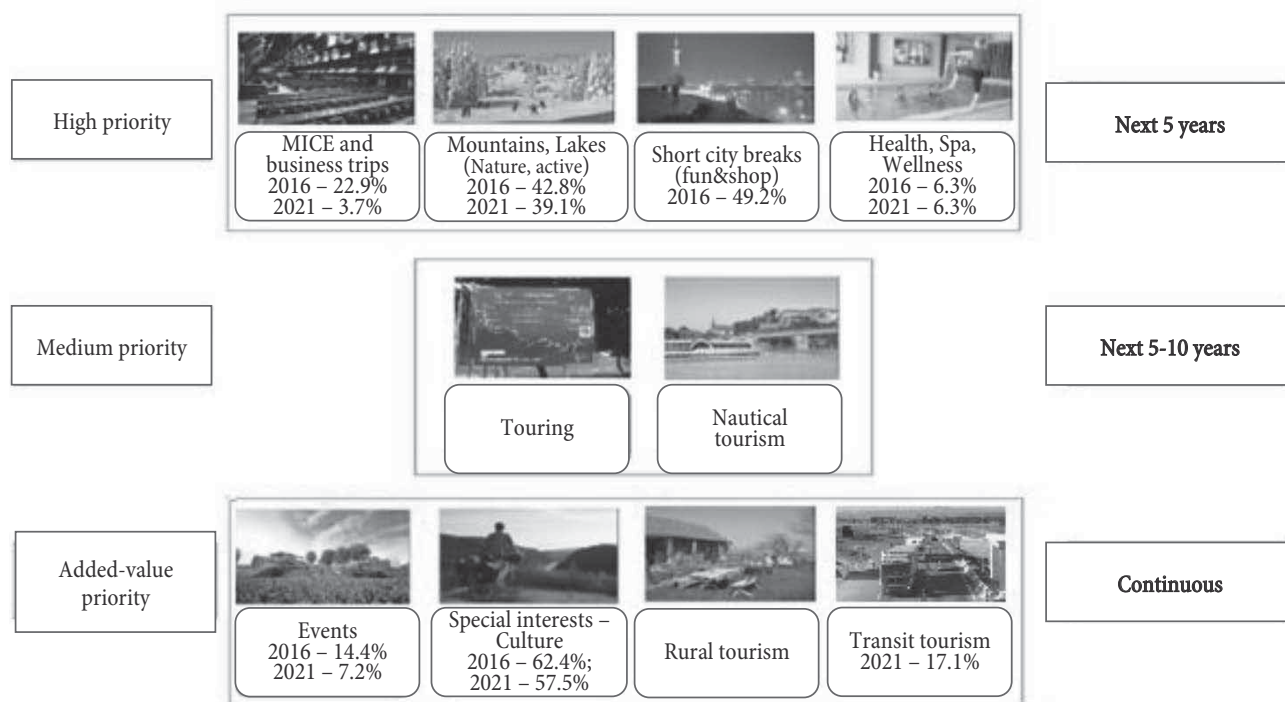
Danube, Vibrant Cities, Enriching Natural Experiences, Cultural Mosaic and Experiential Meeting Hub. These key proposals should propel experiences that are to connect tourism products, priority destinations and target segments. However, this abstract construction appears not to be so precise, and therefore interviewees understood them as five products derived from a portfolio of ten products. Based on this level of understanding, it is questionable if it can be implemented and in what manner. An additional problem is the lack of knowledge of the very concept of tourism products according to the UNWTO definition by those who should care for these tourism products. During the interviews, our interlocutors mentioned skiing, gastronomy, cultural tourism and other specific activities as tourism products. The UNWTO tourism product is a more complex and generalized system encompassing many specific products, such as those listed above. Therefore, according to the definition of the UN World Tourism Organization, “A tourism product is a combination of tangible and intangible elements, such as natural, cultural and man-made resources, attractions, facilities, services and activities around a specific center of interest which represents the core of the destination marketing mix and creates an overall visitor experience including emotional aspects for the potential customers. A tourism product is priced and sold through distribution channels, and it has a life-cycle.” [36].

The understanding of this definition proposed by UNWTO and of the products derived from in the portfolio of Serbia is, according to TDS, poor. The level of knowledge about these and many other basic principles among civil servants, the business community and the civil sector must be improved significantly. Notwithstanding this ignorance, the strategic product portfolio adopted by the TDS document was taken as a basis for further analysis and presented in Figure 1. Data presented in this figure relate to answers of foreign visitors about the reason that attracted them to Serbia as a destination.

Percentage values for the tourism products reflect foreign visitors' preferences listed in answers about why they visited Serbia. Answers concerning their motives to visit Serbia were classified to meet the product portfolio matrix. Since there were multiple answers, cumulative

Figure 1: Foreign visitors' consumption of Serbian tourism products

Foreign visitors: Share in the Serbian tourism product portfolio in 2016 and 2021 – All the different reasons to visit Serbia



Source: [25].

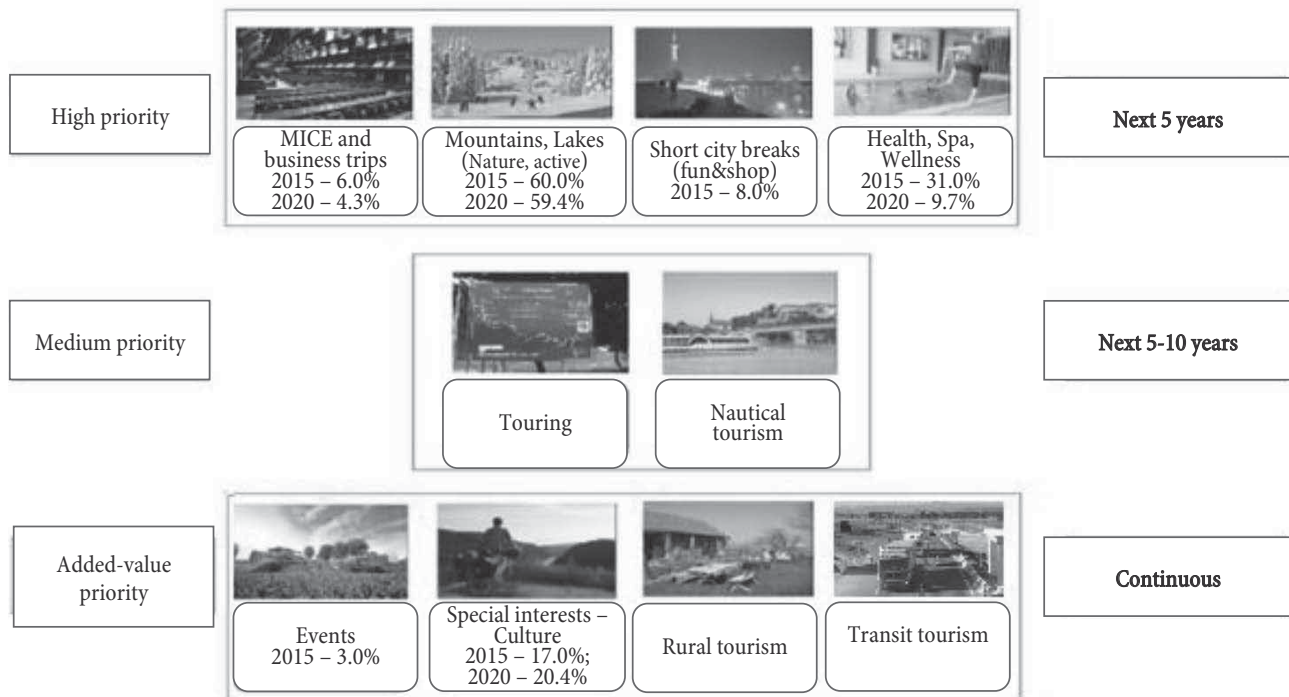
value is more than 100%, which means that, for example, 22.9% of foreign visitors saying that they visited Serbia for business reasons awarded the 1st, 2nd or some other place to this motive, together with several other reasons to come to Serbia. Certain values arise as a combination of several motives. For example, Mountains and Lakes is as a combination of visitors who came for an active holiday and sport and those attracted by natural sights. These visits may overlap with visits to the rivers, but this could not be verified by using the existing data. Empirical data show that the share of mountain tourists prevails, mainly when observing the destinations visited. Touring is connected to cultural tourism and probably shares a high percentage of visitors represented by this icon. However, there are some answers that are not included in the values presented, and those were some very frequent motivators to come to Serbia in 2021 – gastronomy (22.8%), price/value ratio (28.6%), accommodation quality (14.9%), and additional content for families with children (8.3%). Some new motives appeared in 2021, such as “proximity of destination (17.3%)”, “favorable epidemiological situation (12.1%)”, “direct flights (8.4%)”, or “no visa requirements (0.4%)”.

The lessons learnt from this analysis say that some of the priority products were well-prioritized for foreign visitors: special interests (culture) in particular, and mountains and lakes for active holidays. Rural tourism, nautical tourism and touring were either not mentioned by the interviewees, or were not designed for foreign visitors, and they should, therefore, be checked in future surveys. However, some of the products, such as Health, spa and wellness, did not reach their full potential when it comes to foreign visits. Some products were hit by the COVID-19 pandemic: MICE, City breaks and Events. The answers clearly show that in 2021, second tier of festivals (Love Fest, Nishville and Beer Fest) attracted visitors, while major events (Exit and Guča) failed due to pandemic reasons. Transit tourism was not recorded in 2016. It appeared only in 2021. Although it is not a genuine tourism product, it should be monitored in the post-pandemic times, expecting it to enter the fade-out stage.

A similar figure reflects the motives of domestic tourists to visit various destinations in Serbia, again based on an adopted portfolio of tourism products in the current 2016-2025 TDS. The most popular product from the perspective of Serbian tourists is Nature and active

Figure 2: Domestic visitors' consumption of Serbian tourism products

Domestic visitors: Share in the Serbian tourism product portfolio in 2015 and 2020 – All the different reasons to visit Serbia



Source: [24].

holiday (around 60% in 2015 and 2020), which correlates to Mountains and lakes in Figure 2. It is important to notice that active holiday can also relate to rivers and nautical activities and rural tourism, but this survey instrument could not capture this.

Serbian tourists are far more attracted by natural sites and stays in the natural environment than it is the case with cultural heritage, which is the second-ranked tourism product in their opinion (around 20%). Interest in cultural sites is increasing in Serbia, which corresponds to the process of adapting new cultural locations and introducing them in the tourist offer, as they were inaccessible for comfortable visits until recently. On the other hand, cultural heritage is far less (almost three times) popular among the domestic than among foreign visitors. Combining foreign and domestic visitors, cultural and natural heritage (mountains and lakes) are the two most popular tourism products and represent the backbone of Serbia's tourist offer.

Health and spa/wellness offer is traditionally very popular among the Serbian population, and this product alone engages around 30% of domestic visits, which is illustrated by the responses of domestic tourists in

2015. However, COVID-19 caused the older population and other visitors of poor health to avoid travel in 2020, generating a substantial (temporary) drop in demand for this product (9.7%). MICE and Business trips also recorded a drop from 6% in 2015 to 4.3% in 2020, which could even be described as a rather satisfactory outcome, having in mind the total lockdown from March 15th to May 6th and various restrictive measures during the rest of the year. Events and short city breaks associated with fun and entertainment in big cities have disappeared from the domestic tourism product map in 2020. The event industry and city hotels have suffered the most during the COVID-19 pandemic, inducing the emergence of a new product – business nomad package in city hotels offering long city stays combining tourism and business for those professionals bringing their office in a backpack. Some tourism products could not be identified in the responses of visitors who were describing why they chose to spend their holiday in Serbia: Touring, Nautical tourism, Rural tourism, Transit tourism. Touring did not appear to interest either foreign or domestic tourists. Organized groups or individuals following thematic routes are not very frequent in Serbia, and such products are rare. One

of them is the Roman Emperors and Danube Wine Route, certified by the EU Council, but better known to foreign explorers than to the regional population. Similar goes for thematic routes such as Via Dinarica and Eurovelo VI cycling route, while the once popular Monastery route has nowadays all but disappeared from the tourist offer. Although they are formally priority tourism product, the circular tours were mainly present in the form of school field trips and among travelers from distant destinations, which was stopped by the pandemic. No organized activities to support the development of this tourism product have been observed, except for the marking of wine routes and bicycle signalization. If the intention is to keep this tourism product a priority, organized support to its development would be necessary. In this respect, the last strategic document was the master plan of the Roman Emperors Route development, which showcases how a strategic document can initiate long-term success. Nautical tourism is developing around the increasing number of Danube cruiser stops in several spots in Serbia: Belgrade, Novi Sad, Donji Milanovac, Golubac. Local nautical tourism is somewhat underdeveloped, with only several cruising ships run by local hotels (Aqua Star Danube, Đerdap, Silver Lake) and several smaller vessels for local cruising. There is no organized travel across the Serbian rivers, from one bank to the other. A specific form of nautical tourism is rafting, and it is popular in the hilly part of Serbia, but only during summer and among a limited number of visitors. There is no well-organized or popular training for skippers, sailing and other sport and recreational activities on Serbian rivers and lakes. This tourism product needs a strategic document that would analyze the demand and supply side of nautical tourism in Serbia and outline further activities for its development. Rural tourism has boomed during the COVID-19 pandemic, and during the summer of 2020, it was almost impossible to find a room if not booked during springtime. In the survey answers concerning the accommodation type, rural households were chosen in 2% of all the responses in 2015 and in 5% in 2020. The rising shift towards health safety, crowd avoidance, contactless experience, and staying outdoors further helps to develop this product. The strategic document “Master Plan for Sustainable Development of

Rural Tourism in Serbia (2011)”, prepared at the request of the Serbian ministry in charge of tourism under the auspices of UNWTO, has provided guidelines for the development of this tourism product, proving once again that strategic documents are essential and useful. After ten years of implementation, this document needs to be updated, particularly having in mind the impact of COVID-19. Transit tourism is not a standard, well-known tourism product either in tourism literature or in UNWTO documents. Transit tourism is of no relevance to the domestic visitors, since distances within Serbia are not significant. Also, there is no explanation for which target segments of foreign visitors this tourist product should be important. Since this product predominantly revolves around traffic utilities (petrol stations and motels), it is questionable if it should be included in the priority tourism product lists.

Strategy goals achievement – Portfolio of priority tourism destinations

The 2016-2025 TDS listed 18 priority destinations in Serbia, abandoning the former four clusters. The change emerged due to frequent criticism that clusters were too big and too complicated to manage. The real problem arises because tourism budgets are part of the local municipality budgets, which is why coordinating management and money from the considerable number of municipalities in the last two clusters posed a significant problem. However, the clusters of Vojvodina and Belgrade had in place all the administrative prerequisites for successful operation and continued to perform on an enviable level, showcasing the advantages of the previous model: concentration of resources and ability to employ better marketing of its destination. The newly introduced prioritization, which affects almost one third of the municipalities in Serbia, actually questions the very notion of priority, given the excessively broad focus and dispersion of resources across too many destinations.

All 18 newly promoted priority tourist destinations listed in the strategic document are presented in Figure 3, with detailed descriptions of the destinations provided in the rectangular callouts. Furthermore, the callouts also

include the percentages of visitors who opted for these top destinations while visiting Serbia. Besides the rectangular ones, there is also a cloud callout (Leskovac in the first map) denoting a destination that was not on the priority destination list in the TDS.

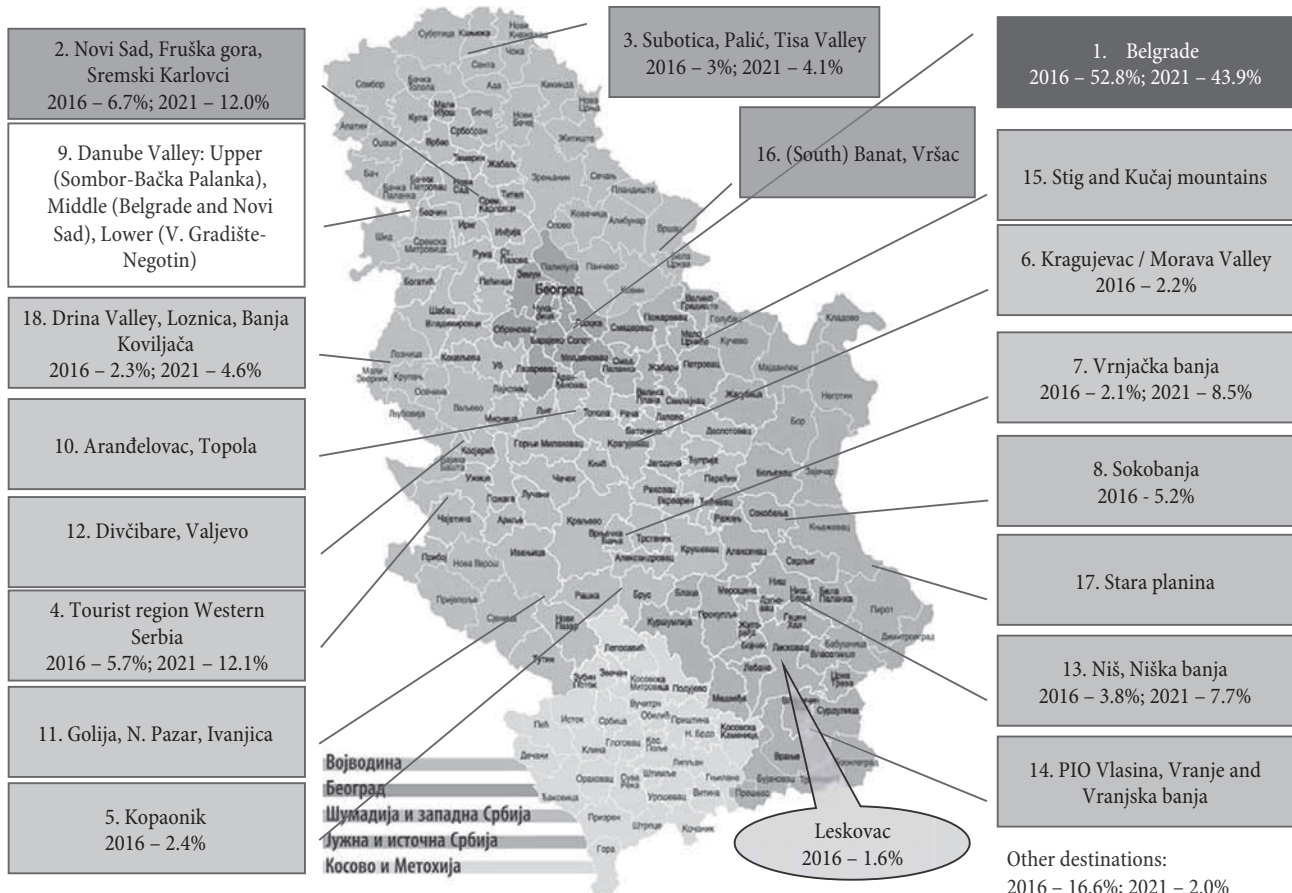
Belgrade remains a top Serbian destination for foreign visitors, even during the COVID-19 pandemic, although its importance declined with the drop of interests in short city breaks, events and MICE. Still, Belgrade accounted for 43.9% of visitors in 2021. Novi Sad, as the second most important destination in Serbia and an urban destination like Belgrade, improved its position during COVID-19. The same evidence is observed for Niš and its adjacent spa (Niška banja). This means that Belgrade, Niš and Novi Sad, as urban destinations, together accounted for 63.3% of all foreign visits in 2016 and for 63.6% of all foreign visits in 2021, which indicates a high concentration of foreign tourists in three urban centers, with the greatest share

of them opting for Belgrade. It is important to point out that all three cities cover a wider area. Novi Sad includes Fruška Gora mountain with Vrdnik thermal spa, and Niš includes Niška banja thermal spa. All of this additionally indicates the importance of a broader destination – offering a portfolio of attractions for different people, or even for the same person with different interests, which is quite expected from the point of view of a modern tourist.

The second tier of destinations from the viewpoint of foreign visitors are mountains and lake destinations: Western Serbia region with mountains Zlatibor, Tara and Mokra gora (2016 – 5.7%; 2021 – 12.1%), Kopaonik mountain (2016 – 2.4%) and Subotica with Lake Palić (2016 – 3.0%; 2021 – 4.1%). These destinations are famous for their natural attractions that invite guests interested in active holidays and recreation, generating 11-15% of foreign arrivals. However, all these destinations boast a relatively high level of development, including tourist

Figure 3: Foreign visitors’ consumption of Serbia’s priority tourist destinations

Foreign visitors: Share in top destinations in 2016 and 2021



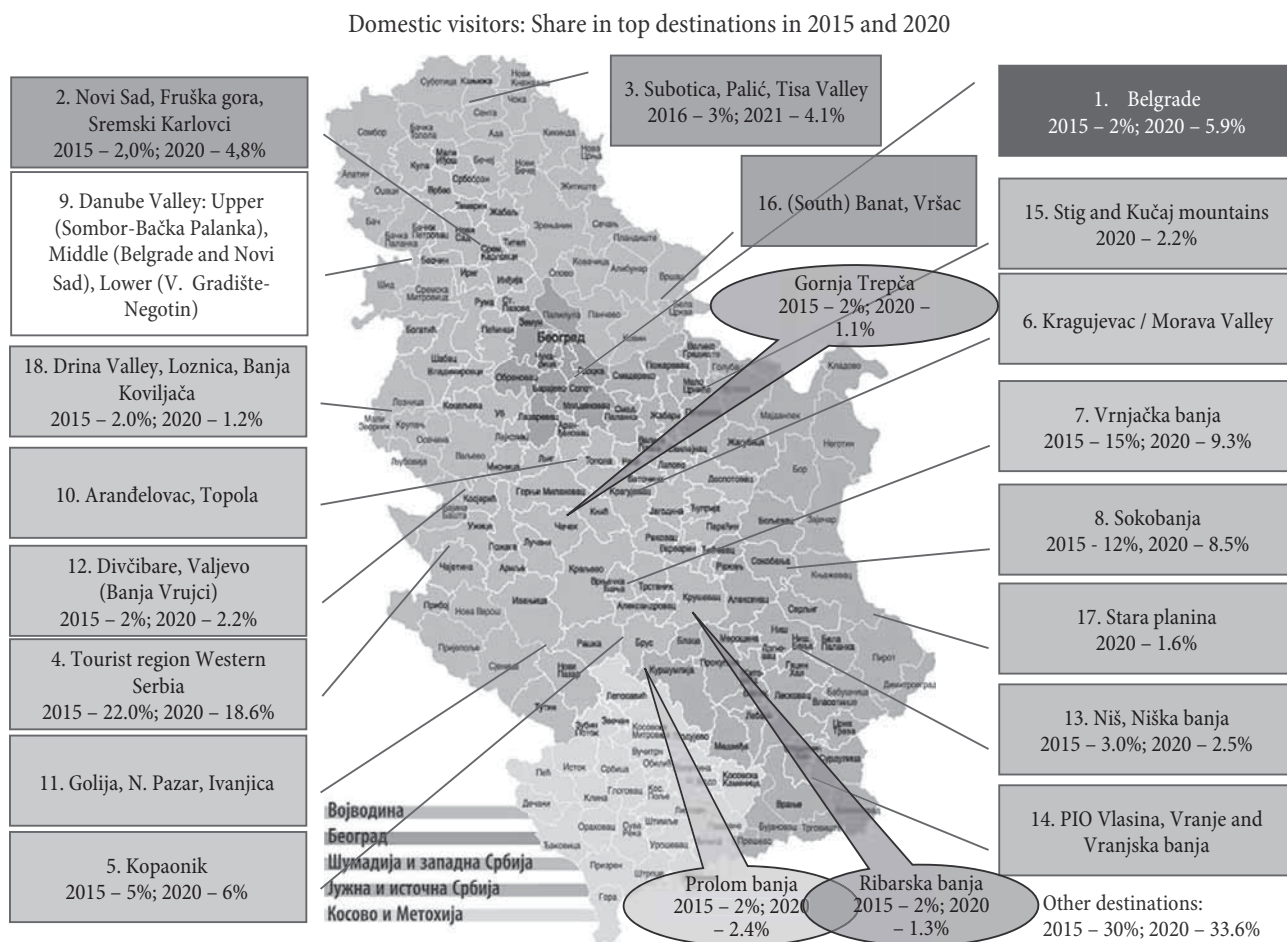
Source: [25].

infrastructure and diversified accommodation facilities offering pools, spa and wellness centers. The third tier of destinations for foreign visitors are spa towns: Drina Valley and Banja Koviljača (2016 – 2.3%; 2021 – 4.6%), Vrnjačka banja (2016 – 2.1%; 2021 – 8.5%) and Sokobanja (2016 – 5.2%). Traditionally, spa towns are destinations for local visitors and visitors from the region (for example, Banja Koviljača attracts visitors from the Bosnian vicinity), attracting around 10% of foreign visitors. However, spas have attracted even more foreign visitors during the pandemic, since their accommodation capacities are smaller, the health and safety regime is more formal, and parks and walking trails are comfortable for a safe stay in landscaped open spaces.

A number of priority tourist destinations from the TDS document did not attract a significant number of foreign visitors according to the two mentioned surveys: the Danube region, Arandelovac and Topola, Divčibare and

Valjevo, Golija, Novi Pazar and Ivanjica, Stig and Kučaj mountains, Stara planina, Vlasina and Vranje with its adjacent spa town. It does not mean that these destinations did not attract foreign visitors at all, particularly when it comes to certain parts in these destinations. A good example is the Golubac Fortress, with an increasing number of cruisers stops and a rising number of organized bus tours. However, the entire region did not perform well as a priority destination. The same conclusion can be formulated for many other destinations, as well. It is interesting to note how one destination came to be one of the most popular destinations for foreign guests in 2016. Namely, with just one large seven-day event (Roštiljijada – The Barbecue Festival), the city of Leskovac managed to attract a considerable number of visitors, primarily from the surrounding area (Bulgaria and North Macedonia). The pandemic “removed” Leskovac from the list of the most popular destinations, but it can be expected that this “festival” of gastronomic

Figure 4: Domestic visitors’ consumption of Serbia’s priority tourist destinations



Source: [24].

specialties that are very popular in this part of the world will make a triumphant comeback. A similar conclusion can be formulated when analyzing visits made by the domestic visitors, with a somewhat different ranking of destination types, as presented in the following map.

Mountains and lakes destinations are the most popular when it comes to domestic visitors: Western Serbia region with mountains Zlatibor, Tara and Mokra gora (2015 – 22.0%; 2020 – 18.6%), followed by the mountain Kopaonik (2015 – 5.0%; 2020 – 6.0%), but also Kučaj mountains and Lake Bor (2020 – 2.2%), Divčibare and Valjevo mountains (2015 – 2.0%; 2020 – 2.2%) and Stara planina mountain (2020 – 1.6%). Domestic visitors are highly interested in different mountains and lakes, even if the level of comfort is not as high. Spa towns are also very important for domestic visitors in Serbia: Vrnjačka banja (2015 – 15.0%; 2020 – 9.3%), Sokobanja (2015 – 12.0%, 2020 – 8.5%), Drina Valley and Banja Koviljača (2015 – 2.0%; 2020 – 1.2%) are prioritized destinations in the present tourism strategy. However, three more spa destinations emerged as rather prominent, despite the fact that they are not mentioned in the priority destination list: Prolom banja, which is actually a system of two spas – Prolom and Lukovska banja (2015 – 2.0%; 2020 – 2.4%), then Ribarska banja (2015 – 2.0%; 2020 – 10.3%) and also Gornja Trepča (2015 – 2.0%; 2020 – 1.1%). In addition to this, two urban destinations have spa offers in their immediate vicinity: Novi Sad with its Vrdnik spa and Niš with its Niška banja. Urban areas are important destinations for domestic visitors, but far less than for foreign tourists: Belgrade (2015 – 2.0%; 2020 – 5.9%), Novi Sad (2015 – 2.0%; 2020 – 4.8%) and Niš (2015 – 3.0%; 2020 – 2.5%). Interestingly, all three urban areas account for a similar proportion of domestic visitors, i.e., without a leading position for Belgrade. Finally, a considerable number of destinations were not a priority for domestic visitors, although the strategic document recognizes them: the Danube region, Arandjelovac and Topola, Golija, Novi Pazar and Ivanjica, South Banat and Vršac, Kragujevac and Morava Valley, Vlasina and Vranje with its spa. Those are the very same destinations that neither foreign visitors recognized as attractive ones. Prioritization of these destinations in the 2016-2025 TDS has not yielded positive results.

Conclusions and recommendations

The main findings of our analysis point out that priority products and destinations were only partially well-recognized and only partly supported through organized activities. Consequently, the achievements in foreign and domestic visits were also only partial.

Priority products were partially correctly listed with the balancing effect when comparing interests of foreign and domestic visitors: mountains and lakes are more important for domestic and much less for foreign visitors. The same situation is observed in terms of spas, which were important before COVID-19, and they are expected to be important again as soon as the pandemic allows it. The Special interest (culture) products are highly important for foreign visitors and are increasingly more important for locals, particularly in open space sites. Transit tourism appears to have gained interest among foreigners during the pandemic, but it needs to be monitored. Some products need to be redefined to be more attractive and easier to recognize (i.e., Touring and Rural tourism) by tourists and statisticians. Nautical tourism is not a priority product for foreign or domestic visitors yet, but this might change. MICE and business trips are present and will retain a moderate level of popularity, but this is a highly profitable image-building product. However, MICE and business trips are expected to recover after the pandemic as very significant tourism products for foreign visitors. A very similar situation is observed when it comes to Short city breaks and Event tourism. Strategic development needs strategic support, meaning that not only “quick-win” products should receive state support. On the contrary, those products that need long-term development promise a better payback (for instance, rural tourism and nautical tourism).

Priority destinations were also listed correctly only to an extent. Foreign visitors are attracted to destinations with developed infrastructure, well-maintained attractions and established accommodation facilities for different types of visitors. Destinations missing either of these three components cannot attract experienced foreign visitors. This explains the high concentration of foreign visitors in urban areas or certain mountain (Zlatibor, Kopaonik)

and spa (Vrnjačka banja) destinations. Domestic visitors prefer spas and mountains and certain urban areas for events, shopping, and business stays. Both foreign and domestic visitors failed to recognize the attractiveness of rivers (Danube), South Banat, Stig and Kučaj mountains.

Lesson learned from the analysis presented say that it is not enough to include many destinations in the priority list. Although these destinations are recognized in the 2016-2025 TDS, neither foreign nor domestic tourists recognize them as being attractive. It would be much better to focus on destinations already recognized by visitors and then to try to add one or two new destinations in each 5-year development period. Too many priority destinations on the list cause a distraction and lack of focus both with tourists and policymakers.

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