

TOURISM SECTOR REPORT

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Executive summary

Tourism and hospitality (T&H) in Macedonia emerged as a major factor for regional and overall economic development, which can trigger growth and prosperity. However, some guidelines for sustainable development must be laid down in order to preserve resources, ensure complementarity between areas and define tourism development. The objective of the report is to disentangle potentials for further development of T&H sector of several, previously assessed destinations in Macedonia. Moreover, it brings an analysis of the major problems and underlying causes, as well as describes the weaknesses of T&H sector that needs to be addressed. The focus is put on the major opportunities for improvements, particularly formulating the sector vision of change and the vision of change for products and services, as well as the identified interventions to reach the vision of change.

The quantitative approach is mainly used to meet the project's aims. A survey was conducted during the period 11-19 July, 2014 among four target groups: (I) owners/managers and employees of travel agencies; (ii) owners/managers and employees of service facilities; (III) tourists (domestic and foreign); and (iv) residents. The respondents were previously well informed about the survey's aims in order to avoid any attempt to manipulate the survey process and possibly bias the results. The data was collected by a self-administered questionnaire survey in all locations (Gevgelija, Bogdanci, Dojran; Mavrovo and Rostuse; Prespa; Krusevo; and the Wine route - Povardarie). The overall response rate is 86.4% while the rest of the questionnaires were incomplete and unusable. The data concerning tourists' perception (demand side) incorporates 18.9% of total respondents involved in the field survey. The data covering the supply side consists of answers from the travel agencies (2.6%) and catering facilities (hotels, motels, restaurants and private accommodation) 33%. The local residents (45.5%) were also surveyed.

The overall conclusion is that the surveyed destinations have low quality of road and tourism infrastructure to be reached and the cleanness of the streets and public areas is missing. The unfavorable economic situation in Macedonia in general, and particularly in the destinations, leads to low payment in T&H sector and often even to perception of not safe and secure work. Unavailability of funding sources and limited access to finance is one of the major obstacles for tourism suppliers, despite the usage of state subsidies for support of their business performance. Lack of promotion at foreign markets and cooperation with foreign partners is additional limiting factor for development of all service facilities. The destinations can be reached by car or bus, but some are missing regular public transportation (e.g. the wineries in the wine region). There are numerous services that are missing in the supply chain in terms of tourists' satisfaction, such as public parking, public toilets, public waste disposal, as well as not well-marked tourist attractions and locations. In most cases, the destinations do not have a tourist information office and have lack of accommodating opportunities (e.g. the wineries in the wine region). The domestic tourism agencies and foreign tour-operators are not sufficiently used as intermediaries in the line of increasing the market. Generally, half of the tourists are domestic (except in the case of Prespa) and half originate mostly from the neighboring countries, resulting with very modest multiplier effect in the T&H sector.

In order to ensure tourism development in Macedonia, some essential systemic constraints need to be addressed. Moreover, the current marketing strategy needs an improvement in order to overcome the spotted obstacles for destinations' and product development. In this line, the competitive

advantages may be found at culture, history, untouched natural resources and low service prices. The latter, supplemented with cultural events and traditional food, are identified as the most important elements for enhancing tourism supply of the destinations. Furthermore, it is necessary to have better coordination with local authorities, particularly in the formulation of local and regional plans and policies for T&H development. The vast majority of respondents (both genders, youth and the target groups according to working position) strongly recommend supporting the membership of women in the Tourism Committee as a chance for improving the position of women entrepreneurs in T&H sector. Concerning the vision of change for services, a three-fold improvement is a must: (i) to improve current accommodation facilities as well as road and tourism infrastructure; (ii) to improve knowledge and behavior of T&H employees; and (iii) to introduce new innovative approaches for tourism promotion and to create tourism products, events and stories to link the products.

The general conclusion of the investigation is that not all surveyed destinations have opportunities for increasing market employability. Namely, Krusevo and the wine route destination are not identified as destinations with high priority for undertaking measures in the line of moving from current status to the vision of change. Yet, the report gives a snapshot on some strategic interventions that may be covered in the long-term future. On the other hand, Gevgelija, Bogdanci, Dojran (as one destination), Mavrovo and Rostuse, as well as Prespa are identified as high priority destinations with detected areas for part-time employment and job-sharing for both genders, including youth.

Background

T&H is considered as sector with great potential to be an important contributor to economic development in Macedonia and can also help in creation of new jobs and development at local level. The Swisscontact managed the Increasing Market Employability (IME) Project in Macedonia, which is implemented by the Center for Institutional Development - CIRa.

The project addresses market systems in which its effectiveness and impact are likely to be highest. T&H, Creative Industries and Green Economy have been selected on the basis of their: (a) Potential for growth; (b) Potential for job creation for poor women and men, women in general, and youth in particular; (c) Intervention potential - the likelihood that there are systemic constraints that result in market system underperformance and (d) Feasibility of change - the likelihood that an SDC programme can contribute to resolving these constraints, considering other programmes of the Government and donors.

The project is focused on three outcomes:

- (1) Sector and income growth in the selected sectors;
- (2) Increased employability and labor market insertion of women, and young women and men in particular;
- (3) Women's Economic Empowerment.

These three outputs are expected to be reflected by the research methodology and are coherently addressed across the Full Research.

At the beginning of implementation of the IME Project, detailed assessment of possible destinations was undertaken. After an in-depth screening, it was recommended further field research and assessment of five destinations: Gevgelija, Bogdanci, Dojran; Mavrovo and Rostuse; Prespa, Krusevo and Wine route (Povardarie). Therefore, the expert's team was engaged to conduct an in-depth assessment of T&H sector in the previously identified destinations, and to develop a Sector Strategy Report that will guide IME in developing a four-year project implementation plan.

Annex 5 – INVESTIGATION TEAM

The investigation team was composed of senior and junior researchers under the guidelines of Prof. Biljana Petrevska as the lead researcher in the experts' team for conducting the full assessment of the T&H sector in Macedonia in the line of developing a Sector Strategy Report for the Increasing Market Employability (IME) Project, 2014.

The team took a balanced approach to address rural and urban target groups and used the Making Markets for the Poor (M4P) approach. The team delivered the following outputs:

- Full assessment of the selected tourism regions based on quantitative research, including all relevant market players and functions between them;
- Market Map with all relevant players and identification of potential project partners and key stakeholders;
- Analyses of sector strengths and identification of where the services are strong or weak as they appear in today's cluster;
- Methodology of T&H investigation and preparation of Sector Strategy Report in Macedonia, including all regions, tools, techniques and investigation plan.

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