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# EVALUATING TOURISM DEVELOPMENT OF SOUTH EAST MACEDONIA: A MICRO REGION PERSPECTIVE

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## *Abstract*

The paper evaluates the current level of tourism development in a micro region consisted of the municipalities of Gevgelija, Bogdanci and Dojran, as part of the South East planning region of Macedonia. It analyses the tourism sector dynamics by evaluating the market, the core value chain as well as the enabling environment for tourism development. Moreover, it elaborates the supporting functions, services, rules and regulations that facilitate tourism growth. For that purpose, the paper undertakes several commonly applied analysis (SWOT, PEST, VRIO and TALC) in the line of detecting the most profound obstacles as well as potentials for tourism enhancement of the micro region. The overall conclusion is that the current marketing strategy needs to be redesigned in order to overcome the spotted weaknesses.

## *Key words:*

Tourism development; Evaluation; South East region; Macedonia.

## **INTRODUCTION**

Tourism has emerged as one of the major industries in the world economy by benefiting transportation, accommodation, catering and many other sectors. Thus each country insists on developing it and making a profit from its variety of impacts. Moreover, every country is interested in increasing the number of incoming visitors since it serves as a source of economic growth.

Over the past six decades, tourism experienced continued expansion and diversification, becoming one of the largest and fastest-growing economic sectors in the world. Despite occasional shocks (devastating terrorist attack (9/11) in 2001; the combined effect of three significant factors in 2003: the Iraq crisis, the SARS outbreak



and a persistently weak global economy; and the global economic recession that started in the second half of 2008), tourism development noted virtually uninterrupted growth. Starting from 25 million in 1950, to 278 million in 1980, 528 million in 1995, and 1,035 million in 2012, the international tourists' arrivals are worldwide increasing. The purposes for traveling are varying among holidays, recreation and types of leisure accounting for just over half of all international tourist arrivals (52%) mostly traveling by air in terms of inbound tourism. Furthermore, tourism's importance to the wider economy continued to grow in 2012. Its total contribution reached 9% of global GDP (EUR 4.95 trillion) and generated over 260 million jobs (8.7% or 1 in 11 of the world's total jobs). It is worth pointing out that 101 million jobs (3.4% of total employment) are directly involved, meaning the employment by hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). It also includes the activities of the restaurant and leisure industries directly supported by tourists. So, tourism grew faster than other notable industries such as manufacturing, financial services and retail. With such resilience in demand and an ability to generate high employment, the importance of tourism as a tool for economic development and job creation is clear. In total, it contributed to over 10% of all new jobs created in 2012.

Regarding the long-term outlook one may note that the international tourist arrivals worldwide will increase by reaching 1.8 billion by 2030. In particular, the market share of emerging economies, from 30% in 1980 and 47% in 2012, is expected to reach 57% by 2030. Only minor changes are expected to happen in the world's top tourism destinations. Despite the economic challenges, Europe continues to have the largest portion of the market share. In addition, the large majority of international travel takes place within traveller's own region, hence supporting tourism development in its national context is more than necessary. Less restrictive visa regimes, the reduction in punitive taxation levels, as well as the liberal international regulations assist in contributing even more to broader economic development and better fulfilling the clear demand for international travel.

In its National Strategy for Tourism Development (up-dated for the period 2011-2015), Macedonia identified tourism as a mean for generating various micro and macro-economic effects, with a vision to establish an image as a notable European destination for cultural and natural heritage-based tourism. Up-to-date, tourism accomplished an average growth of 4.64% per year, which is higher than the average growth of the entire economy (3.12%). In this context, the participation of tourism in the creation of the gross domestic product (GDP) has an average of 1.7% per year, which is very moderate compared to the world average of 2.8%, and the European average of 2.4%. Furthermore, one may find interesting the data for direct economic influence of tourism over Macedonian economy by its contribution to employment. In this line, it is substantially to know whether tourism can contribute to job creation, thus acting as

a factor for decreasing the high unemployment rate of 28%. Namely, the average tourism employment in total labor is 1.9%, but the picture is not clear since it does not address the employees in travel agencies, tour-operators and other tourism mediators. If being compared with World's average of 3.3% of direct tourism jobs, one may conclude very modest national contribution. Yet, compared to the average of other European countries (1.8%), leads to conclusion that tourism in Macedonia can create new job positions, and consequently contribute to curbing the unemployment rate. The tourism inflows represented 26% of total inflows of services and 8% of exports of goods in Macedonia. In the frames of services, tourism inflows were the second biggest item (just a little bit lower compared to the inflows of transport services), which is 1.3 times higher than the inflows of business services and 2.4 times larger than communication services inflows. Accordingly, the net tourism inflows in Macedonia have an average of 1% of GDP indicating high potentials for increasing tourism effects.

The historical and cultural heritage, as well as the gastronomy are the competitive advantages of the country. Therefore, the lake, wine, cultural, rural and mountain tourism (supplemented with eco-tourism) are the leading comparative tourism products at national level, being identified as clusters. Consequently, an upward trend is observed in tourism sector in terms of catering business units, rooms, beds, as well as tourism flows. According to statistics for 2013, 18,225 employees work in 3,740 accommodation and food service business entities, whereas 67.8% are micro enterprises (up to five employees) and all are in private ownership.

An upward trend is noted in tourism flows as well, starting with 585,699 total tourists arrivals in 1992 (whereas only 37% are foreign tourists), to 701,794 total tourists arrivals in 2013 (whereas 57% are foreign tourists). Although there is constant increase in the figures in favor of international tourism demand, the average stay of foreign visitors is not changing (2.2 days for the period 2000-2013). Half of foreign tourists (53.6% average for 2000-2011) originate from only six neighboring countries (Albania, Bulgaria, Croatia, Greece, Serbia and Slovenia), presenting extremely limited international tourism demand. Currently the tourists in this micro region originate mainly from the following countries: Serbia, Slovenia, Montenegro, Bosnia, Croatia, Germany, Bulgaria, Italy, Austria and Poland.

Concerning domestic tourists, it is noted an average of 4.7 days (for the period 2000-2013 being higher than the average for 2013 - 4.2 days). The extremely short average length of stay at national level (3.7 days for 200-2013, and 3.1 days for 2013), points to the necessity of undertaking urgent and serious activities and measures in the line of supporting domestic tourism market. In this line, the main strategic actors which have a mandate to plan, support and enhance development of tourism in Macedonia are: Ministry of economy (via the Sector for tourism and hospitality), the Agency for promotion and support of tourism, Ministry of culture, Ministry of transport,





Chamber for Tourism, Regional Centers of the planning regions, Local self-government units (LSGUs), as well as various tourism associations.

The objective of this paper is to evaluate the current stage of tourism development of the micro region (Gevgelija, Bogdanci, Dojran) in the South East Macedonia. In particular, the paper attempts to explore and identify the major problems and weaknesses that need 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. The paper is structured in several parts. After the introductory part, the paper is organized as follows: Section 2 provides a brief overview on literature addressing the issue of tourism and regional development. Section 3 provides some stylized general and tourism facts on the micro region. Section 4 presents the sector dynamics of the micro region, while Section 5 encompasses the tourism planning concept applied on the micro region. Conclusions and recommendations are presented in the final section.

## LITERATURE REVIEW

The concept of regional development includes on one hand, the dynamics of development of specific areas, primarily understood as a regional economic development of those areas, but also regional traffic, population or environmental development. There is a large body of literature whose main thesis is that regional development must be based on the exploitation of best potentials of the regions' environmental features, and sustainable development must be based on reasonable regional development.

In this respect, the conventional thinking about the relationship between tourism and regional development is present in many studies (Sharpley & Telfer, 2002; Rayan, 2010; Stabler et al, 2010). Other researchers investigate the local, place-based factors that influence tourism development, and ask why some tourism areas develop more than others (Raina & Agarwal, 2004). Likewise, a focus is put specifically on the less developed world and by arising many assumptions about the role of tourism in development and, in particular, highlighting the dilemmas faced by destinations seeking to achieve development through tourism (Huybers, 2007; Telfer & Sharpley, 2008). Some authors even endeavor to a critical approach within a multi-disciplinary framework to relook at the complex phenomenon of tourism development (Babu et al, 2008; Ramos & Jimenez, 2008).

Tourism is seen as a 'sunrise' industry that is labor intensive and therefore offers the potential to be a substantial source of employment. In short, much attention has been directed to tourism's economic potential. Due to the relationship between food and tourism, some authors underscore the significant opportunity for product development as a means to rural diversification (Bessière, 1998). Others examine the contemporary issues and reasons for tourism development as a strategy for urban



revitalization (Pearce & Butler, 2002) as well as for providing the basis for a better informed integration of tourism in regional development strategies (Sharma, 2004). Moreover, some discussions are towards various policy innovations as activities by regions in terms of tourism development considering continuous growth within the sector (Giaoutzi & Nijkamp, 2006). Additionally, as tourism and regional development are closely linked, regions and local authorities play a key role in the formulation of policy and the organization and development of tourism (Constantin, 2000).

## SNAPSHOT ON THE MICRO REGION

### *General data*

The micro region consists of the municipalities of Gevgelija, Bogdanci and Dojran and it is a part of the South East (SE) Region. It is located in the extreme southeast part of the country and besides afore mentioned municipalities, it contains the municipalities of Strumica, Valandovo, Novo Selo, Radovish, Konce, Vasilevo, and Bosilovo (Figure 1). SE region comprises the Strumica-Radovish and Gevgelija-Valandovo basins, the Strumica River valley and the lower course of the Vardar River.

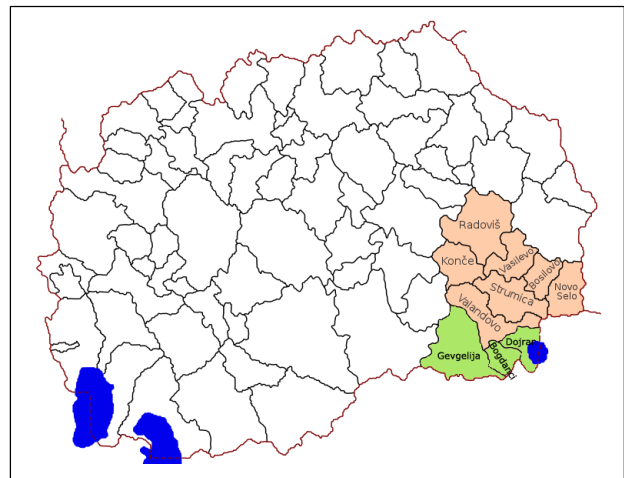


FIG 1. MAP OF MACEDONIA WITH MARKED SE REGION AND THE MICRO REGION

All three municipalities are connected with road corridor 10 that goes through Macedonia from north to south (highway A1). Dojran is connected to M1 highway via two motorways (one goes via Valandovo R1105 (40 km), and another road is from Gevgelija R1109 (23km)). Dojran-Dojrani border crossing with Greece is in Dojran and gives direct connection with cities in the Northern Greece. Dojran is 147 km from Skopje's Airport and 93 km from Thessaloniki Airport in Greece. With normal traffic, approximately 1.5 hours are needed to get to Dojran from any of those two airports. Gevgelija is on A1 highway and only 3 km from the biggest border crossing with Greece, Bogorodica-Evzoni. The Thessaloniki airport is 100 km, and Skopje's Airport is 137 km from Gevgelija. Bogdanci is around 10 km from A1 highway. Gevgelija has Railway Station, and border crossing with Greece for trains. The distance to Dojran and Bogdanci are same as for traveling by car.

TABLE 1. BASIC DEMOGRAPHIC INDICATORS OF THE MICRO REGION

Municipality	Surface (km <sup>2</sup> )	Population	Gender structure		Youth (15-29 years)
			Male	Female	
Gevgelija	485	20362	10070	10292	4443
Bogdanci	115	8707	4377	4330	1779
Dojran	43	3426	1728	1698	761
Micro region	643	32495	16175	16320	6983

Another specific feature of the micro region is that it has the highest activity and employment rates and the lowest unemployment rates both on short and long term (Table 2 and Table 3).

TABLE 2. DATA REFERRING (UN)EMPLOYMENT

Municipality	Working age population			Employed			Unemployed		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
Gevgelija	10105	5507	4598	7806	4180	3626	2299	1327	972
Bogdanci	4153	2421	1732	3142	1823	1316	1011	595	416
Dojran	1434	878	556	1008	647	361	426	231	195
Micro region	15692	8806	6886	11956	6650	5303	3736	2153	1583

TABLE 3. DATA REFERRING (UN)EMPLOYMENT RATES, LONG-TERM UNEMPLOYMENT RATES AND EMPLOYMENT RATES IN SERVICE SECTORS

Municipality	Unemployment rate	Employment rate	Long-term unemployment as % of total unemployment	Employment in Services as % of total employment
Gevgelija	21.9	50.4	59.6	48.1
Bogdanci	24.3	51.6	75.3	47.5
Dojran	26.9	45.3	71.0	41.4
Micro region	24.4	49.1	68.6	45.7

According to the estimations of the Macedonian State Statistical Office in 2012, 8.4% of the total population in the Republic of Macedonia lived in the SE region. The SE region covers 10.9% of the total land area of the country and has a population density of 63.2 inhabitants per km<sup>2</sup>. On its own, the micro region encompasses 23.5% of the surface of the SE region and 18.7% of total population of the SE region with a density of 50.5 inhabitants per km<sup>2</sup>. The demographic structure of the micro region is described with the figures given in Table 1. Compared with the SE region, it could be said that it encompasses 18.5% of male population, 19.0% of female population and 18.7% of young population (15-29 years). Regarding the gender structure of the micro region, one may conclude almost ideal gender balance (49.8% male and 50.2% female population). Only Gevgelija has slightly more female population (50.5% female opposite to 49.5% male population). Furthermore, Table 1 presents the distribution of

young population (15-29 years) inside the micro region. Gevgelija participates with 63.6%, Bogdanci with 25.5% and Dojran with 10.9%. The average unemployment rate of youngsters is 59.5%, whereas, in Gevgelija 58.0%, Bogdanci 60.1% and Dojran 59.5%. Analyzes of the sector specific data show, that the total number of employees in accommodation and food service activities in Macedonia in 2013 is 18,225. The average net wage in the field of accommodation and food services activities in 2013 is approximately 250 EUR (State Statistical Office, 2014a: 38), which is less than the average net wage (270EUR) in the SE region for 2013 (State Statistical Office, 2014b: 114).

The extensive hydrographic network, the great number of sunny days, the climate and the favorable geologic conditions characterize the micro region as predominantly agricultural. The large-scale production of high-quality early vegetables, fruits and industrial crops enable the development of the canning and food processing industry, for which this region is renowned.

The micro region has huge sales potentials due to its natural beauties, so it offers a variety of tourism types (lake, spa, cultural, casino, health, ski tourism, etc.). So far, the micro region has already established services and it is easy accessible from Greece. It possesses sufficient resources (water and electricity) to support high number of visitors during all seasons. It has relatively developed infrastructure and good healthcare facilities. There are 7 hotels and motels, 11 restaurants, 3 coffee bars, and 3 summer beach clubs in Dojran. In Gevgelija there are 12 hotels and motels, 16 restaurants, 3 night clubs. Bogdanci has limited accommodation facilities (the one and only existing hotel is still not officially registered), 6 restaurants, 6 coffee bars and 1 night club. The municipality of Dojran has around 3,500 available beds, (56% private accommodation, less than 20% in hotels and motels, around 11% refers to off-shore closed hotels that has their own casinos for Greek tourists. Recently, new hotels and gambling facilities near the Greek border have been built, in order to sustain the increased number of Greek tourist interested in gambling. Therefore, one may conclude that this is very big potential for this micro region.

### *Tourism data*

By analyzing tourism statistical data for the SE region, one may note that it encompasses constant share of the national market in terms of rooms and beds within accommodation facilities. Moreover, in 2013, the SE region has 26,887 rooms, which is 8.7% of total rooms in Macedonia, and 6,298 beds representing 9% of all beds on national level. Referring tourism statistics in terms of arrivals and nights spent, the SE region has large portion of the national market. Namely, in 2013, 109,982 tourists visited the SE region, which represents 15.7% of total tourists visiting Macedonia. More than half of it (59,977) were domestic tourists, thus representing 19.9% of domestic tourists visiting Macedonia. The other half of the tourists that visited the SE region were foreign tourists (50,005), which is 12.5% of total foreigners at national

level. The total tourists in the SE region had 327,279 nights spent, representing 15.2% of Macedonia's total overnights. In this line, 231,879 are nights spent by domestic tourists, which is 18.2% on national tourism market and 95,409 are nights spent by foreign tourists, which is 10.8%. The average length of stay in 2013 in SE region is 3 days for all tourists (the same as Macedonia), whereas, the domestic tourists stay 3.9 days, while foreigners only 1.9 days, which in both case is shorter than the average of Macedonia.

TABLE 4. TOURISM DATA

Municipality	Accommodation entities	Rooms	Beds	Tourists			Nights spent		
				Total	Domestic	Foreign	Total	Domestic	Foreign
Gevgelija*	8	339	777	29,304	10,459	18,845	77,184	49,425	27,759
Bogdanci	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A
Dojran**	49	1,216	3891	22,524	21,295	1,229	104,578	102,019	2,559
Micro region	57	1,555	4668	51,828	31,754	20,074	181,762	151,444	30,318

Note: \* Data for 2010; \*\* Data for 2011

Based on Table 4, one may find interesting conclusions regarding tourism statistics of the micro region compared to the regional context. The strong and dominant position of the micro region within the regional frames is notable. Namely, it encompasses nearly half of total tourist arrivals (47.1%, whereas 52.9% of total domestic arrivals and 40.1% of total foreign arrivals) and more than a half of total nights spent (55.5%, whereas 65.3% are overnights of domestic tourists and 31.8% are overnights of foreign tourists). However, one must note that the above noted figures may not present the real picture of tourism statistics. The problems are located within the private accommodation (particularly in Dojran). It is often the case that the guests are not registered, or the guests are registered, but their overnight is not registered, or the accommodation is not registered as official tourism service provider within the local tourism authority.

Out of 126 accommodation business entities in the SE region, the micro region covers 45.2% posing solid tourism infrastructure. The situation goes in favor even more when referring rooms and beds in tourism, by including 66.3% of rooms and 74.1% of beds registered at regional level.

Tourists who visit the micro region stay in average 3.5 days, which is higher compared to the average of the SE region (3 days). Yet, there are notable differences in the length of stay among domestic and foreign tourists. Domestic tourists stay in average 4.8 days (higher than the SE region average of 3.9 days). This is more than three times higher compared to the average of foreign tourists who stay only 1.5 days (even lower than the SE region average being 1.9 days).

## **SECTOR DYNAMICS**

### *Market overview*

The key players providers of tourism services within the micro region are established networks of supply chain as well as local self governments, bussiness development centers, formal and informal education providers and Center for development of the South East region. Tourism and hospitality sector is run by private owners comprising the supply of 19 hotels and motels, 33 restaurants, 9 coffee bars, and 3 night clubs, and 3 summer beach clubs. The micro region has a Tourist association (consisted of 5 members) aiming to contribute to sustainable development, as well as facilitation of the cooperation between the interested parties within the wider area. The establishment of local DMO as a holistic organization may foster the collaboration and coordinate the actions of all key tourism market players.

Considering the attractiveness of the tourism supply in terms of natural environment, historical and cultural heritage, it may be pointed out that the micro region has great potential for offering quality tourism products. This is closely related to its social characteristics as well as its dimension and accessibility. In this line, the ease of access of the micro region is ensuring continuous tourism flow. Education of local community with regards to tourism and hospitality, as well as education and training of staff working in tourism and hospitality, is a main point that still requires improvement.

### *Sector map*

Applying the Making Markets Work for the Poor (M4P) methodology the sector map for the micro region is given in Figure 2. Based on Figure 2, one may find that the sector map for the micro region is comprehensive. Many of the supporting functions currently present may be used in the line of supporting and enhancing sustainable development. The NGO sector (comprised of 14 organizations and associations) aims at raising awareness for positive effects of tourism development. The private sector along with the investors are mostly focused on casino tourism by supporting the expansion of the current accommodation supply, instead of creating unique tourism supply.

The accent should be on provision of services that can make the current tourism supply more competitive and stronger, thus leading to creation of tourism brand of the micro region. Moreover, the private sector may find interesting and at the same time, profitable to invest in development of "Adrenalin Park", organizing Regional Fair for the wine producers from the Gevgelija-Valandovo valley or by developing and implementing an idea for hot-air balloons over Bogorodica field. The representative bodies are looking after the legal aspects and tourism and hospitality standards and regulations. The LSGUs have adopted various strategic documents at local level and make efforts for being in the line with regional document. Yet,

coordination is missing for fulfilling the noted priority of the wider region to develop spa, cultural and historic, rural and alternative tourism through cooperation with neighboring regions and countries.

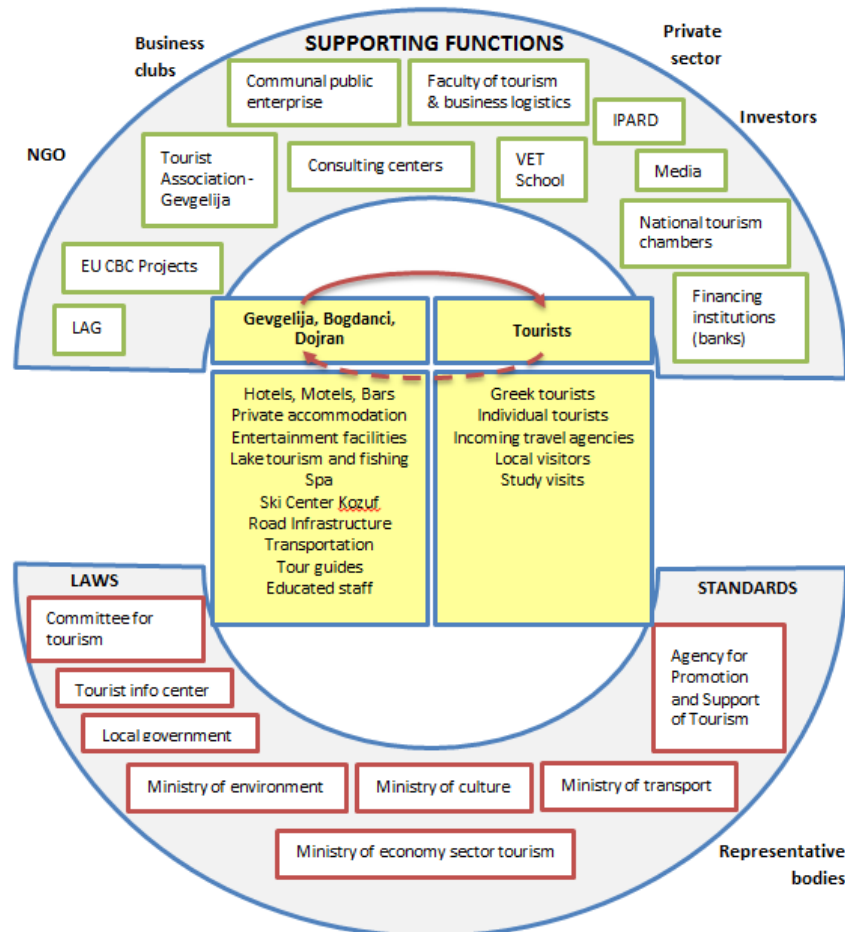


FIGURE 2. SECTOR MAP

The current engagement of local community only as a work force for the service facilities, may be expanded to production of local food, handicraft, tour-guiding and souvenirs. Individual tourists, who visit the micro region by self-organized trips, should be replaced with organized tours by involving tourism intermediaries, in the first place domestic incoming travel agencies, as well as foreign tour-operators. Currently, there are only two active travel agencies operating in the micro region which have established cooperation with the Agency for promotion and support of tourism of the Republic of Macedonia, and the different Ministries. They also have cooperation with different branches of various tourism associations working at local level. This should be the case for all service facilities in the micro region, since it is the only way for contributing to sustainable tourism development.

### *Core value chain*

The micro region has various types of accommodation facilities (private accommodation is dominant in Dojran, while hotel accommodation in Gevgelija), which generally are not star ranked. In the past few years, new luxury hotels were built ("Apolonija", "Flamingo" and hotel and casino "Ramada Princess") near the border with Greece offering casino tourism. The potentials also lies in nearby spa resort Negorski Banji (Negorci Spa) located only 3 km from Gevgelija. The resort consists of three hotels ("Jasen" - 126 beds, "Ilinden" - 88 beds and "Bozur" - 68 beds) and two restaurants. The complex is situated in a specific environment, at the bottom of the mountain Kozuf, amidst well-off and rare ash woods (an area of 22 acres), which form a natural park. It is a center for prolonged treatment and rehabilitation with modern equipment and functional rooms for all kinds of therapy in the field of physical medicine and rehabilitation. The mineral water (38-40C) contains lots of calcium, magnesium, radon, cesium, rubidium, and other minerals. The facilities are mostly used by domestic sport clubs for accommodation and trainings practices out of the main season (late autumn and winter in particular). Despite the potentials, the owner is not much interested in incorporating it within the micro region's supply, but rather working as a separate market actor.

The micro region can be reached by road and train, so several providers are active. The public enterprise "Makedonski zeleznici" is the one and only provider in the railway traffic, while the bus carriers are "Transbalkan", "Amigo" as well as the travel agencies "Dori" and "Internacional". All travel agencies within the micro region ("Dori" and "Internacional") possess a working license type "A", have over 20 years of experience, and have an approximate yearly income up to 50,000 EUR in the last 2 years. They sell 75% of the arrangements for Macedonia in total (not only for the micro region), and make arrangements for neighboring countries. They do not make arrangements for European countries or the Worldwide, but do sell incoming packages. The program "Work and Travel" is not included in their work.

The definition for a "season" for the micro region differs. Namely, besides summer, the travel agencies consider autumn as good season as well, due to reduced prices for out of season period. Given the fact that the travel agencies mostly work outgoing travel and not incoming tourism, it is understandable why they have identified autumn as a main season for their business. On the other hand, the other service facilities (hotels, motel, restaurants and private accommodation) identify summer as the main season where the utilization of capacities is estimated to 60%. Although, some of the key tourism players undertake measures and activities for prolonging the short season and avoiding the negative effects, they are with very modest results. The travel agencies cooperate with foreign and domestic travel agencies and have established and maintained cooperation at national level and local level. They cooperate with the Agency for promotion and support of tourism of the Republic of





Macedonia, with different Ministries – for Economy, Culture etc.), as well as with the local government and different branches of various tourist associations. On the other hand, the service facilities as tourism supply players do not collaborate with other tourism actors and neither cooperate with travel agencies (foreign and domestic), nor use foreign tour-operators as intermediaries.

Domestic and foreign tourists visit the micro region. Domestic tourists prevail (61.3% of total tourist arrivals and 83.3% of total overnights) so it is often a case that they come on an annual basis, particularly staying during summer months for a holiday in Dojran. Mostly, they come from other places than Skopje, particularly from the south-eastern part of Macedonia. Foreign tourists encompass 38.7% of total arrivals and only 16.7% of total nights spent. They come from neighboring countries, predominantly from Greece mostly visiting the luxury hotels near the border of Greece (Apolonija, Flamingo and Ramada Princess). Since generally these foreign tourists visit the micro region for gambling purpose, they are either day-trippers, or have just one, to two overnights. Consequently, the length of stay of foreign tourists is 1.5 days, which is shorter than the regional level (1.9 days) and national level (2.2 days). Yet, the foreigners stay longer in Dojran due to lake tourism (2.1 day) and shorter in Gevgelija due to transit and casino tourism (1.5 days).

Consequently, the average daily expenditure of domestic and foreign tourists is less than 30 EUR in both cases, for food and for fun. The tourists travel by self-organizing trips and generally, reach the micro region by car or bus, and in some exceptional situations, by train. Both types of transport (public and private) are equally used, so there is an absence of rent-a-car service. Since the tourists have a short visit to the micro region, it is often the case that they have included other destinations during the trip. The main purpose of visit is holiday (particularly if staying in Dojran), often accompanied by fun elements. Generally, there is an absence of reservation prior to the arrival, and if so, the reservation is made by telephone. When having an overnight, firstly the tourists choose to be accommodated in private rooms and apartments.

Although the tourist tax is symbolic (0.7 EUR tourist/night), in most cases the tourists do not pay it since the private owners do not register the guests. 20% of the total income rising from tourist tax is allocated to the municipal budget, so the micro region approximately raises up to 45,000 EUR (just from Gevgelija - 25,000 EUR and Dojran - 20,000 EUR, while Bogdanci is not a tourism oriented area, so no substantial amount is raised for local economic development). One of tourists' priorities is to have good accommodation during the stay, so they rather choose to be accommodated in the center, away from the beach/skiing paths. Although the micro region offers tourist guide services, the tourists never use them, most probably due to short length of stay or low level of tourism supply. The price of a tourist package is the most

influencing determinant when making decision to stay. The tourists are not willing to pay 15 EUR for obtaining a card for 10-15% discount in all hotels, restaurants and museums, if they stay 3 or 5 days. Only in the case when they stay 7 days or more (which is very rare), the tourists are willing to pay for this kind of service. Yet, the overall low service prices are one of the top-3 advantages that the micro region has. The overall perception that the prices are acceptable encourages additional service expenditure for food in food facilities, shopping and fun.

### *Enabling environment*

In terms of legislation, there are national and local governments' planning documents directly or indirectly focused on developing tourism in the micro region. Within the up-dated version of the National Strategy for tourism development (2011-2015) Dojran is spotted as the most prospective lake tourism destination. Particular attention is put on the broader vicinity of the micro region, marking it with high tourism development potential due to the closeness to the border with Greece.

In this line, one of the priorities of the Government is to continue in attracting foreign investors for construction of hotels and other service facilities in the micro region. According to the Law on Tourism Development Zones, three zones are foreseen to be located in the micro region (two for supporting the development of lake tourism, and one for supporting eco and winter tourism). The first tourism development zone is located in Old Dojran (Star Dojran) covering the area of 19.5 ha. It is planned to attract investors who will build hotel complexes, tourism settlement with bungalows, Rehabilitation center for alternative treatment, small catering and commercial units etc. The second zone is foreseen for New Dojran (Nov Dojran) covering the surface of 11 ha which will encompass a golf field. In December 2013, the government launched the official public call for the first two zones located on the shores of Lake Dojran, while the third zone (foreseen for Kozuf Mountain) is still in the preparation phase. The local government officials expect that the development of these zones will accelerate the local economic development of the micro region.

For enhancing tourism development, the LSGUs of Gevgelija, Bogdanci and Dojran have adopted various strategic documents at local and regional level. All municipalities have prepared its own Strategy for Local Economic Development (LED). Gevgelija has a Tourism Action Plan for its potentials supplemented with the neighboring municipality of Valandovo. The main potential generally is seen in the natural and archeological sites (Smrdliva Voda, Vardarski Rid, Isar Marvinci, Milisin, Bazin), the Ski-center Kozuf, Negorci spa, etc. The potentials will be used for development of agro-tourism, wine-tourism, hunting tourism, as well as alternative tourism. Among the five strategic goals within the Tourism Action Plan, Gevegelija defined as priority to enreach the current tourism supply in the first line by production of local organic food, production of authentic traditional products, as well as developing an itinerery that includes all historical sites in the vicinity. Furthermore,



the Action Plan foresees improvement of tourism infrastructure, improvement of tourism promotion, investing in human resources in tourism, as well as increasing investment in tourism. The municipality of Dojran participats in the project for environmental protection of Lake Dojran, which is an initiative of the French Agency for Development, European Union, the Global Ecology Fund, the Government of Japan, the Foundation McArthur and the World Bank. The main aim is capacity building in the line of ecological monitoring. Bogdanci treats tourism as integral part of their LED strategy, whereas underlines the opportunity to use potential of the artificial Lake Paljurci, and several other places with cultural and historic heritage. Besides at local level, tourism potential of the micro region is treated at regional level i.e. within the Center for SE planning region. Tourism is focused on development of spa, cultural, historical, rural and alternative tourism generally through cooperation with neighboring regions and countries.

## TOURISM PLANNING OF THE MICRO REGION

### *Tourism indicators*

in order to identify tourism carrying capacity of the micro region, some commonly applied tourism indicators are calculated. Table 5 presents the calculated Overcrowding indicator (Ioc), Indicator for density of tourist infrastrucure (Idti) and the Indicator for density of tourist circulation (Idtc). The Ecological conservation indicator and the Environmental protection indicator are not calculated due to unavailability of data for surface protected area in the micro region. Consequently, Table 6 posts interesting conclusions regarding tourism carrying capacity of the micro region. Namely, one may note that all three calculated tourism indicators are in favor of the micro region compared to the SE region. The Overcrowding indicator (or tourist density indicator) reflects the application level of natural space in a given area. It is noticeable that the micro region's indicator is higher than the SE region, meaning that the pressure is higher, especially if we take in consideration the residents and the unregistered tourists.

TABLE 5. INDICATORS FOR TOURISM CARRYING CAPACITY

Tourism indicator	Micro region	SE region
Ioc	80.6	40.2
Idti	0.0018	0.007
Idtc	1.59	0.63

The Indicator for density of tourist infrastrucure is calculated in terms of accommodation business entities. It presents that the accommodation infrastructure in the micro region is more developed than the regional one. According to the calculations of the Indicator for density of tourist circulation, there is almost 2.5 times bigger tourism flow within the micro region, than in the SE region. Hence, the general

conclusion is that the micro region has strong potentials for further tourism development within the region.

**SWOT Matrix** - In order to identify macroeconomic factors that are of great importance for tourism development of the micro region, we have implemented the SWOT matrix as one of the most explored tourism planning techniques. The SWOT Matrix (Table 6) posts the most profound strengths, weaknesses, opportunities and threats of the micro region in the line of wine tourism development.

TABLE 6. SWOT MATRIX

<b>Strengths</b> <ul style="list-style-type: none"> <li>○ Good location and accessibility</li> <li>○ Natural beauties and cultural-historical heritage</li> <li>○ Tourist Information Center</li> <li>○ Solid accommodation capacity</li> <li>○ Easy access to tourist attractions and locations</li> <li>○ Transit tourists; Low service prices</li> <li>○ Almost 50% of total tourists in the SE region</li> </ul>	<b>Opportunities</b> <ul style="list-style-type: none"> <li>○ Transform transit tourists into overnight tourists</li> <li>○ Closeness to Greek border</li> <li>○ Highway E75</li> <li>○ Road and railway network</li> <li>○ Different tourism types (Lake, Spa, Casino, Ski)</li> <li>○ Tourism Development Zone</li> <li>○ Intermediary support services</li> <li>○ Cross-border projects</li> </ul>
<b>Weaknesses</b> <ul style="list-style-type: none"> <li>○ Lack of qualified and skilled workers</li> <li>○ Lack of knowledge of team work, work place specialization and communication skills</li> <li>○ No opportunity to buy souvenirs or/and to participate in creation of a specific local specialty / product</li> <li>○ Lack of clean beaches and public order</li> <li>○ Absence of offer of optional excursions</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>○ No DMO</li> <li>○ Low access to finance for tourism business</li> <li>○ Limited promotion at foreign markets and cooperation with foreign partners</li> <li>○ Lack of cooperation with local government</li> <li>○ Not effective marketing strategy</li> <li>○ Lack of cultural events, animation and traditional food</li> <li>○ Uninventive promotion</li> </ul>

**PESTLE Analysis** – Table 7 posts political, economic, socio-cultural, technological, legal and environmental factors that influence tourism development in the micro region.

TABLE 7. PESTLE ANALYSIS

<b>Politics</b> <ul style="list-style-type: none"> <li>○ Stabile political environment</li> <li>○ Directives</li> <li>○ Lack of cooperation between the key market players</li> </ul>	<b>Economics</b> <ul style="list-style-type: none"> <li>○ Employment in services as percent of total employment 45.7%</li> <li>○ Unemployment rate 24.4%, long-term unemployment as percent of total unemployed 68.6%</li> <li>○ Unemployment rate of youth 59.5%</li> <li>○ Limited access to finance</li> </ul>
<b>Socio-cultural factors</b> <ul style="list-style-type: none"> <li>○ Change in life-style</li> <li>○ Lack of knowledge of team work, working place specialization and communication skills</li> </ul>	<b>Technology</b> <ul style="list-style-type: none"> <li>○ Limited investments in innovations;</li> <li>○ Limited knowledge on benefits of application of IT in tourism</li> <li>○ Uninventive promotion</li> </ul>



Legal factors	Environment
<ul style="list-style-type: none"> <li>○ Tourism development zone</li> <li>○ Tourism legislation</li> <li>○ Strategic documents (National Strategy for Tourism Development 2011-2015, Tourism action plans on local level)</li> </ul>	<ul style="list-style-type: none"> <li>○ Favourable climate and geographic position</li> <li>○ Low level of eco-awareness;</li> <li>○ Limited knowledge on benefits of environmental aspects of wine tourism development</li> </ul>

**VRIO Analysis** explains whether the micro region has value, rarity, possibilities for imitation and organization towards tourism development (Figure 3).

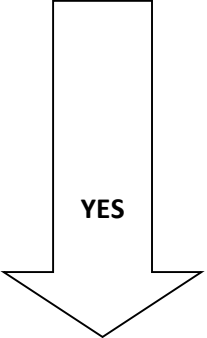
Value	Rarity	Limit to imitate	Organization	Implications	Performances
Yes	----	----		Competitive disadvantage	Below normal
Yes	No	---		Competitive parity	Normal
Yes	Yes	No		Temporary advantage	Above normal
Yes	Yes	Yes		Sustainable competitive advantage	Extremely above normal

FIG 3. VRIO ANALYSIS

**TALC Model** - In order to detect the stage of tourism development of the micro region, the TALC (Tourism Area Life Cycle) Model is applied (Table 8). This model determines the position of the micro region in terms of its tourism growth. In this line, the model suggests various stages the micro region goes through (exploration, involvement, development, consolidation, stagnation, and decline/rejuvenation). It assists in identifying in which particular phase the micro region is currently, depending on the number of tourists it attracts over time, purpose of visit, fun elements and activities.

TABLE 8. GENERAL FRAME FOR TALC MODEL

Total tourist arrivals	47.1%
Accommodation business entities	45.2%
Rooms	66.3%
Beds	74.1%
Purpose of visit	Holiday, fun
Activities	Lack of cultural events, animation; No possibilities for practicing sport
Additional tourism supply	No opportunity to buy souvenirs or/and to participate in creation of a specific local specialty / product; No offer of optional excursions and outings

Table 8 presents the assessment of tourism elements of the micro region compared to the SE region. At first glance, one may conclude the strong and dominant position of the micro region within the SE regional frames. It encompasses nearly half of total tourist arrivals and accommodation facilities. The situation goes in favor even more when referring rooms and beds in the tourism and hospitality sector. Yet, this covers only one side of the tourism supply/demand. Concerning the activities being offered/demanded, the impression is that still needs to be done.

So, currently the micro region is at the 'development' phase, where it attracts sufficient visitors and the undesirable social impacts (crime, overcrowding, price rise, residents' hostility etc.), are still under control. The tourism market area is well-defined, being still not sufficiently shaped in some parts. The local residents have passed successfully the involvement stage, but are faced with rapid decline of control and involvement. Large and more up-to-date facility provide accommodation visa-a-vi locally providing facility. The natural and cultural tourist attractions are developed and marketed but in an insufficient manner. It is perceived that the development stage will last in the following short-time period. The defined TALC model may assist the management to take appropriate measures for further balanced tourism development of the micro region.

## **CONCLUSION AND RECOMMENDATIONS**

The study found that the micro region consisted of Gevgelija, Bogdanci and Dojran has big potentials for tourism development. Due to natural beauties, it offers a variety of tourism types, has already established tourism and hospitality services and is easy accessible due to favorable location. Moreover, low prices for accommodation and additional services compared to Ohrid (the most famous tourist place in Macedonia) are also one very big advantage and opportunity for the micro region. In addition, it possesses sufficient resources (water and electricity) to support high number of visitors during all seasons. It has relatively developed infrastructure and good healthcare facilities. However, its biggest potential lies in the huge number of transit tourists who are still not fully exploited.

The local population has positive attitude towards the development of tourism sector by stating that tourism can contribute and enhance development of their local communities. Proper education and training could raise the awareness of the local citizens for provision of additional services like (handicraft and souvenirs, provision of guided tours, visits, provision of local dishes and gourmet specialties etc.) that can make tourism supply even stronger. Most of these additional services in Macedonia are mainly associated with women, so possibilities for their part-time employment or job-sharing are detected. In case of undertaking interventions in this manner, it may reduce the unemployment rate among women population through their involvement into tourism.



Moreover, the new approaches for introducing systems and mechanisms will encourage and facilitate women's participation in decision-making process. The gender stereotyping of tourism job placements will be rejected, thus leading to raising awareness for equal payment for the same job, as well as employment and career development. This is in-line with the strategic plan for promotion of various tourism supply in the SE region, developed by the Association for Tourism development - Gevgelija. Implementation of this plan should result in creation of new job opportunities for the local population as well. However, it needs support from the local government, as well as capacity building, skills improvement of the potential employers and employees, but also funds for investment in some of the areas.

Undertaking identified interventions may be three-folded:

- 1) To create more competitive tourism sector in the micro region;
- 2) To enable systematic change in terms of improving tourism services offered in the micro region; and
- 3) To identify potential for job creation, increased employability and labor market.

In the line of making the current tourism and hospitality sector more competitive, several profound strategic improvements should be applied. Firstly, tourism needs to become recognizable. Hence, the current marketing strategy needs to be improved. The main focus should be on tourism promotion, mainly by introducing new innovative approaches. Namely, the main aim is to attract bigger number of tourists, which is not a trouble-free process, particularly in times of ever-changing travel preferences. Despite the variety of options regarding the destination or attraction, tourists frequently are not capable to cope with such a huge volume of choice. Moreover, they need an advice about where to go and what to see. In this case the micro region should develop and apply tourism recommendation system that will indicate places to visit, attractions to see, events to participate in, travel plans, road maps, options for hotels, travel agencies, tour guide services etc.

The second strategic direction for improving tourism competitiveness is to strengthen the coordination with local government and among all key tourism players. The objectives and aims set within regional tourism development plans and programs must be in the same line as those created on local level. Additionally, objectives of all tourism players identified at the supply side of the market must conform to the expectations of tourists and travelers who visit the micro region. In this line, launching series of Tourism Awareness Programme Activities (forums and debates) in order to raise awareness of all tourism stakeholders on the issue of the importance of tourism development for the micro region may be set.

The vision of change for services perceives interventions in more systematic approach. In this line, the first strategic option is to improve the knowledge and behavior of



employees in tourism. Namely, series of capacity building trainings should lead to upgrading the skills of the workforce by developing a high performing, highly qualified and multi skilled employees. The tourism workforce is lacking a professional and customer oriented approach, which is an indispensable factor for micro region's development. Language and communication skills, as well as teamwork are at a very low level. Therefore, developing high performing education with an accent on quality instead of quantity and measures for collaboration between employers and educational institutions may bring the perceived results. The outcome will be creation and development of a stable, high performance environment for employment.

The second strategic direction for systematic change is detected in improvement of current accommodation facilities. The tourist product is often seen as accommodation service only, so the facilities should be improved and maintained. In case of detecting necessity of enlargement, it must be taken into account the nature and environment impacts that they will cause. Attention should be put on fulfilling the accommodation standards and obtaining a star-rank categorization.

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