



**TOURISM
ORGANISATION OF
SERBIA CASE
STUDY**

STUDENT NUMBER

199073302

What (10 Marks)

The Tourism Organisation of Serbia (TOS) was formed under the legislation of the Law of Tourism in 1994^[1]. The TOS was established as the institution to oversee promotion of Serbian tourism in foreign and domestic markets. TOS is responsible for advertising activities and communication development for the national tourism industry. TOS also actively represents the interests of the industry through lobbying and promoting the industry with stakeholders and influencers. TOS operates as a para-governmental organisation under the supervision of the Serbian government. This makes it a public service registered and maintained by the Commercial Court of Serbia.

Income from tourism in Serbia have increased significantly, by 85.1% (from 2012 to 2019), as measured by the tourist receipts

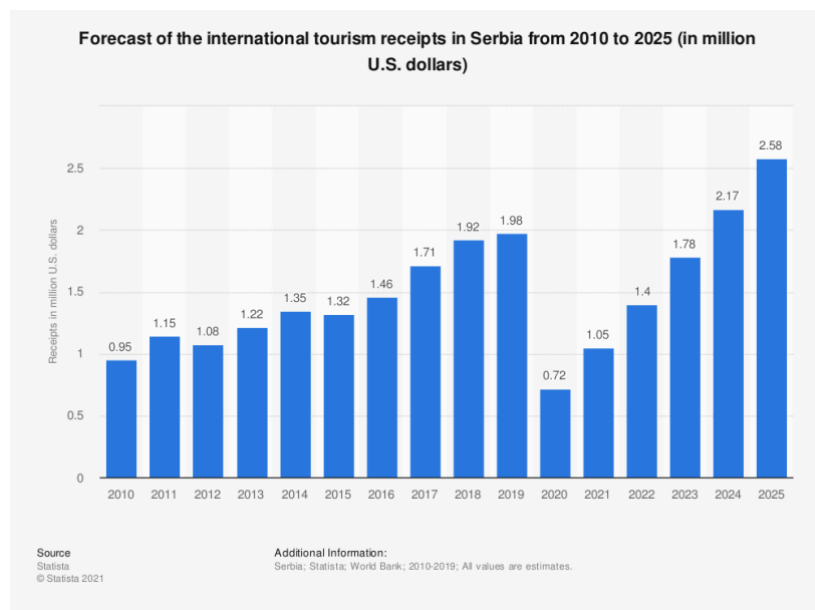


Figure 1: Forecast of international tourism receipts in Serbia from 2010 to 2025

Serbia was Ranked at 83rd^[2] internationally on the Travel and Tourism Competitiveness Index Ranking in 2019. Importantly, it was the country with the second largest increase in position from the previous 2017 report with an increase of 12 positions only eclipsed by Moldova that had a 14-position increase. However, Serbia ranks in the lower half internationally when it comes to tourism investment and focus, placing them in the lowest quarter in this category in Europe^[2]. This report will focus on the presentation and critique of the TOS as an organisation with a potential to positively impact GDP and local populous of Serbia.

Why (25 Marks)

In order to identify the opportunities for growth, the international market for tourism must be analysed. This will be done through the definition and segmentation of both the services and customers experienced involved within the industry. From this, market trends will be identified, and the largest competitor destinations will be presented.

T&T (travel and tourism) organisations function is an industrial enabler tasked with defining and promoting an image/experience to its customers (travellers) and then providing a level of satisfaction of the marketed experience better than that of other competitive destinations.

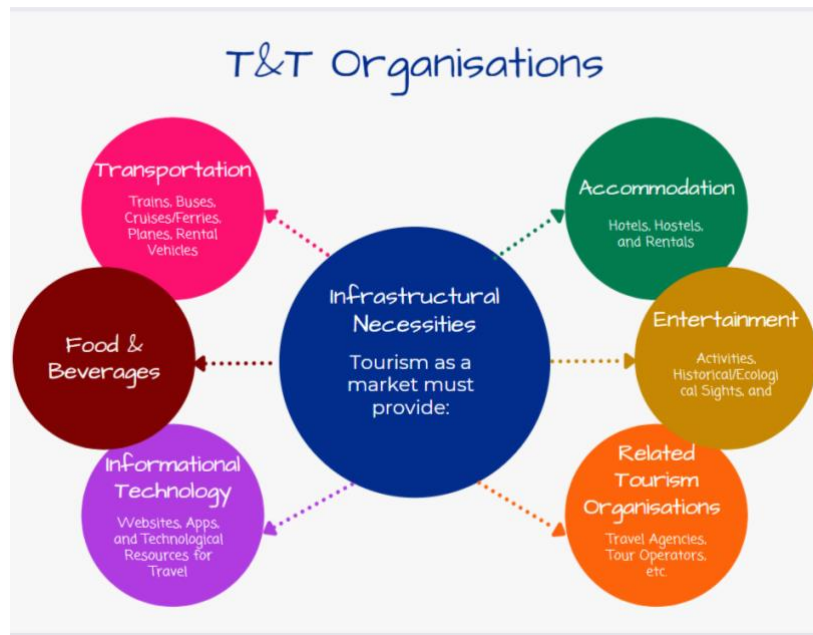


Figure 2: T&T infrastructural necessities

It is important to note that Serbia has a much smaller user penetration rate of the hotel sector as seen in the TTCR report in 2019^[2]. Vacation rentals shows the greatest growth within Serbia which is most attractive to travellers from Spain, Italy, and France

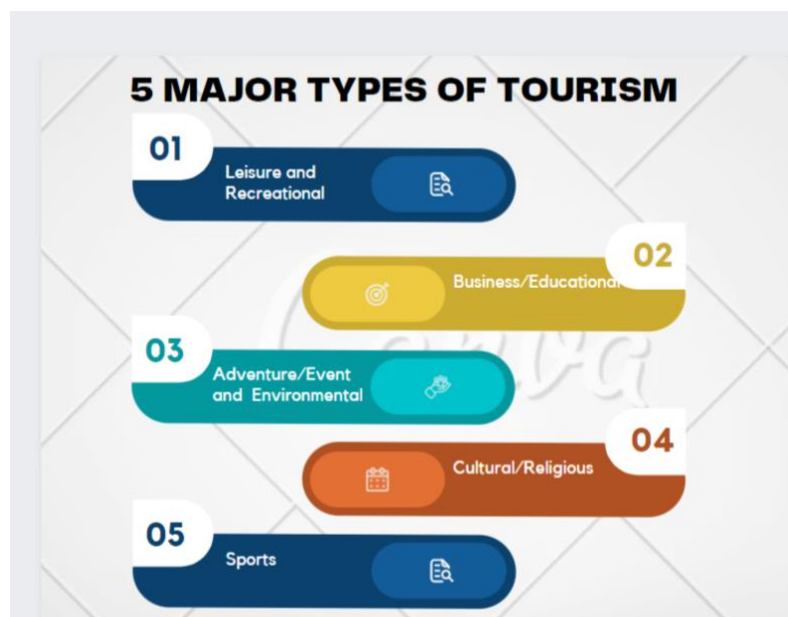


Figure 3: Top 5 major categories of tourism

The figure above illustrates in order of popularity the major types of tourism that is part of the current demand. These categories are important for understanding customer needs and evaluating trends.

For attracting international tourists all nations can be seen as competitors with USA, China, Spain, UK, France being the most successful tourist destinations^[2].

Impact of COVID-19 Pandemic

Serbia like all countries in the tourism industry has struggled with the effects of the COVID-19 pandemic. Serbia experienced a decrease of 29%^[3] in tourism receipts from pre-pandemic numbers, however, there was also a decrease of 38.9%^[3] in expenditures on tourism making Serbia one of the better performing countries overall within the pandemic.

In 2020, at the height of the global COVID-19 pandemic, travel and tourism accounted for 4.671^[4] trillion dollars of GDP worldwide. This represents a decrease of 49.1%^[4] from 2019 but 9.99% of global employment is still supported by travel and tourism. This is a good indicator of the strength of the market as the pandemic essentially halted all forms of travel and tourism.

Following from the Global pandemic seen in 2019-2021 new travel trends have emerged:

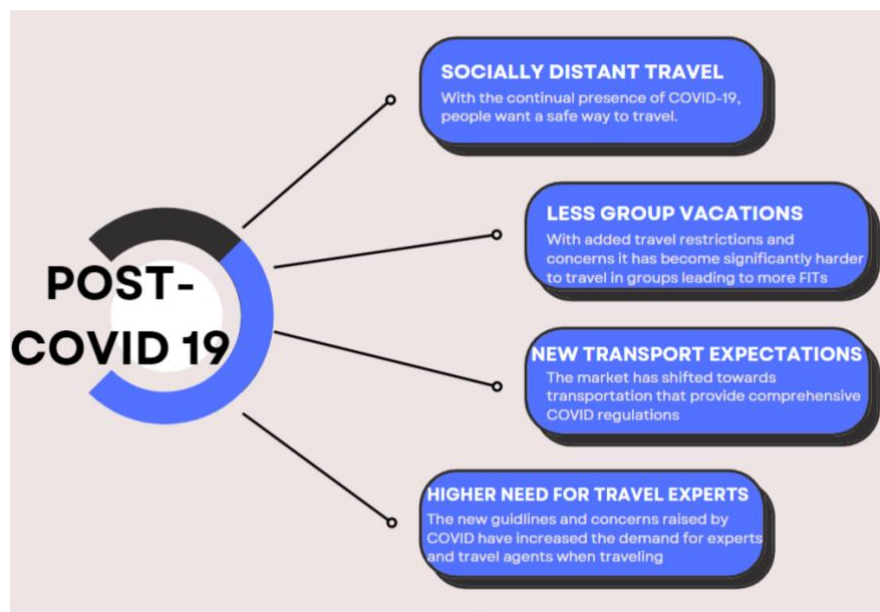


Figure 4: Trends that have emerged after the COVID-19 Pandemic

These new issues combined with the new market landscape resulting from the pandemic allows rebranding opportunities, as many customer expectations and views have been reset.

The World Economic Forum in 2020 found that 39% of travellers are seeking less crowded destinations that have an extensive hygiene programs^[5]. This trend will benefit those destinations addressing these needs and can enable a significant increase in growth potential of these destinations. This trend may also be extrapolated into potential growth for the ecological and rural tourism market.

Tourism Advertisement as a Form of National Brands

When creating a brand for a country, the types of information that can be communicated are categorised into 3 types:

- Product Based
- Nation Related
- Culture Related

J. Rojas-Mendez has proposed that brands act like human beings, that are then represented in the customers mind and attributed personality traits. Using the D’astous and Boujbel model, countries can have a personality image with 6 dimensions:

- Agreeableness
- Wickedness
- Snobbism
- Assiduousness
- Conformity
- Unobtrusiveness

Data generated by Expedia Group, the second largest private company operating in the T&T market, found that “appealing imagery influences 54% of travel decisions. Other things that influence decisions include deals (53%), informative content (50%), helpful reviews (44%), and simple language (35%)”^[5]. This further supports the necessity for a well-crafted national brand that incorporates a strong digital presence when trying to promote T&T.

Sustainability

A trend that is slowly gaining popularity in a variety of markets is the push for more sustainable practices. Within the context of tourism this would be green technology and transportation, smart urban and rural planning, and ecological conservation practices. This is reflected in the findings of Booking.com that found 71% of global travellers expect travel service providers to deliver sustainable travel choices^[5].

How (10 Marks)

Key Propositions and Activities

TOS has a multi-platform role as it is required to act at the local, governmental, and global scale. It has a responsibility in both promotion and regulation of tourism. These responsibilities can be summarised in the figure below.



Figure 5: Key Responsibilities and Activities of TOS

To best analyse the TOS, it is easier to treat it as two separate entities corresponding to its central responsibilities of regulation and promotion. Therefore, it is best to treat the TOS as an advertisement and management firm that operates in a market that requires self-regulation.

Key Resources and Partnerships

Treating the touristic resources as a set of inherited resources of the country itself, there are five major resource categories:

- Cultural and Religious Heritage sites
- Adventure and ecological activity sites
- Economic incentives
- ICT capabilities
- Financial allocation from National Budget annually

Resources only provide one of the five essential infrastructural needs for tourism as previously highlighted in the 'WHY' section. To facilitate the remaining four, it is necessary for partnerships with hotels, airlines, media, travel sites and services, bordering nations and the EU.

Customer Relationships and Channels of Engagement

The TOS has two customer segments that it is concerned with. The first being the tourists and the second being the local population. Within the business, TOS must ensure a positive and profitable image of Serbia to tourists while also ensuring a positive perception of tourists by the local populous.

To engage and attract its two sets of stakeholders, TOS has used differing tactics:

- International: focussed on Media advertisement/endorsement, Peer-to-peer advertisement, Business, and exchange programs.
- Local: focussed on employment, reducing in market leakage, infrastructure development

Strategy (15 Marks)

The central aim of TOS is to promote and develop the tourism industry of the Serbia by increasing the production of the travel and tourism in the GDP. Driving development is core to the organisation's strategy and Serbia has focused on reducing barriers for both customers and vendors in recent years.

Language Barrier

A key driving indicator for tourism is the countries proficiency with other languages, most importantly English. This enables easier communication for international visitors and greater ability to interact both before and after arrival. In March 2019, it was reported that 60% of Serbian's speak English making them the 17th most proficient internationally^[6]. This is a result of language programs implemented within public schools for as children as young as 6-7 years old.

Inexperience Barrier

Serbia has also invested in developing education programs to meet growing demand for educated individuals to grow and sustain the tourism industry. This is evidenced by many of the public universities offering travel and tourism specific degrees and training.

Travel Barrier

Serbia has also made significant efforts to reduce visa requirements and it now allows all EU citizens and citizens of 69 other countries including USA and China (96 total countries) to enter without a visa^[7]. With ease of access for all EU citizens, Serbia takes advantage of this free movement and programs such Euro Rail scheme to attract more European travellers^[8]. To support increased train travel, Serbia was loaned 400 million dollars in 2021 for a 10-year scheme to improve its rail system (as part of a 5-billion-dollar loan for infrastructural development)^[9].

Sustainability

Since the resources of a travel destination can be seen as a collection of inherited and changing resources, TOS has focussed on sustainable practices best illustrated in the new rail and transport reforms and improvement that look place to move to cleaner more sustainable technology. Out of the six resources highlighted in the 'WHY' section, this leaves only the natural resources that still operate on mainly non-renewable practices. Sustainability as a practice can limit short term revenue, but increases longevity and as interest/travel can be considered a consistent and profitable channel a focus on longevity will have the greatest summed outcome.

Post-Pandemic Policy

The pandemic raised new concerns and priorities of travellers have benefited the current social and business landscape present in Serbia. The most significant trends are hygiene and health standards while traveling and quick real time information digitally. Consulting the WEF TTCR report in 2019^[2] the two highest rated enabling criteria for Serbia are 'Health and Hygiene' and 'ICT Readiness' These resources provide an ideal platform for the ongoing development in the new global industrial landscape.

Revenue

As TOS is mainly funded by the national budget and tourism makes up only 2% of the GDP^[3], there are limited financial resources for development domestically. TOS is similarly tasked with managing the perceptions of the travellers to the local populous and the local populous opinion of TOS and Serbia. TOS image is the prime factor that drives its funding as with its continued success in the face of the pandemic the allocation of the national budget is most greatly impacted by the perception of the local populous.

Strategic Partnerships

TOS struggles, like many smaller nations, to attract significant numbers of tourists compared to that of larger nations. To combat this, TOS recently joined with the other countries in the WB6 region (West Balkans) in the EU funded RCC implemented Tourism Development Promotion^[10]. This most notable resulted in:

- Competitive joint offers in cultural and adventure tourism development
- New travelling routes established in WB6 region
- Reassessment of administrative barriers for free travel within these routes
- Revenues and employment increased

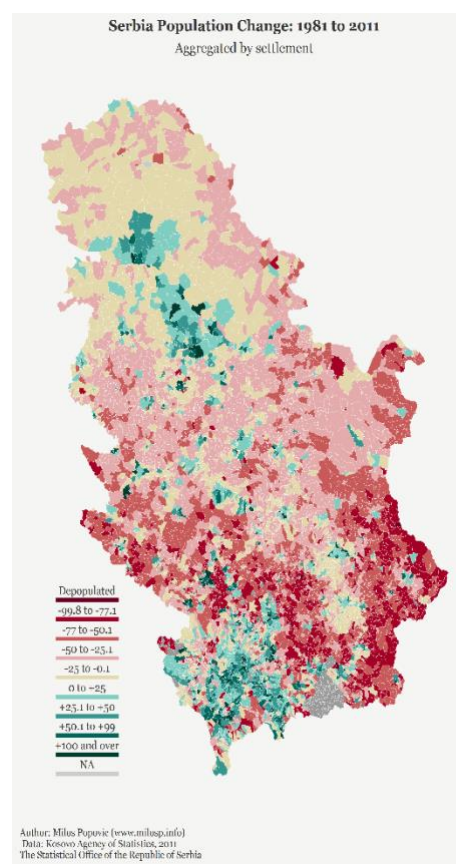
Critique (40 Marks)

The central issues the TOS face in 2022 is a lack of funding (and by proxy a lack of prioritization of T&T), the COVID-19 pandemic, and being a smaller nation. To address these a three-stage plan is proposed. Stage one “Rural Planning”, stage two “national brand”, and stage three “recursive development”.

Stage One “Rural Planning”

This stage is focussed on investing and establishing infrastructure for rural and cultural tourism within developing rural areas focussed on rural development.

Serbia is primarily comprised of rural land, under OECD criteria 85%^[11] of land in Serbia is classified as rural. This infrastructure would cover tourism-based assets (accommodation, agriculture, etc.), restaurants, crafting/contracting companies, entertainment activities, transportation networks and



nature conservation/development. 44-55% of the Serbian population live in these rural areas^[11]. In addition, 75% of this population engaged in subsistence farming, making the rural economy highly dependent on agriculture^[11]. These areas however, suffer from the highest rate of depopulation, unemployment, low economic activities and decreasing natural resources, but have significant cultural and natural resources^[11].

By introducing rural tourism development projects, they can assist in the diversification of rural economy. This provides a unique opportunity to both create employment opportunities and business opportunities for medium and micro sized enterprises. It is important to ensure these new businesses are Serbian. This would massively reduce market leakage to foreign owned organisations/corporations, thus creating a more economically viable tourism market in Serbia. This more stable and diverse micro economy will facilitate repopulation efforts.

When assessing the cultural and natural resources of the TOS, most of these resources have not been developed for Rural tourism, meaning there is surplus to facilitate the sustainable growth in rural areas. Rural tourism can often play a key role in the protection and enhancement natural

Figure 4: Typological map of Serbia

resources (one of Serbia’s largest and underutilised resource) within the areas it is implemented

When considering a viable policy for the TOS the two guiding principles are the positive image of tourists of Serbia as a travel destination and the benefit of tourism to the local populous. This stage leverages the development of rural/cultural tourism as a vector to regenerate rural regions within the Serbia

Stage Two “National Brand”

With a growing emphasis on technology within tourism and an emergence of a culture of social media within society, a country’s “brand” or image is becoming essential when trying to market to potential customers. This stage aims to create a framework to build a national brand to help target a more select segment of the tourism market. It is important to be selective in marketing for smaller

countries such as Serbia when competing with more equipped and established countries such as the UK, Spain, France and Germany. This brand would present Serbia as an ideal cultural and nature tourism destination and provide an offering not currently represented in the Balkan region. By leveraging its national treasures and new focus on its rural area, Serbia can create a peaceful and positive national tourism identity moving forward. This can be best done through media coverage and internet penetration.

Ireland is a good example of using a slogan to communicate a memorable and positive image through its' slogan "Fill your heart". This marketing scheme asked a married couple to use wearable technology during a holiday in Ireland to film and record their physiological response to experience during their trip and then used the heart rate data and footage in the final ad.

Serbia can utilise this idea by creating a storyline based on its rural heritage combined with its increased ICT capabilities to advertise to a newer generation of more technology influenced people. 74.8% of Europe's population own a smartphone with both the USA and UK having about 90%^[12]. A targeted social media campaign would therefore yield the highest resulting outcome in customer penetration.

Stage Three "Recursive Development"

This stage introduces a recursive element to the process as when reasoning the growth potential with current infrastructure a need for gradual and sustainable improvement is necessary. In this stage the improvement in infrastructure will guide the branding which consequentially will increase the penetration into the larger markets. This increased exposure and subsequently increased travel to Serbia leads to a greater contribution to GDP.

To address the internal stakeholders, it is also necessary for TOS to create and sponsor social programs and policies as to ensure a positive image within Serbia that would result result in a culture that embraces tourists. This will provide a more memorable experience for tourists and greater national investment back into the TOS. This step is essential to ensure further funding as the public opinion and economic growth are a requirement to justify an increased in National budget allocation.

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