

## QUANTITATIVE ANALYSIS OF TOURISM DEVELOPMENT

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### Abstract

*Tourism development, or lack thereof, is a direct reflection of society's progress. This paper deals with a number of elements that affect the development of humanity, and the connection between the progress of human culture and tourism. In this way, they will try to find out the role of tourism in society, and finally the perspective in the future. Today, tourism has become a global phenomenon and certainly one of the most massive phenomena in world relations. The tourist market is marked by a new reorganization: new generations of tourists are being created, new tourist products, tourists are looking for something new and unexperienced on their vacation, thus changing the way the tourist offer operates, all influenced by globalization, global warming, political and security trends.*

Key Words: *tourism, trend, international, prediction*

JEL classification: *L83, Z32*

### Introduction

Due to its complex nature, tourism creates difficulties in defining it. It is a social and economic phenomenon that in many ways influences the development of human society. There is a growing number of countries in the world that recognize the positive effects that tourism has in generating the necessary foreign exchange earnings, job creation, tax contributions and more. Today, tourism is an indicator of the level of development of our civilization, for some people it is a way to raise the cultural level and restore health or entertainment, for others an opportunity to earn, but it could be noticed that tourism is one of the great success stories of today.

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### **Tourism in a modern environment**

Although tourism is a relatively new concept, its roots are much deeper. Tourism is inextricably linked to travel, which for people is the basis of their existence. The domination of space is as old as human history, because the primordial and fundamental need of people is to expand the space in which they live. The trips were first of an existential nature, and then for other reasons such as: military campaigns, trade, sporting events - the Olympics, entertainment events - amphitheaters, health - use of baths by the Romans, religious purposes, scientific discoveries, educational and cultural, etc. The emergence of tourism is related to the basic needs of people who have traveled, and that is accommodation and food. In that context, it could be divided the emergence and development of tourism into three phases, and points out its beginnings 20,000 years ago.

In the scientific literature, there are several authors from different countries who give their definition of tourism depending on the field in which they operate and the science to which they belong. The interdisciplinary dimension of tourism can be shown through the following examples:

- Economists deal with revenues from tourism, economic growth, supply and demand, employment, forecasting and other economic indicators;
- Sociologists study the behavior of individuals or groups during travel, customs, traditions, habits and lifestyle of hosts and guests, motives for travel, etc;
- Geographers in turn explore the spatial scope of tourism, travel locations, resources, geographical conditions for the existence of tourism, the development of new destinations, etc;
- Similar examples can be pointed out for other sciences such as: archeology, history, agriculture, architecture, marketing, law, education, management, psychology, cultural anthropology, sports and others.

Definitions of the essence of tourism can be divided into two types: conceptual and technical. Conceptual definitions cover the subject as a whole, reveal the internal content of tourism, express the properties and relations of tourism and help to separate tourism from the phenomena close to it (Burkart & Medlik, 1981). Examples of conceptual definitions are those of Jafari, "Tourism is the science of people traveling outside their place of residence, the industry that meets their needs, and the impact that people and industry have on the socio-cultural, economic, and physical

environment of the host." And Mathieson and Wall, according to which "Tourism is the temporary movement of people out of their permanent place of residence and place of work and covers the activities they perform during their stay, as well as the facilities built to satisfy their needs" (Jafar, 1977). Technical definitions are used to obtain information that serve statistical purposes. As United Nations World Tourism Organization st, "Tourism is a set of activities of persons during their travel and stay in a place outside their usual environment, but not more than one calendar year, for rest, ie business or other reasons not related to earning a salary in the places they visit" (Mathieson & Wall, 1982). In all the above definitions of tourism, it is obligatory to indicate that it is related to "travel of people outside their permanent place of residence".

In the scientific literature there are various authors who use different criteria in dividing the types of tourism. Tourism is constantly evolving and increasing its scope, which contributes to increasing the number and types of tourism. The basic criteria for the division of types of tourism is:

- Basic tourist needs;
- Attractive motivational tourist values;
- The nationality of the tourists
- The tourist season;
- The age of the tourists;
- The social composition of the tourists;
- The length of stay of tourists; and
- Vehicles used by tourists.

There is also an alternative criterion for the division of tourism, and that is:

- The purpose of the trip and the character of the recreational-tourist activities;
- According to the origin of tourists - domestic and international tourism. International tourism is further divided into active and passive. Active international tourism means inflow of tourists from other countries, ie inflow of foreign currency, and passive international tourism exists when tourists travel outside their country of residence and there is an outflow of funds;
- According to the demographic characteristics of tourists;
- The economic and social effect of tourism;
- According to the type of means of transport;
- Geographical environment;
- Duration of stay; and

- Impact on the environment.

According to the specificity of the supply and the size of the demand, we divide tourism into mass and alternative. Mass tourism is characterized by an increased level of tourist participation and unsustainability of natural and cultural values, as well as a number of social and cultural impacts that negatively affect destinations (Milojevic et al., 2016). Alternative tourism, on the other hand, is focused on smaller accommodation facilities, greater local community participation, sustainability, a relationship with social and cultural values, and greater interaction between hosts and tourists. The most important features of mass and alternative tourism are shown in the table below. In addition to the division of tourism into mass (conventional) tourism and alternative, there are different divisions of alternative tourism, such as: cultural, hunting, urban, health, educational, scientific, rural, eco, adventure, agro tourism and others.

Table 1: *Characteristics of mass and alternative tourism*

<b>Features</b>	<b>Mass tourism</b>	<b>Alternative tourism</b>
Volume and type	High, package arrangements	Low, individual arrangements
Length of stay	Short	Long
Seasonality	High and low season	There is no season
Origin of tourists	Several dominant markets	There are no dominant markets
Attractions	Made to order, commercial, intended for tourists	Authentic, partly commercial, for tourists and locals
Accommodation	Large facilities, concentration, international architecture	Small buildings, dispersed, local architecture
Property	Corporate	Local
The role of tourism	Dominant	Additional
Multiplicative effect	Low	High

Source: *Authors*

### Regional characteristics of international tourism

The period following the Second World War is characterized by massive urban processes in Western European and North American countries, as a consequence of post-military industrialization. The result is a massive migration of labor from rural to urban areas. During this period, almost all over the world, there is an increase in international cooperation and a tendency for world peace, which has a positive impact on travel and tourism (Milojevic et al., 2019). We can note that international tourism in this period is experiencing the beginning of its greatest development and statistics related to it are beginning to be kept.

According to the World Tourism Organization, the number of tourist arrivals in 2019 internationally has reached 1,400 million. Tourism spending totaled \$1.7 trillion, and the tourism contains about 12% of global gross domestic product. Ten percent of employees are employed in some sort of this sector.

Table 2: *Growth of international tourism (1950-2019)*

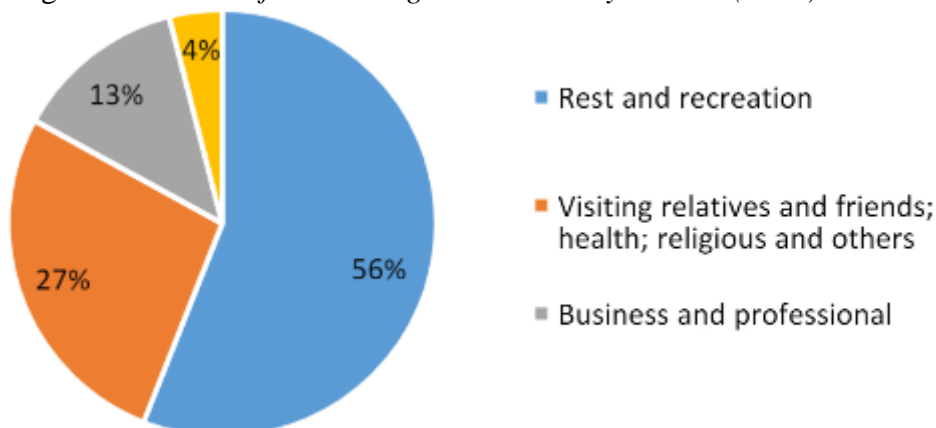
Year	Arrivals of international tourists (in millions)	Consumption of international tourists (in billions of dollars)
1950.	25.3	2.1
1960.	69.3	6.8
1970.	165.8	17.9
1980.	286	105.3
1990.	457.3	263.4
2000.	696.7	474.4
2019.	1.400	1.700

Source: *UNWTO, 2021*

The forecasts are moving in the direction that the European continent, including Serbia, in the coming years will hold the primacy of the world tourism market and will be the main source of tourism supply, demand and movement of international tourists. According to research by the World Tourism Organization, the majority of tourists traveled for leisure and recreation 56%, visiting relatives and friends, religious, health and other reasons 27%, business travel 13% and 4% of tourists did not state a reason (UNWTO, 2022). The World Tourism Organization's research on the use of different types of transport in the travel of international tourists gives us

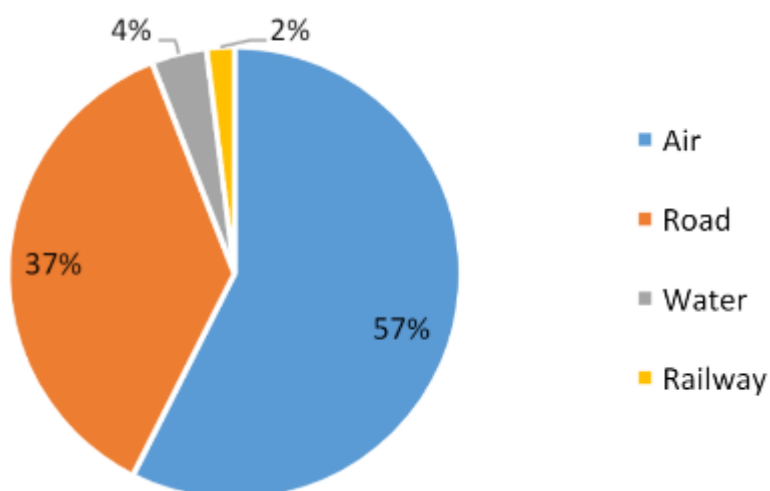
the following data: 57% of tourists used air transport, 37% road transport, 4% water and 2% rail transport.

Diagram 1: *Reasons for traveling internationally tourists (2019)*



Source: *UNWTO, 2021*

Diagram 2: *Type of transport of international tourists (2019)*

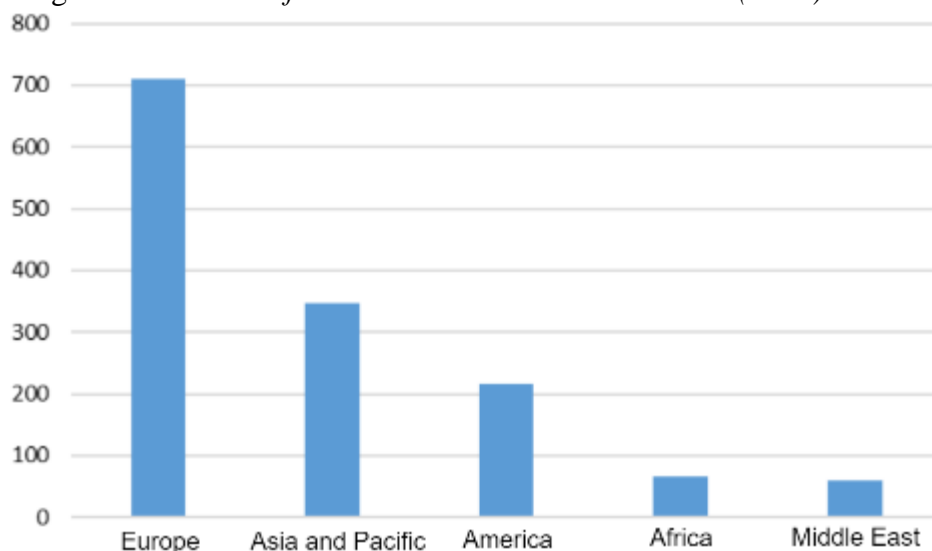


Source: *UNWTO, 2021*

According to the methodology of the World Tourism Organization, the world tourist regions are the following: Europe, Asia and the Pacific, America, Africa and the Middle East. These regions also have their own subregions. In the distribution of international tourism in the world, three main regions occupy a dominant place: Europe, Asia and the Pacific and

America (UNWTO, 2022). These three regions in 2019 absorbed over 90% of the total world turnover, as well as the number of international tourists.

Diagram 3: *Arrivals of international tourists in a million (2019)*

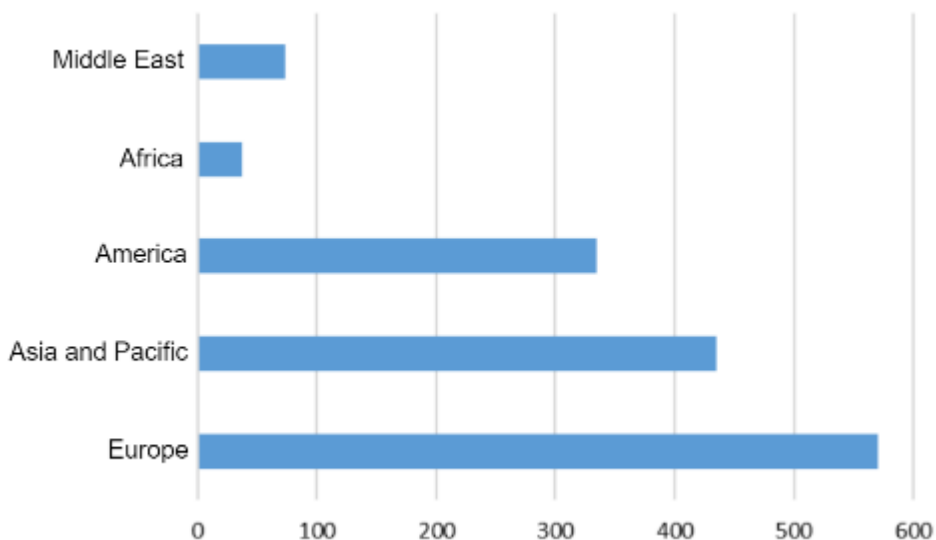


Source: *UNWTO, 2021*

If we look at diagram 3, we can see that the largest number of tourist arrivals by region in the world is in the European continent, ie 710 million. It is followed by the region of Asia and the Pacific with 348 million tourist arrivals, followed by the region of America with 216 million arrivals respectively. The regions of Africa and the Middle East participate in the total number of tourist arrivals with: Africa - 67 million arrivals and the Middle East - 60 million arrivals (UNWTO, 2022).

The European region in the field of world tourism occupies a superior first place with a share in tourism turnover of 570 billion dollars. The Asia-Pacific region ranks second in international tourism with a share of \$435 billion in tourism. The third most important region is the American region with a share of world tourism turnover of 334 billion dollars. When it comes to other tourist regions, then it can be seen that their participation is very modest. The Africa region has \$38 billion in tourism spending. The Middle East is a region with a tourism revenue of \$73 billion.

Diagram 4: *Consumption of international tourists in billions of US dollars (2019)*



Source: *UNWTO, 2021*

### **Trends in tourism**

The World Tourism Organization highlights the following trends in the travel of international tourists:

- change trips (search for authentic and local experiences);
- trips to "show" (travel instagram);
- search for a healthy lifestyle;
- individual and multi-generation tourists; and
- increased awareness of sustainable tourism.

The following global trends are expected to have a significant impact on the future development of tourism: all areas of health (fitness, spa, physical activities, etc.) will become more important in the near future. Although improved health awareness will not reduce the level of demand, it will undoubtedly influence judgments regarding holiday places, behaviors, and activities. This market is characterized by increased rivalry, as well as private capital investments in modernizing old health spas and recreational spas (Milojevic et al., 2019). Modern civilization puts more pressure on people's everyday lives and stimulates a demand for more free time for rest and relaxation, which has a detrimental impact on rising free income. This trend is, by definition, bad for tourism.

Consumers with greater sophistication are more confident in their needs and rights. This has resulted in a more critical attitude toward quality and the price-quality ratio in the tourism industry. The usage of the internet to purchase and compare travel products and services will continue to grow. As a result, the consumer will exert greater control. New payment systems, secure credit cards, cash registers, and other devices will be developed. These accomplishments will facilitate money transfers and alleviate concerns about overdrafts, currency rates, and security.

People will live longer in the future, resulting in a rise in senior age groups. These "fit" elders will have a lot of free time on their hands. However, the youth segment (16-35 years old), which accounts for more than 20% of worldwide tourism, is a key future target group.

Climate change is harming, if not endangering, certain tourist locations that rely on their natural surroundings. The melting of Europe's glaciers is just one example of global warming. The true effects of climate change, on the other hand, are still being debated.

The global economy will keep expanding. Brazil, Russia, India, and China, or BRIC economies, are expected to be the fastest rising nations. Consumer products and service commerce will continue to expand globally. In the global economy, services (including tourism) will become more important.

Governments will be forced to raise taxes in the future as spending on social, health, education, pensions, and other services rises. Governments will tighten travel restrictions due to concerns about safety, health, and immigration.

Terrorist assaults on visitors and tourist locations have increased people's fear of the unknown. The fear of these threats is heightened by the media. Natural disasters, which appear to be occurring more frequently than in the past, also impact tourism. The range of consumer attention, on the other hand, has been demonstrated to be rather small, and this is because individuals realize they can't do anything about it.

There are expected to be fewer differences in destinations in the future. Unique places will disappear more and more. In the past, travel was a luxury, but today it is a normal part of life. The number of last minute vacations and short trips is increasing. The freedom to travel will expand to the trend of older parents and the growth of single-parent families. New

groups of communities that have common interests are rapidly becoming a major source of orientation knowledge, entertainment and safety. In foreign countries there is a higher demand for products for good health, health and fitness, stress management and medical services. Consumers seek advice from other users online (European Commission, 2015).

Eligible customers are more likely than travel professionals to know more about certain products. Investment in internet promotion strategies and new research methodologies will also increase. Furthermore, as governments attempt to enhance shareholder involvement and marketing spending, public-private partnerships are becoming more significant in tourism marketing.

Cars are the mode of transportation for 70% of all tourist journeys and will continue to be the most important mode of transportation in the future. Bus travel is hampered by the scarcity of city centers and the low cost of air travel. Additionally, due to rising fuel prices, security concerns, and airport taxes, the increase in air travel may be curtailed. Governments are increasing their investments in rail, particularly express lines.

Health security is also an important factor in tourism development. The crisis with the COVID-19 virus has contributed to the reduction and restriction of the movement of tourists, and it is assumed that such and similar health crises in the future will change the way of travel and the culture of behavior of tourists.

### **World funds**

There are various donor agencies and funds around the world that support tourism-related projects directly (financially) or indirectly (technical and consulting assistance). Most often, these funds sign financing and support agreements with the governments of different countries. For the needs of the book below are the most important ones.

The United States Organization for International Development (USAID) is a federal government agency that is primarily responsible for managing foreign civilian and development aid. USAID, with a budget of over \$ 27 billion, is one of the world's largest official aid agencies, accounting for more than half of all US foreign aid - the world's largest in absolute dollars.

USAID was established in 1961 by executive order of President John F. Kennedy, bringing together several existing foreign aid organizations and programs and establishing a single agency. USAID became the first US foreign aid organization whose primary focus was long-term socio-economic development. USAID programs are authorized by Congress through the Foreign Assistance Act, which Congress amends through guidelines in approving annual funding and other legislation. USAID has missions in over 100 countries, primarily in Africa, Asia, Latin America, the Middle East and Eastern Europe.

The German Corporation for International Cooperation (GIZ) is a Bonn and Ashborn-based German development agency that provides services in the field of international development cooperation. GIZ's principal function is to carry out technical cooperation projects for the Federal Ministry for Economic Cooperation and Development (BMZ), but it also collaborates with the private sector and other national and international organizations. GIZ attempts to follow the sustainable development paradigm, which aims for economic progress through social inclusion and environmental conservation, in all of its actions. Management consulting, rural development, sustainable infrastructure, security and peacebuilding, social development, governance and democracy, environment and climate change, and economic development and employment are just some of the areas where GIZ provides consulting and capacity building services.

The World Bank is an international financial agency that helps governments in developing nations finance capital projects through loans and grants. The International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA) are the two institutions that make up this organization (IDA). The World Bank Group consists of the World Bank and its subsidiaries. Poverty reduction is one of the World Bank's main objectives.

The Swiss Agency for Development and Cooperation is a Swiss Federal Administration office that reports to the Federal Department of Foreign Affairs. The SDC is responsible for the overall coordination of Switzerland's international development efforts and cooperation with Eastern Europe, as well as humanitarian assistance, in collaboration with other federal offices.

### **Significant European tourism funds**

Erasmus + is one of the top rated educational programs in the European Union, created in 1987. The English abbreviation "Erasmus" stands for EuROpean Community Action Scheme for the Mobility of University Students. It is named after the famous philosopher and teacher Erasmus of Rotterdam.

COSME is a European Union program that focuses on the competency of small and medium-sized businesses. Small and medium businesses (SMEs) are businesses that meet particular criteria, such as the number of employees, the size of the property, or the yearly turnover. SMEs are defined in the EU by three parameters: micro enterprises have less than ten employees, small enterprises have fewer than 50 employees, and medium enterprises have more than 250 employees. Access to finance and a tourist action plan are two examples of tourism-related actions that could be funded under this program. Some of the goals of the Tourism Action Plan are being achieved through tourism industry calls for project proposals.

Interreg is a set of programs designed to stimulate cooperation between regions in the countries of the European Union (EU). The first Interreg was launched in 1989, Interreg IV was for the period 2007-2013, and Interreg V for the period 2014-2020. Interreg's next program is for the period 2021-2027. These programs include candidate countries, neighboring EU countries, and members of the European Free Trade Association (EFTA). Interreg V's budget is over 1 billion euros and covers:

- Cross-border cooperation programs 60 (Cross border programs);
- Transnational programs 15 (Transnational programs) and
- Interregional programs 4 (Interregional programs).

Cross-border cooperation programs include two segments:

- Instrument for Pre-Accession Assistance (IPA) from 2007 and
- European Neighborhood Instrument (ENI) from 2014.

European Regional Development Fund. Interreg is funded by the European Regional Development Fund (ERDF). This fund was established by the European Union, and through it funds are allocated from developed regions (not countries) to underdeveloped regions in the Union, in order to invest in infrastructure and services in underdeveloped regions. The goal is for underdeveloped regions to start attracting investment and creating jobs on

their own. Each program of this Fund has specific activities related to tourism.

The Instrument for Pre-Accession Assistance (IPA) is a pre-accession instrument for providing financial assistance to beneficiary countries (potential candidates and candidate countries), which supports them in the transition from potential candidate status to an EU candidate or EU member state. The instrument is one of the general instruments that directly supports European foreign aid policies.

Horizon 2020 is a program of the European Union that supports various projects. It is intended for individuals or legal entities (any public body, company, research organizations, universities, non-governmental organizations) regardless of their place of registration or residence, but having the operational and financial capacity to carry out the proposed research, small and medium enterprises (SMEs) from creative industries, service providers from information and telecommunication technology, etc. Some of the tourism related actions that could be selected for funding are the following:

- Research projects within and outside Europe;
- Opportunities for joint trainings for research and doctoral studies;
- Exchange of staff between academic and non-academic sector;
- Development of innovative information and communication technologies, products, tools, applications and services for the cultural and creative sector;
- Support for the preparation of commercial and technical feasibility studies on innovative concepts and business plan development, etc.

The European Agricultural Fund for Rural Development is a fund of the European Union intended to support activities in agriculture and rural development. This fund through various programs is current for individuals or legal entities active in rural areas (farmer, forestry company, LAG - local action groups, small and medium enterprises operating in rural areas, etc.).

There are several regional funds in Europe that support projects related to tourism development. EEA and Norway Grants Fund for Regional Cooperation. The European Economic Area (EEA) countries and Norway have set up a fund to support various projects. Macedonia is a country that has the opportunity to participate in tourism projects in this fund.

The Western Balkans Fund is an international organization located in Tirana, Albania, established by the governments of Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Montenegro and Serbia. Its establishment is a regional initiative and is seen as a clear sign of a new spirit of co-operation in the Balkans. The agreement to establish the WBF was signed by the foreign ministers of the founding countries in November 2015. The fund became operational in 2017, following the completion of ratification procedures by all parliaments of its constituent members. The WBF is funded by the six contracting parties in equal quotas. WBF aims to promote cooperation and shared values between citizens, civil society and people-to-people contacts by providing funding for small and medium-sized projects in the following key areas:

- Sustainable economic development;
- Exchange and cooperation of education and
- Cooperation in the field of culture.

### **Conclusion**

By 2030, in the global tourism sector, about a billion more foreign tourists could travel the world than last year. The reason is the growth of the middle class and income, especially in Asian countries, but also in other parts of the world, primarily thanks to the growth of the IT sector and new, well-paid occupations that accompany it. According to "Euromonitor", the increase in income also brings trust in the tourism and travel industry among consumers around the world. Younger people from cities are increasingly playing an important role, looking for new travel experiences, targeted services and specific tourism products. Quality comes first, and the overall impression becomes more important than how much they will pay for such a service. Such predictions add to the expectations that by 2023, the turnover of low-cost airlines should increase by six percent.

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