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Vrnjačka Banja, Serbia

TOURISM IN FUNCTION OF DEVELOPMENT OF THE REPUBLIC OF SERBIA

Spa Tourism in Serbia and Experiences of Other Countries

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FOREWORD

The Faculty of Hotel Management and Tourism in Vrnjačka Banja is the host of the International Scientific Conference Tourism in function of the development of the Republic of Serbia, Spa tourism in Serbia and the experiences of other countries, that takes place in Vrnjačka Banja from 2nd to 4th June, 2016. The Conference will present 72 papers contributed by 132 participants coming from Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, the Republic of Srpska, Russia, Serbia, Slovenia, Spain and Ukraine.

The aim of the Conference is the exchange of ideas and experiences of the participants coming both from Serbia and abroad, establishing collaboration with other institutions and analysing the possibility of using Good Practice to reach conclusions concerning the potential trends of further development of spa tourism in Serbia.

The Thematic Proceedings, as a result of the Conference, is published in two volumes, and will be available to a wider scientific audience, with the purpose of promoting sustainable tourism in the Republic of Serbia, with a special emphasis given to spa tourism. In such a way, we wish to promote Vrnjačka Banja as the most visited spa resort in Serbia.

Vrnjačka Banja,
June, 2016

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INDICATORS OF COMPETITIVENESS IN TOURISM: CASE OF SERBIA, MONTENEGRO AND FYR MACEDONIA

Stefan Denda[1]; Jasna Stojanović[2];

Abstract

The competitiveness of tourist destinations is a phenomenon of 21st century. Comparative advantage of destinations on the market is determined by factors of production i.e. natural (inherited) and created (infrastructure). In the paper is carried out a comparative analysis of the countries of the former Yugoslavia, the candidates of the European Union, Serbia, Montenegro and FYR Macedonia. For monitoring the competitiveness it was used a model that has been developed by The World Economic Forum for the purpose of Travel & Tourism Competitiveness Index (TTCI). The model covers 14 key indicators based on data from numerous national and international institutions such as World Tourism Organization (UNWTO), World & Travel Tourism Council (WTTC), The International Air Transport Association (IATA), United Nations Educational, Scientific and Cultural Organization (UNESCO), International Union for Conservation of Nature (IUCN) and United Nations Conference on Trade and Development.

Keywords: *competitiveness, tourism, indicators, EU candidate countries*

The concept of competitiveness in tourism

The competition of tourist destinations is considered to be a manifestation of a broader phenomenon called "economic competition in the 21st century" (Popesku, 2011). Therefore each destination is striving for the realization of competitive (comparative) advantage that is based on exogenous resources (natural, cultural, historical, capital and investments) and endogenous resources (human and knowledge resources and technological innovation) (Blanke & Chiesa, 2011). In the scientific

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literature there are several models that are used to represent the level of competitiveness.

The first model of competitiveness at the country level was developed by Potter (1990), and it is known as a "national competitiveness diamond". Among the general and widely accepted, the "Crouch-Ritchie competitiveness model" was developed in 1999 (Crouch & Ritchie, 1999) and "Dwyer and Kim integrated model of competition" in 2003 (Dwyer & Kim, 2003). The Crouch-Ritchie model includes five comparative advantages of destination: core resources and attractors, destination management, qualifying and amplifying determinants, but also destination policy, planning and development. At the same time the model highlights two different but related environments, macro and micro environment (Јовичић, 2011; Denda, 2013). On the other hand "Dwyer-Kim's model" complements the previous model bringing demand as an additional element (determinant of competitiveness), but all the resources are shared on inherited and created. According to him, destination competitiveness is not a goal in itself, but a means to achieve broader regional and national economic development (Dwyer & Kim, 2003). Based on the above we can specify that a destination is truly competitive if it has "ability to increase tourism expenditure, to increasingly attract visitors while providing them memorable experiences, and to do so in a profitable way, while enhancing the well-being of destination residents and preserving the natural capital of the destinations for future generations" (Papp & Raffay, 2011).

The issue of competitiveness in tourism is discussed by many international organizations, including the „Organisation for Economic Co-operation and Development" (OECD), which defined the four mayor, three additional and two groups of indicators of development in the future period. However, as a special model by „World Economic Forum" (WEF) was developed „Travel & Tourism Competitiveness Index" (Crouch, 2007). The World Economic Forum is the leading companion of competitiveness at the global level, which seeking an answer to question: „Why are some countries successfully developed, while others lag behind?" Monitoring the level of tourism competitiveness at the national level is conditioned by the fact that tourism is the dominant development force in many countries (Petrović-Ranđelović & Miletić, 2012). The index is a continuation of „Competitiveness monitor" that is published three times by „World Travel&Tourism Council" until 2004. It includes a series of „pillars of competitiveness" of which highlights the 14 primary and two additional indicators (education and training and the availability of qualified labor). All indicators are grouped into three sub-areas: *a) Travel & tourism regulatory framework subindex, b) Travel & tourism business environment and infrastructure subindex and c) Travel & tourism human, cultural and natural resources subindex.* So far six reports have been published (2007, 2008, 2009, 2011, 2013, and 2015) in which the data from different organizations were used such as: World Tourism Organization (UNWTO), World Travel&Tourism Council (WTTC), International Air Transport Association (IATA), United Nations Educational, Scientific and Cultural Organization (UNESCO), International Union for Conservation of Nature (IUCN) and others (Blanke & Chiesa, 2009).

A: T&T regulatory framework subindex:

1. *Policy rules and regulations* - the extent to which national authorities encourage the development of the tourism industry (foreign direct investment, foreign ownership, visa liberization etc.)
2. *Environmental regulation* - issues of sustainable development, in particular segment of waste disposal, carbon dioxide emissions, percentage of endangered species etc.
3. *Safety and security* - a key competitiveness factor (costliness of common crime and terrorism, incidence of road traffic accidents as well as the role of state security services)
4. *Health and hygiene* – reffering to the access to improved drinking water and sanitation, as well as the organization of the health system (efficiency, availability of physicians and number of hospital beds)
5. *Prioritization of Travel & Tourism* - the allocation of funds for development projects in the field of tourism, as well as participation in international exhibitions and fairs

B: T&T business environment and infrastructure subindex:

1. *Air transport infrastructure* – we measure both the quantity (number of departures, airport density, number of operating airlines) and quality of air transport (infrastructure)
2. *Ground transport infrastructure* – distribution and quality of transport network and facilities within the country (roads, railways, ports)
3. *Tourism infrastructure* – the presence of accommodation infrastructure (the number of hotel rooms), rent-a-car companies, ATMs and etc.
4. *Infrastructure* - the availability of the Internet telephone lines, mobile telephony, which provide a sense of the access to travel planning, provision of accommodation and other activities

5. *Price competitiveness in the T&T industry* - means more/less favorable product prices, cheaper airport charges and fuel prices, lower taxes, affordable hotel accommodation and more

C: T&T human, cultural and natural resources subindex:

1. *Human resources* – the base for future growth and development with adequate education and training and the availability of qualified labour (labour regulations make easy to hire and fire labour force)
2. *Natural resources* - the availability of natural capital (the number of UNESCO natural World Heritage sites, the quality of the environment), the richness of the fauna and the percentage of protected areas
3. *Natural resources* - the availability of natural capital (the number of UNESCO natural World Heritage sites, the quality of the environment), the richness of the fauna and the percentage of protected areas
4. *Cultural resources* – the number of UNESCO cultural World Heritage sites, the number of international fairs and exhibitions, and the capacity of public facilities (eg. sports stadium seating capacity)

Metodology

The paper analyses the level of tourism competitiveness of three countries of the Western Balkans, the former Socialist Republic of Yugoslavia and today's candidate European Union countries: Serbia, Montenegro and FYR Macedonia. The same historical, political, economic and social conditions, and similar tourism products and focus toward identical segments of the market have contributed to the selection. Applying the indicators of the World Economic Forum they were evaluated on the basis of data from 2008, 2009, 2011, and 2013 with accompanying literature and the data from national statistical offices. The years 2007 (Serbia and Montenegro were the same country) and 2015 were not taken into consideration because of the incompatibility of the methodology.

Tourism competitiveness index in Serbia, Montenegro and FYR Macedonia

Tourism product of the mentioned countries is very fragmented, with no unique resources, and therefore tends to use geographic position as a competitive advantage for the purpose of long-term socio-economic progress (Popesku, 2011). This is a small market, with modest human potential and lack of funds for further improvement of the tourism offer.

Table 1: *Basic informations about selected countries*

Category	Serbia	Montenegro	Macedonia
Surface area (km²)	88.361	13.812	25.713
Population	7.186.862	620.029	2.022.547
GDP (in billions USD)	43,87	4,59	11,32
GDP per capita (in USD)	4.245	4.757	12.096

Source: *National statistical offices*

Tourism is one of the most dynamic service activities and the type of "modern, global and temporary migration" (Jovanović, Krstić & Janković-Milić, 2013). This is confirmed by the constant increase in participant number of tourist movements: 25 million (1950), 277 million (1980), 435 million (1990), 675 million (2000) to 935 million (2010). During 2014 the number of foreign tourists globally reached 1.1 billion, which is 4.7% or 51 million more than in 2013 (1,087 million). The European region recorded a growth of 4% (sub-Mediterranean and Southern Europe 7%). It remains the most visited region with more than a half of international tourists, with over 588 million arrivals (compared to 2013, increase of 22 million) (UNWTO, 2014). It is assumed that by 2020 there will be around 1.6 billion tourists and European region will reach 717 million.

Since the first WEF report (2007), the leading region of T&T competitiveness is Europe, especially EU members. According to the results, 13 of 20 top rated countries are from this area. The top rated countries are: Switzerland, Spain, France, Germany, UK, Italy, as well as Australia, USA, Canada and Japan (Blanke & Chiesa, 2013).

Table 2: *Competitiveness of Serbia - global and European level*

Rank	2008.	2009.	2011.	2013.	2015.
World	78/130	88/133	82/139	89/140	95/141
Europe	35/42	38/42	38/42	40/42	35/37
Index value	3,76	3,71	3,85	3,78	3,34

Source: *Blanke & Chiesa 2008, 2009, 2011, 2013, 2015*

In the terms of competitiveness, Serbia lags considerably behind the leading countries. Throughout the researched period maximum of all countries was 5.68 (2011) and minimum 1.99 (2008). Although, Serbia index value during this period was 2.43 to 2.59. The data is less alarming if we observe the world level, while at the European level it ranks near the bottom. Albania and Moldova are positioned behind Serbia, as well as, Bosnia and Herzegovina, Armenia and Ukraine.

Table 3: *Key indicators of tourism competitiveness of Serbia*

Indicator	2008.	2009.	2011.	2013.
A: Travel & tourism regulatory framework	**73**	**78**	**67**	**74**
Policy rules and regulations	59	67	68	103
Environmental sustainability	128	127	124	115
Safety and security	76	85	66	55
Health and hygiene	46	44	41	46
Prioritization of Travel & Tourism	114	119	105	108
B: Travel & tourism business environment and infrastructure	**72**	**80**	**84**	**81**
Air transport infrastructure	92	105	111	110
Ground transport infrastructure	86	91	115	117
Tourism infrastructure	52	58	49	56
ICT infrastructure	57	63	62	49
Price competitiveness	82	90	118	119
C: Travel & tourism human, natural and cultural resources	**88**	**96**	**94**	**109**
Human resources	45	54	76	94
Education and training	70	66	82	95
Availability of qualified labor	22	31	57	80
Affinity for Travel & Tourism	98	83	66	104
Natural resources	112	126	123	131
Cultural resources	52	64	59	65

Source: *Blanke & Chiesa 2008, 2009, 2011, 2013*

According to subindex level, in the area of core resources, Serbia is the worst ranked. Protection of those resources is not adequate. This is indirectly related to environmental sustainability. Serbia has an extremely poor ground and air transport infrastructure. At the same time taxes and tolls are not reduced and that affects its competitiveness. Many indicators are ranked worse, especially in the field of tourism legislation.

Table 4: *Competitiveness of Montenegro - global and European level*

Rank	2008.	2009.	2011.	2013.	2015.
World	59/130	52/133	36/139	40/140	67/141
Europe	31/42	30/42	25/42	26/42	33/37
Index value	4,15	4,29	4,56	4,50	3,75

Source: *Blanke & Chiesa 2008, 2009, 2011, 2013, 2015*

Montenegro is the best positioned of all researched countries, both on the global and European level. By 2013 it recorded a index values growth (max 4.56) and in 2015 decreased up to 3.75. It should be highlighted that the Government of Montenegro invests significant funds in improving the supply and infrastructure.

Table 5: *Key indicators of tourism competitiveness of Montenegro*

Indicator	2008.	2009.	2011.	2013.
A: Travel & tourism regulatory framework	**53**	**50**	**32**	**34**
Policy rules and regulations	37	35	10	22
Environmental sustainability	105	98	45	33
Safety and security	53	48	37	45
Health and hygiene	52	52	53	55
Prioritization of Travel & Tourism	67	69	42	44
B: Travel & tourism business environment and infrastructure	**68**	**66**	**49**	**50**
Air transport infrastructure	54	56	62	58
Ground transport infrastructure	71	88	109	92
Tourism infrastructure	31	64	25	19
ICT infrastructure	63	39	42	51
Price competitiveness	129	95	48	62
C: Travel & tourism human, natural and cultural resources	**45**	**35**	**36**	**47**
Human resources	76	40	35	51
Education and training	75	52	45	63
Availability of qualified labor	67	34	26	36
Affinity for Travel & Tourism	1	1	7	7
Natural resources	69	80	71	62
Cultural resources	66	51	46	59

Source: *Blanke & Chiesa 2008, 2009, 2011, 2013*

In the context of the regulatory subindex, Montenegro has improved its position in all areas. The biggest progress has been achieved in the field of environmental sustainability. Remarkable results are related to policy rules and regulations and affinity for travel & tourism. At the same time a lot is being done in labour force education. Huge efforts are invested in the creation of adequate business environment (tourism infra and supra structure, price competitiveness), but it remains “the problem of inadequate air traffic”.

Table 6: *Competitiveness of Macedonia - global and European level*

Rank	2008.	2009.	2011.	2013.	2015.
World	83/130	80/133	76/139	75/140	82/141
Europe	35/42	37/42	37/42	36/42	34/37
Index value	3,68	3,81	3,96	3,98	3,50

Source: *Blanke & Chiesa 2008, 2009, 2011, 2013, 2015*

Macedonia with its tourism supply is globally better ranked than Serbia, but on European level is near bottom. Since 2009 the index value has increased, while in 2015 declined (2013:2015/3.98:3.50).

Table 7: *Key indicators of tourism competitiveness of Macedonia*

Indicator	2008	2009	2011	2013
A: Travel & tourism regulatory framework	**93**	**69**	**56**	**57**
Policy rules and regulations	75	76	78	66
Environmental sustainability	84	83	65	73
Safety and security	80	64	42	43
Health and hygiene	68	42	42	47
Prioritization of Travel & Tourism	128	129	106	99
B: Travel & tourism business environment and infrastructure	**80**	**75**	**78**	**74**
Air transport infrastructure	113	119	127	122
Ground transport infrastructure	79	76	88	84
Tourism infrastructure	61	63	69	64
ICT infrastructure	72	67	55	60
Price competitiveness	72	59	49	46
C: Travel & tourism human, natural and cultural resources	**81**	**87**	**93**	**100**
Human resources	71	70	75	81
Education and training	71	75	92	97
Availability of qualified labor	53	61	30	37
Affinity for Travel & Tourism	75	69	53	73
Natural resources	85	92	92	113
Cultural resources	57	70	74	75

Source: *Blanke & Chiesa, 2008, 2009, 2011, 2013*

Generally speaking, in the reporting period Macedonia improved position within the sub-index regulatory framework, but also in the business environment and infrastructure. The results were slightly worse in the field of funds allocated for the improvement of the tourism supply and environmental sustainability. Many problems exist in the field of infrastructure works and resources, both core (natural and cultural), and human resources, where exists a continuous regression.

The economic effects of the tourism activity

The tourism industry is a "crucial part" of the economy of each country, regarding its significant financial, political and social effects. It brings a number of benefits such as the generation of new jobs and GDP growth. According to WTTC data, tourism is one of the largest "industries" accounting about 9.8% of world GDP with almost 284 million jobs (WTTC, 2016).

Table 8: *Share of travel & tourism industry in GDP (%)*

Country	2008	2010	2012	2014
Serbia	1,0	2,0	1,7	1,9
Montenegro	12,7	10,8	8,6	9,8
Macedonia	1,4	1,5	1,3	1,3

Source: *Blanke & Chiesa, 2009, 2011, 2013, 2015*

When we observe all the indirect and induced effects, T&T industry makes 9.2% of European GDP. On the other hand, the tourism industry share in Serbia, Montenegro and Macedonia varies. Only in Montenegro tourism represents an important part of GDP. Based on TSA, share of tourism in GDP ranged from $445.0M (2008) to $996.0M (2010) in Serbia, $415.0M (2012) to $535.0M (2010) in Montenegro and $120.0M (2008) to $146.0M (2010) in Macedonia.

When we evaluate the total contribution of the tourism economy in GDP (direct, indirect and induced effects), we can see the dominance of Montenegro. Expressed in monetary terms, maximal values were made in 2010: in Serbia $3.663,0M or 7.4% GDP, in Montenegro $1,002.0M or 20.3 % of GDP and in Macedonia $595.0M or 6.2% of GDP. Only Montenegro records positive, while Macedonia and Serbia are characterized by a negative GDP growth rate. When we analyze the contribution of tourism industry to the "general economic growth", the results are modest and the highest are in Montenegro due to Adriatic Sea (Čerović et al., 2015). The tourism sector is labour intensive industry because it directly employs a large number of people with various competence and education. Directly it employs 14 million people and indirectly generates about 35 million jobs. It is assumed that the growth of this industry in the next decade will be about 2.8%, which will overcome the global economic growth in Europe of 1.9%.

Table 9: *Travel & tourism industry employment (%)*

Country	2008.	2010.	2012.	2014.
Serbia	0,9	1,9	1,6	2,6
Montenegro	10,8	9,3	7,6	8,8
Macedonia	1,4	1,5	1,2	1,2

Source: *Blanke & Chiesa, 2009, 2011, 2013, 2015*

Montenegro has the largest share of employees in the industry compared to the total number of employees (15,000 in 2014). During the same year 34,800 people worked in Serbian tourism industry, and in Macedonia 8,300 employees. When we add employed in other service sectors (transport, trade, service and manufacturing), the employees' number is growing dramatically. In Serbia the total number of employees is 128,000, or 6.7% (2010), 34,000 or 20.9% in Montenegro (2008) and 33,000 or 5.7% in Macedonia (2008 and 2010). The multiplicative effect of tourism is very strong. One of the biggest problems of employment in the tourism is seasonality, particularly associated with swimming and recreational, nautical and mountain tourism.

During 2014 at the global level total revenue was $1,500.0 bn (1,245.0 bn relating to accommodation, food and drink, entertainment and shopping and 221.0 bn to international passenger transport). International tourism (travel and passenger transport) makes 30% of global services exports and 6% of total goods and services exports. Tourism industry is the world's fourth largest export industry. At the regional level, Europe, achieved 41% of global tourism revenue ($509.0 bn or €38.03 bn), representing an increase of $17.0 bn compared to 2013. At the same time, Southern and Mediterranean Europe grew by 5% (UNWTO, 2014).

Table 10: *International tourism receipts (US$ millions)*

Country	**2007**	**2009**	**2011**	**2013**
Serbia	531.0	865.4	991.7	1052.9
Montenegro	630.0	662.1	777.3	884.0
Macedonia	185.0	218.0	239.4	266.6

Source: *Blanke & Chiesa, 2009, 2011, 2013, 2015*

It is obvious that income from tourism has been constant, which is related to attractiveness of this region. Average spending per guest in 2014 in Serbia was $1,142.0, in Macedonia $666.0 and in Montenegro $667.0. Tourism deficit of Serbia ranged from €87.0M in 2012, €49.0M in 2013, €25.0M in 2014 to €35.0M (NBS, 2015). On the other hand, only Montenegro had surplus in tourism, which was higher than €400.0M in 2015. In the period 2007-2010 the lowest surplus was achieved in 2007 (€432.0M), and the best results were recorded in 2008 (€485M) and in 2010 (€464M) (Đuranović & Radunović, 2011).

Tourist turnover as an indicator of T&T industry development

Tourist turnover is an indispensable component of tourism development, an indicator that determines the total number of arrivals and the number of their overnight stays in a certain area (Omerović, 2014).

The territory of Serbia was divided into four tourist clusters by Tourism Development Strategy 2006-2015: *1. Vojvodina, 2. Belgrade, 3. Western Serbia with Kosovo (under provisional administration by UNMIK-a) and 4. Eastern Serbia* (Sl. glasnik RS, 91/06). City-break, events, spa/wellness, mountain and rural tourism, business + MICE, thematic routes (cultural heritage), nautical and medical tourism were singled out as key tourist products.

Table 11: *Tourist arrivals and overnight stays in Serbia*

Year	Tourist arrivals		Tourist overnight stays		Average number of overnight stays	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
2008	1,619,673	646,494	5,935,219	1,398,887	3.7	2.2
2009	1,373,444	645,022	5,292,613	1,469,102	3.9	2.3
2011	1,304,443	764,167	5,001,684	1,643,054	3.8	2.2
2013	1,270,667	921,768	4,579,067	1,988,393	3.6	2.2
2015	1,304,944	1,132,221	4,242,172	2,409,680	3.2	2.1

Source: *Municipalities and regions of the Republic of Serbia*

During the researched period the number of arrivals and overnight stays are characterized by certain stability. The highest number of arrivals (2,437,165) was recorded in 2015, while overnight stays (7,734,106) was recorded in 2008. The dominance of domestic tourists is obvious. It is encouraging that the number of foreign arrivals and overnight stays has been increasing during the entire period. Bearing in mind the tourism products it should not be surprising short average length of stay. Domestic tourists have longer average stay than foreign ones (over 3 days/over 2 days).

Table 12: *Index of tourist arrivals and overnight stays in Serbia*

Year	Tourist arrivals			Tourist overnight stays		
	Total	Domestic	Foreign	Total	Domestic	Foreign
2011/2009	102.4	94.9	118.4	98.2	94.5	111.8
2013/2011	105.9	97.4	120.6	98.8	91.5	121.0
2015/2013	111.1	102.7	122.8	101.2	92.6	121.1
2015/2008	107.5	80.5	175.1	90.7	71.4	172.2

Source: *Authors*

Among the most visited destinations are Belgrade, Novi Sad with its surroundings, Subotica with Palić, Kopaonik and Zlatibor, Vrnjačka Banja Spa and Sokobanja Spa, Podunavlje and Podrinje, Niš and Niška

Banja Spa, Šumadija (Kragujevac, Aranđelovac and Topola), but also Tara and Mokra Gora (Sl. glasnik RS, 91/06).

Table 13: *Tourist arrivals by type of resort*

Category	2008	2009	2011	2013	2015
Main adm. centres	772,251	660,521	697,117	805,046	915,172
Spa resorts	366,098	358,481	375,473	405,768	427,456
Mountain resorts	448,854	391,316	402,221	398,841	446,189
Other tourist resorts	577,208	525,263	512,445	494,630	546,377
Other resorts	101,755	85,585	81,354	88,150	101,971

Source: *Statistical Yearbook of Serbia & Tourist turnover*

The majority of tourists visit the main administrative centers – Belgrade and Novi Sad (33-37%), while on the second place is a broad category of other tourist resorts (22-27%). Foreign visitors stay in city centers (63-65%), while domestic tourists are majority in spas (21-28%) and mountain resorts (25-28%). The city of Belgrade has the largest share of foreign arrivals (57%), while Vrnjačka Banja Spa and Zlatibor take 7-11% of domestic tourists.

Table 14: *Tourist overnight stays by type of resort*

Category	2008	2009	2011	2013	2015
Main adm. centres	1,417,859	1,348,576	1,362,578	1,518,204	1,783,584
Spa resorts	2,367,730	2,286,661	2,308,435	2,134,497	1,854,582
Mountain resorts	1,912,008	1,687,734	1,590,016	1,558,126	1,661,487
Other tourist resorts	1,377,867	1,251,409	1,172,675	1,130,999	1,130,209
Other resorts	258,642	202,383	211,034	225,634	221,990

Source: *Statistical Yearbook of Serbia & Tourist turnover*

The largest number of overnight stays is realized in spas (28-35%) and mountain resorts (24-26%), followed by the main administrative centers. In these destinations the most foreign overnights stays are realized (59-60%). Domestic tourists represent a mayority in spas and mountain resorts (Denda, 2015). Belgrade dominates in terms of foreign overnight stays (52-55%). On the other hand, in Vrnjačka Banja Spa, Sokobanja Spa, Zlatibor and Kopaonik, domestic visitors are more prevalent. Belgrade, Novi Sad and Niš belong to tourist resorts of the first category.

In Montenegro three regions with more tourism clusters were singled out: *1. coastal region* (Bay of Kotor, Budva, Bar and Ulcinj), *2. central region* (with the Lovćen NP Cetinje and Podgorica with the Skadar Lake NP), *3. Mountain region* (Kolašin with Biogradska gora NP, Žabljak with

Durmitor NP, Prokletije with Turjak and Plav and future Prokletije NP) (Đurašević, 2009). The most recognizable part of the Montenegro tourist offer consists of classic swimming and nautical tourism, mountain and agro-tourism, cultural and religious tourism, business tourism, spa/ wellness, and sports and recreational tourism (adventure, water activities etc.) (Denda & Stojanović, 2015).

Table 15: *Tourist arrivals and overnight stays in Montenegro*

Year	Tourist arrivals		Tourist overnight stays		Average number of overnight stays	
	Domestic	Foreign	Domestic	Foreign	Domestic	Foreign
2008	156,904	1,031,212	828,462	6,966,279	5.3	6.7
2009	163,680	1,044,014	856,332	6,695,674	5.3	6.4
2011	172,355	1,201,099	956 368	7,818,803	5.5	6.5
2013	167,603	1,324,403	997,728	8,414,215	5.9	6.3
2015	153,185	1,559,924	747,576	10,307,371	4.9	6.6

Source: *Statistical Yearbook of the Republic of Montenegro*

Montenegro is a traditional tourist destination. Every year the number of tourist arrivals increase: from 1,188,116 in 2008, to 1,713,109 in 2015. The same situation is with the number of overnight stays: from 7,794,741 in 2008 to 11,054,947 in 2015. The data shows the foreign tourist domination (mainly from the area of former Yugoslavia). The length of stay is enhanced by the swimming and recreational tourism in the summer months (about 6 days).

Table 16: *Index of tourist arrivals and overnight stays in Montenegro*

Year	Tourist arrivals			Tourist overnight stays		
	Total	Domestic	Foreign	Total	Domestic	Foreign
2011/2009	113.7	105.3	115.0	116.2	111.6	116.7
2013/2011	108.6	97.2	110.2	107.2	104.3	107.6
2015/2013	114.8	91.4	117.7	117.4	74.9	122.5
2015/2008	144.1	97.6	151.2	141.8	90.2	147.9

Source: *Authors*

Coastal resorts absorb the largest number of arrivals (89-92%), both foreign (91-92%) and domestic (73-83%). In the second place is the Capital of Podgorica (about 4%) followed by mountain resorts (approximately 4%). Among the tourist destinations the most foreigners visit Budva (48%), than Herceg Novi (16%), while the number of domestic guests is almost the same (23-35%).

Table 17: *Tourist arrivals by type of resort*

Category	2008	2009	2011	2013	2015
Capital	50,393	49,166	53,480	65,136	84,078
Coastal resorts	1,058,825	1,081,805	1,245,340	1,348,394	1,529,073
Mountain resorts	38,304	41,161	49,184	51,271	63,503
Other tourist resorts	40,229	34,623	24,547	25,669	35,043
Other resorts	365	939	903	1,536	1,412

Source: *Statistical Yearbook of the Republic of Montenegro*

Approximately 96-97% of overnight stays is realized in the coastal resorts (97% foreign), followed by mountain and other tourist resorts and the Capital of Podgorica. The largest number of overnight stays is realized in Budva, Herceg Novi, Bar and Ulcinj.

Table 18: *Tourist overnight stays by type of resort*

Category	2008	2009	2011	2013	2015
Capital	111,271	103,464	103,636	116,532	155,410
Coastal resorts	7,459,794	7,244,830	8,493,955	9,128,809	10,687,914
Mountain resorts	102,560	99,500	107,506	107,548	127,448
Other tourist resorts	120,682	102,208	68,249	56,136	81,982
Other resorts	434	2,004	1,825	2,918	2,193

Source: *Statistical Yearbook of the Republic of Montenegro*

Table 19: *Tourist arrivals and overnight stays in Macedonia*

Year	Tourist arrivals		Tourist overnight stays		Average number of overnight stays	
	Total	Domestic	Foreign	Total	Domestic	Foreign
2008	350,362	254,957	1,648,073	587,447	4.7	2.3
2009	328,566	259,204	1,517,810	583,796	4.6	2.2
2011	320,097	327,471	1,417,868	755,166	4.4	2.3
2013	302,114	399,680	1,275,800	881,375	4.2	2.2
2015	330,537	485,530	1,357,822	1,036,383	4.1	2.1

Source: *Tourism in the Republic of Macedonia 2008-2012, 2010-2015*

Tourism in Macedonia is concentrated within eight statistical areas: *1. Polog Region* (Popova Shapka, Mavrovo) *2. Skopje Region* (Skopje, Katlanovska Spa), *3. North-East Region* (Kumanovo, Kokino) *4. East Region* (Kočani) *5. South-East Region* (Dojran, Lake Dojran), 6. *Varadar Region* (Kavadraci, Demir gate), *7. South-West Region* (Ohrid, Sveti Naum) and *8. Pelagonia Region* (Pelister, Galičica) (Marinoski & Korunoski, 2012). Due to the richness of natural and cultural resources in

Macedonia, several different forms of tourism can be extracted such as cultural, lake and mountain tourism, rural and eco-tourism, wine, city-break and spa tourism.

It is obvious that Macedonia follows the trends of increasing number of arrivals and overnight stays. During the 2015 it achieved a record in arrivals (816,067) and in overnight stays (2,394,205). The growing number of foreign visitors brings certain economic effects. Since it is a landlocked country like Serbia, with a similar tourist offer, it is characterized by slightly shorter average length of stay both domestic and foreign tourists.

Table 20: *Index of tourist arrivals and overnight stays in Macedonia*

Year	**Tourist arrivals**			**Tourist overnight stays**		
	Total	Domestic	Foreign	Total	Domestic	Foreign
2009/2008	97.1	93.8	101.7	94.0	92.1	99.4
2011/2009	110.2	97.4	126.3	103.4	93.4	129.3
2013/2011	108.4	94.4	122.0	99.3	90.0	116.7
2015/2011	116.3	109.4	121.5	111.0	106.4	117.6
2015/2008	134.8	94.3	190.4	107.1	82.4	176.4

Source: *Authors*

Most tourists are registered in Skopje (22-27%) and other tourist resorts (43-50%). The most visited regions are South-West (Ohrid) with 38-46% Skopje (22-27%) and Pelagonia (9-11%).

Table 21: *Tourist arrivals by type of resort*

Cartegory	**2008**	**2009**	**2011**	**2013**	**2015**
Skoplje	134,051	127,266	141,386	168,623	220,212
Spa resorts	22,965	21,369	27,441	28,405	29,169
Mountain resorts	43,165	52,484	71,309	68,745	62,355
Other tourist resorts	305,793	283,430	279,695	300,540	355,890
Other resorts	99,346	103,221	127,737	135,481	148,461

Source: *Statistical Yearbook of the Republic of Macedonia*

The most overnights stays are recorded in Skopje (12-15%), with 30-38% of foreign overnight stays, followed by other tourist resorts (59-70%), where foreign guests make 41-44% and domestic 69-80%. Individually analyzed South-West (53-65%), South-East (12-15%) and Skopje region (11-17%) take the biggest share.

Table 22: *Tourist overnight stays by type of resort*

Cartegory	2008	2009	2011	2013	2015
Skoplje	251,950	240,695	229,521	288,682	378,253
Spa resorts	137,166	134,840	216,526	222,362	215,541
Mountain resorts	110,012	120,891	160,336	144,125	136,436
Other tourist resorts	1,562,487	1,418,318	1,250,866	1,259,590	1,407,244
Other resorts	173,905	186,862	162,968	242,416	256,731

Source: *Statistical Yearbook of Macedonia & Tourism - news release*

As the target markets members of the European Union (EU 28) stand out republics of the former Yugoslavia, countries outside the EU (primarily Russia, Ukraine and Turkey), other non-European countries (USA, China including Hong Kong). Significant role is played by the domestic market. The main competitors in the area of the South (Mediterranean) Europe are Croatia, Slovenia, and Albania, Hungary, Romania and Bulgaria.

Although in all countries an increasing number of overnight stays and arrivals was registered, it should be noted that a major problem is seasonality. The current offer leads to a concentration of guests during the summer months (June-August). This phenomenon is most manifested in Montenegro (68% of arrivals and 78% of overnight stays).The main reason is the dominant role of swimming and nautical tourism. This dependence is less marked in Macedonia where during summer 44% of arrivals and 59% of overnight stays are recorded and in Serbia (32% of arrivals and 35% of overnight stays). It is interesting that in the period December-March in Montenegro only 3% is realized, and in Serbia about 26% of total overnights (data from 2015).

Conclusion

Travel and tourism competitiveness index represents a powerful tool for evaluation of tourist offer of certain countries. In this case, indicators of three Western Balkan countries have been compared: Serbia, Montenegro and FYR Macedonia. Using the data from various international and national organizations, the situation of the above mentioned countries on the global and European level has been determined. The conclusion has been reached that all three countries have significant problems in the area of regulatory framework, business environment and infrastructure, but also in the area of fundamental resources. There is an evident increase in the number of arrivals and overnight stays, but the economic effects are not yet at a satisfactory level. This is primarily related to international tourism receipts, but also a direct and indirect contribution of travel & tourism to GDP. The largest part of the profit is linked to the city centers (Belgrade) in Serbia, coastal resorts in Montenegro (Budva, Herceg Novi, Bar) and other tourist resorts in Macedonia (Ohrid). The problems of seasonality and fragmentation of the tourist offer are the key major obstacles of further development. With high quality tourism policy, Serbia has the greatest opportunities to achieve full-year tourist turnover.

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