

Tourism Development Strategy of the Slovak Republic until 2013

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The issue of sustainable development is among the global problems facing the world today, which is why a coordinated approach to its solution is being sought by governments, non-governmental organisations and the representatives of various civic associations. The Tourism Development Strategy of the Slovak Republic ("Strategy") represents one of those concept instruments whose objective is the development of a particular industry, in this case tourism, within a stipulated term.

1. Objectives of the Strategy and reasons for drafting it

The Strategy sets itself the objective of proposing solutions to the crucial and fundamental questions concerning the position and development of tourism in Slovakia for the period up to 2013. This objective therefore covers the period from 2007 to 2013, in accordance with the planning period of the European Union.

The Strategy is based on objectives set out in the Programme Declaration of the Government of the Slovak Republic and on the updating of their comprehensive elaboration; it is connected to Slovakia's National Tourism Development Programme and other documents concerning this area of the national economy.

Behind the development of the Strategy is the need to define a vision for the position and importance of tourism in our national economy within the timeframe of the planning period 2007-2013, to set the objectives which we want to achieve, and to adopt specific measures which bring us closer to achieving them.

The Strategy will represent one of the basic, initial documents in which tourism is presented as a development priority in the Slovak economy for the next several years. From it there will be developed a partial development concept, to be elaborated on a continual basis over a short-term period of 2-3 years; this will evaluate the progress made and update new tasks for the purpose of meeting the defined objectives.

The Strategy will serve all management bodies at various levels when they implement decisions and coordinate powers in relation to the structure of tourism, within the process of furthering their aims in this area of human activity.

In terms of tourism at the European level, Slovakia is at present in an underdeveloped position. The importance of tourism to us is significantly underestimated, to the extent that a section of the public consider it to be a pointless, even harmful, phenomenon. Tourism professionals have little prestige. There is no legislation on tourism to govern basic definitions and to set out an organisational structure for, and the significance of, tourism in the national economy. No rules exist for the management, coordination and assignment of responsibilities for individual players in tourism industry. Another shortcoming is the non-observance of several legislative standards by certain entities (unauthorised tour guiding, "underground" private accommodation, non-compliance with categorisation conditions for accommodation establishments, the sale of goods of unspecified origin, the operation of uninsured travel agencies, etc.) The absence of an economic strategy policy, and in this regard also a tourism policy, has resulted in the fact that, among the mass of operational decisions taken by certain

bodies of the state administration and self-governing authorities, the importance of tourism to economic development has still not been fully appreciated.

Tourism is an intersectoral industry, extending directly into the sectors of economy, industry, trade and services, finance, transport, regional development, culture, health care, education, sport, environmental protection, forest and water management, agriculture, employment, employment creation, and the activities of self-governing authorities. Whereas the activities of most other sectors concern a relatively narrow vertical segment, tourism is typified by a horizontal connection to various sectors. This brings with it several problems which can be addressed only through cooperation at the intersectoral level. There is not at present enough of this cooperation.

The development of tourism in Slovakia over previous years has been chaotic, uncoordinated, fragmented and lacking in strategic direction. The principal cause of this unstable development reflects statistical indicators at the national-economic level, accompanied by stagnation at the regional level and uncertainty in the business environment. The present state of tourism has been affected to a decisive degree by a lack of strategy, undeveloped marketing, a privatisation programme that has not always been successful, and low-quality services. The fragmentation of service producers has resulted in an unwillingness and inability to cooperate in the creation of cohesive products (service packages) in the target localities. Frequent amending of key economic laws has made doing business more complicated. The development of tourism in Slovakia will not happen unless legislation is adopted which apportions sufficient competences and financial resources to support tourism development at the level of the state, regions, towns, municipalities, and enterprises in relation to their activities and association.

Slovakia finds itself in a complicated situation in the international tourism market. On the one hand, it has sufficient potential for tourism development in terms of primary and secondary supply, but, on the other hand, this potential is largely unexploitable as a product. In such conditions, tourism in Slovakia cannot be a sector with a major effect on the strengthening of economic performance, though it may significantly help increase the creation of value, reduce unemployment and equalise inter-regional differences.

Tourism development all over the world is strongly affected by the public sector. The success of particular activities depends on better cohesiveness among individual partners, better support from the state, and the ability to adapt to changing conditions.

Tourism is not among the sectors which in the past contributed to the non-performing loans in banks; on the other hand, it has added value, something which is not typical of the current export structure. Since tourism enterprises are often forced to pay their debts in advance and in cash, they have added neither to the enormous growth in company indebtedness, nor to the high volume of risky loans.

Outlining a solution to these problems, as well others not mentioned, is the objective of the submitted Strategy. Understanding how tourism benefits our country's economy and laying down a clear procedure for removing any shortcomings may help to increase significantly the value of tourism offered by Slovakia in the international market, to raise tourism's contribution to the gross domestic product, and to improve the quality of life for all those who are involved in this activity.

2. Analysis of the development and current situation in tourism

For the EU, as well as other countries of the world, tourism represents a significant economic activity that includes a wide range of products and destinations. This is seen in the fact that tourism accounts for around 5% of the EU's gross domestic product (and up to 12% if including related activities in other sectors - for example, transportation, retail), and at the same time it accounts for 30% of the total foreign trade in services (this share is substantially higher in some EU countries). Thanks to its diverse offer of destinations, Europe is the most visited region in the world. According to a WTO forecast, Europe will record 717 million tourist arrivals by 2020, which represents an annual growth rate of 3 %. As regards the EU, its tourism is to a large extent domestic with only 13% of visitors coming from non-Member States.

In the absence of a single European policy on tourism, the sector comes under varied regulation among the Member States. The regulation in a particular country reflects the weight and position of tourism in its economy, and the concept of this or that government on development strategy and such matters. There is therefore no single guide on tourism development that could be applied in a specific country. The majority of European standards concerning tourism are related to the protection of consumers and ecology. Consumer protection is of great importance in the EU, and national sovereignty in this area is somewhat restricted by the creation of common standards. EU citizens in the role of tourists are familiar with their entitlements and rights, and take advantage of them accordingly. Our Slovak business entities must reckon on European customers, and preparations will gradually have to be made in this regard.

In the EU, more than two million enterprises and self-employed entrepreneurs work in tourism, employing 8 million people, or 5% of all employed people, while a further 20 million people work in related sectors.

As a result of terrorist attacks and threats of war since the beginning of 2002, the importance of security has grown. Changes in customer behaviour are being seen in the postponement of reservations, tour operators delaying the issue of brochures, growing interest in last minute sales, and the growth in online reservations and sales. Prices are playing a key role in the decision to buy. There is a clear tendency towards shorter visits tailored to the customer's requirements. Domestic tourism is on the increase, while growth in tourism among seniors and young people is also being recorded. There is rising demand for traditional non-hotel accommodation, and a preference for road transport (especially by personal car). Holiday fragmentation is rising in connection with the shortening of work time and extending of paid holiday, and there is a marked transition from the passive holiday to the holiday as an activity and experience. The aim is to live through something and have an experience, to gain new knowledge, understanding, and authentic feeling, while at the same time emphasis is laid on the quality of services and the environment. At the forefront are activities that comply with the principle of sustainable development. Opportunities are expanding for tourist destinations with minimal entry hurdles, and an ever more important role is being played by the process of economic integration and modern migration flows.

As for Slovak tourism, an important element in its development has been the accession of Slovakia to the EU. The free movement of goods and services means that the offer of tourist services is open to the whole EU territory and that it is being spread to new markets. At the same time, business entities will be subject to increasing competition. The single currency will involve unifying the price level, while price increases could make some countries less

attractive. As for consumers, there is increasing protection of their rights. Both unified consumer protection and the free movement of goods and services are shifting the border of tourism in Slovakia to the level of EU borders. This is another development we must reckon on.

Regarding the shortfall in own, internal resources, accession to the EU has brought structural funds that are substantially enlarging support for tourism development. An opportunity has arisen for the joint presentation of the country through the EU. The expansion of tourism will bring necessary development in the human resources and quality of services in tourism.

The 2004 results for tourism in Slovakia are set out in [Annex no. 1](#)

A key fact emerges when the average expenditure by foreign visitors in Slovakia is calculated as a share of total expenditure: the foreign-exchange receipts found by this method are estimated to be worth between USD 1.5 and 2.0 billion per year. Whereas the official data puts them at between USD 800 and 900 million, the actual foreign-exchange receipts are in fact 1.5- to 2-times greater. This disparity may stem from the deficient presentation of tourism performance, but it may also be supposed to include the effect of the shadow economy. In fact, the results of the selected finding show that accommodation and catering services accounted for approximately one-third of foreign-exchange expenditure, while transport accounted for 23% and purchases almost 40%. The information from individual Slovak regions indicates that many tourist accommodation establishments are not officially recorded. This concerns above all "private accommodation", an activity which is very difficult to prove. There is thus demonstrated a need for a more precise (possibly also stricter) legislative solution, as well as for the consistent documentation, referencing and provision of information by self-government institutions and tax bodies.

The trend in tourism development in Slovakia reversed sharply in 2004 having been progressing positively from 2000 to 2003. This was largely a result of the substantial changes which took place in sectors that are outside tourism but nevertheless have a very significant impact on it. They include such matters as the strengthening of the exchange rate of the Slovak koruna, an increase in the original VAT rate from 14% to 19%, as well as basic economic and social changes which affect the prices of tourism services and the living standard of our population. In the past, Slovakia profited most from the weak koruna. While this advantage was being eroded in 2004 by the strengthening koruna, Slovakia became an expensive country for both domestic and foreign guests.

It is clear from the evaluation of the current situation in Slovakia's inbound tourism that there are no objective reasons why this country cannot achieve a tourism performance that is relatively comparable to that of its neighbours - the Czech Republic, Poland, and Hungary. A comparison of selected indicators for 2004 in the table below illustrates the position of Slovakia vis-à-vis its neighbours.

2004	Expenditure of Slovakia on promoting the country (USD m)	Income from inbound tourism (USD bn)	Number of foreign overnight stays (million)	Number of foreign branches of marketing agencies
Slovakia	3.0	0.9	4.6	6
Czech Republic	9.5	4.2	18.9	29
Poland	9.3	5.8	9.3	13
Hungary	35.2	4.1	10.3	26

Source: WTO

Where inbound tourism is a significant source of foreign-exchange income in neighbouring countries, that fact is the positive result of not only the quality and structure of tourism services but also, to a considerable extent, the greater volume of funds set aside for the state promotion of tourism.

The cross-sectional character of tourism necessitates the coordination of its development. In its capacity as a central body of the state administration, the Ministry of Economy of the Slovak Republic (ME SR) should indicate the expectation for the effective development of tourism. Tasks related to tourism are carried out within the Tourism Department of the Business and Tourism Section of the ME SR. There is neither effective nor regular coordination with other ministries whose competences include responsibility for certain tourism tasks.

There is inadequate coordination of interests in tourism development, which applies also to self-government bodies both at the local level and at the level self-governing regions. The current integration of tourism into departments of regional development is not being provided for with either staff or tools. Even though the focus of tourism development is in regions, it is only local self-government bodies that have taken an initiative in setting up tourism associations, financing promotions, and the like. More intensive development is being prevented by the capping of funds for local self-governments.

Local and regional associations for tourism development have so far had only a small effect on the development of tourism. The furtherance of their initiatives is held back by the fact that entrepreneurs feel suspicion or mistrust about joining together, pooling resources, and working to a concept. Yet tourism development in regions demands a vision and concept supported by experience. In order to develop tourism at the local and regional levels, it is necessary to support substantially the founding and financing of tourism associations. These associations have an essential and decisive function with regard to the further development of tourism. This stems from the basic and generally accepted assumption that the tourism product is being created in the region. The creation of the tourism centre product must be coordinated among all business and non-business entities in the centre or in the region so that the needs and expectations of visitors are satisfied. Tourist centre activities involve, among many other things: representing and promoting the interests of members in relation to public administration bodies and to business entities in the centre; creating financial conditions for realising aims and projects related to tourism; organising and initiating social, cultural and sporting events; care for and development of infrastructure; joint marketing, promotion and provision of information; and the creation of a strategy for the further development of tourism. In the meantime, a not insignificant aspect is optimal spending on creating a product that ensures the effectiveness of business activities. Whereas in Slovakia rules for this kind of associating do not yet exist, in Austria, for example, each federal region has its own regional law on the creation and financing of such associations. .

An increasingly significant role in tourism development, especially in rural areas, is being played by non-governmental organisations such as: civic associations (part of the tourist associations); non-profit organisations providing public-interest services; foundations supporting various development projects, educational activities, nature conservation projects, and projects for the preservation of cultural heritage; and other NGOs focusing on advisory work and training related to the development of tourism.

Within the tourism business there is a developed competitive environment made up largely of small and economically weak enterprises providing above all accommodation and catering services. There are no larger companies that would fulfil the role of a market leader in terms of the quality and innovation of services, or in improving the country's image abroad.

Among travel offices and travel agencies there prevails a marked focus on outbound foreign tourism, in other words travelling by our citizens abroad. It will therefore be necessary in future to encourage these entities to become more oriented on inbound tourism and on domestic tourism. They should be supported in the main by state activities to promote and present Slovakia at home and abroad.

One of the central problems faced by Slovak hotels is their low year-round occupancy rate. A more flexible pricing policy and marketing offers in the off season could attract more visitors. By expanding the choice of supplementary services and leisure services it is possible to increase occupancy. Although progress has been made in improving the quality of their material-technical basis, more attention needs to be paid to Slovak and international gastronomy, and the making and sale of meals in accordance with principles of balanced and healthy nutrition. At present among Slovak hotels there prevails an absence of international standards, marketing activities, concepts, and strategies. Only very few hotels in Slovakia are either part of a foreign hotel chain or are under foreign management.

The implementation of quality management systems in tourism is far more difficult than in other sectors. The importance of quality and its management has had the deepest impact in the industrial sector, and it is gradually being applied also in services. In the context of tourism, the Slovak Association of Rural Tourism and Agricultural Tourism has alone over the past five years awarded a quality mark to facilities of rural tourism and agricultural tourism. Although based on the long-time experience of EU countries, the system is not accredited. At present, the system is being updated.

As yet in Slovakia there is no organisation generally accredited to certify the quality of tourism facilities. Very small enterprises find the introduction of this system economically demanding, while some people insufficiently grasp the quality principles and tools which lead to the need for changes in an enterprise and to still higher education for both individuals and the group. In the Czech Republic, where an agency focused on this area is already operating in the market, the introduction of this activity is likewise slow.

The tourism potential of Slovakia is quite vast, covering almost all key forms and types of tourism. According to the Regionalisation of Tourism in the Slovak Republic, northern Slovakia has features suited to mountain activities and winter hiking while southern Slovakia offers waterside holidays and opportunity to take advantage of thermal waters. Practically all over Slovakia there is a wealth of cultural, historical and natural attractions which may be utilised for tourism. In this regard, much accommodation and catering capacity and supplementary service capacity is already built in Slovakia. On the other hand, what is offered and its realisation does not match our possibilities and potential. The territory of Slovakia may be divided into 21 tourism regions, and the long-term potential of each is stated in [Annex no. 2](#).

What Slovakia offers in the market of inbound tourism differs little from that offered by surrounding countries. In honing what is offered, it is important to know the demands of target groups of visitors for particular attractions. Demand among visitors to Slovakia is focused mainly on mountain holidays (29%), winter sports (22%, but a first-placed 47%

during winter), visits to family and acquaintances (11%), and waterside holidays (also 11%). These three preferences in what attracts foreign visitors account for 72% of overall demand. After them come round trips and spa visits. Interest in all other types of tourism is below the level of 5%. The visitors expressed the least interest in shopping tourism.

The particular types of tourism that interest foreign visitors to Slovakia are summarised in the following two tables:

Object of interest	winter	summer	autumn	2004
Winter sports	29.3	16.0	18.0	19.6
Mountain holiday	13.0	18.7	17.8	17.1
Waterside holiday (thermal baths, water sites)	9.5	18.1	9.9	12.0
Visit to family, acquaintances	10.3	8.7	10.6	10.0
Urban cultural-historical holiday	5.4	9.8	8.7	8.4
Shopping tourism	6.5	6.2	8.2	7.4
Transit	8.7	6.9	7.0	7.3
Spa visit	5.2	3.2	8.1	6.3
Round trip (for getting to know the countryside, culture and history)	4.2	5.7	5.3	5.2
Rural tourism	2.3	2.5	2.6	2.5
I don't think I'll visit Slovakia again	5.6	4.2	3.8	4.2

Source: statistical survey

Purpose of visit - purposes stated in the responses of visitors by nationality

Object of interest	% of responses among visitors from						
	Czech Rep.	Poland	Austria	Hungary	Ukraine	Germany	Other
Transit journey	18.4	19.6	49.4	33.3	19.2	51.4	37.8
Business (study) trip	29.4	9.6	16.5	13.0	15.4	11.6	18.5
Visit to family/ acquaintances	25.1	5.0	12.7	14.2	15.4	8.7	6.7
Shopping tourism	8.3	22.4	12.7	27.6	46.2	0.0	2.5
Recreational holiday	9.9	33.8	5.1	4.1	3.8	4.3	8.4
Cultural-cognitive tourism	6.1	9.6	2.5	7.7	0.0	11.6	23.5
Therapeutic holiday	2.7	0.0	1.3	0.0	0.0	12.3	2.5

Source: Tourism Institute a.s.

Among Czech citizens, the most numerous guests, the purpose of their visits to Slovakia in autumn 2004 were most often business trips and family visits (as was the case in the previous periods), which together accounted for 45% of Czech visits. The share for transit journeys increased, and although the share for business trips fell, it remained the highest among all the sending countries.

Among Poles, the most stated purposes were holidaying and shopping tourism (as they were in autumn 2003). The holidaying figure for autumn 2004 was the highest among all the sending countries. The leading two purposes together accounted for 56% of all visits made by Poles to Slovakia. Behind them came transit journeys (20%), business trips (10%) and cultural-cognitive tourism (10%).

Austrian guests, a smaller group, were typically in Slovakia on transit journeys, business trips and visits to family or acquaintances.

Among Hungarians, transit journeys clearly prevailed, coming a clear distance ahead of shopping tourism, visits to family or acquaintances, and business trips.

For Ukrainians in autumn 2004, the purposes were typically shopping journeys and transit, followed by visits to family/acquaintances and business trips, which all together accounted for 96% of the visits. In comparison with autumn 2003, the share of business trips fell and transit journeys rose.

Among German guests, an exceptionally large share come here only in transit. In a decrease on the previous two years, this share in 2004 stood at 51%. Therapeutic visits were the second most stated purpose, ahead of business trips and cultural-cognitive tourism.

Among the various groups of guest coming from other countries, the most frequently stated purposes for visiting Slovakia were transit journeys and cultural-cognitive tourism.

Domestic tourism together with inbound tourism is a source of gross domestic product; it creates employment and accelerates regional development with a multiplying effect on the activity of related sectors. Among economically advanced states, domestic tourism has become a springboard to the development of their foreign tourism. If what was offered within Slovakia's domestic tourism were sufficiently competitive, it would possibly influence a partial change in demand for outbound tourism, with the domestic market being able to absorb a considerable part of the demand. In terms of the balance of tourism, this would be an undisputed benefit to the Slovak economy.

According to selective findings by the Statistical Office of the Slovak Republic (ŠÚ SR), 45% of Slovak citizens had a long holiday either in Slovakia or abroad in the summer of 2003. In comparison with 2002, the share of such holidays was lower by 1.6 points. The main reasons for not going on long holidays (either domestic tourism or outbound tourism) concerned:

- finances 45.8%
- health 15%
- not leaving place of residence 10%
- work 8.5%
- family 8.2%
- taking a holiday only once every few years 5.4%.

It is clear from this summary that tourism is luxury for some classes of the Slovak population. Our domestic tourism is therefore stagnating. In several states (for example, Switzerland, France, Hungary) the development of domestic tourism is supported by the use of traveller's cheques. There are no plans as yet to implement them in Slovakia, even though

neighbouring states (Poland, Hungary) have been effective in offering their citizens financial support to encourage them to spend holidays in their own countries. In its marketing and promotional activities, the Slovak Tourist Board (SACR) will have to devote more attention to the promotion of domestic tourism.

In terms of outbound tourism among Slovak citizens in 2004, the most popular destinations were Croatia, Greece, Italy, Hungary, the Czech Republic, Bulgaria, Tunisia, and Spain. Holidays typically lasted 8 to 14 nights and were taken mainly during the summer season. As for the mode of transport, 35.3% travelled by bus, 31.2% by private car, 25.4% by plane, and 6.2% by train. Hotel-type establishments were the main type of accommodation with 51% of the holidaymakers staying in them; private rented accommodation was used by 16.6%, private non-rented accommodation by 14.4 %, and campsites by 10.7%

The SWOT analysis in [Annex no. 3](#) gives a current picture of the point reached in the development of tourism in Slovakia. It enumerates the strengths, weaknesses, opportunities and threats with regard to the further development of Slovak tourism.

3. Vision for the position of tourism in 2013

In 2013:

- Slovakia is a country with dynamically developing tourism, one that offers a wide palette of products and is able to satisfy the changing consumer demand of domestic and foreign customers.
- Tourism has a stable position in the national economy, while society in general understands its significance and its positive contribution to the state budget. For both entrepreneurs and their employees, tourism is an attractive sector which secures both livelihoods and company profitability and which is continually being improved.
- Tourism merits attention at the highest level. The Tourism Committee of the National Council of the Slovak Republic (NR SR) continues the work of the former Tourism Development Commission under the NR SR Committee for Economy, Privatisation and Business. The Tourism Committee represents tourism interests in legislative committee and supervises the functioning of legislation for this sector of the economy.
- Legislative standards concerning tourism guarantee the long-term stable development of the sector; they define an organisational structure, tasks and competences for tourism, stipulate conditions regarding the creation of resources and budget financing for the sector, and address consumer protection in tourism. They set out criteria and obligations for the sustainable development of tourism. They define control mechanisms and stipulate penalties for the violation of particular provisions.
- Within the framework of the approved concept for state policy in tourism, the state has developed a programme for tourism support. On this basis, it centrally funds national strategic planning for tourism development, the creation of an attractive business environment, the marketing and state promotion of Slovakia as a tourism destination, the training of tourism professionals, the development of human resources, basic research, statistical information, and the development of strategic infrastructure.

- Sources of financing and decision-making processes are emerging and are created at the place where a given task is best able to be met, in line with the EU principle of subsidiarity. An ever more significant role in tourism is being played by self-government institutions, municipalities and towns.
- Financial support for all development plans relies on in-depth research and analysis; applicants are selected through selection proceedings and public competitions and public money is spent as effectively as possible. Support is focused on gradually completing the building of tourist centres and on building new ones in those areas where conditions are suitable for a particular type of tourism. The state is supporting large nationwide projects out of central funds, regions are supporting regional projects out of own funds that are designated by legislation to be used for tourism.
- An organisational structure for tourism has been created and stabilised, extending from the municipality and microregion, to the region, and up to the higher territorial unit and state. The division of work and the coordination between them is clear and all the regional structures are functioning. Tourism development plans have been developed in the target localities and regions.
- Regular communication between individual interest groups of entrepreneurs and the management structures at local, regional and state levels contributes to constructive dialogue and the joint solving of current problems.
- There is a substantially settled coexistence between state interests in the area of nature and landscape conservation and interests in the sustainable development of tourism. Slovakia has the preserved natural potential, flora and fauna, for holidays that offer a healthy environment and a high degree of nature and landscape conservation.
- Income from inbound tourism is growing at a faster rate than the number of visitors, which reflects the focus on higher quality and efficiency as well as the acquisition of new and lucrative markets with better-off customers. Helped by the ecologically-sustainable development of tourism, based not on mass-scale but on growing quality, tourism activities are not increasing the ecological burden on the country.
- Tourism employees have the education and professional qualifications that enable them to provide a professional service even to demanding customers. They are engaged in lifelong education and are continually improving in their career. For entrepreneurs, there is a developed, intensive advisory service.

4. Defining the development strategy - main aspects of development

4.1. Products

Tourism throughout the territory of Slovakia must be prepared both for innovating trends and to react quickly to customer demand, since this is the only way that it will remain competitive in the tourism market. Its products must be distinguishable from the products of surrounding countries in such a way that Slovakia retains the distinctiveness of its tourism product. Therefore products must be formed and preferentially developed which are attractive, desired, and easily marketable in our source markets. The task will be to seek and find

untapped and new segments in foreign markets and to use the knowledge of them for the preparation and sale of tourist products in Slovakia.

In the domestic tourism market, attention must be paid to the innovation of the product offered. The lack of interest among various income groups in the development of domestic tourism is seen in the fact that 70% of Slovak holidaymakers prefer a holiday by the sea to a holiday in Slovakia. Only a small number of travel agencies specialise in organising holidays for domestic tourism and inbound tourism. The majority are engaged in sending our tourists abroad - in passive tourism. This trend needs to be changed so that an increasing number of holidaymakers spend their holiday in Slovakia.

Product development must be carried out at two levels - central and regional. The role of the centre is to support those forms of tourism and tourism products which are a priority in terms of boosting foreign visiting to the country. The character of the tourism product is above all regional. The role of regions will be to develop products which they are in the best position to offer and sell.

The central forms of tourism for which Slovakia has the best conditions and which will need to be supported, developed and qualitatively improved over the course of coming years are:

- urban and cultural tourism
- spa and health tourism
- winter tourism and winter sports
- summer tourism and waterside holidays
- rural tourism

Among what is offered within the context of these forms will be individual urban units and settlements (for example, 18 urban heritage zones) in their original form, together with the architecture, culture, history, traditions, folklore, crafts, and gastronomy that sets Slovakia apart from its neighbours and makes it unique. Of special importance will be the cultural events, festivals, fairs and presentations of Slovakia's world-class cultural and natural heritage. Many castles and chateaux have tourist potential and, after reconstruction and modernisation, may be used as cultural and accommodation establishments.

The creating of tourism products must be delegated above all to the regions, where this task is mainly being carried by local and regional associations in cooperation with business entities. Their task will include building themed routes and educational trails in cooperation with nature and landscape conservation workers, as well as ensuring the supply and sale of traditional crafts in areas frequented by tourists. Within regions and urban agglomerations there will be effective distribution of "tourist cards" that entitle tourists to discounts off the purchase of various types of services or products. The utilisation of this system will have a business basis, while the task of initiating its introduction will fall to local and regional tourism bodies.

With its natural wealth of thermal springs and numerous therapeutic spas, Slovakia has the opportunity to attract customers who are seeking health, rest and rehabilitation and to cater specially for each target group. The new worldwide trend of fitness-wellness holidays, together with traditional spa services, lays down a challenge to prepare new products for customers of all ages. Spas must modernise as soon as possible and promote themselves intensively abroad. It possibly spa tourism that offers the most effective and profitable rate of return on the lowest investment.

Winter tourism and winter sports are a no less important form of tourism for Slovakia, whose natural conditions are very well suited in this regard. Ski resorts must guarantee visitors sufficient snow. Snowmaking will therefore have a growing importance with regard to maintaining attendance at winter resorts and prolonging the season, while respecting environmental capacity, in particular hydrological conditions and nature conservation. It is necessary to focus mainly on visitors from those countries where there are not many possibilities for skiing where most of the population are not proficient skiers (Hungary, Poland, the Czech Republic, Russia, Ukraine, Croatia, Latvia, Lithuania, Estonia, Bulgaria and Romania). It is necessary to prepare for these target groups a comprehensive offer of capacities, services and sporting amenities in order to support their continuing and repeated attendance.

Summer tourism and waterside holidays have good conditions for development given the climatic and geographic conditions. There is growing interest among both domestic and foreign customers in thermal spas, new aquaparks, open water areas, lakes, reservoirs and rivers. Facilities open year-round may contribute in particular to reducing significantly the hitherto marked seasonality, to a higher occupancy rate, to prolonging the summer season, and to the stabilisation of employees in new careers.

The development of rural tourism, including agricultural tourism, presents an opportunity to exploit rural Slovakia's great potential for offering a product to tourists. Besides accommodation capacity, the product will include farm holidays with the typical rural architecture preserved, various recreational activities involving agricultural work, gathering of crops and forest fruits, the study of folklore and local traditions, etc. Rural tourism and agricultural tourism are of significant importance to the stabilisation and economic security of the rural population - a population set on engaging in such a business that could have the beneficial effect of partially reducing the high unemployment found in certain regions of Slovakia.

Of great importance will be the developing ecotourism, which fulfils our aims for the sustainable development of tourism in accordance with EU trends. When establishing cycle routes, campsites, hunting grounds, and theme parks account will have to be taken of current limitations arising from a territory's given threshold of tolerance for a particular form of tourism. The visitor must be educated and prepared to be considerate when staying in and moving about the countryside.

With most Slovak tourism products there is a marked seasonality – we still do not have enough attractions with which to prolong the seasons; since the main ones are short, operators are forced to strive for profit maximisation in short seasonal periods. Entrepreneurs must seek and find the ways and means to prolong the main seasons and spread demand more optimally to other parts of the year. Congress tourism represents a sophisticated opportunity for year-round utilisation. This requires, however, not only the quality offer and provision of services but also a much wider range of them. Given the demands of congress tourism, especially on the material-technical side, the conditions in Slovakia have so far allowed only for the use of the lesser conference tourism.

4.2. Markets

In terms of inbound tourism, only a few key markets have so far been important to Slovakia. Traditionally they include the Czech Republic, Hungary, Poland, Germany, Russia, and Ukraine. Of the total visitors to Slovakia, other countries are accounting for an increasing

share, including the Netherlands, France, Austria, Italy, the UK, Spain, Belarus, Estonia, Latvia, Lithuania, and to a lesser extent Croatia, Bulgaria and Romania. Prospective sources of inbound tourism will certainly include the Scandinavian countries, in particular Finland. There is high potential for visitors from the United States, China and Israel. At the same time, we are not a leading holiday destination in these markets, but rather a country in which to take a second or third holiday.

Activity conducted with regard to foreign markets must be multilevel and consistently coordinated. The SACR has an irreplaceable role as a marketing and promotional agency operating in both the domestic and foreign markets. Through SACR representation there needs to be regular organisation of demand analysis in the main sending countries, and, on the basis of the findings therein, measures must be adopted in order to offer products for which there is greater demand.

Slovakia is not able to acquire new markets and depends mainly on the traditional sending countries. For several years, therefore, the existing market has been divided between these particular countries. It could pose a serious problem if there were an unexpected slump in the number of visitors from any of those countries that Slovakia regards as a key market for visitors. During winter 2003/2004, for example, there was a drop-off in Polish tourists to our mountains. In cooperation with neighbouring countries, and within the context of the Central European area, it is therefore necessary to develop an initiative for attracting new customers, especially from China, the US, Israel, Canada, Japan, Brazil, India, and Australia. While developing a market in terms of objectives for inbound tourism, Slovakia will have to connect certain activities to the EU's market objectives for non-EU territory.

4.3. Municipalities, towns, regions

In municipalities and towns, the issue will be to build quality, well-maintained and international standard accommodation and catering establishments, together with sufficient capacity and structure, and with the comprehensive supplementary services which each locality, municipality, town and centre must have at its disposal if it is to play a part in the tourism market. The activities of several municipalities will gradually be connected. Through joint procedure and planned marketing, municipalities will achieve a manifold greater effectiveness in attracting tourists than each municipality would if it took steps in isolation. By linking the funding of municipalities it possible to found local tourism associations and create a competitive advertising campaign, which may also help to attract a greater number of visitors from a further afield.

Regions will have the task of cooperating closely with SACR in order to make an impact on foreign markets. Foreign countries would not be able to distinguish one region from other regions since Slovakia is a relatively small territory. The marketing of local and regional associations must be harmonised with the SACR marketing so that the distinctiveness of each region is made clear in its presentation abroad.

Regional tourism policy must contribute to the harmonious and balanced development of tourism in individual regions and to economic and social development, with particular regard to the activation of insufficiently utilised geographic and human potential. In territories where there exists a significant conflict of interests in the countryside, it will be necessary to develop a landscape ecological plan based upon an analysis of territorial conditions, with the aim of setting landscape ecological limits for the territory and harmonising the special demands of economic and other activities in the countryside with the

landscape ecological conditions. The result will be a proposal for the most advantageous way of using the territory. The landscape ecological plan will have to be used as a tool for the setting of environmental criteria.

The regional organisational structure for tourism must be built bottom-up, and it must have decision-making powers and its own sources of financing so that the entities involved have a direct interest in active cooperation with the centre. For this reason, it is necessary to adopt a law on tourism associations. The provisions of this law should: define a basic framework for the associating of entrepreneurs and of local and territorial self-government bodies; prescribe for members rules that stimulate financing and financial flows; and direct the founding of joint bodies in accordance with the partnership principle.

The role of the association will be to create a common product as well as to represent the interests of business entities, conduct joint marketing and establish an image for tourism in the given territory. Over the next years there will be emphasis on the region's coordination role when developing conditions for tourism, while taking into consideration the establishment and administration of a regional tourism fund. In the next planning period, regional management will have growing importance in the utilisation of EU structural funds. Regions will prepare for such activities over the course of 3 to 4 years.

Within the framework of tourism associations, the scope for tourism information offices will also be defined; they will be basic structural elements in creating a nationwide and unified tourism information system. Regional development will also be helped by the building of educational-environmental infocentres.

With regard to territorial/self-government bodies, it will be necessary to set up tourism coordination commissions and, within their structures, tourism departments. After creating conditions for acquiring financial resources, they will also be able to join the state promotions and marketing at home and abroad.

The document entitled Regionalisation of Tourism in the Slovak Republic is significant in that it divides the national territory into individual regions on the basis of tourism potential for the mid-term and unemployment rates. Further essential steps will be to incorporate limits and restrictions in relation to nature conservation and the capacity of the natural environment in individual regions, as well as restrictions and opportunities with regard to involved sectors. Based on a synthesis of ascertained tourism potential, the unemployment rate in individual regions, objectives for nature conservation, and environmental capacity, tourism development goals will be set in particular regions with the accent on target capacities and priority activities in tourism. The resulting document will then have to be used when tourism investment is being placed in the country; at the same time, it is necessary to develop a monitoring system and to select appropriate indicators for monitoring efficiency in meeting the stated goals and in acquiring quality foundations for further planning. This is also among the most important objectives of Agenda 21 and the National Strategy for Sustainable Development in the Slovak Republic with regard to tourism. In the development of tourism, an ecosystemic approach will be used.

It will not be possible to develop all the tourism potential within regions at once, nor is it possible for all regions to develop tourism at the same pace. That is why priorities need to be set. The prioritisation will concern the mid-term and may be changed in the more distant future depending on development. Support for tourism development in a particular region should be linked to those activities which demonstrate the greatest potential in that region, in

accordance with the objectives of nature conservation and environmental capacity, while at the same time there is a realistic assumption of sufficient visitor demand.

4.4. Communication and distribution

Within the context of a single target locality, it is essential to have mutual communication between the providers of all types of services. Each entity must understand that the aim of cooperation is not the creation of obstacles to the work of another, or the revealing of their commercial secrets, but rather joint performance and market presentation, and joint creation and sale of the end product. This task will be particularly important in the activities of local and regional tourism bodies, but it also requires on the side of the service providers a positive approach and a willingness to cooperate. The individual elements of the comprehensive offer must be harmonised into a single whole so that the product finds its way to the final consumer.

A key element for all tourism entities is internet use. This is especially true of service providers who, after the initial phase of promoting their services, will exploit their web site mainly for reservations, direct sales and online transactions. The use of the internet as a promotional resource is also necessary for managing structures at all levels. Internet advertising and marketing are fundamentally affecting communication both between entities and between the providers and users of services.

With regard to the distribution of products aimed at foreign countries, the Slovak Tourist Board (SACR) will have an irreplaceable role. Its marketing activity must be elaborated and regularly updated. Editorial and publishing activity for promotional resources and annual attendance at exhibitions and fairs must be coordinated with the regions and with the target localities. The SACR's current foreign branches, in Prague, Berlin, Vienna, Amsterdam, Warsaw and Moscow, need to be systematically expanded. Plans must be made to open new SACR branches in those countries which have special potential as far we are concerned – among other locations in this regard are Budapest, Brussels, London, Paris, Rome, New York, and Beijing.

Slovak representative offices in foreign countries, through employees of their commercial and economic departments (OBEOs), may provide local parties with up-to-date information on conditions for holidaying in Slovakia, and may also acquire information on customer requirements or on tour operators for holidays in Slovakia, and initiate contacts between business entities engaged in tourism.

Distribution of the Slovak tourism product within the framework of V-4 countries requires strategic approaches amid conditions of growing competition on the world market. This will involve making joint presentations and offers, especially for overseas destinations and third markets; cross-border cooperation that includes regional tourism associations; joint production of programmes for tourist attractions; elaborating joint marketing plans; and cooperation between tourism associations at the national and regional level.

4.5. Approaches to price policy

Demand among domestic guests has in recent year been shifting towards simpler accommodation establishments of lower categories and classes. This is mainly due to the low solvency among Slovak customers arising from low average wages and a contraction of the

middle class that previously liked to travel. Among foreign guests this trend is also present but to a lesser extent. This is seen in the fact that the foreigners who come to Slovakia are typically less demanding tourists, those whose main criteria when choosing a holiday is the price and who are satisfied with the presently low level of services on offer.

The growth in prices for accommodation in many parts of Slovakia does not correspond with the low quality of services and the long-time failure to put together service packages in target localities. Therefore, contrary to the strategic interest for tourism, more expensive accommodation is being replaced by cheaper accommodation. This has unfavourable effects at the national-economic level in the form of lower income from tourism.

A way to guarantee that Slovak tourism is successful amid strong international competition will be to preserve a favourable price-quality ratio. In future, we must stop basing the long-term development of tourism on the principle of low prices, even if at present it is profitable for us to do so. Information from foreigners shows that tourists who have a bad experience with services are put off not by the high price but by the lack of quality in the service for which they pay. In this context, it is necessary that service providers change their approach towards price-setting.

While the price of tourism may grow, the quality must grow even faster. Only then will business entities be able to ensure their widespread expansion. Achieving success will be considerably affected by amount of value added, since price competition is not always possible.

4.6. Human resources

Tourism relies on human work. The human factor must be properly prepared for this activity and its prerequisites in this regard must be systematically developed and perfected. Education is oriented to this end, not only for those who already work in tourism but also for those who are still outside it or who, for whatever reason, have not found work. Tourism has an exceptionally high capacity to absorb available workforce, both highly-qualified people and those whose qualifications are relatively low. Even while unemployment throughout the national economy is growing or just stagnating, the number of people employed in the hotel and hospitality business is increasing, which, notwithstanding all the problems in tourism, demonstrates this sector's high degree of viability and substantiates the need to support it.

Research needs to be done on the opportunities for utilising graduates and secondary school leavers who have a tourism specialisation, and on their placement in work and the results achieved. At present, many graduates and secondary school leavers find ordinary work abroad after finishing their studies, due to the fact the work is better paid there. It is necessary to reassess the system of secondary vocational schools, to harmonise the curricula of tourism vocational schools with the needs of the workplace, and to enable groups of unemployed to retrain. It is essential that the workplace requirements and school curricula are coordinated at all levels so that there is a quality education ensuring a quality workforce. In this education, there must be a major role for professional associations of tourism employees. Emphasis must be laid on the high level of standards and on improving the quality of company culture in the business sector.

New criteria must be set for the accreditation of all those secondary vocational schools and institutes of higher education which provide training and education for tourism professionals in various careers. Recent years have seen rapid growth in the number of such

institutions, often reconstructed from schools of a completely different type, and this has been accompanied by a decline in quality with an adverse effect on the theoretical knowledge and practical skills of their leavers and graduates. Educational texts need to be brought in line with the modern teaching methods used in other EU countries. At all levels there is a need to intensify and improve the quality of foreign-language teaching and to provide more opportunities for work experience abroad.

During the off season, it is necessary to set up adult education courses for all those professionals whose work is directly connected to tourism, even if these people are not employed directly by tourism companies (police force members - including those serving on border crossings; taxi drivers, drivers and guides on public transport, museum and gallery employees, ticket staff, car park attendants, and others). A fundamental change must take place above all among impression-making groups of tourism employees, those who come into contact with tourists and whose behaviour forms the basis of tourists' opinions of Slovak hospitality.

Through the school system and mass media, it is necessary to improve the relationship between the public, on the one hand, and tourism and tourists, on the other, so that the public understand that tourism is important as a source of prosperity to the municipality and the region, for fulfilling their economic and social development as well as accomplishing the priority task of economic policy in Slovakia.

4.7. Organisation and coordination

At present in Slovakia there is no effective organisational structure for tourism. The situation is characterised by instability, non-transparency, vaguely defined relationships, competences and responsibilities, and a failure to settle the sources of financing. No structure has yet been created in which competences are unambiguous regarding whom to turn to about any problem or who is responsible for a given matter.

The current period is characterised by a generally non-systemic approach to the issues of tourism development. Sectors that have an influence over this development have various interests and tourism is not a priority for them. The centre of its development has so far only been in the areas concerned, a point proved by the care that financially-weak local self-governments are beginning to devote to it.

In connection with the creation of state policy in tourism, the main players in the decision-making processes are the following organisations and institutions:

- the Tourism Development Commission under the NR SR Committee for Economy, Privatisation and Business,
- the Government of the Slovak Republic,
- the Ministry of Economy of the Slovak Republic – Business and Tourism Section, Tourism Department,
- the Slovak Tourist Board,
- self-governing regions – tourism departments,
- regional and local tourism associations,
- towns and municipalities.

The precise defining of competences for individual management levels and the demarcation of financial resources for tourism is a prerequisite for the problem-free running

of the whole sector, in which there must be correct collegial relationships. The new organisational structure must define the state bodies in charge of tourism, their interconnection with the business sector, professional associations, regional self-governments and local self-governments, municipalities and towns, their relations with foreign countries, and their mutual relations.

We do not have in Slovakia such an institution that would prepare data and documents in the required quantity, quality and structure in order to support competent decision-making by management bodies as well as by other state-controlled sectors. This is also reflected in the fact that bodies of tourism management are not managing to base initiatives in their interest on quality data. There is lacking the competent research basis with which we would better understand the development tendencies in tourism.

Following the transfer of competences from the local state administration to higher territorial units (VÚCs) and self-governing authorities, VÚC activity must also be coordinated in the area of tourism through regular coordination consultations between the ME SR, Ministry of Culture of the Slovak Republic (MC SR), Monuments Office of the SR (especially its regional monuments offices), the Slovak Association of Towns and Municipalities (ZMOS), the SACR and all VÚCs. There must be a change in the current situation, where even regions with developed tourism do not have an independent department or office for tourism, and where there is no separate budgetary chapter for tourism with the result that funds are not set aside for this purpose. The emerging fiscal decentralisation will significantly increase the powers of self-governments to decide on the direction of tourism development, a fact which should be positively reflected also in its financing.

It is necessary to create scope for regular consultations between bodies of tourism management and consumers associations, to ensure among other things feedback for improving the quality of consumer protection. The sector needs consumer representatives to provide fast and specific information on consumer demands and requirements.

Professional associations and societies have so far been restricted in their ability to promote the interests of their members; their membership is voluntary and their membership base does not comprise all members of the profession. Professional associations must keep improving the quality of their membership criteria in order to raise the standard of their membership base, to persuade business entities of the usefulness and necessity of profession-based assembly, and to achieve a high level of quality throughout the profession.

4.8. Financing

Based on current competences in economic and social development of the territory, on international information and experience, and on the needs of tourism, it will be necessary to implement in the coming period a system of tourism financing which represents an effective use of funds for the key entities involved in, and contributing to, tourism. Such entities include the state administration, self-governing authorities (self-governing regions, municipalities and towns), and business entities.

In order to finance the tourism needs of regions, it is necessary to mobilise several sources. The decentralisation of fiscal policy is providing a stimulus towards this end. The self-governing region and local self-government will be financed independently from the state

budget, using the own funds required for the execution of their competences, including the support of tourism development.

A system has not been found for financing tourism associations and tourist information offices, at a time when the majority of them are dependent on local and regional budgets. Even though tourism businesses benefit from them, most refuse to contribute to their financing. Tourist information offices still to some extent do the work of the non-operational or non-existent tourism association, which they should in fact be part of. Local and regional tourism associations should be contributing to their work. There will then be a multilevel system in which entities fulfil the following tasks and activities:

State administration

- creating legislative and conceptual conditions for tourism development
- creating and realising state aid support programmes and schemes, and the administrative-technical conditions for utilising EU structural funds
- creating and realising the marketing, state promotion and presentation of Slovakia as a country of tourism
- ⊖ developing transport infrastructure within its sphere of operation
- practising nature and landscape conservation for the sustainable development of tourism
- representing Slovakia in international organisation concerned with tourism (WTO, OECD – Tourism Committee, Die Donau - Association of Danube States)
- realising bilateral cooperation in tourism
- educating tourism professionals

Regional self-government (VÚC)

- creating programmes and plans for economic and social development in the territory of the self-governing region, including a strategy and concept of tourism development
- elaborating zoning plans
- implementing regional development programmes and coordinating entities in connection with this development
- developing transport infrastructure within its sphere of operation
- creating own financial instruments for the realisation of tourism activities
- establishing regional tourism associations
- establishing and operating regional tourist information offices
- harmonising the activities of business entities with its sphere of operation
- installing and maintaining information and promotional systems

Local self-government (municipalities and towns)

- creating plans for economic and social development in the territory of the town or municipality, including a strategy and concept of tourism development
- elaborating zoning plans
- coordinating tourism entities within a given area
- creating own financial instruments for the realisation of tourism activities
- establishing local tourism associations
- establishing and operating tourist information offices

- building infrastructure to support tourism activity (roads, water supply, gasification, drainage, public amenities, etc.)
- harmonising the activities of business entities within its sphere of operation
- building and marking tourist paths, cycle routes, running tracks, rest areas, information and orientation systems
- creating conditions for tourism training among the local population, in order to have a positive effect on the whole development of the municipality
- installing and maintaining information and promotional systems

Business entities

- creating tourism products and services on a commercial basis and selling them
- establishing partnerships for the provision of activities, including unpaid ones, and non-profit services (information)

Fulfilling the abovementioned tasks will require the following support from the entities involved:

The state administration will finance:

- state-aid support programmes and schemes using money from EU funds, and it will co-finance them with state budget resources, including implementation agencies
- the promotion and marketing of Slovakia through the Slovak Tourist Board
- Slovakia's membership contributions in international organisations concerned with tourism (WTO, OECD, Die Donau - Association of Danube States)
- the creation of strategic, concept, zoning and planning documents in the area of tourism, using the budget chapter for central bodies of the state administration
- the operation, reconstruction and modernisation of state-owned facilities used for the purpose of tourism (in particular, cultural facilities and cultural heritage, conservation of natural attractions, and the like)
- education and the improving of qualifications and professional training
- rescue systems in winter and summer tourism centres to ensure the safety of visitors (mountain, water, road and air rescue services)
- compensation for restrictions on ordinary cultivation imposed in accordance with Act no. 543/2002 on Nature and Landscape Conservation
- tourism statistics a tourism satellite account

Regional self-government (VÚC) will finance:

- the creation of programmes and plans for economic and social development in the territory of the self-governing region, including strategies and concepts for tourism
- the preparation of zone-planning documents
- regional tourism associations
- regional tourist information offices
- the operation, reconstruction and modernisation of facilities which are owned by the self-governing authority and are used for the purpose of tourism

(in particular, cultural facilities and cultural heritage, conservation of natural attractions, swimming pools, and the like)

- promotional and presentational activities and attractions for tourism in the respective area
- tourism projects and development programmes, supported with public funds and realised by own institutions or business entities

Local self-government (municipalities and towns) will finance:

- the creation of plans for economic and social development in the territory of the town and municipality, including strategies and concepts for tourism
- the creation of zoning plans for localities and zones
- local tourism associations
- tourist information offices
- the installation and maintenance of transport information and transport promotion systems
- the operation, reconstruction and modernisation of facilities which are owned by the self-governing authority and are used for the purpose of tourism (in particular, cultural facilities and cultural heritage, conservation of natural attractions, swimming pools, and the like)
- infrastructure to support tourism activities (roads, water supply, gasification, drainage, public amenities, etc.)
- the building and maintenance of a local orientation and information system for tourism, including the signposting of tourist paths, cycle routes, educational trails, rest areas, etc.
- activities related to tourism training for the local population
- measures for improving public hygiene and the aesthetic appearance of towns, municipalities and their public spaces

Business entities will finance:

- the construction, reconstruction and modernisation of facilities used for the provision of tourism services
- tourism associations in the form of membership contributions
- the further education of own workers who provide tourism services and the improving of their professional competence
- the promotion and presentation of own services and facilities related to tourism while making use of other attractions in the given region
- the introduction of quality systems
- partnerships for unpaid services necessary for the business activity

4.9. Statistics

Tourism statistics provided by the Statistical Office of the Slovak Republic (ŠÚ SR) have in recent years been harmonised with EU directives. It may now be said that statistics for accommodation establishments, and outbound tourism are fully harmonised with the requirements of Council Directive no. 57/95/EC on the collection of statistical information in the field of tourism and Commission Decision no. 35/99/EC on the procedures for implementing CD 57/95/EC. The data arising from these findings is regularly published and sent to the relevant domestic and international bodies, organisations, and the Eurostat

database. As supplementary information, the ŠÚ SR also publishes data on foreign tourism and on tourism services.

Inbound tourism accounts for a significant share of tourism. Data in this area has up to now been provided by the ME SR Tourism Section at irregular intervals. It will be necessary to regularise these findings so that serious bases are obtained on which to assess the results of inbound tourism; at the same time, it must be noted that current information relating to border statistics will no longer be available after 2007.

The establishing of a satellite account in accordance with Slovak Government Resolution no. 185/2001 is a necessity. In the presentation of tourism outputs, it will no longer be enough to include only revenues from accommodation and catering; tourist expenditure on such things as transport, entertainment, and shopping also belongs there. There needs to be monitoring of the expenditure induced by tourism development, for example, increased spending on the building of infrastructure, on ensuring the protection and renewal of nature, and so on, and to deduct this from tourism income. The satellite account will be founded by the Statistical Office of the Slovak Republic.

The objective is to ensure the complete and comprehensive presentation of statistical data concerning the number of visitors to Slovakia, income from tourism, investigation of the reasons and incentives for visiting Slovakia, the use of transport means, the impact on the natural environment, the quality of life of local populations, as well as other relevant data.

5. Strategic objectives for tourism development in Slovakia

The main strategic objectives for tourism development in Slovakia are:

1. Strengthening the position of the tourism sector in the national economy,
2. Making Slovakia's tourism sector more competitive in the European area,
3. Making Slovakia more attractive as a holiday destination,
4. Increasing the volume of tourism visits,
5. Improving the visitor structure by providing better quality services.

In the next part, we show which activities will need to be developed in order to achieve these strategic objectives, as well as the target indicators with which it is possible to measure or quantify approximation to the objective or achievement of it. Where responsible bodies and institutions are not adopting or fulfilling particular activities, we show the threat this poses to Slovak tourism. At the end of each objective, we will also set out further measures which, if fulfilled, could help to eliminate the threats.

STRATEGIC OBJECTIVE 1:

STRENGTHENING THE POSITION OF THE TOURISM SECTOR IN THE NATIONAL ECONOMY

Tasks for achieving objective 1:

1. Legislate to regulate the organisational division, authority and responsibility of, and the mutual relations between, bodies of the state administration, self-government, and the tourism business sector, including financial relations.

Term: December 2006

For: ME SR

In cooperation with: VÚCs, ZMOS

2. Prepare a law proposal for the establishment and financing of tourism associations.
Term: December 2005
For: ME SR
In cooperation with: VÚCs, ZMOS
3. Incorporate the main aims of this strategy into the National-Economic Strategy of Slovakia.
Term: March 2005
For: ME SR
4. Develop for the period 2005 to 2006, the following period 2007 to 2009, and prospectively also for 2010 to 2013, a Concept for Tourism Development in the Slovak Republic, which will specify comprehensive solutions to current tasks arising from the Tourism Development Strategy of the Slovak Republic until 2013.
Term: 2005 - 2013
For: ME SR
In cooperation with: VÚCs
5. After the Slovak Government has accepted and approved the central materials concerning tourism development in Slovakia, the VÚCs and lower levels will elaborate these strategies and concepts to their own conditions.
Term: December 2005
In cooperation with: VÚCs, ZMOS
6. Finalise in accordance with Slovak Government Resolution no. 185/2001 the establishment and financing of the satellite account project for tourism in Slovakia, using the methodology of OECD countries, in order to gain an objective picture about the positive effect of tourism on the national economy.
Term: 2006
For: ME SR, ŠÚ SR

Target indicators:

Indicator	2003	2006	2009	2013
Foreign-exchange income from tourism as a share of GDP (in %)	2.7	3.0	3.3	4.0
Tourism as a share of total employment (in %)	3.7	4.4	6.0	7.5

Threats:

- Unless we clarify the responsibilities and powers of individual management tiers at the different levels of tourism management (municipality, region, VÚC, centre), then the centre alone will be criticised for the ultimate state of tourism development.

- Unless local and regional tourism associations emerge, there will be no one to act comprehensively in creating product packages and placing them on the tourism market.
- If tourism in regions and target localities continues to develop in an uncontrolled way, if we do not take the road of resolute tourism development and instead persist at the present level, then the process of growth will be slow and protracted and Slovakia will not be competitive vis-à-vis its neighbours.
- Coordination of tourism at the intersectoral level is not working.

Measures to eliminate the threats:

- Adopt a cohesive concept of tourism development for all level of tourism management; incorporate the main tasks into the National-Economic Strategy for 2005-2013, and set out a state policy on tourism.
- At the level of self-governing regions and areas, commence with the systematic preparation of concept and development documents aimed at the development of tourism in municipalities, target localities and regions.
- Provide from the centre to self-governing regions methodical assistance in the development of tourism in their territories and gradually transfer competences to VÚCs.
- Ensure that strategies and decision-making processes receive verified and authentic statistical figures and information; bring the statistics for tourism in Slovakia up to the level of those in other EU countries.
- Provide legislative support to local and regional tourism associations; seek systemic ways to finance their creation and operation
- lay down principles for the coordination of tourism at the intersectoral level

STRATEGIC OBJECTIVE 2:

MAKING SLOVAKIA'S TOURISM SECTOR MORE COMPETITIVE IN THE EUROPEAN AREA

Tasks for achieving objective 2:

1. Provide more substantial financial support for the state promotion of Slovakia as a tourism destination, through the SACR and VÚCs. Set aside resources for opening new SACR branches abroad.
Term: 2005 - 2013
For: ME SR
2. Coordinate work to create a uniform and nationwide tourist information system to co-create the image of Slovakia abroad.
Term: 2005 - 2006
For: ME SR, MC SR
In cooperation with: VÚCs
3. Provide support for large and suitable projects in tourist centres and regions with the greatest potential for tourism development in order to make them more competitive in the European area. Devote the same attention to supporting those smaller projects and centres at which tourists will direct their interest and which in this way may ease the burden on overcrowded large centres.

Term: 2005 - 2006

For: ME SR

In cooperation with: VÚCs, ZMOS

4. Provide more intensive support when financing the realisation of tourism projects using EU structural funds, and ensure that they are co-financed with public money. Support by means of EU structural funds activities aimed at drafting project documentation and the building of comprehensive centres and facilities for tourism.

Term: 2005 - 2006

For: ME SR

5. Reassess and simplify the existing system for granting visas; introduce a free-of-charge visa requirement for citizens of Ukraine and Russia by introducing an asymmetric visa regime towards these countries.

Term: December 2005

For: Ministry of Foreign Affairs of the SR (MF SR), Ministry of Interior of the SR (MI SR), Ministry of Finance of the SR (MFin SR), and ME SR

6. Focus on the renovation, ongoing maintenance and appropriate presentation of cultural monuments using EU structural funds. Offer for sale disused and dilapidated buildings and bring them into use for tourism-related purposes.

Term: 2005 - 2013

For: ME SR, MC SR, Ministry of Construction and Regional Development of the SR (MCRD SR)

7. As part of an overall tourism marketing strategy, utilise the cultural potential of regions; develop principles for exploiting the cultural and natural potential of Slovakia, and ensure an ongoing supply of events for domestic and foreign tourists.

Term: June 2006

For: ME SR, MC SR, Ministry of Environment of the SR (MEn SR)

In cooperation with: VÚCs

8. Inform potential foreign investors about the opportunities and advantages of investing in Slovak tourism; announce an international tender in order to attract them and to secure large-scale investment, especially in Slovak spa facilities.

Term: 2005 - 2006

For: ME SR, Ministry of Health of the SR (MH SR)

9. Adapt the training of tourism professionals to trends in globalisation and internationalisation, emphasising high proficiency, language skills, multicultural aspects, ethical responsibilities towards the customer and company owner, ecological environment, and national cultural identity. Reassess the system of secondary vocational schools; bring the curricula of tourism vocational schools into line with the needs of workplace, and intensify advisory and educational activity for start-up entrepreneurs.

Term: 2005 - 2013

For: Ministry of Education of the SR (MEd SR), ME SR

In cooperation with: VÚCs, ZMOS

Target indicators:

Comparison between Slovakia and neighbouring countries in terms of the following indicators:

Ratio	Number of foreign tourists in 2002	Number of foreign overnight stays in 2002	International tourism receipts for 2003 (in USD)
Slovakia : Czech Rep.	31 %	35 %	25 %
Slovakia : Hungary	46 %	49 %	24 %
Slovakia : Poland	10 %	71 %	21 %

Source: WTO

By evaluating a similar table for 2003, 2004, 2005, etc., it will be clear whether Slovakia is gaining ground on its neighbours or losing tourists to them.

Threats:

- Neighbouring rival countries provide much greater financial support for national promotion; they develop their products, and address new target groups.
- Unless the state contributes more money to the promotion of Slovakia in foreign countries as a tourism destination, inbound tourism will stagnate and there will be no potential to address new markets or more intensively foster existing markets.
- If money from support funds is divided up into a large number of small projects, we will not succeed in using this money to targeted effect - to complete the product offered by a particular centre.
- In terms of marketing agency branches abroad, neighbouring countries have more than Slovakia; their market is also more dynamic and more effective
- Slovakia at present has the image of a country in which the property of tourists is not sufficiently protected against theft.
- Unless we reassess our consular work in the granting of visas and make it more flexible, we will not attract new and large potential markets (Russia, Ukraine, China).
- There is stagnation in the renovation of spa facilities and a decline in the occupancy by both domestic and foreign customers.
- Among tourism enterprises there persists an uneven and inadequate quality in the provision of services, which do not reach the European level

Measures to eliminate the threats:

- Within the framework of cross-border cooperation, seek new products and new target groups and create joint programmes for visitors from third countries.
- Within the framework of the EU, address the foreign partners of all Slovak sectors with the offer of holding their cultural, political and social events in Slovakia.
- Provide financial support to fewer large projects in order to raise the quality of Slovakia's position in the international tourism market.
- Be prepared for accepting EU directives concerning tourism business.
- Through SACR branches, organise market research in the main sending countries – the Czech Republic, Poland, Germany, Hungary, the Netherlands, Austria and Russia, and, on the basis of their results, adopt measures to improve the offer of products for which there is greatest demand.

- Establish new SACR branches first of all in Budapest, London, and Brussels, and thereafter in Kiev, Rome, the Baltic states, and countries overseas.
- Encourage the business sector to improve the quality of services; introduce certification systems for quality management in tourism services and award quality marks.

STRATEGIC OBJECTIVE 3:

MAKING SLOVAKIA MORE ATTRACTIVE AS A HOLIDAY DESTINATION

Tasks for achieving objective 3 :

1. Direct significant investments towards the reconstruction of disused or dilapidated manor houses, castles, and chateaux and their conversion, as far as budgets allow, into high-quality accommodation establishments.
Term: 2006 - 2007
For: ME SR, MC SR
In cooperation with: VÚCs
2. In the development of particular forms of regional tourism, focus on those products and services for which the region has the best conditions, for which there is greatest demand in the tourism market, and which positively distinguishes us from neighbouring countries.
Term: 2005 - 2013
For: ME SR
In cooperation with: VÚCs
3. In the main sending countries, conduct through the SACR an analysis of the market and of what motivates tourists to visit Slovakia. On the basis of the results, make compilation of the main national tourism products in Slovakia.
Term: December 2005
For: ME SR
4. Through the SACR, present Slovakia's national tourism products preferentially to foreign journalists, tour operators and on the web sites of the SACR and VÚCs. When presenting tourism in Slovak municipalities, towns, and self-governing regions, show their names and symbols in accordance with the heraldic register maintained by the MI SR.
Term: March 2006
For: ME SR
In cooperation with: VÚCs

Threats:

- Neighbouring rival countries are presently at a more advanced stage in the reconstructing of manor houses, castles and chateaux for use as accommodation establishments; this represents a threat in the fact that quality customers seeking such accommodation will go to these countries.
- Tourism activities must be not developed in an uncontrolled way everywhere or else, from the perspective of Slovakia's position in the international tourism market, we will not be able to establish the image of our country - that is, the reason why the customer should decide to holiday in Slovakia and not somewhere else.

- Uncoordinated efforts in sending markets could result in a gradual drop off in visitors to Slovakia from traditional sending markets and their enticement to rival destinations.
- It is very difficult to promote on the market a country which does not have a national product and with which potential visitors do not connect a specific holiday activity (for example, Austria – winter sports, Hungary – gastronomy, the Czech Republic – castles and chateaux, Greece – sun and sea, Italy – historical monuments, etc.).

Measures to eliminate the threats:

- Regarding the gradual development of golf in Slovakia, it is the right time to link this sporting activity with the conversion of disused and dilapidated building into high-class hotels for demanding guests.
- When conducting marketing studies at each tourism centre and region, focus on that area in which the centre or region has greatest potential and in which its attractiveness lies.
- Utilise SACR branches abroad and the staff of commercial and economic departments (OBEOs) of Slovak representative offices when conducting analyses of the travelling habits of people from the given country.
- Base the attraction of Slovakia on the compilation of one to three national products with which all foreign visitors will associate a visit to the country.

STRATEGIC OBJECTIVE 4: INCREASING THE VOLUME OF TOURISM VISITS

Tasks for achieving objective 4 :

1. Make faster improvements in the quality of transport infrastructure as a key condition for tourism development in all regions of the country. Support and facilitate visitor access to tourist areas of Slovakia by various forms of transport, through the modernisation and expansion of road, motorway, high-speed rail, water, and air networks, through supporting and upgrading public transport, through respecting the interests of nature and landscape conservation, and in accordance with the tasks laid down by the documents "An New Updated Project for the Construction of Motorways and Fast Roads", "Railways Development Programme until 2010 and a proposal for the financing of investment projects, among others; create conditions regarding a regular system of support for the establishing of cycle routes (local, regional and international) and cycling infrastructure. Create a safe and simple system for the transportation of bicycles by train. Continually coordinate timetables for various types of public transport.

Term: 2005 - 2013

For: Ministry of Transport, Posts and Telecommunications of the SR (MTPT SR)

In cooperation with: VÚCs, ZMOS

2. Develop a new marketing plan for the Slovak Tourist Board focused on the state promotion of Slovakia for the period 2005-2006. Use it to emphasise those products which Slovakia has the best conditions to exploit in the market, with the accent on distinguishing the products offered by us from what is offered by neighbouring countries.

Term: May 2005
For: ME SR, MC SR

3. Strengthen destination management; differentiate the product in accordance with the needs and expectations of target groups of domestic and foreign tourists. Develop the offer of products and service packages in order to prolong the visits of foreigners in Slovakia, and to promote these products in foreign brochures.

Term: 2005 - 2013

For: ME SR

4. Elaborate a comprehensive document on the opportunities for developing congress tourism in Slovakia. Compile and regularly supplement the list of accommodation, catering, and discussion premises and establishments that are suitable for seminars, conferences, symposiums, and congresses. Develop activities aimed at convincing foreign organisers to arrange such events in Slovakia.

Term: 2005 - 2013

For: ME SR

In cooperation with: VÚCs

Target indicators:

Indicator	2003	2006	2009	2013
Average number of nights stayed	3.6	4.0	4.3	4.8
Number of accommodated tourists (in thousands)	3 373	3 600	3 900	4 300
of which foreigners:	1 386	1 450	1 570	1 710
Foreign arrivals (in thousands)	24 984	25 900	26 500	27 200
Total number of nights stayed by tourists	12 058	14 400	16 770	20 640
of which foreigners:	4 964	5 800	6 751	8 208

tourist = a person who spends at least one night in an accommodation establishment

visitor = a person who visits the country without staying overnight

Threats:

- Failing to match the quality and scope of tourism services offered in neighbouring countries.
- Serious competition from alpine ski resorts which have a much higher quality of services at acceptable prices.
- Competition from distance and seaside holiday destinations.
- The sharp rise in prices for tourism services is not being matched by the pace of growth in their quality.
- Slovak travel agencies are not sufficiently focused on organising inbound tourism and domestic tourism.
- Slovakia remains an unknown country for the professional and travelling public.

Measures to eliminate the threats:

- Improve on a continual basis the scope and quality of services; sell value-for-money services, and give the customer a broader range to choose from.

- Set quality standards and introduce them in all facilities and all matters, including the training and education of staff.
- Regularly evaluate the quality of internal and external control mechanisms.
- Prepare targeted package offers aimed at arousing the interest of those skiers from third countries who may be attracted to Slovak winter resorts due to the quality-price ratio of the product
- Focus what is offered in Slovakia on holiday tourism, urban and cultural tourism, spa and health tourism, winter sports, summer tourism and rural tourism
- Work with precisely selected target segments of potential customers in those markets where the sale of holidays in Slovakia is realistic.
- Organise more study trips to Slovakia for foreign sellers and journalists.

**STRATEGIC OBJECTIVE 5:
IMPROVING THE VISITOR STRUCTURE BY PROVIDING BETTER QUALITY
SERVICES**

Tasks for achieving objective 5:

1. Support the introduction of quality systems at tourism facilities, through professional associations, specialised certification of enterprises, state and self-government institutions, etc., in order to improve the quality of all products and services.
Term: 2005 - 2013
For: ME SR
In cooperation with: VÚCs
2. Use outputs from the Regionalisation of Tourism in the Slovak Republic in accordance with the needs and interests of nature and landscape conservation with regard to: the creating, updating and amending of the binding parts of the Concept for Territorial Development in Slovakia; the development of zone-planning documents by municipalities, towns, and regions, and of general plans, urban studies and development concepts at the local and regional level; and the implementation of structural funds.
Term: 2005 - 2006
For: ME SR
In cooperation with: VÚCs, ZMOS
3. Target SACR marketing activities on selected markets of advanced EU countries; address those consumers of the higher middle-income classes whose demands and expectations we are able to fulfil.
Term: 2005 – 2013
For: ME SR
4. Cooperate with institutions in the area of nature and landscape conservation - for example, the Slovak Caves Administration (SSJ), the State Nature Protection of the Slovak Republic (ŠOP SR), etc. - together with municipalities situated in protected areas; contribute to the production of promotional materials on nature, to establishing educational trails, educating guides, and the like. Develop a Communication Strategy Manual to be used for communication between conservationists and entrepreneurs in the field of tourism.

Term: 2005 – 2013
 For: ME SR, MEn SR
 In cooperation with: VÚCs, ZMOS

Target indicators:

Indicator	2003	2006	2009	2013
Tourists as a share of the total number of visitors (in %)	11.3	15	21	30
Tourists from developed Western countries as a share of the total number of tourists (in %)	32	35	38	40
Income from supplementary services as a share of total income (in %)	5	7	10	15
Average visitor expenditure per day (in USD)	46.32	52	60	70

Threats:

- Holidaymakers are not being offered a wide range of leisure-time services.
- Slovakia will become a country for "budget tourists", a destination only for individuals or trips from low-income groups who have few demands on the quality or extent of accommodation and catering services and whose holidays will place a burden on the environment while bringing little financial benefit to Slovakia.
- Underestimating the human factor and professional training of tourism employees will result in a persisting lack of quality and unprofessional approach to customers.
- A persisting stereotypical approach to the marketing of Slovakia abroad will mean that we continue to remain unknown abroad and an uninteresting country for solvent tourists.

Measures to eliminate the threats:

- Encourage and stimulate business entities to create products and new attractions; develop new leisure-time services for holidaymakers.
- Intervene effectively (with licence revocation, if necessary) against those operations and entrepreneurs who violate the law, or business ethics, who do not observe weights and measures, who keep incorrect accounts, and whose lack of quality puts customers off Slovakia and spoils the good name of Slovak tourism.
- Restrict the employment of unqualified staff, especially in management and services; intensify demands on advisory and educational work for start-up entrepreneurs
- Develop a new concept for the promotion of Slovakia, supported by more substantial financial participation from the state, VÚCs and regions; prepare new SACR marketing activities, including the compilation and evaluation of what foreign tourists expect from a visit to Slovakia and adapting the offer to these expectations.