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**TOURISM TRENDS WITH PARTICULAR  
REFERENCE TO TOURISM SUBSIDIES AS A LONG  
TERM UNSUSTAINABLE TOURISM DEVELOPMENT  
TOOL<sup>1</sup>**

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**ABSTRACT**

Macedonia despite the fact of being a landlocked country has a strategical position within the Balkans. It’s location in the central part of the Southeastern Europe makes Macedonia a naturally and culturally inevitable destination for all the Balkan round trips. Since 2011 there is an increase of tourist arrivals from the Benelux countries in unprecedented scales. It is a fact that the increased interest for visiting Macedonia by tourists from the Netherlands and Belgium, is mostly because of the subsidies granted as a supportive measure by the Government. Momentally there is an unbreakable connection between tourist flows, tourism propaganda and subsidizing in Macedonia, even though this kind of support shouldn’t last for long. The main issue is whether the same level of tourism turnover would be maintained if subsidizing ceased to exist and what other measures should be undertaken in terms of sustainability of tourist arrivals and increase of tourism turnover.

**KEY WORDS:** subsidies, tourist arrivals, tourism turnover, sustainable tourism development, promotion.

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<sup>1</sup> Original scientific paper

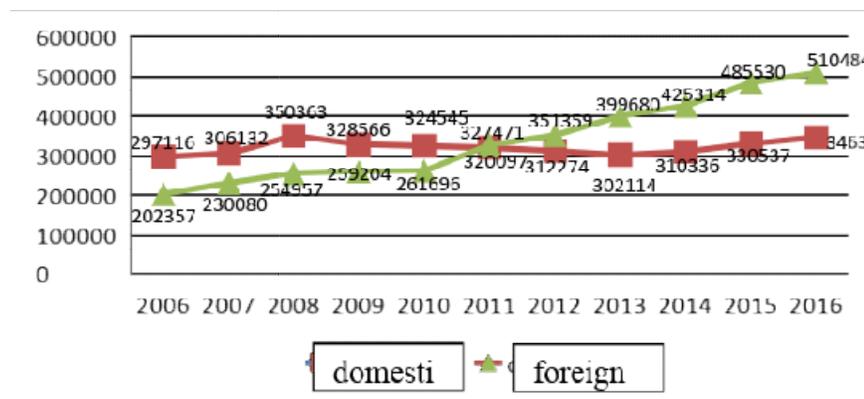
## INTRODUCTION

In this paper will be touched the theme of the subsidizing of the Macedonian international inbound tourist flow from the positive and the negative point of view. In this sense we will use the cabinet research method using the secondary sources of information mostly from the state statistical office of Republic of Macedonia and the statistics of some travel agencies mostly working with tourists from Benelux. The establishment of regular and charter flights from the main tourist zones, as well as the measures for subsidizing of the organized inbound tourism in our country were the key elements for increasing the volume of tourist arrivals. The state's intervention proved to be very effective in attracting new tourism markets. The organization of road shows, BTB meetings with foreign tour operators opened the possibility of deepening the cooperation of domestic companies with foreign tour operators from the countries of Western Europe. The first to break the ice were the Dutch tourists because of the allowance of higher subsidies compared to other the tourists from other European countries. The story of the Dutch tourists began in the 1960s when a kind of traditional connection between Ohrid and Lake Ohrid was established with visitors from the Netherlands. The initial motive for visiting these landscapes is the novel "The Wedding of the Seven Gypsies" by the Dutch Writer A. Den Dooolard. We all know what the situation was in the region of the Balkans during the 1990s, and therefore the tourist flows were interrupted. The Dutch story continued at the beginning of the new millennium when charter flights from Amsterdam were started, to experience real climax in 2011 with the inclusion of subsidies as a tourism development instrument. We cannot say that Macedonian tourism experienced its pinnacle of development after the year 2011 due to the fact that during the former system the results were on a much higher level, and now we need incentives that influence the increase of the national economy deficit in order to generate tourism growth and development. Subsidizing can be an excellent tourism development measure if it is used initially at the beginning

## Current situation with the Basic Tourist Parameters in the Republic of Macedonia

In order to get the true picture of the tourist arrivals in the Republic of Macedonia, as well as the financial results obtained from tourists, it is necessary to analyze the basic tourist parameters: number of arrived tourists and number of overnights in the Republic of Macedonia in the last few years. In this review, but also in all other analyzes, will be considered the basic tourist parameters within the Republic of Macedonia. Graph 1 shows the graphic presentation of incoming tourists in the Republic of Macedonia in the last ten years.

Table 1 Tourist arrivals in Macedonia 2006-2016



Source: [www.stat.gov.mk](http://www.stat.gov.mk)

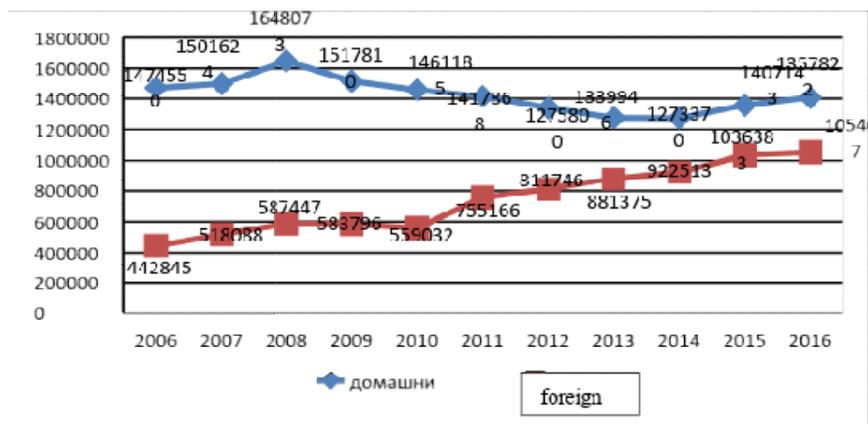
From the presented data it can be concluded that:

- The number of domestic tourists in the reviewed period varies around the average of 320767 tourists, while
- The number of foreign tourists has been steadily increasing from initial 202357 in 2006 to 510484 in 2016, i.e. a percentage increase of 152% in the reviewed period.

It is indicative that in 2011, more foreign tourists arrived compared to the domestic visitors. This year is remarkable and of particular importance for the introduction of a new development instrument in tourism, which is subsidizing. Pursuant to Article 57 paragraph 2 of the Law on Tourism (Official Gazette of

the Republic of Macedonia No. 62/04, 89/08 and 12/09) [1], the Minister of Economy adopted the "Guidelines for Subsidizing the Foreign Organized Tourism Operations "Which stipulates subsidies as a stimulative measure. This was the prelude for the next 2011, when the charter flights from the airport Schiphol to Amsterdam, the Kingdom of the Netherlands to the Ohrid St. Paul the Apostle. In March 2011, a correction was made to the "Rulebook on the manner, type and amount of subsidies". It was stated that subsidies in the amount of 65 euros per capita would be paid to tourists who arrived on charter flights from the Benelux countries.

Graph 2 shows the number of overnight stays of tourists in the Republic of Macedonia in the same period.



The realized overnight stays for domestic tourists vary around the average, with a tendency of decrease, while the number of overnight stays of foreign tourists, according to their number, is continuously increasing. What should be seen in addition is the average stay of domestic and foreign tourists arriving. The average stay of domestic tourists in the analyzed period is 4.45 nights, while for foreign tourists the average stay is 2.21 nights. Due to the twice higher average stay of domestic tourists, the number of nights spent by domestic tourists is higher; although their number in 2012 is lower compared to the foreign tourists

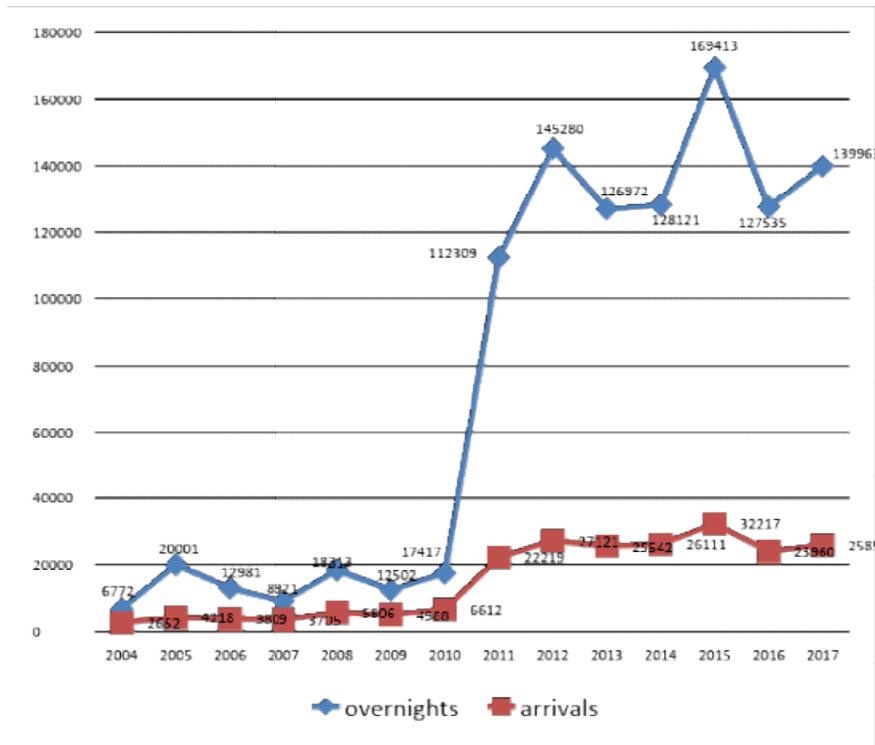
arrived. It is evident that for the period from 2006 to 2008, the number of overnight stays by foreign tourists ranged with an average annual growth rate of 15.18% for 2009 and 2010 to decline with a negative growth rate of -2.45%. It began in 2011 when subsidies were introduced as a government measure for attracting tourists (started with tourists from the Benelux countries). If we take 2010 as a starting point in terms of the increase in overnight stays, a growth rate of 35.08% in 2011 was evidenced when the initial results of the subsidies were felt. In the next period from 2011 to 2016, the growth rate stabilized at 6.90% annually.

#### Tourist arrivals from the Kingdom of Netherlands and Subsidization of the Dutch Tourist Flow in the Republic Of Macedonia

Dutch tourists are among the most traditional visitors to the Republic of Macedonia. The beginnings of the arrivals of Dutch tourists can be dated since the late sixties and early seventies of the last century. Inspired primarily by the novel of the Dutch writer A. Den Doolard titled "The Wedding of the Seven Gypsies" in the original (De Bruiloft der zeven zigeuners), Dutch tourists came in large numbers in Ohrid. Despite the fact that the wars on the territory of the former Yugoslavia skipped Ohrid and Macedonia, the tourism in this city has completely died down. [2]

However, one note should be made regarding the first direct flight from the Netherlands to Macedonia that has been established for the first time after many years. The first flight was on May 30, 2005 at the initiative of the local tour operator Platonov-ski, represented by Mr. Zoran Culceski and the Dutch tour operators Sunweb Vliegzeizen and Go-go tours, and as air carrier was included the Dutch Transavia. The flights lasted until 19 September the same year. It should be noted that there was no involvement of any governmental body from the Republic of Macedonia, nor was the Dutch-Macedonian Chamber of Commerce included. About 100,000 Euros were spent in marketing and tourist promotion in the Dutch media in order to attract as many tourists as possible to visit Ohrid and the Republic of Macedonia [3].

Table 3 Dutch tourists arrivals and overnights 2004-2017



Source: [www.stat.gov.mk](http://www.stat.gov.mk)

On chart 3 are presented the arrivals and overnights of tourists from the Kingdom of the Netherlands in the Republic of Macedonia. We can clearly read the real situation. The period that has been analyzed is for the time range from 2004 to 2017 in order to inspect the time period before and after the establishment of the subsidies for foreign tourism operations. Of course, there are also ups and downs that directly and indirectly depend on tourism relations, but also on political events. Some unpleasant events such as the shootings at the “Divo Naselje” in Kumanovo on 9 and 10 May 2015, as well as the entire political crisis in the Republic of Macedonia in the period 2014-2015 have negatively affected the tourism operations. The protests by supporters of the government and the opposition further influenced the reduction of turnover and

the avoidance of our country as a tourist destination. Cancellations were done within 24 hours.

From table 3 it can be seen that in 2011, compared to 2010, an average of 6.4 overnights per Dutch tourist were realized in the Republic of Macedonia. The average number of overnights for 2010 was 2.6 per tourist, which points to the fact that by the year 2010 the Dutch were mostly transit tourists or they visited Macedonia as part of a wider round tour. Here we can enlist the visits of tourists via several Dutch tour operators such as ANWB [6], SNP [7], Bolderman [8], De Jong [9], Kras [10]. Common to all these is that Macedonia is offered as part of a broader itinerary that includes more Balkan countries. According to the programs they offer to their clients in Macedonia are realized from 1 to a maximum 4 overnights.

If we analyze the period from 2005 and 2006, we can also see an increase in the number of overnights compared to the previous year by 295%. At the end of 2004 began the preparations for the return of Dutch tourists to the Republic of Macedonia, through the project of the Kingdom of the Netherlands, the tour operator Sunweb Vakanties in partnership with the local agency Macedon Tours and the famous Dutch air carrier Transavia. According to my own records that I made as an employee of Macedon Tours during the 2005 season via Sunweb vakanties arrived 1915 Dutch tourists who have made more than 14000 overnights, corresponding to an average of at least 7 overnights per tourist. The cooperation continued in the following year. It is in the novel "The Wedding of the Seven Gypsies" writer Bob Cornellis Spulstra who worked and wrote under the name of A. Den Doolaard described the beauties of Macedonia in the period between the two world wars while our country was under the occupation of the Kingdom of Yugoslavia, receiving the name South Serbia. The most important cultural and historical monuments are mentioned: the Church of Sts. Pantelejmon in Nerezi, Skopje dating back to 1164 and considered to be a masterpiece of Byzantine art and considered a forerunner of the European Renaissance. Prilep, Bitola and Debar are mentioned briefly and, of course, most of the action takes place in Ohrid. From the Ohrid monuments of culture, the church St. Sofia dating back to the XI century, the church of Holiest Mother of God Peribleptos from the late 13th century, the church of St. John Theologian Kaneo from the 13th century, Samuil's fortresses, the monastery of St. Naum, the basilica around the remains of St. Clement's Church St. Panteleimon, etc.

Here the story does not end a description of natural beauties such as Ohrid Lake, Galicica Mountain, Old Town of Ohrid, cultural events in the city, traditions, old Ohrid bazaar, shops and crafts are made. [4]

With the introduction of tourism subsidies the tourists from the Benelux countries enjoyed privileged treatment. This was done due to the efforts of the Dutch tour operator Corendon whose representatives have influenced together with their domestic partners to introduce higher subsidies for tourists from the Benelux tourist market. The number of Dutch tourists has increased from 6612 in 2010 to 22219 in 2011, which represents an increase of 336% and is of unprecedented proportions. All this is thanks to the subsidizing of the organized foreign tourist turnover by a payment of EUR 65 per tourist for the Benelux tourism market. It can be said that the subsidy acts as an accelerator of the foreign tourist turnover in the Republic of Macedonia. [5]

However, although tourists from the Netherlands and Belgium zone are the most regular and the largest visitors to our country, this does not mean that they receive the most appropriate treatment and that their satisfaction is at an enviable level. On the contrary, in the activities of the business entities there is a series of inconsistencies that contribute to reducing the achieved interest for Macedonia as a tourist destination. There is a lack of suitable staff that can provide an appropriate quality service at travel agencies that work with tourists from this emitting area. Although tourists coming from the Netherlands and Belgium are from a specific speaking area where the Dutch, Flemish, German and French languages are spoken, local agencies do not engage staff who speak these languages trying to cut costs in terms of human resources.

The government should consider allocating the subsidies in a more profound way by supporting the training and education of the employees in the sphere of tourism and hospitality. The higher quality of human resources automatically withdraws better standard of services and application of total quality management in tourism. With good quality personell there won't be any serious complaints of the services and automatically higher class visitors could be attracted. Instead of reducing the prices of tourism packages by 65 euros per person, a considerable amount of the subsidizing fund should be redistributed in proper projects for HR development.

The agency for tourism support and promotion of the Republic of Macedonia has already sent e mails to all the tourism and hospitality companies demanding

information for project proposals. This is the first step towards restructuring of the subsidies budget into smarter and more sustainable solutions. Dropping the prices can be very harmful in long terms. Macedonia needs to work very hard to erase the image of a cheap and low quality destination.

In order to have a clearer image of tourism policies in the Republic of Macedonia and the surrounding, we can say that the Macedonian tourism development is based upon government subsidies as mentioned in the previous text. On the other hand the countries in our surrounding don't use any subsidy on any ground. If we take Albania as an example the travel companies may have been established with dubious capital, but certainly most Macedonian travel agencies cannot praise with a perfectly legal start. It is well known how the public capital in the Republic of Macedonia was transformed in the transition period. Unlike Macedonian businessmen, Albanian can be identified as entrepreneurs with greater courage and willingness to risk. They manage with almost no state support to promote their products world wide by investing in tourism fairs presentations and organising fam trips to the Balkans as a tourist region. This is the only successful strategy to attract more tourists and touroperators to get interested about your package. Macedonian touroperators, if there are any that deserve to be given that name are still not ready to take the risk of promotion investment and that puts them in a subordinative state compared to the competition of the neighbouring region.

Picture 1 Vacation offer for Macedonia – Dutch tourism Website

The screenshot shows the WeFlyCheap website interface. At the top, there is a search bar with the text 'Vind hier voordelige vakanties...' and a magnifying glass icon. To the right of the search bar are several icons: a checkmark, a star rating '8.7 van 10 \*\*\*\*\* (834) Klantenverrekenen', a '2018 Beste partner' award, and buttons for 'Mijn account' and 'Alert aanmaken'. Below the search bar is a red navigation bar with white text links: 'Vakanties', 'Last minute', 'Stedentrips', 'Vliegtickets', 'Zomer', 'Landen', 'SPECIALS', 'Blog', and 'Reisgids'. The main content area has a white background with a red header for the offer: 'OH MY! Complete vakantie Macedonië SLECHTS €166 incl. vluchten, transfers en mooie villa! ★★★'. Below this, it says '27 bezoekers bekijken deze deal'. A large image of a lake with a boat and a villa is shown. To the right of the image is a sidebar with details: 'vanaf €166,-', 'Bestemming Macedonië', 'Reisduur 8 dagen', 'Luchthaven Amsterdam', and 'Reisperiode mei 2018'. There is also a 'Boek deal' button and a note 'Is de prijs hoger? Dan ben je helaas te laat.' Below the main image are social media sharing icons (Facebook, Twitter, Email) and a 'Stel alert in' button.

Source: <https://www.weflycheap.nl/macedonie-ohrid-villa-mimi>

Picture no. 1 [11] represents a vacation offer with a duration of 8 days with 7 nights in Macedonia. It costs only 166 Euros including airplane transportation from Amsterdam. When 65 euros will be deducted for subsidies, the airfare, the margin of the tour operator, it seems that there is almost nothing left to be spent in our country except the complimentary expenditure done by each tourist individually. The extra expenditure is approximately at a level of 65 euros per person per week. Many researches point to the fact that 10 euros is a high amount to be paid for a meal in Macedonia and tourists would pay maximum for 2 excursions of an average price of 25 to 35 euros per activity.

### Conclusion

It is a fact that the increased interest for visiting tourist places in the Republic of Macedonia when it comes to tourists from the Netherlands is due to the subsidies granted by the Government. It is clear that tourism subsidies are

closely linked to the growth of tourist arrivals in Macedonia as a tourist destination. The question arises as to whether the same level of tourism turnover would be maintained if the subsidy measure ceases to exist and what other measures should be taken to maintain the level of tourist arrivals and increase the tourist turnover when the subsidy is abstracted as the only measure used as an instrument for increasing the level of foreign tourists in the Republic of Macedonia. The dependence of the Macedonian tourism on the large foreign tour operators is growing every year more and more. Their interest is the fulfillment of the conditions set by the Government of the Republic of Macedonia in relation to the funds given per arrived tourist in the country. It goes so far that, at some critical moments when the agency for tourism promotion was unable to regularly pay the subsidies, tourism decreased by 50% in terms of Dutch and Belgian tourists. On the other hand, we should ask ourselves if there is in fact a real tourism product that can be developed independently without intervention by the state, left to the private sector and the natural flows, or it is an artificially generated situation, which in the long run is doomed because of the general unsustainability of mass tourism.

Tourism companies in Macedonia haven't changed their strategy since the time of the previous system. We can say that business entities in tourism still apply an old business concept where mass sales is given the advantage without paying attention to customer's satisfaction and creation of a tourism product that would meet the needs of the most demanding tourists.

There is a series of inconsistencies in the activities of the tourism and hospitality companies that contribute to the reduction of the painfully achieved interest for Macedonia as a tourist destination, which undoubtedly comes as a result of the reforms of the previous government in the field of tourism. From this it follows that the high number of visitors to our country as tourists from the Netherlands and Belgium is artificially generated and could negatively affect the national economy in the long run, but above all the whole tourism development.

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