

SLOVAKIA CATCHING-UP REGIONS

ANALYSIS OF DESTINATION MANAGEMENT
SYSTEM IN THE PREŠOV REGION
OF THE SLOVAK REPUBLIC



SLOVAKIA CATCHING-UP REGIONS

ANALYSIS OF DESTINATION
MANAGEMENT SYSTEM

TOURISM INFORMATION CENTERS
AND DESTINATION MANAGEMENT
ORGANIZATIONS

IN THE PREŠOV REGION
OF SLOVAK REPUBLIC

© 2019 International Bank for Reconstruction
and Development / The World Bank
1818 H Street NW
Washington DC 20433
Telephone: 202-473-1000
Internet: www.worldbank.org

This work is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent.

The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Rights and Permissions

The material in this work is subject to copyright. Because The World Bank encourages dissemination of its knowledge, this work may be reproduced, in whole or in part, for noncommercial purposes as long as full attribution to this work is given.

Any queries on rights and licenses, including subsidiary rights, should be addressed to World Bank Publications, The World Bank Group, 1818 H Street NW, Washington, DC 20433, USA;
fax: 202-522-2625;
e-mail: pubrights@worldbank.org.

CONTENTS

Acknowledgements	5
Acronyms	6
Overview	7
BACKGROUND	11
TOURISM MACROTRENDS IN SLOVAK REPUBLIC AND PRESOV REGION	15
National Travel and Tourism Trends	16
Travel and Tourism Trends in the Prešov Region	17
Regional Destination Management in Slovak Republic	19
MANAGEMENT AND PERFORMANCE OF TICS AND DMOS	23
Performance Principles of Destination Management	24
Management and Performance of TICs in PSK	25
Management and Performance of DMOs in PSK	28
CONCLUSIONS AND RECOMMENDATIONS	35
ANNEX TICs AND DMOs SURVEYED	38
Notes	39
Bibliography	39

FIGURES

FIGURE 1	Origins of Foreign Visitors in PSK	18
FIGURE 2	DMO Membership Structure in Slovak Republic	20
FIGURE 3	TICs in the Prešov Region	25
FIGURE 4	TIC Structural and Operational Status (n=26)	26
FIGURE 5	Types of Fee-based TIC Services (n=26)	26
FIGURE 6	Full-Time Staff Employed in TICs (n=26)	27
FIGURE 7	Use of ICTs by TICs for internal communication	28
FIGURE 8	Subregional DMOs in Prešov Region	28
FIGURE 9	DMO Membership Structure	31
FIGURE 10	Current Financial and Data Flows to TICs and DMOs	32

TABLES

TABLE 1	The Contribution of Tourism to Slovak GDP	16
TABLE 2	National Tourism: Average Amount Spent per Trip (Euros)	16
TABLE 3	Destination Preferences of Domestic Tourists, 2015, Residents of Selected Districts in Slovak Republic	16
TABLE 4	Foreign Visitors to PSK and Snina District Staying a Minimum of 2 Days	17
TABLE 5	Accommodation Statistics in 2017	18
TABLE 6	PSK Accommodation Revenues in 2017	18
TABLE 7	Customer Targeted Tourism Routes in PSK	19
TABLE 8	Function, Location, and Groups Targeted by TICs	21
TABLE 9	TIC Structure and Activities of TICs in Prešov Region	25
TABLE 10	Membership Structure of Individual DMOs in PSK	29
TABLE 11	Budgeted Activity Lines of Subregional DMOs in PSK	29
TABLE 12	Subregional DMOs' Budgets and Sources of Income	31

ACKNOWLEDGEMENTS

To prepare this report a World Bank Group (wBG) team conducted five missions to Slovak Republic, field visits, and workshops, during which it collaborated with Slovak experts. Effective guidance was provided by Paul Kriss (World Bank Lead Urban Specialist) and Grzegorz Aleksander Wolszczak (World Bank Urban Specialist).

The team is indebted to the executive and administrative staff of the Prešov Self-Governing Region, which generously contributed premises, support, and endless hours of dynamic and dedicated discussions. The wBG team is particularly grateful to Mr. Milan Majersky, Dr. Rudolf Bauer, and Ms. Maria Bilova. The missions would also not have been possible without the cooperation of the TIC and DMO managers and employees, whose time and willingness to be interviewed we deeply appreciate.

Special thanks go to all the Slovak and international experts who directly contributed their expertise as the team shaped this report and the analytical findings. The report collates contributions from Prof. Ludmila Novacka (University of Economics in Bratislava, World Bank consultant), Jordanka Tomkova PhD. (World Bank consultant), Mr. Vladimir Benc (World Bank consultant), and Guido Licciardi PhD. (World Bank Senior Urban Development Specialist).

A draft version of this report was issued in January 2019 to the EC and PSK Regional Administration. As much as possible, their comments have been incorporated into this revised version of the report, which was issued in March 2019.

The findings, interpretations, and conclusions of the authors expressed here do not reflect the views of the World Bank Group, its Board of Directors, or the governments they represent.

ACRONYMS

AICES	Association of Information Centers of Slovakia
CURI	Catching-up Regions Initiative
DMO	Destination Management Organisation
DMS	Destination Management System
EC	European Commission
GDP	Gross domestic product
ICT	Information communication technologies
NP	National Park
PPP	Public-private partnership
PSK	Prešovský Samosprávny Kraj, Presov Self-Governing Region
RDMO	Regional Destination Management Organisation(s)
SDGs	Sustainable Development Goal(s)
SME	Small and medium enterprise
TDMIS	Tourism Destination Management Information Systems
TIC	Tourism Information Center
UNWTO	UN World Tourism Organization
WBG	World Bank Group
WTTC	World Travel and Tourism Council

OVERVIEW

As part of the European Commission's *Catching-up Regions Initiative*, this *Analysis of the Destination Management System, Tourism Information Centers (TICs), and Destination Management Organizations (DMOs) in the Prešov Region of Slovak Republic* examines the effectiveness of the current regional destination management system (DMS) in the Prešov Self-Governing Region (PSK) of Slovak Republic, its potential, and opportunities to harness that potential to drive the region's equitable economic growth. Based on comprehensive fieldwork by the World Bank Group (WBG) task team, the report provides evidence-based recommendations to inform PSK's future policies, strategic planning, and investments in regional tourism development, especially in one of its most lagging areas, in the district of Snina.

The location of PSK and its unique natural features and cultural heritage give it considerable potential to be a tourism-friendly destination—but an attractive location alone is not enough to draw tourist crowds. Poor basic infrastructure is one problem that prevents Snina from unleashing its tourism potential. To remove this bottleneck, the regional and perhaps national administrations need to honor several strategic, structural, and investment commitments before Snina can envisage sustainable economic growth to which tourism can contribute.

One recommendation is to adjust Slovak Republic's highly asymmetric path dependencies for how intra-regional investments in tourism infrastructure are distributed in PSK. While the region's North-Western districts are home to the High and Low Tatra mountains, which have an established tourism clientele, high revenues, sophisticated marketing, and well-maintained infrastructure that commendably attract attention from both public and private investors, the less developed Eastern districts, such as Snina, are under-funded and trail the Tatras continuously. Despite their natural beauty, Snina district and the geographic remoteness of the Poloniny National Park are far less accessible, and deteriorating infrastructure currently limits the area to less intense, low-revenue tourism. For tourists, the transaction costs (travel time, distance) are high and the value-added in district tourism offers (accommodation, infrastructure, attractions) is questionable. These intra-regional asymmetries are barriers to the equitable development of the region as a whole. Without well-targeted equalization measures and an infusion of public investment into basic infrastructure—roads, water, and sewage it is unrealistic to expect any transformation in the district's economic outlook. Moreover, too few resources are being spent on the area to heighten its tourism potential.

Other problems are severe institutional fragmentation, minimal coordination, and little operational connectivity between Tourist Information Centers (TICs) and Destination Management Organizations (DMOs), in PSK and beyond. This is partly because TIC and DMO budget structures vary considerably, but also because they tend to depend on municipal governments' contributions, which offer TICs and DMOs little incentive to cooperate and promote cross-boundary destinations. However, rather than merely finding new incentives for coordination of different TICs and DMOs, deep restructuring is recommended that would fuse today's TICs and DMOs into a single regional, well-resourced, well-managed, and well-marketed Destination Management Organization (DMO). While structurally this may take time, relatively soon PSK can begin to take strategic steps forward. In fact, PSK is already doing so; in 2019 it allocated more budget to support regional DMO's activities.

Regional tourism in PRK could also benefit considerably from more systematic collection and publication of useful statistics disaggregated by region and subregion to inform policy and strategic decision-making. Scaling up connectivity between destinations within the region, designing attractive tourism products, and continued innovation to generate more revenue should also be actively supported.

Finally, to make this all happen, PRK and major tourism stakeholders would be well-advised to work together to elaborate a comprehensive regional strategy for tourism development, which is currently lacking. Such a strategy, essential to advancing tourism in the region, should build from the realization that the focal destination is the entire region, not just individual parts within it.

Conclusions and the recommendations emerging from this report are detailed in chapter 4 but can be summarized as follows:

- 1. Integrate and consolidate subregional DMOs and TICs into a single competitive regional DMO.**
- 2. Address intra-regional investment asymmetries.**
- 3. Scale up connections between tourism products and destinations within the region.**
- 4. Continue support for innovation, enhanced marketing, and a larger proportion of revenue-generating tourism services.**
- 5. Adopt an evidenced-based approach to strategic planning in the tourism sector through systematic collection and use of data.**
- 6. Draft a Regional Strategy for Tourism Development.**

BACKGROUND

The Catching-up Regions Initiative (CURI)

Early in 2018, the European Commission (EC) launched the *Catching-up Regions Initiative* (CURI) in Prešov. While Prešov (PSK) is the largest region in Slovak Republic by population and its GDP is growing rapidly, its regional development and per capita income indicators are far below EU and Slovak averages. Currently deterring Prešov's economic development are such problems as brain drain, high unemployment, especially of young people, exclusion of minority groups, mismatch between education and the demands of the local labor market, lack of cooperation in innovation, and underutilization of financial resources and structural funds.

Through the CURI initiative,¹ the EC seeks to help Member States and regions to better invest and manage Cohesion Policy funds for more inclusive and equitable socioeconomic growth (MEMO 15/4654²). In partnership with Slovak national authorities, the EC has commissioned the World Bank Group (WBG) to provide tailored support to PSK and local stakeholders. By early 2018, it was agreed that the partners would design and conduct a solid multisectoral analysis and action plan for transforming the PSK economy and produce recommendations for reforms to improve the local investment environment and identify investments to enhance the region's economic competitiveness.

Targeting for the analysis four sectors with transformational potential—vocational training and education, energy efficiency, applied GIS and data management, and regional tourism—the WBG team assessed the status, gaps, challenges, and, most important, the opportunities and formulated recommendations for equitable income generation and opportunities for socioeconomic growth in the region. This process will also facilitate assistance to the PSK regional administration to improve its capacity to draw funding from the 10 EU Cohesion Policy programs in support of the recommendations and coordinate the necessary actions.

Support for Prešov region's tourism potential

Assessing how tourism can contribute to equitable PSK growth is one of the four sectors for analysis. The economic impact of travel and tourism on global GDP and sustainable economic growth is well-established. With annual average growth of 5 percent, in 2017 tourism accounted for 10.4 percent of global GDP and 313 million jobs—9.9 percent of total employment. In Slovak Republic, the direct contribution of tourism to GDP was 2.6 percent, with 67,500 direct jobs (2.7 percent of total employment) and 155,500 direct and indirect jobs (6.1 percent of total employment) (WTTC 2018). Yet in the contribution of tourism to GDP the country still ranks low, 144th of 185 countries. This is worrisome, since the tourism contribution to national and global economies is expected to grow. Moreover, according to the UN World Tourism Organization (UNWTO), tourism could contribute, directly or indirectly, to the achievement of all the Sustainable Development Goals (SDG), but especially Goal 8—*Decent Work and Economic Growth*, Goal 12—*Responsible Consumption and Production*, and Goal 14—*Life Below Water*.

Recognizing the high potential yet lagging actual economic performance of tourism in PSK, this report examines factors that impede equitable growth in the region, with special attention to the structural role in tourism development of its Tourism Information Centers (TICs) and Destination Management Organisations (DMOs). The analysis looked at their operational capacity, inter-connectivity, services, products, and potential infrastructure gaps. It identified

a number of recommendations for actions and investments for upgrading the region's Destination Management System (DMS) to meet the interests of current and future visitors, businesses, and the communities they serve.

Methodology

The analyses reported here are based on quantitative and qualitative field research complemented by a comprehensive desktop review of documents, legislation, and official statistics. An online survey based on Association of Information Centers of Slovak Republic (AICES)'s performance standards for TICs,³ targeted all 34 PSK TICs and was conducted between July and September 2018; 26 TICs completed the survey, a response rate of 79 percent. Semi-structured field interviews were conducted in individual TICs to corroborate the survey findings. Using the same methodology, all eight DMOS in PSK—seven subregional/ district, one regional—were also surveyed and interviewed. A Vensim Causal Loop Diagram was used to derive a dynamic model of financial flows and tourist data for TICs and DMOS.

This report has four parts. It first looks at macro-trends, realities, and prospects for tourism in Slovak Republic and the PSK. The second and third parts summarize survey findings for institutional aspects of the TICs and the DMOS, such as geographic coverage and relevance; organizational, membership, and management structures; services and marketing capacities; visitor trends; links to other tourism institutions and the private sector; and financial management, budgets, and human resources. The report then draws on these findings for recommendations on how TICs and DMOS could be improved and supported in order to create an enabling environment for sustainable tourism development in PSK, thus for the region's economic growth.



**TOURISM MACROTRENDS
IN SLOVAK REPUBLIC
AND PRESOV REGION**

NATIONAL TRAVEL AND TOURISM TRENDS

In 2017, according to the World Travel and Tourism Council (WTTC),⁴ the contribution of travel and tourism to Slovak Republic's GDP was slightly lower than that of its regional neighbors, coming in at 2.7 percent (€2.5bn) with an indirect value to its national economy of 6.1 percent. In 2018, the contribution

value is an estimated 4.6 percent (€7.9 bn), and by 2028 is expected to rise to 177,000 direct and indirect jobs with a value of 7.2 percent of GDP.

TABLE 1 The Contribution of Tourism to Slovak GDP

Travel & Tourism's Direct Contribution to GDP	2017 (US\$bn)
5 Italy	106.8
18 Austria	24.3
European Union Average	23.8
World Average	21.5
25 Greece	16.2
50 Croatia	6.0
52 Czech Republic	5.6
62 Hungary	3.3
66 Romania	3.0
72 Slovak Republic	2.5
85 Bulgaria	1.8
102 Albania	1.1

Source: WTTC 2017 Tourism & Travel Country Profiles

In 2017, Slovak Republic's visitor exports climbed to €2.4bn, 3.0 percent of total exports; and investments in tourism reached €0.7bn, 4.0 percent of that year's national investment.⁵

Despite the relatively low WTTC figures, it is encouraging that the number and length of stay of domestic tourists in Slovak Republic is rising. In 2015, the destination for 68 percent of the holidays of Slovaks, both long- and short-term was Slovak Republic; just 32 percent went abroad. On average, Slovaks spent 8 nights on longer-stay domestic trips and 2 nights on shorter stays. Holiday trips abroad lasted on average 7.5 nights. For longer-term domestic trips, the purpose of travel was reportedly recreation and leisure

(62%), visiting relatives (24%), and other activities (14%). On shorter domestic trips, 50 percent of Slovaks visited relatives and friends, 32 percent engaged in recreational activities and sports, and 7.8 percent enjoyed leisure activities such as wellness, agro-tourism (3%) and cultural events (2%)⁶.

To the disappointment of local businesses, domestic tourists tend to keep costs down by engaging in lower-cost sport and recreation activities, and 60 percent stay with relatives or friends. This suggests a reluctance to spend on tourism within-country tourism. On holidays abroad, respondents reported average spending of nearly four times more than on domestic trips. Those who did not travel at all, domestically or internationally, cited lack of financial resources as the main reason⁷.

TABLE 2 National Tourism: Average Amount Spent per Trip (Euros)

2015	Domestic tourism	Abroad
Short-term trips	93	207
Long-term trips	226	655
Business trips	126	556

Source: Slovak Ministry of Transport, Construction and Regional Development 2015, (current Ministry of Transport and Construction).

TABLE 3 Destination Preferences of Domestic Tourists, 2015, Residents of Selected Districts in Slovak Republic

Destination	Number of Trips	Number of Nights	Average Number of Nights
Poprad (PSK)	770,418	3,081,001	4.0
Liptovský Mikuláš	313,178	1,319,788	4.2
Bratislava I-V	403,887	1,061,211	2.6
Trenčín	144,827	782,544	5.4
Žilina	215,576	647,165	3.0
Other	2,888,965	11,419,952	N/A

Source: Slovak Ministry of Transport, Construction and Regional Development 2015, (current Ministry of Transport and Construction).

TRAVEL AND TOURISM TRENDS IN THE PREŠOV REGION

PSK is at the Slovak Republic border in the northeast. Its location facilitates active transborder economic relations with neighbouring Poland and Ukraine. PSK has 665 municipalities, of which 23 are classified as towns or cities. Almost 50 percent of the region's inhabitants live in urban areas, the largest of which is the regional capital, Prešov, which with a population of 91,767 is the third largest city in Slovak Republic.

According to the Slovak Ministry of Transport and Construction, its mobile operators have compiled statistics on the movement of foreign visitors in Slovak Republic who have stayed at least two days. Based on foreign-issued SIM cards used in the area for at least 48 hours, analysis by district found that in 2016 PSK had 4,333,063 foreign visitors. Most came from neighboring Poland, the Czech Republic, Germany, Romania, Ukraine, and Austria. Other sources of national tourism statistics similarly report that neighboring countries are the main source of visitors to Slovak Republic. However, it was not clear how many were actually tourists rather than other types of traveler—a question particularly relevant for a region bordering the Schengen area. In other words, some may have been traveling across Prešov simply to reach Poland or Ukraine. As for tourists, the majority are likely to be heading for the Poprad district in North-Western part of PSK, which is home to the High and Low Tatra Mountains and popular ski resorts.

Snina district alone attracted 85,915 tourists in 2016, about 2 percent of the total number arriving in PSK. Most came from Poland, the Czech Republic, Austria, Ukraine, and the Netherlands (Table 4). From the given statistics, however, different categories of tourists are difficult to distinguish, which raises the question about actual demand for tourism in the region.

TABLE 4 Foreign Visitors to PSK and Snina District Staying a Minimum of 2 Days

Tourist Home Country	Number of Tourists in PSK	Number of Tourists in Snina	%
Poland	1,882,084	23,596	1.25
Czech Rep.	797,101	22,347	2.80
Austria	116,265	4,620	4.00
Ukraine	134,548	4,156	3.10
Germany	190,254	3,246	1.70
Romania	167,301	1,076	0.60
Netherlands	89,206	1,310	2.20
Russian Fed.	88,317	1,919	1.40

Source: Slovak Ministry of Transport and Construction, mobile operator statistics, 2016.

Unique cultural and natural heritage

PSK's location and tourism attractions are unique not only in Slovak Republic but also in Europe. Its historical and cultural heritage comprises 4,059 registered cultural monuments, of which more than 3,500 have national status. Among them are castles, chateaus, archaeological sites, town conservation reserves, military monuments, Jewish heritage cemeteries, 27 unique wooden churches (cerkvi), 4 open-air folk museums, and technical monuments. All are tied to Slovak Republic's rich cultural heritage of traditions, customs, and pilgrimages.

The powerful influence of both Western and Eastern cultures also affected the formation of religious denominations, especially Christian and Jewish, in the area, which spurred the foundation of numerous religious sites with international significance, including many listed in UNESCO's Heritage of Religious Interest. Among them are Bardejov's historical town center, Spišský castle and its surroundings, St. James' parish church, Master Paul's church altar in Levoča, the Carpathian wooden churches, and religious pilgrimage routes that have contributed to the growth of faith tourism in the region. PSK's mix of lowland and mountain regions also boasts a rich historical heritage of both lowland and mountain cultures and a diversity of local folklore (PSK Regional Strategy for Economic and Social Development 2014–20).

In addition to its cultural heritage, PSK has considerable natural riches: five national parks,⁸ 180 protected areas, pristine nature reserves, and numerous geothermal springs that attract substantial numbers of domestic and international tourists annually. The Poloniny mountains and Vihorlatský

Primeval Forest in the Vihorlatské Peak Mountains are in the oldest trilateral nature reserve in the world; it covers 165,000 hectares spread across Slovak Republic, Poland, and Ukraine. Also highly prized are Natura 2000 sites such as Bukovské vrchy, Čergov, Laborecká vrchovina, Nízke Tatry, Slanské vrchy, Tatry, Vihorlatské vrchy, and the UNESCO-protected Primeval Beech Forests of the Carpathians in Stužica, Rožok, and Havešová in Bukovské vrchy. Rich sources of healing spring water add to the uniqueness of the region and its tourism potential; well-developed spa towns and resorts like Bardejov and Vyšné Ružbachy already attract steady flows of visitors annually.

Missing links in PSK's tourism development

Cultural and natural assets alone, however, are not sufficient to sustain a high-functioning tourism economy. Supporting infrastructure is also essential. PSK's tourism infrastructure and economic indicators vary substantially by district.

Insufficient accommodation is the first major shortcoming. Year-round tourism infrastructure is most advanced in the Poprad district in north-western PSK, home to the High and Low Tatra Mountains, where there are many popular ski resorts, hiking destinations, and highly developed and diversified activities. However, as one travels east-ward in PSK, accommodation capacity and sales indicators slip significantly, with infrastructure poorest in the north-eastern Medzilaborce and Snina districts.

TABLE 5 Accommodation Statistics in 2017

Number of rooms	10,969	Average price per night.	€23
Number of visitors accommodated overall	894,173	Number of foreign visitors accommodated	276,666

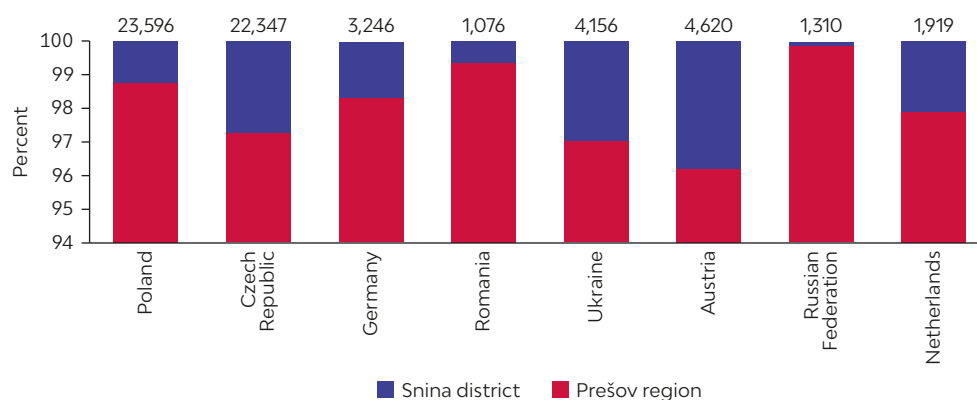
Source: <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7>

TABLE 6 PSK Accommodation Revenues in 2017

Accommodation revenues from domestic visitors	€ 62,907,386	Average Accommodataion Revenues per domestic visitor	€ 70.35
Accommodation revenues from foreign visitors	€23,344,474	Average receipt per foreign visitor	€ 84.38

Source: <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7>

FIGURE 1 Origins of Foreign Visitors in PSK



Source: Ministry of Transport and Construction mobile operators' data 2016

Hotel accommodations are standard and credible indicators used for detecting tourism demand. Statistics about "parahotel" accommodations, such as bed and breakfasts, agri-tourism, privately rented facilities and information about one-day visitors who do not stay overnight would provide a more comprehensive understanding of the sector. However, these statistics are not collected systematically in Slovak Republic.

Cooperation and coordination among stakeholders

According to the PSK Marketing Strategy 2014–20, the region offers several types of ‘targeted’ tourism routes, as summarized in Table 7.

TABLE 7 Customer Targeted Tourism Routes in PSK

For schools within PSK	For schools outside PSK	For secondary choice tourists	For specific tourists	For general public, TOP tourist attractions in districts
Thematic routes	Thematic routes targeting relevant time-frame	Geographically linked, with specific starting points	Visitors’ niche preferences (romantic, explorer...)	By administrative units (13 districts)

Source: PSK Marketing Strategy, pp. 108–120.

These routes offer basic types of tourism: recreational, cultural, creative, and multid denominational faith-focused; spa and wellness; military-inspired; sports and cycling; hunting and rural. More specialized categories, such as adrenaline sports, culinary experiences, bird and animal watching, astro-tourism, vacations in search of family or other social ties, and nostalgia tourism are also available. However, although the region is optimal for eco- and agrotourism, they are inadequately covered by tourism offers and should be significantly enhanced.

While effective packaging of tourism services can be seen in the Poprad district where High Tatras are located, in the eastern districts of the PSK, such practices are inchoate. A shortage of tourism infrastructure is partly the reason but so is the lack of inter-connectivity and cooperation between local tourism stakeholders and service providers. Infrastructure inadequacy and the remoteness of Snina district and the Poloniny National Park currently limit the district to low-intensity tourism. It is nonetheless conceivable that interconnected spatial and thematic products, purposefully and logistically linked with other PSK subregions and attractive destinations for tourists, could be a good platform for tourism development in the district as demand emerges.

REGIONAL DESTINATION MANAGEMENT IN SLOVAK REPUBLIC

Legislative basis

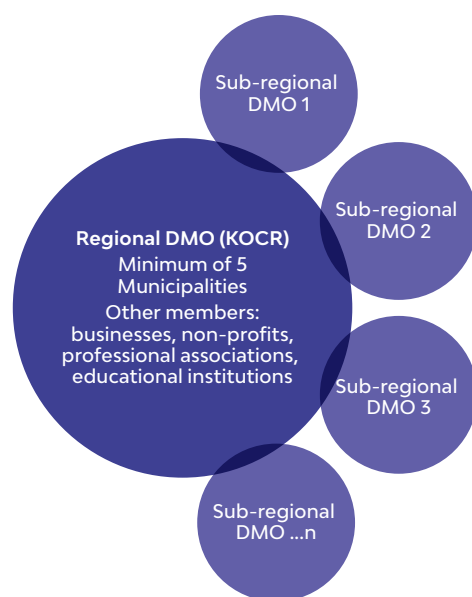
In Slovak Republic the Tourism Support Act 2010⁹ regulates national and regional destination management and marketing systems and their subregional DMOS and TICs. Where tourism development is concerned the Act also stipulates that regional administrations can:

- Establish a regional organization and participate in its financing.
- Cooperate with the regional organization on tourism programs and plans for economic, social, and cultural development; an annual plan of activities; and monitoring the progress of tourism in the region.
- Create conditions for cooperation with business entities operating in its territory.
- Create conditions for public awareness, building on entrepreneurship in tourism.
- Cooperate with national authorities in implementing Slovak Republic’s national tourism policy.
- Support cross-border, interregional, and transnational cooperation in tourism.
- Create conditions for supporting mechanisms and tools that motivate residents in the territory to develop tourism and improve service quality and competitiveness.
- Cooperate with the Council of the Government of the Slovak Republic for a unified presentation of Slovak Republic abroad and participate in creation of a mechanism for such unified presentation.

DMOs

The Ministry of Transport and Construction reports that 43 DMOs are operating in Slovak Republic. Six are regional (RDMOS; *Krajské Organizácie Cestovného Ruchu* (KOCR)) and 37 are subregional DMOs (*Oblastné Organizácie Cestovného Ruchu* (OOCR)).¹⁰

FIGURE 2 DMO Membership Structure in Slovak Republic



Source: Created as per the Tourism Promotion Act 2010, Law No. 91/2010.

The Tourism Support Act 2010 regulates the establishment, functions, and membership of national and regional DMOs and specifies that subregional DMOs are responsible for drafting strategic and conceptual documents, annual planning and projects for tourism development, and cooperation with municipal authorities and associated members. They are also tasked to (1) develop tourism products, stimulate and support sustainable development of regional and subregional social, cultural, and sports life and protect the cultural heritage; and (2) conduct periodic regional market analyses, provide advisory services to members, and register TICs. The act allows regional but not subregional DMOs to do marketing abroad as well as within Slovak Republic. Regional DMOs are also responsible for overseeing the TICs within their area.

Membership and structure

The law grants both regional and subregional DMOs discretion as to which municipalities can join or form a DMO, irrespective of their cadastral administrative boundaries. The rationale is to connect municipalities with tourist attractions and with available accommodation. DMO members may also be business entities, scientific and educational institutions, nonprofit organizations, and others who enter into formal partnerships to cooperate with municipalities on tourism development. Moreover, the Tourism Promotion Support Act 2010 implies that TIC membership should also feature in the DMO portfolio. In reality, however, this model is applied by only two subregional DMOs, in Bratislava and Košice. In PSK, TICs function independently and are not integrated within the DMO portfolio, and only two subregional DMOs contribute to TIC financing, those in Región Vysoké, and Tatry and Tatry—Spiš-Pieniny District. Due to the fragmentation of TICs (see section 3.3), consolidating them into a comprehensive regional DMO is part of this report's recommended restructuring.

Financial management of regional and subregional DMOs

By law DMOs can receive and generate funding from

- Membership fees
- State grants and contributions
- Discretionary and voluntary contributions from municipal and regional budgets and physical and legal persons
- Revenues generated from their own activities, product sales, and services
- Honoraria for intermediary services
- Revenues generated from TICs
- Revenues generated from sale of advertising space
- Nonrefundable funds from domestic and international sources, e.g. the EU
- Other revenues.

State financial contributions or provision of subsidies are based on specific criteria, such as the actual number of overnight stays—here local taxes on accommodation are the main indicator. Receiving membership fees from at least five municipalities is also a criterion for qualifying for state aid. In 2011, however, the Tourism Support Act 2010 was amended to reduce state responsibility for subsidizing tourism by making it discretionary rather than obligatory. In 2018 another amendment, 347/2018 Z.z §14, effective January 2019, increased the number of overnight stays required for DMOs to qualify for discretionary state subsidies.

By international standards, Slovak Republic has a high number of DMOS. The above mentioned amendments to the national law reduce public funding to smaller DMOS that do not achieve the overnight stay targets¹¹—a rationalization principle that the WBG team supports.

Tourist Information Centers (TICs)

Tourist Information Centers (TICs) can be established by a municipality, a tourism organization, or by another entity. TICs are considered as special-purpose facilities which, within a given region, area or municipality ensure:

- i) the gathering, processing and provision of tourism related information; and
- ii) continuous dissemination of information to domestic and foreign visitors by updating tourism information content and mapping regional attractions, tourism products and events. (Act No. 91/2010 Coll. §24).

Subsequently, the Slovak Association of Tourism Information Centers (AICES) defines a TIC as:

... [a] dedicated facility that collects, processes, and provides information on tourism in person, by telephone, in writing, electronically, and through social networks. It is a provider of continuous information and services for domestic and foreign visitors with a mission to map attractions, tourism products, and events, and create comprehensive and up-to-date tourism offers in a given destination. TICs serve as local focal points mandated to assist domestic and foreign tourists to obtain useful information about tourism destinations.¹²

For a given location, the TIC thus provides basic information, marketing, and services related to tourism. For local service providers, TICs can act as intermediaries promoting local services and products. As TICs tend to be the first points of institutional contact for tourists, often serving as tourist ‘attractions’ themselves, they also shape tourist first impressions and the public image of a given destination (Perdue 1995) and can be influential in motivating visitors to return.

It is unusual for local governments to have such tourism responsibilities, and TICs in Slovak Republic absorb a considerable share of local government budgets. Some clearly help attract visitors, but for others that role is not clear. As for DMOS, there is currently a debate about how to rationalize public funding for TICs as is being done for DMOS. The WBG team encourages Slovak Republic to rationalize the network of TICs (see Table 8 for the current structure) and base public funding on their identified impact.

TABLE 8 Function, Location, and Groups Targeted by TICs

IC	Tourist Information Centers (TICs)	Visitors Information Centers (VICs)	Welcome Information Centers (WICs)	Municipal / Cultural Information Centers (MICs)
Function	Offers basic information about national tourism, detailed information about tourism in a region	Provides information about a specific destination	Offers basic information about national tourism, detailed information about border regions	Provides information on city, local events, and the region
Location	Regional capital or general destination	Attraction site	Border crossing points	City Center
Target Group	Tourists, partners, public bodies, investors, local residents	Tourists, partners, local residents	Foreign visitors	Local residents, tourists, partners, public bodies, investors

Source: Fraňová et al. 2017.



**MANAGEMENT
AND PERFORMANCE
OF TICS AND DMOS**

PERFORMANCE PRINCIPLES OF DESTINATION MANAGEMENT

The UNWTO (2007) defines a local tourism destination as *a physical space in which a tourist spends at least one overnight stay*. It includes such tourism products as support services, attractions, and tourist resources. Its physical and administrative boundaries define its management and public perceptions, which further shape its market competitiveness. Local destinations have a diversity of stakeholders, often with both a host community and a network of nearby destinations.

Professional and networked destination management

For effective tourist experiences, dedicated public organizations are needed to enhance those experiences and help small or medium-sized enterprises (SMEs) to promote and disseminate their tourism products in a given location (Butler 2017). In this sense, an effectively managed DMS, typically coordinated by a Regional Tourism Organization can be catalytic for regional tourism development, and local economic growth.

An advanced DMS effectively identifies, tailors, diversifies, and targets add-on services to meet identified demands, stimulates public-private partnerships (PPPs), and connects local tourism stakeholders. It can also detect emerging trends, devise innovations to boost the competitiveness or sustainability of a destination (Ritchie and Crouch 2003), and in its territory act as a multiplier in equitable distribution of the benefits from local tourism. A less effective DMS simply stores and disseminates information on tourism suppliers, visitor attractions, and other activities in its area without adding much value to the tourism ecosystem.

DMOs and TICs

While TICs act as a first point of contact and provide localized basic information for tourists, DMOs add strategic organizational and promotional activities to destination management systems. DMOs facilitate and reflect strategically on a given destination and can thus not only guide tourism policy and planning but also advocate the cause of tourism in its area to national tourism authorities. DMO strategies can and should encompass the full social and economic dimensions of tourism demand, collecting data on the volume of international and domestic visitors, purpose and characteristics of their visits, consumption of goods and services and their supply—mapping local tourism-related businesses with details on their production, employment, and optimization of capital. DMOs can also develop products, thematic packages of products, and marketing strategies to promote a given destination in its entirety. DMOs can do much to build and promote regional ‘brands.’ To be effective, a DMO should thus cover an area large enough to be attractive as a destination.

While physical presence and face-to-face interaction are important features of TICs, today tourism destination management information systems (TDMIS) are vital for DMOs and the regional or national DMS. TDMIS are introducing innovative ways for DMOs and tourism suppliers to communicate not only with clients but increasingly with each other on policy formulation, strategic planning, day-to-day decision making, and continuous monitoring of destination performance. Active uses of TDMIS can enhance the competitiveness of DMOs by increasing their visibility, reducing their costs, and enhancing their cooperation. Destination e-marketing when optimized, has positive tourism impacts and helps all stakeholders to achieve their strategic goals (Buhalis 2000).

An enabling environment for tourism and destination management

In addition to effective organizations, an environment that makes it possible to build tourism is essential. New destination management trends demonstrate the following essential ingredients for an enabling ecosystem:

- Recognition of tourism as a field of industry by national authorities
- Acceptance of tourism as an integral part of the socioeconomic development of an administrative unit, such as a region or municipality
- Use of PPPs to promote tourism and enhance cooperation, networking, and diversifying funding sources
- Staff engaged in continuous professional development and training
- Staff motivated to satisfy the needs of visitors, customers, and consumers to stimulate demand.

MANAGEMENT AND PERFORMANCE OF TICs IN PSK

In PSK, the 34 TICs registered are widely dispersed throughout the region (Figure 3). These can be divided into 5 categories (Table 9).

FIGURE 3 TICs in the Prešov Region

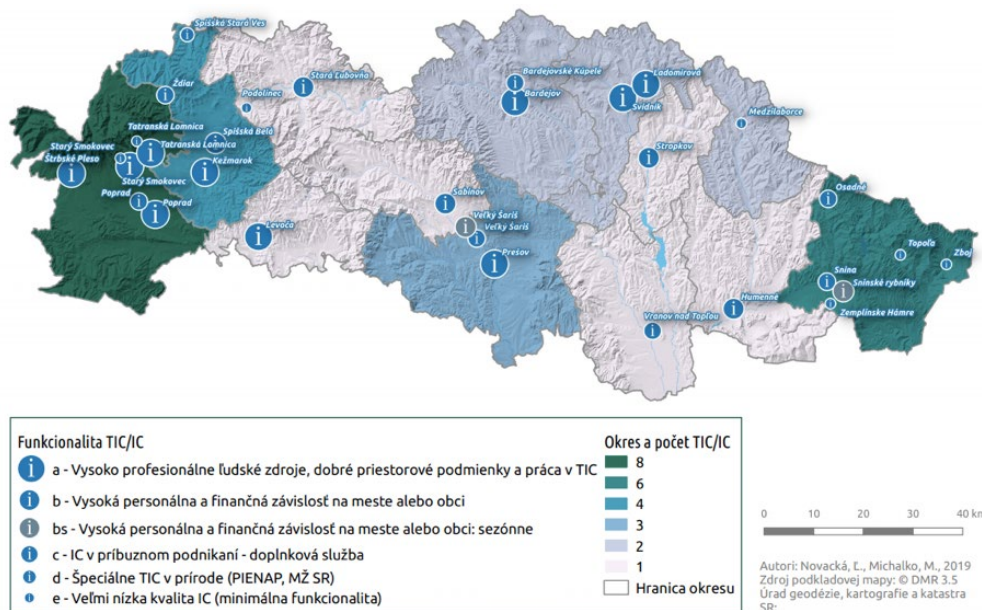


TABLE 9 TIC Structure and Activities of TICs in Prešov Region

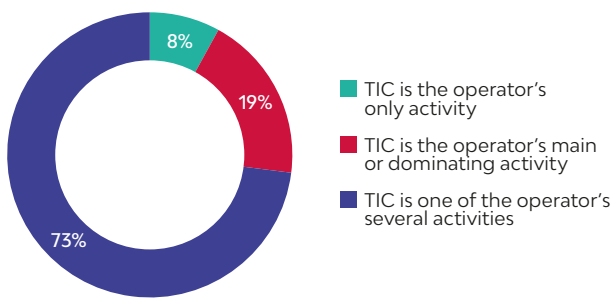
Type	Location of TIC	As a Percent of TICs Surveyed
1. Highly professional staff, space, and performance	Bardejov City, Levoča, Poprad, Starý Smokovec, Tatranská Lomnica, Štrbské Pleso, Prešov, Svidník, Ladomirová	35
2. Higher number of personnel but financial dependence on town or village	Bardejov Spa, Humenné, Spišská Belá, Kežmarok, Levoča, Medzilaborce, Poprad, Prešov, Veľký Šariš, Sninské rybníky, Poloniny Zboj, Poloniny Topoľa, Poloniny, Nova Sedlica, Zemplínske Hámre, Stará Ľubovňa, Stropkov	65

Type	Location of TIC	As a Percent of TICs Surveyed
3. TICs function with another business activity	Vranov nad Topľou, Bardejov Spa, Snina	11.5
4. In National Park PIENAP, (Ministry of Environment SR)	Spišská Stará Ves	4
5. Small, very low quality TICs with minimum functionality	Podolínec (library), Medzilaborce, Veľký Šariš (library), Poloniny – Zboj, Poloniny – Topoľa, Osadne'	19

Source: WB Survey Results 2018.

One conclusion that can be drawn from Table 9 is the high degree of dispersion in TIC location, structure, and performance; note that just over a third are 'good performers.' These are mostly in urban destinations with a high volume of visitors such as the High and Low Tatras or in towns

FIGURE 4 TIC Structural and Operational Status (n=26)



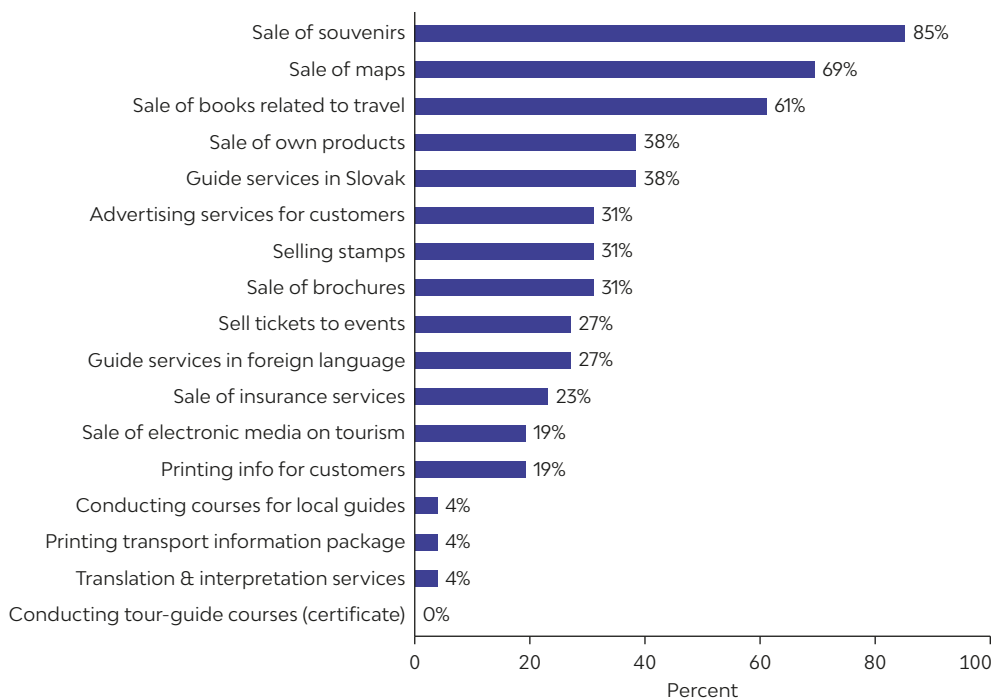
Source: WB Survey Results 2018.

and high-profile attractions like the reputable spa and wellness town of Bardejov and the UNESCO Levoča site, which attracts historical heritage and Christian pilgrims. Due to the high tourism profile of their locations, these TICs tend to enjoy good infrastructure, accessibility, well-equipped premises, and more professional staff, which means they can attract diverse forms of investment capital, both public and private.

Nearly two-thirds of the TICs (65%) in PSK are highly dependent on municipal funding, and just over 11 per cent share their space and operational costs with other business activities to make ends meet—hence not being fully dedicated to tourism development.

Only 19 percent claimed to be entirely focused on tourism related activities. Very small TICs perform only minimum tourism related functions; some in fact operate as 'self-service' facilities and have no staff. Several of these are in the Poloniny Region, in remote, rural areas where investment opportunities are much fewer, infrastructure is poor, thus tourism is less developed.

FIGURE 5 Types of Fee-based TIC Services (n=26)



Source: WB Survey Results 2018.

The diversity of TIC internal structures and operational focus in PSK explains variations in the scope and quality of services offered. For most, the scope of services is quite limited. In general, the WBG team found few specialized thematic services. While not all countries have adopted specialized services and DMOS,¹³ thematic services that focus solely on, e.g., agrotourism, winter sports, adventure travel, faith tourism are a growing trend globally.

Some 77 percent of TICs report that the majority of their services (averaging 60%), are provided free of charge to their clients. Moreover (see Figure 5), most of their revenue-generating services are sales of souvenirs, maps, and books rather than more complex value-adding, experience-based services such as attraction and accommodation packages, specialized interest tours, or tours centered on cultural events. Thus many are simply subsidized merchandise points, rather than providing services that could attract more visitors for longer stays. The most common free services are face-to-face consultations about attractions, transportation options, and tourist guide services or responses to tourist requests. Other free services offered are brochures and posters promoting popular attractions and events.

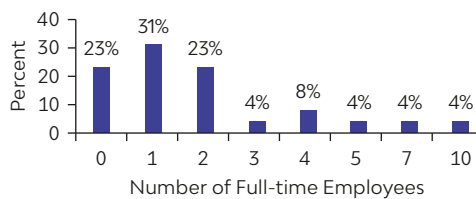
TIC Financial Management

Like organizational structures and services offered, the financial management structure of TICs is also fragmented. Most TICs depend on a variety of sources for financial support and revenue. TICs in high-profile destinations like Bardejov City, Starý Smokovec, Tatranská Lomnica, Štrbské Pleso and Svidník are often privately funded, but municipalities finance the great majority. One exception is the TIC in Spišská Stará Ves, which is funded directly by the Ministry of Environment; another is the TIC in Nová Sedlica, which is part of Správa NP Poloniny (šOP SR Banská Bystrica). While managing the mosaic of financial resource streams is not difficult for well-staffed and privately managed urban TICs, municipality-financed TICs suffer more volatility and have less incentive to promote, cooperate, and coordinate tourism inter-municipally or in the larger region, since few municipalities finance such activities. As an analogy, consider a country where each municipality defends itself with its own army, financing all related expenses, rather than delegating defense to a higher level of government.

TIC Human Resources Management

Staff allocations and management is suboptimal from several points of view. About 23 percent of TICs are self-service facilities with no staff another 54% have only one or two employees. Only in the High Tatras (Tatranská Lomnica, Starý Smokovec, Štrbské Pleso) where seasonal tourist flows can reach 600–800 visitors a day employ five or more staff.

FIGURE 6 Full-Time Staff Employed in TICs (n=26)



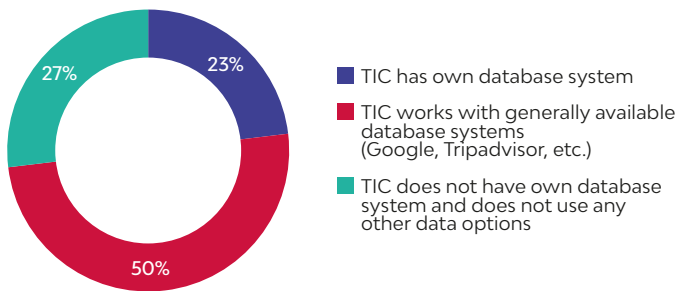
Source: World Bank Survey Results 2018

Use of ICT

Although 50 percent of TICs have search engines open to the public, 27 percent have no information systems and less than 25 percent have their own software and databases. A full 40 percent offer no IT-enabled services, another 30 percent offer self-service touch screen kiosks, and WiFi connections are available in 42 percent. Given the importance of public and client outreach, heightened use of ICT systems is highly recommended so that TICs can optimize internal management processes, but more importantly for marketing and for communicating with the greater public.

The WBG study has made it clear that TICs in PSK suffer from extensive structural fragmentation and diffuse, unsystematic financing models that undermine their service to both tourists and the region. While larger and better-funded urban-based TICs¹⁴ show promise and growing adoption

FIGURE 7 Use of ICTs by TICs for internal communication



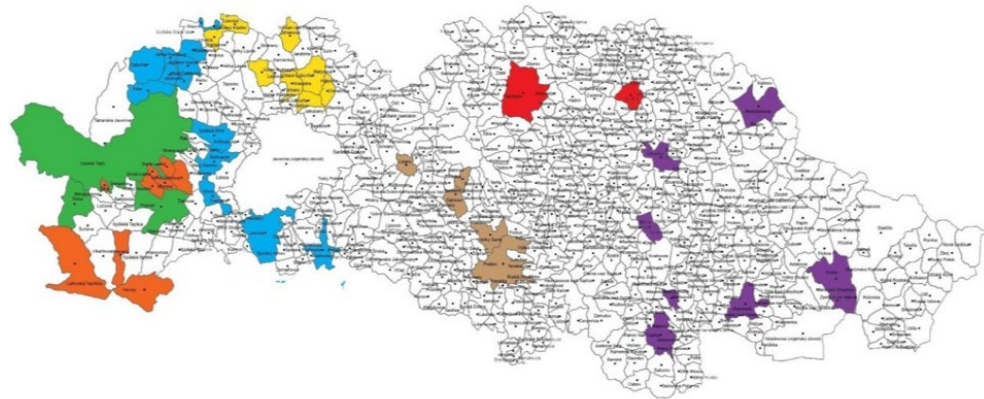
Source: Current Survey Results 2018

of good practices, the great majority battle with survival and have mixed and fragmented business models. The result is that they have less time to innovate, collaborate with others outside their boundaries on attractive value-adding services, or even promote their own locations. In the regional context, then, it makes sense to streamline or repurpose these TICs for other community activities and pool their allocated funding could be pooled for more value-adding tourism initiatives. Continuing to support them is a waste of public resources.

MANAGEMENT AND PERFORMANCE OF DMOS IN PSK

Currently, the Prešov Self-Governing Region has 1 regional DMO, 7 subregional DMOS and 34 TICs (Figure 8). When looking at how their performance correlates with the socioeconomic level in their districts, the WBC team found that their performance varied substantially—the less wealthier the district, the less well they performed. Observed disparities in performance quality also varied in relation to (1) how effective the management was; (2) their access to optimization of funds; (3) the type and range of services offered, (4) their use of ICT for communication and marketing; and (5) staff professionalism and optimization.

FIGURE 8 Subregional DMOS in Prešov Region



Source: Regional DMO North-East Slovakia.

The structural framework and performance of DMOS in the region are as fragmented as the TICs. Since Slovak law does not geographically delimit areas to be covered by DMOS, PSK has eight—the highest number in the country except for Žilina Region (Figure 8). Several subregional DMOS are not geographically contiguous (see distances between areas of the same colors in Figure 8).

Subregional DMOS in PSK also differ significantly in the composition of their membership. In all subregional DMOS, the highest number of members are municipalities, followed by private sector companies. Interestingly, NGOs and professional associations are in the minority. However, a large membership base does not always yield a strong market presence, which suggests a demand-supply gap. Two DMOS, *Región Vysoké Tatry* and *Šariš–Bardejov*, the latter in a renowned spa and wellness town, have low membership but are leaders in regional tourism. They are also among the most visited tourist destinations with a high number of accommodation sales.

TABLE 10 Membership Structure of Individual DMOs in PSK

Name and Location	Total Member Organizations	Type of Members			
		Municipalities	Private Companies	Nonprofit Organizations	Other
Regional – High Tatras (Starý Smokovec)	6	3	2	1	0
High Tatras – Podhorie, Tatranská Lomnica	13	9	3	1	0
Tatry-Spiš-Pieniny (Kežmarok)	27	13	12	2	0
Severný Spiš – Pieniny (Stará Ľubovňa)	15	8	6	0	1
Región Šariš (Prešov)	9	5	4	0	0
Šariš – Bardejov (Bardejov)	5	2	2	0	1
Horný Zemplín a Horný Šariš (Vranov nad Topľou)	14	8	6	0	0
Total	89	48	35	4	2

Source: WBG Survey Results 2018

New legislative incentives for consolidation

Structurally, subregional DMOs are highly fragmented, and financial asymmetries in, e.g., capital investment affect their operations. For instance, in 2017 the High Tatras region received a state subsidy of €978,000; subsidies to other regional DMOs ranged from €18,750 to €51,480, averaging €37,881. In other words, the total for all the other DMOs was just over one fifth (23%) of what the High Tatras received. Meanwhile, PSK's single regional DMO was substantially underfunded, even though it is the only one with a solid geographical base for marketing the entire region as a destination and for ensuring equitable development of tourism.

As noted, state subsidies to DMOs are based on recorded overnight stays. The 2018 legislative policy change to raise minimum overnight stays effective January 2019 aims to incentivize consolidation of DMOs so that they can become high performers, but whether it is effective will take time to reevaluate.

The impact of asymmetries in financing affects the activities DMOs pursue (Table 11). While all PSK subregional DMOs submitted requests for marketing and promotional activities, five also sought support for product and infrastructure development and two for building new attractions. Not one DMO requested funds for quality systems and training, and only the High Tatras DMO incorporated strategic plans into its budgets.

TABLE 11 Budgeted Activity Lines of Subregional DMOs in PSK

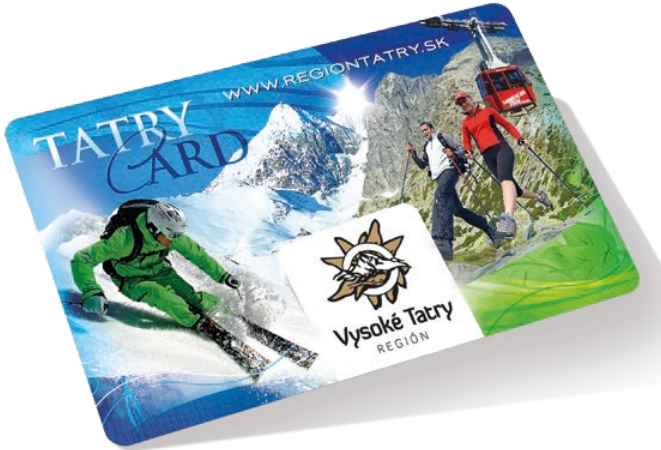
Budget Line	DMO High Tatras	DMO Podhorie	DMO Tatry, Spiš Pieniny	DMO Northern Spiš, Pieniny	DMO Horný Zemplín Horný Šariš	DMO Šariš Bardejov	DMO Šariš
Marketing and promotion	x	x	x	x	x	x	x
Operational costs of TIC	x		x				
Tourism product development	x	x		x	x		x
Supporting attractions	x				x		
Development of tourism infrastructure	x	x		x	x	x	
Strategies and analyses	x						
Quality system							
Training and professional development							

Source: WBG Survey Results 2018.

Innovation and good practices

Offering attractive and well-tailored tourism products is among the top functions of DMOS. While interconnectivity and innovation can be continually improved, several current and past initiatives demonstrate that the regional DMO actively promotes innovative approaches to destination management in PSK. Here are some examples of good practices:

Advances in Electronic Marketing: Recognizing that eMarketing is essential in today's tourism market, the regional and some subregional DMOS, co-funded a series of electronic marketing brand development activities, among them social networking campaigns, PR articles, improvement of regional website services, and mobile applications.



Bundling products and services: The TATRY Card is a promotional project supporting tourism in the High Tatras by offering year-round discounts on water park, cableway, and museum fees and charges at sports shops and restaurants. The card also promotes ecological service providers and local registered accommodation establishments, which helps to both disqualify informal or unregistered accommodation providers ('black hosts'). As of 2019, TATRY Cards are available in a mobile phone QRL format. The card primarily targets families with children, who constitute 70 percent of local tourists; it is issued for 4 days and costs €4.¹⁵



*Motivational, Interactive, and Thematic Campaigns:*¹⁶ The regional DMO also sponsors interactive annual thematic competitions:

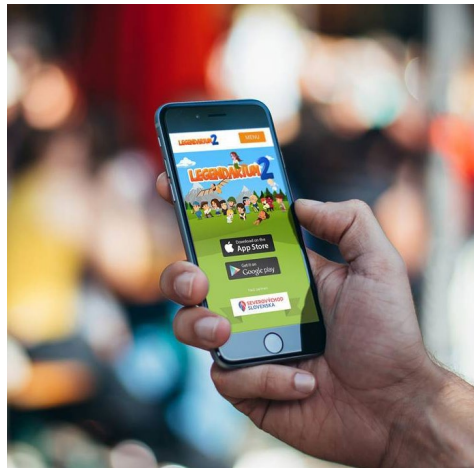
- 1) *Go and Snap (a picture)* invites anyone to submit a photo of a favorite PSK holiday destination; winners are selected competitively and their shots become part of an exhibit that travels to towns within the region.
- 2) *The Best in Tourism Awards, Top Tourism Product Campaign:* The head of the regional DSO says this award "recognizes people who are involved in building a positive image of north-east Slovakia ... in the culture, gastronomy, and hotel industry, whose quality can be an inspiration for others."
- 3) *'Travel Diary' from a Cultural Heritage Region* is open to school-age children who are invited to submit a travel diary story or a drawing from their favorite cultural site, or both.



For all initiatives, prizes include local accommodations and tickets to cultural events or regional attractions.

Gamifying Tourism in the Region: Another innovation was creation of an interactive didactic mobile game/app, *Legendarium Go!* that personifies

15 characters from Slovak historical legends who go on adventures in 84 real PSK real destinations, where the characters describe a location linked to a specific legend. As owners of the app travel to the designated places they collect points, for which they can receive 50 percent discounts for tourist attractions. This project received an award from the Ministry of Transport.



All these initiatives serve not only promotional, productized, and revenue-generating but also didactic purposes; they allow both adults and children to interactively engage with destinations. They also attest to the DMO's efforts to promote interactive tourism products.

DMO financial management

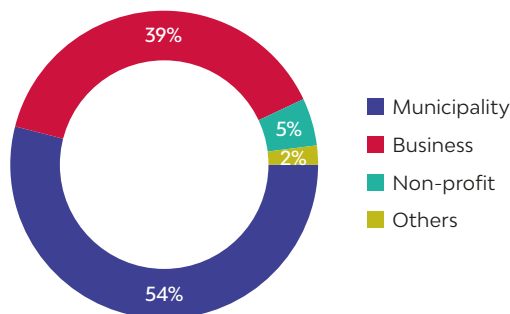
In 2018, the one regional DMO in PSK qualified for a state subsidy of €152,775, which was supplemented by a regional government contribution of €210,000. It spent €120,370 for marketing, and €69,000 for infrastructure development.

Among subregional DMOs, 54 percent have no state funding because they do not have enough overnight stays. Those that do qualify (e.g., most of those in the High Tatras) submit annual proposals for funding. Though the law does not guarantee DMO subsidies, in practice, timely submitted proposals typically are funded by the Ministry of Transport and Construction.

The other subregional DMOs are mainly financed by member municipalities. In 2017, annual membership fees paid to subregional DMOs totalled €937,115. Private member contributions can average up to 39 percent of a subregional DMO budget; among the seven in PSK, membership contributions range from €13,956 to €744,434.

In 2017, for marketing alone, the seven subregional DMOs spent a total of €1.109 million; only two gave financial support to TICs, the amounts totaling €76,357 (Table 12). For infrastructure, most DMOs plan and solicit their own separate funding; in 2017, this totaled €756,130. Although these amounts may seem substantial, the fact that DMOs are so fragmented makes it difficult for the amounts to have optimal impact on regional tourism development.

FIGURE 9 DMO Membership Structure



Source: WBG Survey Results 2018

TABLE 12 Subregional DMOs' Budgets and Sources of Income

Source of Contributions in 2018	DMO North-East Region	DMO Severný Spiš Pieniny	DMO Región Vysoké Tatry	DMO Tatry-Spiš-Pieniny	DMO Horný Zemplín a Horný Šariš	DMO Šariš – Bardejov	DMO Šariš
Annual budget (€)	491,070	144,001	2,075,187	96,680	53,871	69,700	66,813
Local government (%)	42.0	21.18	35.8	14.4	59.3	28.0	48.8
State subsidy (%)	31.0	35.7	41.23	59.1	40.7	59.5	51.1
∑ TIC—s costs (%)	58.8	1.05	3.69	0	0	0	5.1

Source: WBG Survey Results 2018.

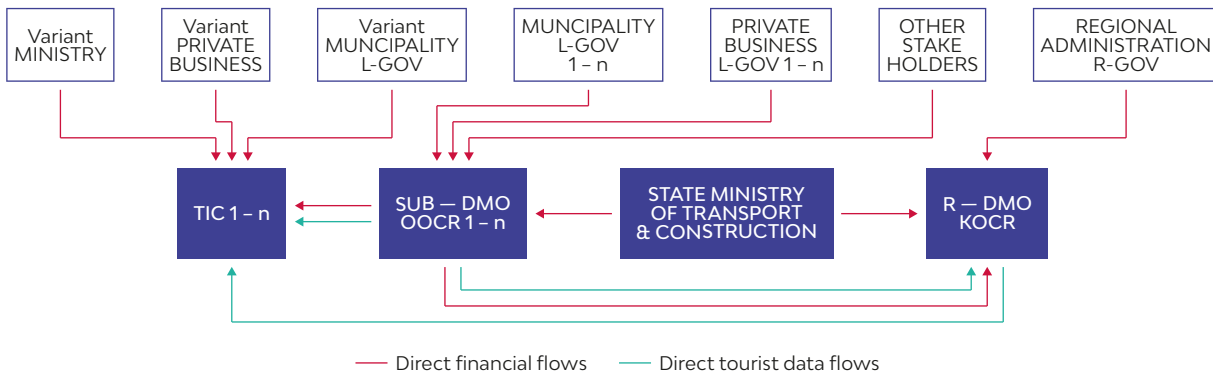
Consolidating subregional DMOs

A cost-benefit analysis makes it clear that, taking into account financial resources and performance considerations, the current DMO structural model in the Prešov region is far from optimal. Significant variations and subregional asymmetries undermine the effectiveness of destination management in PSK. Successful promotion of a destination to meet tourism development benchmarks requires efficient cooperation, coordination, and strong, competitive, demand-driven DMOs. Under the new Slovak law, with some well-functioning exceptions already discussed, today's subregional DMOs would not qualify as competitive; and even in the exceptions, here is room for structural and substantive improvement. The dispersed and unreliable funding of those that do not qualify makes them operationally volatile because they must be concerned more with surviving than actively promoting their destinations. While a certain level of state support, strong management, and lucrative and attractive tourism options are essential, to qualify for state subsidies, DMOs still need a sufficient number of overnight stays.

Consolidation

To move forward strategically, the WBG team recommends streamlining and consolidating fragmented TICs and subregional DMOs into a single, well-funded, well-staffed regional DMO. Its role would be to plan, develop services, collaborate with local partners, and promote the region as a whole. This would create effective economies of scale, put the region on the tourism map, and help transform tourism into an equitable engine of growth.

FIGURE 10 Current Financial and Data Flows to TICs and DMOs



Source: World Bank, based on existing legislative framework.

Current laws set out the criteria for the functions and performance of regional DMOs. A consolidated regional DMO would more easily cross the new threshold for state support.

CONCLUSIONS AND RECOMMENDATIONS

Some advances and innovative approaches in tourism development have been explored in the PSK. To transcend the growing foreign and national competition and to stimulate regional tourism for equitable growth, several strategic considerations could help optimize the use of resources to that end.

Globally, tourism is emerging as a public good because it is a proven driver of economic growth and job creation. PSK is well positioned to derive economic benefits from sustainable tourism activities that would capitalize on its unique border location and rich natural, cultural, and historical heritage. Strong and inclusive local economic growth depends on an equally strong vision, management, and commitment to success. The region can certainly build on the many advances it has already made, but it must also commit to more equitable investment and to infrastructure development, if it is to promote attractive experience-based tourism. It must also consolidate its destination management and marketing system, and branding into a more coherent, competitive, and visible catalyst to tourism. For this, it must also work hard to mobilize resources and investments, especially for EU-funded Operational Programmes which have not been fully explored.

1. Integrate and consolidate sub-regional DMOs and TICs into a single, competitive regional DMO.

Tourism support in PSK is fragmented into 1 regional DMO, 7 subregional DMOs and 34 TICs. The WBG team recommends that these be consolidated into a single, well-resourced, and well-staffed regional DMO. This consolidation would incorporate publicly owned TICs and apply to direct and indirect subsidy of those that are privately owned. A single DMO would apply principles of economic, operational, and marketing efficiency. Integrated regional approaches to the management, marketing, and promotion of destinations is global good practice for optimizing resources and sustainability. Moreover, consolidation would better align PSK with the amendment to the *Tourism Support Act 2010* that entered into force in January 2019, which incentivizes consolidation rather than fragmentation.

2. Address intra-regional investment asymmetries.

Investment and strategic resources disproportionately benefit some subregions in the PSK, such as the High Tatras, more than others, especially Snina and most other districts in the East. While some investment asymmetries in tourism can be expected based on economies of scale, it is important that over time these do not crowd out investment in less-developed destinations. Entrenched asymmetries could also deepen infrastructure degradation and establish poverty traps in neglected areas. The WBG team therefore recommends that, rather than giving small grants for small projects, national and PSK authorities revisit their investment portfolios and identify a more equitable way to distribute and attract investment opportunities to less-developed regions, especially those with tourism potential. This could be done based on a new investment algorithm with equalization weights or by systematic, sizable, and strategic budget allocations to less-developed areas that have tourism potential.

3. Scale up connectivity between tourism products and destinations within the region.

Thematic and value-adding links between products and tourism destinations in different districts would be valuable. The current lack of connections between sub-regional DMOs incentivizes promotion of single locations rather than the PSK region as a whole, where it would be easy to identify many links. This gap could be bridged by creation of the single DMO proposed in Recommendation 1. It could launch a system of mutually reinforcing destinations, new thematic products, attractive intra-regional packages, and easier tourist navigation of market options. Collaboration with local businesses, the public sector, and other potential partners would help legitimize the value of integrated tourism for different segments of the market.

4. Continue to support innovation, enhanced marketing, and expansion of-revenue generating tourism services.

TIC and DMO revenue-generating activities in PSK are limited to basic sales of souvenirs, maps, books, and stamps; it is recommended that they expand into add-on services like tours, ticket sales, and special packages, which as yet contribute little. They should also assemble experiential and thematically linked services. Here strategic partnerships and joint strategic planning would be beneficial, facilitated by the single regional DMO. A service-oriented approach would boost job creation, attract and satisfy tourists, yield more revenues, and thus help accelerate local economic growth.

5. Adopt evidence-based sectoral strategic planning based on systematic collection and use of statistical data.

For a wide range of public and private entities, meaningful and systematic use of data is essential for careful targeting of policies and programs—and for subsequent knowledge gains. While Slovak national authorities publish a fair amount of useful data, there is little detailed data available on tourism, particularly disaggregated by region, subregion and district. It is thus recommended that PSK and the regional DMO collect a variety of meaningful data either in-house as a dedicated, sustained activity (ideally institutionalized as an annual budget line) or outsourced to a local university partner, so that policymakers have access to reliable statistics about real tourists.

6. Draw up a Regional Strategy on Tourism Development.

To effectively orchestrate all these ideas, the WBG team encourages region-wide strategic thinking, planning, cooperative activities, and monitoring. This should be based as soon as possible on adoption by the PSK administration of a comprehensive strategy for regional tourism development. The lack of such a strategy may well explain the current fragmentation of resources and the related absence of coherent vision for tourism in PSK.

ANNEX

TICS AND DMOS SURVEYED

District	Location	Name	AICES member	Visited	Questionnaire
Bardejov	City Center main square	TIC	✓	✓	✓
	Bardejov – spa	TIC		✓	✓
Humenné	Humenné – railway station	TIC	✓	✓	✓
Kežmarok	Spišská Belá – main square	Regional Tourist Info Center		✓	
	City Center main square	Kežmarská Info Agency		✓	✓
	Podolíneč – centre, library	City Info Center		✓	
	Spišská Stará Ves – main street close to the bus station	Information Center Pieniny National Park		✓	✓
Levoča	City Center main square	Information Office mesta Levoča	✓	✓	✓
Medzilaborce	Medzilaborce – open airmuseum	No name		✓	✓
	Osadné – orthodox church (self-service)	Information		✓	✓
Poprad	Poprad – main square	City Info Office	✓	✓	✓
	Poprad – railway station	TIC		✓	✓
	Bachledová near tourist attraction	Info Center Ski Bachledova		✓	✓
	Starý Smokovec centre	TIC	✓	✓	✓
	Starý Smokovec Funicular cash desk	Information Center		✓	✓
	Tatranská Lomnica, centre	Tatry Info Office	✓	✓	✓
	Tatranská Lomnica Cable way	Information Center		✓	✓
	Štrbské Pleso	TIC	✓	✓	✓
Prešov	City Center main square	City Info Center		✓	✓
	Veľký Šariš – library by the castle	TIC Veľký Šariš		✓	✓
	Veľký Šariš – museum castle	TIC		✓	
Sabinov	Sabinov – on the main street	Cultural Info Center		✓	
Snina	Snina – close to the main road, in a shop	Tourist Info Office near CA UNTITOUR	✓	✓	✓
	Sninské rybníky – close to the hotel (seasonal)	TIC		✓	✓
	Poloniny – Zboj wooden bungalow (self-service)	TIC		✓	✓
	Poloniny Topoľa wooden bungalow (self-service)	Tourist Information Office		✓	✓
	Poloniny – Zemplínske Hámre	TIC		✓	✓
Stará Ľubovňa	Stará Ľubovňa – main square	Informačné centrum		✓	✓
Stropkov	City Center – near Municipal Office	TIC City of Stropkov	✓	✓	✓
Svidník	Svidník – main pedestrian zone	Dukla Destination		✓	✓
	Ladomirová – close to the tourist attraction	Dukla Destination Infocentrum Ladomirová		✓	✓
Vranov nad Topľou	City Center main square	City Info Center near CK PRIMA		✓	✓

NOTES

1. CURI – Prešov is part of the EC's broader June 2015 initiative to examine factors that hold back growth and investment in low-income and low-growth EU regions. Low-growth regions have GDP per capita of 90% or less of the EU average and a persistent lack of growth; in low-income regions GDP per head is growing, but is still less than 50% of the EU average. These regions are home to 83 million inhabitants, i.e. 1 out of 6 EU residents. EC report published in April 2017 detailed the investment needs, growth determinants, macro-economic framework and need for structural reforms in these regions (see MEMO 17/895).
2. See MEMO 15/4654: http://europa.eu/rapid/press-release_MEMO-15-4654_en.htm.
3. The Association of Information Centers of Slovakia (AICES) is a voluntary, nonpolitical, professional and interest association in the field of information and tourism. In 2015 it disseminated a comprehensive set of standards for TIC performance that are listed on its website https://aices.sk/wp-content/uploads/2018/10/technicky_standard_pre_cinnost_tic.pdf.
4. W TTC (2018), <http://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2018/slovakia2018.pdf>.
5. Ibid.
6. Current Slovak Ministry of Transport and Construction; in 2015, Ministry of Transport, Construction and Regional Development. Holiday and Business Trips of Slovak Citizens in Slovakia in 2015. (Dovolenkové a služobné cesty občanov SR na Slovensku v roku 2015.) <http://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika>.
7. Ibid.
8. National Parks: Tatra (TANAP), Low Tatras (NAPANT), Pieniny (PIENAP), Poloniny (comprising Nová Sedlica, Príslop, Runina, Ruský Potok, Topoľa, Zboj, Jalová, Uličské Krivé, Ulič a Kolbasov municipalities), and Slovenský raj (Slovak Paradise).
9. Law No. 91/2010 Z. z.
10. Ministry of Transport and Construction (2018); <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/register-organizacii-cestovneho-ruchu/register-krajskych-organizacii-cestovneho-ruchu>; <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/register-organizacii-cestovneho-ruchu/register-oblastnych-organizacii-cestovneho-ruchu>.
11. <https://www.slov-lex.sk/pravne-predpisy/SK/ZZ/2010/91/20190101.html>.
12. <https://aices.sk/>.
13. Among those that have, Austria, France, Canada and Germany have become leaders.
14. Bardejov, Kežmarok, Levoča, Poprad cities, Starý Smokovec, Tatranská Lomnica, Spišská Stará Ves, Štrbské Pleso, Prešov, Spišská Stará Ves, Svidník, Stropkov.
15. <https://www.severovychod.sk/clanok/tatry-card-karta-zazitkov>.
16. <https://www.severovychod.sk/kampane>.

BIBLIOGRAPHY

- Association of Tourism Information Centers (AICES) <https://aices.sk/>
- Buhalis D. 2000. "Marketing the Competitive Destination of the Future." *Tourism and Management* 21 (21): 97–116.
- Buttler R.W. 2017. *Tourism and Resilience*. Wallingford, UK: CABL.
- City of Snina. Action Plan „ Socio-Economic Development Strategy for City of Snina (2016–2022). https://www.snina.sk/e_download.php?file=data/editor/23sk_1.pdf&original=Ak%C4%8Dn%C3%BD+p1%C3%A1n+PHSR+2016%2C+2017%2C2018.pdf
- Cooper, C., et al. 2013. *Tourism Principles and Practice*. London, UK: Pearson Education.
- DMO Región Vysoké Tatry <https://regiontaty.sk/>
- DMO Vysoké Tatry—Podhorie <http://www.tatrypodhorie.sk/>
- DMO Tatry—Spiš—Pieniny <https://www.tatryspispininy.sk/sk/>
- DMO Severný Spiš—Pieniny <https://visitspis.sk/>
- DMO Región Šariš <https://oocr.weebly.com/>
- DMO Šariš—Bardejov <http://www.bardejov.sk/turizmus/oocr-saris-bardejov>
- DMO Horný Zemplín a Horný Šariš <http://hornyzemplin.sk/>
- Fraňová I., Macúchová K., Bogdányová A., Bukera J., Lukáč R., Blažko D. 2017. *Analytická štúdia Sektoru informačných centier (TIC) na Slovensku - Návrh optimálneho fungovania turistického informačného centra*, AICES, Nitra.
- Goeldner, Ch. R., Ritchie, Brent J.R. 2009. *Tourism: Principles, Practices, Philosophies*. Eleventh Edition. Hoboken, New Jersey, John Wiley.
- Holloway, J. C., and C. Humphreys. 2012. *The Business of Tourism*. London, UK: Pearson.
- Kotler, P. T., et al. 2017. *Marketing for Hospitality and Tourism*. London, UK: Pearson.
- Middleton, V.T.C., et al. 2009. *Marketing in Travel and Tourism*. Oxford, UK: Butterworth-Heinemann.
- Ministry of Transport and Construction (*Ministerstva dopravy a výstavby SR*). 2018. List of Regional DMOs. <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/register-organizacii-cestovneho-ruchu/register-krajskych-organizacii-cestovneho-ruchu>.
- . 2018. Register of Subregional Tourism Organizations. <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/register-organizacii-cestovneho-ruchu/register-oblastnych-organizacii-cestovneho-ruchu>,
- . List of Subregional DMOs. <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/register-organizacii-cestovneho-ruchu/register-oblastnych-organizacii-cestovneho-ruchu>.
- . 2020. National Strategy for Tourism Development of the Slovak Republic. <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/legislativa-a-koncepcne-dokumenty/koncepcne-dokumenty/strategia-rozvoja-cestovneho-ruchu-do-roku-2020>.
- . 2017. Volume and Performance of Accommodation Facilities, By Region. <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika/2018>.

- . 2015. *Holiday and Business Trips of Slovak Citizens in Slovakia in 2015. (Dovolenkové a služobné cesty občanov SR na Slovensku v roku 2015.)* <http://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/statistika/ubytovacia-statistika>.
- Novacka, L. 2013. *Tourism, Sustainability and Responsibility in the International Market*. Vydavateľstvo Ekonóm.
- Nulty P., and R. Cleverdon. 2011. *Handbook on Tourism Product Development*. Madrid: UNWTO-ETC.
- Page S.J., and J. Connell. 2009. *Tourism a Modern Synthesis*. South-Western Cengage learning
- Pearce P.L. 2004. "The Functions and Planning of Visitor Centres in Regional Tourism." *Journal of Tourism Studies* 15: 8–17.
- Perdue, R.R. 1995. "Traveler Preferences for Information Centre Attributes and Services." *Journal of Travel Research*. 33: 2–7.
- Ritchie, B., and G. Crouche. 2003. *The Competitive Destination: A Sustainable Tourism Perspective*. Wallingford, UK CAB International Publishing.
- Law No. 91/2010 Z.z. Tourism Promotion Act č. 91/2010 Z.z. <https://www.mindop.sk/ministerstvo-1/cestovny-ruch-7/legislativa-a-koncepcne-dokumenty/legislativa/zakon-o-podpore-cestovneho-ruchu>
- Law No. 347/2018 Z. z. Amendment to Tourism Promotion Act Law No. 91/2010 Z. z. o podpore cestovného ruchu v znení neskorších predpisov a ktorým sa menia a dopĺňajú niektoré zákony <http://www.zakonypreludi.sk/zz/2018-347>
- Regional Strategy for Socio-Economic Development, 2014–20. *Program hospodárskeho a sociálneho rozvoja Prešovského samosprávneho kraja na roku 2014–2020* <https://www.po-kraj.sk/sk/samosprava/kompetencie-psk/regionalny-rozvoj/phsr-psk-2014-2020/dokument-phsr/>
- Program hospodárskeho a sociálneho rozvoja mesta Snina na roky 2016–2022, https://www.snina.sk/evt_file.php?file=3118
- PSK—Characteristics of the Region <https://slovak.statistics.sk/wps/portal/ext/themes/regional/presovsky%20okraj/about>
- My City in Statistics: Population, Economic Activities, Organization Statistics <https://data.statistics.sk/viz/html/sk.html>
- Regional Tourism Organisation (KOCR) of North East Slovakia <https://www.severovychod.sk/>
- National Poloniny Park, Official Website. <https://narodny-park-poloniny6.webnode.sk/atrakcie>
- Snina City Tourism Information—Map <https://www.snina.sk/navstevnik/mapa-regionu/>
- United Nations World Tourism Organization. 2018. *Tourism in the 2030 Agenda*. <http://www2.unwto.org/content/tourism-2030-agenda>.
- Vanhove, N. 2018. *The Economics of Tourist Destinations*. Abingdon, UK: Routledge.
- WTTC (World Travel and Tourism Council). 2018. *Travel & Tourism: Economic Impact of Tourism: Slovakia* <http://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2018/slovakia2018.pdf>

