

# INVESTMENTS IN TOURIST POTENTIAL OF SERBIA IN ORDER TO HAVE A BETTER MARKER RECOGNIZABILITY

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**Abstract:** *The paper is aimed at giving recommendations towards greater investments of the country in the needs of development of all tourist destinations of Serbia. The paper is of theory-research type. In the first part of the paper, I have dealt with the need for funds investment, the aim of investments is not only the sustainability of continuous development, but also market recognizability of Serbian destinations, satisfaction of needs of foreign and domestic visitors. In the second part of the paper, I have presented all the potential of Serbia and all the advantages that it possesses by using research method. Based on data from the research on tourist resources I have determined that Serbia has an exceptional potential for investments that will contribute to its better recognizability of tourists.*

**Keywords:** *tourist recognizability, investments, market position.*

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## INTRODUCTION

The starting point for such recommendations I give because Serbia has a good base for a successful development of tourism, natural advantages, rich cultural and historical heritage and favourable geographic and transport position. The need to invest financial funds in tourist availability of Serbia would have to be continuous obligation of the Government of the Republic of Serbia in order for the tourist availability to present itself to both domestic and foreign tourists as more attractive to visit. We should not exclude the fact that investments in this sector of economy are not a simple thing in developed countries, and particularly not in our country and present business conditions.

### Investments in tourist potential of Serbia

Concept of financing tourism development is based on the plan of the Tourism Development Strategy of Serbia from 2016-2025. It is required also to mention the suggestions of

local authorities and government authorities as carrier and support of the Government of RS with the intention to complete the availability of this potential of Serbia even more with all the required tourist contents. All the suggestions must be comprehensively studied before making the decision to invest in this potential. Such a plan draws along a greater possibility of guarantees of the preservation of the existing tourist resources, local culture, tradition of these areas. The purpose of investments is to create the environment and cooperation between the interested parties for the required changes and Government of RS.

## 1 EMPIRICAL ACCESS

### **The subject and problem and goal of the study**

The subject of this study is the investment in tourist potential of Serbia in order to achieve better market recognizability.

In this paper there is a recommendation given for the investment of funds, i.e. the extent of the investments in tourist potential of Serbia that would affect greater dedication of domestic and foreign tourists, then what are the possibilities in today's business conditions for investments in this economic potential of Serbia. Whether there are any investments and from which sources, whether and what happens in regard to investments, i.e. the extent of the willingness of the Government of RS to accept the suggestions and projects offered.

The aim of this study is to examine why is the investment an important factor of development of tourist potential of Serbia, to what extent have the Government of RS, Ministry of Trade, Tourism and Telecommunications affected and in which areas the development of this important sector of economy, which measures are taken in order to solve the problem of existing state and what is the extent of improvements regarding the investments.

### **1.1. Research hypotheses**

Investments as development factor in order to achieve better market recognizability is not at the satisfactory level.

### **1.2. Research tasks**

Having in mind the presence of the problem, the aim of this study sets the following tasks:

I task is the revitalization of the existing state with precisely set and well-studied plans for all tourist regions in Serbia.

II The aim of investments is the change of awareness of domestic and foreign visitors on Serbia, market recognizability, reaching the level of a greater tourist security.

### **1.3. Methods, techniques and instruments of the study**

In accordance with the nature of the problems, subject and goal and tasks of the study and set hypothesis in the study, descriptive method was used which implies the overview of cause-and-effect relations, i.e. reasons for which some occurrences take place.

#### 1.4. The overview of the study of tourist availability of Serbia

Serbia disposes with favourable natural conditions, but tourist infrastructure is not in accordance with the requirements of tourists. Road network is not a precondition for tourism development, but the quality of road network is not at a satisfactory level. In tourist seasons, this problem was potentiated having in mind the intensive transport on roads. In recent years, there is an increased activity on the plan of including our country in European transport system. It is about modern railroads for great speeds and new road transport.

As for the region of Europe, Serbia is located on the region of Balkan and Podunavlje, Dinar area, Pannonian lowland, Serbia is the link between Eastern and Western Europe while Moravian valley is a passable way from Europe to Greece and Asia Minor.

Serbia is a continental country which has a developed river traffic of international significance. The most important waterway that makes a link between Serbia and Middle Europe is the river Danube, the Danube connects us with Black Sea. It is also required to mention the artificial waterway for sailing Danube-Tisa-Danube channel. Air international transport and its work are still not at the level of former Yugoslavia. Its air fleet is 15km remote from Belgrade.

Belgrade is a metropolis that attracts business and other guests from the whole world by its business events and cultural production. It is at the confluence of two rivers and the leader among Southeastern European cities.

Vojvodina is the area of Mid-European urban tradition, rich in waters and has a fertile soil for development of agriculture. Vojvodina marked the development of rural village tourism based on gastronomic heritage and autochthonous cooking experiences of numerous ethnical groups that have inhabited this region.

**Table 1.** Tourist traffic in leading mountain centers in the Republic of Serbia from 2013 to 2015

Resort	Arrivals			Nights		
	2013	2014	2015	2013	2014	2015
Zlatibor	93.858	87.671	114.493	388.344	348.253	456.161
Kopaonik	70.301	61.496	87.453	293.746	271.763	362.945
Tara	52.498	48.117	54.140	210.391	194.564	208.953
Divčibare	21.962	14.960	22.180	98.463	68.253	97.271
Ivanjica	13.274	9.322	6.592	69.336	40.625	34.861
Zlatar	5.895	6.092	8.230	14.114	24.086	24.109
Rudnik	6.670	3.287	3.967	42.536	20.539	25.557
Stara planina	10.155	9.570	12.905	30.014	34.291	44.555
Goč	8.031	6.985	7.606	49.241	39.638	44.459

Source: RBS, Report, no. 18-year. LXVI, 29.01.2019.

Western Serbia records a greater number of visits of domestic and foreign tourists in the last years, it is full of protected natural resources and modern-equipped accommodation capacities. Here we can find crucial natural and historical resources of the country as well

as high standard of the equipment of winter and summer health and recreation resorts, as well as dense road network, heritage that offers a unique insight into the living organism of Serbian spiritual culture and monasteries. tourist overview ppand

Eastern part of Serbia is rich with numerous findings from ancient times and cuisine that transfers the glory of the best reaches of Balkan gastronomy. Cultural and historical heritage is a factor for tourism development. Material culture of mesolite was discovered in our territory when the dam on Djerdap was built and then the following localities were discovered: Hajdučka vodenica, Pečka bara, Pesača, Padina, Small and Great Golubinje and Lepenski Vir. The most significant locality is Lepenski Vir. Bronze age in our territory last for more than 1000 years. The most famous localities are: Vatin, Vršac and Žuto brdo near Golubac. This group is characterized by ceramics, bronze weapons, tools, jewelry. From this period is the cart from Duplja in National Museum. Tourist valorization of cultural and historical monuments of our country is a motive that can attract the tourists from all parts of the world.

Spa centers are the oldest tourist places with a long tradition, for example Soko Spa and its presence in tourism for more than 150 years, as well as Vrnjci Spa that lasts for more than 130 years. As for the mountain relief, it is about a significant potential as well. Mountain potential disposes with special vegetation and climate characteristics. Special natural value consists of thermal and thermo-mineral springs that exist in more than 50 spas and there are more than 1000 springs of hot and cold water that are special for their outbreaks, chemical composition of water, healing effects. Djerdap gorge and lake near Golubac have great possibilities for transit having in mind that through them we establish the connection between our country and other European countries.

**Table 2.** Arrivals in leading cities, 2012-2015. (in thousands)

City	2012.	2013.	2014.	2015.
Belgrade	172.088	164.054	155.977	157.245
% of change		-4,67	-4,92	0,81
Novi Sad	46.361	44.307	53.872	61.489
% of change		-4,43	21,59	14,14
Niš	29.847	29.927	31.297	34.924
% of change		0,27	4,58	11,59
Other cities	342.220	314.810	297.784	333.782
% of change		-8,01	-5,41	12,09

Source: RBS, Reports, 2013, 2014, 2015, 2016.

From cultural and historical monuments in the territory of Serbia it is required to mention monasteries, paleolithic and neolithic settlements, fortifications and old towns, churches, memorial parks, records on long and turbulent past in the territory of Serbia, Studenica, Sopoćani, Gračanica, Dečani, Žiča, numerous churches, neolithic settlement Lepenski Vir, Kalemegdan, Smederevo and other fortifications, memorial park in Šumarice.

Tourism sector in the Republic of Serbia still largely relies on business trips to the capi-

tal city of Belgrade and Novi Sad, while Danube region and mountains such as Kopaonik, Stara planina and Zlatibor also become important centers of development.

Greater number of visits from domestic tourists are achieved by spa and climate places. As for the foreign tourists, spas have the visitation of only 10% of tourists in international segment of health wellness tourism. (Tourism Development Strategy of the Republic of Serbia)

**Table 3.** Tourist traffic in leading spas in the Republic of Serbia from 2013. to 2015.

Resort	Arrivals			Nights		
	2013	2014	2015	2013	2014	2015
Vrnjci Spa	135.162	123.155	146.208	531.574	431.455	481.150
Soko Spa	49.041	39.682	37.154	301.179	209.058	184.022
Bukovička Spa	20.755	22.640	23.248	55.499	53.824	54.998
Mataruška Spa	4.496	2.509	1.161	44.760	23.883	12.712
Koviljača Spa	16.591	11.581	11.387	150.677	113.259	83.476
Prolom Spa	10.963	9.552	11.284	55.428	51.998	64.921
Gornja Trepča	8.528	8.486	8.323	87.623	85.514	84.429
Vranjska Spa	4.424	3.887	2.366	31.532	22.691	19.872
Kanjiža Spa	7.411	8.095	8.082	38.941	39.108	42.065
Junaković Spa	5.385	5.388	6.011	37.422	45.396	45.735
Vrdnik Spa	15.095	12.210	15.404	72.869	52.911	57.410
Rusanda Spa	3.473	2.238	1.992	27.111	20.286	18.714
Palić Spa	12.764	14.005	14.557	25.700	28.099	25.427
Selters Spa	6.710	6.844	5.771	145.879	139.163	122.943
Lukovska Spa	10.719	10.380	11.108	69.516	72.760	77.534
Gamzigrad-ska Spa	4.160	2.946	2.171	58.871	32.594	23.511
Ribarska Spa	7.074	6.578	6.772	49.864	49.197	47.134
Sijarinska Spa	5.269	5.250	5.626	49.653	46.648	46.049
Vrujci Spa	8.639	6.995	8.767	37.238	26.874	36.446
Niška Spa		3.260	3.178		29.511	29.991

Source: RBS, Reports, 2013, 2014, 2015, 2016.

For proper usage of the resources available, it is required to express the peculiarities of all the regions of Serbia and its tourist products, identity and content of the message, because it is crucial for them to contain essential differentiation that is specific for each individual tourist product.

## 2. DISCUSSION FOR INVESTMENTS IN TOURIST POTENTIAL OF SERBIA

Tourist availability was analyzed in relation to the task set. All tourist potentials in the territory of Serbia are included. According to the data of Bureau of Statistics, the results are not at a satisfactory level. Namely, the present program of the Government of RS, in addition to the adopted Tourism Development Strategy whose development it does not question, is not accompanied by required investments. All the funds are aimed at investments in road and railway transport. In addition, a rather small role of marketing is responsible for the present situation.

It is required to be more oriented on promotion, marketing in order to reach the maximum of market effects in relation to the funds invested, in order to achieve the expectations of people that we wish to attract in the future period in the manners that are most suitable for target groups. Greater attention should be paid in case of tourist destinations when it comes to the development and presentation of sensible, emotional values, events presented by each tourist destination. In that direction, it is the best, when it comes to supply, to base ourselves on market niches of supply and products of market niches within the comprehensive system of tourist resources of Serbia.

A greater cooperation is required for the purpose of placing the tourist supply within »public-private partnership« both at the local and regional and state level, with the emphasis on destination management as the basis for reaching wholesome quality of tourist product, because wholesome experience of tourist offer (emotional tourist product or destination) by the visitors and tourists conditions the organization of the same significance and mastering of tourist supply, i.e. integration of the suppliers of tourist products (accommodation capacities, restaurants, pubs, communal equipment, which is provided by public sector, etc.) into wholesome quality events for the tourists. Quality performance and placement can be provided in public-private partnerships, which must be organized at local level where the guest comes to contact with tourist offer. (Tourism Development Strategy of the Republic of Serbia)

Stressing the need for additional education of managers and staff (operational, medium, strategic and leadership level) because investments in staff and knowledge (know-how) becomes a crucial resource for the achievement and promotion of competitiveness in tourist business. Previous development of tourism in the territory of Serbia had a certain tradition. In these conditions, Serbia needs the strategy of turn in understanding and comprehending the limits and possibilities for the development of modern tourism in this region.

Strategy of turn is required not only for the managers of development of this region of PC Srbijašume, but also the stakeholders of tourist development of Serbia. Primarily, it is required to base the tourism on sustainable development, with niche tourist products, i.e. products of selective character, small series and with not so great possibility of extensive development. Within such framework, tourism would apply the strategy of market segmentation where market targets are small homogeneous and specific groups of tourist consumers, differentiate partial tourist products precisely to the extent of complete satisfaction of the needs of those selected segments, and on the basis of the strategy of developing such image of tourist destinations of Serbia, which is in the position of this tourist destination that should be incorporated in the awareness of the consumers by the sequence: desired destina-

tion – rather pleasant and unforgettable experience with spending time at the destination – fulfilled needs and met motives of demand – creation of loyal consumer, i.e. the one that comes to the destination once again because he previously had a positive experience. Based on this, it is possible to expect both economic (direct, indirect and multiplicative effects) and other social effects of tourist development. In this context, strategic activities can be a manner of integration with the environment (domestic and foreign market), while tactical moves should be seen as a direct operationalization of the specific global or more narrowly set strategy and they should be bordered to a narrower time horizon (for example from 1 to 2 years). Action plan could be disaggregated to particular parts, starting from the general, to the special actions that must be kept in mind when tourist business policy is set in order to provide a more successful contemporary tourist development of this region.

Strategic adaptation of tourist destinations to the needs of tourist where Serbia should be based on:

- Target markets – selective approach, service program of companies and destinations aimed to them,
- Regulation of organizational behaviours,
- Products of service program of destination, with the accent on protection of space and overall life environment of tourist destination.

In order to achieve all of the above mentioned in the practice, it is required to:

- Create conditions for as greater placement of funds in this potential of Serbia,
- Realize plans of the Startegy as a long-term interest of the country for the development of tourism by measures of economic policy.

Today, countries of South Europe (Spain, Italy, Greece, Austria) represent leading tourist countries with almost 70% of share in allocation of total income from international tourism in the world and Europe. (South Mediterranean part of Europe recorded the arrival of 225 million tourists in the year 2015. In their development program, they relied on centralized organization of government bodies for tourism. The countries mentioned applied in the practice the measures of introducing stimulation placements in investing tourist objects, in the manner that the country released them from paying taxes and fees in the purchase of land and procurement of reproduction material for building the objects, stimulating the measures of fiscal policy in the aspect of reducing the taxes up to 5% in case of purchasing the land for construction and employment of labour in the regions of interest for the whole country, as well as reduction of customs duties and 90% for the import of machines and equipment that is not produced in the country and it serves for equipping the catering and other tourist facilities. In addition to such a form of investments, the countries have called up the competitions for the approval of special loans meant for the activation of new tourist objects. Currently changes social climate, striving for the transparence and legally other forms of adaptation to the EU countries are aimed towards constant need for the sustainability of tourism development in that process in all the countries mentioned.

The reason why I stress the need for a greater investment of financial funds are the availability of mountains, spas, rural areas as possible sources for the creation of new products of innovations within them, geostrategic position of Serbia and Belgarde, center of transport roads of Europe, potential of underground and above-ground waters, monumental heritage with the accent on monasteries that gives Serbia an opportunity for development of destinations with the presence of preserved cultural and historical heritage, them numerous

musical festivals that lately record greater number of visits not only of domestic, but also foreign tourists, then celebrations and events of own lifestyle. In contemporary conditions, Serbia needs to eliminate the closeness of financial market, motivation for the introduction of new financial instruments. Implementation of these recommendations in practice would be a trigger for entering of tourist sector of Serbia in an equal match with other developed countries of Europe in the aspect of tourism.

**Table 4.** Arrivals of the tourists in the Republic of Serbia from 2007. to 2015.

Arrivals of tourists (in thousands)						
Years	Total	index	domestic	index	foreign	index
2007.	2.306	115	1.610	105	696	148
2008.	2.266	98	1.619	101	646	93
2009.	2.021	89	1.376	85	645	100
2010.	2.000	99	1.318	96	683	106
2011.	2.068	103	1.304	99	764	112
2012.	2.079	100	1.270	97	810	106
2013.	2.192	105	1.271	100	922	114
2014.	2.192	100	1.160	92	1.029	112
2015.	2.437	111	1.305	112	1.132	110

*Source: Republic Bureau of Statistics*

According to the results of the Republican Bureau of Statistics, we can conclude that general hypothesis that says investments in market potential of Serbia in order to achieve greater market recognizability is not at a satisfactory level, which is also proved. In all this, it is required to mention the accompanying role of the advertisement of tourist destinations of Serbia which is not at a great level and which can be seen from the very statistical reports on the number of arrivals of domestic and foreign visitors. Promotive activity of tourist destinations of Serbia through information technology of the Internet is also not at the required level. All of the above-mentioned contributes to such an insufficient competitiveness of the tourist potential of Serbia.

The application of the plans of Tourism Development Strategy would use all the peculiarity of tourist regions of Serbia, their identity and content of message, each region has its own identity and local peculiarity, which is specific for each individual product. In order to reach the required level, it is necessary to work more on plans and programs in the future, as well as their application in practice. Ministry of Trade, Tourism and Telecommunication must be able to focus more on investments in this field of economy in order to be more in accordance with the requirements of future visitors, apply the changes on time and always be ready for them. Apply in practice the adopted Development Strategy which will change previous rules and acquire strategic advantage. All of this can be achieved by greater investments of funds.

Ministry of Trade, Tourism and Telecommunication has, by the Development Strategy, adopted the following sources of financing by the programs EU IPARD, COSME, HORIZON etc for the activities and projects presented by the Strategy. In the extent to which the suggested support concept is successfully operationalized is the same extent to which we will have real potential for the generation of tourism development, on the contrary, tourism will be developed spontaneously from case to case with the available funds and interest of private and domestic investors, and those are unpredictable categories. Financial instruments of support are grants, loans, risk capital funds, PPP. Sources of funds for financing the activities and programs: 1) for the activities that contribute to tourism development, funds are provided in the budget of the Republic of Serbia for the allocation of the ministry authorized for jobs in the field of tourism, 2) for the other programs it is possible to use the funds: other sectors from their authorities and they are significant for tourism development and realized through program budgeting with aim to achieve synergy effect, from the EU funds and particularly the funds that are available to the Republic of Serbia IPARD, LIFE, HORIZON 2020, COSME, COP, ERASMUS, EaSI, 3) projects of greater investments can be financed from several sources: capital budgetary costs are planned and predicted in advance by the law that regulates the Budget of the Republic of Serbia, project of bilateral economic cooperation with the Kingdom of Saudi Arabia, Qatar, Turkey, Baden-Württemberg etc, development funds of international financial institutions of European Bank for Reconstruction and Development EBRD, European Investment Bank EIB, International Financial Corporation IFC, World Bank, PPP projects in accordance with the law on public-private partnership and concessions. Having in mind the state of public finances and limitation of funds for capital investments, the necessity to develop competitiveness and use the potentials of tourist economy and tourism of the Republic of Serbia is one of the main measures in order for the public resources to be of significance for tourism development and the development of similar activities, whose use is at the low level of efficiency or requires additional investments of the country, sale or that are given under concession, i.e. by the model of PPP.

Ministry is the one that enables all that tourist potential of Serbia to be at a greater level of security and development by its increased investment. Human potential is the most significant resource in all this by its decision-making through management, implementation in practice, control.

More precisely said, funds for financing the tourism of Serbia do not mean much if they are not complemented by appropriate suggestions on possibilities of new applications of development and inevitability of timely availability of the procurement of new inputs, as well as that users of financial funds must be properly trained for development in today's conditions of tourism development such as tourism development in other countries, in which the role of Government is of significance in cases when the system of suggestions is not developed enough.

In this manner, the investments are expressed through investment policy as a direct expression of the development and continuous growth of economy as a whole, as well as its parts with certain priorities within the given period.

If Serbia does not change the plans and programs in practice for greater appearance in international market, the expected revival of domestic tourism is not possible. In that context, the activities at the level of tourism places, regions and countries as a whole are important. Not taking the actions slows down the development of tourist potential of Serbia.

## CONCLUSION

The recommendations mentioned are considered basic because the data mentioned point to the insufficient investments and small recognizability of tourist resources of Serbia. Strategic tourist markets for tourist economy of Serbia are non-European countries from which we have an upward trend of arrivals such as China, Japan, South Korea, India, Hong Kong, from the countries outside the European Union there are Russia and Turkey as well as former-Yugoslav republics. Namely, by the Law on Tourism of Serbia, Official Gazette of RS no.69/2009, 88/2010, 99/2011-sec. Law 93/2012 and 84/2015 the state has largely increased the control of tourist inspection in the field. In the last few years, the country has based its work largely on investments in roads, railways, as well as air transport. The results achieved and mentioned achievements of the previous period clearly point to the minimum of investments in this sector of economy which is largely characterized by insufficient information from the part of domestic and foreign visitors on all tourist availabilities of Serbia.

Revolution in the placement of promotion messages is brought by 3D technology by encouraging the events and emotions. In addition, ICT technology and social media provide special possibilities for developing countries to keep pace with modern trends and to act more efficiently in the market, without the engagement of big financial funds, as well as the chance for the inaccessible destinations to communicate with tourist market.

Serbia is a country that disposes with insufficiently used tourist potential and a great surface of arable land suitable for the development of agriculture. The mentioned natural availability of these resources imposes the need for investments in this exceptional potential of Serbia. Tourism Development Strategy from 2016. to 2025. of the Ministry of Trade, Tourism and Telecommunications plans the financing of this field of economy from the budget of RS, from foreign investment funds, PPP if the project suggested that refers to tourism development in Serbia is accepted by the Ministry of Trade, Tourism and Telecommunications. As the investments of the country are not at a high level, the aim of this paper was to show the inevitability of greater investments in this sector of economy by which it would record not only the results of greater number of visits and achievement of greater incomes, but also greater market recognizability in which entire success of all the required investments would reflect itself. The needs for investments is stressed with the aim of better positioning on foreign and domestic market by which Serbia would record a great number of tourist visits, it would have a more competitive advantage and Serbia should be aimed towards having a competitive advantage, greater possibility for diversity of supply because tourism with its recognizable offer that will be accompanied by the required investment can achieve its transformation also in the economy with a continuous improvement of its development.

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