Volume II – Destination Development Plans – Plan No.2:

Tourism Development Plan for Skopje, Kumanovo and Surroundings

One of ten Destination Development Plans for Macedonia

Table of Contents

1. Introduction

This tourism destination development plan has been created in consultation with and with inputs from stakeholders from the areas of Skopje, Kumanovo and surroundings. The destination development plan is designed to inform implementation of critical activities that will increase competitiveness and improve the visitor experience.

Definition: Destination

"A tourism destination is a physical space in which a visitor spends ***at least one overnight***. It includes ***tourism products*** such as support services and attractions, and tourism resources within ***one day´s return travel time***. It has boundaries defining its management, and images and perceptions defining its market competitiveness."

\- UNWTO

1.1. Definition of destination:

The 'destination' is not defined by administrative boundaries, but rather by key elements that make up a destination from a visitor perspective. This destination therefore includes the natural, cultural and man-made attractions, facilities, services and resources that make up this particular hub of tourist activity, centered around the focal city of Skopje[1]. This destination therefore includes tourism assets in Skopje, the surroundings of the capital city, including Matka canyon, the town of Kumanovo, as well as Kokino with the megalithic observatory. These are included in the destination Skopje, Kumanovo and surroundings because they are all within the catchment area (one day excursion) of the tourist hub of Skopje and they offer attractions, which are complementary and well suited to each other, creating a strong identity.

2. Vision, USP and Strategic Goals[2]:

2.1 Vision

The following shows a graphical representation of the frequency of terms and phrases that were used by stakeholders to express their vision of how tourism in the destination will look by 2030[3]. This can also be interpreted as an aspirational unique selling proposition (USP).

[1] Section 2 of Volume 1 provides further detail on how destinations were identified and selected.

[2] The data used in this section was collected during a destination management workshop on January 24, 2018 in Skopje

[3] The data used in this section was collected during a destination management workshop on January 12, 2018 in Veles

These words are aspirational and reflect the ambition of stakeholders to develop and build on their core strengths, particularly around ideas of the city identity and cultural heritage assets.

The following vison for the destination has therefore been developed:

Vision: *In 2030, Skopje will have established itself as a strong competitor to other European cities of its size as a center for city breaks, with a reputation for excellent food and wine, high quality arts and crafts and the rich cultural heritage of the city and its region. We will be a gateway to Macedonia for international visitors on longer breaks and holidays, particularly for the culturally curious, adventurers and free spirits, actively helping them to understand and explore the richness of Macedonia's offer, with themed routes to take them out to all parts of the country.*

Strategic Goals:

The following goals were identified by stakeholders during participatory workshops as most important for the destination:

1) Preservation of local traditions and culture including handicrafts and heritage structures

2) Maintain and enhance (more and better) job opportunities

3) Increased number of SME opportunities

4) Increased awareness of the importance of environment protection

5) Enhanced image of the area ('make people proud to live in it')

Destination-specific targets need to be formulated in order to achieve these goals. These will be developed by destination stakeholders as part of an on-going destination management process.

3. Destination Overview and Supply Characteristics

Destination Supply and Tourism Assets

Skopje is the largest city in the country. According to the last census data (2002) it is home to 507,000 inhabitants. The city has been undergoing major developments over the last few years as part of the Skopje 2014 project, which involved the erecting of numerous monuments and buildings that completely transformed the central part of the city. Significant investments have been going into the upgrade and development of road and urban infrastructure.

The region including Skopje, Kumanovo and surroundings has a diverse portfolio of assets based rich natural, cultural and heritage offerings. The wide portfolio of attractions has been recorded and analyzed in details in previous reports, which this plan will not repeat[4]. The following main attractions in the area are highlighted simply to outline the profile of the destination supply, especially in the context of priority segments discussed later in this document:

- Old Bazaar (Carsija)
- Tvrdina Kale Fortress
- St. Pantelejmon monastery
- St Spas Church
- Vodno Mt
- Matka lake and Treska Canyon
- Rome Aquaduct
- Kokino Megalithic Observatory

Skopje is the second largest recipient of arrivals and nights spent in the country after Ohrid. As capital city and the main air transportation hub, it is the entry point for all tourists arriving by air who do not land directly in Ohrid. Skopje is also included on practically all itineraries of groups visiting Macedonia, including those that enter the country by road and combine more than one country in the region.

In addition to being a capital city and a natural entry point for many tourists Skopje is an attractive destination with a rich portfolio of natural and cultural heritage sites. The immediate outskirts of Skopje offer plenty of opportunity for being outdoors, including the beautiful Lake Matka and its underwater caves (presumed to be the second deepest in Europe at 218 m), Treska kanyon, and Vodno with the Millennium Cross (the world’s largest illuminated cross) on top.

Kumanovo is located about 30 minutes northeast of Skopje. While it was not a popular tourism town in the past, the growing popularity of the Kokino Megalithic Observatory has contributed to more tourism traffic in the area. Statistical data shows that overnight arrivals in Kumanovo have doubled in the last five years (5,101 in 2015) but it is difficult to attribute this only to the increased traffic to Kokino. The Kokino Megalithic site is believed to be 3,800 old and to

[4] For a list of strategic documents and reports reviewed as part of the work on the development plans, see Volume 1 of this document.

represent an astronomical observatory and ceremonial place, and is included in NASA's list of old observatories around the world.

Skopje, Kumanovo and the surroundings border several destinations that offer potential for linkages and cross-destination experiences. The proximity of Polog, Popova Shapka and Tetovo offers opportunities for linkages with some of the top-quality outdoor and hard adventure offerings in the country, as well as more religious and cultural attractions. The wine region around Tikvesh offers further potential for mutually beneficial cross-destination linkages, which make wine experiences more accessible even for short-term visitors who fly into Skopje for the weekend. Proximity and relatively easy access to the area of Shtip, Radovish and surroundings offers further opportunity for diversification with outdoors and rural experiences in the East.

The city of Skopje offers adequate accommodation capacities amounting to 2,600 rooms and 5,344 beds[5]. The most important development in the accommodation sector is the newly opened Marriott property in May 2016 at the very center of the city (Macedonia Square) with 143 rooms and 21 suites. Homestays, including through Airbnb, are also available in the capital city. A detailed breakdown of the accommodation portfolio in Skopje and Kumanovo is presented in the table below.

The accommodation options in surrounding areas and Kumanovo are much more modest and limited to just a few small hotels.

Table 1: Available Online Accommodation Portfolio of Skopje and Kumanovo*

Hotels	86
Guest houses	12
Villas	1
Holiday homes	1
Bed and breakfast	3
Hostels	32
Apartments	124

Note: *based on data from Booking.com

Current Developments and Opportunities

The portfolio of existing attractions and undeveloped assets, as well as existing services in the destination offer a strong supply mix that matches the demand specifics of the priority segments discussed later in this plan. In addition to that there are some recent developments and general strengths that represent particular opportunities for improving the offerings for priority segments in Skopje, Kumanovo and surroundings:

[5] Macedonia State Statistical Office

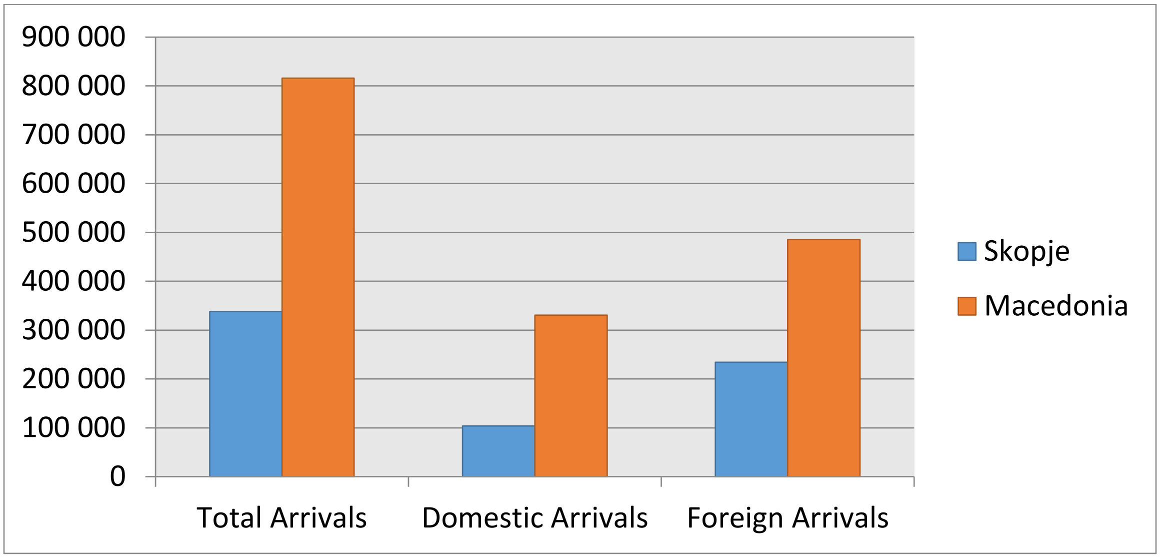
- **Skopje is an entry point for most tourists arriving in the country by air**, which offers opportunities for engaging them in experiences that will motivate them to spend some time in the area. Improvements of attractions that gear towards the priority segments, as well as linkages between them can motivate visitors who arrive in or leave from Skopje to spend some more time in the area.
- **The good number of low-cost flights to a number of European cities** are a crucially important factor in the attractiveness of Skopje as a weekend or short holiday destination from high-spending international markets. This combined with the image of Macedonia as an undiscovered destination, draws an increasing number of independent visitors from Europe who can be motivated to stay longer and spend more through improvements in the offered experience.
- The **proximity of important nature-based sites**, such as Matka canyon and Vodno enrich the attraction portfolio of Skopje and make it particularly attractive for the priority segments discussed later in this plan. The combination of nature and the rich culture of Skopje, as well as the rising popularity of the Kokino observatory offer interesting opportunities for active cultural and outdoor experiences.
- The existence of **some outdoors infrastructure and offerings as well as trails around Skopje** provide opportunities for easily accessible outdoor activities, which allow even short-term visitors (for example weekend) to engage in outdoor and nature-based experiences.
- The recent **development of a bike path linking Skopje to Tikvesh area** is a great opportunity for diversification of available experiences to visitors arriving in Skopje. The path enables a combination of a stay in Skopje with a wine tourism experience in the Tikvesh region.
- **The increasing popularity of Kokino as an internationally significant site** has been fueling growing interest in the site and rise in the number of tours that feature it. The recently announced development and upgrade of tourist infrastructure and interpretation in the area supported by USAID and the Swiss government will further develop the site and improve the visitor experience.

4. Arrival and Demand Trends

Skopje is the second most important destination in the country in terms of arrivals and nights. In 2015 it attracted 42% of all foreign arrivals and 34% of all nights spent in fYR Macedonia. An important factor in the fast growth in arrivals and nights that the region has seen in the last five years (69% increase in arrivals, 48% increase in nights between 2010-2015) is explained with the increased accessibility by air. The Hungarian Wizz Air, which is present in the country since 2011 doubled its capacity in Skopje in mid-2013 and is now responsible for one third of the plane seats going to Macedonia[6]. Under a special subsidy contract with the Macedonian government Wizz Air currently operates direct flights between Skopje and ten destinations in Europe.

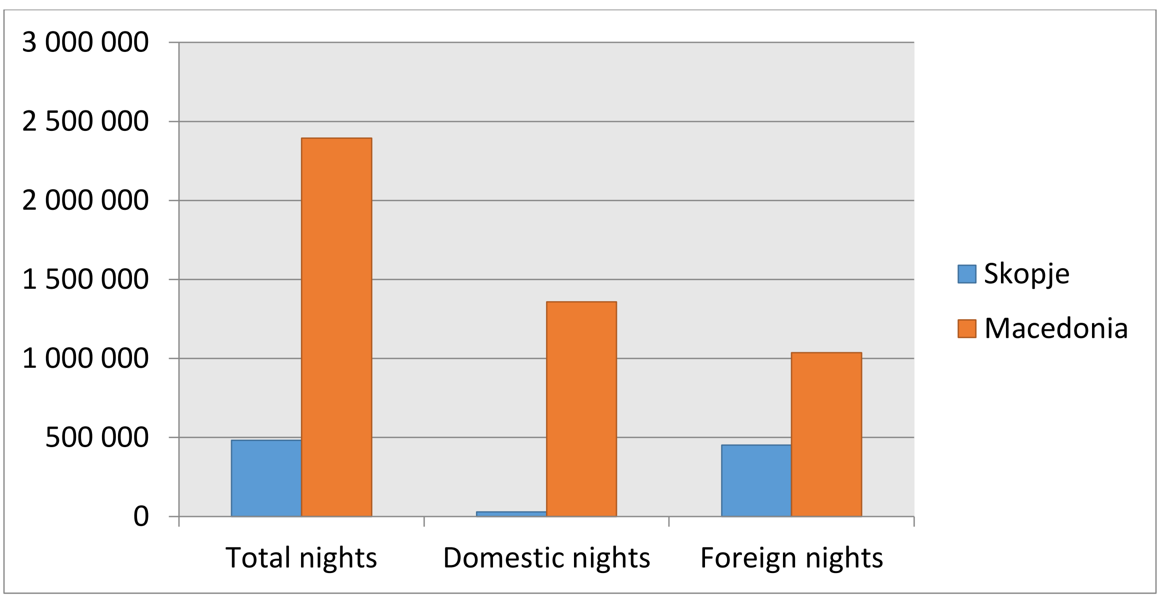
[6] CAPA Center for Aviation: http://centreforaviation.com/analysis/wizz-air-expansion-will-accelerate-macedonias-aviation-market-growth-in-2014-125646

Figure 1: Arrivals in Skopje and Macedonia



Source: State Statistics Office (specific figures and details provided in Annex)

Figure 2: Overnight stays in Skopje and Macedonia



Source: State Statistics Office (specific figures and details provided in Annex)

As the main entrance point into the country, Skopje draws representatives of almost all leisure traveler segments identified earlier in this report, as well as business travelers. The increase in available direct low cost connections to many European cities has fueled growth in arrivals from the Old Continent.

Table 2: Number of Overnight Stays and Tourist Arrivals in Skopje region, 2010 and 2015

	Number of Overnight Stays			Number of Tourist Arrivals			Average Length of Stay
	2010	2015	% change	2010	2015	% change	
Foreign	305,345	452,912	48%	138,456	234,123	69%	1.93
Serbia	24,058	30, 420	26%	16,143	19,117	18%	1.59
Turkey	18,148	63,094	248%	10,996	45,972	318%	1.37
Croatia	14,771	16,526	12%	6,876	8,489	23%	1.95
Bulgaria	4,831	13,330	176%	5,446	8,375	54%	1.59
Germany	11,745	17,704	51%	16,143	9,401	-42%	1.88
Italy	6,055	16,052	165%	2,959	7,796	163%	2.06
USA	13,338	12,191	-9%	3,940	5,289	34%	2.3
Domestic	23,793	29,954	26%	94,547	103,590	10%	>1

Source: State Statistical Office

Current product development and marketing largely focuses on high-volume tourism that includes all possible segments. The infrastructure and site development under the Skopje 2014 project has improved the appeal of some downtown areas but left out others. There are few developments that gear towards specific segments, including Organized active tourists and Independent active tourists. Individual operators such as hotels or restaurants may offer services or offerings responding to demand for outdoor activities or deeper interest in cultural and culinary offerings but this is not consistent.

5. High Potential Market Segments

The area of Skopje, Kumanovo and surroundings presents interesting opportunities for offerings that appeal to a variety of traveler profiles and can keep them in the area for 2-3 days. All segments identified on national level pass through Skopje. However, two specific segments are identified as having particular significance for tourism development in Skopje, Kumanovo and surroundings: Organized active tourists and Independent active tourists.

Both segments are characterized with demand specifics that align with the existing and potential tourism supply in the destination. They are attracted to the culture and history, as well as the outdoor and rural experiences outside of the city. These two segments are characterized with consumption behavior that can catalyze diversification of the offering and more balanced distribution of tourism flows by increasing visitation and spending in more rural and natural areas outside of Skopje. Stimulating tourism development by targeting these two segments provides particular opportunities for increased economic performance of tourism.

The sections below introduce both segments with more details. Their description is followed by a discussion of the rationale behind their prioritization and the opportunities for desired tourism development they can generate.

Organized active tourists are part of an organized tour group (size ranging from 5-25 people) traveling with a specialty operator around Macedonia. For them Skopje is of interest as it is home to some of the most important cultural heritage sites in the country and because it is the capital of the country. The available nature-based experiences and proximity to Kokino are important additional factors that are attractive to this segment. While many of the attractions in the region are underdeveloped or below market readiness, organized active tourists are among the first to engage in new off-the-beaten path experiences. Specialized tour operators working with them have the expertise and capacity to identify new and underutilized assets, and weave them into tour itineraries enriching the market. This can catalyze advancement of the destination portfolio. Many of the investments that would meet the needs of these travelers will appeal to representatives of other segments as well so there will be strong spillover effect.

Key Segment Insights and Prioritization Rationale: This segment is prioritized for Skopje, Kumanovo and surroundings because of its higher spending power, its interest in cultural and authentic offerings, interest in buying from local providers, and conscious attitude towards natural and cultural assets. Anecdotal evidence suggests that organized active travelers devote on average 4 to 7 days to exploring the country and spend between $150-300 per day. At the same time, this segment has high expectations in terms of service culture and quality of experiences. This means that tourism development with prioritized targeting of Organized active tourists requires investment in infrastructure and services that match their expectation and make Skopje a desired destination to visit and experience. Among the opportunities for improving existing supply to drive growth in this segment are better quality of the tourism infrastructure, more market-relevant product offerings and improved service quality.

Independent active tourists (including domestic) are drawn to Skopje region because they most often arrive there and because it is home to some of the most significant heritage sites in the country. They typically travel on their own taking care of their bookings and itinerary developments. They are adventurous and attracted to new and less-conventional experiences. They enjoy spending time in urban areas if they have interesting offerings, including old towns, markets, cultural sites, etc. The availability of easily accessible nature-based attractions around Skopje as well as the site in Kokino represents interest for them. They are also drawn to traditional restaurants and interesting culinary experiences.

They hold significant potential for growth in terms of arrivals as well as length of stay and spending that is direct with local providers. Currently independent tourists spend between one and three days in Skopje depending on time availability and interests.

Key Segment Insights and Prioritization Rationale: This segment is prioritized for Skopje, Kumanovo and surroundings because of its spending power and preferred direct spending with local providers. Anecdotal evidence suggests that independent active tourists spend on average between $35-65 per day but those visiting Skopje and the area on short city breaks can spend up to $90-120 per day. It holds significant potential for growth in terms of arrivals as well as length of stay and spending if there are more locally provided outdoors and interesting cultural and culinary offerings in the areas surrounding Skopje and Kumanovo. With better infrastructure, more market-relevant product offerings and improved service quality, growth in this segment can generate significant economic benefits.

6. Gaps and Challenges

6.1 Tourism Development Challenges

The main challenges with tourism development in the area of Skopje, Kumanovo and surroundings is the high concentration of tourism in the city of Skopje, relatively low visitation across the surroundings and patchy quality of the traveller experience. The majority of tourists in Macedonia visit Skopje as part of their trip but their stay is limited to seeing some of the major attractions, which leads to a short length of stay. Linkages to attractions and things to do outside of the city are not very well developed, which produces missed opportunities for higher spending and better experiences.

A challenge that has emerged is a varying quality of the experience that travelers have in Skopje and the area. Lack of or poor quality visitor infrastructure, interpretation and support services have contributed to lower satisfaction of tourists. Some recent developments have improved the potential of the Kokino observatory and created opportunities for easy access to the wine region but more is needed.

Problematic waste collection and waste management leaves some otherwise beautiful sites polluted and unpleasant to visit.

If these challenges are addressed the destination may be in a better position to attract a slightly different traveler mix. By targeting travelers who are willing to spend more time and money, to venture to Skopje's surroundings and mainstream attractions, and to enjoy the less visited natural and cultural places, the destination can increase the positive socio-economic impact of tourism and achieve more balanced development.

It is important to note that while some challenges are more urgent than others, a real and visible strengthening of the competitiveness of the destination is only possible if the full array of gaps and challenges are addressed.

6.2 Gaps in the experience of the priority market segments

The combination of cultural and natural assets makes Skopje, Kumanovo and surroundings an attractive destination for Organized and Independent Active Tourists. Easy and low-cost access is an added benefit too. Both groups enjoy opportunities to visit new places with interesting history and culture, and extraordinary natural beauty. While existing tourism assets hold strong potential for appeal to the priority market segments, the experience value chain analysis revealed gaps in current supply and delivery, as well as underutilized opportunities. These are organised below in six sections; accommodation and hospitality, activities and experiences, attractions, capacity, brand or image and infrastructure.

The following section summarizes the established gaps and opportunities for improvements in the traveler experience that the destination currently offers across the three priority segments. This is followed by description of activities that can address these and lead to strengthened competitiveness of the region of Skopje, Kumanovo and the surroundings as travel destination.

6.2.1. Accommodation and Hospitality

<u>Gap 1: There is a gap between the quality of offered accommodation and the expectation of priority markets</u>

Detail and explanation:

- The style of existing accommodation facilities in the destination of Skopje, Kumanovo and surroundings does not align with the expectations of the two priority markets in terms of interior design and ambiance, furniture, quality of mattresses, etc.
- Many accommodations do not offer services that are important for the priority segments (flexible food timing options, laundry services etc.)
- The availability of homestays is appropriate for some of the priority segments in this destination (independent) but most of them are in the informal sector, which leads to inconsistent quality and service, lack of standards, inability to secure safety
- Accommodation of this quality is even harder to find outside of Skopje

These problems are likely to arise because;

- Many accommodation providers are effectively competing on price rather than quality. There is evidence, however, that travelers from priority segments would be willing to pay higher prices for a better product
- Service providers lack understanding of the needs and requirements of targeted tourists, and are not accustomed to directly addressing or modifying the product according the traveler expectations or feedback

Feedback from specialized adventure tour operators

'Accommodations force you to have lower price as the quality is not there to offer a higher-quality package with higher price for lodging. Sometimes it is a matter of improving convenience basics such as having a lamp or matching curtains but other times it is the lack of amenities.'

Feedback from Independent Traveler:

'Shower in very bad condition. Hotel is situated on the 6th floor but elevator goes up to 5th floor. Hotel doesn't inform in advance that they charge guests for coffees for breakfasts'.

'Dark entrance (especially at night) and no lobby. There was smoke smell in the hall.'

Filling the gaps

<u>1a. Ensure the style of accommodation facilities meets the expectations of target market segments</u>

There is need to align the design and style of existing accommodations with the expectations of the priority segments. This includes improving interior design and ambiance, as well as availability of specific elements that are very important for the traveler experience: quality bed and mattress, well-functioning bathroom with a simple but well working shower, consistent and well working heating/ cooling systems, water and electricity, etc.

Indicative Activities to fill this gap:
a. Improvements and maintenance of existing small, traditional and rural properties that offer homestays or bed & breakfast accommodation. Improvements need to be towards bringing existing small properties (up to 20 rooms) to current market standards such as ensuring quality of bathrooms, improvement of bed quality and mattresses, adding or removing room accessories, improving green areas around properties (for more details see checklist in Annex).

b. Improvements can also support the development of additional installations that are needed to meet the needs of targeted markets. These may include: storage areas, laundry rooms, kitchen improvement to enable additional or extended service, etc.

<u>1b. Ensure that quality accommodation facilities that appeal to the market segments can be found and booked outside of Skopje.</u>

Skopje offers rich variety of accommodations, including some small bed and breakfasts. Potential expansion of the accommodation offering should be only in the direction of accommodation offerings outside of the highly concentrated capital city. Villages and less developed areas, including around Kumanovo, should be priority. Homestays or local B&Bs are better fit for the profile of the destination and the targeted segments. They also secure more linkages to local economy and channeling of economic benefits directly to local communities.

Indicative Activities:

a. Support for new accommodation projects should be very limited to few that are outside of Skopje in rural areas with no alternatives. New accommodations could be family hotels (up to 20 rooms) and could offer an authentic feel while reflecting local traditions that contribute to a distinctive experience.

b. Support for market access to existing small properties, which are in operation but are not registered or have limited access to the market. This can include assistance with development of online marketing channels (website, social media presence) and distribution channels (presence on Booking.com and others). These can only be in rural areas outside of the area of Skopje.

c. The diversification of properties with more traditional and rural properties in the area needs to be linked to capacity building that secures alignment with the expectations and needs of targeted segments. This is discussed in capacity building gaps in the national and cross-destination gaps section.

Gap 2: There is limited availability of food offerings geared towards the tastes and needs of the priority segments

Detail and explanation:

- While there are plenty of eating locations in Skopje, more of them could offer character that highlights local culinary traditions and the quality of local ingredients. This is very important to the priority market segments who prioritize culinary experiences as part of their trips.
- There is gap between the quality of local produce and interesting culinary traditions of the region and available food offerings outside of the few good restaurants in Skopje
- The design and presentation of food is not aligned with expectations and new trends in culinary experience design (there is focus on overwhelming design rather than simplicity)
- Local providers' culture towards quantity of served food is very shocking for international travelers as they associate with unnecessary food waste
- There is limited preparedness to offer food options that meet the needs of people with dietary restrictions

These problems are likely to arise because;

- Many food service providers have very understanding of the needs and wants of priority segments, and expectations of international tour operators.
- There is an inclination among food providers to attempt to recreate international cuisine rather than to highlight the Macedonian/ Balkan culinary tradition.

Filling the gap

2a. Ensure priority markets have access to more and better quality food service providers with a strong emphasis on local ingredients and tradition.

There is need to expand the food offering providers in the region, especially such that are based on local traditions and culture, and such that are outside of the center of tourism activity in Skopje. Small local traditional restaurants that serve traditional meals or interpretations of traditional meals will both meet the expectations of priority segments, increase linkages to local economy and agriculture, and secure distinctiveness of the experience in this destination.

Indicative Activities:
a. Investments in development of new food service facilities should be encouraged only in rural areas outside of Skopje. These should be distinctive in character and focused on interpretation of local culinary tradition. During the short-term priority should be placed on developing food service facilities outside of Skopje, and especially in places where there is potential for tourism flow but no food service in proximity.

2b. Ensure visitors experience culinary services outside of standard meal services

There is need to grow and diversify the culinary offerings available to tourists. The excellent local culinary traditions hold tremendous potential for the design of high value added experiences that may include food preparation demonstrations of local meals, cooking classes, farm experiences, spice and fresh produce gardening experiences, etc. Diversification can come also from the format in which food services are offered, for example through the incorporation of farm-to-table experience or open-air picnics instead of standard lunch at a restaurant. These can be incorporated both as food service components and as attractions.

Indicative Activities:
b. Investments in development of new food-related experience, which diversify the format in which meals are presented (adding flexibility for itineraries) and which contributes to diversification of traveler experiences. Examples can include but should not be limited to: outdoor wine and cheese tastings, picnic offerings, farm-to-table experiences, etc. During phase one, investments should support up to ten projects for alternative culinary experiences, which are different from each other. During a first, investments should focus on support projects for alternative culinary experiences, which are different from each other.

Case Study: Farm-to-table experience in Italy

Example for a farm-to-table experience that is part of a rural food tour in Tuscany and is included in high-end specialized adventure operator itinerary.

Highlights of the tour: Organic garden tour; pasta/dessert cooking class; walk to a 13th century abbey; wine demystification tasting/class

This is a one-day experience starts with a tour through the vegetable garden. The host will describe the cycle of the various crops through the year and methods for providing the kitchen with fresh, flavorful products. Then to the kitchen, where under the guidance of the host the group will prepare Tuscan pasta and desserts utilizing ingredients from the estate.

After a leisurely lunch enjoying their own culinary creations, the group will visit San Galgano abbey for an afternoon walk in the area. Built as a Cistercian monastery in the 1200s, San Galgano's decline began in the 15th century and now it stands, roofless and monumental, one of the most evocative sites in all of Italy. The monumental complex of Saint Galgano rises approximately 30km (approx. 19 mi) to the west of Siena, between the villages of Monticiano and Chiusdino, in a rugged, but beautiful natural landscape.

This afternoon's wine demystification class and tasting is a wine tour with a difference – at Spannocchia. What exactly is wine? What does terroir mean? What is a super Tuscan? From demijohns to D.O.C. labeling, together the group will demystify the wine culture of Italy, with a little help from the very visual and fragrant 'aroma board'. Wine tasting will include wines from at least five of Italy's wine regions.

Source: http://www.wholejourneys.com/trips/tuscan-farm-to-table-italy***Feedback from specialized adventure tour operators***

2c. Ensure that service providers are better prepared for visitors requirements and dietary needs

There is a need to improve the understanding of food service providers towards potential dietary restrictions and ways to address them. Although providers in Skopje have a bit more experience with that, they still need to advance specific skills and add necessary services (such as providing information on ingredients or source of produce) to meet the dietary expectation of priority traveler segments.

Indicative Activities:

c. Investments in development and execution of training or skill improvement programs, which use relevant and working approaches. Relevant activities may include sessions for information and experience exchange with international operators. This is addressed in more details in the non-destination specific chapter (chapter 2) and illustrations are provided in the Annex.

6.2.2 Activities and Experiences

<u>Gap 3: There are not enough products and attraction that are specifically geared towards the priority segments</u>

- While there is significant potential, there has been limited development of experiences that gear specifically towards the two different priority segments, including opportunities to engage in core experiences (such as hiking/ biking for organized and independent active tourists) as well as opportunities for supporting and supplemental experiences (such as but not limited to cultural events, demonstrations of celebrations and traditions, dancing or signing lessons, etc.)
- The outdoor activities such as hiking, biking, mountaineering and others are underdeveloped and at times with quality of the necessary infrastructure and services that is lower than expected
- There is limited availability of experiences based in local culture and history, local celebrations, culinary traditions, etc.

These problems arise because;

- o Many local tourism business operators have limited understanding of the needs and wants of priority segments, and expectations of international tour operators.
- o There is limited access to market knowledge that can guide tourism businesses in their decisions to invest in new experiences and offerings.
- o There is limited public investment in infrastructure that gears towards the targeted segments due to the lack of priority on outdoor forms of tourism

Filling the gaps

<u>3a. Ensure visitors have access to visitor infrastructure in natural areas in the region to enable outdoor activities</u>

The development of hiking, biking and horseback riding paths as well as relevant recreational infrastructure is very important for the destination for several reasons. First, travelers interested in nature-based experiences seek to engage in active exploration of nature through activities such as hiking, biking, horseback riding, water sports, etc. The practicing of these activities requires paths and supporting infrastructure, which is either limited or in poor condition around Skopje and the surroundings. For example, broken railing along walking paths in the area of Matka increase the risks of accidents and leave visitors with the perception of risk and poor maintenance. At the same time the region has excellent assets and conditions for such soft outdoor activities. Some efforts to develop appropriate infrastructure for recreation and outdoor activities is a fact (see figure) but much more can be done to improve visitor experience and

Figure 1: Well-developed visitor infrastructure near the lift to Vodno

motivate representatives of the target segment to spend more time in the area. Second, routes and trails that enable easy movement throughout the region will allow for enjoyment of different parts of the areas outside of Skopje and will encourage visitors to stay longer and visit more places. Third, visitor infrastructure encourages non-motorized movement, which is associated with low impact on biodiversity and ecosystems. Fourth, visitor infrastructure itself can enhance the quality of the natural environment and become an additional draw for tourists. For example, developing better visitor infrastructure along with relevant interpretation for the cave in Matka can significantly enhance the current experience.

Indicative Activities:
a. Investment in the designing and installation of infrastructure that enables hiking and biking: investments around the Matka canyon and surrounding natural areas that improve and enhance the current trails, improve hiking trails that enable biking trips throughout the destination. Immediate activities should include full restoring and enhancing of infrastructure in Matka canyon, which includes railing along the hiking paths and fixing and enhancement of resting points that facilitate a better and longer experience.

Further improvements of visitor infrastructure around Kokino should also be priority and should build on recent investments made by US and Swiss donors in order to continue enhancing the experience at the site.

<u>3b. Ensure visitors have access to more and better quality new products and experiences around nature and outdoors that are not available in other regions</u>

In addition to more traditional outdoor activities such as hiking and biking, assets around Skopje allow for the development of more water-based outdoor activities such as kayaking. There is a sports kayaking facility near Matka, which is currently used for some sports and which could be utilized also for specialty offerings for leisure tourists. There needs to be an assessment of the current state of this infrastructure and evaluation of the potential for leisure experiences but it represents an opportunity to develop an activity, which is not available elsewhere in the country.

Indicative Activities:
b. Invest in development (private sector-led) of traveler experiences that are based on enjoying water and surrounding nature. This may involve installation of equipment and light infrastructure but should be focused on offering water-based experiences and providing supporting services that enhance the limited current offer. There is potential for utilizing the nearby sports kayaking track to offer competitions and leisure kayaking experiences that are unavailable elsewhere in the country.

<u>3c. Ensure visitors have access to more and better quality new products and experiences around local culture, farming and culinary traditions:</u>

There are almost no visitor experiences in the area that are based on local culture, culinary tradition, farming practices or other distinctive elements of the heritage of the region and its people. The development of these is possible and realistically relatively easy as there is an abundance of assets that are in place. There is need to address the lack of skills and capacity in identifying these assets and packaging them in a market-relevant format. Collaboration with specialized tour operators can help address some of the missing capacity as well.

Indicative Activities:
c. Invest in development (private sector-led) of traveler experiences that are based on enjoying outdoors, nature, culture and local traditions. Use more effectively Macedonia's natural and cultural assets such as natural and cultural landscapes to offer experiences that allow travelers to learn about and "taste" local culture, traditional ways in which Macedonian people interact with nature, their cultural and culinary traditions.

<u>3d. Ensure visitors have access to locally-produced crafts, souvenirs and supplementary products linked to local traditions:</u>

There is limited availability of products and souvenirs that are typical for fYR Macedonia or the specific regions. In addition to the especially designed souvenir booths installed around tourist areas, there is a need to make local souvenirs, crafts and easy-to-take food items (bottles of wine or rakia, jars with aivar or fruit jams, traditional herbs and spices, etc.) available at more places visited by tourists. These can be tourist sites but also hotels and other accommodation facilities, restaurants, different attractions, resting points, etc. The purchase of locally produced crafts, souvenirs, food items can generate more economic benefits than visitor fees so this is an important opportunity to multiple the impact of tourism. The improved availability should be combined with actions stimulating the development of such products, including improving skills as to the design, packaging, branding, pricing, etc.

Indicative Activities:
d. Invest in the development of local capacity to produce better and more souvenirs, which are authentic and relevant to Macedonia's traveler experience. This may involve efforts to generate ideas about potential souvenirs as well as capacity building (enabling) for their production by local communities.

<u>3e. Ensure that activities are designed in order to better meet the expectations of visitors</u>

The growing demand for experiential consumption requires the incorporation of more service and product design approaches that create experiences by engaging travelers through their senses, emotions and mind. Active culinary experiences are an excellent example of experiential design where travelers have the opportunity to smell ingredients, feel products and do by trying to prepare some local foods. Experiential design techniques can transform the quality of attractions that are currently static including museum, exhibitions, etc. Interpretation and storytelling techniques are essential and will be discussed later in this section as well.

Indicative Activities:
e. Invest in the development and delivery of programs for training and capacity building focused on principles of experience design and experiential engagement of customers.

Definition: Experiential Consumption

Experiential consumption is consumption that involves the engagement of consumer senses, emotions and imagination (Hirschman and Holbrook, 1982) in a way that creates meaning for them (Pine & Gilmore, 1999). Contemporary thinking about experiential consumption and experiential design of commercial offerings was introduced by Pine and Gilmore (1999) who officially welcomed us to the Experience Economy with their famous book published in 1999 introducing the notion that consumers desire experiences while businesses respond by designing and promoting services and goods, which "engage individual customers in a way that creates a memorable event".

In literature experiences are defined as form of consumption "involving a steady flow of fantasies, feelings, and fun" (Holbrook & Hirschman, 1982). In more recent conceptualizations experiential consumption is also presented as manifestation of post-modernity where the line between consumption and production is blurred and the consumer takes an active part in the production process (Hopkinson & Pujari, 1999).

Sources:

Hirschman, E. C., & Holbrook, M. B. (1982). Hedonic consumption: Emerging concepts, methods and propositions. Journal of Marketing, 46(3), 92-101

Hopkinson, G. C., & Pujari, D. (1999). A factor analytic study of the sources of meaning in hedonic consumption. European Journal of Marketing, 33(3), 273-290.

Pine, J. P., & Gilmore, J. H. (1999). The experience economy: Work is theater & every business is a stage: Goods & services are no longer enough. Boston: Harvard Business School

6.2.3 Attractions

<u>Gap 4: There is inconsistent maintenance of sites and attractions, which negatively impacts the visitor experience</u>

Detail and explanation:

- The region has some attractions, which are not well maintained and need repair
- Some of the existing attractions need upgrade and modernization in terms of interpretation and visitor services
- Some attractions and sites suffer from poor waste collection and the presence of waste damages the traveler experience

These problems arise because;

  - There is limited understanding on the importance of good maintenance of attractions and the fact that they are the main reason travelers visit.
  - There are limited resources for maintenance and refurbishment activities.

Filling the gap:

4a. Ensure that attractions and sites are rehabilitated to a condition that meets visitor expectations:

There is need to improve some of the natural and cultural heritage sites in the area in order to attract existing and new visitors. In addition to improving their overall physical condition there is need to improve the interpretation (including by incorporating some contemporary technological solutions) and the overall visitor experience. This is important for both market segments.

Indicative Activities:
a. Most public attractions in the destination need to be improved and refreshed to match contemporary expectations for experience. Focus should be placed on the overall state of visited places (such as the walking path in Matka canyon), removal of undesirable or poorly designed elements, improvement of the state or installation of new visitor infrastructure, installation of signage and interpretation elements.

4b. Ensure the visitor experience is improved through better waste collection and waste management culture:

There is need to clean areas from existing waste as well as to introduce measures for more effective waste collection. This may include physical infrastructure (fixing and installation of waste bins) as well as some processes associated with effective and regular waste management. Other relevant measures may include behavioral tactics, which lead to proper waste management behavior by citizens, travelers and businesses in the region.

4c. Beyond the destination level there are a number of additional ways to address this gap, some requiring support and cooperation from the national or central level.

These have been explored in more detail in Chapter 2.

Gap 5: There is a gap between the level of service offered and the expectation of priority markets

Detail and explanation

- Service providers across the destination show inconsistent service culture in the delivery of visitor services
- Lack of sensitivity towards expectations and needs of different traveler groups, as well as lack of ability to understand and respond to traveler expectations and needs

Filling the gap

This problem is complex and will need to be addressed at a variety of levels both at the destination, but also at the regional or national level.

5a. Ensure that accommodation and other tourism providers in the destination have a good understanding of the needs and wants of tour operators and the priority market segments.

Figure 3: Example of poorly maintained infrastructure and sites in otherwise attractive natural areas

There is a need by new entrants as well more established tourism service providers to receive guidance on the expectations of tour operators as well as individual travelers.

5b.Beyond the destination level there are a number of additional ways to address this gap, some requiring support and cooperation from the national or central level.

These have been explored in more detail in Chapter 2.

For more details on these non-destination specific gaps, see chapter 2 of *Volume II – Destination Development Plans.*

Gap 6: There is a lack of adequate guiding capacity and skills to meet the expectations of both market segments

Filling the gap

This problem is complex and will need to be addressed at a variety of levels both at the destination, but also at the regional or national level.

6a. Ensure that local guides in the destination have a good understanding of the needs and wants of tour operators and the priority market segments.

6b. Beyond the destination level there are a number of additional ways to address this gap, some requiring support and cooperation from the national or central level.

These have been explored in more detail in Chapter 2.

For more details on these non-destination specific gaps, see chapter 2 of *Volume II – Destination Development Plans.*

6.2.5 Marketing, branding and access to information

Gap 7: There is limited online content for promotion and/or information at the destination level. This affects the visitor experience in accessing timely information.

Detail and explanation

There is limited and uncoordinated online information about the different events, attractions, activities and sites in and around the region. Visitors have a need for basic information such as directions to specific attractions, opening hours or possible entrance fees, as well as more sophisticated online tools such as event calendars, itinerary generators, etc. This is especially relevant when attracting independent domestic, regional and international travelers.

Filling the gap

This problem is complex and will need to be addressed at a variety of levels both at the destination, but also at the regional or national level.

7a. Ensure that independent travelers have easy access to information in order to book accommodation as well as information on local restaurants and activities such as hiking and biking.

7b. Beyond the destination level there are a number of additional ways to address this gap, some requiring support and cooperation from the national or central level.

These have been explored in more detail in Chapter 2.

For more details on these non-destination specific gaps, see chapter 2 of *Volume II – Destination Development Plans.*

6.2.6 Accessibility and infrastructure

Gap 8: There is a lack of signage and roadside information necessary to guide priority market segments

Detail and explanation

- The region lacks roadside information and signage in English that enables independent travelers to navigate throughout the region on their own with motor vehicles or bike (also national).
- The region has limited and inconsistent visitor signage within towns and settlements, as well as recreational areas facilitating easy navigation by independent travelers.

Filling the gap

This problem is complex and will need to be addressed at a variety of levels both at the destination, but also at the regional or national level.

8a. Ensure visitors are better guided to destination attractions and between towns and settlements
At the local or destination level, once responsibility for key signage is determined, a plan should be put in place to address this problem, covering where to put signs, the type of signs, consistency of design, maintenance of signage etc. A first step may be to undertake a rapid assessment and to prepare a prioritized list of currently missing signage as well as signage that is in need of replacement

8c. Beyond the destination level there are a number of additional ways to address this gap, some requiring support and cooperation from the national or central level.

These have been explored in more detail in Chapter 2.

For more details on these non-destination specific gaps, see chapter 2 of *Volume II – Destination Development Plans.*

6.3. Summary of gaps and proposed interventions

Table 3: Summary of gaps

#	Gap description
1	Gap between the quality of offered accommodation and the expectation of priority markets

2	Limited and uneven availability of food offerings geared towards the tastes and needs of the priority segments
3	There are not enough products and attractions that are specifically geared towards the priority segments
4	There is inconsistent and poor maintenance of sites and attractions, which negatively impacts the visitor experience
5	There is a gap between the level of service offered and the expectation of priority markets
6	There is a lack of adequate guiding capacity and skills to meet the expectations of both market segments
7	There is limited online content for promotion and/ or information at the destination level. this affects the visitor experience in accessing timely information
8	There is a lack of signage and roadside information necessary to guide priority market segments

Table 4: Summary of indicative interventions to fill gaps*

Indicative Intervention
Accommodation and Hospitality
Diversification of accommodation outside of Skopje with focus on small and traditional facilities outside of Skopje
Improve quality of design and services at existing accommodations
Expand available food service providers outside of Skopje
Enrich availability of culinary experiences outside of standard meal services
Improve food providers' culture and preparedness for traveler dietary restrictions
Activities and Experiences
Develop a system of visitor infrastructure in natural areas in the region to enable outdoor activities
Develop new products and experiences around nature and outdoors
Develop new products and experiences around local culture, farming and culinary traditions
Develop and improve access to locally-produced crafts, souvenirs and supplementary products linked to local traditions
Improve experiential design of activities
Attractions

Refurbish and restore attractions and sites
Improve waste collection and waste management culture (national)
Capacity Building
Advance service culture and service quality (national)
Modernize and diversify available capacity building and skill development programs for guides (national)
Marketing, Branding and Access to Information
Create and maintain contemporary online presence for the region
Increase digital communications and social media skills of tourism operators (national)
Develop contemporary digital services for independent travelers and other priority segments (national)
Accessibility and Infrastructure
Improve signage and information on roads (national)
Improve signage and information in towns, settlements and recreational areas (national)
Develop roadside visitor infrastructure (national)

*This plan provides indicative interventions only, the gaps may be filled by numerous other innovative solutions by a variety of stakeholders.

Next Steps

This development plan is a living and working document, which will need to be updated at regular periods (1-3 years). This will need to be done through a participatory destination-level process that involves the main tourism sector stakeholders. The primary goals for this destination are for tourism to:

1) Preservation of local traditions and culture including handicrafts and heritage structures

2) Maintain and enhance (more and better) job opportunities

3) Increased number of SME opportunities

4) Increased awareness of the importance of environment protection

5) Enhanced image of the area ('make people proud to live in it')

These goals need to be followed by a set of clear targets, and an action plan with specific steps leading to the achievement of these targets within a specific timeframe. It gives an indication of the activities that are to be carried out, the timeframe in which they should be achieved, the stakeholders that should carry them out and the investment they will require.

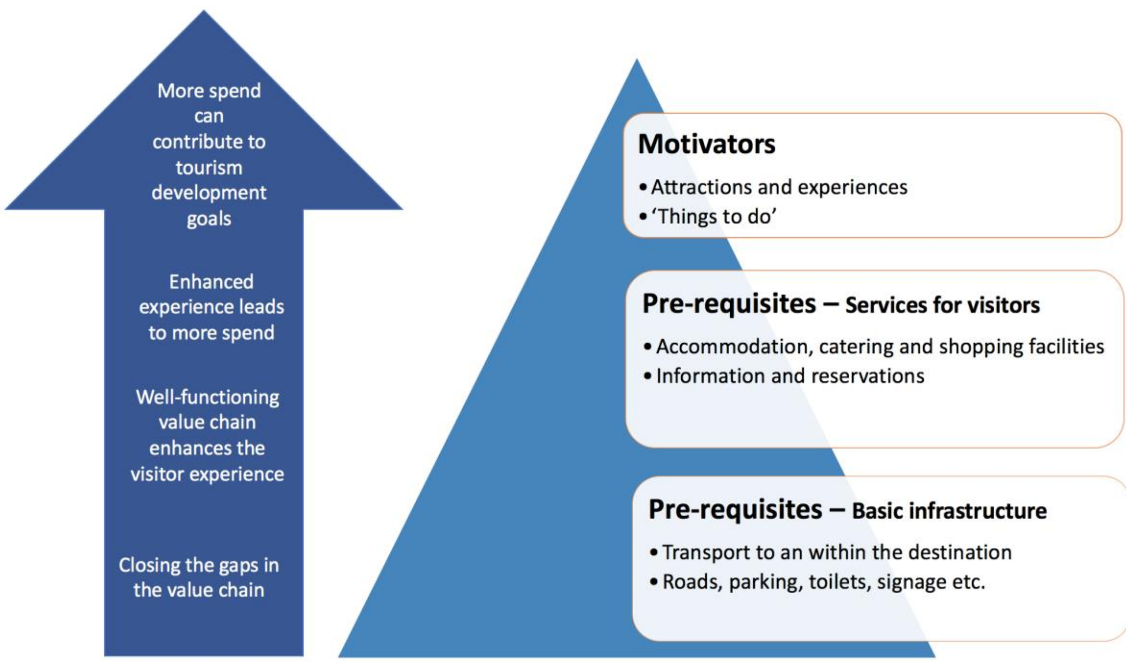
Figure 4: Destination development plan cycle

The sequencing of actions to fill the gaps depends on the goals, the level of priority and urgency and investment needed to fill the gap. Results and impact need to be monitored and measured during and after execution. The destination management partnership is responsible for the development plan and for its regular updating.

When determining the sequencing of actions to fill the gaps it is important to distinguish between the ones that are 'pre-requisites' that any destination must have to meet the expectations of visitors and the 'motivators' to attract them. Pre-requisites refer to the basic facilities and services that any destination should have if it is to compete effectively in the tourism marketplace for the respective segment. These are not the factors that will motivate people to come to the destination, but rather the fundamentals that people expect to find when they are in the destination – food and drink of certain type and quality, accommodation of certain style, availability of guides, safe transportation, etc. Different market segments have different basic requirements and provisions should be made according to the needs of the target markets that have been prioritized for the destination.

The motivators are those aspects of a destination that will trigger people's desire to go to this particular place, rather than to any of the (many) other destinations available to them. These could be well-known attractions or events, unique authentic cultural experiences, outstanding landscapes and natural features, towns and cities with great ambience, exceptional food and drink, activity/adventure opportunities, health giving spa waters, wellness opportunities, etc.

Figure 5: The relationship between the quality of the value chain and the goals for the destination



As illustrated in the figure above, some of the gaps presented in this plan are more critical than others and will need to be addressed first, especially when they relate to prerequisites. However, a real difference in the ability of the destination to attract and impress travellers form the priority segments is only possible if all the identified gaps are filled to really enable improved visitor experience and achievement of the tourism goals of the destination.

Destination management is an ongoing process where stakeholders plan and manage the destination towards common goals. Evaluation and monitoring is therefore a key component of the development plan and can be used to demonstrate value, i.e. ensure that the activities are really contributing to the achieving of the goals. During each new cycle of the development plan, it will be important to reassess the competitive context and reevaluate the goals and targets for the destination.

ANNEX:

1) Detailed Demand and Supply Data

Table 3: Skopje Demand and Supply Snapshot (2015)

Indicators	Skopje	Macedonia Total
Total arrivals	337,713	816,067
- Domestic	103,590	330,537
- Foreign	234,123	485,530
Total nights spend	482,866	2,394,205
- Domestic	29,954	1,357,822
- Foreign	452,912	1,036,383
Number of rooms	2,601	27,812
Number of beds	5,344	72,021

2) Checklist of leading concerns with accommodation quality
(based on feedback from international operators and traveler feedback in Booking.com and Trip advisor)

- ✓ ***Comfort of bed and quality of mattress*** is one of the most important things that determine quality of the experience in accommodations. Even if design of the room is simple, the quality of the bed is essential and should be one of the first things accommodation providers invest in.
- ✓ ***Quality of shower and bathroom*** is another fundamental factor determining the quality of the experience. Many accommodation owners have wrongfully assumed that it makes sense to invest in bathtubs rather than have a simple shower. In a very high number of places, including in Skopje and Ohrid, bathroom facilities and accessories are poor quality and function poorly, which leads to poor water flow, leakages and poor bathroom experience overall. Have simple but well-functioning bathrooms is much more desirable for the market.
- ✓ ***Water flow, electricity and heating*** services need to be stable and reliable. In some places interruptions are caused by poor utility infrastructure in settlements but in many occasions these are due to poorly designed or executed utility systems in the accommodation facility.
- ✓ ***Basic room amenities*** such as night lamps, chair and table seem to be missing from some accomodations, escpecially in rural areas. Even thought these are small details, they contribute to the basic convenience of the accomodation room experience.
- ✓ ***Food service availability and flexibility*** is also extremely important in making an accommodation attractive and convenient. Even if the accommodation facility does not have food service premises, it can partner with someone who offers food so that it can meet some basic food requests (such as providing late dinner in case of late arrivals or an additional meal between main meals).
- ✓ ***Specific amenities*** that gear to the specific needs of specialized segments. These can include
    - washing services (even if self-serviced) for active tourists who prefer to travel with less outfits but need to wash after biking, hiking, etc.
    - bike parking areas and storage areas for equipment and gear, which are safe and secure
- ✓ ***Safety and security*** is fundamentally important for the traveler experience. In many cases sense for safety depends on basic things such as lit up entrance and hallways, working locks at doors and property gates, etc.
- ✓ ***Ambiance and design*** are what can create the character of an accommodation facility. Using traditional accessories or design elements that create a traditional local ambiance is one of the ways to build a distinctive character of an accommodation place. Even if not directly related to local cultural traditions, many successful and well-performing accommodation facilities (especially small) use original interesting design elements to create an identity that makes them stand out among the rest.