Volume II – Destination Development Plans – Plan No.8:

Tourism Development Plan for Polog region (Shar mountain, Tetovo and surroundings)

One of ten Destination Development Plans for Macedonia

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1. Introduction

This tourism destination development plan has been created in consultation with and with inputs from stakeholders from the areas of Polog, Popova Shapka, Tetovo and the surroundings. It is designed to be used to guide 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 Describing the 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 attractions of Tetovo and surroundings, and Shar mountain with surroundings. These attractions are linked together in one destination as they are within the catchment area (one day excursion) of Tetovo and Shar mountain, and they offer attractions, which are complementary and well-suited to the market segments prioritized for this region[1].

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).

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[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 18, 2018 in Tetovo

[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 mountaineering, nature and diversity.

The following vison for the destination has therefore been developed:

Vision: *In 2030, Polog will be known as a leading mountain destination in the Balkans, an ecological pearl enticing nature- and culture-loving travelers from Macedonia, the Balkans and beyond. Our preserved and rare natural beauty, organic and traditional food offerings and diverse culture will provide rich, year-round experiences.*

Unique Seeling Proposition (USP) Word Cloud: The following shows a graphical representation of the combination of terms and phrases with frequency that were used by stakeholders to express their vision of how tourism in the destination will look by 2030.

Strategic Goals:

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

1) Better conservation of ecosystems and natural resource management

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

3) Increased awareness of the importance of environment protection

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

5) A destination that is more “alive” and provides opportunities to mix with people from different regions or countries

6) Improved and expanded facilities and infrastructure for residents

Destination-specific targets in order to achieve the goals need to be formulated by destination stakeholders onbasis of strategic objectives above.together with timings.

3. Destination Overview and Supply Characteristics

Destination Supply and Tourism Assets

Shar mountain is an important asset for Polog region. It has traditions in being the best place for winter sports in the country but is also a pioneer in developing free ride as a profitable niche business. According to anecdotal evidence the free style operation at Popova shapka has capacity to receive 30 skiers per day. In the few last years it has been operating at an average occupancy of 80% charging 250 Euro per person per day (includes lodging, food and other free-style related services). Assuming a 3-month winter season (approximately 90 days) 540,000 Euros can be secured in total for the operation and network of supporting businesses.

Shar offers opportunities for outdoor activities during the summer months too.

Tetovo is an important center in this region as it is home to several interesting cultural heritage sites such as Ara Bati Baba Teke and Sharena Dzamija, as well as Leshok Monastery just outside of town.

The wide portfolio of attractions in this region has been recorded and analyzed in details in previous reports, which this plan will not repeat[4]. The following groups of 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:

- Shar Mountain, Popova shapka and outdoor/ adventure activities
- Tetovo: Ara Baba Teke, Sharena Dzamija

The region has a relatively modest accommodation portfolio with some of the main facilities in Shar and some smaller bed & breakfasts and guesthouses. Private homestays and home rentals are also available, including through Airbnb.

The proximity to Skopje is one of the main opportunities for cross-destination linkages. Given similarities in supply there are natural linkages between Reka region and Mavrovo destination and Shar Mountain and Tetovo. This is a border region so there are opportunities for cross-border offerings which appeal to representatives of the targeted segments, especially those visiting from long-haul destinations.

Current Development Pipeline 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 destination characteristics that present particular opportunities for improving the offerings for priority segments in Shar mountain and Tetovo:

- The **recently conducted AdventureNEXT** event organized by the US-based Adventure Travel Trade Association (ATTA), which took place in Ohrid in May 2016, increased the visibility of Macedonia as an adventure destination featuring operators and stakeholders from the entire country and the Balkans. The continuing international travel media coverage and raised awareness of Macedonia creates momentum for strengthening its positioning among the outdoor and adventure-oriented market segments, as well as among independent travelers.
- **The proximity to Skopje and link to main route between Skopje and Ohrid** secures easy access and potential for linking local attractions to itineraries of tourists visiting the

[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

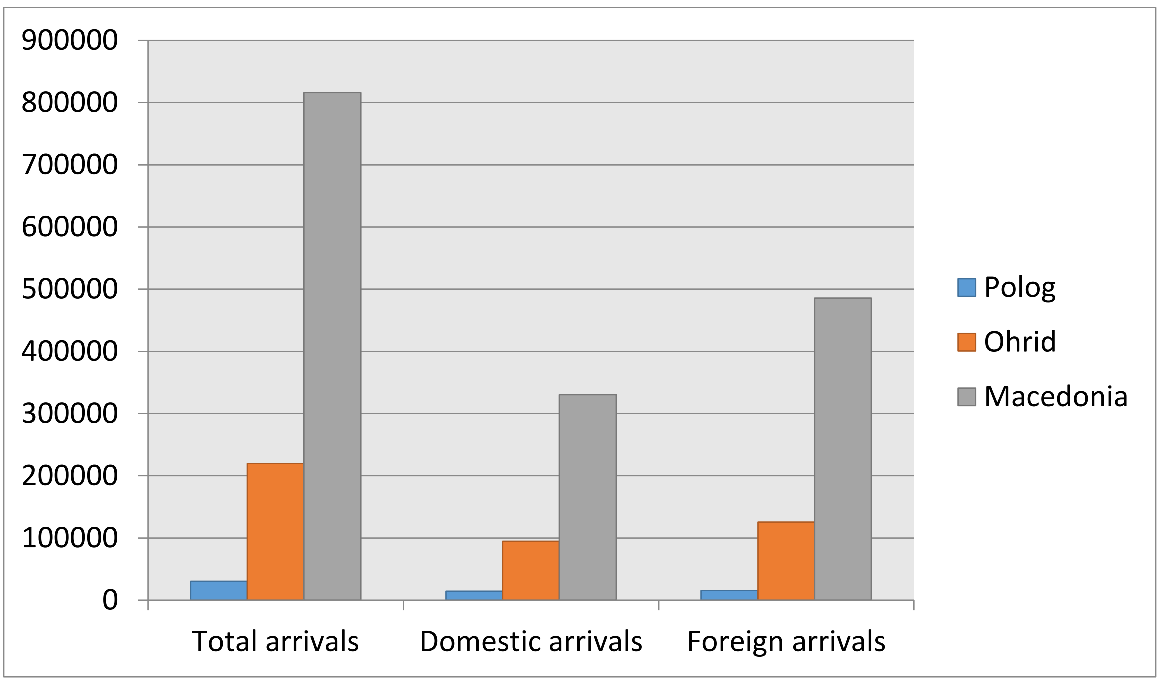
two main tourism centers of the country. Its location makes it a convenient stop-over destinations even for tourists who are not specifically arriving here.

- The **existence of living villages** in areas throughout the region offers opportunities for the development of high-value rural, traditional and culinary offerings. The success of rural developments in other parts of the country is indicative of the potential in this direction.
- **Shar mountain's nature** is an excellent and underutilized asset. The nature and landscapes of Shar offer many opportunities for outdoor activities, which are currently undeveloped.

4. Arrivals and Demand Trends

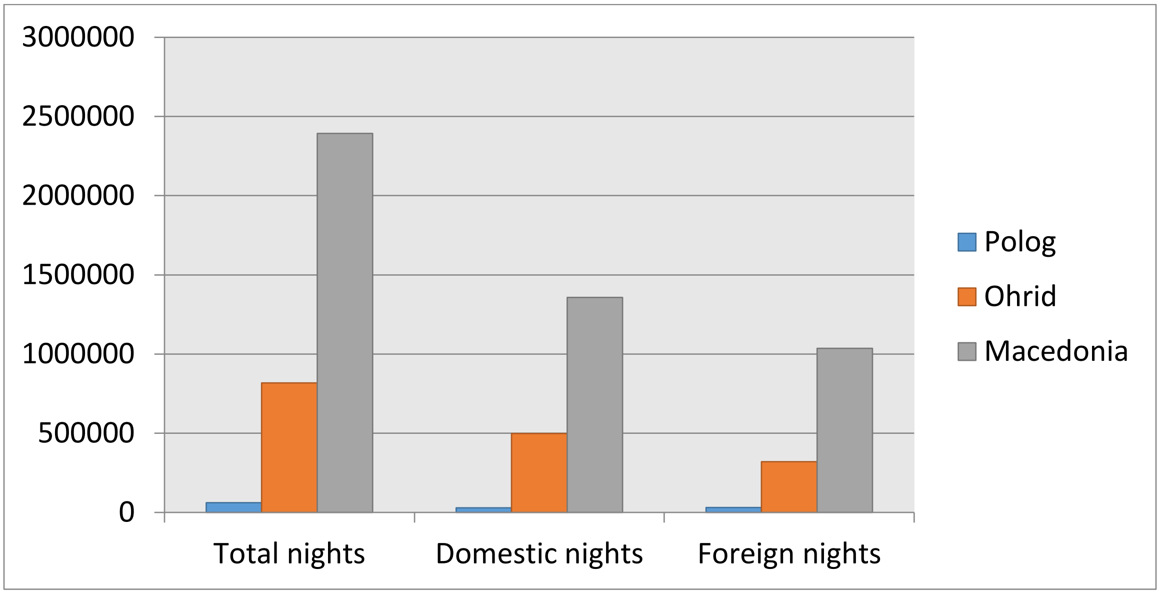
Polog region is one of the less active tourism areas in terms of volume. According to official arrival data in 2015 it attracted less than 4% of all arrivals and 3% of all nights spent. The attractions in this part of the country are not well integrated in advanced tourism offerings and are more disconnected drawing different types of tourists for individual sites and for a short period of time.

Figure 1: Arrivals in Polog, Ohrid and fYR Macedonia



Source: State Statistical Office

Figure 2: Overnight Stays in Polog, Ohrid and Macedonia



Source: State Statistical Office

An exception from the slower growth is the freeride operation in Popova Shapka which has started attracting a steady stream of visitors during the winter period.

Tetovo's cultural heritage and religious sites draw larger tour groups, including classic Balkan tours and Macedonia tour explorers. Overall, Tetovo draws mostly tourists who visit town for a few hours and are not captured by arrivals data. Officially the town receives around 4,000 domestic and 4,600 foreign arrivals who spend the night (2015).

The several famous monasteries in this region attract a lot of groups and independent tourists traveling throughout the region and visiting monasteries for short stopovers.

Table 1: Number of Overnight Stays and Tourist Arrivals in Tetovo, 2010 and 2015

	Number of Tourist Arrivals			Number of Overnight Stays			Average Length of Stay
	2010	2015	% change	2010	2015	% change	
Albania	633	737	14%	915	1,231	25%	1.67
Kosovo	605	1,474	59%	1,036	3,098	67%	2.1
Serbia	380	244	-35%	526	571	8%	2.34
Turkey	337	229	-32%	622	643	3%	2.8
Germany	193	271	28%	621	871	28%	3.2

Domestic	3,782	4,038	-22%	8,652	8,139	6%	2.14

Source: State Statistical Office

5. High Potential Market Segments

Polog region offers great opportunities for competitive offerings that can appeal to a variety of traveler profiles. Shar planina is a popular destination for domestic and international tourists interested in active outdoor experiences. Popova shapka has become a strong draw for hard adventure travelers.

The three high potential markets for Shar mountain, Tetovo and the surroundings are:

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 Polog region is of interest due to the available mix of cultural and nature-based experiences. Many of the attractions in the destination are underdeveloped or below market readiness but there is significant potential for growth. Specialized tour operators working with this segment have the expertise and capacity to identify new and underutilized assets, and weave them into tour itineraries enriching the market, which 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. This segment is high priority for the entire region.

Key Segment Insights and Prioritization Rationale: This segment is prioritized for Polog region because of its higher spending power, its interest in outdoor and cultural 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 Polog 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 naturally drawn to Polog. They travel on their own taking care of their bookings and itinerary developments. They are adventurous and attracted to new and less-conventional experiences, as well as areas with diverse outdoor experiences. They are a leading market for many rural offerings, including traditional B&Bs, traditional restaurants, culinary experiences, combined with outdoor activities such as biking, hiking, mountaineering, etc.

They hold significant potential for growth in terms of arrivals as well as length of stay and spending that is direct with local providers.

Key Segment Insights and Prioritization Rationale: This segment is prioritized for Polog 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. 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. With better infrastructure, more market-relevant product offerings and improved service quality, growth in this segment can generate significant economic benefits.

Hard adventure tourists (including domestic) that constitute priority for this region include freeride skiers and travelers passionate about winter sports such as Nordic skiing and snowshoeing. While the freeride operation on Popova Shapka is the most successful in the region, more can be done to improve its performance in terms of quality as well as grow further. Given that the mountainous areas that offer prime conditions for this high-value fast-growing winter sport are available only in this part of Europe, developing such operations has very strong potential to create new business opportunities and new high-skilled jobs.

Key Segment Insights and Prioritization Rationale: This segment is prioritized for Polog because it is already actively present in certain areas in the destination. Despite the fact that adventure tourist segments are relatively niche, they are characterized with significant spending power, direct spending with local providers and an extraordinary length of stay. According to anecdotal evidence hard adventure travelers stay in the destination about 7 days on average, and spend around $250 per day. Further investment and better targeting of this segment can lead to further growth and even higher length of stay and average spend. The awareness and publicity effects associated with the paragliding competitions and specialized media attention produces additional value added linked to this segment.

6. Gaps and challenges

6.1. Destination Development Challenges

Currently the main challenges with tourism in the area of Shar and Tetovo is the underutilization of its significant tourism potential. This is one of the less visited regions of the country and there are a few attractions that make it into itineraries of groups travelling across the country.
Shar Mountain is home to a successful freeride operation, which is developing well and generating profitability. Gaps in quality and delivery exist.

Due to the low visitation and poor maintenance, sites and attractions are often not in good condition. There is a significant problem with waste management in some areas, especially around Tetovo and surroundings. These challenges can be addressed by attracting visitors who are willing to spend more time and money on exploring the region's less visited natural and cultural attractions. Increased visitation throughout the destination can increase the positive socio-economic impact of tourism and lead to more balanced development.

6.2. Gaps in the experience of the priority market segments

The diversity of natural assets combined with cultural and historical attractions makes Popova Shapka – Tetovo destination attractive for Organized and Independent Active Tourists as well as for Hard Adventure tourists. Relatively easy access from and to Skopje is an added benefit too. All three priority segments enjoy opportunities to visit new places with extraordinary natural beauty, interesting culture and rich history. While existing tourism assets hold strong potential for appeal to the priority segments, the experience value chain analysis revealed gaps in current supply and delivery, as well as underutilized opportunities.

The following section summarizes the gaps and opportunities for improvements in the traveler experience that the destination currently offers across the three priority segments. They are organised below in six sections; accommodation and hospitality, activities and experiences, attractions, capacity, brand or image and infrastructure. This is followed by description of indicative interventions that can address these and lead to strengthened competitiveness of Polog region as a destination.

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.

6.2.1 Accommodation and Hospitality

Gap 1: There is a gap in the available accommodation that gears towards the priority markets

Detail and explanation:

- The hospitality services (accommodation and food) in the region are very limited
- The style of existing accommodations does not align with the expectations of priority markets (interior 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, bike parking, etc.)
- The availability of homestays is appropriate for some of the priority segments (hard adventure and independent) but most of them are in the informal sector, which leads to inconsistent quality and service, lack of standards, inability to secure safety

These problems arise because;

- There is limited entrepreneurial and investment capacity for developing new accommodation facilities
- 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 operator:

'There are few good accommodations and they are spread out so operators do not have many options. 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:

'The hotel was clean and inexpensive but the beds were quite uncomfortable and the shower leaks everywhere'.

Filling the gaps

<u>1a. Ensure availability of more appropriate accommodation facilities that meet the expectations of the target market</u>

There is need to expand the accommodation offerings in the region, especially such that are grounded in local traditions and culture, and gear towards active segments. 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. It is important to note that accommodation facilities can be expanded also through development of camping areas, mountain huts and nature-based low-impact structures as an alternative. Such accommodation solutions are often very sustainable and become attractions that drive additional demand in themselves (see illustration).

Indicative Activities:
a. Support for new accommodation projects should be focused on small-scale facilities (up to 20 rooms) with traditional or distinctive style and feel.

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).

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 non-destination specific chapter.

Illustration:
Example for rural accommodations with traditional Macedonian design and authentic feel.




1b. Ensure the style of accommodation facilities meets the expectations of target market segments

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: quality bed and mattress, well-functioning bathroom with a simple but well working shower (instead of bathtubs for example), consistent and well working heating/ cooling, water and electricity, etc.

Indicative Activities:
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: bike parking or storage areas, laundry rooms, kitchen improvement to enable additional or extended service, etc.

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

Detail and explanation:

- There are few eating locations, and many of them lack character that highlights local culinary traditions and the quality of local ingredients. . This is very important to the Independent and Organized active tourists who prioritize culinary experiences as part of their trips.
- There is a gap between the available food offerings and the quality of local produce and culinary traditions of the region
- 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 arise because;

- Many food service providers have very limited understanding of the needs and wants of priority segments, and expectations of international tour operators.
- There is 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 those that are grounded in local traditions and culture. Focus should be placed on offerings that are local and simple rather than such that try to mimic international cuisines (see illustration). 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 Macedonian experience.

Indicative Activities:
a. Investments in development of new food service facilities should be encouraged throughout the region. These should be distinctive in character and focused on interpretation of local culinary tradition. During phase one priority should be placed on developing a few food service facilities in the area, and especially in places where there is potential for tourism flow but no existing food service in proximity.

2b. Enrich availability of culinary experiences outside of standard meal services

There is need to grow and diversify the culinary offerings available to tourists. The excellent local food and traditions hold tremendous potential for the design of high value added culinary 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 a few projects for alternative culinary experiences, which are different from each other.

Case Study: Farm-to-table

This experience is part of a rural food tour in Tuscany and is included in high-end specialized adventure **operator itineraries.**

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

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

There is need to improve the understanding of food service providers towards potential dietary restrictions and ways to address them. They need to develop specific skills and add necessary services (such as providing information on ingredients or source of produce) to meet the 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 interventions may include sessions for information and experience exchange with international operators. This is addressed in more details in the non-destination specific chapter but illustrations are provided in the Annex.

6.2.2 Activities and Experiences

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

Details and Explanation:

The current opportunities for experiences that gear towards the different priority segments are limited, including opportunities to engage in core experiences (such as hiking/ biking for organized and independent active tourists, and freeride skiing for hard adventure tourists) as well as opportunities for supporting and supplemental experiences

- There are gaps in the service delivery of current freeride skiing associated with equipment failure, poor transportation service, unsatisfying food service, etc.
- The outdoor activities such as hiking, biking, mountaineering and others are underdeveloped
- There is very limited availability of experiences based in local culture and history, local celebrations, culinary traditions, etc.

These problems arise because;

- Many local tourism business operators have limited understanding of the needs and wants of priority segments, and expectations of international tour operators.
- There is limited investment capacity among tourism entrepreneurs who understand market opportunities and have capacity to develop relevant offerings.
- There is limited access to market knowledge that can guide tourism businesses in their decisions to invest in new experiences and offerings.
- 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 gap:

3a. Ensure visitors have access to a quality freeride skiing experience:

Given the higher value added of freeride skiing it makes sense to invest in its growth. There is a need to address existing service quality gaps in the offering despite the favorable competitive situation.

Indicative Activities:
a. Investment in maintenance and expansion of equipment, infrastructure and services supporting

freeride skiing. This must include investments towards better quality of service and consistency of service, gear for freeride skiing, as well as marketing and other relevant infrastructure.

3b. Ensure visitors have access to new outdoor products and experiences year-round

Assets in the region provide opportunities for diverse outdoor offerings such as nature walks, hiking, biking, mountaineering, animal watching and others. Additional winter activities can include snowshoeing and Nordic skiing.

Indicative Activities:
b. Investment in the development of new experiences including outdoor experiences such as hiking, biking, horseback riding, animal watching, etc. This includes investment in needed visitor infrastructure as well as development of relevant programs and services.

3c. Ensure visitors have access to visitor infrastructure in natural areas in the region to enable outdoor activities

The development of hiking, biking and horseback riding paths is important for the destination for several reasons to allow visitors to engage in active exploration of nature through outdoor activities. Their practicing requires marked trails, paths and supporting infrastructure, which is currently limited. Routes and trails also enable easy and slower (non-motorized) movement throughout the region, which allows for enjoyment of different parts of the destination and encourages visitors to experience more places and stay longer.

Indicative Activities:
c. Investment in the designing and installation of infrastructure that enables hiking, biking and horseback riding: investments in natural areas in Shar mountain. Interventions can include improvement and maintenance of existing visitor infrastructure as well as development and installation of new.

3d. Ensure visitors have access to more and better quality offerings around local culture, farming and culinary traditions

There are just a few 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. The development of these is possible and 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:
d. 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.

Illustration: Ajvar Production

Ajvar is one of the symbols of Macedonian farming and culinary tradition. A local operator offers a specialized itinerary for travelers during the ajvar making season. There is an endless list of possible similar offerings around cheese making, making of rakia and wine, making of jams and other natural foods.

<u>3e. 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 Macedonia or the specific regions. In addition to the especially designed souvenir booths installed around tourist areas, there is 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:
f. 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.

Case Study: Hawaii and the links between tourism and agriculture

Although in many cases tourism development is seen as a threat to agriculture, the experience of Hawaii proves that linking the two sectors can magnify the economic success of both. An analysis of the practice of linking agriculture and tourism in Hawaii published in 1995 (Cox et al. 1995) reveals that there were two major benefits from stronger linkages between rural and agricultural life, and tourism. The first is that agriculture became an even stronger source of supply for local hotels and restaurants as tourists expected fresh and local food. The second is that agriculture contributed to the diversification of the attraction portfolio of the destination. The study revealed that agriculture-related experiences and sites attracted 6.3 million visitors and generated $31.9 million in revenue. The most important findings was that the majority of the reported profit was not generated from tours and visits but from the sale of products and services produced at the visited site.

Source: Cox, L., Fox, M., & Bowen, R. L. (1995). Does Tourirms Destroy Agriculture? Annals of Tourism Research , 22 (1), 210-213.

3g Ensure that activities are designed in order to better meet the expectations of visitors

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:
g. 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 consumerism

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 Press.

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 of 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 gaps:

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

There is need to improve some of the 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 where that is possible) and the overall visitor experience. The discussed earlier need to improve and develop visitor infrastructure is associated with this gap/ intervention as well.

Indicative Activities:
a. 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 trails in Shar mountain), 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 management:

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.

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

6.2.4 Capacity building

Gaps

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.

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. At the destination, 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 destination lacks roadside information and signage in English that enables independent travelers to navigate throughout the region on their own with motor vehicles or bike (slef-guided).
- 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 within 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

8b. 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 proposedindicative interventions to fill gaps*

#Indicative interventions
Accommodation and Hospitality
Expand available accommodation portfolio with focus on small rural and authentic accommodations (up to 20 rooms)
Improve quality of design and services at existing accommodations
Expand available food service providers
Enrich availability of culinary experiences outside of standard meal services
Improve food providers' culture and preparedness for traveler dietary restrictions*
Activities and Experiences
Develop and improve quality of service in freeride skiing
Develop new outdoor products and experiences for year-round offerings
Develop a system of visitor infrastructure in natural areas in the region to enable

outdoor activities
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) Better conservation of ecosystems and natural resource management

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

3) Increased awareness of the importance of environment protection

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

5) A destination that is more "alive" and provides opportunities to mix with people from different regions or countries

6) Improved and expanded facilities and infrastructure for residents

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.

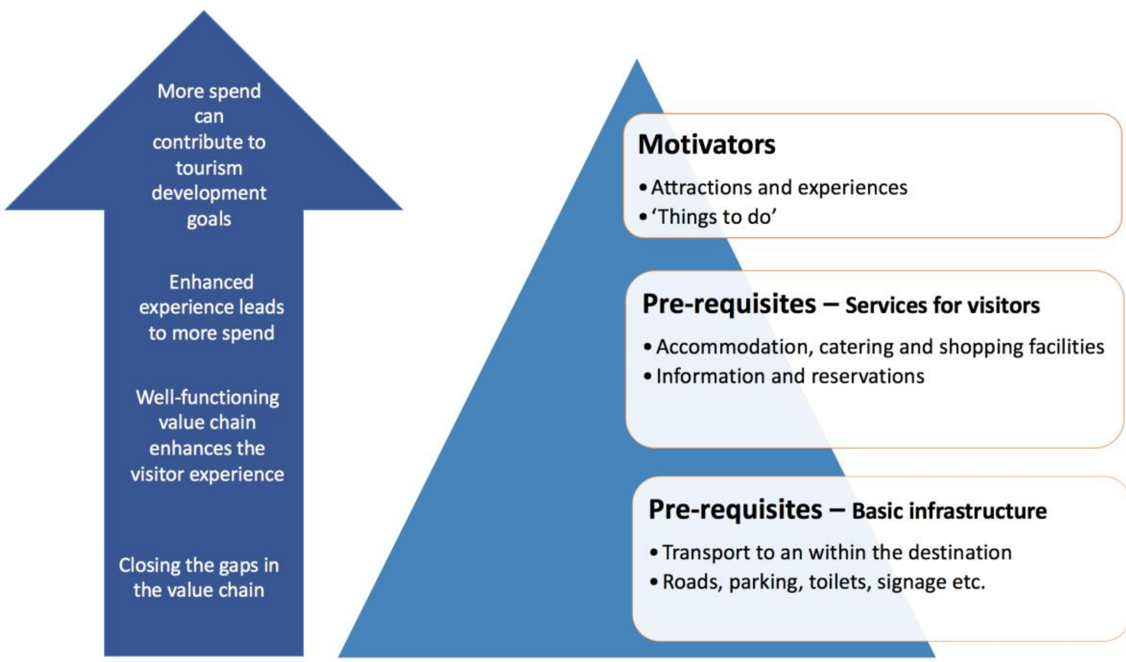
Figure 3: Destination development plan cycle

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 4: 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 2: Polog Demand and Supply Snapshot (2015)

Indicators	Ohrid	Macedonia Total
Total arrivals	30,200	816,067
- Domestic	14,565	330,537
- Foreign	15,635	485,530
Total nights spend	60,574	2,394,205
- Domestic	29,041	1,357,822
- Foreign	31,533	1,036,383
Number of rooms	1,128	27,812
Number of beds	3,443	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
  - o washing services (even if self-serviced) for active tourists who prefer to travel with less outfits but need to wash after biking, hiking, etc.
  - o 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.