Tourism Development Plans

For Ten Destinations Across fYR Macedonia

Volume II – Destination Development Plans

November 2016

This report is developed under the auspices of the Macedonia Competitive Industries and Innovation Support Program (grant from a Multi-Donor Trust Fund) in support of the Local and Regional Competitiveness Project.

CIIP Competitive Industries and Innovation Program

Financed by in partnership with WORLD BANK GROUP

Abbreviations

ALOS - Average Length of Stay

ATTA - Adventure Travel & Trade Association

DMAI - Destination Marketing Association International

ETC - European Travel Commission

ETOA - European Tour Operator Association

EU - European Union

FAM - Familiarization Trip

GDP - Gross Domestic Product

LRCP - Local and Regional Competitiveness Project

MICE - Meetings, Incentive, Conferences and Events

NGOs – Non Governmental Organizations

SME - Small and Medium size Enterprises

UK - United Kingdom

UNESCO - United Nations Educational, Scientific and Cultural Organization

UNWTO - United Nations World Tourism Organization

USA - United States of America

VFR - Visiting Friends and Relatives

WBG – World Bank Group

WTM - World Travel Market

WYSE - World Youth Student and Educational

Contents

Executive Summary

The Government of fYR Macedonia has prioritized the improvement of socio-economic development through job creation and growth. The government has specifically highlighted the tourism sector as one that can help the country achieve its development objectives, notably through its contribution to local economic development and in reducing wealth disparity across the regions. Success through tourism development would typically deliver job creation, private investment and higher visitor spend in selected destinations. In this context, several international organizations and NGOs are working in fYR Macedonia, including the World Bank Group (WBG) and the European Union (EU).

In support of the government's agenda, tourism development plans have been drafted to guide responsible market-led tourism growth across a number of high potential market segments in fYR Macedonia over the medium term. The objective is to increase the economic impact from tourism. This document can be read in its entirety (volume I and volume II) by policy makers, private sector groups, international organizations, NGOs, and other entities operating at the national level to assist in planning, policies, and sector management. Additionally, it can be broken down into destination-specific chapters to be implemented by those operating at the destination level such as destination managers, municipalities, private sector enterprises, associations, local NGOs, parks and other tourism asset managers.

1. Volume I provides background, context, the methodology applied, market research and the detailed evidence base for Volume II
2. Volume II provides targeted development plans for each of ten destinations, with vision, targets, phased actions and expected impacts. It also provides a chapter outlining common issues and recommendations that span across multiple destinations.

Previous strategies for the tourism sector in the country predominantly focused on the supply side of the market. The current approach builds upon the existing knowledge and strategies, and complements them by adding the demand lens so that opportunities in the sector can be understood from both supply and demand perspectives. The plan focuses on six market segments that have been identified as having the highest potential to deliver the development dividend for the country, with some more suited to the West part of fYR Macedonia, which has a more developed tourism sector, and some to the East. Selection of the market segments was based on the segment's growth prospects (volume of demand), their ability to generate jobs and spend, to grow in lagging regions outside of the more established tourism centers, as well as their compatibility with the supporting asset base (supply side).

In order to ensure that these high potential market segments would be able to grow to their full potential, a value chain analysis (VCA) was applied for each of them. The VCA, taken from the perspective of the 'tourist consumer' or 'buyer' identifies gaps and weaknesses in the visitor experience from the moment the trip is considered, to the moment the visitor returns home. The plans then take these gaps to formulate a list of possible interventions and actions to fill them.

Filling the gaps will increase the competiveness and enhance the entire experience of the consumer. With better and more competitive experiences in each of the market segments, the development plan works on the assumption that subsequent growth and expansion of the market segment will generate the results expected in terms of jobs, investment, spend and length of stay.

The gaps imply needs and possible ways to address them from the private and public sector side in areas ranging from, but not limited to, skills development, waste management, roadside signage and roadside rest and relaxation infrastructure development. Some of the gaps need to be met across many destinations or at the national level (i.e. non destination-specific gaps), and some of them need to be met uniquely at the destination level. The first chapter of Volume II deals with the cross-destination gaps. These gaps should be addressed in a coordinated, phased approach upon consultation with relevant experts and relevant stakeholders.

The development plans and their underlying analytics aim to encourage and support individual actors or groups at all levels to take responsibility for helping to increase the attractiveness and sustainability of the tourism destinations. Specific projects or detailed actions have not been elaborated, leaving space for creativity and innovation on the part of direct implementers. There are various forms of funding available that can be used to support such activities, notably a grant scheme under the Local and Regional Competitiveness Project (support by the EU and World Bank Group), and the Regional Development Fund. Other initiatives and programs may further support implementation of projects or actions to contribute to achieving the goals articulated in the development plans.

1. Introduction

The Government of the fYR Macedonia has prioritized the improvement of socio-economic development through job creation and growth. They have specifically highlighted the tourism sector as one that can help the country achieve its development objectives, notably through its contribution to local economic development and in reducing wealth disparity across the regions. Success through tourism development would typically deliver job creation, private investment and higher visitor spend in selected destinations. In this context, several international organizations and NGOs are working in fYR Macedonia, including the World Bank Group (WBG) and the European Union (EU).

The importance of the tourism sector is emphasized in national and regional strategies, yet there is a need for better dialogue and public sector coordination in implementation. The sector's policy framework comprises the National Tourism Strategy 2009-2015 (and its thematic sub strategies); the Law and Strategy for Regional Development 2009-2019; the Programs for Regional Development 2010-2015 for each of the eight planning regions; and the Program of the Government for the period 2014-2018. The Government, through the Ministry of Economy, has drafted a new National Tourism Strategy for 2016 onward.

Whilst often very detailed and well documented from the supply side (assets, products, facilities), the existing strategic material that guides the sector is lacking substantial demand analysis (an understanding of why and how tourists visit the country). This means that any entity engaged in designing or planning an intervention (at any scale) to address sector challenges has only half an understanding of the market. Like many other industries, tourism is a highly competitive industry that is run by the private sector, and a deep understanding of both the supply and the demand side are critical.

1.1. Overview of Market Segments

As part of the analysis conducted for the creation of this development plan, a detailed market and demand analysis has been carried out. The full analysis can be found in Volume I. The principle finding of the analysis is that there are 6 market segments that are of particular relevance to fYR Macedonia and its most prominent 10 destinations. These segments are considered likely to generate the most in terms of economic and development impact. These market segments are shown in Figure 1 below.

Figure 1: Priority market segments for FYR Macedonia

West Macedonia	**East Macedonia**
Organized Active Tourists	
Independent Active Tourists (incl. domestic)	
Hard Adventure Tourists	Domestic Short Break Tourists
	Regional Short Break Tourists
	Organized Large Group Explorers

Organized active tourists
Travelers who are part of an organized tour group (size ranging from 25-2 people) traveling with a specialty operator around fYR Macedonia offer high potential for growth in destinations in the east and west. The smaller tour groups are an important niche market as they provide more flexibility, for the demand as well as the supply side. They are among the first to engage in new off-the-beaten path experiences in the country. 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. It is important to note that the experiences that are attractive for these segments are based on local culture, traditions and distinctive offerings, which contribute to the stronger differentiation of fYR Macedonia among competitors and its appeal among other segments. 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 all destinations in the country.

Independent active tourists (including domestic)
These travelers are naturally drawn to all destinations in the western part of Macedonia and offer further potential for growth. While in smaller numbers, they are also found in the east. 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. Hotels reported small group of bikers and hikers but also people who have a particular interest such geologists and historians. While the majority of the travelers within this segment originate from Western Europe they are also coming from North America. They hold significant potential for growth in terms of arrivals as well as length of stay and spending that is direct with local providers. This segment is high priority for all destinations in the west and east.

Hard adventure tourists (including domestic)
This segment is high priority for Krusevo, Prilep and the surrounding areas where there is sufficient market proof for the international competitiveness of the assets for paragliding. Growth in this segment as well as diversification of the hard adventure offering with other activities such as rock climbing, bouldering and others has very strong potential to create new business opportunities and new high-skilled jobs. Developing additional offerings that are not directly linked to the core hard adventure activity is also important as cultural, heritage and soft adventure activities also represent interest for this segment and can lead to increased spending.

Domestic Short break tourists
Citizens of fYR Macedonia, especially those living in the cities, have increased interest in a healthy lifestyle and have concerns regarding the air quality in cities especially Skopje. There is also a noticeable increased interest in domestic sightseeing. This trend has caused people to take more trips into the countryside to be in nature and explore sights such as lakes and waterfalls. There is also an increased interest in farm-fresh and locally grown food. Destinations along in the East are not as explored by domestic tourists as destinations in the West which provides as an opportunity to increase arrivals. This type of domestic traveler requires a medium or luxury level of accommodation standard. They stay in hotels but also rent comfortable houses where they have the opportunity to cook and travel with friends and family. There is currently no significant demand for winter sport activities in the East due to lack of snow.

Regional short break tourists

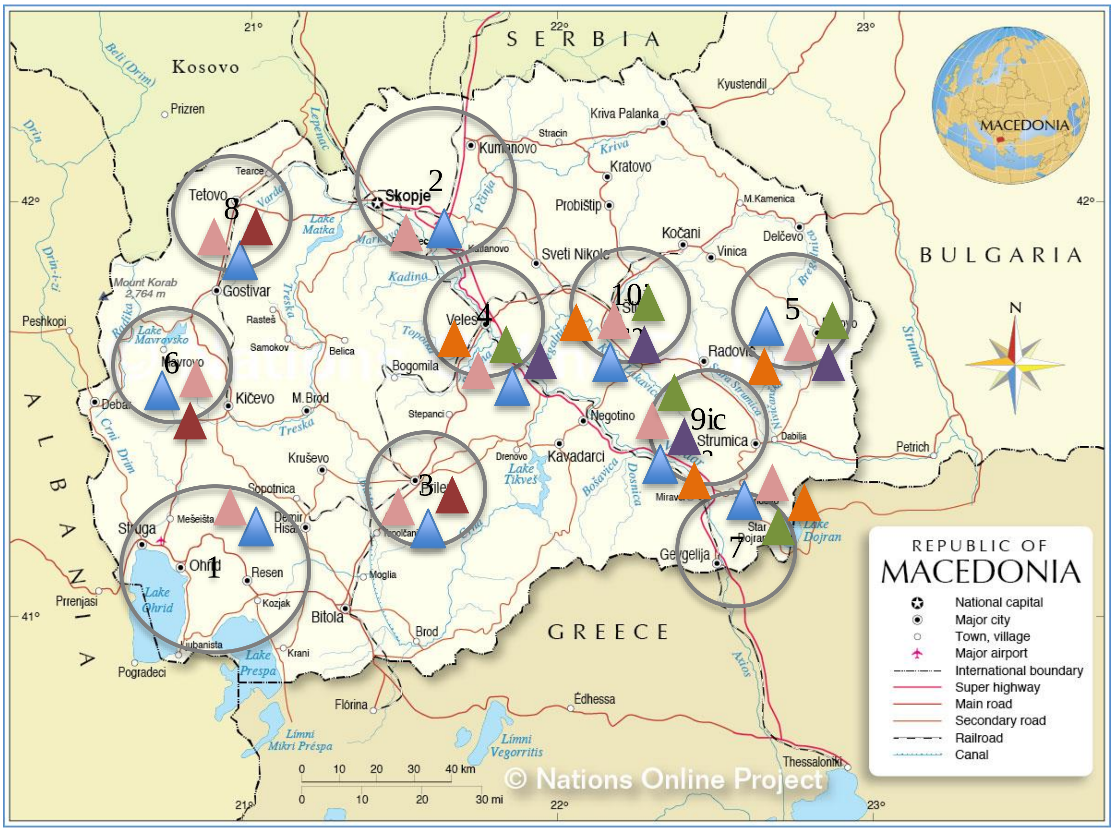
The eastern region borders to Serbia in the north and Bulgaria in the east. While the East does receive tourists from Serbia, the Bulgarian market is currently more prominent. Tourist from Bulgaria travel independently but also on packaged group tours. The Bulgarian tour groups tend to overnight in 'more-off-the beaten path' destinations such as Kratovo and Strumica.

Organized large group explorers

While shorter tours (7 days) usually focus on the western part of the country, tours longer than a week also include the East. The majority of these tour groups are Dutch but there is growing market of Polish and Israeli tour groups. They currently mostly visit the Tikves region, Strumica and Berovo.

These market segments have more relevance to some destinations than others. The map below illustrates which destinations should consider which of the market segments as a priority target for growth and competitiveness.

Figure 2: Map of Macedonia with Priority Segments



- Organized active tourists
- Independent active tourists
- Hard adventure tourists
- Domestic short break tourists
- Regional short break tourists
- Organized large group explorers

1. Destination 1 encompasses Ohrid, Struga, Prespa and their surroundings
2. Destination 2 encompasses Skopje, Kumanovo and their surroundings
3. Destination 3 encompasses Pelagonija
4. Destination 4 encompasses the Tikves region
5. Destination 5 encompasses Malesevo
6. Destination 6 encompasses the Reka region
7. Destination 7 encompasses Gevgelija and Dojran
8. Destination 8 encompasses the Polog region
9. Destination 9 encompasses the Strumica and its surroundings
10. Destination 10 encompasses Stip, Radovis and their surroundings

After running a value chain analysis through the experience of the each of these market segments and the destinations that they visit (see Annexes of Volume I) a number of gaps have been identified. This analysis works on the assumption that a well-functioning value chain is desirable because it means a better experience for the tourist. A better experience (in whichever market segment is being analyzed) will result in higher spend, longer length of stay, repeat visits and recommendations to other potential visitors. This will ultimately increase the overall numbers coming to visit in a particular market segments, and expand demand into more destinations, products and services.

1.2. Different Types of Gaps

Across the six different value chains, the analysis revealed that there are two different type of gaps.

Destination-specific gaps

Firstly, there are gaps that are specific for a particular destination. These are gaps that have been identified by visitors in the third phase of the experience value chain ‘the on-site destination experiences.’ They are usually unique to the destination and therefore destination-level solutions are deemed most suitable to address them. An example of this type of gap might be ‘severe congestion in the town center during market day’.

Figure 3: The Tourist Experience Value Chain Analysis

Source: Clawson, M., & Knetsch J. (1966). *Economics of outdoor recreation. resources for the future*. Baltimore: John Hopkins

Gaps that are not confined to a destination
Secondly, there are gaps that do not fit into the categorization above, known as 'non-destination specific gaps'. They are either not unique to the destination or require a level of support from outside the destination. Those that are not unique to the destination closely resemble gaps in other destinations. An example of this type of gap might be 'lack of visitor service infrastructure such as toilets, services and information centres'. These could be addressed at the destination-level but their repeated presence in multiple destinations implies that solutions might be better developed in partnerships, or as larger projects to take advantage of economic of scale. For these type of gaps it is safe to say that they affect most if not all destinations in fYR Macedonia.

Another example of gaps that have been extracted and fall into this second category are gaps that require some support or intervention from outside the destination, i.e. national level support or decision-making. These gaps are deemed to be applicable across fYR Macedonia and usually contain a policy element, a significant budget, or fall under the jurisdiction of a national-level body as opposed to a local or 'destination-level' body. Examples of these types of gap might include 'poor perception of fYR Macedonia', or 'limited air access to key markets'.

The destination-specific gaps have been incorporated into the relevant destination development plans in Chapter 3, and the non-destination specific gaps have been extracted and presented in Chapter 2.

2. Non Destination Specific Gaps

2.1. Background and Context
This chapter highlights a number of gaps in the experience value chain that have been extracted from the destination-level plans. They have been extracted because they are either a recurring issue that is widely applicable across multiple destinations and/or they require some level of national or regional support that is beyond the immediate responsibility of destination-level actors. It details the reason for extracting them into a separate chapter, and how this chapter can be read and used by various stakeholders in the context of the destination development plans.

2.1.2. Extracting gaps that are not confined to a destination
The gaps that have been identified as non-destination specific have been extracted from the main body of the destination development plans and outlined here in a separate chapter. This has been done for several reasons. Firstly, the development plans can become very repetitive as many of the same issues or gaps need to be articulated ten times at every destination. Secondly, the presentation of a common problem provides an opportunity for actors at multiple destinations (or the national level) to solve problems collectively, with increased knowledge sharing, partnership and likely economies of scale. Thirdly, the responsibility or mandate to address certain issues lies beyond that of the destination. While the destination can work to lobby for the issues to be addressed they ultimately do not have control over the outcomes and therefore should not be held accountable for them in the destination development plans. Lastly, and perhaps most importantly, many of these gaps are complex and substantial. Addressing them will have a significant impact on the destinations themselves, and in many cases set the framework in place that allows local level implementation. For example, if destinations wants

to roll-out a training program to improve hospitality standards, they may require an updated set of standards to be approved and adopted at national-level before they can proceed.

2.1.3. How to use this chapter

This chapter has three primary audiences:

- National organizations and institutions
- National, regional and local organizations, bodies, associations and entrepreneurs
- Destination managers and local stakeholders

The first two groups are encouraged to actively take responsibility for addressing the gaps outlined in this chapter. These gaps are typically complex and of long-standing. Addressing the gaps will require multiple interventions and actions from a range of actors at all levels – at the national level to address parts of the problem that require policy change, strategic direction, empowerment or large budgets, at the regional and sub-national level to come up with cross-cutting practical solutions to problems that have been identified across many destinations, and destinations to roll-out and implement parts of the solutions.

Where possible, this chapter indicates parties that could consider taking responsibility. The last group – the destination managers and local stakeholders may additionally play an indirect role – through a destination management process – in lobbying the first two groups and tracking the impact of these interventions at the destination level.

2.2. The Gaps

In total, six gaps have been extracted from the destination development plans and are explored in detail here. The following sections provide a description of the gap, why it is important to address it, an explanation of the gap and its complexities, and finally a section on addressing the gaps and indicative activities.

2.2.1. Gap 1: Limited Service Culture

The gap

Service providers across the country show limited levels of quality of service towards visitors. In other words, customer service at some attractions or facilities is often not meeting the expectations of the visitors. This lack of service culture is the issue that is highlighted by visitors as 'negative' to their experience. It is further manifested in the lack of sensitivity or flexibility towards the needs and expectations of different types of visitors. This results in a gap between customer expectations and the reality of their experience. In general, reviews from hotel guests are mostly positive about the overall friendly attitude of the staff but not so much about the level of service they received. However, there are hotel guest who indicate they are not satisfied with the friendliness of the staff (see quotes).

Definition: Service culture

A business that places service at the center of their organizational culture. In order for a hospitality operation to have successful service quality, the most possess the following: i) a service culture, ii) an empowered delivery system, iii) a customer listening orientation and iv) a responsive service guarantee.

- Tesone (2008)

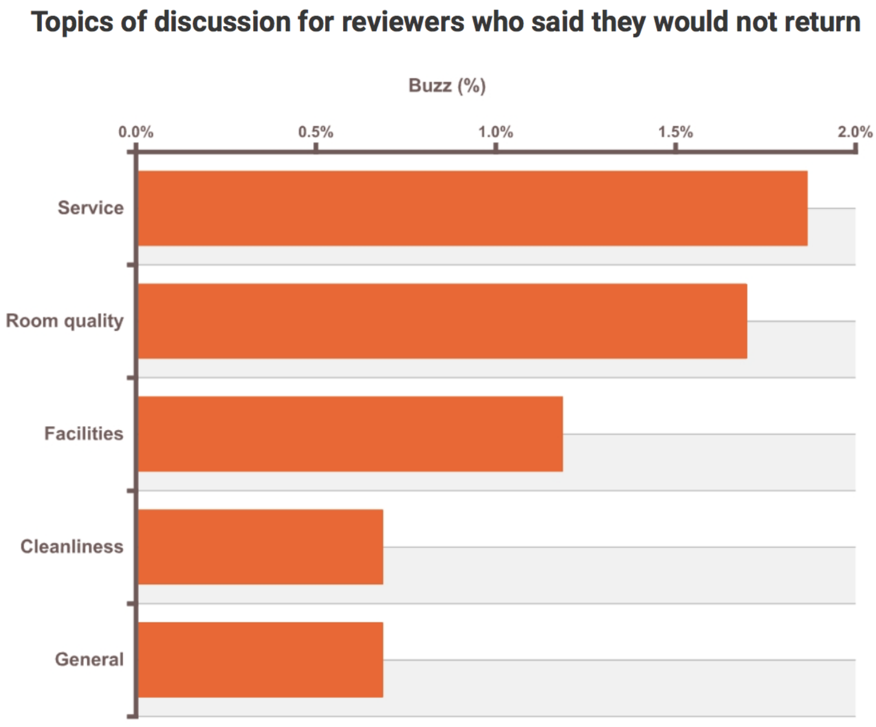
There are some patterns in limited service culture within hotels. More expensive hotels tend to provide better overall service but their guests still complain about the lack of responsiveness or following up on complaints. Smaller, owner-operated properties, are more likely to provide guests with the service they expect than medium sized and large hotels. This issue has been noted across the country. A level of service below tourists' expectations is noticed by both the domestic as well as the international market, and across all demographics and market segments. Some tourists, however, value this more than others. Many international visitors indicate that due to the relatively low prices for hotels, they understand that the level of service and amenities are expected to be limited as well.

The importance of a good service culture

Providing consistent service to both domestic and international visitors is important for a number of reasons. Visitors who have a bad experience are less likely to travel back to fYR Macedonia (see box). A lack of quality service will also cause a negative recollection of their experience, generating unfavorable reviews on sites such as Tripadvisor. This will negatively reflect on the image of fYR Macedonia as a tourist destination, and they are also less likely to recommend visiting fYR Macedonia to friends and family.

Consistently friendly staff are crucial for making guests want to return to hotels

An analysis of Tripadvisor hotel reviews for three of the world's top luxury brands showed that a "friendly attitude" from staff is the ley reason for why they would visit again and also the key reason why they would not return.



Source: http://wave.wavemetrix.com/content/consistently-friendly-staff-are-crucial-making-guests-want-return-luxury-hotels-01098

Feedback from international tour operator

'There are instances where I have to drop a certain hotel or guest house from our offerings or tour because they simply cannot deliver the service or standards our clients are accustomed to'.

Feedback from international visitors which illustrates the issues around quality of service[1]

'At arrival the staff might seem a bit disinterested, but in general they try, nothing more, nothing less'.

'I will give this hotel two stars, four stars not at all, they need to improve many things, first the most important thing is the Customer Service, i didn't feel the service for a hotel with four stars at all, the front desk persons where very cold and not welcoming,

[1] This feedback is to show the type of feedback visitors are sharing post-trip. This is not representative for all travelers to fYR Macedonia

not even a smile or thank you for staying in our hotel, just the bill when we checked out'.

The wedding celebration under the window of my room caused so much noise that I couldn't sleep'.

'There were weddings going on at the hotel the entire time we were there. Staff was occupied with it and did not have time for us'.

Explanation of the issue

While visitors generally feel that the staff at hotels and restaurants have a friendly attitude, tour operators and travelers indicate that the lack of service quality is often caused by unmet needs and expectations of the travelers. Thus while front-of-the house staff are considered sufficiently pleasant, they either do i) not have the attitude to go the extra mile in their service delivery, or ii) not have the mandate to do this.

i) **Cultural reasons**: The first reason might be caused by cultural differences in value orientation, the lack of effective communication (foreign language) skills or the lack of understanding of customer expectations and the types of expectations. The expectations of the domestic and international visitors markets have changed and they require staff with better levels of service skills.

ii) **Empowerment:** Secondly, front of house staff might not have the authority or freedom to provide services beyond the basic services. This could be caused by lack of trust from management, the ability to manage or a lack of operating procedures

Addressing the gaps

1. There is a **mismatch between the skills supply and demand**, particularly for tour guides and hotel managers. Some of the international organizations (Swisscontact, USAID, EBRD) have addressed within their projects but feedback from private sector indicates that should be addressed more systematically. Further analysis is needed to verify the cause of the lack of skills. Possible reasons could be the lack of training programs specialized in tourism, the costs of the training, incentive for up-skilling in these types of service positions, limited content covered during the training, or the quality of the training program.
2. There is **need for leadership training** for tourism managers – There is a lack of continued education for middle-management
3. There is **limited understanding of traveler needs** – there is a need for improved understanding of the needs of the current and future domestic and international travelers traveling to and around Macedonia. There is currently insufficient market intelligence available for tourism stakeholders[2]
4. **Lack of standards** – Tourist currently have limited ways of comparing the different accommodation offers within Macedonia as well as internationally. This sometimes results into a mismatch between expectations and delivery. Travelers have problems translating objective requirements of traditional rating standards into subjective elements such as service delivery.

[2] Example of tourism market intelligence can be found at http://www.tourism.australia.com/statistics/market-profiles.aspx

All of these factors will need to be addressed in order for this issue to be addressed in full, and a variety of different actors or organizations are likely to be required to take responsibility for different parts.

2.2.2. Gap 2: Lack of guiding capacity and skills

The gap

There is currently a lack of properly trained and skilled guides. There is great demand for guides of international standard who possess the required technical, social as well as language skills. The majority of current guides lack the interpretation and storytelling skills that are necessary for a good guiding experience. There are a limited number of qualified guides with foreign language skills.

Guides are hired by ground operators to lead tour groups, by individual tourists but also by attractions to guide the visitors. The lack of qualified guides is mostly experienced by inbound tour operators offering special interest tours. These tour operators perceive the limited number of qualified guides who speak languages such as French and German combined with technical and social skills as the main issue.

Definition: Tour guide
"A person who guides visitors in the language of their choice and interprets the cultural and natural heritage of an area which person normally possesses an area-specific qualification usually issued and/or recognized by the appropriate authority."
- World Federation of Tourist Guide Associations

The importance of qualified guides

Tour guides are often the main interface between the host destination and the tourist. They are responsible for the overall impression of the destination and the satisfaction of the trip. They are sometimes considered the unofficial ambassadors of a destination and in Macedonia guides can spend anywhere from 30 minutes to two weeks with an individual or group of tourists. The quality of the guides corresponds strongly with the level of overall tourist satisfaction. Good guides can make or break the experience of a trip. Without good guides a destination cannot offer organized tours or provide independent travelers with specialist guides. A bad experience will result into a negative recollection of the trip. This will limit the number of repeat visitors and can negatively impact the image of the destination. Lack of specialist guides will also prevent international tour operators from entering or expanding into a destination.

Feedback from inbound tour operator
'Sometimes a groups requires a specialized guide who speaks French. As there are just very few qualified guides who speak French, we will have to send a guide and a translator. This makes the tours very costly'.

Feedback from international visitors
'The guide was ok but not very personal. He just showed as the best way to walk up the mountain. I would have loved to hear stories about his life here'.

Explanation of the issue

Inbound tour operators indicate that there is a lack of sufficient numbers of qualified guides. From a general, theoretical perspective this could be caused by i) lack of skill development, ii) lack of interest to become a guide and iii) insufficient on-the-job training possibilities.

- **i) Lack of all-rounds skill development:** This first reason could be caused by a mismatch by the content of training offered by the training providers and institutions and the actual need for specific human resource capabilities from tour operators. Tour operators are looking for people who have both the technical skills, social skills as well as language skills to become a good guide. The current guide training courses, might not address all of these factors sufficiently.
- **ii) Lack of interest to become a guide:** Most guide jobs are seasonal, require long working days and guides often have to spend days away from home. Also, most tour operators prefer to hire part-time guides. In order to compensate for this hardship, guides expect to properly rewarded for their work, a subject that requires further analysis.
- **iii) Insufficient on-the-job training possibilities** – The majority of the guides are self-employed and thus are unlikely to receive paid training opportunities. This limits ongoing capacity building and reorientation as traveler demands evolve. This is especially true for guides providing niche services.
- **iv) Lack of specialized guides**–this has been noted by tour operators as an issue due to the growing demand for certain type of tours, particularly in the adventure tourism segment (mountain hiking, biking)

There is a need to further assess and understand the lack of skilled guides in fYR Macedonia in order to identify the binding constraints and to address the issue systematically.

Addressing the gaps

The lack of qualified guides can hinder the destination from growing their hard adventure, as well as the organized and independent active tourism market segments. In order to improve the international standard of the existing guides there are a number of gaps that need to be addressed.

1. There is a **lack of guide training programs** that meet the needs of the market – the existing training and certification programs for guides do not fit the market trends. They are considered outdated and focused on limited number of skills.
2. There is a **need to develop a new standard for guides** – the current standards or certification for guides do not meet international standards
3. There is a need for **advancing of capacities for current guides** – there is a need for soft skills and customer service skills, as well as language training.

All of these factors will need to be addressed in order for this issue to be resolved, and a variety of different actors or organizations are likely to be required to take responsibility for different parts.

2.2.3. Gap 3: Inconsistent waste collection and waste management culture

The gap

Several tourism destinations are affected by waste pollution. Waste typically takes the form of dumped household waste well as waste left behind by visitors. This is considered unsightly and occasionally dangerous by tourists. In fYR Macedonia, waste pollution of this kind is typically found on the outskirts of major towns and attractions, along secondary roads in natural or rural areas. The prevalence of this waste has led some tour operators and tourists to complain about the experience of their trip.

The importance of waste management

Visible waste negatively influences the experience of tourists across all market segments, both while they are in the destinations and while traveling between destinations. This results in a gap between the perceived image of the country they anticipated and the reality. Macedonia is advertised as country known for its natural beauty (see below). This negative experience could be shared with potential visitors through social media channels or word of mouth resulting in loss of potential visitors. Studies in other destinations have shown that pollution of the environment has a negative effect on the experience of visitors. A study[3] in national parks in South Africa showed that there was a very strong link between pollution and the returning visit rate. Other studies in China [4] and the USA[5] showed similar results.

'*In Canyon Matka a lot of paths intertwine and are connected, so it's easy to reach your desired destination. At Matka, you can only get lost in dreams, fantasies and breath'*

– Macedona Timeless website, 2016

-

Feedback from inbound tour operator

'In some areas there is so much trash, that it becomes embarrassing. It does not fit with the image of a country which should be known for its natural attractions.'

Feedback from international visitors (referring to Lake Matka and Aquaduct)

'You can hike around the mountains or simply walk along the side of the lake, although the trails indicated on the boards do not seem to tally always with the actual routes. The great pity is that there are piles of rubbish everywhere despite large prominent signs warning everyone to take care of the environment.'

> *'Probably built around Byzantine times, this long well preserved aqueduct deserves better care. Despite featuring beautifully on touristic maps, it is not easy to get too and then full of trash all around - very shameful.'*

---

[3] Du Plesssi, L. van der Merwe, P. and Saauyman, M (2012) Environmental factors affecting tourist's experience in South African national parks. African Journal of Business Management Vol. 6(8), pp. 2911-2918, 29 February, 2012

[4] Deng, J., Qiang, S., Walker, G. J., & Zhang, Y. (2003). Assessment on and perception of visitors' environmental impacts of nature tourism: a case study of Zhangjiajie National Forest Park, China. Journal of sustainable tourism, 11(6), 529-548.

[5] Floyd, M. F., Jang, H., & Noe, F. P. (1997). The relationship between environmental concern and acceptability of environmental impacts among visitors to two US national park settings. *Journal of Environmental Management*, *51*(4), 391-412.

Explanation of the issue

In most destinations, including those in fYR Macedonia, waste management issues are usually caused by a combination of the following factors[6] [7]:

i) Population awareness – people are a not aware of the risks and adverse effects of improper waste management on both their own health as well the long term environmental impacts
ii) Visitors awareness – visitors are unaware of the environmental impact of improper waste disposal
iii) Proper waste management is not incentivized. The positive incentives such as a clean environment are not valued and there are no negative incentives such as fees for littering or illegal dumping
iv) Unclear responsibility for waste collection – no clear understanding of who is responsible for waste collection in certain areas, or for certain types of waste. Insufficient communication between central government, municipalities and private sector
v) Limited waste collection infrastructure - collection points (bins) and infrequent or insufficient waste collection (emptying of bins)

If not addressed, the factors described above result in illegal dump sites and littering. This is unsightly and degrades both the perception of the attractiveness of the area, and can often cause environmental damage. This issue needs further analysis as it is not clear which of the above causes is the main constraint in Macedonia.

Addressing the gaps

While further analysis is required to understand the complex subject of effective waste management, it is clear that all of the factors that are causing the problem in fYR Macedonia need to be addressed in order to fill this gap. It is likely that a variety of different actors or organizations will be required to take responsibility for different parts, and there is plenty of scope for innovation on the part of the private sector as well. Likely actions may include:

1. The need to address **public awareness** for all stakeholders – limited awareness levels of short term and long term waste management complications of both local population as well as visitors
2. The need to address coordination and enforcement of **rules** on waste management – particularly on the clear roles and responsibility of different entities regarding waste collection in areas frequented by visitors
3. The need to address the **problem of waste management** and capacity. There are currently limited number of waste collection points and not enough frequency of waste collection in areas popular with domestic and international tourists.

[6] European Environment Agency (2013) Municipal waste management in the former Yugoslav Republic of Macedonia.
[7] Government of the Republic of Macedonia (2008). Waste Management Strategy of the Republic of Macedonia (2008-2020).

Examples of market-based instruments to address litter

- Applying the 'polluter pays' principle, in terms of fines for littering, dumping waste and illegal disposal
- Applying the 'user pays' principle, in term of tourist taxes, entrance fees or car park fees.
- Financial and technical support for installing waste management systems in private companies
- Awards-based incentives for communities with advanced waste management control
- 'Adopt-a highway' opportunities for private and public entities to financially support waste management activities in specific areas in exchange for public acknowledgment of the support

  - Adapted from EU (2011) Plastic Waste: Ecological and Human Health Impacts. Available at: http://ec.europa.eu/environment/integration/research/newsalert/pdf/IR1_en.pdf

2.2.4. Gap 4: Limited online marketing and communication

The gap

The country lacks the relevant online presence as a travel destination with content that proactively raises awareness of fYR Macedonia as a travel destination and motivates travelers from the priority segments to visit, or to explore more deeply once they arrive. There is a lack of online solutions that provide necessary travel planning services for travelers who have decided to visit and are preparing for their trip. Overall, the destination of fYR Macedonia lacks integrated presence on social media but even the presence of individual operators, service providers, attractions, clubs and other providers is weak. In the context of the experience value chain the lack of marketing communications firstly leads to low level of awareness about the destination and relatively narrow start of the marketing funnel (see figure below). Secondly, the lack of information services that support travelers during their trip is also a concern as this has impact on the quality of the 'on-site' experience.

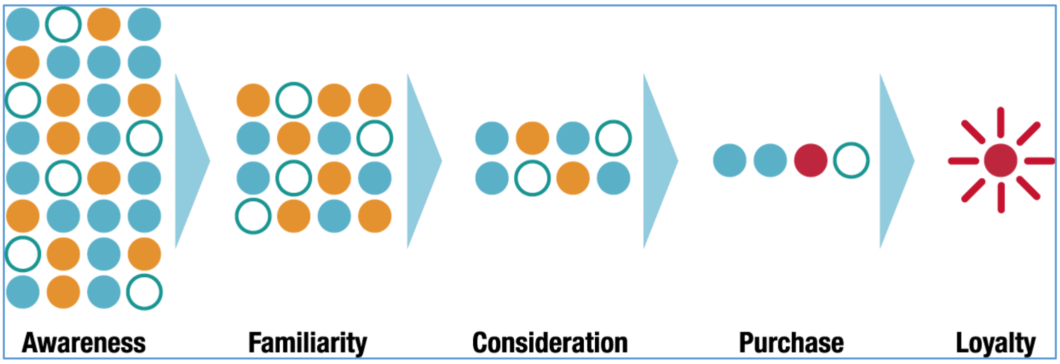
The importance of integrated marketing

Marketing and promotion of the country as a travel destination have been improving in recent years. The brands "Macedonia Cradle of Culture, Land of Nature" and "Macedonia-Timeless" with the development of the official tourism portals (www.exploringmacedonia.com and www.macedonia-timeless.com) along with the promotional materials and presence on international media have contributed to the promotion of the country as a destination internationally. Another good example of communication that increases the visibility of fYR Macedonia among relevant audiences (both tour operators and tourists) is the publicity generated around the adventure segment in fYR Macedonia through AdventureNEXT in Ohrid in May 2016 (see Annex).

However more in this direction could be done by using a mix of digital and traditional media to secure exposure to target audiences to information about the country and trigger interest in learning more about the destination.

A traveler needs to be aware of a country or destination in order to start developing an interest in visiting.

Figure 4: Traditional Marketing Funnel Model



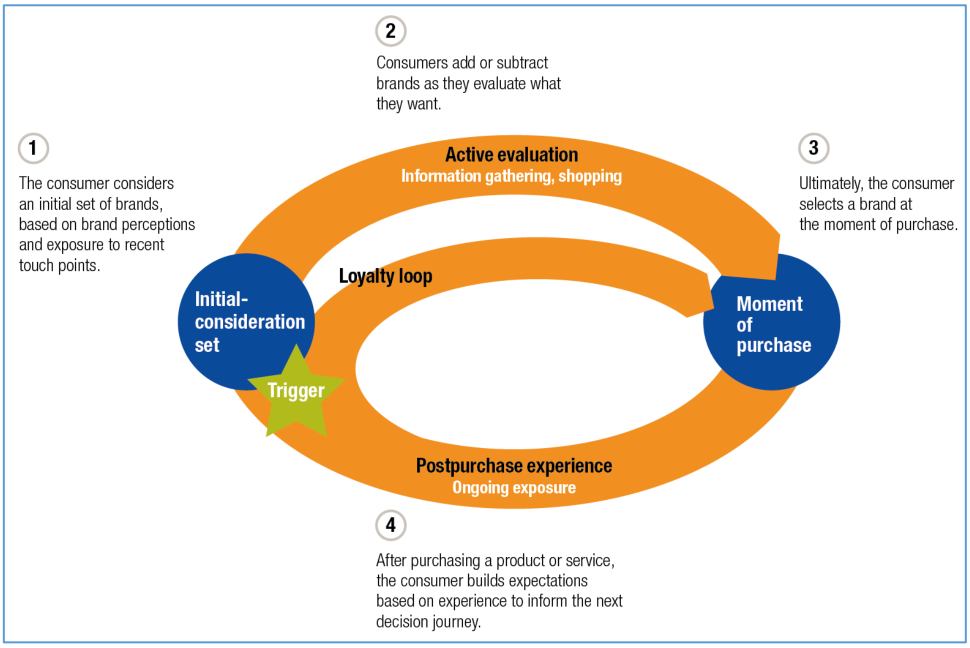
Source: McKinsey, The Consumer Decision Journey[8]

In contemporary communications characterized with dominance of digital media and customer-driven social media communications, the decision journey has become much less straightforward (see figure below). In this reality, country-level communication has shifted from being driven by traditional media (such as TV and mainstream newspapers/ magazines) to a mix of specialized media, digital media and targeted social media channels.

Contemporary public relations leading to content in specialized magazines (mostly digital but could also be print) targeting priority market segments, online blogs and forums, specialized YouTube channels can raise awareness and drive interest in the country. There needs to be an ongoing and consistent flow of communication (frequently based on systematic reposting of already existing content) that maintains active awareness about the country and drives potential visitors to the country website (or regional destination websites). This is especially important in less established markets such as fYR Macedonia where there is not a wealth of existing online information to guide a curious potential visitor. At the risk of losing that visitor in poorly curated or even negative material available in general searches, it is advisable to guide that preliminary interest to a national website that is well maintained.

[8] McKinsey, The Consumer Decision Journey, June 2009: http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-consumer-decision-journey

Figure 5: Contemporary Circular Model of Decision Making Journey



Source: McKinsey, The Consumer Decision Journey

Contemporary travel portals provide information on attractions, experiences, services, etc. but also offer tools and services that help travelers plan and manage their visit. An effective travel website needs to be smart phone optimized or be accompanied by a smartphone app, which travelers can download and use during their travels.

Online destination presence cannot be limited to a website and needs to be supplemented with active presence on social media platforms, which includes but is not limited to Facebook, Youtube, and Instagram. Social media platforms are crucial in securing dynamic promotion and information, as well as traveler engagement at every stage of the experience. It is important that social media communications are systematic, targeted and engaging. The content needs to be relevant to the priority segments to drive engagement and encourage sharing between these audiences. National-level marketing should also be a main channel for triggering interest in and driving visitor traffic to regional destination platforms.

Explanation of the issue

For many countries country-level tourism marketing is a challenge. The main reason behind that are:

i) **Fast changing media realities** have changed the relevant strategies and tactics for marketing products, services and travel destinations. Many businesses and moreover institutions are behind in understanding and developing capabilities to operate in these new realities.

ii) Customer journey patterns have been disrupted because of media realities changes, technology advancement and the growing dominance of younger generations on the travel market. For example, audiences are much more segmented than in the past, which requires presence on multiple more specialized channels to reach segments that were previously available through mainstream media only. The path to the purchase decision has also become much more complex depending on many more touch points and highly influenced by customer-to-customer feedback. These changes require new approaches in marketing that relies on new communication channels and new marketing tactics.

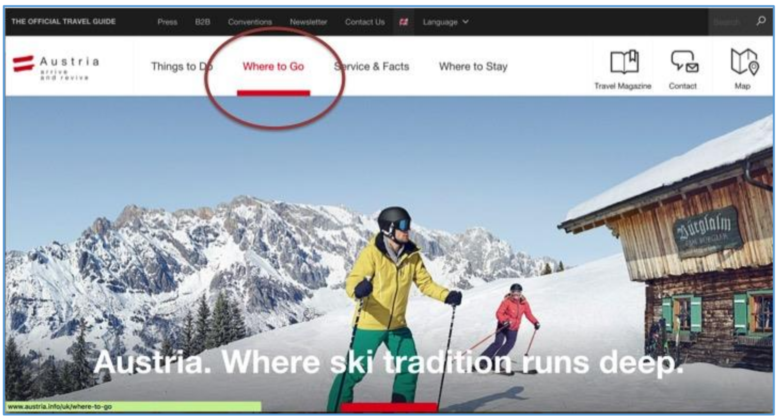
iii) Lack of proper **marketing research** based on contemporary digital analytics, ongoing feedback from the industry and high-level international trends analysis with clear focus on priority segments.

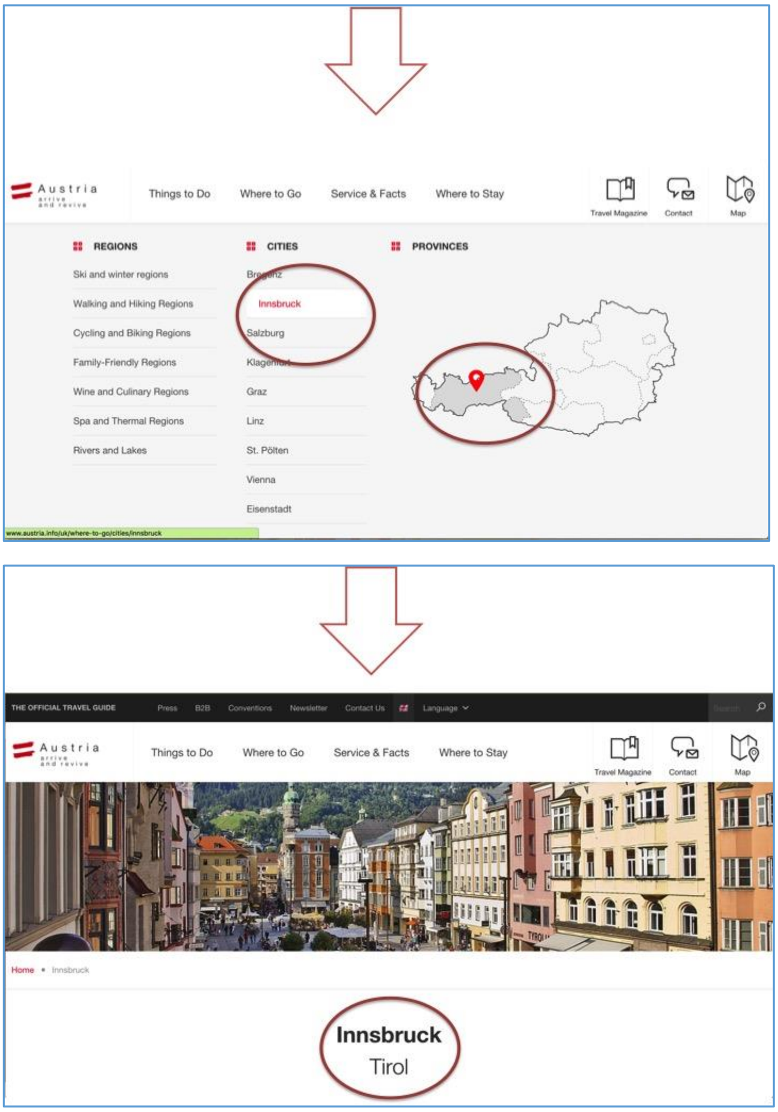
Addressing the gap

Addressing the gap of poor consumer awareness of fYR Macedonia as a destination through national level marketing is complex and will require a number of different entities to address all dimensions of the problem in an integrated way. This is likely to include capacity building and technical improvements:

1. There is need to address the **capacity of the entities (public or private) managing the country-level marketing of fYR Macedonia in areas such as contemporary digital media and digital analytics**.
2. There is need address the lack of **marketing research and analytics at country-level**, in order to ensure more relevant decision making in marketing tactics, and can help generate marketing insights to be shared with the industry. This can be done by setting up a marketing research unit on national level, which generates marketing insights and shares with the industry to guide their decision-making.
3. There is need to **upgrade the existing country destination portal to ensure that it provides more relevant information and is linked with regional destination websites** (see example below).
4. There is need to **launch systematic and relevant communications across different digital media channels** to ensure more comprehensive, systematic and relevant communication flow that builds and sustains awareness on Macedonia as travel destination.
5. There is need to address the lack of **contemporary digital services for independent travelers and other priority segments** that support self-navigated experiences throughout Macedonia.

Figure 6: Austria's national portal with sub-sites for regions





Source: http://www.austria.info

2.2.5. Gap 5: The lack of signage and roadside information

The gap

Roadside information and signage in English that enables independent travelers to navigate throughout the region on their own with motor vehicles or bike (self-guided) needs to be improved. There is limited and inconsistent visitor signage within towns, settlements, recreational areas and around attractions, hindering easy navigation by independent travelers.

Where signage does exist, it is often not sufficient for independent travelers to find the smaller villages, settlements and sites without having to stop and ask for help. The white on brown signs located on the main roads leading to attractions are in most cases in place. However, these tourist signs are often not sufficient to lead the visitors to the actual site. There is a need for additional signage to guide visitor off the main road and directly to the attraction. In many cases there are remains of previously installed signs but these have not withstood the test of time. This issue is observed across the country but more prevalent in the less mature tourism regions. There is also a lack of uniformity of design which makes it more difficult for visitors to identify the signs. In some cases, each of the signs along the route to an attraction have a different design.

The importance of signage

The lack of signage prevents independent visitors (whether domestic or international) to visit the sites they had anticipated to visit. It also prevents visitors without a structured itinerary to spontaneously visit attractions and other sites. It can leave the visitor frustrated and diminish the visitor experience. This can affect repeat visitation and can have a negative impact on the image of Macedonia when visitors post their negative experience in social media or share with family and friends.

> Feedback from international visitors
> *'We got lost because of no precise signs throughout the city to this natural wonder, and ended up on a road on one of the sides of the mountains of the canyon.' (Visited Matka Canyon)*
>
> *'The aqueduct is huge and in very good shape. Unfortunately, it is also hard to find. The signage is not very good, and it took us a couple tries. We finally found a farm road, and got some help from local folks and were able to walk to the aqueduct. We had it all to ourselves as the site is not developed in anyway. Which was good for us but also means this historic treasure is not protected from vandals. I hope the Macedonian government takes action to protect the site'. (Visited the Aquaduct)*

Explanation of the issue

This gap could be caused by the following:

i) Lack of capacity at the responsible agency and lack of understanding of the needs
ii) Limited number of requests for signage by attraction owners – there is limited awareness of needs for signage among the owners of the attractions and /or limited interest in providing signage to potential visitors
iii) Insufficient quality of signs – installed sign have lower than expected lifetime due to incorrect choice of material, installation or location.
iv) Lack of maintenance of the signs – after installation the signs need to be maintained on a regular basis

Addressing the gaps

The issue of tourism signage was a priority in the *Macedonia National Tourism Strategy 2009-2013*. According to the evaluation of this plan in the *Draft National Tourism Strategy 2016-2012* "Improve touristic signposting, extend use of brown tourism signposts and develop criteria for using such signs" was one of the implemented actions of the previous strategy. However, recent site visits across the country as well as recent trip reports from international visitors show that the issue of addressing signage has not been sufficiently addressed yet.

The following gaps needs to be addressed:

1. There is a **need to address the absence of signage**. There are both public and privately owned attractions across the country that currently cannot be located by

independent travelers – the signage to these sites has either never been placed or needs to be replaced

2. There is need to address the **lack of uniformity in design** of signage. The design of the signage, both those located on the main roads (the brown and white signs) as well as the secondary and dirt roads leading to the entrance of the sites need to be standardized across destinations so that they are easily recognizable for visitors.
3. There is need to address **the legibility of signage**. A number of signs to attractions are only available in the Macedonian language.

All of these factors will need to be addressed in order for this issue to fully addressed, and a variety of different actors or organizations are likely to be required to take responsibility for different parts.

2.2.6. Gap 6: Limited roadside visitor infrastructure

The gap
Need for more rest and recreational infrastructure alongside roads, for stopovers for travelers in motorized vehicles as well as bikers may be developed using available sites. Roadside infrastructure includes specialized areas for stopover and rest during travel from one destination to another (with motorized vehicles) or during biking trips using regular roads.

Roadside infrastructure
Roadside infrastructure offers excellent opportunities for breaking the trip from one location to another and making the transportation experience more pleasant and manageable. This type of development can be more important for some visitors and market segments than others, depending on such factors as demographics, type of group and mode of transport. For example, older people, families and those traveling by bike or on foot will consider this kind of infrastructure essential as it gives them the opportunity to stop for rest or food. Well-developed roadside infrastructure can be essential in attracting new tourists, enabling a longer stay (especially for bikers) and improving the overall traveler experience for visitors who are already in the destination. Roadside infrastructure typically includes toilet facilities, resting areas and ideally also observation points and interpretative signage. Strategic planning of such areas involves picking locations where there is an opportunity to enjoy great scenery or points of local interest, turning the resting stopover into an experience itself. Many destinations have been creative with these experiences, also providing opportunities for visitors to take and share photos, view local art installations or purchase local crafts and products.

Roadside infrastructure is especially important along smaller (non-highway) roads, which are appropriate and likely to be used for bikers. It can transform smaller roads with good pavement that are less actively used by motorized traffic into biking routes. The availability of roadside infrastructure can also open up new areas for tourism which may otherwise be considered too remote. Many tour operators are resistant to include attractions/ places that require two hours or more of uninterrupted travel time, because they know their clients will not enjoy the experience. In this sense, stopover infrastructure can create resting and stopover spots where traveling groups stop for outdoors lunch, shopping, resting, etc. (see examples below).

Feedback from international specialized operator

'There are some very nice remote places to visit in the country but they require too long of a trip and nothing to do on the road to them. We cannot keep people more than two hours in a van without any stopovers on the road'. (interviews)

Explanation of the issue

The lack of roadside infrastructure can be explained with:

i. Overall limitation of available resources for investment in public infrastructure
ii. Lack of need in the past to invest in services and infrastructure supporting specific forms of tourism such as biking and small group travel
iii. Lack of experience and existing capacity in designing and maintaining recreational infrastructure

Addressing the gaps

There is a need to explore further which public authorities can and should be involved in leading the development and maintenance of roadside infrastructure as it is likely that responsibilities will vary depending on the type of roads (national, regional, local). In general the resolving of this gap involves the following steps:

1. There is a need to address the lack of clarity concerning **responsibilities and ownership issues** that will determine the best formats of partnerships (involving public and private sector players) to plan, install and maintain roadside infrastructure facilities.
2. There is a need to address the lack of an overall **framework or strategy** for investment in roadside infrastructure. This may include conducting **feasibility analysis to identify best locations, capacity and design of roadside infrastructure** facilities depending on current and future needs. This will lead to specific planning of developments and investment in relevant phases. Special attention should be invested in the identification of relevant styles of restroom facilities in remote and natural areas where there is lack of water pipes and where there is need to take special care with environmental impact.
3. There is a need to address the absence of roadside infrastructure through investing in the actual **development and installation of resting areas and facilities**.
4. There is a need to address the **absence of maintenance arrangements** for such infrastructure to ensure quality and use in the long run.

All of these factors will need to be addressed in order for this issue to be fully resolved, and a variety of different actors or organizations are likely to be required to take responsibility for different parts. The identification of relevant stakeholders requires further analysis.

Figure 8: Case Study: Chapman's Peak, South Africa

Chapman's Peak Drive is a scenic stretch of paved road from Hout bay to the Cape of Good Hope in South Africa. First opened in 1919, and little-used at that time, it has been beset by maintenance issues as a result of weather conditions and rockfalls, often rendering the road unsafe for the public. The legal road authority for Chapman's Peak Drive being the Provincial Administration Western Cape (PAWC) realised early on in 2000 that financial limitations would be the single biggest stumbling block to the safe re-opening of Chapman's Peak Drive to traffic. To solve these financial problems the plan was to implement a public private partnership and proclaim the route a Toll Road under the Western Cape Provincial Toll Road Act.

The Chapman's Peak Engineering Group Joint Venture was awarded the tender. After intensive design and reconstruction Chapman's Peak Drive was re-opened to traffic as a toll road on 20 December 2003. The opening was a welcome return for the drive as an "international tourist destination" complementing other tourist destinations in the Western Cape. Local businesses also welcomed the re-opening.

The scenic drive has become a destination in itself, with countless well-designed rest stops strategically placed along the road, including picnic and BBQ areas, hiking and biking trails, toilet facilities, view-points and photo platforms. Visitors can purchase a day-pass or a standard tariff depending on how they intend to use the road. The road itself is now one of the area's top attractions for self-drive leisure visitors, local residents and cyclists.

- Source: www.chapmanspeakdrive.co.za

2.3 Summary of gaps and possible responses for consideration

3. Destination Development Plans