

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Trade and Finance**



## **Master's Thesis**

**Evaluation of the benefit of the construction of new  
cabins in the Lodín campsite in the Czech Republic**

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## DIPLOMA THESIS ASSIGNMENT

Bc. Adéla Pečínková

Economics and Management

Thesis title

**Evaluation of the benefit of the construction of new cabins in the Lodin campsite in the Czech Republic**

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### **Objectives of thesis**

The main objective of the diploma thesis is, based on the methods used, to determine the payback period of the investment in the construction of new cabins. Among the sub-goals of the Thesis is an evaluation of whether the investment in the construction of new cabins is worthwhile and a forecast taking into account changes in visitor numbers and sales. Recommendations for improving the promotion of the camp will also be proposed.

### **Methodology**

In the theoretical part, a descriptive and analytical method will be used to determine knowledge about tourism. That will be obtained from relevant secondary sources in both print and electronic form, including data provided by the Lodin camp. In the practical part, a forecast will be created to estimate the benefits of building new cabins. The expected change in the number of tourists and the amount of sales will be analyzed using the quantitative method. A SWOT analysis will be carried out to estimate possible problems in the Lodin camp and based on this, a solution will be proposed that can lead the Lodin camp to a better quality of service provision in the tourism industry.

## The proposed extent of the thesis

60 – 80 pages

## Keywords

tourism, impact, campsite, Lodin, cabins, forecast

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## Recommended information sources

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### **Declaration**

I declare that I have worked on my master's thesis titled "Evaluation of the benefit of the construction of new cabins in the Lodín campsite in the Czech Republic " by myself and I have used only the sources mentioned at the end of the thesis. As the author of the master's thesis, I declare that the thesis does not break any copyrights.

In Prague on 01 April 2023

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### **Acknowledgement**

I would like to thank Ing. Olga Regnerová, Ph.D. for her brilliant advice and support during my work on this thesis and to Martin Korbel, the manager of the camp in Lodín, for his helpfulness and kindness in providing data for this thesis. I would also like to thank my parents and my sister for all the encouragement and help throughout my lifelong studies, I would not be capable to finish it without them.

# **Evaluation of the benefit of the construction of new cabins in the Lodín campsite in the Czech Republic**

## **Abstract**

This master thesis proposes a plan for building new cabins in the camp Lodín and evaluates the financial feasibility of this investment. The main objective is to calculate the Return on Investment (ROI) and Payback Period indicator and forecast the potential increase in revenues and occupancy rate that could result from the construction of the new cabins. The thesis observes the current state of the tourism in the area of the village Lodín and finds opportunities for the possible future development of the camp, considering the existing tourism infrastructure and attractions in the surrounding Hradec Králové district. The thesis also provides a plan for the implementation of the new cabin construction project, including considerations for place selection, cabin appearance, and promotion. By achieving these objectives, this thesis aims to make a valuable contribution to the field of tourism development of the camp Lodín and provide insights for other rural communities and businesses seeking to enhance their tourism offerings.

**Keywords:** camp, tourism, services, cabins, Lodín, tourist, visitor, destination, village, revenue, investment, summer

# Vyhodnocení přínosu výstavby nových chatek v kempu Lodín v České republice

## Abstrakt

Tato diplomová práce předkládá plán výstavby nových chatek v kempu Lodín a hodnotí finanční proveditelnost této investice. Hlavním cílem je vypočtení ukazatelů návratnosti investice (ROI), doby návratnosti investice a prognózy/předpovědi potenciálního zvýšení tržeb a míry obsazenosti, které by mohly být výsledkem výstavby nových chatek. Práce sleduje současný stav cestovního ruchu na území obce Lodín a nachází příležitosti pro možný budoucí rozvoj kempu s ohledem na stávající infrastrukturu cestovního ruchu a atraktivit v okolním okrese Hradce Králové. Práce také předkládá plán realizace projektu výstavby nových chatek, včetně úvah o výběru lokace nových chatek, vzhledu chatky a propagaci. Dosažením těchto cílů chce tato práce přispět k rozvoji cestovního ruchu v oblasti kempu Lodín a poskytnout poznatky pro další obce a podnikatele, kteří usilují o rozšíření své nabídky v oblasti cestovního ruchu.

**Klíčová slova:** kemp, cestovní ruch, služby, chatky, Lodín, turista, návštěvník, destinace, obec, tržby, investice, léto

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# 1 Introduction

Tourism is nowadays an integral part of every country. It encompasses all the activities of tourism participants (tourists) as well as the activities of all tourism providers. It is the total amount of tourist spending on the territory of a specific country; thus, it is an important component of the Czech Republic's income. Not only it does contribute to an increase in gross domestic product, but by increasing it, unemployment is reduced precisely because more labour is needed for accommodation services, food & beverages services, visitor attractions, transport services, etc. The most effective capability of tourism is that the better the quality of tourism, the more positive reviews tourism participants leave. This will guarantee that they will return to the destination or attract new visitors who will spend there. This fact clearly shows that meeting the needs of visitors is the key to the success of tourism.

Small village Lodín is located in Hradec Králové region and in Hradec Králové district. According to Czech Statistical Office (2021) in this region is about 8 900 economic entities focusing on accommodation, food & beverages services/activities. Lodín is place to one of this entity. There is a popular camp that has attracted tourists for many years. This family camp offers a place to stay for tourists staying in tents, motorhomes or caravans, but also there are multiple cabins, where the tourist can stay. Since the tourism is about satisfying the need of a tourist, there happens to be a lack of new modern facilities (accommodation). Therefore, with increasing demand for high-quality accommodation and a desire for more exclusive experiences, there is a need to explore new opportunities for tourism development in the area. This thesis aims to examine the current state of the tourism industry in the village and proposes a plan for the development of new cabins in the camp.

The plan of constructing new luxurious cabins needs to be evaluated in order to be implemented. Therefore, this thesis is focusing on evaluation of tourism in this area, if it is attractive place to visit and whether it is realistic that more visitors will come to this camp to make it feasible to build new cabins. There is an assumption, that with construction of new cabins, the profit of the camp will increase in the next season. Similarly, the demand for camping in Lodín will be the same or higher than previous season, because of attractive modern cabins. It is presented a proposal of the appearance of the cottages, the place of construction and its amenities. Then there is a financial evaluation of a benefit whether the construction of cottages is worthwhile for the village of Lodín. Finally, results of the research are discussed.

## **2 Objectives and Methodology**

### **2.1 Objectives**

The main objective of this master thesis is a proposition of the plan of building new cabins in the camp Lodín and evaluating this idea, whether it brings the benefit the camp needs. The thesis focuses on estimating the financial feasibility of the proposed investment, including calculating the Return on Investment (ROI) and Payback Period indicator. Additionally, the thesis forecasts/predicts the potential increase in revenues and in number of tourists' overnight stays (occupancy rate) that could result from the building of the new cabins.

This objective aims to explain and provide a common understanding of concepts related to tourism itself. This information is used throughout the thesis. There is involved an analysis of existing literature focusing on tourism, as well as an explanation of how these terms are used in practice. The research defines key terms such as tourism, tourist, destination, and attraction, among others, and provides a clear understanding of their meanings. Another objective of this study is to examine the current state of the tourism industry in the area of the village Lodín and identify opportunities for the possible development of the camp. This analysis involves evaluating the existing tourism infrastructure and attractions in the surrounding region, in order to know whether the area has a potential of gathering more tourists, who would occupy the new cabins.

Finally, the thesis aims to provide a plan for implementation of the new cabin construction project, including considerations for site selection, cabin appearance, marketing and promotion. By achieving these objectives, this thesis aims to make a valuable contribution to the field of tourism development and provide insights for other rural communities and businesses seeking to enhance their tourism offerings.

## 2.2 Methodology

To achieve the objectives of this master thesis, there is used multiple methods. The theoretical part defines tourism itself, determines its division, explains individual tourism services. The thesis gains information from literature on academic level, but also from internet sources. The information obtained from books and internet sources are transformed into a coherent literary text with using description method. The thesis is distributed into five main chapters. Information drawn from professional academic books and other sources are cited according to the ISO standard. All sources used in the master thesis is listed in Chapter 8. Then the thesis defines tourism, specific provided services and attractions related to the Lodín area.

In addition, SWOT analysis helps with better proposition of the plan and especially with the opportunities the camp has. It involves identifying internal factors (strengths and weaknesses) and external factors (opportunities and threats) that may influence the success of the plan. The strengths and weaknesses are internal factors, such as the camp's resources, skills or infrastructure, which can be controlled or influenced by the camp. Opportunities and threats are external factors that the camp has no power to control, such as market trends, competition, government restrictions, or weather (seasonality). This analysis can provide valuable insights and help to guide the development of a plan and it can help to avoid or to be prepared to certain situations. This analysis is seen in sub-chapter 5.2 (Teoli, et al., 2019).

In order to do financial analysis, there is used econometric analysis of potential return of investment (ROI), payback period and occupancy rate for the new cabins. This analysis generates a regression model to estimate the relationship between the endogenous variable of monthly revenues in thousands of CZK and the exogenous variables of real wage, number of overnight stays, price of cabins per night, and a total capacity of cabins.

$$y_{1t} = \gamma_{11} \cdot x_{1t} + \gamma_{12} \cdot x_{2t} + \gamma_{13} \cdot x_{3t} + \gamma_{14} \cdot x_{4t} + u_{1t}$$

The regression model's goal is to identify how one variable (the dependent variable, is influenced by changes in another variable (the independent variables). It can be used to estimate the relationship between the independent variables and the dependent variable, and then to use this relationship to make a forecast/prediction about future values of the dependent variable. In this thesis regression analysis and forecasting are estimated by using statistical software SPSS, where the output is provided in the sub-chapter 5.3 (Yale University, 2023), (Davidson & MacKinnon, 2009).



Occupancy rate measures how much of a space or property is being used at a given time. It is a useful indicator for organisations to keep an eye on the progress of a business.

$$OCC = \frac{\text{Number of overnight stays}}{\text{Number of available beds} * 93 \text{ days (3 months)}} * 100$$

It can help to understand how effectively they are using their resources and how much revenue they are generating from their operations. As the forecast this calculation can be seen in sub-chapter 5.3 (Srivastav, 2023).

Return on investment (ROI) is an economic indicator that shows the percentage return on an investment. It tells what the net profit or net loss will be in relation to the original investment.

$$ROI = \frac{\text{Net income}}{\text{Cost of investment}} * 100$$

It measures the profitability of an investment into construction of the new cabins. This calculation will be seen in sub-chapter 5.4 (Cook, 2022).

The payback period is a financial indicator used to determine the length of time. It says for how long it will take the investment to recover its initial cost.

$$\text{Payback Period} = \frac{\text{Cost of investment}}{\text{Average Annual Cash Flow}}$$

The result represents the number of years which will take to regain the initial investment. The calculation is presented in sub-chapter 5.5 (KAGAN, 2023).

Finally, there were organised multiple meetings with the manager of the complex Waterpark and Camp Lodín, Martin Korbel, who provided all the data needed for the financial calculations. The manager provided even information, which are not public, however it helped to formulate objectives, and it helped to shape discussion.

### **3 Characteristics of tourism terms**

This part of the thesis is focusing on theoretical explanations of basic terms of tourism. At the beginning it is characterised the term tourism and then its division. After that there is explained what the term of destination means and the meaning behind the term of attraction and services in tourism industry. Besides that, there is explained usefulness of marketing plan. The last part of literature review is focusing on description how the business plan is used in real life.

#### **3.1 Tourism**

According to Czech statistical office (2008) a tourism is commonly understood as the act of travelling to different locations outside of one's regular environment for leisure purposes. Tourism refers to the activity of traveling to new places for leisure, with the intention of experiencing new environments, cultures, and activities outside of one's usual surroundings. A participant of tourism can be:

- Visitor – person, who travels outside its place of permanent residence, where the journey's main purpose is not a business or a part of employment,
- Tourist – temporary visitor, who stays at one place at least one day and stays overnight,
- Sightseer – one-day visitor, who stays at one place, but does not stay overnight (Petrů, 2007).

There are four ways, how a tourism can be perceived – visitors, organisations (providing services and goods to visitors), administration of a country and the host community. Visitors are basically using a tourism because of mental and physical satisfaction and experience. Organisations are represented by businessmen and entrepreneurs, who see in the tourism profit of providing services and goods to visitors. Administration of a country is involved in tourism as well. Government and politicians see the tourism as a source of finance for state itself. Another view that can be analysed is the view of hosting community, meaning the habitants of a country, who can perceive a tourism as beneficial, harmful, or both (Goeldner & J.R. Brent Richie, 2014).

Generally, a tourism is taken as a result of activities, which are originally created in different “department” but at the same time these two “departments” are closely related, meaning – accommodation, food and beverage, transportation. These services are provided

and rearranged independently (every visitor on their own) or tour sellers (travel agencies), which are providing these services included in the tour price for a discounted price. Accommodation and Food and beverage services can be explained by the term “hospitality”, and it is usually used as a synonym for a good care for guests. According to Collin (2003) the term “hospitality” is describing the whole society, which are actively taking a part in providing services to customers, meaning pubs, restaurants, hotel, fun or holiday activities. If there is mentioned the term “hospitality” the main meaning behind it is providing overnight stay and food and beverage (Horner & Swarbrooke, 2003) (COLLIN, 2003).

### **3.2 Division of the tourism industry**

A tourism is divided into two subsystems. First subsystem is visitor (customer), who is represented by consumers of goods and services. Second subsystem is an object of a tourism – final destinations or organisations. This subsystem is basically provider of goods and services (2012).

Generally, a tourism is divided to types and forms. Every author speaking about a tourism is different and its explanation of tourism is different as well, therefore there are multiple definitions of it. According to Hesková (2010) types of tourism are divided according to a motivation of visitors. Forms of tourism are divided according to a way, how it is realized and how it is evolving during the stay. Types of tourism are e.g., holiday, sport, adventure, hunting and fishing, religious (pilgrimage), spa, health, business, congress, or incentive tourism (Hesková, 2010).

Forms of tourism are described from more than one point of view, which have impact on tourism. For example, there is taken to consideration of travel motivation of visitors (trip objectives), length of stay, financial possibilities, the environment, the number of participants, the tourist flow, accommodation, transportation or food and beverages (Jakubíková, 2012).

For the purposes of this master thesis is the most important forms of tourism – travel motivation, length of stay. However, transportation is very important as well as the age of the visitors and even the number of the visitors. Of course, that there is a need to consider the weather as the very serious aspect of traveling. That is why there is tourism considered as seasonal. People living in block of flats will try to use the advantage and go on holiday whenever they got opportunity and people from cold destination will look for the warm destinations (Freyer, 2011) (Hesková, 2010).

### **Forms of tourism according to the travel motivation of visitor (trip objectives)**

This form is focusing on preferences of visitors and their motives to travel. This form is explaining that there are many motives for travelling to the specific destination. Visitors are choosing the destination because of e.g., unusual experience, shopping, military events etc. Preference of visitors can be:

- holiday – most common form of tourism, where the main motive is to relax and rest (passive or active),
- sport – main motive is to sport, travelling to sport (e.g., skiing, mountain-climbing, Olympic games etc.),
- adventure – travelling because of getting to know something unknown,
- cultural and educational – travelling in order to learn something new in history, national customs, or traditions,
- religious – very rare form of tourism, the main motive is to travel in order to be part of religious gatherings (ceremonies, pilgrimages, papal elections, canonizations, etc.),
- health & spa – another common form of tourism, where visitors travel to destination where can heal themselves, their bodies (wellness, spa, rehabilitations etc.) (Hesková, 2010).

### **Forms of tourism according to the length of stay**

The length of stay is very important aspect, which really needs to be considered while dividing tourism into subsectors and during travelling. Tourism can be divided to three basic forms from the length of stay viewpoint:

- trip tourism – travelling outside a permanent residence, it is a stay, which is shorter than one day (no overnight stay),
- short-term tourism – usually it is considered as a weekend tourism, where a stay is no longer than two to three nights,
- long-term tourism – this form is considered as long-term one, because a stay is longer than three to four nights (Hesková, 2010).

### **Forms of tourism according to dominating place of stay**

Every visitor/tourist is choosing its travel according to his/her preference of stay. Every location can offer something what other destination cannot. This form of tourism is divided to:

- urban – touristic or working visit of a city, the main point of the tourism here is the experience of knowing new city itself,
- suburban – means that the visitor is enjoying a rest around the city, usually a visit is in short-term or trip tourism from the length of stay viewpoint,
- rural – stay of tourists in countryside, usually the visitors living in cities have the tendency of returning back to the nature and staying in village houses,
- mountain and alpine – motivation for travelling to mountain or alpine destination is usually hiking activities or winter sports,
- seaside – visitors want to stay at seaside resort or at least near to it, usually because of a rest/relaxation and because of sport-cultural and social-entertainment activities (Hesková, 2010).

### **Forms of tourism according to the transportation**

The transportation is generally very important aspect of the tourism. It is obvious that if there is very complicated transportation, inaccessible or limited access to the destination, visitor will usually choose another destination with easier access. In this modern time is much easier to travel because of wide transportation network. There is a bus, coach, rail, boat, air, combined, vertical (lifts, cable cars) and a public transport. However, the most used is individual transport – car, motorbike, bike (Jakubíková, 2012).

### **Forms of tourism according to the number of visitors**

In order to distinguish visitors, there is a need to sort them according to their age and according to a quantity. As it was mentioned superficially, tourist can travel individually, in a group or in masses. It is obvious that individuals are the tourist who are travelling alone or in very small group; their main purpose of the travel is self-realisation (mainly recreation in cabins – rural destinations). Travelling in organized groups can retrieve group benefits e.g., group train ticket or family entry ticket etc. Mass tourism is mass way of travel, where the opposite of it is obviously individual tourism. There is massive group of visitors, who using

the mass accommodation, food and beverages facilities or transport. It is common at popular places around the world; classic example is seaside cruises (Hesková, 2010).

### **3.3 Tourism services**

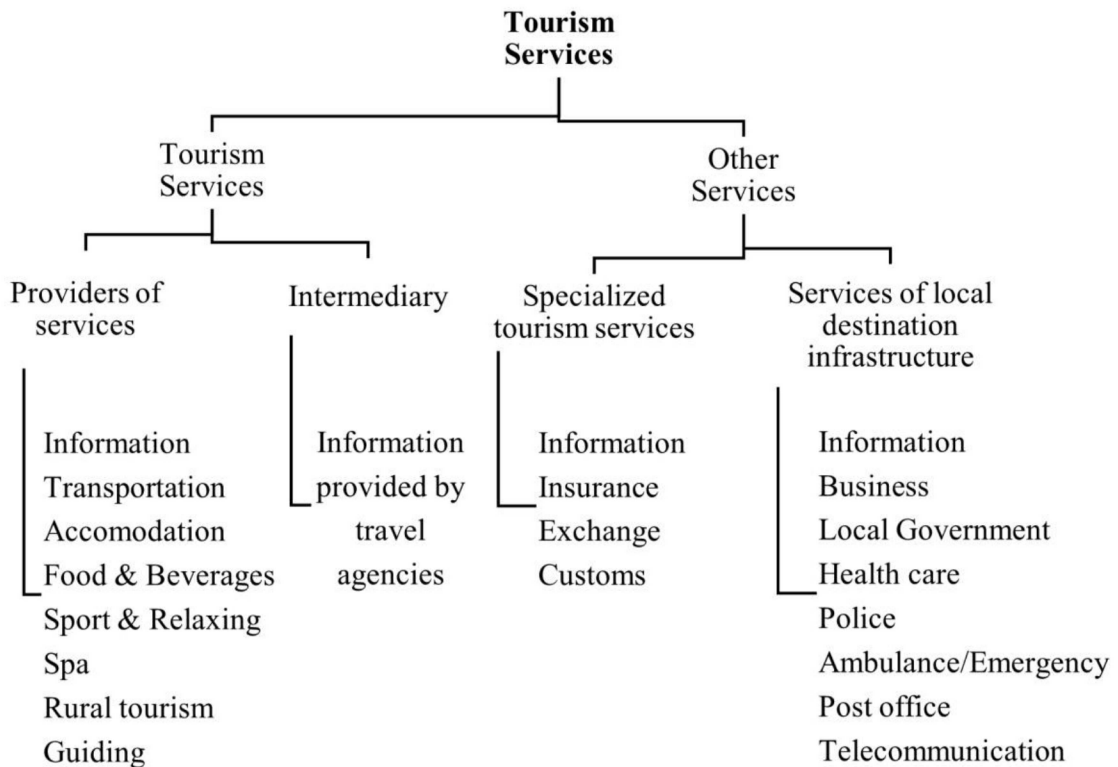
Tourism is closely connected with services; without services a tourism lacks meaning. Because of the wide range of them, they are divided into subsectors according to:

- an importance in consumption of visitors,
- a character of the consumption,
- a method of payment,
- a location, where the service is provided,
- functions of services in relation to the needs of a tourist.

If it is considered services connected to consumption of visitors, it is divided into basic and supplementary services. The main tasks of basic services are to ensure that visitor will move to the destination and back to their permanent residence. It is reasonable, that these providing services include accommodation, food and beverages and transportation services. Supplementary services are closely related with visiting attractions. In case of character of the consumption, it is divided into personal and material services. Personal consumption is the current and moment need of visitor e.g., current utility from carrying luggage to a room by a porter. Material consumption is basically a utility, which is satisfied with physical thing e.g., food. Methods of payments are obviously divided into two groups – paid and nonpaid services. There are services, which are paid individually by visitors, such as laundry, babysitting or borrowing sport equipment. Nonpaid services are docked off from the organisation/business, which provided it e.g., borrowing magazines, luggage storage for early departure or arrival, making a reservation in another hotel in case of emergency etc. The location of the provided service can be at the exact place where is the holiday resort or around it (bar, restaurant, spa etc.) or during the transportation. Last but not least there is meaning of function of services in relation to the needs of tourist. These services are transportation, accommodation, food and beverages, intermediary, socio-cultural, sport and relaxing, spa services, exchange, guiding, information, business, services of local government (municipal waste), mountain rescue service, health services, etc (Jakubíková, 2012).

Tourism services are considered as complex ones. In order to be visitors satisfied, there is needed a cooperation between providers of these services and harmony between activities and function of services of a destination (Jakubíková, 2012).

**Figure 1 Structure of Tourism Services**



(Source: (Hesková, 2010))

### 3.3.1 Accommodation services

According to Jakubíková, et al, (1995) the function of accommodation services outside permanent residence of a tourist is to satisfy the visitor and his/her other needs, which are connected to overnight stay or temporary stay. Accommodation is divided into these categories – hotels, motels, guest houses, touristic hostels, camps and groups of cottages. These categories of accommodation evaluated according to quality of stay with classes also known as “stars” (Hesková, 2010).

Generally, an accommodation is divided into commercial and non-commercial. Non-commercial accommodation is next divided into private, non-profitable and institutional ones. Private one is a stay overnight in private house (e.g., cottage, flat – “Airbnb”) or exchange stay. Among the non-profitable accommodation belongs hostels or shelters.

Institutional ones provide accommodation for schools, universities, spas, or healthcare facilities (Goeldner & J.R. Brent Richie, 2014).

Commercial accommodation is described from four points of view – co-ownership, B&Bs (Bed & Breakfast), motels and hotels. Co-ownership is basically form of ownership where are specified the rights of using the property and at the same time there is specified a length for how long the property can be used, e.g., visitors will come to the accommodation every year for a week to spend there their holiday. This property is used/owned by more visitors at the same time and usually it is located in holiday resort. B&Bs are guest houses or Inns. These are small types of accommodation, which provide overnight stay and breakfast afterwards. Motels are commonplace, where to stay, when tourist want to spend the shortest time on their travelling at room. Usually, motels are located by the main road or highways/motorways, so that drivers can easily go off the road and go to sleep as soon as possible and after a rest to go back quickly to the road. Staying in hotels is very common and almost traditional way how to stay somewhere overnight. It is working on the same principle as the accommodation mentioned above, however there is one difference. Hotels usually offers much more services than B&B or motel, e.g., wellness, swimming pool, restaurants, bars, laundry etc.) (Goeldner & J.R. Brent Richie, 2014).

Accommodation facilities can be also described by another three points of view – according to the type of building, to the time usage and according to the categories. There can be distinguish four types of facility – fixed (hotels, motels, etc.), partial-fixed (“mobile home”), portable (tents) and mobile (caravans, trailers, etc.). As it was slightly mentioned before, tourism is impacted by the weather and time of the year, that is why even accommodation facilities are described by the time usage – seasonal or all year-long. Another way how to categorise these services is to traditional, supplementary, and other forms of accommodation. Traditional form is for example hotels, inns, motels, and aparthotels (multiple apartments provided for overnight stays with same services as hotels offering) or even cottages with stables. Supplementary form is seasonal accommodation like cabins, cottages, camps, bungalows etc. The last category is about the place where are accommodated students – halls of residence (Jakubíková, 2012).



### **3.3.2 Food and Beverage services**

According to Hesková (2010) food and beverages services are about satisfying basic needs of nutrition. These services are contributing to recovery of every person, also creates more leisure time, which meet the needs of tourist to be part of the tourism itself. Food and beverages services includes basic catering, supplementary catering, and refreshment services, as well as social and entertaining services (e.g., music and cultural programmes) (Hesková, 2010).

The catering services market can be classified into various categories based on the type of service provided and the location where it is offered. These categories include:

- on-premises catering – provided at the customer's premises under a contractual agreement (e.g., corporate events, weddings, and other social gatherings),
- hotel catering – offered by hotels for events and conferences held in their premises,
- resort catering – provided by resorts and other tourism establishments for their guests,
- entertainment complex catering – provided in nightclubs, casinos, theatres, and other entertainment venues,
- tourist attraction catering – provided at tourist attractions such as museums, parks, and zoos,
- transportation catering – provided on airplanes, trains, ferries, and other types of transportation,
- bar and pub catering – provided in bars and pubs where the primary source of revenue is through the sale of beverages,
- home delivery catering – deliveries of food to customers' homes or offices,
- fast food and street food catering – provide quick and affordable meals to customers,
- buffet catering – offer a variety of dishes for customers to choose from,
- independent restaurant catering – offered by individual restaurants,
- institutional catering – provided in hospitals, schools, nursing homes, and other institutional settings (Horner & Swarbrooke, 2003).

Nowadays, the trend behind a gastronomy is on rising and sometimes it is equal to the main attractions, which tourists are seeking for. It can be, for example, a restaurant, which is very famous and after some time tourists visit the place exactly because of it. As the destination can become the main attraction and it can be the main decision factor of visitors/customers to visit the destination, the same thing can happen for restaurant facilities. Therefore, food and beverages services are very important, and it brings significant part of profit of tourism and that is exactly why accommodation facilities provide food and beverages services (Horner & Swarbrooke, 2003).

As it was mentioned above, there are multiple trends nowadays. One of them is gastronomy trend, and it is more and more popular every day. Because of it there has been created a subsector called “fine dining”, where restaurants are trying to create something new and creative to mesmerize the customers in order to share the experience or come again to see a “show” and delicious food. The food is usually divided into tasting menus where each portion of food is nutritionally balanced and plays with all the colours or the food has a special effect as it is served (Jakubíková, 2012).

Food and beverages services can be described from the marketing point of view, and it includes components:

- food, which can be consumed immediately,
- professional skills of people, who serve the food and the quality of the service (waiting staff – approach to customers, quick sorting of an order, knowledge of a product, communication in different language etc.),
- design, comfort, and mood of the place (stand, restaurant, fast-food facility etc.),
- location of catering facility (the most accurate estimation of the location according to the type of customer),
- opening hours,
- assortment of menus and its ability to harmonize the individual items together (lunch menu etc.),
- various methods of payment,
- a reputation of the product, which is connected to restaurant (Horner & Swarbrooke, 2003).

### 3.3.3 Transportation services

These services make a tourist possible to travel from a permanent residence to final destination and back again. It also includes the movement around the destination of stay. The principle behind the tourism in the provision of transportation services is closely linked with service of securing of passengers' own transport and their luggage. Also, there is the provision of information about transport timetable, seat bookings, selling tickets, sorting out complaints etc (Hesková, 2010).

The transportation services as a subsector of tourism should meet the requirements, which are safety of the transport, comfort, speed, quality and its adequate price, enough capacity of transport etc (Petrů, 2007).

It can be divided into transport services:

- air – regular or chart flights,
- railway – high-speed trains, historical steam locomotives,
- maritime – cruises, ferries, canal boats etc.,
- road – private cars, rented cars, taxis, bicycles, motorbikes, local bus transport, long-distance buses etc.,
- vertical – cable cars (chain cars), ski lifts/tows, elevators etc.

Tourists very often use public transport (buses, double-deckers, trams, trolleybuses, underground trains etc.), which were developed mainly for purpose of habitants of destination, however it serves to tourist as well, mainly because of price of tickets and easy accessibility (Petrů, 2007).

The market of transportation can be divided into four groups from the marketing point of view. The first group is focusing on geography, because it is closely linked with the place where people gather most often, e.g., at permanent residence, at work, daily used transport etc. The second group is described by demography, where is collected a personal information about the tourist/customer – age, gender, religion (for example because of airplane menus etc.). Third group is about seeking information why people travel or if the tourist travels because of holiday or work – most people are often using traveling with first class trains or airplanes with business class exactly because it is business travel. However, when they are traveling because of holiday, they are using economy class. Last fourth group is about tourists' shopping behaviour. It means how often the tourists are buying tickets and their payment methods (Horner & Swarbrooke, 2003).

#### **3.3.4 Other tourism services**

Another part of division of tourism is called *other tourism services*. They are divided into socio-cultural, sport with relaxing and spa services.

Socio-cultural services present the ability of tourist to visit cultural, educative, and socio-entertaining facilities. As the food & beverages services, even this form of services can become the main tourists' attraction, not the destination itself. For example, it can be museum tours (Louvre Museum) or visits theatre shows (Shakespeare's Globe) etc.

If there is mentioned sport and relaxing services, it is usually described as the most important and the most frequent services according to number of visits. For this type of services are used natural or artificially constructed facilities. It is used in order to support sport, recreation/relax, and tourism. There can be included sport centres, swimming baths/pools, water parks, lidos, ice arenas, ski slopes, cable cars, ski tows, cross-country ski paths etc.

Spa services are closely connected to an assuming over-night stay in spas. These facilities are providing a medical and therapeutic services, accommodation and food & beverages services, socio-cultural services and additional services provided during a stay. Spas are securing a healing any ailments, or preventing these ailments to even arouse, or simply just to regenerate a human system (Hesková, 2010).

### 3.4 Attractions of the destination

The term *destination* is considered as a full package of services concentrated in one specific place/area, which are provided there because of attractions of the destination. These attractions represent the main motivation of tourists to travel to that specific place. According to World Trade Organization, the destination can be described as geographic location. Tourist then can choose provinces, regions, countries, or a continent as their final destination. According to Zelenka, et al (2012) there are two views how to properly describe the term of destination. There is narrow aspect of it, which represents final destination as a typical supply of attraction and satisfactory infrastructure of tourism (i.e., requirements for meeting the needs of tourists in a specific place, meaning services etc.). Broad, wider aspect of destination represents countries, regions, settlements, and other areas that are characterised by a high concentration of attractions, services and other tourism infrastructure. Its result is high long-term concentration of visitors (Zelenka & Pásková, 2012) (Palatková & Zichová, 2014).

A destination is composed of socio-cultural material unit and socio-cultural non-material unit. This division means that not every time there is talked about geographic location or material characteristics of it, in fact it depends on specific preferences of visitors. For example, a tourist can be interested in history, tradition, or reputation of the country (e.g., tourist wanting to visit Norway, because the sun goes down only couple times a year there). Therefore, a character of destination depends on supply and demand of a destination. Supply then is represented by attractions or a number of provided services. Demand depends on tourist' motivation travelling to a specific location (Palatková, 2006).

Because of more and more attractive destination, there is needed to create the most effective marketing strategy in order to attract as many tourists as possible. According to Jakubíková (2012) marketing of a destination is a process of harmonizing sources with needs of market. It includes destination analysis, planning, organising, management, and supervision of strategies to determinate the location. The main point is to focus on the competitive strengths in the international competition for the most attractive target group and its rank position in this competition (Jakubíková, 2012).

A right development and right working of tourism in a specific destination depends on satisfactory supply. If the supply is valuable, is it very likely to destination will attract an attention of tourists and will satisfy the tourist' needs and requirements. A tourism supply is usually described as a sum of activities and facilities of a final destination. According to

Palatková et al (2014) an attraction is very dominant part of tourism supply and it has an ability of attracting/drawing in visitors to a specific destination. Exactly that is why this kind of supply is described as *primary* one – because the primary need is to satisfy the need of being part of tourism itself. Attractions are divided into these four divisions:

- nature attractions (e.g., lakes, forests, caves, rocks, etc),
- culture-historical attractions (e.g., castles, churches, museums, astronomical observatory, etc)
- organized attractions (e.g., carnivals, concerts, festivals, sport events, etc),
- social attractions (e.g., traditions, way of living – life at farms, etc) (Palatková & Zichová, 2014).

The first and main task of attractions is to draw in tourist, and if the attractions fulfil its task, the second most important thing is to satisfy a visitors' needs. This kind of supply is called *secondary* one – because it satisfies secondary needs, and it secures that a destination provides high-quality services. It reflects on how much are the primary attractions supplied (Palatková & Zichová, 2014).

### **3.5 Marketing plan**

Marketing here works as managing process, which secures and organises all of business activities. These activities are closely connected with demand for product or service and then its movement to end consumer. Marketing can be defined as a set of activities aimed at generating profit for a business. This definition can be broken down into three key components:

- management function – marketing is a key management function within an organization,
- business environment – marketing takes place within a complex business environment (e.g., competitors, suppliers, customers, and other stakeholders), it needs to take in consideration factors such as market trends, consumer behaviour, and regulatory requirements,
- customer focus – the ultimate task of marketing is to meet the needs of customers and generate revenue for the business.

The main purpose of marketing philosophy is to find out customer's needs and then production of the product, which customer desires, in other words marketing-oriented approach. The opposite of it is product-oriented approach, which is focusing on production first. Then the product is offered to a customer, which really needs it, or it is offered in the specific sales-way, that the customer starts to desire it (Petrů, 2007).

Marketing usually is divided into six parts: satisfying needs of customers, constant process of marketing itself, enforcement of individual steps in marketing, basic tasks of marketing research, co-dependencies of tourism organisations and general effort of an organisation/company (Petrů, 2007).

According to Jakubíková (2012) marketing can be described like three sectors – culture, strategy, and tactic approach. Culture approach is focusing on customer, which is very important in order to earn profit. Here is crucial what attitude or what expectations customer has. A strategy one is mainly about the division of the market according to customer's needs. Tactic approach stresses about summarizing tactics for marketing mix – 4P (product, price, promotion, place) (Jakubíková, 2012).

Marketing mix is one of the basic principles of marketing. It is used in order to satisfy a customer's needs precisely and correctly. There is created marketing strategy of a specific organisation/company. The main tools of marketing, as it was mentioned above, are so called 4P – product, price, place, and promotion. However, in tourism there are four more tools so called 8P. It is people, package (i.e., package of services included in price of excursion), programming (i.e., modification of services for customer), and partnership (i.e., creating partners in the same field of business). These tools of marketing mix can be changed or modified as the manager or leading workers wants or how it is pleasant for them, however the outside factors cannot. These include competition, legislation and legal standards, whole economic environment, technology, the social and cultural environment, and organisational goals and resources (Petrů, 2007).

### **3.6 Newest trends in tourism**

Generally camping is more and more demanded way how to travel and not to spend lot of money because of it. According to Forbes (2022) in 2020 more than 10 million households in America changed their vacation preference into camping, and then they believe that they are regular campers. Almost half of them go to camp at least three times a year. It can be because of global COVID pandemic, which forced people to run away from

their houses to nature. Many people during pandemic were trapped home, depended on social media as a source of entertainment. About 48 % campers were Gen-Z, skilled with posting pictures of many places in rare, untouched nature, it becomes a desired way how to travel. Therefore camps, which want to be or become an attraction for new incomers, need to follow modern world and have access to internet (Wi-Fi). With global threats there come solutions, which supposed to make our planet sustainable. One of the solutions is electric cars or caravans. Therefore, to follow newest trends, the camps can consider to build charging stations in future, to satisfy customers' needs (Mayfield, 2022).

Campings in Europe is still completely on different level, than in America. It is considered as a social event or reconnection with nature. Not very much people from America use camping tourism in Europe. However, it is considered as the cheapest way how to travel the whole Europe. Middle-class European families travel and enjoy their vacation exactly this way. These campsites are located in the edge of urban areas and usually are working seasonally. There can be stereotype, if the place (village) is not much of clean, organised or non-modern, the camping is most like to be luxurious. A camp in Europe can have small cabins for rent or big green grass land to camp with tent, motorhome or trailers (caravans) (Steves, 2023) (KBV Research, 2022).

### **3.6.1 Glamping**

According to Cambridge dictionary (2023) *Glamping* is “*a type of camping that is more comfortable and luxurious than traditional camping. The word is a mixture of 'glamorous' and 'camping'.*” As it was mentioned above, these trends in camping tourism, is mostly known and experienced by the generation Z. This way of camping is not exception. Glamping is another prove that the tourism market is increasing with increasing number of travel bloggers, Instagram influencers etc. After many years farms, cattle ranches, vineyards witnessing reborn wave of tourism. These glamping spots are located in rare nature, often somewhere, where a regular tourist does not come, therefore the glampers can enjoy its vacation all alone, with no disturbance. Glampers can be accommodated in cabins, tents, yurts, tipis or tree houses (Arizton, 2020) (Cambridge Dictionary, 2023).

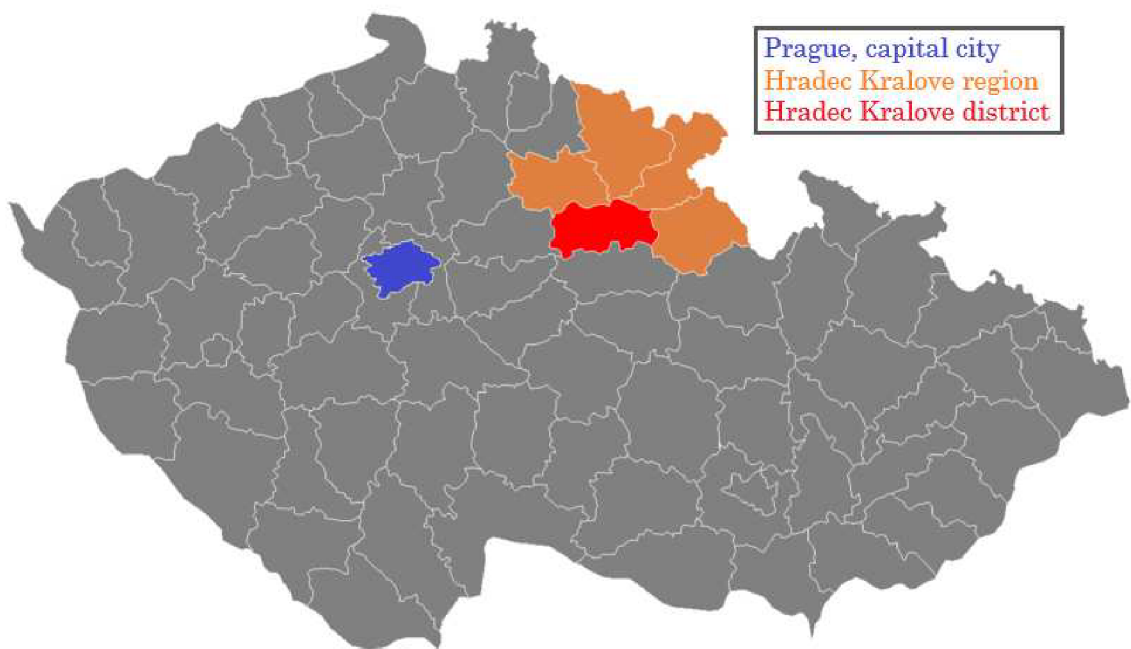


## 4 Camp Lodín

### 4.1 About the camp

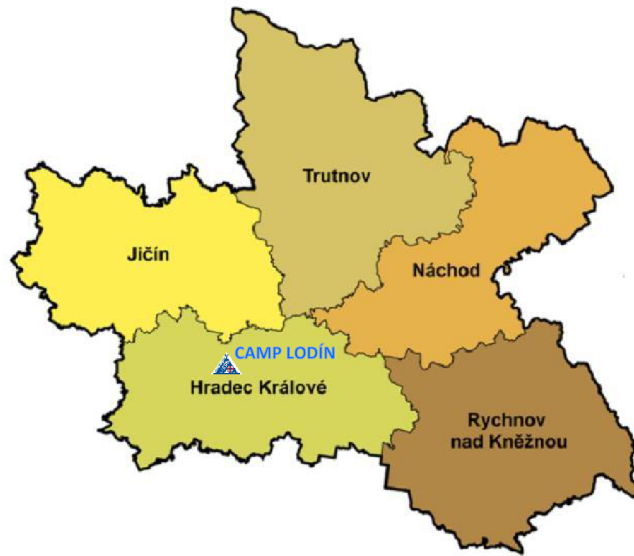
The camp is located in a village called Lodín in Hradec Králové region, Czech Republic. The region is divided into 5 districts and the camp is located right in the Hradec Kralové district. Lodín is small village of 429 habitants and the nearest town (Nechanice) is about 4 km far from it. It is located about 20 km from the city Hradec Králové, which is the capital city of this region, and it is about 115 km far from the Prague, the capital city of Czechia. History of this village dates back to 1073 and the last owners of the village was House of Harrach till 1924. The geographical location of the village is shown in the Figure 2 and 3 (CSO, 2022) (HK region, 2014).

**Figure 2 Hradec Králové region, Hradec Králové district**



(Source: Own processing based on: [https://en.wikipedia.org/wiki/Hradec\\_Kr%C3%A1lov%C3%A9\\_District](https://en.wikipedia.org/wiki/Hradec_Kr%C3%A1lov%C3%A9_District))

**Figure 3 Camp Lodín in Hradec Králové district**



*(Source: Own processing based on: <https://www.czso.cz/csu/xh/okresy>)*

The whole idea of building something new, what would make the village thrive, was allowed because of waste dump near the village. The close location of the dump to the village gives rise to quarterly payments (“rents”) into local authority, shielded by Czech Waste Management Act. This way the village got the whole new perspective for their well-being and it brought the village to its prosperity, e.g., improved public spaces (playground, football field, street workout etc.), new pavements, more jobs for locals etc.

The first idea was to build a public swimming pool, and it was implemented in 1998. Eventually, it became outdoor/open-air water park (lido), originally with one water slide, children paddling pool, leisure pool with massage showers and swimming pool. Till this day the water park has the longest water slide (102 m) in Hradec Králové region. In 2012 there were constructed another water slide because of insatiable demand from visitors. To make the visits more comfortable and pleasant for visitors, all around the water park is grassy areas to sunbath and trees for opportunity of cooling-down/hiding from sun in hot weather. On contrary in colder weather the pools are heated, solar powered (HK region, 2022) (Camp Lodín, 2023) (KTS-AME, 2014).

The second idea was to attract even more tourists therefore in 2004 there was built a camp right next to the water park. Even though it is small camp with 15 cabins in total, every year there are new incomers from all over the country and even from abroad. Above all, there is a quite big grassland for tourist staying in tents, caravans, or cars. Around the camp

is a playground with an artificial surface for playing sports games, playground for little children near the camp and new outdoor fitness area (street workout). (Camp Lodín, 2023)

These two ideas created a complex of “Water park and camp Lodín”, which is in sole property of the village Lodín. These two objects cooperate with each other and share the tourists practically equally. Because of the attraction of the water park, visitors are coming there from all over the country and thanks to the camp they have a place where to stay. On the other hand, those who enjoy outdoor camping as their hobby, they will welcome the swimming pool on hot days almost right next to their tent. Above all, the visitors will be fond of the rest, they can enjoy after long travel, while their children are having fun in water park. That is why it attracts more families with children than young tourists. And over time, thanks to this clientele, the camp evolved from a regular camp into the family camp known to this day.

## **4.2 Tourism in Camp Lodín**

Tourism in the camp Lodín is seasonal, its peak is in July and August (summer holiday). However, the camp opens its gate in the beginning of May and closes at the end of September. Bookings are open at the beginning of a year (from 1<sup>st</sup> of January). Out of the main season the bookings can be vary and it depends on customers which date they want to accommodate there. Schools’ trips or sport clubs usually use the opportunity this off-peak time. However, in the main season bookings are strictly limited and organized by the camp. Tourists are able to make a booking only for a week – from Saturday to Saturday (turnovers). Those week bookings definitely add to the familial atmosphere because visitors, who come to the camp every year, already recognize other visitors, who are coming there at the same date as previous year. To be able to understand more the tourism of the Camp Lodín, there is described its most common services – accommodation, food & beverage, transportation and other services. To explain the tourist destination even more, there are enumerated the most interesting attractions – nature, culture-historical and social ones.

#### **4.2.1 Services of Camp Lodín**

What services the tourist area/destination provides is important for satisfying the basic needs of customers (food, drinks, place to stay etc.), especially for tourist who look for more than overnight stay or day trip. Tourist, who visits the complex Water park and Camp Lodín, can definitely meet its needs there. Specific services provided in the tourist area are described in next chapters.

##### **4.2.1.1 Accommodation services**

In Hradec Králové district is 59 accommodation facilities. The Camp Lodín is conceived as a camp for families and their children. Therefore, it is not a big commercial place, but rather small homely, cosy one. There are only 15 cabins for overnight stays. Each one-room cabin has the same condition. It measures about 24 m<sup>2</sup> and in front of cabin is small porch with seating. There are two bank beds in it and to make the stay even more comfortable, in every cabin is a wardrobe, cattle, fridge, and the sink for washing dishes, which are included in it as well. When the customers arrive to stay in the cabin, they receive bed linen at the reception for free. Out of the main season (from the end of April to beginning of June & middle of September to the end of September) the cabin costs 750 CZK per night. The price for schools' trips was decided to be lower and it costs 500 CZK per night. In the main season the cabin cost 950 CZK per night. If the tourist, accommodated in the cabin, arrives to the camp with their own car, and they want to park next to cabin, there is reserved place for it. The parking of the car is included in the price of standard cabin. For accommodation services it is common to charge a municipal fee, however Camp Lodín includes the fee in the price of accommodation (CSO, 2022).

Around the cabins there is grassland where the other tourists (tents, caravans, campers etc.) can stay overnight. The camp is not providing the option of bookings for this kind of camping, because the area is quite small for marking specific places for it. So, the tourist can choose the certain space for tent, caravan or motorhome benevolently but it is coordinated by receptionist. Small tent costs 150 CZK per night, big tent (for more than two people) costs 200 CZK per night. If the visitors want to park their car next to their tent, they need to pay another 150 CZK per night. It used to be 80 CZK per night, but it had risen to 150 CZK per night. Unfortunately, with progressive time more and more visitors were coming with more than one car, and there became less and less space for another guests. Tourist coming with caravans need to pay 250 CZK per night and for campers/motorhomes

it is 280 CZK per night. For visitors staying in tents, cars, motorhomes or caravans, there is a daily fee 60 CZK for a person from the age of 3. Even though it is pet friendly camp, there is a fee (50 CZK per night) for the pets, for keeping grassland all over the camp fresh for the tourists staying in tents.

For visitors/tourists there is fully equipped kitchen (kettle, stove, fridge, dishes, sinks, etc.). The kitchen is shared for everyone accommodated in the camp. Electricity used in the kitchen is included in a price of stay. Finally, there are shared sanitary facilities (4 showers + 4 toilets for men and women). Water and electricity used in a cabin are included in the price of stay, however the shared showers are chargeable. Visitors buy a coin for 20 CZK, then they put it into shower machine and then they can shower for limited amount of time.

#### 4.2.1.2 Food and Beverage services

According to Statista (2018) there are 45,623 businesses in the Czech Republic engaged in restaurant activities. Therefore, there is no surprise that in the village Lodin, there are two main facilities where is possible to eat or drink. The closer one is fast-food stand, almost as restaurant, right next to the camp. This facility works only seasonally, because its primary source of profit is from people accommodated in the camp. The fast-food stand offers quickly prepared food – from hotdogs to pizza or ice cream. Also, it offers draught beer, lemonade or non-alcoholic beer. So, it has everything what a tourist needs – breakfast, lunch, dinner and beverage. The stand is very popular in summer months because of open-air garden with stools and tables. It is very visited almost every single day in summer by campers and locals as well. For the visitors of waterpark there are another refreshment places inside the waterpark complex. One stand is located right next to the entrance of Waterpark and the second one is located on the other side of Waterpark right next to the green-grass land (leisure area for sunbathing). These three places are owned by the same person and it is providing same food offer. Another restaurant facility is located in the middle of the village. The local restaurant is placed alongside the main road, which is crossing the village through. Therefore, the restaurant has different customers than only the visitors of the camp. Their food offer is much wider, but the waiting time lasts much longer than the three food stands close to the camp. As the fast-food stands, even this facility offers draught beer, lemonade and non-alcoholic beer. The advantage of this restaurant is that they offer weekly lunch menus, which are low priced than the food in regular menu. This local restaurant is very

popular for group tours such as school trips, sport events or group trips of parents with children; because they can order menus in advance (Camp Lodín, 2023) (Statista, 2018).

The closest food & beverages facilities outside the village are definitely in the city Nechanice (located about 4 km from Lodín). There is restaurant “*Restaurace u Ságrerů*”, where tourist can eat inside or outside in open-air garden. The restaurant provides wider menus and the environment is very different than in a village. The same city offers a pizzeria too. Unfortunately, it is more like pizza stand than a restaurant, however it offers delivery anywhere in area of 20 km. Therefore, the tourist staying in the camp Lodín can order a pizza with delivery right to the door of a cabin.

About 12 km far from the camp Lodín is the city Nový Bydžov, where the tourist can visit restaurant “*U Stolinů*”. The city Hořice, located about 15 km from Lodín, has many of restaurants, however the most well-known restaurant is “*Restaurace Staré Časy*”. It is located in old brewery building, so it has historic surrounding. The similar cozy atmosphere can bring up restaurant in the town Stěžery, located about 15 km far as well. It is called “*Pivovar Beránek*”, which is old brewery building reconstructed to be new restaurant. They offer their own home-made beer.

#### 4.2.1.3 Transportation services

The location of Camp Lodín is very available to all visitors/tourists. The village Lodín is placed on the road 32337. As it was mentioned above, the camp is located about 19 km from the capital of Hradec Králové region and about 35 km from another capital of Pardubice region. Hradec Králové a Pardubice are two region capitals in short commuting distance. The fastest way how to travel there is going by car or rarely by bus. The least suitable means of transport is by train. The village does not have a train station.

**Table 1 Frequency of arrivals to Camp Lodín**

	<b>The city tourists come from</b>	<b>Frequency of arrivals to Camp Lodín (2010-2022)</b>
1.	Liberec	700
2.	Jablonec nad Nisou	663
3.	Praha	455
4.	Hradec Králové	449
5.	Trutnov	428
6.	Náchod	389
7.	Pardubice	350
8.	Vrchlabí	332
9.	Mladá Boleslav	282
10.	Česká Lípa	250

*(Source: Own processing based on data provided by Camp Lodín)*

As the table above says, there are examined ten cities from where the tourists mostly arrive. According to data provided by the Camp Lodín, most of tourists are coming from the city Liberec and Jablonec nad Nisou. The fastest way how to get to Lodín, is to go by a car and to take the road I/35, which connects the capital city of Liberec region with the city Jičín, Hořice and Hradec Králové. It takes about 75 minutes to get there. Visitors from Prague can get to Lodín in 80 minutes, with taking the highway D11 in the direction of Hradec Králové. The easiest way for tourist, living in Hradec Králové, is to take the road I/35 in opposite direction than tourists from Liberec. Their journey takes about 22 minutes. Very similar journey can use visitors from Náchod and Trutnov, where they can use D11 highway to Hradec Králové and then use the road I/35. Their journey will take up to 55 minutes according to traffic flow. The travel from Pardubice takes about 35 minutes, taking the D11 highway and road I/35. The visitors from Mladá Boleslav, Česká Lípa or Vrchlabí usually spend up to 75 minutes with travels, firstly to get in Jičín to connect road I/35, which eventually leads to Lodín.

As it was mentioned before, every tourist heading to Camp Lodín, needs to pay for the car, motorhome or caravan in order to park in the area of the camp. However, in front of Waterpark complex is a big car park, approximately for 170 cars. Tourist, who does not want to park their car in the camp area, they can leave it in front the Waterpark (car park) for free.

However, in hot days there is definitely not enough parking space, because even people in the surroundings of the village Lodín come to Waterpark to cool down. So, it is definitely not sustainable in the future, because more and more household have more than one car and it has been a common thing that a car carries only one person – a driver. The Waterpark and Camp Lodín complex needs to consider to build more parking spaces, so that tourist do not park in the village. From the June 2022 there is built parking lot for motorcycles and bikes comfortably hidden under the “roof” for free. The roof is made out of solar panels, which heats the water in waterpark.

Visitors who do not have a car to travel, they probably use public transport. Luckily, Lodín has a bus stop in the middle of the village, about 400 metres far from the Camp. The company BusLine provides bus transport all over the Hradec Králové, Liberec and Pardubice region. There is no direct route by bus to get in Lodín, there is always needed to transfer to another bus or train. The easiest and the most used transfer point is Hradec Králové or Nový Bydžov (located about 12 km from Lodín). There is a bus line which starts in Nový Bydžov and ends in Hradec Králové and the same line which goes opposite direction. The routes usually take 25 minutes from Nový Bydžov and 40 minutes from Hradec Králové. These lines stop in Lodín village 9 times a day with approximately one-hour intervals during the working week. From Nový Bydžov to Lodín first route starts at 5:10am and last route at 17:25pm. In direction from Hradec Králové there the first line starts at 5:15am and the last line goes at 19:25pm. On weekends the bus stops in Lodín only three times a day. From Hradec Králové the lines go at 9:25am, 13:25pm and 17:25pm, and in direction from Nový Bydžov the lines go at 6:20am, 11:50am and 16:60pm. If there are tourist visiting the camp by bus, they will need to pass (and transfer there) those two cities in order to get to Lodín (BusLine, 2023).

The closest train station, which make sense in transportation to the camp is in Nový Bydžov. Tourist can go by train from Prague to Chlumec nad Cidlinou, then transfer to Nový Bydžov and transfer to the bus, which goes directly to Lodín. Another way for tourist travelling by train from Prague is going to Pardubice, then transferring to Hradec Králové and there he can take a bus directly leading to Lodín. Therefore, visitors from Pardubice also can use public transport to Lodín. Both routes take approximately 3 hours.



#### 4.2.1.4 Other services

The camp and even the waterpark provides other services, which bring added value for tourists. In the area of waterpark, there is created place for beach volleyball, which is very busy over the summer. Visitors can have their own ball, then it is for free, or they can borrow a ball from the waterpark reception for 20 CZK per hour. In the area of Waterpark is offered another amusement and it is a football billiard, installed in 2021. This attraction can be rented for 200 CZK per hour. There is also place where the tourist can get a massage from a professional, who comes twice a week there. For tourist who does not bring with themselves sun umbrella or deckchair for pleasant stay by the sun all day, the water park offers its renting for 50 CZK per hour with 200 CZK refundable deposit.

For visitors staying in the camp more than one day, there is common room with TV, and the kids' corner with toys, chinks and crayons for drawing. About 250 metres from the camp there is children playground with artificial surface as well, which offers for example climbing frame etc. In the camp area there is also common gazebo with a large grill/barbecue place with free kindling wood. If the tourists do not want to grill in the public gazebo, they can rent small grill for themselves at the camp's reception. Another service which the camp offers, is renting bikes. There is possibility to rent it for hour (50 CZK), for 6 hours (150 CZK), 1 day (200 CZK) or 2 days (300 CZK), with refundable 1000 CZK deposit.

The main and the most significant service, which makes the overnight stay even more worth it, is a discount for entrance to the waterpark. The discount is managed by chip watches, which gets every tourist (adult and kid) coming to the camp and staying overnight. It used to be 50 % of the regular price for adults and children. It is daily entrance, therefore when the tourist goes through the ticket barrier, it will subtract entrance fee from the balance. When he or she decides to leave waterpark and after hour decides to come back there, it will not subtract any more money from the balance. According to statistics, people were exploiting the discount. Adult were using watches for children and had cheaper daily entrance. Therefore from 2022 was managed to unify discounts and from now there is the same daily entrance fee for children or adult. It costs 60 CZK per day.

Other services of tourism include sport and relaxing services. These relaxing services are the main reasons why the tourists are coming there – big waterpark. From 2020 there is also open-air fitness area (street workout), used mostly by young generation. In the camp area is a table tennis, so the equipment can be rented at the reception of the camp for free, as well as ball for football, basketball, or volleyball. As it was slightly mentioned before, next

to the camp is big playground with artificial surface, perfect for playing sports such as volleyball, basketball, football or tennis. Out of the season cabins are not completely full, therefore it is used for schools or sport clubs. Every June, a volleyball tournament is held on the court, and every evening in the summer it is used for amateur tennis matches by locals and people from the surrounding villages. These matches have become the main reason for visiting the camp, then visiting the refreshment stand after the match.

#### **4.2.2 Visitor attractions**

Attractions in tourism is very important aspect, why the tourist would want to visit a specific destination. Camp Lodín is an attraction itself for the tourists. The main reason of visiting it is definitely the water park next to the camp. However, in Camp Lodín and around it, there are many more of them. In next sub-chapters there will be focused on the most interesting ones of nature, cultural, historical and social-event attractions in the area of Lodín.

##### **4.2.2.1 Nature attractions**

Around the camp there is not much of nature attraction, only local pond for fishing, which is about 150 metres far from the Camp. It is usually only the place to have a walk around. If it is considered Hradec Králové region only, there is mostly nature attraction around the capital city of this region. One of the nature attractions there is “*Na Plachtě*”, which is the nature monument in Hradec Králové. It is public place accessible for any tourist. This reservoir is protected because of big amount of living animals and insects. It is very similar to English way of nature monument, where for example horses are free to live without any disturbance. Close to this monument are Forests of Hradec Králové. Its big expanse is very interesting and its utilization as well. Most of people know it as the place where to go to ride a bike or to go in-line skate, however there are enormous paths to walk, or multiple ponds where to swim. For example, the pond “*Stříbrný rybník*” is very known as a place to cool down in summer, especially for people living in Hradec Králové or around it. In a heart of the city itself there are two main parks of worth to visit. The park “*Šimkovy sady*” and “*Jiráskovy sady*”. These two parks are very popular and has always to offer in every season. About 40 minutes car ride is “*Biopark Štít*”, which is private breeding facility for exotic and domestic animals threatened with extinction. So, in summer there can be seen for example lion cubs in very close distance.

Very favourite trip for families can be a trip to Zoo in Dvůr Králové nad Labem. It is about 40 min far from the camp, and it will make whole family happy, especially with a “Safari tour”, when the animals can approach right to a car of a tourist passing through. On the way to the Zoo, there cannot be mentioned the Water reservoir “*Les Království*” in middle of forest complex a couple minutes from the Zoo. The water reservoir can be considered as a cultural monument rather than the nature one. With the same commuting distance, a tourist can come to a valley called “*Babiččino údolí*”. It is mostly popular by Czech tourists, because it is a birth place by the famous Czech writer Božena Němcová. A plot of one of her books tells a story about a grandmother living in this valley. Because it is nature monument, it is worth of visiting it.

If there is considered Hradec Králové region in commuting distance 45 minutes, there is a place called “*Prachov rocks*”. It is located in Protected Landscape Area Český Ráj. It is interesting place full of infinite paths between rocks. There is whole city of rocks building, with multiple vantage points, where the tourist can see it all from big height. Last nature monument in quite commuting distance is another valley called “*Peklo*” in English – The Hell. The valley is approximately 10 km long, where a tourist can see many of nature monuments. It is recommended to see it mainly on autumn, because of many colourful sceneries, however in summer a tourist can enjoy hot weather despite getting sunburnt or sunstroke.

In commuting distance 75 minutes, there is Adršpach-Teplice Rocks, national nature reserve. The Adršpach Rocks cover an area of 1771.8 hectares, making it the largest rock town in Central Europe, which is why it is protected as a national natural monument. One of the most enticing sections of the rocks is definitely the flooded quarry – a small lake called the “*Adršpach pískovna*”, which is framed by huge rocks all around (HK Region, 2022).

#### 4.2.2.2 Cultural and historical attractions

Among the cultural and historical attractions, there are much more places to visit closer to the Camp Lodín, than among the nature attractions. The closest and the most known in the surroundings of the camp is the castle “*Hrádek*” near the town Nechanice. The journey will take about 12 minutes by car, which is very comfortable commuting distance even to take a bike ride. History of this castle goes to 19<sup>th</sup> century, and since the fifties of 20<sup>th</sup> century is open to public. The castle was built as a summer residence for House of Harrach. Many film-makers are coming there and using the beauty of this castle to capture it in fairy tales or movies (for example, the latest film shot there is “*Krakonoš’s secret*” – a Czech-German film.). Around the castle are gardens, so the visitors can take a walk or visit a cafeteria inside one of the historic rooms. This place can attract tourist because of their hobby of exploring new castles or the tourist who enjoys golf, because all around the castle is golf field. Through the main season there are organised multiple events like historical markets, festivals or theaters etc. Very close to the camp is another castle “*Myštěves*” in the village Blažkov (commuting distance up to 12 minutes). History of the castle dates back to the half of 18<sup>th</sup> century. It works similarly as the Hrádek castle; however, it is not publicly accessed. Around the castle is golf field and the castle is used as a hotel to golf players. Nevertheless, tourists can at least take a walk around and perceive its beauty during it. In similar commuting distance is located a place where the battle “*Königgrätz*” happened in 1866. About 15 minutes ride can a tourist take it to the hill “*Chlum*” located in same called village. On the top of the hill there is a outlook tower. This tower had a battle usage back then, now after many reconstructions and modernizations it stays there for scenic view and amusement of tourists. Another mostly visited historical attractions, in commuting distance 25 minutes, is the castle “*Charles’s crown*” in the city Chlumec nad Cidlinou, which is dates back to 18<sup>th</sup> century. The castle has magnificent gardens all around it, which takes up to hour to discover it all. Moreover, there are living peacocks freely walking around, which can be an interesting experience not only for children. Even this castle is used for beautiful interiors and exteriors for shooting films and fairy tales. Very nice place to visit is a square in Hradec Králové called “*Velké náměstí*” in English *the Great Square*. It is worth to see because of historical architecture and the city fortifications around the square, which have been built since the 13th century (Queen's park golf club, 2022).

In commuting distance from 30 to 37 minutes there are two main attractions to visit. The first one is the castle “*Kuks*”, dated back to 17<sup>th</sup> century. The castle used to be a hospital and pharmacy for military veterans and now historical monument. Around the castle is large park as well perfect for long walks. Because of its greatness there are organised multiple events through the main season as celebrations of harvested grapes (vintage), theatres or markets for celebrations of national holidays in July. In different direction there is Museum in Třebechovice which is focused on Nativity scene of baby Jesus. The most known is 7 metres long scene of more than 2000 hand-curved wooden moving pieces (figures). This is in English called “*Probošt’s Nativity Scene*” and it’s considered as a national monument since 1999. Even though it takes about 37 minutes to get there, it is definitely attraction for the families with children.

Very interactive attraction for children is castle “*Staré Hradý*”. Camp Lodín is in partnership with it and it offers one entrance for free for the tourists accommodated in the camp. Commutating distance is about 44 minutes long, however the castle can offer fairy tale scenes and staff dressed in costumes of fairy tales’ characters, which is perfect for families. “*Ratibořice*” castle, about 44 minutes far from Lodín, the residence from the book by Božena Němcová. It is one of the most precious monuments of “*Babiččino údolí*” (already mentioned above) and is known mainly as the summer residence of Katherine Vilemina, Duchess of Zaháň. Last attraction worth of mentioning is the castle “*Kost*”, about 50 minutes of commuting distance (HK Region, 2022).

#### 4.2.2.3 Social-event attractions

For the accommodated tourist and for the local people from the village there are organised “*Fridays’ fun nights*” during the whole summer season. Every Friday there is a live music at the restaurant stand right next to the camp. They offer even grill specialities which make the experience even better. The village Lodín is organising twice a summer an open-air cinema. Usually, it is hold at first decade of July and at the turn of the July and August. It is convenient, because there are two days of national holiday on 6<sup>th</sup> and 7<sup>th</sup> of July in Czech Republic, when people do not work. The similar or same date there is organised traditional fun fair (carnival), which is mostly visited by local people and by visitors accommodated in the camp. However, it is visited by the people from surrounding villages and towns. In the middle of September there is organised two-day rock festival/concert, which is most convenient for tourist accommodated in the camp. Tourist staying in the camp

at this certain time has a free entrance to the event. Because it is happening on the municipal land, there is regulation of quiet hours from 10pm to 5am. Therefore, a tourist does not have to worry about sleepless nights.

There are two main celebration events at castle Hrádek, at second decade of July and second decade of the August. These two works basically same way – it is historical events where are historic markets, historic theatres and stands. It is supposed to give the tourist a historical experience. Another event is happening at the hill Chlum, in the same named village. It was a significant place during this battle and because of that at the time of anniversary, there is constructed similar battle as happened in history. Many of voluntaries and actors are organising this spectacular scene. Even this year from 30th of June to 3rd of July 2023, tourists can visit it, and watch the battle field as it was in 1866. Interesting “Fun Fact” is that Martin Korbel, the manager of the Camp Lodín, is a volunteer soldier there every year as well.

Traditional funfair is organised in the city Nový Bydžov, in the middle of the August. It is similar carnival as the village Lodín is organising. Nevertheless, this event is taken on the square in the middle of the city Nový Bydžov, therefore it is much bigger and even there are much more amusements. By the end of the June, there is International Theatre festival, which is very popular in Hradec Králové, however it is before the main season. There is also big Aquarium, which is recommended to visit in summer when the weather is not favourable. In the city Chlumec nad Cidlinou is an amusement park called “*Fajn Park*”. It is open air park, so it is better to visit it mainly in summer. In Hradec Králové, Nový Bydžov or Chlumec nad Cidlinou are organised the open-air cinemas as well as in the Lodín during summer season. In all three cities are cinemas and theatres as well, so tourists have really wide range of cultural events offer.

### 4.2.3 Promotion of Camp Lodín

Camp Lodín has multiple channels which help to promote the camp. One of them is Destination Company of Hradecko (= destination management of Hradec Králové district). Camp Lodín and its Property and Sports Facility Management was one of the first founders of the Destination Company. This company aims to connect attractions with places, which cooperates with this company. They are trying to promote multiple interesting places and to do so, they publish promotional materials, organises events of various kinds, represents the area at domestic and foreign fairs and invites tourists to visit the area. It works on basis of subsidies from the state (Czech) and with subsidies from Hradec Králové region.

The camp uses services from the company ANTEE, ltd., which manages maintenance of webpage, Facebook page and any other public relations articles. Lately the best way how to promote news or communicate fast with visitors is through Facebook. The page has about four thousand followers, which makes it very easy to spread news, because many tourists share their news to their account. Therefore, the camp has new incomers every year.

Every year right before the start of the main season, in June, there is an article in local newspaper. Local Newspaper is given to every house in villages in commuting distance 10-15 kilometres. It is full of events around the town Nechanice, and it is also used for job offers etc. Another article is published in Newspaper of Hradec Králové region, again, right before the start of summer season. The manager of the camp, Martin Korbel, takes an interview in very famous Czech radio broadcasting company called “*Český rozhlas*”, which manage to handle camp’s promotion very well every year.

Very famous Czech television broadcasting company called “*Nova*” was making from 2012 to 2020 reportages about camps and interesting places to visit in Czech Republic. It was called “*Prazdninový inspektor*” in Czech language, it can be translated as Summer Holiday Inspector to English. It was quite of privilege to get the reportage; the camps were chosen randomly and not every time camps got a good review. In 2013 the inspector came to Camp Lodín and awarded it a gold medal for perfect camp, waterpark and staff. It is no surprise, there were 61 % (see Figure 9) increase in visitors in 2013 than in the previous year (Bystrzycki, 2013).

## **5 Business proposal of construction of the new cabins**

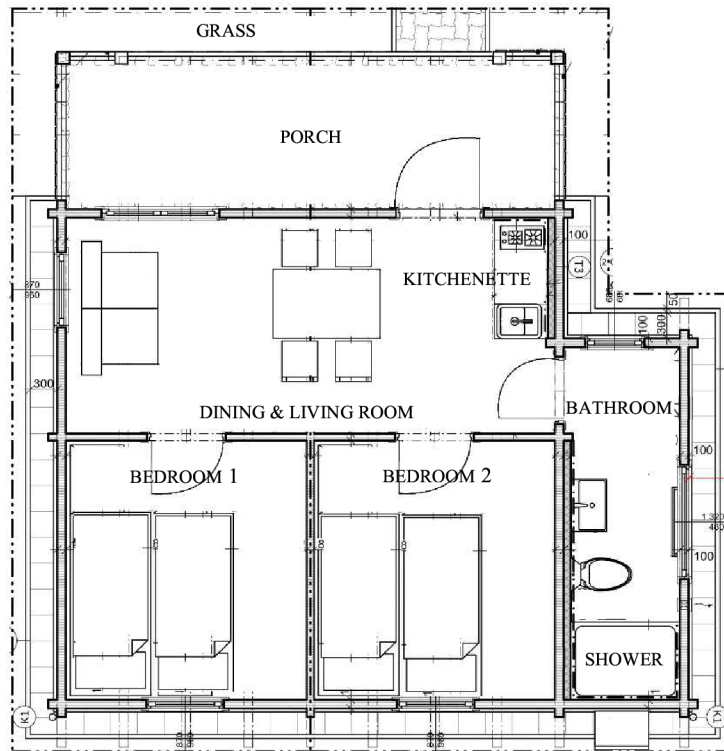
For more than 5 years the cabins in Camp Lodín have been completely occupied/fully booked every summer, despite the fact, that there are set up only weekly tours to book. So even though the bookings are not arbitrary and the tourist cannot choose shorter length of stay than seven days in the main season, the tourist still choose to be there for a week rather than not be there at all. It brought out the idea of expansion of Camp Lodín, and to build new cabins to bring up new visitors to the camp. Not only it will be future benefit to the business, but also there will be more finances to the village and it will finally satisfy the tourists' need of larger capacity of cabins. Moreover, many of customers demanded higher comfort during their stay such as private bathroom, television or air-conditioned in the cabin. In the commuting distance there is no camp who would offer these kinds of cabins with advantage of waterpark right next to it.

### **5.1 Cabins Exclusive**

New Exclusive cabins offer a unique opportunity for tourists to experience the outdoors (away from urban areas) in a comfortable and luxurious way. These cabins are designed to provide visitors a sense of exclusivity, with a range of features and amenities that are not available in Standard cabins. One of the key advantages of Exclusive cabins is the level of privacy they offer. Unlike original Standard cabins, these new cabins are located in slightly remote area, where the campers, staying in tents, caravans or motorhomes will not stay. That is providing guests a sense of peace and tranquillity at the same time they are staying connected to the nature. This allows tourists to truly immerse themselves in the natural environment and experience it in a way that is not possible with traditional hotel accommodations. Moreover, Exclusive cabins provide a unique opportunity for families and groups of friends to spend time together in a more private way. Unlike traditional hotel rooms, which can often be cramped and lack space for socializing and spending time together, Exclusive cabins offer plenty of room for groups to gather and relax.



**Figure 4 Sketch of ground plan of the Cabin Exclusive**



*(Source: own processing based on ground plan provided by the Camp Lodín)*

The cabin will have four rooms – dining & living room & kitchenette, bathroom and two bedrooms. Generally, the cabin will have five sleeping places, however with smart furniture moving, on the ground can be created one more place to sleep, if the tourist would want it. The living & dining room will offer an open space for leisure time. There will be a dining table for family meals and a sofa, where a tourist can watch television during a day and sleep during a night. That all visitor can experience in air-conditioned temperature. Kitchenette will have small cooker, fully equipped kitchen cabinets, kitchen sink and fridge. Fully equipped kitchenette means kettle, cookware/dishes and cutlery. In the bathroom will be a toilet, sink and shower stall, including provided towels as a benefit of exclusive cabin. Both bedrooms will be identical – one king-size bed (linen provided) in each room and if the space allow it, there will be small chest of drawers for higher comfort.

**Figure 5 Map of Camp Lodín provided by State Administration of Land Surveying and Cadastre**



*(Source: own processing based on data provided by (SALSC, 2023))*

The idea of constructing new cabins in the camp will not be that hard to implement. There is a land in the property of Lodín village, where the new cabin can be built (purple-coloured area above on the Figure 5). So, there is a place where to build six cabins. All around the cabin will be green-grass land where it will be possible to build a tent for friends of the tourist staying in the cabin. The cabin will have a parking space for two cars, however only one will be included in a price of the cabin. There is a porch with garden furniture so that visitors can have a comfortable rest in the evening. Even the higher quality can assure the fast-food stand (yellow coloured round object) placed within 50 metres far from the cabins. Tourists with small children can be accommodated in the most far cabin from the stand in order to stay excluded far from the noise.

As it was mentioned above, the accommodation in exclusive cabins will have certain advantages, few of them were already described. However, the main advantage apart from the privacy the tourist can experience, there is a thing, what can make a life of a visitor easier. Every accommodated visitor gets chip watches at the beginning of the stay. One watch equals one person's entrances to the waterpark. The main entrance to the Waterpark is closer to the "old" camp with standard cabins. It is plotted above on the Figure 5 between the administration buildings (dark grey coloured). There will be built another ticket barrier in

the back of the new camp, right next to the fast-food stand. Therefore, the tourist can enter the waterpark much easier than tourists from standard cabins. Not only that visitors will not have to wait in the queue to waterpark, but also during the lunch time there will be easy access to cabin from there. This is advantage for families cooking for their own and not using the fast-food stand. The access to kitchen will be easier and much faster, when visitors will not have to wait for others to cook their lunch in common kitchen. An advantage is also on part of children rushing back to their water-fun, the access to the cabin will not take much of effort.

The major problem is that the weather and outside temperature is getting colder and the standard cabins are not insulated enough. Another advantage of Exclusive cabins is that due to more precise construction of it (higher insulation), there will be a possibility to prolong the time when the tourist can be accommodated. With heating inside the cabin and good insulation, the tourist may stay till the end of the October, without any problem of colder temperature outside.

## 5.2 SWOT analysis

### Strengths

- Having waterpark right next to the camp (competitive advantage)
  - Nowadays, people prefer pools with chlorinated water to nature lidos
- Team of employees is united – doing precise job
  - Most of the employees are locals, therefore they care so that the camp is successful and the revenues contributes to the village.
- More than 13 years of experience in Camp tourism
  - Lot of situations can be expected/assumed and therefore avoided.
- Similar cabins to the Exclusive ones are nowhere near in 40 kilometres (competition advantage)
  - Benefits connected to Exclusive cabins stays, mentioned above, make the stay even more competitive (closer entrance to waterpark, privacy, comfort, more capacity to sleep etc.).
- Visitors are coming back every year
  - Because of polite and hardworking staff, clean water in waterpark, clean sanitary facility, small family camp with many opportunities for small children, food & beverage services etc.
  - After the peak of the COVID pandemic the number of visitors has risen by 16 %.
- Very good geographical location – good transportation accessibility

### Weaknesses

- Seasonal operation of the camp causes higher fluctuation of part-time workers
  - Higher costs with initial trainings and it created possible mistakes made by new part-time un-professional workers.
- Higher dependence on changes in legislation (e.g., Covid-19 regulations)
  - About 26 % less tourists have been coming to the camp during the pandemic.
- Slow reaction to innovative modern practices such as:
  - Refunds transferred directly to an account using debit/credit card.
  - Advanced automatic booking system, working on basis of instant deposits.
- Insufficient parking capacity
- Old-fashioned appearance of Standard cabins

## Opportunities

- It will bring completely different type of tourist
  - Because of the price, it will open door to different social groups of tourists – upper middle class or upper class
  - Because of the prolonged time of accommodation, different type of tourist will come to the camp (tourists enjoying nature, cultural attraction; visitors using the camp for corporate workshops, brainstorming sessions, etc.)
- Satisfying needs for higher capacity
  - Many years the camp's booking for summer season is fully booked, this is the way how to offer more places for sleep
- It will make different view/reputation of the camp
- It can lead to modernization of systems
  - Advanced automatic booking system, working on basis of instant deposits, self-sufficient program will do it for someone who is paid for it – less costs

## Threats

- The high prices of Exclusive cabins can cause the problem of unoccupied cabins
  - Since there is highest rate of inflation in more than ten years, and after Covid-19 pandemic and the war in Ukraine, there is economic crisis – it could be wrong time to launch the new cabins
- Visitors can exploit new ticket barrier in the back of the new camp
  - It will not be “under control” whether the visitors using their watch honestly, and whether the whole family is not coming through the ticket barrier only with one watch – it could bring less revenues
- Higher electricity costs
  - TV and air-condition in every Exclusive cabin will bring higher costs. It is assumed that visitors will use this equipment plentifully
- Competitors such as camp in city Chlumec nad Cidlinou can build similar cabins
  - Therefore, there will not be Exclusive cabins' monopoly anymore in the distance of 40 km

### 5.3 Forecast

Camp Lodín provided a data collected through the years of their business. Even though the camp started its business in 2004, the data are available from the year 2010, because of the new booking software, which was implemented in 2010. In order to consider the good value of the investment, it is convenient to estimate a forecast of future revenues and occupancy rate. Provided data then creates time series of summer seasons (months June, July, August) through years.

In order to do a forecast, there must be estimated regression equation. This equation is made on basis of econometric model, which is modified from the general form of the economic model. The economic model looks like this:

$$y_{1t} = \gamma_{11} \cdot x_{1t} + \gamma_{12} \cdot x_{2t} + \gamma_{13} \cdot x_{3t} + \gamma_{14} \cdot x_{4t}$$

To get econometric model out of economic model, there must be added error term into equation. The error in the equation represents mistakes, random influence, or weather that we cannot control. The econometric equation looks like that:

$$y_{1t} = \gamma_{11} \cdot x_{1t} + \gamma_{12} \cdot x_{2t} + \gamma_{13} \cdot x_{3t} + \gamma_{14} \cdot x_{4t} + u_{1t}$$

#### **Declaration of variables:**

Endogenous variable = dependent variable (explained by econometric model)

$y_{it}$  ...  $i$  = number of endogenous variables,  $t$  = represents time period

→ in this case  $y_{1t}$  ... month revenues in thousands of CZK

Exogeneous variables = independent variable (explanatory predetermined variables)

$x_{it}$  ...  $i$  = number of exogeneous variables,  $t$  = represents time period

$x_1$  ... real wage in thousands of CZK (real wage adjusts the nominal wage for the effects of inflation, i.e., changes in the cost of living over time)

$x_2$  ... number of overnight stays

$x_3$  ... price of cabins per night

$x_4$  ... total capacity of cabins (beds)

Stochastic variable = error term (one in the equation)

$u_{1t}$  ... These variables stand for the difference between real and theoretical values of endogenous variables → for example, it is case of weather, random influence, or mistake of people.

The construction of new cabins should have more advantages than disadvantages, however, one of the main reasons for construction was profit. This is why it is necessary to make a forecast of future revenues assuming that tourists will also be accommodated in the new cabins. Therefore, the equation will be based of this dataset:

**Table 2 Data set for first equation**

	Revenues in thousands CZK	Real wage in thousands CZK	Number of overnight stays	Price of cabins in CZK/cabin/night	Total capacity (beds)
Period	$y_1$	$x_1$	$x_2$	$x_3$	$x_4$
06-2010	44,360	24,844	230	600	60
07-2010	268,515	24,844	3237	600	60
08-2010	138,670	24,844	1828	600	60
06-2011	19,310	24,923	244	600	60
07-2011	194,460	24,923	3036	600	60
08-2011	152,350	24,923	2539	600	60
06-2012	80,990	24,772	676	700	60
07-2012	248,030	24,772	3419	700	60
08-2012	264,920	24,772	3167	700	60
06-2013	86,940	24,981	645	700	60
07-2013	546,200	24,981	5498	700	60
08-2013	299,740	24,981	4250	700	60
06-2014	86,050	24,981	661	700	60
07-2014	468,720	24,981	5320	700	60
08-2014	293,640	24,981	4137	700	60
06-2015	97,110	25,697	691	800	60
07-2015	497,950	25,697	5067	800	60
08-2015	378,880	25,697	3977	800	60
06-2016	105,520	26,650	656	800	60
07-2016	499,970	26,650	4837	800	60
08-2016	396,490	26,650	4516	800	60
06-2017	156,720	27,841	1002	800	60
07-2017	549,900	27,841	5447	800	60
08-2017	437,280	27,841	4474	800	60
06-2018	203,830	30,368	1470	800	60
07-2018	688,520	30,368	7005	800	60
08-2018	531,500	30,368	6390	800	60
06-2019	286,020	32,323	1864	800	60
07-2019	600,150	32,323	5875	800	60
08-2019	435,400	32,323	4866	800	60
06-2020	108,170	33,533	803	900	60
07-2020	571,740	33,533	5198	900	60
08-2020	494,350	33,533	4743	900	60
06-2021	152,560	34,867	978	900	60
07-2021	581,560	34,867	5505	900	60
08-2021	442,140	34,867	4306	900	60
06-2022	260,580	32,120	1771	900	60
07-2022	748,150	32,120	5857	900	60
08-2022	554,630	32,120	5108	900	60

(Source: own processing based on data provided by Camp Lodin and (CSO, 2023) (2023) (2023))

**Table 3 Output of Regression Analysis from SPSS**

		<b>Coefficients<sup>a</sup></b>				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	-322,761	59,964		-5,383	<,001
	Real wage in thousand CZK	2,214	3,686	,041	,601	,552
	Number of overnight stays	,086	,004	,877	22,525	<,001
	Price of cabins in CZK/cabin/night	,393	,138	,197	2,859	,007

a. Dependent Variable: Revenues in thousand CZK

*(Source: SPSS output based on data provided by Camp Lodín)*

**Table 4 Parameters of the regression analysis**

$\gamma_1$	-322,761	Constant
$\gamma_2$	2,214	Real Wage
$\gamma_3$	0,086	Number of overnights
$\gamma_4$	0,393	Price of cabins

*(Source: own processing based on data provided by output from SPSS)*

From regression analysis there can be seen that there were estimated parameters, which make the regression equation, and it looks like:

$$y_{1t} = \gamma_{11} \cdot x_{1t} + \gamma_{12} \cdot x_{2t} + \gamma_{13} \cdot x_{3t} + \gamma_{14} \cdot x_{4t} + u_{1t}$$

$$y_{1t} = -322,761 \cdot x_{1t} + 2,214 \cdot x_{2t} + 0,086 \cdot x_{3t} + 0,393 \cdot x_{4t}$$

When estimating regression analysis there is needed to understand the relationship between exogeneous and endogenous variables. The estimated parameters in the regression equation may not be immediately interpretable without economic verification. However, by using economic principles it can be better understood what each parameter represents and how it affects the endogenous variable (monthly revenues in thousands of CZK).



Economic verification helps to interpret the parameters in the regression equation and to understand how changes in the exogenous (independent) variables affect the endogenous (dependent) variable.

**Economic Verification:**

Structural parameter  $\gamma_{11}$  and independent variable  $x_{1t}$

The parameter  $\gamma_{11}$  represents constant and  $x_{1t}$  defines the time vector. If we neglect the influence of each independent variables, the revenue in thousands is equal to -322,761 CZK. It simply means that there are fixed costs associated with operating the business that must be covered before any revenue can be generated.

Structural parameter  $\gamma_{12}$  and independent variable  $x_{2t}$

If the real wage increases by 1000 CZK, then the revenue in thousands will increase by 2,214 CZK per one month in summer season. That means that higher real wages leads to higher revenues, as tourists have more disposable income to spend it on their vacation and rent a cabin in the camp.

Structural parameter  $\gamma_{13}$  and independent variable  $x_{3t}$

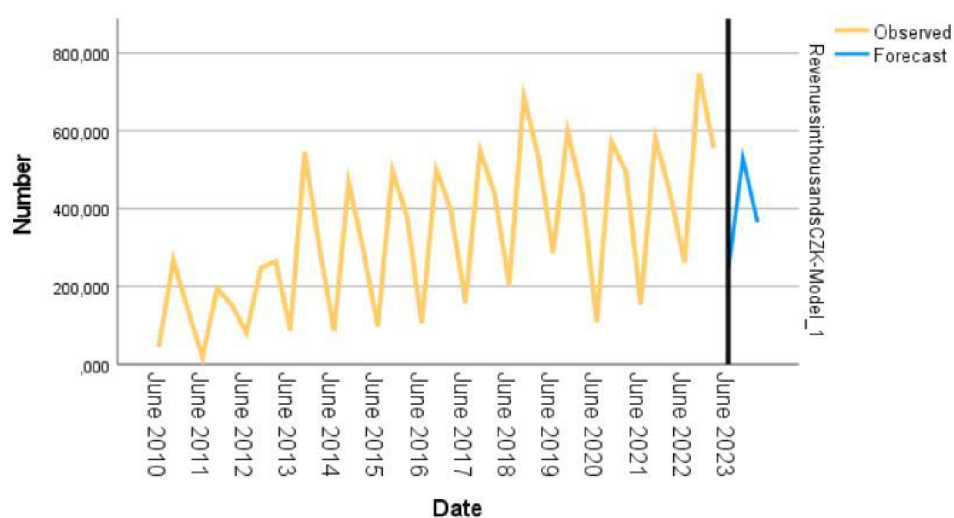
If the number of overnights increases by 1 stay, then the revenue in thousands will increase by 0,086 CZK per one month in summer season. Simply meaning that with increasing number of overnight stays it will lead to higher revenues, as more tourists are using the cabins and generating revenue for the business.

Structural parameter  $\gamma_{14}$  and independent variable  $x_{4t}$

If the price of cabin increases by 1 CZK, then the revenue in thousands will increase by 0,393 CZK per one month in summer season. That means that with increasing price of cabins it will generate a higher revenue.

The Czech National Bank assumes that nominal wages will increase by 4,5 %, that is 38 633,65 CZK for the year 2023 (CNB, 2022). Therefore, it can be assumed that real wage will be 32 879,70 CZK. With knowing that the Exclusive cabin will cost 2200 CZK per night, Standard cabin will cost 950 CZK per night, and total capacity of all cabins will increase from 60 beds to 90 beds, there can be forecasted total revenues for summer season. From the graph estimated in SPSS it is clear that, the revenues will be slightly decreasing next summer season in 2023.

**Figure 6 Output of Forecasting of revenues from SPSS**



*(Source: own processing based on data provided by output from SPSS)*

It is estimated that in June 2023 revenues will be: 243 582 CZK,  
 July 2023 revenues will be: 529 914 CZK,  
 August 2023 revenues will be: 365 164 CZK.

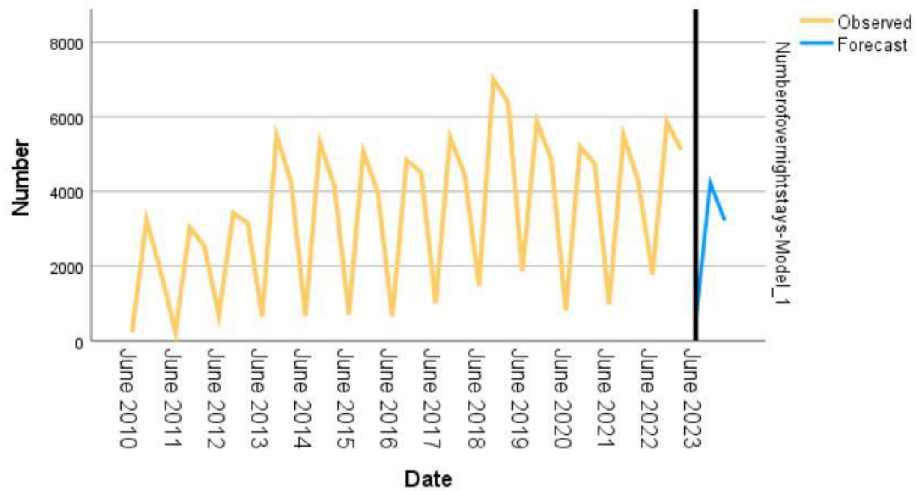
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**Σ 1 138 660 CZK**

The lower revenues can be caused by high inflation, which is influencing real wage (purchasing power). As Czech National Bank claims, during the year 2023 the inflation should be averagely 10,8 %, however in February 2023 the inflation is 16,5 %, which can cause low purchasing power leading to low occupancy rate in the camp in summer 2023 (CNB, 2023).

In order to make a forecast of future revenues, SPSS predicted also future number of overnight stays, which is significant for prediction of occupancy rate in the main summer season.

**Figure 7 Output of Forecasting of number of overnight stays from SPSS**



*(Source: own processing based on data provided by output from SPSS)*

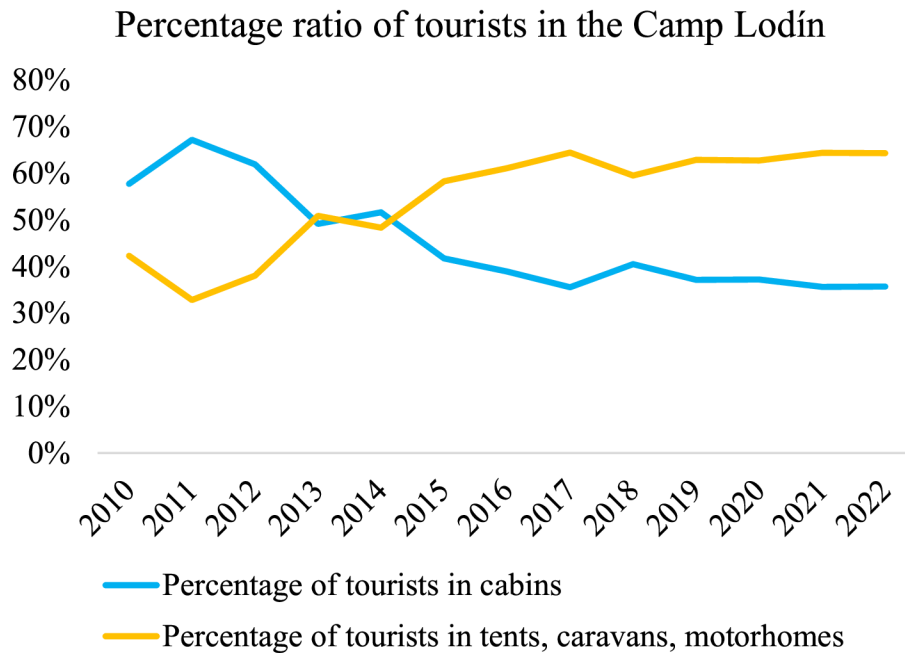
It is estimated that in June 2023 number of overnight stays: 582,  
 July 2023 number of overnight stays: 4230,  
 August 2023 number of overnight stays: 3221.

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$\Sigma$  **8033** overnight stays

It can be seen, that the number of overnight stays decreased, which is understandable when the revenues were predicted decreasing as well; the number of stays and revenues correlate with each other (influence each other). Therefore, the reason behind the decreasing can be caused by high inflation and low purchase power.

**Figure 8 Percentage ratio of tourists in the Camp Lodín**



*(Source: own processing based on data provided by the camp Lodín)*

Through the years the percentage distribution of tourists in cabins and in tourists in tents, caravans, motorhomes were changing. It can be seen that from 2010 to 2014 more tourist were coming to the camp to be accommodated in cabins. From 2014 it started to be more attractive to travel with motorhomes or just a tent and have typical camping experience. For example, in 2022 the percentage ratio of tourist coming to the camp Lodín was 36 % tourists accommodated in cabins and 64 % tourists were accommodated in tents, caravans, motorhomes etc.

The prediction of the number of overnight stays gives enough data to calculate an occupancy rate. When the occupancy rate for 2022 and the occupancy rate for 2023 are calculated, these two results can be compared to see if the new constructed cabins Exclusive will have same or at least similar occupancy as the cabins Standard. Since it has been forecasted a number of overnight stays for all summer season 2023, it can be used for computing a number of tourists coming to the camp to be accommodated in cabins. If it is assumed that the percentage ratio of tourists coming to the camp Lodín in the next summer season will be the same as in 2022, then in 2023 number of overnight stays of tourists being accommodated in cabins will be 2892 (36 % out of 8033).

$$OCC = \frac{\text{Number of overnight stays}}{\text{Number of available beds} * 93 \text{ days (3 months)}} * 100$$

$$OCC_{2022} = \frac{4547}{60 * 93} * 100 = 82 \%$$

$$OCC_{2023} = \frac{2892}{90 * 93} * 100 = 35 \%$$

As the prediction of the number of stays speaks for itself, the occupancy rate only confirms that tourist occupancy in cabins will be 47% lower than in the previous year. This means that the number of tourists in the main summer season will be lower. However, the occupancy will spread over the 15 standard cabins and newly built 6 exclusive ones, that could explain, why the rate is so markedly low.

#### 5.4 Return of Investment (ROI)

Building cabins Exclusive will bring a lot of struggles and one of them will be definitely construction costs and secondary costs related to furnishing.

Total costs of one cabin Exclusive (including VAT) approximately are:

- 1 500 000 CZK → construction of the cabin including furnishing facilities (i.e., lighting, heating, air conditioning, fully equipped bathroom and toilet, equipped kitchen etc.),
- 180 000 CZK → furniture,
- 33 000 CZK → bedding,
- 25 000 CZK → outdoor seating,
- 15 000 CZK → small furnishing items (pelmet and curtains, dining and cooking utensils etc.).

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Σ 1 753 000 CZK per one cabin Exclusive.

Therefore, for building six of these it will be needed initial investment of:

Σ **10 518 000 CZK** per six cabins Exclusive.

The camp provided its revenues and costs from previous years, therefore there is a possibility to estimate return of investment. Because the future revenue for the year 2023 was forecasted, therefore ROI indicator can be estimated with assumption that the costs will be still the same as in 2022. It is able to be find out, if there is a difference in return of investment between the results of revenue from 2022 and future revenue from 2023.

Revenue per annum (2022):	2 459 000,00 CZK
Revenue per annum (2023):	1 138 660,00 CZK
Costs per annum:	1 531 000,00 CZK
Net profit (2022):	928 000,00 CZK
Net profit (2023):	-392 340,00 CZK
Investment in six cabins:	10 518 000,00 CZK

$$ROI = \frac{\text{Net income}}{\text{Cost of investment}} * 100$$

$$ROI_{2022} = \frac{928\ 000}{10\ 518\ 000} * 100 = 8,8 \%$$

$$ROI_{2023} = \frac{-392\ 340}{10\ 518\ 000} * 100 = -3,73 \%$$

The ROI indicator, considering the same revenue as in 2022, is 8,8 %, which means that for every 100 CZK the camp invested in the new cabins, it will earn 8,8 CZK in summer season 2023. If the camp invested 100 000 CZK and earned a return of 8,8 %, it would have earned 8 800 CZK in profit and a total investment value would be 108 800 CZK (100 000 CZK + 8 800 CZK in profit).

If there is used predicted revenue for the summer season 2023, the ROI is -3,73 %, which means that for every 100 CZK the camp invested in the new cabins, it will lose 3,73 CZK in summer season 2023. If the camp invested 100 CZK in the new cabins, it would have only 96,27 CZK left at the end of the investment period (summer season 2023).

## 5.5 Payback Period

In order to find out, when the investment turns into profitable one, there is a need to compute Payback period. Again, it can be computed for the predicted revenue and for the revenue from 2022 with assumption that the annual cost will be the same as in previous year.

$$\text{Annual net cash inflow} = \text{Annual revenue} - \text{Annual expense}$$

$$\text{Payback Period} = \frac{\text{Cost of investment}}{\text{Average Annual Cash Flow}}$$

$$\text{Payback Period}_{2022} = \frac{10\,518\,000}{928\,000} = 11,3 \text{ years}$$

$$\text{Payback Period}_{2023} = \frac{10\,518\,000}{(-392\,340)} = 26,8 \text{ years}$$

There is a quite difference between the payback period of the year 2022 and predicted year 2023. It says that if the revenue of 2022 summer season would be same after summer season 2023, therefore it would take 11 years, 3 months, 18 days to the break-even point where the camp would pay back the initial investment and finally start to make a profit from the cabins.

If it takes into consideration the predicted revenue, therefore it would take 26 years, 9 months, 18 days for the cabins to generate enough net cash inflows to recover the initial investment and start to make a profit from the cabins.

## 6 Results and Discussion

According to the results of the forecast, it can be seen that the figures for 2023 are by no means favourable. According to the prediction the revenues for the main summer season 2023 will be 1 138 660 CZK, which is 54 % less than last year. The prediction of number of overnight stays, which highly correlates with the revenues is 8033 in total. The number of overnight stays decreased by 37 %. If there is considered that Standard cabins will cost 950 CZK and new Exclusive cabins will cost 2200 CZK in 2023. As a result, some customers may choose to book the new Exclusive cabins instead of the original Standard cabins, even if they are more expensive. This could lead to a decrease in revenue, since the Exclusive cabins generate more revenue per booking, but there will be fewer bookings for the Standard ones. However, the number of overnight stays may not decrease as much as revenues, because the Exclusive cabins can accommodate more people than the Standard ones. This means that even if there are fewer bookings for the original cabins, the total number of overnight stays may not decrease proportionally, since the new cabins are accommodating more people per booking.

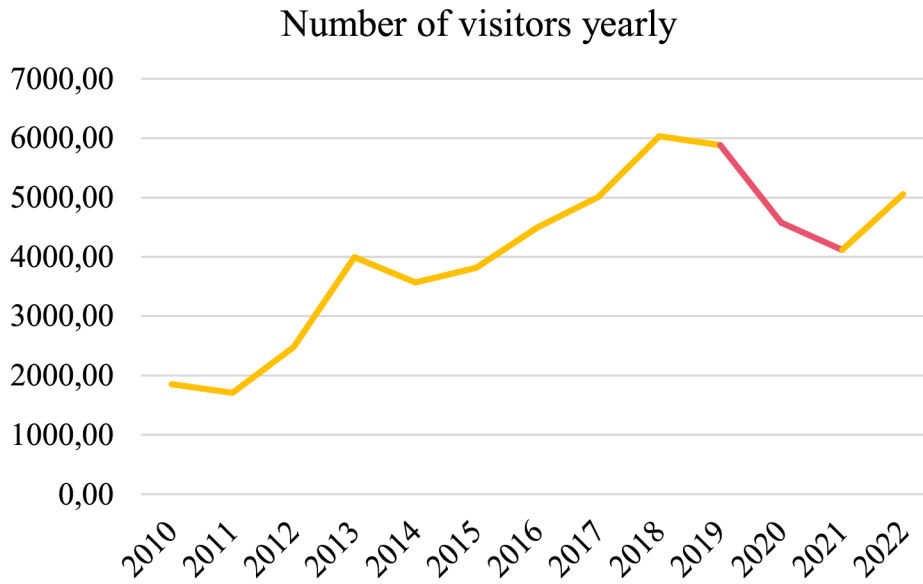
The main problem may be the demand for such expensive cabins when real wages are likely to rise by only 2.4 % according to CNB. When real wages increase, it means that people's incomes have increased in real terms, after accounting for inflation. However, it doesn't necessarily mean that people will have more money to spend on leisure activities like camping. They may choose to save more or spend their money on other things instead. If tourists will consider the camp's prices too high, even after the increase in real wages, they may choose to go to a cheaper camp or opt for other forms of vacation. This could lead to a decrease in demand for the camp and corresponding decrease in revenue. The fact, the camp still holds by week turnovers, could lead to the moment that the tourists may consider the price for whole week as too much high. So, the increase in real wages could be contributing to the predicted decrease in revenue, if customers are not willing to pay the higher prices for the camp's services.



The second numerical step was to calculate the ROI and payback period for the investment in Exclusive cabins. There was considered the ROI of revenues from the previous year (2022) 8,8%, which means that the investment generated a profit of 8.8% relative to its cost. However, when there was predicted the revenues for the following year (2023), then the ROI is -3,73%, which means that the investment is expected to generate a loss of 3.73% relative to its cost. The reason why there was computed two indicators of ROI is that the revenues for 2022, was actual revenue figures, which made the ROI calculation more accurate. Whereas the predicted revenues for 2023 are based on the prediction – forecast. According to Birken (2022) if the ROI indicator is higher than 7 % it implies good return of investment into stocks. This is completely different investment, however if the revenues from 2022 would be same as for the summer season 2023, it can be considered that the investment will have a good return. There is no doubt that the investment will not be successful enough considering predicted revenues for 2023. Similarly, the payback period is important to be as short as possible to be considered as a good investment. The payback period for the investment based on the 2022 revenues is 11,3 years, which means that it will take 11,3 years for the investment to generate enough cash inflow to recover its initial cost. However, considering predicted revenues for 2023, the payback period increases to 26,8 years, which means that it will take much longer for the investment to recover its initial cost. If the payback period will take almost 27 years, which would be really unfortunate since the business of the camp works for 19 years only (since 2004). Therefore, the investment would not be good choice at all. If it taken into consideration the revenues from 2022, the payback period is 11,3 years which is much better outcome of the investment.

There is needed to point out the perspective of the camp to this investment. The camp is generating revenues and at least small amount of profit every year. As it was mentioned before the camp is in possession of the village. Any changes that are made to the camp is at the behest of the village council, therefore the building new cabins and the investment is very much important for the village. But the payback period or ROI indicator is not that much relevant for the village because these steps would have been taken in the future anyway. The village is prepared that the project will not be successful at first but eventually will generate the profit. So, they see it as a very long-term investment.

**Figure 9 Percentage ratio of tourists in the Camp Lodín**



*(Source: own processing based on data provided by the camp Lodín)*

As it can be seen in the graph above, the red line in timeseries of number of visitors over the years tells of a decline in tourists during the COVID-19 pandemic. Suggesting that seasonality or any government restriction may be detrimental to the camp's revenue as a service provider. However, there needs to be pointed out, that despite the government's actions during pandemic, there still was interest to visit the camp, even though people were scared to be in public. The number of visitors decreased, however the revenues decreased only by 6,5 %. It is possible that the closure of borders and restrictions on international travel during the pandemic could have led to an increase in domestic tourism, and contributed to the relatively small decrease of only 6,5 % in revenues. With limited options for international travel, people may have opted to travel within their own country and explore domestic destinations, leading to increased demand for domestic tourism. That can be the reason why the revenues of 2022 were that high, because it was the first year after the cruel pandemic, where the people finally could visit the camp without any fear of COVID-19. The easing of pandemic-related restrictions, an increase in consumer confidence and disposable income, and a desire for travel and leisure activities after a prolonged period of restrictions and lockdowns could be the factors of higher revenues.

From previous years the camp knows that the tourist is coming to the camp anyway; even though the number is lower, most like it will not be zero. However, the prediction of decreasing revenues for 2023, may be the same threat of incoming profit as it was in 2020

and 2021. With this knowledge the camp can prepare higher promotion. Despite the sufficient promotion channels, the camp should consider the most actual trending social media to attract tourist from upper or upper middle class, which can afford such expensive domestic vacation. One of the suggest is to create stronger community by implementing Instagram account to keep up to date with camp conditions such as weather information, new realizations, events happening at the camp, etc. One idea is to create a game for children where they follow the clues provided on social media (Facebook or Instagram) and get a reward after solving the puzzle. These new promotional channels could bring in new tourists and again increase the chances of a fully booked camp.

## 7 Conclusion

The Camp Lodín is a highly sought-after tourist destination, thanks to its well-established business operations and mainly thanks to the Waterpark and the Camp Lodín complex. The long history of its business is also a contributing factor to its popularity, as visitors return year after year, attracted by the tradition and family-friendly atmosphere that the camp provides. Families with children will find plenty of attractive destinations in the vicinity of the camp. This feature is a significant factor in the camp's high season occupancy rate, which consistently reaches 80% between May and September each year. This loyal customer base speaks to the high level of satisfaction that visitors experience during their stay, strengthening the camp's reputation as a must-visit destination for families with children. This potential opens window for opportunity to build new cabins and the fact the land, where the cabins can be built, is in property of the village, and that makes it little bit easier in decision-making.

Building new cabins would attract tourists from a broader range of economic backgrounds, creating new employment opportunities for the local community, and generating higher revenues in the long term. However, the forecasted revenue for the upcoming season is not so optimistic due to inflation and low purchasing power, which may prevent tourists from investing their disposable income into a vacation in the new Exclusive cabins. Additionally, the COVID-19 pandemic has led to an increase in domestic tourism, which could further reduce the demand for new cabins, since the pandemic is over. Therefore, there is a risk of low ROI indicator, as indicated by a expected loss of 3.73% by the end of the summer season 2023. Even with the new cabins, the occupancy rate is also predicted to decrease by nearly 47% during the next season. Another bad aspect could indicate long time of payback period, which is almost 27 years. Therefore, the original assumption that the cabins will assure higher revenues in the summer season 2023 cannot be accepted. Similarly, the assumption of higher or the same demand for accommodation in the camp, as previous summer season, cannot be accepted.

However, as it was mentioned in discussion, the Waterpark and Camp Lodín complex is owned by the village therefore the decision-making stands on municipal administration. The building of new Exclusive cabins will need lot of brainstorming to implement the plan. If the forecast will reflect the reality, it will take lot of time to return the initial investment, therefore the investors (municipal administration) could lose their patience. From the

information provided by the camp, the building of new cabins is inevitable so that camp stays popular, modern and demanded. Therefore, the municipal administration of the village Lodín is ready for the investment, because they see it as a future benefit for the village.

With all the knowledge this thesis can provide, it can be used as a manual for tracking possible situations which can occur and therefore to prevent it. There is needed to invest more into marketing and promotion, in order to attract as much tourist as possible to prevent the scenario, which estimated in this thesis.

As previously discussed, the ownership of the Waterpark and Camp Lodín complex lies with the village Lodín, with the municipal administration responsible for decision-making. The construction of new Exclusive cabins will require careful consideration and planning by the administration, given the potential challenges of slow investment repayment and financial risk. However, the camp's management views the construction of new cabins as a necessary step to maintain its popularity and meet the demands of modern tourism. In light of this, the municipal administration of Lodín village is prepared to invest in the project as a long-term benefit for the community.

The insights gained from this thesis can serve as a guidebook for tracking and preventing potential issues that may arise during the project. To maximize the benefits of the investment, the village needs to allocate more resources to marketing and promotion to attract as many tourists as possible and mitigate the scenario estimated in this thesis. Not only does this thesis offer helpful insights for Camp Lodín, but it also serves as a valuable resource for tourists who are considering a visit to the camp. By highlighting a range of appealing attractions, the thesis can help draw in potential visitors.

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