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Diploma Thesis

Abstract

**Economic evaluation of incoming tourism in the Czech
Republic**

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Summary

Tourism is one of the key sectors in many countries and it also brings quite a large income to the GDP of countries, opens up new opportunities for job creation. Tourism also plays an important role in promoting the image of the country and its perception by other people, as well as in influencing domestic policy. This creates problems in measuring competitiveness in tourism.

Understanding the country's competitiveness in tourism is an important factor in the development of tourism and a serious challenge for providing evidence for decision-making. There is an analysis of the Czech Republic competitiveness as a tourism destination. Influence on factors of competitiveness can increase the volume of inbound tourism in the Czech Republic. The econometric model in the work shows the main factors influencing incoming tourism, and consequently, on the competitiveness of the country

Keywords: Czech Republic, Tourism, Incoming tourism, Competitive identity, Competitiveness, Economic analysis

Objective

The goal of this research is to evaluate the incoming tourism in the Czech Republic. Particularly, to understand how competitiveness of the destination influences on the tourism flow and offer possible ways of developing competitive identity in tourism and recreation through the example of Czech Republic.

In achieving this goal, the research will address *four* strategic objectives:

- To understand the theoretical aspects of the tourism and recreation competitiveness;
- To analyze how tourism and recreation influence on the economy of the country;
- To analyze tourism and recreation competitiveness: indicators for measuring and main problems;
- To develop the ways of improving tourism and recreation competitiveness the case of Czech Republic.

This diploma thesis aims to answer follow *research questions*: (1) what factors do influence on competitiveness of Czech Republic as a tourism destination? and (2) what are the advantages and disadvantages of incoming tourism in Czech Republic?

Methodology

This thesis can be divided on two parts: theoretical and analytical.

Qualitative analysis was used for the first part; it was conducted by use of literature review method. Synthesis and extraction were used to collect relevant information about indicators for measuring competitiveness of the country as tourism destination and data.

The economic evaluation was done by analysis of the Czech tourism sector and trends in the inbound tourism during the period from 2010 till 2015. The statistical data was collected from the Czech Statistical Office and EuroStat for top 10 tourism market-makers for incoming tourism in Czech Republic. In order to evaluate the relevant variables and relationships between factors which influence on the competitiveness of Czech Republic as a tourism destination the approaches of correlation and regression analysis were used.

Results

Main problems and perspectives in Czech tourism development

High concentration of tourists in Prague

One of the main problems of regional development in the Czech Republic is the excessive concentration of foreign tourists in Prague. Other areas are not so popular among, despite the fact they have a rich natural potential.

Conservation of natural resources

The beauty of nature attracts many tourists and Czech Republic rich in natural resources, so natural complexes need protection. The most important landscapes were included in the World Network of Protected Biosphere Reserves. It is necessary to develop a new program for the protection of these zones for the benefit of further development of tourism.

Ecotourism development

The Czech Republic also has a lot to offer for this type of tourism. Currently there are a number of proposals on agro- and ecotourism, as well as a small network of ecological or so called green hotels that fulfill all the requirements of the Ministry of the Environment of the Czech Republic. According to a study conducted by the agency CzechTourism, most (69%) of tourists in the Czech Republic do not know about the existence of ecological tourism in the country. So there is a strong need in developing and promotion of ecotourism in regional and national levels.

Congress tourism development

The Czech Republic has great potential in congress tourism, as it offers world-class services and at the same time is among the safest countries in the world. It is important to take this opportunity into account when preparing a tourism development plan for the Czech Republic.

Lack of financing in tourism

Since 2016 subsidies from EU funds to support and develop tourism in the Czech Republic have been sharply reduced. It is connected with the fact that this programme (from 2007 it was spent 20 billion crowns for purposes of tourism) has been providing substantive funding for the construction, for instance, there were constructed Golf-clubs, needless water parks and private hotels, which are almost not used. Exclusions (with reservations and limits) are national monuments and monuments from UNESCO lists.

Partial solution of the financing problem may be crowdfunding platforms, which also show how attractive is this project. Green hotel can be the project, which may raise funds in crowdfunding platform.

Factors which influence on competitiveness of the Czech Republic as a tourism destination

Price

During last 5 years the Czech koruna become the competitive factor for Czech Republic, as it provide tourists with cheaper prices on quality touristic goods.

Accessibility/connectivity

The Czech Republic has a very advantageous geographic position as a tourist destination. It is situated in the center of Europe and connected with other popular destinations among tourists, such as Germany, Hungary and Austria

Natural and cultural resources

The Czech Republic has favorable climate conditions, varied terrain and good ecology. In addition, country is famous for its historical heritage. The Czech Republic tops the list of European countries for tourist arrivals for SPA treatment.

Advantages and disadvantages of incoming tourism in the Czech Republic

+ stimulates the development of the economy, provides a multiplier effect, especially noticeable in employment.

+ interested in preservation of natural and recreational resources

+ development of the country's territories

- increase in anthropogenic pressure on territorial recreational systems, especially traditional
- social problems

Conclusion

A circumspect strategy for the development of tourism may help to avoid losses due to economic and financial problems. Currently, the Czech Republic needs to create the right tourism development strategy, which will take into account all factors affecting the competitiveness of the Czech Republic as a tourist destination. It is important to concentrate on growing markets and attract tourists from there, especially, from China.

Competition in the tourism market is increasingly based on differentiation, innovation, diversification, individualization and integration. The Czech Republic as a destination that faces with global competition must offer sustainable and high quality tourism products, playing on its competitive advantages.

To conclude, the Czech Republic has wide range of tourism goods, high potential in developing the tourism. Czech Republic is already a tourism brand and has loyal tourists.

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