SUMMARY

Survey on Attitudes of Tourists and Local Stakeholders on Tourism and Tourist Product of Budva

ELABORATED FOR
TOURIST ORGANIZATION OF BUDVA MUNICIPALITY

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7 FEBRUARY 2020

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1 METHODOLOGY

Guest Survey

The guest survey questionnaire included questions regarding travel characteristics (e.g. means of transport, length of stay, previous visits, etc.), channels of distribution (incl. sources of information and booking behaviour) and motives for staying in Budva, travel arrangements and spending, satisfaction with destination as well as socio-demographic characteristics of the guests. Questionnaires were developed by using an online survey tool and were provided in English, Montenegrin and Russian language.

Seven interviewers were selected and trained for working in the field on the guest survey. During the data gathering period they were in permanent contact with the supervisor, who was managing work force allocation in terms of time, quantity and location of interviews. Additionally, sampling and permanent quota monitoring was in place in order to guarantee adequate representativeness of the sample regarding the following attributes: Origin of guests according to official data of MONSTAT 2018 (about 30% from each region: Western Balkan, EU and Russia or other formerly USSR countries; about 5% domestic guests; about 5% visitors from other countries), place of stay (80-90% Budva center; 10-20% Petrovac), gender (about 50% each) and age (no statistical data available, but all categories of age were surveyed).

The guest survey was realized by face-to-face interviews and was conducted at the territory of the Municipality of Budva (incl. Petrovac) in the period from June to September 2019. In total 1,068 interviews were conducted during high season (July and August: 69%), pre-season and post-season (June and September: 31%) period.

The collected data was analyzed by using the statistical analysis program SPSS. First, frequencies were calculated, and descriptive statistics were applied to receive information about the sample characteristics and to address all topics included in the questionnaire. Second, in order to examine relations between different variables, correlation analysis has been applied.

Tourism Industry and Stakeholder Survey

The interviews with representatives from the tourism industry and from local or central authorities, organizations and institutions (in the following called “stakeholders”) were conducted according to the predefined semi-structured questionnaires. For both survey groups, questions were structured in two clusters: First, company activities in different business fields (tourism industry) respectively the role of the institution in the tourism development of Budva (stakeholders) and second, the general perception of Budva as a tourism destination and the role of destination management. Consequently, the second cluster of questions was the same for tourism industry and stakeholder survey.

In order to establish contact to all possible respondents they were called by phone first. After that the questionnaire was sent by e-mail or mail. In total 16 representatives from the tourism industry were responding within the period from the beginning of July to mid of November 2019. Regarding the stakeholder survey 10 representatives were responding from the beginning of June to the end of July 2019.

During data collection, attention was dedicated to the structure of the samples in order to ensure that all relevant service providers of the tourism industry and stakeholders are represented. Finally, the tourism industry survey sample includes three travel agencies, three restaurants, three private accommodation providers, two hostels, one hotel, one tourism transport company, one café bar, one souvenir shop and one tourism entertainment provider. The stakeholder survey sample includes two representatives of the Municipality of Budva, one representative of the National Tourism Organization, one representative of the Faculty for Tourism, one local NGO, one international organization dealing with tourism in Budva, one representative of a local transport association, one public institution from the cultural sector in Budva, one representative of the local community of the Old Town of Budva and one representative of the Tour Guide Association.

For both groups content analysis was used in order to cluster and organize the results of the survey. Respondents were assigned to codes for reasons of anonymity. After that, the text was transcribed, and similarities or dissimilarities were examined and systematized by applying the deduction method.

2 RESULTS

2.1 Guest Survey

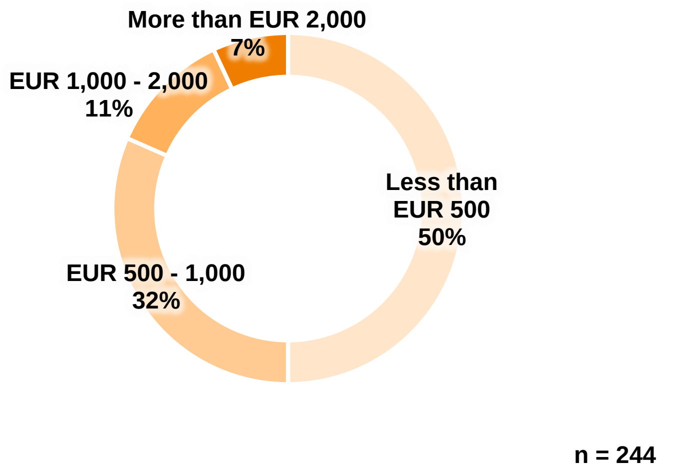
Socio-demographic Characteristics of Guests

As outlined in the methodology section, appropriate shares in terms of gender and age have been considered. 56% of the surveyed guests are female, 44% are male. 37% are 16-29 years old, 42% 30-49 years, 17% 50-64 years and 3% are older.

The sample includes guests from the Western Balkan region and EU (both 32%), the former USSR countries (24%) and domestic guests (7%). All visitors who don't belong to one of the above-mentioned groups formed fifth cluster: other countries (4%). This group mainly consists of remote markets (USA, Australia, China, etc.). This is in line with official MONSTAT statistics regarding arrivals in Budva 2018 as presented in the methodology section.

Further, socio-demographic characteristics of the sample were examined: by the highest level of education (obtained), the employment/ occupational status as well as the monthly net income of the guests. Most guests have a bachelor's degree (48%), followed by high school degree (25%). More than half of the guests are employed (55%), followed by 16% being students, 12% being self-employed and 11% retirees. The average net income per person living in the guest's households is EUR 767. The structure is shown in the figure below: half of the guests have an income below EUR 500, 32% between EUR 500 and 1,000 and 18% have more than EUR 1,000 per month and per person.

Figure 1: Structure of the sample by net income per month and person (in EUR)



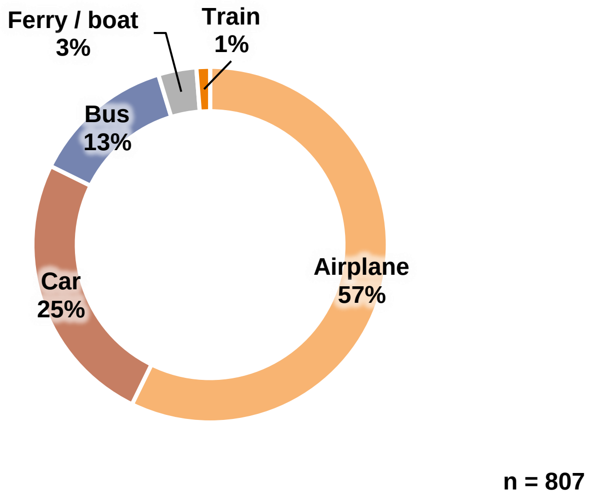
Source: Own research

Half of the guests have a monthly net income below EUR 500 per person. Obviously, this is related to the geographical structure of the guests mainly originating from the Western Balkan region and Montenegro (39%). This is approximately in line with the national average monthly salaries in those countries.

Travel Characteristics

Regarding the usage of means of transport for traveling to Budva it can be distinguished between air and ground-based transport: 57% of the guests arrive by airplane, while 38% use ground-based means of transport (car, bus and train). Beside train, also ferry/ boat is represented to minor extent only.

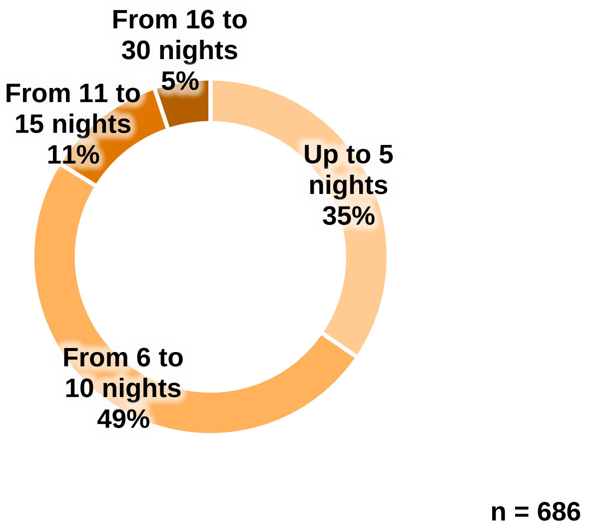
Figure 2: Means of transport mainly used for traveling to Budva



Source: Own research

About 8% of the guests in the sample are day visitors. In case of staying overnight on average guests spend 7.8 nights in Budva. About one third of the guests spend up to 5 nights, while almost half spend between 6 and 10 nights in Budva. Only 16% of the guests spend more than 10 nights.

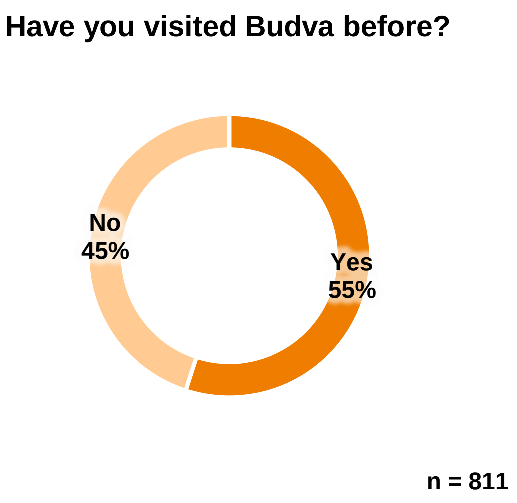
Figure 3: Length of stay in Budva



Source: Own research

There is a significant number of returning guests in Budva: 55% of the guests have visited Budva before (on average 7.7 times). One third of the returning guests visited Budva 2 times, another third between 3 and 5 times, and almost every fifth returning guest (18%) visited Budva more than 10 times.

Figure 4: Number of visits to Budva



Source: Own research

Budva is heavily relying on the guests who have already been to Budva, especially those who have visited the destination multiple times. This is obviously true for domestic guests and guests from the Western Balkan region, who are visiting Budva more often than the average guest. But there are also visitors from other markets such as EU and ex-USSR who show a significant number of repeating visits. This can be explained by two reasons: guests who own a second home residence in Budva and guests who come to visit friends and relatives (e.g. people from Montenegro and Western Balkan region who are living and working abroad).

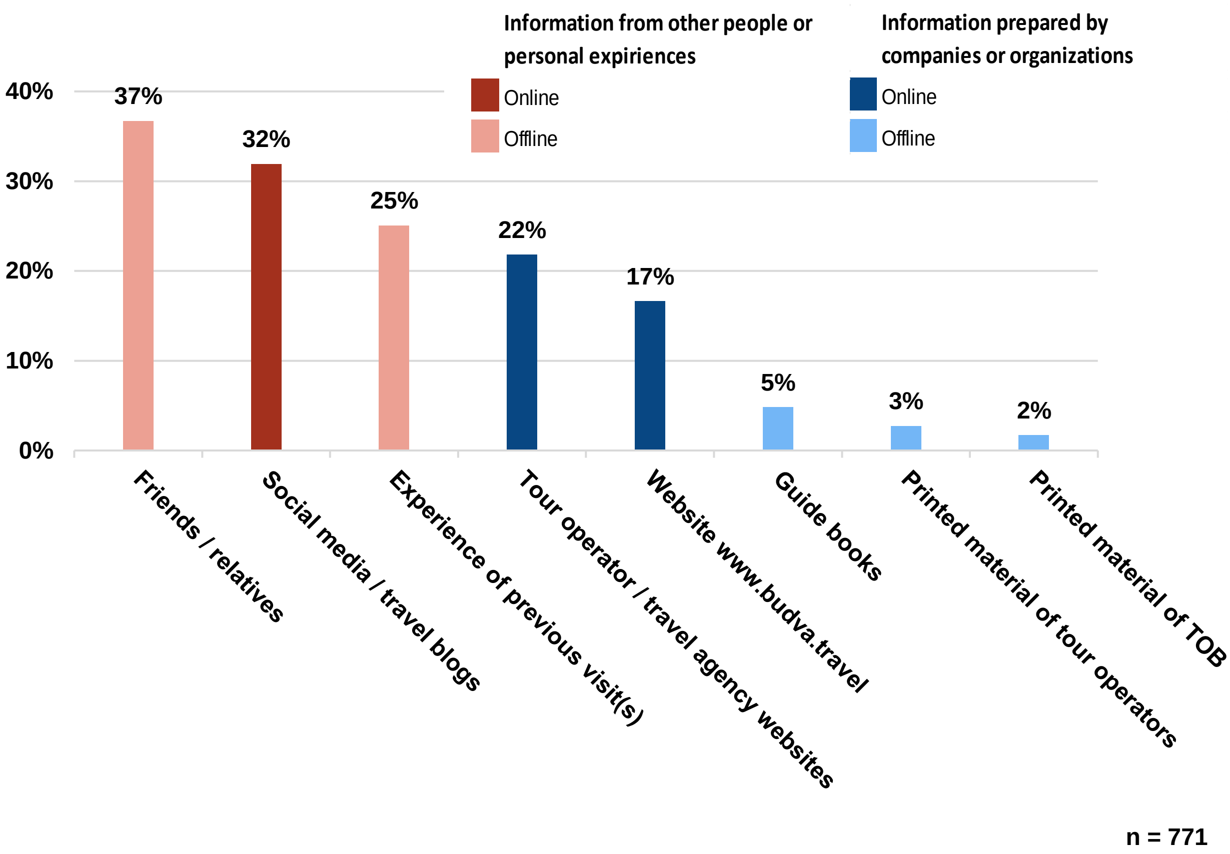
Moreover, there is no statistically significant correlation between multiple visits to Budva and motives for traveling, spending and level of satisfaction.

Moreover, all types of accommodation are represented, including hotels, private accommodation, staying with friends and relatives, own holiday homes, hostels, pensions/ guesthouses and camping sites. Hotel guests mainly choose four (64%) or three stars (25%) establishments.

Channels of Distribution and Motives for Staying in Budva

During the preparation of the trip to Budva guests mostly rely on personal information from other people (friends and relatives 37%, social media/ travel blogs 32%) or their personal experiences (25%): The majority of guests make use of these sources of information followed by information prepared by companies or organizations (e.g. tour operator/ travel agency websites 22%, www.budva.travel 17%). Looking more closely, it can be stated that regarding information prepared by companies or organizations online has replaced offline to a large extent.

Figure 5: Sources of information

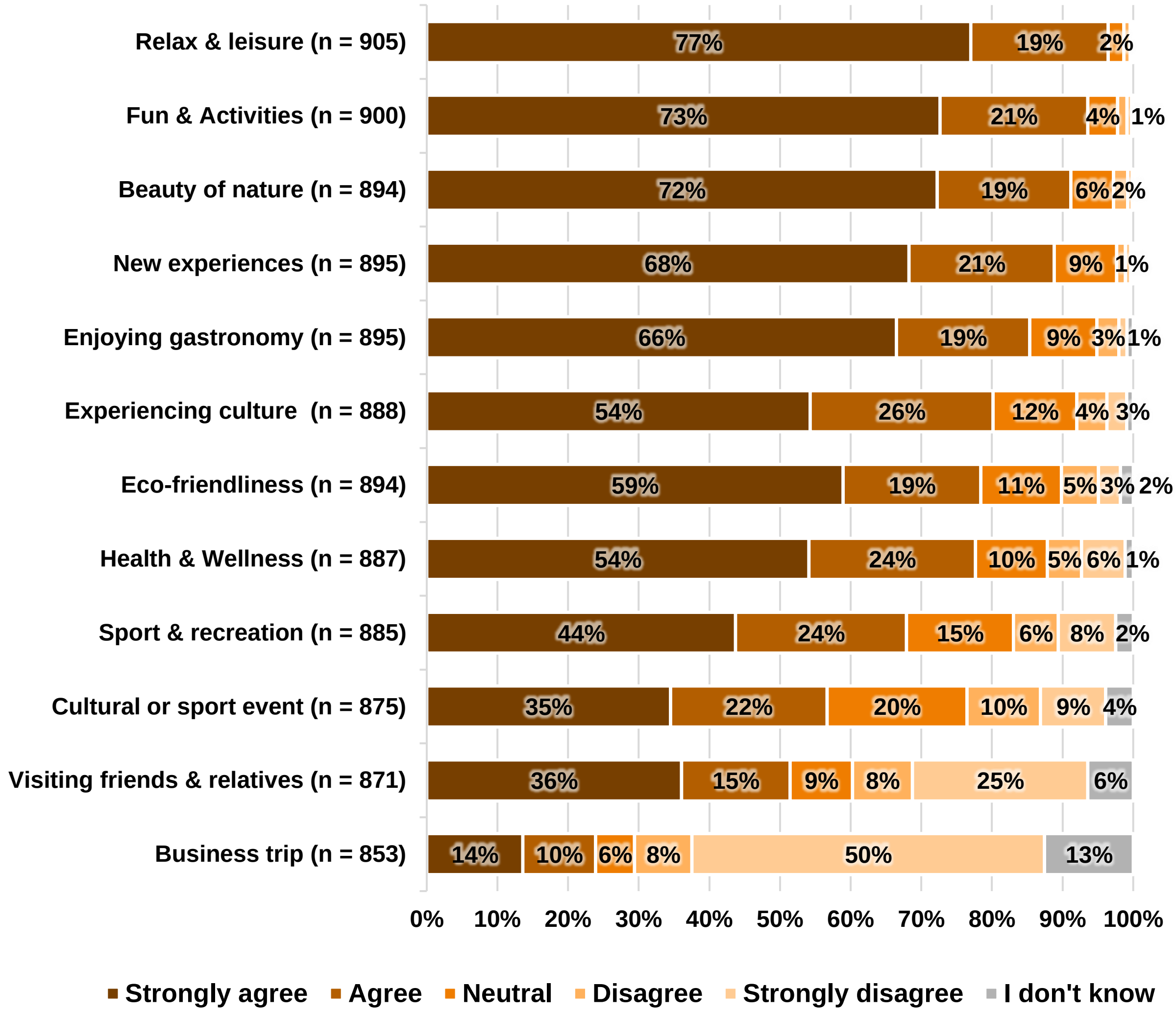


Source: Own research

It seems that the visitors of Budva are following global trends: Personal information and online experiences are important in terms of placing Budva into customers' perception. The future marketing strategy of Budva should be in line with these trends and reconsider adequate resource allocation in order to ensure the best possible approach to customer perception.

Regarding the motives for choosing Budva as holiday destination, guests were asked to assess different motives from 1 (strongly disagree) to 5 (strongly agree). From the results, it is clear that Budva mainly is a leisure destination: top two motives are "relax & leisure" and "fun & activities". A significant factor of attracting guests is the "beauty of nature". Motives that are also above average are: "new experiences", "enjoying gastronomy", "experiencing culture", "eco-friendliness" as well as "health and wellness".

Figure 6: Motives for staying in Budva

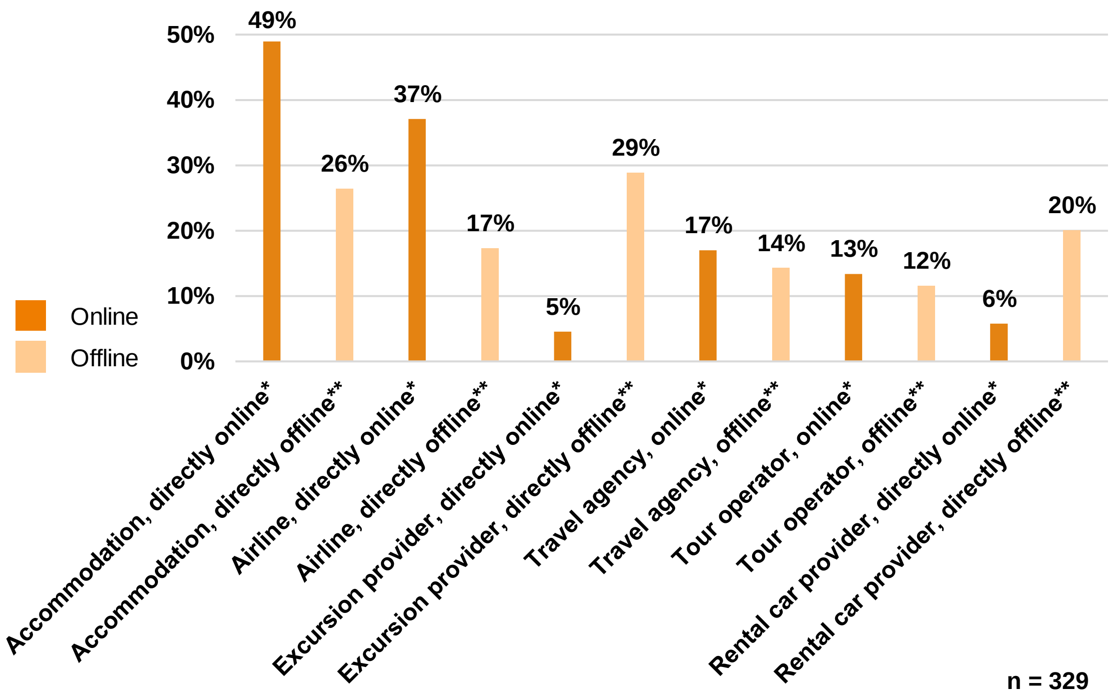


Source: Own research

We can understand these motives as different tourism product categories of Budva. Therefore, it is very important to examine to what extent the guests are satisfied with the aspects related to their motives for staying in Budva and whether they correlate with guests' spending.

Guests staying in Budva prefer direct booking regarding accommodation and airlines, rather than travel agencies and tour operators. While accommodation and airlines are booked online predominantly, travel agencies and tour operators still show relatively high figures regarding offline booking. In contrast, rental cars and excursions are mainly booked offline.

Figure 7: Booking behaviour



*Online: by website or by e-mail **Offline: in local store or by phone

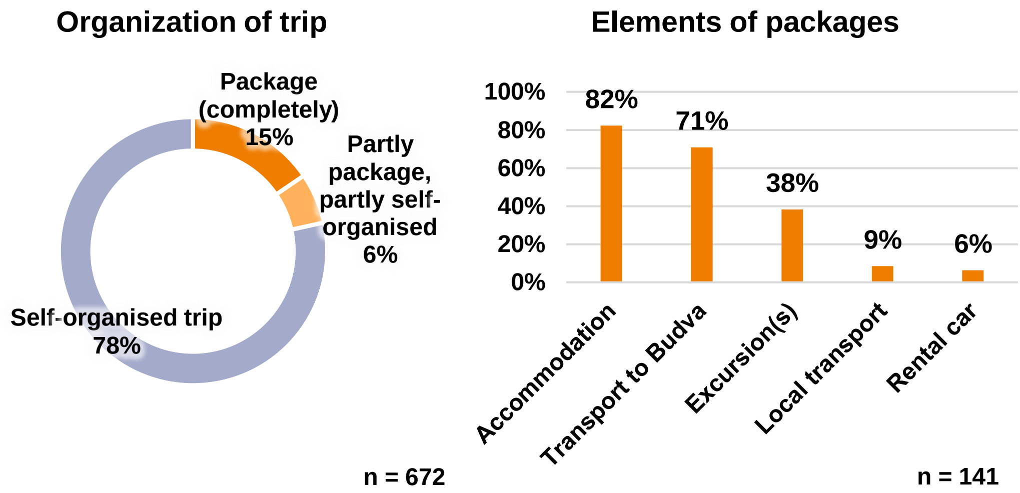
Source: Own research

Online booking has replaced offline booking almost, except for the booking of rental cars and excursions which seem to be booked directly in the local travel agencies and offices in Budva.

Travel Arrangements and Spending

Most guests (78%) do a self-organized trip when they travel to Budva. Only 22% book a package of services, which mostly includes accommodation and transport to Montenegro/ Budva.

Figure 8: Organisation of trip and elements of packages



Source: Own research

For the future marketing strategy, it is very important to note that guests are booking airlines and accommodations more often directly, rather than booking them in combination as a package tour from tour operators. This is backed by the fact that the monthly net income doesn't affect the way how guests organize their trip, they all prefer self-organized trips rather than package tours. But correlation analysis also shows that regarding guest's origin one group stands out: In comparison to visitors from other regions, guests from ex-USSR countries prefer package tours.

One fifth of the guests (22%) book single services in advance (regardless whether they also book a package or not). Regarding the guests who book in advance, almost all book transport to Montenegro/ Budva (89%) and 57% book accommodation. Excursions (36%) and car rental services (13%) are of minor importance. Regarding the guests who spend money for bookings in advance, on average they spend (per person and trip): EUR 376 for accommodation, EUR 234 for transport to Montenegro/ Budva, EUR 216 for car rental service and EUR 54 for excursions.

High ranked motives for staying in Budva are "beauty of nature" (3rd rank) and "experiencing culture" (above average). Correlation is registered regarding guests who are in high accordance with this motives and money spend in advance for travel services. This is a very significant input for future destination planning: Special attention should be given to this segment which is attracted by the beauty of nature and/or by cultural diversity since at the same time these guests plan and pay for their trip in advance more than guests attracted by other motives. There is a potential that should be used. Future tourism product should be designed according to these guest needs. These results are backed by the industry and stakeholder survey results: Both put significant accent to the development of tourism products according to guests who are attracted by nature and culture.

Besides package tours and single services booked in advance, expenditures within the destination were examined. On average guests spend about EUR 40 per night and person for accommodation (if not paid in advance), EUR 23 for food and beverage in restaurants, EUR 17.50 for goods like souvenirs in shops, EUR 15 for entertainment in bars, clubs, etc. and EUR 13.50 for food and beverage from shops and markets. Moreover, spending is registered for rental services, local transport, tour guide service and sport & cultural activities. Accommodation excluded, in total guests spend about EUR 83 per person and night within the destination Budva. If accommodation is not paid in advance, in total guests spend about EUR 123 per person and night.

Table 1: Spending on goods and services per person and per night within the destination

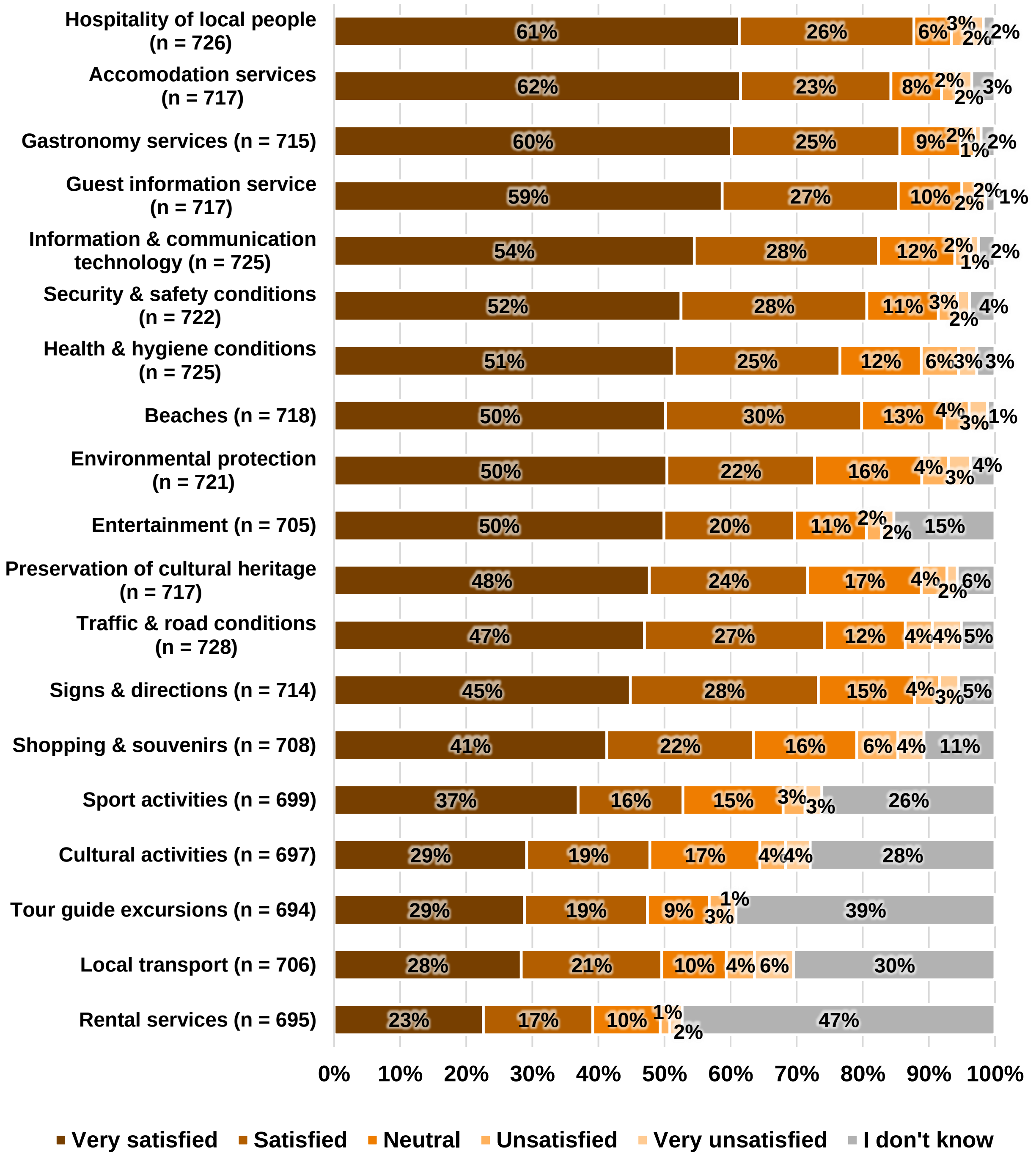
Spending during the stay in Budva (per person and night)	n	EUR (average)
Accommodation (if not paid in advance)	175	40.33
Food and beverage in restaurants	186	23.01
Shopping and souvenirs (clothes, handicraft, etc.)	113	17.52
Entertainment (bar, club, casino, etc.)	128	15.10
Food and beverage in shops/ markets	160	13.61
Rental services (car, motorbike, bike, etc.)	212	5.48
Local transport (bus, taxi, etc.)	173	3.97
Tour guide services/ excursions (if not paid in advance)	168	1.67
Sport activities (tennis, water sport, etc.)	108	1.34
Cultural activities (museum, theatre, etc.)	144	0.60

Source: Own research

Satisfaction with Destination

Guests were asked to evaluate different aspects regarding their level of satisfaction from 1 (very unsatisfied) to 5 (very satisfied). Guests show the highest level of satisfaction with hospitality of local people, accommodation services, gastronomy services and guest information service. In contrast, the following aspects are assessed below average: shopping & souvenirs, sport activities, cultural activities, tour guide services/ excursions, local transport and rental services.

Figure 9: Satisfaction with Budva regarding different aspects

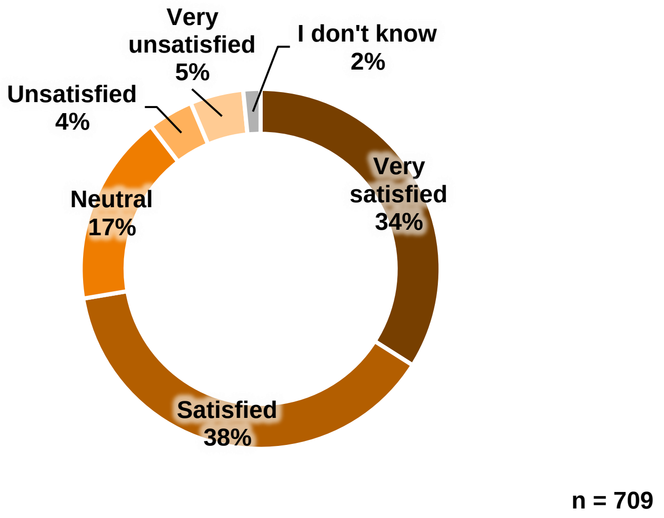


Source: Own research

There is a significant number of young guests in Budva (37% are 16-29 years old), which are consequently shaping the tourism offer. But there is a negative medium-strength correlation between age and satisfaction with entertainment in Budva – the older the guests the less they are satisfied with entertainment offered.

Two aspects were formulated in order to examine the overall experience of staying in Budva: price-performance ratio and level of overall satisfaction. The majority of guests are satisfied with the price-performance ratio in Budva (average: 3.88).

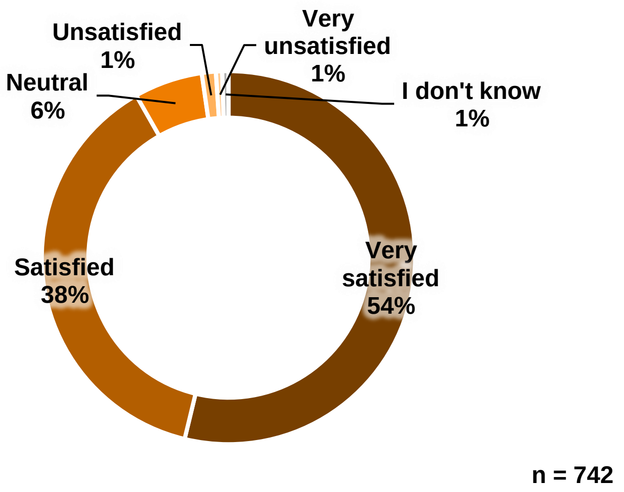
Figure 10: Satisfaction with price-performance ratio



Source: Own research

Half of the guests (54%) are very satisfied with their overall holiday experience in Budva (average: 4.42). But the other half thinks something has to be improved for comprehensive satisfaction.

Figure 11: Overall satisfaction with Budva



Source: Own research

A positive correlation with the level of satisfaction regarding the overall holiday experience is registered for the following guests' motives: "eco-friendliness", "relax & leisure", "enjoying gastronomy", "health & wellness" and "sport & recreation". These motives are triggers of the overall satisfaction and should be targeted by destination management in order to increase the satisfaction level in general.

2.2 Tourism Industry Survey

Cooperation

The tourism industry has expressed strong and throughout willingness and openness for cooperation. This is backed by the fact that among themselves they do cooperate significantly, in some cases even with competitors, and they are very satisfied with this cooperation (average is 4.35 on a scale from 1 to 5). In explaining what can be improved there were more invitations to enhance togetherness and join work, than complains. Regarding the networking of the tourism industry, travel agencies are occupying an especially important function: it seems they act as an amalgam that brings together different branches and consequently it is expectable that they play a significant role in the creation of destination products.

Therefore, within the industry, local competition does not raise concerns but one major challenge for the tourism industry is the illegal or "grey" economy. This issue has been pointed out many times and respondents expect to receive institutional help to combat this problem.

Contrary to the statements of the respondents about cooperation within the industry, there is a huge gap in cooperation with authorities, organizations and institutions. Here, the Tourist Organization of Budva (TOB) plays a significant role. Not only because most of this cooperation is directly referred to TOB, but also because TOB is perceived as an institution that should enhance cooperation with other institutions as well.

Respondents have expressed a strong will to be contacted, connected and included in processes of destination management. An absence of this cooperation is making them disappointed or frustrated. The results show that there is a wide range of fields where cooperation could be either established or improved. There are several layers of cooperation ranging from daily business to destination management. Summarized, teamwork could be established at the operative and at the strategic level.

Operative Level

Marketing and Branding

The most important marketing channels stated by the tourism service providers, namely internet and personal contact, are in line with the answers of the guest survey. It seems that the industry is keeping the pace in this field.

However, there is a strong need to improve cooperation with TOB for promotional purposes. There are more respondents who are not included than those who are included in joint marketing activities and, even worse, those who are included gave TOB an average mark of 2.43. In summary, there are two main fields of improvement: embedding the tourism industry in the process of designing marketing activities and improving evaluation and measurement of the effectiveness of marketing activities.

Innovation

The tourism service providers can be sorted in two groups regarding innovations in their businesses: those who innovate significantly (as much as 9 new products in the last three years) and are very satisfied with their success in this field (average 4.55) and those who did not develop or implement any innovation within their business in the last three years.

Since theoretical research shows that businesses that do not innovate, cannot survive in the long-term, it is a highly relevant task for the destination management to improve this situation. This can be done either by institutionalized best practise exchange between businesses that innovate and those who do not or by removing the barriers that prevent innovation (by improving general business environment and market conditions, e.g. by fighting against the grey economy, providing favourable loan conditions or implementing adequate capacity building measures in order to provide employees with expertise, etc.) and promote more favourable institutional frameworks.

Digitalization

All respondents show very low level of investing in digitalization and when they do so, these investments are mainly improving daily, operational work. It might also be that they do not need a higher level of digitalization. However, having in mind a contemporary market context, it is very important that wider campaigns are conducted, and that the industry becomes aware of the possibilities that digitalization creates. In the case of further interest, support should be provided.

Labour Force Education

All respondents stated that they do have to educate their employees by themselves. Having the great number of SMEs in tourism in mind, this could put a heavy burden on their daily business and functioning. Therefore, there is a need for joint institutional action that should be conducted.

Strategic Level

The respondents expressed a clear willingness to play a more active role in consultation and decision-making regarding the strategic management of the destination. The summarized results can be categorized in two fields: the involvement of the tourism industry in outlining the future of the destination and the creation of a joint platform for sharing information and analytics. The answers of the respondents indicate that they have significant knowledge that could enable them to conduct strategic tasks in destination development.

Budva's Competitiveness and Tourism Products

In line with the answers of the stakeholder survey, the respondents of the tourism industry survey suggest mainly three fields in which new tourism products should be developed: sustainable/green tourism, culture and tourism in remote areas in the hinterland.

The average assessment of Budva's competitiveness by the tourism industry representatives is 2.19. This is lower than the assessment of the stakeholders (3.11) and the assessment of the price-performance ratio by guests (3.88). Since the tourism industry respondents are working directly "on the field" these results maybe even have more specific weight. Results show that this is an area in which destination management should devote a significant amount of work in order to improve competitiveness.

Teamwork in Building the Future of Tourism in Budva

Similar to the stakeholder survey the tourism industry representatives gave remarkable high-quality suggestions regarding the cooperation with and networking tasks of the Tourist Organization of Budva in order to ensure the best possible tourism experience.

In the context of the future of tourism in Budva it has to be mentioned that respondents continuously and repeatedly raised the issue of communal and infrastructure problems they are facing (like noise, waste and cleanliness, parking problems and traffic congestions, the spatial devastation of Budva and its unpleasant physical appearance). Thus, the respondents of the tourism industry survey expressed extreme dissatisfaction with the current state of the tourism development in Budva.

Finally, when speaking about the future, the respondents gave significant contributions and suggestions which should be considered when it comes to tourism strategy development of the Municipality of Budva, as illustrated by the following quote: *"For Budva as a tourism destination, besides preserved nature, culture and Mediterranean traditions, we would like to see order, harmony and consonance with nature and culture ambiance, contemporary visitors and tourism needs, and healthy socio-economic requirements of society and entrepreneurship. We would like to see a high level of social responsibility, ecological awareness, solved problem regarding the lack of educated and trained employees, and tourism that is based on health principles and values that are emerging from the context of historical belonging to the Mediterranean socio-cultural area. We would like to see a reasonable management of space and activities, integration of the destination with nearby municipalities in unique regional and national tourism offers."*

2.3 Stakeholder Survey

Cooperation

Cooperation between all stakeholders is a key issue of successful product development and the main task of destination management. Good cooperation has several layers of importance that are directly as well as indirectly connected to the overall tourism development.

The quality of cooperation received an average mark of 4.12 for cooperation between the tourism industry and stakeholders and 4.33 for cooperation among stakeholders themselves. Relevant quotes could serve as guidelines on how to achieve better cooperation in order to make the best possible tourism product: built trust and establish systematic mechanisms that ensure long-term and reliable institutionalized cooperation.

Much of the cooperation established yet is realized at the local level (mentioned by nine respondents). This is expectable. However, it doesn't mean that national or international cooperation should be neglected. This is especially true for the national level where only three respondents mentioned that they are cooperating. International cooperation, mentioned by only one respondent, is also important – at least in order to exchange best/ good practise examples.

Operationalization of Tourism Development Endorsement

The most operationalization is realized through the support and/or by conducting different schemes and programmes, from which respondents expect mostly economic benefits for the tourism development. However, the level of operationalization of support for tourism development is very low as two important aspects are almost completely missing: support for setting up quality standards and financial mechanisms for tourism development support.

Only three respondents mentioned that they are aware of or are conducting such endorsements. Institutions should address this problem systematically.

Regulatory Framework

Integration of tourism development in legislative systems at the local and national level received an average mark of 3. Among the respondents there were various complains about this problem. Quotes of the interviewed representatives are illustrating two main problems: lack of tourism strategy implementation and regulations that do not support the tourism industry or tourism development.

Budva's Competitiveness and Tourism Products

The respondents mainly chose three fields where they would like to see new tourism products developed: sustainable/green tourism, culture and tourism in the hinterland, which proves that respondents are aware of new trends and that they are up to date with global trends. Also, they provided a wide range of other ideas for tourism product development in Budva. Therefore, Tourist Organization of Budva could find allies among stakeholders for the task of introducing innovative products. However, some of utmost new concepts were not mentioned – obviously because respondents are not experts in the tourism sector. This means that TOB should use the knowledge that key stakeholders have and use it to go one step further: educate them about the newest trends that should also be introduced and ask for their support.

The average assessment of Budva's competitiveness is 3.11 that is similar to the average mark visitors gave for Budva's price-performance ratio (3.88). Results show that price-performance ratio is an area in which destination management should devote significant amount of work in order to improve the situation.

Teamwork in Building the Future of Tourism in Budva

Respondents gave high quality suggestions regarding cooperation with the Tourist Organization of Budva and advise for improving networking tasks of TOB in order to ensure the best possible tourism experience.

Although this question was not formulated in the questionnaire, respondents expressed extreme dissatisfaction with the current state of tourism development in Budva.

Finally, when speaking about the future, two respondents even claimed that Budva is now on the edge from which two roadmaps exist: One is continuing the current, unsatisfactory development and the other implies a radical change. All ten respondents back this need for a radical change.

3 CONCLUSION

Quantitative data has showed that Budva is significantly relying on the basic, “well-known/ traditional” ***tourism product***. At the same time qualitative data analysis emphasises that both groups of respondents underline the need for tourism product improvement or change. Both interviewed groups identified areas for improvement that could serve as rough guidelines for future development. However, in this context somebody has to be in the lead.

The tourism product is closely connected to ***market orientation***. Dominant tourism products attract certain source markets and Budva is heavily relying on repeating visitors. There is the need to approach new, fresh markets, not only in geographical terms but even rather in socio-demographic and economic terms. However, this implies that tourism products must be improved and enhanced.

Market orientations are consequently connected to ***marketing*** activities. Qualitative survey results show that tourism industry is following the contemporary needs of current Budva visitors: marketing channels they use are in line with what visitors expect at present. However, results show that is not backed by institutional support yet and closely connected to the field of ***cooperation***. Results show that there is the need for a lot of improvement in this field. Therefore, it is highly recommended that results and findings of this study serve as guidelines for future actions.

Further, in all segments of service provider and stakeholder activities the following problem emerges repeatedly: ***regulatory framework*** (e.g. lack of incentives for tourism development, lack of implementation of regulations and tourism strategy, administrative barriers, discrepancy with EU regulations, etc.) that is not supportive (sometimes even becomes a barrier), e.g. for fighting against the problem of “grey”, illegal tourism economy.

Finally, numerous results show a strong need to approach the ***future development*** carefully. It is highly recommended that results of this study serve as base for upcoming tasks regarding future tourism development in Budva. The figure below summarizes conclusions and indicates the sequence of the steps that should be undertaken in future.

Figure 12: “Survey on Attitudes of Tourists and Local Stakeholders on Tourism and Tourist Product of Budva” emerging issues