

THE DEVELOPMENT OF TOURIST RELATIONS DURING THE ECONOMIC CRISIS THROUGH THE EXAMPLE OF THE SOUTHERN GREAT PLAIN REGION AND SERBIA

PÉTER GULYÁS¹

ABSTRACT – Since the beginning of the economic crisis, nearby feeder markets have become increasingly important for Hungary's tourism sector with cross-border cooperation schemes playing an ever increasing role. This also holds true for Hungary's Southern Great Plain Region when viewed in its relationship with neighbouring Serbia. This paper examines tourism flow changes in the Southern Hungarian Great Plain Region during the period of the economic crisis especially as far as tourism flows from Serbia are concerned. The analysis is based on official statistical data available in respect of commercial accommodation facilities, analyses on tourism trends carried out at the European level, and regional development documents drawn up for the Hungarian–Serbian cross border region. The economic crisis caused a significant downturn in tourism flows in the Southern Great Plain Region. However, the number of tourists arriving from Serbia to the Southern Great Plain and the number of nights they spent there increased even during the crisis partly because of the favourable geographical location of the region, partly because of the intensive cooperation schemes implemented in the tourism sector, and partly because of organised marketing campaigns.

Keywords: tourism cooperation, economic crisis, Southern Great Plain, Serbia

CROSS-BORDER EXISTENCE – ECONOMIC CRISIS – CROSS-BORDER TOURISM RELATIONS

In Europe, researchers in regional science, as well as the institutions shaping the European regional development policy have been interested in issues of cross-border regions for decades (Baranyi, 2009). Areas related to state borders are often characterised by socio-economic and environmental problems and conflicts, and cross-border existence is often considered to have a peripheral nature (Baranyi, 2009). Regions lying along national borders are often rife with economic, social, and environmental problems and conflicts, and their location along national borders is frequently linked to a peripheral nature (Baranyi, 2009; Pásztor, 2013). At the same time, there are also many examples (USA–Mexico, Hungary–Austria) where cross-border cooperation schemes work well and help boost development in the regions involved. The range of cooperation is very broad: from relationships between the towns or villages to the Euroregional level covering several countries.

One of the important dimensions and objectives of cross-border regional cooperation schemes is strengthening tourist links between the regions involved. As it will be shown in the present study, this had an outstanding role during the economic crisis in the case of the two border mesoregions, the Southern Great Plain Region of Hungary and Vojvodina Province in Serbia, and, in a broader sense, also between the two countries, Hungary and Serbia.

Starting with 2008, the economic crisis resulted in a downturn in tourism for the next two to three years, also affecting sectoral statistical indicators. This is hardly a surprise as the tourism sector is well known for its sensitivity to any type of crisis situation. However, numerical indicators deteriorated at different rates for international versus domestic tourism. The decrease in the number of foreign tourists and the number of nights they spent at their respective destinations was more dramatic

¹ PhD student, University of Szeged, Department of Economic and Human Geography, 2 Egyetem Street, Szeged, Hungary.
E-mail: g.peter@freemail.hu

than the drop in the comparable indicators seen in the domestic relation. It must be noted, however, that the impact of the crisis was very different from one country to another, as well as from one region to another. In fact, there were regions where certain sectors were actually able to grow during the crisis. Another peculiar feature of the impact the crisis had on tourism was that the average distance travelled to the selected destination became shorter, a trend boosting domestic tourism and shifting preference to nearby, neighbouring countries as far as the sector's foreign feeder markets are concerned (MT Zrt. 2012; Gomi Kft., 2009). In the case of the Southern Great Plain Region, the more or less strong tourism links between the region and the neighbouring countries became noticeably stronger.

However, the potential tourist relations were greatly influenced by the different types of borders. K. Czimre (2012) divided the borders of European member states into six categories based on whether they are internal borders of the EU, or, in the case of external borders, whether the neighbouring state is a candidate country, potential candidate country or not a candidate country. According to his classification, the Hungarian-Serbian border section of the Southern Great Plain Region is "a temporary external border with a candidate state" (Czimre, 2012). It must be mentioned here that in the case of the external EU borders, the development of cross-border relations and the increase in the number of arrivals and guest nights is also hindered by administrative factors. However, deleting the visa requirement between Hungary and Serbia in December 2009 was a great step forward and it also meant easing the administrative burden, as crossing the border became much easier than earlier. However, before going into how the actual data reflect these effects, I will analyse the impact of the crisis on the tourism of Hungary and of the Southern Great Plain Region.

THE IMPACT OF THE CRISIS ON TOURISM IN EUROPE AND HUNGARY

While the number of tourists arriving to their respective destinations increased by 6.6% globally in 2010 with a 7.9% increase in tourism related revenues, Europe's relative share in these global totals decreased, while Asia and the Americas have gradually become true hotspots in terms of their tourism flows. While Europe maintains its leading position in world tourism both as a feeder market and as a tourist destination and the "Old Continent" still represents the greatest chunk in international tourism, its relative share has been consistently decreasing in terms of out-of-the-region trips departing from its feeder markets (MT Zrt., 2012). When viewing European tourism data only, it can be established that in 2011 the number of trips to European destinations increased by 6.4% as compared to the similar indicator of the previous year and surpassed the pre-crisis all-time high of the year 2008 (MT Zrt., 2012).

Tourism is a sector of growing significance of the Hungarian economy. Besides its share of nearly 10% in domestic GDP, calculated together with its multiplier effects, it also contributes to enhancing the quality of life and the international competitiveness of the country (Gomi Kft., 2009).

However, the world economic crisis started in 2008 had a negative effect also on the Hungarian economy. As result of reduced discretionary household incomes, people were forced to give up some of their spending, and travelling was one of the first things to give up. Lower income families could not afford any more even one holiday a year. Even those who had some income left to be spent on travel changed their travelling habits (Gomi Kft., 2009). The second or third trip planned for the specific year was cancelled or shortened. People became more sensitive to prices: they started to use accommodation of a lower quality category, travel distances were shortened both in Hungary and abroad and value for money services were prioritised. Of course, besides all this, there are groups of consumers who still have a stable income and are able to use the more expensive tourism services.

In line with increasing trends in international tourism, tourism within Hungary started to grow once again in 2010, primarily thanks to tourists arriving from abroad. In 2010, the foreign exchange balance of tourism increased by 5.7%, with the year 2011 contributing another 1% (MT Zrt., 2012).

Already in 2011, the number of guests at domestic commercial accommodation units and the number of guest nights exceeded the number in 2007, before the crisis. This seemingly positive picture is overshadowed by the fact that accommodation capacity has been significantly increased while the revenues of accommodation units have not increased. There was also some rearrangement within the

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sector, since in 2012 the proportion of guest nights generated by domestic tourism was higher than that related to inbound tourism.

Tourism in Hungary suffered significant losses due to the reduced number of trips, decreased arrivals and guest nights, shortened stays and reduced spending (Gomi Kft., 2009). The economic crisis highlighted questions of sustainability and competitiveness that had been forgotten before the crisis. At the same time, it also brought about changes with a positive effect on the development of tourism in specific regions.

METHODOLOGY

The area under review, namely the tourist region of the Southern Great Plain, is located in the southeast of Hungary and consists of the three counties of Bács-Kiskun, Békés, and Csongrád. As far as its total area is concerned, it is the largest tourist region in Hungary. It takes 6th position among the country's tourist regions in terms of its tourism flows. Its principal tourism related products include health tourism thanks to its richness in medicinal and thermal waters, cultural tourism on the basis of its diverse cultural and architectural heritage, and active and ecotourism, which utilise the region's natural attractions.

Hungary shares a common border with neighbouring Serbia along a length of 175 km. The border runs along Bács-Kiskun and Csongrád counties on the Hungarian side and the Autonomous Province of Vojvodina on the Serbian side, the four administrative units comprising the cross-border region.

In this paper, I analyse the Hungarian Central Statistical Office's official statistical data on tourism in respect of the commercial accommodation facilities of the region concerned during the period between 2008 and 2014. I detail the peculiarities of the tourist flows arriving from neighbouring Serbia to destinations within the Southern Great Plain, as well as the changes in those flows over time, while also studying the expansion of cross-border tourism links as reflected in the existing development documents.

THE DEVELOPMENT OF ARRIVALS AND GUEST NIGHTS IN THE SOUTHERN GREAT PLAIN REGION FROM 2008

The negative effect of the crisis on tourism first appeared in the statistical data in 2009. The number of nights spent in commercial accommodation facilities decreased by 7% nationally, with the Southern Great Plain region suffering a higher than average decline at a rate of 9%, which brought it to a level lower than that of the year 2005. In 2010, the region closed the year with an increase of 0.9% compared to the previous year. Therefore, it can be stated that, on the whole, there was no further decline, and the tourism sector in Bács-Kiskun, Békés and Csongrád Counties could even boast of some growth. The following year witnessed some really significant progress: in 2011, the region achieved a growth rate three times that of the national average. This could be maintained and even increased by more than 2% in 2012. Overall, the number of guest nights was 11.05% higher in 2013 and 27.46% higher at the end of 2014 than in 2008 (Figure 1). The number of guest nights at commercial accommodation units also grew at a similar rate between 2008 and 2014 (+26.84%).

The process of recovery from the shock caused by the crisis started, and the statistical data of 2013-2014 suggest a positive picture at first glance. At the same time, some other factors altered the picture in a negative direction: there was a rather significant, 30% capacity increase in commercial accommodation and, if we examine the utilisation of the capacity of accommodation units, we can see that the utilisation of accommodation capacity, which was not too high originally (19.1% in 2008), decreased by 0.7% by 2014, while the utilisation of the number of available rooms increased only by 0.4% from the relatively low base rate (31.6% in 2008). As we can see, the indicators of the region are not as favourable as one may have assumed.

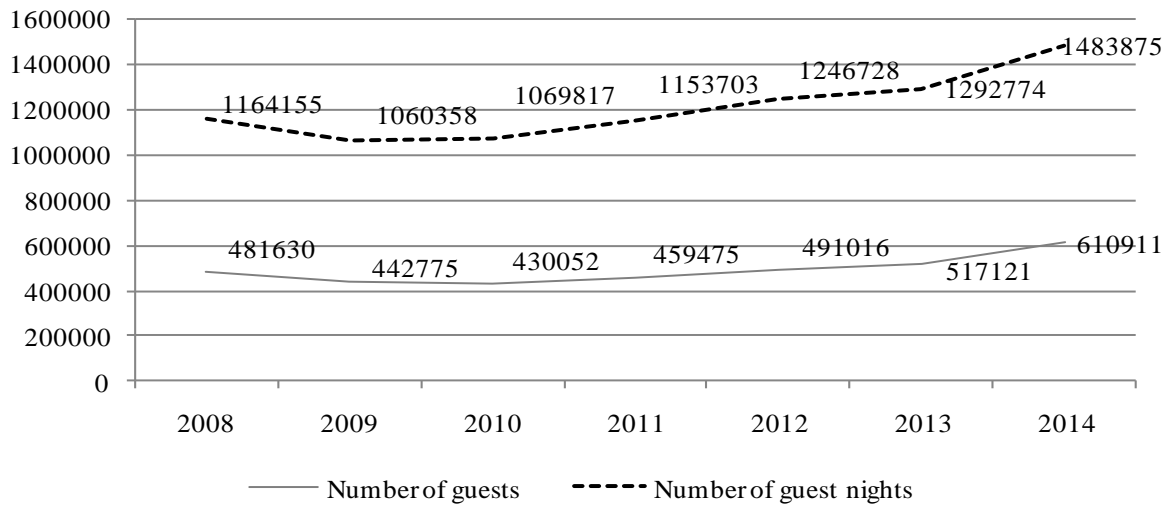


Figure 1. The development of the number of guest nights in the Southern Great Plain in 2008-2014
 Source: Central Statistical Office, the author’s calculation

In addition, there are great differences in the situation of tourism in the Southern Great Plain by areas, towns or villages and the types of accommodation. In general, we can state that those places of accommodation and towns or villages were able to survive the crisis and even produce growth, which could provide value for money tourism services, or implement developments with their own investments or with EU funds (e.g. in Gyula or Mórahalom). Major investments driving foreign working capital, which cannot or can only be related to tourism in an indirect way, also had a highly stimulating effect on tourism in specific regions. A highly representative example of this is the Mercedes factory built in Kecskemét, which resulted in a drastic increase in the number of German MICE guests from one year to the next. Regarding the different types of accommodation, the greatest losses were suffered by accommodation units belonging to lower categories, where there had been no development implemented.

We can see that the increase in the number of arrivals and guest nights in the region was based on two pillars between 2008 and 2014. On the one hand, domestic tourism strengthened, confirming its position by a 26.9% increase in guest nights (the rise in 2014 was especially significant). On the other hand, inbound tourism also increased dynamically. Here, the rate of growth was 29.4% compared to the data in 2008 (Figure 2).

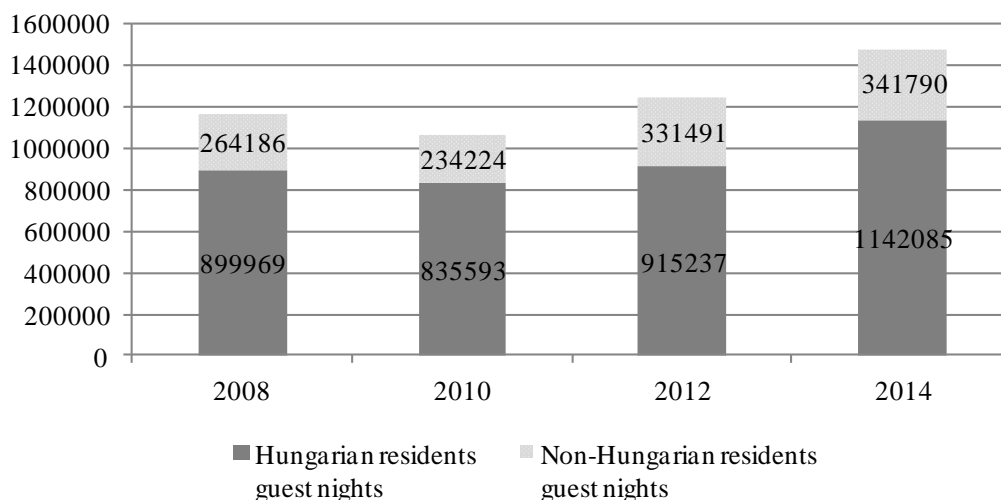


Figure 2. Number of domestic and international guest nights in the Southern Great Plain
 Source: Central Statistical Office, the author’s calculation

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As result of the higher growth rate of international tourist arrivals and guest nights, by 2014 this segment represented a bigger share of all the guest nights than 6 years before (Figure 3).

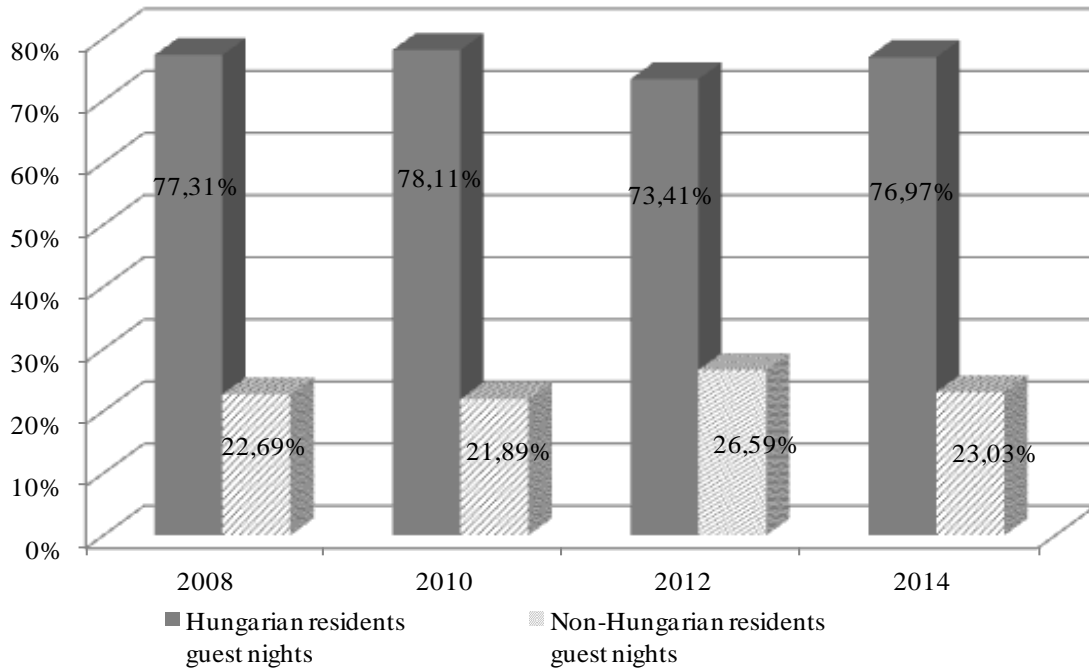


Figure 3. *The share of domestic and international guest nights in the Southern Great Plain*
Source: Central Statistical Office, the author’s calculation

Concerning the main foreign sending markets, Germany is still in a leading position, Romanian arrivals have moderately increased, and, due to the drastically increasing number of arrivals, by 2014, Serbia had firmly become the third foreign sending market in the region (Figure 4). This result is especially significant in the light of the fact that our southern neighbour was not among the first 10 sending countries in 2008.

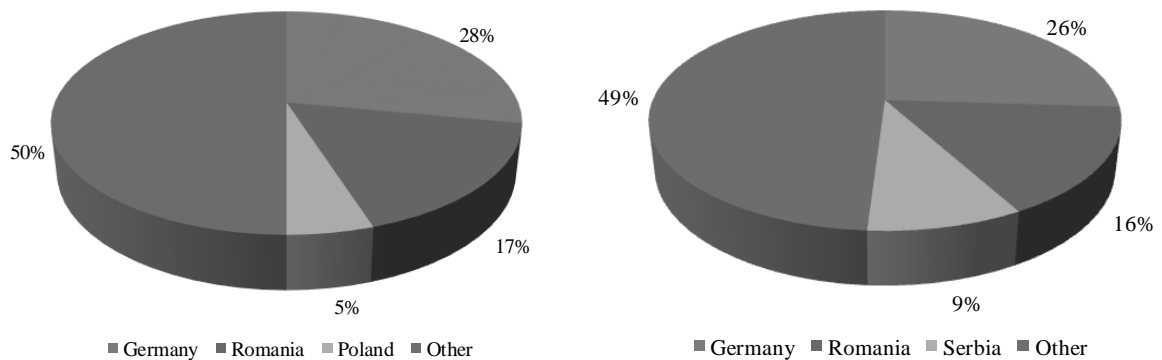


Figure 4. *Main foreign sending markets of the Southern Great Plain Region, 2008 (left) and 2013 (right)*

Source: Central Statistical Office, the author’s calculation

Tourism in the Southern Great Plain Region is still rather concentrated (Gulyás, 2009), as in 2014, more than 50% of commercial accommodation was registered in only three towns (Gyula, Szeged, Kecskemét). The list of the most important receiving towns was rearranged, in 2011 the leading place concerning guest nights was taken over from Szeged by Gyula. The changes also affected the ranking of the region's settlements as tourist destinations. After several years of dynamic expansion in terms of tourist nights spent, the city of Gyula took the lead as the most popular destination in 2011, not only pushing Szeged out of position, but also making it into the group of the ten most popular domestic tourist destinations nationally.

In addition to the three most important destinations, in the past 5 years, the number of arrivals and guest nights also significantly increased in Békéscsaba, Szarvas and Mórahalom (Figure 5). With over 50,000 guest nights by 2014, these towns had become key tourism destinations in the region.

DO BORDERS DIVIDE OR CONNECT? RELATIONS ALONG THE HUNGARIAN-SERBIAN BORDER

Cross-border cooperation plays a key role in the development of neighbouring regions. In most cases success will depend on the quality of the relationship (Kovács, 2012). Of course, the existence of a state border does not mean in itself automatic isolation between the citizens of the two states and, in a favourable situation, in the case of open-type borders, it can even have a connecting nature (Hardi, 2001). According to Hardi, if the socio-economic relations between the regions divided by the border gradually expand, then the two areas will move towards the creation of a common border region providing the two sides with mutual benefits and resulting in harmonious development. This may happen in several dimensions, namely in the political, economic, population, institutional and spatial structural dimensions (Hardi, 2001).

It is Serbia's declared intention to become a member of the European Union and the country now has the status of candidate state, so the political dimension seems positive. The population dimension has always been strong, as the wider offer in Hungary may easily ensure good relations.

It is also highly probable that the economic dimension will develop in a favourable direction, as it is the fundamental interest of economic players in both countries to make use of the comparative advantages stemming from being close to each other. The spatial structural dimension also seems promising as the areas and citizens on the two sides of the border were traditionally connected by strong links before 1920. The past 15 years saw the implementation of the Danube–Criş–Mureş–Tisa Euroregion, the institutional structure behind cross-border cooperation. Closer ties (such as between the universities of Szeged, Hungary, and Novi Sad, Serbia) have developed within the region and various forms of tourism cooperation emerged (for example between the health tourism clusters of the Southern Hungarian Great Plain and Vojvodina, Serbia, or between the Tourism Association of the Southern Hungarian Great Plain Region and the Health Tourism Cluster of Vojvodina, Serbia) with additional potential positive effects on the creation of the cross-border region.

The development documents of the Danube–Criş–Mureş–Tisa Euroregion setting out the fundamental development objectives of the cooperation define key priorities such as eliminating the peripheral nature of the neighbouring regions, promoting cross-border cooperation schemes, and further strengthening ties within the region, an important factor in each of these ambitions being the development of tourism cooperation and tourism related links within the region (MTA RKK, 2005; Kovács, 2012).

THE INCREASE OF INBOUND TOURISM FROM SERBIA IN THE SOUTHERN GREAT PLAIN

In this part, the above-mentioned process and how the number of arrivals and guest nights has grown in the past few years will be presented in a case study.

Before the system change, one of the biggest sending markets of the Southern Great Plain was Yugoslavia. After 1990, as a consequence of the Yugoslavian civil war, tourism suffered a considerable drop, and there was no significant shift from this state until 2008.

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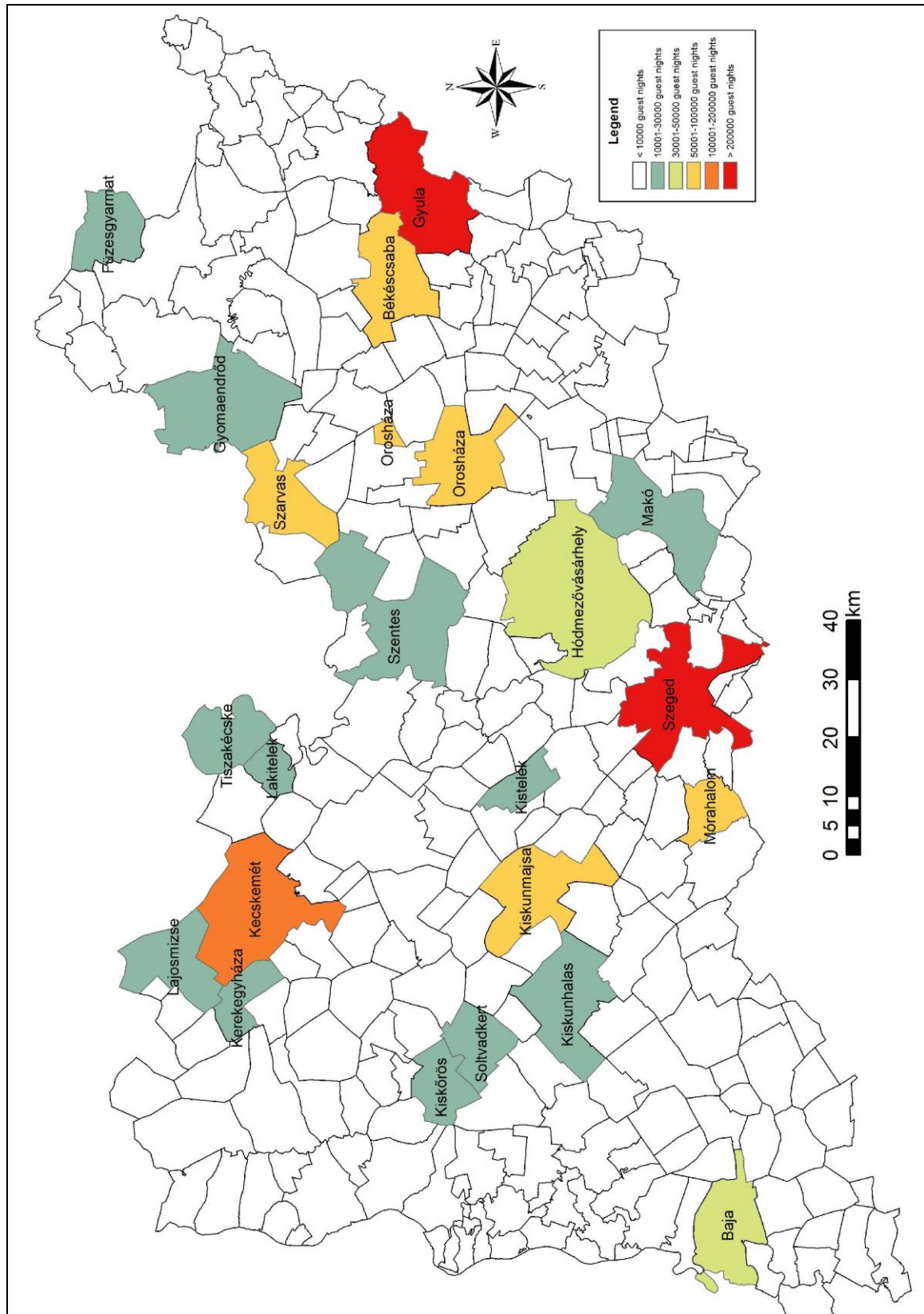


Figure 5. Tourist-receiving towns of major importance in the Southern Great Plain Region, 2014
 Source: Central Statistical Office, the author's calculation

As one of the results of the crisis, however, tourism actors increasingly started to realise that as result of the crisis, the travel distances had shortened and the significance of the nearby neighbouring countries among the sending markets had suddenly increased. In geographical terms, the closest country to the Southern Great Plain Region is Serbia, where the attitude to and image of Hungary, and especially that of the Southern Great Plain, is still positive due to the close relations of earlier decades (MT Zrt., 2013). It seemed reasonable, therefore, to take into serious consideration our southern neighbour as a tourist-sending market that can easily be reconquered.

All the more so, since – as mentioned earlier – the visa requirement for EU countries, a measure seriously hindering tourism, was lifted in December 2009 for citizens of Serbia, a candidate country for EU membership. This favourable turn provided with the help of targeted marketing a good opportunity for a number of Serbian tourists to visit Hungary, and particularly the Southern Great Plain, in a brief span of time.

The marketing activity in Serbia started with professional coordination measures carried out by the Southern Great Plain Marketing Directorate of Magyar Turizmus Zrt. (Hungarian Tourism Ltd.). As a first step, it began by revitalising the network with the professional partners in Vojvodina Province neighbouring Hungary and, then, in the more southern parts of Serbia, in Belgrade and its surroundings. Following the favourable reception experienced during professional meetings, the next step was carrying out tourism marketing activity aimed at the larger public. As experiences showed that in Serbia the traditional marketing instruments (exhibitions, publications, study tours, TV coverage) are more efficient and reach more people than the more modern ones, these were applied first and, as the statistical data show, successfully. Later, internet based marketing (websites, social media) and appearances in events and programmes in department stores were also added to supplement the traditional marketing methods.

As result of these particular marketing activities and cooperation, from 2010 on, year by year, the number of nights spent by visitors from Serbia has been considerably growing and, in 2014, it exceeded 31,000. Our southern neighbour has obtained the distinguished third place among the most important foreign sending markets in the Southern Great Plain Region.

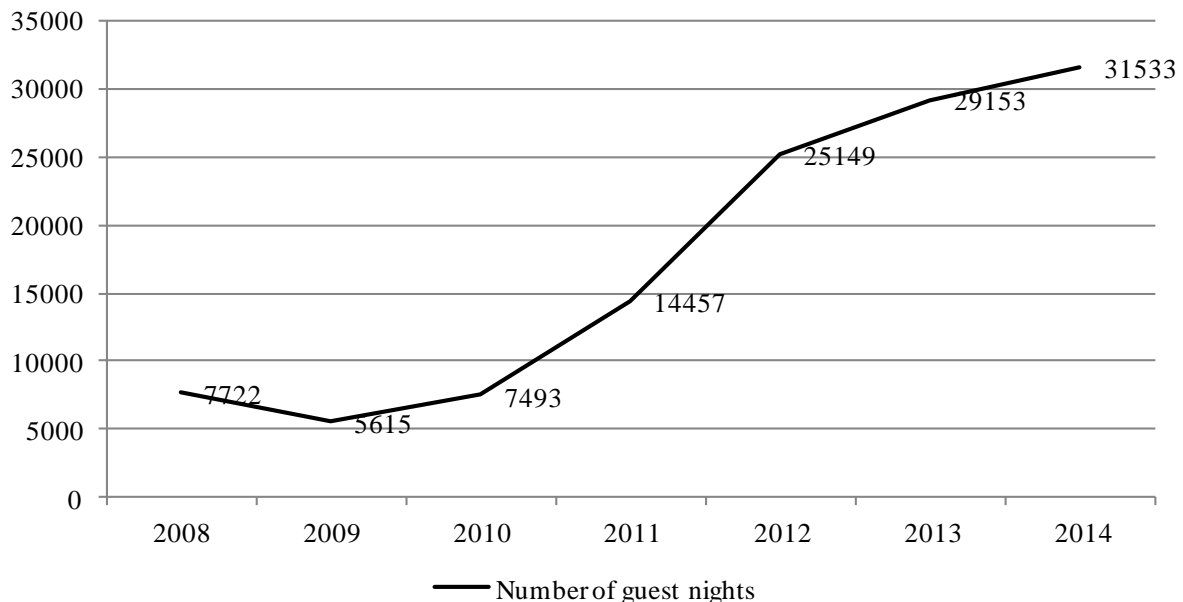


Figure 6. Growth in the number of guest nights spent by Serbian visitors in the Southern Great Plain, 2008-2014

Source: Central Statistical Office, the author's calculation

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At first, the main hosting places were Szeged and Mórahalom, located less than 10 km from the border. In the case of Mórahalom, it is undoubtedly the thermal bath, while in the case of Szeged, the entertainment, recreation and shopping facilities provided by the city, which make them attractive (shopping tourism, which does not generate visitor nights, is also significant in the town). Within a short time, arrivals and guest nights from Serbia grew significantly in Gyula, which was a very popular destination 20-30 years before, where obviously the main attractions are the spa and the historic milieu of the town. The number of Serbian tourists and guest nights spent by them is also growing in Kiskunmajsa, another spa town relatively close to the border.

Apart from the above destinations, there is a high potential to further increase the number of Serbian arrivals and guest nights in other spa resorts of the region, such as Orosháza-Gyopárosfürdő, and also Baja, Hajós, Kalocsa, and Kiskunhalas, which are all close to the border.

CONCLUSIONS

The favourable trends and tendencies described above buttress the assumption that tourism relations and cooperation established in the Hungarian-Serbian border region provided good grounds for the significant growth in the number of visitors. Moreover, this happened at a time – during the world economic crisis – when almost all other sending markets declined. It has become obvious that by understanding the processes in the real economy and with proper creativity and commitment, the number of arrivals and guest nights may be increased even during a period of crisis through strengthening cross-border tourist relations. The favourable trends witnessed in the field of tourism may serve as an example also for other segments of the region's economy and may drive the activity of socio-economic actors towards strengthening cross-border cooperation. All this may be further promoted by Serbia getting closer to the European Union and by the funds enhancing cross-border cooperation (e.g. IPA), so that the region may be developed in an integrated and EU compatible way.

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