

DEVELOPMENT PLAN AND POLICIES OF SLOVENE TOURISM 2007-2011

SUMMARY

Introduction

Pursuant to Article 5 of the **Promotion of Tourism Development Act** (Official Gazette of the Republic of Slovenia, No. 2/04 - hereinafter Ur.l. RS, No. ...), the Ministry of Economy has been charged with the drafting of the proposal for the Slovene Tourism Strategy. **To this end, the Ministry of Economy awarded a small-value public contract covering the project titled Slovene Tourism Strategy 2007-2011.**

In the independent Republic of Slovenia, the strategy of Slovene tourism was first defined in January 1995 in form of a special Resolution on strategic objectives in the field of tourism development in the Republic of Slovenia accompanied by the programme of activities and implementing measures (Ur.l. RS, No. 7/95). For the current period, the Slovene Tourism Strategy 2002-2006 applies.

The objective pursued by the Ministry of Economy in drafting the document for the period 2007-2011 was to design an efficient development model of Slovene tourism for the defined period that would provide an optimum method for evaluating all key attributes and potentials of Slovene tourism.

In drafting the Development Plan, both all main stakeholders and the relevant interested public in Slovenia were included in the process. In its final phase, this document represents a harmonised text from all participants of tourist interests in the country, i.e. from the public, private and civil sector.

The proposed development strategy of tourism in the envisaged period from 2007 until 2011 are based on a detailed analysis of the internal and external environment, and on the consideration of the latest trends in the development of tourism. From this analysis, the vision, fundamental objectives, corporative and business strategies, as well as policies with the envisaged measures and activities for the achievement of the basic strategic objectives were derived. For the purpose of monitoring continuously the implementation of basic strategic objectives, this document also anticipates the establishment of an efficient evaluation and implementation supervision system covering the Development Plan and Policies of Slovene Tourism (hereinafter DPPST).

DPPST 2007-2011 is the key strategic document in the field of tourism development and sets out more than ever before the role and the importance of individual stakeholders in this field, and defines them indeed as bearers of or participating parties in the implementation of particular tasks.

Tourism is a global phenomenon and the volume of the tourism industry has in the recent period of time been growing twice as fast as is the case of the average economic growth. This document defines all major orientations of the DPPST 2007-2011, i.e.

- **destination model, which simplifies the organisation of Slovene tourism and leads to a higher efficiency, and**

- **new guidelines in the field of marketing and promoting Slovene tourism.**

Basic premises

Tourism constitutes **an important business opportunity for Slovenia**. Considering the current development level of Slovene tourism and the existing development potentials, **tourism could in the ensuing years become one of the leading sectors of Slovene economy and thus provide for a major contribution to the achievement of the Slovene development objectives (Annex 1) defined in Slovenia's Development Strategy 2007-2013**. Within this context, the latter primarily relates to the achievement of Slovene economic goals, such as competitiveness, GDP growth, new employments/employment growth, increasing the education level of tourist workers, implementation of the sustainable development criteria, balanced regional development, increasing the quality of life and prosperity of population, strengthening the cultural identity and increasing the recognizability in the international environment.

Tourism is an integrated activity involving all areas of economic and social life. Accordingly, **its fundamental strategic document should also be drafted so as to take into account the hierarchy of strategic documents both at the national and the regional and local level**, as well as the basic principles of separate strategic documents, thus contributing to the consideration of the requirements of tourism within the aforementioned documents. **To this purpose, the DPPST 2007-2011, in designing basic concepts and implementation policies, takes into consideration the following fundamental strategic documents:**

- Slovenia's Development Strategy 2007-2013;
- Sectoral national strategies (spatial, transport, cultural, regional, environmental protection, biotic diversity, etc.);
- Framework of Economic and Social Reforms to Increase Prosperity in Slovenia;
- Slovene Tourism Strategy 2002-2006;
- Spatial Development Strategy of Slovenia;
- Regional Development Programmes;
- Local Tourism Strategies;
- Strategic Business and Tourist Plans and Programmes of Tourist Organisations in Public, Private and Social Sector;
- Strategies of Individual Tourist Products (casino tourism, business tourism, health/wellness tourism, cycling tourism, youth tourism, etc.);
- Development Policies in the Field of Tourism in the EU;
- UNWTO Development Policies and Principles.

DPPST 2007-2011 summarizes certain **key concepts** from the Strategy of Tourism Development (STD) 2002-2006 and upgrades them in compliance with the requirements of the desired development of Slovene tourism, and sets new priorities in view of the acquired level of implementation in the past strategic period. These concepts, which are explained in detail in the basic policies, are:

- concept of a sustainable development;
- concept of a balanced regional development;
- concept of competitiveness focused on the increase of the supply quality;
- concept of designing integral tourist products and market niches;
- concept of destination management with the emphasis on the implementation of public-private partnership, including the civil sector partnership, and the co-responsibility in the realisation of development strategies;

- concept of feasibility and applicability of strategic documents;
- concept of placing the Slovene tourist products into global tourist flows;
- concept of the advanced distribution channels;
- concept of entrepreneurship, deregulation and privatisation of tourism;
- concept of developing a wider area of human resources, and
- concept of promoting the development of tourist and social activities.

The proposed development policies of tourism industry in the anticipated period until 2011 are based on a detailed analysis of internal and external environment, and on the consideration of the latest trends of tourism development. From this analysis, the vision, fundamental objectives, corporative and business strategies, as well as policies with the envisaged measures and activities for the achievement of basic strategic objectives were derived. For the purpose of monitoring continuously the implementation of basic strategic objectives, this document also anticipates the establishment of an efficient evaluation system and implementation supervision of the DPPST.

THE NEW DPPST AIMS AT:

- **strengthening the model of the destination management that encourages the providers of tourist services to increase their interconnection and to progressively include supplementary activities of their environment into their offer;**
- **raising the quality of life and existence, and encouraging supplementary tourist activities, which can be designed by any person possessing a minimum vein of entrepreneurship and interest, through the destination management model and a stronger development function provided by the new organisation of Slovene tourism.**

This document is supplemented with 9 annexes providing a detailed analysis, upon which the DPPST is based. Additionally, an indicative financing plan by policies and funding sources in the period 2007-2011 is added (Annex 9). On the basis of Annex 9 (Indicative financing plan DPPST by policies and funding sources), the evaluation of financial consequences was prepared. The financing plan is indicative and it will actually be realized only within the framework of available resources provided by the national budget and municipal budgets in the period 2007-2011. It will also depend on the policies of individual ministries and other policy bearers.

Vision of Slovene Tourism

In designing the vision, we have proceeded from the comprehension of the future and the fact that due to Slovenia's relative smallness and a still unrevealed character, its vision should differ from the visions of major and established tourist destinations. In the future, all destinations within Central Europe, of which Slovenia is part, will be accessible within a few hours for a price, which will enable most of the people to visit the destination for several days. On the increase will be that segment of people, who in choosing the destination will primarily be guided by the search for authenticity and the connection with their (self-) image.

Vision

Slovenia will become a developed tourist destination with a diversified and quality tourist supply focused on short break holidays. With its fashioned attractive and

diversified integral tourist products, Slovenia will become a desired destination for longer vacations too.

Position

Slovenia is positioned as a **small-scale Europe, in the midst and as the heart of Europe:**

- Slovenia is one of the **last, not yet sufficiently discovered** destinations in Europe.
- Efforts are made to keep Slovenia such as it is - **genuine and authentic.**
- In Slovenia, all European elements can be found, and therefore everybody feels there at home.
- Because of its position in the midst of Europe, it is **an ideal starting point** for visiting all major European sights.

Values:

- homeliness and well-being/pampering;
- protection of natural and cultural heritage;
- healthy and active life, and
- mysteriousness.

Basic Strategic Objectives

Within the projected period, 6 basic strategic objectives were set, thereof 3 quantitative and 3 qualitative objectives.

Quantitative objectives:

- to increase the volume of the tourism arrivals – average annual growth of the number of tourists by 6% and overnight stay by 4%;
- to increase international tourism receipts– average annual growth of 8%, and
- to improve recognizability – Slovenia's recognizability within target groups earmarked for marketing activities must reach at least 50%.

Qualitative objectives:

- **decentralization** - on the global tourist market, one can only notice the presence of Slovene tourist providers of accommodations or traditional tourist resorts, whereas integral tourist products, for the lack of their design, are quite underrepresented. The key competitive advantage of Slovenia is its diversity within a relatively small space, and that is why it is necessary:
 - to design up to ten basic thematic tourist products, and
 - to incorporate natural and cultural attractions of other, touristically still unvalued places into the offer of traditional and developed tourist centres.
- **de-seasonalization** - the fact is that all major tourist trade occurs during summer months, primarily on tourist destinations offering sun and sea. Slovenia cannot compete with these destinations with its offer. Consequently, the tourist offer should be designed so as to create motives for the arrival of tourists out of high season. The de-seasonalization (annual and weekly) will also contribute to a stable and sustainable development of destinations and to a higher quality of services, a better annual exploitation of tourist capacities, improved working conditions, a better attitude of local population towards tourism, etc.
- **promotion of changes** - on charts of top-performing tourist destinations (according to UNWTO and WTTC data), Slovenia is placed quite poorly. Given the fact that all the

opportunities have not been used yet, we believe that Slovenia could in the future play a more important role on the global tourist market. Accordingly, the Slovene tourism provider should follow next principles

- cooperation and integration,
- quality,
- specialization,
- innovation,
- authenticity, and
- knowledge and information.

Strategies

Corporate strategy

During this strategic period, the basic strategy aims at **strengthening mutual links and co-operation** in common planning, designing and marketing Slovene tourism according to principles of public-private partnership at all levels, ranging from local to national level, and at **strengthening quality** in all fields and at all levels of Slovene tourism.

The corporate strategy will be implemented by

- **expanding the model of the Slovenian Tourist Board at all levels;**
- **internationalising the Slovene tourist offer and tourism providers;**
- **designing tourist destinations and key orientations of tourist offer;**
- **developing new forms of the tourist sector management** - within this framework - through
 - accelerated development of destination management according to the principle of the public-private and civil partnership;
 - development of the human resources management at the national level;
 - development of the tourist education management at all levels;
 - development of the management of the tourist product and service quality at the destination, regional and national level;
 - development of a co-ordinated investment management at the local, regional and national level;
 - development of spatial management by taking into account the principles of a sustainable development;
 - developmental approach (adequate methods and techniques of a functional education) towards the awareness-raising of the local population relating to the importance of tourist activities at the local level;
 - development of a common promotion and marketing of Slovene tourism based on the advanced information technology and communications at the destination and national level;
 - development in managing the R&D activities in tourism at the national level, and
 - development of the strategy for the internationalisation of the Slovene tourism providers.

Measures and activities aimed at the realisation of the corporate strategic orientations are defined in the corresponding policies. Essential elements for upgrading the model of the Slovenian Tourist Board are presented below.

Upgrading the model of the Slovene tourism organisation

The model of upgrading the system of the Slovenian Tourist Board comprises four levels, i.e. the international, national, regional and local level. This model includes all major stakeholders performing at separate levels accompanied by processes, which should take place between them in order to attain the jointly defined basic strategic objective pertaining to the provision of the long-term competitiveness of the tourist economy. This model introduces novelties, which are requisite for achieving the envisaged objectives. These novelties relate to the development of organisations, namely, to the

- redefinition of the role and the re-organisation of the Slovenian Tourist Board aimed at the increase of its efficiency, a clear definition of its role and functions, and its re-organisation leading to the introduction of a public-private partnership in implementing certain functions at the national level, and in connecting the tourist economy into global distribution channels;
- development of new promotional and destination organisations at regional levels according to the principle of a public-private partnership and interest association, and
- development of networks including thematic tourist products at the national level, and other interest networks at the regional and national level.

The horizontal level will enable particular types of tourism to control target segments of emitting market, an easier recognition of brands, an increased supervision during the implementation process relating to single services or products (when inter-connected at the horizontal level, they form a whole, which, given all the stated advantages, can also assert its demands against competing parties), and, what is the most important issue, to place an integrated offer on markets and to provide for an improved development and larger investments into the development of products and the very organisation itself (as a business system).

The vertical linkage means an entirely new approach towards the establishment of networks (national, regional and local), which presupposes that the established networks include all three national levels on the one hand, and integration into the global environment through advanced distribution channels on the other hand.

The importance of co-operation and interaction between all interested sectors (private, public and civil) is considered at all levels according to the principles of the public-private partnership.

Business Strategy

Derived from the elaborated comparative analysis of feasible business strategies, the focus **strategy** proved the most adequate. The essence of this strategy is to focus on smaller segments. The fact is that considering the tourist offer on our primary markets, Slovenia is not ranked among 10 most popular destinations (results of competition analysis) and accordingly holds an insignificant share on these markets.

The main advantages of choosing this business strategy for Slovene tourism is that the strategy

- requires small-scale investments into resources (primarily into promotion) when compared with the strategies, which aim at the entire market, and

- permits specialisation and a higher level of understanding and awareness of target consumers.

In order to realize this business strategy successfully, the implementation of certain measures and activities covered by policies has been envisaged, which includes

- formation of destinations;
- designation and establishment of organisers/designers of the destination-related tourist offer, and
- provision of a continuous collection of information on tourists and the use of these information in further business operations.

Functional strategies

In DPPST, the functional areas are defined as basic fields of tourist offer and well-rounded tourist destinations. Separate functional areas will develop their own development plans, which must follow the umbrella development plan and the policies of Slovene tourism.

Policies

DPPST includes 8 policies, which cover principal measures and activities, whose implementation will contribute to the growth and development of the entire Slovene tourism. In addition, these policies represent developmental operation guidelines intended for all tourist entities in Slovenia.

DPPST policies:

- 1. Policy of tourist destination development**
- 2. Policy of human resource development**
- 3. Policy of marketing and promotion**
- 4. Policy of a sustainable and spatial development**
- 5. Policy of service quality management**
- 6. Policy of information technology development**
- 7. Policy of business environment and investment development**
- 8. Policy of research and development in tourism**

Each policy contains basic premises and the purpose and objectives to be attained, and the corresponding fully elaborated measures and activities for their implementation. In their implementation, each measure has particular bearers and participating entities. Special item also covers a time schedule for the implementation of individual measures and activities.

Hereinafter, the main emphases of particular policies are presented.

Policy of tourist destination development Measures derive from the basic strategy and the superstructure of the model of the Slovene tourism set-up, well-rounded tourist destinations and basic tourist offer orientations. These measures will speed up the design of destinations and their successful marketing on emitting markets by means of advanced distribution channels and by encouraging the development of the tourist destination management.

Envisaged measures:

- upgrading the model of the Slovene tourism organisation;
- identification of the Slovene tourist destinations;

- promotion of the development of the interactive networking system and the development of planning, designing and marketing integral tourist products;
- identification of limitations related to the tourist destination management, and
- training in the field of the tourist destination management.

Policy of human resource development Policy of the human resource development in tourism includes key measures and activities, which will contribute to a more efficient development of human resources in tourism and the interrelated quality of tourist products and competitiveness of Slovene tourism.

The basic premise of the human resource development is that the development of human resources is the responsibility of all public and private partners and the civil society in the field of tourism. Among them, a partnership relation involving planning, design and implementation of personnel education and training should be established. Consequently, the policy of the human resource development should be created as a consensus of all key partners, i.e. the representatives of tourism industry – tourist employers and employees –, local communities, educational institutions and entities from the civil society in the field of tourism.

Basic orientations of the human resource development are linked to

- assuring the quality of education and training at all levels, from vocational training to post-graduate studies, by developing new and advanced programs of education and training, which take into account the requirements of economy and other users of knowledge;
- encouraging the development of programs related to practical education and training of special instructors for the implementation of practical skills in all fields;
- promoting the transfer of foreign knowledge into the Slovene tourist educational system by means of an expert training of lecturers and the exchange of students abroad;
- resolving gaps between partners in the field of education and training;
- providing improved working conditions, and
- promoting tourist education in kindergartens and primary schools, and promoting tourist entrepreneurial culture among local population, primarily in touristically developed destinations.

These measures can contribute indirectly to the improvement of the reputation of tourism among public at large.

Policy of marketing and promotion includes the following measures:

- preparation of the Slovene tourism marketing strategy;
- clear definition of the role of the brand relating to Slovenia as a tourist destination with respect to Slovenia's brand;
- promotion of designing networks and marketing concepts intended for main target markets;
- introduction of the CRM system, and
- introduction of a system supporting organizers of various events.

Policy of a sustainable and regional development In the Strategy of Development of Slovenia until 2013, the Government of the Republic of Slovenia defined a sustainable development as one of the fundamental principles of Slovenia's development.

A **sustainable development of tourism** is defined as the fundamental principle in the Promotion of Tourism Development Act, too. Concordantly, this principle is considered a key paradigm of the Slovene tourism development by the DPPST 2007-2011, which also implements it directly by promoting the development and monitoring of the sustainable development indicators in tourist destinations and, indirectly, through integrated elements of encouraging a sustainable development within the envisaged activities and orientations of other policies, notably the investment and spatial policy.

The policy of a sustainable and regional development of tourism follows the basic principles and objectives of the Spatial Planning Policy of the Republic of Slovenia, which takes into account a sustainable development on the entire Slovene territory, and pays special attention to tourism being an important user of space. It is highly important for the development of tourism that both the systemic, institutional and instrumental groundwork of spatial development and the environmental protection policy become friendly towards tourist investments and activities, and towards tourists themselves as bearers of tourist consumption. This is especially true of the protected areas, in which it is necessary to provide for the equilibrium between the protection function and the development function.

The policy of spatial development bases on three interconnected measures:

- **At the national level**, it promotes an advanced and integral regional spatial planning, which values adequately natural resources, social and economic requirements, market opportunities etc., and harmonizes the development of tourism with other factors and users of space (transport, agriculture, forestry, etc.).
- **At the local level**, it promotes the drafting of spatial strategies and implementation spatial legal acts, which will take into account the development requirements of tourism by considering the supporting capacity of the environment (ecological, socio-cultural, psychological, infrastructural, managerial).
- **In safeguarded (and protected) areas** it offers a clear definition of various levels of protection within these areas (zoning), through which an equal treatment of protection and development of the protected areas will be ensured by taking into account the requirements of the environmental profession, the adopted regulations and international conventions signed by the Republic of Slovenia.

Policy of service quality management In order to raise the performance of Slovene tourism, it is of major importance to increase the competitiveness, accompanied by the improvement of quality and guests satisfaction

- at the level of tourism providers;
- at the level of tourist destinations, and
- at the national level.

Within the policy context, the following programmes/measures have been proposed:

- development of a quality system for destinations;
- elaboration of a national programme for monitoring the tourists satisfaction;
- preparation of standards for key brands, and
- renewal of the categorization system and the systematisation of accommodation facilities.

The policy of information technology development includes the following measures:

- development of an integral tourist information system;
- development and establishment of a central booking system, and

- promotion of the mobile technology introduction and of the support to the marketing of the Slovene tourist offer.

Policy of business environment and investment development In the period 2007-2011, the implementation of the investment cycle will continue. The investment cycle will cover investments in overnight accommodation capacities of high quality and investments in the construction of tourist infrastructure in large enterprises and SMEs and in the development of new and integral tourist products and their efficient integration in advanced tourist distribution channels, and in the construction of the public tourist, transport and other infrastructure of significance for the development of tourism. During this period, a more systemic approach towards the implementation of investment in the public sports and tourist infrastructure and the implementation of investments in the conservation of natural values, and the restoration of the cultural heritage monuments aimed at their efficient valuation for tourist purposes is being planned. The projected value of the investment cycle in the following strategic period is EUR 1.1 billion.

This policy covers the following measures:

- the amendment of the legislation and implementing regulations, which interfere with the development of tourism, and the implementation of strategic objectives;
- the design and implementation of methodologies related to the internationally comparable monitoring of business operations and development of tourist activities;
- the arrangement of a stimulative tax policy in the field of tourism;
- the elimination of critical spots in order to successfully implement the projected investment cycle;
- the promotion of investments in the tourist infrastructure in a broader sense;
- the promotion of investments in the public tourist infrastructure and other touristically relevant infrastructure;
- the promotion of the development of new and integral tourist products, and
- the promotion of the development of the public-private partnership and the implementation of the project-orientated manner of funding large investments in the tourist and sports and tourist infrastructure, and the integration of natural values and cultural heritage into tourist offer.

Policy of research and development in tourism In analysing the previous development of the research activity for the needs of the tourist economy it has been established that a genuine linkage between tourism industry and research institutions is still lacking. Currently, there are over 30 registered researchers specialized for the field of tourism. We are of the opinion that through the systematisation of researches, primarily by defining types of research required by the tourism industry, and by monitoring constantly key indices of Slovene tourism (demand and supply) and international trends, it is possible to provide a systemic framework for an effective development of Slovene tourism. In order to ensure a faster and above all a more efficient development, the Slovene tourism industry needs a central facility, which will offer to the tourism industry the above mentioned services in one place. Accordingly, the main feature of this policy is to encourage the development and research activities in tourism.

STRATEGY EVALUATION

Evaluation and control of the strategy implementation is a process of supervising activities and results of the branch, and the comparison of actual results against the desired ones. The information thus obtained help adopting the corrective actions and resolving problems.

The introduction of a system for an effective evaluation and control of the strategy implementation is conditional on

- the availability and accessibility of the necessary data in a certain time interval, and
- an adequate organisational structure for its implementation.

In the development period until 2007, both conditions were not met, and as the result the monitoring of the implementation of the former strategy was also not efficient. Given the aforementioned weaknesses, and in order to provide for an efficient system of evaluation and control of the strategy implementation in this strategic period, it is necessary

1. to elaborate the methodology of monitoring the implementation of the DPPST;
2. to establish an adequate organisational structure for carrying out evaluation and control of the development plan implementation, and for proposing corrective measures, and
3. to ensure a system of informing regularly all tourist entities of the results of the implementation of the development plan and the proposed corrective measures by organising annual strategic development conferences.

ANNEX 1

Data on Slovene tourism (2005):

- **3.8% of GDP (pure tourism)**
- **5.5% of added value (tourism in a broader sense)**
- **1.7 multiplicative effect**

- **54,000 employees (c. 6.5% of total employment)**
- **EUR 1.447 billion of foreign exchange inflow (10% growth in relation to 2004)**
- **EUR 699.3 million balance (15% growth in relation to 2004)**
- **10% of Slovene exports of goods and services**

Table 1: Foreign exchange inflows and outflows in EUR from tourism in Slovenia in 1994-2005

		in 000	in 000 EUR			
Year	Tourists	OVERNIGHT STAYS	INTERNATIONAL TOURISM RECEIPTS	INX (T)	INX(N)	INX(P)
1994	1579	5866	766786	100	100	100
1995	1577	5883	836789	100	100	109
1996	1658	5832	989142	105	99	129
1997	1823	6384	1047891	115	109	137
1998	1799	6295	970770	114	107	127
1999	1750	6057	900127	111	103	117
2000	1957	6719	1044842	124	115	136
2001	2086	7130	1104794	132	122	144
2002	2162	7321	1142599	137	125	149
2003	2246	7503	1186310	142	128	155
2004	2341	7589	1312186	148	129	171
2005 ¹	2389	7560	1445372	151	129	188

Vir:Source: Banka Slovenije (in RNUST, Priloga 1)Bank of Slovenia (in DPPST, Annex 1)

Legend:

INX (T)... base index for number of tourists

INX (T)... base index for number of overnight stays

INX (T)... base index for foreign exchange inflows

INX (T)... base index for foreign exchange outflows

INX (T)... base index for balance

¹ Provisional data from the Statistical Office of the Republic of Slovenia