

## Executive Summary

The city municipality of Niska Banja, about 6 km away from the city of Nis, is the oldest city municipality. Niska Banja represents a specific economic entity by itself. The economy of Niska Banja is based on developing its tourist potential, valorization of the thermo-mineral water, healthy-food production and other tourist potentials necessary for the top-quality tourist offer. All potentials are directed towards the development of tourism, facilities, number and quality of catering services. The importance of Niska Banja to the city of Nis and the whole country is beyond all questions. Niska Banja represents one of the main initiators for the spa tourism development.

Niska Banja, without doubt, has qualitative and diverse base to develop tourism. Natural attractions as well as attained level of lodging and other capacities point out that numerous types of tourism could be developed, especially if one takes into account landscape diversity as well as natural potentials of the region. Previous development of tourism affirms its numerous effects which, in significant manner, have been embedded in economic and social development of the Nis region. In that sense, the aim of this work is to point out the necessity of stimulating tourism, which would form necessary assumptions for its dynamic role in the development of economy of Niska Banja and to give some recommendations concerning the future elaboration of tourist products.

## Introduction

The Nisava river starts in Bulgaria, and belongs to Morava confluence along with the corridor VI going through Niska Banja. Niska Banja, about 10km away from Nis, at the foot of the Koritnik - a slope of Mt. Suva, was famous as a health resort even in Roman times. Familiar with the healing properties of its waters, the Turks took advantages of the spa during the period of Ottoman reign. Once free from the Ottoman invaders, the residents of Niska Banja came back and soon afterwards, a pub was built near the drinking fountain. After a couple of years, several bathrooms and rooms for patients were built. Since 1920 the residents of Niska Banja started the reconstruction of the existing facilities some of which date from the period of Roman and Turkish rule. Before the First World War, the hotels and dispensaries were built and the reconstruction was continued during the second half of the 20th century. In recent times Niska Banja is deficient in any notable investments.

Currently around 16.000 residents live in Niska Banja within an area of 145square kilometers. One of the main economy branches is tourism. There are three springs with healthy hot water. The main spring flows at 50 l water per sec; water temperature is about 35 degrees C. The second spring is „Suva Banja“ with about 40 l per sec and with the T of 35 degrees C and the third spring is „Skolska Cesma“ with 5 pipes. Water from the main spring belongs to the

radioactive homothermous with radioactive effects from 10.53 to 13.4 m unit. There are some smaller springs of tepid and cold radioactive water with radioactive effects even to 54 m units. From „Radon“ institute to the river bed, a steam of hot water flowing through Niska Banja had economic significance in past.

Niska Banja offers health services within the Institute for cardiovascular and rheumatic diseases, with the capacity of 595 beds in the renowned facilities such as Radon, Zelengora and Terme. Within the facilities for spa tourism, hotels in Niska Banja offer 1.380 beds and 1.540 private accommodation. The tendency in the development of Niska Banja in the last few years is directed towards creating adequate conditions for development of extreme sports, winter sports and other kinds of recreation and sports tourism. Niska Banja has ideal conditions for the development of all kinds of extreme sports especially paragliding, climbing, mountain bike, canoeing and kayak, shooting rally, rafting etc.

## **1. Current Conditions**

The economy of Niska Banja is based on developing its tourist potential, thermo-mineral water, healthy-food production and other tourist potentials necessary for the top-quality tourist offer. All potentials are directed towards the development of tourism, facilities, number and quality of catering services.

Natural resources:

The City of Nis abounds with the natural resources (several spas, two gorges, caves, parks, mountains, lakes, rivers etc.)

Geothermal waters:

Niska Banja (the water t is 35-40C, water supply 100l/sec surface: 65sq. km, possible supply increase: 250 l/sec);

Ostrovica (Nisava gorge; 10kom east from Niska Banja, water t – 22 degree C, water supply: 10l/s, top- quality bottled water, nearby the future main road Nis-Sofia.)

Mineral water: Jelasnica region, mineral water still has not been tested. The exploitation power 5l/c mineral water t – 20 degree C);

Gorges:

Sicevo gorge (eco- etno centre)

Jelasnica gorge (village tourism)

Suva Mt. (carst water for water production, healthy food and healing plants)

Health tourism

The facts from the catalogue :

[www.radonnb.co.yu](http://www.radonnb.co.yu)

Sports tourism

Ski centre „Bojana’s waters“with 3 sports lanes offers over 80 beds.

Sport hall for all sports (outdoor and indoor soccer, basketball, volleyball and handball)

Tennis complex „Vrtop“offers 3 tennis courts and 2 courts for basketball, indoor soccer and volleyball.

Extreme sports that are available include:

1. Paragliding – the contestants start from the slope of Koritnik, circle around Niska Banja and then land in Jelasnicka gorge.
2. Mountain climbing in Jelasnica gorge
3. Reggata on the Nisava river
4. Mountain bike lanes
5. Skateboard ground

The territory of Niska Banja with its central zone covers 17 villages. Agricultural area covers 5.135 hectare of the total territory and 5.555 hectare of the territory is covered by forests i.e 65% of the total territory. General problems regarding the economic development of the whole country reflected on municipality level also. For that reason, the main barriers in the development involve the following:

- unregulated status of the local self- government
- uncompleted process of privatization
- lack of the strategic documents and development plans
- lack of coordination between all competent institutions
- law education of the citizens and insufficient number of the investors' initiatives
- inadequate credit terms and insufficient support to small and middle enterprises

Although the process of privatization has been lasting 15 years now, it hasn't been still fully implemented. Completed process of privatization and adopted law of bankruptcy would clear the uncertain situation in many enterprises. New preconditions will be made for the reconstruction of these enterprises in order to become profit-making. In that process some enterprises will go bankrupt which will consequently increase the unemployment.

The issues dealing with the local development of Niska Banja have not been considered seriously by the city nor has been any cooperation between the competent institutions. As a result, some opportunities for the investments which would have certainly contributed to the tourist development have been abortive. The first steps in the development of the entrepreneurship and the cooperation between the local self-government and the stakeholders are taken. There is no, however, broader support in the foundation and development of the enterprises and education on the entrepreneurship.

Bad credit policy on the national level is reflected on the local level. It is very difficult to provide sources for an enterprise foundation.

The current condition of the existing infrastructure is as follows:

Water supply system is considered as satisfactory. However, there are many problems. The system is old and its maintenance is aggravated due to insufficient material.

In the rural area there is a problem of clean water supply. Many villages use their own wells but the quality water is poor. There are projects for the construction of pipelines and water pump tanks which will improve the situation.

The whole length of the water supply system on the territory of Niska Banja is 80km (15km combined and 65km separated). The main problem is the insufficient number of vehicles for the system cleaning and disused pipelines. Waste water outflows into the recipient without

any previous treatment. (which is against the law). It is necessary to provide more vehicles and enlarge the secondary water supply system in order to improve the situation. Generally, in the rural area there is no real water supply system.

Problems regarding collected waste appear due to the insufficient number of vehicles (and irregularity of the existing), low price, ineffective charging as well as the unsolved problem of the garbage dump and recycling as the global problem of the city.

60% of the public space is lightened. The existing lighting is not sufficient for the spa and villages. Bad condition is provoked by irregular maintenance, old installation and inadequate lamps.

The roads are in bad condition therefore, the urgent repairs are needed. Although all streets in the spa are covered by urban plan, the revision and plan have not been adopted yet. Insufficient and inadequate maintenance of the streets, the lack of funds and projects led to the current situation.

Unstable political situation, bad cooperation between the parties in the majority in the parliament, the lack of strategy and development vision as well as the person who would by his moral authority motivate the other to participate actively in the process of change – negatively affect the organization and work of the municipal administration.

Municipal administration functions, although with many problems in human resources and organization. The lack of business offices influences the work and organization of the municipal administration. The residents are not interested enough in the more active participation in public life and the organization of the civil society.

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## **2. Future projects**

The vision of the city municipality of Niska Banja to become the leader in the coming five-year period in spa tourism in this region and the model of the successful development of the local self-government. This vision is based on the tradition, geographic position, available resources and first of all the residents ready to participate actively in the activities of the local self – government development. Modern, responsible and efficient administration is service-oriented towards its users. Business is done using the contemporary IT technology (e-administration) and in constant supervision of the employees' work. The services are available to the users both in time and space terms. They can be done within the premise or by e-mail from any other location. Prices are acceptable, the employees kind and motivated, the procedure simple and information clear and understandable.

The residents will be satisfied by the communal services based on competitiveness, constant supervision of the services quality and public-private partnerships. In economic terms, the focus is on the development of tourism, entrepreneurship and agriculture. Significant strategic position of the Niska Banja in the tourist map is possible by making strategic and regional partnerships, uniting tourist offers and successful marketing. Reconstructed communal infrastructure, new accommodation, eco-food and new wines certainly attract the tourists. As far as entrepreneurship is concerned, the possibility of international cooperation is being analyzed. The organic production of food under constant supervision by the Center for agriculture gives an initiative to agriculture and becomes a main characteristic of this region

Currently, the main characteristics of the urban part of Niska Banja are the discontinuity and chaotic development. There are a few sub-parts which are mutually distanced not as much in the space terms as functionally and visually. In that sense, the relation between the central zone and the accompanying capacities, existing and newly-designed in accordance with the regulative plan must be defined precisely.

It is necessary, first of all, to observe the close surroundings of the given undertakings and the planned activities. North from this area, nearby the main road Nis – Pirot, a sport-recreation complex is planned connected with the net of streets towards Niska Banja, therefore, sports activities usually organized within the area covered by the open competition are unnecessary. Moreover, the plan involves the building of the new hotels, in the east part on the location called "Borici" and north-east, building of hotels and dispensaries as well in the north of the hotel "Radon". These newly-designed hotel complexes should improve health, sports and other kinds of tourism.

Besides existing capacity of accommodation within the Radon dispensary, Zelengora and Terme, as well the Ozren Hotel, Partizan Hotel, and Serbia Hotel should satisfy the needs of the tourists in future. The building of new hotels is necessary but on the other hand, undesirable because of the space limits.

The lack of restaurants and café-bars is evident and the new capacity must be planned within the newly-designed buildings.

Cultural life is one of the neglected aspects. Niska Banja has valuable cultural-and historical heritage which should be further developed. In that sense, new museums, exhibition pavilions

and galleries are to be designed. We should make possibilities for the organization of numerous cultural manifestations. For that reason, summer stage is to be reactivated and reconstructed and it is necessary to make use of the open summer stage above the bath and build a closed multifunctional auditorium.

There is a lack of commercial, business and trade buildings. The further development is inconceivable without facilities such as banks and business centers. Commercialization and profit-making are the driving forces of the contemporary society and can be strong stimulus for the development of Niska Banja. Making conditions for further economic development is the absolute priority. For that purpose, enough business and trade capacity must be planned since this area should become the economic centre of the municipality of Niska Banja.

Administration is the function which is also very important since this is not only economic but also administrative centre of the municipality. The existing capacity is certainly insufficient and represents the limiting factor, thus it is necessary along with the conception of the space organization, to plan the adequate space for the complex of the municipal administration and other municipal, city and country public services.

The lack of cultural, trade-business, commercial, catering services (restaurants, café bars) and administration practices a general obstacle for tourism development that must be overcome. Consequently, the mentioned activities should be planned within the new proposal, within the new or adapted construction projects.

Two locations known as Sicevo and Koritnjak are planned to accommodate an etno-village with cable-car from the fountain to the top of Koritnjak. The project is aimed at the tourist offer improvement. Cable car is the construction planned to join the centre of the spa with the top of Koritnik. It should contribute to the total value of the spa with its attractiveness. Within this construction project, a restaurant with the summer garden is planned. The idea is to implement sport activities attracting a great number of tourists (especially the young) in Niska Banja. As "Extreme sports" are becoming more popular all around world (in the next Olympics cycle this kind of sport will probably become regular in the Olympics program) Niska Banja plans to take a full advantage of that fact.

Two significant activities are about to be implemented include:

2.1. Reconstruction of the flight path for paragliding landing at the Koritnik Hill above Niška Banja Spa and the drive leading to this path according to FAI (International Airway Organization) regulations. This includes the gross plantation on the landing place and construction of an asphalt alley on the 1715m long and 4.5m wide drive. The implementation of this activity will ensure the organization of international paragliding events. A few years ago, several competitions in paragliding were already organized here. Many countries participated in the most significant competition "3 world championship" in flight with precision in paragliding in August 2005. Niska Banja has been assigned to organize the next world championship. Drawing of lots will be held in Switzerland in August 2008.

2.2. The ideal location for the etno-village is village Koritnjak which will be revived by international and our sportsmen coming there. In the surrounding there are many potential hunting spots, areas for mountain climbing, extreme sports such as paragliding, shooting rally, mount bike, etc. In order improve scientifically the development of all kinds of tourist attractions it is necessary to prepare courts for small – grounds sports and a lodge cabin, and build as well an ethno restaurant "Vidikovac" during the first phase of the reconstruction of the drive.

The main problem sportsmen competing in extreme sports in Niska Banja and Niska Banja are faced with is the lack of courts and insufficient popularization of all sports. The realization of this project will enable the young who want to practice these sports to participate actively in the competitions. This new sports potential will attract many tourists to visit Niska Banja. There are, however, many courts and locations for this and other kinds of extreme sports - Sicevo gorge, Jelasnica gorge, Bojana's waters. The residents of Nis and Niska Banja are not familiar enough with these sports and the potentials of Niska Banja. Thus, for the successful realization of this project it is necessary to ensure the systematic spreading of information on all extreme sports, both among tourists and the residents themselves.

The second problem is the insufficient infrastructure and the lack of investments along with insufficient valorization of natural, material and cultural values.

The favorable geographic position, climate conditions and natural resources make the possibility for the improvement of all kinds of tourism. The main precondition for the development of tourism, besides the sports courts, is the possibility to enlarge and improve the catering services and to make more available accommodation.

Unfortunately, the reality of tourism often betrays the promise of tourism. Tourism development usually proceeds at a pace that exceeds the ability of local and federal agencies to plan and mitigate the impacts of tourists and the infrastructure they require. Tourism in any form means more people drinking more water and producing more waste. Further, tourists require food, shelter, and often luxury amenities. Often the demands generated by tourists exceed the supply of the local economy. Local resources are quickly consumed, and sometimes depleted, by tourists; food, construction materials, and even staff often are imported from outside the local area. The importation of goods and services drains away the value of tourism revenues, a phenomenon known as leakage. Further, the increased demand by the tourism sector for goods and services can additionally impact the local economy by raising prices for local consumers without simultaneously raising income. Ultimately, the value of tourism to the Niska Banja' community will depend on the degree to which:

- 1) Revenues stay in the community,
- 2) The value of tourism can be harnessed (e.g. through taxes) to generate public goods and services,
- 3) Impacts on the local natural and social environment can be minimized, and
- 4) Tourism development is managed in a way that insures the sustainability of net revenues and the natural capital upon which tourism depends (e.g. the local ecosystem).

### **3. Situation analysis for tourist development**

Regional dispersion of tourist flows has had the same performances for a long period of time: (a) relatively small volume and structure of guests; (b) insignificant utilization of capacities; (c) undeveloped tourism brand; and (d) lack of professional staff.

The tourism development priority should be oriented to increasing the volume of tourist turnover through better offer of quantitative (better utilization of the existing and building of new, modern and various accommodation capacities) and qualitative tourism factors (further development of different forms of tourism through selective affirmation of natural,

anthropogenic and cultural contents) that would lead to higher competitiveness of the region on the domestic, and wider, European market.

#### Key trends of the tourist turnover

- The existence of tourist predispositions that are unutilized due to the closed market, unfinished privatization and restructuring of capacities;
- A small share of tourism as a sector in the economic activity;
- Decline in the number of visits of domestic tourists and positive tendencies in the number of foreign tourists;
- High dependency of tourist flows on visits of domestic tourist;
- Very unfavorable characteristics of accommodation capacities;
- Insignificant investment activity;
- Insignificant average tourist stay and the related extra spending;
- Lack of international chains;
- Incomplete and insignificant information.

Multiplicative effects of the tourism sector are reasons that this sector is considered to be the sector of the future of many countries. Its characteristic is that it can provide the highest growth of employment and creation of new jobs. Not only that tourism has important influence on creating GDP, but it has positive effects on the country's balance of payments, it generates income for the state budget, it influences local budget revenues and supports investment activities. It should be emphasized that tourism, in almost all transition countries, was one of the most attractive areas for foreign direct investments. Tourism can generate the development of undeveloped areas to a significant extent, through state aid mechanisms in arousing awareness of the local government on potentials of tourism for reaching economic growth (especially in fight for poverty alleviation), development of human resources (courses of foreign languages, catering, locality management, maintenance and courses for guides), and small-scale investments into infrastructure in the areas of tourism potential, etc.

The region of Niska Banja has natural, cultural and historic potential that can define certain types of the tourist offer. These potential and types of tourist products are not completely utilized, as they are partly defined with differences in the existing conditions (nature, cultural and historic heritage) and partly with created conditions (availability, infrastructural equipment, the service sector, variety of sportrecreation contents, tourist organization, etc.). It is estimated that the tourism sector and its related activities account for 2.5% of the gross domestic products and 5-6% of the total employment.

Main goals and policies of the regional development of tourism are formulated on the basis of the Tourism Development Strategy of the Republic of Serbia. Four main strategic orientations of the tourism development are the following:

- Development of international tourism must stimulate economic growth, employment and the standard of living;
- Creating a positive international image via tourism;
- To provide long-term protection of natural and cultural resources through sustainable development of tourism, and
- New tourist products of the region must satisfy international quality standards, first of all the protection of tourism consumers in accordance with the European practice.

In order to achieve these goals and tasks it is necessary:

- To establish an efficient destination management system by means of foundation of “destination management organizations”;
- To create necessary instruments of influence on development, growth and building competitiveness in tourism;
- To formulate tourism development programmes on the regional and local level, especially in protected areas for the purpose of improvement of organization, management and stimulation of tourism development;
- To establish comprehensive tourism statistics and the monitoring system of the influence of tourism on the regional economy;
- To establish an adequate authority or organization for tourism development, as part of institutional organization for the purpose of providing the system of stimulation of investments in tourism for domestic and foreign investors; to improve building of the tourism infrastructure and establish a single quality control system in tourism.

Multidimensional influence of tourism demands formulation of main policies and tasks in the areas with direct influence on the development of tourism. Development goals for individual areas are already defined under mentioned strategic documents, and are related to:

Infrastructure and traffic;

Tourist product of the Niska Banja region;

Human resources and the labour market;

Networking with other sectors;

The national tourism marketing system;

Organization, management and stimulation of the tourism development.

According to the Tourism Development Strategy of the Republic of Serbia until 2015, nine basic tourist products are identified to have the possibility of development and market commercialization: city holiday, circular traveling, business tourism + MICE, health tourism, mountains and lakes, nautics, events, rural tourism and special interests. Investments into those tourist products and regions will initiate the tourism development of the whole region. The following elements are defined within the competitiveness programme:

- Tourist companies and rivalry, which refers to the size and structure of the market and the state in the area of accommodation capacities, the development of mutual cooperation of companies and the public sector and the development of legal regulation etc.;
- Conditions of demand that refer to the characteristics of demand, motivation, socio-economic level, clients’ behaviour and satisfaction, consumer protection level, tourist characteristics of the destination etc.;
- The support/offer sector which refers to complementary activities, such as contents in the area of trade in tourism, traveling agencies, accommodation facilities, food and beverages, attractions, the development of the network of local suppliers and producers, etc.;
- Production factors which refer to infrastructure, technological, financial, human resources, attractions, research, innovations, etc.

Investments into infrastructure can revitalize the existing tourist offer, stimulate the private sector, introduce the application of ecological standards in tourist destinations, activate connections between the public and private sector and enable local self-government to improve the system of commercialization of the building land.

The investment policy in the tourism sector should be oriented towards:

1. Restructuring, rehabilitation and upgrading the quality of the existing facilities of the tourist offer (market re-positioning, application of the world criteria in categorization). It refers not only to hotel facilities in larger urban areas, but to numerous complementary accommodation capacities in social and/or state ownership in spas and other traditional destinations that are not adequately used today due to their desolate and ruined state and the inability to satisfy the modern demand. It should be specially emphasized that the rehabilitation of the existing accommodation offer, usually related to the still unfinished privatization process, should, as a rule, have priority with regards to investments into new projects (“Greenfield”);
2. The development of the new accommodation offer according to the concept of sustainable development, referring to projects of development and creation of new or innovative tourist products, innovative tourist products, or large “penetration” projects which, in cooperation with the state, serve for opening of previously completely unknown and/or insignificantly valorized areas (national parks, nature parks, archeological parks, complexes of rural and industrial heritage, mountains etc.);
3. Large projects involving urban rehabilitation for the purpose of efficient tourist valorization of potentially attractive, yet ruined in the process of industrialization city zones.

### **Short Term Strategy for the Implementation and Development Priority Projects**

The priority projects which are implemented or forthcoming involve:

1. The Information Centre for development of tourism which was established for the following activities:
  - propaganda material for the promotion of the opportunities available on the tourist market.
  - directing the activities of the legal bodies and organizations in tourist offer improvement
  - increasing tourist awareness and organization of the sports competitions
  - organization of educational activities
  - cooperation with tourist organizations in the country and abroad
  - analyzing the domestic and international market

The purposes of the Information Centre are based on the real needs:

- better tourist offer and efficient use of the tourist capacities
- making possibilities for further improvement of tourist offer
- common participation on the tourist stock exchange

- more effective propaganda
- better cooperation with the Ministry of Tourism, Ministry of Trade and other tourist organizations in the country and abroad
- making ambience for the interest – joining process for the purpose of the regionalization of the tourist offer (especially within the Euro-region)
- stimulating investors to invest their funds in tourism with accompanying private initiative and entrepreneurship
- modernisation and improvement of the Information Centre work
- own we-site
- final reconstruction of the King's villa within which a memorial room will be built as a tourist attraction.
- Drinking fountain dedicated to the King Alexander
- Tourist guide centre
- Ethno-centre in Niska Banja
- New projects in the field of eco tourism as a precondition for better tourist offer
- Visits to the key concurrent destinations for the purpose of benchmarking
- Constant research of tourist data

2. Creating a fund for the entrepreneurship development with the purpose of further development of entrepreneurship, easier access to the funds, better cooperation between financial institutions and entrepreneurship, top-quality ambience for business, better credit terms.

3. Entrepreneurs' education – a course on entrepreneurs for the entrepreneurs would be organized involving the phase of conditions research, registration of the enterprises, business plans and feasibility studies, market research, supply of equipment as well premises, labor management etc. After the course is realized, an open competition would be organized for the best business plans which will partly or completely be funded by the municipality.

4. Information service centre – it would be located on the ground floor of the municipality where all residents will be able to get information and services within the competence of the local self-government.

5. Communication service - this project defines founding of the communication service. This service will strategically contribute to the current communication not only with the representatives of the local self - government and the residents but also between the employees themselves within the municipal administration. On the base of the defined policy and plan the service will deal with informing the public on the municipal strategies, on the activities of the local self-government.

6. Institutionalization of the cooperation with the civil community  
Project involves the cooperation agreement signing with NGOs, the sector development strategy, cooperation service founding, defining the policy of NGOs funding, economic-social committee for NGOs and involve them in its activities.

7. Zone of the improved business activities as an aspect of public-private partnership

The project is planned to make the zone of the improved business activities in the centre of Niska Banja as an aspect of publi-private partnership between the municipality and the entrepreneurs working in this region. The project involves the detailed regulation of the traffic, the reconstruction and maintenance of the existing infrastructure, passenger zone and regulation of lightening. Cooperation between the municipality and entrepreneurs lead towards their better mutual understanding and confidence as well to the democratization of the local management. The zone of the improved business in the central part of Niska Banja would enable the tourists and the residents to get information and services efficiently.

#### **4. General recommendations**

The evaluation of expected effects of future development of tourism in Niska Banja and its influence on the whole economy and regional development must be begun from its qualitative basis. It encompasses analyzed, solid resources, positive tendencies in international and domestic tourist environment, further development of these segments in the field of foreign tourism, which are distinguished by quality in terms of demand for suitable contents and in terms of readiness for needed expenses as well as other elements.

However, intensification of development means large positive changes in the domestic economic environment of Niska Banja and its surroundings. Only with significant changes which would overcome existing barriers, Niska Banja could increase its foreign and domestic tourist traffic, foreign exchange income as well as foreign tourist consumption. Dynamic role of tourism in the economic development of Niska Banja, as well as its known multiplying effects would generate increased levels of basic and supplementary employment, especially in the underdeveloped areas. This would contribute to the improvement of tourist and complementary activities and widen markets (including multiplying effects of spill over of consumption from abroad) for the investment of domestic products and services in all sectors.

##### **4.1. Aims and directions in the strategic development of tourism in Serbia**

Taking into account that Niska Banja has a lot of qualitative resources for the development of tourist economy, aims and directions of the strategic development of tourism in Niska Banja could be defined as following (1):

- Intensification of overall development through a more complete use of existing capacities;
- Much faster and significant appearance of Niska Banja, as tourist destination, on international market;
- Creating conditions for further development of domestic tourism;
- Advancement of overall organization in its function of efficient management tourist development;
- Build up of such tourist environment which would stimulate investment as well as business dealings in the following areas: privatization and entrepreneurship;

##### **3.1.1. Intensification in development of existing demands**

Development of new demand in tourism, understood as market justified and selective, is necessary in years to come. However, due to various factors, tourist basis for a certain period of time must have intensification and completion of demand in those regions and places, which are already tourist renowned. Beside this, organizational changes in tourist dealings may contribute to a qualitative offer. Intensification of development of tourist offer has to be done in several directions:

- Greater orientation in building of apartments, tourist places and recreational contents;
- Opening of retail and craftsman shops and specialized restaurants;
- Standardization and computerization of business dealings in tourist places;
- Organizational and business connection of tourism, catering, trade, agriculture, communication, fishery and other activities which constitute tourist offer.

Intensification of development of existing demand, in terms of aims and directions of strategic development of tourism in Serbia, is possible according to regional allocation of tourist lodging capacities in Serbia. For the time being, advantage in the basic offer have hotel lodgings while in supplementary activities the advantage belongs to private rooms. Under total tourist offer one can assume:

- Offer in receptive places (natural and anthropogenic values of tourist areas, material base of a tourist place, etc);
- Offer in imitative places.

### 3.1.2. Appearance on international tourist market.

It is known that tourist product of Serbia, with its structure and quality, has always lagged behind similar products which are, on international market, offered by developed European tourist destinations. Long-term economic crisis and isolation caused by sanctions have widened the gap so that this area has been put on margins of economic tourist trends. In order to define Niska Banja appearance on international tourist market, following has to be taken into account:

- Availability of information about all elements which make up resources or potentials of Niska Banja for tourist development;
- Clearly defined value of these potentials;

Availability of information about happenings in external environment and market milieu especially;

Prediction of trends and tendencies in environment. Tourist potentials of Niska Banja, on their own, ascertain availabilities which need to be exploited (for example, natural, anthropogenic, cultural, historical, communication conditions), and changes in behavior of tourist demand (for example demand for preserved nature, beauty of cultural content), determine possible performance chances. When considering appearance of Niska Banja on international market, one has to take into account following aspects:

-Creation of organizational conditions (on macro and micro level) from which a clear and consistent mission can appear;

-Definition of actual market, demands and segments, as well as potential demands, needs and tourist requests (implementation of

differentiating and concentrated marketing);

- Implementation of activities which need to be market orientated, with management as tool for growth and development;

- Need to preserve tourist and social environment (so called "light" tourism);

- Niska Banja, as tourist destination, on international tourist market, must make efforts to realize economic and social advantages from 'export' of relevant tourist products. In defining goals of development of international tourism it is necessary to bring into accord chances from foreign surroundings with strong domestic points (advantages), and avoid situation which are marked as threats to market as well as eliminate domestic weak points (disadvantages). One has to keep in mind that other numerous activities could contribute to the successful development of tourism in Niska Banja, on the long run, especially from the standpoint of its position and affirmation in international scope, such as:

- Creation of adequate programs which would be explored for targeted

foreign and domestic market and to whom would be directed adequate business and tourist policies (with organized representation in other countries);

- Activate continued exploration of markets at all levels, in order to secure efficient representation domestically and abroad;

- Creation of uniform tourist information system, on a projected basis, as a rapid condition for presentation, promotion and perspective offer of tourist products;

- Realization of international and regional cooperation, as well as cooperation with neighboring municipalities in Serbia and Bulgaria and creation of joint tourist products.

### 3.1.3. Development of tourist economy

For further development of tourist economy of Niska Banja the primary goal is adjustment of domestic tourist offer to foreign and local demand. It is necessary to create conditions for intensive development, under which we understand qualitative integral tourist product (with adequate development of all components of "total" product), as well as continuous enlargement (extensive development) of lodging capacities and its exemplary offer. Furthermore, it is necessary to secure high quality of all components of tourist product, so that one unit of lodging (bed) can be considered as a complex unit of capacity offer.

Existing basic elements of offer need to be upgraded with the following components:

Advancement of quality of tourist and communal infrastructure (water supply, development of PTT services, road network, park and other open space and other).

Widening of network of small catering facilities (especially those which offer domestic specialties);

Securing of rich assortment and introduction of modern forms of retail trade (by introduction of special work time; securing of qualitative services and other).

### 3.1.4. Priority types of tourism in the perspective of development

Development of tourist economy of Niska Banja, in terms of defined goals of development, demand determination of priority types of tourism. Taking this into account it is possible to select the following, most important, types of tourism:

(1) Mountain tourism

(2) Spa tourism

(3) Tourism based on special interests

Beside this, it is necessary to know that Niska Banja is not a suitable destination for development of massive tourism, especially not on an international market. However, its

tourist values bring it into high correlation with growing trend of individualization and international sophistication, as well as domestic tourist demand. From that stems certain demands when formulating acceptable tourist product. Those may include the following:

- It is necessary to precisely define target markets and target segments;
- Faster positioning (and repositioning) of a known tourist product of Niska Banja;
- Within market (domestic and foreign) it is necessary to define target segments (for example congress participants, business travelers, transit passengers, nautical personal, hunters and others);
- Large number of smaller segments and individualization which influences faster adjustment to turbulent tourist demands (as in room and board facilities so in outside facilities);
- Sale and promotion must be made more directly with constant monitoring of market happenings.

### 3.1. 5. Selective determination of target segments and target markets

Strategic basis for development of Niska Banja as tourist destination must be based on selective determination of target markets and target segments in tourism of Niska Banja. They can be disaggregated on three types of markets:

- (1) Markets which can be rapidly entered by tourist product of Niska Banja, and from which it is possible to secure initial foreign currency inflow (former Yugoslav republics, Russian federation, Greece, Ukraine, Czech, Slovakia, Israel)
- (2) Perspective markets which, in short time, could generate significant foreign currency income (with a major effort in positioning and repositioning, with adequate adjustment). These are: Germany, France, UK, Italy, Netherlands, Sweden, Norway, Austria and other)
- (3) Potential markets, over a long period of time, which require adjustment (for example USA, Canada, Japan, China and other).

These priority market segments could be: participants to various congresses, sport, cultural and other manifestations; those that prefer utilization of mountain centers (in winter and summer season); those that prefer spa centers; hunters, fishermen, youth segment, retirees and others. Also, for some of this segment part time travel could be developed i.e. package arrangements for organized groups of consumers.

## DEVELOPMENT FACTORS, BARRIERS AND COMPARATIVE ADVANTAGES

### Strengths

Strengths of the municipality of Niska Banja lie in its geographic position. The municipality is situated at the crossroads between Nis and Bulgaria and is connected with the main road Nis-Belgrade.

Natural resources represent something the municipality can be proud of, and thermal water is the most significant value. The city municipality is located in the underground lake of the terminal water enriched with radon. This is the comparative advantage of Niska Banja in relation to other health resort.

Very important advantage regarding tourism, is archeological place dating from the roman period in the central part of Niska Banja. Sindjeliceva and Jelasnicka gorges are located nearby as well Bojana's water representing the pearl of the natural beauty.

Historically speaking, the spa is exciting destination in which King Alexander used to spend his free time. It left a great impact on the archeological and urban image of the spa. A few villas in the spa are built on the King's initiative and they symbolize the spirit of that time. To maintain that spirit, the local self-government will takeover the villa and reconstruct the memorial room.

The configuration of the natural values of the spa represent the potential for the organization of the big sports competitions demanding special field conditions. (paragliding competitions, extreme sports etc.)

Finally, some changes have been made in making initiatives in all 3 sectors which along with the process of cooperation between the municipality and the civil community organizations represents an impulse for further development.

The municipal assembly along with the municipal management can find solutions to the problems and have great experience in administration activities. Political parties show great willingness for the cooperation and suggestions and the public servants show a high level of professionalism and responsibility.

#### Weaknesses

The main weaknesses of the municipality lie in the bad traffic regulation, and poor infrastructure.

On the level of the local management the main weaknesses lie in instability due to numerous political parties and their differences, as well inefficiency and red tape.

The support to the entrepreneurship is not adequate due to the low motivation for the participation in the local development.

The municipality has not been active in the process of marketing

#### Chances

The chances lie first of all in the use of traffic position and better use of the natural resources as well economic resources which would be again the driving force for the development. In addition, the production of healthy food, hunting as a significant tourist offer, further affirmation of the municipality as the attractive tourist destination as well the sports tourism represent the main chances.

With regard to the potential, significant possibilities lie in agriculture ( fruit growing, cattle breeding.) which could be a profit making economy branch.

Integration is the global process and the formed Euro region is a great chance to be used along with further cooperation with other municipalities.

Cooperation with the Ministry of administration and local self-government is highly significant and should be used for the realization of the projects involving the participation of all residents in charge of tourism .

Decentralisation of power from republic to local level is very significant and that process is going on. In that context, for Niska Banja the decentralisation is more important in order to gain all rights and competence the way other municipalities gained.

### Conclusion

Success of tourist product of Niska Banja, on international and domestic market will be in great measure under the influence of necessary changes in orientation of tourist development. Today there is a need to revitalize and augment these products, in order to adjust them to new and contemporary market trends and tendencies. These must be done in a largely changed environment (demographic, economic, natural, technological, political, legal, social-cultural and other). However, general principles for participation of Niska Banja in contemporary tourist trends need to be focused on target markets and segments. Therefore, it is necessary to develop selective products (at the level of place, region and zones) and to direct them towards upgrading of room and breakfast concept and other service sectors, in the overall tourist presentation of Niska Banja.

Those ones which are in charge of carrying out business and tourist policy and creation of consistent strategy of tourist development, must start from strategic adjustment of tourist economy of Niska Banja to the overall market changes.

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