



# Innovations as a Means of Restarting Tourism in the Slovak Republic in the Period After COVID-19

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## Keywords:

Tourism;  
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**Abstract:** *The competitiveness of tourism and its sustainability is conditioned by the ability of tourism stakeholders to use the existing innovation environment. Empirical results support the fact that the tourism sector shows differentiated innovation behavior in the sector of services. Economic performance in tourism determines the type of innovation and the type of business. The paper focuses on innovations, which, together with other factors, are considered to be the driving force behind a possible restart of tourism in the Slovak Republic in the period after COVID-19. Innovations are understood as creative activities that induce deliberate change that will bring in technical, technological, economic, or social benefits. They are an essential part of modern business. Using a questionnaire survey, PESTLE analysis and SWOT analysis, a survey focused on the application of innovations in tourism was conducted. The target group was represented by travel agencies in a selected region of the Slovak Republic.*

## 1. INTRODUCTION

Tourism is a set of activities and relationships of entities in the environment of the market mechanism. In conditions of strong competition at the international, national and local levels, the economic efficiency of tourism is determined by the requirements of economic, social, environmental and technological sustainability on the supply side and the requirements to satisfy the needs of the tourism participant on the demand side. Tourism performs important economic functions in the country's economy, contributes significantly to GDP, employment rates and is linked to other areas of business. It also has a positive impact on the social environment and the cultural development of the region in which it takes place.

Innovation is an important factor that helps the development of tourism, as well as the development of tourism companies. Evaluation of economic effects of innovations in tourism is associated with the creation of economic added value of tourism service providers, linked with job creation and stabilization of employment in localities where other economic activities are not sufficiently represented. Income, employment and investment multiplier effects can be monitored in statistical reporting based on data from individual tourism destinations at the national level.

The sustainability of tourism development in the Slovak Republic has been radically disrupted due to the COVID-19 pandemic and requires consolidation towards standard conditions of supply and demand. The first consolidation measure in the Slovak Republic was done by the implementation of systemic support for tourism, which despite the current turbulent period flows into tourist destinations in the Slovak Republic and the consumption of the local population.

Consumption in tourism by the tourist participant, customer, traveler, is determined by the offer. Innovation and the innovation environment in tourism are key factors in the supply of tourism in the current turbulent socio-economic period.

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## 2. SELECTED ECONOMIC ASPECTS OF TOURISM IN THE SLOVAK REPUBLIC

The Slovak Republic has an ideal geographical location in the middle of Europe. It is administratively divided into eight self-governing regions (Picture 1). Its rich history of several thousand years and the influence of surrounding nations have left an enormous cultural heritage which inter alia include Celtic settlements, Roman fortifications, Old Slavic cult sites, mansions, fortified castles of nobility, medieval mining towns, Renaissance and Baroque palaces, Greek Catholic and Orthodox wooden churches.



**Picture 1:** Administrative division of Slovakia

All of them form majestic jewels, impressively set in beautiful natural scenery. There are the smallest mountains in the world, the Tatras, the largest Karst area in Central Europe, untouched by civilization forests. Only a few countries in the world are endowed with as many diverse underground karst formations as in Slovakia.

Thanks to its location, the cultures of the West and the East have alternated in Slovakia and have left the mixture of cultures and styles of architecture, from old to new growing cities to current projects, reflecting the latest trends. The colorful life of ancestors, their creativity and art are present on the territory of the country, especially by (open-air) museums in nature and monument reserves of folk architecture. Thanks to these unique exhibits, domestic and foreign visitors can still admire the unique elements of traditional folk architecture and folk culture. Many unique customs of folk traditions have been preserved up to this day, whether in the form of folk architecture, music, folk songs and dances, unique customs and costumes, folk art and crafts.

Slovakia is endowed with immense underground wealth and mineral water springs, whose healing power and beneficial effects on the human body are therapeutically utilized in many spas and specialized healing facilities which belong to the oldest and best in Central Europe. Thanks to the dense river network and varied relief, Slovakia provides various conditions for summer and winter sports, including biking, climbing and river rafting.

Slovakia is also known by its local products, which represent the historic regions through regional brands, including the brands as Kopanice, Záhorie, Hont, Podpoľanie, Ponitrie, Karsticum, Malodunajsko-Galantsko, Gemer-Malohont, Horehronie, Pohronie, Nitrava and Novohrad. The label confirming the originality of a local product can be awarded to a certified product, service, or experience.



**Picture 2:** Regional brands in Slovakia

Tourism as a market service is an interdisciplinary economic activity that connects social, cultural, environmental and economic areas. A realistic and objective overview of the economic importance of tourism is provided by data in the satellite account, which can determine the actual share of tourism in the overall performance of the national economy. The satellite account provides data on the share of tourism in gross domestic product and evaluates the contribution of tourism to the country's economy. It also provides analyzes and assessments of the share of foreign tourists in the country's tourism, the most visited destinations, number of overnight stays in the Slovak Republic.

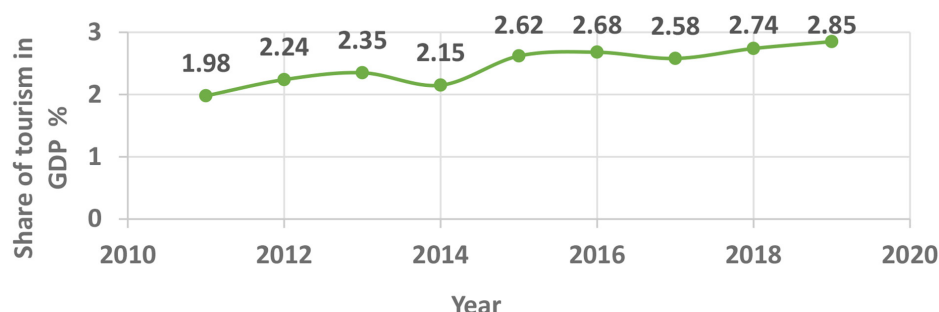
The number of trips of Slovak residents to European countries in the period 2012 - 2019 increased by 51.43 %, from the number of 6,923,939 residents to 13,463,052 with a year-on-year increase of approximately 1,400,000 residents. This data includes all trips of Slovak residents aged 15 and over for personal, professional, or business purposes with a minimum of 1 overnight stay.

Tourism affects direct employment, but at the same time, it also causes indirect employment in downstream industries. In total, it employs more than 250,000 people in Slovakia. In 2010, the number of employees was at the level of 231,750 and in 2019 it reached the level of 258,360, which represents an increase of 11.15%.

In 2019, tourism was one of the most developing and prosperous sectors, making a significant contribution to national GDP and employment. The increasing tendency of the share of tourism in the GDP of the Slovak economy for 2011 - 2019 is presented in Figure 1.

At present, tourism is one of the worst affected sectors worldwide, as the Covid-19 pandemic hit the world in March 2020. The Slovak Republic is no exception, although it does not rank among the worst-hit countries in terms of the development of tourism. In the Slovak Republic, tourism also has confirmed a significant share in the development of the economy. The UN estimates that international tourism will be reduced by up to 60%, which will mean a loss of 840 billion to

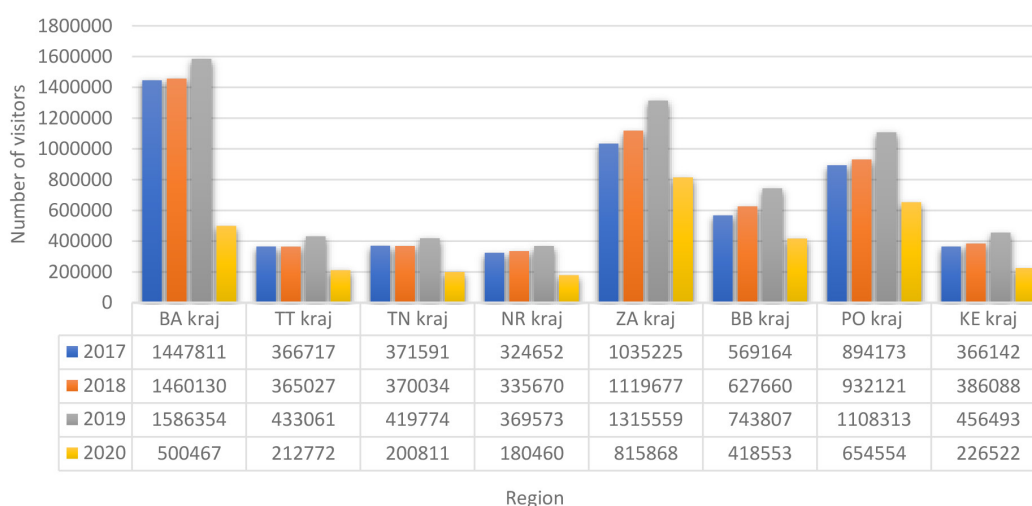
one trillion euros. It is assumed that the number of reservations compared to the same period of 2019 will decrease by an incredible 60-90%, which will have a devastating effect on hotels and accommodation facilities, travel agencies, all modes of transport and hit their loss of income by up to 85%. A similar scenario will occur in sectors linked to tourism. About 6 million workers will lose their jobs directly in the tourism sector alone.



**Figure 1.** Share of tourism in the GDP of the Slovak economy

**Source:** Statistical Office of the Slovak Republic

During the pandemic, there is a significant drop in the number of visitors to accommodation facilities in Slovakia. If the situation in Slovakia is compared, the number of visitors in 2020 compared to 2019 decreased by up to 50.1% (Figure 2).



**Figure 2.** Number of visitors in accommodation establishments in 8 regions of the Slovak Republic

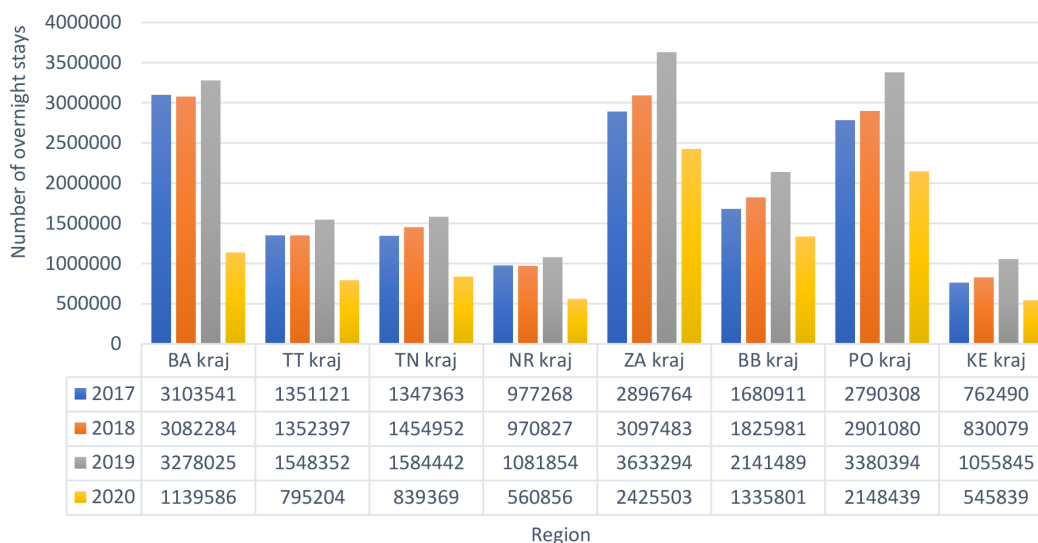
**Sources:** Ministry of Transport and Construction of the Slovak Republic

A comparable situation has also occurred in the number of overnight stays of visitors in accommodation facilities. In Slovakia in 2021, there was a drop of 44.7% compared to 2020 and 2019. The situation in the number of overnight stays in individual regions of Slovakia is presented in Figure 3.

Revenues from tourism by regions are presented in Figure 4 in the observed period of 2018 and 2019. In 2020, the drop in revenues was higher than 60 %.

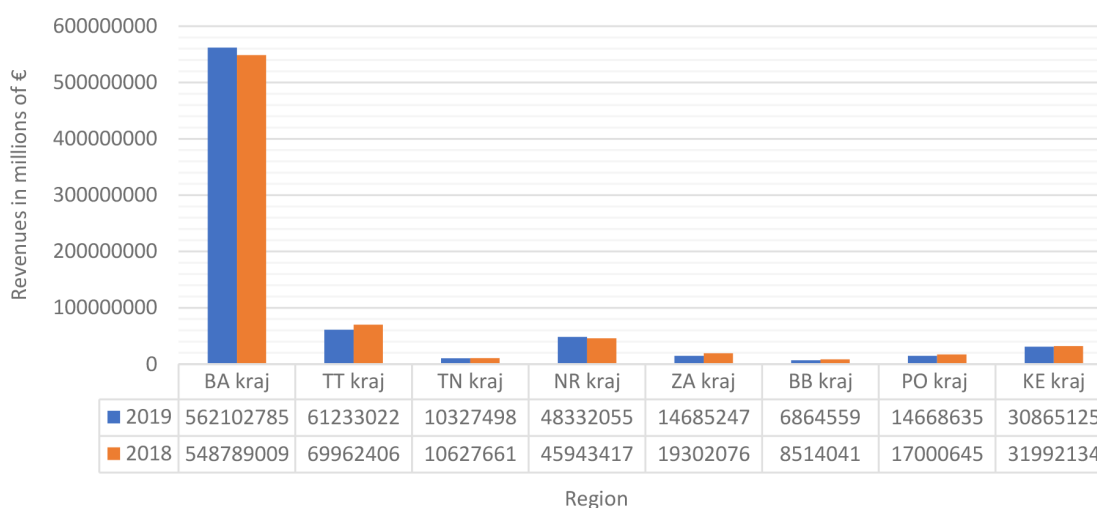
According to data from DATAcube statistics, the number of foreign visitors to Slovakia decreased during the corona pandemics in 2020 from 2,475,094 by 65.5% to 854,011. The number of domestic visitors to Slovakia in 2020 was 2,355,996, a decrease of 40, 47% compared to 2019.

In the number of overnight stays of foreign visitors in Slovakia, the drop in 2020 compared to the previous year 2019 was by more than 62%.



**Figure 3.** Number of overnight stays in accommodation establishments in 8 regions of the Slovak Republic

Sources: Ministry of Transport and Construction of the Slovak Republic



**Figure 4.** Revenues from tourism by regions of the Slovak Republic

Sources: Ministry of Transport and Construction of the Slovak Republic

The largest number of visitors was registered in the Žilina region. The second most visited region in Slovakia was the Prešov region, on the territory of which the High Tatra mountains are located, which attract domestic and foreign tourists with their nature. In 2020 the Bratislava Region (with the capital Bratislava) took third place. As regards foreign visitors, in 2020, the most visited was the Bratislava region followed by the Žilina and Prešov regions.

The most sought-after regions, which are preferred by domestic visitors and at the same time with the largest number of overnight stays by domestic visitors, are the regions of Žilina, Prešov, Banská Bystrica and Trenčín. The Bratislava Region takes fifth place out of eight regions in Slovakia, as regards the number of domestic visitors. The most preferred region for domestic and foreign visitors is the Žilina region.



### 3. INNOVATIVE ENVIRONMENT AND TOURISM

From the aspect of companies, innovation is becoming a prerequisite for their survival facing to strong competition. In Slovakia, small and medium-sized enterprises predominate in tourism, therefore the emphasis is mainly put on the increase and upkeep their competitiveness.

Innovation is defined as the successful creation, introduction and use of innovations in the economic and social spheres, the renewal and expansion of the range of products and services and related markets, the creation of new production, supply, distribution, change management, work organization, working conditions, qualification and job skills of labor force. These characteristics of innovation can be also found in the field of tourism.

The sustainable supply of tourism products is influenced by how tourism enterprises are able to transform their own innovative results, as well as their own potential, through inputs into tourism production. The transfer of innovations is also realized at the level of partners of tourism enterprises within the creation of joint products. In this case, the innovation potential is shared and its efficiency is promoted. The innovative environment can thus result in positive innovative achievements in tourism.

The innovative behavior of tourism companies is more focused on non-technological innovation. The results of non-technological innovation are reflected and promote the internal heterogeneity of tourism. Compared to manufacturing, innovation in tourism services is driven by practical experience rather than research activities. In practice, the consumption of an innovated product is thus motivated by price and other bonuses from providers that stimulate demand, thus creating space for a new experience. New product quality or a new service production process are therefore often imitated and imitations dominate the tourism industry. In addition, they are seldom accompanied by R&D costs and, in line with the low knowledge intensity of the tourism services production, imitations are therefore a very logical reality.

On the other hand, non-technological innovations gain justification for tourism service companies and create preconditions for the achievement of financial and non-financial effects. The reason why to promote marketing and organizational innovations in tourism is that their implementation is separated from direct contact with the client. It means that their imitation is limited and thus increases the scope of revenues from innovation. Tourism enterprises are clearly the users of innovation, not their producers, and do prefer incremental innovation.

The above facts were also confirmed by a pilot survey in a selected region - the Prešov Region in Slovakia. The target group was represented by travel agencies operating in the region.

The survey aimed to find out:

- a) to what extent and which types of innovations are most often used by travel agencies;
- b) which possibilities of product innovations do travel agencies apply;
- c) which innovations in marketing and management, including innovations in IT and control systems are applied by travel agencies;
- d) how do travel agencies respond to new challenges and trends from the external and internal environments with regard to innovation.

Innovations in tourism need to focus on the development, improvement, adaptation and commercialization of processes, products, organizational structures and new approaches and business models. The preferences of customers in tourism are also connected with their willingness to experiment more and try new platforms.

Tourism, due to the nature of its services, is a key market for the implementation of collaborative consumption. Collaborative consumption is the sharing of goods or services by a group of people. While in normal consumption the individual pays the full cost of the goods and retains exclusive access to it, in collaborative consumption, more consumers have access to the goods and share the costs.

The collaborative platform is most often used in the accommodation, transport and catering sectors, which are key areas of tourism. Depending on the nature of the relationship between users and providers, following transactions can be distinguished:

- a) P2P (Peer-to-Peer) - goods, services or resources offered by a private individual to other private individuals.
- b) P2B (Peer-to-Business) - goods, services or resources provided by individuals to businesses and vice versa (thus also B2P).

In the accommodation sector, this platform allows homeowners to rent individual rooms or entire properties to visitors on a short-term basis. Accommodation is booked through the platform (or website), with the operator/transaction broker receiving a commission. Accommodation platforms can be divided into three groups: a) platforms for renting accommodation, b) platforms for exchanging accommodation, c) free accommodation.

Platforms operating in the transport sector represent an environmental approach to saving the environment by offering excess fleet capacity. They provide registration for the demand and supply side of the market. They differ mainly according to the type of transport service, such as a) transport over short distances, b) transport over long distances, c) transport by institutional cars, d) transport by private cars.

The catering platform is based primarily on activities such as offering meals together in private homes. With the rapid development of gastronomic tourism combined with the authenticity of traditional local dishes, the relevant residents began to offer a specific product through platforms - offering food directly at home. In addition to the price advantage, a strong impulse for the use of this service is the authentic way of getting to know and experience the local culture of the spot and the possibility of social interactions with residents.

In the survey, it was confirmed that the business activities in tourism in the post-COVID 19 period will unnecessarily have to consider other groups of innovations that will help start tourism in the domestic conditions of the Slovak Republic. It turned out that travel agencies do differ in their approach towards business as well as towards innovations.

The results of the survey have confirmed that travel agencies identified many approaches how to create product, process, marketing and managerial innovations. They include, inter alia, the renewal of proven products, new ways in supply and new products on the tourism market that include a new combination of existing services. Travel agencies were aware of the need to introduce innovations in products, innovation in forms of offers, innovative ways of marketing, sig-

nificantly more effective ways of collection of customers' opinions, information, feedback and communication with customers in the current period of breakthrough digital transformation in the field of trade in services. It must not be forgotten that all new and unobserved products and services packaged in new packaging become attractive, and with good management and marketing, above all a competitive product.

In the innovation processes of companies and tourism entities, we have identified specifics that can be described as accelerators of sustainable growth:

- a) Consumption of tourism products is motivated by price and other bonuses from providers that stimulate demand, and so in the next phase of the product life cycle in the market, there is an increase in sales due to increased demand.
- b) Product and process innovations in tourism are limited by the fact that they are mostly in the group of incremental innovations. Marketing and managerial innovations are implemented in practice without direct contact with the client.
- c) The promotion of incremental, not radical, innovations is due to the low knowledge intensity of the production of tourism services.
- d) Consumer adaptation and personalization are key factors in tourism innovation.
- e) The quality of the innovative environment of the economy in which the tourism enterprises operate has a positive effect on the penetration of innovations into tourism, and thus on the performance that tourism achieves.
- f) The key factors in increasing business performance in tourism are determined by consumer-oriented innovation management.

The correct choice of evaluation parameters of innovations and innovation performance, as well as the monitoring methods, have a decisive impact on the analysis and assessment of innovations referring to the productivity and economic growth of tourism and economic subjects in tourism.

This is confirmed by the definition of a tourism destination's competitiveness: The competitiveness of a tourism destination is determined by the site's ability to optimize the attractiveness of a place to residents and non-residents, provide quality, innovative and attractive tourism services (eg providing the right value for money) to consumers and gain market and global market share. available resources to support tourism are used efficiently and sustainably.

#### **4. CONCLUSION**

The future of tourism is influenced by the social, economic, political, environmental and technological challenges posed by new innovative solutions. Innovation is a catalyst for the development of tourism.

The cause of the current critical development is the outbreak and impact of the COVID-19 pandemic. Measures taken by governments around the world have responded to threats to human health and life by introducing strict quarantine measures to reduce the rate of spread of COVID-19. The measures taken had a significant impact on the slowdown in the countries' economic activities.

As a result of the measures taken, a large part of business entities and their employees could not achieve income with a consequent effect on their overall financial condition and ability to pay liabilities. The pandemic has left a significant impact on the tourism sector, which has so far been



considered the largest service sector, leading to many social and economic changes. If we assess the development of the numbers of visitors, overnight stays of visitors and revenues of tourism visitors at the national level of the Slovak Republic and in 8 regions in Q1 2019 and 2020, a clear decline in almost all regions and all monitored parameters is statistically confirmed.

Innovation is becoming an important driver of tourism and travel agencies, as innovation is updating the product portfolio, thus improving the company's market position, including strengthening its competitiveness in the post-coronary crisis.

Therefore, the priority in the coming period will be to ensure sustainable growth and development of tourism through innovation. Implement product, process, marketing and managerial innovation activities that act as a catalyst for tourism development.

## ACKNOWLEDGMENT

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