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The Baltic States and tourism development

**by
Ann-Christine Hellstrand**

**A project submitted to the
Faculty of the School of Food, Hotel and Travel Management
at
Rochester Institute of Technology
in partial fulfillment of the requirements
for the degree
of
Master of Science**

March 1995

ROCHESTER INSTITUTE OF TECHNOLOGY
School of Food, Hotel and Travel Management
Department of Graduate Studies

M.S. Hospitality-Tourism Management
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M.S. Hospitality-Tourism Management
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Chapter I STATEMENT OF THE STUDY

I.1 Introduction

The world is shrinking and is becoming more global. Modern technology makes it easier to communicate and move long distance. There seem to be a desire to reduce the borders between countries and to cooperate politically and economically, in seek for gain for all parties in the long run. The European Common Market will result in complete economic and political integration with free movement of capital and labour between the member countries in the European community. The fall of the communism has resulted in the socialistic countries opening up for the trade and travel with the rest of the world.

The states of Balticum (Estonia, Latvia and Lithuania) have been closed from the rest of the world for decades and dependent on the centralized decision making authority in Moscow, but as a result of the fall of the communism, they recently got declared as independent states. That means they now have a challenge in building up their own economy.

Within a nonsocialistic economy, supply and demand are the most important determinants of price. In socialistic countries, like the Baltic States used to be, national goals for economic development are more crucial determinants of pricing policies than market conditions. Further because of centralized planning, most trade in socialistic countries is conducted by state trading organizations rather than by individual, profit-oriented end-users as in most nonsocialistic economies. In most instances, the selling process in socialist-based economies is done through hard-driving negotiations between the seller and the trading company representative.

In the Baltic States, the structure of the industry and business is based on the plan economy. Following the policy of openness (glasnost), restructuring (perestroika) of the economy and the independence declarance of former Soviet states the economies are opening up and moving toward dual economic systems, that embrace socialism along with many tenets of capitalism, or even as far as market economy systems.

When building up their new competitive economy, the Baltic States have chosen to consider the tourism industry as one of the major industries to emphasize.

1.2 Statement of Problem

The Baltic States' former socialistic background results in lack of professional experience and knowledge in developing the tourism industry. There is no organized tourism system and no experienced or educated people within the field. There is a need for a tourism development plan, suitable for the specific conditions of the Baltic States.

The problem area can be posed by three questions:

- What is the situation in the Baltic States today?
- What tourism system models and what tourism development models are to be found in the literature?
- Which tourism system model and which development model, or what parts of the existing models can be adapted in order to erect a new system model and a new development model, appropriate to the current

situation in the Baltic States?

I.3 Purpose

The purpose of this study is to create a tourism system model and a tourism development model, specific for the Baltic States, based on an analysis of the current situation in the Baltic States and an inventory and analysis of existing development models.

I.4 Significance

As the world opens up and becomes more global, it will be easier to travel, even to and from countries that used to neglect that kind of activities. Many countries have not organized any functional tourism system and as the flows of tourists become larger and more frequent, it is essential to make up a plan how to develop and maintain a successful travel- and tourism industry. All the different parts of the complex industry, both directly and indirectly involved in and affected by the travel- and tourism activities, must be covered. Without a plan the effort put down will

most unlikely result in a strive in the same direction and there is a great risk for an inefficient, unprofitable and therefor unsuccessful tourism industry.

A great deal of studies and literature deal with different tourism development models. Some models are similar, others differ a lot. However, the major part of the models are focused on either nonsocialistic industrialized countries or nonsocialistic developing countries. There are no publications on which model is the most suitable model for the former socialistic countries, now becoming available for the 400 Million people travel the world every year.

1.5 Hypothesis

The variety of tourism system models is expected to be broad. Among the authors, there are different opinions about what components should be included, especially in terms of those indirectly involved in the tourism industry. There are also different views about complexity, dynamics and functionallity.

The study is also most likely to result in a myriad of tourism development models, even though all of them include three common steps: 1 Data gathering, 2 Planning and 3 Implementation. The models differ in complexity and the three steps are more or less broken down into further steps.

None of the models is expected to reflect the aspects of a socialistic country's conditions.

The current situation analysis is most likely to show underdeveloped economies, with strong need for basic investment in terms of land technology and human capital. That requires a tourism development model and a system model, dealing with the basic issues of tourism development. The fact that the Baltic States have been under centralized planning and rule draws the projection that a governmental/public component must be emphasized or added to the models found in the initial inventory of models.

I.6 Assumptions

The tourism development is one component in the strive of the Baltic States to build up functioning economies. The countries' goal is to bring in hard currency, in order to trade on the world market and improve the national standard of living. In this study, the belief that market economy is superior over planeconomy is ruling.

I.7 Methodology

This study is an evaluation research of the current situation in the Baltic States from a tourism perspective, and of the existing tourism system and tourism development models, as a preminary steps toward the establishment of an accurate Balticum related model.

Below, there is a figure of how the study is built up:



The study is introduced by a current situation analysis of the Baltic States, in terms of a resource inventory and an environmental inventory. After that follows a discussion around tourism planning; why it is necessary, negative aspects of tourism planning, barriers to tourism planning, political aspects of tourism planning, public versus private roles, and tourism planning and financing. Then, there is an inventory, divided into two steps. Step one is a an inventory of existing tourism planning- and development models and step two is an inventory of the existing tourism

system models. Finally, in the conclusions, there is a creation of a new tourism development model and a new tourism system model, based on the current situation in the Baltic States and the inventory of the existing tourism development- and system models.

1.8 Scope

The study is limited to the Baltic States and is specific for them in many instances. The intension with the current situation analysis is to use it in adapting or creating a tourism system model and a development model, and therefore limited to look at conditions related to the tourism industry. The study is only analyzing models that discuss tourism system models and tourism development models. There is no deeper analysis and discussion of the adapted or created model.

The Baltic States have prioritized the tourism development as part of the economic development. The decision to develop the tourism industry is made, and this study does not discuss the advantages or disadvantages of tourism development as such.

Domestic tourism planning and development is not discussed in this study, since most of the problems created by the impact of the tourists are the same by domestic tourists as by international tourists.

The discussions on tourism system models and tourism planning and development models are primarily based on models and theories which came out 1986 and later. They are all built on previous models. Getz (1986) made a comprehensive analysis of 150 existing models in 1986, reflected in the document "Models in Tourism Planning - Towards Integration of Theory and Practice". The study reflects basic information from Getz' study and focuses on an inventory of models 1986 and later. Those interested in early models and theories in detail are directed to Getz' study.

1.9 Limitations

There are difficulties in getting information about the Baltic States. The countries have been more or less closed for insight until recently and the literature lack many major parts of information, necessary in the current

situation analysis. The countries only have a few (if any) published market research. Meaningful data are infrequently published and economic plans, the most important indicator of the economy and business structure, are considered state secrets. The current situation analysis of the Baltic States is therefore somewhat defective and presented in brief.

1.10 Long Range Consequences

The study is limited to the Baltic States and is specific for the Baltic States in many instances. Never the less some instances might be interesting and worthwhile for other socialistic countries, when opening up for free travel and trade.

The study is part of a larger context and the step building on the results and conclusions of this study will primarily be used in analyzing educational material available, which is to be linked to an educational program for highschool teachers in the Baltic States. BITS (the Swedish Agency for International and Technical Cooperation) has made an agreement (OPUS) with BTC (Baltic Tourism Cooperation) to assist in developing a tourism

industry in the three Baltic States. Four different programs are merged into this project and one of them the Swedish University/College of Borlänge, is to accomplish. That is a training program for high school teachers in the Baltic States, who in their turn will start up an education program for high school students, interested in a career within the hospitality -tourism field. As a student of the Master program of Hospitality and Tourism Management at Rochester Institute of Technology the writer of this study has been asked to investigate the tourism system and the tourism development models to be found in the English Literature.

I.11 Definition of Terms

Infrastructure = Facilities indirectly linked to the tourism industry, for example roads, water supply, sewers, public transport terminals, and parks

Superstructure = Facilities directly linked to the tourism industry, for example hotels, restaurants, recreation facilities, shopping areas

Tourist = A person who is away from his/her home for at least 24 hours.

Tourism system model = A theoretic model of the tourism industry and facilities which have an influence on the tourism industry.

Tourism development model = A theoretic model on stages when planning and developing the tourist industry

Plan economy = Central economic planning and control

Market economy = A more or less free market, where the market forces control the economy

Chapter II REVIEW OF THE LITERATURE

This chapter is assigned to a discussion around tourism planning and development; why it is necessary, negative aspects of it, barriers to it, political aspects of tourism development, public versus private roles, and tourism planning and financing, put as a background information to the current situation analysis and the tourism planning/development and tourism system models inventory .

II. 1 Why tourism planning is necessary

National, regional, community, and resort tourism planning commenced in the late 1950's when it became apparent that tourism planning was

going to become a significant socioeconomic activity that would bring both benefits and problems. (Inskeep, 1991) Tourism planning appears to have originated in Europe, quickly being adopted in several developing countries i Africa and Asia. France, Eire, the United Kingdom, and Canada were among the pioneers in tourism planning. (Mill and Morrison, 1985)

Proper planning of legal promotion, the finance, the economy, the market, the management, and the physical, social and environmental aspects, will help to deliver the benefits of tourism development. According to McIntosh and Goeldner (1990) there are four basic reasons why tourism planning is of importance today.

First, the industry is expected to grow, based on continually rising per capita incomes, lower travel costs, increased leisure time, and changes in consumers' tastes and preferences toward travel, recreation, and leisure goods and services. Sound development can result in growing business and, at the same time, the preservation of natural and cultural resources that will attract the visitors in first place.

Second, tourism generates long lasting impacts on the economy, the environment and the social and cultural atmosphere, which can turn out to be negative if there is no control over the development.

Third the tourism industry is heavily fragmented with a great variety of components, some even belonging to other industries. It is common with conflicts, reduced effectiveness, and competition for limited resources and image. Tourism planning can improve interface relationships and take advantage of the synergism rather than fight it.

Fourth, destination areas tend to rise and fall in popularity according to those in the predominant "phycografic" groups to which they appeal at different stages in their development histories. (McIntosh and Goeldner 1990) This is similar to the product life cycle and product adoption curve. A good planning process consider in what stage the destination exists and can prevent a fall in popularity through appropriate actions and possible rejuvenation. Without planning, the product life cycle would fluctuate more heavily, as the development would be left for the entrepreneurs. (McIntosh and Goeldner 1990)

Places like the Mediterian region and the Carribean encourages mass tourism without planning the development. They have paid the social and environmental consequences of unplanned tourism development and some of them are now taking action to upgrade their environments and development patterns. Good planning eliminates problems and provide user satisfaction. (Inskeep, 1991) The attend is to avoid undesirable results such-as:

PHYSICAL IMPACTS

- Permant damage or unnecessary alteration of local, natural features and attractions.
- General overcrowding and traffic congestion.
- Various kinds of pollution.

HUMAN IMPACTS

- Lack of education of tourism employees in the skills of hospitality.
- Hostile and unfriendly attitudes between locals and tourists.
- Loss of local traditions and cultural identity.

- General lack of awareness by local people of the benefits of tourism.

MARKETING IMPACTS

- Lack of awareness in potential tourists, through poor marketing, of the attractions in the area.
- Failure to capitalize on new marketing opportunities.
- Erosion of market share owing to the actions of competitive destinations.
- Inadequate advertising and travel information services.

OTHER IMPACTS

- Unnecessary seasonality in tourism.
- Lack of sufficient attractions and events, resulting in too short a length of tourism stay.
- Inadequate sign program.
- Poor or deteriorating quality of facilities and services. (Mill and Morrison 1985, Coltman 1989)

The purpose of planning is to enhance the area to provide the tourist, and to avoid the negative physical, human marketing, organization and other

impacts, that can occur in tourism without planning. Mill and Morrison (1985) have identified five basic purposes of planning that relates to tourism, namely:

1. Identifying alternative approaches to marketing development, industry organization, tourism awareness, support services and activities.
2. Adapting to the unexpected in the external environment, such as general economic conditions, energy supply/demand conditions, values and lifestyles, fortunes and individual industries.
3. Maintaining uniqueness in natural features and resources, local cultural and social fabric, local architecture, historical monuments and landmarks, local events and activities, parks and outdoor sport areas.
4. Creating the desirable, such as in high level of awareness of the benefits of tourism, clear and positive image of the area as a tourism destination, effective industry organization, high level of cooperation among individual operators, effective marketing, signage, and travel information programs.
5. Avoiding the undesirable, such as those mentioned in the section about undesirable results above.

The goals of tourism development is to:

- Create a framework for raising the standards of people through the benefits of tourism.
- Develop an infrastructure and provide recreation facilities for visitors and residents.
- Ensure types of development within visitor centers and resorts that are appropriate to the purpose of those areas.
- Establish a development program consistent with the cultural, social, and economic philosophy of the government and the people of the host country.
- Optimizing visitor satisfaction. (McIntosh and Goeldner, 1990)

II.2 Negative Aspects of Tourism Planning

Tourism planning can be an integrated collection of methods and approaches, based on different and often conflicting perspective of business, government at all levels, and numerous specific interest groups.

Some critical aspects of tourism planning up to today are:

- Boosterism - too much raw promotion of development.

- Tourism is not always viewed as an industry.
- There is a tension between those who seek to provide people with access and those in charge to protect the resource base.
- There is not always a development on community level or a consideration to social carrying capacity.

(Mill and Morrison, 1985)

II.3 Barriers to Tourism Planning

There are several factors constraining the tourism planning process. The most common are:

- People against planning, especially within the free enterprise system.
- High costs.
- Complexity and diversity of the industry and large number of government departments that have activities that impinge upon tourism. The tourism industry is not as readily identifiable as the car manufacturing industry for example, because of the many parties involved.
- There are a few large businesses and a multitude of smaller enterprises.
- Seasonality.

- Relatively high ownership turnover. (Mill and Morrison, 1985).

II.4 Political Aspects of Tourism Development

Results of tourism planning is influenced by the nations ideology and its interpretation for overall social, political and economic goals. (DeKadt, 1979). Policies and practices for tourism should follow the the overall policies and practices of a nation as a whole, reflected in the relative roles of government and private enterprise, how benefits are divided, the sectors most likely to benefit, domestic versus foreign travel influence, and relative dependence on tourism. Many terms of tourism are usually valid no matter what the country's ideology is, and often the main political consideration is deciding the most effective means of implementing the tourism plan. In mixed economic systems, with somewhat decentralized government structures and decision making, and generally moderate involvement by government in the development planning process, the tourism planner and manager must be sensitive to any political changes taking place that may affect this recommendations. (Gunn, 1988)

Tourism planning must be adapted to and compatible with the political structure and ideologies of a nation. Political implications of some identified spin-offs of tourism, such as inflation, pollution, housing shortages, crimes, and political corruption need study. In market economy, planning is diversified and usually decentralized to the lowest level possible. In a command economy, it is centralized. Planning in the Baltic States has not been only centralized but also directed toward socialistic ideologies. Over the world, the general trend has been towards decentralized planning in recent years. (Gunn, 1988)

Examples of political aspects that can have influences on creation, operation and survival of tourism projects are:

1. Land-use regulations/zoning for tourism development.

It is the responsible of the developers, the public tourism promotion organization and the managers of all tourism supply components to create favourable public image.

2. Degree of involvement of governmental agencies in creating and maintaining tourism infrastructure.

Infrastructure creation is basically a political decision, but the local people

are financing it by taxes. It is the government's responsibility to convince the public that expenditures by the government are desirable and do benefit to the local economy. The government and the private industry must interact cooperatively if tourism development is to be successful. Political friction can develop when government officials think the industry should do more to help itself and business. People believe that government should do more to assist them.

3. The type and extent of publicity, advertising, and other promotional efforts.

Publicity funded on promotional programs are essential, but cooperation between private and public is important. Publicity campaigns should be organized and implemented every year according to the forecasts.

Financing for this should be obtained from annual tourism earnings and other identifiable funds at the rate of 1-4% of total earnings. Customs facilities should be as lenient as possible while ensuring control and maintenance of order and avoiding crimes. (McIntosh and Goeldner, 1990)

II.5 Public versus Private Roles

Tourism development always involves both public and private developers. One of the most unclear and controversial of the political issue is that of public-private balance. Neither command nor market economy has completely solved this issue. In countries with less control over the economic sector, guidelines and ordinances can restrict the private development to prescribed areas, while in more centralized governments, all developments can be directed from the central government. (Hudman, 1984)

The capital improvements and operational budgets for many publicly owned attraction are non-market priced and more dependent on governmental appropriations than on fees. (Hudman, 1980)

Government usually provides infrastructure (such as roads, water supply, sewers, public transportation terminals, and parks) while private developers supply superstructure (such as hotels, restaurants, recreation facilities, and shopping areas). The stimulation of tourism to an area, state

or country is an sufficient part of the role of the government organizations.

The involvement of the public sector is important for two reasons: First, it is unlikely that major projects can be initiated solely by the private sector, because of the gap between the investment required and the revenue expected. Second, investment by the public sector can act as a boost to the involvement of the private sector, because of the income producing potential of tourism development. (Mill, 1990)

According to Inskeep (1991), government's role in implementation is critical relative to several functions, briefly mentioned in the following.

1. Programming development.
2. Adapting and administrering tourism-related legislation and regulations.
3. Developing major infrastructure.
4. Developing public type tourist attractions such as nature parks.
5. Conserving archeological and historical sites.
6. Developing and maintaining museums and cultural centers and organizing special events.
7. Carrying out some marketing of tourism for the area.

The United Nation Conference on Trade and Development document of the elements of tourism policy in developing countries indicates that governments' responsibilities are:

1. Do general research, studies, and statistics concerning tourism, including tourism market, assets, attractions, and country potential surveys.
2. Draw up a general strategy for the development of tourism with land use and physical training.
3. Assess the requirements for accommodation and other facilities.
4. Carry out market and publicity campaigns.
5. Provide and support training programs.
6. Regulate and control the various components of the tourism industry.
7. Provide basic infrastructure services. (Hudman, 1984)

Tourism prices are sensitive to movement in the prices of goods. Tourists chose where the money goes the furthest, if the value is the same. The stabilisation of general and tourist prices should be a contrast objective, as prices automatically reduce the demand. Land speculation should be discouraged. Tax pressure directly affecting operation costs also

influences the prices. (Coltman, 1989)

It is the government's responsibility to devise a fiscal similar to that applied to the conventional export trade. According to Hughes (1984), there are three areas with governmental intervention: social costs and benefits (externalities - for example added social value in infrastructure like streets, airports, sewers, water supply, promotions and education or costs in pollution or erosion control because of greater volume of tourists), public goods (special cases of externalities, such as parks, and recreation areas), merit wants (social tourism, built on the assumption that there is social and personal value obtained from travel that should be limited to those able to pay). Many nations provide subsidies and many socialistic countries intervene directly with physical development of resources and services. Some eastern countries have extra subsidy to low income and handicapped populations, with conflicts with the free enterprise system. (Gunn, 1988)

According to McIntosh and Goeldner (1990), a tourism body or organization should be created to keep abreast of socioeconomic

developments in the various market countries/areas to provide a reasonable early forecast of the size, type and structure of probable tourism demand. The tourism body/organization is also necessary to keep track on the developments in the tourism industry of supplying centers or areas and on activities and projects undertaken to promote development. (Mcintosh and Goeldner, 1990)

The planning authority does not have to be performed only from a high level government planner. Advantages of public involvement may seem obvious, but there are numerous less visible pitfalls and obstacles.

For example, there is a danger that excessive government intervention, because there is no relationship to market demand, can promote activities and investments that nobody wants. Government programs are less efficient than enterprise activities. Profits provide the commercial sector with a clear measure of sufficiency, productivity, and accomplishment of objectives. Government goals and objectives are often unclear and imprecise. From the local resident's point of view, government involvement is costly and the effectiveness is often unknown.

New regimes of planners and influential publics can occur. Greater opportunities for achieving desired goals may lie in voluntarily integration among and between the many sectors built on self interest. This approach would be the extreme opposite to centralized planning. A proactive rather than reactive stance by private enterprise can foster greater self-interest, which, in turn, can be better for visitors and for business. Both governments and private enterprises gain when relations are more cooperative than adversary.

The problem is that there are several barriers preventing or constraining networking between parts and sectors. Examples of barriers are that:

- Enterprise often has a misconception of the complex tourist product.
- All enterprises and government agencies have great difficulty in justifying outreach.
- There is a tendency of turf protection, because of competition.
- It is often assumed that the business sector is exclusively oriented to tourism and not to the local market.
- Students are seldom taught how their segment is interrelated to and

dependent upon many others. (Gunn, 1988)

II.6 Tourism Planning and Financing

Government can make financing available, when convinced by the people who are interested in investing in building a resort or tourism facilities. An example is when the government guarantees mortgage loans up to a certain percent as an incentive to those interested in the business, both direct and as investors, when a resort is completed. McIntosh and Goeldner (1990) suggest 80 % of the approved and appraised value of the land, building, furnishing, and equipment. If doing that the government should establish a guarantee fund that guarantees payments of interest and principal. (McIntosh and Goeldner, 1990)

Tourism system and development models are to be found in books like Tourism Planning by Gunn, Tourism USA by Ballman and Blank, Resort Development and Management by Gee, The Travel Industry by Gee, Choy and Makens, Marketing Tourism Destinations by Heath and Wall, Tourism Planning by Inskeep and Tourism - The International Business.

professional publications like Tourism Annals are also researched. In these books and publications the authors mention not only their own models, but also other frequently discussed models, such as Murphy's, Mill and Morrison's, Jafari's and the Economist model. Most of the system models can be briefly described as functional, sensitive and very dynamic wholes with one demand side and one supply side. The models consist of similar components, which are strongly interrelated and interdependent. The author Gunn is emphasizing these interrelations most and means that coordination and integration is essential.

Data about the current situation is to be found in statistical books and reports, such as World resources, World development report, The statistical yearbook, The demographic yearbook, the trade statistics yearbook, United Nations yearbook of industrial states, International trade administration, Tax and trade Guides etc. During the year of 1991 the students of the University/College of Borlänge have been studying the structure, management and financing and the tourism industry in Estonia as pilot studies, in order to start the process of understanding the situation in Balticum. The studies deal with an inventory of the tourism industry,

which means transportation, accommodation, catering, activities and arrangements, from a quantitative and qualitative point of view.

Furthermore, they deal with surveys of the business structure, which includes type of ownership, organization, competence, problems and goals.

II.7 Tourism Planning on Different Levels

Tourism planning takes place on different levels in the society and the levels differs somewhat in terms of assignments and objectives. According to Gunn (1988), there are three levels of planning:

1. National/Continuous planning

On the highest level of planning it is essential to integrate the tourism planning into the overall economic development of the community or country. The economic impact of tourism should be amalgamated into unified effort.

2. Regional strategic planning

On this level there is an identifying of the tourism development zones. The accomplishment of national and local objectives are coordinated and

research is conducted.

3. Local planning

There is an establishment of use objectives for different areas and a formulation of specific action plans. There is an utilization of tourism resources and critical zones are plotted. Information about opportunities and problems is important. (Gunn, 1988)

Chapter III INVENTORY AND ANALYSIS OF THE DATA

In this chapter, there is an analysis of the current situation in the Baltic States from a tourism perspective, followed by an inventory of tourism development models and, finally, an inventory of tourism system models.

III. 1 Current Situation Analysis

The current situation analysis of the Baltic States, from a tourism perspective is presented in two parts. First, there is an environmental inventory dealing with issues more or less out of the control of the travel- and tourism industry; History, Economic System/Structure, The Labour

Market, Demographics, Geography, and Natural Resources. Second, there is a resource inventory dealing with the resources directly linked to the travel- and tourism industry; The Tourism Flow, Attractions/events/activities, Accommodation, Transportation, Gasoline stations, Travel Agencies, Tourism organizations, Statistics, and Education.

III.1. 1. ENVIRONMENTAL INVENTORY

III.1.1.1. History

The road to political independence has been very long for the Baltic people. Only the Luthianians succeeded in establishing their own state in modern time. This state appeared in the 13th Century, but became about 200 years later an integrated and much less independent part of the Polish kingdom. The Estonia and the Latvian history has been characterized by German colonization. The collapse of the German orderstate in 1561 resulted in a short period of Swedish supremacy in Estonia and Latvia, before Russia, in the beginning of the 18th century with fixed purpose

conquered the whole Baltic area.

As an effect of World War I, the Baltic States were able to establish independent states owing to German occupation and the Russian revolution. Estonia, Latvia and Lithuania stayed independent until 1939-40 when Germany and the Soviet Union during World War II came to an agreement (the Molotov-Ribbentrop pact) that implied that the Baltic States were placed in the Soviet sphere of influence again. During World War II hundreds of thousands of Balts (Jews) were killed by the Germans, which was followed by Stalin's extermination of about 700,000 people in the Baltic States during his reign of terror 1944-53. The economic development in the Baltic States after the war was characterized by a marked shift towards heavy industry, which involved a massive influx of labour recruited from Russia.

As part of the Soviet Union, the Baltic States became closed from the outside world for a long period of time. Not until the end of 1950's conditions began to improve and under the 1960's living standards rose under Khrushchev's system of regional planning, which benefited smaller

republics.

However, the process to reach independence was long and difficult and could be said to start in 1968 with the riots in Prague. This event was the first indication that the Soviet empire was not invulnerable and made other Communist states, including the Baltic States, start dreaming of independence even if the Soviet Union beat off the riot with power. But it took almost 20 years until visible signs of progress could be reached and the reason for this progress was that the Soviet Union in 1985 for the first time elected a reformist and more liberal person to lead the country, Michail Gorbatsjov. Under his leadership the states got more autonomy, which created an increasingly active and coordinated fight for independency.

Several years of fighting ended in September 1991 when Estonia, Latvia and Lithuania were recognized as independent states by the Soviet Union. Before that they had declared their independence in 1990 which was followed by support from almost all countries of the world. (Jokipii, 1989)

III.1.1.2. Economic system/structure

The initial foreign exchange reserves are minimal in the Baltic States. Growth of new exports depend on structural change in the economies. The Baltic States do possess quite diverse economies - agriculture, food industry, forestry and wood industry, textiles and clothing industry, chemicals, manufacturing and electronics industry and an expensive transport infrastructure. However, the existing structure is adapted to the past requirements of the Soviet planned economy more than the future needs of trading in the world market. The economies will have to shift to a world market price footing. With the present composition of trade, this will lead to a very strained balance-of-payments situation, where oil and fuels will become more expensive, without there being very obvious short-term prospects in raising export revenues. The question is if the Baltic States are able to compete on the tough world market with the products they have.

Independence has opened many new policy options for changing the external economic relations of the Baltic States. Sovereign trade policies

can be put in place, opening the countries to new markets in the Nordic region, in the rest of Europe and in the world as a whole. The Baltic transformation of the economy is made more difficult because of the independence on the Soviet economy, where the reform process itself is quite unclear. The Baltic States need to look over the cooperation with the former Soviet republics, and between each other. Despite sharing political aspirations, the three Baltic republics had, up until independence, achieved a disappointingly low level of economic cooperation. Given the challenging economic road ahead, there should be scope for cooperating among them to smoth the adjustment process.

Industry is the single most important economic sector in the Baltic States, employing about one third of the labor force and providing around half of national income. Baltic industry is also quite diverse.

According to the numberof employees, engineering is the biggest industry bransch in all Baltic States (30-40% of the workforce), followed by textiles (20%), wood (10%) and food (10%). The numbers will differ somewhat when looking at the turnover of the same industrial branches. In

Latvia and Lithuania, engineering is still largest with 30% of the total turnover, followed by food (20-25%) and textiles (21-24%). In Estonia, on the other hand, textiles is the largest branch with 31% of the turnover, followed by food (20%) and engineering (17%). The industrial share of NMP in the three Baltic States is about 50%, while the industrial employment as share of total employment is about 33%.

Agriculture is sure to remain a vital sector in the economies of all three Baltic States, accounting for a significant share of production and trade. However, some drastic changes have to occur, primarily in terms of supply, system/organization and markets, in order to sustain economically valuable. Privatization of the production is another issue that has to be dealt with in the near future. Forestry is also an important industry of the Baltic States, predominantly for Latvia, which is the most prominent in resources and production which is also reflected in more advanced research and production methods. Fishing is another industry that has been mentioned, even though it is not as big as other industries. (Van Arkadie/Karlsson, 1992)

As small economies, the Baltic States are heavily dependent on imported fuel. Special characteristics of the Baltic situation include the current links with the broader C.I.S. energy grid and the impact of the central planning on the pattern of energy use. The Baltic governments are challenged to ensure current supplies to requisite energy needs. The Baltic economies depends critically on a more efficient use of energy everywhere in the society. Systematic changes are required including the introduction of a market price for energy. Although indigenous oil-shale deposits have made Estonia less dependent on imported energy, its dwindling supply, high production costs and contribution to pollution make further development increasingly difficult. To sum up, the possibilities for the Baltic States to improve their energy situation in the next few years are limited, since the energy supply from the C.I.S. is not reliable. (Van Arkadie/Karlsson, 1992)

III.1.1.3 The Labor Market

Until the present, participation in the labor market has been more, or less compulsory for the working-age people. One reason for this is that the Soviet constitution provided that every able-bodied Soviet citizen had a

right and obligation to work and another reason is the absence of other major sources of income, especially from poverty. The level and composition of labor demand as well as wages have been centrally regulated.

A special characteristic of the Estonian and Latvian labor forces is that a large part consists of non-Balts, whereas the Lithuanian population is ethnically quite homogeneous. There is a particular type of segmentation in the Estonian and Latvian labor markets. A large share of the Russian-speaking population works predominantly in blue-collar jobs in industry and controls certain vital sectors of the economy, while the Estonians and Latvians predominate in agriculture, services and small-scale industry. However, after the independence the Balts are slowly taking over the industry as well. (Van Arkadie/Karlsson, 1992)

III.1.1.4 Demographic Issues

The three republics have a total population of only 7.99 million people (1989). Consequently, the states are all small as independent states,

particularly in comparison to their eastern neighbors. Lithuania has the largest population with 3.72 million, of which 79.6% are Lithuanians. The most common minorities are the Russians (9.4%) and the Poles (7.0%). Latvia has 2.69 million people with a share of Latvians of 5.22%. In Latvia are Russians much more frequent with a share of 34% of the population followed by the Belorussians (4.5%) and Ukrainians (3.5%). Finally, Estonia has a population of 1.58 million with the Estonians as the largest ethnic group (61.5%), followed by Russians (30.3%) and Ukrainians (3.1%). A look at the density per square kilometre shows that Lithuania is the most populated area with 57.1 people per sq km, followed by Latvia with 41.7 and Estonia with 35.1. (Kung, 1991)

III.1.1.5. Geography

Estonia:

Estonia is mostly flat and marshy, but the upper landscape is more varied and, as a result of glacial deposits, has more fertile soils. The coastline of Estonia on the Baltic Sea is approximately 3,800 kilometres long, with a total of 1,500 islands, of which Saaremaa and Hiiumaa are the largest.

Roughly 40 % of Estonia is covered with forests and about 20% is covered by marshlands.

Latvia:

Latvia is historically divided into three regions: Courland (Kurzeme), south and west of Riga, on the Baltic Sea; Livonia (Vidzeme), the centre of the country including Riga, and to the north, bordering Estonia; and Latgale to the east, bordering Belorussia. Latvia has a 500-kilometre long coastline on the Baltic sea. To the north and south, it borders on Estonia and Lithuania respectively. To the west it borders on Russia and Belorussia.

The country is flat - the highest "mountain" is 312 metres - and 40% of the land is covered by forest, while approximately 45% is cultivated. The climate is temperate and the landscape is marked by numerous small rivers and lakes.

Lithuania:

Lithuania has an area of 65,200 square kilometers and borders Latvia to the north, the Baltic Sea and the region of Kaliningrad formerly East

Prussia in the Russian Federation to the west, Poland to the south and Belorussia to the east and south-east. The total length of Lithuania's borders is 1,846 kilometres, of which 1,027 are with either the Russian Federation or Belorussia. Like the other Baltic States, the country is predominantly flat, part of the north-European plain, with the highest hill under 300 metres. The lakes in the north-east occupy 880 square kilometres. A temperate climate is typical of the region with a January average of two degrees and a July average of around 20 degrees, and average rainfall is around 60 millimetres per month. (Kung, 1992)

III.1.1.6. Natural Resources

Estonia, Latvia and Lithuania all have very few natural resources. However, unlike Lithuania and Latvia, Estonia possesses important mineral resources. Deposits of oil shale and phosphorite ore are situated in the northern parts of the country and stretch from Tallinn eastward. Approximately 25 million tons of oil-shale has been mined annually since the mid-1970's. For 1991, there are plans of reducing the production to twenty million tons, since at this rate of depletion, the deposits should last

for another forty years. The bedrock of islands and of northern and central Estonia is rich in Limestone and dolomite and commercially useful sands, clay and mud are found all over the country.

In Latvia, they consist mainly of forest, peat and raw materials for construction such as clay, dolomite, limestone, sand and granite. An abundance of amber provides the basis for jewellery handicraft.

The Baltic States have great environmental problems to solve. Most of the ecological problems are similar to those of other industrialized economies, but some features typical for centrally planned economies make the situation of the Baltic Republics different. Land, water, raw materials and energy are free or underpriced, which has the result that the industrial production has a high intensity of raw material and energy use which makes it exceedingly polluting. Treatment of waste water and air pollution is either insufficient in capacity or based on rudimentary technology. Despite a fairly well-developed system of environmental inspection, little has so far been done to reduce emissions from industry and other polluters. Since enterprises are subordinated to central

ministries, it is often difficult to determinate who should be held responsible for violation of environmental laws and regulations.

However, compared with C.I.S., where several regions today are facing virtual environmental catastrophe, the Baltic States are in a stronger position to adress their environmental problems. Politicians and governmental officials in the Baltic republics are well aware of the environmental problems in their countries and they have clear picture of what has to be done to stop the ecological degradation. (Kung, 1992)

III.1. 2 RESOURCE INVENTORY

III.1.2.1. Tourist flow

The number of incoming tourists has dropped since 1989, according to estimates, and the reason for this trend is of course the polittical and economical instability in the Baltic States. During the first half of 1991, incoming traffic was almost non-existing due to the violent events in Riga and Vilnius, but after the independence of the Baltic States there has been

a boom of incoming tourism with the exceptions of Russians and other C.I.S. citizens. This trend will probably continue during at least the next couple of years. (Mattsson, 1992)

III.1.2.2. Attractions/Events/Activities

Estonia:

Tallin, an ancient Hanseatic city and the capital of Estonia, has a wealth of historical and architectural monuments, particularly in the old town centre, which is dominated by the soaring steeple of the medieval Town Hall, the oldest in Europe. Tallin has a wide range of restaurants, cafes, and bars and there is also an opera and a ballet theatre. About two hours drive from Tallin is Pärnu, a small town situated on the banks of the Pärnu River. Established in the 14th century, the town is known as a seaport and a health resort. Among its attractions are its theatre and its two-mile-long sandy beach which is popular with the Estonians. Tartu is Estonia's second largest city and lies about 110 miles from Tallin. The city has a very old university and other old monuments.

Latvia:

Riga is the capital of Latvia and is known to be the most beautiful of the Baltic cities. The old quarter contains a remarkable diversity of architectural styles and this feature is perhaps best epitomised by the Dome Cathedral. The numerous other historical buildings in Riga bear witness to Latvia's chequered history. Since its restoration after the first world war, the old quarter of the city has been a protected area. Riga also has several museums as well as two art galleries. In central Riga, the Freedom Monument is a very significant site for Latvians. Riga also has a range of restaurants, cafes, and bars. Not far from the city, there is the open-air Latvian Ethnographic Museum, where farm buildings from all over the Republic are displayed. There are several festivals in Latvia and the biggest one is celebrated on the 23rd of June and is called John's Night.

Several miles from Riga is the seaside health resort of Jurmala. Attractions include ten miles of pines and dunes and its renowned sanatoria. Another Latvian health resort is Sigulda. Situated on the picturesque banks of the River Gauja, the town has been established since the 13th century and attractions here include the ruins of the castle and

local caves.

Lithuania:

The historic city of Vilnius is the capital of Lithuania. Unlike Tallin and Riga, Vilnius is not of Germanic origin, although like these other cities it has a large, old quarter which is gradually being restored. The architecture is a mix of various western European styles although Italian influences predominate. Among the most beautiful and interesting buildings in the city are the University of Vilnius and Gediminas Castle. About 18 miles from Vilnius lies Trakai, an ancient capital of Lithuania. Situated on the shore of Lake Galve, on which boat rides are available, the city has a castle dating from the 14th century. Another larger city is Kaunas, known for its museums, three theatres, some 11th-century castles and the old City Hall. Rumsiskes has a open-air museum existing farmhouses, while Palanga and Kursiu Nerija are famous for their clean beaches and natural sand dunes. Finally, the city of Klaipeda at the coast is an important seaport as well as the main centre for ferry connections from Lithuania.

There are a number of special events in Lithuania. In the summer, there

is a 2-week Youth song and Dance Festival and due to its stormy and often tragic recent history, Lithuania holds a number of remembrance days to commemorate the more significant and solemn events. (World Travel Guide, 1992)

III.1.2.3 Accomodation

Estonia:

There are approximately 60 hotels with more than 5,100 beds in Estonia, but out of those only 13 hotels can be classified as 2-3 star establishments. Estonian Tourist Board has recently produced the first hotel list. Furthermore, there are around 300 other accomodation establishments with 12,000 beds in Estonia.

The Estonian Hotel- and Restaurant Association was established in February 1992 and the primary tasks of the association are:

- to discuss and start training for different levels of employees of hotels and restaurants in cooperation with the authorities,
- to create a voluntary hotel classification system, similar to the Swiss

- model, in cooperation with the local governments,
- to negotiate and fix prices for the remainder of the year 1992.

In Tallin, there are around 3,000 beds, which is regarded as an unbalance in relation to the number of arrivals in the harbour and at the airport. At least 1,000 more beds of higher quality are badly needed. There has not been any new hotel projects since 1980, when Hotel Olympia was constructed, but some development programmes for hotels and other accommodations have been or are to be executed in Estonia:

- At present, both Hotel Olympia and Viru Hotel are under the process of total reconstruction with 1/8th to 1/10th of the rooms at the time.
- The first part of a Via Baltica double-sided motel (10 miles outside Tallin) is constructed by a Canadian company.
- Balt Link, a Finish-Estonian joint venture with interests along Via Baltica, is planning to start constructing two 200-beds hotels in Tallinn in the summer 1992.
- The Sheraton Group with several investors will start a hotel project in the near future.
- The Ramada group and the Holiday Inn group respectively have visited

Estonia for studies, but the outcome of their visits are unknown.

- A German company has studied the possibility of a Bed & Breakfast programme, based on Estonian family stay.

Future investments in different types of accommodation, such as motels, campgrounds, e t c, have to be based on private capital. However, there has not been a strong movement in that direction so far, since investors are unsure about actual legislations and regulations.

Latvia:

There are around 170 accommodation establishments include hotels, sanatoriums, spas, pensions, tourism boarding houses and recreational areas, and campgrounds. The facilities are owned by national or local governments, firms or factories as well as private companies. There are neither a Hotel and Restaurant Association nor a classification system existing at present. At the moment, there are about 25 different development projects that are to be started, including reconstructions and new constructions of hotels and other accommodations. They are in different stages of development; two projects are to be completed in 13

and the work is in process for a couple of other hotels. The other 21 projects are neither in the process of being negotiated with partners in Finland, Sweden, UK, Denmark, and China (10) or are still looking for appropriate partners (11). 14 of those projects are planned for Riga, for Jurmala, and 4 for other areas.

Lithuania:

There are more than about 5,000 guest beds totally in the country and there are only four hotels in Vilnius. There is also a shortage of hotels in Klaipėda, but in the nearby Palanga there is a 1-bed hotel of acceptable standard. Furthermore, there are some boarding houses of pre-war classical standards that need to be renovated. Some motels are constructed along Via Baltica and one is under construction 10 miles outside of Vilnius by Villon Joint Venture. (Mattsson, 1992)

III.1.2.4. Transportation

In this section different kinds of transportation are presented.

III.1.2.4.1 Road Transportation

Estonia:

The importance of road transportation will quickly increase and in this respect the Via Baltica Road is of utmost importance. Some investments have been made by the government at the Via Baltica Border Crossing Point between Estonia and Latvia, but there seems to be more interest in investment of cargo/truck transportations than of tourism. There are some Two Lane Highways in the country, primarily between Tallinn, Tartu and S:t Petersburg in Russia.

Latvia:

Highways are going from Riga in nine different directions; to Ventspils, Liepaja, Kaliningrad (Russia), Vilnius (Lithuania), Daugavpils, Moscow (Russia), Tallinn (Estonia), and Tartu (Estonia). Even in Latvia Via Baltica is the most important road.

Since September 1991, there is regular coach transportation between Helsinki, Finland and Riga. It is operated by Latvian Coach Line.

Lithuania:

Via Baltic Road lacks sufficient infrastructure and superstructure around and is the most important item of development. The border crossing at Kalvarija-Suwalki (Lithuania-Poland) was opened in May 1992 which resulted in a cut in waiting-time to approximately three hours. The negotiations between Lithuania and Poland resulted in a bilateral agreement, which means that the road is regarded as a national question. It is also of outmost importance that the road be regarded marketed as an international road, which the government can upgrade it to.

Four Lane Highways are situated between Vilnius and Klaipeda and half the way between Klaipeda and Kaunas, Kaunas and Kaliningrad, Russia, Kaunas and Warsaw, Poland, and Vilnius and Daugavpils, Latvia. Another highway that is passing through Lithuania is the road that goes from Riga, Latvia down Kaliningrad in Russia. (Mattsson, 1992)

III.1.2.4.2 Air Transportation

Estonia:

Air transportation has a very big potential compared to road transportation, concerning markets and destinations. The former Aeroflot division of Estonia has been replaced by a national airline, Estonian Air Transportation. Other airlines with regular service to Estonia are Finnair, SAS, and Lufthansa. At the beginning of April 1992 the following air connections with Tallinn exists:

- Helsinki, Finland - 14 flights a week (daily flights with both Finnair and Estonian Air)
- Frankfurt, Germany - 6 flights a week (Lufthansa and Estonian Air)
- Stockholm, Sweden - 5 flights a week (SAS and Estonian Air)
- Copenhagen, Denmark - 2 flights a week (Estonian Air)
- St Petersburg, Moscow, Minsk, Kiev, Riga, Vilnius (Aeroflot)
- Half a dozen commercial companies have been established for charter operations, but only one of them has received its license by April 1992.

Latvia:

Avioreisi (Viet Laiks), the national Latvian airline, as well as SAS, Finnair, Lufthansa, and Aeroflot have regular connections to and from Riga with following destinations:

- Helsinki, Finland - 4 flights a week (Finnair)
- Frankfurt, Germany - 3 flights a week (Lufthansa)
- Tallinn, Estonia - 2 flights a week (Avioreisi)
- Daily flights to and from Moscow and S:t Petersburg, Russia (Aeroflot)

Lithuania:

There are two airports in Lithuania of importance for tourism. The main gateway is Vilnius Airport, which is being rebuilt and along the Baltic there is Palanga Airport, which is used by German charter flights from Bremen.

The former Aeroflot division of Lithuania has been converted to Lithuanian Airways (TE) and provides regular airline service to and from Lithuania together with Lufthansa, SAS, and Aeroflot. At the beginning of April 1992 the following air connections with Vilnius exists:

- Copenhagen, Denmark - 6 flights a week (SAS and Lithuanian Airways)

- Frankfurt, Germany - 6 flights a week (Lufthansa and Lithuanian Airways)
- Moscow and St Petersburg, Russia - daily flights (Aeroflot) (Mattsson, 1992)

III.1.2.4.3. Sea Transportation

Estonia:

Compared to air and road transportation, sea transportation has the largest capacity potential in Estonia and the following lines are now provided.:

- Three regular liner ships between Helsinki, Finland and Tallinn with a total capacity of up to 1,400 passengers.
- Daily hydrofoil service between Helsinki and Tallinn during the summer with a capacity of up to 2,400 passengers daily.
- MS Nord Estonia goes between Stockholm, Sweden and Tallinn two-three times a week with an average occupation of 600 passengers.
- Every year around 50 cruise ships visit Tallinn. Unfortunately, this number is limited due to the availability of the piers.

In addition to the lines above, the possibility of opening a new ferry line between Kiel, Germany and Tallinn is being investigated. The ferry service

might be opened during 1992.

Investments have been made in ports and harbours in recent years. The largest investment programme of the Port of Tallinn is the new East Line Terminal with a total cost of approximately \$8 Million. One problem with the Port of Tallinn is the cargo/coal pier that hinders cruise liners to approach. Besides, the ferries need a large portion of the port as they also function as cruise liners. There are plans to move the cargo/coal pier to Muuga, the new port outside Tallinn, but it is not known when this will be accomplished. It is also a fact that the ferry companies are looking into bigger ferries, both for the Helsinki-Tallinn and the Stockholm-Tallinn traffic. Other important ports are Loksä on the north shore and Pärnu on the west coast.

Latvia:

During the season of 1992, several Swedish and German ferry companies have connections with Riga, as follows:

- Lett Line has regular ferry trips between Norrköping, Sweden and Riga.
- Once a week, Baltic Express is cruising Riga from Stockholm.

- Schneider Reisen, a company based in Hamburg, takes passengers between Kiel, Germany and Riga once a week with MS Mercuri-I (with 70 cabins, and a capacity of 45 trucks and 50 cars).
- Birka Line is planning to cruise from Stockholm twice a week with Birka Queen for up to 900 passengers.

Lithuania:

The main harbour of importance is Klaipeda Port, which is ice-free all year long. A German shipping company, Buchram Line, has regular traffic between Lithuania and Germany for trucks, cars, and passengers with a converted freighter. The port is also open for cruise liners and the Swedish Onedin Line is sporadically cruising to Klaipeda. For leisure boats, there are three available harbours: Palanga, Sventoije, and Klaipeda. (Mattsson, 1992)

III.1.2.5. Gasoline stations

Estonia:

To this point in time, only Neste has invested in gas stations in Estonia.

They are located outside Tallinn and Pärnu and offer unleaded gasoline.

Statoil has received licenses for two gas stations, but it is unknown when they will start their operations.

Latvia:

Neste opened one gas station in Riga in December 1991, which offers 24-hour full service, including unleaded gasoline. A second Neste-station was established in Riga in spring 1992 and a third is planned to open this summer at Saulkrasti, 25 miles north of Riga along Via Baltica. All stations will provide the same full service.

Lithuania:

The standard and the infrastructure along the Via Baltica Road is rather poor. There are only two Neste petrol stations with unleaded gasoline in Vilnius. (Mattsson, 1992)

III.1.2.6. Travel agencies

The travel agency industry has changed its structure during the last two

years. Earlier, there were three monopolistic organization; Intourist, Sputnik, and the Trade Union Travel Organization, but after the independence, several enterprises applied for a tourism license.

Estonia:

In Estonia, more than 400 different enterprises applied for a tourism license and about 250 companies were registered. Most of the entrepreneurs and the personnel came from the three former, monopolistic agencies. Recently, the government changed the the licensing system, so that any enterprise is free to provide any kind of service for tourists. However, with insufficient insight into and practice of market economy, lack of training for the travel industry and a non-existing Consumer Protection Law, the presen situation needs a lot of improvements.

The Estonian Association for Travel Agens (EFTL) was founded in 1989 with important assistance from the Finnish Travel Association. EFTL has at present 29 members and among the tasks of the association are:

- to increase the understanding of of tourism among national and local potiticians in order to get better financial and other supports for the

promotion of Estonia abroad and for improving the infrastructure of the cities.

- to take an active part of international organizations, like Baltic Tourism Cooperation (membership since May, 1989) and European Travel Association.
- to participate in International Fairs (for example Gothenburg TUR-92) and to arrange national trade fair (for example November -92 in Tallinn).

Latvia:

As in Estonia, the existing agencies were discontinued after the independence in 1991 and the personnel and experts of these organizations (a total of 195 persons) started their own operations and applied for business licenses, which are approved by the Latvian Tourist Board. Up to now, 230 licenses have been issued, out of which about 100 are applied for by serious agencies. The quality and standards of many agencies are rather poor.

ALTA, the Association of Latvian Travel Agencies was formed in 1991. It

is a voluntary, non-profit organization with joint tasks for the member companies. ALTA has at present 12 members and membership is applied for by four further agencies. Training courses, guidelines for operation, etc, are planned by the association in cooperation with the Latvian Tourist Board.

Lithuania:

There is an association for travel agencies called Lithuanian Tourism Association, which has about 50 members. Five of those are working with incoming tourism and the rest are sending Lithuanians abroad, mainly to Poland, Turkey, and Greece. The roster of the association is about to be obsolete. The general opinion is that around 50% of the agencies, which are rather small, will disappear in the near future and the outcome will probably be that 2-3 tour operators/wholesalers will be formed and the rest, about 20, will become travel agencies. At the moment, there are no IATA agencies and the airlines' sale offices make all the reservations.

(Mattsson, 1992)

III.1.2.7. Tourism Organizations

The Estonian Tourist Board (ETB) was established in 1990 to coordinate the development of tourism and to promote the country abroad. ETB has managed to establish good international relations. An Agreement of Cooperation has been set up with the Finnish Tourism Board and a Letter of Intent has been signed with the Swedish Tourism Board. ETB reported earlier to the Ministry of Education, but is, since 1992, headed by the Ministry of Commerce. ETB does not have any funds for combined efforts with the travel industry to market Estonia abroad. A positive measure from the government is the tax allowances for foreign capital invested in Estonia in general.

Beginning with 1992, all local services like sightseeing, coaches, guides, etc., are to be paid in hard currency.

The Latvian Tourism Board was formed in 1991 and reported from the start to the Ministry of Culture. Today, it is a department of the Ministry of

Transportation, Communications and Tourism. The Board is elaborating with a Master-Plan for Tourism and is thus negotiating with various international and national tourism bodies or entities i.e. from Sweden, Denmark, France, and EEC, etc.

Lithuania has not yet erected any tourism organization. So far, tourism, sports, and leisure activities have been handled by councillors and advisors at the Prime Minister's office. By the summer/fall of 1992, a small Department for Travel and Tourism will be installed at the Ministry of Foreign Trade Relations. (Mattsson, 1992)

III.1.2.8. Statistics

Estonia:

Since the Foreign Tourism Admission Act stopped its function in 1988, with the effect that the governmental control ceased, there are no reliable statistics available. For instance, the travel agencies are supposed to report their statistics, but not all of them have returned figures. Registration

of visitors is made at all places of accommodation but the figures are kept there at the moment. The Bureau of Statistics has worked out a questionnaire to fill in, but it has not been applied yet. An organization to coordinate all tourism statistics are badly needed and actually, there is a working group that has made a proposal of statistics for tourism, but no decision has been taken so far.

Latvia:

The travel agencies are handing in statistics to the Bureau of Statistics, giving the number of international and domestic clients they have served as well as the revenues of the business. There are no accommodation statistics and no visitor surveys at the moment. The Latvian Tourist Board is negotiating with the French Tourism Authorities to implement their Tourism Statistic System in Latvia.

Lithuania:

There are no statistics of tourism such as number of visitors or bednights spent at hotels and other accommodations at present. (Mattsson, 1992)

III.1.2.9. Education

Estonia

Estonia lacks at present a basic tourism education system at different levels in regular schools and universities. Various courses and seminars are arranged, but it is of outmost importance to create training for tourism, including hotels, restaurants, and the travel sector, inside the system of vocational training.

The Ministry of Education and the Estonian Tourist Board are planning to set up a project group in order to evaluate the demands and possibilities.

Today, the following education programmes are provided in the region:

- The technical School in Tallinn (on the secondary level) is teaching two classes in Basic Hotel Operations, including service.

- The College of Economics in Tallinn together with the Danish Randers Business College is planning for a tourism education to start next year. Some seminars will be held this summer.
- Pärnu Business College has included tourism as one subject in their General Business Course. The College plans to set up a separate education for tourism in cooperation with the Canadian Seneca College. The Canadians will apply to their government for support.
- Last year, Estonia Hotel School Ltd, a private school, arranged one course in hotel business on the middle management level. A two-week seminar is planned for this summer. (Van Arkadie/Karlsson, 1992)

III.2. Inventory of tourism Planning- and Development Models

Only a few models have been created over the world although planning of tourism in several forms and at several levels have taken place for many years. A limited number of published references are available on techniques, principles, and models of comprehensive tourism planning. In this section you find an inventory of tourism planning- and development

models. First, there is a brief run-through of Getz' inventory from 1986. After that, other models worth mentioning, are brought up, most of them created after 1986.

In the conclusions you find the new, created model, based on the discussions around tourism planning and development, the current situation analysis, and the inventories of tourism development and tourism system models.

III.2.1. Getz Inventory of Tourism Development models

Getz (1986) made a comparative review model in tourism planning and found several basic types of models, listed below:

Problem-solving models

Area development

Bargur and Arbel 1975

Arnott 1978

Lawson and Baud-Bovy 1977

Gunn 1979

Mill and Morrison 1985

Project development

Kaiser and Helber 1978

Management and marketing models

Doswell and Gamble 1979

Planning as a conceptual system

Mathews 1978

Getz 1983

Subjective models

Most models are of the problem-solving type, concerned with making rational and optimal decisions given alternative courses of action. Three subtypes of problem-solving models are identified: area development, project development, and management and marketing models. Area development models provide a descriptive approach to area-tourism development and include Bargur and Arbels (1975) quantitative approach

which seeks optimizing of some goals, like foreign revenue, Lawson and Baud-Bovy's (1977) PASOLP-model which presents a comprehensive approach to developing a master plan. PASOLP stands for The Product Analysis Sequence for Outdoor Leisure Planning Model and encompasses socioeconomic, political, sociocultural, and environmental factors in a comprehensive approach to develop a masterplan. Baud-Bovy emphasizes that planning should be a continuous process because of the vagaries of tourism over time in terms of economy, politics and fashion. A regular monitoring system is required. See Appendix 1.

Further area development models is Arnott's (1978) process, which is stressing the information needs and research methods used in developing a strategy. Gunn's early models (1979) and Mill and Morrison's model (1985) stresses that policy and goals development are more critical than project and master planning.

Project development models deal with specific projects such as hotels and resort complexes. Feedback is usually provided in those models.

Management and marketing models relate to management and marketing, especially the marketing environment.

A second type of models that Getz found is the planning as a conceptual system. Problem solving methods are integrated with theory and research and planning and management practice related to tourism system theory. One of these models is the eight-step planning process that Getz developed in 1983. It allows for capacity assessment in terms of mass tourism. The steps are as follows:

1. Describing and modelling the system and its environment
2. Forecasting and choosing alternatives
3. Evaluating planned development
4. Prioritizing goals and objectives
5. Selecting preferred strategy
6. Initiation incremental development
7. Reviewing and evaluation
8. Deceptions

The third types of models, subjective types, may be based on dogma (centralized socialistic planning versus free enterprise) or style (someones best way of doing things). This type of models was rare when Getz (1986) wrote his report and he probably did not consider them as important.

In his report Getz (1986) concludes that the models are narrowly defined and lacks comprehensiveness. They have certain deficiencies in integrating the tourism system theory and the planning process. Getz presents a model, built on Chadwick (1977), showing how planning and system theory can be integrated. In these models the planner must first understand the system through describing and modelling its dimensions and the interrelationship among its components. One significant implication of the approach would be the shift from raw promotion of the destination to more rational evaluation of tourism 's benefits and costs, resulting even in its control or setting of limits on its growth. Other authors agree with Getz, wanting to make tourism planning more sensitive to non-economic issues and moving away from traditional narrow focus on development. Research and development should be seen as integral parts of the same process.

See appendix 2.

In the past much planning has focused on the development of an infrastructure to support anticipated tourism growth. In the 70's tourists tended to seek new experiences and areas when the given area had become too "commercialized" which was essential for the tourism planners to take in consideration. Planning tended to emphasize quality of local life and quality of tourist activities rather than tourist growth. (Hudman, 1980)

III.2.2. Other Tourism Development Models

In the following there will be a discussion on models moreover the study of Getz (1986). Most of them are created after 1986. Below, they are clustered.

Product-Market Research

Mill and Morrison 1985

Matheusik 1985

Implementation

Canada's Community Tourism Action Plan 1988

Community involvement

Keogh 1990

Smith and Other 1986

Specialist/Expert Involvement

Coltman 1989

Information Gathering

Coltman 1989

Hudman 1984

Tourism USA Model 1989

Mill 1990

Environmental Approach

Inskeep 1987

Tourism Planning and System integrated

Getz 1986

Tourism USA Model 1989

The Financial Issue

Howell 1989

Mill 1990

Goals and Objectives

Baker 1990

Most Current Models

McIntosh and Goeldner 1990

Inskeep 1991

Heath and Wall 1992

US Travel and Tourism Association Model (1989) (See appendix 3) is included in their Tourism USA publication and is available to communities and states throughout the USA.

Mill and Morrisson (1992) is in line with the product-led orientation approach, which means a product-market matching, resulting in the destination's using its resources more efficiently in catering the known desires or needs of its optimal markets. Mill and Morrison also identifies the societal approach, which seeks to match tourism development and the

needs of the destination region. The planning process must generate policies and priorities to regulate the system. See appendix 4.

Implementation of the tourism development model is an important step that can be overlooked when planning for the tourism development, even if the implementation is one of the goals of the planning process. The province of Alberta in Canada has created a unique and comprehensive "Community Tourism Action Plan" (1988). In Canada, provinces receive detailed planning manuals, complete with step-by-step instructions, and work books providing a detailed, sample tourism plan. See appendix 5.

Another important issue of the tourism planning process is the involvement from the local residents. Keogh writes about a study in Canada on local participation in community tourism planning in *Annals of Tourism Research* (v. 17, 1990). The study showed that the local residents had little or no interaction with officials and they often saw planning decisions as being imposed from the outside. Economic impacts were usually seen as positive, but many of the social and environmental

consequences were many times perceived more negatively and the local residents were likely to turn into opposition. Everybody loses on inadequate information; residents, visitors, and the tourist industry. The local residents need information, in order to participate in a meaningful way in the early stages of the planning process. Many of the concerns identified relate to infrastructure development, impacts on local taxes, local land owners, and residents' rights to use the tourism facilities. Different sociodemographic groups vary in their concerns and residents living closest to the destination and those who use the destination facilities are particularly concerned. (Keogh Annals, v. 17, 1990)

Smith, Heatherington and Brumbaugh at the California State University at Chicago, has written an article (1986) about the stages of tourism program development in Northwestern California under the theme of route 89. The authors emphasize the first stage of establishing understanding, which include interesting issues such as incipient awareness, preliminary reconnaissance, local population tourism awareness assessment, stimulating community interest. As well as during this first stage as during

later stages, there is a requirement of involvement from other parties effected by the tourism development. One stage is focusing on getting public involvement, in order to avoid problems, such as bad relationship between tourists, local residents and residents' resentment.

Lower to moderate levels of tourism development are quite beneficial to the community, but as development continues residents' perception tend to take a downward trend. Public services, environmental concerns, and opportunities for citizen involvement appear to be the most sensitive to changes in tourism development. The tolerance for tourism activity depend upon several factors including the size, the economic, social and environmental resources of the community and the quality of planning associated with tourism development. (Journal of Travel Research, v. 27, no. 1, 1988)

Another form of involvement is discussed by Coltman (1989). He says that planning can involve specialists in planning, as well as experts in architecture, finance, marketing, economics, sociology, and even

archeology. Coltman also emphasizes that it is important with gradual development, each stage blending in with earlier ones and that the plan should allow modifications. (Coltman, 1989)

Something further interesting in Coltman's discussion (1989) is the information gathering. He claims that there should be an information analysis before a plan can be prepared. Hudman (1984) claims that information is the basis for the development plan. The first step of the plan is to create policy statements including the relative importance of tourism in the balance of payments, the impact of tourism to individual income, employment, culture and environment, the investment by government and private enterprises e t c. (Hudman, 1984). In Tourism USA (1989), the authors say the most essential element in planning is collecting and analyzing tourism data (Tourism USA, 1989). Mill (1990) is including an unusual information gathering in his tourism development model. See appendix 6.

Inskip (1987) has emphasized the importance of applying the

environmental approach in planning tourism. (Inskeep, 1987)

Among others, Getz (1990) emphasizes the system's approach. Similar to Hudman and Lang, Getz claims that most tourism development models are oriented to development and marketing and showing how to achieve growth. They do not consider tourism planning as a system's approach and are not based on cost-benefit evaluation. Getz is of the opinion that the planning process must constantly strive to base goals, policies, and strategies on a fuller understanding of how the tourism system works. He means that the ideal tourism planning process is systematic, democratic, goal-oriented, and integrative with other planning processes. (Getz, 1990) Getz' destination planning and marketing model is shown in appendix 7.

One model that is based on the cost-benefit analysis, that Getz missed in previous models is Howell's approach (1989). He emphasizes the financial function of the planning process in his model with the five components market analysis, site assessment, financial studies, social impact studies and environmental impact studies. See appendix 8. At an early stage and

at each stage of development the developers must estimate the cost of the project. Financing can come from private investors and favorable terms for borrowing capital must be arranged. (or in the case of developing nations, from an international agency such as the United Nations Development Bank). (Howell, 1989)

Similar to Howell, Mill (1990) is including financial feasibility of the tourism development in the planning process. In his model, there is not only a financial feasibility analysis in the terms of rate of return, but also an economic feasibility analysis based on projected environmental impacts and costs. See appendix 9.

Baker (1990) means that it is of prime importance to define detailed objectives when formulating a master plan. He reviews the use of an objective tree, in order to avoid problems such as irrelevant data gathering, lacunae in crucial planning information, uncoordinated research and evaluation difficulties. The completed tree should be used as an input into designing flow charts for sectional study groups. The flow charts would

define the scope of each group's work and show inter-relationship between the groups. The objectives at the lower level of the tree contribute to achieving the objectives at a higher level. The objectives at the lowest level are usually measured to indicate the success of the project. (Baker, 1990) See appendix 10.

III.2.3 The Most Current Models

The most current models on planning tourism development are, to a large extent, built on the theories of the earlier models. Especially three of the most current models are relatively detailed and comprehensive, and worth deeper analysis here, namely McIntosh and Goeldner (1990) (appendix 11) Inskeep (1991) (appendix 12) and Heath and Wall (1992) (appendix 13).

McIntosh and Goeldner (1990) has made a model for the tourism planning and development process with the large number of variables that come into play. The model requires the planner to view the total picture,

and guides the thinking process. The model works as a tool that helps to order, coordinate, and control the process. According McIntosh and Goeldner the steps in the tourism planning process are:

1. Define the tourism system (which consists of the main components natural resources, infrastructure, transportation and transportation equipment and hospitality, see more in the tourism system section): scale, size, market, character and purpose.
2. Formulate objectives: Comprehensive and specific with timetable for competition.
3. Data gathering: Market surveys, site and infrastructure surveys, analysis of existing facilities and competition.
4. Analysis and interpretation: leads to conclusions and recommendations that in turn leads to a preliminary plan.
5. Preliminary planning: consideration of alternatives, development of scale models, sketches of image of development, financial plans and legal requirements.
6. Approving the plan: by all parties involved.
7. Final plan: definition of land-use, infrastructure plans, zoning and other

land use regulations, economic analysis, and financial programming.

8. Implementation: carries out the plan and creates an operational tourism development. The implementation includes follow up and evaluation.

(McIntosh and Goeldner, 1990)

In Inskeep's (1991) approach to prepare the comprehensive tourism development plan, the elements are:

1. Continuous, incremental, flexible.
2. Systems approach - interrelated system.

Comprehensive/holistic approach.

Integrated approach - which means that the system is integrated with itself into the overall plan and total development patterns of the area.

3. Environmental and sustainable approach - carrying capacity analysis, develop and maintain.

4. Community approach - maximum community involvement and participation.

5. Implementable approach - realistic policy, plan and recommendations, development and action program of strategy.

6. Application of a systematic planning process. (Inskeep, 1990)

Inskeep's process at the national and regional levels has following steps:

1. Study preparation.

Prefeasibility assessment should be carried out to make certain that there is a potential for tourism development and that its benefits will outweigh its likely costs in the foreseeable future.

2. Determination of objectives.

Goals and objectives indicate the desired results of developing tourism , usually various types of socioeconomic benefits, and the special considerations that must be made, such as minimizing environmental and sociocultural impacts. After the analysis has been completed and during the formulation of the policy, plan, and other recommendations, there is feedback to the objectives, as indicated in the model, to determine whether the objectives are being achieved.

3. Surveys

General surveys and inventory of existing situation and characteristics of the development are, which will be a background for overall

understanding of the area and basis for specific research and analysis of particular relevant aspects of the environment. This is for example document and map research and field visits on:

- Location, natural environment (climate, topography, wildlife and vegetation, coastal and marine areas, geology, ecological systems, natural resource areas), historical influences, sociocultural and economic patterns (population characteristics, cultural patterns, economic patterns), land use, settlement and tenure patterns (the type of and ownership of use rights), environmental quality.
- Institutional elements. It requires both document research and discussion with government agencies and the private sector.
- Present development policies and plans, government and tourism organizational structures, political ideology and influences on the development process, investment policies and availability of capital, tourism related legislation, and tourism employee training programs and institutions. The organization of government agencies whose function relate to tourism such as transportation and communication, environmental protection and cultural development, and immigration

customs, as well as any central planning departments should particularly be examined, including their inter-agency coordination arrangements. The structures, functions, and staffing of any existing tourism department, bureau, development corporation, advisory board, or committee should be surveyed and evaluated relative to their appropriateness and effectiveness for managing tourism and implementing the tourism policy and plan.

- Case studies.

4. Analysis and Synthesis.

There should be both quantitative and qualitative analysis of the survey information and synthesis of the analysis. This is a major activity, which provides much of the basis for the plan formulation and recommendations. It usually requires time and specialized capabilities. The quality and extent is dependent on adequate and accurate survey data. The synthesis is a combination and integration of the various components of the analyses. An important type of synthesis is the identification of the major opportunities and problems or constraints for developing tourism in the area. Determination of tourism facility and

infrastructure needs.

5. Policy and physical plan formulation.

Typically, there is a preparation and an evaluation of alternative policies and plans. The policy and plan that best meet the objectives, optimize economic benefits, reinforce positive and minimize negative environmental and sociocultural impacts are selected for finalization.

There should be involvement from the government, steering committee, and other interested parties.

6. Recommendation.

A formulation of the recommendations on plan-related project elements.

7. Implementation and monitoring.

The means of implementation should be considered throughout the plan preparation, and especially during the policy and plan formulation and recommendation stages, so that the final plan is realistic to achieve and be implementable. During and after the implementation, tourism development must be monitored to ensure that it is accomplishing the objectives, following the development schedule and not generating any economic, environmental, or sociocultural problems. If there are any

problems, remedial measures must be taken. If there are any changing circumstances, such as new market trends, adjustments should be made to the plan, however, without abrogate the agreed basic objectives.

(Inskeep, 1990)

Heath and Wall's (1992) model is the latest published in book form during this tourism planning development model study. The steps are:

1. Situation analysis.

There should be an environmental and a resource analysis. The environmental analysis deals with opportunities and threats. It covers the broad context in which the tourism organization operates, complex and constantly changing. There are three components; the macro-environment (with social, political, technological, economic and demographic opportunities and threats), the competitive environment (suppliers competing for the same customers), and the market environment (groups/organizations the regional tourism organization works directly with, in order to accomplish its vision). The resource analysis deals with strength and weaknesses within the travel- and tourism industry.

2. Regional goal formulation.

The basic mission, the goals and the objectives are formulated. The basic mission is the philosophy and purpose of the tourism activities, values, beliefs and guidelines. What is the role of the region? Who are the major customers - tourists, tourism business units or local government? What are the customers' values?

The goals should work as a guide in accomplishing the missions, and as guidelines for individual business units. The objectives are formulated in an operational and measurable form; resources, strategy and tactic.

3. Regional strategy formulation.

The regional strategy is an overall strategy, assisting in the strategy formulation for tourism business units. Activities and programs grow out of and reflect previous steps.

4. Target marketing strategy.

The target marketing strategy consists of two broad steps: One step is defining and analyzing product markets for the destination and assisting tourism business units in the region. This takes place through matching tourists with similar needs and wants to and tourism product that can

satisfy these needs and wants. The other step is selecting target markets for the destination and assisting tourism business units. The key strategy issue is if an area should consider the mass strategy or serve one or more subgroups or segments. This decision could be based on geographic, demographic or psychographic factors.

5. Regional Positioning strategy.

The current and desired positions are analyzed. Then a strategy to achieve desired positions and guides to tourism business units are created, followed by implementation.

6. Regional marketing mix strategy.

7. Regional organization design.

The organization should be consistent with the strategic plan and, at the same time, adaptable to changing conditions. Its activities should be coordinated and the responsibility for results should correspond to the organizations' influence on results.

8. Management support systems.

There are three management support systems. First, there is the regional information system with four subsystems - an internal report system, a

marketing intelligence system, a marketing research system, and an analytical marketing system. Second, there is the regional planning system with long term and annual goals, strategies, marketing programs and budgets. Third, there is the regional evaluation system, which works as an on-going process of making and implementing plans, tracking performance, identifying performance gaps, and initiating problem-solving actions. The marketing audit is a comprehensive, systematic and periodic examination of the organization's marketing environment, objectives, strategies, activities. (Heath and Wall, 1992)

Recent tourism plans give much more emphasis than previously to environmental and sociocultural factors of tourism development and to the concept of sustainable development based on careful resource analysis and development controls. Surveying and analytical techniques have been improved, and planning principles and development standards are now better understood. More focus is given to effective ways of implementing the plans. Current tourism planning often incorporates existing development (classic hotels and resorts, transportation, major historic sites etc) into the

modern plan.

III.3. Inventory of Tourism System Models

The tourism system is a model of components in the tourism industry. The tourism planning and development is strongly integrated with a tourism model. The tourism system is connected to every step of the planning process and is important to take in consideration when developing the tourism industry, in order to include all the components, directly or indirectly influenced by tourism. Researchers and writers have composed several models and theories based on their view of the tourism industry. In the this section you find an inventory of tourism system models. First, there is a brief run-through of Getz' inventory from 1986. After that, other models worth mentioning, are brought up, most of them created after 1986.

In the conclusions you find the new, created model, based on the current situation analysis, the discussions around tourism planning and

development, and the inventories of tourism system and tourism development models.

III.3.1. Getz inventory of tourism system models

In 1986, Getz made an inventory of the most important models created before 1986. In the list below some of the models Getz brought up are clustered. In the following a few are briefly presented.

Whole system models

Wolfe 1964

Leiper 1981

Van Doorn 1982

Mathieson/Wall 1982

Subsystem models

Spatial/temporal

Christhaller 1964

Plog 1972

Pollard 1974

Rajotte 1975

Miossec 1976

MacCannell 1976

Hills and Lundgren 1977

Smith 1980

Butler 1980

Britton 1980

Young 1983

Motivation/behavioural

Plog 1972

Clawson/Knetsch 1976

Pearce 1982

Iso-Ahola 1982

Fridgen 1984

Impact models

General impact

Council of Europe 1978

Duffield and Long 1981

Economic impact

Lundgren 1973

Duffield and Long 1981

Pearce 1981

Social/cultural impact

White 1974

Smith 1977

Doxey 1975

Jafari 1982

Kariel and Kariel 1982

Knox 1982

Getz 1983

Ecological impact

Wall and Wright 1977

Pearce 1981

Forecasting models

Econometric

Loeb 1982

Time series

Wandner and Van Erden 1980

Physical based

Parks Canada 1976

Electrical analogue

Ellis and Van Doren 1966

The simple whole system models show only the main components, whereas more complex models show interrelationships between components. Leiper (1981) emphasizes the interdependence of the generating and receiving environments. Van Doorn (1982) added a policy dimension. Mathieson and Wall (1982) divided the study of tourism into three general components: dynamic (demand and travel), static (supply/stay at the destination), and consequential (impacts). (Getz 1986)

Subsystems can be classified into two groups: spatial/temporal and travel motivation/behaviour. The spatial/temporal models show how tourism evolves in space and time and are of special interest for geographers. The travel motivation/behavioural models show what makes people to travel and are focused on social-psychological factors.

Impact models take the causal mechanism in consideration. Economic impacts have been studied in depth with the multiplier as a tool, calculating the effects of spending on income and employment. Before 1986, there has not been much research on social /cultural impact. Models including that kind of impacts have covered topics like language change (White 1974), host-guest interaction (Smith 1977), attitudinal change (Doxey's index, 1975), and social multiplier (Getz 1983). An example of early ecological impact integrated in the system model is Wall and Wright (1977) showing the possible types of ecological impacts of outdoor recreation.

Forecasting models can be divided into econometric models, (attempting

to determine cause and effect relationships between travel trends and inputted causal factors), time series (isolating a trend in a related variable which is used to make predictions for the travel variable. An example of that is how trends in income leads to changes in travel demand), physical based models (assuming that travel can be forecast when measures are assigned to attractiveness of destination, emissiveness of population), and electrical analogue (based on the theory that demand and supply systems behave similar to electrical systems). (Getz 1986)

III.3.2. Other tourism system models

In addition to the tourism system models Getz mentions, there are some other models, made before 1986, worth to bring up. Below, they are listed and clustered together with more recent models. Followed by that, there is a discussion around these models.

Plant/Market Research

Taylor 1980, app 1

Destination based models

Gradus 1980 - Regiopolis

Gunn 1982 and 1988 The theory of the destination zone, app 2 and 3

Supply oriented models

McIntosh and Goeldner 1990

Jafari 1982, app 4

Community based models

Murphy 1985

Input and output consideration

Culpan 1986

Functioning system

Gunn 1988

Core system

Tourism USA

Inskeep 1991

Gradus' (1980) model, the regiopolis, combines a major central city and its periphery, smaller cities, into a single unit. The model also combines

advantages of social and human as well as economic development. It provides for interdependence and protects geographic and human differences at the same time.

Taylor's (1980) Plant/Market Match Model guides the planning toward matching market segments with the most appropriate supply development and shows gaps in tourism plant, which equals the goods and services used by the traveller. Taylor's model is implemented in Canada. See appendix 14.

After a study in 1982, Gunn found weakness of the Plant/Market Model in terms of different criteria used by provinces, non-uniform definition of destination zones, and variation in the dates of basic data of provinces and the federal government. He develops a theory of destination zones, linking tourist service centers and attraction clusters by travel corridors, which provides a basis for spatial event tourist planning. See appendix 15. The theory helps designers to determine the potential for tourism development by analysing resources in a reasonable radius of a city or an area. (Gunn

1988)

A broader perspective of Gunn's theory of destination zones is his extended destination zone with two or more destination zones linked together by intermodal zones. Usually one of the destination zones is the initial one, where the tourist make their first stop, in order to get to the terminal destination zone. (Gunn 1988) See appendix 16.

The planner has a challenge in providing an ample tourism supply to meet anticipated demand. He/She has to combine the factors of the components and match supply with demand to create the environment, facilities, and services that will attract and please the customers. It is unrealistic to perfectly match the demand. That would mean too much supply and unused facilities which is uneconomic. On the other hand, too little supply results in overcrowding and depreciation of the vacation experience. A moderate supply level is recommended.

According to McIntosh and Goeldner (1990) tourism supply components can be classified into four main categories:

- Natural resources - fundamental measure of supply as air, climate, land forms, terrain, flora, fauna, sanitation e t c.,
 - Infrastructure - auto traveller service, road planning, and road signs, roadside parks, gasoline stations accomodations, hotel management etc,
 - Transportation and transportation equipment,
 - Hospitality - cultural resorces and cultural wealth making the successful hosting of tourists possible. For example employees' welcoming spirit, attitude of residents toward visitors, friendiness, and sincere interest.
- (McIntosh and Goeldner 1990)

Jafari's (1982) market basket of supplying goods and services (accomodation, food service, transportation, travel agencies, recreation, entertainment, and other travel services) is divided into background tourism elements (BTE's), which is the setting or place, the tourism oriented products (TOP's), which are the services and facilities primarily set up for the tourists, and the resident oriented products (ROP's), which are the services and facilities originally set up for the local residents. The BTE's are the counterpart to the attractions in Gunn's model. Jafari

emphasizes that the tourism elements not always are positive, as the word attraction expresses, since tourists often are drawn to "negative" attractions or tourism elements like San Fransisco or Yellow Stone Park to see a disaster. Jafari's three components compose the retrievable tourism product (RTP), which is the total tourism experience for the tourist to remember and share with others. (Jafari, 1982) See appendix 17.

Culpan (1986) consider international tourism as an open system consisting of similar components to previous researchers'. Interesting is that he adds input and output to his model. See appendix 18. The model can assist in policy formulation and improvement in the demand, marketing, transportation, amd accomodation components of international tourism. (Culpan, 1987)

Gunn, who has published several discussions on the tourism system and planning, means that between nations, there is more difference in how tourism is managed than what constitutes tourism development. (Gunn, 1988) claims that , at all levels; politics, organization, management, and

promotion, tourism must be viewed as a functioning system and that an integrated planning system is important. Gunn's (1988) functioning tourism system has a demand side of tourists with the desire and ability to participate in the tourism system and with a variety of cultural and activity characteristics. The supply side contains of four components. First, there are attractions, without which the tourism activity never would take place. The attractions provide opportunities and activities, which provide the magnetism satisfying the tourists. Second the services and facilities support the attractions. Third, there are different modes of transportation, which move the the tourist to, from and within the destination. The fourth and last component of Gunn's system is the promotion/information, which aims to teach the tourists to know the destination, to direct and describe the tourist activities, to support products to help the tourist to find easy access to the destination, and finally to guide and interpret the destination for the tourists to make them enjoy the stay. See appendix 19. According to Gunn, the dynamism of the system is not fully understood for several reasons. Misunderstanding of the tourism product, jurisdictional boundaries between components, private organizations tending to be

fragmented, the resident-traveller mix of markets, and ideological stress reduces the efficiency of the system. World-wide, promotion has been emphasized over the other functional components. Geographers with spatial interest in terms of differentiation and regularities of occurrence, have contributed to the literature of tourism development more than other disciplines. They emphasize that economics and promotion, although dominating political interest, are not the only components important to planning, but also environmental sociocultural etc. (Gunn, 1988)

A smoothly run system means a proper satisfaction of travellers (users), rewards to business and other sectors (owners), protection of basic environmental assets (social and physical) and enhancement of local quality of life (local adoption). (Gunn, 1988)

US Travel and Tourism Association has made a model, which is included in their documentation Tourism USA, of the requirements of the tourism industry, based on previous models. It reminds of Gunn's and Jafari's tourism system models, but is somewhat more complex. There is the

demanding tourism market, getting satisfied by a supply side, contenting of the attractions and special events, the community, visitor services, accomodation, food and beverage, and the infrastructure. The community component is the local site and residents. In the centre of the model is the tourism organization, which has a broad responsibility in determining the tourism philosophy of the community, supplying leadership, coordinating tourism activities, and events, identifying financing and supporting new initiatives, promoting the community to the market, and collecting relevant data. (Tourism USA) See appendix 20

Inskeep (1991) has made a model with the components that he thinks should be taken in consideration when developing tourism. See appendix 21. Inskeep puts the external factors in the centre, surrounded by the components of the tourism industry. The market and the local residents are the outermost components restricting the industry.

Chapter IV CONCLUSIONS AND RECOMMENDATIONS

Tourism does not develop from one day to the next. There is a process, which can be seen in different phases. Based on this study I can crystallize three phases, namely:

1. Interested. There is a belief that tourism benefit outweighs its liabilities, but there is no existing development plan.
2. Developing. There is a general commitment to tourism development and efforts are under way.
3. Established. There are organized and functioning units of a tourism industry.

The three Baltic States are at the first stage.

The inventory of tourism system models and tourism development models shows that there are not very many models created, especially relative to the high numbers of resorts and destinations all over the world. It is obvious that there are many models that only exist in the minds of local planners and developers, which never get written down or published,

but more important, there are also several areas without any planning or organized development. In all cases it is highly recommended to create a tourism system and tourism planning and development model for a successful tourism industry with all the components taken in consideration.

The next section is on similarities and uniqueness of the tourism planning/ development models examined, related to the case of the Baltic States. After that the new tourism planning/development model is presented. The section following on that is treating the common and unique issues of the tourism system models examined, related to the case of Baltic States. And finally, the new tourism system model is presented.

IV.1 Similarities and uniquenesses among tourism planning/development models

The tourism planning and development models are in many instances similar. It seems like there are some type of steps that most of the authors

agree on, even if the order of the steps might differ.

More or less all planning and development models include the following five steps:

1. Situation analysis/information or data collection/resource inventory
2. Goals/objectives
3. Alternatives/strategies identification
4. Alternative/srategy selection
5. Implementation of the plan/operation

The conclusion is drawn that these steps are the minimum ones when creating a tourism planning and development model. Following is a closer description of these five steps:

1. The situation analysis is the foundation of the steps following that. It is necessary to know what there is in terms of attractions events and supporting facilities, such as accommodation, food and beverage, transportation, infrastructure, etc, in order to plan and develop tourism.

Almost all the models include an analysis of the external environment in the situation analysis. The developers have an advantage if they consider uncontrollable factors, such as legislation, economy, politics, ideologies, competitors, etc, since that means that they are ready and prepared for actions from the uncontrollable factors.

A majority of the models examined also include a market analysis parallel with the situation analysis. It is of course an advantage to be aware of the demands and services to satisfy the tourism market. A few models extend this research to look at trends and forecasts with the intention to position themselves among competitors.

2. The goals and objectives are set to know in what direction to go in the planning and development process. There can be a few broad goals or goals and subgoals with more specific details.
3. There are several ways to reach the goals and objectives. From step one and two we know where we are now and where we want to go. Step

three is to identify alternatives to minimize and gradually eliminate the gap between now and the desired position. The alternatives usually include what strategy to choose. One consideration is if there should be an uncontrolled development of the tourism industry, an unlimited development and tourism access, or only a limited amount of areas open for a limited amount of tourists.

4. Most models include a more or less comprehensive analysis of the alternatives in order to make the decision which alternative to select.
5. Once the developers know what the situation is like on the destination, in the community and in the country, where they want to reach with the tourism development and they agree on how to do that, they can go ahead and implement the plan or start the operations seriously. The better background information and planning process, the better implementation.

Beside the similarities, most of the models have something unique or

new to contribute to the discussion and to the history of the tourism planning/development models. In the following I bring up 15 points of interest based on the inventory.

1. The planning process should take place at all levels; the national, the regional and the local level. It is important that decisions are made as close to the people, in direct contact with the tourists, as possible.
2. When looking at the tourism resources of an area there should be an evaluation of both physical and social carrying capacity in order to determine possible tourism activities. Based on that, the size and dominance as well as the capacity expected or allowed should be determined. It is of extreme significance to include the history and local attitudes when doing the situation analysis, especially in the case of the former communism influenced states.
3. There should be a continuous community involvement in the planning and development process. The local residents should get proper

information and education. The developers are responsible for spreading an awareness about tourism benefits.

4. One of the steps in the tourism and development model should include an prediction and examination of economic, social, cultural, and environmental impacts of tourism.

5. When selecting an alternative strategy to reach the set goals and objectives, the approach should be product-led. That means only attractions, events and supporting facilities/services that can be most successful integrated with minimum impacts into local development patterns and society should be provided to the tourists. There should be a product/service market match with local consideration. The tourism planning and development process should be seen as a long term process of readying an area for tourists. There should not be an exclusive strive for growth, but for quality of life for local residents as well as for tourists.

6. New opportunities in the tourism industry are easier to identify if there is an awareness of the product or destination life cycle and where the specific product/service or destination is in the cycle. Furthermore, new opportunities are easier to identify if there is a market knowledge.
7. The tourism planning and development process should be integrated with the tourism system. The approach should be systematic, continuous, incremental, flexible, comprehensive, and holistic. The integration with the tourism system is, for instance, aiming to eliminate industry fragmentation and to encourage cooperation among companies, organizations, and associations.
8. The leadership of the tourism planning and development process should be clear with involvement from both public and private sectors. The roles of the public and private must be defined.
9. There should be a continuous involvement from architects, engineers, contractors, urban/city planners, sociologists, etc, and a preliminary plan

should be approved by all parties involved and influenced by the tourism development before implementation.

10. The tourism planning and development process should be adopted and compatible with the political structure and ideologies of the nation. In addition, it should be integrated with other planning processes in the country.

11. The final plan should be possible and as easy as possible to implement. There should be detailed planning manuals with step by step instructions to be used at national, community and local level.

12. Evaluation and feedback should be a frequent activity. The evaluation should be in economic and non-economic terms. The economic evaluation can be a separate step to emphasize its importance. The question about financing is to be answered. The feasibility of the project is to be evaluated and there should be a benefit-cost analysis to examine if tourism is worth going for, in each specific case.

13. Tourism should be a part of a multisectoral economy, since it is depending on many uncontrollable factors and the industry is unsure. The issue of the seasonality should be considered.

14. Education is an issue of significance. In order to develop a successful tourism industry and gradually improve existing activities it is essential with a sufficient educational system.

15. If there are any existing tourism activities taking place at the same time there is a decision on creating an organized tourism planning and development process the developers should take advantage of them and incorporate them with modern development.

If possible, the tourism planningdevelopment should take place by assistance of an objective tree. There are five benefits with the objective tree as I see it:

1. It indicates the scope of the project clearly.
2. It facilitates communication the relationship between objectives.

3. The managers can easily show if the objectives have been met.
4. It structures thinking about goal formulation as a whole.
5. Its results can be fed into other techniques, such as flow charts. (Baker, 1990)

VI. 2. The new tourism development model

There are 15 steps in total. See appendix 22. They are set in a circle to illustrate the never ending process. One step is building on previous steps. The first round will be the most intensive and effort requiring, but in order to update goals and objectives and to alter the development in case of changed conditions there will be more rounds. The planning model must be flexible and not restrict a healthy tourism development.

The transition from the last to the first step, when finishing one round for another, is very vague. There should be a evaluation of the initial vision/ mission, leadership, new competence gaining and an inventory of the past and present, but it might be possible to build on previous materials

collected and go on to later steps.

There are steps sometimes taking place simultaneous or in a different order than shown in the model. Between the steps there are arrows showing the directions. In some cases the arrows point both ways and also from one step to many other back in time.

Two examples of that are the very important step eight: "Set goals and objectives" and step fifteen: "Evaluation". There should be an on-going evaluation and feedback from the separate steps of the model, as well in economic as in non-economic terms. As the first goals and objectives are set the planning and development process should be continuously compared and analyzed against them to ensure that the process is moving in the right direction and that the goals and objectives still are realistic. In case of changed conditions it can be necessary to change goals and objectives. To be aware about changed conditions the developers must keep the information updated related to the components of the tourism system. The tourism planning and development process should

continuously be integrated with the tourism system.

The model is made on the assumption that there is no or insignificant existing tourism activities and no previous organized tourism planning. In the Baltic States there are only insignificant tourism activities and no previous planning. In other cases with different conditions there might be possible to eliminate some steps of the model and even work in a different way. However, in all cases it is important to take advantage of possible existing tourism activities and incorporate existing tourism development with modern development.

It is important to cooperate with other development but tourism. It is dangerous to be dependent on the tourism industry exclusively. Tourism should be a part of a multi-sectoral economy and take advantage as well as contribute to the total economy of the community and country.

Planning should continuously take place at all levels - national, regional and local. At a national level the overall planning and control should be, as

well as the responsibility of the integration with other planning and political structure and ideology of the nation. There should be efforts made to encourage the interaction among people of the tourism industry and specialists and experts from areas not directly involved in the tourism industry. Only when each sector sees the advantages of interactive functioning will it reach out beyond its traditional turf. Furthermore there should be a function of overall information and promotion on the national level. At a regional level the purposes of the strategic planning are about the same as on the national level. Only the scope is slightly different and there are regional information and guide-lines that fosters tourism growth to meet goals set up. At a local level there is more of the daily operations, but as many decisions as possible should be taken as close to the facilities and markets as possible.

Tourism planning is in fact a long term process of readying a destination/community/country for tourism. There should be a continuous communication between the developers and the local residents throughout the total tourism planning and development process. This is possible

through for example surveys, meetings or, at best, private contacts with the citizens of the community/country. It is of significance that the local residents are involved at an early stage and that they are allowed and encouraged to give their opinions on the tourism development. Outmost, tourism is the exchange between the tourist and the local resident and the chance for a successful tourism industry is greater with a a clear picture of what the two of want. In today's tourism development it is common with several market surveys and analysis to determine what satisfies ones target market, while there is a hardly any efforts made to examine what kind of tourism development is the best for the local residents. The developers will have an advantage if they consider local history, religion, politics, culture, ideologies, attitudes etc during the tourism planning and development process. To make it possible and interesting for the local residents to contribute with their input it is important with sufficient information and education throughout the development process. The developers are responsible of distribution and a positive picture of the tourism industry and of convincing the local residents that tourism is a good industry to go in for. They should spread the awareness of tourism

benefits. However, the citizens must get informed about the negative impacts of tourism as well, in order to avoid complications at a later stage, and there should be an open dialogue between the developers and the local residents.

Furthermore the developers are responsible of taking the initial contacts with other parties influenced by tourism development, such as city planners, architects, construction firms, politicians, local companies etc.

The developers should of course also include representatives from sectors directly involved in the tourism activities, such as accommodation, food and beverage, transportation modes, tourist attractions and events, local companies and stores and other facilities and services. In the tourism planning and development model these parties and sectors are called specialists and experts. They are of importance to prevent conflict and to ensure that the best development alternatives are chosen. There should be a continuous integration and communication among the developers, specialists and experts. There should be a frequent feedback from the the specialists and experts and the most influential specialists and experts

should be included in the leadership group selected at step seven in the model. Of special importance is the integration with the political structure and ideology of the nation and with other planning for social and economic development.

In the following there is a presentation of the 15 steps of the tourism planning and development model.

Step 1. Vision/Mission

The vision or mission is the initial idea about tourism development, which in the case of Balticum, is born by a politician or similar, seeing the economic potential in the tourism industry. The initiator goes further by implementing the idea and spread the belief that tourism benefits outweighs costs and liabilities.

Step 2. Initiative leadership

The initiator gathers some people who believe in the tourism project.

Step 3. Gain Competence

As in the case of the Baltic States, it is common that there are no tourism establishments of weight, no previous experience or local tourism development models to utilize. The initiative leadership achieves necessary competence from consultants hired from other countries, or from literature on the topic. It is of significant importance that they get the proper knowledge at this early stage in order to make further progress. In the Baltic States there is a need for studies of an alternative economic system to the former plan economy for example. The competence gaining continues throughout the entire planning process.

Step 4. Inventory - past and present

Based on the components of a tourism system model an inventory should be done. During the competence gaining a appropriate tourism system model should be erected. In next section I present a tourism system model, built on the experience of earlier models and the situation of the Baltic States. The existing parts of a tourism industry as well as external and more or less uncontrollable factors should be examined.

This step is an important step in order to analyze potential markets and products/services. The more careful and comprehensive the inventory is the better foundation for further planning. In the Baltic States, like in many other former socialistic eastern countries, it might be difficult to collect all the information needed since not all data is stored or official. However the planning and development process must continue.

Step 5. Analysis

An analysis of the inventory of the past and present will result in a report on what condition the existing attractions, events and supporting facilities, products and services are.

Step 6. Future potential

Potential markets, attractions, events and products/services are examined as a result of existing markets, attractions, events and supporting facilities, products/ services as well as of forecasts and trend analysis. An important issue in determining potential is the carrying capacity of a community, a resort or of

an attraction or facility. The carrying capacity shows how many guests can be served at the same time, and thereby the future potential in terms of quantity.

Furthermore the interaction between the components is essential. For example if one attraction or facility can take a certain amount of guests it is on condition that the transportation system can bring the same amount of guests and that the transportation facilities, such as airports, harbours, railway and bus stations can take all the vehicles and ships. The attraction or facility, involved in a tourism activity, with least carrying capacity determines the total carrying capacity of the tourism activity.

Beside the carrying capacity the level of standard is an important issue. The future potential is based on the existing level of standard and what standard can be reached according to the researchers working at this stage. The attraction or facility with the lowest level of standard determines the level of standard of the community/country.

Step 7. Leadership

At this stage the initiative leadership group can put together a more consistent leadership group. The group should consist of a broad representation from the tourism industry and other sectors involved in or influenced by the tourism activity. The most important specialists and experts, who have been contacted since the initial step of and throughout the tourism planning and development process, should be included.

Examples of such specialists and experts are city planners, architects, construction firms, politicians, local companies etc.

None the less the core components of the tourism system, the tourists and the local residents should have a role in the leadership group. If not in person, they should be involved in a communication process, when they exchange opinions with the leadership group.

It is difficult but important to limit the size of the leadership group to prevent confusion, insignificant detail opinions and unsolvable conflicts. A solution is to have only the core persons in the leadership group and keep

continuous communication with the other parties through news letters and a few large meeting wher everybody can participate.

The form of leadership group must be chosen. It can be an organization, an association, a cooperation, a committee, a corporation or anything similar depending on the situation. The prior difference between the forms of an organization, association or committee versus a corporation is the requirement on economic feasibility and results. In some cases it can be a motivation to work under requirement for profitability and a corporation is the answer. In other cases the drequirement fpr profitability results in rationalization of activities and facilities that are of importance for the total tourism experience and the form of an organization, association or a committee is the dbest alternative. There are advantages and disadvantages with all forms of leadership groups.

In the case of the Baltic States it is a recommodation to create a committee with representatives from as many sectors and parties as possible, at least during an initial round of the tourism planning and

development process. The involvement of the local residents as essential, since that is the best information channel to get data about what kind of development is sufficient to put effort on.

The public versus private role is a decision as important as the representation, size and form of the leadership group. The role dispersion between public and private depends on the situation and the goals and objectives of the tourism development. There are many advantages of public involvement, but a numerous pitfalls and obstacles as well, treated in the literature review. In the case of the Baltic States with a long history of central planning and public intervention, it is recommended to have a broad representation from the public sector, at least the first few years. The overweight on the public role is probably natural in the beginning of the tourism development, as most of the people from the tourism industry and other sectors are representing public companies and organizations. Gradually it is likely that the companies and organizations will turn into private enterprises and in that case it is essential to change the public-private role dispersion of the committee too.

However , with an impending public representation on the committee it is of importance to be aware about the danger of the danger of a growing public sector with an own surviving purpose, that is hurting the development.

Step 8. Set goals and objectives

Once set, the goals and objectives are not rigid and they are possible to change, but to keep order and all parties in the same direction, it is essential to formulate goals and objectives that are consistent at least as long as the surrounding conditions are the same.

This step and step fifteen, evaluation, are the most emphasized steps of the tourism planning and development process. They are interacting with each other and with the all the other steps to ensure that the process is moving in the right direction and that the goals and objectives continue to be the best, relative to the existing conditions , which can change suddenly without warning. To clarify the scope and time of the process, it is recommended to work out of an objective tree. The tree helps to rank the

most important goals and objectives necessary to reach these goals. The objectives at the lower levels of the tree. In addition to that it is an indicator against which it is possible to measure if the results are in line with the goals and objectives. The objectives at the lowest level of the tree can be measured to indicate the success of the project. The tree can also be used as an input when designing operational flow charts, schedules and time planning.

Step 9. Identify alternative strategies

After setting the goals and objectives it is time to identify alternatives to reach them. The more careful this step is accomplished the greater is the chance to select the best alternative. The alternatives should include policies, strategies, and an implementation plan, as precise and detailed as possible. The alternatives should be realistic, but it is necessary to let wild ideas come through, in order to find new inventions.

The alternative strategies should suggest suitable product-service-market match, market position and finance form. Furthermore they should provide

a benefit cost analysis of suggested alternatives.

Step 10. Analysis of the alternative strategies

When the alternatives are collected there is an analysis made of them, based on the benefit-cost analysis provided. The feasibility of the alternatives are measured. In addition to this there is an analysis of non-economic impacts, such as social, cultural, and environmental impacts.

Step 11. Select preferred alternative

In order to select the best alternative, both economic and non-economic negative impacts must be weighted against positive economic and non-economic impacts. The alternative with most overweight on positive impact is the best alternative.

The feasibility of the alternatives are tested by comparing the return of investment of each alternative with the requirement of the return of investment, set up by the leadership group or the state.

In case no alternative has more positive than negative impacts or is fulfilling the return of investment requirement, it is necessary to be realistic and accept that there is no future tourism development. However it is likely that the Baltic States and other countries considering developing a tourism industry will find that the tourism industry is worth going in for and there are several global indicators verifying that.

Step 12. Select priority zones

Resources are scarce and there is a continuous competition among tourism destinations to get labour, land, and capital in order to develop their areas. All areas do not have the same conditions for tourism development.

This step is a destination zoning process. Developers look at previous steps and base their decisions on the inventory of the past and present, the future forecasts and trends and the marketproduct match.

Step 13. Detailed planning of priority zones

This step is leading down to the regional and local levels. The situations in the priority zones are examined in detail, in terms of internal resources, external factors, and opportunities and threats, strength and weakness, just like in step four, five, six, but this time it is a deeper study. The overall goals and objectives are seen over and the regional and local goals and objectives are set. Finally, the gap between where the destination zone is now, which means the existing situation, and where the zone wants to be, which means the national, regional and local goals and objectives, is clarified. This gap is to be considered the problem which is to be solved through the plan implementation.

Step 14. Plan implementation

There is a long process to reach this step which is the final activity towards which all the previous steps have been directed. The gap between the existing situation and the goals and objectives are to be filled. The more careful the work is done through the planning process, the greater is the chance for a good implementation towards a successful result, which is a

well functioning tourism industry, open and interacting with external factors. One of the key issues is that the tourists and the local residents are getting along and that both see the benefits of the tourism activity. Another is that there is a sufficient amount of attractions drawing tourists to the country, the region, the community and the destination zone.

The development of different components of the tourism system must be simultaneous, both in terms of carrying capacity and of levels of standard. If there are facilities with different carrying capacities or different levels of standard, it is necessary to improve the lagging facilities. The facility, component or sector of the tourism system, that can carry the least or has the lowest level of standard, is the determiner of the total carrying capacity or total level of standard of the community/ country.

The competence gaining and information exchange among the leadership group, people involved with the tourism industry and the local residents is to continue throughout the process. At the stage of implementation it is time to organize a serious education system for people interested in working in the tourism industry.

Among other decisions it must be decided if the education system is to be public, private or a combination of both. In the case of the Baltic States the recommendation is to begin with a public system, since it is too much of an adaption to have private interference at the moment. Once the political and economic situation is stabilized and the local residents are comfortable with other forms of planning, decision making and directions, it is time to discuss if there are other types of education systems.

Step 15. Evaluation

As mentioned in step eight this step of evaluation and step eight "Set goals and objectives" should be most emphasized. There is a continuous back and forth jumping between the two steps in order to ensure that the goals and objectives still are correct related to the existing and expected environmental conditions and that the planning and development process is moving towards the goals and objectives. The goals and objectives are to a large extent indicators on how successful the process is. There is a frequent evaluation of the steps treated and at the end of the process round there is to be done a comprehensive evaluation and feedback of

what has been done.

VI. 3. Similarities and uniquenesses among tourism system models

The tourism planning and development is strongly integrated with a tourism model. The tourism system is connected to every step of the planning process and is important to take in consideration when developing the tourism industry, in order to include all the components, directly or indirectly influenced by tourism. It is important to remember the interaction between the components.

The tourism system models presented in the literature are very similar. The same types of components are included and can be grouped in a demand side and a supply side. The demand side contains of the tourists or markets, whereas the supply side contains of the attractions/events and supporting facilities/services. The purpose of the supply side is to satisfy the tourists' or the market's demand. Besides the similarities, most of the models have something unique or new to contribute to the discussion and

to the history of tourism system. In the following the uniquenesses or contributions of interest are listed:

1. The tourism system should be flexible, dynamic and functioning.
2. The components should be integrated.
3. The supply side could be divided into tourist oriented products/services and resident oriented products/services, depending on for whom the product/service is primarily offered.
4. Besides the components of the demand and the supply side of the tourism industry, the environment should be included. External factors, such as history, culture, attitudes, economy, politics, ideology, legislation, e t c should be part of the tourism system.
5. Some tourism models examined include a component of "distribution/ promotion/information", which is of importance in a functioning system.
6. Different models place different components in the center, which means that ranking of importance differ between authors.
7. A few tourism system models get detailed and describe the system of a single local destination with a map of attractions, supporting facilities and communication alternatives, unique for the specific destination.

8. There are a couple of early models emphasizing the travel motivation and behaviour of the tourists. In addition to that there are models emphasizing the spatial and temporal issues.

VI. 4. The new tourism system model

The created model is round to symbolize the interaction and the equal importance of the components. The tourist and the local resident are in the center to show that they are the most important components, around which the the tourism industry is acting. The exchange between the tourist and the local resident in terms of economic, social, cultural and environmental issues is the core of the tourism industry. In the functional system the components of the tourism industry are managed to satisfy the tourist and the local resident, which is the prior goal of the tourism activity. The tourism organizationbody is erected to facilitate the interaction between the components and to provide information and promotion among them. External factors are influencing the tourism industry and are more or less uncontrollable for the people involved in tourism development.

The component of attraction and events is the drawing power of tourism and the reason to tourism development. Without attractions and events the travel and tourism industry would never exist. The attractions and events can be natural, made-made or a combination. Sometimes the attraction or event is originally natural, and then step by step changed into man-made as developers interfere with the nature.

The products/services supporting the attractions and events in a community/country are more or less exclusively offered to the tourists. For example, accommodations like hotels, motels, camping grounds, and cottage villages are utilized only by tourists, with minor exceptions, while stores, shops, banks and post offices are utilized by local residents as well as tourists. The model presents the products/services which are directly linked to travel and tourism while the products/services indirectly linked to the travel and tourism industry are illustrated by the component "other facilities services".

The external factors are more or less uncontrollable and it is important to

take them in consideration when planning and developing the tourism industry. The Baltic States are now undergoing an large extent of change and the tourism, like the other parts of the new economic system, must be developed remembering the history and the socioculture of the past. The minds of many people will remain in the past for some time and to avoid conflicts there must be a careful process.

The politics, ideology and philosophy of the Baltic States are still more or less communistic and therefor a component of the tourism system that is of high interest. The new economic system is developed and the tourism industry should be developed in line with the rest of the economic system. The legislation should be obeyed, but as much as possible also influenced by the tourism industry.

The environment is in many cases a part of the tourism industry in shape of natural attractions for example. A natural attraction can sometimes be "negative" in terms of a natural disaster, which has a great deal of drawing power sometimes. On the other hand, a natural distaster can destroy a

tourism area. In the case of the Baltic States I do not see any threat in terms of natural disasters but it is an advantage to be aware of the environmental development. Further, if not well managed the tourists can cause a negative impact on the environment and it must be protected from a too large impact from the tourism flow.

Finally, the education system is an essential external factor. Without education, there will be no knowledge on how to develop and run the tourism industry. Well planned and managed schools of tourism on different levels are of great importance. In tourist intensive areas the regular schools should integrate the tourism in the education.

The tourism organization body is playing a central role in the tourism system and is supposed to supply leadership. In the case of the Baltic States, as a member of the former communistic Soviet Union, the tourism organizationbody has an even heavier role than in other countries. The Baltic States are adapted to the central planning system and unfamiliar with the free market. In addition to that the Baltic States has hardly any

experience from tourism activities.

It is of extreme importance that the tourism organizationbody is matching the demands of the tourists with the facilities and services. There must be a certain level of competition among the facility and service companies, but the tourism organization should strive for a balance on the market. Another important task of the tourism organizationbody is to listen to the local residents and be aware of the local attitudes and awareness. The tourism should be developed in accordance with the local residents.

The tourism organizationbody also must take the external factors in consideration when leading the industry. That means for example that the organizationbody must be updated and uphold connections with the political system. At the moment, there is a lot of political changes taking place in the Baltic States. The tourism organizationbody should work on influencing the politics related to the tourism industry.

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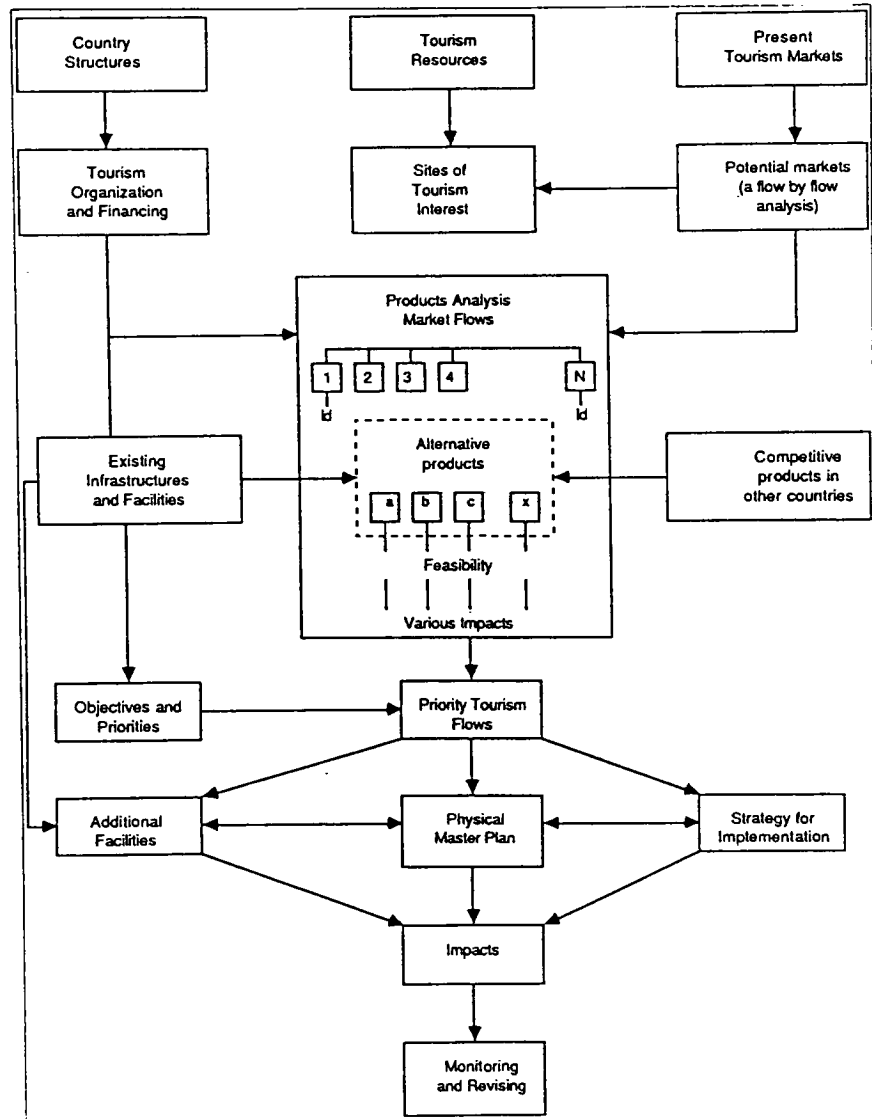
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Appendix 1

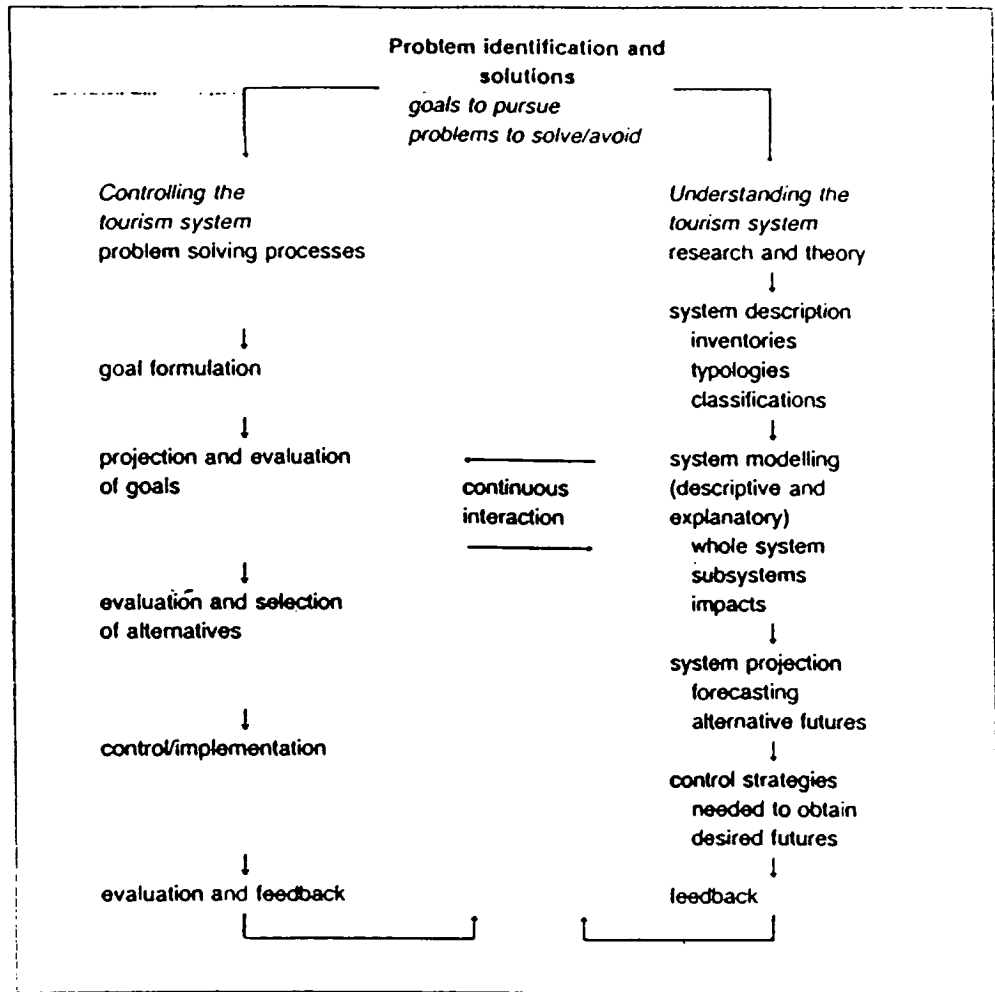
PASOLP model



(Source: Baud-Bovy, 1982)

Appendix 2

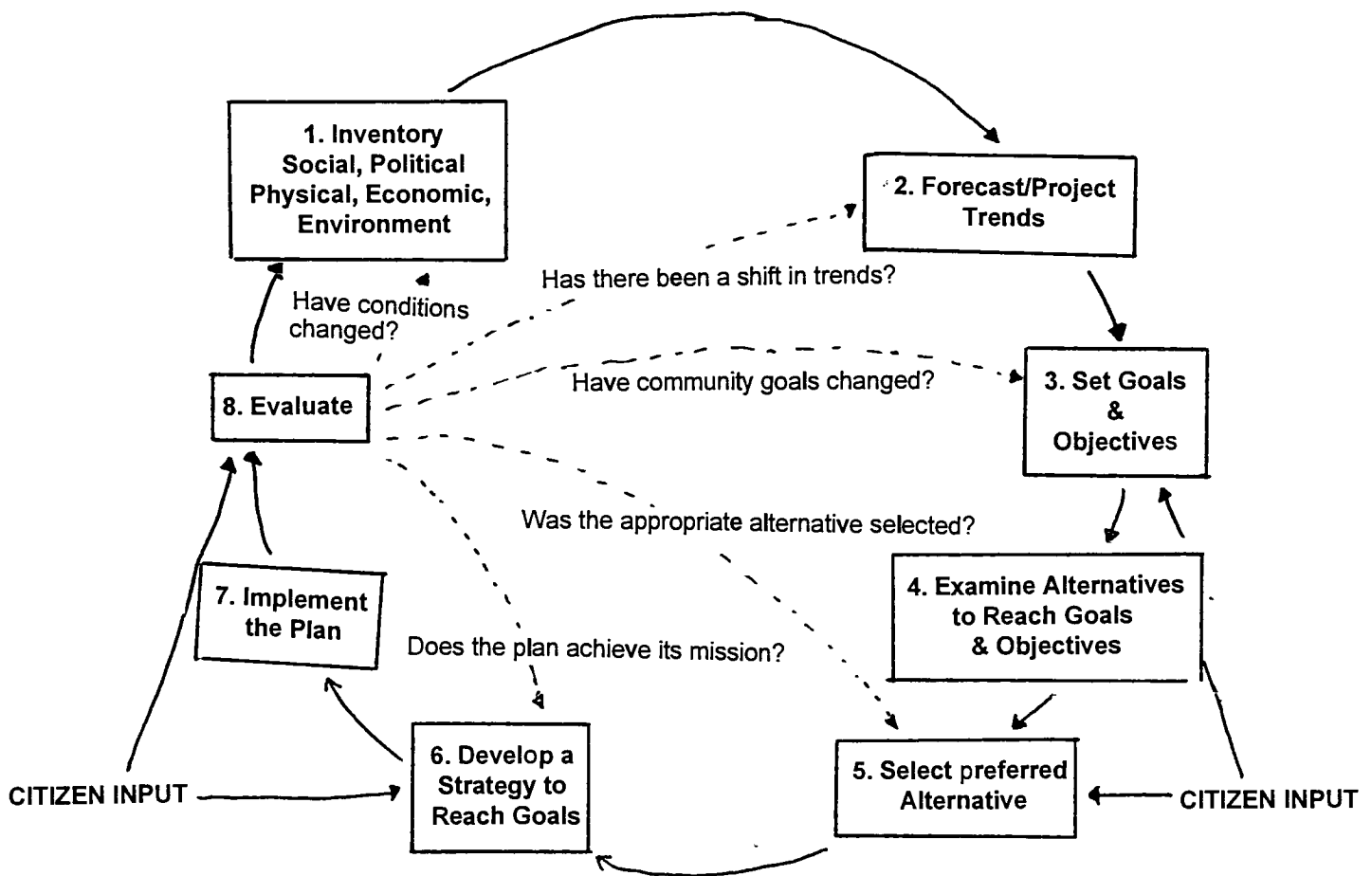
Integrative systems model of tourism theory and planning



(Source: Getz, 1986)

Appendix 3

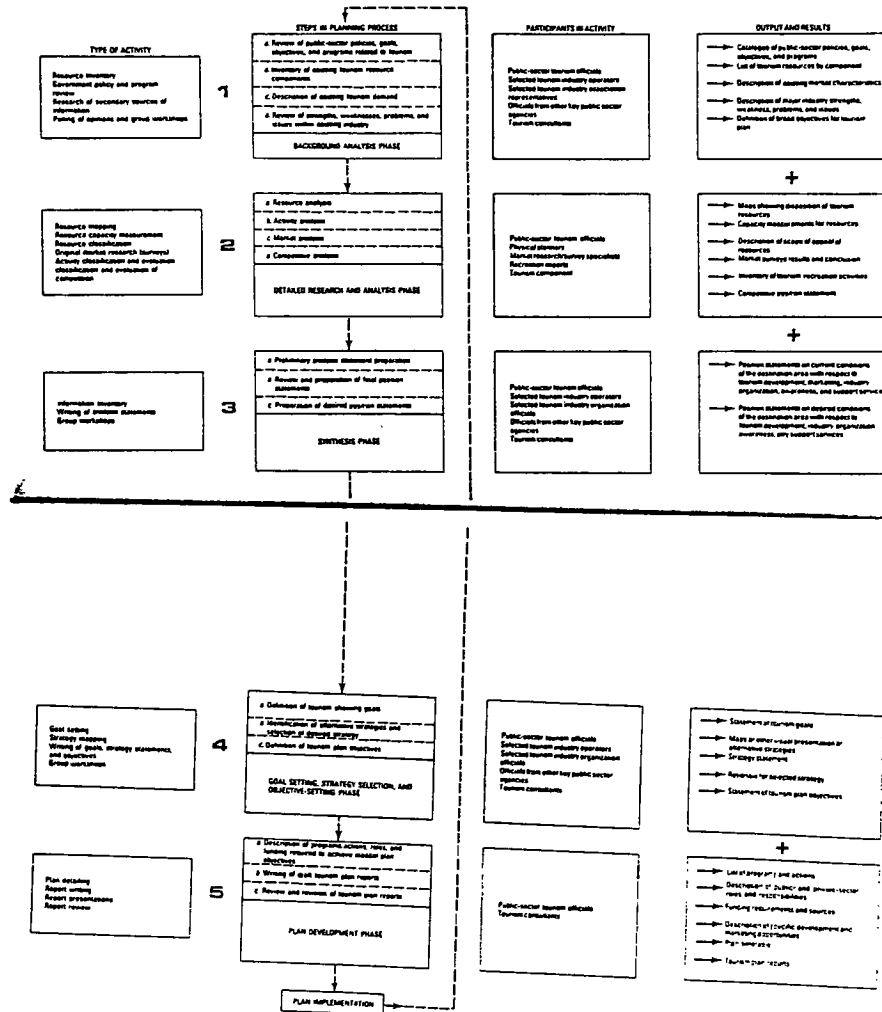
The planning process



(Source: US Travel and Tourism Association, 1986)

Appendix 4

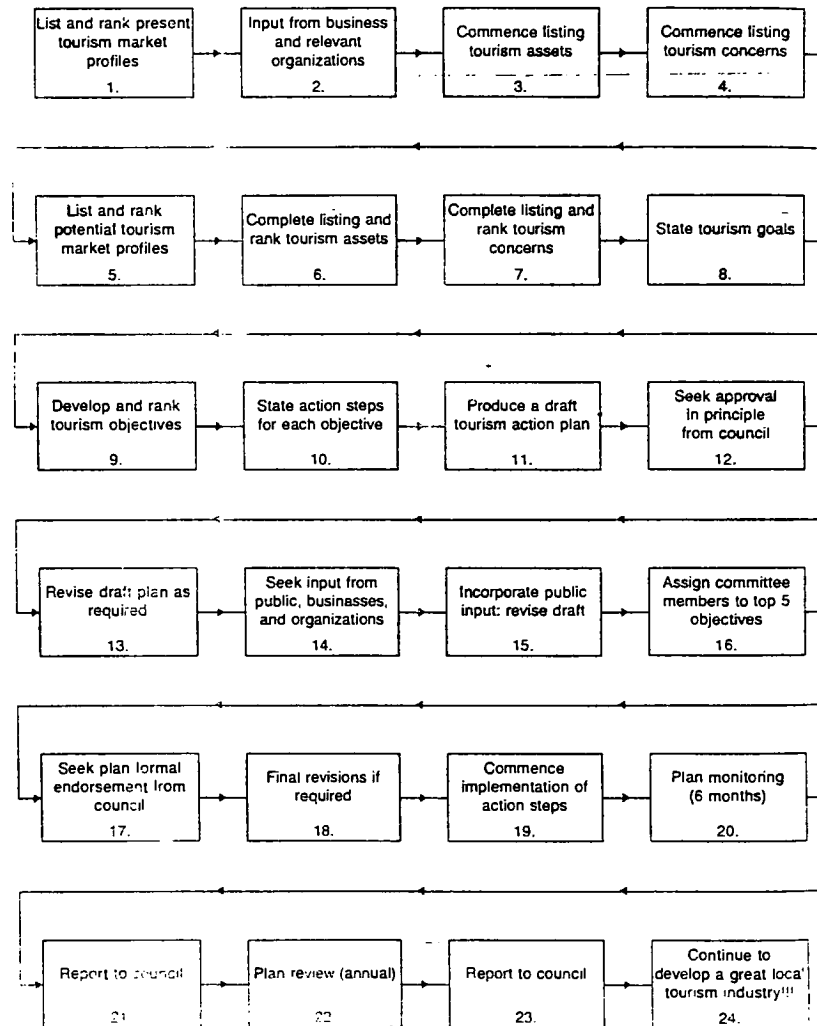
Tourism planning model



(Source: Mill and Morrison, 1992)

Appendix 5

The planning process: Canadian model



(Source: Community Tourism Action Plan, 1988)

Appendix 6

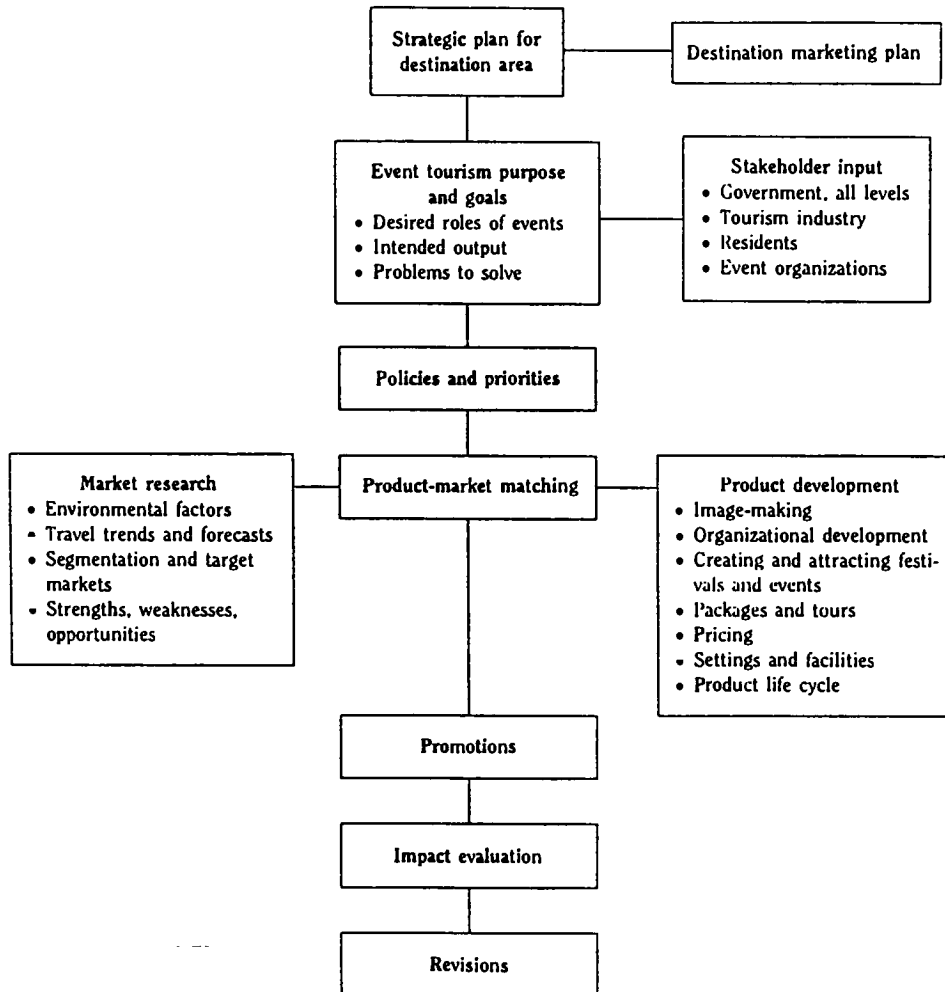
Attractions checklist

Notural, Scenic or Environmental	Attraction currently exists	Area has potential to develop this attraction
Beaches Botanical gardens Canyons and gorges Caves Cliffs Climate (low humidity, low rainfall, sunny, warm, etc.) Deserts Fall foliage Farms, ranches, dude ranches Fishing streams and lakes Forests Geysers Golf courses Islands Lakes Marinas Mountains Nature trails Oceans Orchards and vineyards Panoramic picturesque views Parks, national, state and local Picnic areas Playgrounds with equipment Rivers Sand dunes Ski slopes Springs Swamps Unique geologic formations Valleys Volcanoes Waterfalls Wildlife sanctuaries		
Mon-Mode Attractions		
Airports Amusement parks Antique shops Arenas Art galleries Ball parks Beauty spas Big-name entertainers Bridges		

(Source: Mill, 1990)

Appendix 7

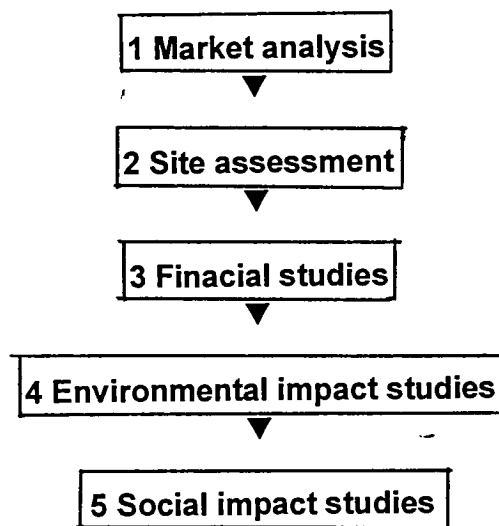
Destination planning and marketing model



(Source: Getz, 1990)

Appendix 8

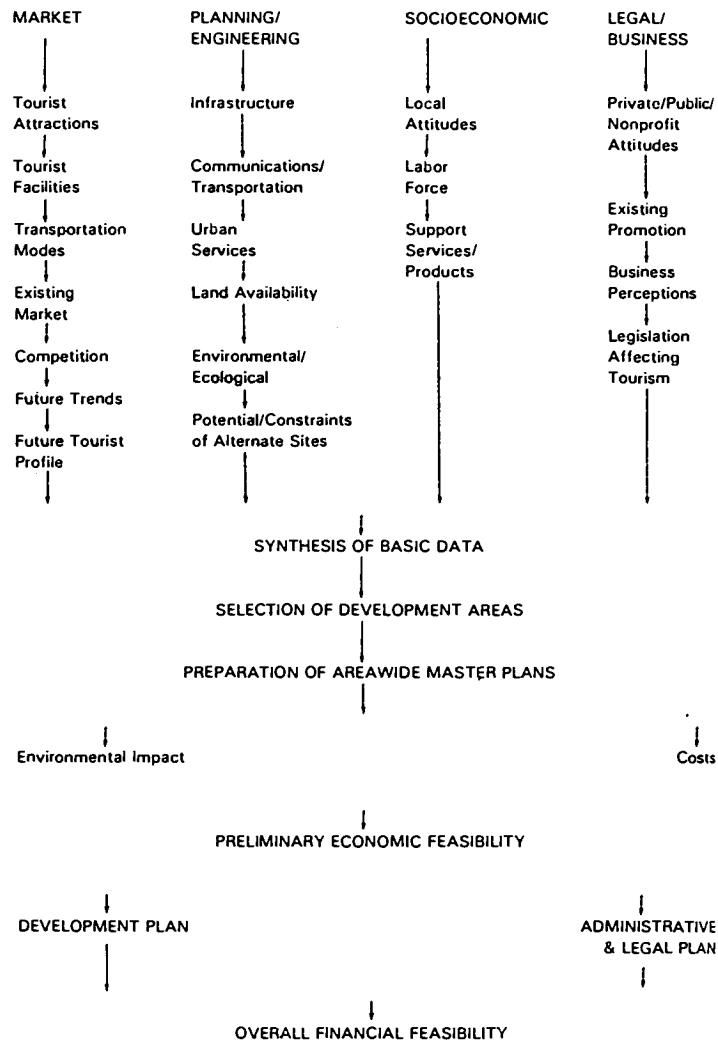
The planning stage



(Source: Howell, 1989)

Appendix 9

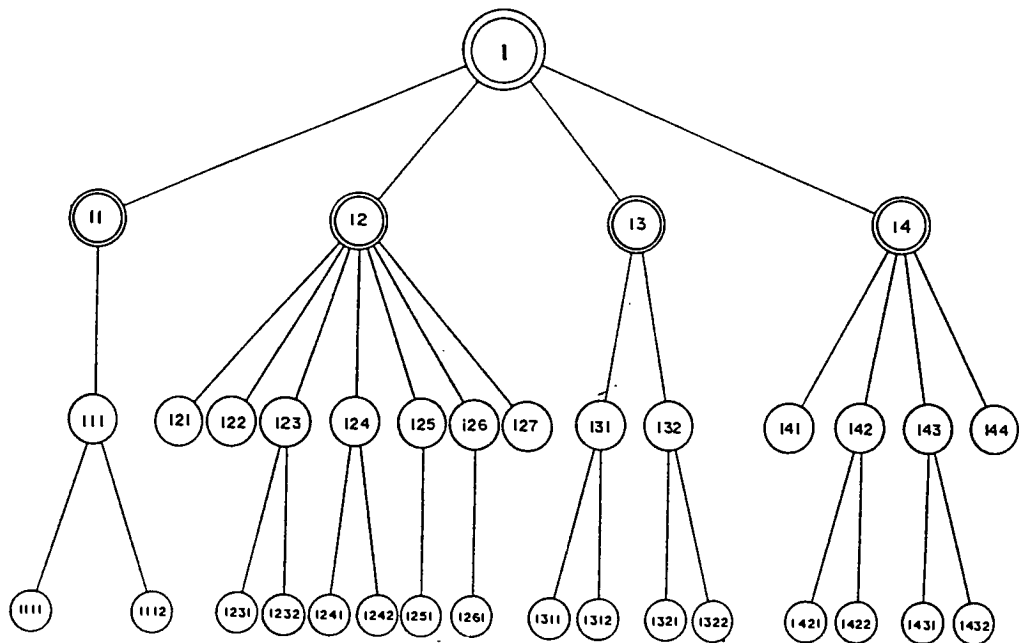
Steps in the development process



(Source: Mill, 1990)

Appendix 10

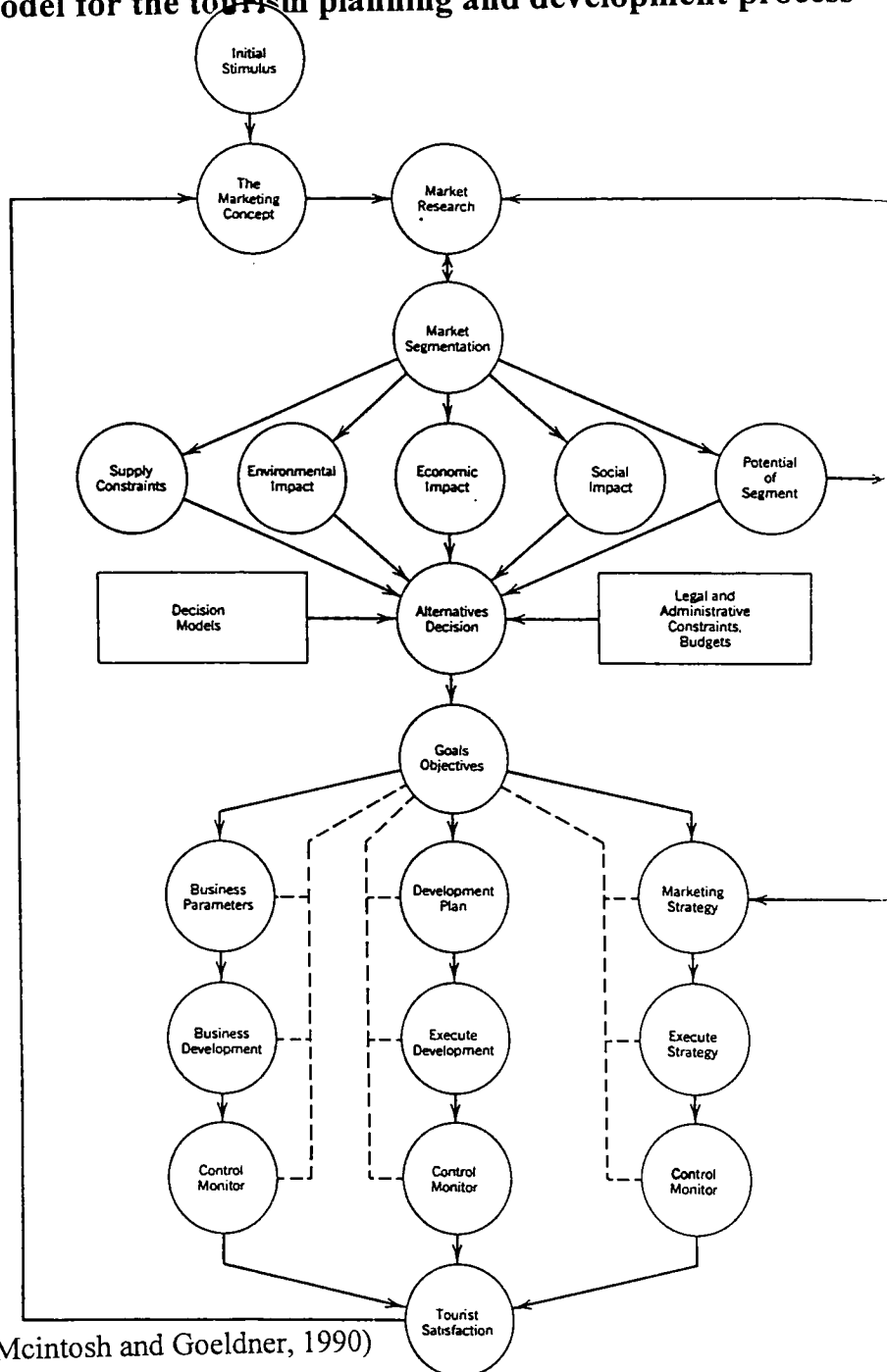
The objective tree for a tourism development master plan



(Source: Baker, 1990)

Appendix 11

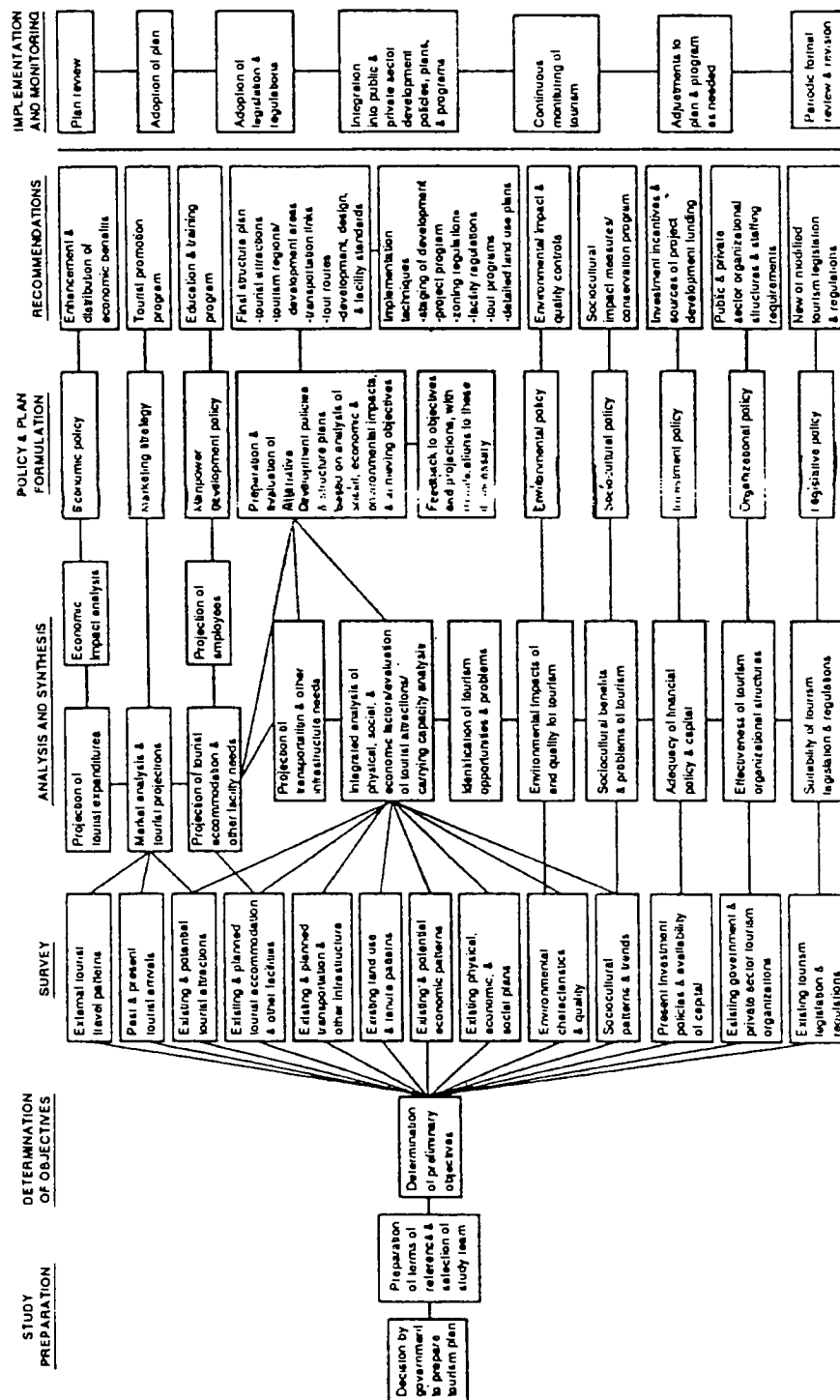
Model for the tourism planning and development process



(Source: McIntosh and Goeldner, 1990)

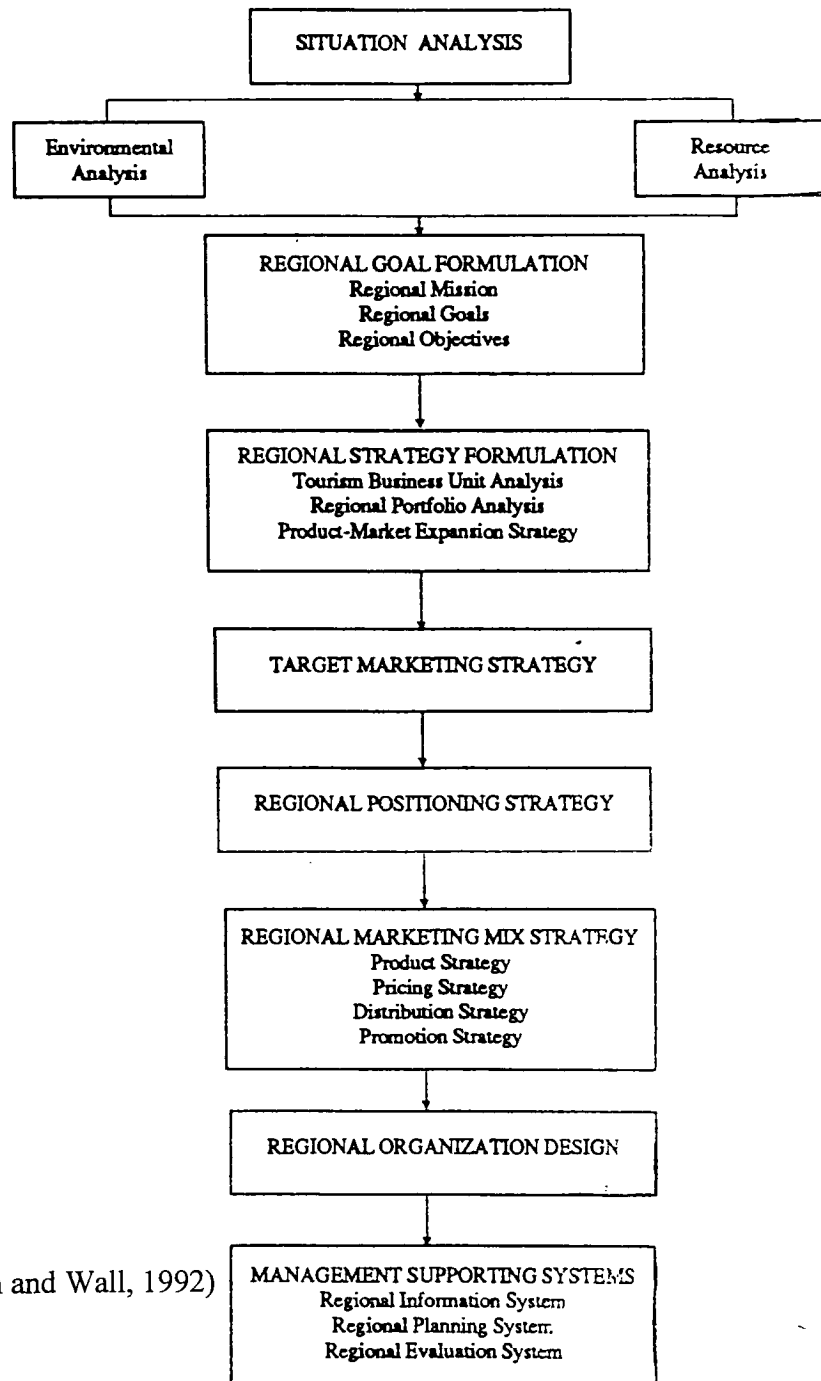
Appendix 12

Process for preparing the comprehensive tourism development plan at the national and regional levels



Appendix 13

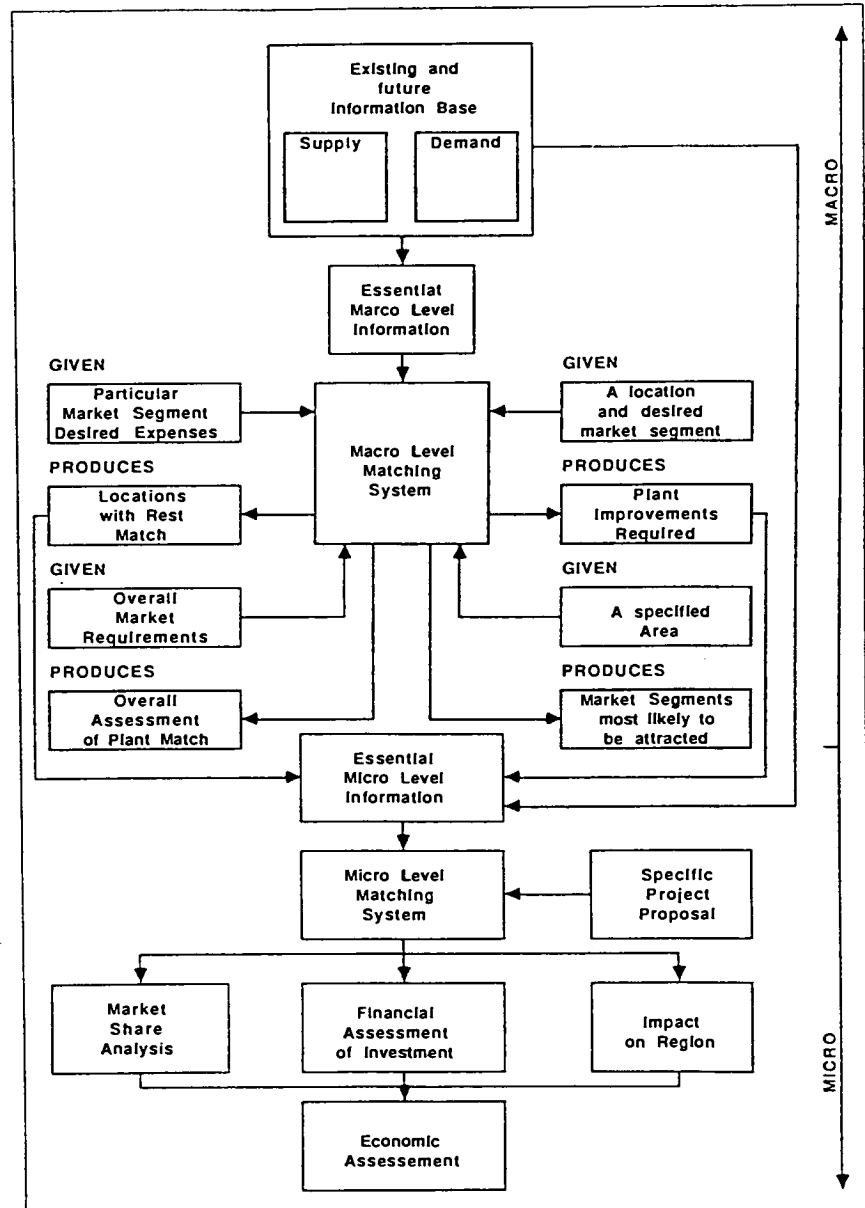
A conceptual framework for the regional strategic marketing planning of tourism



(Source: Heath and Wall, 1992)

Appendix 14

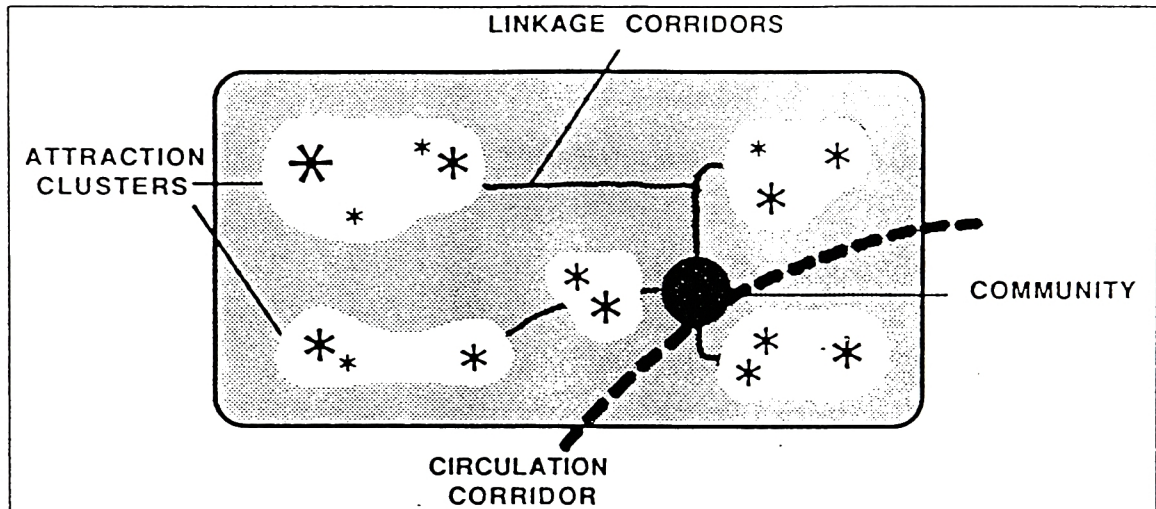
Plant/market match model



(Taylor, 1980)

Appendix 15

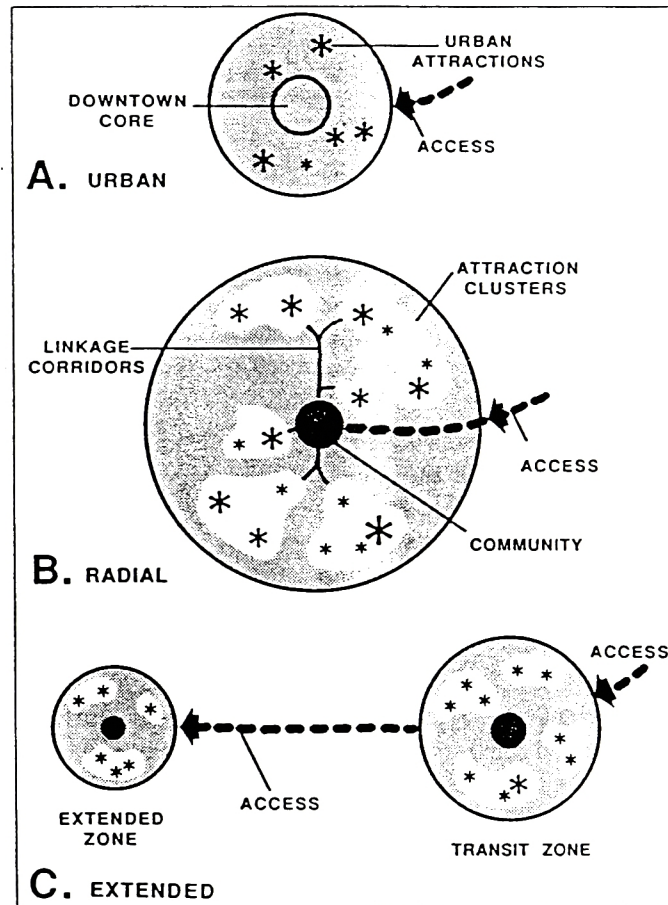
Destination zone concept



(Source: Gunn, 1988)

Appendix 16

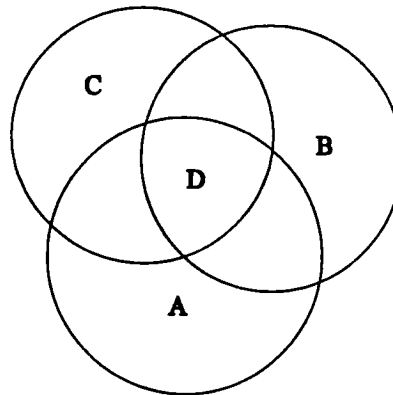
Three kinds of destination zones



(Source: Gunn, 1988)

Appendix 17

Market Basket of Goods and Services



A= Background
Tourism
Element

B= Tourism
Oriented
Products

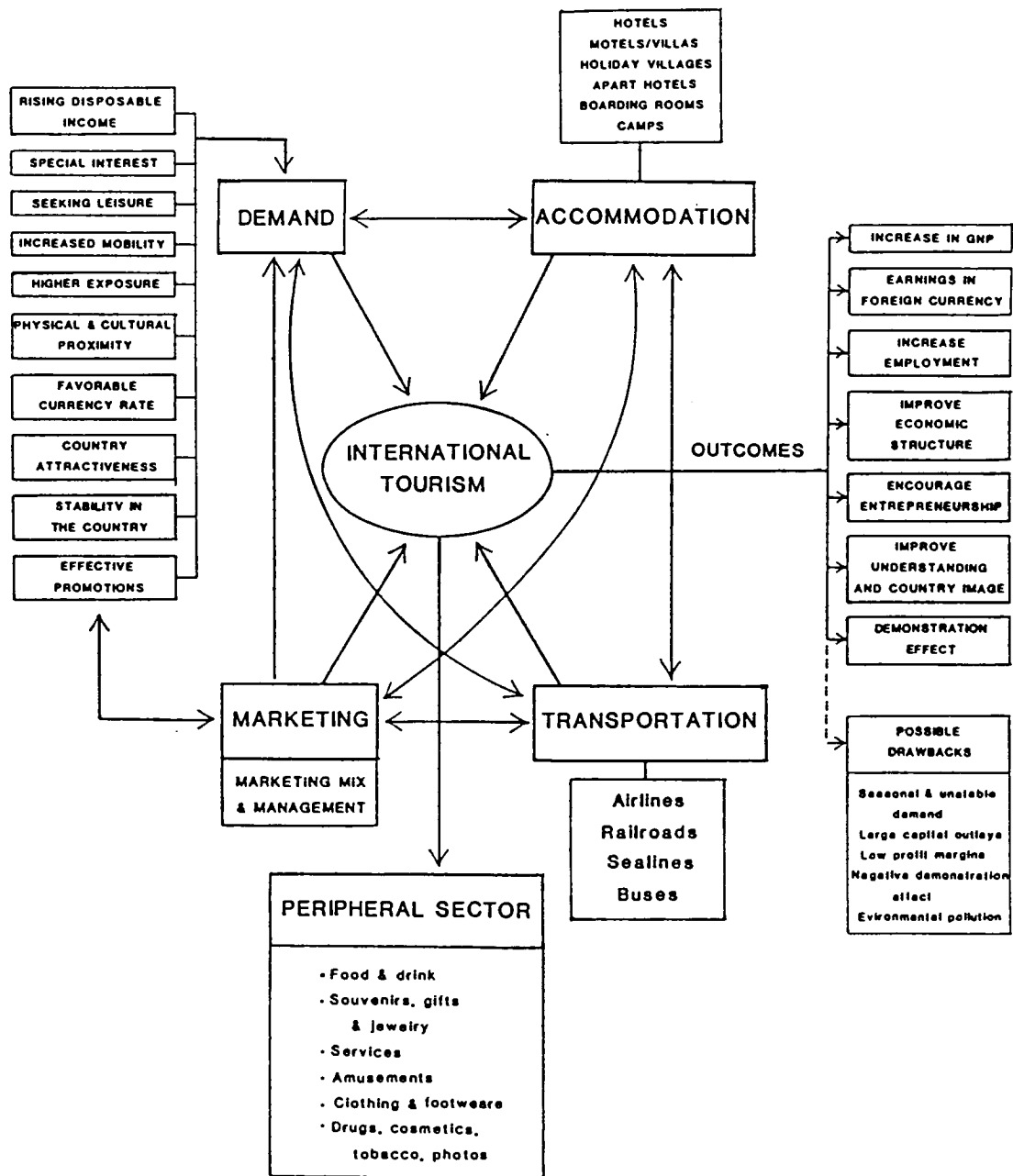
C= Resident
Oriented
Products

D= Retrievable
Tourism
Products

(Source: Jafari, 1982)

Appendix 18

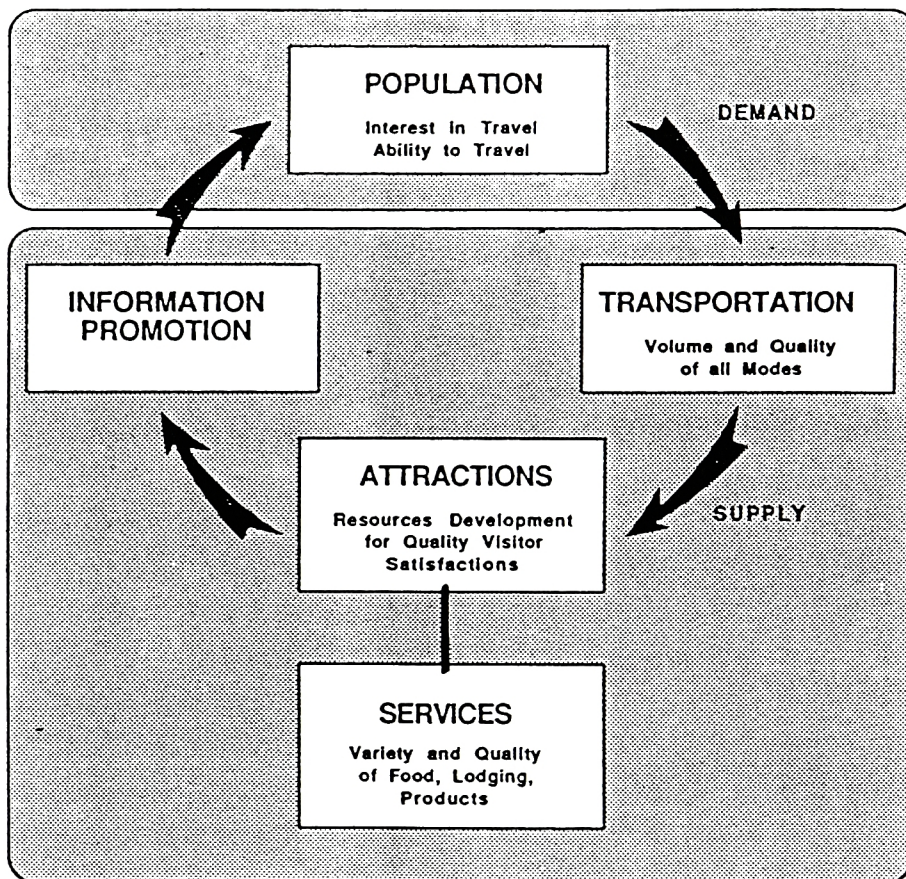
International tourism model for developing countries



(Source: Culpan, 1986)

Appendix 19

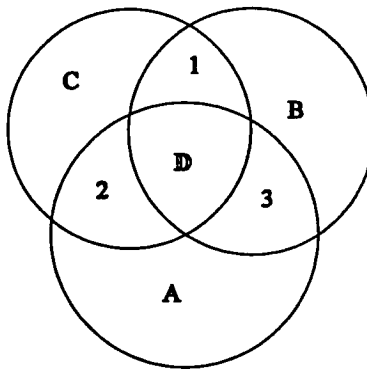
The functioning tourism system



(Source: Gunn, 1988)

Figure 20

Community Development Model



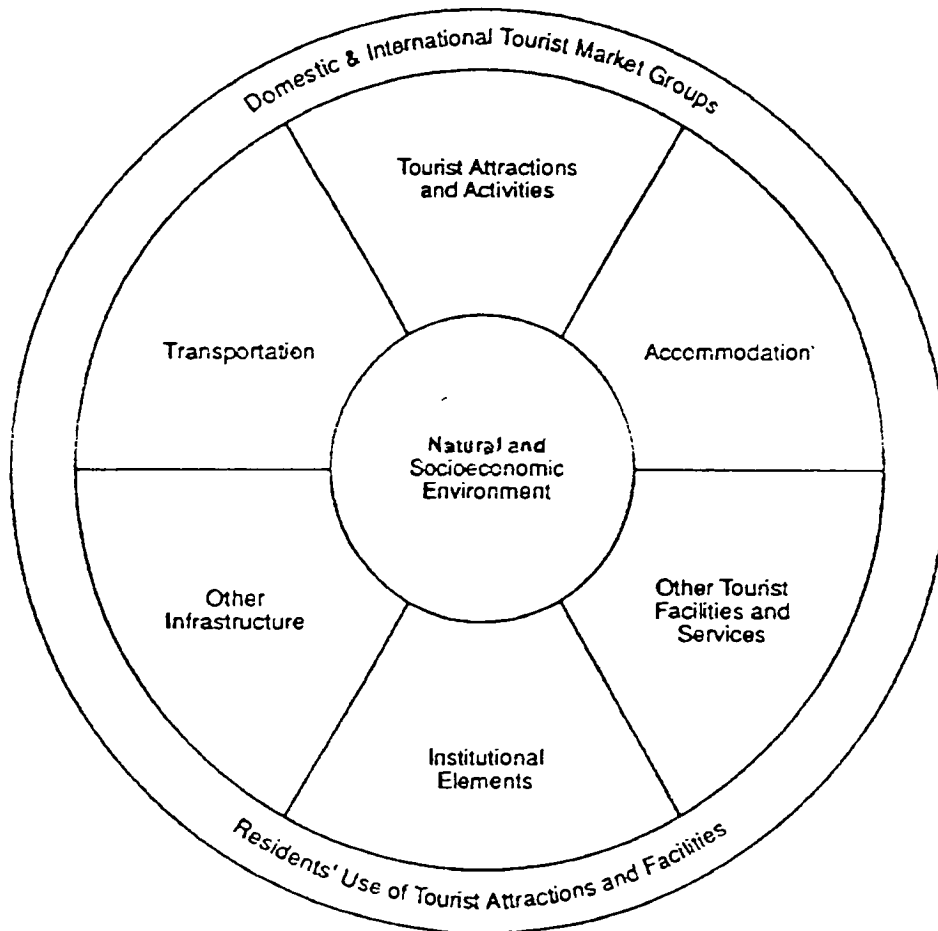
A= The Community
B= Attractions and Special Events
C= Tourism Market
D= Tourism Organization

1= Promotion Visitor Service
2= Motels, Hotels, Campinggrounds
Restaurants
3= Roads, Parks, Transportation

(Source: US Travel and Tourism Association, 1989)

Appendix 21

Components of a tourism plan



(Source: Inskeep, 1991)

Appendix 22

The new development model

