

## REGIONAL CONTEXT OF DOMESTIC TRAVEL IN LATVIA

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**Abstract.** Tourism is often considered as an opportunity for sustainable development, providing opportunities in job creation, rising awareness of cultural heritage and stimulating local economies via service exports. While much of scientific and applied research is targeting international tourism in the context of service exports, current evidence shows that international tourism does not provide equal opportunities for all regions and tourism places. Therefore, current tourism studies suggest paying attention also to domestic tourism that has been unnecessarily forgotten even. Topic is of a particular interest in developed countries where domestic tourism forms important part of all tourism transactions including overnight stays and revenues not to forget also positive social impact on regional development. Lack of comprehensive research does not allow proposing specific development strategies for regions and local municipalities. The aim of the research is to obtain comprehensive data about current domestic travel trends in Latvia. In order to fill this information gap, quantitative research with more than 1700 respondents has been completed. Research object is domestic travel habits. Results disclose strong presence of domestic tourism in Latvia, at the same time highlights need to address various challenges – among first to be mentioned is the large number of one day visitors, instead of overnight travellers, problems related to information access and local resident willingness to travel within region of their domicile. Results clearly demonstrate current situation as well as suggest activities to be performed by those involved in tourism planning and in execution, including tourism entrepreneurs.

**Key words:** domestic tourism, tourism destinations, destination preferences.

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### Introduction

Tourism industry has been on a track of stable growth for past decade. This growth reflects in increasing number of international tourist arrivals globally, increasing spending on tourism, diversification of trips and modification of customer preferences towards destination selection. Even international tourism is considered as the most important part of this development, current statistics in the European Union indicates on strong importance of domestic travel. Similarly, across the world domestic tourism is gaining its attention as is more often admitted to be an important player in the tourism and hospitality business. The lack of scientific and applied research limits from understanding domestic tourism trends and Latvia is not an exception. Available statistics (CSP, 2018) provides overall indications about existing domestic tourism trends and also points to large differences on the number of overnight visitors in Riga and its surroundings at the rest of the country. Obviously, this allows initiating discussion about current challenges and possible development scenarios for economically sustainable domestic tourism development in Latvia. This discussion is of a particular importance in Latvia where certain regions and tourism areas are in a need of strong tourism development strategies, providing opportunities for new job places, economic development and overall development of tourism infrastructure. Prior to developing strategies to attract international tourists, strong development of domestic tourism can give solid ground to create international strategies. The aim of the research is to explore current trends of domestic travel in Latvia and develop recommendations to elaborate guidelines for tourism planning strategies, stimulating the interest in domestic travel in Latvia. To achieve this aim, quantitative research with respondents, living in largest cities of Latvia that represent high proportion of potential domestic travel has been done.

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Quantitative research that has been done, based on electronic survey of more than 1700 respondents in major cities of Latvia, allows analysing current trends of domestic tourism and comprehensive results illustrate main challenges of tourism business environment. Author suggests that addressing the perception of domestic travel and changing attitudes towards domestic travel has potential to stimulate growth of domestic tourism intensity. The main task of the research has been to perform quantitative research with respondents in all major cities of Latvia, thus having opportunity to analyse differences among regions of Latvia in relation to travel habits, intensity, destination preferences, duration and spending. Results can provide unique opportunities for local municipalities interested in domestic travel, tourism information centres and those in charge of tourism policies, in particular the Ministry of Economics and the Department of Tourism of the Latvia Investment and Development Agency (LIAA). They can also be a source for regional entrepreneurs aiming to attract domestic travellers and raise share of this market segment.

### **The importance of domestic tourism**

Although the concept of domestic tourism is clear for the industry professionals and those engaged in providing of tourism services, there is No one universal definition that could cover all aspects of it. Overall perception of the terminology can be grounded in A.K. Bhatia summary of definitions, claiming it to be a form of tourism where people traveling outside of their domicile to certain areas within the country (Bhatia, 2007; Hall and Lew, 2009). The complexity of domestic tourism can be explored also within the context of tourism statistical accounts and general definition of tourism. C.M. Hall and S. Page indicate on existing practice to underestimate the performance of domestic tourism as often domestic tourism accounts are not related to tourism statistics due to the fact that not all domestic tourists are considered as overnight visitors. Still, their contribution to economy might be important and should be considered (Hall, Page, 2005). In the meantime, current statistics on tourism spending and tourism contribution to economy in the European Union indicates on strong presence of domestic tourism and emphasize the importance of the tourism form. In 2018 World Travel and Tourism Council in its annual report indicates that 67.1 % of total tourism spending in Europe relates to domestic tourism and the total value of domestic tourism transactions has exceeded 1 billion EUR a year. It is also expected that in the period until 2020 annual growth of domestic tourism spending will be increase by at least 1.7 % a year (WTTC, 2018). Similar tendency is confirmed also by the European Commission, indicating that Europeans spend 74 % if their holiday trips in their own country, thus confirming very strong importance of domestic travel in Europe. Among economically active citizens in the age group between 25 and 44, 51 % admit that they travel only domestic and the share of those traveling only domestic below 50 % is only in age groups of 15 to 24 years and 45 to 64 years (UNWTO, 2018). These Figures allow concluding that domestic tourism as a form of tourism plays overall important role in the tourism and hospitality industry from the economical point of view and at the same time invites to explore the topic in depth. There are various further discourses that can be analysed and they may include traveller motivation, impact on regional economy, local inhabitant awareness of local heritage and some others.

There are various approaches countries have applied to stimulate growth of domestic tourism. There are countries that have used the power of domestic tourism to solve some economic problems and dissociating from the global political context Russia can be used an example of rapid growth of domestic tourism, stimulated by certain mechanisms. In response to declining incoming tourism Figures and in responding to economic sanctions applied by the European Union, Russian Federal Agency for Tourism (Rostourism) has prioritized domestic tourism politically. This resulted in an

increasing number of operators working domestically, increasing number of arriving tourists to some existing tourism destinations such as Moscow, St. Petersburg and the Golden Ring, as well as the implementation of new strategies aiming to develop new destinations, including Siberia and Altai Krai in particular (Veselova, 2017). Slightly different approach has been used in Italy, where an emphasis in domestic tourism development has been by analysing the importance and the potential of UNESCO's World Heritage Sites in stimulating domestic tourism flows and analysing trends of domestic tourism (Patuelli-, et.al., 2013). Even these two approaches are different as they based on different models in customer attraction, they still have a common aim that is to increase domestic tourism flows and add certain value to domestic travel. Among the main conclusions of research lead by R. Patuelli is a conclusion that by increasing particular region (on tourist area) attractiveness, in domestic travel context inhabitants of surrounding regions considering them as potential domestic travel destinations. This assumption confirms conclusions made by R. Nair and J. Ramachandran claiming that successful development of domestic tourism is possible once domestic travellers are perceived as self-tailoring customers and their destination selection often is determined by destination attractiveness and perception of destination attractiveness (Nair, Ramachandran, 2016).

R. Scheyvens has been exploring development of domestic tourism and has concluded that researchers often consider domestic tourism as „poor cousin“ in opposition to international tourism (Scheyvens, 2007). Same considerations have been explored also by other authors (Ghimire, 2001; Coles, Timothy, 2004). At the same time she emphasizes various aspects how domestic tourism can contribute to development, highlighting that domestic tourism can bring economic benefits to areas not frequented by other tourists, contribute goods and provide financial assistance to families of more distant areas, increase spending on locally produced products, provide multiplier effect on local skills and resources and it is less seasonal compared to foreign tourists (Scheyvents, 2007). Ironically, the paradox of disrespecting domestic tourism and its positive impact on economy and sustainable development of tourism is more common in developing countries while developed countries have realized the potential and the importance of domestic tourism (Kabote, Mamimine, Muranda, 2017). Most common reason of undermining the importance of domestic tourism is within lack and willingness to understand the motivation of domestic travellers to choose or not to choose traveling within country of their residence. Destination awareness, destination preference, intention to visit is the most common elements to be considered in analysing destination selection. These are influenced by such factors as personal characteristics, motives, values, attitudes, money, time, weather transportation, travel companion and others (Li, Meng, Zhang, 2016). It can be concluded that there is a need to create interest to engage in domestic travel and that can be done by creating favourable conditions and rising awareness of travel, as observed previously in examples from cases in Russia (Veselova, 2017), Italy (Patuelli-, et.al., 2013) and India (Nair, Ramachandran, 2016). The need to learn and analyse prospective domestic visitors, including their motivation, destination selection tactics, destination and experience preferences is strongly supported also by T. Huybers, analysing tourism trends in Australia and admitting the trend in a shift to more regular domestic travel in general in various countries, including Australia (Huybers, 2003). Fast development of social media can be considered as another boost to bright future perspective of domestic tourism, as social media disclose new opportunities to those in charge of destination development where access to domestic inhabitants is much easier than it has been ever before (Hysi, Gorcia, Luzi, 2015).

These arguments allow concluding that domestic tourism should be explored as an opportunity for regional economic development and appropriate research can support initiatives, performed by local municipalities, tourism agencies and other entrepreneurs.

### **Domestic tourism in Latvia: switch from visitors to tourists**

In order to identify current trends of domestic tourism in Latvia, to evaluate domestic tourist profiles and the destination perception, quantitative survey has been performed. Sample size of the research is 1732 respondents who are residents of major cities in Latvia – Riga, Daugavpils, Rezekne, Vamiera, Jelgava, Jekabpils Jurmala, Liepaja and Ventspils. Currently presented results are interspace results of research aiming to analysing differences among customer perception towards domestic tourism destination selection and decision making process based on their domicile in one of the cities included in the research. The research is continuous and further data will allow analysing domestic travel trends, based also on the origin of traveller. However, with sample the given sample size of 1732 respondents in relation to all inhabitants of Latvia results are with 99 % confidence interval and not less than 4 % margin of error. Therefore, if not analysed by addressing differences among inhabitants of each particular city, they represent high level of credibility (Kristapsone, Kamerāde, 2011: 78; Hair-, et. all, 2003:218). Sampling has been organized as online survey, thus making it voluntary survey, during the period from October 26<sup>th</sup>, 2018 to January 7<sup>th</sup>, 2019. Survey web link has been promoted via various social media channels, including Facebook, Twitter and Draugiem.lv. Facebook provided tool Ads Manager has been used to promote survey and 46 617 people have been reached with 4175 engagements. During entire data collection period, audience targeting has been used, concentrating on residents of specific areas and age groups. Additionally to that, survey link has been distributed via e-mail, to random 5000 recipients. Survey consist of 29 questions, with multiple choice questions regarding regularity of travel, period within which decision is made, points of interest, range of expenditures on travel services and accommodation, preferred type of accommodation, motivation to travel, areas of interest, sources to gather information about possible destination, as well as a list of specific questions regarding selected destinations. In order to obtain data regarding the importance of specific services, products, areas of improvements Likert scale attitude questions have been asked. Respondents are representing different age groups (19 % are in the age group 18-24 years, 38 % in the age group 25-34 years, 23 % in the age group 35-44 years, 13 % in the age group 45-54 years and 26 % in the age group of 55+), different occupation types (66 % are employees, 12 % students, 12 % self-employed, individual entrepreneurs, contractual workers or employers, 4 % unemployed and 6 % retired). Survey has been made available both in Latvian and Russian languages, aiming to reach as diverse sample, as possible. Data reliability tests for quantitative data have been done using SPSS, to collect data in summarized version, Google Forms have been used.

Research data demonstrates that overall engagement in domestic travel is high – 82.4 % respondents have answered positively, confirming they are considering themselves as regular domestic travellers. Even this Figure exceeds average number of domestic travellers in the European Union – 74 % (UNWTO, 2018), in depth data analysis indicates on strong presence of visitors (one day travellers) and tourists (including overnight). 35.3 % have indicated that their travel duration is only 1 day that allows considering them as visitors, remarkably reducing the number of domestic travellers according to the notion of the definition of domestic traveller. Asked about preferred overnight accommodation establishment, 44 % have indicated that most of their trips are one full

day trips not involving any accommodation at all. These data clearly indicate that domestic tourism, at least in its traditional interpretation, in Latvia at the present moment is less developed as it might look at a first glance, at the same time, there is a clear observation that confirms local resident strong interest in domestic travel. Therefore, author concludes that extending of average duration of a trip, seeking appropriate and attractive forms encouraging local residents to extend their domestic trips, adding at least one overnight could become a task for domestic tourism developers, in particular regional tourism organizations, tourism associations and tourism entrepreneurs. Exploring the part of those respondents who have indicated that they do not travel (not even as visitors) domestically most often are respondents from Liepaja, Rzekne and Riga, more often in the age groups 45-54 years and 55+ years.

Frequency of domestic travel is in average higher for those in the age group 25-34 years and in this age group more common is domestic traveling including at least 1 overnight stay. While in all other age groups the number of domestic trips including overnight stay can be considered as equal. Overall, majority of respondents have indicated that they travel 2-3 times in average a year – 43 % of respondents fit into this group, followed by those traveling 4-6 times a year – 22 % and 7-10 times a year – 13 %. Considering previous observation and conclusion regarding misinterpretation of domestic tourists and visitors and based on survey data, author concludes that among those who have indicated that they travel not more than 2-3 times a year is higher probability of promoting domestic tourism with overnight stays. This observation can be addressed by local tourism authorities and municipalities in communication of respective group of domestic visitors with highest potential of transitioning to domestic travellers.

Destination selection when considering and planning domestic trips highlights strong preferences among all respondents in all age groups, travelling frequencies and domiciles. In this questions respondents were allowed to give multiple answers and results gives the total number of responses for each of proposed answers.

Table 1

**Latvia residents' domestic tourism destination preferences**

<b>Object</b>	<b>Times mentioned</b>
Natural areas and/or objects (natural parks, nature trails, caves, etc.)	<b>1090</b>
Cities of Latvia, separate independent best known tourism objects (sights)	732
Mix of various interdependent objects	725
Sights and objects related to cultural heritage (churches, museums, castles, manors etc.)	668
Active tourism sights (skiing, biking, canoeing, horseback riding)	453
Largest cities of Latvia	407
Rural areas (villages, farms, craftsman houses, countryside houses etc.)	252

**Source: author's data**

Author suggests that the data indicates on very strong preference towards rural areas, when choosing domestic travel destinations and that currently the main limitation is the lack of overnight stays in the region. These data are better explained when analysed in relation to expectations of activities and destination offerings. Piece and silence is most often mentioned as first option what tourists and visitors expect from domestic travel in Latvia. This is first preference among those who are 1 day travellers and should be considered as visitors and those who travel with an inclusion of at least 1 overnight stay and can be considered as domestic travellers according to the definition. This answer scores an average of 3.20 evaluation, where 1 means that proposed option is not important and 5 means it is very important when traveling domestically. This is followed by gastronomic and

culinary offering in the destination scoring an average score of 3.18 points and followed by active tourism offer with an average score of 3.17 points. Among other options for answers were proposed also cultural offers and entertainment, rural farms and agricultural tourism offers, opportunity to meet new people and acquaintances and event (concert of festival taking place in the destination). Piece and silence is the option that most often has been mentioned as very important (228 times or 15.9 % among all respondents), followed by gastronomic and culinary offering (187 times or 13,1 % among all respondents) and active tourism offer (140 times or 9.7 % among all respondents). As important most often has been mentioned active tourism offer (544 times or 38,2 % among all respondents), followed by gastronomic and culinary offering (512 times or 35.8 % among all respondents) and cultural offers and entertainment (474 times or 33,1 % among all respondents). Opportunity to meet new people, visit to rural farms and agricultural tourism offers are most often mentioned as unimportant, when making decisions about destination for domestic tourism trips. It allows concluding that overall aim and primary interest among all respondents is nature based tourism activities that might be supplemented with gastronomic and culinary offerings and eventually some elements of active tourism. Author suggest that these conclusions could be taken into considering when developing regional tourism strategies and designing tourism products. At the same time, it is important to note that even cultural offers and entertainment or events taking place in destination are not among first named very important and important reasons to visit destinations, results indicate on strong presence of large target groups who still find these as important factors and they should be explore in-depth, developing targeted niche products, respecting interests of these perspective client groups.

As existing travellers have very useful and practical information that allows developing strategies and action plans, special attention has been paid to feedback received from those who actively engage in domestic travel or at least domestic visits with a purpose related to tourism. Respondents have been asked to assess the importance of improvements and disclose required improvements, prioritizing them. Respondents have been asked to evaluate the importance to improve accommodation options, including the number of accommodation establishments and quality of provided service, entertainment options, active tourism opportunities, the number of quality of catering options, infrastructure objects, comforTable recreation areas nearby water reservoirs, education in nature protection area, road signs to accommodation establishments, infrastructure objects and major tourism sights, information accessibility, and others, in total 12 questions. Among all respondents and all questions most often as very important improvement required to improve domestic traveling experience has been mentioned road signs to accommodation establishments, infrastructure objects and major tourism sights – 736 this has been mentioned as a very important task, followed by comforTable recreation areas nearby water reservoirs – 621 time and infrastructure objects, including nature trails, observation towers and bike routes – 601 time. Most often as important has been mentioned entertainment opportunities and events – 729 times, the number and service quality of accommodation establishments – 718 times and active tourism opportunities – also 718 times. These data clearly confirm previously observed trend where domestic travellers are seeking experiences related to nature objects and different type of outdoor activities allows concluding that domestic travel in Latvia, overall, is nature based, providing opportunities for regions, including their nature parks or nature protected areas to engage actively in domestic tourism.

These observations are reconfirmed by another question that was asked to evaluate the scenarios that would encourage tourists and visitors to return to a destination they have already visited.

Respondents were offered multiple choices (13 in total) of various tourism products and services and asked to assess how they feel about them being important in making decision to return to a destination they have already been. Also here clearly can be observed overall trend confirming domestic traveller and visitor interest in nature based tourism, as nature, possibility to explore new scenery has highest evaluation of being an important factor making decision to return – 34.4 % respondents claim this is a very important factor and 46.2 % claims this is an important factor. 26.5 % have stated that opportunities for families traveling with children would be very important and for 32.2 % it would be an important pull factor to return. In this question can be observed also interest in culture heritage as a motivator and point of interest in travel as 50.2 % have admitted that cultural and entertainment activities, including concerts or exhibitions could be an important pull factor (as very important it is for 15.2 % respondents).

On the opposite side, response can be also observed from the point of view about areas that are of a less importance and could not be considered as important pull factors to visit a destination again. Sport events, activities related to gastronomy and culinary heritage, new or interesting accommodation establishments or new restaurants are not likely pull factors to attract repeating visitors to a destination they have once visited. Creative workshops for 15.1 %, sport events for 15.8 % and new accommodation establishments for 13.4 % are completely unimportant pull factors to return.

Overall, it can be concluded that there is moderately strong optimism towards domestic tourism in general, as among all respondents 63.3 % have admitted that they are either confident or fully confident that within the following year they will be traveling more in Latvia. 27.5 % are unsure if they will or not and only remaining 9.2 % most probably will not travel more regularly domestically. Respondents were asked about their preferred region to travel next time evaluating probability their next travel destination will be Riga, Vidzeme, Kurzeme, Zemgale or Latgale. Results are summarized in Table 2.

Table 2

**Destination of next domestic tourism trip**

	<b>Very little</b>	<b>Little</b>	<b>Neutral</b>	<b>Positive</b>	<b>Very positive</b>
<b>Riga</b>	34.2 %	15.0 %	15.0 %	10.2 %	25.6 %
<b>Vidzeme</b>	4.9 %	11.6 %	26.8 %	28.8 %	27.9 %
<b>Kurzeme</b>	5.9 %	7.0 %	20.6 %	28.2 %	38.3 %
<b>Zemgale</b>	9.7 %	18.3 %	31.8 %	23.8 %	16.4 %
<b>Latgale</b>	11.4 %	16.8 %	25.8 %	21.5 %	24.5 %

*(Research data)*

Obviously can be explained very little probability that the next domestic tourism trip will be to Riga is due to the high concentration of inhabitants in Riga city and surrounding areas. While other figures according to research data and author's opinion clearly highlights general trend of destination preferences – Kurzeme can be considered as the most popular domestic tourism destination when considering next trip and at the same time it can be considered that Zemgale needs stronger communication to domestic tourism consumer as high number of neutral responses can indicated on need to stronger communicate destination among potential clients.

### **Conclusions, proposals, recommendations**

- 1) Research results indicate and allow concluding that overall there are positive prospects for domestic tourism in Latvia; even there is a strong need to encourage domestic tourism product development, aiming to increase trips with overnight stays. It is recommended for all involved

stakeholders involved in tourism planning to address this issue in relationship with service providers. Further research on spending and correlation analysis with general accommodation establishment prices is required to obtain in depth understanding of reasons.

- 2) Domestic tourism products should be developed respecting local resident strong preferences towards nature based activities. Respecting this preference can be a starting point in developing tourism routes and programmes that can allow integrating further points of interest. In this context, policies and practice regarding road signs appears to be a crucial factor encouraging guests to engage more actively in domestic travel.
- 3) Cultural heritage that traditionally is promoted as primary destination attraction should be reinvented by offering new approaches as research result clearly indicates on comparably weak interest in culture heritage in domestic tourism trips. It is recommended to explore optimal communication channels to create awareness and interest about culture heritage tourism opportunities in Latvia.
- 4) Research results in relation to destination preference selection indicate on differences among various regions of Latvia. This requires comprehensive further analysis on destination image and factors affecting it. It can be expected that continuation of the research and obtaining sufficient data to analyse domestic travel habits in cross-regional context will allow having further understanding about domestic tourist movements in Latvia between major cities.
- 5) Domestic travel, as a form of travel, should be considered seriously as a tool for regional economic development. This is a common practice in various European countries and globally and the international practice has demonstrated positive impact of strong domestic tourism to the overall development of tourism industries and related industries.

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