

# CZECH HOSPITALITY

and

# TOURISM PAPERS

Volume XV.

Issue 32/2019

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*Czech Hospitality and Tourism Papers (hereinafter CHTP Journal), publishes mainly scientific and survey papers focusing on the development of theoretical and practical aspects of the hotel and spa industry, gastronomy and tourism. Papers are published in English language.*

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# SCIENTIFIC PAPERS

**Petr Janeček**

## **MOTIVES AND BARRIERS FOR COOPERATION IN TOURISM DESTINATION: CASE OF PILSEN REGION**

***Abstract:** Current situation in competitiveness in tourism is influenced by impacts of strong global competition. Small and Medium Enterprises could use cooperation as a tool how to succeed on the market. There are many of strategies of cooperation, e.g. strategic alliance, cluster, joint venture etc. Tourism, this is the field, where cooperation is needed more often. There are tendencies for cooperation between private sector, public sector and even between private and public sector like well-known public-private-partnership. This article is focused on the topic of cooperation in tourism field in Pilsen region and identifies main motives and barriers in cooperation there. Questionnaire survey had been used to get needed information about current state of cooperation. Results of survey show good relationship between public sector and private sector and also between public subjects each another. Survey identified lack of cooperation between professional organizations and Chamber of Commerce. Relations inside public sector are not good and close enough and there is definitely space for improvement. This article describes one specific example of current state of cooperation in region/destination only. Further research should be focused on bigger regions and comparison.*

**Key words:** Cooperation, Destination management, Partnership, Tourism

**JEL Classification:** L38

### **Introduction**

Currently, destinations have to compete with global competitiveness and withstand high pressure of stakeholder. That is the reason, why the cooperation is very important for destination management and also for destination marketing organizations. Main goal of this article is to describe current state of cooperation in destination in Pilsen region case. Partial goals are description of strength of cooperation between stakeholders in region and identification of barriers and motives of cooperation in the field of tourism of Pilsen region. Cooperation supports competitiveness of destinations and theirs' destination products. It could be helpful for each particular subject in destination. Most discussed problem is, that cooperation and partnership is long-lasting activity and their effect should be seen after

some time. Positive effects from cooperation should show up in economic field (profits, lower costs, taxes, capital, etc.), but many of them are also noneconomic (sustainability, brand, image, relationships in destination, life condition in destination, etc.). Proper destination management offers advantage in competitiveness like strong competitiveness and sustainable tourism products. These products offer added value for visitors or tourists in destination but also for each stakeholder in tourism destination.

Government representatives and tourism politics national representatives have tendencies to support initiations of cooperation and its further development in all levels of destination management. In the Czech Republic, this tendency is well shown in long-term activities of tourism agency CzechTourism. Currently, in this topic, there is best known and discussed destination marketing and management organization support and certification. CzechTourism wants to create three-level system of destination management, according to the example of well-developed tourism destinations like Austria or Switzerland. Certification adjusts more than destination locality definition. There are systems of cooperation, competences and financing. Results of certification should help for mutual support and bigger synergic effect of cooperation. Certification started at the end of 2017 and is currently in pilot phase. There are some recommendations and corrections in first application in Czech destination. In the future, certification should be one of the criteria for public financial grant and subsidy applications. Certification should be a control mechanism for each activity on specific level of destination management and at the same time for competences distribution. Basic principle of certification is still volunteering. There is no pressure to certify any subjects or organizations, but there are some incentives to receive certification in the form of possibility added financial resources (grant and subsidy system). In this first phase there are some DMO's<sup>1</sup> operating without certification or having their own certification. It is assumed, that certification rules will be gradually unified for the whole country.

Pilsen region is very unique from destination management perspective. It differs in view of destination management from other Czech Republic regions. Most regions founded own regional destination management organizations managing and supporting tourism development activities in locally. In the Pilsen region, there is the Department of tourism, managed by the Division of Culture, Heritage and Tourism at the Regional Authority of the Pilsen Region. There is no tendency to establish regional DMO, because of Department of Tourism and regional DMO activities duplicity. There are some initiatives supporting certification of DMO and trying to be a certificated DMO in the territory of Pilsen region. As examples can be used DMOs managing destinations spread across two regions. Destination Prácheňsko a Pošumaví currently consist of LAG<sup>2</sup> Pošumaví, LAG Blatensko, LAG Strakonicko and LAG Vodňanská ryba. This territory is largely spreaded across two regions (Pilsen and South Bohemia region). There was an intention to get certification for South Bohemia region, respectively certification for South Bohemia region DMO (special private certificate), at the beginning of certification process. Pilsen region supported this

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<sup>1</sup> DMO = Destination marketing/management organization

<sup>2</sup> LAG = Local active group

initiative then. JCCR<sup>3</sup> changed its opinion about certification of this destination with the first problems in coordination and financing. Destination was divided according to the administrative region border. Large parts of regions Písecko and Šumavsko had been established as separated regions and the idea about common large destination is not supported anymore. (Englová, 2016; PRO Šumavsko, n.d.). The same dynamic development had destination management in Brdy mountains locality. Two organizations wanted to manage this destination. The mediator or directive decision of the region authorities to prevent duplicity had been needed. Region authorities made final decision and only one official organization responsible for destination Brdy destination management has been supported (Hodrmant, 2016). Another special DMO is a local Pilsen town one. This organization is dealing with some trouble with certification based on town destination specifics. First of all, it is the size of destination. Town territory is too small to match required DMO certification official criteria. (Plzeň-TURISMUS, 2018). Due to all these issues in destination management, it is very important to pay attention to barriers and motives for cooperation and level of cooperation in Pilsen region destinations.

### Cooperation

For better understanding of cooperation is necessary to know theoretical basis. Tourism and tourism destination are very complex organisms which are changing very often in times. If the destination remains competitive, they have to coordinate all of their elements to synergy. According to Beritelli (2011) there are six main theories explaining cooperation:

1. Game theory
2. Social Exchange theory
3. Resource dependence theory
4. Transaction cost economics
5. Rational choice theory
6. Institutional analysis

In communities, three phenomena constrain cooperative behavior among stakeholders and their institutions. The first one is the tragedy of the commons, the second one is the prisoner's dilemma and the third one is the challenge of collective action. Hence, cooperation among stakeholders in tourism destination communities is necessary, but per se neither obviously occurs nor is formally established (e.g. through public authorities). He also divides cooperation to the type: (1) formal contract-based cooperation and (2) informal relation-based cooperation, as we can see on figure 1.

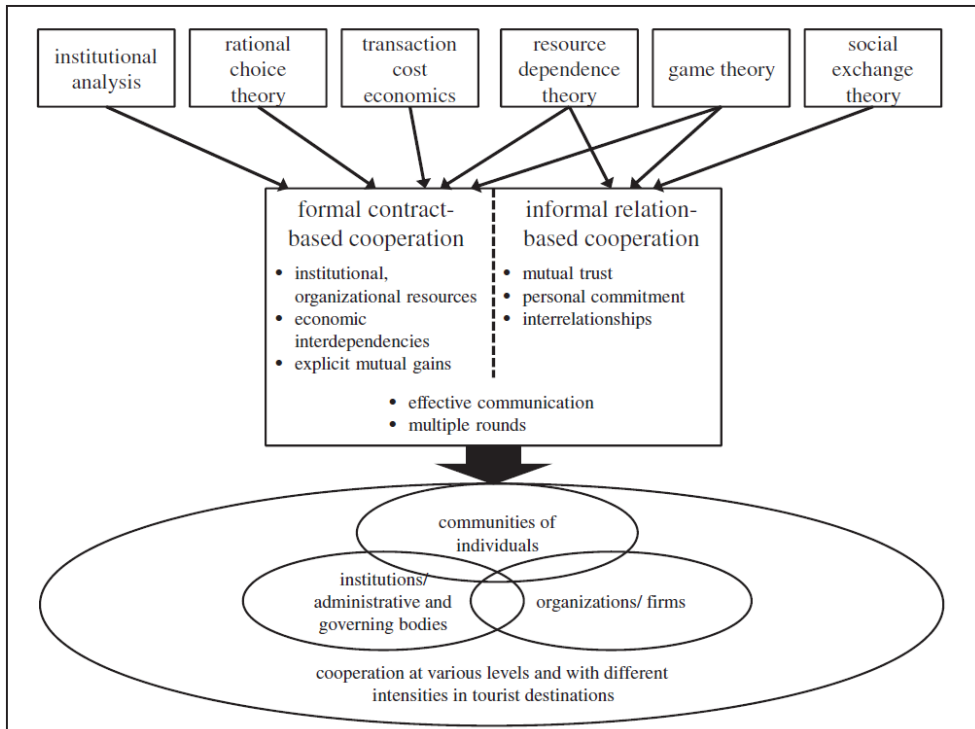
After the Second World War, there was big supply overshoot in Europe. That was the reason for spontaneous stimuli of demand. This was principally in most touristic attractive destinations, or tourism resorts like Alp's destinations. With the growth of standard of living and leisure time tourism demand grew as well. Unfortunately, barriers in infrastructure and product and program portfolio showed up (Holešinská, 2012). Few years later, demand has met the offer and the importance of marketing grown up. Varied organizations, groups, society and associations began to emerge without no acts of political

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<sup>3</sup> JCCR = Jihočeská centrála cestovního ruchu / regional DMO for South Bohemia

or autonomy authorities. Main aim of these subjects had been in locality tourism development (Beritelli & Laesser, 2013). There had been only individual and separated marketing usage in the beginning. Later on, cooperative marketing had been used. Most frequent marketing users were accommodation providers (hotels), touristic information centers etc.

**Figure 1: Linking Theories, Cooperation Approaches, and the Application to Destinations**



Source: Beritelli, 2011

Need of funds for marketing activities led to find the resources. Higher cooperation intensity had been started and new organization of tourism management, called "Destination management" had been established. New financial resources like spa and recreational charge/tax were found and some budgets were supplemented by subsidies (Beritelli & Laesser, 2013). After forty years of development and experience with destination tourism, the world's first DMO has been established. (Holešinská, 2010). This explains, why differences in destination management sophistication levels still exist in individual countries. According to Reinhold, Laesser and Beritelli (2015), the whole European territory is currently covered by DMOs. However, there are very hard pressures on budgets and performance indicators. That is the reason why is this management cover more formal instead of functional. Situation in Italy or Great Britain can be used as an example of current status. This is very important for partnership and cooperative destination management system and destination marketing. Help can be seen in partnership between

private, public subjects and visitors (based on customer flows with process management help).

Cooperative models in tourism are being used not only by private business subjects, but by destinations as well. Cooperation in tourism have a long history and is necessary for its character, complexity of products and number of players in destinations. Cooperation between public and private subjects in destinations is supported currently. Magdán and Rivas (2015) found this as optimal way to develop common thinking and tourism strategic planning. In destinations there is a need for public-private partnership development as a strategic framework for destinations sustainability development and strengthening (Nieve & Uribe, 2015). Organization for economic cooperation and development (2006) divides structure of cooperation according to initiators on local management (bottom-up), politically management (top-down) and supported management. Pirnar (2015) set factors of successful partnership:

- Having a shared set of values about the cause of the collaboration.
- Having a compelling aim, achievable and updated objectives easily understandable by all parties.
- A clear guidance and targeted strategy to reach the main flexible goal.
- Having a road map and approach plan with clearly set methods showing the responsibility of each partner.
- Flexible alliances which are willing to adapt, change, and transform.
- Having a transparent mechanism for discussion, negotiation, and agreement among partners.
- Following a clear resourcing work schedule and chart.
- Cooperation agreements with clearly defined and set work load, applications content and timetables set with controllable measures.

While functioning these partnerships, an important concern to take into consideration is to achieve not only successful results, but also sustainable ones (Pirnar, 2015).

Partnership based on net-cooperation is very often used for destination tourism development. Because of the complexity of destination, it is necessary to monitor the cooperative network and to evaluate conditions of partial relationships. Based on complex view on relationship network, tourism organization managers could make better information flows and focus on opportunities, that should have crucial impact on destination tourism or destination businesses development regulation (Baggio, 2011).

In the Czech Republic the cooperation in tourism developed quite differently, compare to the other parts of the world. First cooperative subjects were identified in 90s of the 20<sup>th</sup> century. Subjects cooperated spontaneously based on tourism development in some very tourism attractive locality, e.g. Czech Paradise. According to Baláž (1995), the organizations had to solve the issue how to get partners from private sphere at the beginning. Other issue was legitimacy. Knowledge and experiences that should be used for proper partnership importance defense and for destination development were missing. Other subjects coming to tourism industry took a role of DMO in regions. Very often there

were Local Action Groups, association of municipalities like micro-regions etc. These subjects had various goals and tourism management development was only one of them. Fundamental change started on turn of the century, when organizations focused on destination management and marketing was founded with help of European union funds. Organization founding was initiated from top-down principal. That was the reason, why private sector wasn't included in process of destination management. Financial bind to public resources, that couldn't be long-term planned, showed up as the other issue. Non-systematic and non-coordinative management was evident on the top level of management. As the initiative level of tourism development should be marked time after 1980. From these days, there is sudden and not so proper systematic development of tourism management (Janeček, 2013). DMOs are less commercial oriented then organizations from tourism development countries and their activities are focused firstly on non-profit goals. That is the reason, why they produce mostly non-profit products or products which bring only added financial resource for further development. This situation results from: character of tourism product, legislative and technical requirements of its production and fundamental nature and goals of DMOs. (Janeček, 2014). DMOs are being used like administrative organization for some tourism attractiveness, e.g. DMO Plzeň-TURISMUS provides Loos interiors and Patton Memorial Pilsen; Prague City Tourism provides Old Town Hall. These activities should be financial resources for other activities and development (Plzeň-TURISMUS, 2018; Prague City Tourism, 2018).

## **Materials and Methods**

Research presented in this article is focused on destination management in the Czech Republic and cooperation in the field of tourism and should bring a basic view of cooperation in Czech destinations. Only one part of complex research was used for this article, which describes the situation in years around 2018 in Pilsen region. Questions used for this research:

- How strong is the cooperation between tourism subjects in the region?
- Which subjects in the region do or do not cooperate?
- Is there the cooperation between public and private subjects in the region?
- What are the motives for cooperation?
- What are the barriers in cooperation?

Desk-research was used as a basic method, to get basic theoretical information about topic cooperation, motives and barriers of cooperation, destination management and DMOs. Needed information had been gained from any sources, e.g. scientific database EBSCO, books, journals and annual reports of DMOs. Questionnaire survey had been used to get primary data, under the methodology from Gajdošík and Šmardová (2016), modified for in Czech Republic usage and boarded for some questions, divided into four parts, focused on cooperation, barrier in cooperation, motives for cooperation and evaluation of current state in destinations. There was a question in the beginning "Which type of tourism subject do



you present?” Hotel, guesthouse, camp side, apartments, catering facility, travel agency/tour operator, professional congress organizer, tourism association, regional development agency, sport facility, transport provider, cultural facility, spa/wellness facility, tour guide or other were offer as an answer. For evaluation of cooperation strength Lickert 5-point scale had been used, where respondent should evaluate cooperation with each tourism subject in region or destination. Categories of tourism subject were same as the first question. Questions about motives and barriers in cooperation had been measured on Lickert scale with 5-point scale (1 means no influence, 5 means big influence). Main motives and barriers were identified from theoretical reviews. We can see them in table 2. Questionnaire had been sent to specific sample of respondents. Respondents which influence tourism development in destinations had been chosen. and selected according to the relevance to role in tourism in Pilsen region. 1194 questionnaires had been spreaded with electronic tool GoogleDocs in July and August 2016 in Pilsen region. We received back 119 completed questionnaires. Response rate is 10 % then. From respondent sample 16of them operate in other then Pilsen region.

There are more stakeholders’ groups in field of tourism, that have to be addressed. Survey was conducted with those subjects, which provide tourism services, local authorities, local action groups and associations. Only one group of respondent, that should be addressed completely, is local administration (municipality). Contacts on local administration authority were drawn from internet portal “Státní správa” (European Business Enterprise, 2000-2017). Contacts on all stakeholders couldn’t be gain completely. Other contacts were drawn from catalogues of companies and other databases (e.g. firmy.cz, infirmy.cz, zivefirmy.cz etc.). There was an effort to create balanced sample, but ratio of some group of stakeholder is bigger (as you can see in table 1).

**Tab. 1: Group of respondents in researched sample**

<i>Type of respondent</i>	<i>Quantity</i>
Travel agency/Tour operator	10
Transport company/Rent car	5
Accommodation facility	19
Information center	2
Cultural facility	25
Local administration/Municipality	46
Catering facility	2
Tourism association	2
Sport facility	3
Other	5
<i>TOTAL</i>	<i>119</i>

Source: Own processing, 2018

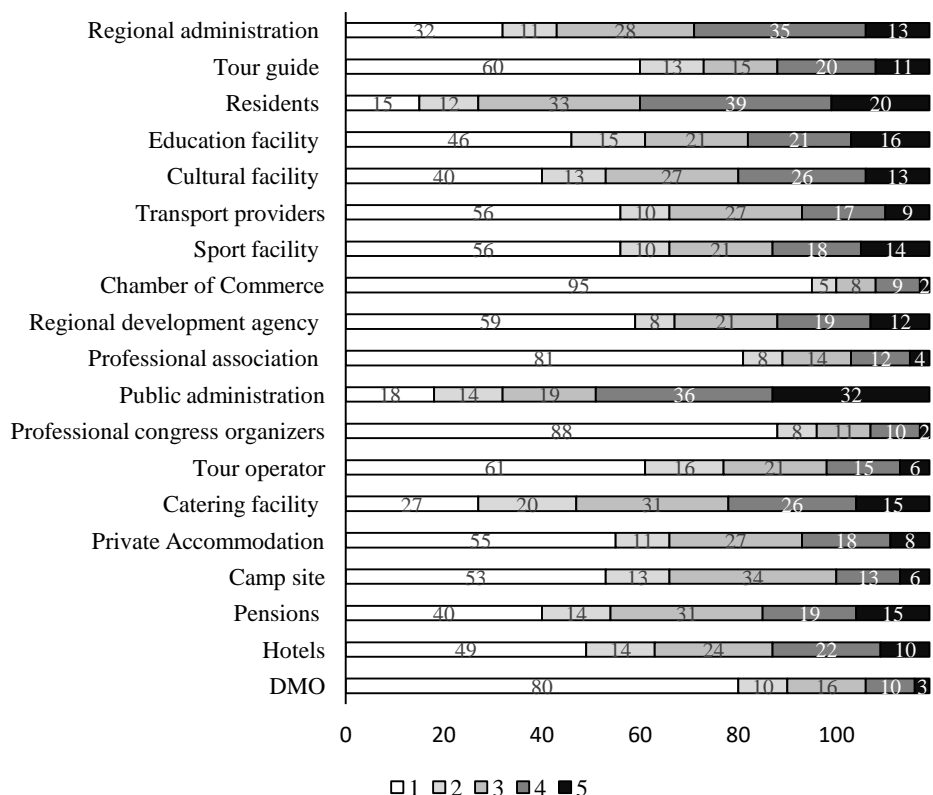
Overbalance of some type of respondent in sample (tab. 1) is caused by willingness of respond and also because of ability to address questionnaires to all subjects in destination. Some subjects provide more services because of nature of their businesses (e.g. travel agency and transport, accommodation and catering establishment). Most represented group

is local administration or municipal authority. Second most represented group is cultural establishment, which contains cultural attractiveness, historical attractiveness, museums, cultural halls, theaters etc. Group of catering facility was composed of all type of restaurants, bistros, cafeteria, cafés etc. This group is covered by accommodation facility though, because accommodation facility often offers catering services.

## Results

For cooperation in destination is very important to find partners from stakeholders. Research question investigated degree of cooperation. Respondents had to rate the degree of cooperation with specific type of subject in destination. According to Gajdošík and Šamardová (2016), 5-point evaluation scale of cooperation had been offered (1 means no cooperation, 5 means very good cooperation). Results are shown on graph 1.

**Graph 1: Degree of cooperation between stakeholders**



Source: Own processing, 2018

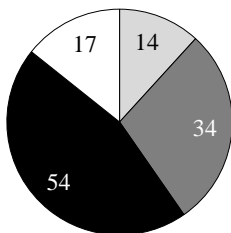
Best cooperation is rated with local administration or municipality authorities. It should assume, that this type of subject will be important for each participant in destination. Public authority has crucial importance in tourism development in the whole Czech Republic.

Second most rated group is a group of local community of residents. Worst cooperation showed up with Chamber of Commerce, professional congress organizers, professional associations and DMOs. After averages calculation, the cooperation in whole region is rated as an average. Issues occurs with group with no cooperation at all. It is very serious situation, because of no cooperation are identified subjects which supposed to help and develop cooperation like Chamber of Commerce or DMO.

Next question deals with existence of cooperation between subjects in private and public sector. Graph 2 (left) shows the results. It is confirmed that public sector is very important for private sector in tourism. Public sector is perceived as a partner for cooperation. Nearly 2/3 of answers were positive with the statement about existence of cooperation between private and public sector in region. Most answers were “rather agree”. But awareness about cooperation is positive. 14 subjects reported they don’t agree which represent space for improving.

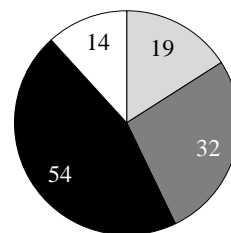
**Graph 2: Existence of cooperation between public and private sector in region and mutual trust**

cooperation in private and public sector



□ disagree    ■ rather disagree  
 ■ rather agree    □ agree

cooperation base on mutual trust



□ disagree    ■ rather disagree  
 ■ rather agree    □ agree

Source: Own processing, 2018

Similar results were found in case of question about mutual trust between public and private sector. Graph 2 (right) shows that most answers were positive. Trust is very important in partnership development. 54 respondents answered “rather agree” and with the answer “agree” they create most of the answers. Ca. 28% of answers were “disagree” or “rather disagree”. It indicates issue in cooperation or communication.

The biggest motives for cooperation are: new customers (KPIs), better access to financial resources, better information exchange and exchange of experiences – please see table 2.

Most worried barriers are: lack of capital resources, trust, unwillingness of communication and non-identification with destination goals. Barriers often show low tendency to communicate and to be honest to other partners or trust them.

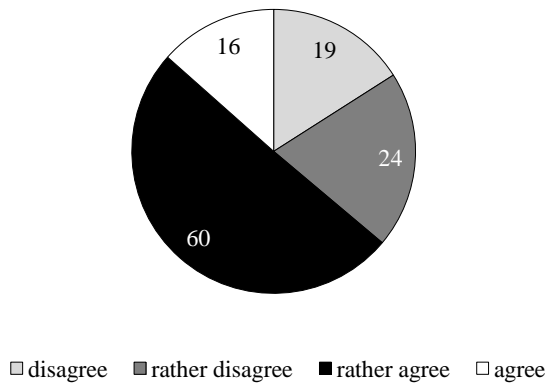
**Table 2: Motives and Barriers of cooperation (average rate)**

<i>Motives for cooperation</i>	
Complex product creation	2,8
New customers	3,3
Better access to financial resources	3,0
Lower cost for technology	2,5
Lower cost for distribution	2,7
Lower cost for communication	2,7
Better information exchange	3,2
Experience exchange	3,1
Propagation unification	2,8
Common brand and image development	2,8
Common reservation and distribution system	2,4
Common marketing research	2,4
Better competitiveness	2,9
Sustainable development	2,9
Better negotiation power	2,7
<i>Barriers of cooperation</i>	
Nonrealistic goals	2,6
Lack of trust	2,8
Lack of capital resources	2,9
Unwillingness of communication	2,8
Fear of information leak	2,2
Personal barriers	2,4
Lack of trust in ability	2,6
Non-identification with destination image	2,6
Non-identification with destination goals	2,7
Fear of one-sided profit	2,4

Source: Own processing, 2018

Reason for cooperation differs from destination to destination and from subject to subject. Mostly positive impact on subject is the most important statement for further cooperation though. Key performance indicators in business or public organizations are in the center of interest.

**Graph 3: Positive impact of cooperation on subject or subjects' activity**



Source: Own processing, 2018

Graph 3 shows answers with statement about positive impact of cooperation on subject or its activities. Most answers are positive again. A half of respondents rather agree. Respondents agree in count of 76 subjects (64%) in total. 14 respondents (graph 2 left) didn't recognize existence of cooperation between public and private sector. 19 respondent don't agree with positive impacts of cooperation. That means 5 respondents recognized cooperation, but it doesn't influence their businesses or activity. This statement has to be more researched and the reason why needs to be found in further research.

## Conclusion

Several essential findings should conclude from related research. Local public or municipality administration is in Pilsen region perceived as an important tourism partner for cooperation. It should be connected to public services provided by these subjects. They develop and create new and current tourism infrastructure. Second reason of public sector importance is the ability to initiate joint communication and make strategic direction in region development, which should significantly influence tourism sector. There are no important tourism destination except town of Pilsen in Pilsen region. Concentration of tourists is more equally distributed then in regions with big tourist attractions or UNESCO monuments. That should be reasons why tourism is considered long-termly as only added activity for the whole region. This is closely related to strategic planning of development and position of tourism in this planning in Pilsen region. There are long-term support activities in best known attractions or natural localities. Issues in cooperation represents promarily lack of trust and communication. No cooperation was identified with Chambers of Commerce, Regional development agency and low level of communication with DMOs. Long lasting issue occurs with professional association in Pilsen region, e.g. Pilsen Convention Bureau. That should be the reason of worse rate of cooperation with

professional association and also professional congress organizers. In general, these organizations should help with tourism development in region, but their activities are not proper and tourism subjects in region noticed that. Results of the research show, that region should concentrate the activities which will strengthen cooperation with these tourism subjects. Positive results of the research are related with perception of relationship between public and private subject, which should indicate public-private partnership creation and development. Similarly, positive result is perception of positive impacts of cooperation for participants. From conducted research conclude many interesting information that can be used in practice especially by the Regional Authority of the Pilsen region and DMO Plzeň-TURISMUS. There are still sources for improving and strengthening cooperation and partnership creation in tourism in Pilsen region. Better cooperation should bring to region efficiency in use of economic sources and also better tourism KPIs. At the end limits of the research should be mentioned. The survey was composed as a first and basic view on cooperation in tourism region. It should be paid more attention to particular motives and barriers in the future. Cooperation and also motives and barriers could be perceived differently by each respondent and it could lead to limited results. We should use results on the informative base in theory and in practice as well.

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**Acknowledgement**

This article has been supported by University of West Bohemia grant system POSTDOC 2018.

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**Karel Kulich, Lucie Bartošová**

## **PROJECT-BASED LEARNING AS A TOOL TO ENRICH LANGUAGE TEACHING FOR SPECIFIC PURPOSES**

***Abstract:** The paper brings forward a linguo-didactic concept to teaching foreign language for specific purposes which is demonstrated on the model of teaching Czech for foreigners at the Institute of Hospitality Management, and is based on a play at group editing and academic publishing using the project-based learning. The students prepare presentations on a given topic from their field of study, i.e. hospitality management, spa, and others on the basis of which they write academic articles. The papers are edited by both students and the teacher in the course and prepared for publication as a series of articles on a given topic. This approach can be of inspiration to other university teachers.*

***Key words:** Czech for foreigners, project-based learning, spa, teaching foreign language for specific purposes, tourism*

***JEL Classification:** I23, I20*

### **Introduction**

All courses taught at the Institute of Hospitality Management in Prague are more or less connected with the field of tourism. Students of both Bachelor's and Master's Degree Programmes study two languages, English for specific purposes and the second language being both compulsory subjects. However, there is a large offer of the second languages, these being Spanish, German, French, Russian, Czech for foreigners among which the students can choose according to their interests. Czech language course is attended by foreign students who need to improve their knowledge of Czech. Language teaching involves the use of modern textbooks and updated additional materials concerning different topics (e.g. sharing economy related to both Hospitality Management and Tourism fields of study) but also the newest trends in the students' fields of study. Students find use of the so called interactive syllabus (a lesson plan provided by language teacher to be found on the internet information system of the Institute) very beneficial because this enables them to prepare for the lesson in advance. Materials (either from the web sites or listening, grammatical exercises, videos) are at their disposal at home. As a result, during the lesson a discussion of these may follow.

Teachers either cover more topics that are closely related to the fields of study within their course or they can choose only one specific topic for the particular language course, as will be the case herein this paper. Nevertheless, even when selecting a specific topic at the course, e.g. spa, the area can be viewed in a broader context, macroeconomic and microeconomic aspects can be closely observed, spa marketing may be considered, spa examined in terms of management, spa gastronomy or accommodation establishments

could also be analysed, etc. It is also necessary to provide teaching foreign language for specific purposes with a certain general cultural and historical context, so that these courses are simply not only a continuation of other subjects.

It is assumed that a foreign student in the Czech Master's Degree Programme will be able to distinguish between different functional styles of the language and will in particular be able to write an academic paper. This is closely related to the ability of the students to work with academic literature and information sources in general and their ability to use the selected citation format. In accord with the idea of John Amos Comenius "learn through play" language teaching in these terms can be considered a play at editing and academic publishing. Practice of paraphrasing can in this case prove to be an excellent language exercise.

## Materials and Methods

### *Didactic Potential of a Professional Micro Language*

Teaching language for specific purposes involves primarily the use of a defined segment of language which is determined by the specific needs of a particular subject or field. In terms of linguo-didactics this segment of the language is labelled as a specialized micro language (see Choděra, 2013, p. 89). This author lists the benefits resulting from a clearly defined selection of language resources and content topics given by the needs of the subjects taught. These are the following positive factors: motivation, working with text at the expense of non-text, and use of productive grammatical forms. As regards the motivation, in case the students are interested in the chosen field of study, then it is an inner motivation. The text is meant here as authentic language in authentic situations. By a non-text a restricted speech context occurring in isolated grammar exercises is understood. It is a term created by Ries (1987 – 2<sup>nd</sup> part, p. 82)<sup>1</sup> In inflected languages, such as Czech and Russian language "[...]the productivity of conjugation and declension paradigms expands the activation possibilities of pupils (students)." (*ibid.*, p. 90)

When preparing the language for specific purposes course we start from the well-known principle XXXIV of J. A. Comenius "The pupil's task is to work, teacher's task is to manage..." (*Discenti labor, docenti directio*), which is stated within the collection of 187 principles in his world-famous work *Newest Method of Languages* (Komenský In Chlup (Ed.), 1964, p. 159). In the emblem of the title page of the first book edition of 1648 a pedagogical credo is printed: "Let everything flow spontaneously and without violent

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<sup>1</sup>L. Ries among other authors deals with the significance of game in teaching foreign languages in the first part of the above mentioned publication (1987 – 1<sup>st</sup> part, pp. 20–26). In relation to his concept we understand the game as a phenomenon that is not only related to children's age but also to the creative activities of adults. The ideal of working in a language course in the general sense always lies in the imitation of real situations. A game in this respect can be considered dramatic creation.

action...“ (*Omnia sponte fluant, absit violentia rebus*) Among the principles, around which our teaching evolves, the principle CLXXXVI should also be added: “Let every pupil get used to being a teacher at the same time.” (*ibid.*, p. 221). These didactic principles of Comenius are quoted by many foreign authors (comp.,e.g., Caravolas, 2000, p. 59).

### *A Variety of Topics*

The language for specific purposes course should no doubts include presentations on travel, tourism and culture, in which students themselves participate. As a result, a series of articles of an educational character on the topic of less known tourist destinations can be created. Students' presentations feature foreign landmarks and natural attractions that are little known in our country. In fact, a journal of students' papers with the above definition could be created.

Since it is about teaching Czech for the needs of foreign students, the topics concerned are focused on their native countries. The themes covered in the courses that have already taken place were all related to the first major topic “Presentation and Promotion of Tourist Attractions in the Students' Native Countries”. In particular, these were castles, palaces, monasteries, and their ruins, archaeological sites, towns with a well-preserved historical centre, modern cities interesting from the point of view of architecture and urbanism, cities interesting in terms of their surroundings. Second major topic of the courses focused on interesting natural attractions, such as mountains, rocks, caves, volcanoes, lakes, dams, rivers and nature reserves. Other presentations were related to the third major topic of traditional restaurants. Some students presented really unique places, such as Mausoleum of Chodzi Ahmed Jasavi and adjacent archaeological site in Turkestan, Kazakhstan, the historic centre of Samarkand in Uzbekistan, Museum of Wooden Construction "Malyje Korely" in Archangelsk, Mir's Castle in Belarus, Lake Issyk-kul in Kyrgyzstan, etc. During the course of the student presentation cycles, we also encountered the difficulties described below in the discussion of the results.

For the new concept, presented here, we considered two major topics. The title of the first was “The Beginnings of Rail Transport until 1900” because the literature on this topic appeared fairly accessible and comprehensible. E.g. a German historian M. W. Weithmann (1996, p. 235) describes in a very fascinating way the beginnings of the railway in Bulgaria. The topic concerned is not only attractive but also relevant in terms of the growing interest in railway as a tourist destination. Nevertheless, it was finally the second topic “Spas (Natural Spa Resorts)” that was regarded as preferable and, therefore, selected, as it is more closely related to the fields of study taught at the Institute. The literary sources concerning this topic, where spa is related to other disciplines, are also available. E.g. in the monograph by J. Dědina (2005) spa is observed not only from the general point of view but also from the perspective of management, marketing, etc.

## *Didactic Concept*

Creating a variety of articles on a given topic, group editing of these articles and their publication are a major learning target for the Czech language course in the second semester of a Master's Degree Programme. A group of students is involved in producing the specific final output of the course. From the didactic point of view, the presented approach combines features of more methods, these include thematic collage, shared writing<sup>2</sup> and most of all project-based learning (comp. Václavík In: Kalhous, et al., 2002, pp. 299–302; Čapek, 2015, pp. 376–382). V. Václavík (*ibid.*, p. 299) presents project-based learning as an organizational form of learning and at the same time speaks about the project method. He names the four basic steps to be taken into account when implementing each project: project intention, plan preparation, project implementation, and project assessment (*ibid.*, p. 300). R. Čapek (*ibid.*, p. 377) also formulates the criteria of the project method. These are the following: responsibility for the final form of the output is taken over by pupils/students, work is characterized by interdisciplinary features, it is practically connected with reality, pupils/students freely choose variants of solutions, and so different outcomes are produced. If the work is being done in a group, it is based on the division of labour.

The authors Hamón, Casani, Pomedá-Rodríguez, and Albacete in their paper with reference to other authors define project-based learning as “a learning and teaching approach that makes students search for new knowledge and skills, helps them to overcome real-life questions, and makes them design their own studies and performances...” (2017, p. 2) Moreover, the project based learning method can be regarded as exceptional because it combines the theoretical and practical understanding of a subject. It links the knowledge to practice and action. In this sense the above mentioned authors refer to the “need to know / need to do” principle introduced by Jacques, Bissey, and Martin who state that this principle “drives the learning process and inspires them (students) to delve deeper into concepts...” (2016, p. 36)

Similarly, authors of another paper S. V. Ivanova and L. S. Pastukhova write about the same principle, which they define as “learning by doing” (2018, p. 34). Project based learning is a very demanding pedagogical approach, especially in terms of preparation. It also encourages freedom of thought, which is not and has not always been welcomed especially in totalitarian regimes. Interestingly enough, from this point of view both Ivanova and Pastukhova comment on the history of the project method in Russia (former Soviet Union) and draw attention to the fact that the method was forbidden and almost forgotten during a long period of time from the 30's to the beginning of 80's of the 20<sup>th</sup> century. Its rediscovery went hand in hand with the process of democratization in the

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<sup>2</sup>The method of shared writing as defined by Čapek is a “process [...] suitable for teaching at the beginning when pupils need the teacher's guidance and support to gain creative certainty...” (2015, p. 326)

second half of the 1980's. Our country has undergone a similar process. Another surprising fact the authors introduce in the paper is the connection of this method with the name of a significant personality of pedagogy, a scholar A. S. Makarenko, whose work has been politically abused by the Soviet regime and some of it should be rehabilitated. (*ibid.*, pp. 34 – 35)

The issue of project-based learning method is dealt with by many other authors, such as L. Rohlíková and J. Vejvodová (2012, pp. 55 – 57). The above mentioned authors quote G. Petty who aptly characterizes the two-edged character of the method in the following words: “Few teaching methods enable the teacher to develop a greater range of skills; and few offer greater opportunity to waste time in ill-directed activity.”(Petty, 2009, p. 296; 2013, p. 292). Petty elaborates in detail the pedagogical preparation and organization of projects and individual works, including the detailed content of the assignment and evaluation criteria. At the same time he draws attention to the fact that “you will never get an assignment right first time.”(Petty, 2009, p. 300; 2013, p. 296) The fact must be taken optimistically in the sense that it is typical for real creative activity to undergo a gradual development with transformations. The presented concept can also from the methodology point of view be ranked among the so called situational methods. “Their essence lies in solving a problematic learning task by confronting knowledge, skills, opinions and attitudes of the participants.”(Kalhous, 2002, p. 325) An example of a problematic learning task in the given context could be the creation of bibliographic citations for different types of electronic documents according to the chosen citation format. University students aim to write their own final academic paper, and therefore language training is focused on academic skills related to academic style.

The basis of the presented didactic concept is the idea of a play at editing and publishing activity, and later on also a play at review, which puts into practice the ideas of the above-mentioned pedagogues. This is a group activity, rules of which are formulated in the form of entry requirements and activity scenarios. Every student's contribution is first delivered in the form of a presentation that actually imitates the presentation at a conference. At the same time the first version of the article is submitted in electronic form. The article is structured in the same way as the presentation (see below in the Results section). 1-2 pages A4 size is set as an ideal length of the text. It must be kept as a minimum length and can be exceeded only if it is justified by a specific width of the topic. The text of the article is written according to a structure prepared in advance. This will prevent an overall confusion and also the tendency of some students to omit mandatory parts of the structure. The first version of the student's article in Word format is modified by the teacher for the needs of the course. The most complicated mistakes are corrected by the teacher, more easily identifiable grammatical and spelling mistakes are underlined, passages with stylistic and content errors are marked graphically, e.g., by a dark background. A first round of editing process follows, when pairs of students compare problematic sections of text according to pre-defined requirements, they correct mistakes in language and spelling and are trying to reformulate or supplement problematic passages. The teacher checks whether the editing

and corrections are justified. The whole process may result in several suggestions of how to correct the specific passages or the pairs may correct only parts of the text. After the author revises the text on the basis of the first round of comments, the article undergoes a second round of editing process in some of the following lessons. As with the PowerPoint a larger text on the board can become confusing, therefore, the editing process is done on the handouts. A student who brought his/her article to the final publication can take on the role of a reviewer in the group and formulate reviews on the work of classmates on the basis of the given criteria. The method is demanding in terms of preparation and space.

In addition to the below stated structure of the presentation and the article, the following entry requirements are defined: each student will use at least one printed professional publication (book, qualification paper or professional journal). It can also be a foreign-language publication and the students are not required to have the publication physically at their disposal. It is sufficient, when one of their friends or relatives borrows the book in their home country and scans or copies the relevant passages. It is primarily mandatory bibliographic records from which a complete bibliographic citation is composed that are regarded as crucial here. At the same time, it is necessary to have relevant pages whose content refers to a particular natural spa resort, or it is in some other way related to the relevant topic. The bibliographic records are compared and adapted to a particular citation format available to students - ČSN ISO 690 (01 0197). The internet resources that are not of scientific character are listed separately. Wikipedia as a formal source of information is not accepted. The article must not contain any copied text, only its own wording, eventually a paraphrase. Other activities in the form of exercises are also being added to the basic concept.

One of these very important parallel exercises is a game of creating travel agency offers, which are oriented towards the spas presented. This exercise is introduced by R. Čapek (*ibid.*, p. 377) as a model example of an activity fulfilling his strictly defined criteria of a project-based teaching. Thus the group work is suitably supplemented. The activity is intended so that each group chooses one destination, in our case it is one of the spas, which were introduced in the form of presentations or articles. The task is to create an offer of a travel agency for tourists from the Czech Republic, i.e., an offer of a stay in a selected spa. The group will decide what promotional material the client will receive. It may be an information folder, a flyer, a brochure focused on different areas (local restaurants, spa houses, sanatoriums, significant buildings or sites in a city, etc.) or a three dimensional map. The product, i.e., the offer of the stay in the given spa, contains relevant information (languages that are understood and spoken at the place; where the guests will be staying; how to ensure their meals; the price of the trip; what places can be visited on optional tours; what means of transport will the agency use; information about local nature, about local people, history, culture, cuisine, etc.) The tasks include creating a name design, a corporate colour logo, a travel agency slogan, as well as website reminders and promotion on social networking sites. The overall summary of the key activities described here is actually a preparation for the future project-based work.

In connection with the translation of proper nouns (toponyms, anthroponyms, names of architectural objects, urban units, institutions, etc.) students are confronted with linguistic reality and can actively participate in resolving controversial language issues. It is assumed that students in tourism-related fields will often in their work be confronted with the use of foreign proper nouns in Czech. For example while working on a student's article the language problem of morphological and orthographic classification of the toponym "Ессентуки" in Czech was being solved. In Russian it is a plurale tantum masculine noun with a hard consonant ending, and it is declined (*Ессентуки, Ессентуков*) and nothing can be changed even by the fact that it is a name of a non-Slavic origin which is also proved by the Russian National Corpus. In Czech, for example, the equivalent of *Jeseniky* would correspond to this type of declension. However, the Czech National Corpus - SYN version 7 shows 24 occurrences of the form *Jessentuki* where the writers avoid both declension and Czech spelling adaptation and use other types of construction, such as *ve městě Jessentuki* construction, and so. We have decided to use the Czech adaptation of the noun *Jessentuky* on the basis of the corpus analysis of the name of the Moscow stadium and district *Lužniki* (in the original it is a masculine noun *Лужники, Лужников*). It can be regarded as a morphological equivalent which is used very frequently due to sports reports. The Corpus SYN version 7 proved that the name of the well-known stadium is mostly declined and spelled according to the Czech orthographic norm (*Lužniki* – 252x; *Lužniki* – 68x; *Lužniků* – 9x; *Lužnik* 92x; *Lužníkům* – 0x; *Lužníkám* 3; *Lužníkách* – 1119x; *Lužnikami* 7x). Fluctuation is manifested only in gender classification because the writers did not follow the origin of the word. These findings demonstrate the justification for assigning this adapted masculine *Jessentuky* to the paradigm *Jeseniky* and are of national importance for the development of language standards.

## Results

The result of the semester teamwork between students and teachers is a professional journal of articles under a collective title. The successful articles of the students in their final form are ready to be published. We assume that it is an attractive topic, which can be of interest to the wider circle of readers. The joint activities of teachers from the Department of Languages of the Institute of Hospitality Management and students can be brought closer to the attention of public. The articles also provide the public with information about destinations which are not commonly known.

The common structure of the presentations and articles is as follows:

- title of the series: **Spas (Natural Spa Resorts) in the Selected Countries**
- name and surname of the author and information on study programme and specialization of the author
- title of the particular article, e.g.: Spa City Yessentuki
- introduction and geographical location
- a brief history of spa destination - crucial information here being how

- long the tradition of the use of specific natural healing resources is
- specification of natural healing resources (natural mineral water source / mineral water used for cure / peloid), therapeutic use (in terms of mineral water also gastronomic use) of curative resources, number of springs used, water temperature (cold / thermal springs)
- spa architecture – historical objects – modern objects – spa park – landscape and surroundings – ecological situation – photographic or pictorial documentation
- accommodation, gastronomic and other related tourist services:
  - availability of reliable information
  - infrastructure – especially transport accessibility (e.g. rail transport) and shops
  - acceptance and orientation in the destination
  - cultural, sporting and other leisure activities (colonnade concerts, theatre, dance, bicycle rental, organised excursions, etc.)
- (accommodation and gastronomic establishments of a selected spa house)
- indicative prices in local currency converted into crowns
- characteristics of the clients - i.e., spa guests of the given destination
- innovative proposals, e.g.: for improving the resort, if its degradation has occurred (see e.g. Kujalnik Spa in Odessa), and other
- print reference sources
- information sources
- photo gallery with the description of the photographs

Students chose their own topics and as a result of the group work and cooperation during one semester there were three articles successfully created, all related to culture and tourism. It was a part of a project of creative group activity in the Czech for foreigners' course of the 1<sup>st</sup> year Master's Degree Programme. The articles are now ready to be published as a series of a student's journal.

Part of the project assessment is writing an annotation for a complete series of articles with the whole group of students actively participating in its formulation. Annotation is compiled by selecting relevant facts and their composition into a comprehensive stylistic body. The best annotation is then published under the author's name.



The result of the cooperation between students and teachers are the following more or less successfully resolved issues: correcting the stylistic deficiencies of many types, supplementing insufficient passages, adequate translation of foreign toponyms, classification of information according to their importance and relation to the topic, creating direct citations and paraphrases, compilation of bibliographic data, selection of suitable photo documentation, a relevant description of the photos, creating an annotation for a complete set of articles with the active participation of a whole group of students.

## **Discussion**

A precise and concrete definition of the topic is very important for the successful implementation of the didactic concept presented. The final comparison of the monitored series of articles is the more beneficial, the more precisely the topic is specified and the more precisely the overall structure of the articles is defined in advance. An inappropriate topic would in this sense be, for example, the topic “Monuments” (too broad a topic), whereas an appropriate topic being here, e.g., “Orthodox monasteries” or “Medieval and Early Modern Fortresses”, and so on. In case the topic is not sufficiently specified, the unifying idea disappears, which often results in students’ trivial, and unreasonable contributions. Such as the series of presentations on the topic “Traditional Restaurants” was not considered to be successful in the final assessment due to the absence of predetermined, if possible strict and detailed criteria on the basis of which a particular business can be described as a traditional restaurant, namely Czech, Russian and Ukrainian, etc. It is precisely the preparation and detailed definition of the exact criteria that can be regarded as very useful activities in language courses. The benefit of the submitted article for language didactics does not lie in presenting abstract and general lesson plan, but on the contrary, a very specific and creative programme for the work with the students at a group course and being more specific, within the language for specific purposes course (Czech for foreigners as an example given here) at university. The results of the work can also contribute to the popularisation of the Institute of Hospitality Management in Prague. As a consequence, the didactic activity called “a play at editing and publishing” is beneficial for the Institute as such.

Among certain limits of the didactic concept herein presented is a limited length of the students’ texts, which is motivated by the effort to ensure maximum clarity of the published series of the texts. Therefore, in future it may be advisable to create a structure for a longer paper (e.g. two to three pages long), which would include an abstract, introduction, conclusion or even a research assessment. As a culmination of the concept we consider a situation where students will directly participate in the publishing activities of teachers as co-authors. The above-mentioned university activities can contribute to the number of academic publications, of which there is a constant shortage despite the increasing efforts of academics.

## Conclusion

Our pedagogical experiment of a play at group editing and academic publishing has been successfully accomplished. The project-based learning method has been used and students have not only gained a valuable experience in correcting and editing academic texts written by their fellow students in the course but also in creating their own papers. The quality of articles due to the students' and teacher's conscientious effort and as a result of the whole detailed process of editing and reviewing is comparable to the quality of geographic and other journals. The whole series of articles on the topic of "Spas (Natural Spa Resorts) in the Selected Countries" is to be published subsequently. The texts can also be considered a promotional material to popularise the university and its courses as such and so bring the academy closer to the public. Last but not least, the approach can also be of inspiration to other university teachers.

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**Cvetanka Ristova**

# **CONSUMER BEHAVIOR IN THE PROCESS OF CONSUMER DECISION PROCESS IN SOCIAL MEDIA IN HOSPITALITY**

***Abstract:** Encouraged by social media and their enormous power, consumer behavior is constantly changing and consequently consumer expectations are constantly increasing. It is well known fact that social media impact every industry and business, and hospitality is not an exemption. Nowadays, in the hospitality industry where the expectation of the consumer (guest) for a positive experience is particularly high, social media can provide the means to meet this expectation. Consumers perceive the social media as an easy life, and accordingly, their appetite for this lifestyle is insatiable. With each new application or connected device, social media demonstrate that everything is in the reach, which for hospitality means perpetual changes in the behavior of their consumers (guests).*

***Key words:** behavior, consumer, decision, guests, hospitality, social media*

***JEL Classification:** L83, Z32*

## **Introduction**

Ristova and Maglovski (2018, pp. 693) state that ‘we live in a digital world. The Internet, social media, applications and various technological achievements form an integral part of our everyday life’. Slowly, but surely we are becoming addicted to our smartphones, and they determine our behavior and communication in every aspect of our life, both private and professional.

The way in which we buy and consume product and services, that is, our behavior in buying and consuming products and services to meet the needs of the digital era. Hence, the habits of consumer change significantly and are no longer in line with the non-digital era. Social media is extremely important and necessary for consumers when making decisions about accommodation because in principle it is easier for every tourist to sign in to their personal social application and find accommodation just by reading comments from other tourists rather than visiting travel agencies and thus collect information (Krusec, 2017).

Since the consumer behavior has always been a hot topic, the purpose of this paper is to examine how the decision-making process is affected from the life of the consumer and his behavior in the today’s digital era of hospitality. Moreover, each step of the decision-making process will be presented and discussed to properly move the consumer to the buying the product, communicate effectively to consumers and close the sale influence. The need for consumer behavior analysis resulted with the trend that hotels have to stay

consistent with digital achievements or the latest trends in the digital world of social media, that are undoubtedly influencing consumers' behavior, because digitalization has the power to change all aspects of the travel of a tourist / guest – preparing for the holiday, during the holiday to their departure.

## **Materials and Methods**

### **Social media and consumer behavior**

Social media is a relatively recent phenomenon. Over the last decade, the World Wide Web has seen a proliferation of user-driven web technologies such as blogs, social networks and media sharing platforms, who initially started out as a means for people to stay connected globally. Collectively called social media, they have now evolved into an indispensable business tool for both social as well as commercial needs and these technologies have enabled the growth of user-generated content, a global community, and the publishing of consumer opinions (Voramontri and Klieb, 2018). The development of the social media also provided consumers with knowledge, so now they require exceptional value for their money and time (Buhalis and Law, 2008). This movement now dominates the way we use the web and has given rise to the most used popular platforms nowadays, such as: Facebook, YouTube, Twitter, Instagram, Pinterest, Snapchat, Google, Google Street View, Flickr, Tencent, Weibo, Foursquare, Yelp and many more android and smartphone applications (Mukherjee and Nagabhushanam, 2016).

Defined as “consumer-generated media that covers a wide variety of new sources of online information, created and used by consumers intent on sharing information with others regarding any topic of interest” (Kohli et al., 2014), social media now have empowered consumers with power over the content, timing or frequency of online conversations among them and ultimately played an important part in defining consumer behavior. DeGruttola (2017) listed 12 statistics of know now consumers can just scroll through their social feeds for inspiration and purchase.

1. 81% of consumers' purchasing decisions are influenced by their friends' social media posts.
2. Consumers are 71% more likely to make a purchase based on social media referrals.
3. Facebook accounts for 50% of total social referrals and 64% of total social revenue.
4. 31% of consumers say they are using social media channels to browse for new items to purchase.
5. Millennials are 1.6x more likely to use digital channels to learn about new products.
6. 84% of millennials say user-generated content from strangers has at least some influence on what they buy.

7. 53% of consumers recommend companies or products in tweets, with 48% following through to purchase those products or services.
8. 78% of consumers say companies' social media posts impact their purchases.
9. Customers are 6x more likely to purchase a product if the page includes pictures from social media.
10. Conversions increase 133% when mobile shoppers see positive reviews before buying.
11. In 2015, Facebook influenced 52% of consumers' online and offline purchases.
12. Global social commerce revenue reached \$30 billion in 2015.

Social media in general will continue to influence consumer behavior because from the social theory, consumers get the support of the idea that social media has become a key influence in a consumer's decision-making process and affirmation on what they decide is the best.

## Defining consumer behavior in hospitality

Consumer behavior implies a decision that consumers make for purchasing a particular product or service. Consumers make decisions to fulfill their unmet needs and wants (Holdford, 2018). Actually, consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants (Ramya and Ali, 2016). And because consumer behavior refers to the buying behavior of the ultimate consumer, this includes understanding the wishes of the consumer, their willingness to pay a certain amount of money, their manner of choosing what to buy, and the manner of finalizing the buying process. Consumer behavior is dynamic, because the considerations, feelings and activities of individual consumer in the broadest sense are in constant change (Peter and Olson, 2008).

As we know, consumer behavior is influenced by various factors, thus in the last few years, the market has seen a vast change. Many factors, specificities and characteristics influence the consumer in his decision-making process and purchasing behavior. The purchase decision has become more complicated, and the reason for it can be attributed to the social media advancement in the hospitality. Tourism, as well as hospitality, are industries that represent information – intensive industries (Limlahapun and Kalganova, 2018), so therefore it is crucial to understand the changes and the impact they have upon consumer behavior.

Few of the notable current characteristics of consumers' behavior in hospitality are:

- *To stay connected.* The majority of consumers today are well informed and active as a result of the social media. With the world becoming a global community due to the social media advancement fostering connectivity, the hotels are found in a situation where they are trying to immediately meet the consumers' needs. By adopting the latest applications, the hotels engage their active and informed

consumers on the available platform and therefore contribute to the changes in consumer behavior.

- *Meeting the consumers' expectations.* The days when hotels set the name of offering a certain product or service, available for purchase or cancellation, have long been gone. With the help of the current e-commerce, the hotel product or service can be bought at any given time. Today's consumers are fully aware of their purchasing powers, have a higher standard of expectation rather than acceptance, which is closely related to the hotel product or service.
- *Communication through newer and latest channels.* The traditional approach to providing information to consumers through email or phone calls has long been forgotten. Nowadays, the social media offer live chat options where the consumers expect their questions and requests to be answered. This approach feels obligatory to the hotel, since if the employees fail to answer the request, the hotel's image can be seriously damaged.

The significant integration of social media in everyday life requires understanding of the consumers' behavior dynamics in this altered hospitality environment. Because, social media will continue to influence consumer behavior, since social media are a significant part of our lives, and consequently, hospitality will continue to be present on social media, because all the potential consumers are present on social media, as well (Ristova and Angelkova, 2018). Furthermore, this paper highlights the terms of understanding how consumers are affected through social media in many ways in and influences the entire decision-making process.

## Social media as a mean of giving consumers a voice in the decision-making process in hospitality

Given the well-known fact that social media has a great impact on all spheres of our lives and hospitality is no exception to it, often, consumers rely on social media to find the newest offers from hotels in a particular destination and plan their holidays. Social media contains ratings from other consumers' choices of holidays, destinations, hotels and a result of that, the consumer can be influenced by the development of their own positive or negative feeling for the particular hotel. Social media influences consumer behavior in hospitality by offering "user - friendly" offers that have many advantages for consumers such as: presence around the world, easy access to information, directness, diversity for interactive change (Punia and Choudhary, 2015). That is, social media influence consumer behavior in a way consumers search, decide and book hotels (Varkaris and Neuhofer, 2017).

Alsubagh (2015, pp. 211) states that 'possible components involved in a consumer's decision process are related to the aspects and essence of social media, and believes that social media plays the role of a special touch point for today's consumer decision process,



from the stage of consideration to the stage of post purchase'. In these terms, the author agrees that social media has found impact on consumer decision-making process initially through its primary purpose – communication. Recommendations by friends or connections on social media are the first that affect the decision-making process and later on continue to help brand attitudes, purchasing attitudes, and advertising attitudes (Sema, 2013). The good image of hotel or restaurant service can lead the consumer to make decision on their purchases. When consumer's friend on social media shares or recommends that exact hotel or restaurant service on their social media, it also affects brand attitude and influences their decision-making. If having any problems with the room booking, consumers could reach the hotel via social media, which is an easy way to connect and contact with them, or even if having a doubt on booking in a hotel, every single detail could be an influence to their decision-making. Since consumers now require exceptional value for their money and time, reviews on social media become second-hand resources to support consumer's decision-making because they want value from their money. Certain reviews on a chosen hotel can motivate the exact purchases or support that consumers need for their decision-making by make it more reasonable to spend their money on it.

As a result, the flow of communication from social media is able to access consumers and influences the entire decision-making process, from the phase of interpreting the message, to searching for available alternatives, to carrying out operations right after the purchase (Smith and Zook, 2011). In the next part of the paper, the main objective of this particular research study, consumers' decision-making process is set to be examined through the different phases of the impact of social media on consumers' behaviours for purchases in the hospitality industry.

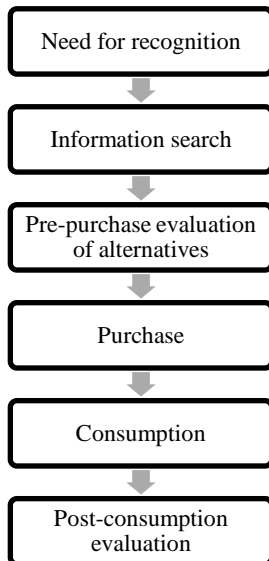
## **Results**

### **Hospitality's consumer behavior in decision-making process in social media**

Consumers use social media to analyse the wide range of offers in hospitality, but in overall the process of how social media impact on consumer behavior as mentioned remains insufficiently explained. There are many ways to model consumer behavior, depending on the goal of the research, but a useful method is the decision-process approach which studies the events that precede and follow a purchase, and that explains the way decisions are made (Karimi, 2013). Consumer decision making process could be defined as the “behavior patterns of consumers, that precedes, determine and follow on the decision process for the acquisition of need satisfying products, ideas or services” (Du Plessis et al., 1991). This paper adopts the five stages proposed by the Consumer Decision Process model (Blackwell et al., 2006). This model was originally developed in 1968 by Engel, Kollat and Blackwell, but the Consumer Decision Process (CDP) model has undergone a number of revisions to become one of the most popular representations of consumer behavior (Loudon and Della-Bitta, 1993). Nonetheless, the traditional model was criticized, the Consumer Decision Process model, alternatively also known as the Engel-Blackwell-Miniard or the Blackwell-

Miniard-Engel model of consumer behavior, provides a comprehensive framework for understanding consumer behavior (Fotis, 2015). Besides the critics, the traditional Blackwell-Miniard-Engel model of decision process served as a base for modern five-staged decision process concepts as Silverman's model (2001) and Court, Elzinga, Mulders and Vetnik (2009) model, but however the critics, but nobody can deny it relevance. Therefore, the author will use Blackwell-Miniard-Engel model as a foundation of the traditional model in the decision-making process of consumers. An overview with this model will be given, to ascertain of what motivates the consumers' behavior to change when using the social media for choosing a hotel.

**Figure. 1 Consumer Decision Process model**



- *Stage 0 - Need for recognition*

The need recognition is the first stage of the consumer decision making process. This is generally regarded as the trigger that initiates a purchase decision making process. Here the consumer is in a state of desire, where the decision process is initiated through the interaction of individual differences and environmental influences. Consumers recognize needs and seek to fulfill them, or sometimes seek to solve their problems.

From a perspective of consumer behavior, the need for recognition occurs when the impact of the environment, individual differences and information stored in memory contribute to making consumers aware of the difference between the true and the ideal state (Blackwell et al., 2006). Therefore, the stimulus associated with the hotel and the wonderful food in the hotel that are on social media contribute to recognizing the need for travel. By knowing the guests' needs, hotels can develop products to reach them more efficiently.

- *Stage 1- Information search*

After determining the desire, the consumer seeks information on products that will fill that void. The consumer turns to internal search into to memory to determine whether it knows enough alternatives to make a decision without additional information sources. If there isn't enough information contained in memory, the consumer will engage in external search. Individual differences and environmental influences, also affect this stage.

Changes in consumer behavior when selecting the accommodation capacity may also occur when through social media, the consumers search the information in three exploring directions: the people route, the organization route and the content route (Fotis, 2015).

Fotis (2015, pp. 275-276) 'states that the people route enables consumers to seek advice from their contacts on social media, as shown in the example above, whether they know each other personally or have some degree of knowledge about the destination in question. Following the organization route, consumers use social media to contact the organization that is directly related to the holiday (example: hotel in destination). Choosing the content route, consumers use social media since they focus on the media and the content instead of the provider of the information, who – in the vast majority of cases – is unknown to them'.

- *Stage 2 - Pre-purchase evaluation of alternatives*

In the pre-purchase evaluation of alternatives, the consumer will examine the products and their attributes and compare it to personal standards. After that, the consumer forms a consideration set of products that beliefs, it will solve the problem (desire of travel, accommodation). The influence of social media on consumer behavior is expressed throughout their communication in social media in the ranking of alternatives (example: hotels) found during the information search process. Here consumers use social media platforms such as: TripAdvisor, HolidayCheck. Most often alternatives that guests seek in this process are: researching the hotel or other accommodation facility, reading comments and ratings from other guests for the desired hotel, research of the hotel and offers and searching for additional information for the upcoming travel.

- *Stage 3 - Decision and purchase*

The decision and purchase are two separate stages in consumer behavior (Moutinho, 1987). This paper adopts Moutinho's (1987) view, although the decision is not presented in the Consumer Decision Process model (Blackwell et al., 2006), because this is due to the fact that in the case of similar hotels in the destination, there may be a significant period between the final selection and the moment of purchase. The decision may be "disrupted" by two factors: negative feedback from other consumers and the level of motivation to accept the feedback. Having gone through the previous three stages, the guest chooses in which hotel he will stay while travelling to Berlin. However, because his very good friend, who has already been in Berlin, and stayed in that hotel, gives him negative feedback, the guest will then be bound to change his preference. Furthermore, the decision may be disrupted due to unforeseen situations such as the hotel doesn't allow pets.

Only when the decision is made, the purchase may happen from the pool of alternatives. Consumers have made their decision about which product, service or solution is best for them, and they are ready to buy. Purchase is the final choice or decision made from the consumer (guest) regarding which product (hotel) to buy (stay) and through social media usually is expressed in the form of booking.

- *Stage 4 - Consumption*

Here the consumer decides whether or not and when to use the purchased product. This process has not been a concern for the hospitality, because the primary objective for them was to sell their product, sell rooms. But this view has changed, when hotels realized that they need to stay competitive by ensuring the guests' satisfaction. Because, consumption is the point where consumers make judgments on the products they have bought, and later these judgements will influence the consumers' perception of satisfaction and increase or decrease the chances of the product being bought again. Blackwell, Miniard and Engel theorize that the chances of the products being repurchased depend upon the feelings experienced during consumption (Blackwell et al., 2006).

Therefore, Fotis (2015, pp. 282-283) 'states during the consumer process, consumers use social media for four reasons: to express themselves and various activities from the stay online, to search for information and to evaluate alternatives to their activities in the hotel and surroundings, to remain in contact with their social media contacts and to participate in social games'.

- Consumers' desire to share activities with their contacts on social media emerges from the need to invite those social media contacts to follow their holiday, to express their sociability or simply to share photos and experiences with friends. Posting engaging content on social media by guests will increase the hotel chance to be discovered by more consumers.
- Searching for information and evaluating alternatives can be due to the lack of proper planning process of the holiday or various unforeseen activities requiring a change in plans, or due to a new activity in the holiday discovered on the spot or proposed by local sources. Hotels need to be aware that guests aren't just searching for a hotel, but a hotel in the area they are traveling to for work or holiday. These trips are often scheduled around local events, tourist attractions, citywide conferences, and niche interest areas. Hotels should include these events in their social media posts, because they can be extremely helpful, especially for guests who have never stayed at the particular hotel before.
- Consumers feel the need to stay in touch with their social media contacts during the holiday mainly because of their social commitment to family or friends, or due to a number of unforeseen circumstances such as bad weather that would keep them at the hotel, and even because of boredom during the holiday.
- Changing consumer behavior by participating in social games can result in an excessive dependence upon social media, mainly due to the nature of games that require active consumer participation at frequent intervals. The hotel can be

engaged with guests through social media with games such as: liking hotel's tags, mentions and posts or choosing a good photo and rewarding it from guests they took while staying within the hotel.

- *Stage 5 - Post-consumption evaluation*

Once consumers have consumed their purchased product, satisfaction or dissatisfaction occurs (Blackwell et al., 2006). If consumers are satisfied, they will either purchase the product again or at least consider it for future purchases, however, it has been argued that satisfaction does not always ensure repeat purchases and that consumers must experience some sort of delight which only occurs when consumers' expectations of the product are exceeded and completely satisfied.

During the post-consumer evaluation process, consumers connect with social media to provide results of their holiday. Consumers today are using social media to talk about their own good or bad experiences and thus share feedback and opinions about particular accommodation with family or friends. Social media have increased the possibility offered to consumers to share their good or bad experiences with their family and friends like never before. If we just think about it, a decade ago, consumers who wanted to talk about their own experience could only spread the word to a small circle of people around them. Nowadays, with social media it has become easier for consumers to spread the word in the form of comments, praise, criticism and rankings really quickly to hundreds of people and influence their purchase decision-making processes.

A benefit for hospitality is that consumers' behavior can be, and has to be continuously monitored in the post-consumption evaluation of social media. This can happen either through responding individually to consumers' questions and comments (positive or negative) or through the integration of analytics software which provide statistics and further analysis of consumers' behavior (Moustakas, 2015). Hotels have to be extremely careful with negative comments or complaints, because they have a bigger impact than the positive ones and they can spread much faster after the incident 'goes viral'. Deleting negative comments or feedback is a wrong action for hospitality as consumers should be treated with respect and the hotel's response should be specific and instant. A dialogue can help hotels learn how their business is perceived, and what improvements can be made to strengthen their business. If the post-consumption evaluation process is properly supported by social media this could build long-term brand loyalty for hotels.

## **Limitations**

This paper has several limitations. The first one is that the very traditional model of consumer decision-making process that involves six steps that consumers move through when buying a product or service is taken as a method of analysing. The topic of consumer behaviour in hospitality can be further discussed with most recent decision-making models present in of the field of behavioural academic research.

Another limitation is that the consumer decision-making process affected by social media for consumers in hospitality is addressed in general. Given the fact that consumer decision-making process is a complex procedure and the rapid growth of social media is resulting with bigger influence on consumer, the need for analysing the decision-making process from multiple decision criteria's such as: millennials, families, active silvers, groups and other groups should be used for hospitality successfully reach their target market, and improve interactions with customers.

## **Conclusion**

Rapid dissemination and use of social media that once was a trend is now widely accepted in all parts of society. Social factors have always played a part in consumer decision process, but the ubiquity of media has taken word-of-mouth to new heights. Social media has evolved from being a thing or a feature to being part of every industry's business. Thus, social media is becoming more popular in the hospitality. For hospitality to be able to understand how consumer behavior is changing, it's helpful to look through the eyes of a consumer / guest and understand how social media transforms key moments in their typical day. It's hard to deny tourists' / guests' reliance on social media, which can even be manifest in some extreme ways. In a 2016 research report, Expedia found that guests consider their mobile phones to be the single most indispensable item they carry with them in a hotel, ahead of their toothbrush, deodorant and driving licence. Guests are becoming even more reliant on using social media on their mobile phones because it makes every aspect of their life simpler or more effective, especially during their stay in a hotel or simply when travelling.

By explaining why, when and how social media influence consumer behavior, the accessibility and transparency offered by the social media are listed as the main factors in changing consumer behavior. The camera, previously used to simply snap pictures or record videos for personal use, has become the lifeblood of every social media platform, who now has crucial role in presenting the real service and amenities in the hotel opposite to the given promotion on social media. With this, every guest is turned into content creator, by sharing visually-inspiring images with friends and followers across social media. And as long as guests continue with creating and sharing content on social media, they significantly impact how they interact with hotels and make purchasing decisions.

Nevertheless, hotels using social media to "reach to the consumers" as a communication and information tool also have the crucial impact on the consumer behavior. The key to success is finding a way to influence guests' decisions by embracing visuals and creating cohesive experiences with social media. Hotel that will take advantage of this opportunity by leveraging social media to help their guests to make a purchase through an image the second they're inspired, no matter on what social media platform they're on, will be the most successful in the tourist destination as well as the tourist market, whereas hotels that fail to adapt to this changing landscape may be left behind.

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**Eva Ottová, Tereza Ottová**

## **ISLAMIC TERRORISM BETWEEN 2014–2017: IMPACT ON EUROPEAN TOURISM IN PROXIMATE AREAS**

### **Abstract:**

*The paper explores the impact of terrorist attacks on tourism within the borders of the European Union in the era of the so-called Islamic State of Syria and Levant. Specific incidents shall be chosen according to vicinity of tourist sites and number of casualties. The post-terror behaviour is researched through a Year over Year analysis of advanced flight bookings, fullness of flights, daily bookings, bookings cancellations, occupancy rates and where available, share price of major hotel companies.*

**Key words:** *bookings cancellations, EITA-model, Islamic State of Syria and Levant, occupancy bookings, terrorism, Year over Year analysis*

**JEL Classification:** *D62, D74, Z39*

### **Introduction**

It has been proven that the impact of a carried-out terrorist attack spans beyond the immediate costs – the perished, the wounded and infrastructure – and affects the behaviour of international community towards the afflicted location, having thus a sharp, sudden, even though sometimes arguably short-term, effect on the services sector (inter alia: Enders and Sandler, 2006; Kollias, C., Manou, E., Papadamou, S. and Stagiannis, A., 2011; Eckstein and Tsiddon, 2004). The European Union has been a witness to a gradual decrease in number of failed, foiled and completed attacks since 2007. However, with the upswing and downfall of the Islamic State of Syria and Levant (ISIL), the number of fatalities levelled with the 2004 Madrid train attack and the 2015 balance of casualties was comparable with some years of the dire 1970's – 1990's which saw the pinnacle of European separatism-motivated terrorism (Brockhoff, Krieger and Meierrieks., 2012; LaFree et al., 2012; Jongman, 1992).

Effects of ISIL-related European attacks on tourism and economy shall be the subject of this study.<sup>1</sup> Impact of this comparably high number of fatalities, growing despite the

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<sup>1</sup> The authors do not by any means claim that all the case-study attacks were carried out by ISIL members. However, in accordance with a growing body of literature on the subject (Paulussen and Entenmann, 2014; Bakker, Paulussen and Entenmann, 2014), the authors understand the relation between the attacks and ISIL more as inspirational: the intervention of the Allied forces on the ISIL territory triggered a secondary reaction amidst the radicalised, who had not reacted on the primary stimulus given by the existence and support of the terrorist body. Therefore, may all the European incidents not be directly the doing of ISIL as an organization, the deeds are intertwined with its fate.

Similar trend was apparent in relation to the Iraq War (Nesser, 2006).

decrease of acts of terrorism in the European Union in general, is to be analysed within the framework of major terrorist attacks chosen with forthmentioned criteria. Namely shall be discussed the co-ordinated Paris attacks carried out on November 13, 2015, Brussels subway and airport assaults on March 22, 2016, terrorist act in Nice on July 14, 2016, Westminster event from March 22, 2017, Manchester suicide bomber from May 22, 2017 and co-ordinated incidents in London on June 3, 2017.<sup>2</sup> After settling on why these particular events should be part of this study, data relevant to this study shall be analysed; it is by no means only tourist demand variability within the affected perimeter in weeks after the attack what is to be compared with similar years within kindred part of economic cycle.

## Materials and Methods

Data for measuring what could be defined as the impact of a terrorist attack on tourism can be obtained by several methods and economic models. However, before any of them is introduced or applied, the rudiments on which the research draws further conclusions shall be introduced. If it is claimed that the trend of terrorism, which received serious support by the ISIL, statically remains on the decrease, it is not only a statement supported by a growing body of literature (Nesser, P., Stenersen, A., and Oftedal, E., 2016; Brady, E., 2017), but a figure derived from The European Police Office (Europol) statistics. The office in question annually issues a report concerning the number of foiled, failed and completed terrorist attacks within the EU borders (cf. Table 1, line 2). Individual values of this set  $X\{x_1; x_2 \dots\}$  represent number of casualties for each year. However, this balance has sometimes been ex post modified by another report and, therefore, a certain disproportion must be accounted for. Analysing why some years are subject to greater changes than others is beyond the scope of this paper, as the course of investigation of every singular event within the given time span would have to be undergone. The uneven variation amidst data can be taken as that each such  $x$  of  $\sum_{i=1}^N x_i$ , which was measured differently during various years, takes random values  $\sum_{j=j+1}^N x_j$  from a finite set. The standard deviation  $\sigma$  of these individual  $j$ -values, when they are present, shall be calculated:<sup>3</sup>

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<sup>2</sup> Cf. Europol, 2018. *EU Terrorism Situation & Trend Report (Te-Sat)*. [online] Available at: <https://www.europol.europa.eu/activities-services/main-reports/eu-terrorism-situation-and-trend-report#fndtn-tabs-0-bottom-2> [Accessed 26 Sep. 2018].

The first respective X-number for each year is taken from the study immediately published after the year in question. Source of any following alteration shall be indicated at the bottom of the page.

<sup>3</sup> The  $p_i$  is not calculated in the formula, because, as mentioned, the probability distribution is for the purposes of this study considered univariate.

$$\sigma = \sqrt{\sum_{j=j+1}^n (x_j - \mu)^2}, \mu = \frac{1}{N} \sum_{j=1}^N x_{j+1}$$

**Table 1: Terrorist Attacks in the EU between 2006–2017**

Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
X-set	498 472 <sup>4</sup>	583 581 <sup>5</sup>	515 441 <sup>6</sup>	294 316 <sup>7</sup>	249	174	219	152 <sup>8</sup>	199 201 <sup>9</sup> 226 <sup>10</sup>	211 193 <sup>11</sup>	142 <sup>12</sup>	205
$\sigma(x_i)$	13	1	37	11	0	0	0	0	12,3	9	0	0
y(min)	478	575	471	298	242	167	212	145	202	195	135	198
y(max)	492,	589	485	312	256	181	226	159	216	209	149	212

Source: Europol, 2018. EU Terrorism Situation & Trend Report (Te-Sat). [online]

Available at: <https://www.europol.europa.eu/activities-services/main-reports/eu-terrorism-situation-and-trend-report#fndtn-tabs-0-bottom-2> [Accessed 26 Sep. 2018]<sup>13</sup> and Authors’

Processing of the Data.

A long-run average value of all standard variations is the value of  $k$ , where  $k = \frac{\sum_{j=1}^{jmax} \sigma(x_j)}{i}$ .

By establishing  $y_i = \begin{cases} avg(\sum_{j=j+1}^N x_j) \pm k & (a) \\ x_i \pm k & (b) \end{cases}$  where (a) applies for  $x_j$  sets available for years with several values and (b) applies for years with singular  $x_i$ , the variation is reflected into each year respectively:

<sup>4</sup> European Police Office, 2010. *Te-Sat 2009: EU Terrorism Situation & Trend Report*. Hague: Europol.

<sup>5</sup> European Police Office, 2011. *Te-Sat 2010: EU Terrorism Situation & Trend Report*. Hague: Europol.

<sup>6</sup> Ibid.

<sup>7</sup> European Police Office, 2012. *Te-Sat 2011: EU Terrorism Situation & Trend Report*. Hague: Europol.

<sup>8</sup> European Police Office, 2017. *Te-Sat 2016: EU Terrorism Situation & Trend Report*. Hague: Europol.

<sup>9</sup> Ibid.

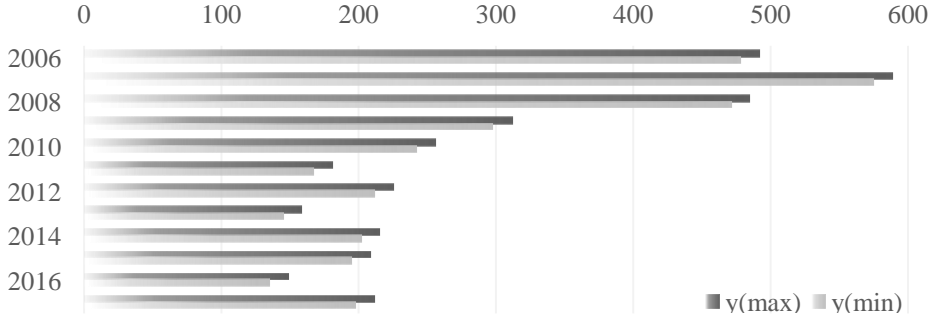
<sup>10</sup> European Police Office, 2018. *Te-Sat 2017: EU Terrorism Situation & Trend Report*. Hague: Europol.

<sup>11</sup> Ibid.

<sup>12</sup> European Police Office, 2018. *Te-Sat 2017: EU Terrorism Situation & Trend Report*. Hague: Europol, 2017.

<sup>13</sup> The first respective X-number for each year is taken from the study immediately published after the year in question. Source of any following alterations shall be indicated at the bottom of the page. Values y(min) and y(max) are rounded. For their decimal expansions see Appendix 1.

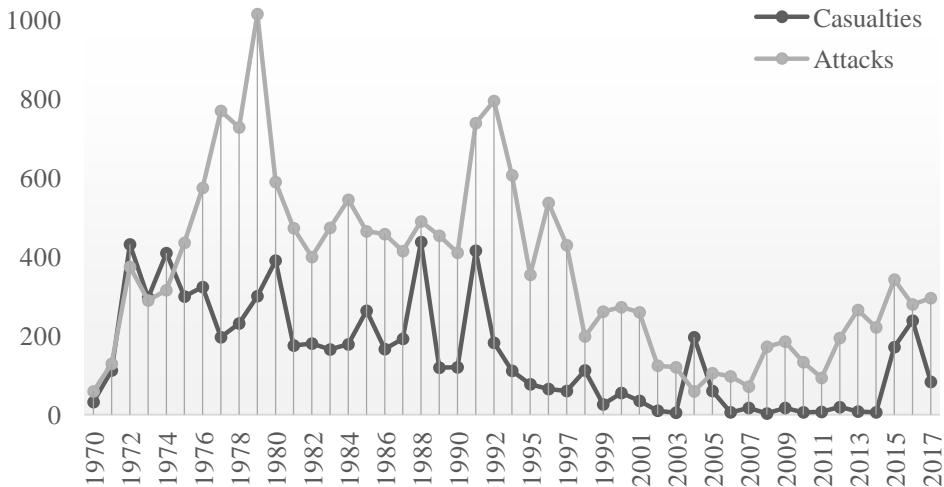
**Figure 1: Terrorism Statistics with Respect to Long-Run Average Value of  $\sigma(x_i)$**



Source: Authors' Processing of the Results of  $y_i$

Global Terrorism Database (GTD), run by University of Maryland, publishes detailed information about every registered terrorist attack; the following balance of fatalities and failed, foiled or successful events is based on all GTD entries in years 1970–2017 for all member states of the European Union to September 1, 2018. In cases as the Czech Republic and Germany, which undergone change in its size within the given time span, are also used the data available for their precedent constitutional bodies, i.e. Czechoslovakia, Deutsche Demokratische Republik and Bundesrepublik Deutschland.<sup>14</sup>

**Figure 2: Terrorist Attacks and Casualties in Europe in 1970–2017**



Source: Authors' Processing

<sup>14</sup> Cf. Appendix 2 for complete listing of all states that are included into the region of Europe (based on GTB).

The major peaks in attacks present the heightened activity of:

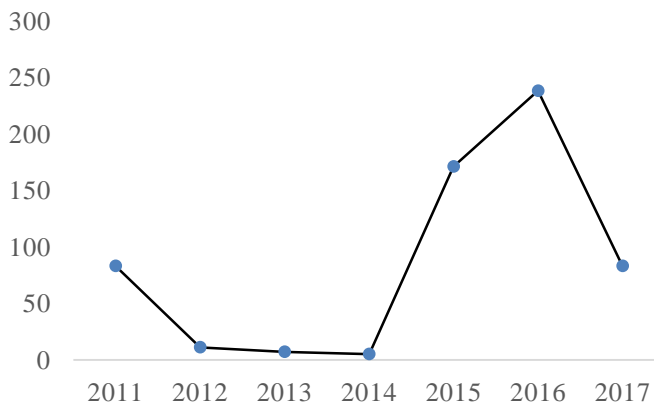
- ETA, IRA and RAF in 1978–1981;
- Neo-Nazi movements, IRA and ETA in 1990–1994;
- Islamic, ISIL-related terrorism in 2014–2017<sup>15</sup>

Some of the local maximums on the loss of life can be attributed to particular events, i.e.:

- 1988 Lockerbie
- 1991 Yugoslavian incidents in Glina, Temirgoye and Vukovar
- 2004 Madrid
- 2016 Nice, Brussels, Berlin.

The gradual decrease of number of attacks is apparent from the graph. However, as already mentioned, the numbers are not similarly optimistic when discussing casualties:

**Figure 3: Number of Casualties in Western Europe**



Source: Authors' Processing

The case-study events for this paper were chosen from the abovementioned DTB database, namely for years 2014–2017, as it was 2014 when ISIL was officially proclaimed by Abu Bakr al-Baghdadi.<sup>16</sup> From this set were removed failed and foiled incidents, and also successful attacks that did not take place within the vicinity of tourist sites, or did, but or bore the loss of less than 10 human lives. Into this category fall the following incidents:

- co-ordinated terrorist attacks in Paris, France; November 13, 2015 (127 fatalities, 269 wounded)
- Nice, France; July 14, 2016 (87 fatalities, 433 wounded)
- Manchester, United Kingdom; May 22, 2017 (23 fatalities, 119 wounded)
- co-ordinated terrorist attacks in Brussels and Zaventem, Belgium; (35 fatalities, 270 wounded); March 22, 2017

<sup>15</sup> The ISIL-related terrorism was on the rise already before 2014 as suggests the graph, but it was proclaimed as Islamic state no sooner than on June 29, 2014. (SITE Institute, 2014. *ISIS Spokesman Declares Caliphate, Rebrands Group as "Islamic State"*. [online] Available at: <http://news.siteintelgroup.com/Jihadist-News/isis-spokesman-declares-caliphate-rebrands-group-as-islamic-state.html>. [Accessed 17 Sep. 2018])

<sup>16</sup> Cf. Ibid.

- co-ordinated terrorist attacks in London, United Kingdom; June 3, 2017 (11 fatalities, 48 wounded)
- Paris, France; January 7, 2015 (12 fatalities, 12 wounded)
- EgyptAir flight that crashed in Greece; May 19, 2016 (66 fatalities, 0 wounded)
- Barcelona, Spain; August 17, 2017 (14 fatalities, 101 wounded)
- Berlin, Germany; November 19, 2016 (12 fatalities, 48 wounded)

It is beyond the extent of this study to thoroughly analyse all of them; therefore, only the first five are discussed and the influence of the sixth on the situation is mentioned. The rest is not subject to this research and shall be discussed in another study.

A preliminary analysis of the post-terror economic behaviour shall be done through a Year over Year analysis (YoY) of advanced flight bookings and fullness of flights, i.e. data from days following the event shall be compared with the same days from preceding years within the kindred part of economic cycle. It is, surely, by no means possible to determine the exact impact by this method, as consumers' behaviour is a multidimensional phenomenon, which is in this particular case influenced by the fact that a certain, non-negligible entity of visitors does not arrive into the given place based on individual desires, but occupational needs.

The same erratum applies partially for the next means of analysing impact of tourism, i.e. daily bookings. In this case, however, not only shall be done the YoY analysis of new bookings and cancellations, but also of the occupancy rates, and where available, shall also be discussed share prices of major hotel companies.

EITA-model presents a convenient method how to measure impact on local economy but is accurate only when enough data are available and thus its mechanics shall be demonstrated only on two cases in the conclusion. In accordance with Bayes' Theorem, it explores probability of a given incident and decision making of interested antagonistic parties, i.e. the local owner and the terrorist group. The model is usually divided into three phases based on terrorist operations:

- the perpetrators prepare the attack
- performance of the intrusion
- impact of the attack.

Both groups with diverging interests take actions with a predefined set of outcomes and payoffs, being for the case perfectly informed and fully rational.<sup>17</sup>

The importance of EITA-based analysis lies in that the EITA-model average can through economic desgrowth detect impacts on the Real Gross City Product (G), which is usually defined as “monetary measure of the value of all final goods and services produced in a period (quarterly or yearly) in a specific geographical space that keeps its landmark and autonomy (jurisprudence and law)”.<sup>18</sup>

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<sup>17</sup> Ruiz Estrada, M. and Koutronas, E., 2016. Terrorist attack assessment: Paris November 2015 and Brussels March 2016. *Journal of Policy Modeling*, [online] 38(3), pp.553-571. Available at: <https://www.sciencedirect.com/science/article/pii/S0161893816300138?via%3Dihub> [Accessed 14 Sep. 2018].

<sup>18</sup> Ibid.

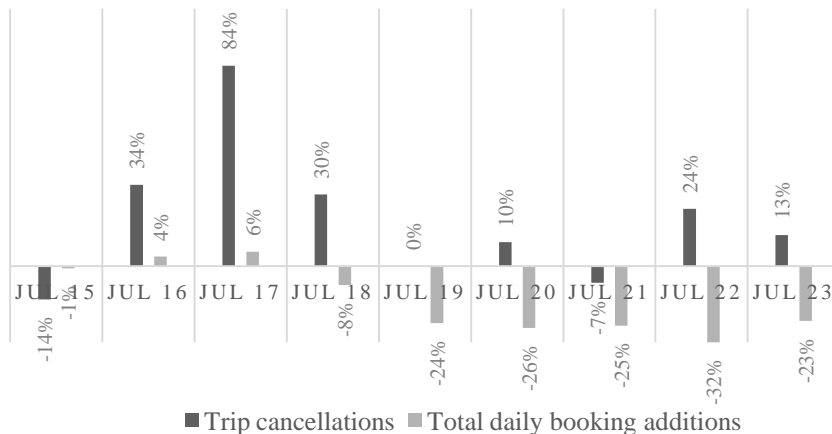
## Results

### Nice: July 14, 2016

Shortly following the night of July 14, 2016 when Mohamed Lahouaiej-Bouhlel drove a truck into crowds on Promenade des Anglais and killed 87 people,<sup>19</sup> while 433 more required medical assistance,<sup>20</sup> the occupancy of aircrafts decreased by 57% compared to the same period of 2015. The will to advance flight booking fell by 20%.<sup>21</sup> In the next week, i.e. July 15–23, international arrivals into the city declined by 9,4%. This was reflected in analogous situation across France by 8,8% arrival decrease.<sup>22</sup>

A similar trend affected accommodation, where can be seen a 16% higher accidence of international full trip cancellations and 21% fewer international daily booking additions:

**Figure 4: Booking Situation in Nice; July 15–23, 2018**



Source: Forwardkeys.com. (2018). *Latest data reveals size of collapse in flight bookings to Nice*. [online] Available at: <https://forwardkeys.com/publication-single/Nice-attack-2016-PR.html> [Accessed 24 Sep. 2018].

The decrease in demand can be linked with share price falls of large hospitality facilities. As the confidence into the industry declined, French largest hotel chain The Accor Hotel Group witnessed a 4% fall of on July 15, 2016.<sup>23</sup>

<sup>19</sup> BNO News, 2016. *Death toll from France truck attack rises to 85*. [online] Available at: <http://bnonews.com/news/index.php/news/id4998> [4 Aug. 2018].

<sup>20</sup> Start.umd.edu., 2018. *Incident Summary for GTDID: 201607140001*. [online] Available at: <https://www.start.umd.edu/gtd/search/IncidentSummary.aspx?gtdid=201607140001> [Accessed 23 Sep. 2018].

<sup>21</sup> Forwardkeys.com, 2018. *Latest data reveals size of collapse in flight bookings to Nice*. [online] Available at: <https://forwardkeys.com/publication-single/Nice-attack-2016-PR.html> [Accessed 24 Sep. 2018].

<sup>22</sup> Ibid.

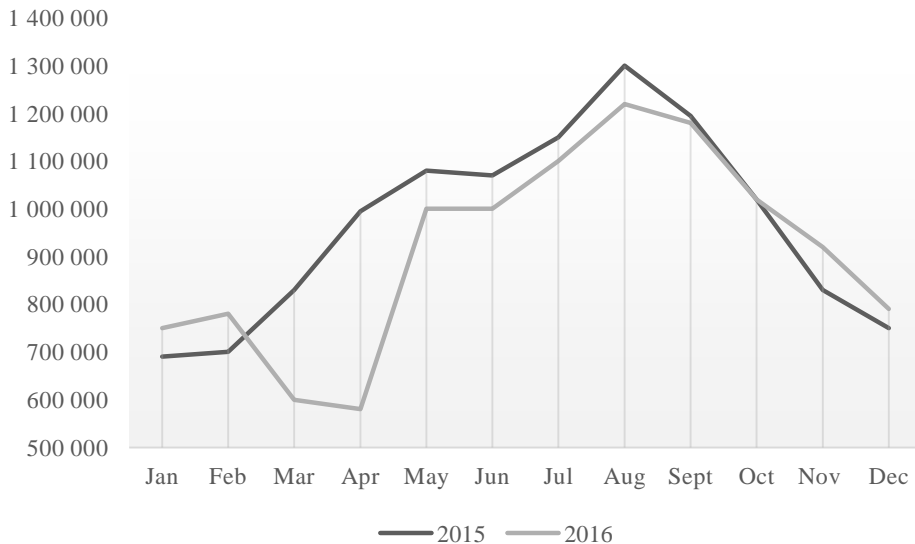
<sup>23</sup> Hamper, David, 2016. *Troubled times for European tourism*. *Geodate*, [online] vol. 29, no. 4, pp. 9-13.



## Brussels: March 22, 2016

Another event under consideration are co-ordinated terrorist attacks in Brussels subway station Molenbeek-Saint-Jean and the international Zaventem Airport, Belgium. It cost 35 people their lives and 270 were wounded, according to Global Terrorism Database.<sup>24</sup> A sharp fall can be witnessed in number of arriving passengers in the following 2 months:

Figure 5: Arriving Passengers into Brussels National Airport



Source: Vanneste, D., Tudorache, P., Teodoroiu, F. and Steenberghen, T. (2017). The impact of the 2016 terrorist attacks in Brussels on tourism. *Belgeo*, [online] (4). Available at: <https://journals.openedition.org/belgeo/20688> [Accessed 4 Sep. 2018].<sup>25</sup>

Another decrease can be witnessed in people's interest to spend leisure time in Belgium, i.e. the number of nights spent is reduced. By this method is partly eradicated the deflection resulting from business visits, which need to take place notwithstanding the incidents; they can be at the very least shortened to minimum number of days. The following table explores YoY variation between first 6 months of 2015 and 2016, 9 months respectively. It also takes into consideration that visitors are not a homogenous group; behaviour is different for Belgian citizens and foreign visitors.

<sup>24</sup> Start.umd.edu, 2018. *Incident Summary for GTDID: 201603220001*. [online] Available at: <https://www.start.umd.edu/gtd/search/IncidentSummary.aspx?gtidid=201603220001> [Accessed 17 Sep. 2018]. Start.umd.edu, 2018. *Incident Summary for GTDID: 201603220002*. [online] Available at: <https://www.start.umd.edu/gtd/search/IncidentSummary.aspx?gtidid=201603220002> [Accessed 17 Sep. 2018].

<sup>25</sup> Excluding transit.

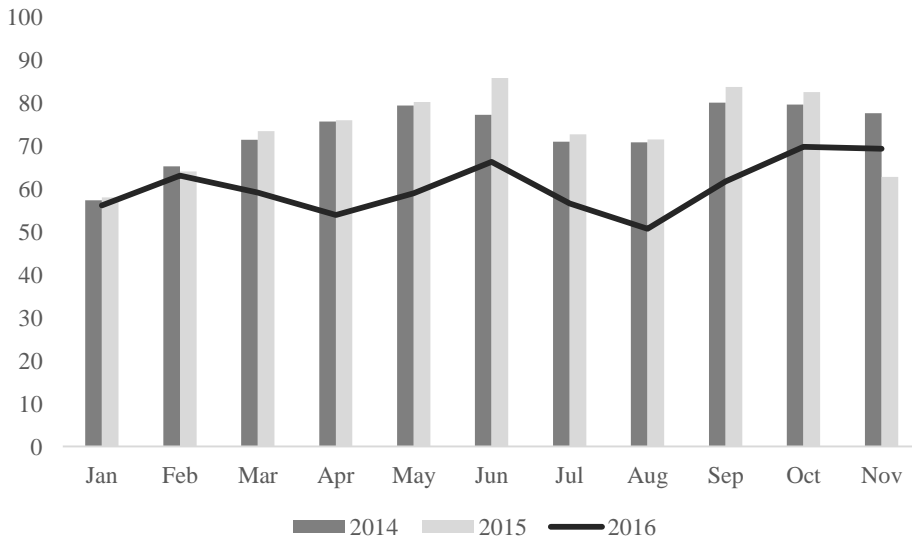
**Figure 6: Number of Nights Spent in Belgium, 2015–2016**

	6 months	Belgium	Foreign	9 months	Belgium	Foreign
Belgium	-6,4	-1,0	-11,5	-5,2	+1,3	-12,1
Brussels (region)	-22,4	-16,1	-23,9	-24,3	-15,7	-26,3
Flanders (region)	-3,5	-0,9	-6,7	-2,9	+0,9	-8,3
Wallonia (region)	-0,4	+4,2	-4,4	+2,8	+7,9	-3,0

Source: Vanneste, D., Tudorache, P., Teodoroiu, F. and Steenberghen, T. (2017). The impact of the 2016 terrorist attacks in Brussels on tourism. *Belgeo*, [online] (4). Available at: <https://journals.openedition.org/belgeo/20688> [Accessed 4 Sep. 2018]

Occupancy rates also undergone change after the terrorist attacks, as the following graph, incorporating data for January to November of 2014 to 2016, demonstrates:

**Figure 7: Brussels Occupancy Rates Jan–Nov 2014–2016**



Source: Observatorium voor Toerisme te Brussel, (2017). *Hotelbarometer*. [online] Available at: [https://visit.brussels/binaries/content/assets/pdf/baro\\_hotel\\_11\\_2016\\_nl\\_extr.pdf](https://visit.brussels/binaries/content/assets/pdf/baro_hotel_11_2016_nl_extr.pdf) [Accessed 9 Sep. 2018].

The decrease, comparably severe to other locations, can be explained by Brussels airport being one of the sites of the terrorist attacks and therefore closed several days following the event. The number of international bookings, which decreased in Paris immediately by -101%, reached -136% for Brussels during March 23–31.<sup>26</sup> Conversely, however, it was

<sup>26</sup> Forwardkeys.com, 2018. *Impact of Brussels Attacks on Flight Bookings*. [online] Available at: <https://forwardkeys.com/publication-single/brussels-bombings-2016.html> [Accessed 18 Sep. 2018].

estimated that Brussels' economy shall recover swiftly compared to that of Paris due to more favourable international trade country indicators.<sup>27</sup>

## Paris: November 13, 2015

Series of 3 co-ordinated terrorist attacks affected the pre-Christmas Paris atmosphere when the religiously motivated event resulted into murder of 127 people and 269 wounded. As this event occurred within the same year as the Charlie Hebdo massacre which cost 12 lives and put at question Western perception of authorial liberty, the effect on economy was profound. The tourism sector has recovered, according to The French National Institute of Statistics and Economic Studies, virtually no sooner than at the end of 2016, when the number of inbound visitors levelled with the end of 2014.

Renown restaurants and hotels bear testimony to the sharp decrease in weeks after the attack. 24-hour restaurant *Au Pied de Cochon*, known by the tourists as the location where specialties are served even late in the night, witnessed with its 50% international customers a 70% YoY fall after the co-ordinated attacks. According to the manager, the streets and facility both were deserted by night, as it was no sooner that at quarter past 9 p.m. when the incidents took place.<sup>28</sup> *Best Western Opera Diamond* surpassed 50% cancellation of bookings<sup>29</sup> and *Mama Shelter Hotel* felt a YoY decrease from 80% occupancy rates to 60% in December and January.<sup>30</sup> Similarly, *Four Seasons Hotel George V* reached a 30% YoY decrease in occupancy rates.<sup>31</sup>

It are not only individual facilities which were influenced by the events – monthly international arrivals slumped even several months after the attack:

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<sup>27</sup> Cf. Ruiz Estrada, M. and Koutrouas, E. (2016).

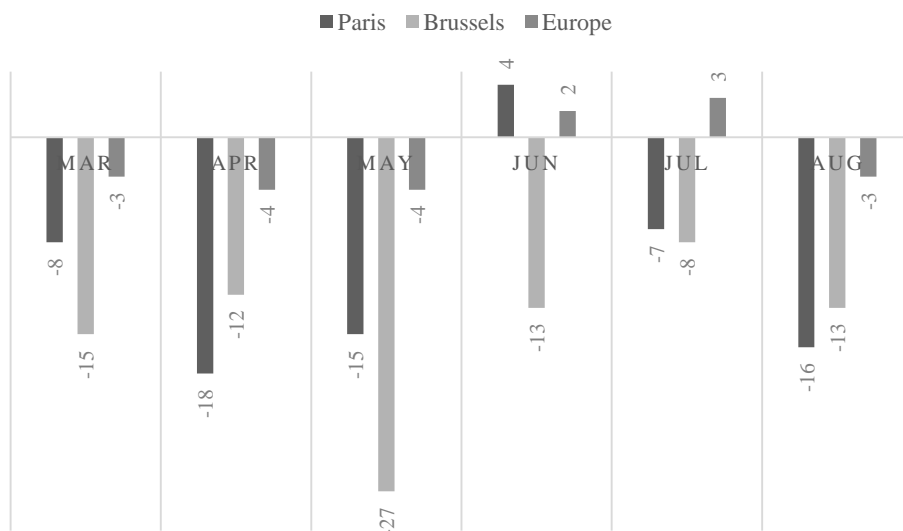
<sup>28</sup> de la Hamaide, Sybille, 2015. Timeline of Paris attacks according to public prosecutor. *Reuters*. [online] Available at: <https://www.reuters.com/article/2015/11/14/us-france-shooting-timeline-idUSKCN0T31BS20151114#h8KRqimXftutLeR3.97> [Accessed 14 Sep. 2018].

<sup>29</sup> Carvajal, D., 2018. *Economic Fallout of Paris Attacks Hits Hotels Hard*. [online] *Nytimes.com*. Available at: <https://www.nytimes.com/2015/11/20/business/international/paris-attacks-hit-luxury-hotels-particularly-hard.html> [Accessed 14 Sep. 2018].

<sup>30</sup> Vora, S., 2018. *A Year After Paris Attacks, Challenges for Hotels and Restaurants*. [online] *Nytimes.com*. Available at: <https://www.nytimes.com/2016/11/13/travel/a-year-after-paris-attacks-tourism-challenges.html> [Accessed 12 Sep. 2018].

<sup>31</sup> *Ibid.*

**Figure 8: Monthly International Arrivals on the Book, Mar–Aug 2017**



**Source: Forwardkeys.com. (2018). Impact of Paris Attack. [online] Available at: <https://forwardkeys.com/publication-single/impacts-paris-attack.html> [Accessed 4 Sep. 2018].**

## **London: July 3, 2016 & Manchester: May 22, 2016**

If the dynamics of 2016 terrorist threats in the UK are to be fully understood, the scope of evaluated incidents should be extended so as to include the Westminster incident. The 2016 year started very promisingly for the UK services, as London bookings reached +16,5% compared to last year.<sup>32</sup> This steady rise was disturbed at March 22, 2016 when Khalid Masood drove a car into the crowd at Westminster, London, killed 6 people and injured 50.<sup>33</sup> However, a +7,3% balance still prevailed.

The end to this was seen with the murder of 23 mostly teenage citizen during a suicide-bomb attack at the Manchester Arena shortly after a concert on May 22, 2016. It was not only Manchester that was influenced; the impact on London tourism was tangible, as bookings reached -3,5%.<sup>34</sup>

<sup>32</sup> Forwardkeys.com, 2018. *London bridge attack: impact on travel demand*. [online] Available at: <https://forwardkeys.com/publication-single/UK-tourism-holds-up-in-face-of-terror-attacks-PR.html> [Accessed 23 Sep. 2018].

<sup>33</sup> Start.umd.edu, 2018. *Incident Summary for GTDID: 201703220001*. [online] Available at: <https://www.start.umd.edu/gtd/search/IncidentSummary.aspx?gtdid=201703220001> [Accessed 12 Sep. 2018].

<sup>34</sup> Start.umd.edu, 2018. *Incident Summary for GTDID: 201705220006*. [online] Available at: <https://www.start.umd.edu/gtd/search/IncidentSummary.aspx?gtdid=201705220006> [Accessed 16 Sep. 2018].

The co-ordinated terrorist attacks in London on June 3, 2017, with their 11 fatalities and 48 wounded, saw a further fall to  $-12\%$  the first week after the incident and  $-5\%$  the week after. After that, the bookings turned positive.<sup>35</sup>

## Appendix 1

Year	$y(max)$	$y(min)$
2006	491,940307	478,059693
2007	588,940307	575,059693
2008	484,940307	471,059693
2009	311,940307	298,059693
2010	255,940307	242,059693
2011	180,940307	167,059693
2012	225,940307	212,059693
2013	158,940307	145,059693
2014	215,606974	201,726360
2015	208,940307	195,059693
2016	148,940307	135,059693
2017	211,940307	198,059693

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<sup>35</sup> Start.umd.edu, 2018. Incident Summary for GTDID: 201706030010. [online] Available at: <https://www.start.umd.edu/gtd/search/IncidentSummary.aspx?gtdid=201706030010> [Accessed 2 Sep. 2018]. Data based on Forwardkeys.com, 2018. *London bridge attack: impact on travel demand*. [online] Available at: <https://forwardkeys.com/publication-single/UK-tourism-holds-up-in-face-of-terror-attacks-PR.html> [Accessed 23 Sep. 2018].

## **Appendix 2**

Austria

Belgium

Bulgaria

Croatia

Cyprus

Czechoslovakia

Czech Republic

Germany

East Germany

Denmark

Estonia

Finland

France

Greece

Hungary

Ireland

Italy

Latvia

Lithuania

Luxembourg

Malta

Netherlands

Portugal

Poland

Romania

Slovak Republic

Slovenia

Sweden

United Kingdom

Yugoslavia

West Germany

## Discussion

The abovementioned analysis should always be understood within the framework of economy as a globalised and multidimensional phenomenon. By utilising the method of YoY analysis may not be included every singular deviation of the economic cycle, but events that are annual, i.e. decline in demand following the Bastille Day and Whit Day,<sup>36</sup> is reflected. However, the paper does not cover either the scope of Qatar travel blockade which resulted into extensive cancellations by visitors inbound into the UK through Doha or the impact of rise of dollar and fall of euro in relation to the attacks.<sup>37</sup>

The regained balance should not by any means taken as comprising the same homogenous entity of inbound visitors. As mentioned, euro lost to dollar during the course of given events; therefore, some groups of citizen visit the eurozone more often, i.e. the Americans.<sup>38</sup> Furthermore, not all visitors react in the same way, as is the case of Brussels incident when tourists from several countries appeared keener on visiting the city than others by a non-negligible span of several percent.<sup>39</sup>

The flights statistics should always be treated with care, as decrease in advanced flight bookings can thoroughly reflect only leisure visits; markedly fewer business appointments can be re-scheduled. Fewer bookings can also be understood partially as the reaction of people who still want to buy tickets; the demand is suddenly not as constraining and no need to book in advance is present, lest no place would remain on the latecomers. However, with airlines expecting a fall as the result of terrorism in Europe, it is certainly a phenomenon worth attention and further research.

Peculiarly, not all nationalities react the same to a terrorist threat, as mentioned in relation to the Brussels attack. It should not be ignored that event in one country can have a profound effect on other tourist sites within the eurozone, as was the case when Brussels faced sudden cancellations after the Paris attack and was on 12% fall already between March 1–22, 2017.<sup>40</sup> Respectable rules apply for the London incident which influenced the number of Chinese visitors.<sup>41</sup>

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<sup>36</sup> Bastille Day was the day of the Nice attack. Pentecost Day falls on June 5 in the UK. It usually co-relates with a fall in bookings (cf. *Ibid.*).

<sup>37</sup> *Ibid.*

<sup>38</sup> Schreuer, M., 2018. *Paris Tourism Has Recovered From 2015 Attacks, Officials Say*. [online] Nytimes.com. Available at: <https://www.nytimes.com/2017/04/14/world/europe/paris-tourism.html> [Accessed 18 Sep. 2018].

<sup>39</sup> Cf. Vanneste, D., Tudorache, P., Teodoroiu, F. and Steenberghen, T., 2017.

<sup>40</sup> Cf. Vora, S., 2018; Vanneste, D., Tudorache, P., Teodoroiu, F. and Steenberghen, T., 2017.

<sup>41</sup> Cf. Forwardkeys.com, 2018. *London's visitor growth stalls*. [online] Available at: <https://forwardkeys.com/publication-single/Chinese-Visitors-to-London-Stall-PR.html> [Accessed 1 Sep. 2018].

## Conclusion

Major terrorist attacks on Europe's prominent tourist sites prove to have a sharp short-term impact on bookings and hotel occupancy. The short-term deflection should not be taken lightly only because of the currently favourable injection of tourists based on the dollar-euro situation. The event, can, as discussed, influence the situation in other cities, i.e. the abovementioned March balance  $-12\%$  in Brussels which appeared as a mere reflection of events in Paris. Despite having a limited effect on economy as in the case of the UK attacks, Paris international arrivals were slumping long after the incidents (cf. Fig. 7) and thus if Lufthansa expected to lose  $9\%$  on profits in 2016 as a result of the situation, further and thorough analyses of consumer behaviour after the attacks are in place rather than considering the effect non-negligible.

EITA-model would present a very reliable source of information should all the required data be accessible. It would explore not only impact on bookings or occupancy rates, but on the state's economics. Such study was done on Paris and Brussels and their Real Gross City Products, which were for the given years estimated  $5\%$  and  $3\%$  respectively and substantial average economic leaking was found. By calculating initial damages  $\delta(\varphi')$  for each attack, where  $\varphi'$  is the number of attack targets and destruction  $-\pi$ , economic desgrowth  $-\delta$  and war economic terrorist wear  $W'$ , an average economic leaking  $\tau$  can be estimated with a sound eradication of alternate causes and hence also the loss in Real Gross City Product.<sup>42</sup> Similarly would be of a great utility if accurate terror indices were established for given events based on the methodology of Eckstein and Tsiddon (2004).<sup>43</sup>

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<sup>42</sup> Cf. Ruiz Estrada, M. and Koutronas, E., 2016.

<sup>43</sup> Cf. Kollias, C., Manou, E., Papadamou, S. and Stagiannis, A., 2011. Stock markets and terrorist attacks: Comparative evidence from a large and a small capitalization market. *European Journal of Political Economy*, [online] 27, pp. 64-77. Available at: <https://www.sciencedirect.com.ezproxy.is.cuni.cz/science/article/pii/S0176268011000486> [Accessed 17 Sep. 2018].  
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# INFORMATION PAPERS

Věra Levičková, Eva Mičková

## BEER BREWING AS A FAMILY BUSINESS UNDER THE PRESENT ECONOMIC CONDITIONS IN THE CZECH REPUBLIC

***Abstract:** Recent years have been a time of expansion of microbreweries, in which entrepreneurial enthusiasm is realized by small entrepreneurs, family companies, that also work in gastronomic services. Microbreweries show the most dynamic trend in the development of brewing, each region boasts an exceptional family brewery. They excel in the variety of offerings and therefore gain market share. Brewing is a significant source of income to the state budget in the form of excise duty. Negative state regulatory measures affect this business. Gastronomic establishments are restricted due to the regulation of gambling, electronic registration of sales and the ban on smoking. The development of tourism has a positive effect.*

***Key words:** Family business, Microbrewery, Pubs, Electronic Records of Sales.*

***JEL Classification:** M20, M21*

### Introduction

A family business is a form of realization of self-satisfaction, but it is also a source of income. It has a historical tradition. The first mentions existed in the Middle Ages. In 1341, the first registered municipal beer brewery in Europe was the Domažlice brewery, whose exhibitions were estimated at 4 000 hl a year. Considerable development of family businesses then occurs after the First World War (Koráb, Hanzelková, Mihalisko, 2008). The return to this form of business in our conditions was allowed only after the fall of the communist regime and the emergence of an independent Czech Republic. Family businesses are emerging across the national economy, differing in historical roots and sizes. This trend reflects the situation in Europe, where family businesses account for more than 60% of all small and large companies and offer around 50% of jobs (European Commission, 2015). In the Czech Republic, due to the absence of accurate statistics, their 30% share in all business entities is estimated. The paper deals with the issue of family business in the Czech Republic in a specific field, which is the operation of microbreweries, often in conjunction with the operation of gastronomic facilities, especially pubs.

## **Materials and Methods**

There is a close relationship with beer in the Czech Republic, our country has always been perceived as a historic beer power. Already in the 10th century Bishop Vojtěch blessed the brewing of beer, wine and mead in the Břevnov Monastery of Benedictines. The history of brewing in our lands is very rich. The beer market offers business opportunities. Beer can be not only a means of consumption, but the goal of fulfilling business ambitions. By completing specialized courses, beer production can be managed for one's own personal consumption and can be operated at home, so-called "home-brewing". In this case, we can produce only 200 litres per year according to legislation. Microbreweries are increasingly growing they are created by entrepreneurs of different professions, and beer brewing has become a hobby for them, they have established or revived family traditions (Houser, 2009). Microbreweries offer beer for their own restaurant in the family business, or deliver beer to pubs in the vicinity. At the same time, this activity also serves as a gainful activity. In the case of microbreweries, an annual brew (according to the brewing terminology, the volume of brewed beer) is assumed to be 500 hectolitres per year, which represents roughly 4 barrels of beer per day. If the microbrewery fails to meet this threshold, it will not cover its costs at the time of implementation, and these small firms are at risk of economic collapse. An exception may be a microbrewery located directly in the restaurant, where brewing guarantees the prestige of the facility, becomes an attraction for the guests, and is also a hobby for the owner. Economy of operation is balanced by revenues from other products and services. When writing the paper, official statistical data from the brewing industry were used, specifically from the Czech Union of Breweries and Malt Houses, the Czech-Moravian Union of Microbreweries, some data were obtained through the Association of Small and Medium-sized Enterprises. Based on the analysis, time series were compiled and a comparison method was used to confirm the thesis. Primary research on family business in the form of family breweries was obtained as part of internal research at the University of Hospitality, the method of observation and questioning was used. The source was also the statistics of the Customs Administration. The research of professional publications and Internet sources helped to create the contribution. The paper should point out the sensitivity of business activity to the legislative environment.

## **Results**

More and more microbreweries with their own restaurants appear on the market every year. They copy the trend that was practised around 15 years ago in the USA. The fact that microbreweries play a big role is shown in the following overview which presents the share of these microbreweries per capita. As is evident, although this field of economic activity in our conditions is experiencing a renaissance due to the transition to the market system, we are still a world power in terms of per capita share and thus surpass the United States, where there are twice as many inhabitants per microbrewery. Great Britain has comparable

values, but considering that the tradition of brewing beer in a restaurant is very important, (so called pubs), and we can say that the Czech Republic is an equal partner.

**Table 1: Microbreweries share per capita**

<i>Year 2016</i>	<i>ČR</i>	<i>USA</i>	<i>Great Britain</i>
<i>No of microbreweries</i>	348	4300	1700
<i>Share per capita</i>	37 717	74 700	38 600

Source: own elaboration/ Czech Beer and Malt Association

The microbrewery category is quantified by the amount of the brew, once it exceeds this limit, the brewery can no longer be reported in the category and the brewery itself cannot perform under that name. The following table shows the breakdown of breweries by the brew volume into individual categories.

**Table 2: Categories of breweries according to their volume of brew**

<i>Category</i>	<i>Brew/year</i>	<i>Basic characteristics</i>
Home-brewer	10 l / 1 brew*	Brewing at home for one's own need
Microbrewery	Up to 10 000 hl	Follows traditional and new methods of beer production
Restaurant brewery	Up to 200 000 hl	Brewing in front of guests
Regional brewery	Up to 500 000 hl	Represents regional brand
Large brewery	Over 500 000 hl	Industrial production of beer

1 brew\* at maximum 200 litres/year

Source: own elaboration /Czech-Moravian Association of Small Brewers

Microbreweries are gaining their popularity by the fact that there are a number of beer "connoisseurs" who do not desire so-called Euro-beer with a standardized flavour, but long for something new and unusual. By doing so, microbreweries face the challenge of offering tradition or something really special. Currently, there are over 400 microbreweries registered, of which 215 are restaurant breweries, 44 industrial microbreweries. The map of microbreweries is available on the website of the Czech Beer and Malt Association (2017). The upward trend in the emergence of microbreweries is shown in the following overview of the number of market economy periods that gave room for business.

**Table 3: Number of microbreweries in 1990 - 2018**

1991	2005	2010	2011	2012	2013	2014	2015	2016	2017	2018
1	35	96	117	144	192	236	291	345	395	440

The first microbrewery under the name Meloun in Svinišťany near Jaroměř was founded in 1991 thanks to political-economical changes. Unfortunately, after seven years it entered bankruptcy (Stratilík Ondřej, 2018). The highest situated microbrewery is Paroháč in the Luční bouda in the Krkonoše (Giant Mountains) at an altitude of 1 410 m above sea level. Jan Šuráň, President of the Czech and Moravian Microbreweries Association, claims that up to a thousand entities on the market should feed, but he sees a real estimate in 600 microbreweries. The advantage of microbreweries is that they do not compete effectively, the emergence of another brewery does not affect the limitation of the production of competitors. They are successful in increasing their brews, but they do not cause the failure of “small brewers”. It is mainly about the taste, variety of offerings and the uniqueness that the consumer seeks and appreciates. The most popular beer in the Czech Republic is the traditional lager of Pilsner style with bottom fermentation. Among the most popular beers from the microbrewery offer is IPA, Stout, Pale ale, Imperial IPA and Saison. The consumer has the opportunity to taste new beers, unfiltered, non-pasteurized, various specials, such as the unconventional green beer on the occasion of St. Patrick’s Day. The challenge is the so-called gluten-free beers. Beer of the traditional Pilsner type, produced by microbreweries, however, occupies only 10th place in the ranking of customers. The popularity of yeast beer, which is very popular in Germany, is not, on the other hand, very popular in the Czech Republic (Kalina, 2017)

It should be noted that about 20% of microbreweries brew excellent beer, 40% of businesses try to do this with fluctuating success, the rest struggle with quality, as Josef Krýl, the owner of the brewery Joe's Garage Brewery, a former brewer of Plzeňský Prazdroj, claims. (Ekonom Special, 2016). This may be due to a lack of brewers. Microbreweries employ people who are enthusiastic brewers, however, sometimes they simply fail. A number of microbreweries deal with this situation by contractual relations with the brewers who run the company. Important events for identifying positions in the beer market are numerous beer festivals and competitions where producers can measure their strengths, but also share their experience. The Czechs maintain a constant first place in world beer consumption, traditionally followed by the Germans and Austrians. Beer consumption in Slovakia is 73 l. Explanation may be the popularity of spirits consumption and also wine. It is popular for men with a consumption of 7.7 pints, women consume 2.2 pints in one week. Small breweries were found to favour the younger generation. The older generation is more faithful to traditional brands and beers. In terms of gender, small breweries are more popular among women, which is due to unconventional offers that in turn do not appeal to men (Kalina, 2017).



According to available statistical data of the Czech Beer and Malt Association the Czech beer market can be presented as follows:

**Table 4: Beer market in the Czech Republic**

<i>Volume of brews</i>	<i>2009</i>	<i>2016</i>	<i>2017</i>
<i>CR in mil. hl.</i>	19,9	20,5	20,3
<i>Microbreweries in thousands hl.</i>	*	250	*
<i>Consumption in litres/capita</i>	152	143	138

\*data not available Source: Czech Beer and Malt Association

About 1.5% of the total beer brews in the Czech Republic is produced in microbreweries. As the volume of production can be seen, the consumption of beer per capita declined. This can be explained by the change in consumer preferences, the demand for wine, specialized non-alcoholic beverages (preferably bio-quality) increased. There was also an increase in population. According to packaging, bottled beer predominates with 47%, casks rank second with 37%, PET bottles represent 12% of consumer demand, cans 7% and beer in tankers 3%. Based on the testing of the weekly Ekonom (Ekonom Special, 2016) and depending on the results of the competitions, a review of specialized servers has been published to review the most interesting microbreweries that are worth visiting and taste their special beer. An interesting overview of microbreweries with a brief guide is provided by the book Microbreweries by Stratilík (Stratilík, 2018).

**Table 5: The most interesting microbreweries**

<i>Region</i>	<i>Microbrewery</i>	<i>The most interesting beer</i>
<i>South Bohemia</i>	Brewery Courtyard Lipan	Lipan 12 ° dark
<i>Pilsen</i>	Brewery Kout – Šumava (Black Forest)	Světlá 10 °
<i>Vysočina (Czech Highlands)</i>	Jihlava town hall brewery	Jiskra 10 °
<i>Central Bohemia</i>	Brewery Antoš	Tlustý netopýr 17°
<i>Prague</i>	Břevnov Monastery brewery of Saint Vojtěch	Russian Imperial Stout 20 °
<i>South Moravia</i>	Brewery Lucky Bastard	India 15 °
<i>Ústecký (North Bohemia)</i>	Křínice brewery	Falkenstein Jarní Ale 14
<i>Carlsbad Region</i>	Pemon	P.A.P.A
<i>Olomouc (Moravia)</i>	Microbrewery Pamik	Piráť 13 ° semidark

<i>Pardubice (East Bohemia)</i>	Měšťanský brewery in the town of Polička	Eliška 13 ° dark
<i>Zlín (Moravia)</i>	Brewery Malenovice-Zlínský švec	Světlá 11 °
<i>Moravian-Silesian region</i>	Beskydský little brewery	Beskydské hořké (bitter) 14 ° IPA
<i>Královéhradecký (Eastern Bohemia)</i>	Řemeslný brewery Clock	No Idols' specials
<i>Liberecký (North Bohemia)</i>	Castle Brewery Frýdlant	Albrecht Pale Ale 12 °

Source: Ekonom Special No 31/32 - own elaboration

Beer production is not only about the offer of the popular beverage, but also has great economic benefits. According to the statistics of the Czech Beer and Malt Association, this sector of activities contributes significantly to the state budget revenues. These are direct taxes in the form of income tax, which are paid by businesses, either as of a natural person 15% or 19% for business corporations. It significantly contributes to the collection of indirect taxes, especially the value added tax, yet it is still subject to a basic rate of 21% (political will is to move this commodity to the first reduced rate of 15%), with a total value of CZK 22.2 billion. In 2015 microbreweries produced 200 thousand hectolitres of beer, which in financial terms represents CZK 800 million. (Economic benefits of brewing, cited on 17 February 2019). Beer also belongs to the category subject to excise duty, which is regulated by Act No. 353/2003 Coll., On Excise Tax. The collection of this tax increased in 2009, when it increased by CZK 8.00 per 1 hectolitre to a total of CZK 32. The amount of the tax depends on the content of the entire percentage of the original extract. Microbreweries charge CZK 16.00 per hl. The excise duty calculation is divided according to the annual production capacity according to Section 85 of the Excise Duty Act. It is calculated in CZK / hl for each full percentage of the original wort extract. Excise duties are not subject to so-called "home-brewers", they are exempt from this tax.

**Table 6: Excise tax on beer**

Production up to 200 litres	NO TAX under condition beer will not be sold
Small independent brewery up to 10 000 hl/year	CZK 16/hl°
Small independent brewery 10 000 – 50 000 hl/year	CZK 19.2/hl°
Small independent brewery 50 000 – 100 000 hl/year	CZK 22.4/hl°
Small independent brewery 100 000 – 150 000 hl/year	CZK 25.6/hl°

Small independent brewery 150 000 – 200 000 hl/year	CZK 28.8/hl°
Brewery over 200 000 hl/year	CZK 32/hl°

Source: own elaboration, Law No 353/2003 Coll. on excise tax

**Example for tax calculation:**

I have a small independent brewery up to 10 000 hl / year and I produce beer with the original wort grade of 14 °. I made 1 200 litres (12 hl) of free circulation in a month.

Thus I pay  $14^\circ \times \text{CZK } 16 \times 12 \text{ hl} = \text{CZK } 2\,688$ . Thanks to tax my beer price increases by  $14 \times 16/100 = \text{CZK } 2.24$  /litre.

**Table 7: An overview of the collection of this tax is given in the following table**

<i>Year</i>	<i>No of microbreweries</i>	<i>Paid excise tax (in mil. CZK)</i>
2010	96	14,7
2011	117	17,2
2012	144	22,3
2013	192	26,4
2014	236	33,5
2015	291	42

Source: own elaboration/Czech Beer and Malt Association

In addition to the tax effects brewing industry creates jobs. 65 000 people are employed in this area of activity. Payments for employees to the state budget amount to CZK 15.1 billion. It should not be forgotten that brewing of beer is dependent on the supply of quality hops, which represents the support of businesses of Czech farmers. Breweries are in synergy with Czech producers, including suppliers of industrial supplies needed for production and distribution. Breweries are economically dependent on the sale of beer in gastronomic establishments typically in pubs and restaurants. More than two thirds of breweries' profits depend on hospitality sales. According to available data, one job in the brewing industry means one job in the agricultural production, three jobs in the gastronomic operations, one job in the retail and two jobs in the segment of suppliers (Ekonom Special, 2016).

## Discussion

The traditional Czech pub is not only a place to go for a beer. Pubs perform their historical role. In times of revival, the pub environment had contributed to promoting patriotism and rediscovering the Czech identity. The small scale Czech society found refuge in pubs, inns, taverns and other similar businesses in the times of the revival. Great patriotic struggles took place there. At the time of the onset of the communist era, the pubs lost their regulars from the ranks of disbanded or forbidden associations that used to meet in pubs. Pubs remained a place where there was room for people to meet, especially the different-minded activists and artists. The importance of the Czech pub from the point of national identity is evidenced by the invitation of the US President Bill Clinton to beer at the renowned pub “U Zlatého tygra” during his visit to Prague. For a long time pubs and inns have been the most popular type of gastronomic facility, according to research. It is one of the small businesses owned by small entrepreneurs and is a source of livelihood for the whole family.

Stylish beer restaurants and beer bars with specialized beers are coming to the forefront. The pub cannot function without beer, while breweries are dependent on beer sales in these facilities. These are two mutually influencing factors that cannot exist and are a prerequisite for business success in a given market segment. This fact cannot be disproved by the fact that the basic impulse to visit pubs is to meet friends, but just to drink and talk to them. According to the President of the Czech Association of Hotels and Restaurants, the average cost per guest is CZK 200, while in neighbouring Austria it is around CZK 800 with comparable raw material costs. To maintain profitability, this requires sufficient attendance, which, at the time of legislative restrictions, has become problematic for a number of small entrepreneurs. Of course, men (42%) prefer this kind of facility. Conversely, the fundamental difference between men (55%) and women (45%) is not in the rate of attendance of restaurants, as shown by the survey (Kalina, 2017). They are more and more popular with vegan hamburgers, exotic beer bars and fair trade coffee bars directly supplied by the growers.

The pub is inextricably linked to national customs, but the fate of these facilities is marked by a number of legislative changes. At the end of 2016, the electronic record of sales was launched, an anti-gambling and anti-smoking law was introduced. One cannot forget the change in lifestyle, the diversion from the so-called fourth-price category pub, the railway station restaurants to restaurants with specialized beers, whether directly cooked on the spot or imported from various microbreweries in the area. This trend has a major impact on traditional pubs, especially those in the countryside, which were often the only environment for the cultural enjoyment of a village.

Recognizing sales in the ERS (Electronic Register of Sales) system is a bureaucratic burden for the host, but is also meant to lead to fair business. The question is whether the introduction of ERS has brought transparency to the business or it is indeed an interference

with administrative burden (Levičková, Mičková, 2017). All sales are recorded. This corresponds to the amount and methods of tax payment. This, of course, must be reflected in the price quotation of the offer. It is no longer possible to practise the payment of wages from tips, health and social insurance contributions are increasing. The rise in prices has triggered the introduction of health and safety regulations. The price is a criterion for visiting the pub. Over the last period, traditional Czech dishes, soft drinks and also draft beer have become more expensive.

These differences are several-crown differences, for beer according to the Czech Statistical Office it is 80 halers per pint (Czech Statistical Office, 2018). These legislative measures, accompanied by price rises, have been perceived in particular in small and rural establishments that could previously have been doing business in the so-called "gray zone". The closing of pubs did not become a mass phenomenon, as it was declared before the launch of ERS, but according to the statistics about 450 pubs have closed. In early 2018 the Association of local governments obtained the information that there might have been 700 pubs closed as declared by mayors of towns and villages. The fact that restrictive measures actually touched on small operators of gastronomic services can be documented by available data, which were released by some breweries from their internal sources concerning the drop in consumption in partner pubs at the turn of 2017 and the beginning of 2018.

The following overview shows the largest drop in customers from specific breweries in the period under review.

**Table 8: Closed pubs according to breweries\***

<i>Brewery</i>	<i>No of establishments with finished purchase of beer</i>
Staropramen	150
Bernard	70
Zubr	25

\*Data are available for the first half of 2018

Source: own elaboration, available data – Czech Beer and Malt Association

The difference in beer prices between shops and pubs leads to a shift away from the consumption of draft beer to bottled beer at home. It is not uncommon for a beer to be tapped directly from a faucet barrel during a social event, or the organizers will rent a small beer bar. In this way it is very easy to replace the absence of a pub very effectively, and it also has economic benefits for the organizers. The advantage is the possibility of choosing a particular beer, which is an opportunity for producers.

A significant intervention in the operation of pubs and inns was the introduction of the so-called anti-smoking law from 31 May 2018. The aim of this standard is to protect our health against harmful substances (Act No. 65/2017 Coll.). The drop in sales was felt directly by establishments, especially if they offer beer and only cold dishes and which do not have yards. Drinking beer in pubs was inherently associated with smoking. Prohibition applies to indoor space, which caused that guests move to the yard in front of the pub. If the facility does not have it, then guests smoke on the street. This has a negative impact on the lives of residents in the vicinity. According to the operators, the fall in sales is up to fifty percent. It affects 60% of small non-food businesses with 30% of the food offered. This results from a survey by the Association of Small and Medium-Sized Enterprises and also by the Ipsos agency. (ČTK České noviny). Pubs reported reduced beer sales. They were afraid of the winter months when the yards ceased to function. By failing to comply with the standard, the device is subject to penalties.

## Conclusion

Brewing beer and hospitality, in whatever form, cannot work without each other. These activities are inextricably linked. The fate of traditional Czech pubs is determined by legislative conditions. The turnout of traditional pubs continues to decline, but their spirit will surely continue into the future. Historically it is one of the oldest forms of family business. Maybe they will be replaced by clubs or other social facilities that will avoid negative legislative arrangements for hospitality, however, they will play a similar role as traditional pubs. The need to meet and entertain is due to the natural desire of man, and there is no law that can restrict it. Rural pubs could be helped by the government's proposed financial support for small and medium-sized businesses in selected areas through soft loans from the Czech-Moravian Guarantee and Development Bank. The old Czech tradition of a good pub is honest cuisine with ready meals and fast dishes, quality draft beer, the attraction is the attractive beer special offer. Here is a huge potential for small restaurants with their own beer production, which is very often a pleasant part of the interior and is a great attraction for customers to enjoy a pleasant sitting. The goal of large breweries is to maximize market potential at the lowest cost. On the contrary, small producers try to offer beer with a traditional original recipe and high quality; they also want to attract women to non-traditional beer. These are, for example, fruit beers, low calorie beers, etc. Very often, microbreweries are connected with accommodation services, also enriched with wellness services. Small breweries are competitive, differentiated by supply, and are therefore very viable in the future. They build their brand, even if they do not have the economic potential they can devote to blanket advertising. However, the customer will appreciate the quality and taste, the sensory qualities, as the Czech beer consumer is a very demanding customer.

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