

# Globalization process and international tourism - case study of Poland

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## Abstract

*The Polish economy had to undergo many changes for almost 20 years since the transformation in 1989. From the centrally planned to free market economy there was a very long way.*

*In the article are presented issues connected with the situation in Polish foreign tourism travels. There is specially underlined problem of Polish accession to EU and the changes in Polish tourism economy. The changes in tourism demand are presented, but also adjustment processes to new situation and existence in the Joint European Market of Polish tourism companies.*

*The author tries to give an answer what kind of impact has the globalization process on international tourism but especially Polish foreign tourism.*

*In the presented article the author tries to prove the following hypotheses:*

- the accession process has a great positive impact on the Polish international tourism and let Poland to build the stronger position on international tourism market;*
- there are a lot of problems and cost Polish tourism industry must face with.*

*Writing the paper the author made use of results of previous research studies made by the World Tourism Organization and the Polish Institute of Tourism supplemented by her own deep, first-hand experience as a member of various national and regional tourism organizations.*

Keywords: tourism economy, tourist flow, EU accession,

## Tendency in world tourism

Contemporary tourism is completely different issue than that one described in history schoolbooks. It is not only for the chosen, but almost everyone can travel today. Differences can be found only in duration of trips,

destinations, ways of traveling and activities during traveling. The tourist demand, like whole our life, is changing very fast and all the time.

What is for sure, contemporary tourism is a part of global economy, creates new working places and let employ new workers, gives opportunity to start new businesses and enables to make great profits.

Tourism has grown at a phenomenal pace over the last 60 years, to the point where it is widely considered to be the world's largest industry. Research of tourist flow shows that revenues from international tourism are growing constantly. As a matter of fact there was a small and short-term breakdown in this tendency at the beginning of the present century, due to terrorist threat, unstable political situation around the world and also natural calamities. All of those factors limited total number of departures and also caused changes of journey destinations. Simply tourists preferred visiting safer countries.

The year 2004 was a record year with regard to international travels. There was 763 million. travels, an increase of 10,7% in comparison with figures from 2003. In the year 2005 this growing trend was continued (about 5-6%, comparing to 2004)<sup>1</sup>. Projections are that this growth will be continuing: number of people traveling internationally per year is expected to roughly double between now and 2020.

## **Tourism in the EU**

European Union is unquestionably an economic power, which concentrates more than 450 million customers and great amount of producers of different types of goods and services. European Union is also the greatest tourist market in the world. In its area concentrates the biggest part of the world's tourist flow (both domestic and international). Thousands of tour operators, tens of thousands of travel agencies and also millions of catering and accommodation providers are operating here. Inhabitants of European countries are one of the most active as far as travelling is concerned. The best examples are the Germans and the Scandinavians.

However European tourism is not developing as spectacularly as in the Pacific area, it takes very important place in the EU economy. Total number of arrivals to all European countries (not only EU member countries) in 2005 was approximately 444 million, which is roughly 4,3% more than a year before. It stands for around 55% of total number of travels in the world and gives the first place to Europe in the world's rankings.

The great impact on the European tourist market development had the process of creating economic and monetary union.

The great idea was creation of economic and monetary union, which in turn was intended to achieve major EU goals regarding tourism, those were: liberalization of crossing internal borders, improving the tourist information system and intensifying consumer protection.

On 1.05.2004 Poland joined European Union together with 9 other countries.

## **Tourism in Poland - general review and tourist flow in the context of accession to the EU**

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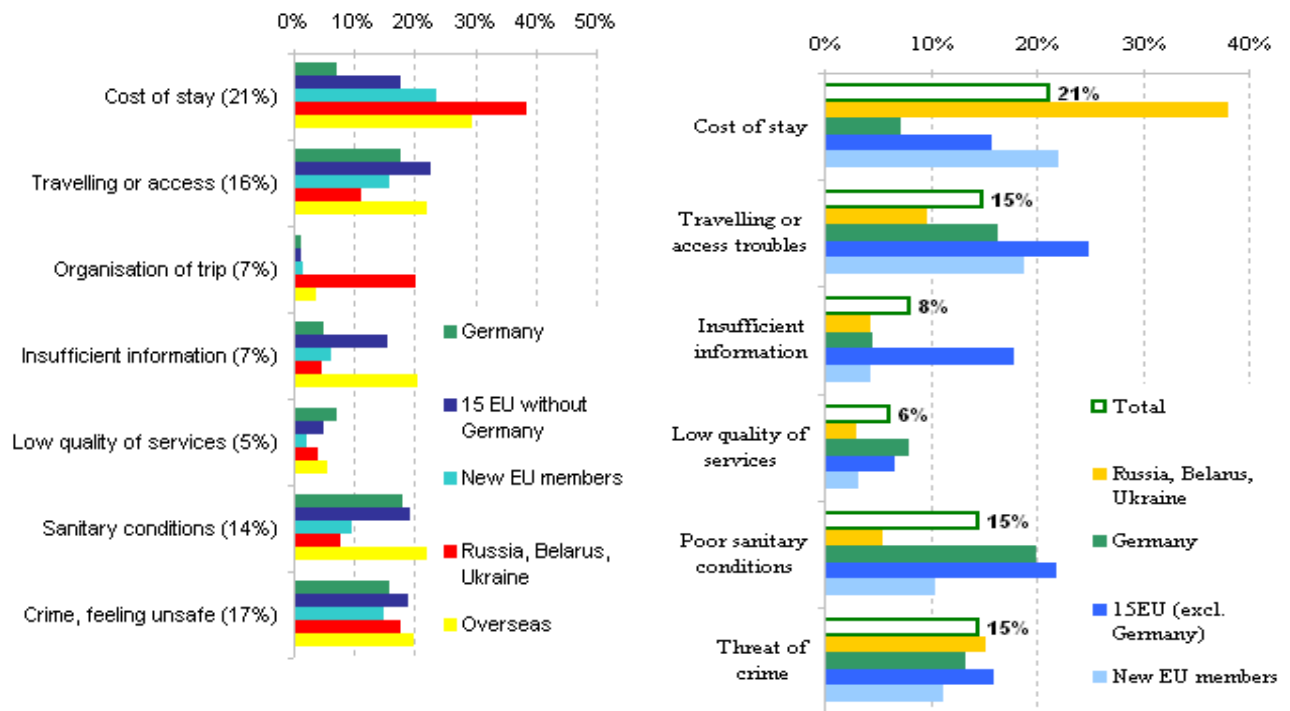
<sup>1</sup> World Tourism Organisation

Poland is located in central Europe on the eastern border of the EU. Polish territory covers an area of 321,700 square kilometers. Its boundaries are framed by the Baltic Sea in the North, Germany in the West, the Czech and Slovak Republics in the South and the Ukraine, Belarus, Lithuania and Russia in the East. Poland is a country which possesses a great potential for tourism. The major issue, which must be underlined, is a large amount of tourist attractions both natural and anthropogenic. Not very often we can find a country on which territory there are so many different natural attractions. The golden sand of the Baltic coast beaches in the North, rocky crags, wild and green mountains in the South, wonderful networks of Polish lakes and rivers, many species of fauna and flora are waiting for visitors. The great cultural potential must be also mentioned. In Poland there are many painstakingly restored old town centers, castles and old sites erected during long, turbulent Polish history. Many of them are listed as world heritage by UNESCO.

However Poland has a lot of interesting things to offer to those who decide to visit it, Polish tourist industry faces many problems. First of all there is no convenient access to our country by all means of transport, one has to mention not sufficient road (highway) network and those ones already existing are in rather poor condition.

Another problem of Polish tourism is still not sufficient level of security of tourists and sanitary conditions. It is very often mentioned by tourists who had visited Poland (look at graphs at the bottom).

**Chart 1&2: What was criticized in the trip to Poland in 2004 and 2005**



source: Institute of Tourism surveys, carried out in 2004 in 2005

Looking at the data above one can draw a conclusion that there is a gradual improvement in conditions accompanying foreign tourist in Poland. **Positive perception of our country is visible among travelers from the EU countries** and from overseas (mainly the USA and Canada). Negative impressions have citizens of Russia, the Ukraine, Belarus. In this group they show disapproval for too high prices in Poland, it is obviously due to relatively low income in those countries. This group also is very critical about quality of service, sanitary conditions etc., simultaneously these customers would choose the cheapest offer on the market hence the problems with proper standards.

**Table 1: Trip organisation in 2005 (%)**

	Total	Germany	Russia, Belarus and Ukraine	15 EU (without Germany)	New EU members	Main overseas
Group/package	7	6	4	12	2	21
Some services purchased	2	2	4	2	0	0
Reservation/booking only	12	20	2	17	2	13
Independent	78	72	88	69	95	66
no data	1	1	1	1	1	0

**Table 2: Trip organisation in 2004 (%)**

	Total	Germany	Russia, Belarus and Ukraine	15 EU (without Germany)	New EU members	Main overseas
Group/package	6	6	2	13	1	24
Some services purchased	1	1	1	0	0	0
Reservation/booking only	10	17	4	11	2	14
Independent	82	76	91	75	97	62
no data	1	0	1	0	0	0

**Table 3: Main type of accommodation in 2005 (%)**

	Total	Germany	Russia, Belarus and Ukraine	15 EU (without Germany)	New EU members	Main overseas
Hotels, motels etc.	42	47	27	58	40	46

	<b>Total</b>	<b>Germany</b>	<b>Russia, Belarus and Ukraine</b>	<b>15 EU (without Germany)</b>	<b>New EU members</b>	<b>Main overseas</b>
Boarding houses	11	17	8	6	13	1
Summer houses, apartments	1	1	1	1	0	0
Camp sites	1	1	1	1	1	0
Rented rooms	9	7	16	2	9	1
Family/friends lodgings	23	24	19	28	22	52
others	12	2	27	4	15	0
no data	1	2	1	0	0	0

**Table 4: Main type of accomodation in 2004 (%)**

	<b>Total</b>	<b>Germany</b>	<b>Russia, Belarus and Ukraine</b>	<b>15 EU (without Germany)</b>	<b>New EU members</b>	<b>Main overseas</b>
Hotels, motels etc.	42	46	28	61	41	48
Boarding houses	10	15	8	4	10	0
Summer houses, apartments	0	0	0	0	0	0
Camp sites	1	0	1	1	1	0
Rented rooms	8	5	14	1	9	0
Family/friends lodgings	26	29	21	27	22	52
others	12	2	26	4	17	0
no data	2	3	1	1	0	0

source: surveys by Institute of Tourism.

Note: due to rounding the sum may be not equal 100%;  
in cases marked by \* multiple answers were allowed, thus the sum exceeds 100%.

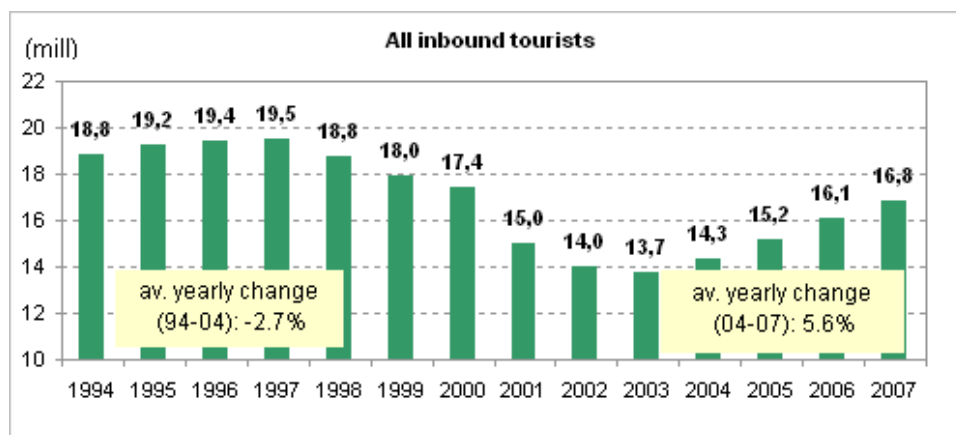
The tourism products are created very often without planning. There is a lack of cooperation and coordination of activities which is a crucial issue in local tourist products creation process. What is more, small investments

and ineffective activities in tourism promotion of the country and particular offers, have not brought demanded goals so far. Poland is still an unknown country with yet not established image. Big difficulty is also lack of proper qualifications of Polish tourist industry employees both in the ranks of high-level-management as well as low-level employees. Education and training system in the tourist field are still lacking. Foreign language skills are not sufficient yet, which are the basics for appropriate foreign customer service.

Among the things that need to be improved is also tourist information system. At present it is not efficient and does not meet ever increasing needs of visitors.

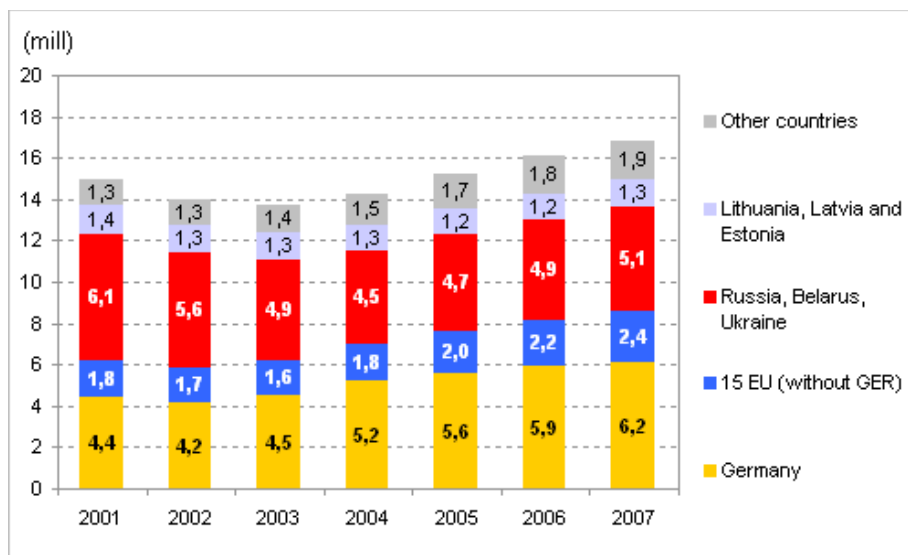
Despite all the identified problems in Polish tourist development, interest of Poland to become a tourist destination is growing. The best year to date was 1997, when the largest number of foreign tourists visited Poland. In the following years the number of registered visitors was lower, but since 2004 good increasing tendency can be observed (look at the chart below). It is probably strongly connected with Polish EU accession and big interest in new member countries.

**Chart 3: Tourist arrivals to Poland**



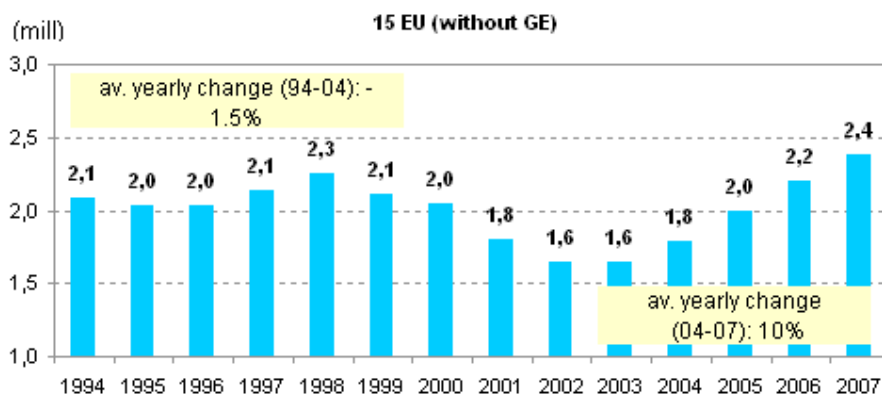
source: estimation and forecast by Institute of Tourism (XII 2005)

**Chart 4: Tourist arrivals to Poland by main markets**



source: estimation and forecast by Institute of Tourism (I 2006)

**Chart 5: Tourist arrivals to Poland from non-adjacent countries of 15 EU**



source: estimation and forecast by Institute of Tourism (XII 2005)

Considering the fact, that Polish Tourism Organization works very hard to build strong Polish image and more intensive and efficient conducts of promotion activities, the afore-mentioned good tendency will be hopefully sustained in the future.

In 2005 inbound tourist activity of the Poles, like in the previous years, went down, this applies especially to short domestic trips that suffer from the competition with the side of day recreational centers. In 2005 Polish residents took 35.9 million domestic tourist trips, of what 14.7 million were long trips (4 nights or longer), and 21.2 million – short breaks. The total number of domestic trips decreased by 9.3%, when compared to the year of 2004.

Number of outbound trips stays on the similar level: 6.2 million (6,3 in 2004). However, the share of packet holiday (fully or partially) tours rose – from 15% to 20%. Most often visited countries were: Germany, Italy, the Czech Rep., Slovakia, Austria, France, and the United Kingdom.

The decrease in inbound trips can be affected also by the fact that cost of domestic and outbound trips become almost equal. It is because of increase in competition and also because of lower prices of transport fares. Within the last years a lot of foreign cheap transport companies launched their services on the Polish market.

It should be also underlined, that Polish residents more often travel abroad on business purposes than it was in the past. It is obviously due to globalization process.

In 2005 receipts from international visits amounted to 6 230 million USD, of which 3 330 mill came from tourists and the rest - from the same-day visitors<sup>2</sup>.

Poland's tourism industry is expected to contribute 2.0% to Gross Domestic Product (GDP) in 2006 (PLN19.9 billion or US\$6.2 billion), rising in nominal terms to PLN41.3 billion or US\$11.9 billion (2.0% of the total) by 2016. World Tourism & Travel Council expects that Poland's tourist economy (direct and indirect impact) in 2006 is to account for 9.1 % of GDP and 1108 000 jobs which stands for 8.5 % of total employment. Poland's tourism is expected to grow to 7 % in 2006 and by 4.4 % per annum, in real terms, between 2007 and 2016. Poland tourist industry is expected to generate 11.5% of total exports (PLN45.1 billion or US\$14.1 billion) in 2006, growing (nominal terms) to PLN88.1 billion or US\$25.5 billion (11.6% of total) in 2016<sup>3</sup>.

Polish tourism industry just like the whole Polish economy has been undergoing a process of constant and dynamic changes. Although 16 years have passed since the breakthrough year of 1989, not everything is completely adjusted to the new circumstances. In the tourist branch the privatization process is not yet completed, although most of tourist companies (tour operators, tour agencies, hotels and so on) are already in private hands.

EU accession forced Poland to implement many changes in the field of economy, law and also social area. Many of those changes had a great impact on the tourist sector. It must be said that EU inhabitants stand for the biggest group among the whole number of arrivals to Poland (especially the Germans hold more than half of arrivals). Polish residents travel mostly to the EU countries.

Bill Concerning Tourist Services enacted in 1997 together with later dispositions was to fix the situation on Polish tourist market. Thereof was determined who and based on what rules can run tourist business and categorization of accommodations was provided. To meet all those formal requirements was for Polish entrepreneurs and seasoned businessmen to be burdened with problems sometimes impossible to solve. First of all it was necessary to pay enormous amounts for mandatory insurance for all tourist entrepreneurs as well as high costs of modernization both accommodations and means of transport. As a result many businesses went bankrupt, or got a new owner. All introduced regulations were aimed at consumer protection and adjustment to EU best practices. Analysis and prognosis say that within the next ten years there will be a permanent rise of income in the EU. It will be an effect and a reason for the rise in consumption. Greater income in the long run creates an opportunity for more frequent utilization of services in general, especially tourist services. A few years ago big European tourist companies, hotel networks (for instance Accor), transport

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<sup>2</sup> Surveys by Institute of Tourism

<sup>3</sup> World Travel & Tourism Council - The 2006 Travel & Tourism Economic Research



firms (Ryanair), big tour operators (TUI, Neckermann) entered Polish market and successfully operate since then.

Tourist branch in particular is very sensitive to the introduction of common economy and common currency. Travelers do not have to worry about exchange rates and risk. Also the fact that Polish currency is fully convertible to Euro makes traveling much easier. Great pace at which all changes are being introduced can cause small and medium companies to lose confidence on the market. 2.5 years have elapsed since our accession to the EU and many challenges are still ahead. The best recapitulation for what has been said in this article is to juxtapose advantages and disadvantages of joining EU for tourist sector:

	Disadvantages	Advantages
For tourists	<p>Introduction of visa duty to enter some Non-EU countries</p>	<p>Freedom of movement within EU boundaries</p> <ul style="list-style-type: none"> <li>• Customs facilitations</li> <li>• Easier currency exchange, lower costs</li> <li>• Similar categories of tourist facilities</li> <li>• Customer protection guaranteed by law</li> <li>• Wider offer</li> </ul>
For businessmen	<ul style="list-style-type: none"> <li>• Costs of adjustment to new standards</li> <li>• Bigger competition especially big European companies on the market</li> <li>• Growing demands from travelers regarding quality of service</li> </ul>	<p>More markets to operate on</p> <ul style="list-style-type: none"> <li>• Easier mutual payments - one currency system</li> <li>• The same law system in the long term</li> </ul> <p>Facilitations to run tourist business abroad</p>
For the economy	<p>Growing interest to go abroad and therefore outflow of money from Polish economy</p>	<p>Growing interest in Poland as a new member country and potential area for good business</p> <ul style="list-style-type: none"> <li>• Joint venture activities - rise in this respect</li> <li>• Rise in export figures</li> <li>• Better advertisement and promotion of Poland abroad, better access to international media.</li> </ul>

To sum it up, it is flatly visible that there are more advantages than disadvantages, after 2.5 year period of membership, Polish entrepreneurs are working painstakingly to improve the quality of accommodations, to widen their offer, furthermore prices are getting lower which makes tourist market more customer friendly. Anyway one has to remember about costs which have been paid, namely many Polish companies were not able to bear such a burden and ceased to exist.

#### **Information about the author**

**Elżbieta Wasowicz-Zaborek** - doctor of economics, is graduated of the University of Szczecin, Faculty of Economics, obtained Ph.D at University of Economics in Poznań. The thesis subject was "Determinants of tourism product's quality". Since 1998 she has worked in The West Pomeranian Business School in Szczecin (Poland) in the Chair of Marketing as a lecturer of subjects connected with tourism, services and marketing. The author is especially interested in territory marketing, marketing of tourism, regional tourism policy and economics of services. She is an author of over a dozen publications about the marketing and the tourism.

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