



Analysis of Tourism Demand in Selected WB Countries during the COVID-19 Pandemic

Milena Lazić¹ 

Aleksandra Bradić-Martinović² 

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Abstract: *The subject of this chapter is tourism demand-side investigation in the following Western Balkans (WB) countries - Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia during the period 2019 M1 – 2021 M6. The chapter addresses the changing structure of tourism demand with the increased share of domestic visitors in all observed WB economies. Furthermore, the ongoing health crisis has emphasized the fundamental problems of tourism sectors in observed WB economies: very high seasonality and insufficient attractiveness of certain types of destinations. Improving the attractiveness of destinations (especially cities) for domestic guests through the development of modern tourism products, implementation of advanced ICT solutions, and customized marketing and promotional activities has the potential to improve the structure of guests and consequently mitigate the sector's resistance to similar shocks in the future.*

1. INTRODUCTION

The outbreak of the contagious coronavirus, the twin threat to lives and livelihoods (McKinsey, 2021), has disrupted businesses and challenged societies worldwide (Hussain & Fuste-Forne, 2021). The COVID-19 pandemic has led to the global GDP plummeting, followed by substantial reductions in income and liquidity, as well as complete or significant loss of international demand (Arbulu et al., 2021). Moreover, the pandemic has further increased inequalities and global poverty by disproportionately hitting women and other vulnerable categories (Palomino et al., 2020; Moreno-Luna et al., 2021). Although no industry has been unaffected, the sectoral distribution of the pandemic's destructive effects has not been equal. The sectors most affected are those where a relatively high proportion of total revenue is generated by person-to-person contact and those directly exposed to government restrictions (Bank of England, 2020).

The persistent and lingering health crisis caused by the outbreak of the COVID-19 has strongly affected the world in general and the tourism industry in particular (Hussain & Fuste-Forne, 2021). Even though tourism has been facing continuous expansion during the last couple of decades as one of the fastest-growing economic sectors globally (Moreno-Luna et al., 2021), the restrictions imposed to mitigate the further spread of the disease have had “the effect of putting the industry into a form of forced hibernation” (Bausch et al., 2020). According to official reports (UNWTO, 2021a; Freifer, 2021), the year 2020 is considered to be “*the worst year in the history of tourism*”, with the overall number of international tourist arrivals decline of 74% in comparison to the previous year (y/y growth rate) (UNWTO, 2021a). Extensive lockdowns and imposed social distancing measures have hit the industry at the national, regional, and global levels (Hussain & Fuste-Forne, 2021). In 2019, the sector accounted for 10.3% of the worldwide GDP, which translated to an 8.9 trillion USD contribution to the overall newly created value with 848 billion USD capital investments (WTTC, 2021). Over the last five years, one in

¹ Institute of Economic Sciences, Belgrade, Zmaj Jovina 12, Serbia

² Institute of Economic Sciences, Belgrade, Zmaj Jovina 12, Serbia

four new jobs was created in travel and tourism, making the sector one of the critical drivers of economic growth and prosperity and a valuable partner in governments' employment schemes (WTTC, 2021). Nevertheless, travel and tourism must not be perceived as a "stand-alone sector" considering extremely high levels of sectoral interdependence. According to official statistics (UNWTO, 2021a) more than 100 million jobs in tourism are directly affected by the pandemic in addition to sectors associated with the industry which are estimated to provide employment for 144 million workers globally.

Pre COVID-19 tourism industry was dominated by mass "sun-and-beach" tourism. The amplitude and intensity of the ongoing health crisis have redefined the existing tourism demand and supply (Rogerson & Rogerson, 2021). Increased risks and sector vulnerability caused by the coronavirus outbreak have moved the authorities' focus to protection and resilience (Prayag, 2020), with health safety and hygiene measures as critical components of the sector's responsible recovery (Hussain & Fuste-Forne, 2021). Since the distance of travel became a risk factor *per se* (Zenker & Kock, 2020), destinations are urged to develop immediate recovery strategies designed to revive domestic tourism demand (Arbulu et al., 2021; Calderon et al., 2021; Duro et al., 2021; Buckley, 2020; Hussain & Fuste-Forne, 2021; Moreno-Luna et al., 2021; Rogerson & Rogerson, 2021; Volgger et al., 2021, etc.). Marketing messages are designed to reflect more on empathy and solidarity to create an emotional attachment with potential visitors (Hang et al., 2020). Furthermore, domestic confidence-building strategies are based on safety-relating messaging accompanied by the promotion of restorative experience (Volgger et al., 2021).

The COVID-19 pandemic represents the opportunity for the tourism industry to re-start on a more resilient, inclusive, and eco-friendly basis (UNWTO, 2021b). The coronavirus outbreak "has given nature a healing time" by limiting humankind's impact on the natural environment (Moreno-Luna et al., 2021). In that regard, the 21st century has been characterized by continuing contamination of natural resources (Đukić et al., 2016). Consequently, work towards a responsible recovery of the industry should be based on the following five cornerstones (UNWTO, 2021b): (1) reduce socio-economic impact of crisis with particular emphasis on vulnerable population groups; (2) soar competitiveness and build sector's resilience; (3) implement innovations and modern digital solutions; (4) promote sustainability and eco-friendly growth; and (5) transform sector towards achieving sustainable development goals (SDGs).

Given the context and the importance of the tourism industry, both on a national and international level, the subject of this chapter is tourism demand-side investigation in the following Western Balkans countries - Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia during the period 2019 M1 – 2021 M6. The purpose of the chapter is to obtain deeper insights into the changing patterns of tourism demand in the observed WB economies. The results indicate the changing structure of tourism demand with the increased share of domestic visitors in all observed WB economies.

The paper is organized as follows. After introductory remarks, a literature review with a brief summary of main research findings has been presented. The third part of the paper sheds light on the current trends and perspectives in the tourism sector globally, while the fourth and fifth sections are completely devoted to the analysis of tourism demand in selected WB countries. The paper concludes with future research directions and recommendations for sustainable tourism recovery in observed WB economies during the post-COVID period.

2. LITERATURE REVIEW

The examination of the impacts of natural disasters (Rossello et al., 2020), climate changes (Hamilton et al., 2005; Siddiqui & Imran, 2018), tourist attacks (Feridun 2011; Albu, 2016), economic shocks/crises (Kapiki, 2012), and diseases (Leon et al., 2020) on tourism and/or tourism demand has been in the focus of the relevant literature from decades now. Travel and tourism have proved to be a fragile industry that can be profoundly affected by natural and human disasters (Hussain & Fuste-Forne, 2021), which made the concept of tourism vulnerability widely explored in the existing literature. A large body of empirical literature has found a strong connection between risk perception and tourist demand expressed as a willingness to purchase (Nardi et al., 2020). Considering that expenditures on travel represent discretionary spending (Scott et al., 2008), increased uncertainty and, consequently, risk perception directly affect tourists' intention to travel and visit vulnerable areas (Ritchie & Jiang, 2019).

Social disasters such as pandemics are not limited by physical boundaries, which is why they are considered one of the essential travel deterrents (Scott et al., 2008). The new millennium has already witnessed three pandemics - SARS-CoV, MERS-CoV and Ebola, and the COVID-19 (Hussain & Fuste-Forne, 2021). Nevertheless, the coronavirus outbreak has been perceived as different and unique due to the virus' strength and speed of spread. Increased safety and security concerns, as well as imposed government restrictions, have powerfully reshaped many aspects of tourism supply and demand (Gosling et al., 2020). The changed perception of risk has led visitors to avoid crowded and "mass-tourism" destinations and choose more familiar and less overcrowded destinations instead (Moreno-Luna et al., 2021). The changing patterns of tourism demand have shed light on domestic tourism and local markets as an immediate and suitable response to the crisis outbreak. It is considered that the "substitution effect" and shift to domestic tourism may to a certain extent mitigate the COVID-19 pandemics' harmful effects.

Domestic markets are perceived as closer and safer options to travel as they provide visitors with a higher sense of security expressed in terms of the probability to get infected (Calderon et al., 2021). Existing literature indicates that the presence of international tourists and the rise of the number of infected cases harm domestic tourists' booking intentions (Volgger et al., 2021). Besides, the implementation of domestic-tourism-reliance strategies has additional benefits such as (1) more considerable contribution to local development through higher environment conservation (Sheldon & Dwyer, 2010), (2) higher possibility of purchasing local products and services and consequently promotion of domestic entrepreneurship (Scheyvens, 2007), and (3) contribution to balanced regional development (Haddad et al., 2013; Arbulu et al., 2021).

Considering the effectiveness of marketing variables that tourism destinations can apply as disaster recovery tools, it is crucial to bear in mind that in times of social and natural disasters, solidarity- and empathy-oriented communication has proven itself to be effective (Volgger et al., 2021). For that reason, health and safety issues should be implemented in marketing campaigns to build visitors' trust and ensure the sector's sustainable recovery. Moreover, after the break on mobility through extensive government restrictions and quarantining, nature-based tourism and outdoor activities are preferred destinations (Calderon et al., 2021). "Visiting friends and relatives" and short business travels are also perceived as cornerstones of effective immediate tourism recovery strategies.

National branding and the establishment of local destinations' images represent the critical factor of immediate post-COVID tourism recovery strategies. The growth of the brand value of a

given tourist destination significantly contributes to the visitors' satisfaction (Opute et al., 2021). Furthermore, it has been common knowledge that travelling has a strong positive impact on physical and mental wellbeing. Consequently, marketing messages should be designed to reflect previous tourist experiences and restore the sense of necessity to travel. Disaster recovery literature indicates that repeat visitors are more likely to return to affected areas than those who have never been there before (Li et al., 2008). In addition to retentive advertising, discounts and flexible cancellation policies positively correlate with booking intentions, especially in the short run (Volgger et al., 2021).

Significant changes have been presented in the past couple of decades due to technological innovation, liberalization, and globalization (Lončar et al., 2016). Technological improvements and digital technologies have changed the nature of risk and created new ecosystems (Kaličanić & Lazić, 2018). The increased implementation and usage of digital technologies and big data (Bradić-Martinović, 2021) have made the travel and tourism industry more resilient and competitive (Opute et al., 2021), which was one of the critical competitive advantages in the COVID-19 environment. Although some tourist destinations have organized virtual visits and online tours, the travel and tourism sector cannot “develop its full social, cultural, and economic potential solely based on online experience” (Moreno-Luna et al., 2021). The sense of travel and direct experience of tourist destinations and attractions make the essence of total tourist satisfaction and experience.

3. THE COVID-19 PANDEMIC AND TOURISM INDUSTRY – TRENDS AND PERSPECTIVES

The COVID-19 pandemic and measures imposed to suppress its adverse effects have abruptly hit the travel and tourism industry. In 2020 the sector suffered losses of 4.5 trillion USD (WTTC, 2021), which is estimated to be almost 18 times higher than the losses sector suffered as a consequence of the Global financial crisis outburst in 2008. Compared with domestic spending, the total decline of international spending was larger and accounted for a 69.4% decrease compared to 2019 (y/y rate) (Figure 1).

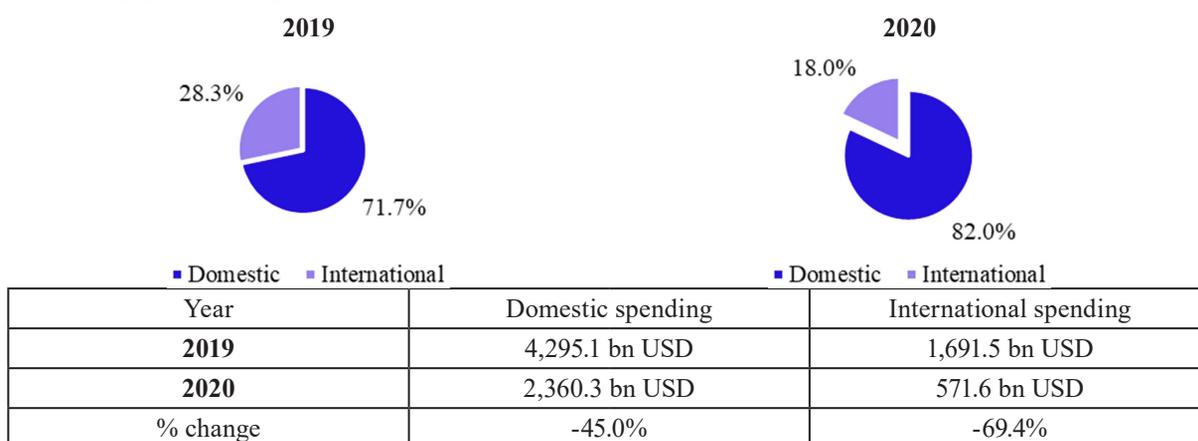


Figure 1. Sector characteristics – Domestic vs International spending (in billion USD)

Source: WTTC, 2021

According to official statistics (WTTC, 2021), business spending shrunk by 61% in 2020 compared to the previous year, which is 11.6 percentage points higher than the fall of leisure spending (Figure 2).

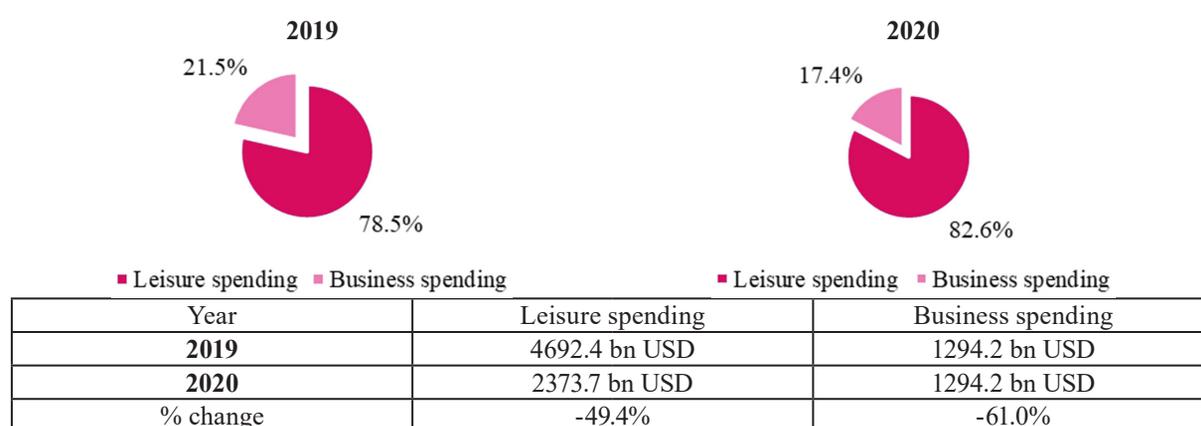


Figure 2. Sector characteristics – Leisure vs Business spending (in billion USD)

Source: WTTC, 2021

The biggest crisis in the history of the travel and tourism industry continues deep into 2021. On the global scale, the number of international tourist arrivals in the first five months of 2021 is estimated to be 85% lower compared to the same period of the year 2019 (Table 1).

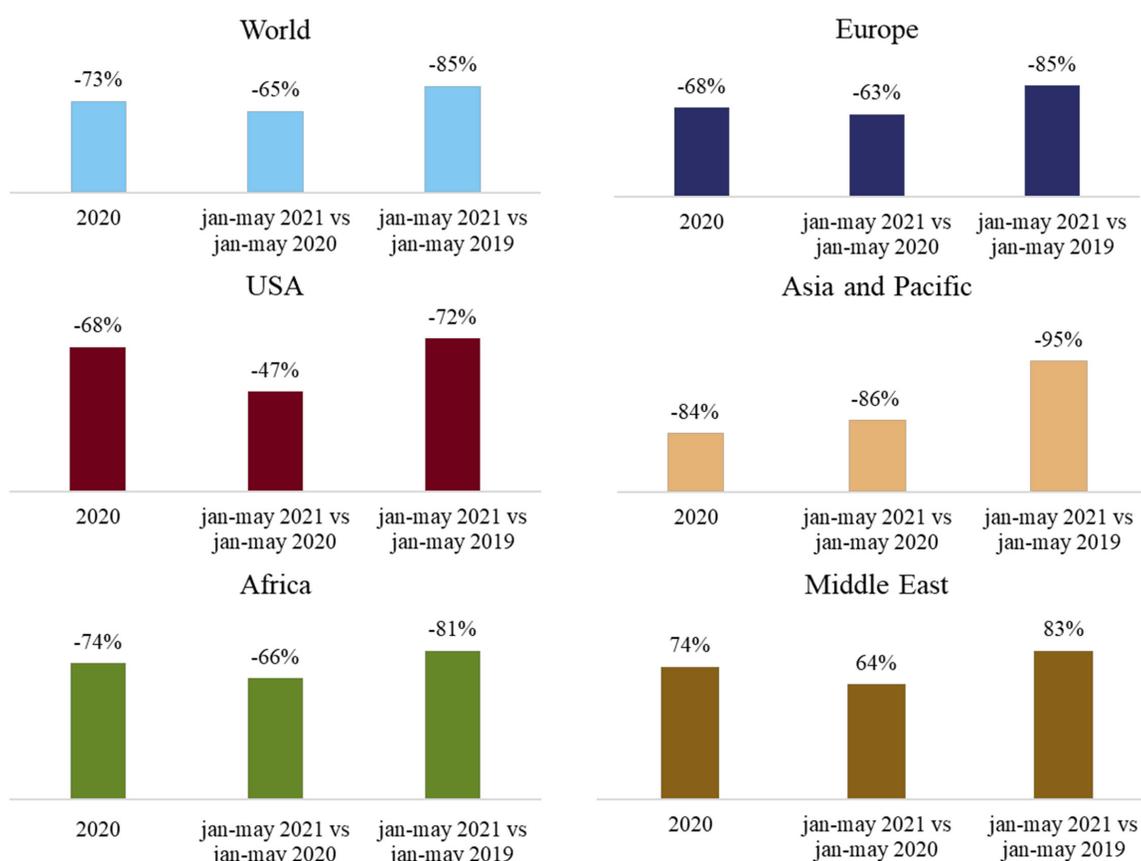


Figure 3. Number of international tourist arrivals, % change

Source: UNWTO, 2021a

The regional distribution of the COVID-19 pandemic impacts on tourism (Table 1) indicates certain inequalities. Asia and the Pacific suffered the most - the number of international tourist arrivals was 95% lower in the first five months of 2021 compared to 2019. Compared to other regions, in the first five months of 2021 USA accounted for a comparatively lowest loss of 72% compared to the same period in 2019.

When it comes to the Western Balkans, 2020 brought a sharp decline in tourism receipts and remittances due to the travel restrictions and labor market shocks in source countries (OECD, 2021). The average drop of the tourist arrivals in the Western Balkans region ranged from 80-90% during the spring and 40-60% during the summer of 2020 (Nientied & Shutina, 2020). Nevertheless, recovery in the USA and China in 2021 influenced Europe's external demand, with positive spillover effects on the Western Balkans region. Consequently, the region has experienced a faster-than-expected recovery which has been strongly supported by domestic reopening and consumption and tourism inflows rebound (OECD, 2021).

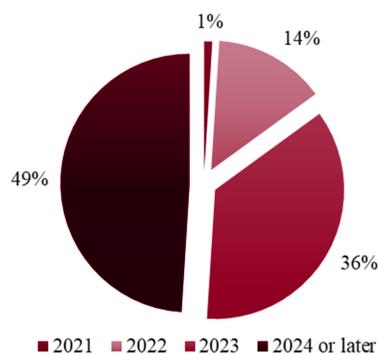


Figure 4. The year in which the number of international tourist arrivals is predicted to return to pre-COVID-19 levels

Source: UNWTO, 2021a

In June 2021, the total number of countries that have fully closed their borders accounted for 63, which is six less than February 2021. The vast majority of these destinations are countries located in the region of Asia and Pacific. In contrast, only seven destinations with completely closed borders are located in Europe, making the region the most liberal on the issue. According to official reports (UNWTO, 2021a), most experts consider returning the number of international tourist arrivals to pre-outbreak levels in 2024 or later (Figure 4).

4. TOURISM SECTOR IN SELECTED WB COUNTRIES

European countries are traditionally well-developed tourist destinations. France, Italy, Spain, Greece, and other EU countries have evidenced record tourist turnover in the last ten years. During this period, rapid tourism development in transition economies of the Western Balkans has also been recorded. Croatia and Montenegro, which offer sun and beach tourism products, are leaders. Nevertheless, they are undoubtedly followed by other countries in the region. *“The increasing importance of tourism in the economic structure of Balkan countries is undeniable”* (Cvetkoska et al., 2017, p. 32). The biggest obstacle to the development of the industry was (and in some cases still is) poor or non-existent infrastructure - roads, accommodation facilities of a higher category, more developed tourist products, etc. In the last 15 years, supply quality has risen, with direct reflection to demand. It is also noteworthy to point out initiatives for a joint offer in thematic regional tours. It allows for attracting guests from distant countries such as China and Japan. The EU supports this concept by co-financing the Regional Cooperation Council projects. One example is a tour that includes monuments built during the socialist era (1950-1990) - The Balkan Monumental Trail (BMT).

The importance of the industry in selected WB countries can be perceived through its participation in national GDP (Table 1). As presented, all selected WB countries experienced increasing

participation rates. The annual growth rate of participation is 5% in Montenegro, North Macedonia, and Serbia and 1.4% in Bosnia and Herzegovina. The growth of the tourism sector in the WB countries has become the main lever of economic development (Selimi, et. al., 2017, p. 20).

Table 1. Travel and tourism direct contribution to GDP – share in GDP (%)

	Bosnia and Herzegovina	Montenegro	North Macedonia	Serbia
2011	2.40	9.00	1.35	1.70
2012	2.10	10.00	1.40	1.80
2013	2.20	10.50	1.60	1.80
2014	2.30	10.00	1.70	2.00
2015	2.40	11.50	1.75	2.30
2016	2.50	11.00	1.80	2.30
2017	2.60	11.50	1.85	2.30
2018	2.65	12.50	1.90	2.40
2027f	3.40	15.70	2.15	2.80

Note: 2017-2027 annualized real growth adjusted for inflation (%), but due to various statistical issues, numbers can be interpreted as indicative values

Source: World Travel & Tourism Council (WTTC), 2020

Table 2 shows the major tourism development indicators in selected WB countries in the most successful, pre-COVID-19 year. Based on the data presented, it is noticeable that Montenegro is the regional leader in the number of tourist arrivals, followed by Serbia, Bosnia and Herzegovina and Macedonia. However, it has to be noted that Montenegro recorded the lowest growth rate of tourist visits in the same year (9%), while the other three countries have a growth rate higher than 10%. Montenegro also has a significantly higher share of tourism in total exports (54%) in comparison to other WB countries, whose share ranges from 4-13%.

Table 2. Key tourism indicators for selected WB countries for 2019

Countries / Key indicators for 2019	Bosnia and Herzegovina	Montenegro	North Macedonia	Serbia
International tourist arrivals (mil)	1.2	2.5	0.8	1.8
International tourism receipts (mil \$)	1,100	1,200	400	1,600
Average receipts per arrival (\$)	950	490	520	870
International tourism exports (mil \$)	1,200	1,300	400	2,000
Share of tourism of total export	13%	54%	4%	7%
Average annual growth for last ten years for tourist arrivals	14%	9%	11%	11%
Total contribution of T&T to employment (% total employment)	9.6%	32.8%	6.8%	6.2%

Source: Chamber Investment Forum Western Balkans 6, 2020, p. 15.

Another indicator, which shows progress in all countries except Macedonia, in the period 2017-2019, is the travel and tourism competitiveness index. In 2017, the survey covered 136 countries, with Bosnia and Herzegovina ranking 113, Montenegro 72, North Macedonia 89, and Serbia 95. In 2019, the survey covered 140 countries, with Bosnia and Herzegovina raising the rank to 105, Montenegro raising the rank to 67, North Macedonia lowering the rank to 101, and Serbia also raising the rank to 83. It can be concluded that selected WB countries have realized the potential of the tourism sector and made significant steps towards its development, which is visible through the results achieved.

Whereas tourism growth rates in the selected WB countries were above overall averages before the crisis, the COVID-19 pandemic has impacted their tourism sector more than the global and European averages (WTTC, 2020), especially in 2020. The data show (ETC, 2021, p. 10) that the worst results in tourism in the last 30 years were achieved. All European countries recorded a decline in tourist traffic, from 40% in Austria to 70% in Montenegro, observed in overnights. The beginning of the vaccination process, which started massively in 2021, has raised expectations for the sector's recovery. Improved tests and faster virus detection have also brought relief.

5. ANALYSIS OF TOURISM DEMAND DURING THE COVID-19 PANDEMIC IN BOSNIA AND HERZEGOVINA, MONTENEGRO, NORTH MACEDONIA, AND SERBIA

Tourist data of WB countries are covered at the national levels. Nevertheless, available data on tourist arrivals and overnights indicate that national statistics are not aligned with best practices. Considering official statistical reports' structure and content, we selected four WB countries - Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia, and excluded Albania and Kosovo*. Despite specific differences listed below, the data for selected WB countries provide comparability. Bosnia and Herzegovina (data source: Agency for Statistics of Bosnia and Herzegovina, <https://bhas.gov.ba/?lang=en>), North Macedonia (data source: Republic of North Macedonia State Statistical Office, https://www.stat.gov.mk/Default_en.aspx), and Serbia (data source: Statistical Office of the Republic of Serbia, <https://www.stat.gov.rs/en-US/>) have aggregated data on monthly tourist arrivals and overnight stays for all types of accommodation. Montenegro (data source: Statistical Office of Montenegro, <https://www.monstat.org/eng/index.php>) keeps separate collective and individual accommodation records. Data for collective accommodation are kept monthly, and only annual reports are publicly available for individual accommodation. Accordingly, the analysis for Montenegro performed monthly and quarterly is based only on data from collective accommodation or in total for annual data.

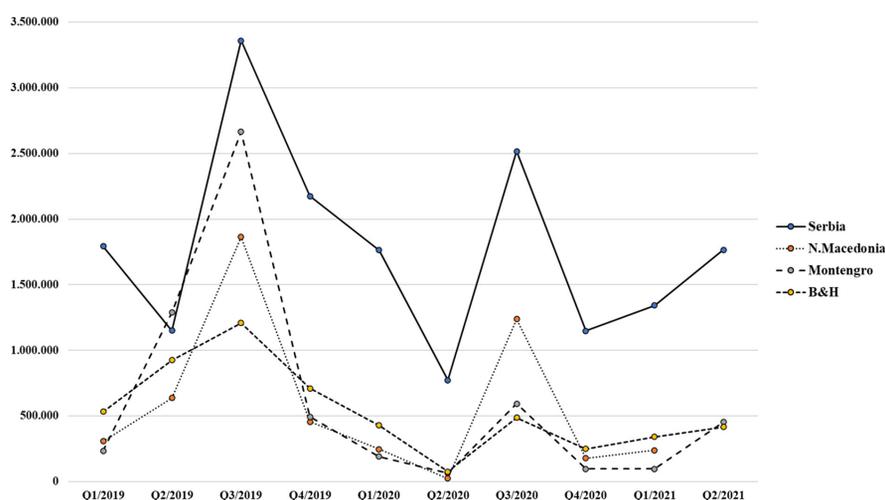
Tourism turnover in selected WB countries in 2020 started as a record year. The volume of tourist traffic in the first two months of 2020 increased in most countries compared to 2019. The first significant decrease was recorded in May, as presented in Table 3.

Table 3. Growth rates of tourist traffic in the first three months of 2020 compared to 2019 in selected WB countries (overnights)

Countries	January 2020/2019	February 2020/2019	March 2020/2019	August 2020/2019	Total 2020/2019	First half 2021/2020
Bosnia and Herzegovina	17.59%	-2.82%	-63.62%	-54%	-63.22%	49.87%
Montenegro	6.37%	14.90%	-59.73%	-73%	-79.82%	115.51%
North Macedonia	6.86%	3.44%	-62.80%	-24%	-47.97%	53.98%
Serbia	25.11%	20.07%	-45.72%	-17%	-38.44%	22.49%

Source: Authors calculation

In April 2020, due to the COVID-19 outbreak, all the observed countries imposed lockdowns and quarantining measures, more or less restrictive. Serbia, for instance, introduced a curfew from 8 pm to 5 am and a complete embargo on mobility for residents over the age of 65. Until the end of March, cafes, bars, shopping malls, and public transportation were closed. The situation had a massive impact on all dimensions of personal and social life and, consequently, the economy. The consequences for tourism turnover were devastating. Bosnia and Herzegovina recorded a decrease of 63.22%, North Macedonia of 47.97%, Montenegro of 88.64% (for all types of accommodation), and Serbia 38.44% of touristic overnights (y/y). In 2021 demand slowly begins to recover.



Note: Montenegro data include only collective accommodation.

Figure 5. Overnights in period January 2019 - June 2021, quarterly data for selected WB countries

Source: Authors calculation

The quarterly data covering the period of January 2019 to June 2021 (Figure 5) imply that the seasonality of tourist demand is discernible (reaching the peak in Q3). Nevertheless, the pattern was much more pronounced in 2019 compared to 2020. The first two quarters of 2021 also confirmed the beginning of pattern formation. The existence of pronounced seasonality is a massive challenge for the tourism sector of the observed WB countries.

We will observe below in more detail and on a country level the characteristics of tourist demand in selected WB countries in 2019, 2020, and the first half of 2021.

5.1. Bosnia and Herzegovina

Bosnia and Herzegovina has recognized the importance of tourism as a significant stimulus to economic growth and development. According to the World Tourism Organization, from 1995 to 2019, the country recorded one of the highest tourism growth rates globally. Bahtic (2015) highlights five comparative advantages of tourism in Bosnia and Herzegovina: (1) compactness – you need up to five hours of car drive to tour the country, whether it's north-south or east-west direction; (2) diversity of the offer; (3) diverse climate; (4) separate micro areas with specific flora and fauna, clean rivers and lakes, and indigenous settlements specific to the site; (5) cultural heritage. On the contrary, Bosnia and Herzegovina possesses underdeveloped transport and telecommunications infrastructure. The lack of high-quality accommodation capacity is also a limiting development factor.

Table 4 shows Bosnia and Herzegovina's monthly tourism demand for 2019, 2020 and the first half of 2021. In 2019 (pre-COVID year), the tourist demand was characterized by expressed seasonality and remarkable participation of foreign guests. The lowest tourist turnover was attained in January when the share of foreign guests reached 61%. The top of the tourist season was in August, with as many as 81% of foreign guests. Given the participation of domestic guests in the demand structure, it is understandable that the average stay time (ALS) is higher in January (2.35 days) compared to August (2.22 days), which in both cases indicates a relatively short average stay in Bosnia and Herzegovina.

Table 4. Touristic turnover in Bosnia and Hercegovina in 2019, 2020 and first half of 2021 (monthly)

M/Y	Arrivals			Overnights			ALS
	Domestic	International	Total	Domestic	International	Total	
1/2019	26,412(39)	40,972(61)	67,384(100)	56,797(36)	101,565(64)	158,362(100)	2.35
1/2020	27,410(35)	50,909(65)	78,319(100)	59,697(32)	126,514(68)	186,211(100)	2.38
1/2021	33,633(68)	15,584(32)	49,217(100)	76,322(63)	45,509(37)	121,831(100)	2.92
2/2019	28,349(38)	45,670(62)	74,019(100)	55,730(32)	119,941(68)	175,671(100)	2.37
2/2020	29,906(41)	42,650(59)	72,556(100)	58,175(34)	112,538(66)	170,713(100)	2.35
2/2021	32,835(69)	20,11(31)	52,948(100)	67,623(63)	53,100(37)	120,723(100)	2.28
3/2019	34,332(36)	61,518(64)	95,850(100)	66,202(33)	131,690(67)	197,892(100)	2.06
3/2020	13,882(48)	15,103(52)	28,985(100)	33,554(47)	38,437(53)	71,991(100)	2.48
3/2021	25,387(61)	16,564(39)	41,951(100)	58,299(59)	40,902(41)	120,723(100)	2.36
4/2019	39,706(27)	105,204(73)	144,910(100)	80,856(28)	206,455(72)	287,311(100)	1.98
4/2020	1,271(83)	268(17)	1,539(100)	5,541(71)	2,310(29)	7,851(100)	5.10
4/2021	21,746(62)	13,582(38)	35,328(100)	52,273(62)	31,772(38)	84,045(100)	2.38
5/2019	35,663(23)	117,143(77)	152,806(100)	79,316(28)	207,250(72)	286,566(100)	1.88
5/2020	4,387(91)	52(9)	4,839(100)	12,081(88)	1,670(12)	13,751(100)	2.84
5/2021	34,380(56)	26,609(44)	60,989(100)	74,075(55)	57,792(45)	131,867(100)	2.16
6/2019	45,103(25)	134,215(75)	179,318(100)	104,676(30)	245,762(70)	350,438(100)	1.95
6/2020	19,745(74)	6,839(26)	26,584(100)	41,654(76)	13,477(24)	55,131(100)	2.07
6/2021	47,521(54)	40,670(46)	88,191(100)	109,349(55)	90,823(45)	200,172(100)	2.27
7/2019	36,888(19)	156,585(81)	193,473(100)	94,123(22)	330,273(78)	424,396(100)	2.19
7/2020	38,150(80)	9,374(20)	47,524(100)	12,090(83)	22,826(17)	134,916(100)	2.84
8/2019	39,047(19)	165,554(81)	204,601(100)	97,360(21)	357,593(79)	454,953(100)	2.22
8/2020	52,762(73)	19,956(27)	72,718(100)	158,048(75)	52,246(25)	210,294(100)	2.89
9/2019	40,716(24)	129,010(76)	169,726(100)	87,541(27)	240,968(73)	328,509(100)	1.94
9/2020	40,199(73)	15,055(27)	55,254(100)	106,764(75)	34,733(25)	141,497(100)	2.56
10/2019	41,432(25)	124,935(75)	166,367(100)	86,414(26)	240,286(74)	326,700(100)	1.96
10/2020	29,357(67)	14,406(33)	43,763(100)	71,056(69)	32,428(31)	103,484(100)	2.36
11/2019	35,899(37)	60,522(63)	96,421(100)	71,485(37)	119,201(63)	190,686(100)	1.98
11/2020	19,658(67)	9,592(33)	29,250(100)	42,362(66)	21,844(34)	64,206(100)	2.20
12/2019	39,435(41)	56,891(59)	96,326(100)	73,433(38)	119,535(62)	192,968(100)	2.00
12/2020	27,311(69)	12,274(31)	39,585(100)	50,737(63)	30,201(37)	80,938(100)	2.04
Total							
2019	442,982(27)	1,198,219(73)	1,641,201(100)	953,933(28)	2,420,519(72)	3,374,452(100)	2.06
2020	304,038(61)	196,878(39)	500,916(100)	751,759(61)	489,224(39)	1,240,983(100)	2.48
1-6/2021	195,502(59)	133,122(41)	328,624(100)	437,941(58)	319,898(42)	757,839(100)	2.31

Note: numbers in brackets are percentages

Source: Agency for Statistics of Bosnia and Herzegovina, 2021.

The first two months of 2020 were promising, especially given the January 2020 turnover growth compared to the previous year's same month, which accounted for 17.59%. In these months, the share of domestic demand in total tourist traffic was higher than average and even significantly higher than in the busiest month. With the announcement of the COVID-19 pandemic, the situation changed significantly. In March 2020, tourist demand shrank at a rate of 63.62% (CAGR) compared to the same month the previous year. The drop in tourist demand was highest in April when only 7,851 overnights were recorded. ALS has also achieved an unusually high value (5.10 days) which significantly deviated from the average value recorded for this year (2.48). Domestic guests, on average, make longer stays, and in April 2020, only 59 foreign guests were registered in Bosnia and Herzegovina, which represented 9% of the total turnover of the observed month, significantly lower than average in 2019 – 72% of foreign guests, and even in comparison to the average in 2020 – 39%. Given these low values, a very modest increase in demand led to a slight recovery, and demand rose monthly until August when the annual peak was reached. Nevertheless, it also recorded a 53.78% drop from the previous year. The decline would have been much more significant had it not been for a drastic change in the demand structure and

increased domestic guests compared to the previous year. In 2019, only 21% of domestic guests stayed in Bosnia and Herzegovina. This share rose to 75% in 2020. The presence of domestic guests also caused a slight increase in the value of ALS, so in August 2019, it was 2.22, and in 2020 was 2.89. The drop in tourist overnights was 63.22% (2020/2019), which was lower than the world and European average since tourism in Bosnia and Herzegovina has not yet reached high despite its high growth rates levels of development.

Observing the first half of 2021, a partial recovery can be noted. During this period, demand has recovered at a rate of 49.87% from 2020. In the same period in 2020/2019, the decline was 63.22%. This is an encouraging trend, and monthly growth in June was exceptionally high, at 263.08% (2021/2020) when domestic (55%) and international (45%) arrivals were equal. ALS recorded a lower value than the previous year but is still above the 2019 average.

Table 5. Leading source markets in Bosnia and Herzegovina (2019, 2020 and the first half of 2021)

2019	2020	1-6/2021
Croatia, Serbia, Saudi Arabia, Slovenia, China, Germany, Italy, Turkey	Serbia, Croatia, United Arab Emirates, Slovenia, Turkey, Germany, Montenegro, Austria	Serbia, United Arab Emirates, Croatia, Montenegro, Saudi Arabia, Slovenia, Turkey, Germany

Note: markets are aligned descending by overnight stays volume

Source: Agency for Statistics of Bosnia and Herzegovina, 2021.

Source markets are also significant for the analysis. As expected, China as a fourth source market for Bosnia and Herzegovina in 2019 disappears from the list in 2020 and the first half of 2021, while tourists from Montenegro climbed to the seventh and fifth place in 2020 and 2021, respectively. Guests from Serbia and Croatia are in the top three places in the whole observed period.

To mitigate the consequences caused by the pandemic, the Government of Bosnia and Herzegovina introduced a set of measures aimed at the entire economy, but not precisely at tourism businesses. The measures imposed can be divided into several segments. The first would be worker protection - Time spent in isolation or self-isolation is treated as sick leave. Wages were paid by the employer but refunded by the cantonal health fund within 45 days from the refund request. A sick leave certificate can be issued in a state-run healthcare institution or a private practice, and employers' recommendations were to reduce working hours and organization of remote work if possible. The second would refer to liquidity - The Government announced the creation of a guarantee fund to provide guarantees to banks for working capital loans to the most affected sectors. The third refers to the fiscal area - Deadline for submission of tax returns due by the end of March extended until 15 April 2020; Tax Administration of the Federation was instructed to accept taxpayers' requests for debt rescheduling, and Lump-sum tax applicable to private entrepreneurs were reduced. It is not surprising that there are no measures aimed at tourism, given that this economic activity is not mainly developed in Bosnia and Herzegovina – tourism and travel's direct contribution to GDP is 3.47% (WTTC, 2021).

Some authors (Peštek, et al., 2021) believe that tourism in Bosnia and Herzegovina faced serious problems even before the pandemic, but that the chance was not used to correct things during the period of low demand. Among the most important were the tourism enabling environment and business enabling environment, and the infrastructure and supra-structure in tourism.

5.2. Montenegro

Montenegro has the most developed tourism sector in selected WB countries. Tourism applies to every aspect of society and affects the development of the economy, living standards, and citizens' way of life, encouraging job creation and general prosperity (Ministry of tourism and environment protection of Montenegro, 2008). Montenegro's vision as a competitive tourist destination is in one strategic document formulated as follows: in one half of the year to be a high-quality Mediterranean destination and in the other half of the year a destination for active holidays in mountain destinations.

Table 6. Touristic turnover in Montenegro in 2019, 2020 and first half of 2021 (monthly)

M/Y	Arrivals			Overnights			ALS
	Domestic	International	Total	Domestic	International	Total	
1/2019	6,450(24)	20,536(76)	26,986(100)	20,065(33)	39,926(67)	59,991(100)	2.22
1/2020	5,785(21)	21,436(79)	27,221(100)	17,836(28)	45,975(72)	63,811(100)	2.34
1/2021	4,706(31)	10,428(69)	15,134(100)	12,022(35)	22,823(65)	34,845(100)	2.30
2/2019	5,670(15)	33,071(85)	38,741(100)	20,065(25)	39,926(75)	59,991(100)	1.96
2/2020	6,602(15)	37,152(85)	43,754(100)	22,149(25)	45,975(75)	87,098(100)	1.99
2/2021	3,438(25)	10,094(75)	13,532(100)	8,843(27)	23,868(73)	32,711(100)	2.42
3/2019	7,084(13)	49,135(87)	56,219(100)	22,407(23)	76,255(77)	98,662(100)	1.75
3/2020	2,797(15)	16,128(85)	18,925(100)	11,630(29)	28,103(71)	39,733(100)	2.10
3/2021	2,586(26)	7,316(74)	9,902(100)	9,469(34)	18,788(66)	28,257(100)	2.85
4/2019	8,602(9)	86,309(91)	94,911(100)	26,673(12)	191,355(88)	218,028(100)	2.30
4/2020	35(34)	68(66)	103(100)	743(36)	1,310(64)	2,053(100)	19.93
4/2021	4,638(25)	14,189(75)	18,827(100)	16,904(35)	31,122(65)	48,026(100)	2.55
5/2019	13,912(11)	111,580(89)	125,492(100)	51,508(13)	359,851(87)	411,359(100)	3.28
5/2020	1,417(85)	241(15)	1,658(100)	3,535(64)	2,087(36)	5,622(100)	3.39
5/2021	8,085(17)	38,957(83)	47,042(100)	25,408(20)	103,172(80)	128,580(100)	2.73
6/2019	14,478(9)	145,917(91)	160,395(100)	58,091(9)	601,538(91)	659,629(100)	4.11
6/2020	9,688(42)	6,978(58)	16,666(100)	36,508(64)	20,330(36)	56,838(100)	3.41
6/2021	9,727(14)	60,196(86)	69,923(100)	38,268(14)	239,199(86)	277,467(100)	3.97
7/2019	13,976(7)	176,346(93)	190,322(100)	73,847(8)	863,249(92)	937,096(100)	4.92
7/2020	21,090(64)	11,765(36)	32,855(100)	84,270(62)	51,865(38)	136,135(100)	4.14
8/2019	16,453(7)	204,462(93)	220,915(100)	85,869(8)	962,168(92)	1,048,037(100)	4.74
8/2020	20,926(35)	39,458(65)	60,384(100)	88,360(31)	192,175(69)	280,535(100)	4.65
9/2019	12,101(7)	153,104(93)	165,205(100)	44,361(7)	635,672(93)	680,033(100)	4.12
9/2020	10,000(26)	28,829(74)	38,829(100)	40,204(23)	136,343(77)	176,547(100)	4.55
10/2019	10,610(9)	106,352(91)	116,962(100)	36,655(12)	276,320(88)	312,975(100)	2.68
10/2020	4,322(34)	8,236(66)	12,558(100)	17,714(40)	26,771(60)	44,485(100)	3.54
11/2019	7,405(13)	48,249(87)	55,654(100)	22,954(22)	80,505(78)	103,459(100)	1.86
11/2020	3,053(38)	5,036(62)	8,089(100)	13,524(44)	17,072(56)	30,596(100)	3.78
12/2019	8,480(20)	32,907(80)	41,387(100)	18,902(25)	56,810(75)	75,712(100)	1.83
12/2020	2,892(37)	4,944(63)	7,836(100)	6,162(29)	14,827(71)	20,989(100)	2.68
Total							
2019	125,221(10)	1,167,968(90)	1,193,189(100)	480,208(10)	4,200,579(90)	4,680,787(100)	3.62
2020	88,607(33)	180,271(67)	944,442(100)	342,635(36)	601,807(64)	944,442(100)	3.51
1-6/2021	33,180(19)	141,180(81)	174,360(100)	110,914(20)	438,972(80)	549,972(100)	3.15

Note: numbers in brackets are percentages

Source: MONSTAT, Statistical Office of Montenegro, 2021.

The main characteristic of tourism in this country is uneven regional development. The northern region is underdeveloped, while the central and southern parts are more developed. The underdevelopment of the north region can significantly threaten sustainability, especially concerning natural resources. Vitić-Ćetković et al. (2012, pp. 56) highlight the most influential forces of sustainable tourism in Montenegro – the EU candidate, the declaration of Montenegro as an “ecological state”, the wealth of biodiversity, specific landscapes and cultural values.

On the other hand, the authors also stressed the most significant country's weaknesses - lack of experience in the field of modern economy and management, obsolescence of the system for protection and governance, underdeveloped participation system of government and weak self-government and civil society. Another significant deficiency, which prevents the precise management of Montenegrin tourism, is the lack of adequate evidence and statistical coverage of tourist turnover. Many apartments, holiday homes, and private rental rooms are not registered to provide tourist accommodation. For example, 9,755,133 overnights were recorded in an individual capacity in 2019 and 4,680,787 in collective accommodation. As we have already stated, monthly sales figures for individual accommodation are not available.

In 2019, incomparable tourist traffic in Montenegro was achieved, with more than 14 mil overnights and an annual growth rate of 4.22% in the last ten years. The turnover structure suggests that tourism is almost entirely reliant on international inbounds, with 90% of foreign guests participating in the total number of overnights. The trend continued in the first two months of 2020, with a growth of 6.37% in January and an impressive growth of 14.90% in February (2020/2019). As expected, March delivered an unprecedented decline of 59.73%, and April can be classified as a month without tourist traffic. Compared to the same month in 2019, a 98.63% drop in overnights was recorded. Keeping in mind the lockdowns and the situation in the country, guests who achieved 2,053 overnights in April were primarily domestic visitors (63%), which is significantly higher than the previous year, when the participation of domestic guests was only 12%. The exceptional situation also affected the increase in ALS, which amounted to more than 20 days for domestic guests. Traffic was slowly recovering by the end of the year, although guests from Montenegro dominated. The structure changed for the first time in August 2020, as foreign guests became dominant again. If we look at the total number of overnight stays, there was a 79.82% year-on-year decline (2020/2019), higher than the world and European average.

The first three months of 2021 were characterized by lower demand than expected in 2020. Overall, the number of overnights decreased at a rate of 50%. The recovery occurred in April, when demand increased at a rate of 754%, even though drastic measures were introduced in both March and April (curfew, prohibition of catering facilities, etc.). The latest available tourism turnover figures for Montenegro show that in June 2021, there was an increase from 2020 at a rate of 388.17%, indicating a significant recovery. On a half-yearly basis, growth was at a rate of 115.51%, but the most extensive growth is expected in the remaining two summer months when demand season showed the maximum. The increase in demand was accompanied by a change in the structure of guests. In June 86% of foreign visitors were recorded, while in the first half of the year it was 80% - which was approximately the average value recorded in previous years. The average length of stay in 2020 decreased from 2019 to 3.62 to 3.51 days, which remained unchanged in the first half of 2021.

Table 7. Leading source markets in Montenegro
(2019, 2020 and the first half of 2021)

2019	2020	1-6/2021
Russia, Serbia, B&H, Kosovo*, Germany, Ukraine, France, UK	Serbia, Russia, B&H, Ukraine, Albania, Kosovo*, Germany, Belarus	Serbia, Ukraine, Kosovo*, B&H, Albania, Russia, Turkey, Poland

Note: markets are aligned descending by overnight stays volume

Source: MONSTAT, Statistical Office of Montenegro, 2021.

Traditionally, the most important source markets in Montenegro are Russia, Serbia, and Bosnia and Herzegovina. The demand structure did not change for leading markets, but in 2020 and 2021, guests from Albania, Belarus, Turkey and Poland started to visit the country more immensely.

The Global lockdown will severely impact Montenegro's key sector – tourism. The Government of Montenegro implemented supporting measures through different ministries and different bodies and institutions of the Ministry of Health, Ministry of Internal Affairs, Ministry of Defense, Ministry of Transport, Ministry for Sustainable Development and Tourism, Ministry of Economy and Ministry of Education. During the first wave of infections, the government adopted two economic packages to support vulnerable groups, businesses and employees affected by the pandemic. The first package included 120 million EUR, made available through the Investment Development Fund, to help businesses, a 90 moratorium on the repayment of loans and support to vulnerable groups, including pensioners. The second set of measures supported employees affected by the lockdown, providing them with a percentage equivalent of the minimum wage depending on their employment status. The third package of measures announced around 1.2bn EUR during the second wave. The package aimed to support businesses, particularly in the tourism, agriculture and fisheries sectors and provided some provisions to social expenditures in the immediate term. It outlined some medium-term support for the recovery with expenditures outlined in those economic sectors and Information Technology (UN, 2020). However, the essential measure that conditioned the partial recovery of tourism in 2021 was the mitigation and abolition of harsh measures of entry and movement in the country.

5.3. North Macedonia

Tourism has been developing intensively in North Macedonia since 2001, when tourist traffic has started to be recorded. Northern Macedonia has numerous tourist resources, primarily cities and lakes, but mountain and spa tourism destinations also complement them. The strong sides of tourism in North Macedonia are cultural and natural heritage, rich history, the potential for mountain tourism development in an eco-friendly environment, and a rich tradition of wine and food production and consumption. However, North Macedonia also faces many challenges that are slowing the development of this sector, of which we emphasize the most prominent ones: the lack of infrastructure (good quality roads and modern airports accustomed to international traffic), accommodation facilities are not being adjusted to high standards, political instability - a problem at the level of global society that overflows and has a substantial impact on tourist demand and lack of modern tourism products and promotions (Marinoski & Korunovski, 2012, pp. 22). Conclusively, tourism in North Macedonia was not formed as a brand. One possible development direction has been proposed by Kovachevski et al. (2019, pp. 77), who argued that tourism “*should not focus on re-developing the massive type of tourism. Instead, it should follow the new trends in the tourism market and direct its tourism products towards the alternative and adventurous types of tourism, according to its natural landmarks*”.

Measured by the number of arrivals, tourism in North Macedonia increased by 8.13% (in period 2010 – 2019). In 2019, the highest turnover was recorded, with more than 1 million tourist arrivals and more than 3 million overnight stays. The recorded turnover was achieved by the slightly increased participation of domestic (52%) guests. Similar to other countries and in North Macedonia in pre-COVID months, there was a slight increase in demand compared to the previous year, more modest than Montenegro and Serbia, but higher than Bosnia and Herzegovina.

March turnover declined at a rate of 45.72%, which was within the regional average. In April and May, turnover decreased by 97% and 98%, respectively, with the same guest structure. Similar to other countries, the busiest month was August, which recorded a drop of only 24% (2020/2019), with a significant change in favor of domestic guests who accounted for 97% of total demand. As a result, the annual tourist turnover decreased by 47.97%, a more modest decline than the world, European and even regional averages.

Table 8. Touristic turnover in North Macedonia in 2019, 2020 and first half of 2021 (monthly)

M/Y	Arrivals			Overnights			ALS
	Domestic	International	Total	Domestic	International	Total	
1/2019	19,598(40)	29,423(60)	49,021(100)	46,921(46)	55,770(54)	102,691(100)	2.09
1/2020	19,787(36)	35,479(64)	55,266(100)	47,611(43)	62,122(57)	94,883(100)	1,99
1/2021	17,401(62)	10,710(38)	28,102(100)	40,329(62)	24,702(38)	65,031(100)	2,31
2/2019	16,533(38)	27,133(62)	43,666(100)	38,660(42)	53,071(58)	91,703(100)	2,10
2/2020	17,565(37)	29,723(63)	47,288(100)	39,026(41)	55,857(59)	94,883(100)	2,01
2/2021	15,734(57)	11,835(43)	27,569(100)	33,239(55)	26,774(45)	60,013(100)	2,18
3/2019	17,234(31)	37,592(69)	54,826(100)	39,835(35)	72,935(65)	112,770(100)	2,06
3/2020	6,815(38)	11,128(62)	17,943(100)	19,797(47)	22,151(63)	41,948(100)	2,34
3/2021	12,053(52)	10,947(48)	23,000(100)	26,858(52)	25,198(48)	52,056(100)	2,26
4/2019	25,099(30)	59,918(70)	85,017(100)	60,743(37)	105,495(63)	166,238(100)	1,96
4/2020	570(77)	171(33)	741(100)	2,358(50)	2,332(50)	4690(100)	6,33
4/2021	9,961(52)	9,103(48)	19,064(100)	21,849(52)	20,268(48)	42,117(100)	2,21
5/2019	30,118(30)	68,880(70)	98,998(100)	66,120(32)	139,236(68)	205,356(100)	2,07
5/2020	655(78)	183(22)	838(100)	2,202(45)	2,744(55)	4,946(100)	5,90
5/2021	18,993(52)	17,527(48)	36,520(100)	38,209(48)	41,204(100)	79,413(100)	2,17
6/2019	30,022(25)	89,312(75)	119,334(100)	78,559(30)	186,262(70)	264,821(100)	2,22
6/2020	3,347(64)	1,863(36)	5,210(100)	7,805(55)	6,374(45)	14,179(100)	2,72
6/2021	22,252(47)	24,915(53)	47,167(100)	61,923(53)	55,778(47)	117,701(100)	2,50
7/2019	74,196(43)	97,666(57)	171,862(100)	449,291(66)	233,563(34)	682,854(100)	3,97
7/2020	70,600(93)	4,991(7)	75,591(100)	420,847(96)	15,333(4)	436,180(100)	5,77
8/2019	116,189(54)	100,132(46)	216,321(100)	656,249(73)	248,491(27)	904,740(100)	4,18
8/2020	126,509(95)	7,195(5)	133,704(100)	663,185(97)	21,534(3)	684,719(100)	5,12
9/2019	27,662(23)	94,983(77)	112,645(100)	78,683(29)	197,209(71)	275,892(100)	2,25
9/2020	36,990(83)	7,323(17)	133,704(100)	663,185(85)	21,534(3)	684,719(100)	2,64
10/2019	28,516(29)	68,831(71)	97,345(100)	70,877(35)	129,150(65)	200,027(100)	2,05
10/2020	25,276(74)	8,653(26)	33,929(100)	60,939(76)	19,673(24)	80,612(24)	2,38
11/2019	21,362(33)	43,096(67)	64,485(100)	52,790(39)	83,076(61)	135,866(100)	2,11
11/2020	16,035(75)	5,481(25)	21,516(100)	34,849(72)	13,333(28)	48,182(100)	2,24
12/2019	20,841(34)	40,627(66)	61,468(100)	45,899(38)	73,513(62)	119,412(100)	1,94
12/2020	25,159(81)	6,016(19)	31,175(100)	46,822(78)	13,523(22)	48,182(100)	3.63
Total							
2019	427,370(36)	757,593(64)	1,184,963(100)	1,684,627(52)	1,505,565(46)	3,262,398(100)	2.75
2020	349,308(75)	118,206(25)	467,514(100)	1,444,605(85)	252,930(15)	1,697,535(100)	3.63
1-6/2021	96,394(53)	85,028(47)	181,422(100)	222,407(53)	193,924(47)	416,331(100)	2.29

Note: numbers in brackets are percentages

Source: Republic of North Macedonia, State Statistical Office, 2021.

The recovery, recorded in the first six months of 2021, was moderate and increased at a rate of 42.53%. The main characteristic of tourist demand is that it is structurally approaching the position of 2019. The average length of stay also lowered from 3.63 in 2020 to 2.29 in the first half of this year.

Source markets in North Macedonia have been changed in the observed period. Serbia is the only country that remains a leader, while the number of visitors from Greece, Germany, and Bulgaria declined. In the first half of 2021 number of visitors from Kosovo* and the USA increased.

Table 9. Leading source markets in North Macedonia
 (2019, 2020 and the first half of 2021)

2019	2020	1-6/2021
Turkey, Serbia, Greece, Bulgaria, Poland, Germany, Netherland, Albania	Poland, Serbia, Albania, Czech Republic, Turkey, Greece, Netherlands, Hungary	Serbia, Poland, Albania, Germany, Kosovo*, Turkey, Greece, USA

Note: markets are aligned descending by overnight stays volume

Source: Republic of North Macedonia, State Statistical Office, 2021.

Like other countries, North Macedonia introduced measures designed to suppress the crisis's adverse effects. In the area of worker protection, the following measures have been introduced - Unemployment benefits for the citizens who lost their jobs as a consequence of the global pandemic, amounting to 50% of the employee's average salary, and up to 80% of the average salary on a national level. Moreover, the unemployed and those who worked in the informal economy were provided with quick access to the social protection system during April and May 2020. To provide liquidity establishment of a Tourism Fund to support the tourism industry, a Macedonian government requested ZAMP to stop claims on restaurants and hotels. Finally, to facilitate liquidity problems, they exempted the most severely affected enterprises from monthly income tax advance payments and cancelled advance VAT payments for three months (April-June 2020). The Macedonian tourism industry is not highly developed, so the measures introduced have managed to preserve the business side of tourism to a greater or lesser extent. However, long-term and clearly defined policies and investment projects need to achieve the right impetus.

5.4. Serbia

In the last fifteen years, Serbia has made significant strides in reforming the legislative framework, building extensive planning documentation for more than fifteen priority regions, and starting an investment cycle for a series of capital projects. Systematic investment in development resulted in a 5.14% increase in tourist traffic at an average annual rate during the period 2010-2019. The tourism sector is an essential component of the Serbian national brand (Novčić, et al., 2020). Serbia's main tourist products can be divided into urban tourism, health/spa tourism, mountain, and lake tourism, Podunavlje (nautical and other complementary products), and rural tourism. According to the Tourism Development Strategy of the Republic of Serbia for the period 2016-2025, the comparative advantages of Serbian tourism are a diverse resource and attraction structure as the basis for a diversified tourism product portfolio development (thermal springs, pristine nature, cultural heritage, internationally recognized protected natural areas and monuments, gastronomy), as well as the geostrategic position of Belgrade and a country as a whole (intersection of European western and eastern cultures, transit position, European river corridors and developed network of waterways). The development of eco-tourism (Bradić-Martinović, Miletić, 2018) and rural tourism (Chroneos Krasavac et al., 2018) also represent potential. On the other hand, the most critical drawback is a failure to recognize the importance of tourism as an essential economic growth factor while ignoring modern trends on the global tourism market and the absence of their implementation in the programming and tourism development of the country. Moreover, passive attitude towards tourism and failure to establish consensus among stakeholders around crucial issues of tourism development in Serbia, underdevelopment of incentive measures, non-financial and financial support to businesses entities in tourism and activities related to tourism, small and insufficient investments, insufficient/modest presence of the Republic Serbia on the global map of tourism (undeveloped national tourist identity/tourist brand of the Republic of Serbia) represent further obstacles.

Table 10. Touristic turnover in Serbia in 2019, 2020 and first half of 2021 (monthly)

M/Y	Arrivals			Overnights			ALS
	Domestic	International	Total	Domestic	International	Total	
1/2019	94,811(53)	82,939(47)	177,750(100)	320,808(58)	230,385(42)	551,193(100)	3,10
1/2020	113,959(52)	106,774(48)	220,733(100)	393,006(57)	296,576(43)	689,582(100)	3,12
1/2021	104,909(80)	26,677(20)	131,586(100)	351,051(78)	98,280(22)	449,331(100)	3,41
2/2019	115,429(59)	80,503(41)	195,932(100)	408,953(67)	198,780(33)	607,733(100)	3,10
2/2020	141,597(61)	91,398(39)	232,995(100)	493,980(68)	235,751(32)	729,731(100)	3,13
2/2021	112,698(78)	31,810(22)	144,508(100)	371,982(78)	102,798(22)	474,780(100)	3,29
3/2019	121,268(52)	112,034(48)	233,302(100)	377,548(59)	257,290(41)	634,838(100)	2,72
3/2020	64,306(63)	38,317(37)	102,623(100)	237,182(69)	107,414(31)	344,596(100)	3,36
3/2021	95,223(74)	33,180(26)	128,403(100)	310,310(74)	107,747(26)	418,057(100)	3,26
4/2019	169,731(56)	131,196(44)	300,927(100)	491,510(63)	284,985(37)	776,495(100)	2,58
4/2020	5,241(83)	1,052(17)	6,293(100)	29,724(71)	11,932(29)	41,656(100)	6,62
4/2021	100,015(73)	37,058(27)	137,073(100)	285,658(72)	112,970(28)	398,628(100)	2,91
5/2019	220,824(57)	164,016(43)	384,840(100)	643,280(66)	336,856(34)	980,136(100)	2,55
5/2020	44,091(92)	3,639(8)	47,730(100)	151,934(89)	18,754(11)	170,688(11)	3,58
5/2021	140,950(72)	53,529(28)	194,479(100)	437,759(75)	148,039(25)	585,798(100)	3,01
6/2019	174,384(49)	184,145(51)	358,529(100)	606,375(61)	382,239(39)	988,614(100)	2,76
6/2020	145,970(86)	24,441(14)	170,411(100)	501,908(90)	58,271(10)	560,179(100)	3,29
6/2021	171,407(68)	81,520(32)	252,927(100)	564,785(72)	215,595(28)	780,380(100)	3,09
7/2019	175,521(45)	215,866(55)	391,387(100)	692,342(60)	457,654(40)	1,149,996(100)	2,94
7/2020	169,587(87)	24,325(13)	193,912(100)	670,189(91)	67,209(9)	737,398(100)	3,80
8/2019	210,509(47)	237,801(53)	448,310(100)	812,505(62)	490,339(38)	1,302,844(100)	2,91
8/2020	263,719(90)	30,615(10)	294,334(100)	1,000,516(93)	80,160(7)	1,080,676(100)	3,67
9/2019	148,865(43)	195,173(57)	344,038(100)	508,136(56)	397,841(44)	905,977(100)	2,63
9/2020	162,186(83)	33,447(17)	195,633(100)	603,912(87)	94,196(13)	698,108(100)	3,57
10/2019	157,553(47)	174,491(53)	332,044(100)	473,750(56)	371,837(44)	845,587(100)	2,55
10/2020	124,877(74)	43,620(26)	168,497(100)	403,157(76)	125,620(24)	528,777(100)	3,14
11/2019	124,030(49)	129,472(51)	253,502(100)	356,088(55)	287,987(45)	644,075(100)	2,54
11/2020	71,367(73)	26,851(27)	98,218(100)	253,187(73)	92,032(27)	345,219(100)	3,51
12/2019	130,507(48)	138,915(52)	269,422(100)	371,626(54)	314,185(46)	685,811(100)	2,55
12/2020	67,410(76)	21,232(24)	88,642(100)	198,037(72)	76,643(28)	274,680(100)	3,10
Total							
2019	1,843,432(50)	1,846,551(50)	3,689,983(100)	6,062,921(60)	4,010,378(40)	10,073,299(100)	2.73
2020	1,374,310(76)	445,711(24)	1,820,021(100)	4,936,732(80)	1,264,558(20)	6,201,290(100)	3.41
1-6/2021	725,202(73)	263,774(27)	988,976(100)	2,321,545(75)	785,429(25)	3,106,974(100)	3.14

Note: numbers in brackets are percentages

Source: Statistical Office of the Republic of Serbia, 2021.

After a record 2019, the first two months of 2020 began with very high overnight growth rates – 25.11% and 20.07%, respectively. As a result of declaring a total lockdown in the country, total turnover declined at a rate of 45.72% in March. The first devastating impact of the ongoing health crisis came in April, when the number of overnight stays dropped by 95%. Nevertheless, tourist demand increased slightly by August when it recorded its highest value which was only 17% lower than the same month 2019. Domestic guests represented 62%. The change also affected the increase in ALS from 2.91 (2019) to 3.67 (2020).

Serbia experienced a recovery in tourist demand in the first half of 2021 by 22.49% (y/y). Despite a much more liberal situation regarding the ongoing pandemic, the turnover structure still had not returned to 2019 when 40% of foreign guests generated overall demand. After falling to 20% in 2020, it rose to 25% in 2021. The average length stays remained similar to 2020 (3.14 days).

The main source markets in Serbia did not change considerably during the observed period. Bosnia and Herzegovina remained first, followed by Montenegro and China.

Table 11. Leading source markets in Serbia
 (2019, 2020 and the first half of 2021)

2019	2020	1-6/2021
B&H, China (incl. Hong Kong), Montenegro, Turkey, Russia, Germany, Croatia, Romania	B&H, Turkey, Russia, Montenegro, Romania, China (incl. Hong Kong), Germany, Croatia	B&H, Turkey, Russia, Montenegro, China (incl. Hong Kong), Germany, Croatia, Romania

Note: markets are aligned descending by overnight stays volume

Source: Statistical Office of the Republic of Serbia, 2021

Shortly after the crisis outbreak, the Serbian government introduced measures to help the national economy. The Government approved direct payments to the companies by paying three minimum wages. It was set to pay minimum wage for entrepreneurs, micro, small and medium-sized enterprises in the private sector; and subsidy of 50 % of the minimum wage to large enterprises whose employees were sent on forced leave. Also, the State paid three minimum wages for each employee to all entrepreneurs and small businesses. Additionally, affordable loan programs with one percent interest for maintaining liquidity and working capital were introduced for entrepreneurs, micro, small and medium-sized economic entities, agricultural households and cooperatives, registered in the relevant register through the Development Fund of the Republic of Serbia. Tourism, catering, and passenger traffic companies could obtain loans from the Development Fund for current liquidity and working capital, including a repayment period of up to five years and a grace period of up to two years. Also, several measures have addressed tax reliefs, arranging deferred tax payments due to delaying paying taxes through instalments. We believe that the Government’s efforts were satisfactory, especially considering that Serbian tourism had the smallest drop in traffic, compared to other countries in the Western Balkans.

6. CONCLUSION

The COVID-19 pandemic has had a devastating impact on the tourism sectors of Bosnia and Herzegovina, Montenegro, North Macedonia, and Serbia. Based on the analysis of tourist traffic in selected WB countries during the period 2019 M1 – 2021 M6, it can be concluded that the country with the most developed tourism sector, Montenegro, has suffered the largest loss. Tourism in Montenegro is predominantly based on the “sun and beach” component, with a very high proportion of foreign guests (92% of overall tourist demand at the peak of the tourist season). Consequently, the imposed restrictions on international tourists’ arrivals have affected the sector profoundly. However, the attractiveness of Montenegrin coastal destinations has contributed to the fastest sector’s recovery compared to the other observed WB economies - traffic in June 2021 in comparison to the same month last year soared at a rate of 388%, which is still a decrease of 35% compared to 2019.

Compared to the other three WB countries, Serbia has suffered the lowest drop in tourist demand, primarily due to the relatively uniform distribution of guests’ arrivals in the main three types of destinations (cities, spas, and mountains). During 2020 when the sector was facing the strictest restrictions, the level of development and attractiveness of the Serbian tourism offer enabled domestic guests to flexibly set up and substitute their visits to foreign destinations with domestic ones. The most severely affected were cities, where the predominant part of tourist traffic was generated by foreign guests (77%).

Tourism demand in Bosnia and Herzegovina and North Macedonia has declined more moderately in comparison to the world and European average. However, it should be noted that the recovery of tourism demand in Bosnia and Herzegovina has been lower (263%) compared to Montenegro (388%) and North Macedonia (730%). According to the data presented, all the observed WB countries are currently walking down the path of successful tourism recovery. Nevertheless, bearing in mind the pronounced seasonality of tourism demand, more accurate conclusions will be made after realizing data that also include the summer season.

The ongoing health crisis has emphasized the fundamental problems of tourism sectors in selected WB countries: very high seasonality (with August as a peak-season month) and insufficient attractiveness of certain types of destinations. Consequently, policymakers should make a special effort to overcome these limitations in order to enable balanced and regionally harmonized development of the tourism sector in the years to come. Moreover, improving the attractiveness of destinations (especially cities) for domestic guests through the development of modern tourism products, implementation of advanced ICT solutions (Mihailović, et al., 2020), and customized marketing and promotional activities has the potential to improve the structure of guests and consequently mitigate sector's resistance to similar shocks in the future. Finally, policymakers should focus their efforts on developing regional protocols and unified responses to create an inter-regional WB market as a strategy for sustainable regional growth and better international recognition.

FUTURE RESEARCH DIRECTIONS

The application of more advanced statistical and econometric methods could provide deeper insights into the flows and factors that have affected tourist demand during the COVID-19 pandemic and indicate the pace of its recovery after the crisis.

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