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1030 WIEN, ARSENAL, OBJEKT 20
TEL. 798 26 01 • FAX 798 93 86

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Mendel University in Brno
Faculty of Business and Economics

Ekonomický ústav SAV
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CENTROPE Regional Development Report

Focus Report on the Service Industry as a Growth Factor in CENTROPE
Executive Summary

Karol Frank (Co-ordinator, EU SAV), Peter Huber (WIFO), Tomas Jeck, Martin Labaj, Ivana Sikulova (EU SAV), Irén Kukorelli (WHRI), Petr Rozmahel (MENDELU)

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Austrian Institute of Economic Research,
Institute of Economic Research Slovak Academy of Sciences,
West Hungarian Research Institute of the Centre for Regional Studies,
Mendel University in Brno

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Project co-ordinator: Peter Huber (WIFO)
Internal review: Peter Mayerhofer (WIFO) • Research assistance: Andrea Grabmayer, Andrea Hartmann, Maria Thalhammer (WIFO)

Abstract

This report deals with the structure of the service sector in CENTROPE and compares the supply and demand side of tourism industry and its structure. This part also pays attention to issues of cooperation in tourism within CENTROPE. We find that there are obvious disparities in the development of knowledge intensive services between the urban agglomeration of CENTROPE and its more rural regions. This suggests rather different preconditions for co-operation in this field among regions. Tourism by contrast is an important sector in all regions and provides many possibilities for cross-border co-operation, which are exemplified in the policy conclusions.

Please refer to: Peter.Huber@wifo.ac.at

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Focus Report on the service industry as a growth factor in centrope – Executive Summary

Karol Frank, Tomáš Jeck, Martin Lábaj, Ivana Šikulová

The Focus Report "The service industry as a growth factor in CENTROPE, with special emphasis on the role of the tourism industry and structure of the business service industries" of the CENTROPE regional development report project first of all deals with the structure of the service sector in CENTROPE and second of all analyses the development of tourism industry in this region. The first part analyses the patterns of specialisation on different service sectors in CENTROPE as well as investment data, with an aim to identifying the comparative advantages of individual regions in service sector development. The second part pays special attention to the structure of both the supply and demand side of tourism industry in the region and also discusses the issues of cooperation in tourism within CENTROPE.

1.1. Results for the service sector

The structure of the service sector differs markedly between the urban centres and the other centrope regions

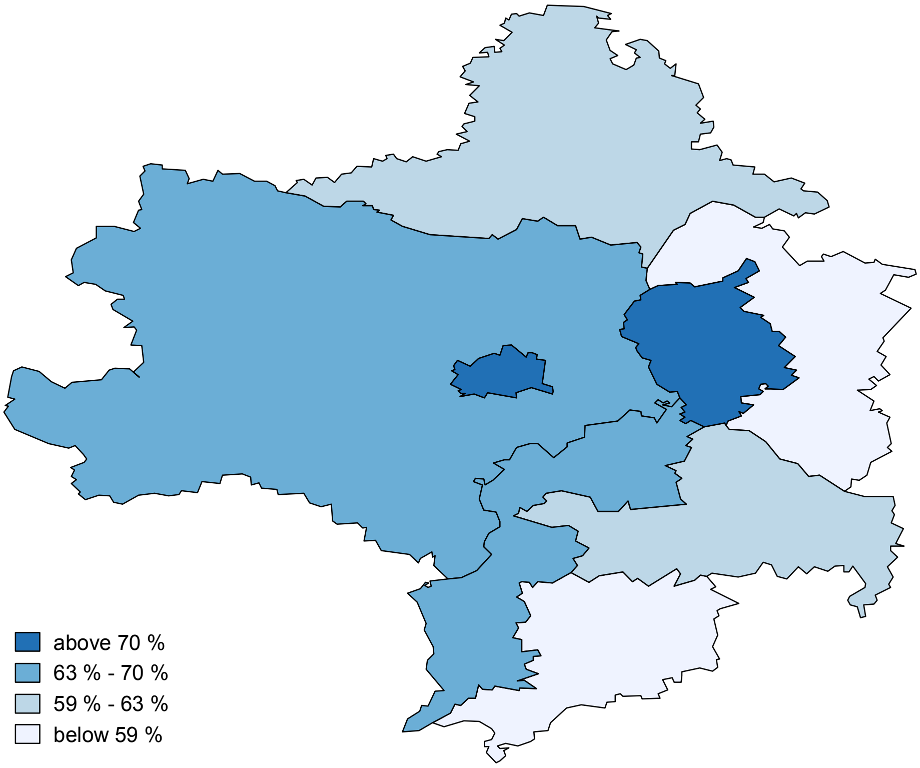
This report first of all deals with the structure of the service sector in **centrope** and second of all analyses and compares the supply and demand side of tourism industry and its structure. This part also pays attention to issues of cooperation in tourism within the region. With respect to the structure of the service industry the report finds an evident split between the strongly service oriented urban regions and the less urbanized rest of **centrope** in terms of specialisation on service industries and in particular on advanced knowledge intensive business services (see Figure 1). The highest level of tertiarisation is attained in the urban regions. Vienna has a share of service sector employment of more than 85% and Bratislava region of around 80%. By contrast, Vas and Trnava have a service sector employment share of less than 60%, while in all other **centrope** regions the service sector accounts for between 60% and 70% of total employment. The capital cities of Vienna and Bratislava region also have the highest shares of employment in knowledge intensive services like information and communication, financial intermediation and real estate activities and business services. In the case of business services (professional, scientific and technical activities[1] and administrative and support service activities), there is also high variation within **centrope**. Their shares of employment range from 15.8% in Vienna to 4.4% in Trnava region.

A mapping of concentrations of different service sectors illustrates this large heterogeneity. In particular (see table 1):

- In South Moravia, there are three high point service branches: accommodation and food services, financial and insurance activities and arts, entertainment and recreation.
- Burgenland is strongly specialized on non-market services. Among the service sectors higher employment concentrations are only found in public administration and - to a lesser degree - defence, compulsory social security and accommodation and food services.
- In Lower Austria transportation and storage services as well as public administration and defence have a high concentration, but in general this region is specialised on manufacturing.
- Vienna as a typical urban region has a high concentration of the service sector. In particular in information and communication, real estate and business services.
- Győr-Moson-Sopron attains a moderate concentration in accommodation and food services and arts, entertainment and recreation.
- Vas has a rather diverse sector structure in services with a moderate concentration in accommodation and food services.
- In Bratislava region the financial sector as well as business services are particularly strongly concentrated.
- Trnava region is specialized on the primary and secondary sectors with a low localization of service industries. Among the service industries only accommodation and food services have higher concentration than in the national economy.

[1] This includes: legal and accounting activities, management consultancy activities, architectural and engineering activities, scientific research and development, advertising and market research, veterinary and other activities.

Figure 1: Share of employment in services in centrope (2009; in %)



Source: National statistical offices.

Table 1: Concentration of different service sectors in centrope (Localization Coefficient)

	South Moravia	Györ-Moson-Sopron	Vas	Burgen-land	Lower Austria	Vienna	Bratis-lava	Trnava
Wholesale and retail trade[1)]	0.94	0.89	0.78	1.00	1.14	0.95	1.17	0.95
Transportation and storage	1.02	1.08	1.06	0.77	1.24	0.97	1.15	0.96
Accommodation and food services	1.21	1.10	1.15	1.08	0.75	0.86	0.78	1.31
Information and communication	1.11	0.44	0.28	0.58	0.59	2.25	1.51	0.96
Financial and insurance activities	1.26	0.82	0.6	0.89	0.79	1.42	2.33	0.58
Real estate activities	0.55	1.03	0.87	0.81	0.66	1.84	2.20	0.87
Consultancy, Research[2)]	1.07	0.89	0.63	0.56	0.80	1.55	1.97	0.87
Public administration, defence; compulsory social security	0.96	0.66	0.76	1.29	1.13	1.23	1.44	0.81
Education	0.87	0.96	0.79	1.01	0.87	1.18	0.82	0.89
Human health and social work	0.99	0.81	0.92	0.81	0.86	1.14	0.84	0.89
Arts, entertainment and recreation[3)]	1.72	1.13	0.98	0.92	0.87	1.43	1.22	0.92

Source: National Statistical offices, Localization Coefficient = share of sector employment in regional economy in % of sector employment in national economy, darkly highlighted cells = sectors concentrated in the region with a high localization (Localization Coefficient>1.1), lightly highlighted cells = sectors concentrated in the region with above average localization (Localization Coefficient>1.0). – [1]) including repair of motor vehicles and motorcycles. [2]) Professional, scientific and technical activities, Administrative and support service activities (includes: legal and accounting activities, management consultancy activities, architectural and engineering activities, scientific research and development, advertising and market research, veterinary and other activities). [3]) Other service activities.

The analysis thus shows that only Vienna, Bratislava and Brno have a high concentration of knowledge intensive service activities. Since co-operation in these activities requires a critical mass of service providers, this suggests that co-operation in the development of knowledge-intensive service industries is primarily an interesting topic for the large cities of the region (Bratislava, Brno, and Vienna), while in most of the other **centrope** regions the main aim objective should be to attract more such services to their own territory, since for them the low level of development of these service industries represents a weakness.

The heterogeneity of centrope also applies to recent growth experiences in the service sector

The heterogeneity in service sector development in **centrope** also applies to recent growth experiences in this sector. In the previous decade, the Austrian **centrope** experienced a significant increase of financial services and a moderate growth of public administration and community services as well as in business services, education and the (quantitatively less important) sector of activities of households[2]. After 2007, the share of trade services increased only in Burgenland. This region also showed a reduction in the share of information and communication and financial intermediation activities between 2007 and 2009, with an average annual decline of 2.3%. The Slovak **centrope**, by contrast, was characterized by two countervailing trends during the period 2000 to 2009. First, there was significant growth of accommodation and food service activities as well as business services. Second, however, also a decrease in the share of non-market services in particular in education and human health and social work activities was registered. In the Hungarian **centrope** the shares of wholesale and retail trade and accommodation and food services as well as business activities increased substantially. On the other hand, since 2009, Vas and Győr-Moson-Sopron experienced a decrease in labour-intensive services and a rise in the shares of non-market services. South Moravia, finally, recorded a positive development in knowledge-intensive services in particular in the second half of the previous decade. This reflects the rapid development of the city of Brno in these areas of economic activity.

Investment data suggest an increasing regional specialisation of the service sector

Finally, although investments in the tertiary sector account for the majority of all investments in all of the **centrope** regions, there are also several important differences in the region with respect to the investment structure and intensity in services. These

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[2] This includes the activities of households as employers of domestic personnel (e.g. maids, gardeners, gatekeepers, stable-lads, chauffeurs, caretakers, babysitters, tutors and others)

are highest in the Austrian **centrope** and slightly lag behind in the Slovak, Czech and Hungarian parts of the region. Also in the urban regions and South Moravia (where the city of Brno determines the development) more than 70% of total investments (public as well as private) go to the service sector. In Vienna this share even exceeded the 90% mark. By contrast, investments in the tertiary sector are only around 50% of total investments in Győr-Moson-Sopron, Vas and Trnava Region.

Investment intensity (i.e. investments as a share of GDP) in the tertiary sector is, however, highest in Burgenland, Lower Austria, Vienna and South Moravia but very low in the Hungarian parts of the region. This thus suggests that while a further expansion of services can be expected in most **centrope** regions, the Hungarian regions may fall behind in the next years.

The service sectors into which these investments go also differ substantially between individual regions. This may reflect an emerging service sector specialization in **centrope**. Thus in South Moravia more than half of all investments in the service sector are in transportation and storage industry and in real estate activities. This reflects the increase of this regions' potential in areas such as logistics. By contrast, in Lower Austria and Vienna around one third and in Burgenland more than half of total investments are in real estate activities. Furthermore, in Vienna investments in business services and in information and communication are very important. This suggests an increasing specialisation of Vienna on these services. By contrast, Bratislava has a high share of investments in business services and in transportation and storage activities as well as in information and communication technologies, indicating comparative advantages in particular in logistics. In Győr-Moson-Sopron and Vas, finally, the low share of investments in the service sector seems to primarily arise from very low investments in financial and insurance activities and in information and communication technology services. In sum therefore within **centrope** a specialisation in knowledge intensive services seems to be slowly arising among the large urban centres. In this Bratislava and Brno seem to be specialising on logistics, while Vienna is gaining shares in business services.

1.2. Results for tourism development

Tourism is an important economic activity with significant impacts on economic development in all centrope regions

In the **centrope** regions outside the major urban agglomerations, however, tourism is more relevant than are knowledge-intensive services. This is an important economic activity with significant direct, indirect as well as induced impacts in all **centrope** regions, although its importance also varies among regions (see table 2). It contributes to employment and economic growth and – despite most tourists in the region visiting the capital cities – also contributes to the development and socioeconomic integration in rural and underdeveloped areas. In addition in this industry **centrope** in aggregate has a wide range of attractive places and events for almost all types of tourism, with different regions partly specialising on different tourism market segments.

Table 2: Economic impact of tourism and travel on national economies in 2011 (% of total)

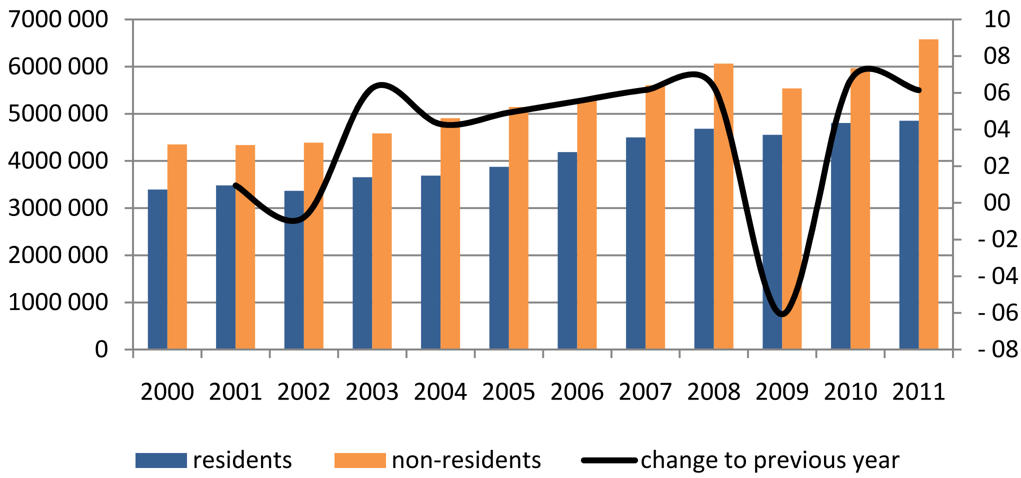
	Austria	Czech Republic	Hungary	Slovakia	EU	Worldwide
Direct contribution to GDP	4.8	2.8	4.0	2.3	2.9	2.8
Total contribution to GDP	13.8	8.5	10.5	6.0	7.9	9.1
Direct contribution to employment	5.2	4.9	5.6	2.4	3.3	3.3
Total contribution to employment	14.7	10.3	9.8	5.8	8.5	8.7
Visitor exports[1]	9.6	4.9	5.2	2.8	5.5	5.3
Domestic spending[2]	5.2	2.7	3.2	2.8	3.4	4.0
Leisure spending	9.1	5.3	6.9	3.8	4.6	4.4
Business spending	1.6	1.1	1.2	1.5	1.3	1.4
Capital investment	4.6	4.4	3.9	2.2	4.6	4.9

Source: World Travel & Tourism Council (2012). [1] Visitor exports = spending within the country by international tourists for both business and leisure trips. [2] Domestic spending = spending within a country by that country's residents for both business and leisure trips.

Over the last decade **centrope** has also recorded a continued increase of accommodation capacities in tourism as measured by the number of establishments, bedrooms and bed places. This was driven mainly by a strong increase in capacities in the capital cities (Vienna and Bratislava) and has led to the intensity of tourism supply (calculated as the number of bed places per 1000 inhabitants) reaching a value of 35 in **centrope** in 2010, with Burgenland (which reached a value of 100) registering the highest value among the **centrope** regions.

As a result of the global financial crisis, however, arrivals of tourists to **centrope** as well as the nights spent suffered a strong slowdown in 2009 (Figure 2). The number of visitors rose again in the next two years (in particular in Vienna) and in 2011 approximately 11.4 million tourists visited the region. Among these more than 4.8 million were domestic tourists and almost 6.6 million were visitors from abroad. This is approximately by 50% more than at the beginning of the new millennium. Although – according to the limited data available - turnover is recovering much slower than arrivals and overnight stays of tourists the medium perspectives of tourism development therefore seem to be intact and unaltered by the economic crisis in **centrope**.

Figure 2: Arrivals of residents and non-residents in tourist accommodation establishments1) in centrope and changes compared to previous year



Source: National statistical offices, own calculations. 1) Includes hotels and similar establishments, tourist campsites, holiday dwellings and other collective accommodation.

Tourism development and specialisation varies substantially within centrope

As in all indicators analysed in the **centrope** regional development report project there are, however, also important quantitative and qualitative differences in tourism development among the individual **centrope** regions. These apply both to the market shares of individual regions in total **centrope** tourism, the origin country structure of international tourists, the importance of international tourism in total tourist activities and the tourism market segments on which regions specialise. Thus for instance Vienna has a share of more than 40% in both arrivals and nights spent in **centrope** followed by Lower Austria with more than 20% and in the number of arrivals of domestic tourists in **centrope** Lower Austria with almost 30% is the leader followed by Vienna (24%) so that the Austrian **centrope** including Burgenland accounts for more than 70% of total arrivals and nights spent.

In addition, while the capital city regions (i.e. Vienna and Bratislava region) are typical destinations for international visitors, Burgenland, Lower Austria and South Moravia are visited mainly by domestic tourists and the origin country structure of foreign tourists differs markedly between regions: Among the foreign visitors, Germans dominate in the Austrian **centrope** and in Győr-Moson-Sopron. In Vas, by contrast, Austrian tourists dominate, while in both Slovak regions visitors from the Czech Republic are the most important. Finally, in South Moravia international stays are rather diverse but have a noticeably higher share of Polish and Slovak guests (see Table 4 in the Appendix).

Table 3: Selected data on tourism in centrope

	South Moravia	Györ-Moson-Sopron	Vas	Burgen-land	Lower Austria	Vienna	Bratislava	Trnava	CENTROPE Total
Supply Side Indicators (2011)									
Number of collective tourist accommodation establishments[1)]	533	201	144	439	1,468	441	193	175	3,594
- of this hotels and similar establishments	329	167	100	348	899	409	138	108	2,498
- of this tourist campsites	39	14	15	16	43	3	3	10	143
Number of bedrooms in hotels and similar establishments	8,670	3,709	3,563	7,812	23,552	27,564	7,141	3,558	85,569
Bed places in hotels and similar establishments	19,558	9,020	8,312	15,642	44,928	52,905	14,270	6,976	171,611
Number of rooms/hotel	26.4	22.2	35.6	22.4	26.2	67.4	51.7	32.9	34.3
Number of beds/hotel	59.4	54.0	83.1	44.9	50.0	129.4	103.4	64.6	68.7
Demand Side Indicators									
Arrivals of tourists in collective tourist accommodation establishments (2011)	1,115,349	459,538	421,763	840,590	2,254,364	5,223,934	878,413	235,789	11,429,740
- of this non-residents in %	37.9	45.5	48.6	18.3	37.3	78.1	63.7	45.2	57.6
Nights spent in collective tourist accommodation establishments (2011)	2,186,165	1,034,899	1,344,884	2,607,258	6,021,715	11,382,773	1,738,851	975,949	27,292,494
- of this non-residents in %	32.6	41.8	54.2	20.2	29.4	81.6	57.9	52.9	54.9
Average nights spent in collective tourist accommodation establishments (2011)	2.0	2.3	3.2	3.1	2.7	2.2	2.0	4.1	2.4
- non residents	1.7	2.1	3.6	3.4	2.1	2.3	1.8	4.8	2.3
- residents	2.1	2.4	2.8	3.0	3.0	1.8	2.3	3.6	2.5
Tourism intensity (2010)[2)]	1.8	2.3	5.1	9.1	3.6	6.3	2.5	1.8	3.9

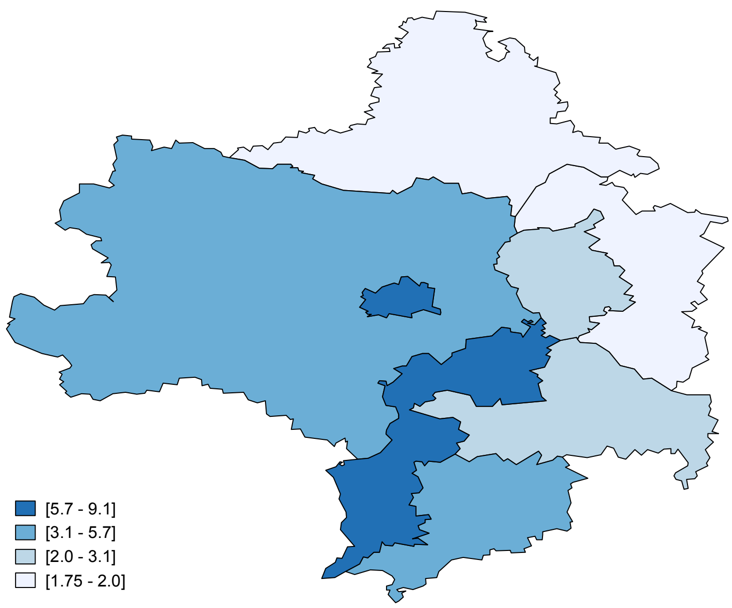
Source: EUROSTAT, National statistical offices. 1) Apart from hotels and similar establishments and tourist campsites includes holiday dwellings, youth hostels, health establishments and similar establishments, 2) Tourism intensity = number of overnight stays per inhabitant.

Furthermore, the capitals of Vienna and Bratislava as well as the city of Brno are the centres of meetings, incentives, conferences and events (MICE) tourism in the region, while in Trnava, the Hungarian **centrope**, Burgenland and Lower Austria spa and wellness tourism is an important part of tourism. This difference also impacts on many of the indicators of tourism in the region such as average duration of stay and others. This therefore suggests that the individual **centrope** regions are operating in rather different segments of the tourism market.

Average durations of stay have fallen throughout the region, tourism intensity has remained stable

Over the last decade – following international tourism trends – also the number of average nights spent by visitors has been gradually shortening in **centrope**. In 2000 the average visitor still spent 2.9 days in the region; in 2011 this figure was only 2.4 days. Tourism intensity (i.e. the number of overnight stays divided by the resident population) has been relatively stable since 2000 and reached 4 overnight stays per inhabitant in 2010 in **centrope** though. Yet, even in the Austrian **centrope,** where tourism intensity ranges between 3.3 and 9.0 overnight stays per inhabitant and year, and is thus higher than in the other parts of **centrope,** this is still much lower than in the western Austrian provinces specialized on winter tourism (where tourism intensity reaches values of up to 47 overnight stays per inhabitant and year). In terms of tourism intensity **centrope** therefore is still quite a distance from the most tourist intense regions in Europe.

Figure 3: Tourism intensity1 in centrope (2010)



Source: National statistical offices. [1] Tourism intensity = number of overnight stays per inhabitant.

In addition, - apart from tourists who stay for at least one night in their destination, also 1-day visitors contribute to the tourism industry in **centrope**. The sparse evidence that exists on this form of tourism suggests a rather high importance in **centrope**. For instance the share of one day excursionists in the total number of international visitors was 64% in South Moravia in the last three years and tourism satellite accounts for Lower Austria and Vienna suggest that around 25% of all expenditures by tourists in the Austrian **centrope** are made by persons on 1-day trips.

1.3. Policy Conclusions

Developing cross-border knowledge economy networks (in particular in knowledge –intensive service industries)

As shown in this report therefore the more urban regions in **centrope** have a strong specialisation on more knowledge intensive service industries and in general services have provided an important impetus to both GVA and employment growth in **centrope** in recent years. Co-operations in service sector development are therefore an important element in an encompassing cross-border development strategy. Furthermore, some recent studies on individual **centrope** countries and regions have shown that in international comparisons the export intensity of knowledge intensive service industries is rather low in many **centrope** regions (e.g. Mayerhofer, 2010). Fostering the co-operation of enterprises in knowledge-intensive and business services with the joint aim of entering new export markets in other **centrope** regions and internationalisation of the service industry, could therefore be one aim for cross-border policies directed at the knowledge-intensive services in **centrope**.

Activities here could for instance focus on business services (e.g. for tax consultancy, marketing and similar activities), for which the high concentration of manufacturing industries in many **centrope** regions creates a high demand that could be satisfied through exports from the urban centres of the region, logistics, for which there is an emerging specialisation in a number of **centrope** regions or on creative industries, where a market exists for contents for the numerous cultural institutions and events in the cross-border region, that once more could be satisfied from the urban centres of the region.

In principle for developing such co-operations the same tools (e.g. networking activities and know-how transfer between enterprises) as for cluster development in industrial policy can be used. Yet, in doing so, a number of particularities of the knowledge intensive service industries have to be considered:

- These arise first of all from the fact that only few clustering attempts for the knowledge intensive service industries exist in **centrope**, so that here **centrope** actors could either lobby for the creation of clusters or initiate the development of such clusters. As mentioned above these clusters could be organized around the business services consultancy enterprises (e.g. **centrope** consultants' cluster), logistics or the creative industries, for which some initiatives exist at least in Vienna.
- The second particularity arises from the fact that much of the knowledge intensive service industry sector is dominated by small and medium sized enterprises (SMEs). This, given the many impediments SMEs face in their internationalisation attempts, implies that effort should go into informing enterprises of these sectors on business opportunities in other **centrope** countries or abroad. One tool that could be provided by **centrope** actors in this respect is a **centrope** service tender observatory, which could collect tenders for services in the **centrope** and other European countries as well as by the European Commission to support the internationalisation of and networking among knowledge intensive service providers in the region.
- Finally, a third particularity that has to be considered is that provision of knowledge intensive services as well as consultancy services often requires the interaction of the service provider and the client. Internationalisation in these sectors – in contrast to that in manufacturing – is therefore often associated with foreign direct investments rather than export. As a consequence in addition to exports also FDI's should be a primary focus when providing support to service firms wanting to internationalize. In this respect the specific know-how of **centrope** actors on the legal situation in the **centrope** countries could be used to develop special consultancy services for internationalisation of the knowledge intensive service sector, since enterprises often mention lack of knowledge of legal stipulations and/or market conditions as a barrier to internationalisation.

Co-ordinating tourism policies and tourism market strategies

A further service industry where increased cross-border interaction could be beneficial is tourism. This is an important sector in all of the economies of **centrope** and results presented in this report suggest that, apart from the urban agglomerations, many **centrope** regions present rural areas whose tourism development focuses on spa resorts of regional and sometimes international significance, wine production, sports and wellness tourism as well as other aspects of weekend tourism. **centrope** therefore offers a large and diverse set of attractions for many different segments of the tourism market, with, however, different regions sometimes specialising in different market segments.

The main goals for co-operations in tourism could therefore be to attract more tourists to the region, to make them stay longer, to extract a higher value added from visitors and to use potential synergies to increase the international competitiveness of the region for tourism as a whole. This requires making the region more visible to tourists, to deepen cooperation between local and regional authorities as well as across the private, public and civil sectors in the individual **centrope** regions and to strengthen the coordination of activities of individual actors.

This also suggests that a joint marketing strategy of **centrope** as a tourist destination should be developed. The preconditions for such a co-operative strategy, however, seem to differ substantially for different segments of the tourism market. In particular two target groups could be specified for such marketing initiatives:

1. The active population residing in **centrope** - This group of tourists include young people, families with children as well as active seniors living in the region and visiting other parts (usually only one country) of the region for one day excursions or for a few days (e.g. weekends tourism). For this group providing information on the region (as is for instance currently done at www.mycentrope.com and www.tourcentrope.eu) and potentially also creating interesting events are important policy initiatives. Therefore care should be taken to provide up-to-date and interesting information on such portals. In addition within this group also activities for some special target groups (e.g. trips organized by schools and summer camps for children) could be of interest for cross-border tourism marketing.
   For these groups developing co-operative marketing and development strategies seems to be less of a challenge as can also be seen from a number of more small scale activities that already exist in this field. One reason for this is that competition in this form of tourism is less intense within **centrope** since the provision of an additional attraction or more information often results in these tourists either taking an extra trip or possibly substituting a short term stay outside **centrope** for one in the region.
2. The population outside **centrope** – This group of tourists include people who make both shorter and longer trips. During their holiday they could possibly visit more than one country in **centrope**. They prefer knowing history and culture of the region, some of them in combination with tasting wine or national culinary specialities. This group also includes MICE tourists who usually stay only for a

short term, but could potentially prolong their visit or come again to get to know a particular destination better.

For this market segment developing co-operative strategies is more difficult because - as shown in this report - individual regions specialize in different touristic market segments (in terms of sending countries and tourism types) and because where common specialisations exist some competition among regions, which counteracts incentives to co-operate, may be expected. Nonetheless a common marketing strategy could make sense also for this group. Thus for instance a possible joint objective of cooperative tourist strategies could be to increase the length of stay of (MICE, spa and other) tourists or increasing the number of tourists returning to **centrope** by increasing efforts to "cross-sell" tourism products.

This could for instance be done by motivating tourism providers to offer packages, where such tourists can visit nearby sites in the **centrope** region, when staying for a little bit longer or by co-operating to make the many spa's in the region, that are currently mostly visited by national tourists, better known internationally. Another possibility could be to better inform MICE tourists or persons on city trips in the large cities on the attractions of **centrope** in sports, wellness and recreational tourism in other parts of the region so as to motivate them to return for a different holiday another time.

Improving the quality of tourism services, infrastructure and accommodation

There is, however, also still a big potential for development in **centrope** in terms of the infrastructure for tourism, accommodation facilities and in terms of quality of the services provided. In case of several regions in **centrope**, regional tourism product development is necessary in order to achieve stronger synergy effects from cooperation within **centrope**. This would inter alia include improving the quality of tourist infrastructure as well as of accommodation facilities and restaurants. Thus improving the quality of tourist infrastructure and accommodation could also be a joint objective of cross-border tourism development in **centrope**. Even though also here many concerns may exist as to the potential of increased competition through more quality suppliers in the region, any strategy that aims to attract more tourists to the region, make them stay longer and extract a higher value added from visitors, critically hinges on an improvement in the quality of the product. Therefore **centrope** actors could at least engage in activities that exchange best practice methods for support of tourist enterprises or even develop specialised consultancy services to contribute to improving the quality of tourist products.

Furthermore, given the heterogeneity of tourism products offered in the region, it is also likely that tourism service providers in different touristic market segments face rather different preconditions for co-operation. Although a detailed analysis of these preconditions is beyond the scope of this study, one idea would be to organize multilateral thematic fora among firms providing thematically similar services. If these fora find co-operation mutually beneficial they could develop into clusters of mutually interconnected entities, firms and institutions in a particular field in the long run. In **centrope** these fora could potentially be based on history and culture, the long tradition of wine production, traditional gastronomic specialities, recreation and sports tourism including cycle tourism to name just a few possibilities. In particular in the region of Neusiedl Lake and in the surroundings of the national park Donau-March-Thaya-Auen (The National Park of the Danube, Morava and Dyje wetlands), there are also good preconditions for creation of cross-border holiday packages with common marketing activities. These opportunities, however, are currently often not used on account of different levels in development of infrastructure, differences in service quality and inadequate coordination of tourism development strategies. One example of this is cycling tourism. Considering its increasing attractiveness, it would be interesting to create joint products in this form of tourism. However, a crucial precondition for launching such products is to improve infrastructure for cyclists in the lagging behind regions.

1.4. References

Mayerhofer, P., Fritz, O., Pennerstorfer, D., Dritter Bericht zur internationalen Wettbewerbs-fähigkeit Wiens, Wien, Wifo, 2010.

Table 4: Distribution of arrivals in tourist accommodation establishments by country of residence in the regions of centrope (in %, 2011)[1]

	Burgenland	Lower Austria	Vienna	South Moravia	Györ-Moson-Sopron	Vas	Bratislava	Trnava
AT	81.7	62.7	21.9	2.1	6.5	19.4	3.7	1.6
CZ	0.9	2.0	1.3	62.1	3.2	15.1	11.8	20.5
HU	1.6	2.1	1.4	0.6	54.5	51.4	1.4	1.0
SK	0.9	0.7	0.4	4.8	1.4	2.3	36.3	54.8
DE	12.0	15.9	19.1	4.1	11.4	6.4	6.6	7.2
PL	0.4	1.8	1.2	7.5	0.8	0.6	4.6	2.2
IT	0.7	1.6	5.1	1.7	1.6	0.7	3.9	1.3
RO	0.7	1.2	2.4	0.3	6.8	0.4	1.1	0.5
RU	0.2	0.5	3.9	2.8	4.7	0.4	1.6	0.9
USA	0.2	1.1	4.6	0.8	0.5	0.2	2.0	0.5
UK	0.2	0.9	3.4	1.1	0.7	0.3	3.2	0.7
ES	0.1	1.3	3.2	0.4	n.a.	n.a.	1.7	0.1

Source: National statistical offices. – [1] Only countries relevant for at least one region in CENTROPE are considered. Yellow = shares of residents, orange = shares of the most important non-resident countries in individual regions.

Table 5: Factsheet on service sectors in centrope

	South Moravia	Györ-Moson-Sopron	Vas	Burgen-land	Lower Austria	Vienna	Bratislava	Trnava	CENTROPE Total
	Share of employment (in %, 2009)								
Wholesale and retail trade; repair of motor vehicles and motorcycles	11.96	13.69	11.96	15.06	17.10	14.34	20.79	16.86	14.90
Transportation and storage	6.78	6.89	6.71	3.92	6.31	4.93	6.95	5.81	6.09
Accommodation and food service activities	3.79	4.31	4.50	6.79	4.76	5.43	2.58	4.36	4.58
Information and communication	2.77	1.15	0.74	1.39	1.40	5.37	3.49	2.21	2.34
Financial and insurance activities	2.34	1.86	1.34	2.79	2.47	4.43	4.36	1.09	2.82
Real estate activities	0.66	1.73	1.46	1.22	1.00	2.79	2.13	0.84	1.59
Professional, scientific and technical activities; Administrative and support service activities	7.97	8.43	6.03	5.66	8.10	15.77	10.02	4.42	9.70
Public administration and defence; compulsory social security	7.29	5.35	6.21	8.09	7.06	7.69	15.03	8.51	7.33
Education	6.14	8.05	6.63	6.53	5.66	7.66	6.30	6.84	6.79
Human health and social work activities	7.23	7.18	8.16	8.01	8.54	11.36	4.92	5.20	7.97
Arts, entertainment and recreation; Other service activities	4.37	2.65	2.30	4.44	4.15	6.84	3.22	2.42	3.95
	Investment intensity (= Investments in % of GDP; 2009)								
Wholesale and retail trade; repair of motor vehicles and motorcycles; Transportation and storage; Accommodation and food service activities	36.2	37.2	41.5	14.1	22.9	14.9	17.6	21.1	
Information and communication	17.1	32.2	17.6	13.4	15.3	24.1	29.3	23.2	
Financial and insurance activities	23.3	5.4	2.3	2.8	6.3	10.0	6.4	7.2	
Real estate activities	73.1	11.0	6.5	131.3	88.3	71.7	55.4	93.4	
Professional, scientific and technical activities; Administrative and support service activities	15.6	9.7	7.1	4.8	18.6	29.9	7.5	5.2	
Public administration and defence; compulsory social security; Education; Human health and social work activities	18.9	12.4	11.4	8.9	12.3	9.0	17.5	15.2	
Arts, entertainment and recreation; Other service activities	16.6	10.4	40.1	14.6	18.2	14.1	3.4	14.6	

Source: National statistical offices; note: South Moravia, Györ-Moson-Sopron and Vas in 2010.